

**West Lake Corridor
Lake County, Indiana
New Starts Engineering
(Rating Assigned November 2019)**

Summary Description	
Proposed Project:	Commuter Rail 7.8 Miles, 4 Stations
Total Capital Cost (\$YOE):	\$933.09 Million <small>(Includes \$116.8 million in finance charges)</small>
Section 5309 CIG Share (\$YOE):	\$354.57 Million (38.0%)
Annual Operating Cost (opening year 2025):	\$10.77 Million
Current Year Ridership Forecast (2015):	7,200 Daily Linked Trips 2,006,800 Annual Linked Trips
Horizon Year Ridership Forecast (2040):	10,400 Daily Linked Trips 2,904,200 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	High

Project Description: The Northern Indiana Commuter Transportation District (NICTD) is planning a 7.8-mile southern extension of the existing South Shore Line (SSL) commuter rail service between Dyer and Hammond in Indiana. The Project includes four new stations, one maintenance and storage facility, three traction power substations, refurbishing 32 commuter rail cars and construction of 2,300 park and ride spaces. The service is planned to operate every 28 minutes during weekday peak periods, every 60 minutes during weekday off-peak periods, every 103 minutes during weekday evenings, and every 120 minutes on the weekends.

Project Purpose: The Project purpose is to improve transportation options for central and southern Lake County residents traveling to downtown Chicago and surrounding areas as well as to South Bend International Airport. The Project is anticipated to enhance opportunity for the residents in Lake County seeking access to the Chicago job market while reducing travel time and costs.

Project Development History, Status and Next Steps: The project entered New Starts Project Development in September 2016. NICTD selected a locally preferred alternative and adopted it into the regional fiscally-constrained long-range transportation plan in May 2017. NICTD completed the environmental review process with receipt of a Record of Decision from FTA in March 2018. The project entered New Starts Engineering in October 2019. NICTD anticipates receipt of a Full Funding Grant Agreement in Fall 2020, and the start of revenue service in February 2025.

Significant Changes Since Last Evaluation (November 2018): Total project cost increased from \$890.88 million to \$933.09 million, while the requested CIG New Starts amount decreased from \$440.10 million (49.4 percent) to \$354.57 million (38.0 percent). The cost increase is the result of a review of material and labor unit cost assumptions compared to recent experience from other current capital construction projects, and higher right-of-way costs.

Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal: Section 5309 New Starts	\$354.57	38.0%
State: State of Indiana General Fund Appropriations and Bond Proceeds	\$132.94	14.2%
State of Indiana Next Level Connection Fund Toll Revenue	\$118.68	12.7%
Local: Northwest Indiana Regional Development Authority Local Property and Income Tax Revenue	\$326.90	35.1%
Total:	\$933.09	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

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Factor	Rating	Comments
Local Financial Commitment Rating	High	
Non-Section 5309 CIG Share	+1 level	<ul style="list-style-type: none"> The CIG share of the project is 38.0 percent.
Summary Financial Plan Rating	Medium-High	
Current Capital and Operating Condition (25% of local financial commitment rating)	High	<ul style="list-style-type: none"> The Northern Indiana Commuter Transportation District (NICTD) does not operate bus service. Thus, bus fleet age is not considered in the rating. NICTD's current ratio of assets to liabilities is 3.0 (FY 2018). NICTD has not issued bonds in the last two years. Thus, bond ratings are not considered in the rating. There have been no service cutbacks or cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	High	<ul style="list-style-type: none"> All of the non-Section 5309 CIG capital funds are committed or budgeted. Sources of funds include cash contributions and bond proceeds repaid by State of Indiana general fund appropriations, toll revenue from the State of Indiana Next Level Connection Fund, and Indiana Regional Development Authority (RDA) local property and income tax. Approximately 87.7 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, and the rest are considered planned. Sources of funds include FTA Section 5307 Urbanized Area Formula funds, State sales tax revenues from the Commuter Rail Service Fund, State appropriations from the Public Mass Transportation Fund, revenues from distributable property tax on railroad companies from the State Electric Rail Service Fund, local property and income tax revenues from the Indiana RDA, fare revenues, parking lot revenues, service revenues from Metra, facility use revenues from Chicago South Shore, and other interest income, rental income, and advertising income.

<p>Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating)</p>	<p>Medium-Low</p>	<ul style="list-style-type: none">• Assumed growth in capital revenues is reasonable compared to recent historical experience.• The capital cost estimate is reasonable.• Regarding growth in operating revenue assumptions, farebox collections are optimistic compared to recent historical experience.• Operating cost estimates are reasonable compared to recent historical experience.• NICTD has access to funds via additional debt capacity, cash reserves, or other committed funds to cover unexpected cost increases or funding shortfalls equal to 4.8 percent of the estimated CIG capital cost and 9.5 percent of annual system wide operating expenses.
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LAND USE RATING: Medium

The land use rating reflects population density within one-half mile of proposed stations, employment served by the line, and the share of legally binding affordability restricted (LBAR) housing in the station areas compared to the share in the surrounding county.

- The existing station area average density is 4,400 persons per square mile, which corresponds to a Medium-Low rating according to FTA benchmarks. Total employment served is 299,000, corresponding to a High rating. Daily parking costs in the Chicago central business district exceed \$16, corresponding to a High rating. The ratio of station area to county LBAR housing is 1.00, which corresponds to a Low rating. The rating for this subfactor increases to a Medium-Low because over five percent of housing units in the county through which the project travels are LBAR.
- The project corridor consists primarily of low density commercial and industrial development surrounded by off-street surface parking lots in the two stations within Hammond, and low density single-family detached housing in the final two stations in Munster and Dyer.
- The street network around each of the stations has a defined grid structure with sidewalks, except for the final station that includes subdivisions with meandering roads leading to cul-de-sacs.

ECONOMIC DEVELOPMENT RATING: Medium-Low

Transit-Supportive Plans and Policies: Medium-Low

- *Growth Management:* There is no framework in place to manage growth, though northwest Indiana's Comprehensive Regional Plan identifies transit-oriented development (TOD) as an approach to slow the conversion and consumption of agriculture and other open land. The plan also recommends the introduction of tax incentives to discourage the sale of farmland in the region.
- *Transit-Supportive Corridor Policies:* Munster's comprehensive plan supports creation of a denser, mixed-use area around one of the stations, while the Hammond and Dyer comprehensive plans do not recommend higher densities around the remaining stations. Regional agencies have led conceptual planning efforts with recommendations to increase station area development, enhance transit-friendly characteristics, and improve pedestrian infrastructure.
- *Supportive Zoning Regulations Near Transit Stations:* Existing zoning for the station areas includes mostly residential areas with densities in the Low to Medium-Low range per FTA benchmarks, and some industrial and commercial zones allowing up to Medium to High densities. There are several planned unit development zones in the corridor that allow mixed uses. Conceptual TOD planning for the corridor recommended a form-based zoning code that would foster development at higher densities and with a pedestrian-friendly design.
- *Tools to Implement Land Use Policies:* Recent State legislation authorized the Northwest Indiana Regional Development Authority (RDA) to implement tax-increment financing districts in the corridor to generate revenue for TOD-supportive infrastructure near stations. Conceptual TOD planning for the corridor included engagement with the three corridor municipalities and the public, and the RDA has engaged developers to understand the potential market for TOD.

Performance and Impacts of Policies: Medium-Low

- *Performance of Land Use Policies:* Most recent and planned development in the corridor is low-density and automobile-oriented. A planned redevelopment of a large industrial site in Munster would include mixed uses and street-facing buildings, albeit with considerable parking between buildings.
- *Potential Impact of Transit Investment on Regional Land Use:* The four station areas include more than 239 acres of vacant or underutilized land that is available for redevelopment, though only minimal growth is anticipated by 2035. A market study indicated that TOD is likely to occur gradually given the current development character and modest demand for denser development.

Tools to Maintain or Increase Share of Affordable Housing: Low

- Of the three corridor municipalities, only Hammond has an affordable housing plan, as part of the city's receipt of Federal housing funds. No significant affordable housing strategies or non-Federal funding sources were noted, though Hammond's housing plans characterize the city's existing housing supply as adequate and affordable. A 1940s public housing complex near the South Hammond station was recently redeveloped into mixed-income housing with affordable units.



Northern Indiana Commuter Transportation District West Lake Corridor Project Map

