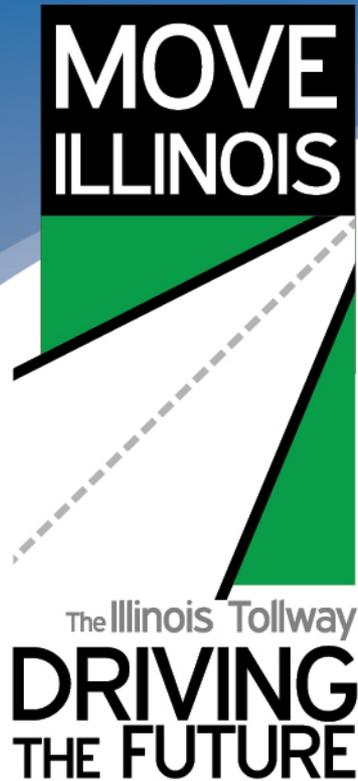


Illinois Route 53/120 Project



Finance Committee

**Meeting Four
March 18, 2014**

University Center of Lake County
Conference Center



Objective of Finance Committee

- ❑ **Disclosure agreement**
- ❑ **Finance Committee will be responsible for developing a viable and sustainable plan**
 - ❑ Co-chairs, Tollway and consultant team here to assist, conduct studies and analyses
- ❑ **Ultimately, the Finance Committee will forward its recommendations to the Illinois Tollway Board of Directors**



Summary of Previous Meeting

- **Meeting #3, February 13, 2014**
- **Financing 101**
- **Value capture mechanisms**
 - Special Service Area (SSA)
 - Tax Increment Financing (TIF)
- **Tollway interchange and roadway cost sharing policy**

Strategy for Success

- **Today's agenda**
 - ▣ Results of the travel demand modeling
 - ▣ Revenue forecasting results
 - ▣ Bond capacity estimates
 - ▣ Refined estimate of funding gap
 - ▣ Funding options



Travel Forecasting

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Ron Shimizu Background

- Vice President and Senior Engineering Manager at Parsons Brinckerhoff (PB)
- More than 35 years of transportation planning experience
- Managed a wide range of highway, transit and multimodal projects in the Chicago region, across the state and nationally
- Previously, worked for the Chicago Area Transportation Study (the predecessor to CMAP) and the Regional Transportation Authority
- PB is a member of the feasibility analysis consultant team
- PB is a leader in planning, design and construction management for transportation infrastructure around the world



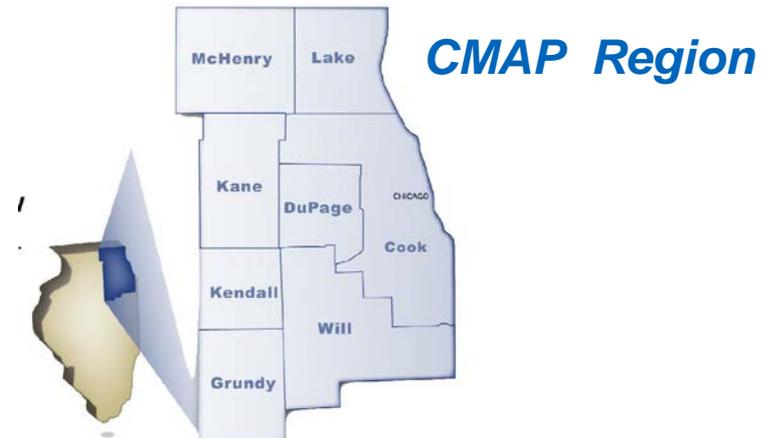
Travel Demand Forecasting Models

- **Travel demand forecasting models**
 - ▣ Computerized models that estimate travel by mode and route
 - ▣ Require population and employment forecasts as inputs
- **Used to develop regional transportation plans and corridor/project-level studies**

How Are The Traffic Forecasts Being Developed For This Study?

- CMAP regional travel demand model used as starting point
 - ▣ Overall CMAP region grows by 28 percent from 2010 to 2040 for population and employment
 - ▣ Assumes Lake County population growth is 31 percent from 2010 to 2040

CMAP Travel Model Area



How Are The Traffic Forecasts Being Developed For This Study?

□ CMAP Tolling Model

- Advanced model developed by PB for CMAP
- Previously used in CMAP Congestion Pricing Study
- Updated for use in Illinois Route 53/120 Project

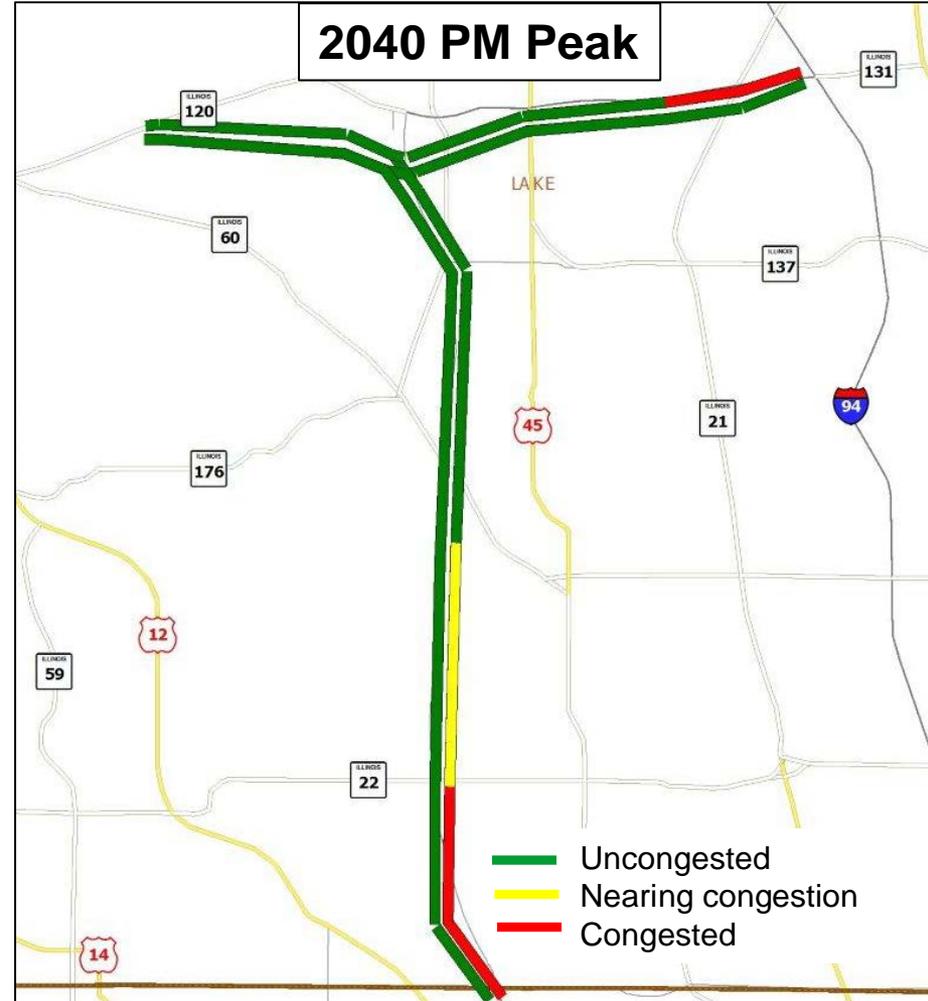
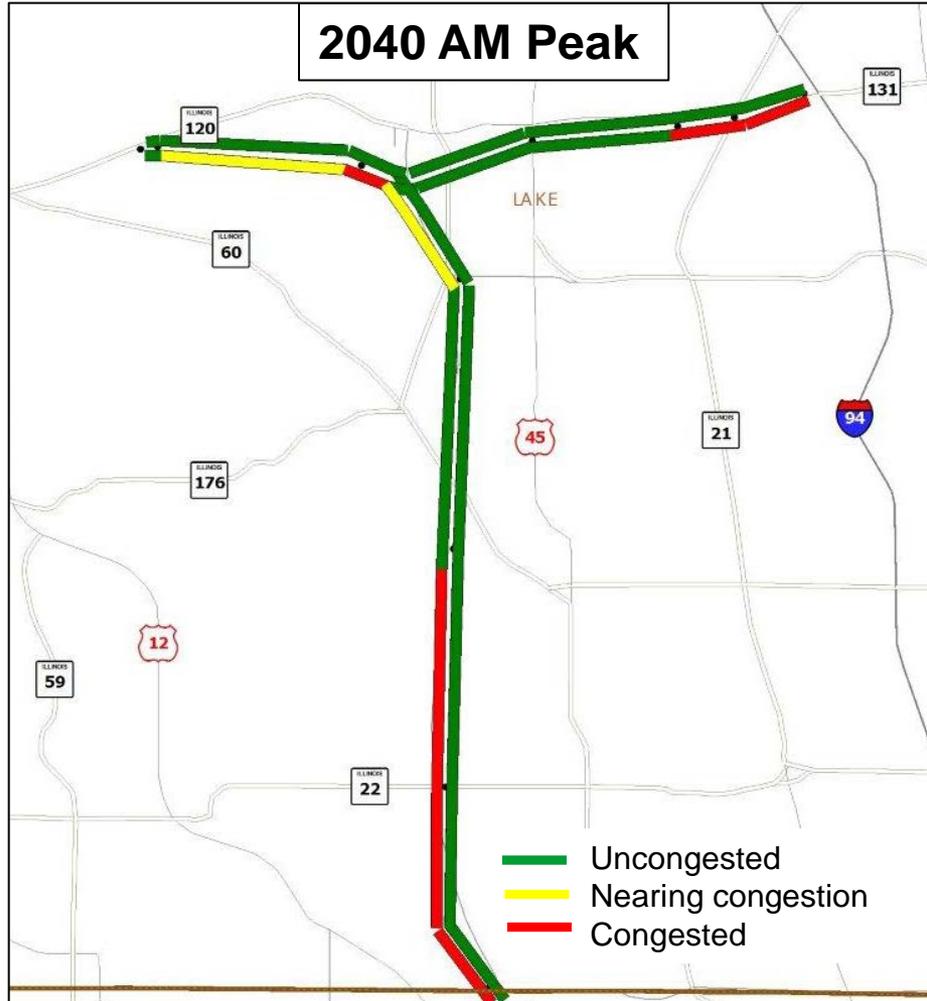
BRAC Recommendation Traffic And Toll Revenue Results

BRAC Recommendation Results

- **Coding assumptions**
 - ▣ 2 lanes in each direction (4 lanes total)
 - ▣ 45 mph posted speed limit
 - ▣ \$0.20-per-mile toll assumed
- **2040 maximum traffic volume 62,000 vehicles per day**
- **Annual revenue in year of collection dollars**
 - ▣ 2025: \$56 million
 - ▣ 2040: \$107 million



BRAC Recommendation Traffic Congestion



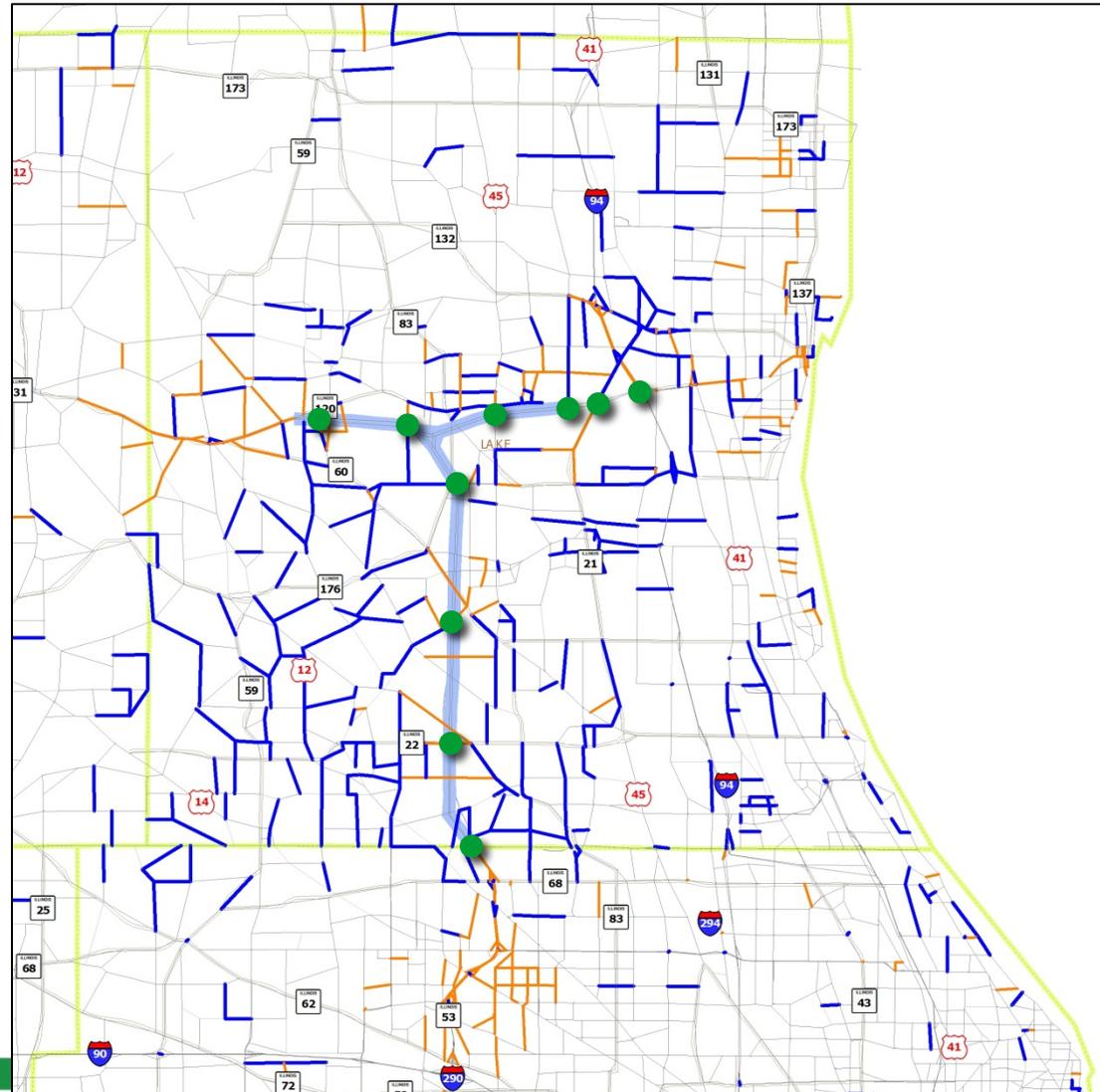
BRAC Recommendation

Primary Benefits

- Relieves congestion on Lake County local roads
- Improves mobility
- Reduces travel times

Relieves Congestion on Lake County Local Roads

- 2040 change in volume
 - The extension draws traffic away from the surrounding roadways



— > Mean average increase in volume
— > Mean average decrease in volume
● Interchange location

Improves Mobility

County	Location 1	Location 2	Location 3	Location 4
Lake	45%	56%	55%	63%
Cook	41%	33%	12%	11%
McHenry	2%	2%	28%	20%
Other	12%	9%	5%	6%

- Lake County is the primary beneficiary constituting 53% of all users of the new roadway
- More than half of peak-hour travel on the facility is work commute trips



Reduces Travel Time

2040 AM Peak Travel Time Savings

Trip	2040 Do Nothing (minutes)	2040 BRAC Recommendation (minutes)
Grayslake to Schaumburg	98	68
Waukegan to Arlington Heights	98	76
Mundelein to Schaumburg	84	61
Volo to Arlington Heights	86	68



Bonding Capacity

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Financial Analysis Assumptions

- Opening year of 2023
- 25-year term
- Debt coverage sensitivity: 1.5x or 2x - 2x is standard Tollway policy
- Evaluated the roadway as a stand-alone project

Coverage and Credit

- Important measure of a project's credit quality
- Calculated as net revenues divided by debt service
 - ▣ 2x: \$2 of net revenues for each \$1 of debt service
 - ▣ 1.5x: \$1.50 of net revenues for each \$1 of debt service
- Lower coverage allows more bonds to be issued but reduces credit quality
 - ▣ Lenders will demand a higher interest rate
 - ▣ Cash flow available for capital investments will be reduced



Financial Results

Measure	Illinois Route 53/120 Feasibility Analysis	BRAC Report
2025 and 2040 Annual Revenue (in year of collection)	\$56 - \$107 million	\$60 - \$95 million
Bond Proceeds*	\$250 million (2x coverage, 25 yr.) \$327 million (1.5x coverage, 25 yr.)	\$360 million (1.5x coverage, 25 yr.) \$410 million (1.5x coverage, 35 yr.)
Total Project Cost	\$2,870 million	\$2,388 - \$2,706 million

* 2x coverage is standard Tollway policy

BRAC Recommendation Funding Gap

Total capital cost \$2.87 billion
(\$2.56 - \$2.87 billion)

All costs in 2020 dollars



■ **Bonding Capacity** ■ **Funding Gap**

*Bonding assumes 25-year term, 1.5x and 2x coverage. 2x coverage is standard Tollway policy.

Funding Options

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Primary Funding and Cost Savings Components

- What is the appropriate percentage allocation for each of these components?
 - A. User contributions through local tolls
 - B. Local government contributions
 - C. State contributions
 - D. Tollway system wide contributions
 - E. Federal funds/grants/sources
 - F. Other contributions/sources
 - G. Cost reductions from the BRAC recommendations
 - H. Other cost savings measures

Strategy For Closing The Gap

- **What are your thoughts on the BRAC's menu of funding and financing options?**
- **Breakout session**
 - Gather in groups by color on the back of your name tag
 - What are the top five options that you would like to further explore?
 - Which of these are least favorable?
 - Are there other funding options not on this list?
 - What other strategies would you like to consider to reduce costs or to increase revenue?

QUESTIONS AND ANSWERS

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Next Meeting Logistics

- **Thursday, May 8, 2014**
 - ▣ Lake County Permit Facility
500 Winchester Road
Libertyville, IL 60048
- **Finance Committee Meeting**
 - ▣ 1- 2:30 p.m.

PUBLIC COMMENTS

IL53120Info@getipass.com

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THANK YOU!

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