NICTD

Northwest Indiana RDA
Regional Development Authority

20-YEAR STRATEGIC BUSINESS PLAN

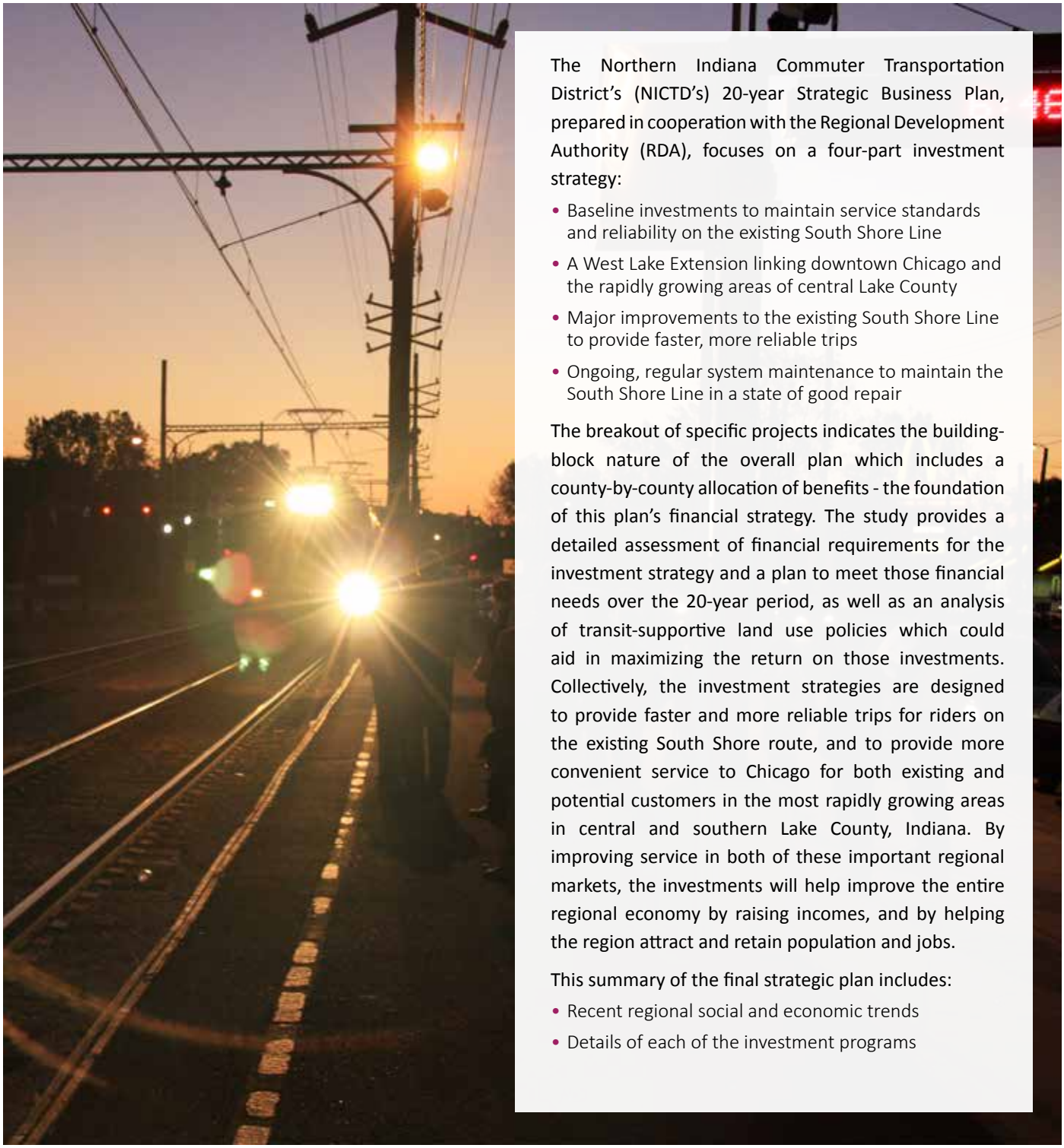
MAY 2014

EXECUTIVE SUMMARY

URS

BauerLatoza STUDIO | BRONNER The Business of Government | CAMBRIDGE SYSTEMATICS | GOODMAN WILLIAMS GROUP REAL ESTATE RESEARCH | PolicyAnalytics, LLC | RSG INC. | UIC UNIVERSITY OF ILLINOIS AT CHICAGO

Introduction and Context



The Northern Indiana Commuter Transportation District's (NICTD's) 20-year Strategic Business Plan, prepared in cooperation with the Regional Development Authority (RDA), focuses on a four-part investment strategy:

- Baseline investments to maintain service standards and reliability on the existing South Shore Line
- A West Lake Extension linking downtown Chicago and the rapidly growing areas of central Lake County
- Major improvements to the existing South Shore Line to provide faster, more reliable trips
- Ongoing, regular system maintenance to maintain the South Shore Line in a state of good repair

The breakout of specific projects indicates the building-block nature of the overall plan which includes a county-by-county allocation of benefits - the foundation of this plan's financial strategy. The study provides a detailed assessment of financial requirements for the investment strategy and a plan to meet those financial needs over the 20-year period, as well as an analysis of transit-supportive land use policies which could aid in maximizing the return on those investments. Collectively, the investment strategies are designed to provide faster and more reliable trips for riders on the existing South Shore route, and to provide more convenient service to Chicago for both existing and potential customers in the most rapidly growing areas in central and southern Lake County, Indiana. By improving service in both of these important regional markets, the investments will help improve the entire regional economy by raising incomes, and by helping the region attract and retain population and jobs.

This summary of the final strategic plan includes:

- Recent regional social and economic trends
- Details of each of the investment programs

- Cost of each of the capital packages
- Benefits of the overall plan
- A financial strategy to implement the plan
- A schedule for implementation
- A distribution of benefits by county

STUDY AREA

NICTD provides commuter rail transportation services for the four Northern Indiana counties of Lake, Porter, La Porte, and St. Joseph. The South Shore Line runs between the South Bend Airport and Millennium Station in Chicago, serving Hudson Lake, Michigan City (two stations), Beverly Shores, Dune Park, Portage / Ogden Dunes, Gary (three stations), East Chicago, Hammond, Hegewisch, Hyde Park, and downtown Chicago (three stations). South Shore Line riders come primarily from these four counties and southeast Chicago / south Cook County, Illinois, but are also drawn from adjacent Indiana counties and southwest Michigan.

The RDA serves the communities in Lake and Porter counties in Northwest Indiana.

POPULATION AND EMPLOYMENT

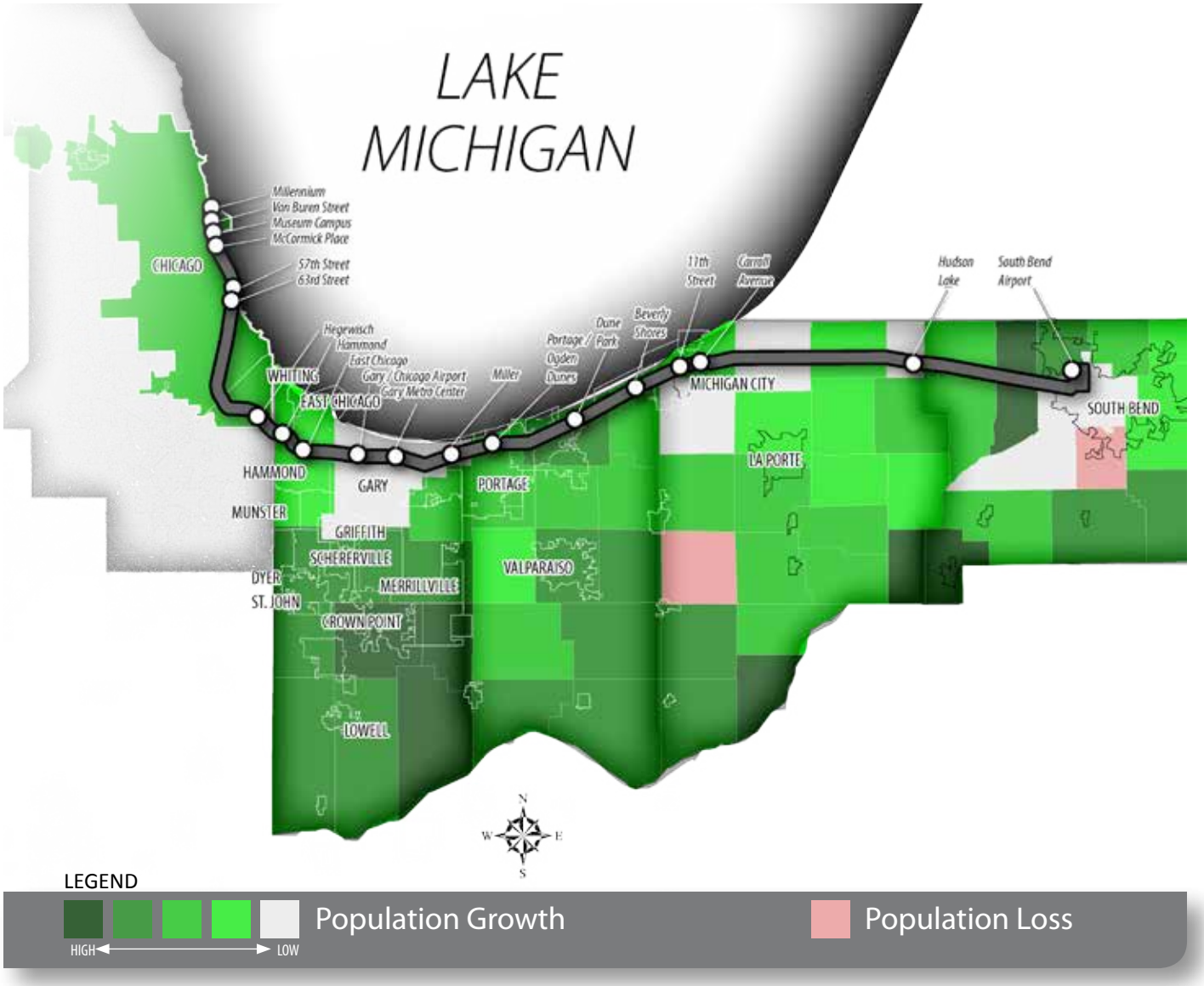
The Chicago, South Shore and South Bend (South Shore Line), whose passenger service was taken over by NICTD in the 1970s and 80s, was established in the early 20th century when Northwest Indiana was becoming one of the most important industrial concentrations in the country. Heavy industry was concentrated in the Whiting-Hammond-East Chicago-Gary corridor, which was a major ridership market targeted by the new railroad. There was also a major focus on longer-distance markets: the South Shore's first service linked South Bend and Michigan City, opening in 1908.

Demographic shifts in the region began in the middle 20th century, reflecting a broader decline in manufacturing employment and shift toward service industry employment seen both nationally and locally. Areas of greatest population density along Lake Michigan have been gradually shifting to the south for decades, as cities such as Hammond, East Chicago, and Gary have seen population declines, while the development focus has shifted to areas in south and central Lake County and in Porter County.

A sharp decline of intra-state trips began in the 1950s, driven by highway construction after World War II and the beginning of the interstate system in 1956, as well as by the decades-long shift in population away from the lakefront. This helped shape the current ridership situation, which is now largely dominated by the downtown Chicago-based daily commuter market, with strongest morning boardings at East Chicago, Hammond and Hegewisch.

While local economic development – attracting and retaining jobs within Northwest Indiana - remains an important priority, attracting and retaining population is equally important for current and future generations. Improving connections between Northwest Indiana and Chicago is an important step for rebuilding the middle class in Northwest Indiana by enabling residents to participate more fully in the third-largest regional economy in the United States.

FIGURE 1
Study Area with South Shore Line Stations and Projected Population Change (2000-2030)



Source: US Census Bureau, 2000; US Bureau of Labor Statistics, 2000; Northwestern Indiana Regional Planning Commission (NIRPC) and Michiana Area Council of Government (MACOG), 2030

County	2000		2030	
	Population	Employment	Population	Employment
Lake	484,564	199,421	565,348	210,471
Porter	146,798	55,048	115,096	62,463
LaPorte	110,106	47,425	181,512	47,226
St. Joseph	265,559	129,558	295,060	179,941

OVERVIEW OF INVESTMENT PROGRAMS

This Strategic Business Plan proposes a four-part capital investment strategy: baseline investments to the South Shore Line to maintain service standards and reliability, a West Lake Extension into rapidly growing areas of Lake County, major improvements to South Shore Line to provide faster service and expand the passenger market, and planned annual South Shore Line maintenance.

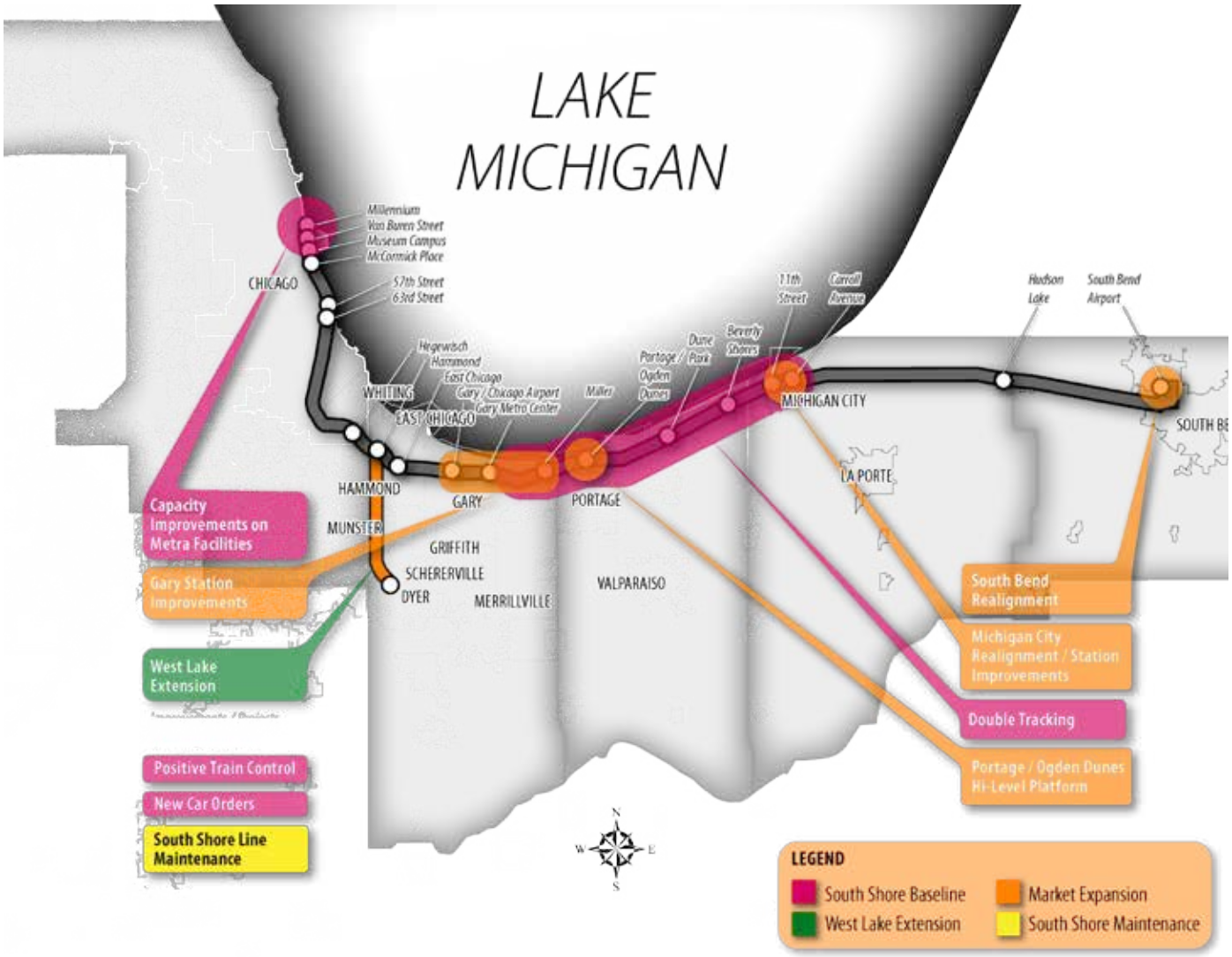
FIGURE 2
Summary of Investment Programs and Projects

		Lake	Porter	La Porte	St. Joseph	State of Indiana
South Shore Line Baseline	*Projects required to run the current service safely with required capital asset replacement and improvements*					
Positive Train Control	Federally mandated safety infrastructure	●	●	●	●	●
New Car Orders	Replace rolling stock in excess of 40 years in service	●	●	●	●	●
Double Tracking	Greater reliability and schedule flexibility	○	●	●	●	●
Metra Facility Capacity Improvements	Improved train operations by upgraded track and storage facilities	●	●	●	●	●
West Lake Extension	*Projects to create new markets by introducing service to growing areas*					
West Lake Extension	Service from Chicago to Lake County	●	○			●
Market Expansion	*Projects to grow existing markets by improving travel times, convenience and reliability*					
Portage/Ogden Dunes Hi-Level Platform	Reduce dwell times and improve travel time		●	○	○	●
Michigan City Realignment / Station	Realignment of route through Michigan City; consolidate stations			●	○	●
South Bend Realignment	Realignment of approach into terminal station at the airport				●	●
Gary Station Improvements	New station facilities serving Gary	●	○	○	○	●
South Shore Line Maintenance	*Required maintenance & state of good repair*					
Planned Annual Capital Investments	Maintenance & state of good repair	●	●	●	●	●

● *Primary system benefits*

○ *Secondary system benefits*

FIGURE 3
Investment Programs and Projects



Program Detail:
South Shore Line Baseline

PROGRAM OVERVIEW

The following four projects constitute the required capital improvements needed to keep the South Shore Line operating safely and efficiently. These projects will need to be completed whether or not any other improvements move forward.

POSITIVE TRAIN CONTROL

Federally mandated train control systems are intended to prevent train-to-train collisions, eliminate work zone incursions, and automatically enforce all speed restrictions. This is accomplished via the use of high-tech, integrated electronic signal systems and controls interfaced with GPS.

Project Capital Cost:

- $43 million

Proposed Cost Distribution:

- 100% will be from state or local sources. Whether the source is state or local is a decision to be made by the counties before the investment is made. A county allocation could be based on derived benefits as well as service factors.

NEW CAR ORDERS

This program is intended to purchase cars that will replace those that have been in service for 40+ years. This includes 41 cars purchased in 1982 and 17 cars purchased in 1992.

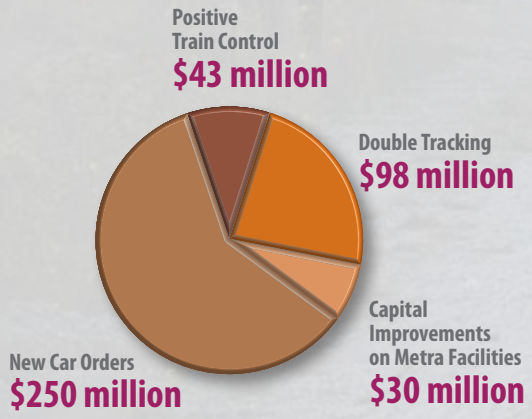
Project Capital Cost:

- $250 million

Proposed Cost Distribution:

- 100% will be from state or local sources. Whether the source is state or local is a decision to be made by the counties before the investment is made. A county allocation could be based on derived benefits as well as service factors.

SSL BASELINE CAPITAL COSTS



**Year of expenditure dollars in millions, exclusive of debt financing costs*

DOUBLE TRACKING

The South Shore Line is a double track railroad that shares the right-of-way with the Metra Electric District in Chicago. After the Metra and South Shore services diverge, the section of double track extends east to Tennessee Street in Gary, a distance of 17.2 miles. Between Gary and Michigan City (a distance of 25.9 miles) the South Shore is a single track railroad with 6 miles of double track in eastern Lake County and western Porter County, and several mile-long passing sidings. Constructing continuous double track would increase scheduling flexibility, improve reliability, expand maintenance windows, and eliminate the single point of failure that exists with single track operation.

The South Shore will remain single-track (with passing sidings) between Michigan City and South Bend, as there is sufficient capacity for existing and anticipated service levels.

Project Capital Cost:

- $98 million

Proposed Cost Distribution:

- 50% of capital costs paid with federal funds
- 50% will be from state or local sources. Whether the source is state or local is a decision to be made by the counties before the investment is made. A county allocation could be based on derived benefits as well as service factors.

METRA CAPACITY

The South Shore Line operates on Metra Electric District right-of-way from 115th St. to Millennium Station in downtown Chicago. Metra is a four-track railroad from 115th St. to 11th Place and then narrows down to a three-track railroad on approach to Millennium Station. At Millennium Station, NICTD has a single track leading into four platforms, while Metra enjoys the benefits of double track access to its platforms. This single track creates a single point of failure; in the event of a derailment or an unexpected track, switch, or catenary failure, all South Shore Line trains would be indefinitely ensnared. Furthermore, a single track prevents NICTD from operating simultaneous inbound and outbound train movements. This project would provide another track into Millennium Station, improving operating flexibility and capacity.

Project Capital Cost:

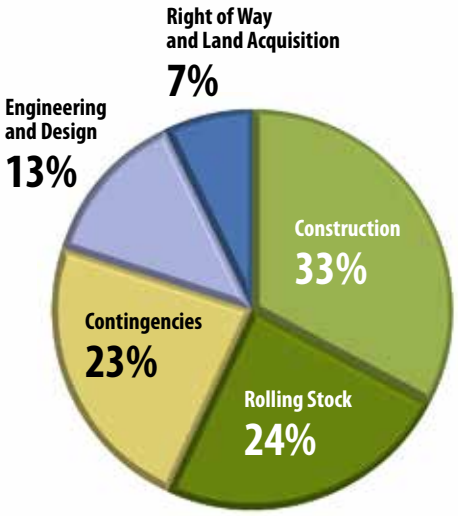
- $30 million

Proposed Cost Distribution:

- 50% of capital costs paid with federal funds
- 50% will be from state or local sources. Whether the source is state or local is a decision to be made by the counties before the investment is made. A county allocation could be based on derived benefits as well as service factors.

Program Detail:
West Lake Extension

CAPITAL COSTS CATEGORIES



** Contingencies are part of the FTA Cost Categories Template and reflect the level of detail known at the time of the 2009 feasibility study.*

Project Capital Cost:

- $571 million (to Dyer)

Proposed Cost Distribution:

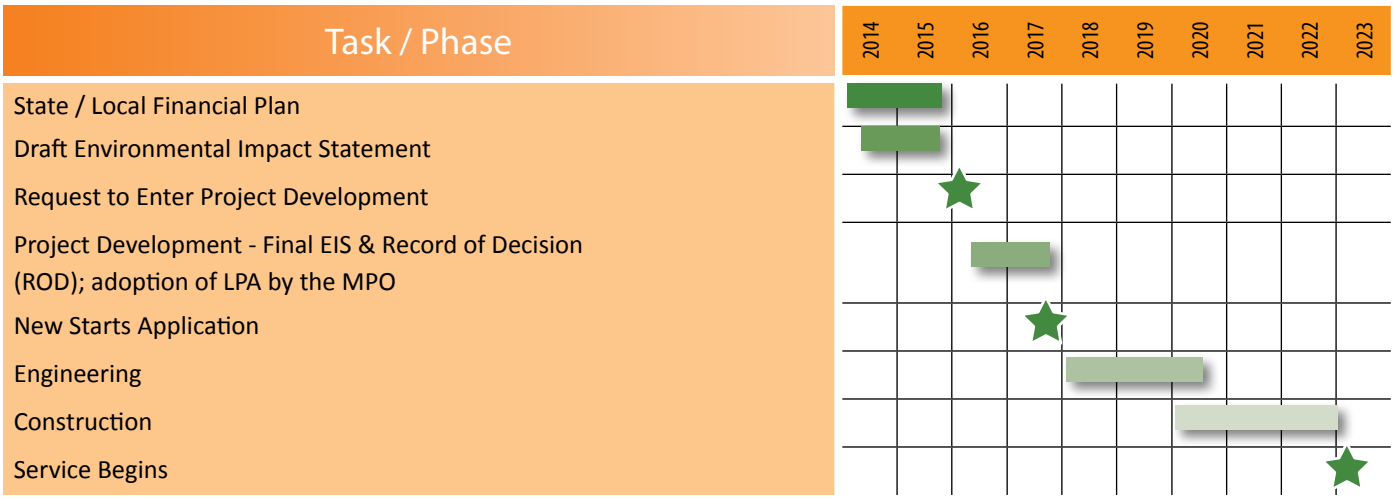
- 50% of capital costs paid with federal funds
- 50% of capital cost is allocated to local sources (Lake County)

FIGURE 4
Conceptual Alignment for the West Lake Corridor

WEST LAKE EXTENSION

The West Lake Extension would expand NICTD commuter rail service south into Lake County. The service would reduce the distance that central and south Lake County commuters would have to travel to access NICTD train service, and is projected to have a daily ridership of 5,600 people. The West Lake Extension project is currently in the initial planning stages, having completed concept feasibility investigations. The preferred alignment and stations served will be identified during subsequent alternatives analysis and environmental assessments, along with confirmation of the capital and operating financial plan.

FIGURE 5
West Lake Extension Potential Implementation Schedule



BENEFITS

Developing a line extension of the South Shore service into Lake County would bring the following benefits:

- Connecting the region to downtown Chicago jobs and employment centers
- Enticing economic development
- Providing an alternative mode of transportation to driving
- Lowering commuting costs
- Increasing NICTD system ridership
- Increasing property values near stations
- Attracting and retaining families and younger residents to the region

Program Detail:
Market Expansion

PROGRAM OVERVIEW

The improvements on the existing South Shore Line are intended to increase efficiency on the existing rail line. Trip times from South Bend to Chicago would be reduced by 39 minutes, with smaller time savings from other stations. Two of the factors that have the greatest positive impact on ridership are better travel times and more frequent service. Therefore, these improvements will increase average daily ridership on the NICTD system by 38%, and would also greatly facilitate and enhance transit-oriented development and strengthen neighborhood redevelopment along the route.

It should be noted that while the Market Expansion improvements are east of East Chicago and Hammond, they will result in more reliable service, thus providing benefits along the entire line.

PORTAGE / OGDEN DUNES HIGH-LEVEL PLATFORMS

The Portage/Ogden Dunes station is currently equipped with three warming shelters along the low level boarding platform and two ADA mini-high level boarding platforms. This project would construct dual, 8-car long, high level boarding platforms with gauntlet tracks to safely separate freight trains. Benefits include a reduction in travel times.

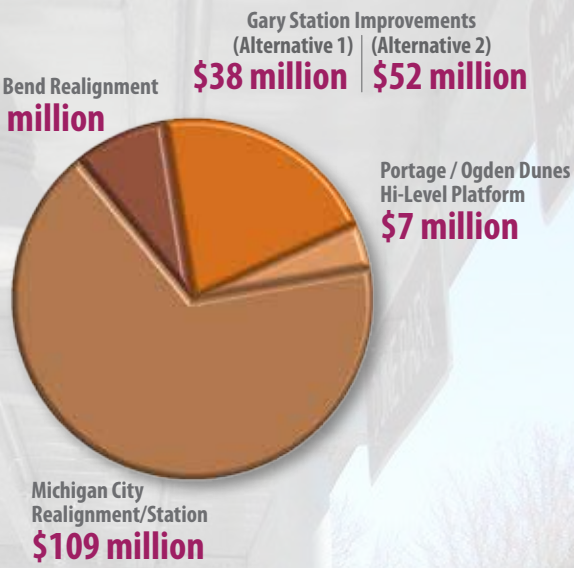
Project Capital Cost:

- $7 million

Proposed Cost Distribution:

- 50% of capital costs paid with federal funds
- 50% will be from state or local sources. Whether the source is state or local is a decision to be made by the counties before the investment is made. A county allocation could be based on derived benefits as well as service factors.

MARKET EXPANSION CAPITAL COSTS



**Year of expenditure dollars in millions, exclusive of debt financing costs*

MICHIGAN CITY REALIGNMENT AND STATION CONSOLIDATION

This project will eliminate two miles of embedded street running track. The project includes the construction of a new exposed ballasted double track railroad within the 10th/11th St. Corridor coupled with a modern, fully equipped consolidated station and 8-car high level boarding platforms. The City envisions this new station as the focal point for renewed retail and residential development in Michigan City. As part of the station consolidation effort, the existing Carroll Avenue station would be closed. The realignment would also close 16 grade crossings including six of NICTD's top 20 Federal Railroad Administration (FRA) rated high hazard crossings. Benefits include a reduction in travel time, improved reliability and operating flexibility and a fully ADA accessible station with expanded parking.

Project Capital Cost:

- $109 million

Proposed Cost Distribution:

- 30% of capital costs ($33 million) allocated to local sources (Michigan City and/or La Porte County) for transit-oriented development and station-area amenities
- 35% of capital costs paid with federal funds
- 35% will be from state or local sources. Whether the source is state or local is a decision to be made by the counties before the investment is made. A county allocation could be based on derived benefits as well as service factors.

SOUTH BEND REALIGNMENT

South Shore trains currently navigate a circuitous reverse "C" in order to access the South Bend Airport terminal from the east. The route is long and trains are slowed by 23 grade crossings. This realignment project would provide a more direct route to the west side of the airport terminal by eliminating three track miles, reducing travel time by up to 10 minutes, and cutting the number of grade crossings from 23 to 7.

Project Capital Cost:

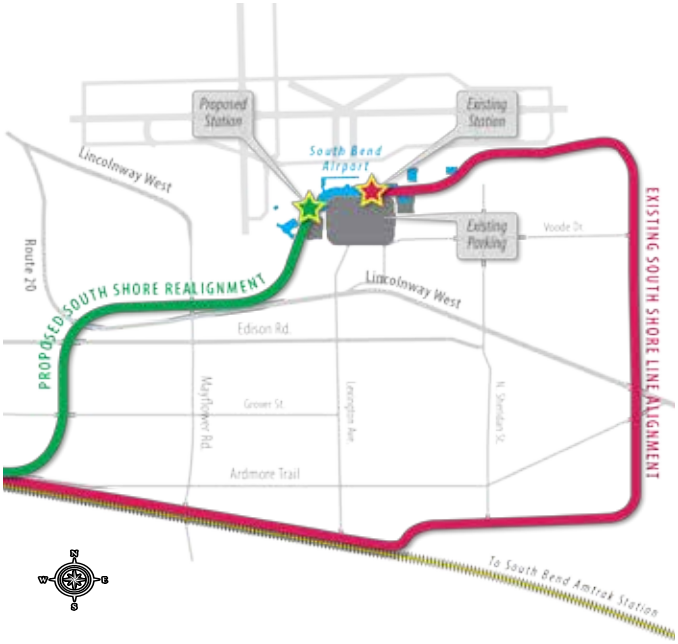
- $15 million

Proposed Cost Distribution:

- 50% of capital costs paid with federal funds
- 50% of capital cost is allocated to local sources (South Bend and/or St. Joseph County)

FIGURE 6
Proposed Realignment through Michigan City

FIGURE 7
Proposed Realignment Near South Bend



GARY STATION IMPROVEMENTS

There are three stations in Gary with low level boarding platforms and which are past the end of their useful life. Alternatives will be evaluated and selected through a future NEPA evaluation.

ALTERNATIVE 1: STATION CONSOLIDATION

NICTD undertook a study in 2012 that determined there aresignificant travel time and construction costs savings to be derived from consolidating Gary Metro Center and Miller at a new location near I-65 and the Indiana Toll Road. The new station would include 8-car long, ADA-compliant high level boarding platforms with a full service station and expanded parking, providing easy access for passengers living along the I-65 corridor. Benefits would include travel time improvements, ridership efficiency, and reduced maintenance costs.

ALTERNATIVE 2: STATION MODERNIZATION

This alternative would close the Clark Road station, and upgrade the Miller and Gary Metro stations. The Miller station would be rebuilt with high level boarding platforms at Clay Street. The elevated Gary Metro station would be rebuilt with high level boarding platforms in the same model as the East Chicago station. Benefits would include travel time improvements, maintaining mobility for local commuters, and maintaining stations as an aspect of neighborhood redevelopment plans.

Although the Clark Road station would be closed, connections to the Gary/Chicago International Airport would be made at East Chicago or Gary Metro Center.

Project Capital Cost:

- Alternative 1: $38 million
- Alternative 2: $52 million

Proposed Cost Distribution:

- 50% of $38 million in capital costs paid with federal funds
- 50% of $38 million in capital costs will be from state or local sources. Whether the source is state or local is a decision to be made by the counties before the investment is made. A county allocation could be based on derived benefits as well as service factors.
- $14 million Alternative 2 premium paid by local sources / grant / subsidy

Program Detail:
South Shore Line Maintenance

PLANNED MAINTENANCE

Regular system maintenance will ensure a state of good repair, resulting in reliable on-time service. This includes routine bridge replacement, upgrades to switches, catenary renewal, upgrades to maintenance facilities, expanded parking facilities, and upgrades to existing stations. These projects are included in NICTD's five-year transportation improvement program and do not require new funding. Typically they are funded with FTA State of Good Repair allocation (80 percent), with the non-federal share coming from the state of Indiana. This financial arrangement should continue in the near term, but as maintenance requirements increase with aging and expanded assets, it may be necessary to secure local funding from the four counties in the railroad's service area.

Project Capital Cost:

- $401 million

Proposed Cost Distribution:

- 100% of capital costs are paid by current federal and state funding sources

Program Detail:
Land Use & TOD Policy Recommendations

Transit-supportive land use policies are an important implementation component of any major transit investment program. The development patterns around a transit system and its stations influence ridership of the system and the ability of the surrounding communities to realize the potential economic and fiscal impacts that improved transportation service can provide.

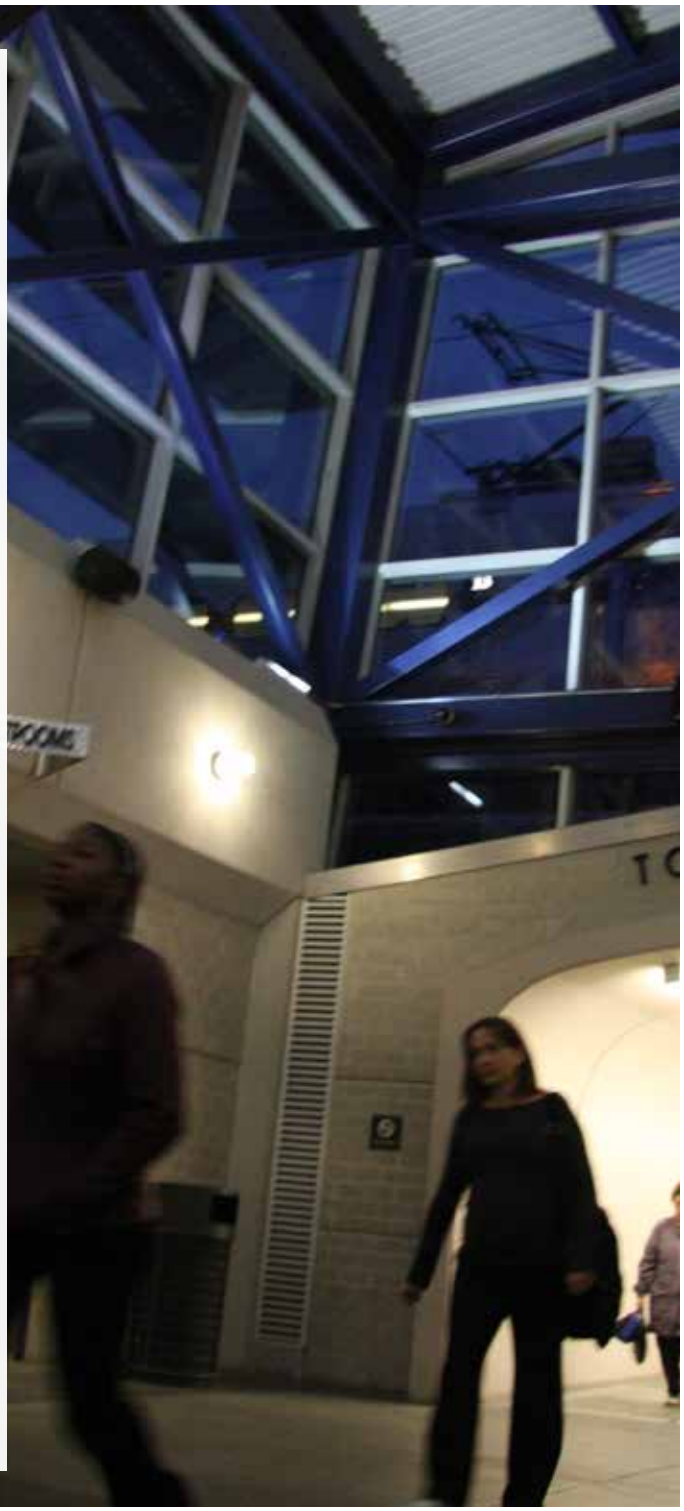
IMPACT ON TRANSIT SERVICE

Having transit-supportive land use policies in place at a local and regional level is also supportive for the rider market served by the transit system. High-density transit-oriented development (TOD) creates a ready pool of residents, workers and visitors from which transit systems can draw riders and which, complemented by the design and diversity of uses, makes transit usage more attractive than driving a car. Encouraging more intense development around existing transit service can enhance ridership, strengthening utilization and support for the transit system and improving financial performance for the operator. Having transit-supportive land use policies at a local and regional level in place is also necessary to make the transportation infrastructure projects much more competitive when it comes to obtaining the critical funding from the federal government for maintenance, operations and new construction.

It needs to be emphasized that positive development impacts are dependent on faster service and higher train frequencies, both important objectives of NICTD's 20-year investment strategy.

WHAT IS TOD?

Transit Oriented Development (TOD) is a planning and development approach that concentrates mixed-use development within transit station areas. This includes



a range of integrated residential, retail, service and office uses. TODs are walkable areas of compact development (NIRPC, 2040 Regional Comprehensive Plan).

A variety of factors influence the potential and success for TOD. These include:

- Economic climate for real estate development
- Capacity of available land in station area
- Transit-supportive plans and policies
- Urban design and connectivity
- Transit service frequency, schedule and travel times

TOD POLICY RECOMMENDATIONS

Land use and economic development planning decisions fall under local jurisdiction: the municipalities, townships and counties. While transit agencies and state/regional governing bodies can provide guidance on ideas and coordination with transportation infrastructure decisions, it is these local bodies that can influence development patterns and should prepare conceptual design and implementation plans for transit-oriented development and transit-supportive infrastructure projects.

Actions that local jurisdictions can to take to encourage TOD and contribute to a unified transit-supportive land use environment include:

- Introduce or reinforce transit as a viable transportation choice in local plans, such as comprehensive plans, strategic plans, etc.
- Develop station-area concept plans around existing or proposed rail stations, incorporating TOD best practices of mixed uses, increased densities, and balanced parking requirements to create economical and vibrant neighborhoods.
- Consider location of visitor-driven civic facilities, such as town halls, community centers, libraries, etc. as development anchors in station areas.
- Ensure regulatory codes and guidelines, needed to implement TOD are in place such as zoning ordinances, design guidelines, subdivision rules, parking requirements.
- Develop multi-modal connectivity plans, to ensure convenient and safe access to the station for all modes of transportation, including pedestrians and bicyclists

TOD FUNDING SOURCES

A variety of funding and implementation sources exist for communities to use to advance these planning activities described in this section. These local projects would run in parallel with the investments made by NICTD and RDA to advance the transportation projects through their required study and design stages. These include:

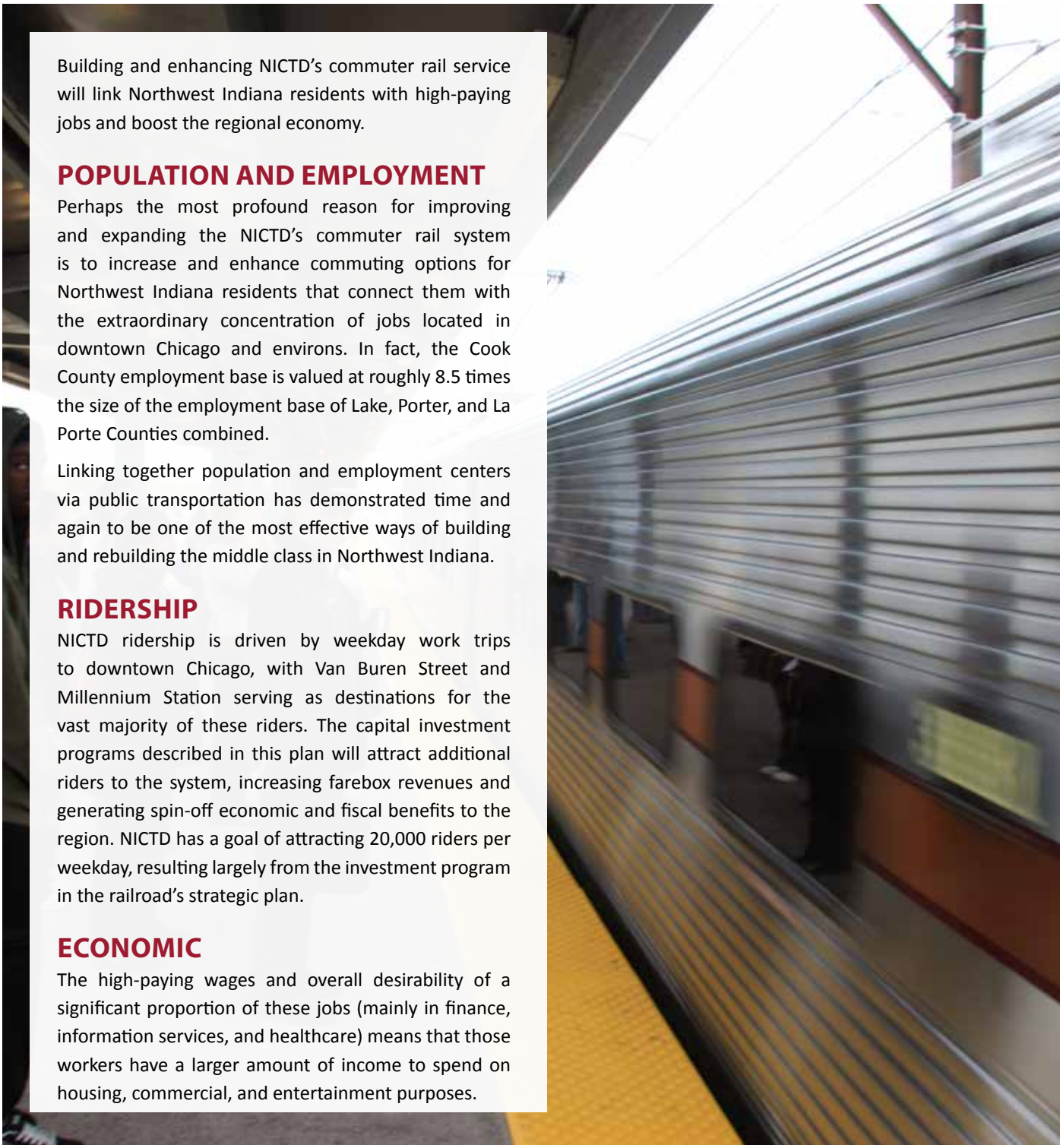
LOCAL

- General / capital improvement plan (CIP) funds
- Tax Increment Financing (TIF)
- Special Service Area (SSA) / Business Improvement Districts (BID)
- NIRPC Livable Centers grants
- RDA development project grants
- Joint development partnerships

STATE / FEDERAL

- TIGER/TIFIA type grants/loans
- CMAQ
- HUD/EPA/DOT Sustainable Communities Grants
- INDOT road improvements
- Parks and trails grants
- Green infrastructure grants

Regional Benefits



Building and enhancing NICTD's commuter rail service will link Northwest Indiana residents with high-paying jobs and boost the regional economy.

POPULATION AND EMPLOYMENT

Perhaps the most profound reason for improving and expanding the NICTD's commuter rail system is to increase and enhance commuting options for Northwest Indiana residents that connect them with the extraordinary concentration of jobs located in downtown Chicago and environs. In fact, the Cook County employment base is valued at roughly 8.5 times the size of the employment base of Lake, Porter, and La Porte Counties combined.

Linking together population and employment centers via public transportation has demonstrated time and again to be one of the most effective ways of building and rebuilding the middle class in Northwest Indiana.

RIDERSHIP

NICTD ridership is driven by weekday work trips to downtown Chicago, with Van Buren Street and Millennium Station serving as destinations for the vast majority of these riders. The capital investment programs described in this plan will attract additional riders to the system, increasing farebox revenues and generating spin-off economic and fiscal benefits to the region. NICTD has a goal of attracting 20,000 riders per weekday, resulting largely from the investment program in the railroad's strategic plan.

ECONOMIC

The high-paying wages and overall desirability of a significant proportion of these jobs (mainly in finance, information services, and healthcare) means that those workers have a larger amount of income to spend on housing, commercial, and entertainment purposes.

This additional household spending has significant implications for the economic development potential of any community where such workers choose to live. However, Indiana workers currently have only a single public transportation connection to Chicago (the South Shore) compared to their Illinois counterparts who can choose among 11 Metra rail lines and seven Chicago Transit Authority lines all feeding the downtown area. Beyond being limited to a single commuter route, only a fraction of Northwest Indiana communities are served by a station compared to the overwhelming majority of communities being served by Metra in Illinois. If Northwest Indiana could connect more of its communities - which have an advantage over Illinois of attracting young families and workers with comparatively lower costs of living - then, this part of the state could see substantial increases of local economic development.

FISCAL

The West Lake Extension project and programs of South Shore Line capital improvements combined are projected to add 1,984 jobs to the Northwest Indiana economy. Efficiencies are projected to generate $2.5 billion in economic output and $1.3 billion in gross regional product. These numbers do not reflect potential secondary economic benefits that may result from spending generated from new local jobs as well as other positive economic multipliers that have a continuous effect on the local economy.

PERSONAL COSTS AND BENEFITS

As gas prices increase, transportation costs to commuters are compounded by the number of miles they drive. Since an average household's total vehicle miles traveled (VMT) is largely controlled by work trips, the demand for alternative modes of transportation such as public transit increases with the cost of fuel. This increase in demand is also partly due to the fact that transit fares typically stay relatively flat when adjusted for inflation compared with fuel prices, resulting in personal cost savings.

Another enticing draw to taking transit is that rail commuters have the freedom to pursue other tasks that increase personal productivity and enhance quality of life. Transit riders can read, work, use electronic devices, and conduct other tasks that are off-limits for motorists.

Financial Summary

USES

The 20-year Strategic Business Plan recommends four capital investment programs that will improve rail infrastructure, provide efficient service, and achieve the greatest possible economic development potential for the study area.

FIGURE 8
Existing Capital & Operating Funding Sources

	CAPITAL	OPERATING
Federal	FTA Section 5307 Urbanized Area Formula; Federal Maintenance Grants; Federal Grant Credit to Expense	FTA Section 5307 Urbanized Area Formula; Federal Maintenance Grants; Federal Grant Credit to Expense
State	Commuter Rail Service Fund; Public Mass Trans. Fund (PMTF); Rail Car Leasing Company Property Tax Revenues; General Fund; BIF; Special State Appropriations	Commuter Rail Service Fund; Public Mass Trans. Fund (PMTF)
Local	N/A	Passenger Farebox Revenues; Metra Purchase of Service Agreement (PSA); Chicago South Shore (CSS) ROI

SOURCES: CAPITAL

It is assumed that the overall investment plan will be financed by a combination of federal, state and local sources. Close to fifty percent of the funding for capital costs of new projects is expected to come from the Federal Transit Administration's (FTA) Capital Investment Program. Other federal funding streams may be available to partially fund other investments.

For the remaining share of the capital costs, local and state sources would need to be found. As of April 2014, some commitments have been made at the local or regional level, but additional financial support could come from or through the RDA, and at the local level, from a range of options including:

- County Economic Development Income Tax
- County Option Income Tax
- Wheel tax
- Local option gas tax
- Local option sales tax

In order to successfully implement the investment projects in this Plan, new sources of local capital funding must be found.

In the case of capitalized South Shore Maintenance costs for commuter service as it is currently structured, existing sources of federal and state revenue are forecasted to cover this program.

With respect to capital costs for the South Shore Baseline, Market Expansion and West Lake Extension programs, new funds must be found for a longer-term bonding scenario. Capital funds for the West Lake Extension are being appropriated at the time this Plan is being finalized. A funding package between Lake County and the majority of municipal entities is being assembled to secure bond payment obligations arising from the project construction.

The South Shore Baseline and Market Expansion programs are designed to meet future requirements of "State of Good Repair" and allow for significant growth of new ridership. These investments will attract new riders by implementing structural changes in assets that currently restrict improvements in travel times and frequency of trains. These factors are major market drivers for attracting new riders.

Some agreement for allocating the South Shore Baseline and Market Expansion program costs between state and local sources must be reached in order to have a precise plan allocating funding responsibilities for these investment programs.

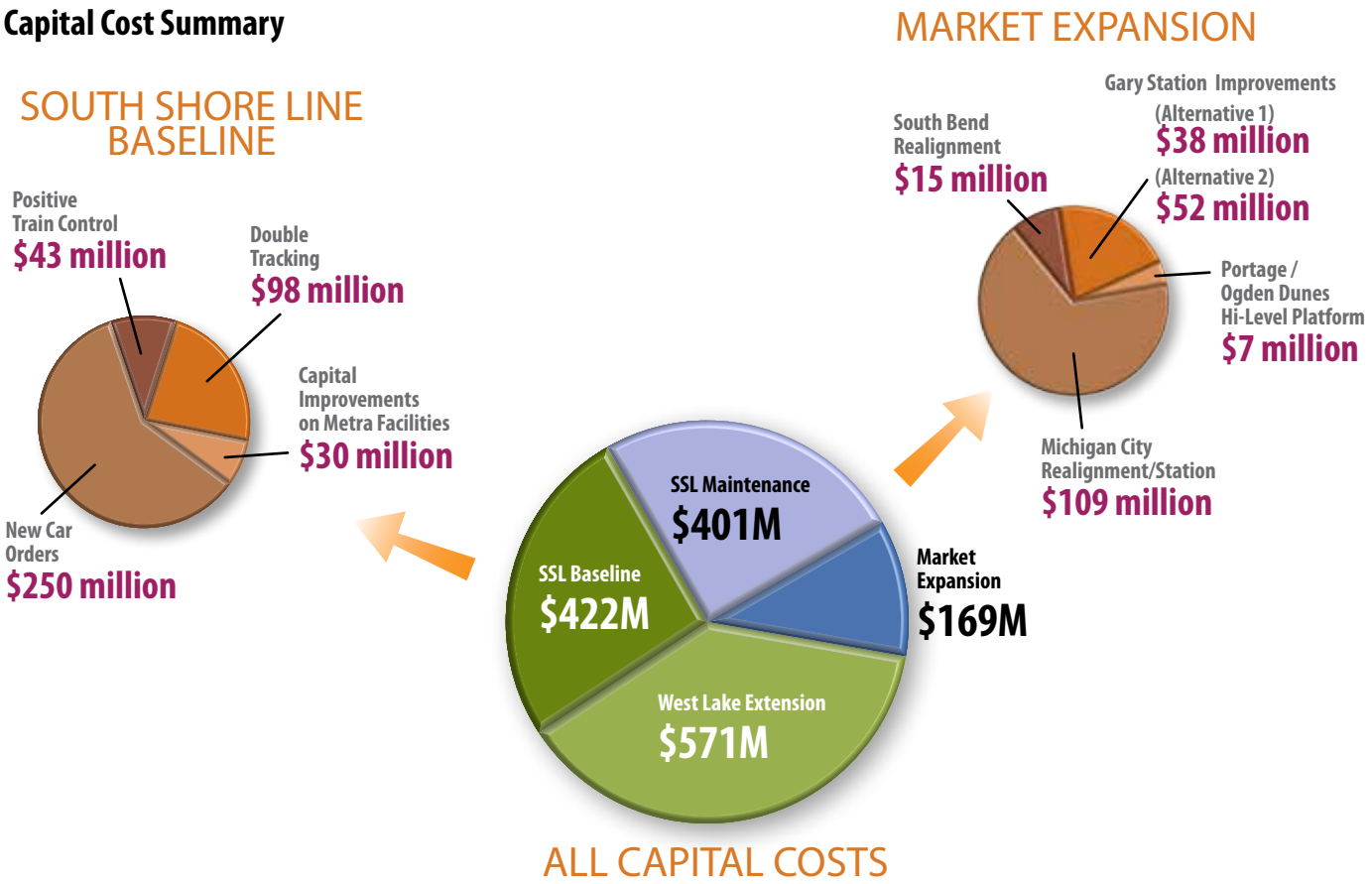
SOURCES: OPERATING

A common problem for transit systems nationwide is the decreasing amount of funds available for annual operating assistance as revenues fail to grow as rapidly as expenses. For NICTD, this fact is reflected in 20-year cash flow projections that show the railroad slipping into an unfunded operating deficit in 2019 even without considering the service and ridership improvement projects described in this Plan. The precise timing of this deficit could change in either direction depending on the interaction of NICTD operating expenses and tax collections at the state level. Although subject to change, NICTD expects to continue receiving operating support from the State of Indiana. In recent years annual support has ranged from $12 to $14 million. One option could be to consider supplementing state funds with revenue from the four counties in NICTD's service area.

SCHEDULE

The schedule for implementing the proposed improvements is aggressive but spreads the costs over time, as shown in Figure 10. The majority of projects are scheduled for completion by 2022, with a second round of new car orders in 2030-2031.

FIGURE 9
Capital Cost Summary



*Year of expenditure dollars in millions, exclusive of debt financing costs

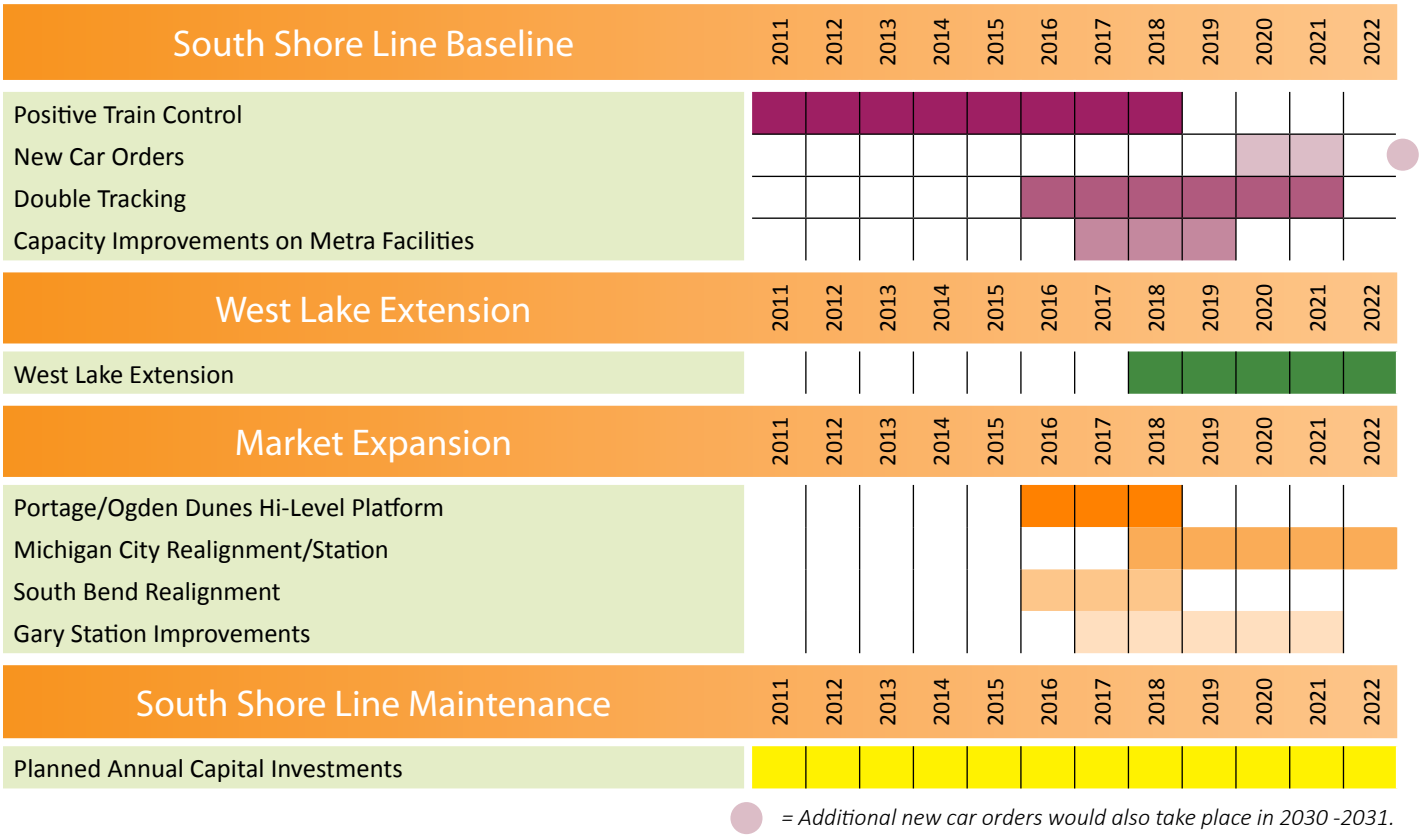
FIGURE 10
Project Cost Allocation

COUNTY	COST SUMMARY FOR INVESTMENTS BY PROGRAM AND PROJECT 2015-2033										
	South Shore Line Baseline				Baseline Total	Market Expansion				Market Expansion Total	West Lake Extension
	Positive Train Control	New Car Orders	Double Tracking	Capacity Improvements on Metra		Portage / Ogen Dunes Hi-Level Platform	Gary Station Improve-ments	Michigan City Realignment /Station	South Bend Realign-ment		
Capital Cost Estimate	$43.0	$250.3	$98.4	$30.0	**$421.7**	$7.0	$38.0	$109.3	$15.0	**$169.3**	**$571.0**
Federal Capital Share	$0.0	$0.0	$49.2	$15.0	**$64.2**	$3.5	$19.0	$38.2	$7.5	**$68.2**	**$285.5**
State / Local	$43.0	$250.3	$49.2	$15.0	**$357.5**	$3.5	$19.0	$71.0	$7.5	**$101.0**	**$285.5**
State/Local Average Annual Debt Service*	$2.0	$12.0	$2.9	$0.9	**$17.8**	$0.3	$1.2	$4.4	$0.6	**$6.5**	**$16.5**
Benefits											
Lake	●	●	○	●			●				●
Porter	●	●	●	●		●	○				○
LaPorte	●	●	●	●		○	○	●			
St. Joseph	●	●	●	●		○	○	○	●		
State of Indiana	●	●	●	●		●	●	●	●		●

Cost shown in year-of-expenditure dollars, in millions

* *Financing scenarios are based on 30-year bonds, some portion of which may extend past the 2033 time horizon of this plan.*

FIGURE 11
Capital Improvement Implementation



● = *Additional new car orders would also take place in 2030 -2031.*

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