

A Special Presentation for the Indiana Economic Development Association

## Breakthrough Opportunities for Indiana

Two innovative initiatives by  
Governor Mitch Daniels and the  
Indiana General Assembly

Leigh Morris, INDOT Deputy Commissioner, Toll Road Oversight

Tim Sanders, Executive Director, Northwest Indiana Regional Development Authority

September 18, 2008



### Breakthrough Opportunity #1

- **Leasing the Indiana Toll Road and implementing Major Moves**
- **Impact:**
  - Long-overdue upgrades and expansions to the Indiana Toll Road are currently underway
  - Professional management of Indiana Toll Road
  - Indiana Toll Road is debt-free for the first time in more than 50 years
  - \$3.8 billion for transportation improvement projects

## Breakthrough Opportunity #2

- Creating the Northwest Indiana Regional Development Authority (RDA)
  
- Impact:
  - RDA will be a catalyst to transform the economy and the quality of life in northwest Indiana.
  - It will help to demonstrate the importance of regional collaboration and cooperation.

## Leasing the Indiana Toll Road

- Still owned by the citizens of Indiana
- Indiana Toll Road Concession Company (ITRCC) pays local and state taxes
- Leasing proceeds erased a \$2.8 billion state highway funding deficit
  - Funds Indiana's highway construction projects for at least a decade **without increasing taxes.**
  - More than 200 projects; 130,000 jobs
- New highway construction records are being set every year **without raising gas taxes as 31 other States have done.**
- \$500 million "Trust Fund for the Future" created

## ITRCC Must Meet Many Requirements

- Install electronic tolling system by June 2008
- Build new lane capacity in high-traffic areas
- Award at least 90% of contracts to Indiana businesses
- Comply with extensive operating and maintenance standards to help assure safety and good customer service

## Indiana Toll Road Progress

- \$300 million in projects now underway
- \$100 million more in next two years
- 95% of ITRCC construction contracts awarded to Indiana businesses
- Third lane being added in Lake County

## Indiana Toll Road Progress

- Electronic tolling:
  - Operational the entire length of the Toll Road as of April 1 (two months ahead of schedule)
- Toll plazas: (East Point, West Point and Portage)
  - Lanes added
  - As much as 40% more capacity added
  - Fewer delays, less congestion



- Electronic Toll Collection (ETC) was operational between Portage and Westpoint (the barrier portion) in July 2007
- It was operational on the entire length of the roadway (56 exit lanes and 35 entry lanes in 14 toll plazas) on April 1, 2008.
- In August 2008, there were more than 2,000,000 transactions between Portage and Eastpoint, 49% of them by I-Zoom or I-Pass
- As of September 1, 2008, we had issued more than 42,000 I-Zoom transponders.
- Toll rates are “frozen” at 1985 levels until at least 2016 for I-Zoom users.



## Efficiency Implications with ETC:

Manual Lane (Cash)	150 vehicles an hour
Exact Change Slot	350 vehicles an hour
I-Zoom w/ Gates	650 vehicles an hour
I-Zoom w/o Gates	1,100 vehicles an hour
Open Road Tolling	2,200 vehicles an hour

## Much More Coming...

- Expedited highway repaving (89.5 lane miles this year)
- New bridge inspection and repair programs (repairs on 17 mainline bridges and painting on 9 more)
- Upgraded travel plazas
- Initiatives to divert truck traffic from other routes to the Indiana Toll Road
- New state police post near Elkhart
  - ITRCC pays construction and trooper salaries
  - Will house other law enforcement agencies

## ITRCC INTENDS TO BE A GOOD CORPORATE CITIZEN

- More than \$20,000 donated to Indiana National Guard Relief Fund



## Economic Development and Fiber Optic Corridors

- Exploring the creation of an Economic Development Corridor to stimulate job creation and collaboration with local economic development officials
- Seeking proposals for developing a large bore multi-tenant fiber optic conduit in Toll Road right-of-way to enhance broadband capacity

## Local Impact of Lease

- \$267 million in cash to Toll Road counties, cities and towns for local projects (E.g., More than \$40 Million to each of the seven Toll Road Counties)
- \$1.4 billion in projects funded in the seven county area
- \$120 million to RDA over 10 years

## Major Moves County Impact

	Lake	La Porte	Porter	St. Joseph	Elkhart	LaGrange	Steuben
50 years prior to Major Moves	Cash = \$0 Projects = \$71.4 M	Cash = \$0 Projects = \$3.1 M	Cash = \$0 Projects = \$7.9 M	Cash = \$0 Projects = \$26.8 M	Cash = \$0 Projects = \$16 M	Cash = \$0 Projects = \$4.1 M	Cash = \$0 Projects = \$0.65 M
Major Moves	Cash = \$17.6 M* Projects = \$332.0 M	Cash = \$41.7 M Projects = \$86.0 M	Cash = \$26.6M** Projects = \$92.9 M	Cash = \$42.4 M Projects = \$487.1 M	Cash = \$42.2 M Projects = \$83.3 M	Cash = \$41.0 M Projects = \$14.7 M	Cash = \$41.0 M Projects = \$8.7 M
Ratio	5 to 1	42 to 1	15 to 1	20 to 1	8 to 1	14 to 1	77 to 1

\* Plus \$25 M to RDA \*\*Plus \$15M to RDA

## Effective Stewardship of Funds

- Proceeds from the leasing agreement have been prudently invested until they are needed for projects.
- Those investments have yielded more than \$360 Million in earnings since July 5, 2006.
- These earnings will be utilized to help assure Indiana's transportation priorities are addressed.

## Selected **New Construction** Projects in MACOG Area Funded by Major Moves

County	Project	Cost
St. Joseph	SR 331, SR 23	\$ 27,759,351
St. Joseph, Marshall and Others	<b>US 31</b>	\$816,609,551
Kosciusko	SR 15	\$ 19,722,753
Elkhart	US 33, SR 13, US 131, US 20	\$ 83,035,699
Total		\$944,127,354

Note: Costs are Estimated. Does not include Major Pavement Preservation.

## Summary: Indiana Toll Road

- Indiana Toll Road belongs to Hoosiers
- ITRCC is leasing it, operating it, and **assuming future risks**
- Must be maintained to state and federal standards
- Major improvements underway (new lanes, electronic tolling) with much more on the way
- Toll Road counties, cities and towns have millions of additional dollars for road and development work
- Toll Road will grow in importance and will bring economic development to northern Indiana



## Creation of the RDA

- Established: September 2005
- Initial funding: January 2006
- Supported by bipartisan majorities in both houses of the Indiana General Assembly
- Unique to Northwest Indiana

## RDA's Five Key Areas of Emphasis:

- The Gary-Chicago International Airport
- Extension of the South Shore Rail Commuter Line
- Lake Michigan Shoreline Development
- Regional Bus Authority
- Other initiatives that will enhance economic development in Northwest Indiana

## RDA's Key Roles:

- Major projects with regional impact require regional funding sources rather than single community or single county approaches
- Accessing federal funds usually requires matching funds that are beyond the reach of local government
- Provides a vehicle for pooling both resources and leadership talent to move major initiatives forward

## RDA's Funding Sources

- East Chicago, Gary, and Hammond; Porter and Lake counties each invest \$3.5 million annually
- State of Indiana invests up to \$10 million annually from Indiana Toll Road lease
- Additional \$20 million allocated from Major Moves and earmarked for the Gary-Chicago Airport
- Funding formula in place through 2015, subject to reauthorization by the State Budget Commission

## How is the RDA Governed?

Seven-member board of directors:

- **Dr. Howard Cohen**, Chancellor, Purdue Calumet (City of Hammond appointment)
- **Carmen Fernandez**, Corporation Counsel, City of East Chicago (City of East Chicago appointment)
- **Bill Joiner**, Retired Banker (City of Gary appointment)
- **Lou Martinez**, President of Lake Area United Way (Lake County appointment)
- **Gus Olympidis**, President, Family Express (Porter County appointment)
- **Harley Snyder**, President, HSC, Inc. (Governor's appointment)
- **Leigh Morris**, Executive Director, Indiana Toll Road (Governor's appointment)

## Current Impact of the RDA

- Nearly **\$70 Million** already invested in Northwest Indiana.
- During that two year period, the local investment in the RDA has totaled **\$35 Million**.
- The region has almost **doubled** its investment, and major progress is being made on all four of the priorities the legislature established for the RDA.

## Initial RDA Investments

Regional Bus Authority*	\$ 8,787,000
Gary Chicago International Airport	\$20,000,000
South Shore (NICTD)	\$17,500,000
Lake Shore Redevelopment	\$17,666,631
Other**	\$ 6,215,200
Total	\$70,168,831

\*Includes \$2.074M for Valparaiso/Chicago Svce. \*\*\$6M to Little Calumet River Basin Project

## Bottom Line: The RDA is very positive for Northwest Indiana

- Transformational projects can be completed because of the availability of new sources of funding and leveraging of federal funds
- Regional needs that cross county or community borders can be addressed
- Major private investment (and new job creation) can result from a positive regional environment

## Expected Outcomes: Toll Road Leasing and the RDA

- Northwest Indiana will become a dominant engine for economic growth that significantly improves the quality of life for its residents
- Professional Toll Road management will assure the roadway is a major transportation and economic development asset
- Major Moves funding enables state and local governments to make significant infrastructure improvements

## Three Important Tools for Breakthrough Progress!



Building Roads.  
Creating Jobs.

