







## FOREWORD

To the residents of Central Indiana



## CHAPTER ONE

Understanding and Approaching the Challenge We Face



## CHAPTER THREE

Financing the Future System



## CHAPTER FIVE

Next Steps

## EXECUTIVE SUMMARY

Investing in our Future



## CHAPTER TWO

The Future System



## CHAPTER FOUR

How to Govern the Future System



## ACKNOWLEDGEMENTS





## *The residents of Central Indiana*

To the residents of Central Indiana,

For over sixty years, our transportation strategy has focused almost entirely on building more and better highways, a strategy that produced both notable benefits and shortcomings. This strategy has fostered increased home ownership and growth in outlying areas, bolstering the regional economy as a whole. However, it has also resulted in few transportation choices; limited mobility for the young, old, poor and people with disabilities; increasing delays for commuters and freight shipments; and growing environmental problems. We estimate our lack of transportation options and the accompanying increases in congestion result in economic losses of over \$150 million per year. We forecast that by 2035, if left unaddressed, these losses will grow to \$690 million annually. Continuing our current transportation strategy will not adequately meet our needs in an increasingly competitive world.

Despite a great deal of solid technical research and discussion over the last ten years, we have not achieved real political consensus on how the region should pursue its transportation future. No clear agreements have emerged on how to ensure that future transportation plans incorporate the appropriate roles and mixtures of investment in roadway, bus, rail, and other improvements. As a result, we have simply maintained the status quo for transportation investment, placing our region at risk of falling behind as our peers move forward.

As we look to the future, Central Indiana's transportation infrastructure must evolve into a system which does not create barriers to economic expansion but rather accommodates it and contributes to the region's prosperity. Our new strategy should address the existing low level of public transportation service and help relieve our increasingly congested roadways. We need policies that help reduce the level of contaminating emissions currently being generated and encourage economic growth. Our transportation system should become a magnet for business investment and relocation in Central Indiana and not a reason to stay away.

To help our community come to agreement on how to move forward, the Central Indiana Corporate Partnership (CICP), the Greater Indianapolis Chamber of Commerce (GICC), and the Central Indiana Community Foundation (CICF), came together this past year to take a serious look at our transportation system through the lens of private industry. We agreed to prepare a thorough analysis, form a collective opinion, and provide recommendations for appropriate action to the public.

To fulfill this goal, these three organizations established the Central Indiana Transit Task Force (CITTF), a group of 15 thought leaders from business and industry throughout Central Indiana. This report is the result of our efforts to meet the challenge we set for ourselves a year ago.

The Task Force believed it was extremely important to tap into the experience and expertise of those in the public sector. Significant work had already been conducted on Central Indiana's transportation issues and we wanted to ensure that this work benefited our efforts. Thus, representatives from the Indianapolis Metropolitan Planning Organization (IMPO), the Central Indiana Regional Transportation Authority (CIRTA), the Indianapolis Public Transportation Corporation (IndyGo), and the Indiana Department of Transportation (INDOT) were heavily involved and included in the Task Force work in an ex-officio capacity.

Finally, we engaged a team of nationally recognized consultants to conduct the detailed technical analysis necessary to come to informed recommendations. Those firms included HDR Inc., HNTB Corp., and Cambridge Systematics Inc.

After serious analysis, and deliberation, members of the Task Force arrived at the recommendations presented in this report. These recommendations, and the findings they are based on, should not be seen as a final product, but rather as a starting place for a robust public dialogue. Review and input is needed from many stakeholders including: public policy leaders, groups and organizations that would be affected

by the recommended changes and, most importantly, the public at-large. While we consider our recommendations to be well-founded, we know that we have not answered all the important questions that must be taken into account when making a decision as critical as this.

We present these findings and recommendations to you, the public, as a catalyst for discussion and decision-making during 2010. We trust that you will accept our report as an honest attempt to provide significant insight into a complex issue.

**Al Hubbard** Co-Chair  
E&A Industries

**Brian Payne** Founder  
Central Indiana Community  
Foundation

**Jo Ann Gora** Member  
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**John Neighbours** Co-Chair  
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Strategic Capital Partners





## *Investing in our Future*

In late 2008, the Central Indiana Corporate Partnership, the Greater Indianapolis Chamber of Commerce, and the Central Indiana Community Foundation brought together a group of business leaders to form the Central Indiana Transit Task Force (CITTF) to examine the region's transportation system. With a view to meeting Central Indiana's mobility needs and improving its economic competitiveness, the CITTF has developed a series of recommendations for the region's transportation system.

**Goals, Principles, and Issues** The Task Force began by establishing a mission statement and a set of principles to guide our work. Our mission was to develop and present the private sector's preferred regional transportation strategy for Central Indiana. We defined Central Indiana as Marion, Hamilton, Boone, Hendricks, Morgan, Johnson, Shelby, Hancock, and Madison Counties. In addition, we wanted to analyze the need for connectivity to cities like Lafayette, Muncie, Bloomington, and Columbus.

The Task Force was also committed to developing a regional strategy reflecting not just of a long-term vision, but a strategy capable of being acted on in the near future. To be successful, the strategy had to be easily understood; it had to be based on affordable funding options; it had to address how a regional system might be governed and run; and it had to include a plan for engaging policy makers and the public in an active dialogue. Accordingly, the Task Force established the following principles to govern our decision-making process:

- Approach the issues objectively and without bias in relation to potential solutions: Task Force members were asked to avoid any preconceived conclusions – all transportation options from simply keeping the current road plan to significantly expanding transit were on the table.

- Look at all reasonable alternatives regardless of mode of transportation or level of investment, thus considering the widest range of possibilities.
- Engage in a detailed cost-benefit analysis to clearly understand the economic trade-offs of our options.
- Evaluate and use in our analysis all-previous work conducted in the region.
- Communicate that this process was not designed to replace the existing public transportation planning process, but rather to supplement and strengthen it.

Next, the Task Force developed a list of key issues within the community that transportation system investments could and should address. These issues were incorporated into the process of evaluating alternatives. Specifically, alternative strategies needed to tackle:

- **Mobility** – Particularly for transit-dependent residents – the current public transportation system is inadequate for the community's transportation needs. For those without regular access to a car, access to jobs, medical care, and leisure are incomplete, inefficient and inconvenient. The elderly, disabled, and economically disadvantaged are especially vulnerable. In addition, our low level of transit service means that those who have a choice in how they travel are unlikely to choose transit.
- **Weakening regional core** – Central Indiana's core is currently experiencing declining share of regional employment, and flights of population and overall investment. We believe that a vibrant regional core is critical to the vitality of the region as a whole and that transportation improvements should be assessed accordingly, with an eye on their implications for the core.



- **Congestion** – While congestion in Central Indiana is not currently among the nation’s worst, it is a growing problem that, if left unchecked, could hurt the region’s future. According to the 2009 Urban Mobility Report, Central Indiana ranks higher than average against cities of similar size in terms of congestion levels, and we are already seeing certain pockets of congestion creating significant local problems for commuters.
- **Environment** – Central Indiana has failed to meet several Federal air quality standards and requirements over the last decade. A report by the Brookings Institute ranks Indianapolis 99 out of 100 cities in per capita carbon emissions. Current transportation strategies are unlikely to help. As national and international movements towards “greener” alternatives continue to gain momentum, it becomes even more important for us to understand the environmental impacts of various transportation improvements.
- **Overall competitiveness** – The vibrancy of our regional economy hinges on our ability to attract and retain both employers and a talented workforce. Mobility and access to jobs; ease of movement of goods and services; transportation choices; and the attractive, concentrated developments that typically occur around public transportation enhancements all affect the attractiveness of a region.

It was with this mission, set of principles, and key issues in mind that the Task Force embarked on a complex, 10 month process of assessing options, deliberating over

them, and formulating recommendations. We used cost-benefit analysis to compare a multitude of variations and combinations of roadway improvements, pricing as a means of congestion management, bus system enhancements, and rail investments. The cost-benefit analysis took into account the lifecycle cost of each improvement and compared the cost with the monetary value of the expected benefits. This allowed us to evaluate all the alternatives on a level playing field and for recommendations to evolve accordingly.

The Task Force analyzed the funding requirements of the strategic alternatives and ascertained where funding gaps appeared. We then assessed the reasonableness of likely financing sources.

We also considered the fact that a regional transportation system would require a regional governance structure. An effective structure to manage the roles of numerous public entities, including multiple municipalities and counties, will be as important to the ultimate success of such a system as its physical design, construction, and operation.

## RECOMMENDATIONS

Ultimately, this process led the Task Force to develop a set of recommendations in four parts: **The Future System, Financing of the Future System, Governance of the Future System, and Next Steps.** Our recommendations are as follows:

### **The Future System**

Our analysis shows that a multimodal system (one which integrates several different modes of transportation like

<sup>1</sup> *Shrinking the Carbon Footprint of Metropolitan America, Metropolitan Policy Program at Brookings, 2008.*



## *Investing in our Future*

roads, buses, and rail) in the region makes good economic sense. The Task Force recommends a system that includes:

- A significant expansion of the current roadway network in the region, although at a slightly lower rate than envisioned in the current 25-year Regional Transportation Plan. Whereas the current 25-year roadway network plan calls for approximately \$8.9 billion in capital expenditure of which \$5.8 billion would be locally funded (not Federal), we envision approximately \$8.3 billion in capital expenditures of which \$5.5 billion would be locally funded in roadway expansion over the same time period. We recommend that the \$600 million savings be shifted to other transportation infrastructure in the region.
- Implementation of tolled express lanes on certain segments of, a) I-69 to the northeast of I-465 and b) on I-65 to the Southeast of I-465. These tolled express lanes would be new lanes added to the existing freeway, not taken from existing lanes. The new lanes would provide people with the option of paying a toll to go “express” to their destination. These tolled lanes would have the added benefit of easing congestion somewhat on non-tolled lanes. Additionally, the lanes would be expected to raise more than they would cost to operate, thus providing a source of funding for other transportation infrastructure in the region.
- A significantly expanded and enhanced regional bus system that would a) reduce the average time between buses from 30-60 minutes to 10-20 minutes; b) provide more direct routes; and c) expand service within Marion county and into more counties than served today. Both express and limited stop bus services would be included.
- The addition of passenger rail service in two formats: 1) an in-street, “light rail” alignment on or near Washington Street, and 2) service

on existing freight rail lines north to Fishers and south to Greenwood. The Washington Street service would run all day. The service on existing freight lines could run all day on the sections closer to the center city and primarily during peak hours to the suburbs.

### **FINANCING THE FUTURE SYSTEM**

The Task Force agreed that if new funds are needed to pay for the system, the funding approach needs to meet certain conditions:

- Any county being served by a revamped transit system should participate in its funding.
- The financial burden on each county should be proportionate to the benefits its residents receive.
- The introduction of new or increased taxes should be subject to a referendum in each county.
- Public-private partnerships should be explored wherever possible.

Given the scale of the system we are recommending, new sources of local funding will be needed. The Task Force encourages the use of a referendum by county to ratify a local option sales tax to support the construction and operation of the system. We estimate the amount of an additional sales tax to be between a .35 - .50%. This amounts to approximately \$10 - \$15 per month per household on average across the region.

### **GOVERNANCE OF THE FUTURE SYSTEM**

The Task Force recommends the following guidelines for the establishment of a single, regional transit organization to govern the system:

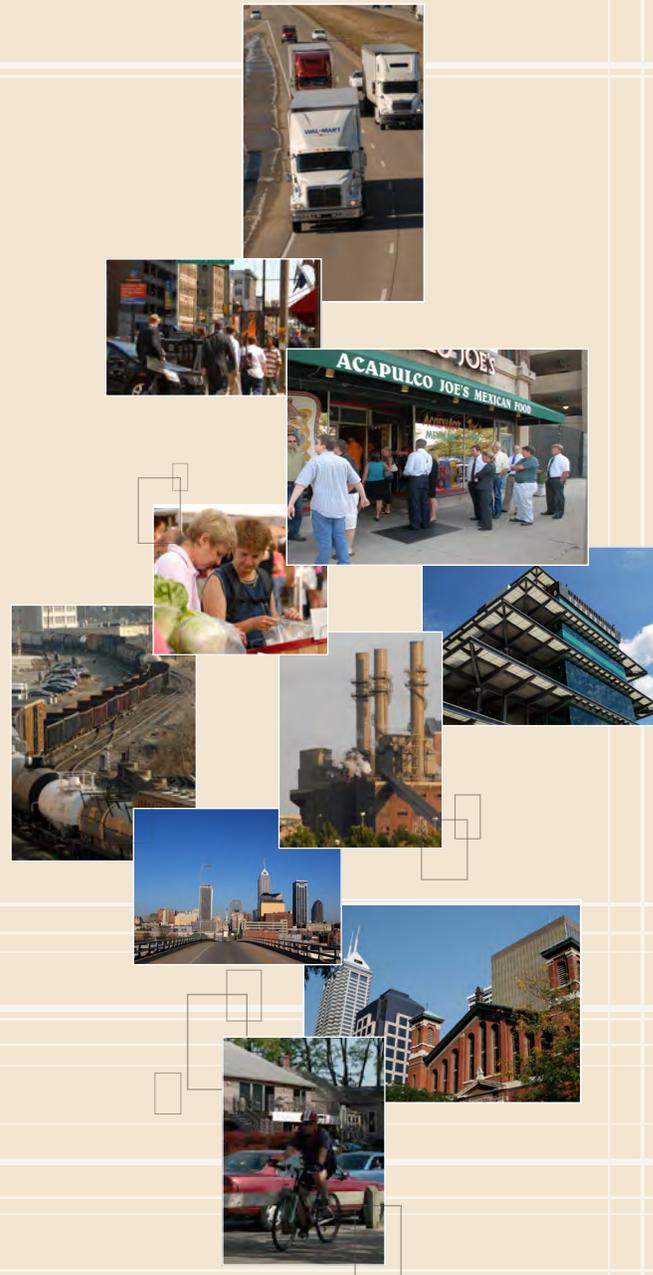
- The organization should have the authority and capacity to plan, finance, build, operate and maintain the system.
- The organization should have an appointed board.

- The organization's board appointments should be allocated to participating localities based on their financial contribution to the system.
- The regional organization should be able to leverage Federal funds.

## NEXT STEPS

The Task Force strongly believes that all of the recommendations and findings of this report should be subject to an intense period of public input and that the plan should change as a result of that input. These recommendations should be part of a public dialogue in 2010 with the goal of ultimately coming to consensus on a regional plan for multimodal transportation in Central Indiana. There are several components of this process that we believe are important:

- The process should have the support and engagement of elected leaders across the region.
- The process should seek genuine input and have significant impact on the components of a regional transportation system.
- The public should have the opportunity to vote, by referendum, on a funding mechanism to support that new plan.
- Simultaneously, communities need to evaluate and establish land use policies that are supportive of transit oriented development.





## *Understanding and Approaching the Challenge We Face*

In 2008, a group of concerned local business leaders came together as the Central Indiana Transit Task Force (CITTF). Our aims were to study the Central Indiana transportation system and understand its role in the region's economic future, to examine the issues and options for transportation investment and management, and to formulate recommendations accordingly. The Task Force was driven by the reality that Central Indiana's transportation system is not adequately meeting all of the region's needs and that current investment patterns are not positioning the region well for future growth. The members of the Task Force concluded that the evolution of our transportation system is crucial in providing access to jobs; in facilitating commerce and industrial logistics; in establishing the value and character of development; and in determining the quality of our environment. In short, our transportation system is nothing less than foundational to Central Indiana's success as a competitive regional economy and a prosperous place to live.

We began by establishing a mission statement and a set of principles to guide our work. Our mission was to develop and present the private sector's preferred regional transportation strategy for Central Indiana. The Task Force defined Central Indiana as Marion County and the eight surrounding counties, including Madison County. The Task Force also directed the analysis to examine the need for connectivity to cities like Lafayette, Muncie, Bloomington, and Columbus.

As part of its mission, the Task Force also wanted to make sure that the final recommendations constitute not just a long-term vision, but also a strategy that can be acted upon in the near future. We believe that, to be successful, the strategy needs to be clear and easily understandable. It needs to recommend a reasonable funding approach, address questions of how the system might be run or governed, and include a plan for engaging policy makers and the public in the dialogue.

The Task Force established the following core principles to govern our decision-making process:

- We wanted to approach the issues objectively and with bias in relation to potential solutions. Task Force members were asked to approach the process open to all possible outcomes and conclusions.
- We wanted to look at all reasonable alternatives regardless of mode of transportation or level of investment, thus considering the widest range of possibilities.
- We felt it was critical to engage in a detailed cost-benefit analysis to clearly understand the economic trade-offs of our options.
- We wanted to evaluate and use in our analysis all the previous work that had been conducted in the region.
- The process was not designed to replace the existing transportation planning process, but rather to supplement and strengthen it.

### **THE ISSUES**

Following the establishment of a mission statement and principles, the Task Force's first order of business was to identify the challenges we hoped to address. We came to the conclusion that there are five key challenges that need to be addressed through enhancements in the transportation network. Those challenges are:

1. **Mobility** – There are barriers to getting around for those without regular access to a car and a lack of viable alternatives to the car for those who have a choice.
2. **Regional Core Vitality** – The region is witnessing a gradual loss of vibrancy, sustainability, and economic development within its core.
3. **Congestion** – The concentration of vehicles on area highways and arterial roads is causing increased travel times both for personal travel and freight movement.
4. **Environment** – We are enduring unacceptable levels of emissions from various forms of transportation.



5. **Overall Competitiveness** – There is an urgent need to secure and sustain the region’s overall attractiveness to existing firms, to prospective new businesses, and to educated and talented workers and residents.

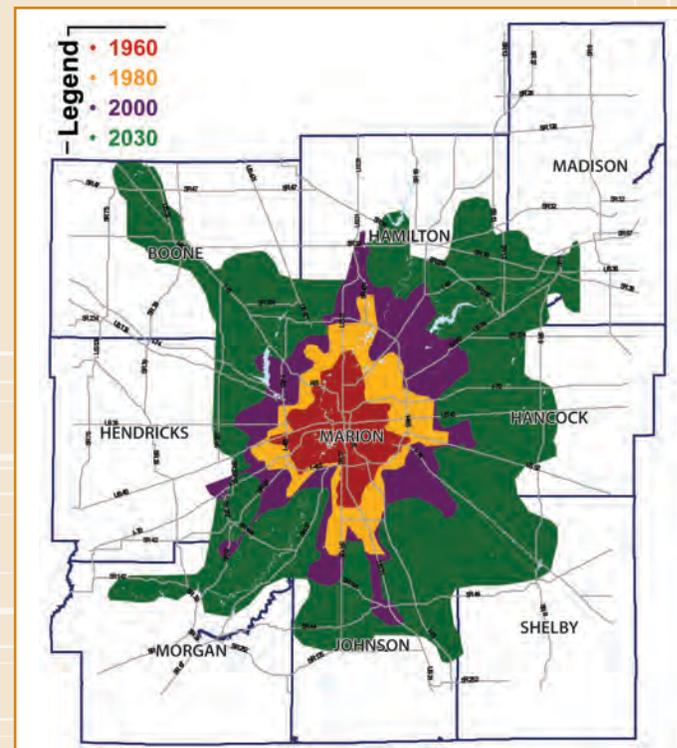
**Mobility** – Central Indiana currently provides an extremely low level of mobility for people without regular access to a car, especially the poor, the economically disadvantaged, older adults, and people with disabilities. Based on the 2006-2008 American Community Survey, 7% of all working households in Marion County have no car available and an additional 10% are households with two working age adults with only a single vehicle. Transit options are therefore needed for a significant segment of residents simply to get to work, not to mention the needs of the elderly and people with disabilities to get to medical appointments, the grocery store, or to see family and friends.

Central Indiana is not providing adequate transportation infrastructure to meet these needs. Despite our being the 24th largest metropolitan area in the nation, ours is the 100th largest bus system, ranking behind cities like Columbus, Louisville, Cincinnati, and St. Louis. For most transit riders, the experience of taking the bus here in Central Indiana is frustrating. The system runs infrequently, often requiring people to wait 30-60 minutes between buses and even longer on the evenings and on weekends. Many passengers must transfer repeatedly during a single journey. Transfers mean that a 30-60 minute wait must be endured several times during a trip. People are forced out of their way in order to reach their destination. Additionally, the current transit system is limited to the borders of Marion County and is not providing connectivity for commuters to and from Marion County or to employers, medical centers, or shopping and leisure activities that lie outside of the County.

These issues are not the result of bad management of the current bus system, but rather a lack of investment in it. Currently, Central Indiana’s spending on transit is only 25 to 30% of the amount spent by other metropolitan regions of similar size and stature.

**Regional Core Vitality** - Continuing dispersal of population and jobs to the suburbs has weakened the economic vitality of the region’s urban core (see Figure 1). Between 1998

**Figure 1:**  
Continuing Population Dispersal in Central Indiana





## *Understanding and Approaching the Challenge We Face*

and 2006, employment growth was concentrated in the suburbs and as a result the share of total regional employment located in our urban center declined from 24% to 21%. That share is forecasted to continue declining over the next decade.

At the same time, the region's center suffers from significantly lower average household income than the region as a whole. Alongside lower comparative incomes, property values in Marion County have risen at a significantly lower rate since 2003 than in any of the surrounding counties. If left unchecked, the decline of Central Indiana's urban core will have an increasingly negative effect on the region's economic strength.

**Congestion** – Indianapolis suffers more than the average level of congestion among large urban areas (one-three million population) and ranks worse among many of its "peer" cities in the amount of time people find themselves stuck in traffic. Although congestion is not, at present, a major problem for many of the region's residents, it is on-track to becoming one soon. According to the 2009 Urban Mobility Report, regionally, 60% of commuting time already occurs in levels of traffic considered congested. The negative impact of the region's congestion was noted in a recent study on 'Competitive Positioning' prepared by IBM for the Indy Partnership. That study cites our above average road congestion during peak commute times as a detraction for business location and investment decisions in the region.

**Environment** – Central Indiana as a 9-county region is classified by the Environmental Protection Agency (EPA) as a non-attainment area for ground-level ozone, a situation significantly driven by vehicular emissions. Indianapolis ranks 99th out of the 100 largest metropolitan areas for per capita carbon footprint, and the American Lung Association gave Marion County an "F" due to high number of ozone days and particulate pollution. With some federal funding tied to the attainment of specified air quality standards, Central Indiana's lack of attention to air quality could prove costly for the region in more ways than one.

**Overall Competitiveness** – The challenges previously discussed conspire to inhibit the regional economy's ability to compete, both domestically and internationally, as an efficient and attractive location in which to live and do business, Employers and highly-skilled workers value places that provide them with transportation choices. The Indy Partnership study on "Competitive Positioning" cited earlier concludes that the region's below-average public transportation system weakens our economy's appeal to businesses in all industries when making location and investment decisions.

It was with these challenges in mind that we implemented a rigorous process for identifying and evaluating strategies to safeguard Central Indiana's economic vitality.

### **OUR APPROACH**

In evaluating potential transportation investments to address these concerns, the Task Force implemented a process to examine a wide array of alternatives for the region and to assess them against one another, primarily via a detailed cost-benefit analysis. We engaged in this process in three different stages, each one the subject of following chapters.

Stage One, the identification and review of regional transportation system alternatives, involved an assessment of the economic, social, and environmental implications of all technically feasible alternatives. We assessed and ranked the alternatives in terms of three key benchmarks: their return on investment, their affordability, and their impact on five key challenges outlined earlier, namely mobility, regional core vitality, congestion, the environment, and overall competitiveness. 'Return on investment' indicates the extent to which each alternative provides measurable economic, social and environmental benefits relative to its costs, both in terms of the entire cost of the system and the expected local share of those costs. 'Affordability' assesses each alternative's funding requirements, including construction, operations, and maintenance.

'Impact on the challenges' facing the region considers how well the alternatives address each of the five key problems.

Stage Two, the identification of regional transportation financing alternatives, entailed an assessment of how reasonably each alternative distributed the funding burden across municipalities and counties. In conducting this assessment, the Task Force considered a wide range of different financing mechanisms, including a number of taxation options, public-private partnering alternatives and direct revenue-producing approaches such as user fees and tolls.

In Stage Three of the study process, we considered how a regional system would be managed. We established principles to guide the formation of a regional organization to manage a regional transportation system.

The fourth and final stage of the study process was to consider how to move forward. The Task Force is convinced that these recommendations should not simply sit on a shelf somewhere, but that they should produce action. Thus, the Task Force analyzed how many other cities who have implemented transit systems recently have gone about doing so successfully and established recommendations for a public process to gauge public sentiment, get input on an initial plan, and change the plan as a result.





# The Future System

After agreeing on the issues to be addressed and establishing a process for the analysis, the Task Force began defining and analyzing alternatives. We enlisted the expertise of our consultants and built upon the work done during the past decade. The result of this extensive process is a recommendation for a comprehensive transportation system with investment in multiple “modes” (types) of transportation. We believe consideration of this option should be the starting place for an extensive public dialogue which will change and improve it.

## IDENTIFYING THE ALTERNATIVES

We cast our net widely to define the broadest-possible range of transportation system alternatives. First we identified different approaches to:

- Highway/roadway improvement
- Congestion management with tolling and congestion pricing
- Transit services (bus, bus rapid transit, commuter rail and light rail)

We developed three roadway scenarios; six congestion pricing scenarios; and six transit scenarios. We then framed a range of additional scenarios based on combinations of investments and initiatives. In all, we identified almost 30 different strategic scenarios.

## EVALUATING THE ALTERNATIVES

The Task Force believed it was important to apply a rigorous approach to the analysis of the near 30 alternatives. We selected the cost-benefit analysis method accordingly. For each alternative, the cost-benefit analysis placed monetary values on expected benefits and compared the total of all benefits with the projected costs. This enabled us to examine, for each alternative and combinations of alternatives, business-like measures of value-for-money such as net benefits (net present value) and internal rate of return. This process allowed us to compare the economic value of each alternative on a level playing field. Figure 2 shows the types of costs and benefits that were analyzed.

Figure 2 Costs vs. Benefits Analyzed by the Task Force

Cost	Benefits
Capital Costs	Travel Time Savings
Land Acquisition Costs	Travel Cost Savings
Operations Costs	Low Income Mobility
Maintenance Costs	Environment Benefits
	Cross-Sector Benefits
	Safety Enhancements
	Economic Development

The long list of almost 30 alternatives was boiled down to a short list on the basis of several analyses and criteria. We evaluated options both independently and in combination with each other. In addition to calculating return on investment for each alternative, we also considered overall affordability as well as how each one addressed the five major regional challenges. The most promising alternatives were then refined and re-assessed.

## THE SHORT LIST

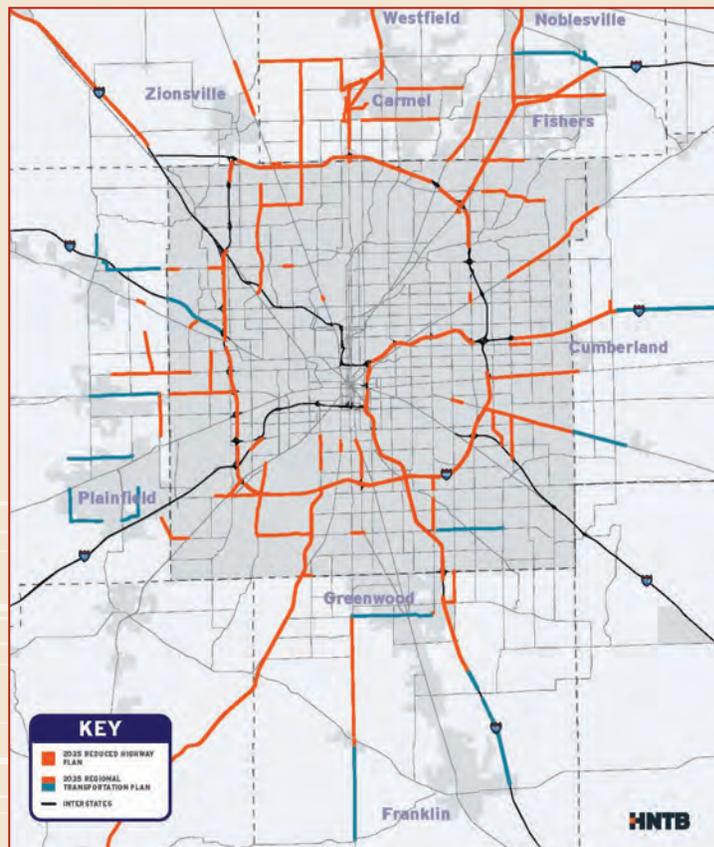
The Task Force narrowed the long list of alternatives to the following short list of the two best possible strategic investment visions for the region.

### Alternative 1: Cost-Effective Highway Investment + Tolled Express Lanes

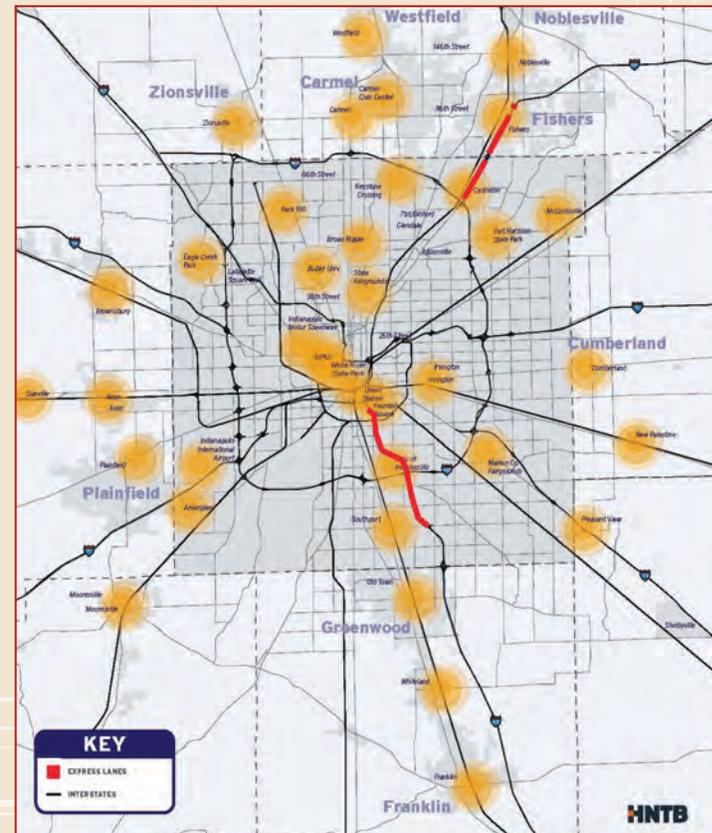
Alternative 1 begins with the current 25-year highway investment plan but defers low-value projects and introduces new express service lanes. Whereas the current plan foresees the expenditure of \$8.9 billion of capital dollars (\$5.8 billion being local expenditures) on new and improved highways in the region, Alternative 1 ‘downsizes’ that number to \$8.3 billion (\$5.5 billion being local expenditures) by deferring projects that yield a low return-on-investment. Additionally, Alternative 1 contemplates tolled express lanes on certain segments of I-69 to the

northeast of I-465 and on I-65 to the Southeast of I-465. These tolled express lanes would be new lanes added to the existing freeway, not taken from existing lanes, and would provide people the choice of paying a toll to drive “express” to their destination or driving in regular lanes with no toll. See figures 3 and 4 below.

**Figure 3** Cost-Effective Highway Expansion



**Figure 4**  
New Tolled Express Lanes



An advantage of Alternative 1 is that it would require no new funding source; in fact it actually could result in a savings by eliminating some lower value highway projects and generating new revenue from tolls. The toll lanes would pay for their implementation and produce approximately \$10 million in additional annual revenues. On the





## The Future System

other hand, the Alternative 1 primarily addresses only one of the five key challenges identified by the Task Force, namely congestion. By significantly expanding the existing roadway network, Alternative 1 takes a significant bite out of traffic congestion and in that respect would partly improve regional competitiveness. But by not expanding the current transit system, Alternative 1 fails to address the challenges of mobility (especially for transit-dependent residents), regional core enhancement, the environment, and aspects of regional competitiveness.

### Alternative 2: Adding Comprehensive Transit to the Highway + Express Lane Plan

Alternative 2 starts with Alternative 1 and adds investment in a significantly enhanced public transit system, both bus and rail. An enhanced bus service would a) reduce current wait times from 30-60 minutes to 10-20 minutes, b) reduce the number of transfers required to get from one's origin to one's destination, and c) expand service both within Marion County and beyond the boundaries of Marion County, not just for commuters but for intra-county travel as well. Alternative 2 also includes express commuter bus service to a number of destinations in the surrounding counties. See Figure 6.

The Alternative 2 plan envisions the addition of passenger rail service in two formats: 1) an in-street, light rail alignment on or near Washington Street and 2) passenger service on existing freight rail lines north to Fishers and south to Greenwood. The Washington Street service would run all day. The service on existing freight lines would run all day within the sections closer to the center city and primarily during peak hours to the suburbs. See figure 7.

Along with the 25-year implementation of the various roadway improvements, the transit components of Alternative 2 would be brought into service gradually. Bus service enhancements would be implemented beginning immediately after adoption of the plan and completed within 10 years. The first rail enhancements could open within 5 years of

adoption with subsequent services opening in 5 year increments. All transit enhancements would be completed within 15 years of adoption.

Figure 5 Phasing of Transit System Improvements

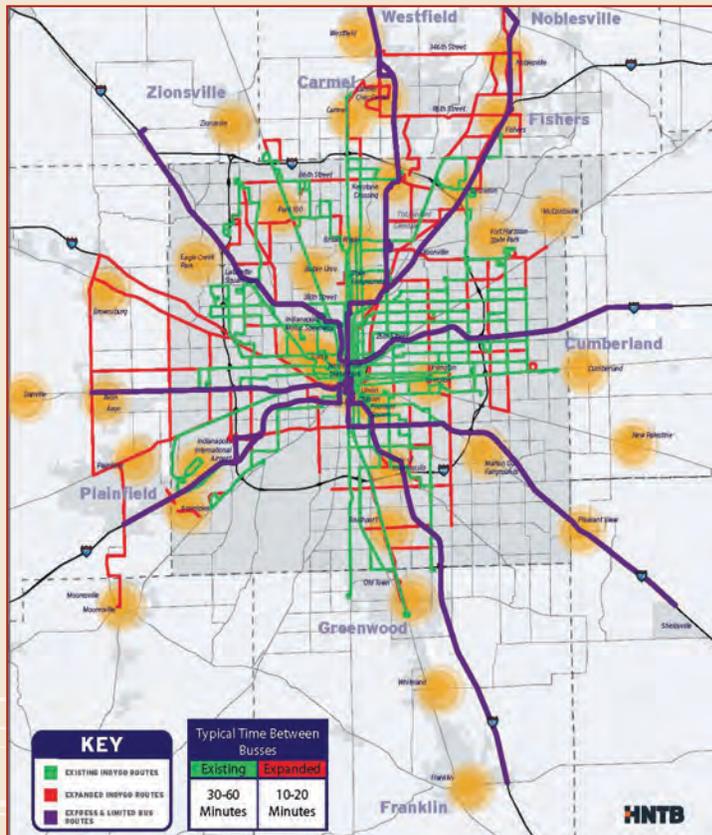
Scenario	Bus Service Enhancements	Northeast Corridor Rail Service	Southeast Corridor Rail Service	Washington St. Light Rail Service
Phasing of Transit Enhancements	Years 1 – 10	Year 5	Year 10	Year 15

While Alternative 2 costs more than Alternative 1, it provides greater benefits, more than enough to cover the extra cost. The local share of the capital investment required to build the transit system adds an additional \$1.2 billion to the \$5.5 billion (in 2009 dollars) cost of the roadway portion of the plan. The added bus and rail system would require an additional \$107 million annually to operate and maintain it. Alternative 2 would require a new source of funding for transit to support the construction, operations, and maintenance of an expanded public transportation system. This increase would likely translate into approximately \$10 - \$15 per month in additional taxes for the average household in Central Indiana (details of the financing plan are explored in Chapter 4).

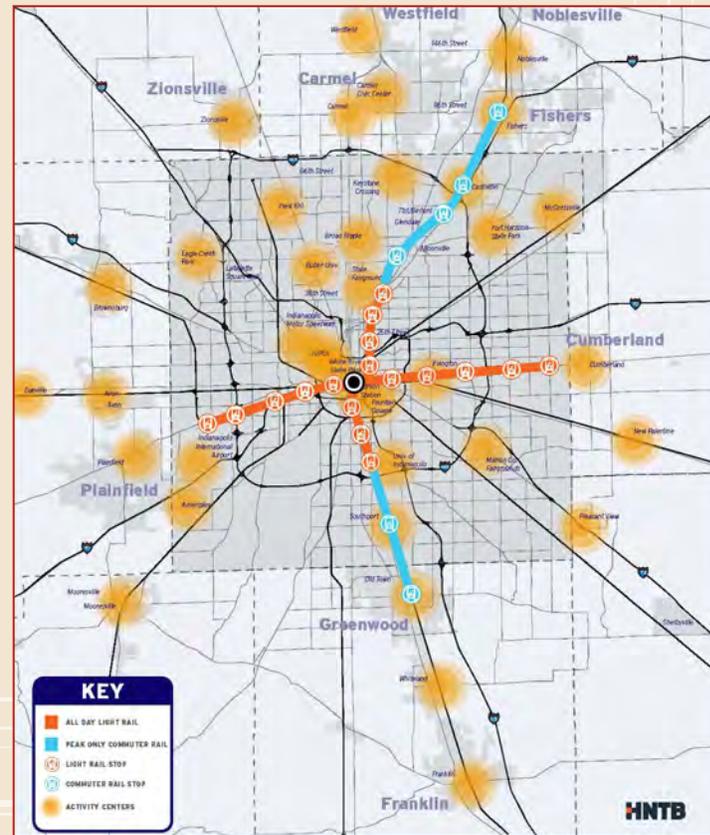
Alternative 2 goes beyond congestion management in attending to the region's transportation challenges. It significantly addresses the problem of mobility in the region by providing Central Indiana with diversified and extensive public transportation. Such a system would



**Figure 6**  
Expanded and Enhanced Regional Bus System



**Figure 7**  
Blended Light and Commuter Rail



address the needs of individuals who don't have access to a car as well as those who wish to have public transportation as a travel option. Additionally, the significant investment in the core of the region and the potential for development and redevelopment around station areas could help reverse the core's rate of decline. While most of the benefits from

reduced congestion under this alternative can be attributed to the roadway enhancements that would also be made under Alternative 1, the addition of transit will further reduce roadway congestion by providing an alternative to traveling on congested roads and highways for some. Transit would also create a more environmentally sensitive transportation



## The Future System

system, helping the region comply with Federal air quality requirements. This, in turn, will help ensure that the region obtains its fair share of Federal funding. Finally, the addition of transit to the system plan makes the region as a whole more competitive when seeking to attract new employers and highly-skilled workers looking for places to live that offer transportation alternatives.

### THE CHOICE

Ultimately, we needed to make a choice between two alternatives:

1. A plan that requires no additional funding but does not fully address many of the issues of concern other than highway congestion (Alternative 1)
2. A plan that requires additional funding but provides the promise of benefits that address a broader range of regional problems (Alternative 2)

**\*The Task Force unanimously selected Alternative 2.** We believe that cost-effective highway expansion, together with tolled express lanes PLUS

expanded transit is the right choice for the long-term future of Central Indiana. We also believe, however, that our recommendation should be discussed, amended, and ultimately decided upon by the citizens of the region. While we endorse this multi-modal, regional approach to transportation, we think this is a decision ultimately to be made by the people of Central Indiana. We discuss how we believe the process could unfold in Chapter 6. See figure 9 for complete system.

### DETAILS AND IMPACT OF OUR RECOMMENDATION

Our analysis indicates that the recommended comprehensive multimodal regional transportation system will have significant and positive impact on the citizens and economy of the region and address our most pressing transportation challenges. From a cost-benefit perspective, the benefits of the system outweigh the local cost of the system by \$7.6 billion, creating a 9.9% rate of return. Those benefits translate into over 4,500 new jobs in the region and over \$27 billion in additional regional economic output – output over and above what we could expect under the current 25 year transportation plan. The Task Force believes it is important that business

Figure 8 Comparison of Primary Alternatives

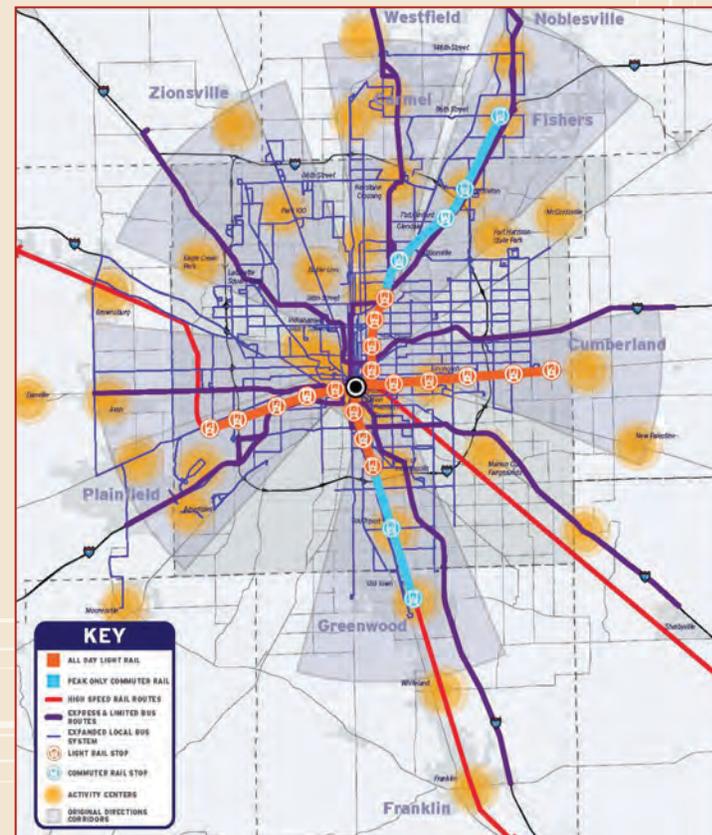
Choice	Economic Rate of Return	Local Share of Cost	New Tax Needed	Impact on Region
<b>Alternative 1</b> Cost-Effective Highway Plan + New Tolled Express Lanes	7.0% Rate of Return on local investment	\$5.5B + \$13.4 million annual operating cost	None, Funded through current revenues	Reduces Congestion and partly improves competitiveness
<b>Alternative 2</b> Cost-Effective Highway Plan + New Tolled Express Lanes + Expanded and Enhanced Bus + Blended Light and Commuter Rail	9.9% Rate of Return on local investment	\$6.7 B + \$107.4 million annual operating cost	New funding source needed, average of \$10 - \$15 a month per household	Improves Mobility, Enhances the Regional Core, Reduces Congestion, Improves Environment, Enhances Regional Competitiveness

and employment opportunities created by construction and operation of a system have a positive impact on the entire community, thus we encourage that related minority owned business, women owned business, and other disadvantaged business contracting goals not only be met, but exceeded.

At the same time, this comprehensive multimodal regional transportation system addresses each of the key issues identified in Chapter 1. The improved bus service and better transit linkages will enhance regional mobility, resulting in 61 thousand additional transit-based trips a day by 2035. By infusing development along key corridors, attracting transit-oriented development and making our central areas more appealing to new residents, the implementation of rail-based transit helps preserve the vitality of our region's core. Property values near rail service in Marion County alone are expected to rise on average by 4%. Congestion will be reduced: Average daily delay per commuter will fall by 33%. Reducing car-based trips and roadway congestion will abate environmental pollution. Altogether these improvements will result in improved regional competitiveness.

**Figure 9**

Cost-Effective Highway Expansion + New Tolled Express Lanes + Expanded and Enhanced Bus System + Blended Light and Commuter Rail System





## *Financing the Future System*

The Task Force felt strongly that we could not propose a system requiring significant new investment without explaining how to pay for it. Following a comprehensive evaluation of the options, we determined that a dedicated revenue stream would be necessary and a dedicated sales tax would be the preferred revenue source.

This financing recommendation was the result of a multi-step process. We first approached the issue by developing a series of principles we thought important for any new financing mechanism:

1. Any county benefiting from new investment within its boundaries must actively contribute to and cooperate in the financing mechanism (“Pay to Play”). There should be no free rides for counties who choose not to pay to be part of the system.
2. The financing mechanism should be as fair and equitable as possible across the region. Contribution levels should reflect the level of benefit county residents receive. In other words, those who benefit more should contribute more.
3. The establishment of new or significantly increased taxes should be the peoples’ decision directly and approved by a referendum in each county.
4. Public-private partnerships should be explored wherever possible to leverage private investment and mitigate costs.

Although estimates of infrastructure investment costs were based on the best information available to us at the time of this study, the estimates are nonetheless prepared at a broad “sketch planning” level of detail. As such, the costs cannot be regarded as definitive. The estimates could change significantly as plans change as a result of public input, as planning, technology and engineering refinements are made, and as the prices of commodities and construction change.

The same degree of uncertainty attaches to the projections of tax and revenue sources. These projections were completed with the most accurate information available to the Task Force at the time and built upon historical information and existing projections of future economic growth. Yet these tax and revenue projections are based on a series of assumptions, from tax rates to population growth that could change significantly. The estimates should be seen as just that, estimates.

Based on the Task Force’s analysis, we estimate the costs (in 2009 dollars) of the transportation system recommended by the Task Force as shown in the following table (Figure 10):

The costs break down by investment and transportation mode as follows:

- The current 25-year roadway expansion plan for Central Indiana is budgeted at approximately \$8.9 billion for expansion, with a \$2.8 million for annual cost to maintain new expanses of roadway and about \$57.9 million annually to maintain existing roadway. The funds required to pay for the current 25-year plan have been committed from existing sources, so no new revenues are required to fund this portion of the Task Force’s recommended multi-modal system. In fact, as noted in Chapter 2, the Task Force is recommending a reduction in this expansion plan down to a version costing \$8.3 billion (the “Cost-Effective” Highway Plan): We recommend that the resulting approximate \$600 million in capital savings (and approximately \$300,000 in annual maintenance savings) be shifted to other transportation infrastructure in the region.
- The proposed new tolled express lanes on I-69 and I-65 would cost approximately \$21 million to implement the tolling infrastructure plus an additional \$13.2 million annually for operations and maintenance by 2035. However, the tolling system is expected to generate approximately \$29.1 million annually, which more



**Figure 10** Cost of Recommended System

<b>Cost-Effective Highway Plan + New Tolled Express Lanes + Expanded and Enhanced Bus + Blended Light and Commuter Rail</b>				
<b>System Component</b>	Initial and Replacement Capital Cost through 2035 (billions of 2009 dollars)		Annual Operations and Maintenance at System Completion in 2035 (millions of 2009 dollars)	
	Full Cost (Federal and Local Share)	Expected Local Share only	Full Cost (Federal and Local Share)	Expected Local Share only
Cost-Effective Highway Plan <sup>1</sup>	\$8.3	\$5.5	\$3.0	\$2.8
Tolled Express Lanes <sup>2</sup>	\$0.021	\$0.014	\$13.2	\$12.9
Transit (Bus and Rail System) <sup>2</sup>	\$2.4	\$1.2	\$107	\$95

*\*Full costs include costs expected to be covered by Federal contributions. Local share represents the burden falling on Central Indiana and the State of Indiana.*

*<sup>1</sup> Funded through existing sources, no new source of revenue required*

*<sup>2</sup> System expansion not currently planned for and funded, requires new source of funding*

than covers the cost of implementation and annual operations and maintenance. In fact, the tolling system would likely generate surplus funds that could be used for other transportation investments.

- The proposed expanded transit system, including both a significantly expanded bus system and an investment in rail, is estimated to cost approximately \$2.4 billion in capital expenses plus \$107 million in average annual operating cost. However, at least 20% of the annual operating costs would be recovered by the fares people pay to ride the

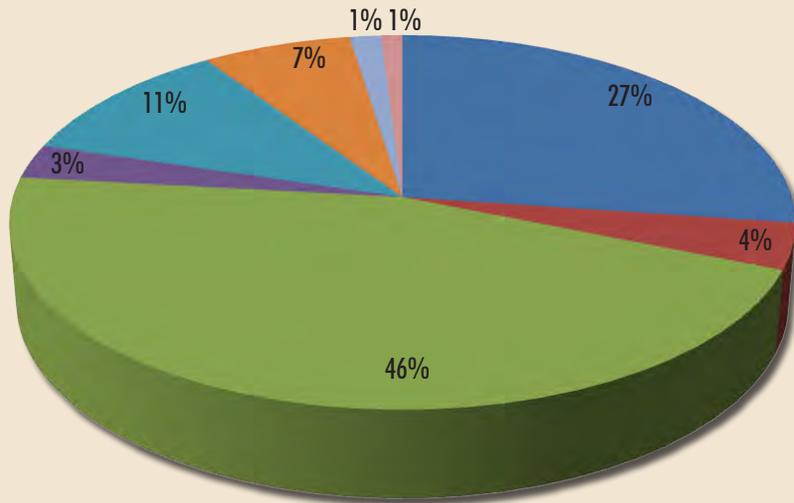
system. Another \$56 million is already funded under the budget for the current IndyGo bus system.

Funds for transportation come from various sources, federal, state and local. The Task Force’s research and analysis on new funding sources focused on the required local share of the costs summarized above. The local share comprises approximately 60 percent of total capital costs and slightly more than 90 percent of annual operating and maintenance costs (see Figure 11).



# Financing the Future System

Figure 11 Approach to Funding Recommended System



- Existing federal programs used in region
- Federal programs not currently used
- Existing state programs
- Existing local transportation tax revenues
- New local transportation tax revenues
- Fare revenues
- Toll revenues
- Station-area TIF revenues

## DEFINING AND COMPARING ALTERNATIVE FINANCING MECHANISMS

A wide variety of options are available to raise the new local share of funding required to implement the recommended plan (an additional \$100 million annually on average over the next 25 years). The Task Force evaluated several options before deciding on a preferred funding source:

- Sales Tax
- Income Tax
- Motor Fuel Tax
- Vehicle Registration Tax
- Food and Beverage Tax

Each taxing option was evaluated against the following criteria:

- The funding approach should be separately implementable in each participating county
- The level of contribution from each county should approximately correspond to the level of benefit the residents of those counties are expected to receive
- The public should choose to approve any selected funding mechanism via county-by-county referenda.

For each option we estimated the increase (in rates or fees) that would generate the additional revenue necessary to build and maintain the transportation system. We estimate that the average burden on the typical household in Central Indiana of any of these proposals would be about \$10 - \$15 per month.



Figure 12 Potential Local Funding Options

Tax/ Fee Type	Current State/Local Rate	Required Additional Rate
Sales Tax	7 percent*	0.35% to 0.50%
Income Tax	4.4 to 6.12 percent	0.10% to 0.15%
Motor Fuel Tax	\$0.18 per gallon state plus \$0.18 per gallon Federal	\$0.13 to \$0.18
Vehicle Registration Tax	\$125 to \$150 average per vehicle per year	\$70 to \$85
Food & Beverage Tax	1 to 2 percent	2.5% to 3.5%

*\*Base sales tax rate – does not include local sales taxes on food and beverages, hotel, rental cars, or other similar items*

### OUR RECOMMENDATION

Having reviewed the revenue-raising alternatives and assessed a variety of funding alternatives, the Task Force unanimously recommends a dedicated sales tax of approximately 0.35% - 0.50% as the preferred method of financing the estimated local share of system costs. The Task Force endorsed the sales tax approach for several reasons:

- The increase in the sales tax (currently 7%) rate need not be as significant as increases in other tax options; and
- A sales tax increase, if uniform across the region, distributes the financial burden geographically among the entire population of residents and users. Additionally,

- The sales tax distribution can work efficiently in a nine-county system, and also in any subsets of less than nine counties should some counties choose not to participate; and
- System users and visitors to the region, irrespective of county of residence, will travel, and shop, within the counties with the sales tax supplement, thereby helping to fund the system.





## *How to Govern the Future System*

In addition to recommending a vision for the transportation system and a supporting approach to funding it, the Task Force looked for the best approach to managing the implementation and operation of a regional system.

The governance and management of a future regional transportation system is critical to its success and currently, there is no organization with the capacity and structure in place in Central Indiana to take on the role of managing and operating a regional transit system. While a regional transportation authority does currently exist under state law, namely the Central Indiana Regional Transportation Authority (CIRTA), its role in the physical operation of a future system has yet to be clearly established. More work is needed to define the roles of current transportation providers in the region, such as IndyGo and the rural providers, the planning community (Metropolitan Planning Organization), and municipal governments in the design, construction, operation, and maintenance of a system.

### **Guiding Principles for Regional Transportation Governance in Central Indiana**

The Task Force believes that a process should be undertaken during 2010 to evaluate and propose a governance structure and corresponding organizational entity to manage a regional system. The 2010 process should result in specific action items for consideration by city and county governments as well as the General Assembly if legislative steps are required.

Although the Task Force believes that it is premature to give specific recommendations regarding a regional governance structure and entity, we have prepared a series of principles we believe should guide the 2010 process of formulating such a structure:

1. There should be a single, integrated organizational entity with authority and capacity to plan, finance, build, operate and maintain a regional, multimodal transportation system.

The entity should have the broadest reasonable jurisdiction oversurface transportation planning and operations in the region. This would include the transit system itself; any express lane toll system; and to the extent feasible, the highway system. The success of this recommendation depends on the number of counties "opting-in", however the intent is to avoid duplication and favor consolidation of resources and responsibilities. Responsibilities would include design, construction, operation and maintenance of the regional system.

2. The governance structure should be regionally representative among those paying for the system.

The governing entity should incorporate representation from at least all financially participating counties.

3. The governing entity should be governed by a highly competent appointed board.

The governing entity should include recognized regional leadership with key skills including in:

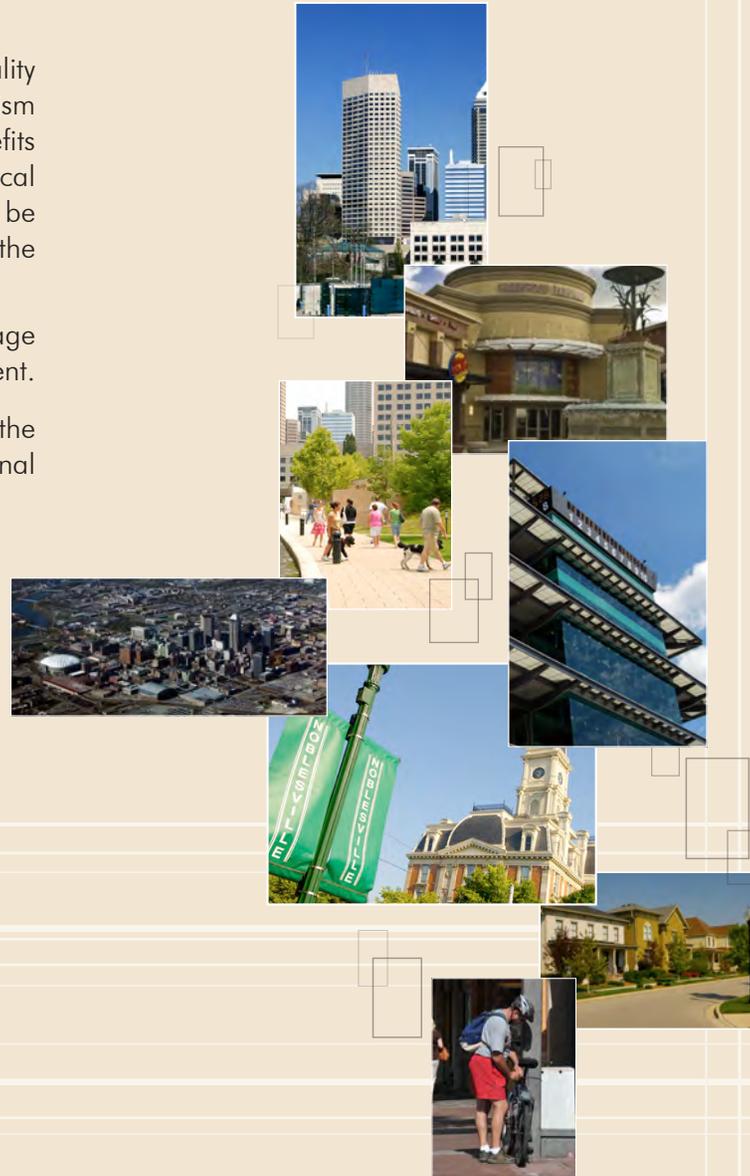
- Communications
- Planning and Design
- Construction Management
- Operations
- Finance
- Government Relations

4. The governance structure should be built around funding contribution, costs of the system, and benefits conferred by the system on a county or local municipality.

Representation of any county or local municipality should be interrelated with the funding mechanism for the regional entity, and the costs and benefits of any system investments in that county or local municipality. The level of representation should be proportional to the level of local contribution to the cost of building and operating the system.

5. The governing entity should have the ability to leverage Federal funds; most likely as a designated recipient.

The leveraging of Federal funds is critical to the success of any major transit investment. The regional entity must be capable of receiving these funds.





## Next Steps

Although this chapter on “Next Steps” comes last for purposes of organization, it is the most important among our series of recommendations. We believe very strongly that all of the findings and recommendations presented here should be subjected to an intense period of public analysis, scrutiny, improvement, and input before being considered for implementation.

We believe these recommendations should be used to start a dialogue in 2010, led by the public sector organizations responsible for transportation planning in the region. The dialogue should be managed to raise awareness in the public and gather input to help refine, change, and ultimately come to consensus on a regional plan for multimodal transportation in Central Indiana. We believe this process should be conducted with the support of elected leaders across the region and groups of interest stakeholders, including the Task Force and its founding entities.

We believe this process should have a significant influence on the region’s strategic plans and programs. While the maps, information, and recommendations we put forward in this report are the product of objective analysis and sound business principles, we recognize that there is a wide range of perspectives and opinions in the region and those may combine to change the future course of action. The public will be instrumental in deciding the location of station stops, specific routings, the types of technologies used, and many other important details of the system.

Additionally, it is important that the upcoming public process help determine the sequencing of improvements and determine which counties might initially invest in the proposed transit system expansion. We acknowledge that with a “Pay to Play” principle and the probable design of the system, it may not be likely that each county will participate from the beginning. Thus, it is important that public dialogue inform

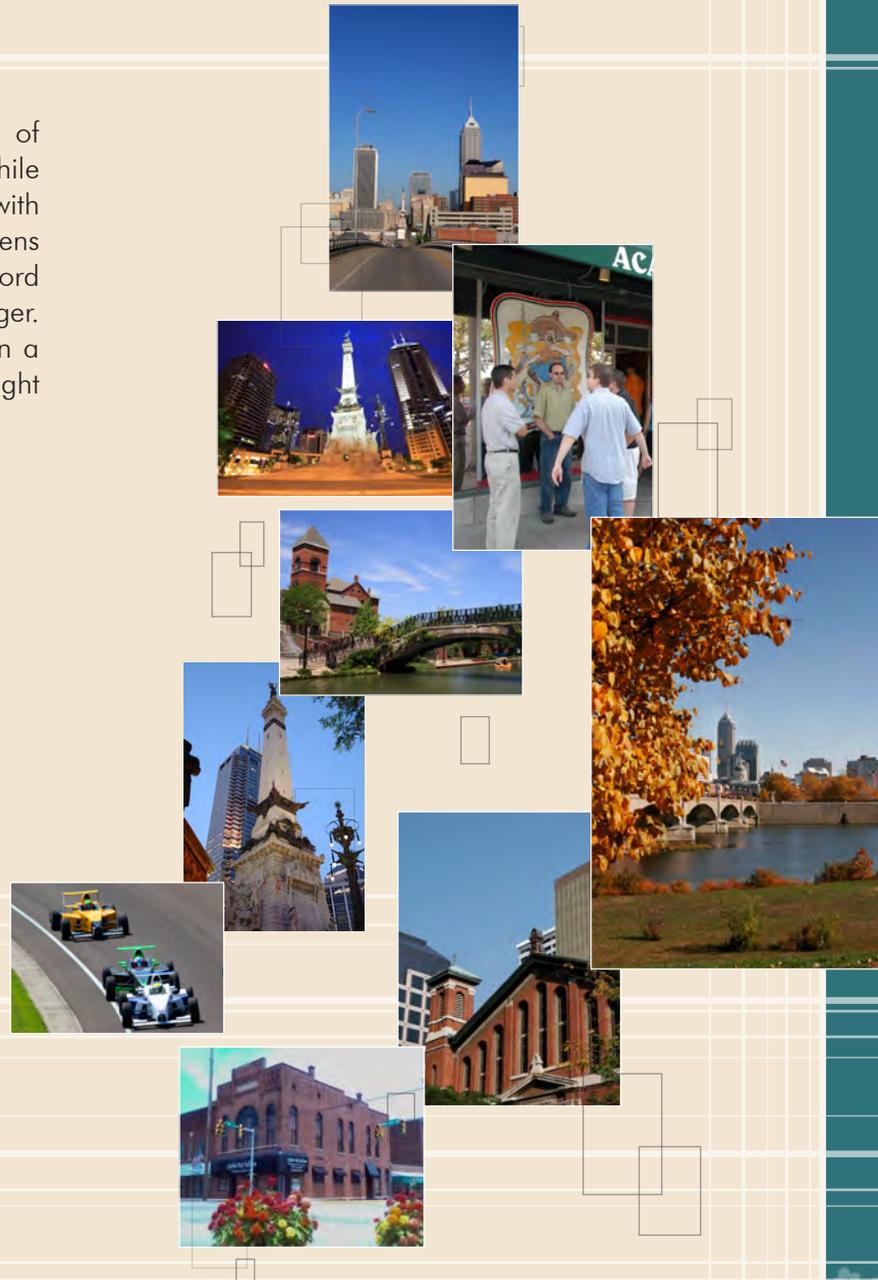
political leadership on the question of if and when to participate and direct decisions regarding the timing of the first referenda accordingly. Marion County is a critical player in any system, and one might assume that Hamilton County would be an early adopter as well. It is possible, however, that other counties such as Hendricks or Johnson may elect to participate from the outset.

This public process should also inform decision leaders on the appropriate levels and sources of additional funding required to implement a system. While we support a local sales tax as a primary option to fill the funding gap, other options are likely to be advocated.

While the Task Force did not specifically address or study the topic of land use planning, we came to understand its importance to the success of economic development that might occur around any future transit system improvements. That is why we believe local governments and developers need to work together as this discussion moves forward to ensure that zoning ordinances and local land use policies are supportive of the potential future transit oriented development and establish the appropriate groundwork for its success.

Our desire is to see this public process result in a thorough public vetting of the issues and value of a multi-modal plan for the region by the end of 2010. The public dialogue should inform political decision makers whether or not to adopt a multimodal transportation plan for the region at the level of detail needed to make implementation feasible. Public consensus to proceed should trigger necessary legislative changes and action during the 2011 Indiana General Assembly. This would allow a regional governance structure to be implemented and enable the first counties desiring to implement transit enhancements to go to their voters with referenda during 2011.

We believe these recommendations fulfill the spirit of genuine public involvement and democratic process while aiming towards a goal of moving the region forward with a transportation system that meets the needs of the citizens of Central Indiana in the 21st century. We cannot afford to defer the strategic transportation challenge any longer. It is time to air the issues and come to a resolution on a transportation strategy for the future -- 2010 is the right year to do it.





## Acknowledgements

The Central Indiana Transit Task Force was ably led by co-chairs Al Hubbard of E&A Industries, John Neighbours of Baker & Daniels, and Bob Palmer of FedEx. Members of the Task Force were Don Altemeyer of BSA LifeStructures; Jean Blackwell of Cummins; Chuck Cagann of Mansur Real Estate; Fred Fehsenfeld of Calumet Specialty Products; Jo Ann Gora of Ball State University; Gary Hentschel of Key Bank; Randall Lewis of s2f worldwide, LLC; John Schuler of Eagle Material LLC; and Gene Zink of Strategic Capital Partners. We thank all of them for their leadership, hard work and valuable contributions.

This private sector-led effort did not seek to reinvent or duplicate the significant transportation planning work already completed or underway, but rather to use it to envision and build consensus towards a comprehensive system. Collaboration with public agencies and transportation-focused organizations was essential, and we owe a debt of gratitude to our partners with the Indianapolis Metropolitan Planning Organization, IndyGo, and the Central Indiana Regional Transportation Authority (CIRTA) for their support and involvement – this was truly a public-private partnership.

In the same spirit, we'd like to thank Indianapolis Mayor Greg Ballard for his encouragement throughout this process, and all of the elected officials and policymakers across the region who offered their support, input and counsel during our deliberations.

This work truly wouldn't have been possible without the technical expertise of a world-class consulting team capable of translating our principles and ideas into a workable strategy. Our partners at HDR Inc., HNTB, and Cambridge Systematics provided the analysis, planning, and cost/benefit assessment that allowed us to arrive at an ambitious but practical plan that we believe will meet the economic, social and environmental needs of our region.

We'd also like to thank Sean White, Executive Director of the Task Force, for his invaluable efforts organizing and managing these efforts – his dedication and tenacity throughout the process is a critical part of this report being delivered to the citizens of Central Indiana today.

Finally, we'd like to thank you, for taking the time to get engaged in the public process that will define the future of our transportation system. This system will serve our region, and must be a product of regional consensus.

Sincerely,

**Mark Miles**

Central Indiana Corporate Partnership

**Roland Dorson**

Greater Indianapolis Chamber of Commerce

**Brian Payne**

Central Indiana Community Foundation



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