

## ATTACHMENT A

### SCOPE OF WORK FOR KENOSHA-RACINE-MILWAUKEE (KRM) PASSENGER RAIL TRANSIT-ORIENTED DEVELOPMENT VALUE CAPTURE ANALYSIS CITY OF RACINE REQUEST FOR PROPOSALS (RFP) #2023310

## OVERVIEW AND BACKGROUND

Passenger rail service has long been planned and desired by the City of Racine and other communities along Lake Michigan between the City of Milwaukee and the Illinois State Line. A Kenosha-Racine-Milwaukee (KRM) passenger rail line is one of the main commuter rail lines recommended by VISION 2050, the long-range regional land use and transportation plan prepared by the Southeastern Wisconsin Regional Planning Commission. KRM has been considered a logical first line for a regional rail system.

Two separate efforts to implement KRM commuter rail service were attempted during the past two decades. In 2009, the Southeastern Regional Transit Authority (SERTA) was created by the Wisconsin State Legislature to implement and operate KRM commuter rail service. In 2010, SERTA submitted an application to the FTA requesting permission to initiate preliminary engineering (PE) under FTA's discretionary New Starts funding program. In 2011, SERTA withdrew the application in conjunction with SERTA's dissolution by the State Legislature. In 2022, the Wisconsin Department of Transportation (WisDOT), in partnership with a private sector partner, the Wisconsin Transit & Realty Group (WTRG), submitted an application to the FTA requesting entry into the New Starts program. WisDOT subsequently withdrew the application after WTRG was unable to secure the necessary private funding. The 2010 SERTA and 2022 WisDOT/WTRG applications proposed to implement KRM service with similar characteristics.

Building off these previous efforts, the City of Racine is utilizing funding from Congress to advance passenger rail service in the KRM corridor. As a first step in this effort, the City is seeking consultant advice on the potential for transit-oriented development (TOD) value capture to contribute to funding a KRM passenger rail line.

The scope of tasks listed below will form the basis of a contract between the City of Racine and the selected consultant, with any changes to this scope to be negotiated prior to signing the contract, or in response to change orders and contract amendments during the contract period as agreed by both parties.

The City seeks to answer key questions through this scope of work, including:

1. What are the baseline real estate market conditions within the KRM corridor for new development, primarily residential and retail and office space?
2. What is the potential for a new passenger rail service in the corridor to strengthen and create additional market demand?
3. How much new development and new value capture is needed to bridge a funding gap between the capital and operating costs of the new passenger rail service and potential federal funding?
4. What methods of value capture are available and how could they be applied to future development in proximity to passenger rail stations?

5. Is it possible to fund significant percentages of total project capital and operating costs through TOD value capture, and what is the potential timeline for value generation in relation to when funding would be needed?

The City seeks a consultant's best advice on how to accomplish the required tasks below, and encourages creative approaches to be included in proposals, especially regarding methods for estimating value capture potential.

## SCOPE OF TASKS

The selected consultant will perform the tasks listed below to the satisfaction of the City of Racine.

### Task 1. Background Information Review

**Task 1.1** Meet with project team to receive background information briefing, discuss assumptions about the KRM project, and review the final scope of work. Receive direction on outstanding issues, such as the station locations to include in the value capture analysis, and discuss consultant methods for accomplishing the scope tasks and the timeline for completion.

**Deliverables:** Meeting with project team.

### Task 2. Real Estate Market Analysis

**Task 2.1** Estimate the overall market demand (regional or subregional markets) for new housing and commercial space within the KRM corridor for the medium-range future (15 years). Tour the KRM corridor and conduct a windshield survey of existing land uses and development types to form a preliminary impression of market strength and weakness at the potential station locations.

**Task 2.2** Analyze the current real estate market for potential station area locations based on comparable properties in the general station areas. Determine what type of construction the existing market will support in various locations.

**Deliverables:** Meeting with project team. Presentation and memorandum on real estate market analysis, with data and methodologies.

### Task 3. Transit-Oriented Development (TOD) Capacity Scenarios

**Task 3.1.** Identify TOD sites/parcels with potential for redevelopment or infill within approximately one-half mile of select station locations in coordination with the City of Racine and other station communities such as the Cities of Kenosha and Milwaukee. Develop scenarios for TOD sites that calculate development potential based on the real estate market conditions analysis in Task 2 and the funding needs of the KRM project. Provide estimates for the number of residential units and square footage of commercial space under the development scenarios from minimum to maximum potential. TOD scenarios should estimate site potential with passenger rail service and include a scenario based on current zoning and a scenario based on unrestricted height and density.

**Task 3.2** Research and consider the impacts of any known site contamination on potential TOD sites. Provide decontamination cost estimates, based on Wisconsin Department of Natural Resources site reports and similar projects, and consider it as a factor in the overall market potential evaluation.

**Deliverables:** Meeting with project team. Presentation and memorandum on TOD Capacity Scenarios findings. A single presentation and memorandum combining Tasks 3, 4, and 5 findings are acceptable.

#### **Task 4. Value Capture Methods and Potential**

**Task 4.1** Research cases studies on value capture related to transit and transportation infrastructure projects. Compare case study real estate markets and funding models to the market in the KRM corridor.

**Task 4.2.** Identify potential value capture methodologies for funding the KRM project's capital and operating costs.

**Task 4.3** Map hypothetical station value capture district areas and confirm with the project team. Calculate the potential revenue from a special taxing method, for example a tax increment financing district, or other public-private financing method based on the TOD scenarios in Task 3.1. Calculate how much revenue could be generated from TOD. This can be expressed as a range of revenue generation from new station area construction and existing properties, from property tax increment or other arrangements.

**Task 4.4** Estimate the overall revenue that could be realized along the whole KRM corridor if TOD value capture were applied to a percentage of the overall projected new construction within the corridor from the market analysis in Task 2 in the 15-year period. Provide a range of potential. For example: 5 to 10% of new housing units are within one-half mile of a station and TOD value capture will realize  $x$  amount of revenue generation available to fund KRM capital and operating costs. Station locations to be included in this analysis will be determined in Task 1.1.

**Task 4.5** Evaluate the potential for establishing a value capture district, considering variables such as needed approval of various taxing authorities, and make recommendations.

**Deliverables:** Meeting with project team. Presentation and memorandum on Value Capture Methods and Potential. A single presentation and memorandum combining Tasks 3, 4, and 5 findings are acceptable.

#### **Task 5. Funding Gap Analysis**

**Task 5.1** Receive and review up-to-date cost estimates from the City of Racine for the KRM project based on prior work.

**Task 5.2** Using the results of Tasks 3 and 4, calculate the amount of new development at select TOD sites in the KRM corridor needed to generate enough value capture revenue to bridge the gap between expected federal funding and the project capital and operating costs.

**Deliverables:** Meeting with project team. Presentation and memorandum on Funding Gap Analysis. A single presentation and memorandum combining Tasks 3, 4, and 5 findings are acceptable.

## **Task 6. Final Report on Value Capture Strategies and Recommendations**

**Task 6.1** Prepare a summary of findings and conclusions on potential for real estate development (TOD) and value capture to generate revenue to fund the capital and operating costs of the KRM passenger rail project.

**Task 6.2** Outline a viable path, if deemed feasible, for implementing value capture. Explain the implementation timeline and how long it could take to generate revenue in relation to the project funding needs.

**Deliverables:** Meeting with project team. Final report combining and summarizing memoranda and making final recommendations to the City of Racine.

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