

ONE Central Feasibility Study

May 2025

Completed on behalf of the Illinois Department
of Commerce and Economic Opportunity (DCEO)



Disclaimer

This document has been prepared by KPMG LLP at the request of the Illinois Department of Commerce and Economic Opportunity (DCEO).

DCEO requested an assessment of the projected risks and benefits of the ONE Central project under post-COVID market conditions. This assessment is based on the following:

- Information and presentations provided by the Developer and its respective team members and consultants, including review of the “One Central Civic Build Business Plan”, the corresponding financial model, economic forecasts and assumptions, as well as Developer responses to Requests for Clarifications.*
- Benchmarking of select similar projects.*
- Twenty-two (22) stakeholder interviews were conducted, including: Ald. Bill Conway; Ald. Lamont Robinson; Ald. Pat Dowell; Better Streets Chicago; BOMA; Chicago Federation of Labor; Chicago Transit Authority; Chicagoland Chamber of Commerce; ComEd; Cook County Bureau of Economic Development; Cook County Department of Transportation and Highways; Equity Works; Field Museum; Friends of the Parks; Hire 360; McCormick Place – MPEA; Metropolitan Planning Council; Metra; Near South Planning Board; Regional Transportation Authority; Rep. Du Buclet; and Shedd Aquarium.*
- Another 23 interview requests were either not responded to or denied by requested interviewees. A full list of stakeholders contacted as part of this analysis can be found in the Approach section of this feasibility study.*

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Executive Summary

Executive Summary

ONE Central (or “the Project”) is a real estate project proposed by Landmark Development Company (Landmark or “the Developer”) to the State of Illinois (“the State”). The Developer’s proposal envisions ONE Central as a \$20-billion mixed-use, transit-oriented development built on approximately 34 acres of existing Metra Metropolitan Rail (“Metra”) tracks west of Jean Baptiste Pointe du Sable Lake Shore Drive, south of Roosevelt Road, and north of McCormick Place in Chicago, Illinois. The Project includes three components: the Civic Build, the Private Build, and the Vertical Build. The Civic Build includes enabling infrastructure for the overall development, transit infrastructure, and commercial development. The Private Build consists of additional supportive infrastructure and commercial development, and the Vertical Build is made up of high-rise towers that are anticipated to be a mix of residential, hotel, and office development.

In 2019, Landmark submitted an unsolicited proposal to the State seeking financial support for the Civic Build component. Subsequently, the Illinois General Assembly passed the Public-Private Partnership for Civic and Transit Infrastructure Project Act (30 ILCS 558, “the Act”), authorizing up to \$6.5 billion in State funds for the project. In 2021, the Illinois General Assembly directed the Department of Commerce and Economic Opportunity (DCEO) to conduct a feasibility study (“the Study”) to help determine the State’s possible investment in the project.

Over the past several months, KPMG LLP (KPMG) and its subcontractors¹ (the Consultant Team) reviewed the ONE Central proposal, which has been updated and altered by the Developer since its initial submission in 2019. In 2024, the Developer made material changes to the original 2019 proposal to reduce the cost and complexity of the project. These changes include reducing the overbuild above the existing Metra tracks; reducing the overall development program from 22.9 million square feet (MSF) to 18 MSF; removing the proposed extension of the CTA Red Line to ONE Central; and introducing new rail and bus transit service between Union Station and ONE Central. As a result of these changes, the Developer reduced its request for State funding from \$6.5 billion to \$2.75 billion^{2,3}. The revised 2024 proposal also introduced the concept of a commercial revenue share in which the State would receive a portion of commercial revenues generated by the Civic Build. This is proposed as payment to the State for its contribution to the project based on a share of net operating income.

The Developer claims investment in ONE Central will result in a range of economic benefits over the first 40 years of operations, including \$49.7 billion in new State tax revenue, \$11.0 billion in new County tax revenue, \$51.4 billion in new City tax revenue, over 58,000 new jobs, and increased transit ridership and connectivity across Chicagoland’s public transit system.² Landmark forecasts the fiscal benefits to the State in the first 40 years of operations to include \$3.7 billion in new State revenues from the commercial revenue share and a claimed value of \$4.6 billion of new assets on the State balance sheet.² Other proposed benefits of the project include increased access to jobs for Chicago residents on the south and west sides, increased access and visits to civic and cultural institutions on Museum Campus and at McCormick Place, and growing opportunities for disadvantaged, minority, and women-owned firms.

These proposed benefits are based on multiple assumptions, including potential commitments from third parties such as Metra, Amtrak, Chicago Transit Authority (CTA), the City of Chicago (“the City”), and Illinois Department of Transportation (IDOT). These assumptions include extensions of Metra’s BNSF service and Amtrak service to the ONE Central transit station from Union Station, construction of the St. Charles flyover, construction of a new Red Line station at the “78”, and operations of new rail shuttle and bus services. As of this report, these third parties did not substantiate nor indicate planning or funding associated for these projects and service extensions.

¹ HDR Inc; K+P Advisory LLC; Marine Tiger Technologies Corporation; and Collins Engineers, Inc.

² All figures are nominal and provided by Landmark, unless otherwise stated.

³ Landmark is not seeking any federal or local funding as a part of its Proposal

In addition, the rise of hybrid and remote work has changed real estate market dynamics in downtown Chicago since the original Landmark proposal in 2019. The shift to hybrid and remote work has impacted demand for office space in Chicago's central business district and transit ridership has yet to recover to pre-COVID 19 levels. The Chicago Metropolitan Agency for Planning (CMAP) revised their population and employment projections for Chicago downward in 2022. Several of the key assumptions underpinning Landmark's analysis, including the population and employment forecasts, have not been correspondingly updated. Collectively, these assumptions result in multiple risks impacting the Developer's economic forecasts and projections, which the State should carefully consider before committing funds to ONE Central.

The funding authorized under the Act is otherwise dedicated to the State's General Fund Revenue, which supports regular operating and administrative expenses of most state agencies. Annually, the potential payment from the State to the Developer for the project starts at \$206.0 million and continues for 10 years growing to \$341.2 million in 2034. After 20 years of operations, the State is assumed to take ownership of the Civic Build and retain long-term operations and maintenance responsibility for the asset. The long-term operations and maintenance costs are not reflected in the \$2.75 billion requested by the Developer.

A selection of comparable real estate development projects was also reviewed to inform the potential risks, challenges, and impacts of the development of ONE Central, with a focus on funding mechanisms and the commercial structure between the public agencies and the developers. Of the projects reviewed, all projects received indirect public support in the form of infrastructure improvements, public investment in adjacent facilities, and/or tax abatements; however, no projects received direct public funding for real estate or commercial development components.

ONE Central does present a unique opportunity for economic development and activating an underdeveloped portion of land in the city of Chicago. Large-scale real estate projects such as ONE Central are infrequent, and the project could complement existing civic assets such as Museum Campus and McCormick Place. The State may consider Landmark's proposal as a starting point for further discussion rather than a finalized plan. For the State and the Developer, there may be an opportunity to explore alternatives to the proposal that align with the State's priorities and mitigate and manage risks to the State, improving the feasibility of the State's investment. This may include, but is not limited to, apportioning funding to specific elements of the Civic Build to reduce cost, adjusting the amortization of payments over time (e.g., extending from 10 to 20 years), adjusting the overall leverage of the Developer's capital structure to reduce the cost of financing; structuring value capture and repayment approaches to recoup the State's initial investment; insulating the State from risks associated with escalation, inflation, time delays, and cost overruns that are experienced in similar projects; and requiring Landmark to secure commitments from key third parties before execution of a project agreement and/or the commitment of State funding. Until such changes are made, a State investment in ONE Central is not likely to achieve the benefits projected by Landmark due to the risks identified as part of this review.

We acknowledge the significant investment and work the Developer team has dedicated to this project and time spent on this review process. Landmark is an experienced⁴ developer that has delivered large-scale mixed-use developments. Landmark has also established a team of qualified and experienced partners⁵ and advisors⁶ to support its Proposal and underlying projections and estimates.

The Landmark team participated in numerous working sessions with the consultant team to discuss in detail the evolution of the proposal from 2019 through 2024 and explain the data and inputs that underpin the Developer's analysis. We appreciate the responsiveness and openness of the Developer team throughout this process. Further, the Landmark team has invested considerable time in the EquityWORKS component of the project. We acknowledge the innovative ideas included in the EquityWORKS component and commend the Landmark team for its commitment to equity and a comprehensive approach to addressing these challenges.

⁴ [Our Experience \(Landmark\)](#)

⁵ Landmark's partners include JLC Infrastructure (JLC), Ulico, and Johnson Controls

⁶ Landmark's advisors include Accenture, AECOM, JLL, CBRE, Octagon, ASM Global, and Aramark

Section 1:

Project Overview

Background

In 2019, Landmark submitted an unsolicited proposal to the State for a real estate project. The proposal envisions ONE Central as a \$20-billion mixed-use, transit-oriented development built on approximately 34 acres of land adjacent to, and over, Metra tracks west of Jean Baptiste Pointe du Sable Lake Shore Drive, south of Roosevelt Road, and north of McCormick Place. The proposal includes a multimodal transit center that, according to Landmark, would transform the South Loop area, increase access for south-side commuters and job seekers, and increase connectivity to cultural landmarks such as Soldier Field and the Museum Campus—while also providing increased tax and transit revenues, jobs, and investment. Landmark requested \$6.5 billion in State support for ONE Central in the 2019 proposal.

That same year, the Illinois General Assembly passed the Public-Private Partnership for Civic and Transit Infrastructure Project Act (30 ILCS 558)⁷. This legislation enables the State to engage in a public-private partnership (P3) with Landmark and established the Civic and Transit Infrastructure Fund to pay Landmark for the development, financing, construction, operation, and management of the civic infrastructure (“the Civic Build”) of ONE Central through an allocation of sales tax revenue. The P3 framework allows the State to assume ownership of the Civic Build at the end of the payment period, with the rest of development components financed and owned by Landmark.

Study Objectives

In 2021, the Illinois General Assembly appropriated funds to DCEO to commission a feasibility study for the ONE Central project to help the State assess the whether the Project is a worthwhile use of State resources based on the associated risks and benefits between the public and private sector participants. In addition to seeking a third-party review of the State’s participation in the Project, the Study scope also included an assessment of the possible impacts of the COVID-19 pandemic on the Chicago real estate and transit landscape.

The ONE Central feasibility study is focused on helping the State and DCEO assess the State’s participation in Landmark’s proposed ONE Central project based on the comparative benefits and risks to the State. The scope of this Study does not include the development of alternative project options, the feasibility of the Project for Landmark, or independent estimates of projected costs and benefits.

⁷ [30 ILCS 558](#)

Revised Landmark Proposal

Following the COVID-19 pandemic and prior to the commencement of the Study in 2024, Landmark revised its design for ONE Central to reduce overall project cost and complexity. Landmark’s original 2019 proposal and design (the “Podium Design”) involved building elevated decks over Metra rail tracks with a requested \$6.5 billion in State funding. Through a value engineering process, Landmark developed an updated design (the “Linear Design”) that modified several key elements:

- **Design:** Landmark proposed moving the existing Metra rail tracks west on the site to reduce the amount of overbuild required above the Metra tracks. This would allow for construction directly on the ground and reduce Civic Build development costs by approximately \$3.61 billion.
- **CTA Red Line:** Removed the proposed extension of the CTA Red Line to ONE Central.
- **CHI-Line:** In addition to the bus service (CHI-Line Circulator) originally included in the 2019 proposal, Landmark proposed a new rail service (CHI-Line Shuttle) between Union Station and ONE Central.
- **Development size:** The total development program was reduced from 22.9 MSF to 18 MSF.

Landmark further revised its 2019 proposal with additional changes to the commercial structure including:

- **State Payment:** Reduced the proposed State contribution from \$6.5 billion to \$2.75 billion.
- **State Payback:** Proposed sharing commercial revenue from the Civic Build with the State; commonly referred to as the “return of equity” by Landmark, which is based on 20% of Net Operating Income (NOI).

This Study focuses exclusively on Landmark’s Linear Design and revised 2024 proposal to the State (“the Proposal”).

Project Overview

Site Location

The ONE Central project is proposed on a 34-acre site located in the South Loop neighborhood in Chicago near Soldier Field and the McCormick Place Convention Center (McCormick Place) west of Jean Baptiste Pointe du Sable Lakeshore Drive and south of Roosevelt Road. The approximate site location and boundaries are highlighted below:



Site Ownership:

The site, including both land and air rights, is primarily owned by the Central Station Development Corporation. Landmark has a Real Estate Development and Purchase and Sale Agreement with Central Station Development Corporation that grants Landmark the exclusive rights to plan, entitle, acquire, and develop the property for ONE Central.

The remaining portions of the proposed site are owned by Metra (excluding air rights – which Landmark states are owned by Central Station Development Corporation), who operates rail lines and a maintenance yard on the site, and the Metropolitan Pier and Exposition Authority (MPEA), which owns and manages the adjacent McCormick Place. Completion of ONE Central will require Landmark to acquire or obtain development rights to parcels of land owned by Metra and MPEA.

Landmark plans to acquire the required Metra property through an Infrastructure Development Agreement (IDA) – under which Metra would receive improvements to its facilities, in exchange for its real estate interests. Regarding the required MPEA property, Landmark states it expects to acquire land leases and air rights interests under finalization of an MPEA Mixed-Use Development Opportunity RFP process that selected Landmark.

Proposed Development:

The proposed 18MSF development at ONE Central includes a transit hub, retail, dining, entertainment, residences, hotels, and office buildings. Landmark has segmented the Project into three components:

1. **Civic Build (0.4MSF, \$2.89 billion⁸):** The first phase of the development to be constructed, the Civic Build provides the enabling infrastructure for the other two components of the Project. This includes the relocation of the Metra tracks, off-site transportation improvements to enable increased transit connectivity at the site, a transit station, and commercial elements including “The Hub”, a 7-story centerpiece for the development that houses the transit station and has additional floors of retail, dining, and entertainment. Landmark estimates the Civic Build to cost \$2.89 billion to construct. The Civic Build is the only component proposed to include public funding. Landmark has requested \$2.75 billion in State funding towards construction costs of the Civic Build with the remainder privately funded. Landmark is not seeking any federal or local funding as a part of its Proposal. Landmark estimates the Civic Build would be completed in three to five years from start of construction.

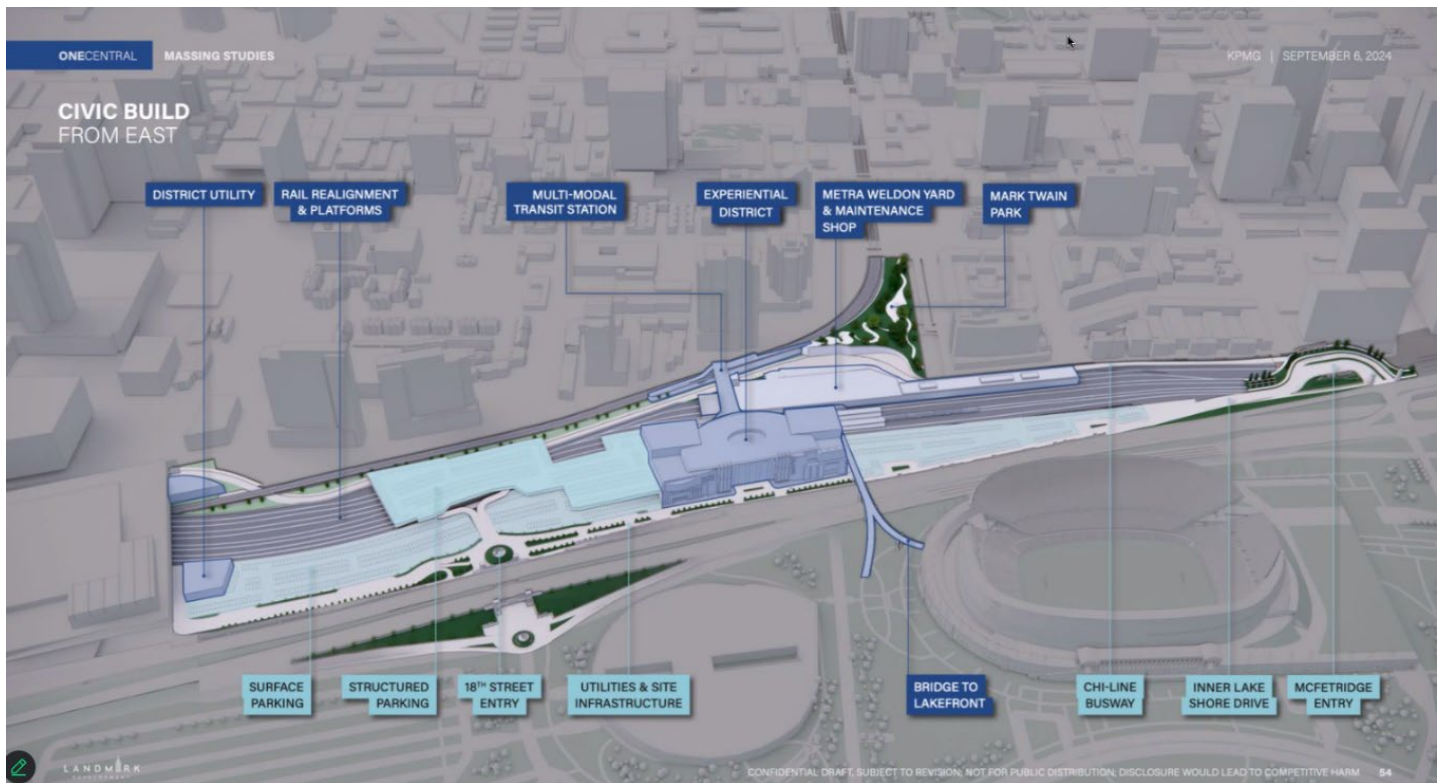


Image provided by Landmark

⁸ All figures are nominal and provided by Landmark unless otherwise stated

- 2. Private Infrastructure Build (3.6MSF, \$2.1 billion):** The second phase of the development to be constructed, the Private Infrastructure Build (Private Build) includes additional parking, retail, dining, and entertainment. The Private Build also includes infrastructure necessary to support the Private and Vertical Builds. Landmark estimates the Private Build to cost \$2.1 billion to construct and would be privately funded. Landmark plans to start construction of the Private Build four years after the start of the Civic Build, with construction expected to take five years to complete.

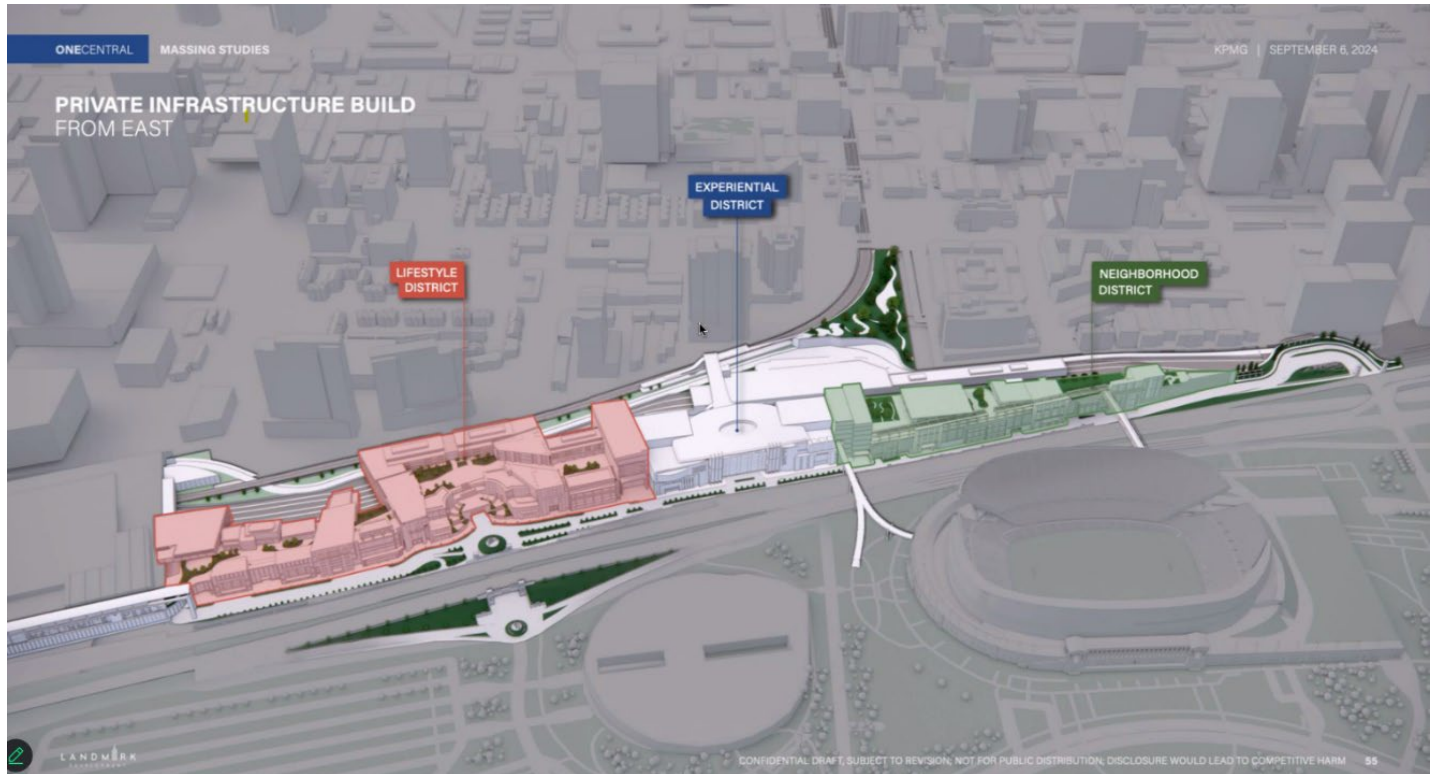


Image provided by Landmark

- 3. Vertical Build (up to 18MSF, \$15 billion):** The third and final phase of the development to be constructed, the Vertical Build includes the construction of vertical towers for commercial property such as offices, residences, and hotels. Landmark has indicated the use-type, amount, and timing of development within this component will be dependent on market demand. Landmark estimates the cost of the full Vertical Build to be \$15 billion, which will be privately funded. Landmark estimates that the Vertical Build would start construction in year four of the Project and take fifteen years to complete the full 18MSF-development



Image provided by Landmark

Civic Build Sub-Components

The Civic Build is made up of seven sub-components. These components provide the enabling infrastructure necessary to activate the site for development, as well as the base structure upon which the Private and Vertical Build components will be constructed. The Civic Build sub-components include:

Metra & NICTD Improvements (\$775.7 million):

Landmark's Linear Design requires existing Metra assets, including the rail lines and maintenance yards, to shift westward on the site. In addition to the relocation of those assets, this sub-component also includes improvements for Metra: a new station and platform for the Metra Electric District (MED) line, a re-constructed and modernized yard and maintenance shop, reconfiguration of storage tracks and overhead catenary system, added employee parking, realignment of the Busway along the west side of the site to serve the Metra maintenance shop, improvements and expansion of laydown area, new interlockings at 31st Street & 11th Place, and new storage track with improved capacity. Improvements for NICTD's "South Shore Line" are also proposed, including a new NICTD Station and Platform, new interlocking at 11th Place, and improvements to the NICTD 4th track and Weldon Yard storage areas. Landmark has estimated the cost to construct the Metra and NICTD improvements to be \$775.7 million.

Civil Infrastructure (\$572.0 million):

Landmark proposes the construction and renovation of civil infrastructure such as roadways, sidewalks, bridges, and underpasses to support subsequent development both on and off-site. This includes site remediation, busway improvements, improvements to inner DuSable Lake Shore Drive, and connections to utilities. Landmark estimates the cost to construct Civil Infrastructure at \$572.0 million.

Transit Station and CHI-Line Transit Services (\$509.7 million):

Landmark proposes to construct a multi-modal transit station to include connectivity for existing commuter rail services at the site, as well as the extension of commuter rail and Amtrak services. Landmark anticipates the station would be serviced by:

- Metra MED: A commuter rail service that currently has a stop at the proposed site location at 18th Street;
- Metra BNSF: A commuter rail service from/to Union Station that currently does not serve the site;
- NICTD: a commuter rail that currently does not currently have regular service to 18th Street, but does provide limited service for Chicago Bears games;
- Pace: the suburban bus service provider, with no current stop at site; and
- Amtrak: Illini, Saluki, and City of New Orleans passenger trains that operate on adjacent rail tracks but do not currently stop at the site.

Landmark also proposes two new additional transit services: the CHI-Line Circulator and the CHI-Line Rail Shuttle, both of which would use the proposed station.

The CHI-Line Circulator is a bus service that would provide access to sites like the Thompson Center, McCormick Place, and the Griffin Museum of Science and Industry. Landmark assumes the CHI-Line Circulator will use the busway that runs through Millennium Park, - which Landmark states would connect the civic and cultural assets along the lakefront, "greatly improving mobility and the guest experience."⁹

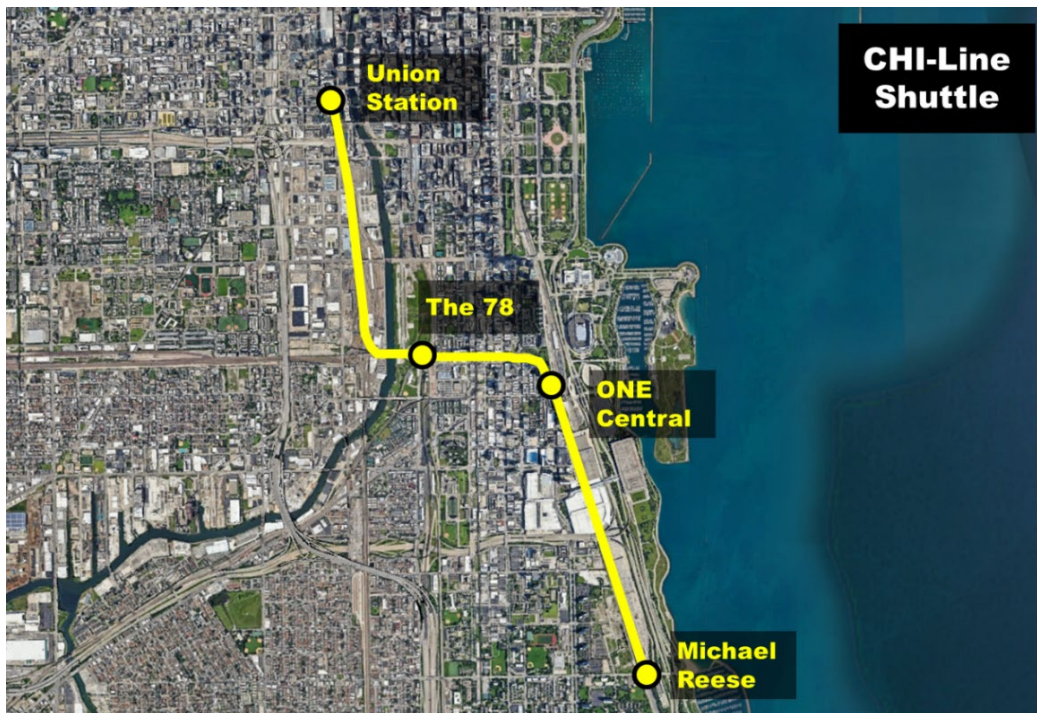
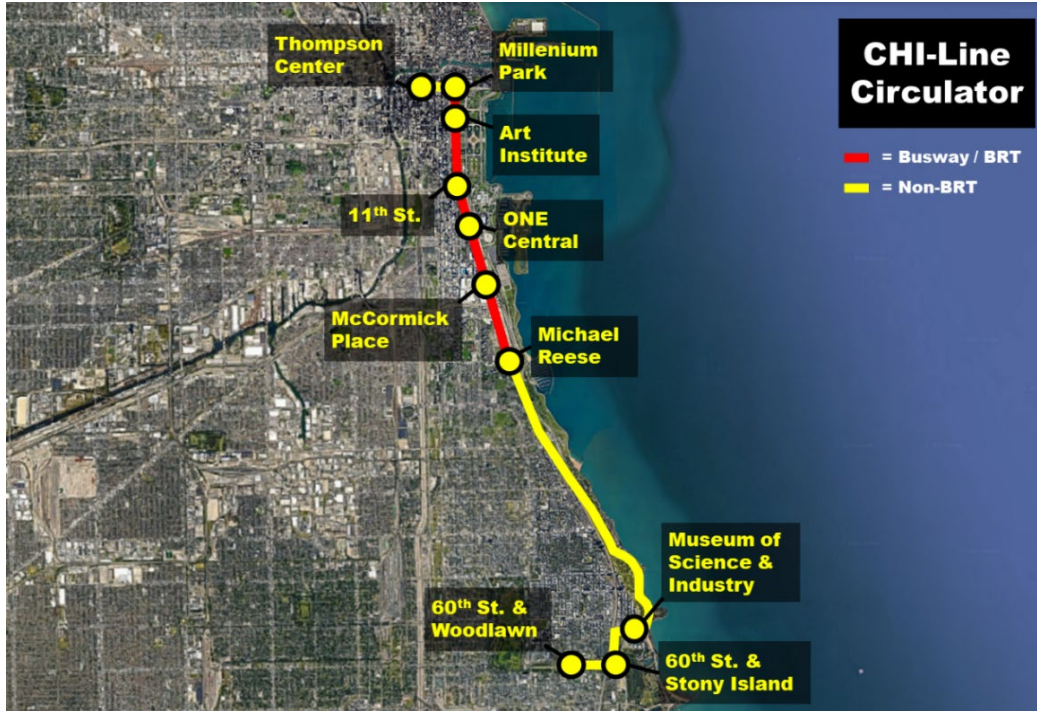
Landmark proposes the CHI-Line Circulator could be either privately operated or operated by CTA. As part of their Proposal, Landmark forecasts the CHI-Line Circulator will achieve positive farebox recovery, meaning fare revenue would be greater than operating costs.

⁹ ONE Central Civic Build Business Plan - Landmark, 2024.

SECTION 1: PROJECT OVERVIEW

The CHI-Line Rail Shuttle is a proposed rail service that would provide access to Union Station, the “78” site being developed by Related, and the old Michael Reese hospital site being developed by Farpoint. The shuttle would operate on the CN freight line, crossing the Rock Island line and the St. Charles Air Line Bridge before using new tracks¹⁰ to turn into Union Station. Landmark has proposed that the CHI-Line Rail Shuttle be operated by Metra.

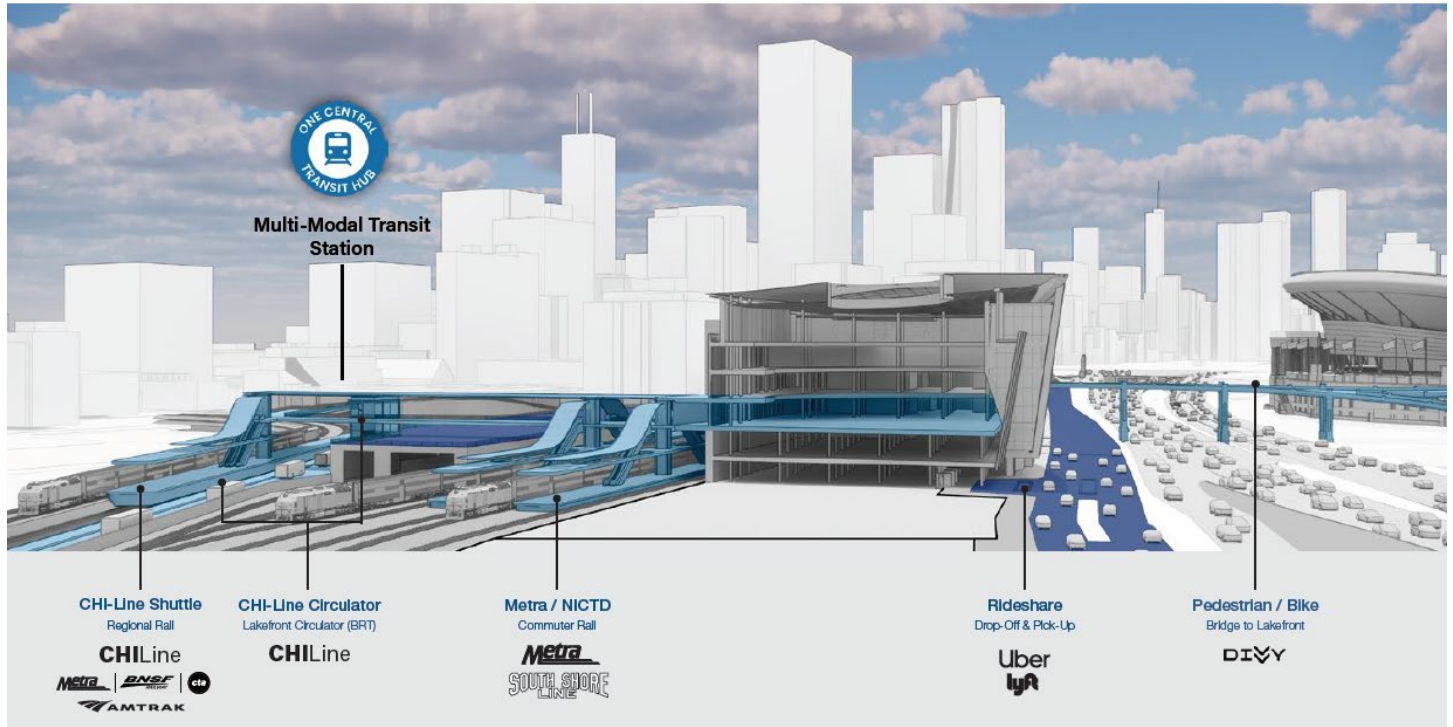
Landmark has estimated the cost to construct the Transit Station CHI-Line Transit Services to be \$509.7 million.



¹⁰ These tracks would be constructed as part of a separate project to be undertaken by Amtrak (the St. Charles Air Line Bridge project) and are not included in the scope of ONE Central, nor reflected in the Project costs for ONE Central.

SECTION 1: PROJECT OVERVIEW

Landmark Renderings of the proposed transit station



Images provided by Landmark

“The Hub” (\$450.5 million):

The construction of a seven-story mixed-use building integrated with the transit station¹¹ with a collection of retail, event spaces, and Chicago-centric themed attractions. The anchors of the Hub will provide the following “experiences” for visitors, per Landmark:

- **Big League Experience:** Sports-based attractions with interactive exhibits and retail
- **Chicago Culinary Experience:** A mix of food stalls, pop-up restaurants, and permanent eateries curated to showcase local specialties
- **Chicago Music Experience:** A combination of live music venues, recording studios open for public sessions, and interactive exhibits detailing the history of Chicago's music scene
- **Chicago Museum Experience:** Satellite exhibits or rotating displays in partnership with local museums
- **Great Hall Experience:** A multi-use space designed for public gatherings, events, and celebrations

Landmark has estimated the cost to construct The Hub to be \$450.5 million. In its project forecasts, Landmark forecasted annual commercial revenue generated by third party tenants at The Hub to be \$22 million in Year 1, growing annually.

Landmark Rendering of “The Hub”

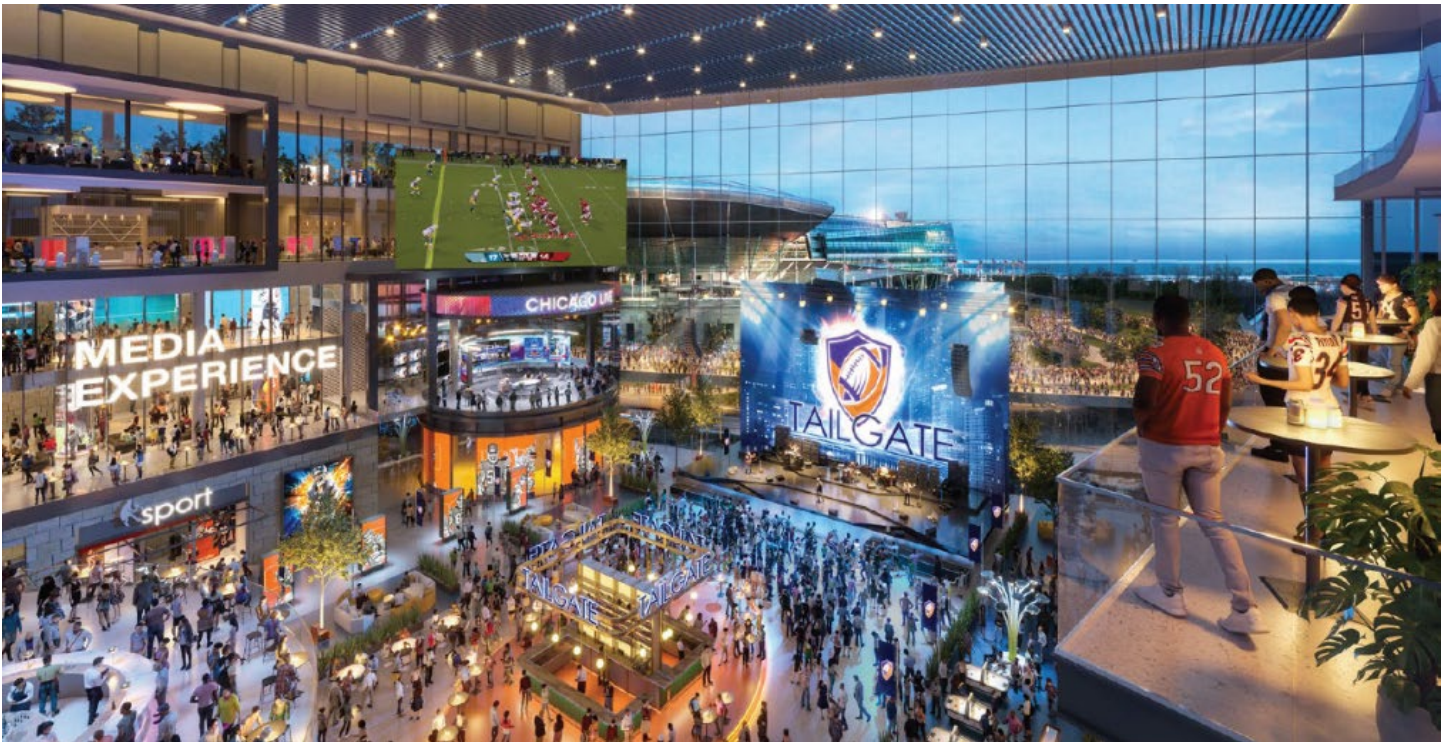


Representative illustration of the Civic Build

Image provided by Landmark

¹¹ Components of the transit station are proposed to be contained within The Hub

Additional Landmark Renderings of “The Hub”



Images provided by Landmark

Parking Structures & Facilities (\$83.5 million):

The construction of surface parking lots and parking structures over the Metra tracks to provide approximately 1,200 to 1,500 parking spaces. This parking is intended to be used by both Metra staff and ONE Central visitors. Landmark has estimated the cost to construct the parking structures and facilities to be \$83.5 million.

District Energy Center (\$140.2 million):

The construction of a “District Energy Center”, a central plant producing hot water, steam, and/or chilled water, which flows through a network of pipes to provide hot water, space heating, and/or air conditioning for buildings. The District Energy Center proposed by Landmark would support the full ONE Central development, with the potential to support additional neighboring assets. Landmark proposes that the cost of the District Energy Center be allocated between the Civic Build, Private Build, and Vertical Build based on a percentage of total capacity. Landmark has estimated the cost to construct the District Energy Center to be \$256.0 million,¹² with \$140.2 million to be allocated to the Civic Build.

Technology Infrastructure (\$358.5 million):

The installation of a range of technology systems throughout the Project including: technology for transit operations (e.g., fare collection systems, transit control center, wayfinding); parking management (e.g., POS system, electric vehicle charging, access control system); building management and operations systems (e.g., building monitoring, building energy management); the District Energy Center (e.g., transformation and distribution systems); network connectivity (e.g., 5G, WiFi); digital signage and wayfinding; public safety systems; and fire safety systems. Landmark has estimated the cost for the technology infrastructure to be \$358.5 million.

EquityWORKS (Economic Opportunity Program)

As part of Landmark’s Proposal for the ONE Central development, Landmark has taken steps to establish a supporting economic opportunity program called EquityWORKS and in partnership with the Chicago Urban League, Illinois Hispanic Chamber of Commerce, and Business Leadership Council.

EquityWORKS invests in Chicago’s south and west side neighborhoods through three programs:

- 1)** “Community Development”
- 2)** “Community Education & Training”
- 3)** “Community Investment.”

Landmark’s EquityWORKS partners have established and adopted a Business Plan and entered into agreements that include outlines of governance and operations to implement these programs. Landmark indicated that the Civic Build would provide indirect sources of funding to administer aspects of the program; however, additional fundraising would be completed to support certain programs.

Community Development Program:

Landmark’s proposed Community Development Program seeks to build minority-owned, women-owned and disadvantaged business enterprise (M/W/DBE) capacity by setting M/W/DBE goals (30% MBE, 10% WBE) for the construction of ONE Central as well as making resources available for firms to support capacity growth.

¹² Landmark Master Project Budget, December 2024.

SECTION 1: PROJECT OVERVIEW

The program would conduct an annual market assessment and capacity analysis to evaluate M/W/DBE contracting depth, supported by data that catalogs potential employees and contractors to streamline recruitment and contracting processes. It includes a community outreach and engagement program to ensure M/W/DBE firms are well-informed about opportunities and a targeted business participation program that would actively manage M/W/DBE involvement during construction and operations. Landmark's proposed PROJECTrac Management System would provide detailed reporting on M/W/DBE participation and financial outcomes.

The program also includes resources intended to support M/W/DBE participation in ONE Central and to expand the capacity of these firms. These resources aim to address obstacles that prevent M/W/DBE firms from growing and building their capacity in the marketplace. This includes a proposed "BuildBank", which would offer support structured for M/W/DBEs at ONE Central to enhance their ability to compete and perform effectively with a \$50 million fund for working capital, 100% bonding, and 100% insurance provisions for these firms. Additionally, the Equity Resource Center would help in legal, bidding, and HR functions, ensuring M/W/DBEs have the necessary support to successfully engage in contracting opportunities.

The Community Development Program would be delivered by the Community Development Corporation, a for-profit corporation. Landmark has indicated that the Community Development Corporation would provide services during construction of ONE Central but will evolve over time to support other owners and businesses located or operating at ONE Central.

Community Education & Training Program:

Landmark's proposed Community Education & Training program seeks to provide educational resources to M/W/DBEs. It includes several initiatives:

- **Entrepreneurship Institute:** Initiative to embed entrepreneurship into high school curriculums, equipping students with foundational business skills and fostering early interest in entrepreneurial careers.
- **Pipeline Program:** Initiative to connect ONE Central and existing community-based labor training and recruitment initiatives such as the Urban League, HIRE360, and Chicago Cook Workforce Partnership, ensuring streamlined access to vocational training in construction trades and preparing participants for skilled labor positions and supporting workforce readiness.
- **Pathways Program:** Initiative to develop partnerships with Chicago Public Schools, City Colleges of Chicago, and Chicago State University to establish educational "pathways" that are tailored to guide students and community members towards educational resources and training opportunities in non-construction fields.
- **Career Development & Placement Office:** Initiative to enhance job opportunities for residents of the south and west sides, actively working to promote job placement and career progression by connecting the community with emerging job opportunities that arise from the economic activities at ONE Central.

The Community Education & Training Program would be delivered by the Community Training & Education Foundation, a private foundation.

Community Investment Program:

A privately financed Community Investment Fund that provide the governance structure, private equity commitment, and financial backing to support each of the following "SMART" programs:

- **LiveSMART:** Seeks to support Equitable Transit-Oriented Development by connecting the ONE Central Transit Hub to the south and west Sides through the construction of 1,000 workforce housing units or more, clustered near transit sites. This program aims to improve transit links, stimulate local economic activities, reduce commute times, and increase the overall quality of life for residents, making the neighborhoods more attractive for both living and investment. Landmark has not provided information on

program funding or an estimated timeline for delivering the housing units but indicated that they have discussed with certain public and transit agencies the availability of public land for housing development.

- **InvestSMART:** Seeks to promote homeownership accessibility and facilitate equity build-up in affordable housing, specifically for eligible employees of ONE Central business and commercial tenants residing in the south and west sides, through a corporate equity program (i.e., loan guaranty).
- **RideSMART:** Seeks to enhance transit ridership across the south and west sides through an employer-based transit subsidy program. This program would subsidize the cost of public transit for employees in an effort to encourage transit ridership to and from work. Landmark has targeted a funding goal of \$5m for RideSMART to be raised from ONE Central business and commercial tenants.
- **ThinkSMART:** Seeks to fund educational opportunities through an employer-supported program among ONE Central tenants that would provide funding for scholarships, training programs, and other educational activities for the community. Landmark has targeted a funding goal of \$5m for ThinkSMART.

Additionally, the proposed Community Investment Program would provide opportunities for minority equity participation, allowing M/W/DBEs to own a portion of or realize a return on investment in the Civic Build asset for which they provide services. It would also provide investment advisory services to individuals and businesses interested in economic opportunities on the south and west Sides. The Community Investment program would be delivered by The Community Investment Corporation, a not-for-profit corporation. Details on funding for the Community Investment Fund have not been provided by Landmark.

EquityWORKS Funding:

Landmark has proposed that EquityWORKS be compensated on a fee-for-service basis as a component of the cost of the work of the Civic Build. As such, the funding for EquityWORKS is included in the Civic Build budget and funded at least in part by the State.

Landmark states that the Civic Build funding would provide sufficient to administer all aspects of the EquityWORKS Economic Opportunity Program, however the Proposal also identifies a need to raise private equity to support some components of the Community Investment Program (e.g., LiveSMART housing investments). Landmark has noted that EquityWORKS entities will also pursue other sources of funds from charitable interests and organizations, public sources and third-party fee-for-service engagements beyond ONE Central, involving large-scale economic development initiatives.

The project budget and financial model provided by Landmark did not provide a breakdown of the proposed EquityWORKS funding.

Timeline

Landmark projects the overall construction timeline for the full buildout to be 20 years from the start of construction on the Civic Build. Landmark expects to construct several aspects of the project concurrently, depending on market demand.

Pre-Construction

Before construction commences, Landmark provided an estimated timeline that includes several pre-construction activities, including development and execution of a term sheet between Landmark and the State. Following the execution of a term sheet, Landmark details it would then negotiate and execute a P3 Agreement with the State. Landmark anticipates these activities will take 6 months from a decision by the State to proceed with the Project.

Other pre-construction activities — including completion of the final design, site preparations, permitting and other approvals — are expected to take 12 to 24 months from execution of the P3 Term Sheet, per timing detail supplied by Landmark.

Construction

Landmark has estimated the construction of ONE Central, including the Civic, Private, and Vertical Builds will take approximately 20 years from a State decision to proceed with the Project:

- **Civic Build:** Construction duration of three to five years, with construction commencing 26 months after execution of the P3 Agreement.
- **Private Build:** Construction duration of five years, with construction commencing three years after the start of the Civic Build.
- **Vertical Build:** Construction duration of 15 years, with construction commencing at the same time as the Private Build. Landmark has indicated that the timing for the Vertical Build is dependent on market demand and could be accelerated or decelerated according to market conditions.

At the time of the Proposal, Landmark assumed that construction activities would start in 2026 and conclude in 2041, with the completion of the Civic and Private Build components in 2029 and 2036, respectively.

Proposed Project Terms & Structure

Landmark's Proposal sets out potential terms for the P3 structure between the developer and the State. This structure applies to the Civic Build component of the Project only. The Private and Vertical Build components are assumed to be privately developed with ownership and control retained by Landmark.

Key Proposed Project Terms

Civic Build Ownership

Landmark is responsible for the design, construction, and financing of the Civic Build and has indicated assumption of the direct risks of cost overruns and delays. Following the construction of the Civic Build, Landmark proposes to retain ownership and responsibility for the operations and maintenance (O&M) for a portion of the asset through the first 20 years of operations. Additionally, Landmark proposes to transfer ownership of some of the Civic Build sub-components (e.g., Metra and NICTD improvements, portions of the civic infrastructure) to the relevant public sector entity following construction. Neither Landmark nor the State would have O&M responsibilities for these sub-components, and the associated O&M costs for these project elements are not reflected in the Proposal.

After 20 years, Landmark proposes to transfer ownership for a portion of the Civic Build to the State, along with long-term O&M responsibilities. The Proposal assumes the State would retain Landmark to manage operations and maintenance of the Civic Build, though the State would have the option to self-perform or retain another third party to perform these tasks.

Under the Project legislation (30 ILCS 558, Sec. 25-45.), the P3 Agreement must include an option for the State to acquire the Civic Build:

“Following the completion of the Project and the termination of the public-private agreement, the private entity's authority and duties under the public-private agreement shall cease, except for those duties and obligations that extend beyond the termination, as set forth in the public-private agreement, which may include ongoing management and operations of the civic build, and all interests and ownership in the civic build shall transfer to the State; provided that the State has made all required payments to the private entity as required under this Act and the public-private agreement.”

The State is not required to exercise this option under the Project legislation. While the Proposal assumes the State will exercise its option to purchase the Civic Build after 20 years, Landmark has indicated it is open to discussing alternative timing for State acquisition of the Civic Build.

If the State exercises its ownership option, the State will be responsible for the asset's long-term performance and condition and take responsibility for operations and maintenance and lifecycle costs. In addition, the value of the Civic Build will be placed on the State's balance sheet following the acquisition. Per the Project legislation, the State's acquisition of the Civic Build would only occur after completion of the proposed payments to compensate Landmark (see State Payments below).

The Proposal does not provide information on how the Civic Build ownership would be structured and whether it would include any ownership of the underlying land or be limited to the improvements.

Commercial Revenue Share:

Landmark has proposed a share of commercial revenues with the State receiving an estimated \$3.7 billion over the 40-year operating period¹³. This concept is new to the 2024 Civic Build Business Plan and is posited to “pay back” the State for its initial \$2.75 billion investment.

The structure of the proposed revenue share is connected to the ownership of the Civic Build. Landmark owns the asset for the first 20 years of operations; during that period, Landmark proposes to receive 80% of the net operating income (NOI) generated by the Civic Build, with the remaining 20% of NOI shared with the State. After the State takes ownership in year 21 of operations, Landmark proposes the State will receive 80% of NOI and Landmark (or another operator) will receive 20%. If the State chooses not to take ownership of the Civic Build, the revenue share will remain the same as in the initial operating period.

Asset Condition and Hand-back Requirements

Landmark proposes to negotiate technical specifications for the Civic Build, as well as operating standards, and hand-back requirements in the P3 Agreement.

Governance and Oversight

The Proposal does not provide detailed terms for project governance or State oversight, noting that governance arrangements will be set forth in the P3 agreement between Landmark and the State. It is standard practice for P3 agreements to include a detailed governance structure that identifies the decision-making process for changes to the project over the term. These structures typically include committees of representatives from both the private partner (e.g., Landmark) and the public sector owner (e.g., the State), with authorization to make changes up to a certain dollar threshold. For example, a technical committee may be authorized to approve small changes that are identified during the construction period, while an executive-level committee’s approval is necessary for changes with a larger impact on cost or revenue. Governance structures are needed to provide a clear and timely process for decision-making throughout the term of the project.

In addition, the Project legislation (30 ILCS 558) requires “a comprehensive system of oversight, auditing, and reporting,” and sets out specific requirements that must be included in the P3 agreement.

Proposed Funding and Financing

Landmark is responsible for financing the construction of the Civic Build. The Proposal and associated Civic Build financial model assume a 58% debt (\$1.68 billion) and 42% equity (\$1.21 billion) financing structure. The debt financing includes two separate facilities: a \$1.4 billion facility that is secured by the State payments and a second \$275 million facility secured by the net operating income (NOI) of the Civic Build. The key terms of each debt facility are summarized below. The return on Landmark’s equity investment in the Civic Build is discussed in a separate section below.

The proposed State financial commitments include a deferred initial payment of \$636 million at construction completion and annual payments during the first 7 years of operations, starting at \$225 million and increasing to \$341 million. State funding for the Project is authorized in the Project legislation, which creates the Civic and Transit Infrastructure Fund (30 ILCS 558, Sec 25-55) to escrow the project funds from a portion of the State’s sales tax revenue. While the funds begin to accrue following execution of the P3 Agreement between Landmark and the State, the State payments can only begin after construction completion. Landmark has assumed the State would make a payment at construction completion equal to the payments that would have occurred if the

¹³ Nominal values provided by Landmark

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Civic Build was in operation during the years of construction. It is unclear if the legislation authorizes this type of payment.

Landmark is not seeking any federal or local funding as a part of its Proposal.

Debt Secured by State Payments

The debt facility secured by State payments assumes a seven-year loan, commensurate with the State payments during the operating period. The debt facility is sized based on the maximum State payments permitted under the Project legislation and the annual payment from the State is larger than the annual debt repayment for this facility, including both interest and principal repayment (see Table 1 below).

Table 1: Uses of State Payments (\$m)

Year	0	1	2	3	4	5	6	7
Accrued State Payment	\$636.7	-	-	-	-	-	-	-
Payment to Landmark at Construction Completion	(\$636.7)	-	-	-	-	-	-	-
Annual State Payment	-	\$225.1	\$288.7	\$298.9	\$309.3	\$320.1	\$331.2	\$341.2
Debt Service Payment	-	(\$188.7)	(\$242.0)	(\$250.5)	(\$259.2)	(\$268.3)	(\$277.6)	(\$286.0)
Funds Remaining	-	\$36.4	\$46.7	\$48.4	\$50.1	\$51.8	\$53.6	\$55.2

The Civic Build Business Plan assumes a debt service reserve fund of capitalized interest for 6 months beyond projected completion for the facility. This reserve fund does not appear to be included in the financial model provided to the State; as such, the source of funds for the reserve and ultimate use of reserve funds are unclear.

Debt Secured by Net Operating Income (NOI) Revenues

The NOI-secured facility has a 20-year commensurate term with Landmark's assumed ownership of the Civic Build. It appears that a reserve fund is also required for this facility, though the reserve fund does not appear to be included in the financial model provided to the State.

Return on Landmark Equity Investment

Landmark projects that it will generate a return of (9.53%) on its \$1.21 billion equity investment in the Civic Build over the 40-year operating period. The source of this return includes:

- The \$636.7 million deferred State payment at construction completion. The financial model shows this payment going directly to repay a portion of Landmark's equity contribution.
- Commercial revenue share. Landmark receives a portion of the commercial revenues as set forth above.

In addition, it appears that the balance of the State payments after debt service ultimately flow through the project's cashflow waterfall to Landmark. The financial model provided by Landmark combines the State payments and commercial revenues into a single revenue line item. After expenses, debt service, and the State's share of commercial revenues are deducted, the remaining NOI is distributed to the developer.

Landmark stated in a meeting with the Consultant Team that its return on equity was not derived from the State payments. In response to a request for clarification on this statement, Landmark stated "The State Equity Payments provide coverage for the loan, and then a portion of return of (not on) private investors' equity."

Section 2:

Approach

Overview

This Study focuses on analysis and review of Landmark’s 2024 Proposal for the ONE Central Project, including Developer provided models, studies, budgets, schedules, design documents, and other data relevant to the assessment of the project. Landmark’s 2019 proposal was not reviewed as part of this effort.

Nine working sessions were conducted with the Developer, where their team and respective consultants presented the Proposal and underlying analysis and responded to clarification questions from the consultant team. Following these working sessions, two rounds of formal written Requests for Clarification were also issued to Landmark to further clarify the documents provided and inform the analysis undertaken in this report.

Additional qualitative data related to the Proposal was collected through stakeholder interviews and comparative projects analysis. This included interviews with relevant public agencies, community organizations, and advocacy groups. The comparative projects provided insights on key decisions around commercial or governance structures and impacts on local and regional communities.

Finally, a review of the financial model, economic impact analysis and ridership forecast was undertaken. The findings of this analysis are summarized in the project benefit and risk sections below.

Stakeholder Interviews

To help understand a range of community and public perspectives on the Project, a group of 45 stakeholders were approached to provide feedback on the Project costs, benefits and risks to be captured in the ONE Central Feasibility Study. The stakeholder list included a combination of elected officials, State and City agencies, local community organizations, advocacy groups, and local attractions.

The following 22 stakeholders agreed to participate in interviews held in late 2024:

- Ald. Bill Conway
- Ald. Lamont Robinson
- Ald. Pat Dowell
- Better Streets Chicago
- BOMA
- Chicago Federation of Labor
- Chicago Transit Authority
- Chicagoland Chamber of Commerce
- ComEd
- Cook County Bureau of Economic Development
- Cook County Department of Transportation and Highways
- Equity Works
- Field Museum
- Friends of the Parks
- Hire 360
- McCormick Place – MPEA
- Metropolitan Planning Council
- Metra
- Near South Planning Board
- Regional Transportation Authority
- Rep. Du Buclet
- Shedd Aquarium

The following 23 stakeholders declined to conduct an interview or did not respond to the interview request:

- Adler Planetarium
- Amtrak
- Canadian National Railroad
- Chicago Cook Workforce Partnership
- Chicago Department of Transportation
- Chicago Park District
- Chicago Public Schools
- Civic Federation
- City of Chicago, Department of Planning & Development
- City of Chicago, Public Safety - OEMC
- City of Chicago, Public Safety - Police
- House Assistant Majority Leader Rep. Kam Buckner
- One Community South Loop
- Peoples Gas
- Public Safety - Fire
- Senate Assistant Majority Leader Mattie Hunter
- Senate President Pro Tempore Bill Cunningham
- Sen. Robert Peters
- Sierra Club
- South Loop Neighbors
- State Rep. Curtis J. Tarver, II
- Transportation Equity Network
- Urban League¹⁴

Financial Model Review

A financial model review was conducted based on documentation provided by Landmark. The project structure reflected in the financial model was also reviewed for consistency with other relevant project documentation. The financial model was used to help assess risks relating to the proposed commercial structure. Related findings can be found in Section 3: Project Risks.

Note that the financial model provided by Landmark is limited to the Civic Build operational period only and does not include cash flows for the Civic Build construction period. In addition, the model does not include the Private and Vertical Build components.

Economic Impact Analysis Review

A review of the Landmark team's fiscal and economic impact analysis was undertaken, with a focus on assessing the Developer's projected economic impacts in terms of jobs, wages, and tax generation during the construction and operating phases for the entire ONE Central project (i.e., Civic Build, Private Build and Vertical Build). The analysis was divided into two phases: the Construction Phase, covering a 15- to 20-year period, and the Operating Phase, spanning a 40-year period post-construction. The Developer utilized a Proprietary Model¹⁵ and a secondary IMPLAN model to undertake this analysis, with the latter used to validate the Proprietary Model findings. Results from the IMPLAN model closely aligned with those from the Proprietary Model.

To review Landmark's projection, an IMPLAN model simulation was conducted by the Consultant Team based on the inputs provided by the Landmark team. Due to the limitations of IMPLAN, which does not account for specific fiscal benefits (e.g., City and State taxes), this simulation focused on the economic benefits relating to jobs, wages, and cumulative earnings.

¹⁴ The Urban League did not respond to a request for a separate meeting, but was present at a meeting held on 11/14/2023. ¹⁵ Proprietary model developed by Landmark.

Ridership Forecast Review

To forecast transit ridership, Landmark used the Simplified Trips on Project Software (STOPS) model, an industry-accepted model aligned with Federal Transit Administration (FTA) guidelines. The assumptions Landmark used in the STOPS model generate the ridership forecast were analyzed against post-COVID 19 changes in transit ridership, economic considerations, and feedback from stakeholder interviews.

An alternative scenario was created to help assess the potential impact of key assumptions not being realized. Details on the alternate scenario and results of this analysis can be found in Section 3: Project Risks.

Comparable Projects Analysis

A selection of comparable real estate development projects was examined to inform the potential risks, challenges, and impacts of the development of ONE Central. The list consisted of large mixed-use projects using some level of public funding. The benchmarking focuses on the funding mechanisms and the commercial structure between the public agencies and the developers. All the projects analyzed received indirect public support in the form of infrastructure improvements, public investment in adjacent facilities, and/or tax abatements. None of the projects analyzed received direct public funding in the real estate or commercial developments. Profiles of these projects are provided below:

Hudson Yards¹⁶ New York, NY	
Project Overview:	<ul style="list-style-type: none"> Luxury residential, commercial, cultural facilities, and public spaces built over a working rail yard Total Cost: \$25 billion Construction: 2012-ongoing
Direct Public Funding:	None
Indirect Public Funding:	<ul style="list-style-type: none"> \$1.6 billion in EB-5 funding from USCIS / Empire State Development Corp. \$2.1 billion for extending the 7 train to 11th Avenue (MTA) \$750 million in property tax breaks for Hudson Yards commercial developers (Payment in Lieu of Taxes) \$280 million in city capital expenditures to support additional city services (City of New York)
Value Capture Mechanism:	Payment in Lieu of Taxes (PILOT)

¹⁶ Sources: [The Cost of New York City's Hudson Yards Redevelopment Project \(2018\)](#); [EB-5 Project Database:2017 Supplement with Trends and Observations \(2017\)](#); [Mayor Bloomberg and Speaker Quinn Join Related Companies and Oxford Properties Group to Break Ground on 26-Acre Development at Hudson Yards \(2012\)](#); [Hudson Yards Development Corporation](#)

Lakeshore East¹⁷	
Chicago, IL	
Project Overview:	<ul style="list-style-type: none"> Residential, office, retail, hotels and public space near Millennium Park Total Cost: \$4 billion Construction: 2002-ongoing
Direct Public Funding:	None
Indirect Public Funding:	<ul style="list-style-type: none"> \$58.9 million for streets, water mains, park, landscaping, and other infrastructure (municipal bond backed by a Special Assessment District)
Value Capture Mechanism:	Special Assessment District

South Lake Union¹⁸	
Seattle, WA	
Project Overview:	<ul style="list-style-type: none"> Residential, office, retail, dining, and public space forming a hub for innovation, technology, and life sciences Total Cost: \$4b Construction: 1996-2012 (new projects ongoing)
Direct Public Funding:	None
Indirect Public Funding:	<ul style="list-style-type: none"> \$58.9m for streets, water mains, park, landscaping, and other infrastructure (municipal bond backed by a Special Assessment District) 53.5m street-car to connect downtown to South Lake Union, including: <ul style="list-style-type: none"> Section 5307 and STP funds: \$8.2m Federal appropriations: \$4.8m State appropriations: \$3m Local Improvement District: \$25m Interfund Loan: \$5m Surplus Property Proceeds (LTGO Bonds): \$35.m Property Exchange Proceeds: \$1.8m King County Metro Fund Exchange Proceeds: \$1.6m Seattle Public Utilities: \$07m
Value Capture Mechanism:	Local Improvement District

¹⁷ Sources: [City will refinance special assessment paid by Lakeshore East unit owners \(2021\)](#); [Magellan Development - Lakeshore East; Understanding The Lakeshore East Special Service Area](#).

¹⁸ [Public & Private Investments in South Lake Union \(2012\)](#); [Project Profile: South Lake Union Streetcar](#); [South Lake Union: A Success Story \(2018\)](#).

L.A. Live¹⁹ Los Angeles, CA	
Project Overview:	<ul style="list-style-type: none"> • Sports and entertainment district including a hotel and condominiums in downtown Los Angeles adjacent to LA Lakers / Kings / Sparks arena • Total Cost: \$2.5b • Construction: 2005-ongoing
Direct Public Funding:	None
Indirect Public Funding:	<ul style="list-style-type: none"> • ~\$1b in direct funding and/or property tax breaks for hotel projects on / near the property: <ul style="list-style-type: none"> • JW Marriott + Ritz Carlton: \$270m (+ \$98m for later expansion) • Courtyard / Residence Inn: \$67m • Intercontinental Hotel: \$250m • Fig + Pico: \$103m • 1155 Olive: \$17m • Cambria Hotel: \$42m • Hotel Indigo: \$19m • The Grand: \$198m
Value Capture Mechanism:	None

Deer District²⁰ Milwaukee, WI	
Project Overview:	<ul style="list-style-type: none"> • Sports, entertainment, dining, residential, commercial, athletic facility, and public space centered around the Fiserv Forum • Total Cost: \$91m • Construction: 2016-ongoing • Construction: 2005-ongoing
Direct Public Funding:	None
Indirect Public Funding:	<ul style="list-style-type: none"> • \$250m (50% of cost for adjacent stadium, Fiserv Forum) through: <ul style="list-style-type: none"> • \$35m construction of new parking structure (City of Milwaukee) • \$12m Tax Increment Financing (TIF) (City of Milwaukee) • \$203m of state debt funding (State of Wisconsin)
Value Capture Mechanism:	TIF

¹⁹ Sources: [Its design has been scorned, but L.A. Live has been crucial to downtown's resurgence \(2018\)](#); [LA gave developers \\$1B without ensuring the deals were 'advantageous to taxpayers' \(2018\)](#).

²⁰ Sources: [Bucks Funding Package Explained – Alderman Bauman Newsletter \(2015\)](#); [Deer District to add development with new apartments, MATC athletic facility \(2025\)](#)

The Battery²¹ Atlanta, GA	
Project Overview:	<ul style="list-style-type: none"> Residential, office, retail, dining, entertainment venues, hotels adjacent to Truist Park Total Cost: \$550m Construction: 2014-2017
Direct Public Funding:	None
Indirect Public Funding:	<ul style="list-style-type: none"> \$300m (~45% of cost for adjacent stadium, Truist Park) through: <ul style="list-style-type: none"> Hotel tax (Cobb County) Rental car tax (Cobb County) Special service district (3% hotel tax + 3% property tax) that includes The Battery \$10m in tax breaks for hotel / retail property at the Battery (Cobb County)
Value Capture Mechanism:	Special Service District

The Yards²² Washington, D.C.	
Project Overview:	<ul style="list-style-type: none"> Residential, office, retail, hotel, and waterfront park in the Navy Yard neighborhood Total Cost: \$2b Construction: 2007-ongoing
Direct Public Funding:	None
Indirect Public Funding:	<ul style="list-style-type: none"> \$90m for public infrastructure, such as roads, sewers, and streets lights (Payment in Lieu of Taxes)
Value Capture Mechanism:	Payment in Lieu of Taxes (PILOT)

²¹ Sources: [Stadium Construction Spotlight: Truist Park and The Battery Atlanta \(2023\)](#); [Increased sophistication is leading to new mixed-use development business models, energizing teams, their fan bases and tenants \(2023\)](#); [Braves Stadium Information – Cobb County \(2024\)](#); [Report on the Fiscal Impact of Truist Park and The Battery \(2022\)](#).

²² Sources: [Reshaping Communities: Forest City's The Yards \(2016\)](#); [Projects Financed in the District - The Yards](#); [Fenty, Forest City, Feds Break Ground on DC's Largest Development \(2007\)](#); [Pr16-0796 - Payment in Lieu of Taxes Revenue Bonds Southeast Federal Center Project Approval Resolution of 2006](#).

Section 3:

Proposed Benefits

Overview of Landmark's Projected Benefits

Landmark states that ONE Central has the potential to deliver benefits to the State of Illinois and the local community. By redeveloping a strategically located, yet economically underused, site in the South Loop, Landmark seeks to create a vibrant, mixed-use urban development that integrates residential, commercial, cultural, and transit-oriented developments. The activation of an underutilized site, overall scale of the proposed development, and the EquityWORKS partnership make the Project a possible catalyst for economic growth and community development. As such, Landmark asserts the ONE Central Project has the potential to deliver five overarching categories of benefits to the State:

- 1) **Economic impacts** (e.g., new taxes, jobs, wages)
- 2) **Transit outcomes** (e.g., ridership, improved access, reduced traffic)
- 3) **Community impact** (e.g., neighborhood development, access to jobs, M/W/DBE growth)
- 4) **Site activation** (i.e., development of a prime real estate parcel)
- 5) **State payback** (e.g., revenue sharing, potential pension benefit, asset value)

The benefits set forth in Landmark's Proposal accrue during construction of the Civic Build as well as over a 40-year subsequent operating period. These benefits are predicated on several assumptions, including the completion of the full 18MSF-development program within Landmark's projected timeframe and the State taking ownership of the Civic Build after 20 years of operations. These assumptions, and others underpinning the potential benefits, are discussed further in Section 3: Potential Risks.

Note: All subsequent values are presented in nominal terms unless otherwise noted.

Economic Impacts:

With 18MSF of proposed development that includes retail, dining, entertainment, residential, and office space, Landmark predicts that ONE Central has the potential to deliver economic impacts to the State and local communities through the creation of jobs from construction and operations as well as the generation of property, sales, and income taxes.

Leveraging a Proprietary Model and supporting IMPLAN economic model, Landmark projected that ONE Central will generate the following new taxes and jobs, in aggregate across the first 40 years of operations:

- **New State taxes:** \$49.7 billion²³
- **New Cook County taxes:** \$11.0 billion
- **New City of Chicago taxes:** \$51.4 billion
- **New Jobs:** over 58,000 new jobs (6,890 construction jobs and 51,700 permanent jobs)

²³ All figures nominal unless otherwise indicated

Transit Outcomes:

With the connection of Metra MED, NICTD South Shore Line, Pace, CHI-Line Circulator, CHI-Line Rail Shuttle, and Amtrak's Illini, Saluki, and City of New Orleans, Landmark claims that ONE Central will deliver improved transit access, increase ridership for transit agencies, and reduce vehicle traffic.

The Project intends to improve transit connectivity between Chicago's downtown and the South Side by reducing travel times, reducing vehicle miles traveled, and making transit options more efficient with the addition of new stops and services. The Project also aims to increase ridership for agencies serving ONE Central. Landmark projected that in the year 2050, ONE Central will have resulted in increased daily ridership across the Chicagoland public transit system:

- **New Metra (MED + BNSF) Daily Boardings:** 25,792 (7.89% increase²⁴)
- **New CTA Rail Daily Boardings:** 21,608 (2.31% increase²⁴)
- **New CTA & Pace Bus Daily Boardings:** 21,608 (1.58% increase²⁴)
- **New Amtrak Daily Boardings:** 2,200²⁵

In addition to the increase in ridership on existing services, Landmark also anticipates daily ridership on the new transit services proposed in the Project:

- **CHI-Line Circulator:** 50,842 daily boardings
- **CHI-Line Rail Shuttle:** 14,209 daily boardings

Landmark predicts that increased daily ridership would generate additional revenue for existing transit services and potentially help offset the fiscal challenges faced by these agencies following COVID-19. The Proposal claims that ridership growth can be obtained for lower operating costs than would typically be realized by transit agencies due to operational efficiencies by connecting with existing services. Specifically, Landmark states that the Civic Build would achieve a farebox recovery ratio of 1:1 (100%) or higher, meaning that the operating costs of the transit services at ONE Central would be fully recouped through transit fares.²⁶ For comparison, before the COVID-19 pandemic CTA and Metra were in the top 10 transit agencies nationally in terms of farebox recovery, with ratios of 41% and 47% respectively.²⁷

With improved transit services, Landmark claims the Project will also to reduce car reliance, especially during major event days at nearby venues like Soldier Field; thus, alleviating traffic congestion in and around the central city area.

Community Impact:

In addition to direct benefits to the State and other agencies, Landmark predicts the ONE Central project will make an impact on the surrounding neighborhood as well as local M/W/DBE firms that would provide support in the construction of the Project. Landmark projects some of these benefits to include:

²⁴ Increase in total network ridership (i.e., not limited to ONE Central) for the respective service / line, compared to a "No Build" scenario

²⁵ Amtrak ridership was estimated outside of STOPS and is, therefore, not included in the "No Build" scenario for 2050. 2024 Annual Amtrak ridership for the Illini, Saluki, and City of New Orleans lines at all stations was 528,384. Divided by 365, this represents approximately 1,448 daily boardings.

²⁶ Farebox recovery ratio refers to the ratio of revenue from transit fares to operating costs for transit systems. Calculations for the farebox recovery ratio were requested by the consultant team but were not provided by Landmark.

²⁷ Source: [CMAP: Plan of Action for Regional Transit B2: Fare levels, October 2023](#)

- **M/W/DBE Growth:** 10% targeted growth in M/W/DBE capacity through a 30% commitment to M/W/DBE utilization as well as other programs within EquityWORKS to help generate long-term capacity (e.g., 100% bonding, access to working capital)
- **Educational Opportunities and Workforce Development:** Through initiatives like the Pathways Program and the Entrepreneurship Institute, Landmark plans to provide educational enhancements and vocational training, focusing on the youth and unemployed adults. These programs are designed to bridge the gap between current educational attainment and market needs, preparing residents for future job markets.
- **Affordable Housing Initiatives:** The InvestSMART program under One Central is set to facilitate homeownership and promote equity build-up in housing for eligible employees living in the south and west Sides, contributing to community stability and personal wealth accumulation.
- **Enhanced Community Services and Facilities:** Plans include the development of new healthcare centers, parks, and recreational facilities, all aimed at improving the quality of life for residents
- **Improved Access:** Improved access to jobs and transit for residents of the south and west sides

Site Activation:

In its current state, the ONE Central site primarily consists of rail tracks and parking, generating limited benefits (e.g., tax generation) for the State or local communities.

The ONE Central site's proximity to Chicago institutions such as Museum Campus, Soldier Field, McCormick Place, and the lakefront makes the site desirable for development; however, existing infrastructure assets such as Metra rail lines and major roads present construction and operational challenges.

These existing infrastructure assets necessitate complex engineering solutions for any development. For example, development of the site likely requires an overbuild or the movement of the Metra tracks, which increases construction costs and could deter developers without any investment from the State to help mitigate costs. As such, State investment in the ONE Central Proposal could allow a developer to transform the site and provide increased benefits to the State and local communities.

State Payback:

Landmark's Proposal includes three types of potential fiscal benefits to the State as a form of "payback" (or "ROE") for the State's original \$2.75 billion investment. This includes:

- **New State revenue:** \$3.7 billion in State revenue from a proposed share in commercial revenues derived from Civic Build components such as tenant rents, naming rights, parking fees, and advertising.
- **Asset value at handover:** Landmark projects the value of the Civic Build asset at the time of handover in year 20 will equal \$4.6 billion, providing a direct increase in the assets on the State's balance sheet. Landmark indicated that the \$4.6 billion valuation was established through independent estimates based on the projected remaining useful life.
- **Pension:** Landmark has proposed that the State may be able to transfer the Civic Build asset to one or more of the State pension systems, which would create pension benefits through the increase in assets on the pension balance sheet(s) as well as projected future revenues from the commercial revenue share that would likely go directly to the pension(s).

Section 4:

Potential Risks

Overview of Potential Risks

Landmark claims that ONE Central will provide a range of economic, fiscal, transit, and community benefits to the State. The ability of ONE Central to achieve these benefits, however, is dependent on several assumptions which, if realized, could reduce the timing or level of benefits, creating risk to the overall delivery of this Project.

These risks – such as cost overruns, delayed timelines, and lower-than-projected market demand – are common for real estate developments of this size and scale. Typically, many of these risks are borne by the developer, who receives a return on investment in exchange for taking those risks.

Landmark has indicated a willingness to bear many of these risks; however, the proposed participation of the State in the Civic Build effectively decreases some of Landmark's risk²⁸ while creating risk exposure for the State. The objective of this Study is to consider the relative risk to the State compares to the potential benefits of the Project.

The following section considers the potential likelihood and impact of several key risks that could impact the State ability to achieve Landmark's projected benefits. These key risks include:

- 1)** Third parties do not agree to the asset relocation and land acquisition required for the Proposal
- 2)** Proposed transit benefits are not achieved due to unrealized assumptions
- 3)** Timeline delays occur due to third-party requirements and coordination
- 4)** Proposed real estate development benefits are not achieved due to market conditions
- 5)** Proposed economic benefits are not achieved due to economic conditions
- 6)** Proposed EquityWORKS benefits are not achieved due to the lack of funding and capacity
- 7)** Cost overruns occur due to project development, inflation, escalation, and Metra force account
- 8)** Commercial structure limits the State's ability to achieve proposed benefits
- 9)** State financially supports a project that collects and shares visitor data
- 10)** State unable to support ongoing budget and/or other projects with funding used for ONE Central
- 11)** Negative public perception of State participation in ONE Central

²⁸ For example, the proposed State funding for the Civic Build reduces Landmark's financing risk for the Project overall

1 Third parties do not agree to the asset relocation and land acquisition required for the Proposal

Risk Overview

Landmark's proposed design requires three key activities by third parties to enable the construction of the proposed design for ONE Central: (1) Metra agrees to relocate existing assets on the site, (2) Metra agrees to transfer air rights to Landmark, and (3) MPEA agrees to transfer land and air rights to Landmark. Landmark has initiated steps to complete these activities; however, as of the date of this report, no formal agreements between Landmark and Metra or MPEA committing to these activities have been finalized.

Risk Drivers

A Landmark's design requires relocation of Metra infrastructure and acquisition of Metra air rights

The construction of Landmark's proposed design requires the movement of Metra's existing infrastructure, including tracks and a maintenance shed, to the western portion of the property. Relocation of this infrastructure will require agreement with Metra on the design, timing, and construction activities. Metra also currently owns air rights that would need to be acquired by Landmark to accommodate the proposed design.

Landmark has indicated that the movement of Metra infrastructure and acquisition of air rights have been discussed with Metra and a Memorandum of Understanding (MOU) and Letter of Intent have been established between the two parties; however, at the time of this report, no Infrastructure Development Plan & Agreement (IDA) – which would establish the formal commitment to relocate infrastructure and transfer air rights – has been made by Metra. Metra officials have indicated that they are supportive of this relocation provided Landmark funds such activities, which are underwritten by the State's investment, and would continue conversations with Landmark following the completion of this Study and direction from the State.

B Landmark's design requires land and air rights acquisition from MPEA

The construction of Landmark's proposed design also requires the acquisition of leased land and air rights interests from MPEA. In October 2018, MPEA issued an RFP for the development of this land.²⁹ Landmark was selected as a part of this RFP process and began working with MPEA to develop an MOU and Ground Lease; however, the time of this report, the MOU and Ground Lease have not been executed. MPEA officials have indicated that they would continue conversations with Landmark in pursuit of executing the MOU and Ground Lease following the completion of this feasibility study and direction from the State.

Potential Impacts

If Landmark is unable to come to finalize agreements with Metra and MPEA, alterations to the proposed design may be required. Additionally, delays to finalization of the agreements could also delay construction, resulting in the deferred realization of benefits as well as likely increases in costs from escalation and inflation.

²⁹ [MPEA RFP 2018-32-M](#)

2 Proposed transit benefits are not achieved due to unrealized assumptions

Risk Overview

Landmark's Proposal claims several transit benefits including increased ridership, improved access, mode shift³⁰, and decreased gameday and event traffic at Soldier Field. To forecast these benefits, Landmark used STOPS, an industry-accepted model aligned with FTA guidelines³¹.

Landmark's transit projections rely on key assumptions relating to third party activities, post-COVID transit ridership recovery, population growth, and job growth. As such, if these underlying assumptions are not realized, the project is unlikely to achieve Landmark's project transit benefits. This may also have a downstream impact on the other projected benefits, including fiscal, economic, and community that are derived from increased ridership and transit access to ONE Central.

Risk Drivers

A Landmark's projected transit service and ridership levels rely on several assumed third-party actions that have not been committed to and are not controlled by Landmark nor the State, including:

Metra, NICTD, Amtrak, IDOT, and Pace elect to service ONE Central

Landmark can propose and ultimately construct a transit station at ONE Central; however, the decision to provide transit service at ONE Central is ultimately up to the respective transit agencies:

- **Metra:** Landmark's Proposal assumes Metra service at ONE Central through the MED and BNSF lines. With existing service to the site at the 18th Street Station, continued MED service appears reasonable. Landmark's Proposal also assumes that Metra would establish a new stop for the BNSF line at ONE Central and divert 50% of BNSF service from terminating at Union Station to terminating at ONE Central. This would add additional time to the BNSF route and could necessitate adjustments to the current BNSF schedule to adequately serve both destinations. Metra has indicated that it has no plans to extend BNSF to ONE Central.
- **NICTD:** Landmark's Proposal assumes that NICTD's South Shore Line would service ONE Central. NICTD currently uses Metra's MED track for its South Shore Line but does not stop at Metra's 18th Street Station, except for Chicago Bears home games. At the time of this report, NICTD has not made any formal commitments for the South Shore to service ONE Central. Additionally, NICTD's legal ability to provide service at ONE Central is subject to existing agreements with Metra. Metra has indicated that it is unlikely that these agreements would prevent NICTD service at ONE Central.
- **Amtrak / IDOT:** Landmark's Proposal assumes that Amtrak's Illini, Saluki, and City of New Orleans trains will add an additional stop at ONE Central within their existing routes that currently terminate at Union Station. IDOT indicated that adding a stop on these routes, which currently operate on the CN

³⁰ From vehicles to transit

³¹ Amtrak ridership and traffic reduction were projected by Landmark outside of the STOPS model as the STOPS model does not have the capabilities for these projections

SECTION 4: POTENTIAL RISKS

Railway tracks adjacent to the site, would add additional time to the overall trip and require an evaluation by Amtrak and the IDOT. At the time of this report, Amtrak did not respond to inquiries and IDOT indicates there is no commitment to service ONE Central at this time. CN would not respond to inquiries and, as of this report, no confirmation has been made that CN would permit such operations.

- **Pace:** Landmark's Proposal assumes that Pace will add service at ONE Central. At the time of this report, Pace has not made any formal commitments to service ONE Central.

Metra agrees to operate the new CHI-Line Rail Shuttle

The proposed CHI-Line Rail Shuttle, which would connect ONE Central to Union Station, is assumed to be owned and operated by Metra. Landmark has proposed that construction costs related to the CHI-Line Shuttle station at ONE Central are included in the Proposal; however, Metra would be responsible for rolling stock, ongoing maintenance, and operating costs.

Metra indicated that, to date, it has had limited discussions with Landmark regarding the CHI-Line Shuttle. At the time of this report, Metra has not made any formal commitments to own nor operate the CHI-Line Shuttle. Capacity for additional service on the existing CN Railway tracks and other assumed rail crossings, like the Rock Island Line, would also need to be evaluated to understand feasibility, speed, and frequency.³²

Private Operator or CTA operates new CHI-Line Circulator

Landmark's Proposal assumes that the CHI-Line Circulator, which accounts for approximately 40% of Landmark's projected transit ridership increases, will be operated by a private operator; however, the private operations of public transit service are likely subject to approvals by RTA, CTA, and the City of Chicago:

- The Regional Transportation Authority Act (70 ILCS 3615) grants RTA authority to plan, finance, and coordinate public transportation within the six-county region it serves which includes Chicago. Section 2.01 of the RTA Act grants the RTA the power to "enter into agreements with any transportation agency, unit of local government, corporation, or person for the purpose of providing public transportation." As such, operations of the CHI-Line Circulator by a private entity may require approval(s) by RTA.
- Section 2.01(b) of the RTA Act states that RTA "shall provide public transportation in the metropolitan region through Service Boards...including operating through the Chicago Transit Authority." Additionally, Section 3605/27 of the Metropolitan Transit Authority Act (70 ILCS 3605) states "[CTA] shall have power to operate, manage, control and maintain a public transportation system within the metropolitan area." Accordingly, operations of the CHI-Line Circulator by a private entity may require approval(s) by CTA.
- In addition to RTA and CTA, operating a transit service in Chicago would likely require various municipal approvals from City of Chicago departments. These might include zoning approvals, right-of-way access, and possibly street use permits. For example, Chicago Municipal Code, Title 9 (Vehicles, Traffic and Rail Transportation) includes regulations around the use of city streets and public ways and Title 9-64-205 grants the commissioner of transportation authority to designate bus stops.

At the time of this report, no formal commitments by RTA, CTA, or the City of Chicago have been made to approve the operations of the CHI-Line Circulator.

As an alternative, Landmark has considered that the CHI-Line Circulator could be operated by CTA. CTA indicated that at the time of this report, it has had limited discussions with Landmark regarding the CHI-Line Circulator and has made no commitments to operations.

³² An agreement may be required with CN for the operations of the CHI-Line Shuttle on the proposed tracks owned by CN

Metra and MPEA allow CHI-Line Circulator to use the busway at BRT frequencies and complete the required infrastructure improvements

Landmark's Proposal assumes that the CHI-Line Circulator route between the proposed Michael Reese site and Millennium Park stops will use the existing busway that runs adjacent to the site through Millennium Park. This busway is jointly controlled by Metra and MPEA, who currently use the busway for operational services. Use of the busway by the CHI-Line Circulator would require approval from both parties.

Landmark has assumed that the CHI-Line Circulator will operate on the busway at frequencies and speeds consistent with Bus Rapid Transit (BRT). Capacity of the busway with existing services will need to be assessed by Metra and MPEA to understand the feasibility and safety of these frequencies and speeds.

Further, Metra indicated that the busway would need structural enhancements for safe and efficient operations of bus service. Landmark has planned to address these needs within its Proposal; however, at the time of this report, neither Metra nor MPEA have made any formal commitments to allowing the CHI-Line Circulator to use the busway or allow Landmark to make infrastructure improvements.

Amtrak completes the St. Charles Air Line Bridge Project by 2050

Landmark's Proposal assumes that Amtrak, Metra BNSF, and the CHI-Line Shuttle will use the St. Charles Air Line Bridge, which would allow the rail services to cross the Chicago River and eliminate a back-up maneuver currently required to access Union Station which adds time to existing train services. Landmark's assumed trip frequencies and travel times for Amtrak, Metra BNSF, and the CHI-Line Rail Shuttle are based on the completion and use of the St. Charles Air Line Bridge.

The St. Charles Air Line bridge has been out of service since May 2020. To utilize the bridge as a connection to Union Station, Amtrak would need to restore the St. Charles Air Line Bridge, add a ramp at Union Station, and add a flyover for the current at-grade crossing with Metra Rock Island. The addition of the ramp at Union Station may also require Amtrak to relocate its rail yard, which may require the acquisition of additional land.

Landmark has assumed that Amtrak will complete the St. Charles Air Line Bridge Project by 2050; however, funding issues have delayed Amtrak's planned improvements for the bridge. At the time of this report, of the \$873 million in Federal funding requested for upgrades, only \$93 million has been granted.³³ This risk is further enhanced given efforts at the Federal level by the Department of Government Efficiency to reduce operating and capital budgets, including recent reference to possibly privatizing Amtrak.³⁴

CTA constructs a Red Line station at "The 78" and Metra agree to have the CHI-Line Rail Shuttle service The 78 by 2050

Landmark's Proposal assumes two actions will occur by 2050 which would allow the CHI-Line Rail Shuttle to stop at The 78 and provide a connection to the CTA Red Line.

First, CTA constructs a Red Line station at The 78. CTA indicated that it has plans to complete construction of a Red Line station at The 78; however, completion of the station would be dependent on the progress of the overall development of The 78. At the time of this report, The 78 does not have a committed anchor tenant³⁵ which could delay the timing of the station's construction.

³³ Source: [Chicago's Union Station to get \\$93 million for upgrades, Chicago Sun Times](#)

³⁴ Source: [Elon Musk Proposes Privatizing Amtrak, Calling Rail Service 'Sad', New York Times \(2025\)](#)

³⁵ In 2024 Related Midwest, the developer for The 78, released a proposal to develop stadiums for the Chicago White Sox and Chicago Fire on the site. No formal agreements between the parties have been publicly announced as of the date of this report.

Second, Metra — who Landmark assumes will own and operate the CHI-Line Rail Shuttle — will include a stop at The 78. At the time of this report, Metra has not made any formal commitments to operate the CHI-Line Rail Shuttle or have a stop at The 78.

Market demand warrants 18MSF of development, supporting projected visitation and ridership levels

Landmark’s proposal assumes that ONE Central will be able to generate enough demand to warrant 18MSF of development. The proposed benefits that Landmark has projected rely on this full 18MSF of development.

The Civic Build and Private Build collectively represent 4MSF of Landmark’s proposed 18MSF development program. Landmark has stated that the estimated 14MSF of development in the Vertical Build is dependent on market demand for commercial properties like hotels, residential properties, and offices; therefore, lower levels of development or changes to the mix of development could lower visitation and, ultimately, ridership levels. See Risk 4 for additional details on market demand risks.

B Landmark’s ridership projections assume no impacts from the transit fiscal cliff:

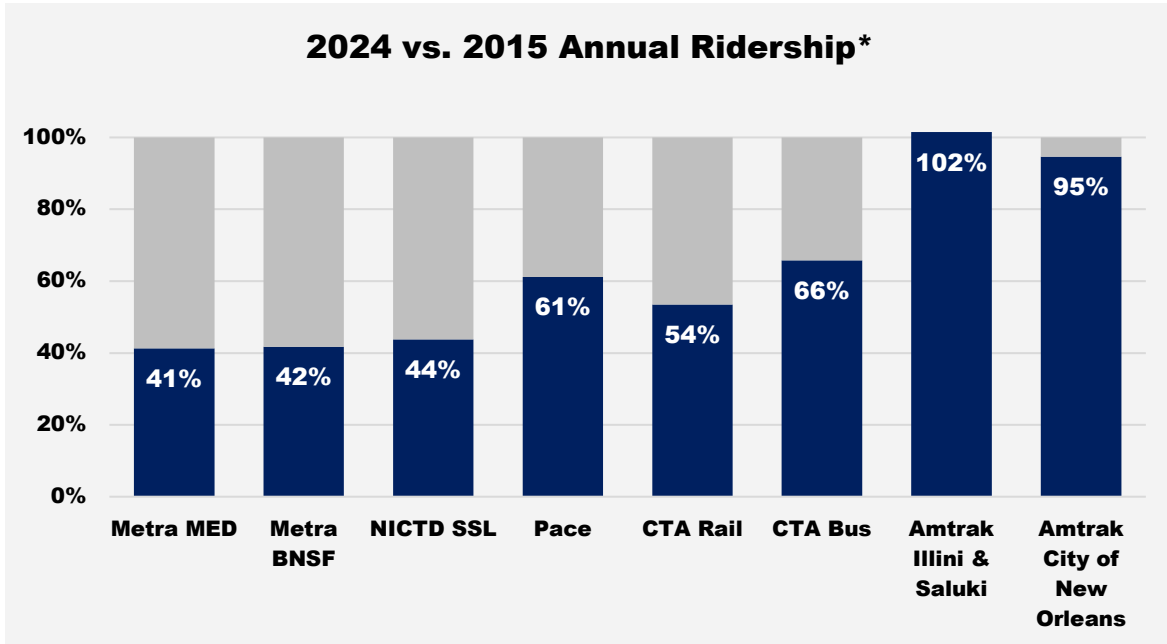
Transit agencies in Chicagoland are facing considerable fiscal challenges as pandemic-era federal relief funding diminishes and transit ridership remains below pre-pandemic levels. Together, these trends are creating a “transit fiscal cliff” which could result in service reductions of up to 40% for Metra, CTA and Pace according to CMAP.³⁶ These service reductions would have wide-spread impact across the Chicago transit network in the near and long term. For ONE Central, this could result in (a) transit agencies electing not to service ONE Central and/or (b) a decrease in network-wide ridership that lowers ridership at ONE Central. Landmark’s current transit projections do not contemplate any potential impacts of the transit fiscal cliff.

C Landmark’s ridership projections rely on ridership recovery, population growth, and job growth assumptions that may not be realized, including:

A full return to pre-pandemic ridership for public transit by 2050

Landmark’s ridership projections assume that transit ridership will return to pre-pandemic levels by 2050. As such, Landmark used 2015 ridership and trip pattern data as a baseline in the STOPS model to project ridership in 2050. While individuals are increasingly returning to offices and transit ridership has generally been increasing across modes, ridership remains below 2015 levels for many of the key service lines included in Landmark’s projections:

³⁶ Source: [CMAP’s Plan of Action for Regional Transit for Northeastern Illinois \(PART\)](#)



*2024 figures represent January through December ridership except for NICTD SSL (July through June) and Amtrak (October through September); Sources: [RTA Mapping and Statistics](#), [South Shore Line 2016 Year End Performance Report](#), [South Shore Line June 2024 Year End Performance Report](#), [Pace 2015 Annual Financial Report](#), [Pace 2024 Annual Report](#), [Amtrak FY15 Ridership Report](#), [Amtrak FY24 Ridership Report](#)

The long-term effects of COVID-19 on ridership levels and travel patterns remain uncertain. Further, the reasons behind transit use have shifted since the pandemic, with leisure trips recovering more quickly than commuter trips which is not reflected in the Landmark’s ridership projections and may impact ridership at ONE Central. By 2050, ridership could fully return to 100% of pre-pandemic levels, as is assumed by Landmark; however, there is risk that ridership does not recover by 2050.

Population and job growth projections

Population and job growth forecasts are inputs into the STOPS model used by Landmark to project ridership increases.

Landmark’s Proposal assumes that the population of Chicago’s central business district³⁷ will grow from 181,000 people in 2019 to 370,000 people by 2040 (104% growth). Landmark has indicated that these estimates are based on CMAP’s 2018 population forecasts which estimated the population for the entire Chicago region to grow from 8.9m people in 2020 to 10.2m people by 2040 (14.3%).³⁸ In 2022, however, CMAP lowered its 2040 population projections to 3.2m people,³⁹ which represents an 8.3% increase in population, but is a relative decrease of 42% compared to 2018 estimates. For Chicago specifically, CMAP’s 2018 report projected population to grow from 2.6m in 2015 to 3.1m in 2050, representing a 17% increase. CMAP’s 2022 update added approximately 38,000 individuals to its 2050 estimate for Chicago, which would represent an 18% increase in population from 2015.

³⁷ Landmark defines the Chicago central business district as covering a portion of downtown Chicago, including but not limited to the Loop and South Loop neighborhoods.

³⁸ Source: [CMAP’s On to 2050 Socioeconomic Forecast \(2018\)](#)

³⁹ Source: [CMAP’s On to 2050 Socioeconomic Forecast Update \(2022\)](#)

Additionally, Landmark's Proposal assumes that jobs in Chicago's central business district will grow from approximately 650,000 jobs in 2019 to 1,000,000 jobs by 2040 (54% growth). Landmark has indicated this estimate is based on CMAP's 2018 employment forecasts which estimated the employment for population for the entire Chicago region to grow from 4.3m jobs in 2020 to 4.7m people by 20240 (10.6%).³⁸ In 2022, however, CMAP lowered its 2040 employment projections to 4.6m people,³⁹ which would represent an 10.0% increase in employment but a 6% decrease in estimates compared to 2018. For Chicago specifically, CMAP's 2018 report projected employment to grow from 1.4m in 2015 to 1.5m in 2050, representing a 14% increase. CMAP's 2022 update decreased its 2050 estimate for Chicago by approximately 91,000 jobs in 2050, which would represent a 7% increase in employment from 2015.

Potential Impacts

If the assumptions that underpin Landmark's transit ridership forecasts are not realized, ridership – and corresponding economic and fiscal impacts, which are partly derived from ridership – are likely to be lower than projected.

Further, Landmark claims that ONE Central will increase connectivity across the Chicagoland public transit system by bringing together several existing services (Metra, Amtrak, NICTD, and Pace) and introducing new services (CHI-Line Rail Shuttle and Circulator). If one or more of these services does not materialize at ONE Central, the systemwide benefits correspondingly reduced.

To assess the possible impact of these assumptions not being realized, the Consultant Team evaluated an alternative scenario with three modifications to Landmark's assumptions:

- The St. Charles Air Line Project is not completed by 2050, resulting in:
 - No CHI-Line Rail service at ONE Central and, therefore, no connection with the CTA Red Line at The 78
 - No BNSF service at ONE Central
 - No Amtrak service at ONE Central
- Lower projected estimates for population and employment
- Ridership does not return to 100% of pre-pandemic levels by 2050

This scenario results in a 40% decrease in new daily ridership as compared to Landmark's projections. See below for additional details.

Potential Impact of St. Charles Air Line Remaining Incomplete by 2050

To understand the possible impact of the inability to run trains over the St. Charles Air Line Bridge, the STOPS model provided by Landmark was re-run with the impacted services, including Metra BNSF, CHI-Line Rail, and Amtrak removed.

Assuming no other adjustments to Landmark's assumptions, such as post-COVID ridership pattern changes, the analysis shows a potential decrease of 10.6% on all the lines that would stop at ONE Central; however overall ridership in the Chicago system would only decrease by 11,272, a -0.4% decline.

This result illustrates that the elimination of Metra BNSF, CHI-Line Rail, and Amtrak would result in lower ridership at ONE Central directly, which could have an impact on visitation and related fiscal and economic benefits. Additionally, it illustrates that the elimination of these lines would have minimal overall impact on ridership levels across the network as riders would instead rely on other existing transit connections or switch to the CHI-Line BRT, which sees an increase in ridership if the St. Charles Air Line is not completed.

The results in the change to 2050 ridership are presented below:

Agency	Route	2050 Weekday Comparison			
		Landmark Projection	No St. Charles Air Line	Change	Percent
METRA	BNSF	76,666	69,371	-7,295	-9.5%
	ME	48,031	45,231	-2,800	-5.8%
	Total	124,697	114,602	-10,095	-8.1%
NICTD	South Shore Line	12,275	12,294	+19	+0.2%
PACE	850	3,268	3,027	-241	-7.4%
	851	395	395	0	0.0%
	855	1,641	1,292	-349	-21.3%
	Total	5,304	4,714	-590	-11.1%
One Central Services	CHI-Line Rail	14,209	-	-14,209	-100.0%
	CHI Line BRT	48,044	51,107	+3,063	+6.4%
	CHI-Line South Loop	2,798	2,718	-80	-2.9%
	Total	65,051	53,825	-11,226	-17.3%
Total (Stopping at ONE Central)		207,327	185,435	-21,892	-10.6%
System Total		2,547,830	2,536,558	-11,272	-0.4%

Potential Impact of Lower Population and Employment Estimates

As previously discussed, the ridership projections in the STOPS model utilized population and employment projections from CMAP, which have subsequently been revised downwards. Assessing the impact of such a revision on ridership would require running a more recently calibrated version of the STOPS model than the one used by Landmark. As such, a high-level estimate of a 10% reduction in ridership has been assumed to reflect the magnitude of the revisions to employment and population in 2050.

Potential Impact of Ridership Not Returning to 100% of Pre-Pandemic Levels

As previously discussed, transit ridership is at risk of not returning to 100% of pre-pandemic levels. In aggregate, transit ridership for the lines included in Landmark's STOPS model is currently 40% below pre-COVID levels, as demonstrated below:

Agency	Route	NTD-2019 Annual ⁴⁰	NTD-2023 Annual ^{Error!} Bookmark not defined.	Change	Percent
CTA	Rail	218,467,141	117,447,140	-101,020,001	-46.2%
	Bus	237,276,400	161,699,361	-75,577,039	-31.9%
METRA	Rail	61,456,663	31,988,076	-29,468,587	-48.0%
NICTD	South Shore Line	3,283,603	1,526,836	-1,756,767	-53.5%
PACE	Bus	24,596,944	14,334,406	-10,262,538	-41.7%
East Chicago	Bus	112,862	48,170	-64,692	-57.3%
Valparaiso	Bus	111,633	87,069	-24,564	-22.0%
Total		545,305,246	327,131,058	-218,174,188	-40.0%

This reduction in ridership correlates with a 3-day return to office pattern. While the future is uncertain and some employers are returning to 5-days in person, it is possible that hybrid work continues to be the pattern moving forward, especially as technology and the ability to work remotely continues to advance. As such, a 30% reduction in projected ridership due to changes in commuting pattern, representing roughly 3.5 days in the office, was applied under this scenario.

⁴⁰ Source: FTA National Transit Database (NTD). The ridership figures for 2023 are the most recent available as of the date of this report.

Potential Net Impact of Alternative Scenario on Ridership

Combining the elimination of the St. Charles Air Line and corresponding lines, the downward revision of population and employment in 2050, as well as lingering changes to return to office and commuting patterns, results in the following potential reduction in ridership:

Agency	Route	2050 Weekday Comparison			
		Original Scenario	Alternative Scenario	Change	Percent
METRA	BNSF	76,666	43,704	-32,962	-43.0%
	ME	48,031	28,496	-19,535	-40.7%
	Total	124,697	72,199	-52,498	-42.1%
NICTD	South Shore Line	12,275	7,745	-4,530	-36.9%
PACE	850	3,268	1,907	-1,361	-41.6%
	851	395	249	-146	-37.0%
	855	1,641	814	-827	-50.4%
	Total	5,304	2,970	-2,334	-44.0%
One Central Services	CHI-Line Rail	14,209	-	-14,209	-100.0%
	CHI Line BRT	48,044	32,197	-15,847	-33.0%
	CHI-Line South Loop	2,798	1,712	-1,086	-38.8%
	Total	65,051	33,910	-31,141	-47.9%
Total (Stopping at ONE Central)		207,327	116,824	-90,503	-43.7%
System Total		2,547,830	1,605,133	-942,697	-37.0%

In this scenario, total ridership for lines at the ONE Central site are reduced by 43.7%, and total Chicago ridership is 37% compared to Landmark's projections. While this scenario may not occur, it is intended to demonstrate the potential scale of these risks being realized.

Reductions in ridership for the ONE Central site may also reduce the fiscal and economic benefits generated by the project.

3

Timeline delays occur due to third-party requirements and coordination

Risk Overview

Once a public-private agreement is completed, Landmark's Proposal assumes three years for the completion of pre-construction activities and five years for the completion of the Civic Build, with completion of the full 18MSF development 20 years after construction commencement.

Preconstruction activities will require Landmark to obtain design, permits, and other approvals from Metra, CN, Amtrak, the City of Chicago, and the State of Illinois. Other third parties, including Metra and MPEA, could impact timelines because of real estate acquisition or the requirement of a force account for Metra construction activities, which have not been determined at the time of this report.

Delays beyond the control of Landmark resulting from these third-parties could delay construction of the Civic Build leading to delayed realization of benefits as well as potential increases in project costs.

Risk Drivers

A Components of Landmark's timeline are controlled by third parties:

Design Agreement with Metra, Amtrak, and CN

Certain elements of the ONE Central design will need to be agreed to by third parties, namely Metra, Amtrak, and CN. To date, Landmark has established an MOU and Letter of Intent with Metra, which has included preliminary design and project plans. These documents reflect a mutual agreement to collaborate and provide a framework for the project development process, however do not include a formal commitment to undertake the Project. Landmark has also completed preliminary design with CN. As is typical for a project of this nature, detailed designs and cost estimates have not been developed nor agreed to at this stage with these parties.

Landmark has assumed that the project design, in coordination with these parties, will be complete 23 months after the commencement of pre-construction. While this timeline may be achievable, projects of this nature often face delays and changes in project cost and timelines due to scope development, which can result in multiple iterations of design development and review. In addition, it is common for approvals to be delayed due to required reviews and approvals.

Pre-Construction Approvals by City and State

ONE Central will need to obtain pre-construction approvals from several public entities, including the City of Chicago (Department of Buildings, Department of Water Management, Department of Transportation, Department of Planning, Fire Department, and Park District); the State of Illinois (Department of Transportation, Department of Natural Resources-Office of Water Resources, Illinois Environmental Protection Agency, and Illinois State Historic Preservation Office); the Metropolitan Water Reclamation District of Greater Chicago; U.S. Army Corp of Engineers; and U.S. Fish & Wildlife Service. Landmark has included corresponding estimates for these approvals in its development timeline; however, any adverse findings or change requests may delay approvals and, subsequently, the overall timeline

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Landmark has also assumed that it will be able to start construction activities before final plans and permits are obtained. This would require agencies to provide verbal approval of such construction activities ahead of permit issuances, which cannot be guaranteed.

Landmark has completed a Limited Preliminary Environmental Site Assessment and Phase II Environmental Site Assessment which had no material findings. State funding, occupancy, or ownership of the site may prompt additional environmental testing or considerations from public agencies which could impact both the project design and/or timeline for approvals. Notably, the proposed ONE Central site has decades of creosote railroad ties and chemical usage in and around the Metra Shed, impacting and possibly requiring soil remediation. Landmark currently assumes that any excavations or deep foundation work will remain on site, bypassing the need to do any testing of soils and hauling it away to suitable landfills, as is typical for private developments; however, this may require changes as permitting agencies evaluate plans and could lead to timeline delays.

Acquisition of Metra and MPEA Property

Landmark's Proposal relies on the acquisition of air rights from Metra and leased land and air rights interests from MPEA. Acquisition of this property will require negotiations and agreement from both agencies. Delays in agreements could delay construction. At the time of this report, no formal commitments have been made by Metra nor MPEA regarding the transfer of property.

Metra Force Account

Landmark's proposed construction timeline assumes a private contractor under Landmark's control will complete the construction activities relating to the Metra assets (e.g., relocation of tracks and maintenance shed). Metra, however, may require some or all of the work be performed by its workforce or contractors under their control ("force account") which could extend project timelines. At the date of this report, no determination has been made on the requirement of a "force account" for Metra work.

Potential Impacts

Delays in the construction of the Civic Build would result in delayed achievement of the projected ridership, economic impact, and community impact benefits. Additionally, given the current economic environment whereby the cost of construction continues to be affected by inflation, delays in timeline could result in increased project costs.

4

Proposed real estate development benefits are not achieved due to market conditions

Risk Overview

Landmark's proposed benefits, including economic (e.g., tax revenue, jobs), fiscal (e.g., revenue share), transit (e.g., ridership), and community (e.g., local jobs, increased spend), are related to completing 18MSF of development at ONE Central. As is typical for this stage of project development, the current proposed structure has no formal commitment from Landmark for the level of development. Any decrease in the development size, programming mix, or timeline of ONE Central could reduce or delay the realization of the proposed benefits.

Risk Drivers

A The market demand for commercial elements of the Civic Build (e.g., retail, dining, and entertainment) is not realized.

Landmark's Proposal assumes 0.4MSF of development for the Civic Build, which includes retail, dining, and entertainment space. While current market conditions demonstrate potential capacity to support this level of additional retail, dining, and entertainment, factors outside of Landmark's control could lower demand or change the demand for certain programming categories (e.g., retail vs. dining). For example, inflation could decrease household spend on retail, dining, and entertainment. Additionally, third-party actions could reduce the level of transit service to ONE Central, which could have an adverse effect on access to and demand for Civic Build commercial elements.

B The proposed timeline and scale for development of the Vertical Build is based on several assumptions that may not be realized:

Landmark states that the scale of the Vertical Build is based on future market demand and assumes there will be sufficient demand to support 14MSF of commercial elements in the Vertical Build. The development mix is expected to include offices, hotels, residences, retail, dining, and entertainment. Together with the Civic Build and Private Build, Landmark's Proposal assumes a total of 18MSF of development. Landmark's assumptions for market demand are based on key items including population growth, job growth, and category demand, as noted below:

Population and employment growth in the Chicago central business district

As noted above in Risk 2 (proposed transit benefits are not achieved due to unrealized assumptions), Landmark's Proposal is based on pre-pandemic population and employment forecasts by CMAP. These forecasts were revised downward by CMAP in 2022.

Pre-pandemic demand trends for commercial space continue

Landmark assumes that market demand for certain categories (e.g., office, residential, retail, etc.) will remain unchanged since the COVID-19 pandemic. The Proposal assumes the doubling of demand for commercial space over the last four decades will continue to serve as a foundational indicator for future trends and uses 2019 data to project category demand for the size (i.e., SQF) and mix (e.g., office vs. retail) of the Vertical Build. Since

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2019, the COVID-19 pandemic has impacted market demand for several key components of Landmark's proposed Vertical Build:

- Landmark assumes 36 MSF of cumulative incremental office space demand in the Chicago central business district by the estimated completion of the Vertical Build (2032-2037). Further, Landmark assumes ONE Central will capture a total of 18% (6.3 MSF) of this demand. Since 2019, the central business district of Chicago has created 9 MSF of new office inventory. The Consultant Team conducted a parallel analysis of supply and demand factors in the market area using market data as of September 2024. This analysis forecasted approximately 5.75 MSF of incremental demand in the entire Chicago central business district through 2034 (compared to Landmark's 36 MSF projection). Additionally, Landmark may have difficulty achieving their projected 18% capture rate (6.3 MSF) for ONE Central. To date, only 4% of the existing market supply is currently in the South Loop submarket area where ONE Central would be located.
- Landmark assumes 5.9 MSF of cumulative incremental retail space demand in the central business district by the estimated completion of the Vertical Build (2032-2037), with ONE Central capturing a total of 19% of this demand (1.1 MSF). The Consultant Team conducted a parallel analysis of supply and demand factors using market data as of September 2024. This analysis forecasts approximately 5 MSF of incremental demand from 2025 through 2034, in line with Landmark's assumptions. To achieve the 1.1 MSF of retail development at One Central, the development would need to capture approximately 20% of the projected incremental demand. Due to this market not being in direct competition with existing markets such as North Michigan Avenue, State Street Corridor, Clybourn Corridor, Fulton Market District and ONE Central's nature as a brand-new retail and experience attraction in the South Loop of Chicago, it appears reasonable to assume that ONE Central may be able to achieve Landmark's retail projections.
- Landmark assumes 54,000 of housing unit demand in the central business district by the estimated completion of the Vertical Build (2032-2037), with ONE Central capturing a total 16% (8,500 units). Since 2019, the central business district area of Chicago has created approximately 13,000 units of multi-family supply. The consultant team conducted a parallel analysis of supply and demand factors in the market area using market data as of September 2024. This analysis estimated approximately 18,800 units of incremental demand from 2025 through 2034. Based on this estimated demand, ONE Central would need to capture approximately 45% of the multifamily demand in this market area in order to reach Landmark's projections.

Interest rates decrease and loan-to-value (LTV) increases from current market conditions, resulting in more feasible conditions for development

In addition to market demand as a factor in the development of the Vertical Build, interest rates and LTV ratios contribute to Landmark's willingness to support that demand. Landmark is currently proposing to finance ONE Central with 58% LTV debt with a loan term that covers the construction period and 20 years of amortization, with a proposed interest rate of 5.85%. Landmark would assume interest rate risk both until financial close and throughout the loan term. As of March 2025, interest rates for real estate development are higher than Landmark's assumption in the Proposal and prevailing LTV ratios are lower than in the prior economic cycle⁴¹. If the interest rates and LTV ratios remain above Landmark's assumption, the Project will have higher financing costs, which may impact development feasibility or timeline.

⁴¹ Source: Consultant Team analysis of Cushman & Wakefield Reports

Projected Retail Dining and Entertainment rents of \$110/PSF NNN outperforms the existing retail submarkets in Chicago.

Landmark's projected retail market rent for retail, dining and entertainment components of ONE Central is above prevailing premier retail markets in Chicago (e.g., North Michigan Ave, State St Corridor, Clybourn Corridor, and Fulton Market District). The projected ONE Central rents are also above typical rents for larger sized retail spaces with a similar to footprint to the planned development at ONE Central⁴².

The Revenue Per Available Room for the hotel component at stabilization outperforms the CBD Hotel Chicago projections.

The projected Revenue Per Available Room for hotels in the ONE Central Proposal range from \$221 to \$279.96 over the first five years of operations, compared to the current average of \$158.81 in the CBD⁴³. As such, Landmark is assuming that the hotels at ONE Central will achieve a higher revenue per room than the prevailing market average in Chicago. While the ONE Central development may benefit from the Museum Campus, sports and transit related demand, any underperformance from the projections could impact the financial viability of the projected hotel component of the Project.

C Overall attractiveness of ONE Central to tenants may rely on Landmark securing anchor tenant(s)

For real estate projects of this nature, anchor tenants can improve their ability to attract other tenants. Landmark indicated it is developing an MOU with an anchor tenant for the Big League experience in the Civic Build and has had discussions with other potential tenants, however no formal commitments have been made. While typical for a project at this stage of development, any delays in signing of an anchor tenant could delay the overall development of the Vertical Build.

Potential Impacts

Many of Landmark's proposed benefits — including economic (e.g., tax revenue, jobs), fiscal (e.g., revenue share), transit (e.g., ridership), and community (e.g., local jobs, increased spend) — are directly related to the level of commercial development at ONE Central. The more commercial development that is completed, the more visitors, spend, and related benefits are generated. Any decrease in the size or timeline for development of ONE Central could reduce or delay the realization of those benefits.

Additionally, changes to the mix of development (e.g., office vs. retail) have varying effects on the proposed benefits. For example, if the amount of office space is lower than projected, then the number of high-paying jobs that generate higher tax revenues would also be lower. Changes in the development mix may also impact transit ridership and other projected benefits.

Office demand is currently not concentrated in the South Loop node. The short- and long-term impact of such a transition carries risk to commercial office space demand. With a projected 6.3M SQF of office space, the transit-centric vision could attract future interest, there is uncertainty about demand materializing. Without a credit tenant further underscores the need for tenant commitments in an area with limited existing office presence

Underperformance of revenue inputs for the retail dining and entertainment components of the Civic Build could reduce the commercial revenue share to the State. In addition, lower than anticipated revenues for these components in the Civic Build may reduce the feasibility of the retail components in the Private and Vertical Build, resulting in a smaller overall development. Similarly, if Revenue Per Available Room projections for the hotel component are not realizable, the hotel component of the project may not materialize.

⁴² Source: Consultant Team analysis of Cushman & Wakefield Reports

⁴³ Source: Costar

5 Proposed economic benefits are not achieved due to economic conditions

Risk Overview

Landmark’s projected economic benefits include jobs, wages, and tax generation during the construction and operating phases. These economic benefits will be delivered over two phases: (1) the “Construction Phase”, covering a 15- to 20-year period, and (2) the “Operating Phase”, spanning a 40-year period post-construction of the Civic Build⁴⁴.

Landmark used both a Proprietary Model⁴⁵ as well as an IMPLAN model to estimate the projected economic impacts of ONE Central. Landmark used the Proprietary Model to project economic benefits and then used the IMPLAN model to validate the Proprietary Model findings. Landmark reports the results from the IMPLAN model are similar (within 2%) to the results of the Proprietary Model. As Landmark did not provide access to the Proprietary Model, this Study focuses on the results of the IMPLAN model.

Risk Drivers

A Inherent limitations of IMPLAN models:

IMPLAN is an industry-accepted economic model; however, it has functional constraints as is typical with economic models. Fundamental components of IMPLAN’s methodology and model structure rely on simplifying assumptions which can limit the accuracy of the projected economic benefits produced by IMPLAN. These assumptions include:

- Constant returns to scale where the same quantity of inputs is required for each unit of output, regardless of the level of production. This assumption means that IMPLAN does not account for large changes in the structure of the economy (e.g., the unexpected rapid growth or decline of an industry)
- A fixed-input structure where the same mix of inputs (e.g., labor, equipment, materials) generates an output, regardless of changes in the economy. This assumption means that IMPLAN does not account for how changes to prices could impact the development mix at ONE Central.
- Regardless of the demand, supplies are always available to meet an increase in demand. For example, there will be enough labor and materials for construction. This implies that prices do not increase with demand. It also implies that there is an infinite labor supply and that significant increases in employment (reductions of unemployment) will not impact wages.
- All development associated with a project will be new demand rather than transfers of activity from within the geography of analysis (i.e., state of Illinois). In other words, IMPLAN assumes each job is new rather than the result of a relocation from elsewhere. Likewise, the tax revenue generated is assumed to be completely net new. This may limit the utility of the approach when assessing retail activity, in particular.

⁴⁴ The Construction and Operating phases are overlapping (i.e., are not successive) in IMPLAN, as the construction of the Private and Vertical Build components occurs during the operating phase of the Civic Build.

⁴⁵ Proprietary Model developed by AECOM

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- IMPLAN is a static model, meaning that inter-industry relationships do not change, and so the structure of the economy does not change over time. This implies that IMPLAN forecasts of economic impacts become less accurate beyond 5 to 10 years. This risk is magnified in the post-pandemic era when the role of Chicago's downtown is being redefined. Whether Chicago's downtown will continue to serve the same industries as it did prior to the pandemic and continue to do so over the next 40 years is a reasonable concern when considering an investment in ONE Central.
- IMPLAN's tax report relies on several simplifying assumptions. For instance, total production taxes are industry- and place-specific, but their allocation among their different tax components (e.g., sales tax, excise taxes) is only place-specific. Thus, while tourism has a greater effect on sales and lodging taxes, these differences are not reflected in the IMPLAN tax report.
- IMPLAN does not consider the opportunity cost of an investment. For further discussion on opportunity cost, see Risk #10.
- IMPLAN is unable to accurately predict fiscal benefits (e.g., taxes) as it is not able to adjust tax yields to specific site locations (e.g., City of other local taxes)

B Landmark's assumptions / inputs used in IMPLAN:

The projected economic benefits of ONE Central derived from IMPLAN rely on several key assumptions by Landmark including, but not limited to:

- **IMPLAN sectors:** Each IMPLAN sector, of which there are 428 in total, has specific economic (e.g., job, output) multipliers. This implies that any change to the mix of sectors representing the different building occupants at ONE Central will have an impact on the results. If the scale or scope (e.g., mix of office vs. retail) of ONE Central differs from Landmark's proposal, the economic benefits could be lower than projected. See Risk 4 for related details on potential market risks.
- **Year of development / spend:** Any change in the project schedule will impact the projected economic benefits. Within IMPLAN, Landmark assumed that the Vertical Build would include the completion of buildings nearly annually; however, Landmark indicated that the actual build out would be demand responsive and could occur at a slower pace than anticipated in the economic analysis. See Risk 3 for related timeline risks.
- **Jobs and wages:** Rather than using the default job and wage data within IMPLAN, Landmark used results from the Proprietary Model, which leverage Lightcast data, for job and wage data. IMPLAN and Lightcast use different combinations of data sources, which can lead to variations in projected outputs. IMPLAN relies heavily on Bureau of Economic Analysis - Regional Economic Accounts, while Lightcast uses the American Community Survey by the U.S. Census Bureau, which includes self-employment data and supplements with job postings and worker profiles.
- **Net New Economic Activity:** Landmark assumes that construction and operations activity will be largely new to Illinois rather than relocated from other parts of the state, which may not be realized as Class A space typically draws from existing Class A and B space within the immediate region. A decrease in "net new" jobs would result in a decrease in the fiscal benefits to the State.
- **Ridership:** Landmark utilized its ridership projections within the IMPLAN model. See Risk 2 for risks relating to ridership projections.
- **Construction costs:** Landmark utilized its construction cost estimates within the IMPLAN model. See Risk 7 for risks relating to construction costs.

Potential Impacts

Changes to the key inputs such as ridership, market demand, construction costs, and development mix will have a direct impact on the economic benefits derived from ONE Central. To assess the potential impact of changes to these assumptions, the three alternative scenarios were assessed:

- **Scenario 1:** Examines the potential impact of utilizing IMPLAN jobs and wages data versus Lightcast jobs and wages data
- **Scenario 2:** Examines the potential impact of less than 18MSF of development by assessing a scenario where only the Civic Build is completed
- **Scenario 3:** Examines the potential impact of transit ridership not fully recovering to post-pandemic levels

In the completion of these scenarios, the Consultant Team used the following IMPLAN sectors in its scenario analysis based on the information provided by Landmark:

ONE Central Component	IMPLAN Sector
Big League Experience & Civic Build Hub	A mix of 8 retail sectors ⁴⁶
General Retail	General Retail
Construction	Construction of New Commercial Structures
Hotel	Hotels and Motels, Including Casinos
Office	A mix of 13 industrial sectors ranging from legal services and accountants to management consulting, computer programming, engineering/architecture, and physicians
Apartment and Condo	Services to Buildings, and Facilities to Support Buildings
Transit	Transit and Group Passenger Transportation ⁴⁷

Scenario 1 – Impact of Jobs / Wages Data:

Rather than using the default job and wage data within IMPLAN, Landmark used results from the Proprietary Model, which leverage Lightcast data, for job and wage data. IMPLAN and Lightcast use different combinations of data sources, which can lead to variations in projected outputs. IMPLAN relies heavily on Bureau of Economic Analysis - Regional Economic Accounts, while Lightcast uses the American Community Survey by the U.S. Census Bureau, which includes self-employment data and supplements with job postings and worker profiles.

Scenario 1 considers the potential impact of utilizing IMPLAN jobs and wages data on the full 18MSF build out and operations starting in 2028.

For the Construction period, with no changes to any of Landmark's other IMPLAN assumptions outside of utilizing IMPLAN jobs and wages inputs, the Consultant Team's estimate of average annual jobs for the Civic Build and

⁴⁶ Landmark provided the mix of industries assumed for general retail; the Consultant Team assumed the same mix applied to both the Civic Build BIG and the Civic Build Hub components.

⁴⁷ This industry includes only private-sector companies providing transit services. Intercity passenger rail, commuter rail, and public transit agencies are represented by different IMPLAN sectors.

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Vertical Build is 24% higher (+24 percent) and labor income (employee compensation and proprietor income) is 38% lower than the Proprietary Model.

This finding implies that Proprietary Model's average labor income per construction job is significantly higher than the Consultant Team comparison. For the Civic Build alone, the Proprietary Model's estimate is about \$150,000 in annual income for the average job during construction, while our estimate is about \$80,000. The U.S. Bureau of Labor Statistics reports that the annual mean wage for the construction and extraction industry in Illinois was about \$77,000, as of May 2023 (latest available data).⁴⁸

To validate the difference between the wage rates estimates, several sources of wage rate data for both Illinois and Chicago were compared. The Illinois Department of Employment Security (IDES) and the Bureau of Labor Statistics (BLS) provide wage data for both Illinois and Chicago. IDES wage estimates are lower than the comparable BLS data for all occupations and professional services (see Tables 1 & 2 below). However, in both cases, the salary rate is significantly lower than the wages implied by Proprietary Model's analysis (about \$72.00 per hour for construction jobs).

Table 1: Average Hourly Earnings of All Employees, BLS Data

Location	Mean Wage (\$)	Wage Year	Industry
Chicago	\$33.41	2023	All
Illinois	\$32.27	2023	All
Chicago	\$46.88	2023	Professional and Business Services
Illinois	\$45.70	2023	Professional and Business Services

Table 2: Median Hourly Earnings of All Employees, IDES Data

Location	Median Wage (\$)	Wage Year	Industry
Chicago	\$24.54	2023	All
Illinois	\$23.84	2023	All
Chicago	\$41.16	2023	Services
Illinois	\$37.67	2023	Services

For the operating period, this analysis resulted in several key differences compared with Landmark's projections:

- Job creation is 290% higher compared to Landmark's projections
- Labor rate per job is 67% lower compared to Landmark's projections. Landmark's estimated about \$224,000 annually per job created during the operating period, while the Consultant Team estimate is about \$74,000.

⁴⁸ Landmark states that assumptions for average wages, output per works, sector purchases, and indirect and induced impact multipliers were taken from EMSI.

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- Cumulative earnings (job creation multiplied by labor rate) are 29% higher compared to Landmark's projections

Further, while the Consultant Team's estimates of total earnings are higher than the Landmark team's estimates, the differences are driven primarily by office-based employment. The Landmark estimates of the output for the retail, hotel, apartment, and condo sectors are higher than the Consultant Team's analysis. Tables 4 & 5 shows the operating period earnings and jobs for each analysis.

Tables 3 & 5: Comparison of Results (Scenario 1)

Operating Period - Cumulative Earnings (\$Billion), 40 Years	Landmark	Consultant Team	Difference	Difference (%)
Civic Build Big League Experience	\$1.4	\$3.8	\$2.4	171%
General Retail	\$52.6	\$41.3	-\$11.2	-21%
Civic Build Hub	\$2.6	\$3.2	\$0.6	21%
Hotel	\$12.7	\$10.9	-\$1.9	-15%
Office	\$367.0	\$522.1	\$155.0	42%
Apartment	\$8.6	\$5.2	-\$3.4	-39%
Condo	\$9.6	\$5.9	-\$3.7	-39%
Transit	\$5.8	\$2.4	-\$3.5	-59%
Total	\$460.3	\$594.7	\$134.4	29%

Operating Period - Jobs, in Year 40	Landmark	Consultant Team	Difference	Difference (%)
Civic Build Big League Experience	710	2,230	1,520	214%
General Retail	11,916	42,838	30,922	260%
Civic Build Hub	740	2,322	1,582	214%
Hotel	2,680	3,587	907	34%
Office	32,900	141,651	108,751	331%
Apartment	785	2,746	1,960	250%
Condo	877	3,135	2,258	257%
Transit	860	2,153	1,293	150%
Total	51,468	200,662	149,194	290%

Scenario 2 – Impact of No Development Beyond Civic Build

Scenario 2 considers the potential impact of only the Civic Build (4MSF) being constructed. This scenario also utilizes IMPLAN wage and jobs data. This analysis resulted in similar results to Landmark’s projections with several key differences:

- Jobs created during the construction period are 16% higher compared to Landmark’s projections, while labor income during this period is 38% lower compared to Landmark’s projections
- Cumulative earnings during operations are 74% higher compared to Landmark’s projections
- Income per job during operations is 44% lower compared to Landmark’s projections. The Consultant Team’s estimate is \$38,500 annually per job during the operating period, while Landmark’s estimate is \$69,000.

Tables 6 and 7 below show the operating period earnings and jobs for each analysis.

Tables 6 & 7: Comparison of Results (Scenario 2)

Operating Period - Cumulative Earnings (\$Billion), 40 Years	Landmark	Consultant Team	Difference	Difference (%)
Civic Build Big League Experience	\$1.4	\$3.8	\$2.4	171%
Civic Build Hub	\$2.6	\$3.2	\$0.6	21%
Total	\$4.0	\$7.0	\$3.0	74%

Operating Period - Jobs, in Year 40	Landmark	Consultant Team	Difference	Difference (%)
Civic Build Big League Experience	710	2,230	1,520	214%
Civic Build Hub	740	2,322	1,582	214%
Total	1,450	4,553	3,102	214%

Scenario 3 – Civic Build Only + Limited Post-COVID Ridership Recovery

Scenario 3 considers (a) IMPLAN jobs and wages data, (b) only the Civic Build is constructed, and (c) transit ridership does not recover to 100% of pre-pandemic levels. To assess Scenario 3, the Consultant Team reran the STOPS model using assumptions included in Risk 2 which results in a 47.9% reduction in transit ridership on the CHI-Line Rail, BRT, and South Loop.

Landmark projects that improved connectivity at ONE Central would result in a mode shift of roughly 40% from passenger vehicles to transit in the Park District / Soldier Field area. If roughly 40% of ONE Central visitors arrive by transit and the transit adjustments reduce transit ridership by 47.9%, total ONE Central patronage would be reduced by 19% (assuming constant demand elasticity). If this 19% reduction affects all industries equally, the economic impact of ONE Central in Scenario 3 will be 19% lower than in Scenario 2.

Summary of Scenarios 1-3

Overall, the Consultant Team's results remain within the same order of magnitude as Landmark's original analysis; however, each scenario shows that the realization of certain risks which impact key inputs, such as wages, ridership, or the scale of development, may yield different economic benefits for the State.

For example, a decrease in the average wages could actually increase the number of jobs and cumulative earnings generated by ONE Central; however, a decrease in ridership could reduce Landmark's projected jobs and cumulative earnings by 20%.

6 Proposed EquityWORKS benefits are not achieved due to the lack of funding and capacity

Risk Overview

Landmark's inclusion of the EquityWORKS economic development program in its Proposal demonstrates a firm understanding of the opportunities to promote equity through developments like ONE Central. The Proposal outlines how their partnership with the Chicago Urban League, Business Leadership Council, and Hispanic Chamber of Commerce will launch EquityWORKS to build M/W/DBE capacity and close the wealth gap in south and west Side Chicago by leveraging the ONE Central development.

Landmark's proposed EquityWORKS program outlines innovative approaches to grow M/W/DBE capacity. The projected benefits of EquityWORKS are commendable; however, the effectiveness of Landmark's proposed EquityWORKS programs depends on details such as program eligibility and funding, that have not been provided or assessed.

Delivering the projected EquityWORKS outcomes is dependent on the overall scale of the ONE Central development. Any reduction of the project scope from the proposed 18MSF would have a direct impact on benefits generated for M/W/DBEs and the surrounding community. Further, the ability to complete the proposed EquityWORKS programs is dependent on Landmark's ability to fund the programs through construction and fundraising.

Risk Drivers

A Program funding is a component of the Civic Build construction budget:

Landmark has proposed that EquityWORKS be compensated on a fee-for-service basis as a component of the cost of the work of the Civic Build. This structure means that any cost overruns in the Civic Build project could negatively impact the availability of funds for EquityWORKS.

The effective operation of the program, which includes staffing, management, and ongoing operations, requires a consistent and reliable funding stream. Without a dedicated funding source, risks exist that the program will not be able to achieve the projected benefits.

Landmark has noted that EquityWORKS entities will also pursue other sources of funds from charitable interests and organizations, public sources, and third-party fee-for-service engagements beyond ONE Central, involving large-scale economic development initiatives. Details on these funding sources have not been provided or assessed. Funding from third party sources may have requirements, eligibility restrictions or be provided on a one-off basis. These limitations may negatively impact EquityWORKS' ability to deliver the full level of projected benefits.

B The private equity raised for the programs may fall short:

Landmark's proposed Community Investment Program (LiveSMART, InvestSMART, RideSMART, and ThinkSMART) programs within EquityWORKS rely on private investment, including from ONE Central tenants:

- LiveSMART and InvestSMART rely entirely on private equity investment. Landmark has not indicated where this private equity investment will be raised.
- RideSMART and ThinkSMART programs also require financial contributions from ONE Central tenants, seeking to raise \$5 million for each program. The ability to raise the necessary funds for these programs will be influenced by various factors, including market conditions, the number of tenants, and their willingness to invest.

Potential Impact

The EquityWORKS program is the most prominent mechanism through which Landmark aims to distribute the benefits of the development to the south and west Sides of Chicago and advance equity in these communities. A decrease in funding, inconsistency in funding, and/or delays in the establishment of the EquityWORKS programs will lower or delay the potential community and equity benefits from ONE Central.

7 Cost overruns occur due to project development, inflation, escalation, and Metra force account

Risk Overview

As is typical of projects at this stage of development, Landmark's Project design and budget have not been fully completed and include commensurate contingency to manage cost and delay risk; however, the project could experience an increase in costs due to unaccounted for inflation, escalation, and construction responsibility.

Landmark has proposed a structure in which they assume most of the risk related to cost increases, though the project terms have yet to be agreed upon. As such, an increase in costs above what is forecast by Landmark could result in higher costs to the State, delay the project timeline, or reduce the scope of the development.

Further, there are potential additional costs to the State and other public agencies beyond the noted \$2.75 billion State contribution, including costs to operate additional transit service and costs to operate the Civic Build post-handover.

Risk Drivers

A Capital costs for the Civic Build may be higher than assumed due to:

Level of Design and Cost Estimates Completed

As is typical for a project at the conceptual stage, Landmark's design and cost estimates remain preliminary. As the Project continues to be developed, the cost estimates may change. Landmark's cost estimate includes approximately 5% contingency for the Civic Build; however, this is on the lower end of the typical range for complex infrastructure projects (often 5%-15%) at this stage of development. Additionally, Landmark has only provided high-level cost estimates summarized at each component of the Civic Build without detail for sub-components. As a result, a detailed assessment of Landmark's proposed costs has not been completed.

Landmark's cost estimates have been developed exclusively by Landmark and have not been validated with external parties, such as Metra (e.g., for the cost of moving Metra infrastructure, implications of a force account), CTA (e.g., for CHI-Line Circulator infrastructure and operations), or the City of Chicago (e.g., for enabling infrastructure improvements), where relevant.

While Landmark has proposed a structure in which Landmark would assume most of the risk related to cost increases, the amount requested from the State has not been formally committed to by either party nor have such items as relief and compensation events.

Metra Force Account

Landmark has indicated that its construction budget assumes that a private contractor under the Developer's control and direction would complete the construction activities relating to the Metra assets (e.g., tracks, shed). Metra has indicated that a force account would likely be required for the completion of that project component. The use of a Metra force account could increase the budget based on potentially differing labor, equipment, and materials rates compared to a private contractor. At the time of this report, no determination has been made on the requirement of utilizing a force account for Metra work.

Inflation, Escalation, and Schedule Delays

Given the current economic environment where the cost of construction continues to be affected by inflation and escalation, delays in timeline could increase project costs. Landmark has assumed cost escalation of 4.50% per year in their estimates and notes that delaying the start of construction beyond October of 2025 could result in additional escalation.

A 2025 survey completed by the Association of General Contractors of America (AGC) – which was completed before the announcement of tariffs – showed expectations for increased construction costs from 2024 to 2025 in several sub-sectors including transportation / transit, power, public buildings, residential, and lodging. The survey did show expectations for decreases in prices in retail, however.⁴⁹

Recent proposed tariffs by the United States on trading partners could further increase the cost of construction materials such as steel, aluminum, and lumber. CBRE indicates the construction could be one of the more impacted industries, with an estimated 3% to 5% increase in commercial construction costs.⁵⁰

B State and/or other agencies may incur additional service, operations, and maintenance costs relating to items not included in Landmark’s financial model:

Transit Operations

Landmark’s Proposal does not account for the additional revenue and costs to transit agencies for the operations of connecting new service to ONE Central. This includes Metra for the BNSF and CHI-Line Shuttle, Amtrak’s Illini, Saluki, and City of New Orleans trains, NICTD’s South Shore Line, Pace, and CTA (if CTA is required to operate CHI-Line Circulator).

Post-Handover Costs

Landmark has assumed that after a 20-year period of operations, the State will own the Civic Build assets and be responsible for operations and maintenance costs, whether self-performed or performed by a third-party contractor. Landmark has estimated the annual cost of operating the Civic Build to be \$349.2 million in year 21 of operations. This amount is not included in the \$2.75 billion payment from the State.

Potential Impacts

While Landmark has proposed a structure in which Landmark would assume a majority of the risk related to cost increases, a P3 Agreement between the State and Landmark has been executed at the time of this report. As such, an increase in costs above what is forecast by Landmark could result in higher costs to the State or delay the project timeline. Further, the Landmark financial model assumes the revenues generated by the facility will exceed the operating costs. If this does not occur, the State could incur additional costs beyond the \$2.75 billion payment requested in Landmark’s Proposal.

⁴⁹ [AGC 2025 Construction Outlook](#)

⁵⁰ [CBRE: On Again, Off Again: Tariffs & Commercial Real Estate](#)

8 Commercial structure limits the State's ability to achieve proposed benefits

Risk Overview

The proposed Project structure includes direct and indirect risk exposure that may impact the benefits realized by the State. The revenue benefits to the State rely on several factors outside the State's control, including construction of the full 18MSF development program.

Landmark has proposed that the Civic Build asset is turned over to State ownership at the end of a 20-year operating period. As is common for public agencies across the U.S., the State has not historically owned or operated similar commercial assets.

The State could hire Landmark to operate and maintain the Civic Build, though it is not guaranteed that Landmark would participate in this arrangement long-term. The self-delivery or delivery by a different contractor of operations and maintenance could be challenging given the specialized and complex nature of the Civic Build, which could adversely affect the condition of the Civic Build asset. A reduced condition of the Civic Build could not only result in negative public perception but could also reduce ONE Central visitation and the related benefits.

Risk Drivers:

A State's share of commercial revenue is subject to several risks:

The State's share of commercial revenues is dependent on several risks that are Landmark's responsibility to manage, including revenue, operations and, indirectly, construction cost risk. The source of the State revenue share is commercial revenues less expenses. Any increase in expenses or decrease in commercial revenues will negatively impact the amount that is available to be shared with the State. These revenues are also dependent on the Private and Vertical Build components of ONE Central and the State's commercial revenue share may be reduced if Landmark decided to develop a smaller program than the 18MSF assumed in the financial model.

In addition, the Landmark financial model does not include a cashflow waterfall. Without this information the flow of funds within the project – including the commercial revenue share to the State - cannot be definitively traced. It is therefore unclear whether the State's share is subordinate to the debt secured by the same commercial revenues, any cost increases that require additional debt will reduce the funds available to share with the State.

Finally, the State will only receive the full amount of the projected revenue share if it takes ownership of the Civic Build in year 21 of operations. When the State takes ownership its share of commercial revenue increases to 80% of NOI; if the State elects not to take ownership of the Civic Build, its share would remain at 20% as in the initial operating period.

B**State payments are not linked to performance (other than the initial lump sum that is linked to the completion of the Civic Build):**

The annual payments from the State during operations are not directly linked to performance and availability of the Civic Build asset. The draft term sheet proposed by Landmark in the Civic Build Business Plan references performance requirements and penalties for the operating entity; however, it is not clear how these would link to the State payments in operations. In addition, under the proposed payment structure the State's payments are complete after seven years of operations. For the remaining thirteen years of the operating period under Landmark ownership, there is no payment from which performance deductions can be made.

C**Undefined governance structure:**

The Proposal does not provide terms for project governance or State oversight, noting that governance arrangements will be set forth in the P3 agreement between Landmark and the State. Complex, long-term P3 projects such as ONE Central need governance structures with defined decision-making processes to be successful. It is not possible to foresee all circumstances that will arise during the project term; governance structures are needed to respond to these unforeseen changes and enable both parties to work together to find solutions to issues impacting the project. In addition, the State does not have ownership of the asset until year 21 of the operating period. Without a well-defined governance structure in the P3 agreement, it is not clear what ability the State would have to impact decisions related to the Civic Build during Landmark ownership of the asset.

Finally, the ONE Central project includes long-term interfaces between the State and Landmark through the connection of the Civic Build to the Private and Vertical Builds. A process for managing this interface during all phases of the Project is needed to mitigate risks to both parties.

D**No covenants to prevent Landmark from disposing/selling of assets and impact on long-term operations of Private and Vertical Build components:**

The Proposal does not address long-term ownership of the Private and Vertical Build components. If Landmark chooses to sell its interest in these components there may be some impact on the State given the interface between these components and the Civic Build. In addition, the public benefits of the Project are derived from all three components and a change in ownership of the Private and Vertical Build could have impacts on the overall benefits that accrue to the State.

E**The State has not historically owned or operated assets like the Civic Build:**

The Civic Build contains several commercial components, including The Hub (a 7-floor Class A retail, dining, and entertainment build) and a District Energy Center. As is common for public agencies across the US, the State has not historically owned or operated similar commercial assets. In addition, the State does not operate transit assets such as the transit station, Chi-Line Bus and Chi-Rail services. Assets of this nature, particularly where transit is involved and vibrating infrastructure, often have specific maintenance requirements throughout their lifecycle.

As a result, the State is likely not positioned to self-deliver operations of Civic Build components and would likely need to hire a third-party to manage and operate the Civic Build once it is handed over to the State. Landmark could perform this function for the State on a fee basis under 30 ILCS 558, however Landmark's long-term participation is not guaranteed.

F Civic Build components (e.g., District Energy) are highly integrated with Private & Vertical Build and may be difficult to delineate ownership / responsibilities:

The nature of the project design — which features a proposed combination of State and private ownership of assets at ONE Central, post-handover — results in assets such as the District Energy Center and The Hub which will be highly integrated with Landmark-owned assets. As a result, delineating ownership and responsibilities for these assets could create operational challenges for the State.

Potential Impacts

If the expected commercial revenue is not generated by the Civic Build, or costs are higher than anticipated, the State will not receive the full amount of the projected revenue share. The State may not recover its initial contribution to the Project if these risks are realized. The value of the Civic Build on the State's balance sheet and/or the reduced pension liability may be lower than projected if the asset does not generate the amount of commercial revenue Landmark anticipates.

The absence of a governance structure with a clearly defined decision-making process may lead to a lack of clarity regarding how decisions are made between the State and Landmark during the construction and operations periods. A lack of clarity may lead to delays in decisions or disagreements on key items, which may delay the Project timeline and/or increase costs.

If the State takes ownership of the Civic Build assets, there may be challenges for the State or a hired contractor to maintain and operate the Civic Build. Any resulting impact on the condition of the Civic Build asset could have an adverse effect on visitation to ONE Central as a whole and result in reduced transit, economic, fiscal, and community benefits. Any reduction in Civic Build conditions could result in negative public perception of ONE Central and/or the State.

If Landmark were to dispose of its interest in the Private and Vertical Build components, there may be a negative impact on the overall State and public benefits the project is able to achieve. Another developer could have a different development program that would not provide the same benefits as the program currently proposed by Landmark. In addition, another developer may not be focused on the State's interests, particularly if they do not have a role in the Civic Build and/or are not party to an agreement with the State.

The benefits relating to the pension transfer option are directly correlated with (a) the value of the Civic Build asset, (b) the amount of the State's share of commercial revenue, and (b) tax income generated from ONE Central. Any reduction in the overall development or ridership that would adversely affect the jobs or spend at ONE Central would have a direct impact on the potential benefits of the pension transfer option.

Further, the State must take ownership of the Civic Build to implement the pension transfer. There may be additional risk and cost associated with the long-term ownership of the Civic Build, which may outweigh the potential benefits of a transfer.

9 State financially supports a project that collects and shares visitor data

Risk Overview

As a part of the Civic Build, Landmark’s Proposal includes a State contribution to the development of technology components (i.e., WiFi and 5G networks) that would facilitate the collection of visitor data. Additionally, Landmark proposes selling this data for digital displays, marketing, and security and sharing a portion of the revenue with the State. Following handover in year 20, the State would also own these assets.

Landmark estimates that the cost of “digital infrastructure,” which includes but is not limited to WiFi and 5G infrastructure, would cost \$358.5 million. Additional details were not provided by Landmark on the specific cost associated with WiFi or 5G.

State investment or ownership of assets that support the collection and sale of visitor data could trigger additional data management procedures for the State or could result in a negative public perception.

Risk Drivers

A State contribution and ownership

Landmark’s Proposal assumes that the State will provide funding for digital infrastructure as a part of the Civic Build, which includes technology to collect and sell ONE Central visitor data. During the initial 20-year operations period, Landmark assumes that it would be responsible for the collection and sale of visitor data; however, post-handover, the State would be responsible for the collection and sale of visitor data.

Potential Impacts

The collection and sale of data may be appropriate for a private entity Landmark; however, State involvement could require additional data management procedures or create a negative perception from the public.

10

State unable to support ongoing budget and/or other projects with funding used for ONE Central

Risk Overview

Landmark's Proposal includes \$2.75 billion of direct State contributions. The Proposal would also result in additional costs to the State and/or other public agencies to provide transit service to ONE Central⁵¹. There may also be long-term operational and maintenance costs related to the ownership of Civic Build assets that are not currently reflected in the State's contribution.

Summary of State Payments (\$ millions)

	Construction Period (Year 0)	Operations Period							Total
		1	2	3	4	5	6	7	
State Payment	\$636.7	\$225.1	\$288.7	\$298.9	\$309.3	\$320.1	\$331.2	\$341.2	\$2,751.2

In a fiscally constrained environment, State and local agencies in Illinois must evaluate the opportunity cost of expenditures. Funding for ONE Central directly reduces the amount of General Fund Revenue available. Further, with pressing needs across the State, including an impending transit fiscal cliff, stakeholders may have a negative perception of a large investment by the State into ONE Central regardless of its potential long-term benefits.

Risk Drivers

A Expenditure of proposed \$2.75 billion by the State prevents the use of monies to support other needs:

While legislation has passed to allocate funding to the Civic and Transit Infrastructure Fund to pay Landmark for the development, financing, construction, operation and management of ONE Central through an allocation of sales tax revenue, at the time of this report a formal P3 Agreement between Landmark and State has not been established. The P3 Agreement is necessary to commit the funds to Landmark.

Expenditure of proposed \$2.75 billion by the State on ONE Central directly impacts the funding available to support other needs or priorities across Illinois, such as increased transit funding or investment in site preparation for manufacturing facilities.

Potential Impacts

As a result of spending \$2.75 billion on ONE Central, the State could be limited in its ability to support other needs. While the State's share of revenue from ONE Central could eventually provide an additional source of revenue for these needs, those funds are not guaranteed and would not be available for several years. Additionally, with pressing needs across the State, including an impending transit fiscal cliff, stakeholders may have a negative perception of a large investment by the State into ONE Central regardless of its potential long-term benefits.

⁵¹ See Risk7 for related information on potential additional costs

11

Negative public perception of State participation in ONE Central

Risk Overview

The public may have a negative perception of State involvement in the project, independent of cost overruns, delays, or other adverse events. In interviews with stakeholders, current perceptions of the project were mixed. Some stakeholders highlighted the project's potential to drive economic development, create jobs, expand the tax base, and enhance transit connectivity, especially improving access to destinations like the Museum Campus and McCormick Place. Other stakeholders expressed concerns about the potential diversion of State funds from other pressing priorities and raised questions about the ability to achieve Landmark's projected benefits and the overall market feasibility of the Proposal.

The overall scale and complexity of ONE Central may make it difficult for the State to effectively communicate its role in the project, which could lead to misperceptions by the public. There may be a view by other public entities or the general public that the State is providing a subsidy to a private real estate developer. State participation in more commercial elements of the structure (e.g., The Hub, technology components) may contribute to this view and raise questions regarding the State's role, irrespective of benefits that may be realized from these components. In addition, in the current budget environment there are many competing priorities for State funds, which may contribute to a negative perception if the project is not viewed as a priority. Regardless of the potential benefits of the ONE Central project, negative public perception could result in delayed approvals, which could delay overall construction timeline and the realization of related benefits.

Risk Drivers

A Project is not viewed as aligned with the State's priorities

While the Landmark Proposal sets out numerous potential community and equity benefits from the Project, there are other projects that are attempting to deliver similar benefits to the community. There may be perceptions that the proposed community and equity components have been added to the Project to justify State funds, rather than a core focus of the State's investment. Further, the Project may be viewed as only benefiting Chicago. This may lead to negative perceptions about the State's priorities for investment in downstate Illinois.

B Project complexity

ONE Central is a complex, large-scale infrastructure and real estate development project that is expected to take 20+ years to be fully constructed. The scale, complexity and timeline may make it difficult for the public to understand the State's role in the Project. In addition, there will be a lag in realizing benefits particularly before the Vertical Build is constructed. This delay may make it difficult to fully measure and communicate the State's return on investment for the Project.

C State Payments Used for Developer Return

The financial model provided by Landmark shows the Developer's equity investment return being derived from the State Payments in two ways:

- The \$636.7 million deferred State payment at construction completion. The financial model shows this payment going directly to repay a portion of Landmark's equity contribution.
- The balance of State payments remaining after debt service.

Landmark's financial model for the Civic Build does not clearly show how the State funds remaining after debt service are used within the Project. It appears that these funds ultimately flow through to Landmark as part of the NOI calculation. After expenses, debt service, and the State's share of commercial revenues are deducted, the remaining NOI is distributed to the developer.

Landmark stated in a meeting with the consultant team on November 8, 2024, that its return on equity was not derived from the State payments. In response to a request for clarification on this statement, Landmark stated "The State Equity Payments provide coverage for the loan, and then a portion of return of (not on) private investors' equity." It is difficult to draw a distinction between the return of Landmark's original equity investment and a return on equity generated by this investment, as the financial model does not include a cashflow waterfall. Further, this distinction may be of limited use as in either case a portion of the State payment is flowing to Landmark.

D Landmark proposed that the State financially support commercial elements within the Civic Build that are atypical for the public sector:

Although public agencies frequently invest in infrastructure such as transit stations, roads, and utilities, the Civic Build in ONE Central incorporates various commercial elements (e.g., retail, dining, and entertainment within The Hub; District Energy Center) that are not traditionally funded with public dollars.

Landmark proposes that the State fund two major commercial components within the Civic Build:

- **The Hub:** A seven-story retail, dining, and entertainment complex costing approximately \$450.5 million.
- **The District Energy Center:** A centralized plant for heating/cooling supporting the full ONE Central site, with an estimated \$140.2 million allocated to the Civic Build.

In a typical real-estate transaction, such revenue-generating or specialized utility components are often privately financed. While Landmark projects that The Hub and District Energy Center will generate commercial revenue or utility efficiencies – of which the State would benefit from through Landmark's proposed revenue sharing with the State – market performance can fluctuate. If these components underperform, there may be public scrutiny about whether devoting state funds to them was truly beneficial.

Providing State funds for these often private or revenue-generating features may lead to concerns about the scope of public involvement, raise questions about the public benefit, and potentially result in negative perceptions regarding State priorities

Potential Impacts

A negative perception from the public could result in delayed approvals for ONE Central, which could delay overall construction timeline and the realization of related benefits. Additionally, a negative perception from the public could adversely impact the State's ability to obtain public buy in for other State priorities.

Appendix:

Glossary of Terms

Glossary of Terms

- **Amtrak:** Intercity passenger rail operator that runs national train services, including in the Chicago region
- **BNSF:** Metra commuter rail line operated by the BNSF Railway
- **Bus Rapid Transit (BRT):** A high-quality bus-based transit system that delivers fast and efficient service that may include dedicated lanes, busways, traffic signal priority, off-board fare collection, elevated platforms and enhanced stations⁵²
- **CN (Canadian National):** Class I freight railway company whose tracks run adjacent to the ONE Central site
- **Civic Build:** The initial phase of the ONE Central development focused on key infrastructure and public spaces funded partly by the State
- **CMAP (Chicago Metropolitan Agency for Planning):** Planning organization for northeastern Illinois, responsible for producing forecasts of population, employment, and transportation usage for the region
- **CTA (Chicago Transit Authority):** The operator of mass transit within the City of Chicago and some surrounding suburbs
- **District Energy Center:** A central plant producing utilities like hot water, steam, or chilled water, distributed through a network to provide heating, cooling, or hot water to various buildings
- **EquityWORKS:** An economic opportunity program designed to support communities through development initiatives, training programs, and direct investment in local businesses and infrastructure
- **Force Account:** A project-delivery method under which a public agency (e.g., Metra) relies on its own (or specially retained) workforce, rather than an outside contractor, to perform or manage construction activities
- **FTA (Federal Transit Administration):** A branch of the U.S. Department of Transportation that provides financial and technical assistance to local public transit systems
- **IDOT (Illinois Department of Transportation):** The state agency responsible for the planning, construction, and maintenance of Illinois's transportation network (roads, bridges, transit support, etc.).
- **IMPLAN (Impact Analysis for Planning):** An economic impact modeling system used to create complete, extremely detailed economic representations of areas
- **Landmark Development Company:** The private developer proposing the ONE Central project.

⁵² FTA: [BRT Overview](#)

- **M/W/DBE:** Minority-owned, women-owned and disadvantaged business enterprise
- **Metra:** A commuter railroad serving the Chicago metropolitan area
- **MPEA (Metropolitan Pier and Exposition Authority):** A municipal corporation created by the Illinois General Assembly that owns and operates McCormick Place⁵³
- **NICTD (Northern Indiana Commuter Transportation District):** Operates the South Shore Line commuter rail service between South Bend and Chicago.
- **NOI:** A commonly used real-estate metric for revenues from a property (e.g., rents, concessions, advertising) minus operating expenses, before debt service and taxes
- **Pace:** The suburban bus division of the Regional Transportation Authority (RTA), serving the suburbs of Chicago
- **P3 (Public-Private Partnership):** A contracted arrangement between one or more public and private sectors, typically of long-term nature
- **PILOT (Payment in Lieu of Taxes):** A payment made to local taxing districts that compensates for the lost property tax revenue when a municipality acquires property for a redevelopment project and uses tax increment financing (TIF), until property values in the area increase beyond their initial value
- **Private Infrastructure Build (Private Build):** The second phase of ONE Central development, focusing on private infrastructure atop the Civic Build, featuring additional amenities and structures
- **Public-Private Partnership for Civic and Transit Infrastructure Project Act:** Legislation that allows the State of Illinois to engage in public-private partnerships for civic and transit infrastructure projects like ONE Central
- **RTA (Regional Transportation Authority):** The financial and oversight body for the three largest transit operators in northeastern Illinois (CTA, Metra, and Pace)
- **STOPS Model (Simplified Trips on Project Software):** A travel demand model used to evaluate the transportation impacts of new transit projects
- **TIF (Tax Increment Financing):** A public financing method used as a subsidy for redevelopment, infrastructure, and other community-improvement projects
- **Vertical Build:** The third phase of ONE Central development, consisting of high-rise structures for residential, commercial, and hospitality uses, built atop the Private Build infrastructure

⁵³ MPEA also owns Navy Pier. Navy Pier is leased to Navy Pier, Inc., a non-for-profit corporation responsible for the operations and development of Navy Pier. MPEA also owns Hyatt Regency McCormick Place, Marriott Marquis Chicago, Wintrust Arena, and an energy center

