

**OFFICIAL REPORT
VILLAGE OF LAKE ZURICH, ILLINOIS**

Significant Findings And Response To
United States Surface Transportation Board
On The Draft Environmental Impact Statement

ADVERSE IMPACTS AND REQUIRED MITIGATION

Canadian National Railway Company And Grand Trunk Corporation
Proposed Acquisition Of The Elgin, Joliet And Eastern Railway Company,
An Indirect Subsidiary Of U.S. Steel Corporation

PREPARED AND SUBMITTED BY VILLAGE OFFICIALS:
BOB VITAS, ADMINISTRATOR
PATRICK FINLON, CHIEF OF POLICE
TERRY MASTANDREA, FIRE/RESCUE CHIEF
DANIEL PETERSON, DIRECTOR OF BUILDING AND ZONING
AL ZOCHOWSKI, DIRECTOR OF FINANCE/VILLAGE TREASURER
DAVID HEYDEN, DIRECTOR OF PUBLIC WORKS/ VILLAGE ENGINEER

SUBMITTED TO:
PHYLLIS JOHNSON-BALL
STB FINANCE DOCKET NO. 35087
STB
395 E. Street, S.W.
Washington, DC 20423-0001

SUBMITTED ON:
SEPTEMBER 30, 2008

TABLE OF CONTENTS

1. PRELIMINARY STATEMENT	2
2. PUBLIC SAFETY CONCERNS AND MITIGATION REQUESTS	
Local Transportation Systems and Emergency Response	3
Video Surveillance Equipment	4
Railway Signal Activation Indicator	4
Existing Route 12 Overpass	5
Hazardous Material and Accident Response	5
Community Notification Alerting System	6
Pedestrian Overpass/Pedestrian Barriers/Property Protection	6
Ela Road Automated Enforcement	7
Training for Traffic Crash Investigators	7
Interoperable Communications	8
3. PUBLIC WORKS CONCERNS AND MITIGATION REQUESTS	
Significant Finding on Canadian National Operation Plan	9
Significant Finding on Train Traffic Within the EJ&E Arc	9
Significant Finding on Affect on METRA Passenger Rail Service	10
Significant Finding on Train Related Accident Rates	10
Significant Finding on the Status of Quiet Zones	10
Significant Finding on Transportation of Hazardous Materials	11
Significant Finding on Rail Spurs and Local Service	11
Significant Finding on Noise and Vibration Affecting Properties	11
Significant Finding on Potential Contamination to Vital Water Resources	12
Significant Finding on Potential Contamination from Storm Water Runoff	13
Significant Finding on Existing Drainage Culverts	13
Significant Finding on At Grade Railroad Crossings	13
Significant Finding on Downtown Traffic	14
4. COMMUNITY DEVELOPMENT CONCERNS AND MITIGATION REQUESTS	
Negative Impacts on Existing and Planned Land Uses	15
Negative Impacts and Job Loss Impacts Ignored	16
Loss of Community Cohesion	17
5. VILLAGE FINANCIAL STRESS AND SOCIO-ECONOMIC CONCERNS	
Loss of Equalized Assessed Value and General Property Tax Revenues	18
Loss of Equalized Assessed Value and Tax Incremental Revenues	19
6. CONCLUSION AND REQUEST FOR MITIGATION	20

LIST OF EXHIBITS

Exhibit A – Map of Lake Zurich Fire Protection District Service Area

Exhibit B – Estimate of Annual and Capital Costs for Potential Mitigation

Exhibit C – Map of Village of Lake Zurich Direct Impact Zone

Exhibit D – Loss of Property Tax Revenues and TIF District Revenues

Exhibit E – Lake County Partners 2001 Report

Exhibit F – Letter from Pathway Senior Living

1. PRELIMINARY STATEMENT

Since learning of the proposed acquisition of the EJ&E Railway Company by the Canadian National Railway Company and Grand Trunk Corporation (CN), the Village of Lake Zurich has continually expressed its concerns with respect to the grave consequences the acquisition and CN operations would have on the entire community. We have done so on numerous occasions by releasing only pertinent information on the negative economic and environmental impacts through the local print media, the Village Newline regular monthly and special editions, at Village Board meetings, and at local Chamber of Commerce and service club organization meetings. We attended the Surface Transportation Board (STB) public hearings held in Mundelein and Barrington, Illinois and provided expert testimony at the hearings on the many shortcomings of the Draft Environmental Impact Statement (DEIS).

In this report, we have taken our analysis of the identified shortcomings one step further in an attempt to quantify the adverse impacts and related financial ramifications of the proposed acquisition on the Village of Lake Zurich. We would venture to say that the same holds true for all like situated local governments and communities along the EJ&E rail line. The CN's \$40 million offer to mitigate the impacts of the acquisition cannot be allowed or found acceptable by the STB in the Final Environmental Impact Study. To do so would be nothing short of malfeasance by a U.S. government agency. **The CN is no different than any other U.S. or foreign based business interested in acquiring another business. The rule of business is very simple. If you want to buy any business, you must be fully prepared to accept all of the other company's assets and all of its liabilities. That said, the taxpayers of this country must not be forced, without representation, to bare any additional tax burdens related to the mitigation costs for the benefit of the CN; a foreign corporation.**

The bulk of this report will provide the STB with detailed estimates on the costs to mitigate all of the known adverse impacts on the Village of Lake Zurich as of today. The Village of Lake Zurich reserves the right to add or subtract mitigation requests from this report should new information be released by the CN, EJ&E Railway Company, STB, or any other government or non-government source that modifies or changes the impacts of the proposed acquisition. The Village of Lake Zurich report is based solely on our collective expertise, and the full faith and reliance on the information provided to date by the STB, CN, and HDR – the consulting firm retained by the STB and paid for by the CN.

The Village of Lake Zurich, Illinois is NOT in support of the proposed acquisition under any circumstance, but absent a crystal ball, is going officially on record to identify and request that any and all costs necessary to mitigate the adverse impacts generated by the CN's operations on the EJ&E rail line will be funded 100% by the CN. Secondly, before the acquisition can be approved, conditionally, the CN must commit to a specific time line as to when the required mitigation measures in Lake Zurich will be completed and this time line must coincide with the start up of their operations so as not interfere with the quality of life of residents and businesses.

2. PUBLIC SAFETY CONCERNS AND MITIGATION REQUESTS

Local Transportation Systems and Emergency Response:

The Lake Zurich Fire Protection District and the Village of Lake Zurich have invested considerable financial resources in building our four fire stations to ensure proper response times to all areas of the service district. Please refer to Exhibit A for Lake Zurich Fire Protection District Service area map. Identified in the DEIS are two at-grade crossings within our service area determined by the STB as being “substantially affected.” The at-grade crossing at Old McHenry Road in the Village of Hawthorn Woods would in fact cause increased response times if it were blocked. Lake Zurich Fire Station 3 was purposefully located in order to provide proper service levels in an area east of the Old McHenry Road rail crossing, including areas north and south of Quentin Road within a one half to one and one half mile distance from the fire station. In the event of a blocked crossing at Old McHenry Road, the next closest responding fire station would be approximately 3 to 3.5 miles from the next closest station to those same locations. Many of those locations encompass the Lake Zurich Industrial Park with its daily occupancy of more than 15,000 employee lives. Response times would be significantly impacted and corollary loss of life would increase exponentially.

Mitigation Alternative 1: Construction of a new over or underpass to replace the at-grade crossing on Old McHenry Road. **Cost Estimated at \$50M - \$60M**

Mitigation Alternative 2: Relocation of existing Headquarters Fire Station 1 closer to the adversely impacted areas east of the EJ&E rail line. This would require the purchase of land for a new Headquarters Fire Station that would be constructed in the general location of Quentin Road and Route 22. The general plan entails construction of a 37,000 sq. ft. building broken down into two principal components as follows: 28,000 sq. ft. for Administrative, Fire Prevention Bureau, and Firefighter/Paramedic quarters. 9,000 sq. ft. for a four-door apparatus bay equipped with cascade, decon, turn out gear and storage rooms. The envisioned two-story building with a full basement has an estimated construction cost of \$256 per sq. ft. or \$9,477,120. The estimated land purchase price for a 4 acre site is estimated at \$150,000 per acre or \$600,000. Internal costs such as small equipment and machinery, furniture, etc. would need to be added. Additionally, 10 to 15% for architectural, engineering and construction management fees would need to be added.

Cost Estimated at \$10M - \$12M.

Mitigation Alternative 3: Provide for alternate/additional response capabilities that could be dispatched at the same time as the original call. This would require an additional vehicle and crew for Headquarters Fire Station 1 so as not to deteriorate coverage in other existing areas. It would be detrimental to coverage and fleet costs to send an ambulance or engine as a chase vehicle on all of these calls. The third alternative is the purchase of a small rescue vehicle (est. \$185,000 + \$50,000 equipment for \$235,000) staffed by two Firefighter/paramedics. The staffing of two Firefighter/paramedics would require three additional personnel per shift. The estimated first year costs are \$573,000, escalating each year thereafter based on union contract. This unit would provide Emergency Medical Services but no benefit for fire suppression. **Cost Estimated at \$808,000.**

Video Surveillance Equipment:

Implementation of a “real time” notification system that would report train locations and potential crossings being blocked to the dispatch center and fire apparatus in order to change response plans and routes when needed. As noted, this does not alleviate the problem and would impact other service areas by sending additional equipment that currently exists (no additional staff). This may include video surveillance available to the dispatch center and other locations and perhaps a link from GPS unit tracking to CN telemetry.

The critical areas of the railway should be monitored by a video surveillance system. These areas include the grade separations located in the Village. The Lake Zurich Police Department has experienced incidents involving individuals trespassing on railroad property and damaging an overpass by spray painting graffiti or dropping items from the overpass onto the roadway and passing vehicles. These areas are inaccessible to patrol officers deployed in automobiles. There are steep grades associated with the overpasses. By strategically installing a video surveillance system to monitor these areas, these areas can be viewed and recorded remotely by Communications personnel in order to identify offenders and/or allow rapid response to the area by police personnel. This would also improve the security of the railroad property.

Such a surveillance system could be IP-based or microwave. Equipment would be installed at the Lake Zurich Police Department to receive and record signals. If IP-based, the cameras could be accessed by CN Railroad personnel to inspect their right-of-way.

Implementation of a rail line live video monitoring system, IP based including wireless transmission equipment, camera, and computer and associated housings made available to the Lake Zurich Dispatch Center and in responding emergency vehicles. **Cost estimated at \$30,000 for a minimum of two locations.**

Railway Signal Activation Indicator:

When public safety personnel are dispatched to a critical incident, it is imperative that the fastest route is identified. With the increased rail traffic, the likelihood of conflicts at rail crossings will increase. If train location data will not be provided to responding public safety personnel, perhaps an indicator installed at grade level crossings indicating if warning signals are activated could be employed. This equipment would indicate if a signal malfunctions and could be used to determine the number of crossings simultaneously blocked by passing rail traffic.

This information would be transmitted real-time to the Communication Center and relayed to responding field personnel to allow them to alter their route and ultimately improve response times. This information could also be used to assign alternate personnel to respond to the call-for-service located on the affected side of the railway. **Cost unknown at this time.**

Existing Route 12 Overpass – Structural Integrity Concerns: As noted in our earlier written submissions, this estimated 70 year old overpass has been struck countless times by high loads. The overpass should be independently reviewed by structural engineers to verify its ability to handle a substantial increase in rail traffic. Route 12 is the most heavily traveled roadway in Lake Zurich and any bridge collapse would have the potential for a large number of injuries and potential loss of life, not to mention cutting off one of the current primary underpass locations. **Cost: Unknown at this time and can be obtained from the State of Illinois Department of Transportation.**

Hazardous Materials and Accident Response: When an identified risk factor rises, the Fire Rescue Department seeks to answer that risk by preparing to handle the risk. Clearly, an increase in train traffic alone is an increased risk factor for the community. Add to that the fact that hazardous materials transported on the EJ&E rail line will increase and the risk assessment is even greater. The current rail line travels through residential, industrial, retail, educational, and environmentally sensitive areas, not to mention through and over several major transportation arteries in Lake Zurich alone. Advance planning and preparations will be imperative in order to address the heavy risks associated with a train derailment anywhere in Lake Zurich. When a known project enters the community that we know will increase fire rescue response times, the Village will assess an impact fee covering increased equipment, personnel or training. **Costs for mitigation are reflected below in the areas of specialized training, reference materials, and equipment.**

Training: It would be prudent to send at a minimum, our current hazardous materials team members (7) to additional courses designed to enhance their knowledge, skills and abilities in handling train incidents.

Tank Car Specialist Course: \$1,495 Tuition – 40 hours of Overtime salary, 48 hours of backfill and lodging. Total estimate \$5,800 per person, Total Cost \$ 40,600.

Advanced Tank Car Specialist Course: \$1,495 Tuition – 40 hours of Overtime salary, 48 hours of backfill and lodging. Total estimate \$5,800 per person, Total Cost \$ 40,600.

Inter-modal Specialist Course: If Inter-modals are used on the rail line then this course would also be highly recommended. \$1,495 Tuition – 40 hours of Overtime salary, 48 hours of backfill and lodging. Total estimate \$5,800 per person, Total Cost \$ 40,600.

Incident Commander Course: 2 courses covering 8 days. If this course covers train incidents in particular, it would be recommended for the senior staff of 6 personnel.

\$3,875 per person x 6 = \$23,250 + \$8,600 backfill for shift captains, **Total Cost of \$31,850.**

Note: Additional department/community wide training is not addressed at this time and would be required to be done by all Fire Rescue Department personnel.

Total annual training costs are estimated at \$153,650.

Reference Materials: It would be important for the CN to provide a comprehensive list of all hazardous materials carried on their rail lines. Of particular interest is what they plan to transport on the EJ&E rail line in the event the proposed acquisition is approved. This

comprehensive list could simply reference materials carried over the last five year period and planned for the future. Once received, this comprehensive list could then be used to analyze the most common hazardous materials being transported and allow the Fire Rescue Department to pre-plan for potential events and affects based upon proper research and training.

Add the CN's comprehensive list and additional reference material to our command resources. This could include resources for the Lake Zurich Emergency Operations Center in the event of a large scale event and includes appropriate materials for individual vehicles as needed. The CN should be required to fund table top exercises to review area wide response capabilities. It is possible that if we were to complete the training noted above, that additional small tools and equipment may be needed to supplement current equipment. **Cost is estimated at \$3,000 to \$5,000.**

Hazardous Material Equipment Needed:

Spill Response Trailer – This unit would include a 15' tow trailer that would contain equipment to temporarily mitigate spills, leaks and/or releases for train emergencies for fire, police, public works and the Lake County Emergency Management Agency. Equipment purchases needed include plugs, booms, absorbent pads, traffic barricades, signs, hazmat suits, etc., for releases in roadways, ponds, streams and buildings. **Cost estimated at \$35,000.**

Community Notification Alerting System: This system would include a service agreement with Connect-CTY for a rapid community notification via landline, cell and pager for rail emergencies. Situations and instructions related to blocked rail crossings, derailments, spills, evacuation, and shelter in place, shelter locations would be sent to all homes and businesses within the community within a few minutes. **Cost is estimated annually at \$18,000.**

Pedestrian Overpasses/Pedestrian Barriers/Property Protection Illinois Compiled Statute [625 ILCS 5/18c-7503 – Trespassing on Railroad Property; Terminal Security] prohibits the unauthorized entry onto railroad property at other than authorized crossings. Many areas of the EJ&E railway right-of-way are adjacent to developed areas. Specifically, the incidences of trespass occur most often in areas near schools and residential areas. The Lake Zurich Police Department has adopted a philosophy of enforcing this with the permission of the EJ&E Railway Company in order to address our concern for pedestrian safety. Primarily, the individuals engaged in this activity are children and young adults. It is imperative that environmental engineering measures be installed that prohibit, or make less attractive, any access by pedestrians onto the EJ&E Railway right-of-way. This is especially important with the anticipated increase in rail traffic leading to an increase in pedestrian/train conflict incidence.

Additionally, the EJ&E Police Department authorized the Lake Zurich Police Department to act on their behalf regarding trespassing issues within the corporate limits of the Village. Currently, it is unknown what philosophy CN holds regarding this issue.

Finally, the installation of barriers, sound walls or fencing, protects the railroad's property. This would reduce the burden on the local law enforcement agency to address this issue. Historically,

railroad police departments do not employ adequate personnel to patrol the entire length of a railway to address the trespass issue. Even if they did, the response time would prove to be impractical.

The STB Draft Environmental Impact Statement clearly indicates an increase in injury accidents is likely to occur. Lake Zurich Community Unit School District #95 has a campus of schools along the current rail line corridor. Anticipating increased levels of train traffic, frequency, length, duration, etc., specific mitigation provisions should be required to allow children and adults to safely cross the rail line by means of a pedestrian overpass. This is especially true for high school age children that have historically crossed the rail line at various locations and may be otherwise tempted to cross in unsafe locations to beat the trains. **Cost is unknown at this time and can be obtained from the State of Illinois Department of Transportation. Assumption is in excess of \$1M and less than \$2M.**

Ela Road Automated Enforcement: If grade separation is not achieved at the Ela Road crossing, the installation of an automated grade crossing enforcement system is recommended. The criteria for installing such equipment are found in Illinois Department of Transportation – Safety Engineering Policy Memorandum Safety 2-07. The criteria are as follows:

An automated RGC enforcement system may be utilized at public highway railroad grade crossing locations experiencing excessive gate violations or significant crash histories when other safety measures such as automatic flashing light signals and gates, constant warning time circuitry and enforcement by local law enforcement officials have not been effective.

Additionally, safety improvement projects to install an automated RGC enforcement system will only be considered at highway railroad grade crossing locations having a minimum of 1,000 vehicles per day and a crash history of at least five (5) crashes in a five (5) year period, or upon a recommendation from a diagnostic team review finding that photo enforcement is appropriate at that location. Documentation of local law enforcement efforts will be required.

The latest traffic counts available from the Illinois Department of Transportation indicate that 15,000 vehicles travel daily on Ela Road between U.S. Route 12 and Cuba Road. Currently, there is no crash history at this grade crossing. However, should the volume of train traffic increase to 20 per day it is anticipated that the incidence of train/vehicle conflict will increase and crashes are likely to occur. It is reported by the Federal Railroad Administration that the installation of video enforcement systems lead to 92% reduction of accidents at grade crossings. **Cost is estimated for the PROSCAN Video Protection System [Rail Crossing Solutions, Inc.] at \$275,000-\$325,000.**

Training for Traffic Crash Investigators: The Village of Lake Zurich has five grade-level crossings within its jurisdiction. These roadways are heavily traveled. The Lake Zurich Police Department contributes personnel to the Lake County Major Crash Assistance Team (MCAT). This is a multi-jurisdictional team that investigates serious traffic crashes. With this increase in train traffic through the Village, it is likely that vehicle/train collisions will occur. In order to properly investigate such incidents, the assigned personnel need to be properly trained to specifically investigate such

incidents. Currently, the Department has six traffic crash investigators assigned to this team. Recently, the team investigated a pedestrian/train accident in Fox River Grove involving a commuter train. Due to our current staffing situation, to assign personnel to extended training it is necessary to assign personnel to the vacated position. **Cost is estimated at \$30,000 (includes tuition, salary, and overtime backfill costs).**

Interoperable Communications: Dispatch Center personnel have on numerous occasions requested information from the EJ&E Railroad dispatchers. Most communications are limited and conducted by land line telephone. However, CN Railroad personnel should have the ability to directly communicate with responding public safety staff via a common radio system. This requirement not only applies to the CN Railroad Police Department, but should carry over to personnel on the train to directly respond to local public safety personnel concerning specific portions of the train with a problem or to warn of potential hazards. What complicates this matter further is that local law enforcement and fire rescue departments use different radio spectrums. The CN Railway Company should either provide the Village interoperability equipment that allows law enforcement and fire rescue personnel to communicate on radio frequencies that they use, or the CN needs to acquire equipment to communicate on local law enforcement and fire rescue radio frequencies. The system would need to be installed by a Police Department communications contractor for security reasons. **Cost is estimated at \$25,000 – \$30,000.**

3. PUBLIC WORKS CONCERNS AND MITIGATION REQUESTS

Upon further review of the DEIS, it is important to bring to your attention a number of inconsistencies present in the findings that should be corrected and/or further clarified, and suggestions for mitigation measures to be included should the STB approve the proposed transaction.

Significant Finding on CN Operation Plan :

On page ES-10 under Rail operations, the study states that the SEA analysis shows that given the track construction and Operating Plan submitted by the Applicants, and the physical constraints and other uses of the EJ&E line that the Applicants do not propose to change, the EJ & E rail line would be at or near its practical train volume capacity. It appears this finding is based merely on the current proposed changes.

As stated on page ES-5, railroads may add trackage and change operations within their existing right-of-way at any time without STB approval. Therefore should the CN desire to increase train traffic in the future by adding double track along portions or throughout the entire corridor, it would be possible without STB approval and thereby the impacts discussed in this study would be grossly misrepresented in the ultimate condition. To truly understand the potential impacts, a worse case/ultimate scenario should be analyzed. The STB should enact an agreement with the CN to commit to the proposed changes only and any further operating changes would be a condition for reopening the entire STB approval process.

Mitigation Requested: The SEA require the CN to provide a maximum operation plan as part of their proposed action included in this study. Any changes in future operations that will be in excess of the proposed maximum operations plan should be cause for the SEA to reopen the impact study, require the railroad to provide justification, and show the aggregate impacts of their actions. Changes should be subject to the public hearing process again.

Significant Finding on Train Traffic Within the EJ&E Arc:

The study consistently refers to the resultant decrease in CN operations along the existing rail lines inside the EJ&E arc. While the CN may show decreased operations on these lines as a result of the proposed acquisition of the EJ&E, the report does not evaluate the potential for other carriers to utilize these lines and thereby increase their use on other existing railroad lines in the Chicago land area once additional space becomes available. Once the CN has decreased its use on these existing rail lines, this provides the opportunity for other carriers to increase their use on these lines, thereby negating any reduction in impacts on these existing lines. A study of this impact should be incorporated into the report as the single carrier impacts may be reduced but the ultimate impacts may not result in any reduction whatsoever. As stated above, railroads may add trackage and change operations within their existing right-of-way at any time without STB approval. It is clearly understood that the existing rail lines running through Chicago land today are at capacity. Therefore, the STB should restrict any further use of these existing lines.

Mitigation Requested: Rewrite current Federal law requiring all railroads to be subject to regular reviews and approvals when they significantly change their rail operations, such as the recently proposed House Bill 6707. Should this bill fail, then the STB should promote the passage of a bill to address this major shortcoming in our system of monitoring railroads in the U.S.

Significant Finding on Affect on METRA Passenger Rail Service: On page ES-10 under rail operations, the draft report briefly discusses the affects that the increase in freight traffic may have on the existing METRA passenger rail service. The report states that where there are conflicts, METRA and CN need to work closely to ensure that the increase in CN freight trains on the EJ&E rail line can be operated efficiently while maintaining a high level of on-time performance for existing and proposed additional METRA trains. This statement is very vague and the potential impacts should be analyzed, as the existing passenger rail service is critical to the outlying suburbs for access to downtown Chicago. Any future delays or cuts in passenger service may cause existing train riders to drive which in turn will have substantial negative environmental impacts.

Mitigation Requested: Should the CN acquisition be approved, operating priority should be given to METRA. The CN should adjust their operating schedules to assure no impact on the existing or future passenger rail service. This should be required as part of a written agreement between the two railroads with significant penalties associated with the CN's violation of any portion of the proposed agreement.

Significant Finding on Train Related Accident Rates On page ES-12 under Safety, the last sentence of the first paragraph states that the SEA concluded that the likely rate of train accidents on the EJ&E rail line per million train-miles would decline following the Proposed Action. This statement directly conflicts with the first sentence of the next paragraph that states the SEA calculated that the total number of train accidents on the EJ&E would increase by 28%. Similarly, the second sentence states that the numbers of accidents on the Applicants inner lines are expected to decrease by 77%. While this statement may be true for the CN, again it does not address the cumulative affect if other railroads increase use on these rail lines due to the increased availability. Also, in the third sentence, the statement shows a decrease in highway/rail accidents annually from 2.47 to 3.79 on the CN rail. This should either be referred to as an increase or the numbers referenced are in the incorrect order.

Mitigation Requested: None at this time, simply identifying a flaw in the DEIS.

Significant Finding on the Status of Quiet Zones: On page ES-13, the first paragraph states that one area (Barrington, Illinois) that currently qualifies as a Quiet Zone could lose that status because of the increase in train traffic. The Quiet Zone has been petitioned and is in affect for the entire EJ&E corridor, from North Chicago to Elgin. The entire Quiet Zone corridor should be referenced in the EIS and would be in jeopardy of losing this status due to the increase in train traffic. Proposed mitigation should be included for the Applicant to make any improvements necessary to maintain the status of the entire Quiet Zone corridor.

Mitigation Requested: It is understood that the CN has offered to provide noise barriers, vegetation and landscape berms, or provide funding for the installation of enhanced warning devices in order to provide the level of warning necessary to allow a community to request a waiver from Federal Railroad Administration of the requirement to sound the horn and achieve Quiet Zone requirements. While this voluntary measure is a nice offer, the key concern with this measure is the "or" in the statement. The "or" does not commit the railroad to provide the necessary improvements to keep the established Quiet Zone in affect, just that it

becomes one of the many options for the railroad to reduce noise if they so choose. The SEA should mandate that the railroad pay for any and all improvements required to maintain the Quiet Zone corridor and as such should require an agreement between all the communities along the acquisition route to assure this requirement is adhered to in perpetuity after the SEA enforcement period has ended. VM 2 discusses the Quiet Zone but only that the Applicants shall construct or install roadway median barriers to reduce the opportunity for vehicles to maneuver around a lowered gate. While this is a start, this type of improvement is not the only measure that can be implemented, may not work in all locations and may eventually not qualify should the future rule change. The railroad should be required to provide any measures necessary to maintain the Quiet Zone status through Lake Zurich.

Significant Finding on Transportation of Hazardous Materials: On Page ES-13, the second paragraph references, hazardous material transportation and states that SEA's analysis showed that the number of "major key routes" would increase from 2 to 14 on the EJ&E rail line but be reduced from 23 to 3 on the CN subdivisions. This statement is very misleading, as the numbers discussed are referring to rail segments only and not the overall number of hazardous waste carloads annually. The report should include the actual number of hazardous waste carloads that currently exist on the EJ&E annually and the proposed annual number of carloads from the CN acquisition. Not only are the existing trains going to be relocated, but the number of carloads is expected to increase as there will be a substantial increase in train lengths and cargo shipped. It is expected that the overall hazardous material waste carloads after the acquisition will be higher than the overall amounts currently present on both lines combined.

Mitigation Requested Please refer to the earlier section found on pages 5 and 6.

Significant Finding on Rail Spurs and Local Service On page ES-15 under Land Use, the report states that construction of connections and double track would not affect current lane use patterns and be consistent with existing land use plans. While this may be true in the areas of expansion, the report does not address the affect of the proposed rail operations. Lake Zurich was informed in a meeting by the CN that it does not have any intention in preserving existing local rail delivery service to the corridor as the preservation of these services is not cost effective. The Village of Lake Zurich is one community that has a substantial industrial park along the EJ&E rail line that is dependent on this rail service. Non-service to the Lake Zurich Industrial Park will likely have a detrimental affect on the land use along these tracks but also affects revenues, jobs and property taxes in the community should these existing businesses need to relocate due to the loss of rail service. These cumulative impacts should also be discussed in the study.

Mitigation Requested The SEA should require the CN to honor all current local service agreements along the rail line and renew all such agreements automatically until such time as the businesses being serviced cancel the agreement. This will prevent loss of business due to loss of rail service. The CN should be prevented from offering service agreement renewals at exorbitant rates that the local businesses cannot afford to extend the agreement, thereby forcing the business to relocate or close its doors.

Significant Finding on Noise and Vibration Affecting Properties On page ES-15 under Land Use, the third paragraph discusses the impacts of noise on existing land uses. While it is understood that

train noise does have an impact on public lands due to the tranquil land uses, noise and vibration impacts also adversely affect existing developed and vacant land for potential development and redevelopment along the rail corridor. The Village has several areas of existing residential land use and vacant land use slated for multi-unit residential housing that will be adversely impacted and considered non-viable for these uses should the acquisition be approved. While multi-family housing is readily seen in areas along passenger train corridors, in these cases the benefit of the proximity to the passenger trains outweighs the negative impacts of the trains. This is not the case with the CN acquisition of the EJ&E rail line; there will be no passenger train service benefits offered to Lake Zurich and most of the communities along the proposed CN rail corridor. The exception to this rule is along the EJ&E rail line designated for the STAR LINE.

When discussing the acquisition of the railroad with the Lake Zurich Community Unit School District #95, the CN had stated that they are required to attain certain noise levels in areas affecting the learning environment. As both the Senior High School and May Whitney Elementary School are in very close proximity to the rail line, specific noise analysis must be undertaken and compared to the established standards for noise levels in the classroom. This could have potential financial impacts to the District should they need to make modifications to sound proof the buildings.

Mitigation Requested: A potential solution to the direct increase in noise levels would be to install noise barrier walls along the rail line at the location of the schools and all other residential areas within the Village limits. Each noise barrier wall has been named for easy reference and the estimated total cost for all noise barrier walls can be found in Exhibit B - Estimate of Capital Costs for Potential Mitigation Measures. Please see attached Exhibit C that shows the desired locations of the noise barrier walls.

Significant Finding on Potential Contamination to Vital Water Resources The impact to natural water resources is discussed on pages ES-19 and ES-20. The DEIS does discuss the potential increase in groundwater contamination, particularly in shallow wells. The Village of Lake Zurich obtains the majority of our water from deep wells and supplies water to most of the community through a distribution network. However, a few areas within the Village and vast adjoining areas outside the Village are served by individual shallow wells. These wells have a high potential for contamination due to a hazardous spill as they receive their recharge from local surface areas. Contamination of groundwater from a single hazardous material spill can have widespread permanent affects as contaminated areas would be rendered uninhabitable due to the inability to have potable water. The potential impact for such a condition should be included in the report. The potential for this type of situation does not exist or is greatly reduced in the inner arc regions as most of the water supply is distributed from Lake Michigan through distribution networks that can withstand impacts from such a spill. The number of shallow wells along the EJ&E and the inner arc should be determined and the risk compared as part of the study for potential contamination.

Mitigation Requested: In addition to VM 16, the CN should be required to have an emergency action plan established to prevent groundwater contamination in instances of a hazardous spill emergency. Water quality control structures should be installed at all storm water outfalls along the railroad corridor to provide a method of containment for spill areas and prevent downstream runoff contamination, especially in areas of shallow ground water recharge areas such as lakes and wetlands. The Village has identified the area where water

quality structures would be desired to prevent groundwater and service water contamination. 14 locations have been identified and the costs for the installation of these structures are listed in the cost estimate provided in Exhibit B.

Significant Finding on Potential Contamination from Storm Water Runoff: The DEIS also mentions decreases in water quality due to construction runoff but fails to address any potential contamination from surface runoff generated from the railroad right-of-way during routine rail operations. With the passage of the new NPDES Phase II Regulations, the local municipalities are now responsible for the quality of runoff entering their storm sewers and other bodies of water under their jurisdiction. Rail corridors are commonly listed and identified as hazardous material sites due to trace elements being deposited along the corridor from leaking cargo cars, diesel fuel, grease and heavy metals. Exiting storm water quality measurements should be taken and the potential affect to the water quality determined with potential impacts included in the Study. The additional number of freight trains and cargo will undoubtedly result in an increase in the amount of these trace contaminants along the corridor, thereby reducing the quality of storm water runoff along the corridor. This has short and long term environmental affects.

Mitigation Requested: As mentioned above, water quality control structures can be installed at all discharge points along the rail corridor and should be paid for by the CN. These structures will prevent any grease, oils or other floating substances from continuing downstream as well as capturing heavy metals and sediments. An annual inspection and maintenance program should be required of the CN to keep the structures operating to the maximum ability. This program will also serve as an opportunity to monitor the quality of runoff.

Significant Finding on Existing Drainage Culverts: Additionally, specific to the Village of Lake Zurich, there are two existing drainage culverts under the EJ&E railroad line that do not have a permanent structure at the bottom of the structures. As far as the Village can determine, these structures were originally built as “cattle crossings” and the bottom portion of the structure is dirt. Storm water flowing through these crossings causes disturbance to the dirt bottom and suspends the fine particles into the water flow which increases the total suspended solids and decreases water quality violating NPDES Phase II Regulations. These EJ&E owned structures are not under the Village’s jurisdiction but are having a negative affect on the lake of Lake Zurich water quality when storm water is flowing.

Mitigation Requested: Should the STB approve the proposed acquisition with conditions, the CN would be required to pay the full cost to modify these existing structures with a permanent solution on the bottom.

Significant Finding on At Grade Railroad Crossings: On page ES-23 the report mentions the EJ&E rail line has more public highway/rail at grade intersections than the entire current CN line, and increased train volume would increase traffic delays and emergency response times.

Mitigation Requested: In response to this concern the report identifies two potential at grade crossings as potential candidates for grade separated crossings (Ela Road and Old McHenry Road). Grade separated crossings at these locations would reduce impacts to traffic delays

and emergency response times. Cost estimates to provide grade separation (underpasses) at each of these locations is shown in Exhibit B. An alternate to the underpass at Ela Road would be to relocate Ela Road and provide associated road improvements. The estimates for these alternates are also provided for your reference. The railroad should be required to pay for all costs associated with these grade-separated crossings as their adverse operational impacts are creating the need. No local or state funds should be utilized as the local taxpayers should not be burdened with the costs associated with private industry.

Significant Finding on Downtown Traffic As the existing railroad is located right through the center of the downtown area; significant impacts to traffic are anticipated as well the general continuity of the Village will be reduced. A potential increase of vehicle/train collisions as well as pedestrian/train collisions would also be present due to the increased number of trains. As a result, potential liability for the Village will suffer a corresponding increase.

Mitigation Requested: To resolve potential traffic impacts, reduce accident potential, provide better traffic flow and increase continuity of the downtown traffic through the Village based on the potential adverse impacts of the CN railroad operations, modifications to the existing roadway and pedestrian systems have been identified. These include the abandonment of the South Old Rand Road right of way between Route 22 and the rail road crossing along with the installation of a pedestrian bridge at South Old Rand Road, and relocation of Church Street. Cost estimates for these improvements are included on Exhibit B and should be paid by CN.

4. COMMUNITY DEVELOPMENT CONCERNS AND MITIGATION REQUEST

Negative Impacts on Existing and Planned Land Use:

The SEA methodology used to evaluate the affects of the proposed action is flawed due to the lack of evaluation of the impact of the increase in train traffic on existing or future land use plans.

Specifically, the SEA states, “None of the existing or future land use plans reviewed assumes that the EJ&E rail corridor would be removed.” The flaw is that the Village of Lake Zurich’s Comprehensive Plan and land use plans assumed minimal or no growth in freight traffic, and the anticipation of a commuter rail not an increase of over 400% in additional freight train traffic. This increase in freight rail traffic will negatively impact the Village’s downtown redevelopment and Tax Increment Finance (TIF) district and is in direct conflict with the Village of Lake Zurich Master Plan.

Based on information provided in the detailed report, the SEA does not account for the negative impact the proposed action will have on any existing or future land use plans. Absent any call for mitigation by the STB, the Village will be required to expend significant and unnecessary tax dollars to amend current community planning documents; a cost that should be mitigated by the CN. **The current contractual cost of simply updating the community’s Downtown Redevelopment Master Plan and preparation of a new Form Based Code to guide future development is over \$250,000.**

The Village of Lake Zurich, along with all other local governments along the EJ&E rail line should not be forced to incur expenses to update where current up to date plans already exist. If we are to assume for the moment that the STB approves the transaction, many other planning and legal documents will need to be updated before the normal renewal cycle. In Lake Zurich alone, we would need to immediately amend our recently adopted 2003 Comprehensive Plan and the 2004 Village Zoning Code. In 2003, the Village expended over \$90,000 to update the Comprehensive Plan. Considering that these documents traditionally have a life span of 20 years in limited growth communities like Lake Zurich and 10 years in rapid growth communities, this is an additional cost to the local taxpayers which the Village can ill afford to bear. If the transaction is approved, we would be required to revisit the Comprehensive Plan, Downtown Redevelopment Plan, Zoning Code, and new Form Based Code to make modifications and new amendments due to the increased freight rail usage. Please keep in mind, that the negative impacts of increased freight rail traffic were not addressed in 2003 and 2004 as the planning assumptions in the Comprehensive Plan were based on the long standing limited historical usage of the rail line by the EJ&E as a Class 2 limited short line railroad.

Mitigation Requested: Any and all costs associated with updating the Village of Lake Zurich’s 2003 Comprehensive Plan, 2004 Zoning Code, Downtown Redevelopment Master Plan, Form Based Code, and all other associated legal documents to be paid for by the CN.
Cost Estimated at \$500,000.

Negative Impacts and Job Loss Ignored:

The DEIS fails to fully address the local and regional impact of the proposed action on the employment market. The DEIS erroneously concludes that the only job loss impact – direct, indirect or induced - would be in the rail industry, and that the 280 jobs would minimally impact the greater Chicago regional economy. The SEA has failed entirely to address this critical impact area outside of the rail industry, ignoring all other industries and other regions of the U.S. dependant on the rail industry, i.e. California which is home to much of the U.S. rail freight industry.

In Lake Zurich, the mere hint of the proposed transaction has already had a negative impact on a very important economic development project that would have created 45 new full time positions, and which represents 16% of the estimated job losses as stated in the DEIS. To have been located in the Village's TIF district, this identified job loss not only impacted the local labor market but further created direct losses in revenue to all taxing bodies and private sector industries. In addition to this loss, the Village was recently informed by one of the key manufacturers in the Lake Zurich Industrial Park that relies heavily on a private rail spur off of the EJ&E rail line, that if the proposed transaction reduces or eliminates their ability to receive raw materials and ship finished products, they will be forced to relocate their business due to increased transportation and shipping costs. This business currently employs 176 full time employees. In simple terms, the combined loss of this company and the recent project creates a direct loss of 216 full time jobs in Lake Zurich alone, representing slightly over 77% of the job loss accounted for in the DEIS.

According to Lake County Partners 2001 report "What Does Economic Diversity Mean to You?" the economic impact of 100 manufacturing jobs equals \$5,300,000 in annual retail sales. The projected net impact of losing 176 manufacturing jobs in 2001 dollars would be approximately \$9,328,000 in retail sales. This does not take into effect the residual loss of income tax to state, local and federal governments. (Report is attached as Exhibit D) Using the values published in the DEIS Section 4.6.3.1 Fiscal Effects, the loss of 216 full time jobs in Lake Zurich would result in permanently reduced annual local and state government tax revenues of \$2,002,000 and federal tax revenues of \$3,934,700 million, for a combined loss of over \$5,936,700. (Local & State Tax Revenue = \$2,600,000 x .77 = \$2,002,000; Federal Tax Revenue = \$5,110,000 x .77 = \$3,934,700)

Taking this simple analysis one step further, if one were to multiply the permanently lost tax revenues in Lake Zurich as a base by the 40 affected communities, the net affect would be an annual loss of approximately \$237,468,000 for the local, state and federal units of governments. Additionally, if there is a negative impact to businesses and development along the rail line, then additional job losses can be expected and will have a significant effect on the local, state and federal tax rolls. This impact can be extrapolated by every community along the rail line in today's dollars and for future generations of Americans. This single item alone related to Socio-economic impacts, clearly contradicts the CN's argument that there would be an economic gain to the region.

Mitigation Requested: Do not approve the acquisition without performing a full blown economic analysis on the true impact of this transaction on all industries and all regions impacted in the U.S. To consider this a "minor transaction" in essence is to ignore the truth and ignore the economic impact on the local, state and federal levels of government, not to mention the adversity it creates for American taxpayers already suffering the economic downturn in our country.

Loss of Community Cohesion:

Unfortunately, there is no quantitative way to measure economic impact on the quality of life and disruptions that would be caused by the proposed transaction. The SEA mistakenly concluded that, “Communities and residents near the EJ&E rail line may experience minor, adverse, local effects on property values and community cohesion as a result of increased rail traffic on the EJ&E rail line.” It further went on to state that, “Effects on community facilities would be minimal because communities have grown around the EJ&E rail line and have adapted to its presence.”

Although the EJ&E rail line has been in existence since 1891, the proposed 400% increase in freight train traffic is not what any local communities have grown up around or anticipated and planned for in the present day. The SEA has taken an overly narrow view on the adverse impacts this transaction will generate on local community cohesion and facilities. The proposed action will significantly delay public travel times, interfere with public access to area schools, disrupt critical response times for police, fire, rescue, and ambulance services, interfere with the other functions of government services, adversely impact local businesses and industries, and very importantly, create an extremely negative impact on the environment.

Shamefully, the SEA and DEIS have made the assumption that the impacts of the proposed transaction will be minimal because residents have at least partially adapted to the existing travel patterns related to train traffic. This assumption is not based on any hard empirical evidence and as such must be disregarded as fiction.

Mitigation Requested: The STB must acknowledge the fallacy of their statements in the DEIS and SEA. Further, a study of the adverse impacts on community cohesion should be conducted which identifies how the transaction, if approved, impacts community cohesion issues and how the effects on communities can be mitigated so as to not destroy the existing quality of life.

5. VILLAGE FINANCIAL STRESS AND SOCIO-ECONOMIC CONCERNS

The DEIS fails to completely account for, and in most all instances, totally ignores any discussion on the negative financial impacts – direct, indirect, or induced - on all of the affected local governments along the EJ&E rail line. In today’s downward spiraling economy, local governments cannot afford to see any further loss in the market value of homes or any other types of real estate. The financial stress that the U.S. is experiencing on Wall Street and on Main Street is already impacting local government budgets and any further erosion of the local tax base will start to have disastrous effects on local government service delivery. There can be no argument supported to the contrary, that the proposed acquisition is very poorly timed and will result in a direct loss of property value to property owners adjoining and within 500 feet of the EJ&E rail line. This loss in market value can result in not only failed mortgages for some property owners, but just as important, will have the negative affect of lower taxable values for properties. This loss results in a related reduction in property tax collected to support all government entities and our children’s schools.

The EJ&E rail line divides Lake Zurich in half and the community has for a long time been developed along both sides of the rail line. This includes adjoining residential, commercial, industrial, and institutional properties planned and developed on the basis that the EJ&E has historically been and is a local industry servicing single track short line operation, - not a rail superhighway the likes of which the CN is planning to operate as the “Midwest Express.” If approved by the STB, the acquisition will have devastating impacts on all properties located within 500 feet of the rail line. The devaluation of these properties, in a community that is fully developed, will have grave consequences for all the local taxing bodies. We will be forced to either reduce services and employees, or increase the property tax burden; all for a private foreign company with no direct or indirect benefit for Lake Zurich. Simply put, this is not equitable or acceptable!

Loss of Equalized Assessed Value and General Property Tax Revenues:

The DEIS fails to completely address and actually determine the full impact of any decrease in property value for residential properties along the entire length of the EJ&E rail line. The SEA concludes that “some homes within 250 feet of the rail line with 20 additional trains could experience a decrease in property value.” It further states, “The property values in the Study area would not be affected.” Both of these conclusions are in contradiction of each other as found in the DEIS report. According to Table 4.6-3 - Property Value Effects from Increased Train on a Nearby Existing Rail Line indicates that properties with an additional 20 trains will see a negative change in property value if the property is within 500 feet of the EJ&E rail line.

Exhibit C, prepared by the Engineering Department of Lake Zurich, presents an aerial view map that clearly identifies the 500 foot impact zone referred to in the DEIS. Altogether, there are 364 residential properties within 500 feet of the rail line depicted by the white dashed line, of which, 114 residential properties are located within the Village’s TIF District as depicted in the map insert. For purposes of this report, we are not calling out the number of commercial and industrial properties that may suffer from a loss of market value and related loss in property tax dollars. That discussion is a subject for another time but should be taken into consideration by the STB in rendering a decision.

The total fair market value of all the affected residential properties in the impact zone equals \$110,468,874 and the equalized assessed value for tax purposes equals \$36,822,958. A detailed report of these figures was prepared by the Village Finance Department and is attached as Exhibit D.

In accordance with published documentation by the STB and data from other sources, the loss in taxable values can be as much as 15% depending on the proximity of the property to the rail line. This percentage is only the tip of the iceberg, as reports released today by the U.S. government indicate, the values of homes in most U.S. markets hit their sharpest decline in recent history; 16%. Ignoring the general loss of value in the housing market, and simply using the percentage reduction of 15% and applying it to all of the existing known property values in Exhibit D, the fair market value would be reduced to \$93,898,543, or a loss of \$16,570,331. Reducing the corresponding equalized value by 15% would result in a loss of value of \$31,299,514, or a reduction of \$5,523,444. This would result in a direct loss of tax revenue to all the taxing bodies of \$672,148. As an Illinois non-home rule municipality and operating under strict imposed annual tax caps, the Village cannot pass these losses onto taxpayers in the community.

Loss of Equalized Assessed Value and Tax Incremental Revenues:

Beyond the overall financial tax loss in the General Fund of the Village identified above, a reduction in the large number of residential property values that are located in the Village's TIF District will generate a certain loss to the Village TIF District Fund and annual budget. There are currently 114 residential properties in the Concord Village Subdivision within 500 feet of the EJ&E rail line that would experience a decrease in property value. This residential subdivision is the only key development thus far completed in the TIF district. Outside of this project, a small townhouse development project (Somerset) got started and then failed primarily due to the economy and further word of the proposed Canadian National acquisition. Any loss in property value within the TIF District will further erode the Village's ability to pay bondholders and the School District the legally required payments annually. The townhouse project is half complete and has completely stalled, resulting in the bank foreclosing on the developer's loan for the project and leaving numerous new units for sale in a distressed market within 500 feet of the rail line.

As a direct result of the proposed acquisition, the Village also lost a major development project within our TIF District with an estimated taxable value of \$22 million. The loss of this project resulted in no growth in the equalized assessed value of the vacant property and a direct loss in annual incremental revenue to the Village of approximately \$432,667. See Exhibit F- Pathway Senior Living Letter of May 30, 2008. This single event highlights the flaws in the methodology of the SEA assessment on the impact to land use. The proposed increase in the number, size and frequency of the trains severely limits the types of uses and quality projects that the Village will be able to plan for and develop in the TIF which is traversed in the center by the EJ&E corridor.

The current Equalized Assessed Value of properties within 500 feet of the EJ&E rail line within the TIF is \$16,705,341. This represents 68.8% of the incremental EAV throughout the entire TIF. The 2007 Property Tax Levy for the TIF District is expected to generate \$1,435,000 of Property Tax Revenue. Should the sale of the EJ&E to CN take place and the volume and length of freight trains increase by the numbers projected, there is a PROBABLE chance that the value of the properties within 500 feet of the rail line will decrease by as much as 15%. That would mean that the

\$16,705,341 EAV would decrease by \$2,505,801. Based on today's dollars at the current tax rate of 5.910 and not projecting into the remaining 17 years of the TIF, the direct impact caused by a 15 % reduction of property values within 500 feet of the EJ&E rail line results in a loss of \$148,903; or 10% of the current revenues generated within the TIF. (Please refer to Exhibit D and the pages labeled TIF Properties for list of all affected residential properties).

6. CONCLUSION AND REQUEST FOR MITIGATION

Given all of the foregoing information, it is no wonder that the Village of Lake Zurich found it absolutely absurd, laughable and insulting that the CN would offer the Village of Lake Zurich a "private deal to mitigate impacts" in our community that amounted to nothing more than chain link fencing to protect their property, training for one public safety employee on how to handle disasters caused by their potential derailments, work with the Village staff on public safety education, and no guarantee of the continuation of the Quiet Zone throughout Lake Zurich. No other mitigation measures were ever offered by the CN.

Should the STB make the unconceivable determination to approve the proposed acquisition, then it **MUST BE CONDITIONAL** that the CN be **REQUIRED TO PAY** for **ALL MITIGATION COSTS** in the Village of Lake Zurich associated with their future ownership and operation of the EJ&E rail line. The **CONDITIONAL APPROVAL** **MUST** outline a specific and legitimate timeline as to when the CN will complete **ALL OF THE REQUIRED MITIGATION** measures in the Village of Lake Zurich. The **CONDITIONAL APPROVAL** **MUST** detail how the CN will accomplish the required mitigation measures within the established timeline. The STB must provide for an oversight body and administrative process to insure that **ALL OF THE REQUIRED MITIGATION MEASURES** are completed at their cost and in a timely manner. Only in this way can the Village of Lake Zurich and its taxpayers be assured that the community and its quality of life will not be irreversibly damaged or destroyed by the CN, or for that matter, any railroad with the same ambitions as the CN.

In closing, we pray that our government does not abandon us at this remarkable time in US history and leave us to fend for ourselves against this monopolistic foreign giant corporation. This Village, like our Federal government, must make daily decisions about protecting the health, safety and welfare of all our citizens. Please weigh this issue more carefully than our financial industries and Wall Street moguls have done this past decade, and do not allow corporate greed to destroy our local economy. Summarized in Exhibit B is the total estimated cost to mitigate all of the known adverse impacts in the Village of Lake Zurich both capital improvements and annual recurring costs.

Thank you for your consideration and we look forward to the STB rejecting the CN proposal to purchase the EJ&E Railway Company. In the event the transaction is approved, it should only be done with strict conditions and we would expect the STB to require the CN to pay for all of Lake Zurich's mitigation needs as requested in this report.

Respectfully submitted, on behalf of the citizens of Lake Zurich,

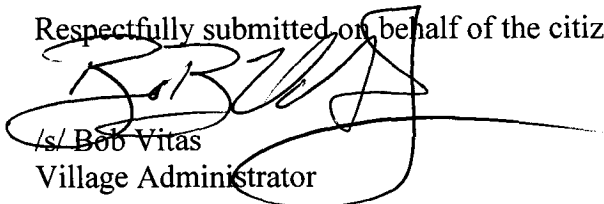
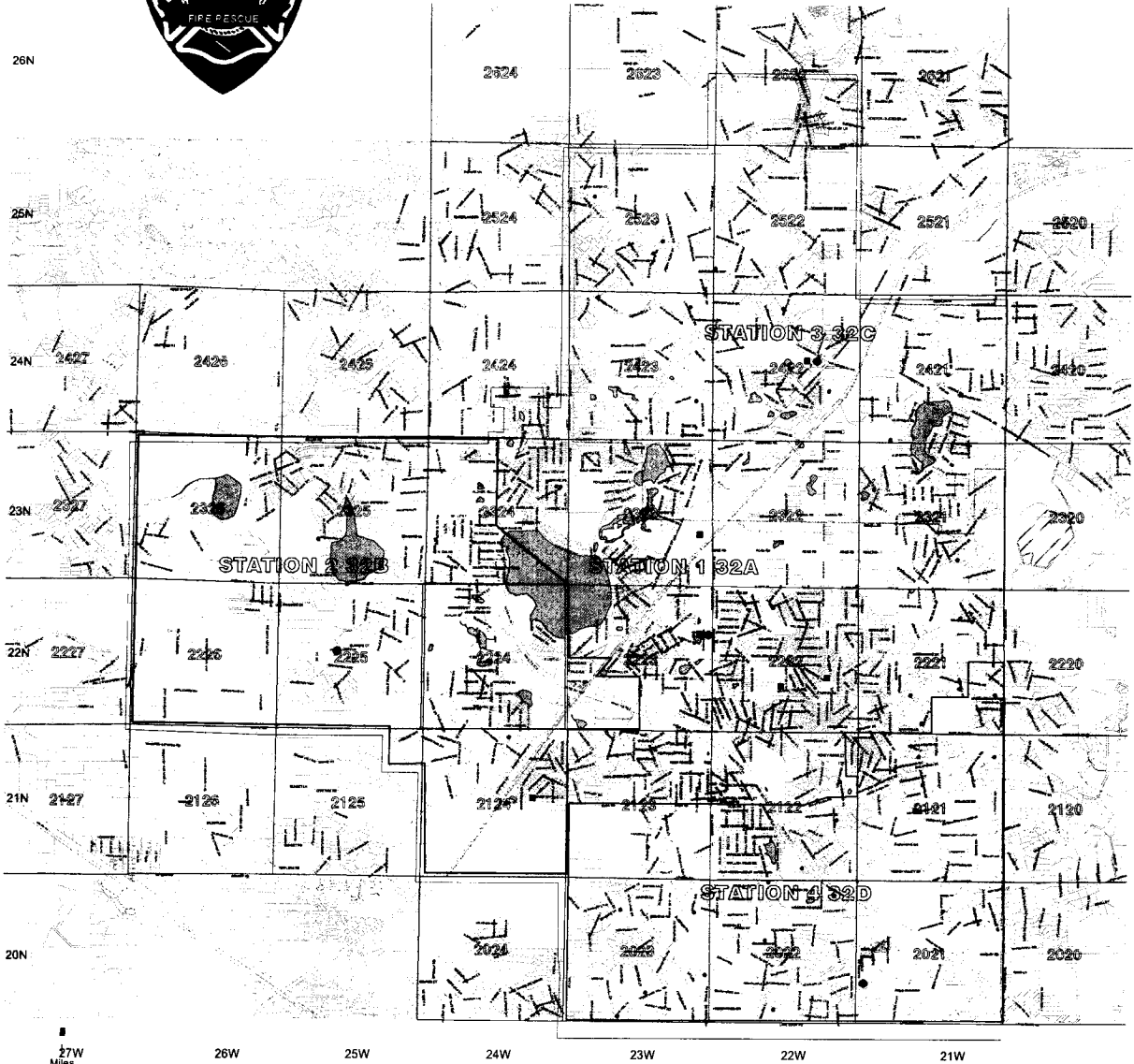

/s/ Bob Vitas
Village Administrator

EXHIBIT A
Map of Lake Zurich Fire Protection District Service Area

LAKE ZURICH FIRE/ RESCUE AREA MAP



Legend

- STATIONS
- DISTRICTS**
- REC_NUM**
- ☐ STATION 1
- ☐ STATION 2
- ☐ STATION 3
- ☐ STATION 4
- LANDINGZONES
- DRYHYDRANT

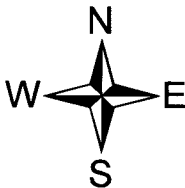


EXHIBIT B
Estimate of Annual and Capital Costs for Potential Mitigation

Annual Costs

• Purchase of Fire/Rescue Vehicle and Equipment	\$235,000
• Additional Personnel for Added Fire/Rescue Team	\$573,000
• Hazardous Material Team Training	\$154,000
• Community Emergency Notification System	\$18,000
• Rail Traffic Crash Investigator Training	\$30,000

Capital Costs

• Old McHenry Road Viaduct – Alternate 1	\$50M - \$60M
• New Fire Station – Alternate 2	\$10M - \$12M
• Video Surveillance Equipment	\$35,000
• Railway Signal Activation Indicator	TBD
• Route 12 Bridge Structure Replacement	TBD
• Hazardous Spills Response Trailer	\$35,000
• Hazardous Materials Small Tools and Equipment	\$5,000
• Ela Road Automated Traffic Enforcement	\$300,000
• Interoperable Communications	\$30,000
• Ela Road Viaduct	\$36,542,675
• Alternative to Ela Road Viaduct (Alt. 3)	\$9,688,975
• Noise Walls (All locations)	\$5,535,000
• Old Rand Road Abandonment	\$81,350
• Pedestrian Overpass South Old Rand Road	\$1,500,000
• Pedestrian Overpass Lake Zurich High School	\$1,500,000
• Church Street Realignment	\$2,859,499
• Water Quality Structures (35)	\$875,000
• Improvements to cattle crossing	\$20,000

Other One Time Costs

• Update Downtown Redevelopment Master Plan, New Form Based Code, Comprehensive Plan, Zoning Code, And All Other Associated Legal Documents	\$500,000
---	------------------

Exhibit C
Map of Village of Lake Zurich with Direct Impact Zone

EXHIBIT C

MAP OF VILLAGE OF LAKE ZURICH
DIRECT IMPACT ZONE

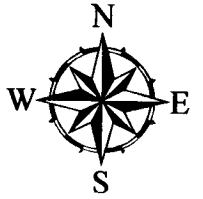


Exhibit D
Loss of Property Tax Revenues and TIF District Revenues

		500 Feet		
			Value	
PIN	Address		Equalized	Fair Market
14-09-402-033	980 Cormar Dr		164,030	492,090
14-09-402-032	988		142,580	427,740
14-09-402-031	992		147,344	442,032
14-09-403-027	995		153,083	459,249
14-09-403-026	1001		156,966	470,898
14-09-402-028	1002		155,070	465,210
14-09-403-025	1007		153,596	460,788
14-09-402-027	1010		169,896	509,688
14-09-403-024	1013		148,098	444,294
14-09-402-026	1016		157,455	472,365
14-09-403-023	1023		143,845	431,535
14-09-402-025	1024		162,715	488,145
14-09-402-024	1032		162,739	488,217
14-09-403-022	1033		159,132	477,396
14-09-402-023	1040		162,973	488,919
14-09-403-021	1041		151,359	454,077
14-09-402-022	1044		161,275	483,825
14-09-402-021	1050		153,824	461,472
14-09-402-020	1058		176,631	529,893
14-09-307-011	874 March St		89,505	268,515
14-09-307-014	880		100,889	302,667
14-09-307-015	882		89,505	268,515
14-09-307-016	884		112,044	336,132
14-09-307-017	886		104,407	313,221
14-09-306-031	889		107,859	323,577
14-09-306-032	891		87,650	262,950
14-09-402-035	892		112,772	338,316
14-09-306-033	893		78,821	236,463
14-09-402-049	894		88,079	264,237
14-09-402-050	896		111,057	333,171
14-09-402-051	900		88,352	265,056
14-09-402-052	902		104,766	314,298
14-09-402-044	912		90,939	272,817
14-09-404-015	913		70,030	210,090
14-09-402-043	914		90,251	270,753
14-09-404-016	915		77,972	233,916
14-09-402-043	916		112,619	337,857
14-09-404-017	917		95,837	287,511
14-09-404-018	919		84,879	254,637
14-09-402-040	920		112,619	337,857
14-09-404-019	921		97,834	293,502
14-09-402-047	922		110,505	331,515
14-09-404-020	923		96,343	289,029
14-09-402-048	924		88,545	265,635
14-09-402-041	926		89,934	269,802
14-09-404-035	929		97,723	293,169
14-09-404-036	931		97,711	293,133
14-09-402-037	950		113,096	339,288
14-09-402-038	952		114,896	344,688
14-09-402-046	954		84,722	254,166
14-09-402-045	956		92,020	276,060
14-09-402-039	958		83,875	251,625
14-09-402-053	966		110,210	330,630
14-09-402-054	968		106,218	318,654
14-09-402-055	970		92,620	277,860
14-09-404-033	971		110,730	332,190
14-09-402-056	972		111,967	335,901
14-09-402-057	974		110,425	331,275
14-09-403-015	994		144,260	432,780
14-09-403-014	1006		144,806	434,418
14-09-403-013	1014		145,519	436,557
14-09-403-012	1022		163,169	489,507
14-09-403-011	1030		153,532	460,596

500 Feet		Value	
PIN	Address	Equalized	Fair Market
14-17-403-013	108 East Main	110,476	331,428
14-17-403-007	108	16,511	49,533
14-17-403-008	108	17,012	51,036
14-17-403-009	116	77,616	232,848
14-17-403-010	120	67,400	202,200
14-20-100-070	241	608,566	1,825,698
14-20-100-024	245	672,204	2,016,612
14-20-104-034	42 Mionske	56,801	170,403
14-20-104-035	46	70,022	210,066
14-20-104-036	50	107,538	322,614
14-20-104-056	53	125,372	376,116
14-20-104-037	54	98,919	296,757
14-20-104-069	58	73,346	220,038
14-20-104-057	59	74,710	224,130
14-20-104-039	62	75,412	226,236
14-20-104-058	65	55,876	167,628
14-20-104-040	66	71,299	213,897
14-20-104-041	70	79,313	237,939
14-20-104-042	74	77,222	231,666
14-20-104-060	77	123,274	369,822
14-20-104-043	78	69,054	207,162
14-20-104-054	45 Lake	76,799	230,397
14-20-104-055	51	70,128	210,384
14-20-103-017	60 Park	81,263	243,789
14-20-104-013	61	87,212	261,636
14-20-103-018	68	76,951	230,853
14-20-103-019	68	1,075	3,225
14-20-104-068	69	149,581	448,743
14-20-104-015	77	76,797	230,391
14-20-104-106	85	80,349	241,047
14-20-206-011	90	76,266	228,798
14-20-104-017	93	88,732	266,196
14-20-301-015	10 Elm	157,979	473,937
14-20-301-016	14	105,321	315,963
14-20-301-017	18	225,191	675,573
14-20-301-018	22	131,214	393,642
14-20-302-006	15 Maple	76,119	228,357
14-20-301-010	38	83,354	250,062
14-20-302-012	39	83,576	250,728
14-20-301-012	46	74,676	224,028
14-20-302-017	26 Pine	23,632	70,896
14-20-302-018	26	82,066	246,198
14-20-302-019	30	72,799	218,397
14-20-302-020	36	94,213	282,639
14-20-302-021	42	66,660	199,980
14-20-303-009	39 Pine	105,693	317,079
14-20-303-010	43	92,214	276,642

500 Feet		Value	
PIN	Address	Equalized	Fair Market
14-20-303-014	10 Terrace	77,080	231,240
14-20-303-015	14	90,959	272,877
14-20-303-016	18	62,811	188,433
14-20-303-017	22	110,815	332,445
14-20-303-018	30	122,621	367,863
14-20-304-026	33	67,642	202,926
14-20-304-027	33	3,031	9,093
14-20-304-014	33	61,971	185,913
14-20-304-015	33	2,988	8,964
14-20-304-019	33	69,369	208,107
14-20-304-021	33	69,647	208,941
14-20-304-025	33	60,982	182,946
14-20-304-012	33	74,634	223,902
14-20-304-036	33	75,749	227,247
14-20-304-044	33	69,216	207,648
14-20-303-019	34	111,656	334,968
14-20-304-023	35	56,474	169,422
14-20-304-029	35	67,747	203,241
14-20-304-039	35	68,401	205,203
14-20-304-036	35	69,474	208,422
14-20-304-034	35	69,474	208,422
14-20-304-033	35	62,076	186,228
14-20-304-032	35	69,320	207,960
14-20-304-031	35	3,031	9,093
14-20-304-030	35	3,670	11,010
14-20-304-028	35	62,076	186,228
14-20-304-010	37	68,401	205,203
14-20-304-047	37	69,474	208,422
14-20-304-045	37	2,466	7,398
14-20-304-042	37	62,076	186,228
14-20-304-046	37	69,320	207,960
14-20-304-041	37	67,747	203,241
14-20-304-009	37	67,816	203,448
14-20-304-017	37	69,474	208,422
14-20-304-048	37	60,520	181,560
14-20-304-040	37	3,896	11,688
14-20-303-020	38	115,723	347,169
14-20-303-021	42	112,281	336,843
14-30-206-008	542 Braemar	136,201	408,603
14-30-208-001	549	126,241	378,723
14-30-204-020	550	135,075	405,225
14-30-204-019	554	134,287	402,861
14-30-208-002	555	137,280	411,840
14-30-204-018	558	119,790	359,370
14-30-204-017	562	179,724	539,172
14-30-208-003	563	150,417	451,251
14-30-204-016	568	146,460	439,380
14-30-204-021	574	143,384	430,152
14-30-208-004	579	120,549	361,647
14-30-204-022	580	136,172	408,516
14-30-208-005	585	137,496	412,488
14-30-204-023	586	137,309	411,927
14-30-208-006	591	137,096	411,288
14-30-204-024	592	139,993	419,979
14-30-204-025	596	151,522	454,566
14-30-208-007	597	141,734	425,202
14-30-204-026	602	121,518	364,554
14-30-204-027	606	144,044	432,132
14-30-208-009	609	133,666	400,998
14-30-204-028	612	143,361	430,083
14-30-208-010	613	148,376	445,128
14-30-204-029	616	137,588	412,764
14-30-204-030	620	137,971	413,913
14-30-204-031	624	145,411	436,233
14-30-208-011	627	138,038	414,114
14-30-204-032	630	126,489	379,467
14-30-208-012	635	135,286	405,858

500 Feet			
PIN	Address	Value	
		Equalized	Fair Market
14-30-204-010	1 Dunwick	134,672	404,016
14-30-204-015	2	135,375	406,125
14-30-204-011	3	139,306	417,918
14-30-204-014	4	133,346	400,038
14-30-204-012	5	144,584	433,752
14-30-204-013	6	149,825	449,475
14-30-205-013	1120 Berkshire	136,179	408,537
14-30-205-012	1128	141,780	425,340
14-30-204-002	1133	133,649	400,947
14-30-205-011	1134	116,094	348,282
14-30-204-003	1137	137,480	412,440
14-30-204-004	1141	137,519	412,557
14-30-204-005	1145	131,214	393,642
14-30-204-006	1149	148,465	445,395
14-30-206-002	1150	138,482	415,446
14-30-204-007	1153	137,622	412,866
14-30-206-003	1156	122,767	368,301
14-30-204-008	1157	137,815	413,445
14-30-204-009	1161	127,791	383,373
14-30-206-004	1162	142,294	426,882
14-30-206-005	1168	139,190	417,570
14-30-206-006	1174	133,778	401,334
14-30-206-007	1182	138,633	415,899
14-30-208-013	1223	138,416	415,248
14-30-208-014	1235	144,774	434,322
14-30-208-015	1241	144,076	432,228
14-30-208-016	1249	144,580	433,740
14-30-208-017	1253	137,330	411,990
14-30-208-018	1257	140,393	421,179
14-30-208-019	1261	139,059	417,177
14-30-208-020	1269	133,088	399,264
14-30-204-033	1281	138,762	416,286
14-30-204-035	1283	144,311	432,933
14-30-204-036	1285	131,866	395,598
14-30-204-037	1289	140,520	421,560
14-30-204-038	1293	134,414	403,242
14-30-204-039	1297	167,293	501,879
14-30-205-002	1152 Donegal	145,943	437,829
14-30-205-003	1158	137,902	413,706
14-30-206-010	1159	123,676	371,028
14-30-206-011	1163	132,167	396,501
14-30-206-012	1167	138,785	416,355
14-30-206-013	1171	133,384	400,152
14-30-206-014	1179	148,988	446,964
14-20-307-007	180 Rosehall	93,886	281,658
14-20-307-066	182	91,261	273,783
14-20-307-065	184	92,139	276,417
14-20-307-064	186	91,261	273,783
14-20-307-063	188	90,028	270,084
14-20-307-062	190	106,123	318,369
14-20-309-047	191	99,788	299,364
14-20-309-046	193	92,428	277,284
14-20-309-045	195	90,885	272,655
14-20-309-044	197	89,439	268,317
14-20-309-043	199	103,254	309,762

500 Feet			
PIN	Address	Value	
		Equalized	Fair Market
14-20-307-057	200 Rosehall	72,142	216,426
14-20-307-058	200	77,016	231,048
14-20-307-061	200	75,963	227,889
14-20-307-059	200	71,895	215,685
14-20-307-060	200	71,912	215,736
14-20-307-055	200	75,985	227,955
14-20-307-056	200	71,286	213,858
14-20-307-054	200	72,142	216,426
14-20-307-053	200	71,286	213,858
14-20-307-052	200	75,963	227,889
14-20-307-051	200	71,912	215,736
14-20-307-050	200	71,895	215,685
14-20-309-038	205	104,920	314,760
14-20-309-039	207	92,892	278,676
14-20-309-040	209	92,013	276,039
14-20-307-040	210	75,963	227,889
14-20-307-039	210	72,498	217,494
14-20-307-041	210	71,895	215,685
14-20-307-047	210	71,286	213,858
14-20-307-038	210	71,286	213,858
14-20-307-048	210	71,912	215,736
14-20-307-042	210	72,794	218,382
14-20-307-046	210	75,963	227,889
14-20-307-045	210	72,794	218,382
14-20-307-044	210	71,286	213,858
14-20-307-043	210	75,339	226,017
14-20-307-049	210	75,316	225,948
14-20-309-041	211	92,892	278,676
14-20-309-042	213	104,564	313,692
14-20-309-037	219	106,851	320,553
14-20-309-036	221	92,139	276,417
14-20-309-035	223	83,672	251,016
14-20-309-034	225	94,551	283,653
14-20-309-033	227	108,295	324,885
14-20-309-032	233	105,507	316,521
14-20-309-031	235	95,884	287,652
14-20-309-030	237	92,590	277,770
14-20-309-029	239	94,551	283,653
14-20-307-035	240	71,286	213,858
14-20-307-028	240	73,797	221,391
14-20-307-029	240	70,111	210,333
14-20-307-030	240	72,142	216,426
14-20-307-031	240	75,339	226,017
14-20-307-032	240	71,895	215,685
14-20-307-034	240	74,444	223,332
14-20-307-036	240	72,568	217,704
14-20-307-037	240	75,316	225,948
14-20-307-033	240	72,142	216,426
14-20-307-026	240	71,895	215,685
14-20-307-027	240	70,468	211,404
14-20-309-028	241	105,298	315,894
14-20-110-037	250	75,339	226,017
14-20-110-032	250	71,286	213,858
14-20-110-033	250	71,912	215,736
14-20-110-034	250	75,963	227,889
14-20-110-036	250	72,142	216,426
14-20-110-038	250	71,895	215,685
14-20-110-039	250	73,857	221,571
14-20-110-040	250	77,667	233,001
14-20-110-041	250	71,895	215,685
14-20-110-042	250	73,631	220,893
14-20-110-043	250	77,667	233,001
14-20-110-035	250	71,286	213,858
14-20-110-025	260	74,692	224,076
14-20-110-028	260	75,316	225,948
14-20-110-031	260	77,667	233,001
14-20-110-030	260	73,180	219,540

500 Feet			
PIN	Address	Value	
		Equalized	Fair Market
14-20-110-029	260	71,286	213,858
14-20-110-026	260	71,497	214,491
14-20-110-024	260	72,142	216,426
14-20-110-023	260	71,895	215,685
14-20-110-022	260	75,316	225,948
14-20-110-021	260	72,142	216,426
14-20-110-020	260	71,895	215,685
14-20-110-027	260	72,142	216,426
14-20-110-017	870 June	71,286	213,858
14-20-110-018	870	72,568	217,704
14-20-110-008	870	71,286	213,858
14-20-110-016	870	75,963	227,889
14-20-110-015	870	74,510	223,530
14-20-110-014	870	71,895	215,685
14-20-110-013	870	75,339	226,017
14-20-110-012	870	72,142	216,426
14-20-110-011	870	70,899	212,697
14-20-110-019	870	77,016	231,048
14-20-110-009	870	71,912	215,736
14-20-110-010	870	77,667	233,001
14-20-110-054	880	74,941	224,823
14-20-110-051	880	73,436	220,308
14-20-110-052	880	76,632	229,896
14-20-110-044	880	72,538	217,614
14-20-110-048	880	72,776	218,328
14-20-110-050	880	72,538	217,614
14-20-110-049	880	76,000	228,000
14-20-110-047	880	71,532	214,596
14-20-110-053	880	74,238	222,714
14-20-110-055	880	75,323	225,969
14-20-110-045	880	74,280	222,840
14-20-110-046	880	76,632	229,896
14-20-111-009	862 Savoy	136,848	410,544
14-20-111-007	864	136,874	410,622
14-20-111-002	870	123,770	371,310
14-20-111-003	874	134,636	403,908
14-17-404-026	15 Carolyn	70,967	212,901
14-17-404-008	20	83,276	249,828
14-17-404-004	21	63,825	191,475
14-17-404-005	27	148,736	446,208
14-17-404-006	28	161,413	484,239
14-17-404-038	39	145,266	435,798
14-17-404-037	43	157,057	471,171
14-17-404-036	47	120,568	361,704
14-17-404-041	50	162,687	488,061
14-17-404-035	51	114,497	343,491
14-17-404-040	54	131,537	394,611
14-20-210-016	204 Dearborn	81,349	244,047
		\$ 35,800,707	\$ 107,402,121

500 Feet		Value	
PIN	Address	Equalized	Fair Market
14-17-403-013	108 East Main	110,476	331,428
14-17-403-007	108	16,511	49,533
14-17-403-008	108	17,012	51,036
14-17-403-009	116	77,616	232,848
14-17-403-010	120	67,400	202,200
14-20-100-070	241	608,566	1,825,698
14-20-100-024	245	672,204	2,016,612
14-20-104-034	42 Mionske	56,801	170,403
14-20-104-035	46	70,022	210,066
14-20-104-036	50	107,538	322,614
14-20-104-056	53	125,372	376,116
14-20-104-037	54	98,919	296,757
14-20-104-069	58	73,346	220,038
14-20-104-057	59	74,710	224,130
14-20-104-039	62	75,412	226,236
14-20-104-058	65	55,876	167,628
14-20-104-040	66	71,299	213,897
14-20-104-041	70	79,313	237,939
14-20-104-042	74	77,222	231,666
14-20-104-060	77	123,274	369,822
14-20-104-043	78	69,054	207,162
14-20-104-054	45 Lake	76,799	230,397
14-20-104-055	51	70,128	210,384
14-20-103-017	60 Park	81,263	243,789
14-20-104-013	61	87,212	261,636
14-20-103-018	68	76,951	230,853
14-20-103-019	68	1,075	3,225
14-20-104-068	69	149,581	448,743
14-20-104-015	77	76,797	230,391
14-20-104-106	85	80,349	241,047
14-20-206-011	90	76,266	228,798
14-20-104-017	93	88,732	266,196
14-20-301-015	10 Elm	157,979	473,937
14-20-301-016	14	105,321	315,963
14-20-301-017	18	225,191	675,573
14-20-301-018	22	131,214	393,642
14-20-302-006	15 Maple	76,119	228,357
14-20-301-010	38	83,354	250,062
14-20-302-012	39	83,576	250,728
14-20-301-012	46	74,676	224,028
14-20-302-017	26 Pine	23,632	70,896
14-20-302-018	26	82,066	246,198
14-20-302-019	30	72,799	218,397
14-20-302-020	36	94,213	282,639
14-20-302-021	42	66,660	199,980
14-20-303-009	39 Pine	105,693	317,079
14-20-303-010	43	92,214	276,642

500 Feet			
PIN	Address	Value	
		Equalized	Fair Market
14-20-303-014	10 Terrace	77,080	231,240
14-20-303-015	14	90,959	272,877
14-20-303-016	18	62,811	188,433
14-20-303-017	22	110,815	332,445
14-20-303-018	30	122,621	367,863
14-20-304-026	33	67,642	202,926
14-20-304-027	33	3,031	9,093
14-20-304-014	33	61,971	185,913
14-20-304-015	33	2,988	8,964
14-20-304-019	33	69,369	208,107
14-20-304-021	33	69,647	208,941
14-20-304-025	33	60,982	182,946
14-20-304-012	33	74,634	223,902
14-20-304-036	33	75,749	227,247
14-20-304-044	33	69,216	207,648
14-20-303-019	34	111,656	334,968
14-20-304-023	35	56,474	169,422
14-20-304-029	35	67,747	203,241
14-20-304-039	35	68,401	205,203
14-20-304-036	35	69,474	208,422
14-20-304-034	35	69,474	208,422
14-20-304-033	35	62,076	186,228
14-20-304-032	35	69,320	207,960
14-20-304-031	35	3,031	9,093
14-20-304-030	35	3,670	11,010
14-20-304-028	35	62,076	186,228
14-20-304-010	37	68,401	205,203
14-20-304-047	37	69,474	208,422
14-20-304-045	37	2,466	7,398
14-20-304-042	37	62,076	186,228
14-20-304-046	37	69,320	207,960
14-20-304-041	37	67,747	203,241
14-20-304-009	37	67,816	203,448
14-20-304-017	37	69,474	208,422
14-20-304-048	37	60,520	181,560
14-20-304-040	37	3,896	11,688
14-20-303-020	38	115,723	347,169
14-20-303-021	42	112,281	336,843
14-20-307-007	180 Rosehall	93,886	281,658
14-20-307-066	182	91,261	273,783
14-20-307-065	184	92,139	276,417
14-20-307-064	186	91,261	273,783
14-20-307-063	188	90,028	270,084
14-20-307-062	190	106,123	318,369
14-20-309-047	191	99,788	299,364
14-20-309-046	193	92,428	277,284
14-20-309-045	195	90,885	272,655
14-20-309-044	197	89,439	268,317
14-20-309-043	199	103,254	309,762

		500 Feet	
PIN	Address	Value	
		Equalized	Fair Market
14-20-307-057	200 Rosehall	72,142	216,426
14-20-307-058	200	77,016	231,048
14-20-307-061	200	75,963	227,889
14-20-307-059	200	71,895	215,685
14-20-307-060	200	71,912	215,736
14-20-307-055	200	75,985	227,955
14-20-307-056	200	71,286	213,858
14-20-307-054	200	72,142	216,426
14-20-307-053	200	71,286	213,858
14-20-307-052	200	75,963	227,889
14-20-307-051	200	71,912	215,736
14-20-307-050	200	71,895	215,685
14-20-309-038	205	104,920	314,760
14-20-309-039	207	92,892	278,676
14-20-309-040	209	92,013	276,039
14-20-307-040	210	75,963	227,889
14-20-307-039	210	72,498	217,494
14-20-307-041	210	71,895	215,685
14-20-307-047	210	71,286	213,858
14-20-307-038	210	71,286	213,858
14-20-307-048	210	71,912	215,736
14-20-307-042	210	72,794	218,382
14-20-307-046	210	75,963	227,889
14-20-307-045	210	72,794	218,382
14-20-307-044	210	71,286	213,858
14-20-307-043	210	75,339	226,017
14-20-307-049	210	75,316	225,948
14-20-309-041	211	92,892	278,676
14-20-309-042	213	104,564	313,692
14-20-309-037	219	106,851	320,553
14-20-309-036	221	92,139	276,417
14-20-309-035	223	83,672	251,016
14-20-309-034	225	94,551	283,653
14-20-309-033	227	108,295	324,885
14-20-309-032	233	105,507	316,521
14-20-309-031	235	95,884	287,652
14-20-309-030	237	92,590	277,770
14-20-309-029	239	94,551	283,653
14-20-307-035	240	71,286	213,858
14-20-307-028	240	73,797	221,391
14-20-307-029	240	70,111	210,333
14-20-307-030	240	72,142	216,426
14-20-307-031	240	75,339	226,017
14-20-307-032	240	71,895	215,685
14-20-307-034	240	74,444	223,332
14-20-307-036	240	72,568	217,704
14-20-307-037	240	75,316	225,948
14-20-307-033	240	72,142	216,426
14-20-307-026	240	71,895	215,685
14-20-307-027	240	70,468	211,404
14-20-309-028	241	105,298	315,894
14-20-110-037	250	75,339	226,017
14-20-110-032	250	71,286	213,858
14-20-110-033	250	71,912	215,736
14-20-110-034	250	75,963	227,889
14-20-110-036	250	72,142	216,426
14-20-110-038	250	71,895	215,685
14-20-110-039	250	73,857	221,571
14-20-110-040	250	77,667	233,001
14-20-110-041	250	71,895	215,685
14-20-110-042	250	73,631	220,893
14-20-110-043	250	77,667	233,001
14-20-110-035	250	71,286	213,858
14-20-110-025	260	74,692	224,076
14-20-110-028	260	75,316	225,948
14-20-110-031	260	77,667	233,001
14-20-110-030	260	73,180	219,540

500 Feet		Value	
PIN	Address	Equalized	Fair Market
14-20-110-029	260	71,286	213,858
14-20-110-026	260	71,497	214,491
14-20-110-024	260	72,142	216,426
14-20-110-023	260	71,895	215,685
14-20-110-022	260	75,316	225,948
14-20-110-021	260	72,142	216,426
14-20-110-020	260	71,895	215,685
14-20-110-027	260	72,142	216,426
14-20-110-017	870 June	71,286	213,858
14-20-110-018	870	72,568	217,704
14-20-110-008	870	71,286	213,858
14-20-110-016	870	75,963	227,889
14-20-110-015	870	74,510	223,530
14-20-110-014	870	71,895	215,685
14-20-110-013	870	75,339	226,017
14-20-110-012	870	72,142	216,426
14-20-110-011	870	70,899	212,697
14-20-110-019	870	77,016	231,048
14-20-110-009	870	71,912	215,736
14-20-110-010	870	77,667	233,001
14-20-110-054	880	74,941	224,823
14-20-110-051	880	73,436	220,308
14-20-110-052	880	76,632	229,896
14-20-110-044	880	72,538	217,614
14-20-110-048	880	72,776	218,328
14-20-110-050	880	72,538	217,614
14-20-110-049	880	76,000	228,000
14-20-110-047	880	71,532	214,596
14-20-110-053	880	74,238	222,714
14-20-110-055	880	75,323	225,969
14-20-110-045	880	74,280	222,840
14-20-110-046	880	76,632	229,896
14-20-111-009	862 Savoy	136,848	410,544
14-20-111-007	864	136,874	410,622
14-20-111-002	870	123,770	371,310
14-20-111-003	874	134,636	403,908
		\$ 16,705,341	\$ 50,116,023

EXHIBIT E
Lake County Partners 2001 Report



What Does Economic Diversity Mean To You?

Lake County's economy needs diversity

Equalized Assessed Value	1981	1990	2000
Residential	75%	78%	80%
Industrial	10%	6.5%	4.4%
Commercial	13%	14.4%	15.2%
Farm/Rail	2%	1.2%	.7%

A diverse economy brings:

- Stable Economy
- Quality Public Services
- Economic Self Sufficiency
- Desirable Communities
- Educational Excellence
- Employment Hubs

Land is a finite commodity; communities attain self-sufficiency by attaining an economic mix that supports their constituents' desire for high quality public services and educational excellence? Attached are examples of the different economic impacts that result from three types of capital investment.

IMPACT OF NEW CAPITAL INVESTMENT – INDUSTRIAL Example

EXAMPLE ASSUMPTIONS:

- 60,000 sq. ft. facility, 90 parking spaces, 4.5 acre site (allowing for 25% expansion)
- \$4.0 million FMV (Fair Market Value)
- 90 employees
- 5% of employees will live in the community

1. How many students will this new facility add to the local school district?

- *Percent of employees who will live in the community x number of employees = number of new households*
- *Number of new households x average number of children per household = number of students added to the local school district*

Example: $5\% \times 90 \text{ employees} = 4.5 \text{ new households}$
 $4.5 \text{ households} \times 2 \text{ children per household} = 9 \text{ students added to local school district}$

2. What is the impact of this facility on property tax values?

- *Fair market value (FMV) x equalized assessed value (EAV) = new taxable value*
- *New taxable value x combined municipal mill rate = annual property tax revenue increase*

Example: $\$4.0 \text{ million} \times 33\% = \$1,320,000 \text{ New Taxable Value}$
 $\$1,320,000 \times 8.5\% = \$112,200 \text{ Annual Property Tax Increase}$

3. What is the return on this capital investment to the local school district?

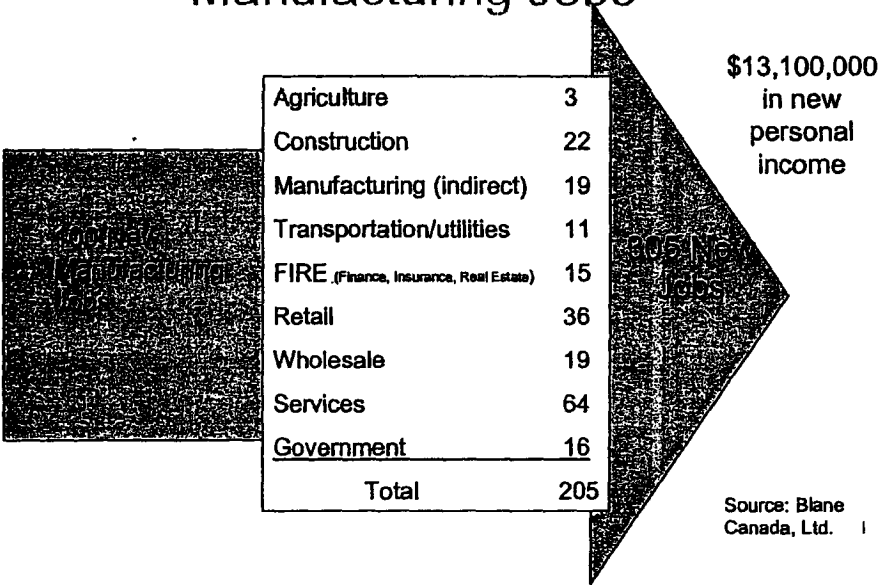
- *Annual property tax increase x percent of combined municipal mill rate that goes to schools annually = new revenue per year*
- *New revenue per year/number of students added to the local school district = new revenue generated per student*

Example: $\$112,200 \times 67\% = \$75,174 \text{ New Revenue Per Year } (\$1,503,480 \text{ over 20 years})$
 $\$75,174/9 \text{ New Students} = \$8,355 \text{ New Revenue Generated Per Student}$

How does this compare to your current "Local Effort"?

(Note: If you know your local school mill rate, the formula is as follows: *new taxable value x school mill rate = annual property tax revenue increase for local school district; annual property tax revenue increase for local school district/number of students added to the local school district = new revenue generated per student*)

Economic Impact of 100 New Manufacturing Jobs



Economic Impact of 100 Manufacturing Jobs

Annual Retail Sales		Result in:
Grocery stores	\$1,170,000	•\$6,400,000 in financial deposits
Eating	520,000	
Department stores	650,000	•\$1,400,000 in service receipts
Clothing/shoes	240,000	
Auto dealers	1,000,000	•3 new service businesses
Gas service	470,000	
Lumber	270,000	•4 new retail stores
Drug	180,000	
Furniture	230,000	
Other	570,000	
Total	\$5,300,000	

Source: Blane Canada, Ltd.

Return on Investment – 100 Manufacturing
Jobs

Government (cost/benefit)	State	Local
Net Tax Revenue	\$790,000	\$680,000
<u>Less Added Costs</u>	<u>546,000</u>	<u>352,000</u>
Net Benefit	244,000	328,000

Housing	\$347,000
Automotive	416,000
Bank deposits	832,000
Sales tax income 500,000	
Construction	1,600,000

Source: Blane
Canada, Ltd.

IMPACT OF NEW CAPITAL INVESTMENT – OFFICE/RESEARCH Example

EXAMPLE ASSUMPTIONS:

- 45,000 sq. ft. facility, 180 parking spaces, 4.5 acre site
- \$6.75 million FMV (Fair Market Value)
- 180 employees
- 5% of employees will live in the community

1. How many students will this new facility add to the local school district?

- *Percent of employees who will live in the community x number of employees = number of new households*
- *Number of new households x average number of children per household = number of students added to the local school district*

Example: $5\% \times 180 \text{ employees} = 9 \text{ new households}$
 $9 \text{ households} \times 2 \text{ children per household} = 18 \text{ students added to local school district}$

2. What is the impact of this facility on property tax values?

- *Fair market value (FMV) x equalized assessed value (EAV) = new taxable value*
- *New taxable value x combined municipal mill rate = annual property tax revenue increase*

Example: $\$6.75 \text{ million} \times 33\% = \$2,227,500 \text{ New Taxable Value}$
 $\$2,227,500 \times 8.5\% = \$189,337 \text{ Annual Property Tax Increase}$

3. What is the return on this capital investment to the local school district?

- *Annual property tax increase x percent of combined municipal mill rate that goes to schools annually = new revenue per year*
- *New revenue per year/number of students added to the local school district = new revenue generated per student*

Example: $\$189,337 \times 67\% = \$126,856 \text{ New Revenue Per Year } (\$2,537,122 \text{ over 20 years})$
 $\$126,856 / 18 \text{ New Students} = \$7,047.55 \text{ New Revenue Generated Per Student}$

How does this compare to your current "Local Effort"?

(Note: If you know your local school mill rate, the formula is as follows: new taxable value x school mill rate = annual property tax revenue increase for local school district; annual property tax revenue increase for local school district/number of students added to the local school district = new revenue generated per student)

IMPACT OF NEW CAPITAL INVESTMENT – RESIDENTIAL Example

EXAMPLE ASSUMPTIONS:

- 2 houses per acre: 4.5 acres x 2 = 9 new homes
- Each home is valued at \$445,000 (9 x \$445,000 = \$4,005,000 or, with rounding, \$4.0 million)

1. How many students will this new facility add to the local school district?

- *Number of new households x average number of children per household = number of students added to the local school district*

Example: 9 households x 2 children per household = 18 students added to local school district

2. What is the impact of this facility on property tax values?

- *Fair market value (FMV) x equalized assessed value (EAV) = new taxable value*
- *New taxable value x combined municipal mill rate = annual property tax revenue increase*

Example: \$4.0 million x 33% = \$1,320,000 New Taxable Value
\$1,320,000 x 8.5% = \$112,200 Annual Property Tax Increase

3. What is the return on this capital investment to the local school district?

- *Annual property tax increase x percent of combined municipal mill rate that goes to schools annually = new revenue per year*
- *New revenue per year/number of students added to the local school district = new revenue generated per student*

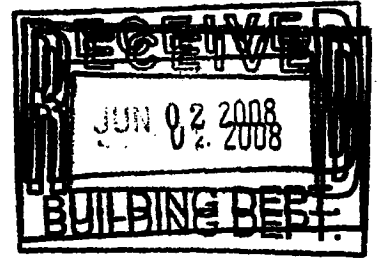
Example: \$112,200 x 67% = \$75,174 New Revenue Per Year (\$1,503,480 over 20 years)
\$75,174/18 New Students = \$4,176 New Revenue Generated Per Student

How does this compare to your current “Local Effort”?

(Note: If you know your local school mill rate, the formula is as follows: *new taxable value x school mill rate = annual property tax revenue increase for local school district; annual property tax revenue increase for local school district/number of students added to the local school district = new revenue generated per student*)

EXHIBIT F

Letter from Pathway Senior Living



May 30, 2008

Vijay S. Gadde, AICP
Village Planner
Village of Lake Zurich
70 E. Main Street
Lake Zurich, IL 60047-3226

**Re: *Victory Centre of Lake Zurich
Rt. 22 and Old Rand Rd.***

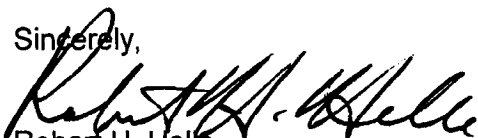
Dear Vijay:

I regret to inform you that Pathway Senior Living has elected not to pursue this project at the current location. I appreciate the support the project received at the Village's Courtesy review. As you know, the project is a 120 unit assisted living facility with a total development cost of approximately \$22 (twenty-two) million dollars and when operational would employ forty to forty-five full time employees.

Unfortunately, the site backed up to the EJ&E Railroad. We belatedly learned of the potential sale of the EJ&E to CN and the significant increase in rail traffic they propose. While the limited current use of the line could be accommodated with sufficient sound insulation, we believe the increased use is incompatible with a residential use.

Thank you again for your assistance.

Sincerely,


Robert H. Helle
Principal
Pathway Senior Living LLC

RHH/pm

701 LEE STREET ■ SUITE 450 ■ DES PLAINES, IL 60016 ■ TEL: 847-768-5100 ■ FAX: 847-635-2148

www.pathwayseniorliving.com