

# The Rialto Bridge - A

## 1 CASE BACKGROUND

The Rialto Bridge Project (the Project) began in 1995 when the City of Venice, Illinois (the City) was looking for a way to reconnect sections of downtown which had been bisected by the construction of Interstate 457 (I-457), an inner-belt highway, some twenty years earlier. The construction of the expressway in the late 1970s became a barrier to the development of the area north of I-457.

Because of this the arts and entertainment district to the north and community groups opposed the proposed further widening of the expressway claiming it would further damage the urban landscape. For example, with a large convention center located downtown near the interstate, “restauranters south of Interstate 457 said they enjoyed a steady stream of convention traffic, while those north of the highway largely reported no related business.”

The location of the Project is shown in Figure 1 below. Before the contemplated an observer said “what separated the haves from the have-nots was a 200-foot-long, chain-link-fence-bordered walkway spanning a busy highway below. It was a pedestrian no-man's land.”

**Figure 1: Location of the Project**



Source: Google Maps

To heal the scar created by the expressway, the solution would be to build some type of pedestrian friendly crossing over the expressway that would make the walk from the south to the north feel enjoyable and safe, enhance the convention center district, bring the two parts of the City closer to each other, and gain community buy-in for the expressway widening. While other cities such as Seattle and Kansas City had erected convention centers over urban highways,

the objective of the I-457 Rialto Bridge would be to create pedestrian and retail space, one of the first such speculative real estate projects of its kind.

Through the early deliberation process the City, key stakeholders and the community came to the consensus that the Project was to be composed of three separate bridges: one for through-traffic across the highway and one on either side for the retail structures.

The construction costs of the commercial buildings would be higher than those for surrounding projects built due to the costs of building a concrete slab across an operating highway.

Furthermore, planners and historians in the community requested that the buildings should evoke the architecture style of Union Station which was demolished in the 1970s to make way for the nearby convention center. This would also add to the commercial construction costs.

Finally the commercial buildings lacked good access to parking, a common requirement for most retail establishments, a potential impediment to attracting robust tenants.

Despite these impediments, a local developer, Veneto Real Estate Companies, approached the City and expressed interest in investing in the Project.

## 2 CASE OBJECTIVES

You are a group of public and private officials, professionals and citizens jointly appointed by the City of Venice and the Governor of Illinois. In the time available, they want you to prepare a plan to satisfy the City of Venice, IDOT, the business community, and the residents of City of Venice and realize the Rialto Bridge. You must recommend the following:

1. How the City should engage with Veneto, if at all, including:
  - a. The legal relationship between the City and the developer
  - b. A funding plan that covers:
    - i. Upfront engineering and architectural fees
    - ii. Capital costs, including the retail project and the roadway
  - c. The level of commercial rent the developer could charge tenants, given the property's cost and logistical challenges
2. How to determine property title
3. The role of the FHWA, IDOT, and City agencies including any restrictions they would put on the retail development and/or its operations
4. Any other value capture technique or techniques appropriate to address this issue

5. How to ensure that the Project was realized by the time the Republicrat Convention came to the City in four years.

### 3 CASE GUIDELINES

Please:

- Read the case materials thoroughly;
- Appoint two people who will serve as facilitators and present your findings to the session attendees;
- Discuss as much as possible the items in section 2 above;
- If any items of the case are unclear or you feel that data are missing, take advantage of your collective experience to make reasonable assumptions;
- Do not consult any sources—online or otherwise about this actual case. The purpose of the exercise is not to find the right answer but to gain understanding about the issues related to value capture;
- Either the facilitators or other group member take notes on poster paper to organize the group's thoughts. This does not have to be pretty—it just has to be legible enough so that your facilitators can read them out loud;
- The facilitators present their findings at the end of the session in around a minute or two.