



## MEMORANDUM

**To:** CMAP Transportation Committee

**From:** CMAP staff

**Date:** November 15, 2013

**Re:** GO TO 2040 Financial Plan for Transportation Update: Draft Forecasts

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CMAP is required by federal law to prepare a detailed financial plan for transportation, which compares the estimated revenue from existing and proposed funding sources with the estimated costs of constructing, maintaining, and operating the region's transportation system. To fulfill these requirements as part of the long range plan quadrennial update, CMAP is updating the GO TO 2040 financial plan, including revenue and expenditure forecasts and allocations to operating expenditures, safe and adequate capital maintenance expenditures, state of good repair/systematic enhancements, and major capital projects. Last month, CMAP staff presented [information](#) on major transportation revenue trends to the Transportation Committee.

Long-range financial forecasting requires determining a base set of assumptions regarding revenues and expenditure trends, understanding the future implications of current policies, and developing a robust, accurate, and straightforward methodology that is appropriate for a planning-level forecast. Over the past several months, CMAP worked closely with representatives from the Illinois Department of Transportation (IDOT), the Illinois Tollway, the Regional Transportation Authority (RTA), as well as county and municipal transportation departments to prepare revenue and expenditure forecasts for the financial plan update.

This memo describes the GO TO 2040 plan update's initial forecasts for core revenues and operating and "safe and adequate" capital expenditures, compares these forecasts to GO TO 2040, and provides a menu of potential "reasonably expected revenues" which will be necessary for the region to safely and adequately maintain, modernize, and expand the system between now and 2040.

### **Core revenues, operating expenditures, and capital maintenance expenditures**

As required by federal regulations, revenues and expenditures were forecast in year of expenditure dollars rather than real or constant dollars, meaning that inflationary increases are

included in the forecasts. Table 1 summarizes the updated estimates for revenues and expenditures over the 26-year GO TO 2040 update planning period (2015-2040).

**Table 1. Summary of draft forecast of core revenues, operating expenditures, and safe and adequate capital expenditures, 2015-2040, in \$ millions (year of expenditure)**

Federal revenues	\$53,521
State revenues	\$106,879
Local revenues	\$167,107
<b>Total core revenues</b>	<b>\$327,507</b>
Highway operating expenditures	\$78,755
Transit operating expenditures	\$113,266
Safe and adequate capital maintenance for highway	\$108,683
Safe and adequate capital maintenance for transit	\$31,006
<b>Total operating and safe and adequate expenditures</b>	<b>\$331,710</b>
<b>Difference between core revenues and expenditures</b>	<b>(\$4,202)</b>

CMAP staff estimates that the expenditures for operating and maintaining the transportation system will exceed the core revenues forecasted to be available over the planning horizon 2015 to 2040. Moreover, the expected funding will not allow for additional modernization, enhancements, or expansions to the system. GO TO 2040 prioritized investments in maintaining the existing transportation system first, as well as improvements and enhancements to achieve the goal of a modern, world class transportation system. Pursuing major capital projects, while important, remained a lower priority than these other activities. In order to fiscally constrain modernization and expansion activities within the long range planning context, the region will need to prioritize the advancement of a series of “reasonably expected revenues” as major transportation policy priorities in the GO TO 2040 update. A description of this menu of potential reasonably expected revenue options begins on page 5.

**Core revenues.** Forecasts of core revenues include the sources that the region currently receives for transportation purposes, and does not include any new sources. Forecasts assume that northeastern Illinois will continue to receive revenues from federal, state, and local sources for building, operating, and maintaining the current roadway and transit system. Table 2 provides a summary of the various sources of estimated revenues totaling \$327.5 billion over the 26-year planning period.

**Table 2. Draft core revenue forecasts, 2015 to 2040, in millions, year of expenditure dollars**

<b>Federal</b>	Locally-programmed federal revenue	<b>\$11,011</b>
	Federal transit revenue	<b>\$17,086</b>
	State-programmed federal highway revenue	<b>\$25,424</b>
<b>State</b>	Public Transportation Fund	<b>\$13,289</b>
	State Motor Fuel Tax	<b>\$4,972</b>
	Motor vehicle registration fees and other user fees	<b>\$26,737</b>
	Tollway revenue	<b>\$46,223</b>
	State capital program	<b>\$12,498</b>
	Other state transit	<b>\$3,160</b>
<b>Local</b>	RTA sales tax	<b>\$42,688</b>
	Local allotment of state MFT	<b>\$7,298</b>
	Collar County Transportation Empowerment Program	<b>\$5,267</b>
	County option MFTs	<b>\$750</b>
	Other local revenues	<b>\$61,183</b>
	Real Estate Transfer Tax (portion for CTA)	<b>\$1,609</b>
	Transit passenger fares	<b>\$42,082</b>
	Other transit operating revenue	<b>\$6,230</b>
	<b>Total core revenues</b>	<b>\$327,507</b>

**Operating and capital maintenance expenditures.** Operating expenditures include the cost of administering, operating, and servicing debt for the region’s roadway and transit system, and include state, county, township, municipal, and transit agencies. Forecasts for IDOT District 1, Illinois Tollway, the RTA, and transit service boards were estimated from historical expenditures or directly provided to CMAP by the implementing agencies. Local government operating forecasts were derived from U.S. Census of Governments data on highway operating expenses from 2007, the most recent year available.

Capital maintenance expenditures were estimated in consultation with highway and transit implementers. Because maintenance can be performed on a more aggressive or less aggressive basis, CMAP makes a distinction between expenditures for maintaining the transportation system at a safe and adequate level, and expenditures that go beyond this level, including state of good repair projects, systematic enhancements, or expansion projects.

Like in GO TO 2040, expenditures were forecast assuming a safe and adequate level, which means performing sufficient maintenance to assure the safety of the system’s users and the general public. Calculations of future maintenance costs at the safe and adequate level were based on actual current practice, meaning the typical cycles with which roadway maintenance projects are performed today. While this results in a significant backlog of facilities that are in fair or poor condition at any given time, the resulting system condition remains safe and adequate. Table 3 provides an overview of operating and capital maintenance expenditure forecasts for the GO TO 2040 update.

**Table 3. Draft forecast of operating and capital maintenance expenditures to a safe and adequate level, 2015 to 2040, in millions, year of expenditure dollars**

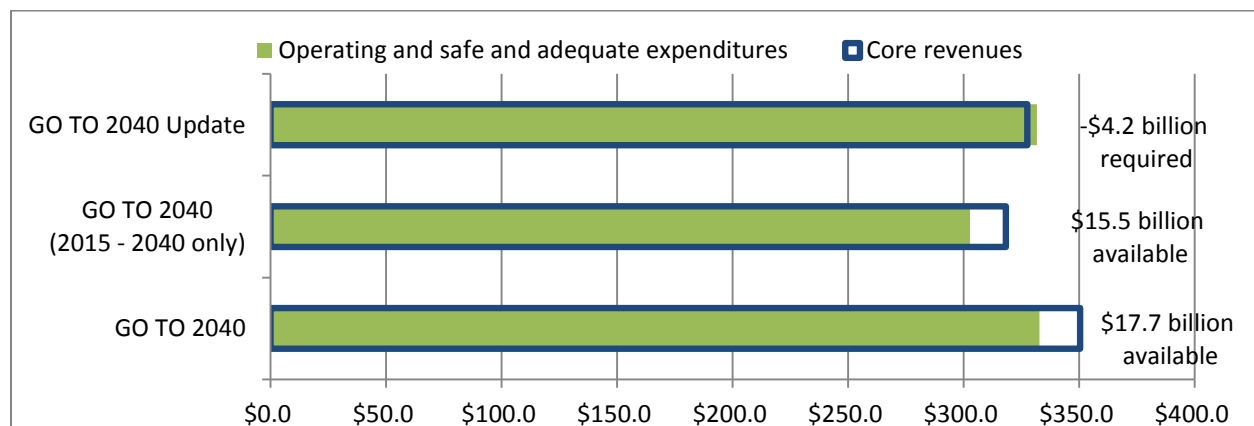
Highway operations	\$78,755
Transit operations	\$113,266
Highway capital maintenance	\$108,683
Transit capital maintenance	\$31,006
<b>Total expenditures</b>	<b>\$331,710</b>

**Comparison of forecasting between GO TO 2040 and the GO TO 2040 update.** In general, the changes to the specific GO TO 2040 update forecasts reflect an evolution in CMAP’s analytical methods to produce more robust results. There are three primary ways that the updated forecast might differ from the GO TO 2040 forecast.

- Different annual **growth rates** were used when the data indicated that a different rate would better reflect trends.
- The **base from which growth rates are derived and/or applied** is different because actual or estimated 2011-2013 revenues were different from the GO TO 2040 forecast.
- Different **methodology**, including new techniques for forecasting or changes in the revenue sources included, was implemented in some cases to improve revenue estimates or better reflect expenditures made for transportation purposes such as integrating debt service costs.

The following chart compares the GO TO 2040 forecast to the GO TO 2040 update forecast over the same planning horizon (2015-2040). For comparison purposes, the original GO TO 2040 forecast is shown in terms of a 26-year planning period (2015-40) as well as the full 30 year planning period (2011-2040).

**Figure 1. GO TO 2040 and the GO TO 2040 update**



Overall, the GO TO 2040 update forecast of core revenues and operating and safe and adequate capital expenditures is more constrained than the original GO TO 2040 forecast. Specifically, expenditures exceed core revenues by \$4.2 billion over the 26 year planning period. Potential reasonably expected revenues as well as enhancement, state of good repair, or major capital

expenditures have not yet been addressed in this forecast. With regard to revenues, some of the major differences between the two forecasts include the following:

- Toll revenues were considerably higher in the updated forecast, reflecting the recent toll rate increase.
- State motor fuel tax revenue was forecast assuming that motor vehicle fuel economy would grow faster than vehicle miles traveled, resulting in declining revenues during the planning period.
- The methodology for forecasting federal revenues was improved and also more accurately reflects historical growth rates. This lowered the total amount of overall core federal funding.
- RTA sales tax revenue as well as transit passenger fares exhibited a slightly higher forecast, in part because actual and estimated revenues generated in 2012 and 2013 were higher than in the GO TO 2040 forecast.

These differences helped to drive an overall higher revenue forecast. However, the GO TO 2040 update forecast for operating and capital maintenance expenditures is also higher than the GO TO 2040 forecast. With regard to expenditures, some of the major differences between the two forecasts include:

- Highway and transit operating cost forecasts were revised to account for debt service payment costs. This change accounted for \$29.7 billion of the expenditure increase over the GO TO 2040 forecast. The method by which the costs were integrated varied depending on the treatment of bond proceeds and revenue sources in other areas of the financial plan.
- Highway capital maintenance expenditure forecasts trended lower than had been forecast in GO TO 2040, thus, were forecast from a lower base. State and local highway departments consulted by CMAP indicated that capital costs have mostly stayed constant or decreased since GO TO 2040 was adopted, rather than increasing at the rates assumed in GO TO 2040.
- The actual and estimate amounts used as a base to forecast highway operations are higher than forecast in GO TO 2040. For example, for 2011 through 2013, expenditures on state highway operations are higher than forecast in GO TO 2040. This was partially offset by lower actuals for the Illinois Tollway, as well as on the transit side.

## **State of good repair, system enhancements, and major capital projects expenditures**

The expenditures included in the capital maintenance category above are intended to be sufficient to maintain a safe and adequate system, but not move the region's transportation system toward a state of good repair, provide for systematic enhancements, or fund major capital projects. Because core revenues are not forecast to meet safe and adequate capital maintenance needs, funding the system beyond maintenance would require the region to identify new or increased sources of funding for transportation.

Investing in state of good repair projects for the existing transportation system was a regional priority in GO TO 2040, and will likely remain a regional priority in the GO TO 2040 update.

Performing maintenance at the levels necessary to assure a state of good repair means that facilities that are not in good or better condition would be brought up to that level, and that maintenance would be scheduled such that no significant backlog would arise. According to the RTA's Capital Asset Condition Assessment Update for 2011, the transit system currently has a state of good repair backlog of \$18.7 billion. GO TO 2040 does not assume reaching a state of good repair during the planning period. Estimates vary widely, but GO TO 2040 indicated that bringing the roadway system to a state of good repair could cost as much as \$78.5 billion additional between 2011 and 2040.

The capital maintenance estimates also do not provide for systematic enhancements, which include projects that improve system performance or expand its capacity but are not major capital projects. These projects could include arterial add-lanes projects, transit operational improvements, new or expanded bus services, pedestrian or bicycle improvements, intelligent transportation systems, or transportation demand management.

In addition, capital maintenance and operations does not include expenditures on major capital projects, which are large projects with a significant effect on the capacity of the region's transportation system, including extensions or additional lanes on the interstate system, new expressways, or similar changes to the public transit system.

## **Reasonably expected revenues**

Making investments in the region's transportation system beyond maintenance may necessitate the assumption of future policy changes that will bring additional revenues to the region. Federal guidance permits the inclusion of revenues that can be reasonably expected to be generated during the planning period. GO TO 2040 made several policy recommendations regarding reasonably expected revenues, including:

- Increase the state motor fuel tax by 8 cents and index the rate to an inflationary measure
- Implement congestion pricing on a portion of the expressway system
- Employ variable parking pricing

GO TO 2040 also recommended the exploration of other "innovative" financing sources for implementing specific transportation projects. These could include value capture, congestion pricing on new expressway capacity, other user fees imposed by highway and transit implementers, or potential cost efficiencies resulting from public-private partnerships. GO TO 2040 does not assign any overall regional estimate for these types of revenues. Rather, GO TO 2040 assumes these types of strategies may be instituted on a project level to close a specific revenue gap or lower project costs. The GO TO 2040 update will make similar assumptions, but go further to clarify what role these types of innovative strategies might play in funding specific major capital projects. Thus, these funding sources could serve to lower specific major capital project costs in the Plan update. CMAP staff is currently engaged in conversations with regional transportation implementers to help clarify these issues.

Federal guidelines allow financial plans to include revenues that can "reasonably expected to be available" during the planning period. The inclusion of these revenues, and the advocacy required to implement them, is necessary for the region to maintain and operate the

transportation system as well as make additional investments. This section will provide an overview of potential reasonably expected revenue options that could be included in the financial plan, but are not recommendations at this time. In addition to being incorporated into the financial plan, the options selected would be major policy recommendations of the GO TO 2040 update. CMAP would like feedback on these potential options, including their political acceptability and the extent to which the option provides the region with the revenue necessary to continue to make investments in its transportation system. The CMAP Board and the MPO Policy Committee will consider approval of the overall GO TO 2040 update (which includes the financial plan) in October 2014.

**State motor fuel tax increase.** GO TO 2040 recommends that the state motor fuel tax (MFT) be increased by 8 cents and indexed to an inflationary measure. Although the rate has been increased nine times since its enactment, the state MFT has remained \$0.19 per gallon since 1991. Since it is a per gallon tax, the revenues have failed to keep pace with the cost of inflation and construction materials. GO TO 2040 forecast that this enhancement would generate an additional \$19.4 billion if it were implemented in 2012. However, no increase has been enacted. In addition, state MFT revenues have been declining annually since 2007, when revenues reached a high of \$1.4 billion. While this decline is partially a result of a reduction in vehicle miles traveled, the consumption of motor fuel has declined faster than vehicle miles traveled. Rising vehicle fuel economy has contributed to this decline, and will likely result in continued decline of motor fuel consumption. If the increase were implemented in 2017, **\$10.5 billion** would be generated in northeastern Illinois during the GO TO 2040 update planning period.

**Regionally-imposed transportation user fee.** CMAP's Regional Tax Policy Task Force recommended that the region pursue regional revenue sources for regional needs. Other than the RTA sales tax, which provides funding for transit operations, the region does not have a region-wide dedicated source of funding to provide for capital transportation needs investments. Options could include a regional motor fuel tax, a vehicle registration fee, a vehicle miles traveled fee, or another transportation user fee. If an 8-cent regional MFT were implemented in 2017 and the rate were indexed to inflation, approximately **\$6.3 billion** would be generated in the region during the planning period. Under a \$10 vehicle registration fee in the region beginning in 2017, **\$1.5 billion** would be generated.

**Congestion pricing on the existing system.** Congestion pricing promises to give drivers and transit users new travel options while providing implementing agencies with a proven traffic management tool. GO TO 2040 assumed revenues from congestion pricing of a portion of existing expressways and that revenues would begin to flow to the region in 2020. These revenues are separate from congestion pricing on the new capacity provided via major capital projects, which will be incorporated in the public costs of those projects. Since GO TO 2040 was published, CMAP has explored the benefits of implementing congestion pricing on five of the highway major capital projects recommended in GO TO 2040 as well as the existing expressway network. Recent CMAP research has examined the revenue potential of congestion pricing the existing expressway network. If this occurred beginning in 2021, and revenue grew at a rate of 3% annually, CMAP forecasts that the following would be available during the planning period:

- \$11.3 billion through congestion pricing on a selection of expressways equivalent to 25% of the region's existing expressway network.
- \$29.5 billion through congestion pricing on the entire existing expressway network.

**Long-term motor fuel tax replacement.** As motor fuel consumption has slowed, state governments and other metropolitan planning organizations are considering replacements for the motor fuel tax. Replacements currently being considered in Illinois and/or elsewhere across the U.S. include a fee on vehicle miles traveled and a sales tax on wholesale motor fuel. If a replacement for both state and county MFT revenues, as well as revenues generated from the reasonably expected increase in the state MFT rate discussed above were enacted in 2025, **\$7.4 billion** would be generated for in northeastern Illinois over and above the amounts forecasted to be generated from the MFT-based sources. This estimate assumes that the replacement would be revenue neutral to 2013 but adjusted for growth in annual vehicle miles traveled. To avoid double counting with other MFT forecasts above, this estimate includes the incremental revenue generated from the replacement.

**Performance-based funding.** The State of Illinois allocates highway funds through an arbitrary formula called the "55/45 split." CMAP recommends that Illinois implement performance-based funding of highway and bridge projects in order to set priorities for investments in maintaining, modernizing, and expanding our transportation system. While CMAP does not advocate for the implementation of a different arbitrary formula, it may be reasonable to assume that the implementation of performance-based funding would result in increased funding for metropolitan Chicago, which has the vast majority of the State's population and economic activity. For example, a 5 percent increase in federal and state highway revenues toward northeastern Illinois would result in a net increase of \$3.2 billion over the 2015-2040 planning period. To the extent that the MFT rate increase and the long-term motor fuel tax replacement (see above) are also implemented, an additional \$0.3 billion would be generated under this assumption.

**Variable parking pricing.** Using variable parking pricing, municipalities can apply variable rates to parking to influence traveler mode choice, time and amount of travel, and shift drivers from a congested location. GO TO 2040 assumed that additional local funds would be generated for transportation purposes through pricing an additional 1.7 percent of off-street parking spaces annually during the planning period. An average rate of \$1 per day was used because a parking price that is set too high may shift drivers to other locations. It was also assumed that half of the revenues generated would be used for transportation. While some municipalities have priced parking, no additional priced spaces have been added to CMAP's knowledge since the adoption of GO TO 2040. However, CMAP has completed additional research on parking strategies last year. Under the same assumptions used in GO TO 2040, **\$1.5 billion** would be generated between 2015 and 2040. Alternative assumptions could include adding on-street parking spaces near Metra stations or increasing the rate annually to adjust for inflation.



## **Next steps**

CMAP staff would like feedback on the draft forecast contained in this document, including feedback on reasonably expected revenue possibilities. Over the next month, CMAP staff will produce final forecasts based on feedback from the Transportation Committee. These forecasts, as well as draft funding allocations for operations and capital maintenance to a safe and adequate level, state of good repair/systematic enhancement funds, and allocations for major capital projects, will be presented at the January 17, 2014 Transportation Committee meeting.

## Plan update forecast methodology

This section will discuss the specific methodologies used for projecting revenues, operating expenditures, and capital maintenance expenditures to a safe and adequate level for GO TO 2040 update over the 2015-2040 planning period.

### Core revenues

#### Locally-programmed federal revenue

Draft forecast: \$11.0 billion	Draft assumptions for GO TO 2040 update
Portion of annual federal apportionment that is sub-allocated to the Chicago region for programming. This includes the federal fund sources of CMAQ, Transportation Alternatives Program-Local, STP-Local, STP-Counties, and discretionary programs.	Revenues for 2015 were assumed to be 0.1% greater than 2014 apportionments. This short-term growth rate was based on the difference between 2014 and 2013 apportionments (excluding discretionary). After 2015, a growth rate of 3.6% was assumed. This growth rate was based on the compound annual growth rate of locally-programmed federal revenue combined with state-programmed federal highway revenues between 2000 and 2014.

#### Other federal transit revenue

Draft forecast: \$17.1 billion	Draft assumptions for GO TO 2040 update
Projection includes New Starts, bus and bus facilities, State of Good Repair, and Urban Formula programs.	Forecast was provided by the RTA. Revenues for 2015 through 2018 are based on preliminary capital funding marks for 2014-2018 period. After 2018, revenues are forecast to grow at a rate of 2.4%.

#### State-programmed federal highway revenue

Draft forecast: \$25.4 billion	Draft assumptions for GO TO 2040 update
Portion of annual federal apportionment that is allocated to the State of Illinois for programming. This includes the federal fund sources of National Highway Performance Program, STP-U, Highway Safety Improvement Program, Transportation Alternatives Program, Recreational Trails, and discretionary programs.	Forty-five percent of the statewide total annual apportionment was assumed to go to northeastern Illinois. Revenues for 2015 were assumed to be 0.1% greater than 2014 apportionments. This short-term growth rate was based on the difference between 2014 and 2013 apportionments (excluding discretionary). After 2015, a growth rate of 3.6% was assumed. This growth rate was based on the compound annual growth rate of locally-programmed federal revenue combined with state-programmed federal highway funds between 2000 and 2014.

**State Public Transportation Fund**

Draft forecast: \$13.3 billion	Draft assumptions for GO TO 2040 update
State funds equal to 30 percent of RTA sales tax and real estate transfer tax revenues.	Revenues from this matching fund equals 30% of forecasted RTA sales tax and real estate transfer tax estimates.

**State Motor Fuel Tax**

Draft forecast: \$5.0 billion	Draft assumptions for GO TO 2040 update
Portion of state motor fuel tax retained by IDOT for the Road Fund and State Construction Account. The current rate is 19 cents per gallon (21.5 cents per gallon of diesel).	<p>Using a methodology to account for increasing vehicle fuel economy, revenues decreased annually, with an average annual decrease of 1.4%. CMAP forecasted annual vehicle miles traveled (AVMT) and average miles per gallon (MPG) to estimate revenue. To forecast AVMT, CMAP used actual statewide AVMT data for passenger vehicles and for all other vehicles for 1991 - 2012 to calculate linear trendlines for AVMT. Average annual percent change in AVMT between 2012 and 2040 was 0.9% for passenger vehicles and 1.2% for other vehicles.</p> <p>For MPG for non-passenger vehicles, the average of AVMT divided by gallons of diesel sold was used as a base, and an annual 1.0 percent improvement was assumed. For MPG estimates for passenger vehicles over the planning horizon, CMAP created estimates based on National Highway Traffic Safety Administration rules for Corporate Average Fuel Economy (CAFE) standards, estimated standards for 1978 through 2025 model years for cars and light trucks, and information about vehicle fleet from the FHWA's 2009 National Household Travel Survey. After accounting for various statutory deductions, the region is assumed to receive 45% of these revenues for the purposes of funding state road construction and maintenance projects.</p>

**State motor vehicle registration fees and other user fees**

Draft forecast: \$26.7 billion	Draft assumptions for GO TO 2040 update
Annual vehicle registration fees, certificate of title fees, and operator's license fees collected by the State, excluding those used to fund the state capital program. Most of this revenue is deposited into the Road Fund and State Construction Account.	Fee revenues to the Road Fund and State Construction Account were assumed to grow at 3.0%, which was the compound annual growth rate between 2000 and 2013.

**Tollway revenue**

Draft forecast: \$46.2 billion	Draft assumptions for GO TO 2040 update
Toll revenues forecasted to be collected on the 286 mile system. The current toll rate structure went into effect in 2012, and includes commercial vehicle toll increases between 2015 and 2017. Following 2017, the commercial rate will be adjusted annually for inflation.	Toll revenue projections were derived from estimates prepared for the Illinois Tollway by CDM Smith in April 2013. The projection assumed that the annual adjustment in commercial toll rates beginning in 2017 would be 2 percent annually.  Other operational revenues, such as concessions and miscellaneous income, were forecast by CMAP to grow at a rate of 0.5% annually.

**State capital program**

Draft forecast: \$12.5 billion	Draft assumptions for GO TO 2040 update
State capital programs are typically funded with a variety of revenue increases, including fee increases on sources like vehicle registration and certificate of title.	Assumes that the region will receive \$540 million as part of the current state capital program in 2015. For future programs, it is assumed that two more will be awarded during the planning period, with the first being 16% more than Illinois Jobs Now!, and the second being 16% greater than the first plan.

**Other state transit**

Draft forecast: \$3.2 billion	Draft assumptions for GO TO 2040 update
The State has provided the RTA with debt service assistance for SCIP I and SCIP II bonds since 1992 with General Revenue Funds. The State has provided \$8.5 million annually to support Pace ADA since 2010. The State also provides reduced fare reimbursements to the service boards.	Revenues for debt service assistance are assumed to be flat through 2019, followed by annual reductions in funding until the bonds are fully repaid in 2035. Reduced fare reimbursements from the State are forecast to grow at a rate of 1.5% annually. ADA support is forecast to remain flat for the duration of the planning period.

**RTA sales tax**

Draft forecast: \$42.7 billion	Draft assumptions for GO TO 2040 update
The RTA sales tax is equivalent to 1.25% of sales in Cook County and 0.75% of sales in DuPage, Kane, Lake, McHenry, and Will counties. The RTA receives 2/3 of the collar county revenues. The collar county 0.25% portion is listed under Collar County Transportation Empowerment Program.	Forecast was provided by the RTA. RTA sales tax revenues are assumed to grow 3% annually throughout the planning period.

**Collar County Transportation Empowerment Program**

Draft forecast: \$5.3 billion	Draft assumptions for GO TO 2040 update
1/3 of collar county revenues generated from the RTA sales tax are returned to DuPage, Kane, Lake, McHenry, and Will counties to be used for roads, transit, and public safety.	Growth in revenues generated for the collar counties are based on projected population growth combined with inflationary assumptions. During the planning period, annual growth averages 3.4%.

**Local allotment of state MFT**

Draft forecast: \$7.3 billion	Draft assumptions for GO TO 2040 update
Counties, townships, and municipalities receive a disbursement of state MFT revenue. County share is based on motor vehicle registration fees received, township share is based on share of mileage of township roads, and municipal share is based on population.	State MFT revenue was forecasted using the methods explained above. County vehicle registrations and township road miles relative to the rest of the State are assumed to remain constant. Municipal population in the region relative to the rest of the State is forecast to increase according to historical trends at about 0.1 percentage points annually.

**County Option MFTs (those used for transportation)**

Draft forecast: \$0.75 billion	Draft assumptions for GO TO 2040 update
DuPage, Kane, and McHenry counties impose a 4 cent per gallon MFT. County departments of transportation use these revenues for maintaining county roads. Any other local government imposing an MFT for transportation purposes is included in other local revenues.	The methodology for forecasting revenue for each county was similar to the forecast for the state MFT. For MPG, estimated 2012 MPGs for each county were used as the base (17.5, 15.9, 22.0 respectively), rather than the statewide base of 21.0. Growth in AVMT was calculated using growth rates in AVMT for each county for each air quality conformity analysis year.

**Other local revenues**

Draft forecast: \$61.2 billion	Draft assumptions for GO TO 2040 update
These are local revenues, such as property tax revenue, sales tax revenue, and impact fees used for transportation, excluding county MFTs, the RTA sales tax, state funds, and federal funds. Local governments with jurisdiction over transportation include counties, townships, and municipalities.	Revenues were calculated for municipalities and townships using 2007 U.S. Census of Governments data, which includes all local governments in the region. County revenues were obtained from recent county budget documents. Revenues were adjusted to the current year using the change in the FHWA National Highway Construction Cost Index and the U.S. Census of Governments Illinois Local Government Payroll data for highway. To forecast to 2040, growth rates for CMAP population forecasts for each locality were added to an annual 2.5% inflationary adjustment. Average annual growth regionwide was 3.6%.

### Chicago Real Estate Transfer Tax (portion for CTA)

Draft forecast: \$1.6 billion	Draft assumptions for GO TO 2040 update
The \$1.50 per \$500 of value of the City of Chicago's RETT is transferred to the CTA.	Revenues were forecast to grow at a rate of 3.5% annually.

### Transit passenger fares

Draft forecast: \$42.1 billion	Draft assumptions for GO TO 2040 update
This includes passenger fares for the CTA, Metra, Pace, and Pace ADA.	Forecast was provided by the RTA. Revenues were forecast to grow at a rate of 3.2% annually.

### Other transit operating revenue

Draft forecast: \$6.2 billion	Draft assumptions for GO TO 2040 update
This included other revenues for the RTA, CTA, Metra, Pace, and Pace ADA such as advertising revenue, investment income, and Medicaid reimbursements.	These revenues are assumed grow at a rate of 2.7% annually, which was derived from growth rates forecast by each service board.

## Expenditures for operating and capital maintenance

### Highway operations expenditures

Draft forecast: \$78.8 billion	Draft assumptions for GO TO 2040 update
Includes highway operations for IDOT District 1, Illinois Tollway, counties, townships, and municipalities. Also includes Tollway debt service (interest portion only) and state debt service for Series A bonds.	<p>Both Illinois Tollway and IDOT District 1 expenditures were estimated using a linear trendline based on 2000-2013 data. During the planning period, annual growth averaged 2.2% for IDOT District 1 and 2.4% for the Illinois Tollway. Tollway interest payments were forecast on a linear trendline using 2000-2012 data, and growth averaged 3.9% annually during the planning period. Series A bond payments were forecast to grow 2.5% annually during the planning period, and it was assumed that 45% of these costs were attributable to the region.</p> <p>Local government highway operations expenditures were estimated from the local highway operations expenditures reported to the 2007 Census of Governments. Local expenditures were adjusted to the current year using the rate of change in the U.S. Census of Governments Illinois Local Government Payroll data for highway. CMAP used a 2% annual inflation factor to forecast local operating expenditures to 2040.</p>

**Transit operations expenditures**

Draft forecast: \$113.3 billion	Draft assumptions for GO TO 2040 update
Includes operating costs for the RTA, CTA, Metra, Pace, and Pace ADA. As a counterpart to state revenues provided for this purpose, includes principal and interest payments on SCIP bonds. Also includes the portion attributable to interest payments for other RTA debt service obligations.	Operating expenditures were estimated using linear trendlines of 2007-2015 actual and planned expenditure data, totaling \$96.4 billion. SCIP bond principal payments totaling \$1.3 billion were included. The interest portion of debt service payments were forecast for to grow an average of 0.4% annually during the planning period, totaling \$9.3 billion.

**Highway capital expenditures**

Draft forecast: \$108.7 billion	Draft assumptions for GO TO 2040 update
Capital maintenance costs for the interstate system, state highways, ISTHA highways, and local roads.	Capital expenditures for the highway system are based on assumptions for unit costs and maintenance cycles. These assumptions are then applied to the inventory of highway assets in the region. A group of highway implementers representing state and county highway departments met to determine unit cost and lifecycle assumptions. The assumptions were also reviewed by several municipal governments. Expenditures were inflated 3% annually.

**Transit capital expenditures**

Draft forecast: \$31.0 billion	Draft assumptions for GO TO 2040 update
Capital maintenance costs for the CTA, Metra, Pace, and Pace ADA.	In consultation with the RTA, transit capital costs were determined from the RTA's preliminary 5-year capital budget for 2014-2018. From that budget, an average annual capital expenditure was calculated. Expenditures were inflated 3% annually.