



MEMORANDUM

To: Council of Mayors Executive Committee

From: CMAP Staff

Date: November 12, 2013

Re: Advanced Funding

The first iteration of Advanced Funding occurred in 1978 to address concerns that the region may lose funding if there was an unobligated balance. This was before the existence of the Council of Mayors Executive Committee, which was created in 1981.

Consistent concerns have been expressed since the inception of advanced funding, including maintaining the equitable distribution of funding and not allowing advanced funding of one project to delay the implementation of another.

To address these concerns, the Councils and Council of Mayors Executive Committee required municipalities requesting advanced funding to guarantee repayment from other sources if the federal funding source was discontinued. They also limited the amount of funding councils could advance fund based on the expiration of the current transportation authorization bill.

Currently advanced funding is done in the following manner:

1. A council makes a request to CMAP for advanced funding.
2. CMAP verifies the need for advanced funding by checking to make sure that a council has spent/obligated all of their funds before the letting prior to the letting that the project is scheduled to be on.
3. The letting schedule and readiness for the project is also confirmed with IDOT.
4. Once a project is deemed "eligible" CMAP staff checks to see if the advanced funding request will have an impact on any existing projects that are scheduled to be let in the current FFY by other councils.
 - a. If STP-L funds in the region are available and IDOT has identified additional state appropriation to fulfill the Advanced Funding request, the request is forwarded to the Council of Mayors Executive Committee for consideration.
 - b. If the Advanced Funding request is approved then CMAP changes the approved marks in the TIP for the requesting Council in both the current and future FFY's as the total available STP funds for the region over the multi-year TIP haven't changed. For example an approved request for advanced funding in FFY 14

would show an increase in a Council's FFY 14 mark and a subsequent decrease in their FFY 15 mark.

The legal validity of resolutions guaranteeing repayment if the fund source was to be discontinued in future transportation authorizations has been questioned and therefore is no longer required. Additionally, limiting the amount of funding councils could advance fund has not been implemented due to the large regional balance and the looming threat of rescissions. Another reason for not limiting the amount of advanced funding is the desire to demonstrate the tremendous transportation needs in the region and the ability of the region to accomplish projects.

Currently, advanced funding is calculated as a deficit against the future allotments of the council requesting the funding. This method assumes constant reauthorization of the STP-L program (or a similar program). If the STP-L program (or a similar program) is not included in a transportation authorization bill, each council's mark will be reduced proportionally by the current amount that is advanced funded. Currently, there is roughly \$6.6 million in advanced funding federally authorized. If no additional STP-L (or similar program) funding was given to the region, each Council with a positive STP balance would have its funding mark reduced proportionally to cover the advanced funding amount. Please see the table below for the amount each regional council would lose if STP-L (or a similar program) was not reauthorized or extended. This is based on the current amount of advanced funding that has been authorized and does not include any requests presented before you at your November 19, 2013 meeting.

Council	Current Mark	Federally Authorized Advanced Funding	2010 Population	Portion of loss	Amount Loss Due to Advanced Funding	Potential mark
North Shore	\$4,783,328		326,078	6.05%	-\$399,965.60	\$4,383,362
Northwest	\$21,919,945		713,803	13.25%	-\$875,547.10	\$21,044,398
North Central	\$6,324,566		310,457	5.76%	-\$380,804.97	\$5,943,761
Central	\$769,365		257,867	4.79%	-\$316,298.34	\$453,066
Southwest	\$13,798,245		377,340	7.00%	-\$462,843.31	\$13,335,401
South	\$7,561,372		519,918	9.65%	-\$637,728.76	\$6,923,644
DuPage	\$9,759,951		926,125	17.19%	-\$1,135,980.18	\$8,623,971
Kane/Kendall¹	\$12,567,367		668,116	12.40%	-\$819,507.66	\$11,747,859
Lake	\$15,150,275		699,057	12.98%	-\$857,459.74	\$14,292,815
McHenry	\$0	-\$6,608,275	325,211	0.00%		\$0
Will	\$10,683,879		588,735	10.93%	-\$722,139.34	\$9,961,740
Suburban Total	\$103,318,293		5,387,496	100.00%	-\$6,608,275	\$96,710,018

CMAP supports the use of advanced funding to effectively use the region's available funding. Having a low regional balance shows policy makers in Washington that the region's municipalities have substantial needs and the capacity to accomplish valuable surface transportation projects.

Advanced funding has proved beneficial to the region. Given that IDOT and CMAP count the use of advanced funding against future allotments, the risk of using advanced funding is for

those Councils that do not spend their balance and allotment. Those councils also create a risk for the region by allowing the regional balance to grow and be at risk for rescissions. Given the data in the table, depending on the size of the rescission and if it were to be applied proportionally, the suburban councils would be at risk of losing their entire remaining mark of \$103 million.

Each Advanced Funding request is a unique situation that needs to be assessed to determine if the funding and state appropriation is available. If either the funding or state appropriation is not available or the region is close to using all funding or state appropriation it is possible that other regularly programmed projects may be delayed. CMAP staff checks the availability of funding and state appropriation for each advanced funding request and reports to the committee if other regularly programmed projects may be delayed. This is a challenging question to answer, because each approved request has the potential to delay projects in the future, but generally the far future. There is only so much funding the region has and as that funding is used by any project (advanced funded or not), other projects cannot use that funding.

Another concern is that fiscal constraint for the region must be maintained. As councils spend, they spend into their future allotment, but what happens if they spend past the five years of the approved marks table? There is no anticipated allotment past the five years of the marks table. If a council were to spend past the five years of the marks table, other Council's marks would need to be decreased to account for that over spending.

The authority to decide whether to approve advanced funding and/or limit advanced funding rests with the Council of Mayors Executive Committee and the MPO Policy Committee. Some options to increase awareness of the risk to councils would be to include a table, similar to the one above, with every advanced funding request that appears before the Council of Mayors Executive Committee. CMAP staff has taken steps to raise awareness with the creation and distribution of the STP-L expenditure report and by reporting regularly on expenditures of the region. If members of the Council of Mayors Executive Committee has additional suggestions, we look forward to hearing them.