



MEMORANDUM

To: MPO Policy Committee

Date: January 7, 2010

From: Ross Patronsky, Senior Planner

Re: Transportation Financial Plan and Major Capital Projects

As the long-range transportation plan for the region, *GO TO 2040* is required by federal law to include a fiscally constrained list of major transportation capital projects. The process of developing this list includes identifying and evaluating potential projects; determining the level of fiscal constraint (that is, how much funding is likely available for major capital projects); and prioritizing which projects will be included on the fiscally constrained list. At the January 14 meeting, staff will update the committee on each of these steps.

Identifying and evaluating potential projects

Major capital projects 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, entirely new expressways, or similar changes to the passenger rail system. Arterial expansions and intersection improvements are not defined as major capital projects; neither are bus facilities, unless they involve a dedicated lane on an expressway. This definition is consistent with federal guidance as well as the definition of major capital projects used in past regional transportation plans prepared by CATS.

Over fifty major capital projects have been identified. Over the past several months, these were evaluated using measures endorsed by the CMAP Board and MPO Policy Committee in June. Project descriptions, maps, and results of the evaluations are available online at:

www.cmap.illinois.gov/WorkArea/DownloadAsset.aspx?id=18302

or in tabular form at:

www.cmap.illinois.gov/WorkArea/DownloadAsset.aspx?id=18303

The results of the project evaluations are intended to be used to provide information about each project. They will not be weighted or summarized to produce an overall project score or ranking; they are meant to be considered as discussions about project prioritization occur.

In some cases, the evaluation did not produce a clear result concerning a project's impact on the regional transportation system. The regional travel model, which was used for this analysis, is designed for evaluating major regional transportation system changes; individual projects sometimes were too limited in impact to have a measurable outcome. This was particularly true for transit projects or projects that were fairly small in scope.

Staff believes that the evaluation results can be used to assist in prioritization of projects, but they cannot be (and were never intended to be) the sole determinant of a project's level of priority. Other important factors will also be considered, such as more detailed project-level analyses done by implementing agencies during the project development process, and the level of support for a project from the public, elected officials, and implementing agencies.

Fiscal constraint and the transportation financial plan

A second critical step is determining how much funding is likely to be available for major capital projects between now and 2040. The top priority is to maintain and operate our current transportation system in a safe and adequate condition. Beyond this, funding can be used to move the system toward a "state of good repair" (eliminating maintenance backlogs); make strategic improvements (such as arterial add-lanes projects, new or expanded bus services, pedestrian or bicycle improvements, and many others); or constructing major capital projects.

Since spring 2009, staff has been providing regular reports to the Transportation Committee on revenue and cost calculations. A summary of the work so far is available online at: www.cmap.illinois.gov/WorkArea/DownloadAsset.aspx?id=18300 and other documents are on the committee website: www.cmap.illinois.gov/transportation/minutes.aspx. The Transportation Committee discussed this topic at their January 6 meeting.

The initial results of this work show that the vast majority of the region's transportation resources are devoted to maintaining and operating the current transportation system in a safe condition. According to current estimates, approximately \$385 billion in revenue (dollars are in year of expenditure) is anticipated by 2040, and \$359 billion of that is devoted to basic maintenance and operations. This leaves only \$26 billion for "state of good repair" projects, strategic improvements, and major capital projects. Please note that these are current estimates, and may change based on new information.

This is a *financially constrained* figure, meaning that the plan will recommend additional improvements beyond what can be funded within available revenues. Clearly, this level of funding will not allow the region to make much progress in addressing our substantial transportation needs. Even if all of the \$26 billion were devoted to achieving a state of good repair, it would not be sufficient. The same is true for other project classifications as well; \$26 billion would not be enough to make all of the strategic improvements or construct all of the major capital projects that are desired.

For the purposes of initiating discussion, staff proposes that the estimated remaining \$26 billion be split roughly into thirds among the three project categories. This distribution is **not** a recommendation, but a starting point for discussion: \$9 billion for additional maintenance activities that move toward state of good repair; \$9 billion for strategic improvements and enhancements; and \$8 billion for major capital projects.

Because maintenance and strategic improvement projects are treated systematically rather than as individual projects, assignment of projects and costs into these categories can be fuzzy. In contrast, the level of funding for major capital projects must be firm, because the plan must include a list of fiscally constrained capital projects.

Two clear conclusions can be drawn from this result. First, careful prioritization of transportation projects is necessary, and gaining cost savings from operational efficiencies should be sought wherever possible. Second, current and reasonably expected revenues are not sufficient to make the transportation investments that our region needs to support economic growth. Going beyond basic maintenance and operations of the current transportation system will require additional revenues beyond what is now available.

Major capital project prioritization

Ultimately, it is expected that *GO TO 2040* will include projects in three categories:

- Projects that are *fiscally constrained*, meaning that their costs can be covered within the region's expected transportation revenue. This is the highest priority category of major capital projects.
- Projects that are beneficial and supported by the plan, but that are *fiscally unconstrained*. These are projects that have significant regional benefits and support for their implementation, but do not have identified revenues. If additional revenues for these projects are identified, they can be moved to the fiscally constrained category.
- Projects that are the lowest priority or likely to be constructed beyond the plan's 2040 horizon. These may be used for *future corridors* and corridor preservation activities may still be appropriate but the projects will not be recommended within the plan.

By March, staff expects to have a preliminary staff recommendation for the overall fiscal constraint and the assignment of capital projects into constrained, unconstrained, and future corridor lists. This will be a preliminary recommendation intended for discussion purposes. It will be brought to the Transportation and the Planning Coordinating Committees in March and modified if necessary based on the discussion.

From late March to early May, comments from stakeholders will be sought on the preliminary recommendation. In May, the Transportation and the Planning Coordinating Committees will be requested to recommend the endorsement of the categorization of major capital projects into constrained, unconstrained, and future corridor lists. The MPO Policy Committee and CMAP Board are expected to be asked for endorsement at their June meetings.

ACTION REQUESTED: Information and discussion.