

# CMAP Principles for Infrastructure Investment in a Federal Economic Recovery Package

December 10, 2008

The Chicago Metropolitan Agency for Planning (CMAP) supports the inclusion of infrastructure funding as a significant component of the federal economic recovery package now under consideration. While pursuing the important short-term goal of stimulating the economy, such a package should also be the starting point for significant reforms of how infrastructure investments are made at the federal, state, and regional levels.

Our economy depends on the prosperity of metropolitan regions like Chicago, which are home to 80 percent of the U.S. population and generate 85 percent of the Gross Domestic Product. Continued economic success will hinge on our ability -- both nationally and here in our region -- to maintain and expand the road, transit, and freight rail systems. Other necessary infrastructure includes water and sewer systems, telecommunications capacity, schools, open space, and affordable housing. The benefits of such investments are clear, and they include higher economic productivity, job creation, reduced congestion, and improved overall quality of life.

## ***Principles***

While CMAP supports additional infrastructure funding, our agency has the important responsibility of helping to maximize the positive results of these investments. The path to achieving that goal is to apply outcome-based criteria when selecting projects for funding. Therefore, we suggest that the federal recovery package should uphold the following principles:

**The Investments Should Be Strategic but Also Timely.** CMAP recognizes the potential conflict between making the right investments and making investments quickly enough to create an immediate economic stimulus. Some of the most beneficial infrastructure projects may be years away from construction, and some projects that are “ready to go” will have minimal long-term benefits. In the worst case, an unwise investment now could saddle state or local governments with an ineffective project that will require costly maintenance for decades to come. It could also

deplete funding that might otherwise go to wiser projects. To avoid these problems, CMAP suggests the following:

- Make a priority of *reinvestment* that emphasizes reconstruction and maintenance of infrastructure that already exists. For example, numerous bridges across the nation have been closed for safety reasons after years of neglect; roadways and transit systems operate below capacity because of inadequate maintenance; and leaking water pipes waste millions of gallons each day of this precious natural resource. Reinvestment is a clearly stated priority both in our region's adopted vision for the future and with the goals of SAFETEA-LU.
- Investments in new infrastructure should have a demonstrable *national benefit*. For example, northeastern Illinois is the nation's busiest rail freight hub, with one-third of all U.S. rail freight. But it is also one of the world's worst freight bottlenecks and stands to suffer in the global economy as a result. The federal government should invest in the Chicago Region Environmental and Transportation Efficiency Program (CREATE), the region's public/private plan to meet new demand in freight rail service by investing in critically needed rail infrastructure improvements. Other proposed infrastructure investments should be held to similar standards of demonstrating national economic benefits.

**The Investments Should Be Focused on Metropolitan Areas.**

Metropolitan regions drive the U.S. economy. To reflect this, the process for deciding how funds are allocated should use outcome-based criteria to assess the economic and environmental benefits and costs to the U.S. as a whole. Because projects with the greatest national benefit will tend to occur in metropolitan areas, it is important for regional planning agencies to be partners in decision-making processes at the federal and state levels.

**The Investments Should Be Comprehensive in Scope.** Priorities should be based on whether projects have broad, comprehensive benefits. For example, surface transportation in metropolitan Chicago is made up of complex, interrelated systems of roads, transit, and freight rail. No part of this network can be neglected without affecting the whole. Likewise, non-transportation infrastructure is highly inter-related; when chosen wisely,

improvements to water and sewer systems, telecommunications infrastructure, school buildings, recreational facilities, and open spaces can have positive, complementary effects on our region's economic prosperity and quality of life. Also, to ensure that comprehensive benefits ensue and to avoid "half-measures," funding should be sufficient to ensure that projects are not only begun but completed.

**The Investments Should Be Partnered with Real Reform.** For the recovery package to succeed at stimulating the economy, timing is critically important. Fortunately, a number of projects in northeastern Illinois are ready for construction, having been included in our adopted plans and programs. But it is important to recognize the need for real reform when considering an economic recovery package and its long-term impacts. Because they are based on formula rather than need or economic impact, federal transportation programs are currently too compartmentalized. If based on that allocation process, investments will surely result in wasted opportunities. Benefits can instead be maximized by using the recovery package to trigger reform of how transportation projects are financed and selected in the U.S. In particular:

- The federal government should place a new emphasis on sustainable revenue sources that accurately reflect the true cost of mobility.
- The federal government should support the efforts of regions to evaluate and prioritize local infrastructure investments in a comprehensive way that looks beyond transportation benefits to include land use, economic, environmental, social, and other impacts.
- The federal government should invest directly in regional projects that are nationally significant and that align with the new federal vision and genuine national interest. These projects should be determined using performance-driven criteria that lead to transparent, outcome-based, mode-agnostic decisions.