

CMAP's Potential Role in the Allocation of Funds for Northeastern Illinois from the Federal Economic Recovery Package

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Presented for the Board's consideration

The Chicago Metropolitan Agency for Planning (CMAP) should take a central leadership role in identifying and evaluating infrastructure projects eligible for funding through the anticipated federal economic recovery package in early 2009.

Background

While the federal economic recovery package's specifics are still subject to discussion, there is broad support in Washington and across the U.S. for investments in infrastructure to be included in the expected \$775 billion in economic recovery funds that President-elect Obama and congressional leaders have made their top priority in the first quarter of 2009. CMAP supports the inclusion of infrastructure funding as a significant component of the federal economic recovery package. We believe that northeastern Illinois has an important responsibility to identify the most efficient and effective uses for these federal infrastructure funds, using outcome-based criteria.

Though neglected for far too long, infrastructure is at the heart of our national, state, and regional economies. The federal recovery package will help create jobs, not only during the construction phase but also by stimulating economic activity that comes with improved regional mobility. The recovery funds will help create "green jobs" and deploy new technologies to decrease greenhouse gas emissions and reduce dependence on oil. In addition to funds for rebuilding roads, bridges, and transit, the recovery package is expected to include extensive support for making schools and other buildings more energy-efficient and replacing obsolete sewer and water systems.

Regarding the role of major metropolitan regions, the President-elect has stated often that he believes they should have a stronger voice and should receive a more-appropriate portion of federal infrastructure resources than has been the case for many decades. The Obama administration is calling on regions to invest the recovery funding in "new and smarter ways." They are also saying "use it or lose it" -- if metropolitan Chicago and Illinois don't act quickly, the federal money will go elsewhere.

Rationale for CMAP to take the lead

Metropolitan regions like Chicago are home to 80 percent of the U.S. population and generate 85 percent of the Gross Domestic Product. As the driver of our nation's economy, metropolitan regions have critical infrastructure needs that must be addressed with these federal recovery funds. For example, if the recovery funds are allocated on a state level, the CMAP region should receive 75 percent of the federal funds to our state, in recognition that this major metropolitan region is where 75 percent of the state's economic activity takes place and where nearly 66 percent of the state's unemployed workers live.

CMAP has articulated how the federal recovery package should address infrastructure in a set of principles (<http://tiny.pl/6b8f>). Our agency agrees with the need for near-term results, but this should also be the starting point for significant reforms of how infrastructure investments are made at the federal, state, and regional levels. Projects should be selected using a comprehensive needs-based process where project readiness is but one of a number of criteria, including consistency with regional plans and long-term economic benefits.

For the federal recovery package, CMAP has the regional insights and staff capacity necessary to do the detailed study and evaluation so that selected projects achieve the desired near- and long-term outcomes. Due to our agency's comprehensive planning mission, CMAP is ideally positioned to weigh the regional impacts not only of transportation projects but also the other forms of anticipated federal infrastructure investment. CMAP has a solid track record and possesses the necessary staff skills and technical tools to evaluate projects by comparing their merits, independent of political considerations.

Here and across the country, transparency is more critical than ever. Over the past three years, CMAP has put a highly transparent process in place for identifying and evaluating regional priorities that contribute to economic prosperity. The agency's broad-based committee structure has proven its value in this process, which is central to the *GO TO 2040* comprehensive regional planning campaign that is now underway. CMAP has planned on undertaking in late 2009 a careful, thorough review of potential capital projects; due to the national economic recovery imperatives, however, we are fully prepared to accelerate that process to begin immediately in early 2009 and to include a broader range of projects.

With state and local government resources increasingly scarce, northeastern Illinois can ill afford to miss what amounts to a once-in-a-century opportunity to upgrade the region's infrastructure. Our region must rise to this occasion and secure a prosperous economic future by ensuring that the federal recovery funding is targeted to fit metropolitan priorities and that the funds we receive are spent wisely.

What CMAP would propose to do

If the CMAP Board agrees that our agency should pursue this role, our leadership will begin a quick, intensive effort to persuade decision makers here, in Springfield, and in Washington that metropolitan regional agencies such as CMAP are best-equipped to allocate the infrastructure funds within urban areas. The discussions should include local elected officials, Senator Durbin and our congressional delegation and their staff, President-elect Obama's staff, USDOT and IDOT administrators, and other local, state, and federal agencies.

Important factors for consideration include:

- 1. Allocation of Federal Recovery Funds.** Our preference is for the federal government to allocate the infrastructure funds directly to regional agencies such as CMAP for distribution within their region. If the funds instead go directly to the states, we would ask the President-elect and Congress to stipulate that the funds be sub-allocated to the regional agencies -- based on their share of the state's job and economic activity -- for distribution within their region.
- 2. Allocation of Staff Resources.** Staff will begin immediately to realign its FY09 activities to accommodate this accelerated effort. The Board should recognize that this realignment of staff effort will require tradeoffs, and that other tasks will have to be deferred as a result. As needed, external consulting assistance would be contracted to help with the increased workload.
- 3. Identification of Potential Projects.** For CMAP to conduct an effective evaluation process, we must first thoroughly identify potential projects. This requires the cooperation of IDOT and other state agencies, transit operators, counties, municipalities, water and sewer districts, and other stakeholders.
- 4. Evaluation Timeframe.** Projects will be evaluated according to evaluation criteria that reflect our adopted indicators and Regional Vision, with project readiness as a major consideration. There are a number of important variables that we would also like to help define in the near term prior to any congressional action, including the definition of "shovel ready," the expected timeframes for implementation, and the universe of potential eligible projects that would be eligible. (Identifying the eligible projects could begin prior to passage of the federal legislation.) Many agencies are developing these lists in isolation, and they could be consolidated and evaluated by CMAP.

A balance must be achieved between projects that are immediately ready to go and projects that can be made ready in a 12-to-18 month time frame. We would propose that 50 percent of the infrastructure recovery funds be made available for

projects that could be obligated by the federal government in 90-120 days. The remainder of the funds would need to be obligated as required by the legislation.

CMAP could evaluate and select the first group of projects within 30 days of passage of the recovery act. The second set of longer term projects would be evaluated over a 90-day period.

- 5. Evaluation Criteria.** CMAP would propose the evaluation criteria and methodology within the next 30 days. Staff would work with the State, our partners, and other interested parties to define specific criteria by infrastructure type, as well as a methodology to analyze both the short and longer term impacts of proposed projects. This criteria development and analysis are crucial to ensuring that the selected projects best utilize taxpayer money to improve the region's economic activity in the short run and move us toward the implementation of the Regional Vision.

Requested Action

Direct staff to proceed and pursue a central leadership role in identifying and evaluating infrastructure projects eligible for funding through the anticipated federal economic recovery package in early 2009.