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MEMORANDUM

To: Economic & Community Development Committee

Date: February 17, 2010

From: Douglas Ferguson, Senior Policy Analyst

Re: *GO TO 2040* Policy Briefing: Transportation Finance

Attached is a memo presented to the CMAP Board at their December 9, 2009 meeting on *GO TO 2040* and the key policy issue of transportation finance. It is expected that the *GO TO 2040* plan will recommend changes to the current mechanisms used to fund surface transportation to meet the maintenance demands and increase the capacity of the current system.

ACTION REQUESTED: Discussion.

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MEMORANDUM

To: CMAP Board

Date: December 2, 2009

From: Douglas Ferguson, Senior Policy Analyst

Re: *GO TO 2040* Policy Briefing: Transportation Finance

From fall 2009 to spring 2010, CMAP staff will brief the Board on key policy areas that are recommended to be among the priorities of *GO TO 2040*. At the December meeting, one of the key policy issues discussed will be **transportation finance**. It is expected that the *GO TO 2040* plan will recommend changes to the current mechanisms used to fund surface transportation to meet the maintenance demands and increase the capacity of the current system.

Summary

Mobility for all users of our transportation system will continue to be a major issue for the region as our aging infrastructure needs to be preserved and maintained to meet the current and future demands of the system. A well-functioning transportation system is integral to maintaining a high quality of life and a strong economy. The costs of providing transportation services are currently higher than the fees paid by users of our transportation network. The region needs new funding mechanisms to meet the demands of maintaining and improving the system.

Importance of transportation finance

Federal, state, local, and private infrastructure funds continue to dwindle even as the region's needs grow regarding basic maintenance and capacity. Coupled with rising construction expenses and other costs of doing business, inflation has significantly undercut the purchasing power of federal and state motor-fuel-tax receipts. The federal Highway Trust Fund (HTF) is currently supported by an 18.4 cent per gallon gas tax. The National Surface Transportation Infrastructure and Finance Commission calculated that the actual purchasing power of the federal gasoline tax has declined by 33 percent since the last increase of this tax in 1993. In 2008 and 2009, the HTF reached a crisis in which Congress had to supplement it with funds from the General Fund to keep the fund solvent.

In Illinois a motor fuel tax (MFT) of 19-cent per gallon is collected for road maintenance and construction. The State of Illinois MFT was last increased in 1990 and is split between IDOT's Road Fund and State Construction Fund and local governments. MFT revenues have declined nearly 20% in their purchasing power between 1991 and 2008. The decline in these funds occurs against a backdrop of increasing deferred maintenance needs for our state and local governments due to the increased cost to maintain and reconstruct roads and bridges.

The decline in the MFT has also affected the counties and municipalities in northeastern Illinois. Cook, DuPage, Kane, and McHenry counties each levy their own 4-cent MFT, and most have seen revenues decrease in recent years. For municipalities, only those that are home-rule units can levy a municipal MFT, with Chicago the highest at 5-cents per gallon and Berwyn and Dolton the lowest at 1-cent per gallon. Most counties and municipalities in the region rely heavily on property taxes and general funds to pay for transportation improvements.

Preliminary analysis by CMAP staff shows that the estimated costs to maintain and operate our highway and transit systems in northeastern Illinois will exceed forecasted revenues from current sources for the years 2011 to 2040. The estimated costs do not include major capital projects, systematic enhancement and improvement costs, or the elimination of maintenance backlogs. Staff is currently working with our partner agencies to refine these cost estimates. Two Transportation Committee memos are attached, detailing the work to estimate future costs and revenues. This analysis demonstrates that new revenue sources are needed for any improvement and even to maintain the current system. In addition, we believe that the transportation funding system should be reformed by placing a new emphasis on sustainable revenue sources.

Recommendations

Relative to exploring and identifying new transportation funding sources, *GO TO 2040* should first recommend the careful examination of specific transportation investments to ensure that each is an effective long-term investment for the region. Every investment in a transportation project should be based on regional priorities, using **performance-driven criteria** that lead to decisions that are **transparent and outcome-based**. The plan should guide the programming decisions of the various transportation implementing agencies and call for a change in the funding splits on both the highway and transit side.

For example, State of Illinois highway funding has traditionally been allocated on the basis of an informal agreement that sends 45 percent to northeastern Illinois and 55 percent to the remainder of the state. A breakdown of the highway awards for IDOT District 1 (includes both federal and State funds for IDOT highways and local roads) compared to the statewide resources since 1992 shows that District 1 has received 43 percent. IDOT District 1 covers the CMAP planning area except for Kendall County, which is located in District 3. Decisions on the division of transportation funding should not be made on such an arbitrary allocation. The *GO TO 2040* plan should establish **clear criteria and performance measures** to create a new decision-support tool for the allocation of state highway, road, and transit funding.

A variety of **additional financing options** are being explored as part of *GO TO 2040's* approach. The plan should take a detailed approach to several alternatives that appear to have the most potential to raise significant revenue and be implemented in the short term, including MFT increases, additional user pricing, and public-private partnerships; other potential funding sources will also be identified but explored in less depth. Identifying sources of additional transportation funding will be a critical part of the plan, but it is equally important to ensure that funding is efficiently spent.

As the primary revenue source for transportation funding, federal and state MFTs have not been levied at appropriate levels to fund the maintenance and operations of our current system and provide for necessary capital improvements. In the short and medium term, an **MFT increase has the most revenue potential** for transportation funding. Unlike many of the potential alternatives that could replace or supplement the tax, it already has administrative systems in place for its collection. The MFT also has the ability to directly charge for negative environmental impacts caused by the burning of fossil fuels, particularly carbon dioxide and other greenhouse gas emissions. The failure of the MFTs in keeping up with the rate of inflation can be solved by **indexing the tax rates to institutionalize annual adjustments** that would at least maintain the purchasing power of the generated revenues.

The long term downside to MFTs is the inability to maintain and increase revenues as the fuel efficiency of vehicles increases and as vehicles switch to alternative fuels. Recent estimates by the U.S. Energy Information Administration (EIA) predict that the average fuel efficiency of light-duty vehicles on the road will increase from 20.7 miles per gallon in 2010 to 28.9 miles per gallon by 2030. Additional revenue sources are needed to offset the decline in MFT receipts or possibly to replace the tax altogether. However, EIA does not predict a major jump in average fuel efficiency of light-duty vehicles until around 2015.

Another potential mechanism to increase transportation revenues would involve the implementation of **congestion pricing** on select segments of the road network. Congestion pricing seeks to apply economic principles of supply and demand to efficiently allocate scarce road space. Congestion pricing can take many forms, from variable pricing in which toll rates are predetermined according to time of day to truly dynamic pricing in which toll rates are set real-time in response to market demand. This strategy can reduce congestion on our roadways and has the potential to raise considerable revenues since travelers must consider the true marginal cost of their travel through direct user pricing; correspondingly, some travelers would choose to change their time, mode, or route of travel, or choose not to travel at all. Congestion pricing can also benefit the environment by reducing vehicle emissions and the economy by saving time and expense.

However, despite its potential benefits, there are significant concerns about congestion pricing. One major issue involves possible equity concerns for residents with low to moderate income levels. To address this, congestion pricing would need to **reinvest revenues into transit modes** that would provide alternatives. Another significant concern is that congestion pricing would increase traffic on nearby local streets; this could be mitigated by **reinvesting in arterials** with

congestion pricing revenue. A preliminary analysis conducted by CMAP staff on congestion pricing found that considerable revenue could be generated by implementing it on a large part of the highway network in the region. Because that analysis was very general, more detailed project-level studies that consider tolling all lanes or partial lanes within a facility are needed to estimate costs, benefits, and revenues of implementing congestion pricing on specific facilities. Several project-level studies are currently active in the region on various segments of the highway and tollway system.

Similar to congestion pricing, the mechanism of **variable pricing for parking** -- which not only involves revenue generation but the use of fees and taxes -- can be used as a demand management tool for congested road facilities. Introducing or increasing parking prices can generate increased revenues and also alleviate excessive parking, which, in turn, can lead to increased densities and transit use and to reduced traffic congestion.

Public private partnerships (PPPs) offer several different approaches for funding transportation infrastructure improvements and operations. It can include but is not limited to strategies such as design-build, "cost + time" bidding, long-term lease agreements, design-build-operate-maintain and design-build-finance-operate-maintain. In northeastern Illinois, the most well-known examples involve the City of Chicago's long-term lease agreements of the Chicago Skyway and their metered parking, along with the CREATE program. Currently the State of Illinois lacks the necessary enabling legislation that would allow the State the broad authority to enter into PPPs, and it is not clear what role CMAP and the region as a whole should take in encouraging and monitoring of PPPs. Like the City of Chicago, individual cities and municipalities have the ability to execute these financing agreements.

Other Potential Funding Mechanisms

One funding mechanism that has received a lot of attention recently is the idea of a **vehicle miles traveled (VMT) tax** to charge road users a fee based upon distance driven. The fee could be charged in a number of ways that can take into account vehicle type, weight, use, and other travel characteristics. This has the potential of replacing MFTs at the federal and state level. The use of global position system (GPS) as the measurement tool could also create a more dynamic mechanism that would not only be able to measure vehicle miles traveled but also to prorate fees for peak period travel in congested conditions. One major drawback would be the considerable costs and challenges of implementing such a system. Estimates for implementing a national system range from 10 to 15 years.

A local option for increasing revenues for transportation funding is the concept of value capture by **creating assessment districts and tax increment financing**. Value capture attempts to capture some of the increase in value due to the transportation improvements that benefit the affected properties. Assessment districts are special property taxing districts where the cost of transportation infrastructure is paid for by properties that are deemed to benefit from the transportation infrastructure. These assessments can be applied to the full value of the subject property, or a Tax Increment Financing technique can involve issuing bonds to finance public transportation infrastructure improvements, then paying off the bonds with dedicated revenues

from the increment in property taxes that would result from such improvements. This could be categorized as a PPP if a developer constructed the transportation infrastructure with private funds to increase the value of the development and turned over the infrastructure to a public entity for operation.

All states collect a **vehicle registration fee**, with at least half raising more than a quarter of their dedicated transportation revenues through this mechanism. In 2007 the State of Illinois collected 54 percent of its dedicated transportation revenues through registration, yet Illinois is currently below the national average of \$185.38 (2008) for a mid-sized car. In addition to increasing vehicle registration fees, other options include driver's license surcharges, vehicle sales tax increases, or a special sales tax on vehicle-related products and services.

Concerning the **funding of freight-specific improvements**, CMAP has engaged the services of Cambridge Systematics to conduct a regional freight study that will feed into the *GO TO 2040* process. Part of the study will include recommendations regarding finance options available for freight system improvements.

ACTION REQUESTED: Discussion.

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MEMORANDUM

To: Transportation Committee
Date: October 16, 2009
From: Joy Schaad, PE
Re: Financial Plan for *GO TO 2040* (Transportation Expenditures)

For *GO TO 2040*, CMAP will estimate the cost of the transportation program associated with the preferred scenario. The projected costs will be organized into three categories:

1. Major capital project expansions and additions
2. Systematic enhancements/improvements
3. Maintenance and operations of the transportation system (further broken down between maintaining the system at a level that is safe and adequate vs. bringing it to a state of good repair)

The total of transportation expenditures in these three categories must be constrained by the predicted amount of future funding (core revenue and “reasonably expected” revenue) as the CMAP staff memo of September 10, 2009 on forecasting transportation revenue explained. Also, as federal planning regulations require, the estimates of the cost will be inflated to the “year of expenditure”, rather than shown in constant dollars.

The focus of this memo is on maintenance and operations; the regional costs of the other two funding categories will be developed in the coming months. The purpose of this document is to provide preliminary data on maintenance costs and operating costs to provide a sense of the scale of costs relative to initial estimates of core revenues. The data cited has not been fully vetted by the affected agencies and is subject to change. Better transit data will be forthcoming in the coming weeks and months as the RTA is scheduled to release a draft 10-year business plan in November as well as preliminary findings from their “*Asset Condition Assessment*” at the end of the year.

Levels of Maintenance (safe and adequate vs. state of good repair)

Because maintenance can be performed on a more aggressive or less aggressive basis, we have made the distinction between maintaining our region’s transportation system at the “safe and adequate” (S&A) level and to a “state of good repair” (SGR) level. Safe and adequate is characterized as performing sufficient maintenance to assure the safety of the system’s users and

the general public, but will result in a backlog of facilities that are in fair or poor condition at any given time. In this application, it was assumed that the region's transportation network would remain in roughly the same condition in 2040 as it is today.

Performing maintenance at levels necessary to assure a "state of good repair" would mean that the facilities and equipment that are not in good or better condition would be brought up to that level and from there on out maintenance would be scheduled and performed on the recommended timing or triggering criteria – so that no significant backlog would arise. No capacity additions are assumed in either of the maintenance categories.

Approach to estimating highway maintenance and operations costs

The region is estimated to have 3,233 lane miles of expressway, 18,719 lane miles of arterial and collector roads (6,955 centerline miles); 17,781 miles of local roads, 311 interchanges, 3,281 bridges, and 7,732 signalized intersections. Basic maintenance such as resurfacing, bridge deck overlays and signal modernization is required to maintain a safe and adequate system for all users. Many facilities will require major reconstruction, rehabilitation or replacement at some point over the next thirty years. For highway costs CMAP staff has consulted with various agencies such as IDOT, the Toll Highway Authority, and county and municipal governments to collect typical costs, i.e. "unit costs" and useful life/maintenance cycles for these types of activities. CMAP has compiled information on:

- Resurfacing and reconstruction of expressways, arterial and collector roads, and local and unclassified roads.
- Bridge deck overlays, deck replacements, and major bridge rehabilitation or replacement.
- Traffic signal retiming and signal modernization.
- Associated engineering studies for the above

Based upon these estimates, CMAP staff has constructed an estimate of the maintenance cost category for the 30-year planning cycle. To calculate maintenance cost we multiplied costs of these typical work types by the magnitude of work involved. The magnitude of work consists of factors for both the size of the given system and the frequency requirement that each work type must be performed. The period or frequency of each work type varies for the type of facility. The resultant 30-year costs were broken out into even 1 year increments and then factors for construction cost increases were applied to each year in order to provide "year of expenditure" estimates, as required by federal planning regulations, and then combined into 5-year increments for ease in review.

The cost of administration and operations for the various agencies and levels of government that are responsible for roadway maintenance was also estimated, based on extrapolation of expenditures from recent years. Also, please note that maintenance of bicycle and pedestrian facilities within the right-of-way of roadways is included within these cost estimates.

Initial findings on highway maintenance and operations costs

The resultant 30-year “year of expenditure” costs are \$208.0 billion for maintaining the northeast Illinois region’s roadway system to a safe and adequate level (basically the same level as today) and would cost \$232.3 billion to maintain at a state of good repair. The difference represents the cost of improving the residual roadways that are estimated to be left in the fair or poor condition (10% of total mileage) in the safe and adequate model and the bridges that are estimated to have surface conditions left in fair to poor condition (7% of total bridge surface area) and then continuing to maintain all the region's roadways and bridges in a good to excellent condition. In other words, this eliminates the “backlog” of facilities that are not currently in good or excellent condition. Further, the state of good repair costs for traffic signals included timing “optimization” rather than routine timing adjustments and signal modernization on a more frequent basis.

The preliminary estimate for the operations of the agencies that are responsible for maintaining and operating the region's roadways is predicted at a 30-year total of \$56.8 billion. The chart on the last page of this memo shows the costs in 5-year increments and provides the September 2009 core revenue estimates for reference.

Approach to estimating transit maintenance and operations costs

The region is estimated to have nearly 1,500 miles of passenger rail track, over 6,000 transit and rail vehicles (rolling stock), and 332 passenger stations. Much of the system is old and will require significant reconstruction or rehabilitation work at some point during the *GO TO 2040* planning period. For transit costs, CMAP staff has consulted with the RTA and the transit service boards to collect unit costs and maintenance cycles for these types of activities. CMAP collected information on:

- Replacing and rehabilitating rolling stock.
- Maintenance of transit passenger facilities.
- Maintaining transit signals, electrical, and communications.
- Maintaining track and bridges.
- Maintenance of equipment maintenance garages and storage facilities.

However, in further consultation with the RTA and the service boards it was determined that in the case of the transit system, the actual condition of the equipment and facilities is critical to the making planning level estimates and that using an assumption of average condition would be misleading. The RTA is currently working with the three service boards to undertake a major project to determine the volume, age and condition of the region's transit assets. Within the RTA's *Asset Condition Assessment* study, the costs to bring the system into a “state of good repair” and to then keep the system at that level will be developed. That information is scheduled to be available by the end of the year and it is hoped that some preliminary information will be available in November.

Also the RTA, working with the service boards, is undertaking development of a 10-year business plan to estimate the costs of the operating and maintaining the region's transit system for the years 2010 through 2019. That information is expected to be out for review shortly and is

anticipated to be refined and approved by the service boards in November. This will provide important information to assess the costs to operate and maintain the transit system at the safe and adequate level.

For the current preliminary estimate of cost, we used the 2006 published “*Moving Beyond Congestion*” strategic plan where the RTA identified 30-year costs for three categories: Maintenance, Enhancement and Expansion of the system. The transit agencies have asked that we wait until the 10-year business plan is available to make the 30-year estimate of operations costs.

Initial findings on transit maintenance and operations costs

Based on *Moving Beyond Congestion* estimates of maintenance, with a conversion to year of expenditure, the 30-year cost is approximately \$57.0 billion. The chart on the last page of this memo shows the costs in 5-year increments and provides the September 2009 core revenue estimates for reference. The cost of transit operations will be included in the next iteration of this memo.

Further discussion of trends and issues

Historical construction cost trends

The American Road and Transportation Builders Association (ARTBA) publishes “Highway Construction Producer Prices” and Engineering News Record (ENR) magazine publishes the Annual Consumer Construction Index for Chicago and the U.S. ARTBA’s US trends from January 2002 to January 2009, show as steady rise until a peak in 2008 and ENR’s US and Chicago trends December 1990 to May of 2009 show a similar pattern, but also include the drop off from summer 2008 to summer 2009.

It is believed at the positive national and worldwide economic conditions experienced in 2002 through 2008 and resultant building boom drove up both labor and material costs for the construction industry. For instance, steel used for reinforcement in concrete pavements peaked in the first half of 2008 and rose from a cost of approximately \$600/ton to \$1,100/ton. Concrete and to a lesser degree, asphalt were also affected by the national trends and global demand. The cost of most of the materials used in roadway construction, as well as the fuel used at plants and in the heavy equipment on site rises with the rise in petroleum costs which peaked in summer 2008 at over double the average cost in 2007 and 2009. Further analysis of historical construction cost trends nationally was contained in the July 24, 2009 staff memo on the approach to transportation expenditures within the financial plan.

Chicago construction costs are believed to have spiked further due to a steady influx of greater than normal roadway construction volume locally, due to the Tollway Authority’s multi-billion dollar “*Open Roads for a Better Tomorrow*” program which put work out to bid on the order of \$320 m, \$880 m, \$830 m, \$860 m, and \$850 m for the years 2004 through 2008, respectively. Construction bids tend to come in low when there is a dearth of construction activity and rise

when there is an abundance of work. For 2009 the amount of new Tollway work has dropped to \$100 million.

Chicago has experienced a significantly higher rate of cost increases since 1990 than the US in general, which is likely due in part to market conditions and labor costs here. Whether this trend will continue is difficult to predict, but we assume that cost increases over time will begin to more closely reflect national trends.

Future construction cost trends

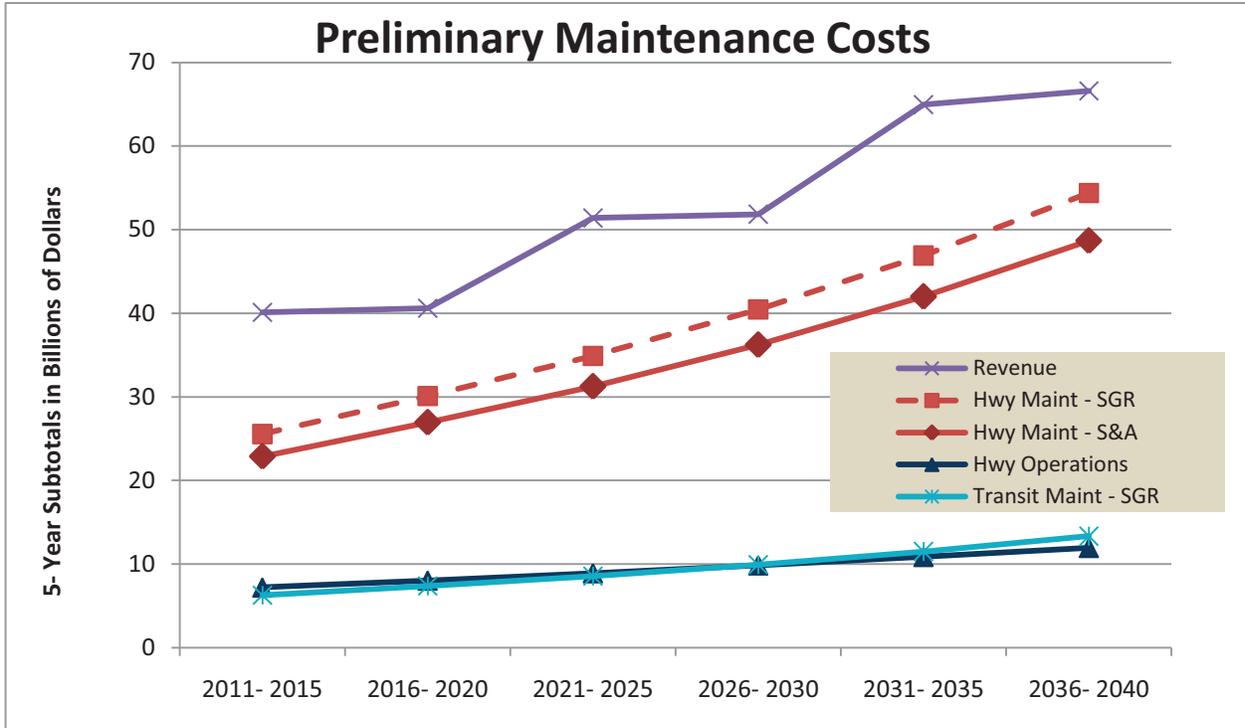
Estimates of future construction cost trends are by nature very speculative. Our estimates assume construction cost increases of approximately 6% per year until 2013, mostly reflecting continued increases in material costs. This is significantly faster than increases in the overall consumer price index (CPI), which generally average 3% per year. The faster increase in construction costs than other costs has been a reality since around 2002.

However, before 2002, construction costs and CPI increases were very similar. In the long term, we assume a return to this historical pattern, as advances in construction practices or new sources for construction materials will be able to curb the dramatic increases in construction costs. Therefore, after 2013, we assume that construction costs will rise at a rate equal to the CPI, or 3% per year. Staff is interested in further discussion of these assumptions by committee members.

Maintenance and operation costs as a share of available revenues

The table on the following page displays the 5-year costs for roadway maintenance (at both the safe and adequate level and the state of good repair level); roadway operations; and transit maintenance (state of good repair). Please note that transit operations costs have not yet been added, so these costs are incomplete. The September 10, 2009 estimate of the region's expected core revenue is displayed for reference.

Total costs are not yet shown on the table, because full information about transit costs is not yet available. But even from the incomplete information provided, it is clear that our core revenues will be barely adequate, and during some periods possibly not even adequate, to fund the basic maintenance and operations of our transportation system. At the same time, the region needs systematic improvements and major capital investments to sustain our place in the national and global economy and to assure a good quality of life for our inhabitants. Therefore, it is necessary address the question what additional revenues can reasonably be expected during the planning period, as well as face the difficult discussion of prioritization among our many transportation needs.



5 year Cost and Core Revenue estimates. Preliminary, subject to change. 10-9-2009
 Source CMAP

ACTION REQUESTED: Discussion of approach to estimating expenditures and preliminary maintenance costs compared to core revenue.

**Appendix A - Assumptions
 To be Developed**

Information on the detailed assumptions used in will be provided in the next iteration of this memo. Email jschaad@cmmap.illinois.gov for provisional information, if needed sooner.



MEMORANDUM

To: Transportation Committee

Date: October 16, 2009

From: Matt Maloney, Senior Planner

Re: Transportation Financial Plan (Reasonably Expected Revenues)

The transportation financial plan, a part of *GO TO 2040*, will estimate both transportation costs and revenues. Calculating revenues has two primary components. The first component, “core revenues”, is the projection of revenues that the region currently receives for transportation, without assuming any changes to tax rates or funding formulas. Forecasts of these revenue sources were presented to the Transportation Committee at the September meeting. Please see: <http://www.cmap.illinois.gov/WorkArea/DownloadAsset.aspx?id=17260>

In addition, FHWA/FTA guidance on the fiscal constraint permits MPOs to calculate revenues that can “reasonably be expected”. What is “reasonable” usually constitutes a judgment call, based upon the current political and policy climate at various levels of government. The purpose of this section is to list some of the “reasonably expected revenues” that CMAP is considering for inclusion into the fiscal constraint.

In the attached table, we have included descriptions of these potential sources, our assessment of the political/policy climate for each, links to any recent CMAP analysis on these revenue sources (if applicable), the revenue potential (if applicable), and how revenues can be forecasted, if they are deemed to be reasonable for inclusion.

As shown in the accompanying memo on expected costs, “core revenues” may not even be adequate to cover basic transportation system operations and maintenance during the *GO TO 2040* planning period. Therefore, identifying “reasonably expected revenues” becomes a highly significant activity, as revenues from these sources will be necessary for system improvements or expansions.

Staff requests feedback from the Transportation Committee, and particularly, representatives from FHWA, FTA, and IDOT on whether these revenues can be “reasonably expected to occur”

at some time in the planning horizon. In addition, staff requests identification and discussion of other revenue sources that should be further investigated for consideration.

ACTION REQUESTED: Discussion.

"Reasonably Expected" Revenue Sources Under Consideration for GO TO 2040

Revenue Source	Assessment of the Political or Policy Climate	CMAP Analysis of the Revenue Source to Date	Revenue Potential	How Revenues Could be Forecasted
State Motor Fuel Tax Increase	To date, the CMAP Board has formally supported an Illinois House Bill (House Bill 1 (Bradley)) amending the motor fuel tax law by raising the rate by 8 cents to 27 cents per gallon. A number of transportation policy advocates in northeastern Illinois have also advocated various similar measures for raising the State MFT tax, or indexing the rate to inflation. Currently, there are no bills pending in the Illinois General Assembly on this matter.	CMAP staff analyzed the revenue implications to northeastern Illinois of an 8-cent gas tax increase, in line with House Bill 1 (Bradley), which was a bill formally supported by the CMAP Board. This was presented as part of a larger memo about the State Motor Fuel Tax to the CMAP Board in May. The memo, which includes this analysis, can be found here: http://www.cmap.illinois.gov/WorkArea/DownloadAsset.aspx?id=15278	\$11.3 billion in 2008 dollars over the period 2009-2040 (this number will increase once put in "year of expenditure dollars")	Plan would have to assume year of MFT increase enactment, the size of the tax increase, and begin forecasting revenues from that point.
Vehicle Miles Traveled (VMT) Tax	The VMT tax is being given serious consideration by members of Congress as a long term solution to the problem of financing the Highway Trust Fund although the current Administration has come out against it. Established by Congress the National Surface Transportation Infrastructure Financing Commission concluded that a tax directly on miles driven is the most viable option to efficiently fund the federal surface transportation program in the medium to long term. Rep. Blumentrater introduced HR 3311 on 7/23/09 in the House calling for the Sec. of Treasury to establish a pilot project (No progress on the bill has been made to date). Proposed systems using GPS have generated strong concerns over privacy.	CMAP staff analyzed the possible ramifications of a VMT tax in the "Transportation Demand Management" strategy report. The report, which includes this analysis, can be found here: http://www.goto2040.org/WorkArea/DownloadAsset.aspx?id=14950	\$210M to \$673M in annual revenues, depending upon a range of potential "fee plans".	Plan would have to assume year of VMT tax enactment, as well as a potential "fee plan", and begin forecasting revenues from that point.
Congestion Pricing	Strong belief across political lines that congestion pricing is unpopular with public. New York failed in their cordon pricing initiative. No previously untolled interstates have been converted to tolls despite federal waivers allowing states to do so. MPC and Illinois Tollway are involved in a study of congestion pricing in northeastern Illinois. Several HOT and express lanes have been implemented in states like Colorado, Minnesota, and California. Cordon pricing has been successful in London and Stockholm.	CMAP staff has conducted internal analyses of the potential revenue ramifications of instituting congestion pricing on large parts of the system. This was largely a modeling exercise done in conjunction with the plan's "Innovate Scenario", which included a managed lanes strategy. While the revenue potential appears to be large, this analysis was largely conceptual in nature.	Project Specific	Congestion Pricing revenues should be estimated on the project-level and should be associated with a particular major capital project.

"Reasonably Expected" Revenue Sources Under Consideration for GO TO 2040

Revenue Source	Assessment of the Political or Policy Climate	CMAP Analysis of the Revenue Source to Date	Revenue Potential	How Revenues Could be Forecasted
Variable Parking Pricing	Difficult to assess the political climate due to the fact that this would be a local municipal sponsored initiative. Chicago tried to implement a variable parking fee structure as part of USDOT congestion grant but was not able to address commercial parking. New York is currently conducting a pilot project on variable parking pricing in several business districts.	Similar to congestion pricing, CMAP staff has conducted internal analyses of the potential revenue ramifications of instituting variable parking pricing on large parts of the system. This was done in conjunction with the plan's "Innovate Scenario", which included a parking pricing strategy. While the revenue potential appears to be large, this analysis was largely conceptual in nature.	Specific to Local Policy Decisions	There is currently no potential methodology in place for estimating the revenue impacts of variable parking pricing, other than a conceptual estimate using CMAP's travel model.
Public-Private Partnerships	Strong support from federal agencies as an innovative finance mechanism. The City of Chicago has used PPPs for asset sales. Illinois lacks state enabling legislation that allows IDOT and Tollway to enter into PPPs. Most recently a State Senate bill (SB0108 Public-Private Partnerships for Transportation Act) but that failed to move and it is unclear if the bill will be reintroduced. Concern over protecting public interest as evident in Rep. Oberstar's draft STAA which includes the creation of a Office of Public Benefit.	The Volpe Center produced a strategy report on "Public Private Partnerships" for CMAP. The report is largely an overview of the range of different PPP arrangements, State and Federal policy on PPP's, and the potential role of the MPO. The report can be found here: http://www.goto2040.org/WorkArea/DownloadAsset.aspx?id=14844	Project Specific	PPP revenues should be estimated on the project-level and should be associated with a particular major capital project.
Increase in Federal Gas Tax	While the Obama Administration does not favor an increase during the current economic recession, there has been congressional support for an increase. Rep Oberstar views an increase in the MFT as necessary to provide short term stabilization of the HTF and to increase highway and transit funding. Sen. Durbin has called for an increase in the federal gas tax to provide for an adequately funded federal highway bill.	CMAP has assessed the state of the Highway Trust Fund, which is largely supported by the Federal Gas Tax, in some policy briefs over the last several years. Most recently, CMAP staff presented a policy brief regarding reauthorization principles to the Transportation Committee. That memo can be found here: http://www.cmap.illinois.gov/WorkArea/DownloadAsset.aspx?id=17258	Unknown, but Reasonable to Calculate If Assumptions Can be Made	The revenue potential of a federal gas tax increase can be forecast in house if assumptions about the tax increase can be agreed upon.