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Illinois' really big fiscal crisis: infrastructure expenses

By Joe Cahill | December 17, 2012

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If Illinois' enormous pension costs trouble your sleep, the even bigger tab for fixing the state's infrastructure will keep you up all night.

The crumbling highways, rail lines, bridges and water systems that underpin our economy will need more than \$300 billion in repairs over the next 30 years, according to a report released by the Civic Federation of Chicago a few weeks ago. The figure is in line with estimates by other groups that have

studied the issue.

Problem is, nobody knows where we'll get that extra \$10 billion a year. Traditional funding sources are drying up. Federal and state gasoline taxes that finance much of our transportation network lag behind rising construction costs. President Barack Obama's stimulus money is spent. And Illinois capital works programs have grown fewer and farther between, with the state struggling to cover borrowing costs for the most recent one.

One thing is for sure: We'd better find the cash. Our transportation systems are aging, outmoded and inadequate to support a globally competitive region in the 21st century.

Slow zones and breakdowns plague the Chicago Transit Authority. Highway congestion saps more than \$7 billion from the local economy every year, the Chicago Metropolitan Agency for Planning estimates. Freight trains creep across the area, delaying goods and holding up traffic. The poor condition of our roads and bridges adds about \$297 annually to the cost of operating a vehicle, according to the American Association of State Highway and Transportation Officials.

Transportation is the linchpin of Chicago's economy and a requisite of being a global city. Our attractiveness to businesses rests largely on our connectedness; you can get pretty much anywhere from here. That's why the nation's railroads intersect here and why global companies open offices here. But if businesses can't move people and goods in and out of the area efficiently, we'll lose our unique economic advantage.

Other cities, mainly in Europe and rising Asian countries, have modern, fast, reliable systems with seamless connections between various modes of transit. Ours is old, slow and balkanized.

Years of neglect have made Illinois infrastructure subpar even by 20th-century standards. Much of the huge bill coming due represents deferred maintenance projects that should have been completed over the past couple of decades.

Our sagging infrastructure can't handle another 2.4 million people, the projected population growth for metropolitan Chicago between now and 2040. We're facing a transportation meltdown if we don't find a way to finance a long list of upgrades.

**One thing is for sure:
We'd better find the cash.**

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Like the pension funding crisis, the impending infrastructure Armageddon stems from kick-the-can political leadership and the parochial prerogatives of local officials. Just as they skipped required pension contributions, the bosses skimmed on infrastructure maintenance. Formula-based funding that allocates dollars based on local priorities has left the region without the coordinated transportation systems it needs.

“There’s no comprehensive plan” for capital spending in Illinois, laments Laurence Msall, president of the Civic Federation.

Sadly, there’s little hope of changing the political processes used to allocate funding from traditional sources. But we can come up with new sources that bypass those processes.

“We need to get innovative,” says Matt Maloney, deputy chief of staff of the metropolitan planning agency.

Mr. Maloney notes that some cities are experimenting with “value capture” development fees based on the increased value accruing to properties with access to public transit systems.

“Congestion pricing” could be used to fund highway improvements. Then there are public-private partnerships for capital projects along the lines of Mayor Rahm Emanuel’s Chicago Infrastructure Trust.

Pick one, pick all of them, but get moving before our economy runs out of track.

From this week’s Cahill

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