



## MEMORANDUM

**To:** Transportation Committee

**From:** CMAP Staff

**Date:** February 26, 2016

**Re:** Alternative Long-Term Funding Options

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In late 2015, staff began a discussion with the Board and MPO Policy Committee concerning the long-term funding outlook for the agency. Long-term funding options will remain a priority item for discussion through the spring, with additional presentations to the Board and Policy Committee in March.

At the Transportation Committee meeting on March 4, CMAP staff would like to update the committee on the discussions that have occurred to date, and the next steps in developing a funding proposal. Committee members are encouraged to follow the links in the text below to view full memos on each subject.

In January, the Board and Policy Committee discussed possible **legislative solutions** and **non-legislative solutions**. The legislative solutions were adopted as part of the 2016 State Legislative Framework and Agenda, and the conclusions of the January presentation on non-legislative solutions included the following:

- CMAP's overall budget is lower than its peers, meaning that CMAP provides its services more efficiently than other comparable regional agencies.
- The low reliance of the agency on local funding is unusual. No other comparable agency, either nationwide or within Illinois, has such a low reliance on local funding. CMAP is unique in relying nearly entirely on the state for its local match.
- Many other comparable agencies are more aggressive at seeking competitive grants. While CMAP should pursue these more actively, these sources are typically not appropriate to provide the required local match for federal transportation funds.
- CMAP's predecessor agencies -- NIPC and CATS -- had significantly larger shares of local funding in their budget than our agency currently does.

- Staff should continue to develop a non-legislative option that included local dues, fee-for-service arrangements, and external grants.

In February, a follow-up memo on [alternative long-term funding options](#) was discussed with the Board. The memo reinforced the goal of reducing funding reliance on the state, and proposed long-term budget adjustments that would have the effect of splitting the required federal match between state and local sources. Ultimately, a target of \$1.5 million annually in local dues was proposed, along with \$500,000 in fee-for-service arrangements, although it is recognized that this may need to be implemented in multiple steps.

Funding issues were also discussed in other contexts in the past few days, including numerous meetings with IDOT and FHWA, a UWP committee meeting on February 18, an informal funding working group meeting on February 23, and a meeting of the County Board chairs on February 25. Through these meetings, CMAP and its stakeholders have reached the understanding that there are both long-term and immediate issues that must be addressed. The long-term issues – described in the memos linked above – are necessary to keep CMAP financially sustainable in a lasting way. There are also immediate issues involving cash flow that will seriously affect the agency’s operations in early FY17. These immediate cash flow issues will require solutions above and beyond the long-term alternative funding options, and are likely to affect the distribution of UWP funding in FY17.

Staff will provide a fuller update on all of these matters at the March 4 Transportation Committee meeting.

**ACTION REQUESTED:** Discussion

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