Chicago Metropolitan Agency for Planning

Meeting Notes
Planning Information Forum: Financial Planning – April 22, 2016 following Transportation Committee meeting

Attendees – see meeting minutes for Transportation Committee

Summary of presentations

- **Chicago Metropolitan Agency for Planning** (Jesse Elam). CMAP's current financial plan from the GO TO 2040 update is based on a forecast of expenditures and revenues, the latter including "core revenues" (an extrapolation of trends in current federal, state, and local sources) and "reasonably expected revenues" (sources requiring a substantial change in law or policy). Expenditures are for operating the system, maintaining the system to a safe and adequate level, constructing major capital projects, and doing systematic enhancements and bringing system condition toward a state of good repair. Jesse noted that the GO TO 2040 update financial plan relied on a technical and committee process and was not a major focus of public engagement. He also noted that GO TO 2040's performance outcomes, such as for pavement or bridge condition, were not directly tied to expenditures.

- **Delaware Valley Regional Planning Commission** (Brett Fusco). When DVRPC's Connections 2040 plan was being developed, a transportation funding crisis led to DVRPC developing a set of revenue scenarios representing best to worst cases. DVRPC also conducted a needs assessment for that plan which highlighted significant investment requirements for bridges and suggested spending no more than 5 percent of highway system revenues on roadway expansion. DVRPC's financial plan included recommended funding levels or allocations to different project types, based on an analysis of delay related to congestion, pavement condition, bridge operations, etc. Given revenue shortfalls, bridge and pavement condition were predicted to worsen at the end of the planning period. As a complement to this technical analysis, DVRPC led a web-based participatory public process called Choices and Voices in which participants were able to vote on allocations to different transportation priorities as well as indicate their preferences for different sources of additional revenue. Lastly, Mr. Fusco covered DVRPC's project evaluation criteria for the long-range plan and for the transportation improvement program.

- **Puget Sound Regional Council** (Ben Brackett). The PSRC Transportation 2040 financial plan assumes traditional funding from taxes on sales, motor fuels, etc. will remain central, but the financial plan has a strong emphasis on tolling the existing expressway system, to be phased in over time. In response to a question, Mr. Brackett said that the Federal Highway Administration had pressed PSRC to supply an action strategy for how to accomplish this tolling. As a newer, less-built out system, the PSRC financial

plan actually emphasizes system expansion over preservation. The plan relies on "new law" revenues (similar to CMAP's "reasonably expected revenues") to achieve fiscal constraint, but allows for flexibility in how the revenues are to be used. While PSRC has used scenario planning to discuss the merits of different investment philosophies, it has not looked at alternative revenue scenarios. PSRC has also been building its understanding of maintenance and preservation needs. Finally, Mr. Brackett discussed the new Connecting Washington funding package passed by the State of Washington that funds about one-third of the gap identified in Transportation 2040.

Discussion

- Should the ON TO 2050 financial plan consider different financial scenarios, such as different levels of revenue?
    - One committee member suggested scenarios may give the public a better sense of the possible financial outcomes and avoid an over-sized commitment to particular assumptions. Revenue scenarios could also be used to prioritize projects by specifying which should be built based on revenue availability. Another asked Mr. Brackett whether the reliability and impacts of different revenue options were discussed in the financial plan; he responded that a task force PSRC set up is now exploring equity, public support, and other factors at different tax, fee, and toll levels. Mr. Fusco noted that the comparison of impacts at different overall funding levels was a major way DVRPC tried to build a case for more transportation funding.
    - Mr. Elam asked the participants if any of them, in their own planning processes, used fixed forecasts or instead used revenue scenarios. A committee member suggested that her agency would likely develop its long-range plan based on expected revenues but would indicate what strategies and projects could be possible with additional funding.
- How should the financial plan factor into public engagement for ON TO 2050?
    - A member reported that her own long-range planning process included participatory exercises in which meeting attendees were given a certain budget and asked to allocate it among different programs according to their preferences. She also indicated that the public was asked to give feedback on different sources of new revenue but that this had instead led to discussions about how to divert current transportation revenues to other uses. Another member suggested that expanding the conversation on the need to raise revenue through the planning process could be important to help the public support eventual legislative efforts to increase the gas tax.

- A member voiced caution that a major public engagement effort could end up suggesting priorities and levels of expenditure other than the ones that result from the federal and state laws and regional agreements that govern how funding is allocated, and that public disillusionment with the planning process could be the ultimate outcome. Another member indicated that his agency had had such an experience – a participatory planning process yielded priorities very different from the ones ultimately in the final plan.

- How can we tie financial plan expenditures to performance outcomes?

  - After some discussion, Mr. Elam clarified that he meant allocating funding within the plan to particular priorities based on how well that would help meet certain objectives according to a modeling analysis, more at the system than the project level. Mr. Fusco from DVRPC suggested that the federal regulations would eventually require such a linkage, so that it would be better to begin work as soon as possible and grow more confident analytically. A member suggested that the cost of meeting the aspirational ridership targets in the plan was an example, and that making such goals more realistic would require more emphasis on the cost of achieving them. Another noted the importance of measures focused on economic development outcomes.

  - A member asked whether CMAP or the guest MPO staff had compared previous financial plan recommendations and forecasts to the actual course of events. Mr. Brackett indicated that PSRC was beginning to do that retrospective analysis. Another member suggested that the region hadn't gained enough maturity in linking expenditures and performance outcomes to apply that framework to the planning process in the current cycle, and that performance measures hadn't been agreed to. Mr. Elam responded that some performance measures had been identified as part of GO TO 2040, and that a significant amount of work had been done by CMAP and other agencies since then to develop them further.

- What are some ways to consider the appropriate balance between system preservation and expansion?

  - Mr. Elam asked Mr. Fusco to discuss how the cap of using no more than 5% of highway revenues for highway expansion came about. He indicated that it was meant to ensure adequate resources were being spent on highway pavement and bridge assets, although in past plans the cap has been applied across the life of the plan, allowing significant highway expansion up-front. A member pointed out that achieving ambitious transit ridership goals would require service expansion, which would entail more operations funding and not just capital.

Considerations for next long-range plan

Based on the discussion at the forum, staff suggests that the Transportation Committee (TC) consider the following:

- Due to lack of substantial growth in existing federal and state sources, some MPOs have relied on new revenue sources to fund their systems over the long-term. Given how much financial plans depend on forecasting and on new revenue, the ON TO 2050 process should begin by comparing previous financial plan recommendations and forecasts to actual results.

- Public engagement around financial planning could be valuable, although there are pitfalls with doing so. Staff will continue to research options for how to engage the public directly in financial plan development.

- ON TO 2050 should link performance outcomes with financial outlays to the maximum extent possible.