



MEMORANDUM

To: Regional Coordinating Committee

From: CMAP staff

Date: December 31, 2013

Re: GO TO 2040 Financial Plan Update: Final Forecasts

CMAP is required by federal law to prepare a detailed financial plan for transportation that compares the estimated revenue from existing and proposed funding sources with the estimated costs of constructing, maintaining, and operating the region's transportation system. To fulfill these requirements, CMAP is updating the GO TO 2040 financial plan as part of its quadrennial long-range plan update, including revenue and expenditure forecasts and allocations to operating expenditures, safe, and adequate capital maintenance expenditures; state of good repair/systematic enhancements; and major capital projects.

Long-range financial forecasting requires determining a base set of assumptions regarding revenues and expenditure trends, understanding the future implications of current policies, and developing a robust, accurate, and straightforward methodology that is appropriate for a planning-level forecast. Over the past several months, CMAP worked closely with representatives from the Illinois Department of Transportation (IDOT), the Illinois Tollway, and the Regional Transportation Authority (RTA), as well as county and municipal transportation departments to prepare revenue and expenditure forecasts for the financial plan update.

This memo describes the GO TO 2040 update's final forecasts for core revenues, as well as operating and "safe and adequate" capital expenditures, compares these forecasts to the original GO TO 2040 financial plan, and outlines the reasonably expected revenues necessary for the region to safely and adequately maintain, modernize, and expand the system between now and 2040. The specific methodologies used for projecting revenues, operating expenditures, and capital maintenance expenditures to a safe and adequate level for the GO TO 2040 update over the 2015-40 planning period are described beginning on page 11.

Core Revenues, Operating Expenditures, and Capital Maintenance Expenditures

As required by federal regulations, revenues and expenditures were forecast in year of expenditure dollars rather than real or constant dollars, meaning that inflationary increases are included in the forecasts. **TABLE 1** summarizes the updated estimates for revenues and expenditures over the 26-year GO TO 2040 update planning period (2015-40).

TABLE 1. SUMMARY OF FINAL FORECAST OF CORE REVENUES, OPERATING EXPENDITURES, AND SAFE AND ADEQUATE CAPITAL EXPENDITURES, 2015-40, IN MILLIONS, YEAR OF EXPENDITURE DOLLARS

Federal revenues	\$53,521
State revenues	\$111,912
Local revenues	\$167,107
Total core revenues	\$332,540
Highway operating expenditures	\$84,087
Transit operating expenditures	\$113,266
Safe and adequate capital maintenance for highway	\$108,683
Safe and adequate capital maintenance for transit	\$31,006
Total operating and safe and adequate expenditures	\$337,042
Difference between core revenues and expenditures	(\$4,502)

Source: Chicago Metropolitan Agency for Planning analysis.

CMAP staff estimates that the expenditures for operating and maintaining the transportation system will exceed the core revenues forecasted to be available over the planning horizon of 2015-40 by approximately \$4.5 billion. Moreover, the expected funding will not allow for additional modernization, enhancements, or expansions to the system. GO TO 2040 prioritizes investments in maintaining the existing transportation system first, as well as improvements and enhancements to achieve the goal of a modern, world class transportation system. Pursuing major capital projects, while important, remain a lower priority than these other activities. **In order to fiscally constrain modernization and expansion activities within the long-range planning context, numerous new sources of reasonably expected revenues should be advanced as major transportation policy priorities in the GO TO 2040 update.** A description of these reasonably expected revenues begins on page 5.

Core Revenues

Forecasts of core revenues include funding sources the region currently receives for transportation purposes and does not include any new sources. The forecasts assume that northeastern Illinois will continue to receive revenues from federal, state, and local sources for building, operating, and maintaining the current roadway and transit system. **TABLE 2** summarizes the various sources of estimated revenues totaling \$332.5 billion over the 26-year planning period.

TABLE 2. FINAL CORE REVENUE FORECASTS, 2015-40, IN MILLIONS, YEAR OF EXPENDITURE DOLLARS

Federal	Locally-programmed federal revenue	\$11,011
	Federal transit revenue	\$17,086
	State-programmed federal highway revenue	\$25,424
State	Public Transportation Fund	\$13,289
	State Motor Fuel Tax	\$4,972
	Motor vehicle registration fees and other user fees	\$26,737
	Tollway revenue	\$51,255
	State capital program	\$12,498
	Other state transit	\$3,160
Local	RTA sales tax	\$42,688
	Local allotment of state MFT	\$7,298
	Collar County Transportation Empowerment Program	\$5,267
	County option MFTs	\$750
	Other local revenues	\$61,183
	Real Estate Transfer Tax (portion for CTA)	\$1,609
	Transit passenger fares	\$42,082
	Other transit operating revenue	\$6,230
	Total core revenues	\$332,540

Source: Chicago Metropolitan Agency for Planning analysis.

Operating and Capital Maintenance Expenditures

Operating expenditures include the cost of administering, operating, and servicing debt for the region's roadway and transit system by state, county, township, municipal, and transit agencies. Forecasts for IDOT District 1, the Illinois Tollway, the RTA, and transit service boards were estimated from historical expenditures or were directly provided to CMAP by the implementing agencies. Local government operating forecasts were derived from U.S. Census of Governments data on highway operating expenses from 2007, the most recent year available.

Capital maintenance expenditures were estimated in consultation with highway and transit implementers. Because maintenance can be performed on a more aggressive or less aggressive basis, CMAP makes a distinction between expenditures for maintaining the transportation system at a safe and adequate level and expenditures that go beyond this level, including state of good repair projects, systematic enhancements, or expansion projects.

Similar to the original GO TO 2040 financial plan, expenditures were forecast assuming a safe and adequate level, which means performing sufficient maintenance to assure the safety of the system's users and the general public. Calculations of future maintenance costs at the safe and adequate level were based on actual current practice, meaning the typical cycles with which roadway maintenance projects are performed today. While this results in a significant backlog of facilities that are in fair or poor condition at any given time, the resulting system condition

remains safe and adequate. **TABLE 3** provides an overview of operating and capital maintenance expenditure forecasts for the GO TO 2040 update.

TABLE 3. FINAL FORECAST OF OPERATING AND CAPITAL MAINTENANCE EXPENDITURES TO A SAFE AND ADEQUATE LEVEL, 2015-40, IN MILLIONS, YEAR OF EXPENDITURE DOLLARS

Highway operations	\$84,087
Transit operations	\$113,266
Highway capital maintenance	\$108,683
Transit capital maintenance	\$31,006
Total expenditures	\$337,042

Source: Chicago Metropolitan Agency for Planning analysis.

State of Good Repair, System Enhancements, and Major Capital Projects Expenditures

The region’s core revenues provide insufficient resources for operations and safe and adequate capital maintenance. They also will not allow the region’s transportation system to move toward a state of good repair, provide for systematic enhancements, or fund major capital projects. Thus, the region must identify new or increased sources of funding for transportation.

Investing in state of good repair projects for the existing transportation system is a regional priority in GO TO 2040 and will remain a regional priority in the GO TO 2040 update. Performing maintenance at levels necessary to assure a state of good repair means that facilities not in good or better condition would be brought up to that level, and that maintenance would be scheduled such that no significant backlog would arise.

The capital maintenance estimates also do not provide for systematic enhancements, which include projects that improve system performance or expand its capacity but are not major capital projects. These projects could include arterial add-lanes projects, transit operational improvements, new or expanded bus services, pedestrian or bicycle improvements, intelligent transportation systems, or transportation demand management.

In addition, capital maintenance and operations does not include expenditures on major capital projects, which are large projects with a significant effect on the capacity of the region’s transportation system, including extensions or additional lanes on the interstate system, new expressways, or similar changes to the public transit system.

Reasonably Expected Revenues

Making investments in the region’s transportation system beyond maintenance will necessitate future policy changes to bring additional revenues to the region. Federal guidance permits the inclusion of revenues that are reasonably expected to be generated during the planning period.

GO TO 2040 makes several policy recommendations regarding reasonably expected revenues, including:

- Increase the state motor fuel tax by 8 cents and index the rate to an inflationary measure.
- Implement congestion pricing on a portion of the expressway system.
- Employ variable parking pricing.

GO TO 2040 also recommends the exploration of other “innovative” financing sources for implementing specific transportation projects. These could include value capture, congestion pricing on new expressway capacity, other user fees imposed by highway and transit implementers, or potential cost efficiencies resulting from public-private partnerships. GO TO 2040 does not assign any overall regional estimate for these types of revenues. Rather, GO TO 2040 assumes these types of strategies may be instituted on a project level to close a specific revenue gap or lower project costs. The GO TO 2040 update will make similar assumptions, but will further clarify what role these types of innovative strategies might play in funding specific major capital projects. Thus, these funding sources could serve to lower specific major capital project costs in the GO TO 2040 update. CMAP staff is currently engaged in conversations with regional transportation implementers to help clarify these issues.

While federal guidelines allow financial plans to include revenues that can “reasonably expected to be available” during the planning period, the inclusion of these revenues and the corresponding action required to implement them is necessary for the region to maintain and operate the transportation system, as well as make additional investments. This section will provide an overview of reasonably expected revenues for inclusion in the financial plan for the GO TO 2040 update. In addition to being incorporated into the financial plan, the options selected would be major policy recommendations of the GO TO 2040 update. **TABLE 4** provides an overview of reasonably expected revenue forecasts for the GO TO 2040 update.

TABLE 4. REASONABLY EXPECTED REVENUE FORECASTS, 2015-40, IN MILLIONS, YEAR OF EXPENDITURE DOLLARS

State motor fuel tax increase and long-term replacement	\$17,300
Congestion pricing on the existing system	\$11,700
Performance-based funding	\$8,300
Regionally-imposed vehicle registration fee	\$4,700
Variable parking pricing	\$1,500
Total reasonably expected revenues	\$43,500

Source: Chicago Metropolitan Agency for Planning analysis.

State motor fuel tax increase and long-term replacement. GO TO 2040 recommends that the state motor fuel tax (MFT) be increased by 8 cents and indexed to an inflationary measure. Although the rate has been increased nine times since its 1927 enactment, the state MFT has remained \$0.19 per gallon since 1991. Since it is a per gallon tax, the revenues have failed to keep pace with construction costs. GO TO 2040 originally forecast that this enhancement would generate an additional \$19.4 billion if it were implemented in 2012. However, no increase has

been enacted. In addition, state MFT revenues have been declining annually since 2007, when revenues reached a high of \$1.4 billion statewide. While this decline is partially a result of a reduction in vehicle miles traveled, the consumption of motor fuel has declined even faster, primarily as a result of rising vehicle fuel economy.

As motor fuel consumption continues to slow and vehicle fuel economy rises, GO TO 2040's original assumption of a rate increase and inflationary index will be insufficient to keep revenues growing with the cost of construction. The compound annual growth rate under GO TO 2040's assumption would be just 1.7 percent between 2016-40 because of changes in vehicle fuel economy. A replacement for the MFT, assumed to begin in 2025 and accounting for growth in construction costs as well as overall growth in the transportation system, would provide annual revenue growth of roughly 3.7 percent for the remainder of the planning period. Other state governments and metropolitan planning organizations across the country are considering replacements for the MFT. Replacements currently being considered in Illinois and elsewhere across the U.S. include a fee on vehicle miles traveled and a sales tax on wholesale motor fuel.

If the state MFT rate increase and indexing were implemented in 2016, followed by the enactment of a replacement for both state and county MFT revenues in 2025 that includes revenues from the reasonably expected state MFT rate increase, an additional **\$17.3 billion** would be generated.

Congestion pricing on the existing system. The implementation of congestion pricing, or “express toll lanes,” will help manage traffic and give drivers the option to avoid congestion. GO TO 2040 originally assumed revenues from congestion pricing on a portion of existing expressways would begin to flow to the region in 2020. These revenues are separate from congestion pricing on the new capacity provided via major capital projects, which will be incorporated in the public costs of those projects.

Since GO TO 2040 was adopted in 2010, CMAP has **explored the benefits** of implementing congestion pricing on five of the highway major capital projects recommended in GO TO 2040, as well as the existing expressway network. As part of its campaign to implement **congestion pricing**, CMAP has met with business, civic, government, and philanthropic organizations to discuss the policy's many benefits. CMAP's campaign has also received significant media attention, including both **news and editorial coverage**. To date, six councils of governments have passed resolutions in support of congestion pricing in the region, and business owners have also written public letters of support. Recent CMAP research has examined the revenue potential of congestion pricing the existing expressway network. If this occurred beginning in 2021 and revenue grew at a rate of 3 percent annually, CMAP forecasts that **\$11.7 billion** would be generated through congestion pricing on a selection of expressways equivalent to 25 percent of the region's existing expressway network.

Performance-based funding. The State of Illinois allocates highway funds through an arbitrary formula called the “55/45 split.” CMAP recommends that Illinois implement performance-based funding of highway and bridge projects in order to set priorities for investments in maintaining, modernizing, and expanding our transportation system. Performance-based funding is a top policy priority for CMAP. Over the past several years, staff has researched

capital programming practices within the state and region, as well as best practices nationwide. This research has been published on-line as an interactive “[microsite](#)” and is also compiled into a single [compendium](#). Following the direction of the CMAP Board and MPO Policy Committee, staff is currently working to develop performance measures and collect data for application to CMAP’s programming and planning activities, particularly the Congestion Mitigation and Air Quality Improvement (CMAQ) program. In a [memorandum](#) approved in October 2012, the CMAP Board and MPO Policy Committee also called on the state to establish a technical advisory group to implement performance-based funding on the state level.

While CMAP does not advocate for the implementation of a different arbitrary formula, it is reasonable to assume that the implementation of performance-based funding would result in increased funding for the region, which has the vast majority of the state’s population and economic activity. For example, a 5-percentage point increase in federal and state highway revenues toward northeastern Illinois would result in a net increase of **\$8.3 billion** over the 2015-40 planning period, including both core and reasonably expected highway revenues.

Regionally-imposed vehicle registration fee. CMAP’s [Regional Tax Policy Task Force](#) recommended that the region pursue regional revenue sources for regional transportation needs. Other than the RTA sales tax, which provides funding for transit operations, metropolitan Chicago does not have a regionwide dedicated source of funding to provide for capital transportation investments. Under a \$25 vehicle registration fee in the region beginning in 2016, **\$4.7 billion** would be generated. Regional vehicle registration fees have been implemented in the Seattle area, as well as in North Carolina.

Variable parking pricing. Municipalities can apply variable rates to parking to influence traveler mode choice, time and amount of travel, and drivers to shift from a congested location. GO TO 2040 originally assumed that additional local funds would be generated for transportation purposes through pricing an additional 1.7 percent of off-street parking spaces annually during the planning period. An average rate of \$1 per day was used and the forecast assumed that half of the revenues generated would be used for transportation. While some municipalities have priced parking, no additional priced spaces have been added to CMAP’s knowledge since the adoption of GO TO 2040.

However, CMAP has continued to dedicate resources toward implementing variable parking pricing. In April 2012, CMAP released a toolkit, [Parking Strategies to Support Livable Communities](#). In addition, CMAP has been working with local governments to implement parking strategies, which may include pricing, through its [Local Technical Assistance program](#), including projects in the [Village of Hinsdale](#) and in Chicago’s [Wicker Park-Bucktown](#) neighborhood. This coming year, other projects will include parking strategies for Chicago’s Loop, as well as for the City of Berwyn. Assuming that an additional 1 percent of off-street parking spaces were priced annually during the planning period and that the \$1 average rate is indexed to inflation, \$1.5 billion would be generated between 2015-40.

Funding Allocations for State of Good Repair, System Enhancements, and Major Capital Projects

After accounting for the \$43.5 billion in reasonably expected revenues outlined previously, **\$39.0 billion** remains to bring the region’s transportation system to a state of good repair, provide for enhancements, and expand the system via the construction of major capital projects. By comparison, this is about three-quarters of the \$52.3 billion that was available in the original GO TO 2040 financial plan to allocate to these types of projects. Given these reduced financial resources, it is paramount that the region set priorities with regard to how this funding is allocated. **TABLE 5** summarizes the forecasted revenues and expenditures over the 26-year GO TO 2040 update planning period, including reasonably expected revenues.

TABLE 5. SUMMARY OF FINAL FORECAST OF CORE AND REASONABLY EXPECTED REVENUES, AND OPERATING AND SAFE AND ADEQUATE CAPITAL EXPENDITURES, 2015-40, IN MILLIONS, YEAR OF EXPENDITURE DOLLARS

Federal revenues	\$53,521
State revenues	\$111,912
Local revenues	\$167,107
Subtotal core revenues	\$332,540
State motor fuel tax increase and long-term replacement	\$17,300
Congestion pricing on the existing system	\$11,700
Performance-based funding	\$8,300
Regionally-imposed vehicle registration fee	\$4,700
Variable parking pricing	\$1,500
Subtotal reasonably expected revenues	\$43,500
Total revenues	\$376,040
Highway operating expenditures	\$84,087
Transit operating expenditures	\$113,266
Safe and adequate capital maintenance for highway	\$108,683
Safe and adequate capital maintenance for transit	\$31,006
Total operating and safe and adequate expenditures	\$337,042
Difference between revenues and expenditures	\$38,998

Source: Chicago Metropolitan Agency for Planning analysis.

The **priorities of GO TO 2040** are to maintain and make systematic improvements to the existing transportation system. In GO TO 2040, 80 percent of the available funding was allocated to state of good repair projects and systematic enhancements, while 20 percent was allocated to major capital projects. The bulk of the region’s transportation investments should be to maintain, improve, and modernize our infrastructure. Pursuing new major capital projects, while important, should remain a lower priority than these other activities. Achieving a world-class transportation system necessitates improving, modernizing, and increasing service on existing assets, rather than building new projects that would be difficult to finance, operate, and maintain over the long term with the region’s limited financial resources.

Over the coming weeks, CMAP staff will develop a funding allocation, including allocations for operations and capital maintenance to a safe and adequate level, state of good repair/systematic enhancement funds, and allocations for major capital projects, which will be presented at the March 7 Transportation Committee and at the March 12 Regional Coordinating Committee.

ACTION REQUESTED: Discussion

Plan Update Forecast Methodology

This section discusses the specific methodologies used for projecting revenues, operating expenditures, and capital maintenance expenditures to a safe and adequate level for the GO TO 2040 update over the 2015-40 planning period.

Core revenues

LOCALLY-PROGRAMMED FEDERAL REVENUE

Forecast: \$11.0 billion	Forecast assumptions for GO TO 2040 update
Portion of annual federal apportionment that is sub-allocated to the Chicago region for programming. This includes the federal fund sources of CMAQ, Transportation Alternatives Program-Local, STP-Local, STP-Counties, and discretionary programs.	Revenues for 2015 were assumed to be 0.1 percent greater than 2014 apportionments. This short-term growth rate was based on the difference between 2014 and 2013 apportionments (excluding discretionary). After 2015, a growth rate of 3.6 percent was assumed. This growth rate was based on the compound annual growth rate of locally-programmed federal revenue combined with state-programmed federal highway revenues between 2000-14.

OTHER FEDERAL TRANSIT REVENUE

Forecast: \$17.1 billion	Forecast assumptions for GO TO 2040 update
Projection includes New Starts, bus and bus facilities, State of Good Repair, and Urban Formula programs.	Forecast was provided by the RTA. Revenues for 2015-18 are based on preliminary capital funding marks for 2014-2018 period. After 2018, revenues are forecast to grow at a rate of 2.4 percent.

STATE-PROGRAMMED FEDERAL HIGHWAY REVENUE

Forecast: \$25.4 billion	Forecast assumptions for GO TO 2040 update
Portion of annual federal apportionment that is allocated to the State of Illinois for programming. This includes the federal fund sources of National Highway Performance Program, STP-U, Highway Safety Improvement Program, Transportation Alternatives Program, Recreational Trails, and discretionary programs.	Forty-five percent of the statewide total annual apportionment was assumed to go to northeastern Illinois. Revenues for 2015 were assumed to be 0.1 percent greater than 2014 apportionments. This short-term growth rate was based on the difference between 2014 and 2013 apportionments (excluding discretionary). After 2015, a growth rate of 3.6 percent was assumed. This growth rate was based on the compound annual growth rate of locally-programmed federal revenue combined with state-programmed federal highway funds between 2000-14.

STATE PUBLIC TRANSPORTATION FUND

Forecast: \$13.3 billion	Forecast assumptions for GO TO 2040 update
State funds equal to 30 percent of RTA sales tax and real estate transfer tax revenues.	Revenues from this matching fund equals 30 percent of forecasted RTA sales tax and real estate transfer tax estimates.

STATE MOTOR FUEL TAX

Forecast: \$5.0 billion	Forecast assumptions for GO TO 2040 update
Portion of state MFT retained by IDOT for the Road Fund and State Construction Account. The current rate is 19 cents per gallon (21.5 cents per gallon of diesel).	<p>Using a methodology to account for increasing vehicle fuel economy, revenues decreased annually, with an average annual decrease of 1.4 percent. CMAP forecasted annual vehicle miles traveled (AVMT) and average miles per gallon (MPG) to estimate revenue. To forecast AVMT, CMAP used actual statewide AVMT data for passenger vehicles and for all other vehicles for 1991 - 2012 to calculate linear trendlines for AVMT. Average annual percent change in AVMT between 2012-40 was 0.9 percent for passenger vehicles and 1.2 percent for other vehicles.</p> <p>For MPG for non-passenger vehicles, the average of AVMT divided by gallons of diesel sold was used as a base, and an annual 1.0 percent improvement was assumed. For MPG estimates for passenger vehicles over the planning horizon, CMAP created estimates based on National Highway Traffic Safety Administration rules for Corporate Average Fuel Economy (CAFE) standards, estimated standards for 1978 through 2025 model years for cars and light trucks, and information about vehicle fleet from the Federal Highway Administration's (FHWA) 2009 National Household Travel Survey. After accounting for various statutory deductions, the region is assumed to receive 45 percent of these revenues for the purposes of funding state road construction and maintenance projects.</p>

STATE MOTOR VEHICLE REGISTRATION FEES AND OTHER USER FEES

Forecast: \$26.7 billion	Forecast assumptions for GO TO 2040 update
Annual vehicle registration fees, certificate of title fees, and operator's license fees collected by the State, excluding those used to fund the state capital program. Most of this revenue is deposited into the Road Fund and State Construction Account.	Fee revenues to the Road Fund and State Construction Account were assumed to grow at 3.0%, which was the compound annual growth rate between 2000 and 2013.

TOLLWAY REVENUE

Forecast: \$51.3 billion	Forecast assumptions for GO TO 2040 update
<p>Toll revenues forecasted to be collected on the 286 mile system. The current toll rate structure went into effect in 2012, and includes commercial vehicle toll increases between 2015-17. Following 2017, the commercial rate will be adjusted annually for inflation.</p>	<p>Toll revenue projections were derived from estimates prepared for the Illinois Tollway by CDM Smith in April 2013. The projection assumed that the annual adjustment in commercial vehicle toll rates beginning in 2017 would be 2 percent annually. CMAP also included an assumption of a passenger vehicle toll rate adjustment in 2030.</p> <p>Other operational revenues, such as concessions and miscellaneous income, were forecast by CMAP to grow at a rate of 0.5 percent annually.</p>

STATE CAPITAL PROGRAM

Forecast: \$12.5 billion	Forecast assumptions for GO TO 2040 update
<p>State capital programs are typically funded with a variety of revenue increases, including fee increases on sources like vehicle registration and certificate of title.</p>	<p>Assumes that the region will receive \$540 million as part of the current state capital program in 2015. For future programs, it is assumed that two more will be awarded during the planning period, with the first being 16 percent more than Illinois Jobs Now!, and the second being 16 percent greater than the first plan.</p>

OTHER STATE TRANSIT

Forecast: \$3.2 billion	Forecast assumptions for GO TO 2040 update
<p>The State has provided the RTA with debt service assistance for SCIP I and SCIP II bonds since 1992 with General Revenue Funds. The State has provided \$8.5 million annually to support Pace ADA since 2010. The State also provides reduced fare reimbursements to the service boards.</p>	<p>Revenues for debt service assistance are assumed to be flat through 2019, followed by annual reductions in funding until the bonds are fully repaid in 2035. Reduced fare reimbursements from the State are forecast to grow at a rate of 1.5 percent annually. ADA support is forecast to remain flat for the duration of the planning period.</p>

RTA SALES TAX

Forecast: \$42.7 billion	Forecast assumptions for GO TO 2040 update
<p>The RTA sales tax is equivalent to 1.25 percent of sales in Cook County and 0.75 percent of sales in DuPage, Kane, Lake, McHenry, and Will counties. The RTA receives two-thirds of the collar county revenues. The collar county 0.25 percent portion is listed under Collar County Transportation Empowerment Program.</p>	<p>Forecast was provided by the RTA. RTA sales tax revenues are assumed to grow 3 percent annually throughout the planning period.</p>

COLLAR COUNTY TRANSPORTATION EMPOWERMENT PROGRAM

Forecast: \$5.3 billion	Forecast assumptions for GO TO 2040 update
One-third of collar county revenues generated from the RTA sales tax are returned to DuPage, Kane, Lake, McHenry, and Will Counties to be used for roads, transit, and public safety.	Growth in revenues generated for the collar counties are based on projected population growth combined with inflationary assumptions. During the planning period, annual growth averages 3.4 percent.

LOCAL ALLOTMENT OF STATE MOTOR FUEL TAX

Forecast: \$7.3 billion	Forecast assumptions for GO TO 2040 update
Counties, townships, and municipalities receive a disbursement of state MFT revenue. County share is based on motor vehicle registration fees received, township share is based on share of mileage of township roads, and municipal share is based on population.	State MFT revenue was forecasted using the methods explained above. County vehicle registrations and township road miles relative to the rest of the State are assumed to remain constant. Municipal population in the region relative to the rest of the State is forecast to increase according to historical trends at about 0.1 percentage points annually.

COUNTY OPTION MOTOR FUEL TAXES (THOSE USED FOR TRANSPORTATION)

Forecast: \$0.75 billion	Forecast assumptions for GO TO 2040 update
DuPage, Kane, and McHenry counties impose a 4 cent per gallon MFT. County departments of transportation use these revenues for maintaining county roads. Any other local government imposing an MFT for transportation purposes is included in other local revenues.	The methodology for forecasting revenue for each county was similar to the forecast for the state MFT. For MPG, estimated 2012 MPGs for each county were used as the base (17.5, 15.9, 22.0 respectively), rather than the statewide base of 21.0. Growth in AVMT was calculated using growth rates in AVMT for each county for each air quality conformity analysis year.

OTHER LOCAL REVENUES

Forecast: \$61.2 billion	Forecast assumptions for GO TO 2040 update
These are local revenues, such as property tax revenue, sales tax revenue, and impact fees used for transportation, excluding county MFTs, the RTA sales tax, state funds, and federal funds. Local governments with jurisdiction over transportation include counties, townships, and municipalities.	Revenues were calculated for municipalities and townships using 2007 U.S. Census of Governments data, which includes all local governments in the region. County revenues were obtained from recent county budget documents. Revenues were adjusted to the current year using the change in the FHWA National Highway Construction Cost Index and the U.S. Census of Governments Illinois Local Government Payroll data for highway. To forecast to 2040, growth rates for CMAP population forecasts for each locality were added to an annual 2.5 percent inflationary adjustment. Average annual growth nationwide was 3.6 percent.

CHICAGO REAL ESTATE TRANSFER TAX (PORTION FOR CTA)

Forecast: \$1.6 billion	Forecast assumptions for GO TO 2040 update
The \$1.50 per \$500 of value of the City of Chicago's RETT is transferred to the CTA.	Revenues were forecast to grow at a rate of 3.5 percent annually.

TRANSIT PASSENGER FARES

Forecast: \$42.1 billion	Forecast assumptions for GO TO 2040 update
This includes passenger fares for the CTA, Metra, Pace, and Pace ADA.	Forecast was provided by the RTA. Revenues were forecast to grow at a rate of 3.2 percent annually.

OTHER TRANSIT OPERATING REVENUE

Forecast: \$6.2 billion	Forecast assumptions for GO TO 2040 update
This included other revenues for the RTA, CTA, Metra, Pace, and Pace ADA such as advertising revenue, investment income, and Medicaid reimbursements.	These revenues are assumed grow at a rate of 2.7 percent annually, which was derived from growth rates forecast by each service board.

Expenditures for Operating and Capital Maintenance

HIGHWAY OPERATIONS EXPENDITURES

Forecast: \$84.1 billion	Forecast assumptions for GO TO 2040 update
Includes highway operations for IDOT District 1, Illinois Tollway, counties, townships, and municipalities. Also includes Tollway debt service (interest portion only) and state debt service for Series A bonds.	<p>IDOT District 1 expenditures were estimated using a linear trendline based on 2000-13 data. During the planning period, annual growth averaged 2.2 percent for IDOT District 1. Series A bond payments were forecast to grow 2.5 percent annually during the planning period, and it was assumed that 45 percent of these costs were attributable to the region. Illinois Tollway provided forecasts of operations expenditures, which include both operations on the existing system and operations for the Elgin O'Hare Western Access project. During the planning period, annual growth averaged 3.8 percent. Debt service payments include principle and interest on current debt and assume no future bond issuances.</p> <p>Local government highway operations expenditures were estimated from the local highway operations expenditures reported to the 2007 Census of Governments. Local expenditures were adjusted to the current year using the rate of change in the U.S. Census of Governments Illinois Local Government Payroll data for highway. CMAP used a 2 percent annual inflation factor to forecast local operating expenditures to 2040.</p>

TRANSIT OPERATIONS EXPENDITURES

Forecast: \$113.3 billion	Forecast assumptions for GO TO 2040 update
Includes operating costs for the RTA, CTA, Metra, Pace, and Pace ADA. As a counterpart to state revenues provided for this purpose, includes principal and interest payments on SCIP bonds. Also includes the portion attributable to interest payments for other RTA debt service obligations.	Operating expenditures were estimated using linear trendlines of 2007-15 actual and planned expenditure data, totaling \$101.8 billion, with average annual growth of 2.7 percent. SCIP bond principal payments totaling \$1.3 billion were included. The interest portion of debt service payments were forecast for to grow an average of 0.4 percent annually during the planning period, totaling \$10.1 billion.

HIGHWAY CAPITAL EXPENDITURES

Forecast: \$108.7 billion	Forecast assumptions for GO TO 2040 update
Capital maintenance costs for the interstate system, state highways, Illinois Tollway highways, and local roads.	Capital expenditures for the highway system are based on assumptions for unit costs and maintenance cycles. These assumptions are then applied to the inventory of highway assets in the region. A group of highway implementers representing state and county highway departments met to determine unit cost and lifecycle assumptions. The assumptions were also reviewed by several municipal governments. Expenditures were inflated 3 percent annually.

TRANSIT CAPITAL EXPENDITURES

Forecast: \$31.0 billion	Forecast assumptions for GO TO 2040 update
Capital maintenance costs for the CTA, Metra, Pace, and Pace ADA.	In consultation with the RTA, transit capital costs were determined from the RTA's preliminary five-year capital budget for 2014-18. From that budget, an average annual capital expenditure was calculated. Expenditures were inflated 3 percent annually.

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