Incorporating Improvement into the STP local distribution

October 31, 2019
Concern that councils that improved performance would be penalized by the distribution formula

Desire to incentivize investments and policy shifts

Agreement: the methodology for recalibrating distribution to account for improved performance shall be established by the PSC by December 31, 2019.
What’s not on the table?

Changes to the existing performance categories

Changes to the weighting of the performance categories

Changes to the Shared Fund set-aside
Considerations

What is the definition of improvement?

How much of the region’s annual allotment?

How should funds be distributed?
Discussions so far

CMAP staff brainstorming (August & September)

Planning Liaisons and CDOT staff (9/20)

Planning Liaisons (10/3)
What is the definition of improvement?
Options to consider

A: Raw improvement to the performance factors

B: Improvement to the “% bad”

C: Cost effectiveness of A or B
A: Raw improvement

<table>
<thead>
<tr>
<th>Council</th>
<th>Base</th>
<th>Current</th>
<th>Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>50</td>
<td>40</td>
<td>10</td>
</tr>
<tr>
<td>B</td>
<td>25</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>C</td>
<td>75</td>
<td>80</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>135</td>
<td>15</td>
</tr>
</tbody>
</table>

Mirrors the performance formula

May underrepresent the scale of improvements in each area
### B: Improvement to “% bad”

<table>
<thead>
<tr>
<th>Council</th>
<th>Base % (bad/total)</th>
<th>Current % (bad/total)</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>50/100 = 50%</td>
<td>40/100 = 40%</td>
<td>10%</td>
</tr>
<tr>
<td>B</td>
<td>25/50 = 50%</td>
<td>15/50 = 30%</td>
<td>30%</td>
</tr>
<tr>
<td>C</td>
<td>75/200 = 37%</td>
<td>80/200 = 40%</td>
<td>0%</td>
</tr>
<tr>
<td>Region</td>
<td>150/350 = 43%</td>
<td>135/350 = 39%</td>
<td>15%</td>
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</tbody>
</table>

Better representation of the effort and impact on total improvement
## C: Cost effectiveness of improvements

$ Invested / Improvement

Options (for $):
- **STP-L only**: Any funds
- **STP-L and STP-SF**: CON only
- **All federal**: All phases
Other ideas discussed

Reward implementation of policies (asset mgmt., discouraging SOV travel, etc.)

Reward successful Active Program Management (the timely use of funds)

Modify the existing formula (remove “improved” categories, use the greater of the base condition or current condition in the formula)
Staff recommendation

Option B: Improvement to “% bad”
Questions/Discussion
How much of the region’s annual allotment should be dedicated to improvement vs. need?
Zero sum game

The annual allotment does not change – whatever funding is distributed based on improvement reduces the amount of funding distributed based on need.
Options

A: Tie the amount of funding to be distributed to the amount of improvement realized

B: Tie the amount of funding to be distributed to the achievement of regional performance targets

C: Tie the amount of funding to be distributed to the number of factors that improved

D: Establish an arbitrary set-aside percentage
A: Set-aside % = improved %

Pros:
• If the region doesn’t improve, there is no set-aside
• Encourages all to prioritize improvement when programming
• Easy to calculate

Cons:
• If the region doesn’t improve, there is no set-aside
• Poor performance by few could prevent many from being rewarded for good performance
B: Set-aside % = % targets achieved

Pros:
• Direct relationship between regional targets and funding
• Easy to calculate

Cons:
• Targets would need to be established for the local system
• May discourage certain project types
Pros:
• Very simple to calculate
• Accounts for different focus areas at different councils

Cons:
• Could result in larger set-aside for minimal improvement, depending on definition

<table>
<thead>
<tr>
<th>Council</th>
<th>Pavement condition</th>
<th>Congestion</th>
<th>Safety</th>
<th>Multi-modal needs</th>
<th>Pavement condition</th>
<th>Congestion</th>
<th>Safety</th>
<th>Multi-modal needs</th>
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<tbody>
<tr>
<td>Central</td>
<td>90</td>
<td>281,811</td>
<td>118</td>
<td>3,608</td>
<td>78,165</td>
<td>18</td>
<td>217,746</td>
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<td>1,488</td>
<td>3,489</td>
<td>632,785</td>
<td>264</td>
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<td>328,194</td>
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<td>Kane/Kendall</td>
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<td>571,900</td>
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<td>McHenry</td>
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<td>158,263</td>
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<td>North Central</td>
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<td>36,308</td>
<td>102,024</td>
<td>38</td>
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<tr>
<td>North Shore</td>
<td>181</td>
<td>779,123</td>
<td>114</td>
<td>15,735</td>
<td>30,123</td>
<td>15</td>
<td>454,275</td>
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<tr>
<td>Northwest</td>
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<td>640,188</td>
<td>134</td>
<td>5,022</td>
<td>271,725</td>
<td>150</td>
<td>603,296</td>
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<tr>
<td>South</td>
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<td>8,589</td>
<td>163,780</td>
<td>156</td>
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<td>Southwest</td>
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<tr>
<td>Will</td>
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<td>646,597</td>
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<td>92,313</td>
<td>208,672</td>
<td>263</td>
<td>429,918</td>
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<tr>
<td>Total</td>
<td>4,376</td>
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<td>3,167</td>
<td>2,146,536</td>
<td>2,565,184</td>
<td>1,346</td>
<td>12,648,132</td>
<td>2,712</td>
</tr>
</tbody>
</table>
D: Set-aside = arbitrary percentage

Pros:
• Known ahead of time

Cons:
• Not allowed by FHWA
Staff recommendation

Option A: Tie set-aside % to improvement percentage

- Most direct correlation
- Regional effort to improve vs. individual

Consider a maximum set-aside?
Questions/Discussion
How should funds be distributed?
Options

Option A: Equal distribution to all councils with a net improvement

Option B: Proportional share equal to each council’s share of the overall improvement
Staff recommendation

Option B: proportional share
Questions/Discussion
Overall staff recommendation

Set aside a percentage of the region’s allotment for improvement that is equal to the percentage that the region improved (possibly capped), to be distributed based on each council’s proportional share of that improvement. Improvement is defined as the change to the “% bad”, not raw factors.