



MEMORANDUM

To: CMAP Transportation Committee
From: CMAP staff
Date: May 28, 2021
Re: Financial plan for transportation process

Federal law requires metropolitan planning organizations to demonstrate fiscal constraint by determining that sufficient funding resources will be available to invest in the transportation system as recommended in the long-range plan. Specifically, federal regulations require “for purposes of transportation system operations and maintenance, the financial plan shall contain system-level estimates of costs and revenue sources that are reasonably expected to be available to adequately operate and maintain Federal-aid highways” and “public transportation” (23 CFR § 450.324(f)(11)). The following chart provides ON TO 2050’s fiscal constraint.

Forecasted transportation revenues and expenditure allocations, 2019-50, in billions

Revenues	
Federal revenues	\$61.9
State revenues	\$166.8
Local revenues	\$233.0
Subtotal core revenues	\$461.7
Increase state MFT and replace with road usage charge	\$31.0
Expand the sales tax base to additional services	\$11.0
Federal cost of freight service fee	\$7.0
Regional revenue source	\$5.0
Local parking pricing expansion	\$2.0
Subtotal reasonably expected revenues	\$56.0
Total revenues	\$517.7
Expenditures	
Administer, operate, and maintain in current condition	\$485.8
Improve system condition	\$9.5
Make system enhancements	\$17.6
Full cost of constrained regionally significant projects	\$72.7
Capital cost allocated as maintenance and reconstruction	-\$50.3
Offsetting revenues from tolling and value capture	-\$17.5
Subtotal constrained new capacity cost of regionally significant projects	\$4.8
Total expenditures	\$517.7

Revenue and expenditure forecasting

To achieve federal requirements, CMAP must assess the anticipated expenditures and revenue sources necessary to carry out the operation, maintenance, and expansion of the region's surface transportation system over the planning period (2023-50). Long-range financial forecasting requires determining a base set of assumptions regarding revenue and expenditures trends, understanding the future implications of current policies, and development of a robust, accurate, and straightforward methodology that is appropriate for a planning-level forecast. Similar to ON TO 2050, CMAP staff will perform financial analysis and conduct policy research to develop revenue and expenditure forecasts, including reasonably expected revenues, in consultation with CMAP committees, stakeholders, and experts.

Since the adoption of ON TO 2050, the State of Illinois approved Rebuild Illinois, a capital plan that provides for increases in several revenue sources, including the state motor fuel tax, state motor vehicle registration fees, and other transportation user fees. These revenues were already included in ON TO 2050's forecast as either assumed future capital programs or reasonably expected revenues, depending on the source. Therefore, CMAP does not anticipate a larger fiscal constraint for the 2023-50 planning period than was available for ON TO 2050.

Expenditure allocations

The financial plan for transportation will prioritize how to invest available revenues by allocating planned expenditures into different categories. These categories account for funding for administering, operating, maintaining, improving, enhancing, and expanding northeastern Illinois' transportation system. Like GO TO 2040 and ON TO 2050, CMAP expects that the plan will continue to constrain sufficient funding to operate and maintain the existing system in its current condition. These allocations will integrate partner input and regional priorities with the funding needs required to meet asset condition targets, provide needed system enhancements, and fund regionally significant projects.

Next steps

Over the coming months, CMAP staff will begin consulting with transportation implementers and partners to create draft forecasts. CMAP staff is also beginning to research potential revenue sources that could fund transit capital to include in the plan's revenue recommendations. Engagement will include discussions with technical experts on forecasting assumptions, as well as requests for feedback from CMAP committees and other partners. In September, CMAP staff will provide a presentation to the Transportation Committee on revenue trends. Draft revenue and expenditure forecasts will be presented in November 2021 to the Transportation Committee. Throughout the next nine months, staff will present expenditure forecasts, reasonably expected revenue options, and expenditure allocations to Transportation Committee, with the goal of completing the draft financial plan in March 2022. The financial plan for transportation will be a component of the full plan document that will be shared for Public Comment in June 2022.

ACTION REQUESTED: Information

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