



Chicago Metropolitan Agency for Planning

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February 25, 2014

Via e-mail: ann.schneider@illinois.gov
and first class, U.S. mail

The Honorable Ann Schneider
Secretary
Illinois Department of Transportation (IDOT)
2300 South Dirksen Parkway, Room 300
Springfield, Illinois 62764

Dear Secretary Schneider:

Thank you for commenting on the GO TO 2040 financial plan update. We appreciate this opportunity to discuss your alternate forecast assumptions.

We reviewed the expenditure information outlined in your February 10, 2014 letter. As does the original GO TO 2040 financial plan, the update includes all costs to administer and operate the system incurred by implementers, including IDOT, the Illinois Tollway, the Regional Transportation Authority, transit service boards, and local governments. This includes costs ranging from snow and ice removal to administration. Consistent with GO TO 2040, we forecast costs to 2040 using expenditure data from the Illinois Office of the Comptroller (IOC). The expenditure history you provided shows significantly lower costs than those of the IOC. For example, FY2012 warrants in the IOC Detailed Annual Report totaled \$200.3 million, while your attachment shows \$84.4 million. Based on our understanding of the data, it appears that the costs you provided do not include all expenditures attributable to IDOT District 1, including administration. If that is not the case, please provide us with information indicating why IDOT's numbers differ from IOC's, which would help us to understand and hopefully use your data in our financial plan forecast.

As presented, the IDOT data seems more consistent with the information CMAP needs to forecast the future cost of maintaining and operating major capital projects -- specifically, to help generate the incremental costs of operating and maintaining additional capacity. While there would likely be costs to maintain pavement and equipment, additional administrative costs would be marginal. Please provide definitions for each cost category included under *All Systems*, which would help us to understand and hopefully use your data in our major capital project evaluation process.

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Your letter expressed concern that our debt service assumptions do not reflect a level principle debt service plan in which debt service decreases over time. We assume that debt service costs will increase because there will be future Series A bond issuances through new state capital programs over the forecast period. We assume \$12.5 billion will be available to the region during the planning period through additional bond programs. Historically, many of these bonds were repaid through the Road Fund, and we assume that will continue to occur. While we also assume that the plan for a particular bond issuance will likely have debt service decreases over time, future bond issuances will result annually in aggregate increases in debt service costs. Data from the IOC shows that, since 2000, transfers from the Road Fund to the General Obligation Bond Retirement and Interest Fund have increased an average of 5 percent annually. The GO TO 2040 financial plan update assumes linear growth in these costs, totaling \$6.3 billion with compound annual growth rate of 2.5 percent between 2015-40.

Your letter states that we should use a different methodology for the highway capital maintenance forecast, suggesting that system condition rather than typical lifecycles should determine when roads and bridges would need to be resurfaced or reconstructed. To forecast highway capital maintenance at a safe and adequate level, we developed forecasting assumptions during a series of meetings and communications with implementers last summer and fall. An August 15, 2013 meeting at the IDOT District 1 offices to discuss unit costs and lifecycle assumptions for the financial plan forecast was attended by representatives from state and local highway implementers, including IDOT District 1. We had subsequent communications with the group over the phone and email. In addition, a follow-up meeting with IDOT District 1 was held on September 20, 2013, to discuss cost estimates developed by IDOT for FY 2015-20 programming and how those estimates could be integrated into the forecast assumptions. Ultimately, the most recent version of the cost and lifecycle assumptions relied heavily on the data provided by IDOT. On October 7, 2013, CMAP sent the most recent version of the assumptions to the group and requested additional feedback. No additional comments were received at that point.

Regarding your request that we use road and bridge condition rather than design lifecycle as a basis for maintenance assumptions, we will need the following additional information on the proposed method as well as condition data: a long-range forecast (2015-2040) indicating the condition of roads (by lane mile) and bridges (by square footage).

Review of our methodology by the Transportation Committee and MPO Policy Committee is an important part of our long-range planning process. In addition to our meetings with implementers, we also solicited feedback during presentations to the Transportation Committee on September 20, 2013, November 15, 2013, and January 17, 2014. The goal was to work early in the process with the Department and the implementers in developing a consensus about more complicated methodological issues and to incorporate input efficiently and effectively.

We would like to work with you to better understand the differences in the methods that you are proposing in order to determine whether they are consistent with our financial forecasting

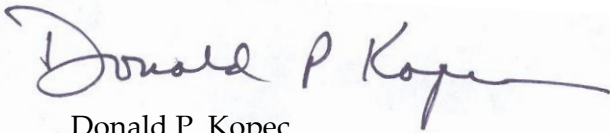
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methodology. We look forward to your responses regarding the further information as requested above in order to finalize this portion of the Plan update.

CMAP staff intends to present this information to the MPO Policy Committee at its March meeting. We will work with you and your staff to resolve these differences prior to the meeting, which will also be a forum for other MPO members to provide feedback. Thank you for your assistance as we work to finalize the GO TO 2040 financial plan update.

Sincerely,

A handwritten signature in black ink that reads "Donald P. Kopec". The signature is written in a cursive style with a long horizontal flourish at the end.

Donald P. Kopec
Deputy Executive Director

DPK/stk

cc: Karen Shoup, Bureau Chief Urban Program Planning
Bruce Carmitchel, Senior Metro Planning Manager