

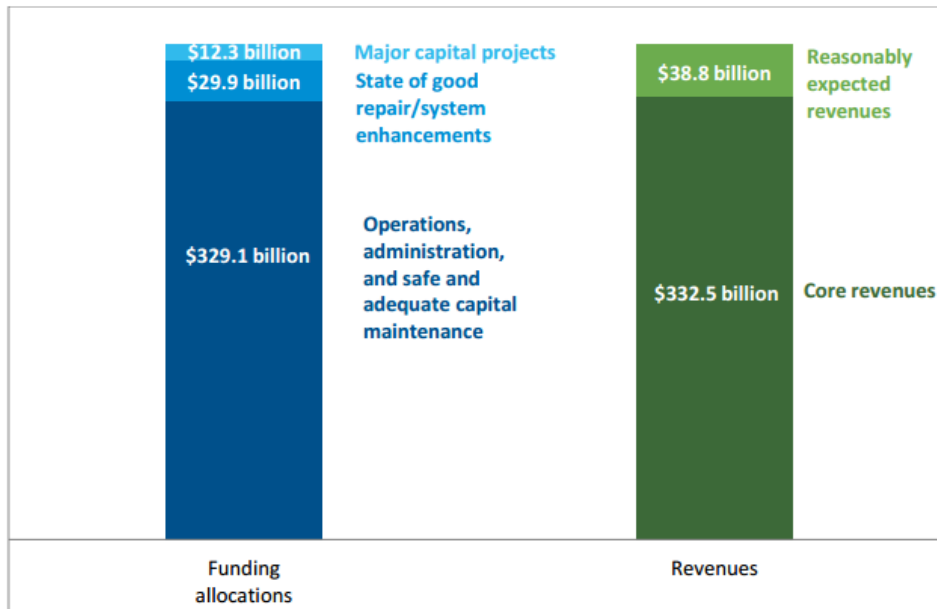


MEMORANDUM

To: CMAP Housing Committee
From: CMAP staff
Date: September 7, 2016
Re: Financial plan for transportation process

As required by federal law, CMAP must prepare a financial plan, including expected revenue sources to carry out the operation, maintenance, and expansion of the region's surface transportation system over the ON TO 2050 planning period (2019-50). Specifically, federal regulations require that "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" (CFR § 450.322 (f) (10)). The following chart illustrates the forecasts and allocations that comprised GO TO 2040's fiscal constraint. For more information on GO TO 2040, see the 2015-2040 Financial Plan for Transportation.

Figure 1. GO TO 2040 update fiscal constraint, 2015-40



Source: Chicago Metropolitan Agency for Planning analysis.

## **Forecasting**

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 GO TO 2040, 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.

One planned change in financial plan development for ON TO 2050 involves improvements in capital maintenance forecasting. Capital maintenance forecasting for bridges as well as National Highway System roadways will be accomplished using models that will base the forecast on the actual condition of the facilities and allow the region to tie the forecast to condition targets. This method is being explored to forecast transit capital maintenance as well. Similar to GO TO 2040, maintenance on other roadways will be forecasted using a simple lifecycle method.

## **Expenditure allocations**

Financial plan development will include efforts to define categories for expenditure allocations, revising the operate/maintain, systematic enhancement/moving the system toward a state of good repair, and major capital project categories from GO TO 2040. The planned expansion of the regionally significant project definition will create a larger list of projects, with broader variety within that list. As a result, allocation category definitions may include changes to how expansion and enhancement projects are categorized relative to GO TO 2040. Working with CMAP committees and partners, the region's policy priorities will be used to define and allocate the system costs, including operations, capital maintenance, bringing the system toward a state of good repair, enhancement projects, regionally significant projects, and other priorities that may need specific itemization.

## **Next steps**

Over the coming months, CMAP staff will begin consulting with transportation implementers and partners to create draft forecasts and allocation definitions. Engagement will include discussions with technical experts on forecasting assumptions, as well as requests for feedback from CMAP committees. Throughout 2017, staff will present revenue and expenditure forecasts, reasonably expected revenue options, and expenditure allocations to committees, with the goal of completing the draft financial plan in November 2017.