



MEMORANDUM

To: CMAP Board and MPO Policy Committee

From: CMAP Staff

Date: March 2, 2016

Re: Alternative Long-Term Funding Options

This memo continues the discussion of alternative long-term funding options for the agency that began in late 2015 and has continued since then. In January, the Board and MPO Policy Committee discussed initial thoughts prepared by staff and directed staff to continue to explore the elements of a backup approach, to be exercised in the absence of state legislation, that included local dues, fee-for-service arrangements, and external grants. In February, the Board continued this conversation, beginning to discuss budget targets. Since then, CMAP staff have held smaller conversations with numerous groups that would be directly affected by the backup approach, including Counties, Councils of Mayors, City of Chicago, and transportation agencies.

These discussions have led to an initial proposal, described further in the following pages. In March, both the Board and the MPO Policy Committee will be asked to provide feedback and reactions to this proposal. Ultimately, the Board will be asked to take action on a proposal in June as part of budget adoption. Staff also recommends making adjustments to the Memorandum of Understanding between the Board and the MPO Policy Committee to reflect elements of this proposal.

Board and MPO Policy Committee members should note that the options discussed in this memo are long-term solutions to CMAP's funding issues. Even if the backup plan described in this memo is successfully put into place, CMAP will still experience significant cash flow issues in early FY17. Staff are developing options to address this and will report on progress at future meetings of the Board as well as subcommittees of the MPO Policy Committee.

Target long-term funding levels

Most of the information on the following page was included in the February Board memo, but is included again here to provide a full view of the funding proposal. Table 1 shows FY16 budget amounts and proposed approximate targets for future budgets.

Table 1. Proposed long-term budget adjustments

Revenue source	FY16 budget	Proposed long-term adjustments
FHWA and FTA	\$12,725,455	Maintain, with growth over time as federal spending increases
IDOT	\$3,601,364	Reduce to \$2 million annually
Local dues	\$250,000	Increase to \$1.5 million annually
Fee-for-service	\$100,000*	Increase to \$500,000 annually
Other	\$1,009,300	Increase to \$2 million annually
Total	\$17,586,119	

* Fee-for-service revenue was not initially included in the 2016 budget because the LTA local match requirement, which took effect in fall 2015, had not yet been implemented. Approximately \$200,000 annually is expected to be generated through this requirement, with a smaller amount (\$100,000) in the initial year.

As this table shows, the proposed changes seek to raise approximately \$1.6 million additional annually through local dues and fee-for-service arrangements. This amount is half of the \$3.2 million that is required to match CMAP's federal funding. Correspondingly, expected funding from IDOT, which currently contributes all of the required match plus an additional \$400,000, is proposed to be cut by \$1.6 million. In other words, this proposal evenly splits the required match between IDOT and other local sources. On top of this, CMAP also intends to pursue external grants more aggressively, with the target of doubling the amount received through such sources.

These increases in dues and fee-for-service are significant, so staff proposes to phase them in over a two-year period. Table 2 shows a proposed stepped increase in FY17 and FY18 to reach the proposed long-term levels. Further future increases to accommodate inflation will also be necessary, but these details will be worked out at a later point.

Table 2. Future budget proposal

Revenue source	FY16 budget	FY17 proposal	FY18 proposal
Local dues	\$250,000	\$900,000	\$1,500,000
Fee-for-service	\$100,000	\$300,000	\$500,000

The remainder of this memo walks through a proposal for the dues structure. It contains some additional thoughts on fee-for-service arrangements and additional grantseeking, but covers these topics in less detail.

Local dues

Local dues collection is proposed to rise to \$1.5 million annually, up from \$250,000 today, with a FY17 target of \$900,000. Local dues are proposed to be split evenly between the three types of agencies that support and govern CMAP: Counties, municipalities, and transportation agencies. In other words, each of these types of agencies would be charged \$300,000 in dues in FY17, and \$500,000 in dues in FY18 and beyond.

Dues distribution

Among Counties, distribution of dues is proposed to include a base fee per County (of \$25,000 in FY18, equal to current contributions), with a distribution beyond that according to population. Table 3 shows historic and proposed contributions from Counties.

Table 3. Proposed County contributions

	2006 contributions	2014 contributions	FY17 proposal	FY18 proposal
Cook	\$207,279	\$25,000	\$135,051	\$225,084
DuPage	\$69,634	\$25,000	\$36,282	\$60,470
Kane	\$24,496	\$25,000	\$26,959	\$44,932
Kendall	\$0	\$25,000	\$17,694	\$29,490
Lake	\$68,243	\$25,000	\$31,058	\$51,763
McHenry	\$17,901	\$25,000	\$22,223	\$37,039
Will	\$38,950	\$25,000	\$30,735	\$51,224
County total	\$426,503	\$175,000	\$300,000	\$500,000

Among municipalities, Table 4 shows distribution between the City of Chicago and the suburban municipalities. This proposal distributes dues by current population. The FY18 dues rate would be slightly under 6 cents per capita, meaning a community with a population of 12,000 (the median community size in the region) would have an annual dues request of approximately \$700.

One significant remaining discussion item is the role of the Councils of Mayors in dues collection. Using the Councils as fiscal liaisons between CMAP and the municipalities would be administratively efficient, and reflects their historic role as intermediaries between the regional and local level. However, many Councils would need to raise their own dues to accommodate the increased dues requested by CMAP, placing additional burden upon these Councils. Discussion by the Board and MPO Policy Committee of this issue, and possible solutions, is requested.

Table 4. Proposed municipal contributions

	2006 contributions	2014 contributions	FY17 proposal	FY18 proposal
City of Chicago	\$173,831	\$25,000	\$95,908	\$159,847
Suburban municipalities	\$325,000	\$50,000	\$204,092	\$340,153
Municipal total	\$498,831	\$75,000	\$300,000	\$500,000

Finally, transportation agencies will be requested to contribute the final \$500,000 in local dues. The proposed distribution is shown in Table 5. This distribution roughly mirrors the size of each agency's budget and the level of funding in the Transportation Improvement Program (TIP) devoted to each. Transit agencies are shown as a group, as the RTA has offered to compile

the contributions of each individual service board. Please note that IDOT is not included in this table, but will be requested to contribute \$2 million annually.

Additional discussions are underway concerning contributions from other transportation stakeholders, such as railroads and private transportation providers. However, the likelihood of being able to collect dues from these groups is uncertain.

Table 5. Proposed transportation agency contributions

	2006 contributions	2014 contributions	FY17 proposal	FY18 proposal
Transit agencies (through RTA)	\$52,000	\$100,000	\$240,000	\$400,000
Tollway	\$25,513	\$25,000	\$60,000	\$100,000
Transportation agency total	\$77,513	\$125,000	\$300,000	\$500,000

Mandatory dues

Currently, CMAP dues are voluntary, and there is no consequence for non-payment. Staff believes that dues must become mandatory, and has found strong support for this position in previous discussions with potential dues-paying groups. CMAP has no ability to compel payment, but it can withhold services from organizations that do not pay. Some services, like processing TIP changes or considering applications for Congestion Mitigation and Air Quality (CMAQ) or Transportation Alternatives Program (TAP) funding, cannot be withheld by federal law; in other areas, the Board and MPO Policy Committee have more discretion in allocating resources.

Staff proposes two consequences for non-payment of dues. First, non-dues-payers should not have access to the Local Technical Assistance (LTA) program. Second, and more significantly, non-dues-payers should not have access to Unified Work Program (UWP) funding. The UWP program, administered by CMAP, is the main funding source for CMAP, but also provided nearly \$4 million in federal funds in FY16 to external agencies. Many of the agencies that will be requested to increase their dues contributions already receive a much higher amount of funding through the UWP program.

Demonstration of CMAP's value

CMAP has begun to work on short, one-page documents, customized to each agency that will be asked to contribute local dues, explaining the reasons why CMAP must request a higher dues contribution, describing the work that CMAP has done with each agency, and enumerating the reasons why funding CMAP is directly beneficial to them. A sample of one of these is included as an attachment. Individualized and highly specific documents will be created for each agency.

Fee-for-service arrangements and external grantseeking

Local dues are proposed to be a significant way in which additional revenue for CMAP's activities can be generated, but there are other methods as well, including charging for services

that CMAP offers. This was recently initiated for the LTA program, and there may be opportunities to charge fees for other services as well. Suggestions from stakeholders have included charging for modeling, analysis, or data requests by consultants or transportation implementers; adding an administrative fee to CMAQ or similar applications; or charging for trainings conducted by CMAP. CMAP, IDOT, and FHWA are still discussing what activities are eligible for fee-for-service requirements, so staff is not yet able to provide much detail on this element of the backup plan. As discussed earlier, the proposal for fee-for-service revenue is \$500,000 annually, with a lower target of \$300,000 in FY17. However, this amount may change based on the legality and practicality of charging for various services.

Staff recommends increasing CMAP's efforts to seek external grants, doubling the annual target from \$1 million to \$2 million. However, funds raised through external grantseeking are likely not appropriate to contribute to the required local match for federal transportation funding. Therefore, this element of the backup plan is not extensively explored in this memo.

Next steps

Staff requests feedback from the Board and MPO Policy Committee on the proposal for local dues described in this memo. Following this discussion, staff will refine the proposal as needed, develop additional one-page explanations of the proposed dues increase for other organizations, and meet as necessary with groups that are asked to pay increased dues. Discussions will also continue with IDOT, FHWA, and others concerning appropriate use of fee-for-service arrangements.

The members of the Board and MPO Policy Committee are asked to provide their full support to CMAP's legislative proposal to restore the Comprehensive Regional Planning Fund, HB 6286 and SB 2966. The proposal described in this memo is a backup plan, to be exercised if these legislative efforts are not successful.

Discussions at the Board will continue through April and May, culminating in budget adoption in June. Staff will also propose modifications to the Memorandum of Understanding between the Board and MPO Policy Committee, to be approved by both groups in June.

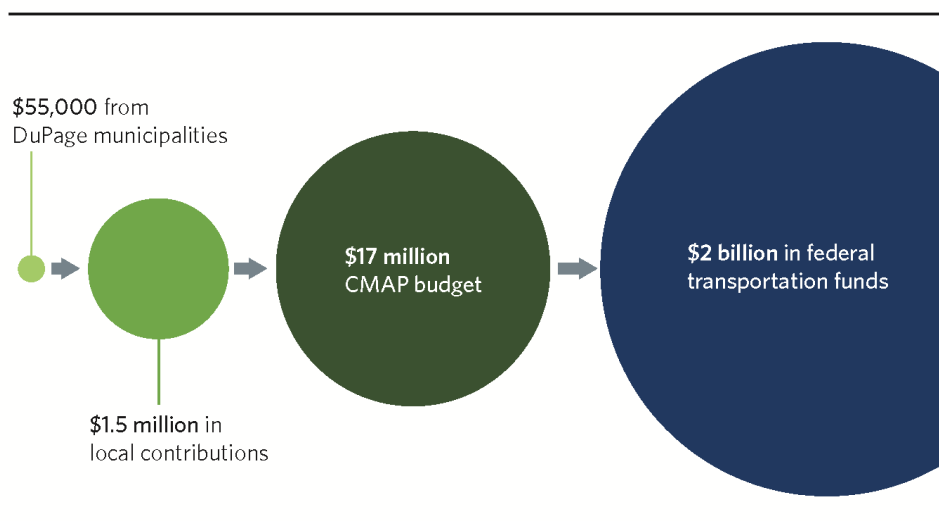
ACTION REQUESTED: Discussion

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CMAP's Relevance to DuPage Municipalities

The Chicago Metropolitan Agency for Planning (CMAP) is working with partners to restructure annual dues from its core constituent organizations, including counties, municipalities, Councils of Mayors, and transportation implementers. As the region's Metropolitan Planning Organization (MPO), CMAP will be requesting a dues increase to stay operational and to avoid jeopardizing transportation projects for which federal law requires MPO involvement.

This brief document describes how the operations of CMAP directly benefit the members of the DuPage Mayors and Managers Conference (DMMC), and why DuPage municipalities should view keeping CMAP operational as essential. As part of restructuring local contributions, the request of DMMC and its members for Fiscal Year 2017 effective July 1 is \$32,915, which would rise to \$54,858 in FY18. The following chart shows how dues such as this are essential for CMAP to function as the region's MPO. Text below the chart describes specific benefits to DuPage and the region as a whole.



Transportation programming

Nearly every major transportation investment in the region relies on federal funding, all of which -- \$2 billion each year -- passes through CMAP. Many of CMAP's activities are also required by federal law, including the long-range plan, transportation modeling and forecasting, public engagement, and others. If CMAP does not fulfill these responsibilities, all \$2 billion in federal transportation funding stops coming to the region.

Transportation investments in DuPage

\$226 million for projects in DuPage County is included within the Transportation Improvement Program (TIP), which CMAP administers. Some of CMAP's funding is pass-through, but other funding is programmed directly by CMAP through the Congestion Mitigation and Air Quality Improvement Program (CMAQ) and Transportation Alternatives Program (TAP). Recent projects in DuPage County that used these funding sources included:



- The DuPage County Department of Transportation received \$34 million in CMAQ funds to construct the Elgin-O'Hare/Thorndale Ave. and I-290 Interchange, part of local contributions to the Elgin-O'Hare Western Access, a GO TO 2040 major capital project.
- Naperville has received CMAQ funding to install state-of-the-art adaptive signals in the Washington St. corridor and additional CMAQ funds for a traffic management system. This is part of a project to integrate all Naperville's signals into one network.
- TAP funds are helping construct a shared-use sidepath along Church Rd. from Irving Park Rd. to Grove Ave. This is part of a larger effort to support north-south bicycle access through the Village of Bensenville. CMAQ funds are being used to complete the southern segment of the project from Jefferson St. to Grand Ave.

Direct allocations to DMMC

CMAP allocates about \$10 million each year directly to DMMC for local use through the Surface Transportation Program (STP). CMAP also provides funding for DMMC operations -- \$166,000 in FY16 -- through the Unified Work Program (UWP). If a financial crisis forces CMAP to close, by federal law this funding would cease until the agency reopens.

Local Technical Assistance (LTA) program

Since CMAP initiated this program in 2011, LTA has carried out 21 projects within DuPage County, with a value of nearly \$2 million. Noteworthy examples include:

- In Bensenville, CMAP helped the community prepare a comprehensive plan, analyzed housing needs through a Homes for a Changing Region study, and is currently working on a zoning update.
- A comprehensive plan in Carol Stream that is nearing completion has helped the Village plan for new commercial and residential development as part of its envisioned town center.
- Hinsdale received CMAP assistance with a study to modernize the Village's parking regulations in its downtown. Lisle is about to begin a similar project.
- Two multijurisdictional projects -- a bicycle-pedestrian plan in northeastern DuPage, and a housing study in Glendale Heights, Hanover Park, and West Chicago -- are underway but have been delayed due to the funding issues confronting CMAP.

Why CMAP is requesting a dues increase

CMAP's predominantly federal funding requires a 20-percent local match. For years, the agency's reliance on the State of Illinois for this match has not been prudent, creating several circumstances in which CMAP was nearly forced to close its doors. Now, due to the budget standoff in Springfield, the threat of closure is constant. The CMAP Board and MPO Policy Committee have therefore instructed staff to reduce dependence on unreliable state funds, in part through restructuring local contributions.

The agencies that preceded CMAP charged much higher local dues than CMAP now does. It is common across the country for municipalities to contribute significantly to support their regional agency; CMAP's reliance on the state to match its federal funding is very unusual. Without increased local dues, CMAP will not be able to match federal funds and will likely need to shut its doors effective July 1, 2016.

