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MEMORANDUM

To: Tier II Consultation Team

From: CMAP Staff

Date: June 30, 2016

Re: Advanced Construction Fiscal Constraint and eTIP

CMAP has adjusted the way in which programming marks for local programs including STP – Locally Programmed (STP-L), CMAQ, and TAP – Locally Programmed (TAP-L) funds are managed in the eTIP database to account for the impact that the extensive use of Advance Construction (AC) by the State of Illinois has on the fiscal constraint determination and to bring more consistency to the development of programming marks for all federal fund sources. These adjustments have led to changes to the layout of the Council of Mayors STP-L Marks Table, but do not affect the amount of funding available for programming in current or future federal fiscal years.

Prior to this change, CMAP had developed programming marks for FHWA fund sources differently for fund sources programmed by IDOT compared to those programmed locally. Programming marks for fund sources that IDOT typically programs are developed by taking the unobligated balance as shown in FHWA's FMIS database on the final day (September 30) of the prior Federal Fiscal Year (FFY) and adding it to the current FFY allotment for each individual fund source. Project phases in AC are not considered an obligation by FHWA so the unobligated balance shown in FMIS, and hence the programming mark, does not take into account project phases in AC.

For locally programmed fund sources, project phases that were in AC have historically been considered to be obligated by CMAP in the FFY they first were placed into AC status in FMIS. This approach acknowledged that the funds in AC were "committed" to project phases, and should not be programmed against. Using this approach the carryover amount was reduced by the AC "obligation", lowering the carryover amount that was added to the annual allotment, and thus lowering the programming mark.

Tracking of Advance Construction (AC) changes in CMAP's TIP began in early 2013 with IDOT providing notices to agencies responsible for managing projects in the TIP when project phases were placed into

AC or converted from AC. When a project phase is in AC, state funds, not federal funds, are being used to pay for it; therefore, these funds are not part of the fiscal constraint determination. However, when IDOT seeks federal reimbursement, the AC funds are converted back to federal funds (designated as ACC in eTIP), and must be constrained against available federal dollars. In order to demonstrate that funds are available, it is necessary to consider both the carryover unobligated balance and the unobligated balance due to project phases in AC. At the start of FFY 2016 there was a combined total of just under \$313 million for project phases in AC utilizing STP-L, CMAQ, and TAP-L funding, all of which had been previously counted as obligated by CMAP.

To properly account for AC and ACC in eTIP, going forward CMAP will not consider project phases in AC as obligated nor will project phases in AC be subject to constraint in eTIP. Instead, project phases in AC should be thought of as committed funds so that they are available to be used when a conversion needs to take place. Therefore, while overall available funds, or revenues, in eTIP have been increased to reflect AC balances, the amount of funding available for programming, after accounting for the committed projects in AC, remains unchanged.

The Council of Mayors STP-L Marks table has been adjusted to reduce obligations by the AC amount, which is shown in a new "Committed AC funds" column. The available unobligated balance, less the committed AC results in an "Adjusted Balance" which is added to the current year's allotment to arrive at the programming mark. These adjustments provide a more transparent accounting of the use of AC and do not result in changes to the programming marks approved by the Council of Mayors Executive Committee in November 2015. Advance Funding approval from the Council of Mayors Executive Committee is still required when a Council's current year STP-L obligations (whether AC or not) have exceeded or will exceed that Council's current year programming mark.