



# Chicago Metropolitan Agency for Planning

## Agenda Item No. 3.0

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### MEMORANDUM

**To:** Council of Mayors Executive Committee

**From:** CMAP Staff

**Date:** September 5, 2017

**Re:** Surface Transportation Program

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Since early 2017, a working group composed of representatives from the Council of Mayors Executive Committee, council planning liaisons, COG directors, the Metropolitan Mayors Caucus, the City of Chicago, Illinois Department of Transportation (IDOT), Federal Highway Administration (FHWA), and CMAP has been discussing principles for programming the region's Surface Transportation Block Grant (known as STP) funds and options for implementing those principles. The working group was formed in response to a federal certification recommendation from the US DOT and provisions within the STP distribution agreement between the Council of Mayors and City of Chicago that call for the review of the agreement with the passage of any new federal transportation funding bill. A draft agreement focused on four major themes described in more detail in this memo is being presented for the committee's consideration. Approval for the Chairman of the Council of Mayors Executive Committee to sign the agreement is being requested. Execution of the agreement is expected to take place following review by the MPO Policy Committee and CMAP Board at their joint meeting on October 11, 2017.

### Background

The northeastern Illinois portion of STP funding is currently suballocated according to an agreement among the MPO Policy Committee, the City of Chicago, and the Council of Mayors Executive Committee, which provides that the individual councils and the City of Chicago are each responsible for programming funds in their areas. The agreement is generally renegotiated with passage of a new federal transportation bill, and the basic arrangement is a holdover from the former Federal Aid Urban program that began in the 1970s. The [current agreement](#) between the City of Chicago and the Council of Mayors was reaffirmed on June 13, 2013 and calls for:

- 5% for one or more regional projects as selected by the City of Chicago that benefits both the city and the suburbs.
- 45% of the remaining 95% to be programmed by the City of Chicago.

- 55% of the remaining 95% to be programmed by the individual Councils of Mayors, which is then further subdivided by council population.

The five percent set-aside for regional projects is a relatively recent innovation that began with the renegotiation of funding splits in 2005. The City is the programmer of those funds and seeks the concurrence of the Council of Mayors on an annual basis for the selected projects. The benefits of proposed regional projects are evaluated qualitatively, and while the definition of “regional project” is not formally designated, it is generally taken to mean City projects that would benefit suburban users as well. Examples include improvements to bridges leading over the Chicago River from Ogilvie and Union Stations. Each of the projects proposed under this arrangement has received concurrence from the Council of Mayors Executive Committee.

The use of negotiated percentages and a division of funds by population does not directly address the performance of the region’s transportation system or relate funding to system needs. In the U.S. Department of Transportation’s (USDOT) 2014 Chicago, Illinois TMA Certification Review, federal reviewers found that CMAP should not be using non-performance based methods to allocate funds and called for an examination of the practice the next time the agreement between the City and the Council of Mayors is reconsidered. Furthermore, the current agreement itself calls for a reexamination of its provisions when a new federal transportation bill is passed, as happened at the end of 2015.

## **Working Group Discussions**

At the urging of FHWA Division office representatives, an STP working group was formed in early 2017 to begin discussing the future of the program. It was composed of representatives from the Council of Mayors Executive Committee, planning liaisons, COG directors, the Metropolitan Mayors Caucus, the City of Chicago, Illinois Department of Transportation (IDOT), Federal Highway Administration (FHWA), and CMAP. The group met three times throughout the spring and summer of 2017 to discuss the history of the program, principles for programming, and options for a new programming approach. At their first meeting, the group reviewed the history of the funding agreement, current council allotments, and the types of projects typically funded with STP in the region. Changes to the federal program to emphasize performance were also reviewed. To direct future discussions, basic principles including support for regional priorities, an equitable, transparent, and data-driven process, and predictable funding, were discussed.

At the next meeting, the group continued discussing principles for programming, and generally agreed that:

- Funds would be used to make large and lasting contributions to regional priorities in GO TO 2040/ON TO 2050:
  - Improving the condition of the region’s transportation system using asset management principles
  - Supporting local planning priorities
  - Improving transit access and service quality
  - Facilitating infrastructure improvement in areas of economic distress
  - Reducing congestion

- Promoting economic growth
- Supporting natural resources
- Improving safety
- Project selection would use a data-driven, performance-based method developed in consultation with regional partners.
- The eligibility and selection of projects should strive to ensure an equitable distribution of investments across the region considering regional differences in access to state resources, maintenance responsibilities, and construction costs.
- Project evaluation, selection, and management would be conducted in a transparent manner.
- The program should help attract additional local/state investment, encourage multijurisdictional coordination, and help engage communities in regional and sub-regional planning.
- STP funds allocated to the region will be accounted for by all parties using an agreed-upon method.
- The program should encourage the timely expenditure of funds and use active management to ensure that projects advance when they are ready.
- The program should help the state and region meet their federal performance targets.
- The program should strive for predictable year-to-year funding levels.

The group was also presented with findings from a review of the programming practices of other MPOs for large and mid-sized regions. Many MPOs concentrate on priority projects, such as those identified in their long range plan, or on priority programs that focus on connecting land use and transportation. Some MPOs establish funding ranges or set-asides by project type, and many pool regionally programmed fund sources. In New York City, the MPO delegates all STP programming to the state DOT. Based on the peer review and prior discussions, two broad programming options were discussed. The first focused on changing the funding distribution to a performance-based formula, standardizing programming criteria region-wide, but leaving the project selection responsibility with the councils and city. The second proposed utilizing a single region-wide programming process. Both options called for transparent and data-driven project selection, and active program management to ensure timely expenditure. The consensus of the group was to pursue a hybrid of these options.

At the working group's final meeting, a draft proposal that addressed the principles for programming and prior discussion was presented. The proposal included four elements:

1. New shared funding program
2. Local funding distributed using a needs-based formula
3. Supplemental local project selection criteria based on ON TO 2050
4. Enhanced program management

The working group generally agreed with the proposal, and requested development of an agreement based on the proposal. The remainder of this memo describes the agreement elements in more detail.

## **Shared Local Fund**

Historically, it has been difficult for individual councils to fund large, regionally important projects due to the size of individual funding allocations and policies to limit or cap awards to

individual sponsors or projects. Some councils have at times saved their annual allocation for several years in order to implement these projects, leaving funding unspent while they save. These projects are important to the entire region and the funding burden should not necessarily fall on a single council, but should be shared to facilitate timely implementation. As such, a Shared Local Fund would be established for funding larger projects supported by the suburban councils or the City of Chicago that address regional performance measures and help advance local and regional priorities.

The Shared Local Fund would be established using a set-aside of the region's annual allotment of STP funding. Beginning in FFY 2020, the set-aside would be 10%, increasing to 12.5% in FFY 2021, and to 15% in FFY 2022 and all subsequent years. The fund would also be seeded with excess unobligated federal funding, also known as carryover, to be made available by IDOT for programming and obligation by project sponsors in the region. A total of \$75 million will be made available: \$30 million in FFY 2020, \$25 million in FFY 2021, and \$20 million in FFY 2022. It is envisioned that additional funds would be added to the shared fund annually as a result of active program management policies discussed later in this memo, keeping the Shared Local Fund around \$40 million annually.

A Shared Fund Project Selection Committee composed of representatives from the Council of Mayors Executive Committee, the City of Chicago, IDOT, the counties, the Regional Transportation Authority (RTA) or a designated service boards representative and CMAP staff would be established. To preserve the strong municipal participation in decision-making, the Councils and City of Chicago would each have three votes, with other represented agencies each having one vote. CMAP staff would only vote in the event of a tie. The Shared Fund Project Selection Committee would have the authority to review applications and recommend projects to the MPO Policy Committee, to develop a project selection methodology for the Shared Local Fund, to update performance measures described below, to develop parameters for providing assistance to disadvantaged communities, including defining eligible communities, and to develop an active program management system applying to both the Shared Local Fund and local programs.

## Local Programs

US DOT's 2014 Chicago, Illinois TMA Certification Review of CMAP encouraged the region to move away from the population-based sub-allocation formula for STP and to expand performance-based programming methods throughout the region. Therefore, after the set-asides for the Shared Local Fund, the remainder of the region's annual STP allotment would be distributed to the eleven regional councils of mayors and the City via a performance-based formula.

**Performance Measures.** The Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21) transportation reauthorization bill featured a new federal emphasis on performance measurement that was strengthened in the Fixing America's Surface Transportation (FAST) Act. These laws also require each State and MPO to set performance targets that address the [established measures](#). Based on the scale and types of projects typically implemented by local governments using STP funds, the local programs can affect the region's ability to meet certain performance targets. Similarly, certain federal measures are best suited to define need, and the

funding distribution is proposed to be calculated by CMAP staff based on the measures in Table 1.

**Table 1. Proposed Performance Measures**

Category	Measure
Pavement Condition	Lane-miles in poor condition as defined in 23 CFR 490.
Bridge Condition	Square feet of deck area in poor condition as defined in 23 CFR 490.
Congestion	Congested centerline miles, until such time as data is available to calculate peak hour excess delay as defined in 23 CFR 490.
Safety	Number of annual serious injuries and fatalities for the most recent year from IDOT's annual crash data extract.
SOV travel	Total number of single occupant vehicle (SOV) commuters based on the most recent American Community Survey.

**Distribution.** In order to direct funding to sub-regions where it is most needed, the distribution of funding to the councils and City will be by formula and be based on the relative performance of the local jurisdiction system of roadways, functionally classified as collectors or higher, for the five measures.

$$\text{Council Mark (\$)} = \text{Regional Mark(\$)} \times \text{Performance (\%)}$$

where:

$$\text{Performance (\%)} = \left( \frac{\text{Council } M_1}{\text{Region } M_1} + \frac{\text{Council } M_2}{\text{Region } M_2} + \frac{\text{Council } M_3}{\text{Region } M_3} + \frac{\text{Council } M_4}{\text{Region } M_4} + \frac{\text{Council } M_5}{\text{Region } M_5} \right) / 5$$

“Council” in this formula means each of the eleven individual subregional councils and the City.  $M_1, M_2$ , etc. represent the individual performance measures, which would be weighted equally, and the 5 in the formula is the number of measures. In order to transition from the current population-based distribution to the performance-based distribution, the FFY 2020 distribution for each council and the City would be no more than 10% above or below its FFY 2017 distribution, and the FFY 2021 distribution would be no more than 20% above or below its FFY 2017 distribution. Additionally, no council would have an allocation of less than \$3 million in any year.

Adjustments to the annual programming marks for local distribution and the shared local fund to account for changes to the regional allotment would be made by CMAP staff each year and the performance-based share would be re-calibrated to account for changes in conditions every five years, beginning in FFY 2025. In order to provide incentive for accomplishing the region’s performance targets, a factor to increase funding for those councils that improve conditions would be added to the formula beginning in FFY 2025 using a methodology to be developed in the next two years by the Shared Fund Project Selection Committee.

For illustrative purposes, CMAP staff used available data sources described in Table 2 to estimate how the FFY 2020 distribution would compare to the FFY 2017 distributions. The data,

particularly for the pavement condition and congestion measures, is based on a very small sample size of local jurisdiction collectors and arterials. To support the determination of relative need, CMAP will work with regional partners over the next two years to collect more complete data, and the agreement reflects the dates by when this should occur.

**Table 2. Performance Data Sources**

Measure	Specific metric	Source	Year	Notes
Lane-miles in poor condition	Estimated lane-miles with International Roughness Index > 170	Year-end Illinois Roadway Information System file	2016	Data represent federal aid roads under municipal, county, and township jurisdiction (functional class < 7 and jurisdiction type = 3, 4, 6, 8, 9). Not all local federal aid roads have been inventoried; the total lane-mileage in poor condition was estimated as the percentage in poor condition for the lane miles that have been inventoried * total lane-miles in council. Once full data are available for the local Federal Aid system, this measure will be exact rather than estimated. The IRI > 170 threshold is taken from the FHWA pavement and bridge condition rule. Note that after a transition period, the rule specifies that pavement condition will be defined by a combination of International Roughness Index, cracking, and rutting for flexible pavements.
Congested centerline miles	Centerline miles where travel time index >= 1.25	HERE/MS2	2012	Data represent congestion on non-expressway routes in the HERE/MS2 data file. Not all federal aid local routes have congestion data; total congested centerline mileage was estimated as the percentage of congested centerline mileage for routes with data * total local federal aid centerline mileage in the council. Jurisdiction includes municipal, county, and township. Congestion is defined as having a travel time index of >= 1.25, where the travel time index is the ratio of congested travel time to free-flow travel time. This measure should be replaced with peak hour excess delay, as specified in the FHWA system performance rule, once it is calculated.

Measure	Specific metric	Source	Year	Notes
Annual serious injury and fatal crashes		IDOT Safety Portal	2015	Data represent a simple count of serious injury ("A"-type) and fatal ("K"-type) crashes for non-state jurisdiction roads as defined in the IDOT data release. The dataset is considered complete. This measure combines two of the five safety measures in the FHWA performance measure rules.
Bridges in poor condition by deck area	Square footage of bridges with deck, superstructure, or substructure rating of <=4	National Bridge Inventory	2016	Data represent municipal, county, and township bridges (owner code = 2, 3, 4). This dataset was downloaded as a CSV file from the NBI website in 2017, and is primarily composed of bridge inspection reports from 2014 and 2015. This dataset is considered complete. Municipalities were allocated to COM boundaries based on place code (data item 4). Unincorporated place codes were allocated as follows: For the county-based regions (McHenry, Lake, Kane/Kendall, DuPage, and Will), records were allocated by code (data item 3). For Cook, bridges were manually allocated to the appropriate COM region using GIS locations from the National Transportation Atlas Database 2015 shapefile. As in the FHWA pavement and bridge condition rule, poor bridge condition is defined as having either a deck, superstructure, or substructure rating <= 4.
Percent of non-SOV travel	Number of SOV commuters	American Community Survey	2011-15	Census ACS is a sample representing a 5-year period that is updated every year. The data for individual Census tracts were aggregated to the City and Council boundaries. Using ACS data to calculate mode share is one of three methods allowed under the FHWA system performance rule.

The proposed distribution floor and ceiling were applied, resulting in the illustrative distribution in Table 3. Again, the actual distribution would occur in 2020 based on data collected at that point.

**Table 3. Illustrative Change in Local Program Distribution FFY 2017 to FFY 2020**

<b>Council</b>	<b>FFY 2017 allotment</b>	<b>Illustrative FFY 2020 allotment</b>	<b>Change FFY 2017 to FFY 2020</b>
Central	\$3,138,388	\$3,000,000	-4.4%
Chicago <sup>1</sup>	\$63,871,101	\$57,483,991	-10.0%
DuPage	\$11,271,468	\$11,198,233	-0.6%
Kane/Kendall	\$9,868,205	\$10,026,004	1.6%
Lake	\$8,507,921	\$9,358,713	10.0%
McHenry	\$3,958,003	\$4,114,692	4.0%
North Central	\$3,778,438	\$4,156,282	10.0%
North Shore	\$3,968,555	\$4,365,411	10.0%
Northwest	\$8,687,388	\$7,818,649	-10.0%
South	\$6,327,698	\$5,694,928	-10.0%
Southwest	\$4,592,442	\$4,536,672	-1.2%
Will	\$7,165,240	\$7,669,809	7.0%

<sup>1</sup> Chicago FFY 2017 allotment includes the 5% regional project set-aside

<sup>2</sup>Kane/Kendall FFY 2017 allotment includes STP funds accumulated by Plano (\$591,525) and Sandwich (\$781,854) prior to joining the CMAP Planning region.

## Project Selection to Support the Goals of ON TO 2050

In addition to addressing federal performance measures, the region must develop and implement a long range plan. The development of the region’s next plan, ON TO 2050, is currently on-going, and will include several priorities that can be influenced by transportation infrastructure investments. To encourage investments that support the goals of ON TO 2050, each individual council and the City would incorporate regional priorities into their project selection methodologies by assigning at least 25% of the points to these six regional priorities:

**Table 4. Regional Priorities**

<b>Priority</b>	<b>Points awarded to:</b>
Green Infrastructure	Projects that use green infrastructure to manage stormwater
Reinvestment	Projects that serve a reinvestment area defined in ON TO 2050
Freight movement	Projects that benefit multi-modal freight movement
Economically disconnected areas	Projects that improve equity through benefits to economically disconnected areas as defined in ON TO 2050
Complete streets	Projects from sponsors that have adopted a complete streets ordinance. (Applies to councils only.)
Transit supportive density	Projects from sponsors that have permitted density at transit-supportive levels where transit is available or planned. (Applies to councils only.)

Since not all of these ON TO 2050 priorities will be equally relevant in all councils and the City, each would have the flexibility to distribute points to any or all of these regional priorities based on local prerogative.



## **Pavement Management Systems**

ON TO 2050 is also expected to continue the strong emphasis on maintenance and system preservation contained in GO TO 2040. Although more than half of the locally programmed STP funds obligated over the last 10 years went toward road resurfacing and reconstruction, the region cannot provide an overall condition rating for the locally controlled Federal-aid eligible routes. Nor is it clear that the funds were used in the most cost-effective way within each council by programming the most appropriate treatment given the age and condition of the pavement, as might be determined with the aid of a pavement management system. Pavement management systems are data collection and analysis tools that would help the region determine the optimum strategies for the most cost-effective pavement maintenance.

During the phase-in of new agreement provisions, CMAP will work with the councils and City, in cooperation with the counties and IDOT to establish local pavement management systems throughout the region. The pavement management systems should be used to determine the appropriate timing for pavement projects, and these types of projects should not be considered for federal funding unless they are included in a pavement management system. CMAP has released a Request for Information to learn more about the costs and technical requirements of these systems in order to design a program, which would be done in consultation with the councils and City. CMAP is also seeking funding to implement such a program.

## **Active Program Management**

Ensuring that federal funds are obligated in a timely manner is a priority of the region. Funds left unobligated are subject to both lapse and rescission. The use of active program management (APM) practices encourages timely expenditure and ensures that projects that are ready to go can move forward. Several councils currently use APM strategies, and the region has successfully implemented APM policies for the CMAQ and TAP funded programs. Collectively, the councils have also employed advance funding procedures to advance out year projects using other councils' unobligated balances. While advance funding has accelerated implementation of projects, it typically has not been able to make a significant dent in the region's overall unobligated balance. Stronger policies that will prevent the reservation of funding for projects that are not moving forward are needed. In order to provide a fair and equitable approach, an APM system that is uniform and applies to both the shared local fund and local programs would be developed by the Shared Fund Project Selection Committee. At a minimum, the system would include deadlines for projects to be initiated, deadlines for project phases to be obligated, grace periods for local reprogramming of funds, policies for project and phase eligibility, and policies for re-distribution of unobligated funds to the shared local program.

## **Phase-in**

Phase-in of the agreement would begin immediately upon execution and would continue through the initial calls for projects for the shared local fund and local programs. In order to

establish the Shared Local Fund, while still honoring commitments that councils have made to project sponsors, the addition of new projects or phases of projects to council programs would be discontinued until the initial calls for projects. All individual council funding balances, whether positive or negative, would be forgiven, and a single regional balance of funding would be established. The balance would use that portion of the existing unobligated carryover not reserved for seeding the shared fund that is available for obligation, along with the entire northeastern Illinois allotments for FFY 2018 and 2019, and that portion of the FFY 2020 allotment not set-aside for the shared fund. Council and City project phases would be advanced to federal obligation on a “first ready, first funded” basis until all committed phases are complete, all funds have been exhausted, or a call for local projects is issued for FFY 2021 - 2025. Documented adopted policies for maximum funding caps and cost increases would be honored for applicable projects or project phases within each council. For sponsors seeking cost increases that are within councils without established policies, CMAP staff would determine if the requested funding is anticipated to be available and would provide a staff recommendation for approval or denial by the Council of Mayors Executive Committee. In the absence of an adopted program, by contrast, the commitment to the City of Chicago would be defined as the annual allotment, including the 5% regional set-aside, which the City was entitled to for FFY 2017.

## **Other Considerations**

**Assistance for Disadvantaged Communities.** A major concern of the working group was to ensure that all communities within the region have reasonable access to federal funds without an undue burden caused by lack of resources for required local matching funds. As such, eligible communities would be permitted to request Transportation Development Credits in lieu of required local match for the construction phase of projects. The Shared Fund Project Selection Committee would be tasked with defining the eligible communities and parameters for utilizing the credits. CMAP would work with IDOT to revise its rules for the use of Transportation Development Credits to accommodate this policy.

**Transparency.** In support of the principles and procedures of the Grant Accountability and Transparency Act (GATA), and in the interest of promoting transparent decision-making and opportunities for public engagement, project selection methodologies would be published on the City, individual subregional council, and/or CMAP websites. During each call for projects cycle, recommended programs would be subject to a minimum public comment period, and all final programs of projects, and any subsequent program updates, would be published on the City, individual subregional council, and/or CMAP websites.

**Establish a Pipeline of Projects.** To support the timely obligation of federal funding and to ensure that no funds allotted to the region are lost to rescission or lapse, it is important to establish a strong pipeline of projects for implementation. CMAP’s Local Technical Assistance (LTA) program is one source for identifying potential transportation projects that meet local needs, support the goals of ON TO 2050, and can move the region toward meeting performance targets. Consideration should also be given to establishing state, county, or council programs to fund phase 1 engineering for projects that may be good candidates for future federal funding.

## Next Steps

As the region transitions from the current population-based sub-allocation of STP funds to the new program established in the agreement between the Council of Mayors and the City of Chicago, there are a number of implementation deadlines to meet. The transition would start with the establishment of the Shared Fund Project Selection Committee by the end of 2017. That committee would begin development of an Active Program Management system to be established by June 30, 2018. The committee would also develop the shared fund evaluation methodology prior to the first call for projects for the Shared Local Fund. The individual subregional councils and City of Chicago would continue to implement committed projects, and would develop revised local project selection methodologies that include consideration of regional priorities. Concurrently, CMAP, the councils, the city, and the Shared Fund Project Selection Committee would collaborate with each other and appropriate regional partners to collect data necessary for performance-based distribution of funding and the establishment of pavement management systems. Finally, CMAP would work with IDOT and FHWA to reconcile accounting of past STP accomplishments to ensure a stable, reliable, and predictable source of funding to implement the new agreement.

### Staff Contact

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**ACTION REQUESTED:** Approval for the Chairman to execute the agreement with the City of Chicago following the joint meeting of the CMAP Board and MPO Policy Committee on October 11, 2017.

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