

MEMORANDUM

To: Transportation Committee

From: CMAP Staff

Date: September 4, 2024

Subject: Regional Transportation Plan update

Action Requested: Information

CMAP staff will update the Transportation Committee on the progress of developing the Regional Transportation Plan (RTP). During the committee meeting, staff will outline work completed to-date as well as an overview of how the RTP will interact with other planning efforts at CMAP. Following this brief update, staff will share information about the financial planning process within the RTP.

Financial Plan for Transportation: overview of federal requirements

Federal law requires metropolitan planning organizations to include a financial plan that “demonstrates how the adopted transportation plan can be implemented” (23 CFR § 450.324(f)(11)). The financial plan — which will ultimately be a standalone component of the RTP — must demonstrate fiscal constraint by determining that sufficient funding resources will be available to invest in the transportation system as recommended in the long-range plan. Specifically, federal regulations require “for purposes of transportation system operations and maintenance,” that the financial plan “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” (23 CFR § 450.324(f)(11)).

Financial Plan approach

To meet these requirements, CMAP must assess the anticipated expenditures and revenue sources necessary to carry out the operation, maintenance, and expansion of the region’s transportation system over the planning period (2027-50). This process provides the opportunity to ensure the transportation-related goals, strategies, and projects identified in the RTP are financially feasible and sustainable; to explore present-day and anticipated trends and policies that might impact future financial conditions; and to identify any funding gaps that need to be addressed and/or funding strategies that should be leveraged to achieve desired transportation outcomes.

The key components of the financial planning process will include the following:

- **Forecasting baseline revenues and expenditures:** Long-range financial forecasting activities require determining a base set of assumptions regarding revenue and expenditures trends, understanding the implications of current and proposed policies, and developing a robust, accurate, and straightforward methodology that is appropriate for a planning-level forecast. Similar to CMAP's previous long-transportation planning efforts, CMAP staff will perform financial analysis and conduct policy research to develop revenue and expenditure forecasts.
- **Developing expenditure allocations:** The financial plan provides a framework to prioritize how to invest in the transportation system by allocating planned expenditures into different categories. These categories — which include administering, operating, maintaining, improving, enhancing, and expanding northeastern Illinois' transportation system — will provide a basis for assessing the scale of different regional funding priorities, desired investment strategies, and their trade-offs (i.e., meeting asset condition targets, providing needed system enhancements, funding regional capital projects).
- **Exploring financial scenarios:** Based on previous financial planning efforts, CMAP expects the expenditures included in the RTP will be constrained by the baseline revenues available over the planning horizon. To gauge the extent of this fiscal constraint, CMAP staff will perform normative scenario planning. These financial scenarios will explore the impacts of emerging trends on present-day revenues, identify additional revenue sources that are reasonably expected to be made available over the planning horizon, and highlight the strategies and actions needed to realize anticipated levels of investment.

To support these activities, and ensure the financial plan is conducted in consultation with CMAP committees, regional stakeholders, and experts, CMAP staff will be standing up a resource group of key transportation implementers and partners. The resource group will help to identify and evaluate assumptions that will pose implications across the financial planning process.

Next steps

Over the coming months, CMAP staff will begin to develop draft forecasts for the financial plan. This includes working with the RTP consultant team to identify data inputs and confirm the forecasting methodology, as well as setting up the resource group. Before these efforts begin in earnest, CMAP staff will present to the committee on the key components of the financial plan, the plans for revenue and expenditure forecasting, and opportunities for stakeholder engagement.