

**NORTHWEST MUNICIPAL CONFERENCE**

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*A Regional Association of Illinois  
Municipalities and Townships  
Representing a Population of Over One Million*

**Northwest Municipal Conference**

**Transportation Committee**

**Thursday, February 25, 2016**

**8:30 a.m.**

**NWMC Offices**

**1600 East Golf Road, Suite 0700 Des Plaines**

**AGENDA**

- MEMBERS**
- Antioch
- Arlington Heights
- Bannockburn
- Barrington
- Bartlett
- Buffalo Grove
- Carpentersville
- Cary
- Crystal Lake
- Deer Park
- Deerfield
- Des Plaines
- Elk Grove Village
- Evanston
- Fox Lake
- Glencoe
- Glenview
- Grayslake
- Hanover Park
- Highland Park
- Hoffman Estates
- Kenilworth
- Lake Bluff
- Lake Forest
- Lake Zurich
- Libertyville
- Lincolnshire
- Lincolnwood
- Morton Grove
- Mount Prospect
- Niles
- Northbrook
- Northfield
- Northfield Township
- Palatine
- Park Ridge
- Prospect Heights
- Rolling Meadows
- Schaumburg
- Skokie
- Streamwood
- Vernon Hills
- Wheeling
- Wilmette
- Winnetka
  
- President*
- Tom Rooney
- Rolling Meadows
  
- Vice-President*
- Matt Bogusz
- Des Plaines
  
- Secretary*
- Dean Argiris
- Wheeling
  
- Treasurer*
- Juliana Maller
- Hanover Park

- I. Call to Order**
  
- II. Approval of January 28, 2016 Meeting Minutes (Attachment A)**  
**Action requested:** Approval of minutes
  
- III. CMAP Agency Funding Options (Attachments B and C)**  
Staff will provide an update on the proposals from the Chicago Metropolitan Agency for Planning (CMAP) for more consistent local matching funds. These include the lobbying the General Assembly to fully fund the Comprehensive Regional Planning Fund as well as imposing dues from local transportation agencies and municipalities and fees for some of CMAP’s services and programs.  
**Action requested:** Informational
  
- IV. Skokie Valley Trail – Lake-Cook Road Bridge**  
The Lake County Division of Transportation is leading planning efforts on a new bridge project across Lake-Cook Road for the Skokie Valley Trail. Staff will provide an update.  
**Action Requested:** Informational
  
- V. Complete Streets Coalition**  
Active Transportation Alliance has created a Complete Streets Coalition of regional stakeholders, including municipalities, to identifying challenges and opportunities to implement Complete Streets. Staff will provide an update and requests input from the committee on future coalition topics.  
**Action Requested:** Discussion
  
- VI. CMAP Update**  
An update on relevant activities from CMAP’s committees will be provided.  
**Action requested:** Informational
  
- VII. Agency Reports**
  
- VIII. Other Business**
  
- IX. Next Meeting**  
The next meeting is scheduled for March 24 at 8:30 a.m. NWMC offices.
  
- X. Adjourn**

*Executive Director*  
Mark L. Fowler

**TRANSPORTATION COMMITTEE**  
**MEETING MINUTES**  
**Thursday, January 28, 2016**  
**8:30 a.m.**  
**NWMC Offices**  
**1600 E. Golf Road, Suite 0700**  
**Des Plaines, IL**

**Members Present:**

Dean Argiris, President, Village of Wheeling, Chair  
Nellie Beckner, Senior Planner, Mount Prospect  
Jeff Berman, Trustee, Buffalo Grove  
Rod Craig, President, Village of Hanover Park (on phone)  
Tim Frenzer, Village Manager, Village of Wilmette  
Bob Israel, Trustee, Village of Northbrook (on phone)  
Phil Kiraly, Village Manager, Glencoe  
Al Larson, President, Village of Schaumburg  
Maria Lasday, Village Manager, Village of Bannockburn  
Anne Marrin, Village Administrator, Village of Fox Lake (on phone)  
Bill McLeod, President, Village of Hoffman Estates (on phone)  
Matt Roan, Deputy Village Manager, Elk Grove Village  
Greg Summers, Director of Development Services, Village of Barrington

**Others Present:**

Steve Andrews, Pace  
Jane Grover, CMAP  
Tim Grzesiakowski, TMA of Lake-Cook  
Mike Hankey, Village of Hoffman Estates  
Marnie Hooghkirk, IDOT  
Rick Mack, Metra  
Joe Moriarty, RTA  
Brian Pigeon, NWMC  
Andy Plummer, RTA  
Karyn Robles, Village of Schaumburg  
Mike Walczak, NWMC

**I. Call to Order**

Chair Argiris called the meeting to order at 8:30 a.m. and had those present provide introductions.

**II. Approval of December 10, 2015 Meeting Minutes**

On a motion made by Trustee Berman, seconded by Ms. Lasday, the committee voted to approve the December 10, 2015 meeting minutes.

**III. RTA Interagency Signage Program**

Mr. Moriarty introduced the RTA's regional interagency signage program, which aims to ease transfers between CTA, Metra and Pace at locations where those services meet. He noted the challenges of creating wayfinding, service information and identifying signs and

gave examples from the pilot program which has been introduced, namely at Evanston's Davis Street location. The RTA has deemed the pilot phase successful and will be using CMAQ funds to expand the program to 19 more sites over the next three years. Some of the challenges of the program include land ownership issues, reaching consensus with all involved partners, and permits and right-of-way issues.

#### **IV. Federal Transportation Bill**

Mr. Pigeon and Mr. Walczak updated the committee on the recently approved FAST Act, a new five year federal transportation bill which was signed by President Obama on December 4.

#### **V. CMAP Agency Funding Options**

Mr. Walczak explained the current funding situation at CMAP, which is reliant on IDOT funding for its local match for federal planning funds. Without state funds coming in, the agency is reliant on an agreement with FHWA to stay open, which isn't sustainable past July. CMAP staff has researched how other MPOs around the state and country are funded and have found more diversified sources for local match. They have outlined different scenarios for diversifying their local match, including higher dues from municipalities and other regional agencies as well as charging fees for services they provide. More consistent and dedicated funding from the state is also being pursued as their top option, but is NWMC staff sees that as unlikely given the budget situation in Springfield. Staff told the committee that they will have more details in the coming weeks as the options are fleshed out.

#### **VI. Illinois Tollway - Central Tri-State Planning**

Mr. Walczak reported that the final report of the Illinois Tollway's Central Tri-State Corridor Planning Council was approved in January and included recommendations from local and regional partners in the project corridor about improvements that should accompany the Tollway's planned reconstruction of the tollway from Balmoral to 95<sup>th</sup> street starting in 2020.

#### **VII. CMAP Update**

Ms. Grover reported on CMAP's upcoming open house to launch its 2050 regional plan on February 24. CMAP will also come out and do community outreach for local groups who want to be involved in the process. She also said that the Future Leaders in Planning (FLIP) program is accepting applications for high school students interested in planning and civic issues. . Mr. Berman recommended the program.

#### **VIII. Other Business**

Mr. Plummer reported on RTA's 2016 approved budget. He noted that RTA is not receiving the state use tax, while the rest of the agency's funding is coming in, but late. RTA expects about \$250 million additional funds through the FAST Act.

Mr. Andrews reported that Pace is still in the design phase for the Pulse Milwaukee Route, but hope to complete it soon and start construction this year. Planning is also starting soon on the Pulse route for Dempster.

Mr. Mack reported that the Ventra app has now been downloaded 250,000 times. He also noted that the deadline for PTC compliance has been extended to 2018, which Metra is projected to meet, followed by a six month testing phase. BNSF and UP lines may be done by the end of 2016. Finally, he reported that a 2 percent fare increase goes into effect on February 1. President Argiris asked about the new pets on Metra program and Mr. Mack reported that it was going well so far. Trustee Berman asked about the new seating configurations in future Metra railcars. Mr. Mack reported that the seats will be more comfortable, but will be fixed so customers may take some time to get used to riding backwards.

Mr. Grzesiakowski reported that the TMA construction preview meeting is scheduled for March 17 at Baxter in Deerfield.

Ms. Beckner reported that Mount Prospect is conducting a corridor study on Rand Road and invited the committee to comment online.

President Argiris reported that Wheeling's Town Center development is going before the full board for approval in two weeks.

#### **IX. Next Meeting**

Chair Argiris reported that the next meeting of the Transportation Committee is scheduled for 8:30 a.m. on Thursday, February 25, 2016.

#### **X. Adjournment**

On a motion by President Larson, seconded by Trustee Berman, the committee unanimously voted to adjourn the meeting at 9:15 a.m.



## MEMORANDUM

**To:** CMAP Board

**From:** CMAP Staff

**Date:** February 3, 2016

**Re:** Alternative Long-Term Funding Options

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This memo continues the discussion of alternative long-term funding options for the agency that began in November and continued through January. In January, the Board discussed initial thoughts prepared by staff and directed staff to continue to explore possible **legislative solutions**, as well as **non-legislative solutions** that could be exercised as a backup plan in the absence of state legislation.

The legislative solutions will be considered by the Board as part of the 2016 State Legislative Framework and Agenda. The conclusions of the January presentation on non-legislative solutions included the following:

- CMAP's overall budget is lower than its peers, meaning that CMAP provides its services more efficiently than other comparable regional agencies.
- The low reliance of the agency on local funding is unusual. No other comparable agency, either nationwide or within Illinois, has such a low reliance on local funding. CMAP is unique in relying nearly entirely on the state for its local match.
- Many other comparable agencies are more aggressive at seeking competitive grants. While CMAP should pursue these more actively, these sources are typically not appropriate to provide the required local match for federal transportation funds.
- CMAP's predecessor agencies -- NIPC and CATS -- had significantly larger shares of local funding in their budget than our agency currently does.

As discussed in January, a backup option is likely to be made up of local dues, fee-for-service arrangements, and external grants. All of these are already employed by CMAP, but are small in scale. Staff recommends that the backup option consist of increased funding through these sources, with the goal of reducing, but not eliminating, reliance on the state.

## Target funding levels

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, 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, and may not be feasible to implement within one year. It may be desirable to phase in these increases 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	\$1,000,000	\$1,500,000
Fee-for-service	\$100,000	\$300,000	\$500,000

The remainder of this memo walks through the local dues and fee-for-service elements in some additional detail, but it does not present a full proposal. The process for continuing to add detail to the funding proposal is described in the next steps section at the end of this memo.

### Local dues

As noted in the January memo to the Board, CMAP charges far less in local dues than any comparable regional agency, and also considerably less than its predecessor agencies did in 2006. A reconsideration of dues levels is a central part of the backup plan described in this memo.

The FY17 proposed target of \$1 million in local dues is essentially the same as the amount raised from dues on 2006. However, staff are not proposing simply returning to the 2006 distribution. Staff proposes dividing dues between the three types of agencies that support and govern CMAP: Counties, municipalities (including Councils of Government and Councils of Mayors), and transportation agencies. While a split remains to be determined, staff recommends each of these groups should contribute, because all receive value from CMAP's operations, and no single one of these groups should pay more than half of all local dues.

Distribution of local dues within these three agency types also needs to be determined, but staff's initial thoughts are as follows:

- For Counties, the distribution of dues should reflect the large difference in County size, but also acknowledge that each County receives the same number of votes on the MPO Policy Committee. A potential distribution would involve a base level for each County, plus a portion based on population.
- For municipalities including Chicago, assessing dues based on population is a likely solution, mirroring how municipal dues are currently collected. It is likely desirable to use the Council of Mayors system to aggregate dues by subregion, rather than charging individual municipal dues. This reflects one of the main purposes of the Council of Mayors system, which is to serve as a link between CMAP and municipalities.
- For transportation agencies, a potential measure of ability and interest to support CMAP may be the amount of funding contained in the TIP for each agency. This corresponds to both agency size, as well as the amount of service that CMAP provides to each agency to maintain the TIP. Please note that funding from IDOT is treated separately, and IDOT is not grouped with the other transportation agencies for the purposes of this discussion.

Staff believes it is important for local dues to be mandatory rather than voluntary. Some support for this position was expressed at the Board meeting in January. However, staff is not yet certain what types of penalties for non-payment (or, more positively, incentives for payment) can be offered while continuing to comply with federal law. Discussions with FHWA on this matter are underway.

### **Fee-for-service arrangements**

Local dues are only one way that additional revenue for CMAP's activities can be generated. Another method is through 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. However, as noted above, CMAP 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 somewhat lower expectations in FY17. However, this amount is entirely contingent on the legality of charging for various services, and it may actually be much lower or much higher. Any changes in the assumption of \$500,000 in fee-for-service revenue would require corresponding changes in the amount of local dues.

### **External grantseeking**

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**

To further develop the ideas in this memo, CMAP staff recommends convening a small group of representatives of relevant agencies. This is envisioned as a non-voting, advisory group, meant to provide input to CMAP in a more informal setting. Members are proposed to include representation from Counties, the Council of Mayors, the City of Chicago, transportation agencies (including but not limited to IDOT), and FHWA. This group will be asked to meet at least twice in the next month to assist CMAP with preparing a more detailed proposal that can be presented to the Board and MPO Policy Committee in March.

Additionally, CMAP will begin working 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. Individualized and highly specific documents will be created for each agency.

Ultimately, in the absence of a successful state legislative approach, the elements of this backup plan will be included within the CMAP budget, to be presented to the Board in May and approved in June. There may also be a need to modify the Memorandum of Understanding between the CMAP Board and MPO Policy Committee, which would require action by both bodies in June.

### **Further timing considerations**

While the solutions in this memo are proposed to be implemented in FY17, it is not reasonable to expect that the proposed funding will be received early in the fiscal year. Most agencies will require time to find space in their budgets for a higher dues contribution. 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 a future Board meeting.

ACTION REQUESTED: Discussion

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## MEMORANDUM

**To:** CMAP Board  
**From:** CMAP Staff  
**Date:** January 6, 2016  
**Re:** Alternative Long-Term Funding Options

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In November, staff began a discussion with the Board concerning the long-term funding outlook for the agency. Last fall's cash flow crisis, which nearly caused CMAP to shut down, illustrated that relying exclusively on the state to match the agency's federal funding exposes us to significant risk.

At the November meeting, Board members correctly observed that the state had committed to fund CMAP when the agency was created. In January, the Board will discuss how to convince the state to make good on its commitment. However, this approach is not certain to succeed, particularly given the state's fiscal situation and the political climate in Springfield. Staff believes it wise to develop a backup plan which reduces reliance on state funding. The remainder of this memo lays out background research and findings that should be used to develop such a backup plan.

The remainder of this memo:

- Describes results of research on how other regional planning organizations are funded, and how CMAP's predecessors were funded.
- Provides additional context on the long-term funding situation facing CMAP.
- Presents options and considerations for reducing reliance on state funding.

### Research results

#### Comparisons to other regional planning organizations

Other regional organizations that were similar to CMAP were identified for comparison, beginning with the Metropolitan Planning Organization (MPOs) serving the 20 largest metropolitan areas nationwide. From this set, 11 agencies were identified that were similar to CMAP in responsibilities. Several other regional agencies were reviewed but were not relevant for comparison to CMAP, because their scopes were either considerably larger (e.g. the regional

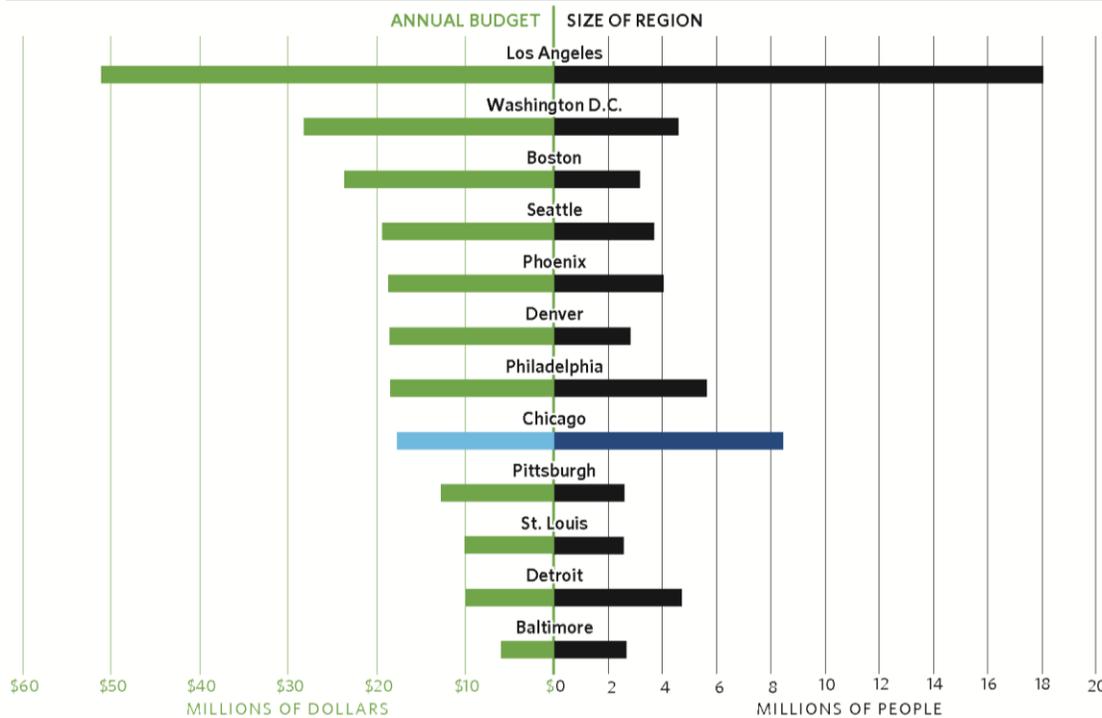
agency in the Twin Cities also operates the transit system) or considerably narrower (e.g. the regional agency in New York is essentially a branch of the state department of transportation). The 11 agencies that are considered relevant to CMAP are those serving the following metropolitan areas:

- Baltimore (Baltimore Metropolitan Council)
- Boston (Metropolitan Area Planning Council / Central Transportation Planning Staff)
- Denver (Denver Region Council of Governments)
- Detroit (Southeast Michigan Council of Governments)
- Los Angeles (Southern California Association of Governments)
- Philadelphia (Delaware Valley Regional Planning Commission)
- Phoenix (Maricopa Association of Governments)
- Pittsburgh (Southwest Pennsylvania Commission)
- Seattle (Puget Sound Regional Council)
- St. Louis (East-West Gateway Council of Governments)
- Washington DC (Metropolitan Washington Council of Governments)

*Total budget comparisons*

First, the overall size and budget of the peer agencies were compared. Of the 11 agencies, CMAP’s annual budget of approximately \$17.7 million is slightly below average. However, the population served by CMAP, at 8.5 million, is one of the highest, behind only the Los Angeles region. (The New York region is also larger than CMAP’s area, but was not included due to significant differences in MPO function.) A number of peer agencies have larger budgets than CMAP but serve regions that are much smaller.

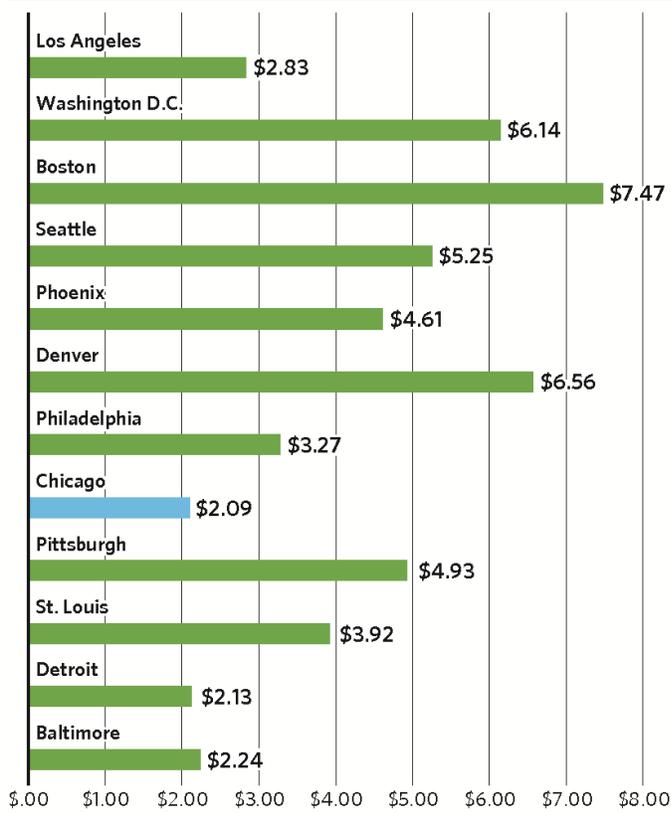
**Total budget and region size for CMAP peer organizations**



Source: Chicago Metropolitan Agency for Planning analysis, 2016.

In fact, CMAP's budget per population served is lower than any peer agency. With a \$17.7 million budget and population of 8.5 million, CMAP's budget is \$2.09 per resident of the region. In comparison, the average budget among the other peer agencies is \$3.97 per resident. The MPOs serving Detroit and Baltimore are close to CMAP, but not quite as low, with budgets of \$2.13 per resident and \$2.24 per resident, respectively.

**Budget per capita for CMAP peer organizations**



Source: Chicago Metropolitan Agency for Planning analysis, 2016.

*Budget source comparisons*

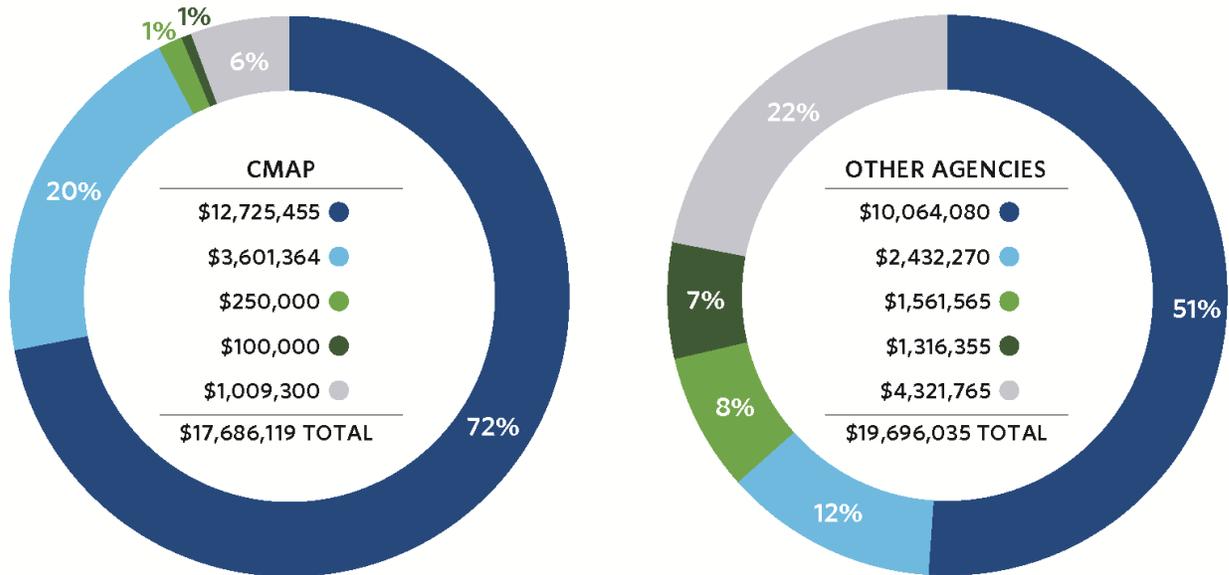
CMAP is primarily funded through federal transportation funds (\$12.7 million, or 72%) and the state (\$3.6 million, or 20%). In other regions, local dues<sup>1</sup> and fee-for-service arrangements<sup>2</sup> are different methods of raising non-state revenue from agencies that benefit from the activities of the MPO. For CMAP, limited funding comes from local dues (\$250,000, or 1%), and fee-for-service arrangements are limited to local match for LTA projects (\$100,000, or less than 1%), which was initiated in 2015. Approximately \$1 million (6%) is from other grants. In contrast, other regional agencies are far more diversified, with 8% of funding from local dues, 7% from fee-for-service, and 22% from other grants.

<sup>1</sup> Dues are regular, annual revenues from local agencies, assessed by population or a similar method. They are typically assessed from counties, municipalities, and transportation agencies.

<sup>2</sup> Fee-for-service arrangements involve local match for individual planning efforts, funding for special studies or programs that benefit multiple jurisdictions, and similar activities.

**Source of funding as percent of budget for CMAP peer organizations**

● FEDERAL TRANSPORTATION ● STATE ● MEMBER DUES ● FEE-FOR-SERVICE OR SIMILAR ● ALL OTHER

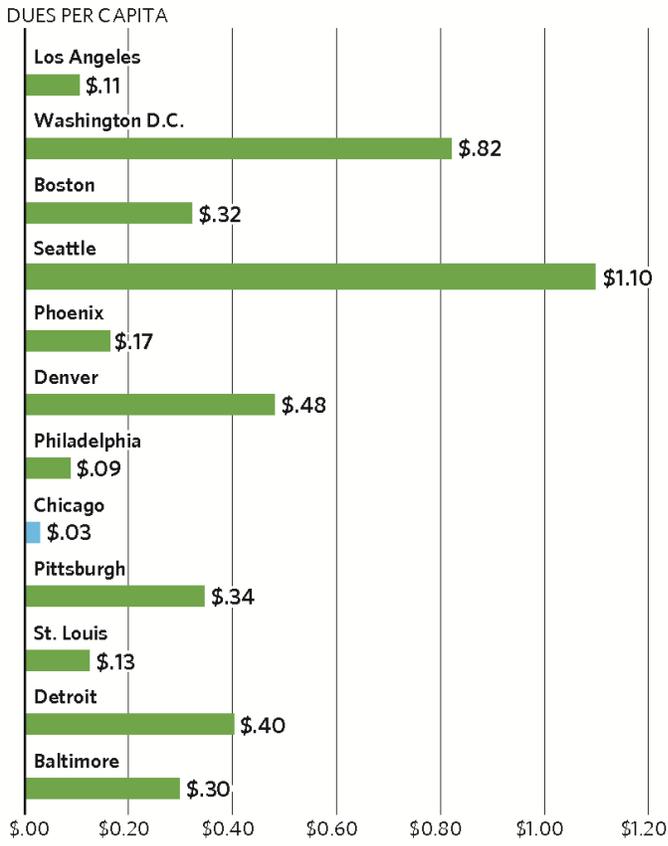


Source: Chicago Metropolitan Agency for Planning analysis, 2016.

Many other MPOs have greater reliance on external competitive grants than CMAP. This is not universal, but it provides a useful comparison when evaluating CMAP’s external grantseeking. Over the past several years, external fundraising has been focused on the LTA program, with a target of \$1 million per year. With more aggressive grantseeking, this figure can increase and also support activities beyond LTA. However, external grants are not likely to be suitable to provide the local match for federal transportation funds -- our most immediate need. State and local funds remain the most viable means to match federal transportation funds.

Peer agencies, including CMAP, raise some funds through member dues and fee-for-service arrangements. CMAP receives less from these two forms of funding -- \$350,000 annually, making up 2% of its annual budget -- than any peer agency. Fee-for-service arrangements across agencies vary greatly, and not all agencies use this funding source. However, local dues are more easily compared. As noted above, CMAP’s level of local dues lower than any peer agency, at \$250,000 annually. This is also the lowest per-capita local dues, at \$0.03 per resident; the average of the peer agencies examined is \$0.32 per capita.

## Local dues per capita for CMAP peer organizations



Source: Chicago Metropolitan Agency for Planning analysis, 2016.

### Comparisons to other Illinois MPOs

CMAP is by far the largest MPO in Illinois, and one of the few that function as an independent organization. Three other MPOs are similar in structure and function -- those in the metropolitan areas of St. Louis (East-West Gateway Council of Governments, already included above), the quad cities (Bi-State Regional Commission), and Rockford (Rockford Metropolitan Agency for Planning). Others are housed within and often partially supported by local governments, making their budgets not directly comparable to CMAP's.

Among the three similar MPOs -- in St. Louis, Quad Cities, and Rockford -- CMAP again stands out in its budget structure. Each other MPO charges local dues, at a rate of \$0.12½ per capita in St. Louis and approximately \$0.50 per capita in the Quad Cities and Rockford (compared to \$0.03 for CMAP). Local dues and fee-for-service arrangements make up 7% of the budget in St. Louis, 20% in the Quad Cities, and nearly 15% in Rockford (compared to 2% for CMAP). While each of these organizations does also receive funding from IDOT, their local revenues make them far less reliant on state funding than CMAP.

### Historical funding levels

Prior to CMAP's formation, our predecessor agencies, CATS and NIPC, collected local dues at a higher rate than CMAP currently does, and these were particularly important to NIPC's budget. Local dues were reduced significantly upon CMAP's formation, reflecting the commitment of the state to support CMAP through the Comprehensive Regional Planning Fund, which was created in October 2007. Unfortunately, this dedicated fund was dissolved shortly after its

creation. As noted earlier, a high legislative priority for this year in Springfield will be the restoration of that fund, but this is not guaranteed to succeed.

The historical dues structure, as of 2006, is shown below. Over \$1 million in local dues made up the budgets of NIPC and CATS, compared to only \$250,000 currently. Please note that Kendall County was not yet part of the metropolitan area in 2006, so did not have any dues.

<b>Historical dues structure</b>				
	<b>NIPC, 2006</b>	<b>CATS, 2006</b>	<b>Total, 2006</b>	<b>Current, 2014*</b>
Cook	\$167,279	\$40,000	\$207,279	\$25,000
DuPage	\$59,634	\$10,000	\$69,634	\$25,000
Kane	\$19,996	\$4,500	\$24,496	\$25,000
Kendall			\$0	\$25,000
Lake	\$61,993	\$6,250	\$68,243	\$25,000
McHenry	\$17,401	\$500	\$17,901	\$25,000
Will	\$33,950	\$5,000	\$38,950	\$25,000
Suburban municipalities	\$325,000		\$325,000	\$50,000
City of Chicago	\$133,831	\$40,000	\$173,831	\$25,000
Regional Transportation Authority	\$42,000		\$42,000	\$25,000
CTA		\$10,000	\$10,000	\$25,000
Metra			\$0	\$25,000
Pace			\$0	\$25,000
Illinois State Toll Highway Authority	\$15,513	\$10,000	\$25,513	\$25,000
<b>Total:</b>	<b>\$876,596</b>	<b>\$126,250</b>	<b>\$1,002,846</b>	<b>\$375,000*</b>

\* This amount is the invoiced amount, but contributions are voluntary; approximately \$250,000 is actually collected.

### **Conclusions**

To summarize the above analysis:

- CMAP's overall budget is lower than its peers, meaning that CMAP provides its services more efficiently than other comparable regional agencies.
- The low reliance of the agency on local funding is unusual. No other comparable agency, either nationwide or within Illinois, has such a low reliance on local funding. CMAP is unique in relying nearly entirely on the state for its local match.
- Many other comparable agencies are more aggressive at seeking competitive grants. While CMAP should pursue these more actively, these sources are typically not appropriate to provide the required local match for federal transportation funds.

- CMAP's predecessor agencies -- NIPC and CATS -- had significantly larger shares of local funding in their budget than our agency currently does.

## Context

It is worth re-emphasizing the purpose of this analysis. In fall 2015, due to the lack of a state budget, CMAP faced a cash-flow crisis that nearly resulted in its shutdown. This outcome was averted through action by FHWA and FTA -- historically unprecedented in the U.S. -- to temporarily provide funding directly to our agency. While all MPOs in Illinois faced the same state budget situation, CMAP was the only one that experienced a crippling cash flow crisis. The reason for this is simple: CMAP relies on state funding to a larger degree than other MPOs. Other agencies were able to use local funding sources to keep them solvent, but CMAP, with minimal local funds, had no other revenue source to turn to.

While the immediate crisis has been addressed, longer-term problems continue. CMAP is receiving its federal funding, but the state match is unavailable due to the lack of a state budget. This means that for every dollar expended by CMAP, only 80 cents is recouped. CMAP continues to delay payments to its vendors, and its fiscal situation will worsen until the state budget is passed. If future state budgets are similarly delayed, even direct payments from the federal government will not be sufficient to keep the agency operational, because the federal funding cannot be used without a local match to support it.

Further, it is uncertain whether this year's budget -- or future budgets -- will include the same level of support for CMAP that has previously been enjoyed. The state has serious and far-reaching fiscal problems and will certainly be looking for every opportunity to reduce its spending. The state's current contributions to CMAP are not required by law but are made voluntarily each year by IDOT. It is imprudent to assume these will continue, given the atmosphere of budget reduction at the state level.

CMAP is pursuing a variety of different approaches to provide solutions to our funding issues.

- The ideal solution is to create a program like FUND 2040, an infrastructure fund made up of regionally-generated revenue that would also include operational funding for CMAP. This is the "Plan A," or preferred option. However, it is quite politically challenging and cannot be relied upon to succeed.
- A second option, "Plan B," is to replenish the state's Regional Comprehensive Planning Fund to provide a continuing appropriation for CMAP and the state's other MPOs to support their operations. This is highly desirable but also not guaranteed, particularly since CMAP has consistently but unsuccessfully advocated for it over the past five years. A similar option would be to receive operational funding through an upcoming capital bill, though this would be a short-term solution rather than permanent. The Board will be asked to further discuss these options as part of a separate memo in January.
- Finally, "Plan C" should be put into place if the first two options fail. This is the backup option, and should include activities that are fully within the control of the CMAP Board. Described further in the following pages, Plan C includes a combination of more

aggressive external fundraising, increased local contributions, and increased use of fee-for-service arrangements.

## **Discussion of “Plan C” options**

As noted above, “Plan C” is meant to be put into place to begin FY17 if the first two options are unsuccessful prior to June 30, 2016. This does not rely on any action by the state, but it can be implemented at the direction of the CMAP Board. Several potential elements of this option -- particularly those that call for local contributions, either as dues or as fee-for-service -- will be unpopular. However, if CMAP does not find a supplementary local match source beyond the state, an eventual shutdown is a real possibility.

The “Plan C” scenario does not exempt the state from its responsibility to provide at least some funding for CMAP. Some level of state contribution will remain necessary for the agency to remain functional. The options discussed in this memo are meant to *reduce* reliance on state funding, not eliminate it entirely.

Potential elements of “Plan C” include local dues, fee-for-service, and external grants. It is likely that the solution will involve a combination of all of these elements. This memo does not present a full proposal, proposed distribution, or total amount, as that would be premature at this stage. However, it does lay out some concepts for discussion. The Board’s discussion in January will guide the development of a full proposal in the following months.

### **Local dues**

As described earlier in this memo, peer agencies, both within Illinois and nationwide, raise a share of their budgets through local dues. CMAP’s current local dues are the lowest of any MPO examined, and are below the dues collected by CATS and NIPC. A central part of any funding strategy would logically include the raising of these rates.

Nationally and across Illinois, responsibility for paying local dues varies. Generally, counties have responsibility; in many cases, municipalities do as well, and in a few cases, transit agencies and other transportation providers also contribute. These are likely the most realistic groups to pay local dues for CMAP, and are the groups that historically funded NIPC and CATS as well.

This memo does not propose a target or a distribution for local dues. However, staff asks that the Board to discuss some concepts that could inform a future distribution proposal. Some potential concepts -- included here for discussion -- include:

- The agencies that appoint members to CMAP’s governing boards -- both the Board and the MPO -- are ultimately those that drive CMAP’s policy and direction. As these agencies govern CMAP’s work, it could be argued that they should also support its operations.
- Most other MPOs assess dues to counties and municipalities based on population, tax base, or similar methods, so agencies with larger budgets have higher levels of dues. This can provide a clear way to divide responsibility for dues in a way that is logical and understandable.

- One of the CMAP's basic responsibilities is to administer federal transportation funds. In the event that CMAP shuts down, the agencies that use federal funding would be the most directly affected, so they have an interest in ensuring that CMAP remains solvent. Thus, it could be argued that agencies that use or benefit from federal transportation funding should be responsible for paying local dues.
- Local dues should be mandatory rather than voluntary. But CMAP has no authority to legally compel another organization to pay dues, and state action to give it such authority is unlikely. In other words, CMAP needs its own enforcement mechanism. The primary way that CMAP could require dues is by withholding services from organizations that do not pay their dues -- again reinforcing the concept that the organizations that benefit from CMAP should support it. Agencies that do not rely on CMAP for funding or other assistance would have little incentive to pay dues.
- The practicality of invoicing and collection should be considered. Individual dues contributions from individual municipalities can be administratively burdensome, both to CMAP and to the communities, for what is ultimately a small amount of money. It may be more efficient for CMAP to work through the Councils of Mayors on dues collection than directly with all 284 municipalities.
- Some consideration should be given to the level of dues paid to CATS and NIPC before CMAP was formed, as well as the level of dues assessed by CMAP currently. Agencies that contributed funding higher levels of funding in the past may be willing to contribute those amounts again.
- Local dues are best suited to support CMAP activities that benefit the region broadly -- like preparing the long-range plan, maintaining the regional transportation model and necessary data, administering the TIP, conducting public outreach, and similar work. Programs that directly affect specific agencies are better suited to be supported through fee-for-service arrangements, as noted below.

### **Fee-for-service arrangements**

Many MPOs, but not all, receive funding through fee-for-service arrangements, in which recipients of MPO services are asked to pay a share of the costs. Unlike dues, which are assessed at a consistent level every year and support basic agency functions, fee-for-service varies by year, as it is tied to specific projects. It is best assessed for activities that have a specific beneficiary.

CMAP's experience with fee-for-service is limited to the LTA program, which began to require local contributions in 2015. These contributions vary between 5% and 20% of total project cost (with a few projects that meet certain criteria provided at no cost), with an average contribution of 10% of project cost. If the LTA program continues at its current pace, the LTA local contributions can be expected to total \$200,000 to \$250,000 per year. While contribution rates could be increased to some degree, the sliding scale was specifically designed to allow the participation of lower-capacity communities, which is important to continue.

Other CMAP activities with specific beneficiaries include programming of CMAQ and TAP funding. The project selection and administration of these programs requires staff time, which the sponsors of successful projects could be asked to help to fund. CMAP also provides modeling and data assistance on a regular basis to support transportation studies by implementers, at no cost; this could also be a reasonable opportunity for fee-for-service.

Other possible fee-for-service arrangements certainly exist as well. For example, CMAP could increase the cost of trainings or begin to charge for training opportunities that are currently free, although this would not raise a large amount of funding. However, it should also be remembered that CMAP is a public agency, so it may not be appropriate to charge for every potential activity (for example, charging to download publications or data is not recommended). Other ideas will be sought from the Board and committees.

### **External grantseeking**

In addition to local dues and fee-for-service arrangements, a realistic “Plan C” should also include increased pursuit of external funding. Over the past several years, CMAP has averaged \$1 million annually in external grants received to support topics such as housing, economic development, watershed planning, water supply, and stormwater and resilience. This amount is less than most other regional agencies, meaning that CMAP likely has room for additional external fundraising. Staff is now working on a strategic plan to identify topics and potential sources to increase external funding beyond \$1 million annually.

It must be emphasized again, however, that external sources (most likely, federal or philanthropic grants) are very unlikely to be significant components of a local match. While these should be important contributors to the agency’s budget, they do not remove the need for local funds to match federal funds and reduce reliance on the state.

### **Conclusions**

To reduce reliance on state funding, staff recommends developing and proposing a “Plan C” funding package consisting of increases in local dues, fee-for-service arrangements, and external grants. Board reaction and discussion of each of these elements is requested. Such a package would need to be put in place by July 1, assuming Plans A and B are not successful in the same time frame.

**ACTION REQUESTED:** Discussion

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