



**The Institute for Illinois'
Fiscal Sustainability**
AT THE CIVIC FEDERATION

THE STATE OF ILLINOIS INFRASTRUCTURE

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The Civic Federation is an independent, non-partisan government research organization working to maximize the quality and cost-effectiveness of government services in the Chicago region and State of Illinois.

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EXECUTIVE SUMMARY

The purpose of this report is to provide an overview of the condition and funding of Illinois infrastructure. It is based upon publicly available information and various independent assessments of the state's infrastructure available as of December 2011. Although more recent assessments may be available and some of the capital budgets have been updated since this survey, the overall capital needs and resources have not changed significantly.

Three entities are primarily responsible for the management and funding of infrastructure assets on a statewide or regional basis: the State of Illinois, the Illinois Toll Highway Authority and the Regional Transportation Authority.

- The State of Illinois has responsibility for surface transportation, bridges, facilities, state parks, aviation and water infrastructure and provides funding for elementary and secondary education infrastructure as well as higher education institutions.
- The Illinois State Toll Highway Authority oversees the operations and capital management of the toll roads in northeastern Illinois.
- The Regional Transportation Authority is charged with financial and budget oversight of the three mass transit service boards in the six-county region of northeastern Illinois: the Chicago Transit Authority or CTA (Chicago rail and bus transit); Metra (the suburban rail system); and Pace (the suburban bus system and provider of regional paratransit services).

Two other joint state-local entities, the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority, are located in Chicago and issue bonds to finance significant regional assets.

Data Deficiencies

This report pieces together publicly available information from State of Illinois, regional authority and independent evaluations to provide an overview of the condition and financing of Illinois infrastructure. It is by no means complete because there are significant gaps in data availability.

Because the State of Illinois has not developed a formal capital improvement plan, there is no centralized database or report providing comprehensive information about infrastructure condition or needs for state funded and managed capital assets. The amount and detail of information varies widely among different state agencies for different capital program areas. For many program areas, no information is available. The Illinois Tollway and the RTA do develop and publish multi-year capital improvement plans. However, the amount of information provided is not always comprehensive.

ILLINOIS INFRASTRUCTURE CONDITION ASSESSMENT SUMMARY

The State of Illinois does not develop a formal capital improvement plan (CIP) to explain the prioritization of projects in the capital budget or provide an overall needs assessment for all state-owned assets.

The Illinois Toll Highway Authority prepares and publishes a multi-year CIP with limited information. It does not provide a description of how criteria are weighted or applied to specific projects, how projects are prioritized or include information about allocations of expenses per project over each year of the project.¹

The Regional Transportation Authority budget includes five-year capital program information including summaries of capital program expenses by service board, a discussion of capital impact on operations, a discussion of the amount of capital funds available for the RTA's ten-year plan and a discussion of capital impact on maintenance operations. However, there is no discussion of how projects are prioritized, how criteria are applied to projects and no information is provided about allocations of expenses per project over each year of the project.²

Review of the Condition of Illinois Infrastructure

Highlights from a review of the findings of publicly available information provided by the State of Illinois and evaluations from the federal government and independent organizations follows. No information was publicly available regarding water transportation, environmental conservation, flood control, pollution control and waste disposal, energy and publicly owned structures and facilities.

Highways and Roads

- 58.2% of highways and roads were rated Excellent or Good and 41.8% were rated Fair or Poor (Illinois Department of Transportation Condition Rating Survey of Highways, 2010).
- 48.9% of highways and roads were rated Very Good or Good and 51.9% were rated Fair, Mediocre or Poor (Federal Highway Administration International Roughness Index Report for Roads, 2008).

Bridges

- 15.2% of Illinois' 26,337 bridges assessed were structurally deficient or functionally obsolete (Federal Highway Administration National Bridge Inventory, 2010).

Mass Transit

- Over 66% of bridges/structures, rail and bus maintenance facilities and busses are in a state of good repair.
- 56.9% of train stations are in a state of good repair.

¹ Illinois State Toll Highway Authority, Move Illinois - Capital Program Summary, August 2011.

² Regional Transportation Authority 2011 Budget, Two-Year Financial Plan and Five-Year Capital Plan, p. 142-155.

- 63.6% of Metra and CTA passenger rail cars are in a marginal state.
- Nearly 42% of rail cars were rated as past their useful life (Regional Transit Authority Capital Asset Condition Assessment, 2010).

Aviation

- C+ grade for Illinois aviation; notes that 10% of pavements rated poor in IDOT's 2008 Airport Inventory Report (American Society of Civil Engineers Illinois Report Card, 2009).

Drinking Water

- 96.8% of Illinois residents were served by public community water suppliers compliant with all health requirements.
- 15.0% of the 1,758 public community water suppliers received violations for various infractions.
- Of the 3.2% of Illinois residents served by non-community water supply systems, 90.7% were served by systems fully in compliance with health regulations
- 9.3% of the 4,003 non-community water suppliers received violations for various infractions (The Illinois Environmental Protection Agency and Department of Public Health Annual Compliance Report, 2010).

Wastewater

- 95% of Illinois major dischargers did not have Significant Non-Compliance (SNC) violations as reported on a quarterly basis.
- 0.4% or 46 of the 11,752 major dischargers in Illinois had SNC violations (IEPA National Pollution Discharge Elimination System Permits Report, 2008).

Dams

- 13.4% or 201 of Illinois' 1,504 dams had a high hazard classification; 335, or 22.3%, had significant hazard classification; and 968, or 64.4%, received a low hazard rating.
- 83%, or 166, of the high hazard potential dams had an Emergency Action Plan (EAP) in place.
- 40.8%, or 125 of 306 dams for which there was information in the significant hazard category had an EAP plan.
- 29.4% of the total or 442 Illinois dams were 50 years of age or older (United State Army Corps of Engineers: National Inventory of Dams, 2010).

Assessing Capital Needs

Various Illinois and federal government entities have published monetary assessments of capital needs. These assessments are summarized in the table below. The assessments use different methodologies and are for different periods of time. Thus, they cannot be combined to produce aggregate total estimates of need. The largest identified need is for the maintenance, rehabilitation and replacement of roads and bridges, which the Illinois Department of

Transportation estimated would require \$171.4 billion in the 20 year period between 2007 and 2036. No information is publicly available on the capital needs of the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority.

Illinois Infrastructure Needs Assessments (in \$ billions)			
Type	Needs	Timeline	Source
Roads & Bridges	\$171.40	30 years (2007-2036)	Illinois Department of Transportation
Mass Transit	\$64.70	30 years (2007-2036)	Illinois Department of Transportation
Freight Rail*	\$1.70	30 years (2007-2036)	Illinois Department of Transportation
Toll Highways	\$12.10	15 years (2011-2026)	Illinois Toll Highway Authority
Mass Transit (RTA)**	\$24.10	20 years (2010-2019)	Regional Transportation Authority
Mass Transit - CTA	\$14.50	20 years (2010-2019)	Regional Transportation Authority
Mass Transit - Metra	\$7.30	20 years (2010-2019)	Regional Transportation Authority
Mass Transit - Pace	\$2.20	20 years (2010-2019)	Regional Transportation Authority
Facilities	N/A	5 years (2007-2012)	Capital Development Board
School Facilities	\$9.90	2 years (2010-2012)	Illinois State Board of Education/Capital Development Board
Drinking Water Infrastructure	\$15.00	20 years (2007-2027)	US Environmental Protection Agency
Wastewater Treatment	\$17.50	20 years (2008-2028)	US Environmental Protection Agency

* In 2011 the Urban Land Institute estimated that freight rail needs in Illinois were \$3.05 billion.

** The RTA mass transit figures are more recent than those provided by the Illinois Department of Transportation in its 2007 State Transportation Plan. Data from an RTA estimate of need data is included in part in the State Transportation Plan figures.

Source: Illinois Department of Transportation, Illinois State Transportation Plan, Special Report: Transportation Funding, July 2007; Regional Transportation Authority, Capital Asset Condition Assessment; Illinois Toll Highway Authority, Move Illinois - Capital Program Summary; United States Environmental Protection Agency, Drinking Water Infrastructure Needs Survey and Assessment: Fourth Report to Congress, EPA 816-R-09-001, February 2009 and United States Environmental Protection Agency, Office of Wastewater Management, Clean Watersheds Needs Survey 2008: Report to Congress, EPA 832-R-10-002, February 2009.

Asset Condition Criteria

Information is not publicly available regarding criteria used to evaluate asset condition for most state owned assets such as surface transportation or those of the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority.

Use of Cost-Benefit Analysis

The Illinois Department of Transportation uses a variety of studies, including cost-benefit studies, to evaluate new transportation facilities, but not generally for maintaining or improving existing assets. IDOT also assesses costs to address unfunded capital needs. The Federal Rail Administration requires IDOT's Division of Public and Intermodal Transportation to prepare a State Rail Plan for applications for capital infrastructure grants. These plans must include needs assessments with a cost-benefit component. In addition, the Federal Aviation Administration requires cost-benefit studies from IDOT's Division of Aeronautics for projects over \$5 million.³

Demand Constraint Policies

No information was publicly available on state or regional policies to constrain demand.

³ Communication to the Civic Federation from the Governor's Office of Management and Budget, November 8, 2011.

Evidence of Deferred Maintenance

There is little publicly available information regarding the deferred maintenance for state-owned assets or those of the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority. The exception to this is the Regional Transportation Authority.

The RTA's August 2010 Capital Asset Condition Assessment report presents ratings for the largest categories of mass transit infrastructure, which represent nearly 75% of the three transit agencies' entire 10-year capital needs. Asset condition was rated on a scale from 1 to 5 with 1 representing an asset "past its useful life" and 5 representing a relatively new asset in "excellent condition." A state of good repair was defined as a rating of 3, which was "adequate with no backlog." A rating of 3 or above was considered in a state of good repair. A rating of lower than 3 means that the asset is likely in its last quarter of useful life.⁴ The assets with rating of less than 3 face problems with deferred maintenance. The report found that:

- Approximately 43.2% of Metra and CTA train stations were rated as being in less than a state of good repair. Of that number, 39.3% were rated as being past their useful life. About one-third of CTA and Pace busses received a 1 or 2 rating.
- 63.6% of Metra and CTA passenger rail cars were in a marginal state. Of that number, nearly 42% of the rail cars were rated as 1, which means that they were past their useful life.⁵

CAPITAL FINANCING SUMMARY

This section of the report examines how the State of Illinois and major regional state-local authorities provide financing for their capital programs and summarizes published projections of future funding amounts.

Description of Capital Financing Sources

The State of Illinois, the Regional Transportation Authority, Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority utilize a variety of different revenue streams to finance capital acquisition, construction and maintenance. The financing sources for each entity are described below.

State of Illinois

On July 13, 2009, Governor Quinn signed the \$30.5 billion *Illinois Jobs Now!* program as enacted by the General Assembly. It was the first multi-year statewide capital program enacted in Illinois since the *Illinois FIRST* capital program in 1999. Funding was supposed to come from:

- \$15.9 billion of State funds and bonding;
- \$6.6 billion from the Federal government; and

⁴ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. vi-vii.

⁵ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. iv.

- \$4.5 billion from taxes, user fees and other sources including motor fuel taxes and vehicle registration fees.⁶

Funding for the State's *Illinois Jobs Now!* plan is provided by a combination of state, federal and local funds.

- Road and bridge construction project bonds are funded by revenues from motor vehicle registration fees, state driver's license fees and motor fuel taxes.
- Statewide transit projects are funded by motor vehicle title fees.
- School construction, environmental protection, conservation, economic development and higher education are funded from a variety of other taxes or fees.⁷

In 2009 the General Assembly approved a package of new revenues to provide additional support for the capital program. The revenue sources and estimated annual revenues from each included:⁸

- Statewide legalization and taxation of video poker: \$288 to \$534 million annually;
- Expansion of the state sales tax to candy, sweetened beverages and some hygiene products: \$65 million;
- Lease of the management of state lottery operations: \$150 million;
- Increase in the per gallon tax on beer, wine and liquor: \$108 million; and
- Increase in license and vehicle fees: \$332 million.⁹

Regional Transportation Authority

Funding for the RTA service boards' capital programs is provided from four sources:

1. *Federal funds.* Certain federal funds are formula based and others are awarded on a competitive basis. Formula-based federal funds such as Section 5307 Urbanized Area Formula Funds and Section 5309 (m)(2)(B) Fixed Guideway Modernization funds have been allocated by the RTA to the service boards according to the historical distribution of 58% to the CTA, 34% to Metra and 8% to Pace.¹⁰
2. *State funds.* This includes approximately \$2.3 billion available from the *Illinois Jobs Now!* plan, appropriated in 2009 and available through 2014. An additional \$112.5 million in State funds are allocated via the Illinois Department of Transportation for the duration of the RTA's 10-year Strategic Plan.
3. *RTA funds.* These include discretionary bonds issued by the agency totaled \$53.1 million in 2011.
4. *Local funding.* Local funding for capital purposes consists of Service Board money that Metra allocates to capital spending from farebox revenues each year, capital funding

⁶ State of Illinois, FY2012 Capital Budget, p. 104.

⁷ State of Illinois, FY2012 Capital Budget, p. 12.

⁸ Public Act 096-0034.

⁹ Commission on Governmental Forecasting and Accountability, Illinois FY2012 Capital Plan, p. 9.

¹⁰ Pace, FY2012 Budget, p. 42.

provided by local communities, other funds from the service boards and bonds issued by the CTA. These funds will total \$566.8 million between 2011 and 2020.¹¹

The three mass transit service boards' operating and locally-funded capital expenses are funded through a combination of own source or system-generated revenues and public funding provided by the RTA. System-generated revenues include fares, revenue from advertising and concessions and miscellaneous revenues. The CTA receives an annual contribution of \$5 million from the City of Chicago and Cook County as well. Public funding provided through the RTA includes revenues from the regional RTA sales tax and state sales tax funds.

Metropolitan Pier and Exposition Authority

The Metropolitan Pier and Exposition Authority capital revenues include:

- A 1% tax on restaurant sales in downtown Chicago;
- A 2.5% tax on hotel and motel rooms in Chicago;
- A 6% tax on auto rentals in Cook County; and
- An airport departure tax at O'Hare and Midway airports.¹²

These revenues are collected by the City of Chicago and the State of Illinois and held by the State in the Authority's Tax Fund to pay debt service for facility expansion and maintenance. If Authority taxes are not adequate to pay for debt service and cash is unavailable in reserve accounts, the Authority is authorized to draw on state sales tax funds from the State of Illinois. These revenues are to be repaid when Authority taxes generate a surplus again.¹³ The Authority collects operating revenues from a variety of fees from guest services, parking, retail concessions, entertainment and use of exhibition facilities.

Illinois Sports Facilities Authority

The Illinois Sports Facilities Authority is funded by the proceeds of a tax of 2% of 98% of gross rental receipts of hotel operators in Chicago.¹⁴ The tax is collected by the Illinois Department of Revenue and paid to the Authority. The Authority also receives a \$5 million annual subsidy from the State of Illinois and a \$5 million annual subsidy from the City of Chicago, fees from the Chicago White Sox, investment income and other miscellaneous revenues.¹⁵ If Authority revenues are not sufficient to pay for debt service on bonds issued, the City of Chicago must provide the funds needed to pay for the difference.¹⁶

¹¹ Regional Transportation Authority, FY2011 Budget, Two-Year Financial Plan and Five-Year Capital Program, p. 152.

¹² Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 9.

¹³ Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 30.

¹⁴ 70 ILCS 3205/19.

¹⁵ Illinois Sports Facilities Authority, Annual Report, p. 12

¹⁶ "The Soldier Field fiasco," *Chicago Tribune*, December 9, 2011.

Projections of Future Financing

State of Illinois

Despite the size of its capital program, the State of Illinois does not develop a comprehensive multi-year capital improvement plan nor provide publicly available future year projections of total capital spending and revenues in other reports. The only publicly provided projections of future spending are the five-year projections of bond-funded capital expenditures in the capital budget.

The FY2012-FY2017 Highway Improvement Program projects five-year expenditures of \$11.5 billion. No projections are provided for capital projects funded through the State Motor Fuel Tax Fund or the Road Fund. The Illinois Capital Budget does include a five-year projection of the portion of state capital expenditures funded by debt in an appendix. Projections of pay as you go funded projects are not provided. The FY2012 capital budget shows that between FY2012 and FY2017, spending on bond-funded projects will drop from \$2.6 billion to \$729.2 million as the *Illinois Jobs Now!* program funds are used. Funding capital needs beyond FY2016 would likely require approval of a new capital program.

Illinois State Toll Highway Authority

The Illinois State Toll Highway Authority has provided a schedule of capital expenditures for its \$12 billion *Move Illinois* capital plan from FY2012 to FY2026. Anticipated bond issuance for the *Move Illinois* capital program will be \$240.9 million.¹⁷

Regional Transportation Authority

Chicago Transit Authority

The Chicago Transit Authority anticipates that it will receive \$2.9 billion in funding between FY2012 and FY2016. Approximately \$2.4 billion of that total will be new funding and \$520 million will come from CTA-issued debt. Over 52% of all new funding will be from federal sources and 48% from state or local sources. The federal funds were contingent upon a reauthorization of the SAFETEA-LU Act; this occurred on June 29, 2012 when the Act was extended for a two year period.

Metra

Metra projects that it will receive \$1.2 billion in capital finding from FY2012 through FY2016. Approximately 61.7% or \$746.9 million will be derived from federal funds and 38.3% from state and local funding. State bond funds will provide nearly \$413.4 million through 2014 when their current authorization expires.

¹⁷ Illinois State Toll Highway Authority, Illinois Tollway 2012 Tentative Budget, p. 15.

Pace

Pace estimates that federal funds will provide 67.9% or \$274.7 million of its anticipated five-year capital expenses of \$404.5 million between FY2012 and FY016. Most of the remaining funds will be provided by the State of Illinois (\$128.5 million) from the Department of Transportation.

RISK ANALYSIS SUMMARY

There are several areas of risk that could lead to the need for additional capital funds in the future. Because of the lack of information on plans to address capital assets in poor condition, it is not possible to assess the probability of additional funding being needed for state-owned assets.

Regional Transportation Authority Backlog Needs for Rail Assets

The condition of important Regional Transportation Authority capital assets is poor. In its 2010 condition assessment report, the authority gave 39.3% of Metra and CTA train stations and 42% of rail cars for both agencies a rating of 1, which means that they were past their useful life.¹⁸ The problem is compounded by the fact that the CTA, Metra and Pace had \$13.3 billion in “backlog” costs or 55.2% of all capital need costs from 2010 to 2019.

Metropolitan Pier and Exposition Authority Revenue Shortfalls

In FY2009 and FY2010, Authority taxes collected were insufficient to fund annual debt service, requiring McPier to collect a non-reimbursed draw on state sales tax revenues of \$22.4 million and \$66.3 million, respectively. Full repayment of the funds to the State has been deferred until 2014. The Authority restructured its debt service in 2010 and expects that it will not need to draw on state sales taxes to cover debt service in future years.¹⁹ However, achieving this goal depends on increases in revenues, ongoing cost containment and increases in the Chicago region’s convention and tourism business.

Illinois Sports Facilities Authority Revenue Shortfalls

If Illinois Sports Facility Authority revenues are not sufficient to pay for debt service on bonds issued for Soldier Field renovation, the City of Chicago must provide the funds needed to pay for the difference. In 2011 the City of Chicago had to pay \$185,000 to make up the hotel tax shortfall.

The bonds issued for Soldier Field are backloaded, with debt service payments escalating from \$6.3 million in 2002 to \$88.5 million in 2032.²⁰ Hotel tax revenues from ISFA’s 2% hotel tax would have to grow at the rate of 5.6% annually for 30 years to fully fund the debt service

¹⁸ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. iv.

¹⁹ Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 30.

²⁰ Illinois Sports Facilities Authority, Sports Facilities Bonds (State Tax Supported) Series 2001, Official Statement, p. 14.

payments.²¹ This scenario is not likely, greatly raising the risk that the City of Chicago will have to provide steadily rising subsidies over time. ISFA and the City may be required to seek refinancing of the debt to reduce the annual financial cost by extending the length of payment terms. Over the long term this could raise the total cost of the project.

Preventing Asian Carp from Entering the Great Lakes Ecosystem

In the last several years, several states have expressed concern that the invasive species of fish known as Asian carp could enter Lake Michigan through the Chicago Sanitary and Ship Canal, which connects the Great Lakes to the Illinois River, which in turn connects to the Mississippi River. The fear is that the fish would out-compete native species in the Great Lakes for food and disrupt the lucrative sport fishing industry in Lake Michigan. Electric barriers have been erected in the Chicago Sanitary and Ship Canal to block access to Lake Michigan. In 2010 the U.S. Army Corps of Engineers constructed physical barriers to prevent Asian carp in the Des Plaines River and the Illinois and Michigan Canal from crossing into the Chicago Sanitary and Ship Canal during flooding.²² Preventing Asian carp habitat expansion is an ongoing effort that could require increased capital funding commitments from the State of Illinois and local government agencies in future years.

FUTURE FUNDING STRATEGIES AND OPTIONS SUMMARY

This portion of the report evaluates the condition of the revenue streams supporting the capital programs of the State of Illinois and its major regional authorities.

Assessment of Capital Funding Streams

State of Illinois Capital Plan Revenues

The Institute for Illinois' Fiscal Sustainability at the Civic Federation analyzed the revenue streams approved to fund the debt service for the *Illinois Jobs Now!* capital program in September 2011.²³ The analysis found that as the State entered into the third year of the *Illinois Jobs Now!* capital program, the State's capital revenue sources were still well below the anticipated debt coverage needed to pay for the more than \$16 billion in bond funded projects already approved. This raises questions about the sustainability of the program in future years.

In July 2009 the General Assembly approved a package of revenue enhancements to support the new capital bill's spending then estimated to be worth between \$943 million and \$1.2 billion annually.²⁴ However, at the end of FY2011 these new taxes and fees only provided \$458 million in total new funds, according to online revenue reports provided by the Illinois State Comptroller.²⁵ This is far short of the estimated \$1 billion needed annually to cover all of the debt service owed on bonds issued to support *Illinois Jobs Now!*

²¹ "The Soldier Field fiasco," *Chicago Tribune*, December 9, 2011.

²² See Asian Carp Regional Coordinating Committee at <http://asiancarp.us/monitoring.htm>.

²³ Institute for Illinois' Fiscal Sustainability, "State Capital Budget Still Waiting for Revenues," September 30, 2011 at <http://www.civicrofed.org/iifs/blog/state-capital-budget-still-waiting-revenues>.

²⁴ State of Illinois, Public Act 096-0034 at <http://www.ilga.gov/legislation/publicacts/96/PDF/096-0034.pdf>.

²⁵ <http://www.ioc.state.il.us/index.cfm/linkservid/7FCD999D-DE59-41CA-8545442308C61AAA/showMeta/0>.

Regional Transportation Authority Capital Funding

A majority of capital funding for the RTA's three service boards is provided from federal or state sources. The primary exceptions are the CTA's \$520 million in revenue bonds and Metra's estimated \$45 million in capital financing from farebox revenues for FY2012-FY2016.

Federal and state funding for RTA capital needs is far from certain. Authorization for State of Illinois bond funds for mass transit projects expires in 2014 while an authorization from the *Illinois Jobs Now!* capital program for mass transit for FY2012 through FY2014 has not yet been issued.²⁶ Future outlays of federal funds were contingent upon a reauthorization of SAFETEA-LU, the federal transportation act that expired in 2009. The Act was extended for two years on June 29, 2012. It is important to note that Federal funds available under any new federal transportation bill will require substantial amounts of local share matching funds. Matching funds will also be required for New Starts programs or funding for new transit lines and extensions or rehabilitation of existing transit lines.²⁷

Illinois State Toll Highway Authority Funding

The Toll Highway Authority Board of Directors approved substantial toll increases for passenger automobiles beginning in 2012 and reaffirmed a 2008 decision to increase commercial vehicle rates starting 2015. The anticipated revenue stream from these sources should be adequate to fund the Tollway's long-term capital plan.

Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority Funding

The primary funding mechanism for both the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority is the hotel tax. In recent years hotel tax proceeds have not provided sufficient funding for debt service on bonds issued by both Authorities. Shortfalls must be made up by the State of Illinois or the City of Chicago respectively. Part of the shortfall is due to continued negative economic conditions in the Chicago metropolitan area. When the situation improves, hotel tax receipts may increase and be sufficient to fund McPier expenses. However, in the case of the Illinois Sports Facility Authority, the backloaded debt service presents a significant financial hurdle to meet in future years and may require increases in the amount of City of Chicago financial support unless the bonds are refinanced to reduce annual payments.

Capital Decision-Making Processes

The following sections discuss the capital decision-making process for the State of Illinois, the Regional Transportation Authority, the Illinois State Toll Highway Authority and the Metropolitan Pier and Exposition Authority.

State of Illinois

The General Assembly annually authorizes capital spending by approving the capital budget.

²⁶ Chicago Transit Authority, FY2012 Budget, p. 63.

²⁷ Chicago Transit Authority, FY2012 Budget, p. 63.

New spending is appropriated and the remaining amount of funding in the *Illinois Jobs Now!* capital plan is reappropriated. The total amount of bonds the state may issue for a given purpose is limited by legislated maximums for each of several bond authorization categories or purposes. Bonded capital projects only commence when there is adequate bond authorization to completely fund the appropriate phases of the project.

Regional Transportation Authority

Decision-making for public transit in northeastern Illinois is divided between the Regional Transportation Authority and the three service boards. The RTA's primary responsibilities are the financial and budget oversight of CTA, Metra and Pace and regional transit planning issues. The RTA Board is required annually to review and approve a five-year capital plan, which is a blueprint of the capital activities to be funded by the RTA and executed by the CTA, Metra and Pace. The three service boards for CTA, Metra and Pace determine levels of service, fares and operational policies.²⁸

Illinois State Toll Highway Authority

Decision-making authority for the operation and maintenance of the Illinois tollway system is vested in the Illinois State Toll Highway Authority Board.

Metropolitan Pier and Exposition Authority and Illinois Sports Facilities Authority

The Boards of these two joint city-state authorities are charged with capital and operating budget decision-making authority. However, any significant issues historically have been decided by negotiations between the Governor of Illinois, the Mayor of Chicago and key legislative leaders.

Options for Increasing Revenues for Capital Purposes

Increasing current revenues that support capital projects or earmarking new taxes or fees for capital projects is not likely because all major entities that fund and manage capital assets in Illinois have raised taxes and fees within the last three years.

State of Illinois

The State of Illinois approved a package of revenue enhancements in 2009 to fund a portion of the state's capital program. The political climate is not favorable to further increases in state taxes or fees to fund either operations or capital expenditures at this time. Options for increasing revenues in Illinois beyond current levels to fund capital needs are very limited even though the revenue package approved may not be adequate to fully support the state's capital plan.²⁹

The General Assembly in 2008 authorized the Regional Transit Authority to increase its six-county regional sales tax and permitted an increase in the City of Chicago real estate transfer tax to support the CTA. Further tax increases are not likely.

²⁸ <http://www.rtachicago.com/index.php?Itemid=63>.

²⁹ Institute for Illinois' Fiscal Sustainability, "State Capital Budget Still Waiting for Revenues," September 30, 2011 at <http://www.civicfed.org/iifs/blog/state-capital-budget-still-waiting-revenues>.

Illinois State Toll Highway Authority

The Illinois Toll Highway Authority Board of Directors approved substantial toll increases for passenger automobiles beginning in 2012 and reaffirmed a 2008 decision to increase commercial vehicle rates starting 2015. Additional increases are unlikely.

Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority

Both the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority rely primarily on hotel tax receipts to fund their capital programs. The composite hotel tax rate in the City of Chicago rose to 16.4% in 2012 as a result of the City's recent 1% increase in the rate of its home rule hotel tax. This makes the city's hotel tax rate one of the highest in the nation and it very unlikely that there will be additional increases in the near future.

INTRODUCTION

The purpose of this report is to provide an overview of the condition and funding of Illinois infrastructure. It is based upon publicly available information and various independent assessments of the state's infrastructure.

Major Capital Asset Management Entities in the State of Illinois

Three entities are primarily responsible for the management and funding of infrastructure assets on a statewide or regional basis: the State of Illinois, the Illinois Toll Highway Authority and the Regional Transportation Authority. Two other joint state-local entities, the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority, are located in Chicago and issue bonds to finance significant regional assets.

State of Illinois

The State of Illinois has responsibility for surface transportation, bridges, facilities, state parks, aviation and water infrastructure and provides funding for elementary and secondary education as well as higher education institutions. The state agencies primarily involved in acquiring and maintaining infrastructure assets include:

- Illinois Department of Transportation (IDOT): highways, roads, bridges, aviation;
- Illinois Capital Development Board (CDB): facilities and state parks;
- Illinois State Board of Education (ISBE): educational facilities;
- Illinois State Board of Higher Education (ISBE): public university facilities;
- Illinois Environmental Protection Agency (IEPA): drinking water and wastewater treatment;
- Illinois Pollution Control Board (IPCB): air, land and water pollution; and
- Illinois Department of Natural Resources (IDNR): dams and flood control.

The Illinois State Toll Highway Authority

The Illinois State Toll Highway Authority (Illinois Tollway) oversees the operations and capital management of the toll roads in northeastern Illinois. The tollway system serves approximately 1.4 million drivers daily and maintains 286 miles of roadway and 642 bridges. Four interstate highways serving 12 Illinois counties are managed by the Illinois Tollway. The Illinois Tollway is an “instrumentality” and administrative agency of the state of Illinois. It is charged with the operation of toll highways in the state and is governed by an eleven-member Board of Directors. Nine directors are appointed by the Governor with the advice and consent of the Illinois Senate for terms of four years. The Governor and Secretary of IDOT serve as *ex officio* members of the Board.³⁰

³⁰ Illinois State Toll Highway Authority, Illinois Tollway 2012 Tentative Budget, p. 21.

Regional Transportation Authority

The Regional Transportation Authority (RTA) is a special purpose unit of local government and a municipal corporation of the State of Illinois. It was created in 1974 by referendum in the northeastern Illinois region of Cook, DuPage, Kane, Lake, McHenry and Will counties.

The RTA is charged with financial and budget oversight of the three mass transit service boards in the six-county region of northeastern Illinois: the Chicago Transit Authority or CTA (Chicago rail and bus transit); Metra (the suburban rail system); and PACE (the suburban bus system and provider of regional paratransit services). It is governed by a Board of Directors that approves an annual budget and two-year financial plan. The Board consists of 15 members and a chairman appointed from the six-county region. Five directors are appointed by the Mayor of Chicago; four by the suburban members of the Cook County Board; one by the President of the Cook County Board (from Suburban Cook County); and one director each is appointed by the chairs of the county boards from DuPage, Kane, Lake, McHenry and Will counties. The Chairman of the Board is elected by at least 11 of the 15 appointed members, with at least two affirmative votes from directors who reside in the city of Chicago, at least two affirmative votes from directors who reside in Cook County outside of the City of Chicago and at least two affirmative votes from among the directors who reside in the Counties of DuPage, Lake, Will, Kane or McHenry.³¹

The RTA Board is also required to annually review and approve a five-year capital plan, which is a blueprint of the capital activities to be funded by the RTA and executed by the service boards. The CTA, Metra and Pace are each led by a Board of Directors that determines levels of service, fares and operational policies. The CTA is governed by the Chicago Transit Board whose seven members are appointed by the Mayor of Chicago and the Governor of Illinois. Metra's Board consists of 11 members appointed by the region's county boards and the Mayor of Chicago. Pace is governed by a 12-member Board made up of current and former suburban village presidents and mayors.³²

The RTA is the third largest public transportation system in North America, providing more than two million rides a day. The system covers 7,200 route miles in the six-county region that currently has a population of approximately eight million people. The combined assets of the RTA are valued at more than \$36 billion and include 5,640 bus and rail cars plus 650 vanpool vehicles.³³

The Metropolitan Pier and Exposition Authority

The Metropolitan Pier and Exposition Authority (nicknamed "McPier") is a municipal corporation originally created by the Illinois General Assembly in 1955 to promote, operate and maintain fairs and conventions in Chicago. It is also responsible for the operation of Navy Pier. The Authority's seven-member Board is appointed by the Governor of Illinois and the Mayor of Chicago.³⁴

³¹ <http://www.rtachicago.com/about-the-rt/board-of-directors.html>.

³² <http://www.rtachicago.com/about-the-rt/overview-history-of-the-rt.html>.

³³ <http://www.rtachicago.com/about-the-rt/overview-history-of-the-rt.html>.

³⁴ <http://www.mpea.com>.

McPier revenues include restaurant, hotel, car rental and airport departure taxes collected by the City of Chicago and the State of Illinois and held by the State in the Authority's Tax Fund to pay debt service for facility expansion and maintenance. If Authority taxes are not adequate to pay for debt service and cash is unavailable in reserve accounts, the Authority is authorized to draw on state sales tax funds from the State of Illinois. These revenues are to be repaid when Authority taxes generate a surplus again.³⁵ The Authority also receives revenues from fees and charges and state grants.

The Illinois Sports Facilities Authority

The Illinois Sports Facilities Authority (ISFA) is a government entity created by the Illinois General Assembly in 1987 to construct and maintain professional sports stadiums. ISFA is the developer, owner and operator of U.S. Cellular Field, the Chicago White Sox baseball park. It also has provided \$404 million of the \$606 million public contribution required to finance bonds issued to pay for the renovation of Soldier Field, home of the Chicago Bears football team.³⁶ ISFA's Board of Directors is jointly appointed by the Mayor of the City of Chicago and the Governor of Illinois, with the Governor responsible for appointing the Chairman of the Board.³⁷

The Illinois Sports Facilities Authority is funded by the proceeds of a tax of 2.0% of 98.0% of gross rental receipts of hotel operators in Chicago.³⁸ The tax is collected by the Illinois Department of Revenue and paid to the Authority. The Authority also receives a \$5.0 million annual subsidy from the State of Illinois and a \$5.0 million annual subsidy from the City of Chicago, fees from the Chicago White Sox, investment income and other miscellaneous revenues.³⁹ If Authority revenues are not sufficient to pay for debt service on bonds issued, the City of Chicago must provide the funds needed to pay for the difference.⁴⁰

Capital Improvement Plans for Illinois Infrastructure Assets

This section discusses the current capital improvement planning process for the State of Illinois, the Illinois State Toll Highway Authority and the Regional Transportation Authority.

State of Illinois

The State of Illinois does not develop a formal capital improvement plan (CIP) to explain the prioritization of projects in the capital budget or the overall needs assessment for all state-owned assets. The last State Transportation Plan was published in 2007.⁴¹ Although a list of nearly 9,000 appropriations accompanies the capital budget document, no planning documents are available to explain the prioritization of projects or estimates of total capital needs for the State. The capital budget book describes a process coordinated by the Illinois Capital Development

³⁵ Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 30.

³⁶ <http://www.isfauthority.com/content/?section=477>.

³⁷ <http://www.isfauthority.com/content/?section=477>.

³⁸ 70 ILCS 3205/19.

³⁹ Illinois Sports Facilities Authority, Annual Report, p. 12

⁴⁰ "The Soldier Field fiasco," *Chicago Tribune*, December 9, 2011.

⁴¹ Illinois Department of Transportation, Illinois State Transportation Plan, December 2007.

Board (CDB) and the Governor's Office of Management and Budget to assemble and prioritize the projects in the capital program, but no documentation of the process, comprehensive needs assessment or final ranking of projects is included with the budget.⁴² Some of the important elements of a CIP that are missing from the State's capital budget include:

- A comprehensive inventory of all state-owned assets, with description of useful life and current condition;
- A five-year summary list of all projects and expenditures per project as well as funding sources per project;
- Criteria for projects to earn funding in the capital budget including a description of an objective and needs-based prioritization process;
- Information about the impact of capital spending on the annual operating budget of each project;
- Brief narrative descriptions of individual projects, including the purpose, need, history and current status of each project; and
- An expected timeframe for completing each project and a plan for fulfilling overall capital priorities.

Some information is provided regarding the estimated effect of some completed projects on the State's operating budget. However, the only estimates provided are for State-owned facilities, which totaled only \$1.7 billion for FY2012 proposed projects, or 6.4% of the entire \$27.1 billion capital budget. The Governor's proposed FY2012 capital budget estimates that over the next five years, the State will save \$1.7 billion in operating expenses for reduced repair, maintenance and utility savings when the proposed State facilities projects are completed. However, these savings are offset by an estimated increase of \$2.0 billion in operating expenses for new personnel and increased utilities expense associated with new facilities.⁴³ The five-year net operating increase of \$317.0 million may be underestimated because it only includes increased costs associated with the completion of two relatively small projects out of 8,774 appropriations included in the budget.

Illinois State Toll Highway Authority

The Illinois Tollway prepares and publishes a multi-year CIP with limited information. The plan includes:

- A discussion of the capital planning process;
- A brief listing of key criteria used to make project decisions;
- A project list that identifies existing system needs through 2026 and provides a description of each project, a discussion of project benefits, a timeline for completion and the total cost in present value and enhanced terms;
- A discussion of system expansion options through 2026; and
- Maps of proposed projects.

⁴² State of Illinois, Illinois State FY2012 Capital Budget, p. 4.

⁴³ State of Illinois, Illinois State FY2012 Capital Budget, p. 103.

It does not provide a description of how criteria are weighted or applied to specific projects, how projects are prioritized or include information about allocations of expenses per project over each year of the project.⁴⁴

Regional Transportation Authority

The RTA budget includes five-year capital program information. This includes:

- Five-year summaries of capital program expense by category for the CTA, Metra and Pace;
- A discussion of capital impact on operations;
- A discussion of the amount of capital funds available for the RTA's ten-year plan; and
- A discussion of capital impact on maintenance operations.

However, there is no discussion of how projects are prioritized, how criteria are applied to projects and no information is provided about allocations of expenses per project over each year of the project.⁴⁵

Each of the three service boards present five-year capital improvement plan information in their respective budgets. The CTA and Metra break out expense information for projects for each of the five years while Pace provides a five-year summary of expenditure information. There are also assessments of funding streams for the multi-year plans.

Data Deficiencies

Because the State of Illinois has not developed a formal CIP process or plan in Illinois, there is no centralized database or report providing comprehensive information about infrastructure condition or needs for state funded and managed capital assets. The amount and detail of information varies widely among different state agencies for different capital program areas. For many program areas, no information is available.

As noted above, the Illinois Tollway and the RTA do develop and publish multi-year capital improvement plans. However, the amount of information provided is not always comprehensive.

Independent evaluations have been published that contain evaluations of the condition of Illinois infrastructure. These include:

- The U.S. Department of Transportation Federal Highway Administration's regular reports on the condition of state highways and bridges on a regular basis;
- The Chicago Metropolitan Agency for Planning (CMAP), the official regional planning organization for the northeastern Illinois counties of Cook, DuPage, Kane, Kendall, Lake,

⁴⁴ Illinois State Toll Highway Authority, Move Illinois - Capital Program Summary, August 2011.

⁴⁵ Regional Transportation Authority, 2011 Budget, Two-Year Financial Plan and Five-Year Capital Plan, p. 142-155.

McHenry and Will, has developed and now guides the implementation of GO TO 2040, metropolitan Chicago's first comprehensive regional plan in more than 100 years;⁴⁶

- The American Society of Civil Engineers (ASCE) produces a report card every few years on the state of the nation's infrastructure and assigns letter grades to different infrastructure components. The report includes assessments of infrastructure condition for individual states including Illinois;⁴⁷
- The U.S. Army Corps of Engineers' National Inventory of Dams; and
- The U.S. Environmental Protection Agency's (EPA) reports on clean water and drinking water needs as well as hazardous waste.

ILLINOIS INFRASTRUCTURE CONDITION ASSESSMENT

This section of the report describe the systems and procedures the State of Illinois has for identifying and cataloguing its infrastructure assets, for assessing their condition and for forecasting maintenance and expansion needs. It reviews and synthesizes publicly available information provided by the State of Illinois as well as evaluations from the federal government and independent organizations regarding the condition of Illinois infrastructure assets and future infrastructure needs. Infrastructure condition assessment information is also provided for the Illinois State Toll Highway Authority and the Regional Transportation Authority and its three service boards. No information is publicly available on the condition of the assets of the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority.

The Condition of Illinois Infrastructure

This overview summarizes the findings from most recent government or independent reports on the condition of Illinois infrastructure. It is followed by a more detailed review of key public and independent reports assessing the condition of various infrastructure assets.

Transportation

This section reviews published information on the condition of Illinois transportation assets.

Highways and Roads

- Excellent or Good - 58.2%; Fair or Poor - 41.8% (IDOT Condition Rating Survey of Highways, 2010).
- Very Good or Good - 48.9%; Fair, Mediocre or Poor - 51.9% (Federal Highway Administration International Roughness Index Report for Roads, 2008).

Bridges

- 15.2% of Illinois' 26,337 bridges assessed were structurally deficient or functionally obsolete (Federal Highway Administration National Bridge Inventory, 2010).

⁴⁶ <http://www.cmap.illinois.gov/about>.

⁴⁷ American Society of Civil Engineers, *Report Card for America's Infrastructure: Illinois Report Card*. See <http://www.infrastructurereportcard.org/state-page/illinois>.

Mass Transit

- Over 66.0% of bridges/structures, rail and bus maintenance facilities and busses are in a state of good repair.
- 56.9% of train stations are in a state of good repair.
- 63.6% of Metra and CTA passenger rail cars are in a marginal state.
- Nearly 42.0% of rail cars were past their useful life (Regional Transit Authority Capital Asset Condition Assessment, 2010).

Aviation

- C+ grade for Illinois aviation; notes that 10.0% of pavements rated poor in IDOT's 2008 Airport Inventory Report (American Society of Civil Engineers Illinois Report Card, 2009).

Water Transportation

- N/A

Drinking Water and Wastewater Treatment

The condition of drinking water and wastewater treatment facilities as presented in published reports is reviewed here.

Drinking Water

- 96.8% of Illinois residents were served by public community water suppliers compliant with all health requirements.
- 15.0% of the 1,758 public community water suppliers received violations for various infractions.
- 90.7% of Illinois residents served by non-community water supply systems that were fully in compliance with health regulations.
- 9.3% of the 4,003 non-community water suppliers received violations for various infractions (The Illinois EPA and Department of Public Health Annual Compliance Report, 2010).

Wastewater

- 95.0% of Illinois major dischargers did not have Significant Non-Compliance (SNC) violations as reported on a quarterly basis.
- 46 of the 11,752, or 0.4%, of all Illinois major dischargers had SNC violations (IEPA National Pollution Discharge Elimination System permits report, 2008).

Water and Natural Resources

This section looks at the condition of water and natural resource facilities in Illinois.

Environmental Conservation

N/A

Flood Control

N/A

Dams

- 201, or 13.4%, of Illinois' 1,504 dams had a high hazard classification; 335, or 22.3%, had significant hazard classification; and 968, or 64.4%, received a low hazard rating.
- 83%, or 166, of the high hazard potential dams had an Emergency Action Plan (EAP) in place.
- 40.8%, or 125 of 306 dams, for which there was information in the significant hazard category, had an EAP plan.
- 442 Illinois dams, or 29.4% of the total, were 50 years of age or older (United State Army Corps of Engineers: National Inventory of Dams, 2010).

Pollution Control and Waste Disposal

N/A

Energy

N/A

Publicly Owned Structures and Facilities

N/A

Summary of Findings

The next section summarizes the findings from various published reports on the condition of Illinois infrastructure assets.

Transportation

The table below provides a summary of findings from government and independent reports on the condition of various elements of Illinois' transportation asset network.

ASSESSMENT OF ILLINOIS TRANSPORTATION INFRASTRUCTURE CONDITION			
	State of Illinois or Regional Authority Assessment	Federal Reports	Independent Assessments
Highways and Roads	IDOT Condition Rating Survey of Highways (2010) Excellent or Good - 58.2% Fair - 33.7% Poor - 8.1%	FHWA International Roughness Index Report for Roads (2008) Very Good or Good - 48.9% Fair - 34.9% Mediocre or Poor - 17.0%	AASHTO Pavement Condition Assessment of Roads (2009) Good - 46.0% Fair - 20.0% Mediocre or Poor - 34.0%
			American Society of Civil Engineers Illinois Report Card (2009) D grade for Illinois roads due to concerns over pavement condition, need vs. capacity and lack of funding.
Bridges	IDOT rates individual bridges on scale of 0 to 9. Information was not aggregated or summarized and information for Chicago airports was excluded (see http://wrc.dot.il.gov/bridgeinformation/main.aspx)	FHWA National Bridge Inventory - condition assessment of Illinois' 26,337 bridges (2010) 8.5% of bridges structurally deficient; 6.7% of bridges functionally obsolete; and 15.2% of total were deficient	American Society of Civil Engineers Illinois Report Card (2009) C+ grade for Illinois bridges due to concerns over 17% deficiency rating in 2009 and lack of funding.
Mass Transit	Regional Transit Authority Capital Asset Condition Assessment (August 2010) 1) The majority (over 66%) of bridges/structures, rail and bus maintenance facilities, and busses were in a state of good repair; 2) 56.9% of train stations were in a state of good repair; 3) 63.6% of Metra and CTA passenger rail cars were in a marginal state; and 4) Nearly 42% of rail cars were past their useful life.	N/A	
Aviation	IDOT Airport Inventory Report (2010) Pavement Condition Index scores reported for public airports - information not aggregated or summarized and does not include Chicago airports.	N/A	American Society of Civil Engineers Illinois Report Card (2009) C+ grade for Illinois aviation; reports that IDOT's 2008 Airport Inventory Report showed 10% of pavements as poor.
Water Transportation	No Publicly Available State Assessment	N/A	American Society of Civil Engineers Illinois Report Card (2009) 1) D- grade for Illinois waterways because: delays cost consumers over \$100 million per year; 2) All but one of the locks along Illinois waterways are over 50 years old; 3) 34 of the 68 locks on the Upper Mississippi River are only 600 feet long, requiring inefficient and risky double lockages; and 4) A maintenance and operations backlog of over \$500 million.

Highways and Roads

Illinois Department of Transportation

The Illinois Department of Transportation (IDOT), through its Office of Planning and Programming, conducts a Condition Rating Survey (CRS) to assess pavement condition on the state's 16,000 miles of centerline highways. The CRS value, along with the predominant distresses for the pavement section of the highways, indicates the current condition of the pavement. Since 2002 IDOT has utilized digital technology in its condition assessment process.⁴⁸

⁴⁸ Illinois Department of Transportation, FY2010 Condition Rating Summary Report, October 2010, p. 2.

The CRS is conducted annually on alternating halves of the State. For districts not rated in a given year, deterioration deduct values are applied to the latest CRS values to update the CRS.⁴⁹

The needs established by the CRS are used to set program goals and evaluate accomplishment levels.⁵⁰ The CRS value assigned to a pavement section, along with the average daily traffic (ADT) roadways carry and the functional importance used to prioritize roadway deficiencies. The categories and definitions for pavement needs are:

- *Need Improvement (Backlog)* – condition has deteriorated to level where improvement is needed; and
- *Acceptable (Accruing and Adequate)* – pavement that is not in need of immediate improvement. Accruing pavements will deteriorate to a backlog condition in five years. Adequate pavements need little or no improvement.

In FY2010 the CRS found that there were 14,288 miles of pavement in acceptable condition (89.0% of the total) and 1,727 miles of roadway needing improvement (11.0% of the total).

IDOT has been collecting data on the state highway system based on CRS values since 1974. The data are reported on a scale of 1.0 to 9.0 where 1.0 represents a completely filled pavement and 9.0 represents pavement in its best/new condition.

Illinois Department of Transportation: CRC Descriptive Categories	
CRS Range	Descriptive Category
9.0 to 7.6	Excellent
7.5 to 6.1	Good
6.0 to 4.6	Fair
4.5 to 1.0	Poor

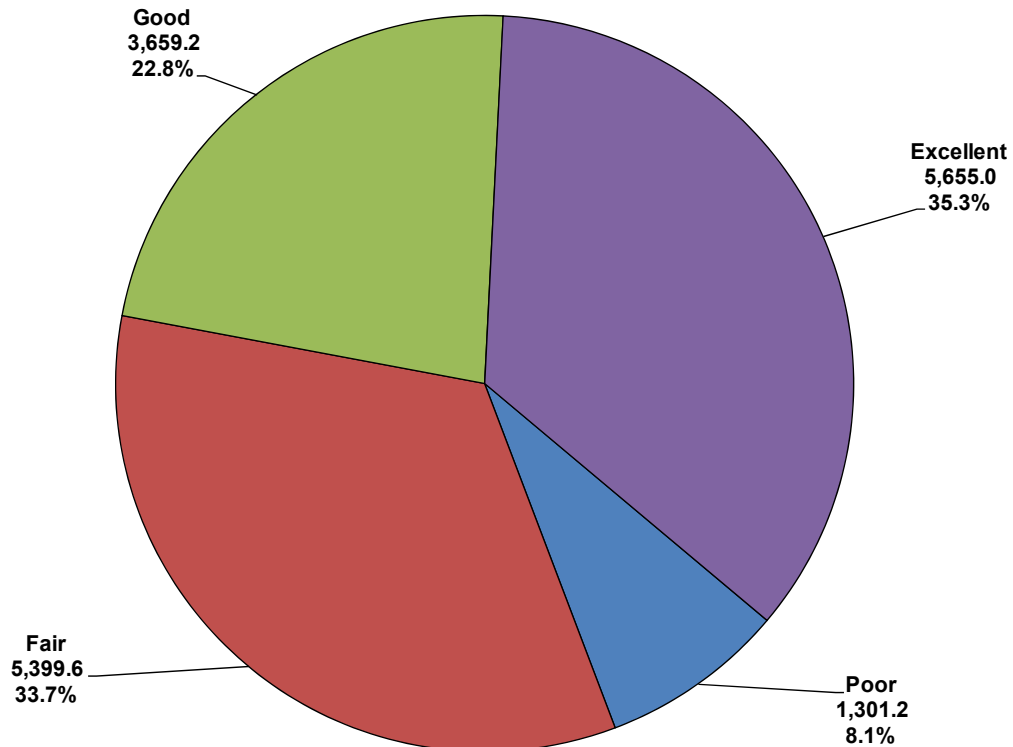
Source: Illinois Department of Transportation, FY2010 Condition Rating Summary Report, October 2010, p. 11.

Using the descriptive categorization scheme outlined above, IDOT found that 35.3% of Illinois highways were in excellent condition in 2010, 22.8% were in good condition, 33.7% were in fair condition and 8.1% were in poor condition.

⁴⁹ Illinois Department of Transportation, FY2010 Condition Rating Summary Report, October 2010, p. 3.

⁵⁰ Illinois Department of Transportation, FY2010 Condition Rating Summary Report, October 2010, p. 4.

**Illinois Department of Transportation:
Road Condition FY2010 for All State Highways in Miles**



Illinois Department of Transportation, *FY2010 Condition Rating Summary Report*, October 2010, p. 2.

Federal Highway Administration (FHWA)

States are required to report the International Roughness Index (IRI) for the interstate highway system, principal arterial roads, rural minor arterials and the National Highway System to the Federal Highway Administration (FHWA). The condition assessment calculation involves dividing the amount of a standard vehicle's accumulated suspension motion while traveling on a road by the total distance traveled. The method is widely used and cited because it is a standardized and objective measurement. The IRI rating system is listed below:

- A road surface with an IRI below 95 means that the road is in good condition;
- An IRI of 95 to 119 indicates fair ride quality;
- An IRI from 120 to 170 indicates mediocre condition; and
- An IRI above 170 indicates a road in poor condition.⁵¹

The 2008 FHWA road condition assessment, which is the latest available report with state by state data, found that nearly 16.9% of Illinois roads were in mediocre or poor condition. An additional 34.7% were in fair condition.⁵²

⁵¹ American Association of State Highway and Transportation Officials, *Rough Roads Ahead: Fix Them Now or Pay for It Later*, 2009, p. 9.

Federal Highway Administration: Road Conditions 2008				
	Illinois		U.S.	
	Miles	% of Total	Miles	% of Total
Very Good	7,628	21.9%	130,091	13.8%
Good	9,265	26.6%	255,774	27.0%
Fair	12,067	34.7%	390,750	41.3%
Mediocre	4,302	12.4%	103,898	11.0%
Poor	1,561	4.5%	65,258	6.9%
Total	34,823	100.0%	945,771	100.0%

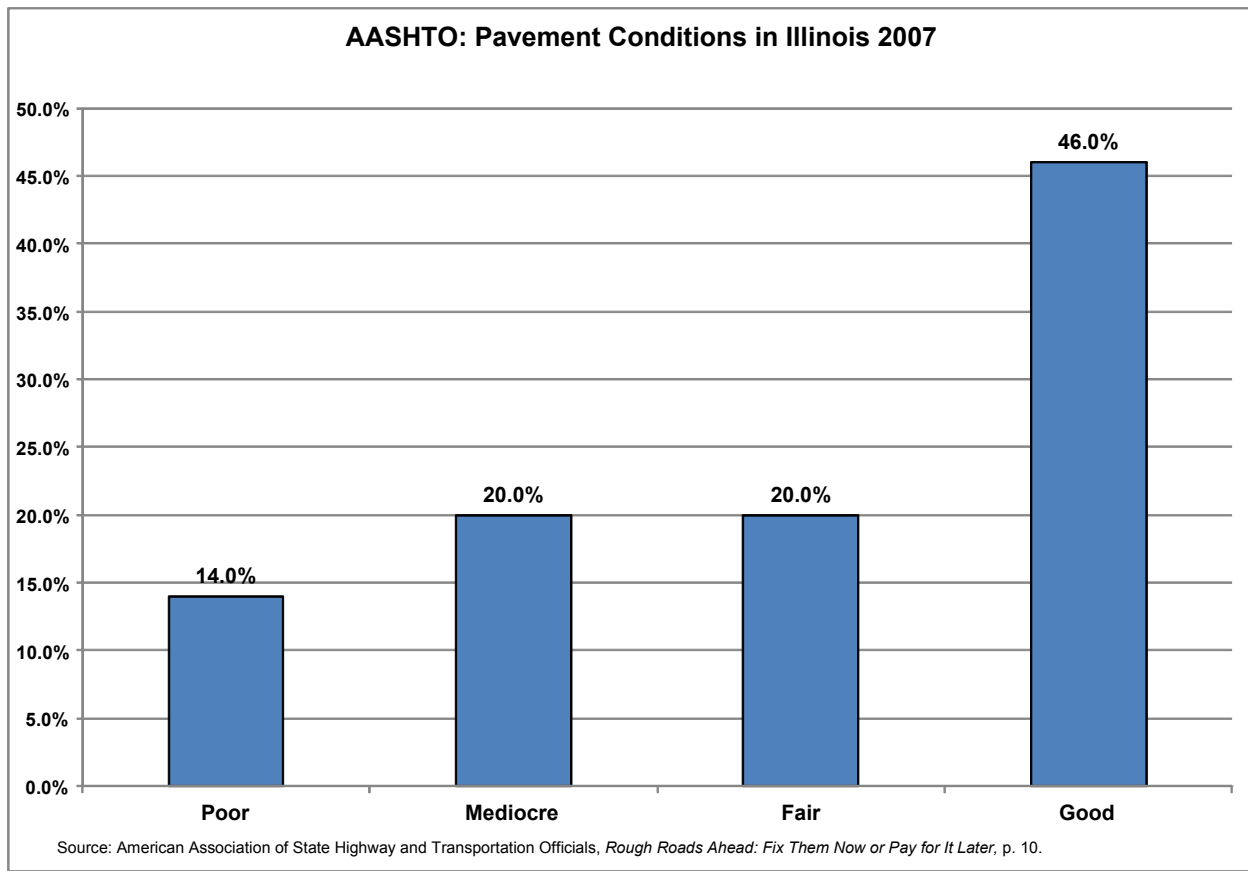
Source: U.S. Department of Transportation, Federal Highway Administration, Highway Statistics 2008, Washington, DC: 2009, tables HM-63 and HM-64.

American Association of State Highway and Transportation Officials

The American Association of State Highway and Transportation Officials (AASHTO) report, *Rough Roads Ahead: Fix Them Now or Pay for It Later*, includes an assessment of pavement condition by state. The assessment is based on the analysis of 2007 Federal Highway Administration data cited above. The AASHTO assessment finds that 34.0% of Illinois roads are in poor or mediocre condition. It also calculates that additional per vehicle operating costs due to rough roads in Illinois were \$297.⁵³ The methodology used to calculate these ratings is not disclosed.

⁵² The table is contained in U.S. Department of Transportation, Bureau of Transportation Statistics, *State Transportation Statistics 2009*, Washington, DC: 2009, p. A-4. The source cited in the report is U.S. Department of Transportation, Federal Highway Administration, *Highway Statistics 2008*, Washington, DC: 2009, tables HM-63 and HM-64. The 2010 State Transportation Statistics report does not provide road condition assessment data by state.

⁵³ American Association of State Highway and Transportation Officials, *Rough Roads Ahead: Fix Them Now or Pay for It Later*, 2009, p. 9-10.



American Society of Civil Engineers (ASCE)

The ASCE’s 2009 Illinois Report Card gave Illinois a grade of D for its roads.⁵⁴ Roads were ranked as the number one infrastructure concern. The roads grade was determined using three factors: pavement condition, need versus capacity and funding. The information used to assess road condition was drawn from Federal Highway Administration reports on road condition.

Bridges

Illinois Department of Transportation

The Illinois Department of Transportation (IDOT) provides information of the condition of the State’s roughly 27,000 bridges provided at <http://wrc.dot.il.gov/bridgeinformation/main.aspx>. The bridges are rated on a scale of 0 to 9 for the deck (driving surface), the superstructure (beams that hold up the bridge) and the substructure (includes piers and other elements that support the beams). The information is not summarized or aggregated. IDOT reports in its 2007 State Transportation Plan that its strategic goal is to maintain 93.0% of bridges in “Acceptable” condition.⁵⁵

⁵⁴ American Society of Civil Engineers, *Report Card for America’s Infrastructure, Illinois Report Card*. See <http://www.infrastructurereportcard.org/state-page/illinois>.

⁵⁵ Illinois State Department of Transportation, *Illinois State Transportation Plan, 2007*, p. 21.

The National Bridge Inspection Standards (NBIS) requires bridge inventory and inspection data to be maintained for all structures over 20 feet face to face of abutments on roads maintained by public agencies that are open to the public. The data is collected to ensure public safety and to provide information that helps to determine federal funding for replacement and rehabilitation of bridges. There are approximately 8,000 of these structures on state and tollway routes and over 17,000 on local agency roads in Illinois. The IDOT database of this information is called the Illinois Structure Information System (ISIS).⁵⁶

To fulfill the NBIS requirements, IDOT relies on local roads and streets agencies to collect and report inventory and inspection data for their structures. A county or municipality provides the information to its respective district Bureau of Local Roads and Streets office. The data reported includes periodic field condition and safety appraisals and occasional changes to the basic inventory for each in-service bridge as well as inventorying each new structure built. Once IDOT receives the data, it is keyed into the ISIS. To make the bridge data more accessible and useable to its engineers and inspectors, the Department has developed a database application called “SIMS,” or the Structures Information Management System. The data entered into SIMS may be used to aid highway planning and programming, bridge inspection scheduling, maintenance and load posting.⁵⁷

Federal Highway Administration (FHWA)

The Federal Highway Administration presents National Bridge Inventory data on its website. This includes data on deficient bridges categorized by state and by Highway System.⁵⁸ The deficient bridge data show the number of bridges as well as those categorized as structurally deficient or functionally obsolete. A *structurally deficient* bridge has at least one deteriorating structural component, while a *functionally obsolete* bridge has out-dated design features and it may not be able to adequately accommodate current traffic volumes and vehicle sizes and weights.⁵⁹

In 2010 Illinois had 26,337 bridges, or 4.4% of the 604,474 bridges nationwide. Approximately 15.2% of the 26,337 bridges in Illinois were classified as being deficient. This means that they had ratings of either structurally deficient or functionally obsolete.

⁵⁶ Information from Illinois Department of Transportation website at <http://dot.state.il.us/sims/sims.html>.

⁵⁷ Information from Illinois Department of Transportation website at <http://dot.state.il.us/sims/sims.html>.

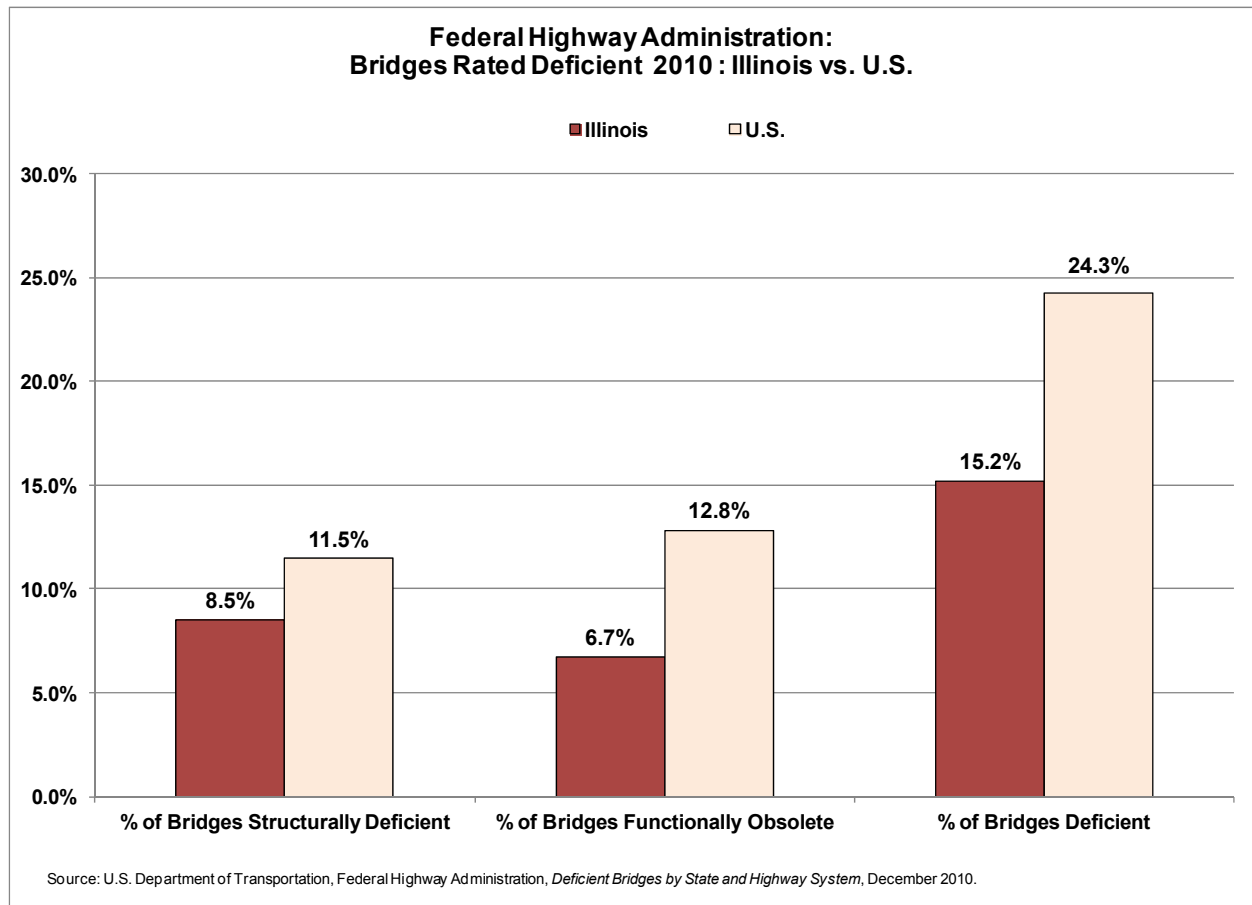
⁵⁸ <http://www.fhwa.dot.gov/bridge/britab.cfm>.

⁵⁹ See American Society of Civil Engineers, *Report Card for America's Infrastructure, Illinois Report Card*, Illinois – Bridges. See <http://www.infrastructurereportcard.org/state-page/illinois>.

Federal Highway Administration: Condition of Illinois Bridges 2010					
Type of Bridge	Total Number of Bridges	Structurally Deficient Bridges	Functionally Obsolete Bridges	Total Number of Deficient Bridges	Deficient Bridges as a Percentage of Total Bridges
National Highway System	3,672	240	396	636	17.3%
Non National Highway System	22,665	1,999	1,367	3,366	14.9%
Total	26,337	2,239	1,763	4,002	15.2%

Source: U.S. Department of Transportation, Federal Highway Administration, *Deficient Bridges by State and Highway System*, December 2010, <http://www.fhwa.dot.gov/bridge/deficient.cfm>.

A smaller percentage of Illinois bridges were rated deficient in 2010 compared to bridges across the U.S. Approximately 24.3% of all U.S. bridges were rated as deficient compared to 15.2% in Illinois. About 11.5% of all U.S. bridges were rated structurally deficient versus 8.5% in Illinois, and 12.8% of all U.S. bridges were rated as functionally obsolete versus 6.7% in Illinois.⁶⁰



⁶⁰ The U.S. statistics include bridges in the 50 states plus Puerto Rico. U.S. Department of Transportation, Federal Highway Administration, *Deficient Bridges by State and Highway System*, December 2010. See <http://www.fhwa.dot.gov/bridge/deficient.cfm>.

American Society of Civil Engineers (ASCE)

The ASCE's 2009 Illinois Report Card gave Illinois a grade of C+ for its bridges.⁶¹ Bridges were the number two infrastructure concern for Illinois. The primary reasons given for the grade was the 17% rate of deficient bridges reported by the Federal Highway Administration in 2009, concerns about "inevitable increases in the number of trucks and axle loads on the roads" that would contribute to further degradation of bridges in future years and the need for more funding to maintain and rehabilitate the State's bridges.⁶²

Mass Transit

The Regional Transportation Authority (RTA) is charged with financial and budget oversight of the three mass transit service boards in the six-county region of northeastern Illinois: the Chicago Transit Authority, or CTA, (Chicago rail and bus transit), Metra (suburban rail system) and PACE (suburban bus system and provider of regional paratransit services). The RTA is the third largest public transportation system in North America, serving a population of approximately eight million people and providing more than two million rides per day.⁶³ There are a number of other mass transit systems in the other parts of Illinois. However, the only downstate mass transit agencies with more than two million boardings per year include:

- The Champaign-Urbana MTD Mass Transit District;
- CityLink (Peoria);
- MetroLink (Rock Island); and
- Madison County Transit.⁶⁴

Evaluating the reports and plans of these agencies is beyond the scope of this study.

In August 2010, the RTA published a Capital Asset Condition Assessment report, the culmination of an 18-month effort to assess the condition and the needs of the three mass transit service boards. The report presents ratings for the largest categories of mass transit infrastructure, which represent nearly 75.0% of the three agencies' entire ten-year capital needs. Asset condition was rated on a scale from 1 to 5 with 1 representing an asset "past its useful life" and 5 representing a relatively new asset in "excellent" condition. A state of good repair was defined as a rating of 3, which represents "adequate with no backlog." Assets with a rating of 3 or above were considered to be in a state of good repair. A rating of lower than 3 means that the asset was likely in its last quarter of useful life.⁶⁵ The report found that:

- The majority (over 66.0%) of bridges/structures, rail and bus maintenance facilities and busses were in a state of good repair;

⁶¹ American Society of Civil Engineers, *Report Card for America's Infrastructure, Illinois Report Card*. See <http://www.infrastructurereportcard.org/state-page/illinois>.

⁶² American Society of Civil Engineers. *Report Card for America's Infrastructure, Illinois Report Card*. Illinois – Bridges. See <http://www.infrastructurereportcard.org/state-page/illinois>.

⁶³ See <http://www.rtachicago.com/index.php?Itemid=63>.

⁶⁴ See <http://www.apta.com/resources/links/unitedstates/Pages/IllinoisTransitLinks.aspx>.

⁶⁵ Regional Transportation Authority, *Capital Asset Condition Assessment*, August 2010, p. vi-vii.

- Approximately 43.2% of Metra and CTA train stations were rated as being in less than a state of good repair. Of that number, 39.3% were rated as being past their useful life. About one-third of CTA and Pace busses received a 1 or 2 rating.
- 63.6% of Metra and CTA passenger rail cars were in a marginal state. Of that number, nearly 42% of the rail cars were rated as 1, which means that they were past their useful life.⁶⁶

Regional Transit Authority Infrastructure Condition Ratings		
Type of Mass Transit Infrastructure	State of Good Repair (3 or higher rating)	Less than State of Good Repair (1 or 2 rating)
Metra & CTA Bridges/Structures	82.8%	17.2%
Metra & CTA Rail Maintenance Facilities	77.7%	22.2%
CTA & PACE Bus Maintenance Facilities	68.5%	31.6%
CTA & Pace Buses	66.1%	33.9%
Metra & CTA Train Stations	56.9%	43.2%
Metra & CTA Rail Passenger Cars	30.4%	63.6%

Condition ratings for largest categories only, representing 75% of total 10-year capital needs. Source: Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. vi-vii.

It is important to note that the CTA will receive \$1.0 billion in funds for a variety of projects on the rail system’s Red Line. These projects will begin in 2012 and include new track and power systems as well as the rebuilding or renovation of 11 rail stations. The State of Illinois will provide a \$646 million grant for the project, coming from the \$31 billion *Illinois Jobs Now!* capital program. The City of Chicago will provide \$44 million, and it is expected that \$255.5 million will come from federal grants.⁶⁷

Aviation

Illinois Department of Transportation

The Illinois Department of Transportation (IDOT) prepares an Airport Inventory Report that includes information about the characteristics and physical condition of the state’s public airports. The latest report dates from 2010. The report includes an airport pavement evaluation survey that is performed on a three-year cycle. Pavement Condition Index (PCI) scores are assigned to airport runways, taxiways and aprons (ramps). The PCI scores range from 0 to 100. The scores are presented per individual test performed. There is no narrative discussion or summary explaining the results.⁶⁸ Pavement evaluation data collected by IDOT does not include data for O’Hare International or Midway Airports. Those data are collected by the City of Chicago.⁶⁹

⁶⁶ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. iv.

⁶⁷ Greg Hinz. “CTA Red Line to get \$1-billion makeover,” *Craigslist Chicago Business*, November 3, 2011.

⁶⁸ Illinois Department of Transportation Office of Planning and Programming, Airport Inventory Report, 2010. p. 72- 86. Also at www.dot.il.gov/ppartners.html.

⁶⁹ American Society of Civil Engineers, *Report Card for America’s Infrastructure, Illinois Report Card*, Illinois – Aviation: Illinois Airport Infrastructure. See <http://www.infrastructurereportcard.org/state/page/illinois174#aviationone>.

American Society of Civil Engineers (ASCE)

The ASCE's 2009 Illinois Report Card gave Illinois a grade of C+ for aviation.⁷⁰ The report cited IDOT's Airport Inventory Report for information about the condition of Illinois airports (see above). ASCE notes that "based on the limited information collected by IDOT, Illinois fares well."⁷¹ The report notes that in 2008 IDOT's Airport Inventory Report showed that only about 10.0% of all pavements catalogued rated poorly and needed to be completely replaced. About 84.0%, or 6.3 million square yards, out of 7.5 million square yards catalogued had PCI values of 75 or higher.⁷²

Water Transportation

American Society of Civil Engineers (ASCE)

The ASCE's 2009 Illinois Report Card gave Illinois a grade of D- for navigable waterways.⁷³ The reasons for the low grade include:

- Delays on Illinois waterways that cost consumers over \$100.0 million per year;
- All but one of the locks along Illinois waterways is more than 50 years old;
- 34 of the 68 locks on the Upper Mississippi River are only 600 feet long, requiring inefficient and risky double lockages; and
- There is an estimated maintenance and operations backlog of over \$500.0 million on Illinois navigable waterways.

⁷⁰ American Society of Civil Engineers, *Report Card for America's Infrastructure, Illinois Report Card*. See <http://www.infrastructurereportcard.org/state-page/illinois174#aviationone>.

⁷¹ American Society of Civil Engineers, *Report Card for America's Infrastructure, Illinois Report Card*. See <http://www.infrastructurereportcard.org/state-page/illinois174#aviationone>.

⁷² American Society of Civil Engineers, *Report Card for America's Infrastructure, Illinois Report Card*. See <http://www.infrastructurereportcard.org/node/174#aviationone>.

⁷³ American Society of Civil Engineers, *Report Card for America's Infrastructure, Illinois Report Card*. See <http://www.infrastructurereportcard.org/node/178>.

Drinking Water and Wastewater Treatment

This following section summarizes findings from published reports regarding the condition of Illinois drinking water and wastewater treatment facilities.

ASSESSMENT OF ILLINOIS DRINKING WATER AND WASTEWATER INFRASTRUCTURE CONDITION			
	State of Illinois or Regional Authority Assessment	Federal Reports	Independent Assessments
Drinking Water	<p>The Illinois EPA and Department of Public Health Annual Compliance Report (2010)</p> <p>1) 96.8% of Illinois residents served by public community water suppliers compliant with all health requirements; 2) 15.0% of the 1,758 public community water suppliers received violations for various infractions; 3) 90.7% of Illinois residents served by non-community water supply systems that were fully in compliance with health regulations; and 4) 9.3% of the 4,003 non-community water suppliers received violations for various infractions.</p>	N/A	<p>American Society of Civil Engineers Illinois Report Card (2009)</p> <p>D+ grade for drinking water because 23.0% of the community public water systems had systems violations in 2007.</p>
Wastewater	<p>IEPA National Pollution Discharge Elimination System Permits Report (2008)</p> <p>1) About 95% of Illinois major dischargers did not have Significant Non-Compliance (SNC) violations as reported on a quarterly basis. 2) 46 of the 11,752 or 0.4% of all Illinois major dischargers had SNC violations.</p>	N/A	<p>American Society of Civil Engineers Illinois Report Card (2009)</p> <p>D+ grade for stormwater because of the aging condition of facilities; 15 restricted status plants on IEPA web site in 2009; US EPA 2004 estimate of \$13.4 billion in needs over 20 years; 138 plants with \$2.2 billion in needs listed in IEPA's 2009 Wastewater Loan Priority Report</p>
	<p>List of wastewater treatment plants classified as "critical" or "restricted" status on IEPA Web site (2011)</p> <p>16 facilities on list as of June 2007</p>	N/A	

Drinking Water

Illinois Environmental Protection Agency/Illinois Department of Public Health

Two state agencies regulate the safety of Illinois public drinking water: the Illinois Environmental Protection Agency (IEPA) and the Illinois Department of Public Health (IDPH). In 2010 there were a total of 5,761 public water suppliers in the state. The 1,758 community public water suppliers serving 12.1 million people are regulated by the IEPA. The IDPH regulates the remaining 4,003 non-community public water suppliers that serve roughly 491,000 people.⁷⁴

The IEPA is required to submit an Annual Compliance Report to the U.S. Environmental Protection Agency (EPA) on the safety of the state's public community drinking water supplies. The number of Illinois residents served by public community water suppliers that were compliant with all health requirements, including maximum contaminant levels, treatment techniques and public education, was 96.8%. In addition, 99.9% of the state's population served by these suppliers received drinking water in compliance with acute or short-term health requirements, and 96.9% were in compliance with chronic or long-term requirements.⁷⁵ Overall,

⁷⁴ Illinois Environmental Protection Agency, *Annual Compliance Report for Public Drinking Water Supplies 2010*, p. 3 and 8.

⁷⁵ Illinois Environmental Protection Agency, *Annual Compliance Report for Public Drinking Water Supplies 2010*, p. 4-5.

264 of the 1,758 public community water suppliers, or 15.0%, received violations for various infractions in 2010.⁷⁶

The percentage of Illinois residents served by non-community water systems that were fully in compliance with health regulations was 90.7% in 2010.⁷⁷ Overall, 371 of the 4,003 non-community water suppliers, or 9.3%, received violations for various infractions in 2010.⁷⁸

American Society of Civil Engineers (ASCE)

The ASCE's 2009 Illinois Report Card gave Illinois a grade of D+ for drinking water.⁷⁹ The Report Card notes that the IEPA regulates 1,787 community public drinking water systems while the IDPH supervises the 4,132 non-community public water systems that serve over 500,000 people. Approximately 94.0% of people served by community public water systems were compliant with all health regulations in 2007. Of the community public water systems, 23.0% had systems violations in the same year.⁸⁰

Wastewater Treatment

Illinois Environmental Protection Agency

The IEPA provides reports on two different assessments of the condition of wastewater treatment facilities and efforts:

- National Pollution Discharge Elimination System (NPDES) permits; and
- A list of wastewater treatment plants classified as “critical” or “restricted” status.

The IEPA's Bureau of Water regulates the state's municipal wastewater treatment plants by means of National Pollution Discharge Elimination System (NPDES) permits. Under the provisions of the Federal Clean Water Act, the permits establish the conditions under which the discharge of effluents is allowed and establish monitoring and reporting requirements.⁸¹ The IEPA reports on its website that the percent of Illinois major dischargers without Significant Non-Compliance (SNC) violations is usually about 95.0% as reported on a quarterly basis. In 2008 a total of 46 Illinois major dischargers had SNC violations. This represented 0.4% of the 11,752 NPDES permitted facilities in the state.⁸²

The IEPA also annually prepares a list of wastewater treatment facilities that are on “Restricted Status.” Restricted Status is defined as a determination by the agency that “a sewer or lift station has reached hydraulic capacity or that a sewage treatment plant has reached design capacity,

⁷⁶ Illinois Environmental Protection Agency, *Annual Compliance Report for Public Drinking Water Supplies 2010*, p. 7.

⁷⁷ Illinois Environmental Protection Agency, *Annual Compliance Report for Public Drinking Water Supplies 2010*, p. 8.

⁷⁸ Illinois Environmental Protection Agency, *Annual Compliance Report for Public Drinking Water Supplies 2010*, p. 9.

⁷⁹ Society of Civil Engineers. *Report Card for America's Infrastructure, Illinois Report Card*, <http://www.infrastructurereportcard.org/node/177#>.

⁸⁰ Society of Civil Engineers. *Report Card for America's Infrastructure, Illinois Report Card*, <http://www.infrastructurereportcard.org/node/177#>.

⁸¹ See <http://www.epa.state.il.us/water/permits/waste-water/index.html>.

⁸² <http://www.epa.state.il.us/water/compliance/waste-water/npdes-compliance-enforcement.html>.

such that additional sewer connection permits may no longer be issued without causing a violation of Illinois Pollution Control Board regulations.” The list posted on the IEPA website in October 2011 reflects the status of facilities as of June 29, 2007. At that time, 16 facilities were on the list.⁸³

American Society of Civil Engineers (ASCE)

The ASCE’s 2009 Illinois Report Card gave Illinois a grade of D+ for stormwater.⁸⁴ The low grade was assigned because of several key factors, including:

- The aging condition of Illinois wastewater facilities;
- The U.S. EPA’s 2004 estimate that Illinois wastewater infrastructure would need about \$13.4 billion in investment over 20 years;
- Of a total of approximately 800 plants, 15 plants were listed as having Restricted Status on IEPA’s website in 2009; and
- There were 138 wastewater treatment plants with \$2.2 billion in needs listed in the IEPA’s 2009 Wastewater Loan Priority Report.

ACSE noted that many wastewater treatment plants fail to adequately account for their future needs and fail to charge consumers amounts sufficient to pay for current and future infrastructure needs.⁸⁵

⁸³ Illinois Environmental Protection Agency, “Restricted Status List” at <http://www.epa.state.il.us/water/permits/waste-water/restricted-status-list.html>. The applicable statute is 35 Illinois Administrative Code Section 306.401, Illinois Pollution Control Board Regulations.

⁸⁴ Society of Civil Engineers, *Report Card for America’s Infrastructure, Illinois Report Card*. <http://www.infrastructurereportcard.org/node/182>.

⁸⁵ Society of Civil Engineers, *Report Card for America’s Infrastructure, Illinois Report Card*. <http://www.infrastructurereportcard.org/node/182>.

Water and Other Natural Resources

This section examines the condition of Illinois environmental conservation facilities, flood control structures and dams.

ASSESSMENT OF ILLINOIS WATER AND OTHER NATURAL RESOURCES CONDITION			
	State of Illinois or Regional Authority Assessment	Federal Reports	Independent Assessments
Environmental Conservation	N/A	N/A	N/A
Flood Control	N/A	N/A	N/A
Dams	<p>Illinois Department of Natural Resources Public Safety at Dams Initiative (2007)</p> <p>15 of 25 run-of-river dams assessed found to be candidates for potential removal.</p>	<p>United State Army Corps of Engineers: National Inventory of Dams (2010)</p> <p>1) The Corps reported that Illinois had a total of 1,504 dams. 2) 201, or 13.4%, had a high hazard classification; 335, or 22.3%, had significant hazard classification. The remaining 968, or 64.4%, received a low hazard rating. 3) 83.0%, or 166, of the high hazard potential dams had an Emergency Action Plan (EAP) in place. Only 40.8%, or 125 of 306 dams for which there was information in the significant hazard category, had an EAP plan. 4) A total of 442 Illinois dams, or 29.4% of the total, were 50 years of age or older.</p>	<p>American Society of Civil Engineers Illinois Report Card (2009)</p> <p>C grade for dams because 445 dams in 2007 were more than 50 years of age and nearly 74% had not been reviewed or issued a dam safety permit by the state; only \$266,000 was available for dam safety programs in 2007.</p>

Dams

Illinois Department of Natural Resources

The Illinois Department of Natural Resources (IDNR) is charged with regulating the state's dams. The Illinois Performance Report from the Association of State Dam Safety Officials notes that of the 1,504 Illinois dams reported in the National Inventory of Dams, 1,232 are state regulated. Of the 201 reported in the U.S. Army Corps of Engineers National Inventory of Dams as being high hazard dams, 194 are state regulated.⁸⁶

IDNR supervises and evaluates safety at run-of-river dams with its Public Safety at Dams initiative.⁸⁷ Run-of-river dams consist of a spillway section running across the length of the channel.⁸⁸ In 2007 the Department assessed the safety of 25 run-of-river dams; 15 were found to be candidates for potential removal.⁸⁹

United States Army Corps of Engineers: National Inventory of Dams

The U.S. Army Corps of Engineers publishes a National Inventory of Dams (NID)⁹⁰ on a regular basis. The NID includes dams that meet at least one of the following four criteria:

⁸⁶ Association of State Dam Safety Officials, *Performance Report for the State of Illinois*. See <http://www.damsafety.org/map/state.aspx?s=13>.

⁸⁷ Rivers, Lakes and Streams Act. 615 ILCS 5/23a.

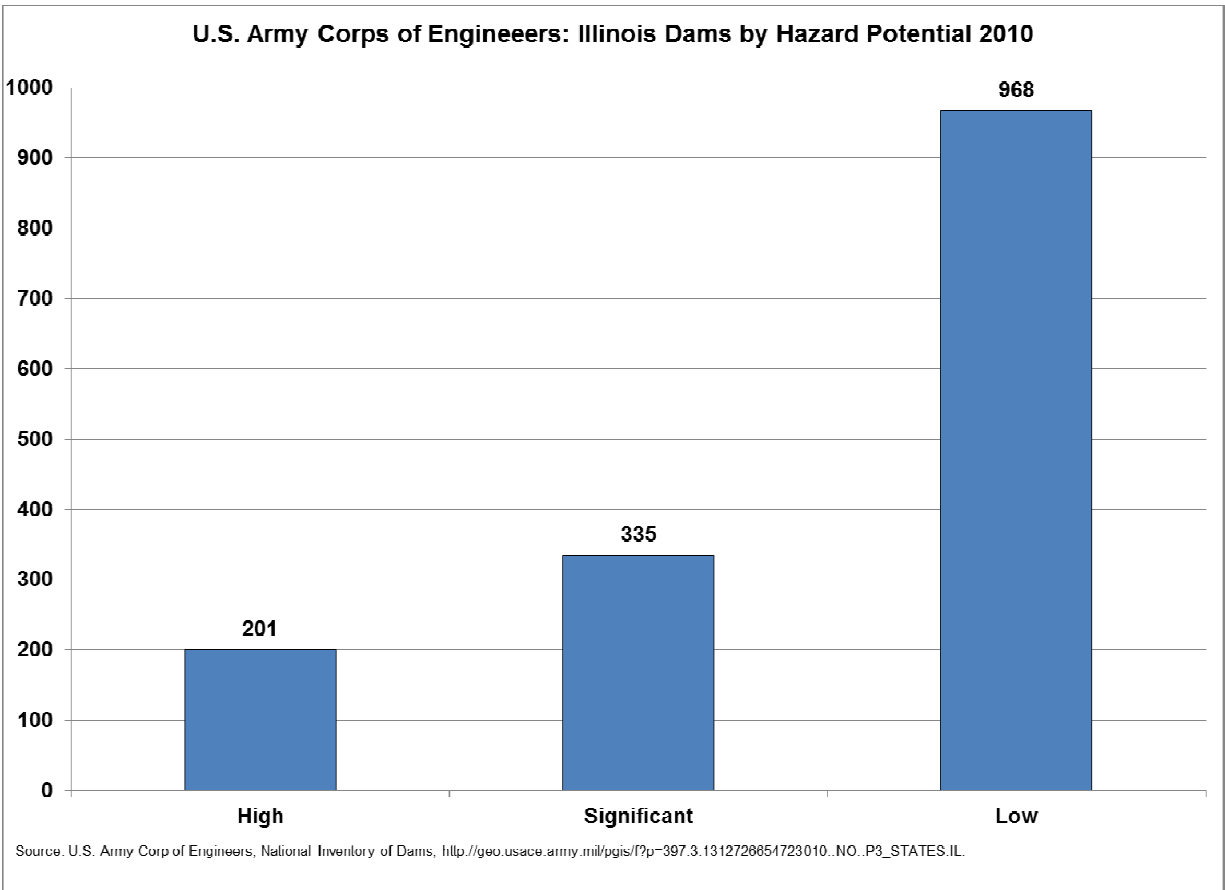
⁸⁸ Society of Civil Engineers, *Report Card for America's Infrastructure, Illinois Report Card*. See <http://www.infrastructurereportcard.org/node/176>.

⁸⁹ Capital Development Board of Illinois, *Evaluation of Public Safety at Run-of-River Dams: An Illinois Statewide Program*. July 20, 2007.

⁹⁰ U.S. Army Corps of Engineers, *National Inventory of Dams*, 2010. See <http://nid.usace.army.mil>.

1. High hazard classification - loss of at least one human life is likely if the dam fails;
2. Significant hazard classification - possible loss of human life and likely significant property or environmental destruction;
3. Equals or exceeds 25 feet in height and exceeds 15 acre-feet in storage; or
4. Equals or exceeds 50 acre-feet storage and exceed 6 feet in height.

The Corps reported that Illinois had a total of 1,504 dams in 2010. Of these dams, 201, or 13.4%, were given a high hazard classification; 335, or 22.3% were given a significant hazard classification. The remaining 968, or 64.4%, received a low hazard rating. Eighty three percent, or 166, of the high hazard potential dams had an Emergency Action Plan (EAP) in place.⁹¹ Only 40.8%, or 125, of 306 dams for which there was information in the significant hazard category were reported to have an EAP plan. A total of 442 Illinois dams, or 29.4%, were 50 years of age or older. Dams older than 50 years of age require extensive monitoring and maintenance to ensure public safety.⁹²

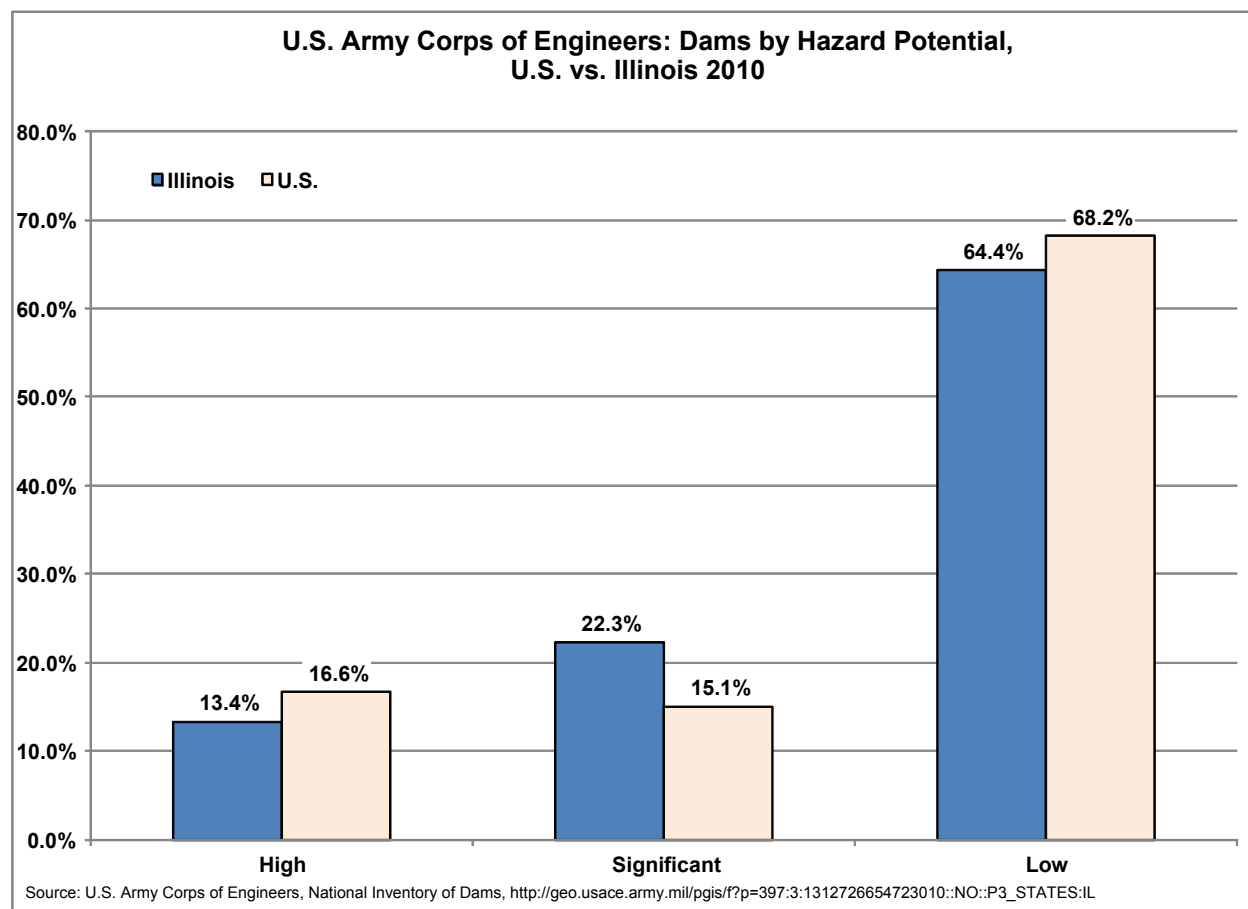


Comparing the percentage of Illinois dams with hazard potential with those in the entire U.S. shows that Illinois has a lower percentage of dams with high hazard potential (13.4% versus

⁹¹ Data were presented for 200 of the 201 dams surveyed.

⁹² U.S. Army Corps of Engineers, *National Inventory of Dams*. See http://geo.usace.army.mil/pgis/?p=397:3:1312726654723010::NO.:P3_STATES:IL.

16.6%), but a higher percentage of dams with a significant hazard potential (22.3% versus 15.1%).



American Society of Civil Engineers (ASCE)

The ASCE’s 2009 Illinois Report Card gave Illinois a grade of C for dams.⁹³ This grade was assigned because:

- 445 dams in 2007 were more than 50 years of age, and nearly 74.0% had not been reviewed or issued a dam safety permit by the State; and
- Funding available for dam safety programs was low – only \$266,000 in 2007.⁹⁴

Pollution Control and Waste Disposal

N/A

⁹³ Society of Civil Engineers, *Report Card for America’s Infrastructure, Illinois Report Card*. <http://www.infrastructurereportcard.org/node/176>.

⁹⁴ Society of Civil Engineers, *Report Card for America’s Infrastructure, Illinois Report Card*. <http://www.infrastructurereportcard.org/node/176>.

Energy

N/A

Publicly Owned Structures and Facilities

N/A

Legal Framework for Capital Asset Condition Assessment

The State of Illinois has not adopted a comprehensive law or regulation outlining a methodology for evaluating the condition of infrastructure assets. However, some agencies, such as IDOT, have adopted condition assessment standards for certain assets.

Cataloguing Infrastructure Assets

Publicly provided information that lists and describes Illinois' various infrastructure assets is provided in limited detail by the State of Illinois, the Illinois Department of Transportation and the Illinois Capital Development Board.

State of Illinois Capital Plan

In 2009 the General Assembly passed and the Governor signed into law the *Illinois Jobs Now!* plan, a \$31.0 billion capital program.⁹⁵ Of that amount, \$12.5 billion will be bonded, and the remainder will provide pay-as-you-go funding for various projects. Information about capital projects included in the *Illinois Jobs Now!* plan and other previous capital programs can be found in a variety of places.

- The website of the Governor's Office of Management and Budget provides a list of all state capital projects, including new appropriations and re-appropriations for ongoing projects.⁹⁶ The FY2012 list is organized by agency and includes three years of budgetary information – the actual appropriations for two years prior to the current fiscal year (FY2010 and FY2011) plus the proposed appropriation amount for the current fiscal year (FY2012). It also includes brief project descriptions. The amounts are not aggregated in any way. There is no forecast of future needs provided.
- The Illinois Capital Budget developed by the Governor's Office of Management and Budget provides information on current year appropriations for new projects.⁹⁷ There is no forecast providing information for future needs.
- The State of Illinois provides a list of new capital projects that are expected to be funded by the *Illinois Jobs Now!*⁹⁸ The projects are listed by agency and provide a total amount

⁹⁵ State of Illinois, FY2012 Capital Budget, p. 13.

⁹⁶ See Illinois Department of Transportation, Fiscal Year 2010-2015 Proposed Highway Improvement Program at <http://www.state.il.us/budget/>.

⁹⁷ State of Illinois, FY2012 Capital Budget at <http://www.state.il.us/budget/>.

⁹⁸ See <http://www2.illinois.gov/jobsnow/Pages/default.aspx>.

earmarked. There are also separate lists for IDOT projects and a list of projects by community. This is the most complete list available of future projects.

- The Commission on Governmental Forecasting and Accountability, the research arm of the Illinois General Assembly, annually publishes a review of the State's capital plan. The review contains a list of new appropriations for capital projects by agency as well as a discussion of current bond topics, debt management and non-state supported debt.⁹⁹ There is no forecast included of future capital needs.

Illinois Department of Transportation

The Illinois Department of Transportation (IDOT) develops a five-year Highway Improvement Program. The 2012-2017 program is currently available on its website. The Program includes information about the location of various highway improvements, their estimated total cost and the number of years each project is in progress. The Program totals \$11.5 billion. Funding for the six-year program is made up of nearly \$7.2 billion in federal funds; \$3.6 billion in state funds, including \$230.0 million in Transportation Series; bond re-appropriations from Governor Quinn's Jump Start Capital Plan and \$2.0 billion in Transportation Series D bonds for the *Illinois Jobs Now!* Plan; and \$716.0 million in local funds. The proposed Highway Improvement Program provides funding to maintain 3,248 miles of highways and replace or rehabilitate 611 bridges.¹⁰⁰

IDOT also currently provides more detailed information about the FY2012 Highway Improvement Program on its website.¹⁰¹ The FY2012 program will provide \$2.9 billion of the \$11.5 billion included in the FY2012-2017 Proposed Highway Improvement Program. \$199.0 million of projects are also included in the plan that use appropriations from previous fiscal years and are scheduled to be implemented in FY2012. Therefore, the FY2012 Highway Improvement Program totals \$3.1 billion.

The FY2012 program is financed by an estimated \$1.3 billion of federal funds, \$1.6 billion of state funds and \$132.0 million of local funds. Nearly \$2.4 billion is for projects on the state highway system, and \$661.0 million is for projects on local streets and highway systems. A total of 768 miles of highways and 248 bridges will be improved or constructed through the FY2012 program. Safety and traffic improvements at 64 locations are scheduled.

Illinois Capital Development Board

The Illinois Capital Development Bond (CDB) is the construction management agency for the State of Illinois. It oversees construction of new state facilities, including prisons, colleges and universities, mental health facilities and state parks. It is also charged with the rehabilitation and maintenance of the State's 8,441 state-owned buildings that contain over 96 million square-feet

⁹⁹ Commission on Governmental Forecasting and Accountability, Illinois FY2012 Capital Plan.

¹⁰⁰ Illinois Department of Transportation, FY2012-FY2017 Proposed Highway Improvement Program, April 2011. See <http://dot.state.il.us/hip1217/maintoc.htm>.

¹⁰¹ See <http://www.dot.il.gov/ahip2012/hwyimprov.htm>.

of floor space. The Board works with the State Board of Education to administer school construction and renovation grants.¹⁰²

The CDB posts a project status report that lists for each capital project under its jurisdiction, including descriptive and financial information such as:

- The original appropriation amount;
- The amount released to date;
- The amount obligated;
- The amount expended; and
- Lapsed appropriations for that year.

Information is also provided for projects listed by fund. That information is not aggregated or evaluated.¹⁰³ A list of projects by county on the website provides amounts proposed per project and a total proposed amount. No information is provided about needs assessment or selection or prioritization criteria for projects chosen, nor is there a forecast of future needs. A list of new facilities projects each year is contained in the State of Illinois Capital Budget.

Assessing Capital Needs

Various Illinois and federal government entities have published monetary assessments of capital needs. These assessments are summarized in the table below. The assessments use different methodologies and are for different periods of time. Thus, they cannot be combined to produce aggregate total estimates of need. The largest identified need is for the maintenance, rehabilitation and replacement of roads and bridges, which IDOT estimates would require \$171.4 billion in the 20-year period between 2007 and 2036. No information is publicly available on the capital needs of the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority.

ILLINOIS INFRASTRUCTURE NEEDS			
Type	Needs	Timeline	Source
Roads & Bridges	\$171.4 billion	30 years (2007-2036)	Illinois Department of Transportation
Mass Transit	\$64.7 billion	30 years (2007-2036)	Illinois Department of Transportation
Freight Rail	\$1.7 billion	30 years (2007-2036)	Illinois Department of Transportation
Toll Highways	\$12.1 billion	15 years (2011-2026)	Illinois Toll Highway Authority
Mass Transit (RTA)**	\$24.1 billion	20 years (2010-2019)	Regional Transportation Authority
Mass Transit - CTA	\$14.5 billion	20 years (2010-2019)	Regional Transportation Authority
Mass Transit - Metra	\$7.3 billion	20 years (2010-2019)	Regional Transportation Authority
Mass Transit - Pace	\$2.2 billion	20 years (2010-2019)	Regional Transportation Authority
Facilities	N/A	5 years 2007-2012	Capital Development Board
School Facilities	\$9.9 billion	2 years (2010-2012)	Illinois State Board of Education/Capital Development Board
Drinking Water Infrastructure	\$15.0 billion	20 years - 2007-2027	US Environmental Protection Agency
Wastewater Treatment	\$17.5 billion	20 years - 2008-2028	US Environmental Protection Agency

* In 2011, the Urban Land Institute estimated that freight rail needs were \$3.05 billion.

** The RTA mass transit figures are more recent than those provided by the Illinois Department of Transportation in its 2007 State Transportation Plan. The RTA estimate of need data is included in part in the State Transportation Plan figures.

Source: Illinois Department of Transportation, Illinois State Transportation Plan, Special Report: Transportation Funding, July 2007; Regional Transportation Authority, Capital Asset Condition Assessment; Illinois Toll Highway Authority, Move Illinois - Capital Program Summary; United States Environmental Protection Agency, Drinking Water Infrastructure Needs Survey and Assessment: Fourth Report to Congress, EPA 816-R-09-001, February 2009 and United States Environmental Protection Agency, Office of Wastewater Management, Clean Watersheds Needs Survey 2008: Report to Congress, EPA 832-R-10-002, February 2009.

¹⁰² See <http://www.cdb.state.il.us/about.shtml>.

¹⁰³ See <http://www.cdb.state.il.us/fiscalinfo.shtml>.

Transportation

In 2007 IDOT developed a State Transportation Plan. The Plan examined surface transportation funding issues. Based upon an analysis by the American Economic Group, Inc. that was prepared for the Illinois Rail and Transportation Builders Association and the Transportation for Illinois Coalition, the report projected that total 30-year capital needs for Illinois' roads, bridges, mass transit and freight railroads¹⁰⁴ (the freight rail program is called CREATE) would be \$237.8 billion. Funding these needs would require approximately \$8.8 billion per year.¹⁰⁵

Illinois Surface Transportation Capital Needs: 2007 (in \$ millions)		
	30-Year Total	Annual*
Roads and Bridges	\$ 171,408	\$ 6,084
Mass Transit	\$ 64,688	\$ 2,456
CREATE	\$ 1,714	\$ 286
Total	\$ 237,810	\$ 8,826

Source: American Economic Group, Illinois Surface Transportation.

* Annual cost in first five years estimated to above the overall 30-year average of \$7,927 million.

In 2011 the Urban Land Institute of Chicago published a report estimating that freight railroad infrastructure needs were \$3.05 billion. Of that amount, \$2.44 billion was unfunded.¹⁰⁶

Highways and Roads

Illinois Department of Transportation

According to the Governor's Office of Management and Budget, IDOT's Bureau of Statewide Program Planning annually develops projects that represent important unfunded projects, including major construction projects that could be awarded in a five- to six-year horizon given the needed funds. These projects tend to address congestion and expansion needs. In addition, an interstate needs analysis is performed in-house periodically. This study quantifies reconstruction and additional capacity needs on the non-toll way interstate system. IDOT has established strategic performance goals for state-maintained roads and bridges. For roads, the goal is for 90.0% of miles to be in acceptable condition at the end of the current multiyear program. For bridges, the goal is 93.0%.¹⁰⁷

¹⁰⁴ CREATE is an acronym for the Chicago Region Environmental and Transportation Project.

¹⁰⁵ Illinois Department of Transportation, *Illinois State Transportation Plan, Special Report: Transportation Funding*, July 2007, p. 19.

¹⁰⁶ Urban Land Institute Chicago, "Regional Infrastructure in Northeastern Illinois: Infrastructure's Role in Maintaining Greater Chicago's Competitive Edge," Project Case Studies. CREATE. 2011.

¹⁰⁷ Communication to the Civic Federation from the Governor's Office of Management and Budget, November 8, 2011.

The 2007 Illinois State Transportation Plan estimated that 30-year capital needs for Illinois' roads and bridges were \$171.4 billion. Funding these needs would require approximately \$6.1 billion a year in IDOT funding for the 30-year period.¹⁰⁸

Illinois State Toll Highway Authority

The Illinois State Toll Highway Authority prepared a needs assessment as part of its *Move Illinois* capital plan. The identified needs included \$8.3 billion in needed maintenance and repairs to the existing toll roads system, as well as \$3.8 billion in system expansion projects. The total cost of project needs identified was \$12.1 billion over a period of 15 years.¹⁰⁹

Illinois Toll Highway Capital Needs	
Project	Project Cost
Jane Addams Memorial Tollway	\$ 2,372.7
Tri-State Tollway	\$ 2,134.0
Veterans Memorial Tollway	\$ 511.0
Reagan Memorial Tollway	\$ 389.0
Systemwide Maintenance	\$ 506.0
Systemwide Improvements	\$ 2,408.0
Existing System Needs to 2026	\$ 8,320.7
Tri-State Tollway/I-57 Interchange	\$ 604.0
Elgin O'Hare West Bypass	\$ 3,099.0
IL Route 53 Extension/Iliana Studies	\$ 126.0
System Expansion 2012-2026	\$ 3,829.0
Total Program Needs	\$ 12,149.7

Source: Illinois State Toll Highway Capital Program Summary, August 2011.

Chicago Metropolitan Agency for Planning (CMAP)

CMAP estimates that a total of \$385.0 billion in resources will be available in northeastern Illinois for the region's transportation system between 2011 and 2040. Of that amount, \$333.0 billion, or 86%, will be needed to operate and maintain the highway, road and mass transit system at adequate levels. This will leave only about \$53.0 billion for revenues for enhancing or modernizing transit systems or constructing new capital projects.¹¹⁰

Bridges

N/A

¹⁰⁸ Illinois Department of Transportation, *Illinois State Transportation Plan, Special Report: Transportation Funding*, July 2007, p. 19.

¹⁰⁹ Illinois State Toll Highway Authority, Presentation, "Move Illinois - Tollway Driving the Future," August 2011, p. 15.

¹¹⁰ Chicago Metropolitan Agency for Planning, *Go to 2040: Comprehensive Regional Plan*, October 2010, p. 253.

Mass Transit

The *Regional Transportation Authority* reported in its 2010 Capital Asset Condition Assessment report that the three service boards under its jurisdiction will require a total of \$24.1 billion for normal maintenance and capital replacement costs between FY2010 and FY2019. Of that amount, the CTA will require \$14.5 billion, Metra will need \$7.3 billion and PACE will require \$2.2 billion. The remaining \$10.8 billion of the total, or 44.8%, is for **normal replacement** and **capital maintenance** costs, and \$13.3 billion, or 55.2%, of the total amount is needed for **backlog** costs.

- **Backlog costs** are the value placed on the replacement of assets with an age greater than their useful life. These assets are still in service and have not been replaced due to a lack of funding.
- **Normal replacement costs** are the planned replacement cost for assets that will reach the end of their useful life in the ten-year period of the assessment. These assets are still in service and would be replaced during the ten-year capital program if sufficient funds were available.
- **Capital maintenance costs** are associated with keeping assets in service for the full term of their useful life; they are characterized by rehabilitation or maintenance but not replacement of the asset.¹¹¹

Regional Transportation Authority 10-Year Needs Assessment by Service Board: FY2010-FY2019 (in \$ thousands)				
Service Board	Normal Replacement	Capital Maintenance	Backlog Costs	Total
CTA	\$ 3,222,138	\$ 1,771,780	\$ 9,505,508	\$ 14,499,426
Metra	\$ 1,704,253	\$ 1,987,885	\$ 3,701,495	\$ 7,373,633
Pace	\$ 1,932,499	\$ 207,888	\$ 114,871	\$ 2,254,858
Total	\$ 6,858,890	\$ 3,947,353	\$ 13,321,674	\$ 24,127,917
% of Total Program Needs	28.4%	16.4%	55.2%	

The CTA estimates that its *unfunded capital needs* are approximately \$7.0 billion. Even if the entire capital backlog were funded, the agency would need \$844 million annually to keep its system in a state of good repair. But even if the CTA’s system were in a state of good repair, annual program funding would be insufficient to maintain that condition with an annual maintenance deficit of about \$251.0 million.¹¹²

Aviation

N/A

¹¹¹ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. ii.

¹¹² Chicago Transit Authority, FY2012 Budget, p. 71.

Water Transportation

N/A

Drinking Water and Wastewater Treatment

This section provides an overview of infrastructure needs for drinking water and wastewater treatment facilities.

Drinking Water

United States Environmental Protection Agency (EPA)

The EPA has conducted four national assessments of the condition of public water system infrastructure needs. The latest assessment was published in 2009. The estimates in the report are for the 20-year period from January 1, 2007 through December 31, 2026. The report considers the infrastructure investment needs of the approximately 52,000 community water systems and 21,400 not-for-profit non-community water systems in the U.S., as well as the costs associated with EPA regulations. The specific findings in the report are based on the 2007 Drinking Water Needs Survey and Assessment (DWINSA). The estimates included infrastructure needs that are eligible for, but not necessarily financed by federal Drinking Water State Revolving Fund (DWSRF) monies. These funds are intended to supplement, not replace state and local drinking water funding. The types of projects eligible for DWSRF funding include the installation of new infrastructure and the rehabilitation, expansion or replacement of existing infrastructure.¹¹³

The EPA found Illinois' drinking water infrastructure needs have risen from \$7.7 billion in its first survey in 1995 to \$15.0 billion in its fourth survey in 2007. That is a 93.9% increase of \$7.3 billion over the 12-year period.¹¹⁴

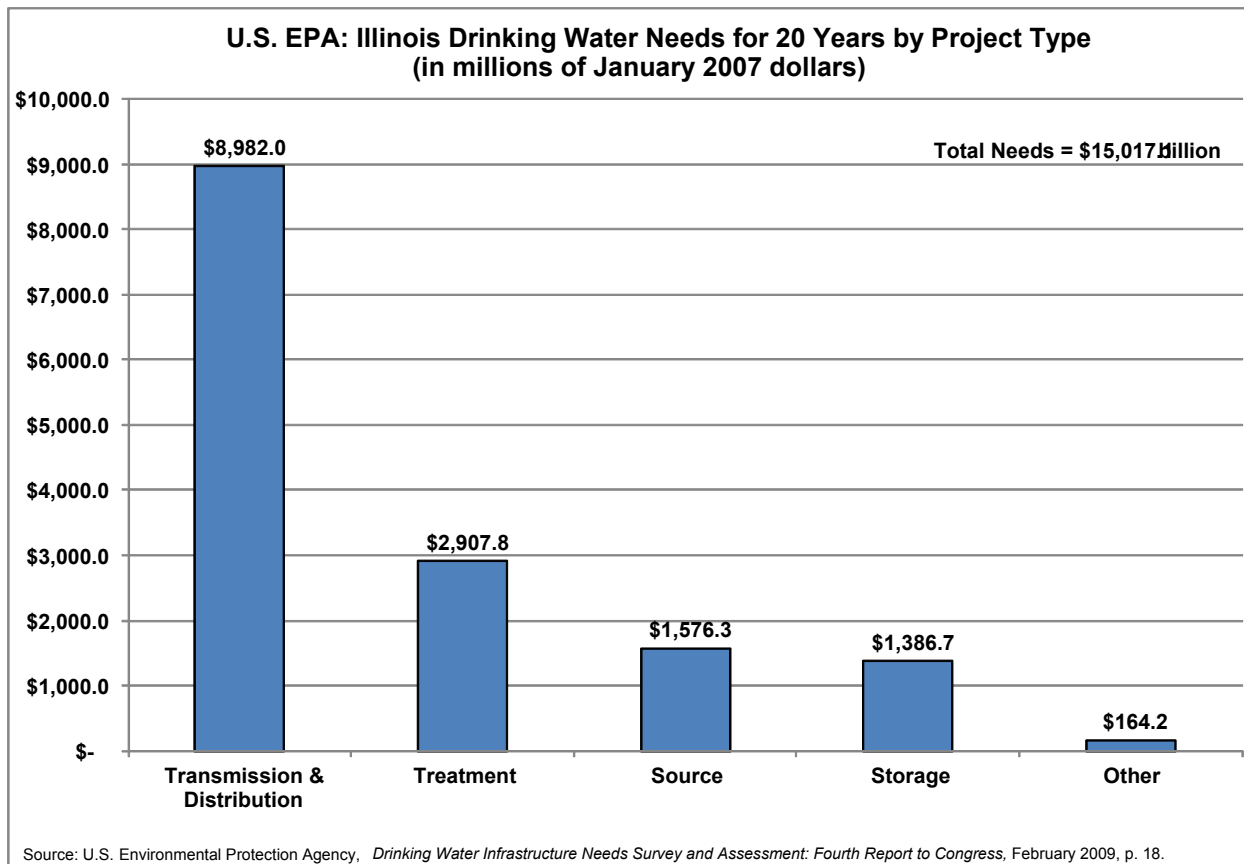
The next exhibit shows the approximately \$15.0 billion in infrastructure needs by 2027 identified by the EPA. Nearly 60.0% of the \$15.0 billion, or \$8.9 billion, will be needed for construction and maintenance of transmission and distribution systems. Another 9.2%, or \$2.9 billion, will be needed for treatment facilities. The total \$15.0 billion in needs includes the following needs for differently sized systems:

- Large systems will have needs of \$5.2 billion (34.9%);
- Medium systems will have needs of \$7.0 billion (46.7%);
- Small systems will have needs of \$2.6 billion (17.7%); and
- Other systems will need \$110.2 million in improvements (0.7%).¹¹⁵

¹¹³ United States Environmental Protection Agency, *Drinking Water Infrastructure Needs Survey and Assessment: Fourth Report to Congress*, EPA 816-R-09-001, February 2009.

¹¹⁴ The United States Environmental Protection Agency, *Drinking Water Infrastructure Needs Survey and Assessment: Fourth Report to Congress*, February 2009, p. 23.

¹¹⁵ The United States Environmental Protection Agency, *Drinking Water Infrastructure Needs Survey and Assessment: Fourth Report to Congress*, February 2009, p. 19.



Wastewater Treatment

United States Environmental Protection Agency (EPA)

In 2008 the EPA delivered the results of its 15th national survey of capital requirements needed to address both water quality and water quality-related health problems. The report, the *Clean Watersheds Needs Survey*, found that total wastewater and stormwater management needs for the nation over the next 20 years would be \$298.1 billion as of January 1, 2008.¹¹⁶ The survey estimated that Illinois would have total clean water needs of \$17.5 billion through 2026, or 5.9% of the total \$298.1 billion. Approximately 62.1%, or \$10.8 billion, would be needed for combined sewer overflow corrections.

¹¹⁶ United States Environmental Protection Agency, Office of Wastewater Management, *Clean Watersheds Needs Survey 2008: Report to Congress*, EPA 832-R-10-002, February 2009, p. v. See www.epa.gov/owm/.

U.S. EPA Clean Watershed Needs Survey Total Documented Needs for Illinois by Category (January 2008) (in \$ millions)	
Category	Amount
I-Secondary Wastewater Treatment	\$ 4,089.0
II- Advanced Wastewater Treatment	\$ 363.0
III-A - Infiltration/Inflow Correction	\$ 110.0
III-B - Sewer Replacement/Rehabilitation	\$ 1,377.0
IV-A - New Collector Sewers and Appurtenances	\$ 381.0
IV-B - New Interceptor Sewers and Appurtenances	\$ 269.0
Subtotal Wastewater Treatment, Pipe Repairs, New Pipes	\$ 6,589.0
V - Combined Sewer Overflow Correction	\$ 10,877.0
VI - Stormwater Management	\$ 37.0
X - Recycled Waste Distribution	\$ -
Total	\$ 17,503.0

Source: U.S. Environmental Protection Agency, Clean Watersheds Needs Survey 2008: Fourth Report to Congress, EPA 816-R-09-001, February 2009, Table B-1.

Water and Other Natural Resources

N/A

Pollution Control and Waste Disposal

N/A

Energy

N/A

Publicly Owned Structures and Facilities

This part of the report looks at publicly available needs assessment for government owned facilities.

Illinois Capital Development Board

The Illinois Capital Development Board (CDB) contracted with Vanderweil Facility Advisors (VFA), a leading provider of integrated software and services for facilities asset management, capital planning and capital expenditure management, to assess the majority of the state's facilities in 2007. The assessment included information about the useful life of facility assets, the year each asset was installed, the year it should be renewed, the estimated renewal cost and the replacement value. In all over 3,000 assets totaling 35 million square feet were reviewed.¹¹⁷

¹¹⁷ State of Illinois, Facility Condition Assessment Project, November 30, 2007.

The data from the assessment was captured in a VFA database and made available for reports of statewide needs down to individual building needs. The database provides limited deferred maintenance reports on a statewide basis, by agency or by facility. For the database preparation process, information was collected through individual agencies and was verified by the database. Priorities are based on agencies' most critical needs and reports are created on an as-needed basis. Projections are collected from user agencies along with their yearly capital submissions. The VFA database also contains five-year projections. Since the assessment was conducted in 2007, these projections are ending their usable life and will need to be updated. Approximately \$900,000 has been appropriated to update this database.¹¹⁸

School Facilities

Public Act 93-0489 requires the Illinois State Board of Education (ISBE) and the CDB to file a comprehensive assessment report detailing the capital needs of all school districts to the General Assembly every two years. The assessment is for two years only. State capital grants for school construction and rehabilitation are based on meeting priority categories.

All Illinois school districts are required to complete and submit a Capital Needs Assessment Survey as part of this process.¹¹⁹ The report includes summary information on the following:

- The amount funding required for General Repair/Remodeling/Renovation work, new school construction and building additions;
- The impact (increase or decrease) that capital expansion would have on school districts' Operations and Maintenance and Education Fund budgets (including the need for additional staff);
- The number of temporary classrooms needed to house students while construction or rehabilitation is occurring; and
- The number of buildings and cost for school remodeling, rehabilitation or construction currently in process.

Responses to the 2010 survey were submitted by 618, or 70.3%, of the 879 elementary, secondary and unit school districts in Illinois. They reported over \$9.9 billion in capital needs for new school buildings, additions and general repair work over the next two years. The next survey will be published by the end of 2012. Key findings of the survey include:

- Approximately \$1.3 billion is needed to build 97 new school buildings;
- Nearly \$1.0 billion is needed for 209 school building additions;
- Over \$7.7 billion is needed for general overall repair and remodeling projects;
- Of the \$7.7 billion for repairs and remodeling efforts, approximately 48.0%, or \$3.7 billion, is needed for Health and Life Safety work; and
- To ease overcrowding, school districts are using 596 temporary classrooms.

¹¹⁸ Communication to the Civic Federation from the Governor's Office of Management and Budget, November 8, 2011.

¹¹⁹ State of Illinois, Capital Needs Assessment Survey Results, December 2010.

2011 Capital Needs Assessment Survey Results for Illinois Schools						
	PK-8		High School		District Totals	
	Estimated \$	# of Buildings	Estimated \$	# of Buildings	Estimated \$	# of Buildings
General Repair, Remodeling & Reconstruction	\$ 5,348,362,844	16,756	\$ 2,374,559,668	4,361	\$ 7,722,922,512	21,117
New School Construction	\$ 636,270,426	64	\$ 658,887,576	33	\$ 1,295,158,002	97
Building Additions	\$ 648,905,846	165	\$ 317,370,016	44	\$ 966,275,862	209
Total Work Needed	\$ 6,633,539,116	16,985	\$ 3,350,817,260	4,438	\$ 9,984,356,376	21,423

Source: State of Illinois, Capital Needs Assessment Survey Results, December 2010.

Prioritization of Need for School Capital Grants

The CDB administers a School Construction and Debt Service grant program.¹²⁰ The priority categories for awarding grants are projects that:

- Replace or reconstruct school buildings destroyed or damaged by man-made or natural disasters;
- Alleviate the overcrowding caused by population growth or replace aged buildings;
- Support school district reorganization, (i.e. consolidation or annexation);
- Replace or reconstruct facilities considered to serve or continuing Health and Life-Safety hazards;
- Alter facilities to provide accessibility for qualified individuals with disabilities; or
- Provide unique solutions to facility needs.

Asset Evaluation Criteria

Information is not publicly available regarding criteria used to evaluate asset conditions for most state owned assets such as surface transportation or those of the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority.

Transportation

This section reviews infrastructure asset evaluation information used to prioritize the selection of Illinois highway and road projects.

Highways and Roads

Illinois Department of Transportation

N/A

Illinois State Toll Highway Authority

When evaluating future projects, the Illinois Tollway utilizes the following criteria:

¹²⁰ See <http://www.cdb.state.il.us/schoolhigh.shtml>.

- Maximizing existing assets;
- Promoting economic development;
- Consistency with existing regional transportation plans;
- Fostering environmental responsibility;
- Community support; and
- Financial sustainability.¹²¹

A major goal of the Illinois Tollway's new five-year capital program *Move Illinois* is to reduce severe congestion on northeastern Illinois' toll roads. CMAP estimates that road congestion costs the Chicagoland area \$4.0 billion to \$7.0 billion annually. CMAP also estimates that completion of three major projects included in the Illinois Tollway's capital program—improvements on the Jane Addams Memorial Tollway (U-90), the Elgin O'Hare West Bypass and a new interchange connecting the Trio-State Tollway (I-294) and I-57—will reduce vehicle miles traveled in congestion by 1.0 million miles daily and yield savings of more than \$775.0 million annually.¹²²

No information is provided regarding how the criteria are applied or weighted nor is any information provided regarding a prioritization process.

Bridges

N/A

Mass Transit

The three different service boards under the jurisdiction of the RTA provide limited information about the criteria they use to evaluate the need to construct new or maintain or improve existing assets.

Metra provides no information in its budget or capital documents about criteria. Projects in the CTA capital plan are evaluated in an annual review process. Evaluation criteria include:

- Customer and employee safety;
- Reductions to travel time;
- Increased customer comfort and convenience;
- System security;
- Impact on system reliability;
- Compliance with regulations; and
- Community impact.

No information is provided regarding definitions for the criteria, whether they are weighted or how they are applied in a prioritization system.¹²³

¹²¹ Illinois Tollway, *Move Illinois: Driving the Future - Capital Program Summary*, p. 1.

¹²² Illinois Tollway, *Move Illinois: Driving the Future - Capital Program Summary*, p. 3.

¹²³ Chicago Transit Authority, *FY2012 Budget*, p. 42.

PACE, the Chicagoland regional bus and paratransit system, discloses a system of criteria that are used to prioritize capital asset acquisition or enhancement. The categories used are:

- Maintain (M1 = Safety/Security, M2 = Regulatory, M3 = State of Good Repair);
- Enhance (EN1 = Capacity Improvement, EN2 = Operational; Efficiency, EN3 = New Technologies); and
- Expand (EX1 = Congestion Relief; EX2 = Transit Alternatives).¹²⁴

Aviation

N/A

Water Transportation

N/A

Drinking Water and Wastewater Treatment

No information was available regarding asset evaluation criteria used for drinking water or wastewater treatment facilities.

Water and Other Natural Resources

No information was available regarding asset evaluation criteria used for Illinois dams.

Pollution Control and Waste Disposal

No information was available regarding asset evaluation criteria used for pollution control and waste disposal facilities.

Energy

No information was available regarding asset evaluation criteria used for energy facilities.

Publicly Owned Structures and Facilities

The Illinois Capital Development Board and the Illinois Board of Higher Education provide some information on the asset evaluation criteria they use to select and fund publicly owned facilities.

Illinois Capital Development Board

The Illinois Capital Development Board (CDB) and the Governor's Office of Management and Budget meet with the agencies annually to discuss their short- and long-term capital needs as well as the subsequent operational issues. These meetings traditionally take place in July and August after the State's budget has been enacted. Agency priority and emergency needs are coordinated with available funding, which is distributed statewide to all user agencies.

¹²⁴ PACE, 2011 Operating and Capital Program, p. 41, 46, 50 and 54.

CDB works with each state agency on an annual basis to organize prioritizations and needs assessments with a process that involves an on-site assessment by CDB professional services staff and through supporting documentation from the VFA database. Any specific changes in state or federal regulations are evaluated in conjunction with the parameters set out in the capital bill. Individual grants, as mandated by the enacting capital legislation, are reviewed on a case by case basis with consideration given to financial and other priority concerns as discussed with agencies. Criteria such as code compliance, health/life/safety issues, ADA, structural deficiencies and energy efficiency needs are given top consideration.

Capital projects are prioritized with input from the capital user agencies due to their direct expertise on the most critical needs of their agencies. CDB reviews each request on a case-by-case basis to determine the most appropriate course of action. The prioritization process involves the use of surveys from professionals in the field that include in-house architects and engineers. These experts weigh each request against financial considerations and constraints as well as the overall competing needs of the State. Project prioritization processes vary from agency to agency.¹²⁵

Higher Education Facilities

The Illinois Board of Higher Education (IBHE) is required to recommend to the Governor and General Assembly the budgetary needs of colleges and universities for operation, grants and for capital improvements on annual basis.¹²⁶ Guidelines for the Board's annual capital budget recommendations were adopted in 2004 in the *Higher Education Statewide Capital Policies and Priorities* report.¹²⁷ The report specifies that criteria used to develop a capital projects list require that capital projects recommended for funding must address clearly demonstrated needs related to special programmatic requirements, enrollment demands and/or condition of existing space. The Board considers the following specific factors in allocating funding to projects:

- Institutional program requirements;
- Student enrollment composition;
- Allocation, utilization and condition of existing space;
- Relationship of the project to the institution's facility master plan;
- The priority placed on the project by the respective institutional governing board and/or the Illinois Community College Board or the Illinois Mathematics and Science Academy;
- Match requirements for gifts to an institution;
- The relationship of the project to an ongoing capital project or prior commitment made for the project by the Governor and General Assembly;

¹²⁵ Communication to the Civic Federation from the Governor's Office of Management and Budget, November 8, 2011.

¹²⁶ 110 ILCS 205, Board of Higher Education Act.

¹²⁷ State of Illinois Board of Higher Education, Committee on Statewide Capital Policies and Priorities, *Higher Education Statewide Capital Policies and Priorities: Report to the Illinois Board of Higher Education*, April 13, 2004, p. 12 and State of Illinois Board of Higher Education, *Capital Improvement Projects: Long-Term Planning List*, Item #1d, April 6, 2010, p. 58.

- The total cost of the project as well any related annual cost for operations and maintenance upon completion; and
- Historical comparisons of capital funding.

Priority is given to projects fulfilling one or more of the following criteria:¹²⁸

- The project addresses necessary life, health and safety and emergency infrastructure improvements. An “emergency project” is one wherein failure to respond could endanger people or could significantly impede the daily operation of the institution;
- The project helps ensure that the state’s prior years capital investments are protected and helps ensure that existing facilities meet current academic requirements;
- The project is necessary to complete an ongoing project recommended previously by the Board, and the status of the ongoing project is such that the completion funds are necessary to finish the work in a timely manner;
- The project provides space necessary to accomplish the institution’s core mission and promotes the statewide goals of higher education as articulated in the *Illinois Public Agenda for College and Career Success* or subsequent planning documents;
- The project provides State-matching funds for donations from other state agencies, the federal government, corporate donors and private contributions;
- The priority assigned the project by the respective institution, public university governing board, the Illinois Community College Board or the Illinois Mathematics and Science Academy;
- The placement of the project on the previous year’s priority list developed by IBHE; and
- The Board shall support a project it has not recommended previously when the Governor and General Assembly make a commitment to the project as evidenced by an appropriation or authorization.

A list of new capital projects for higher education each year is contained in the State of Illinois Capital Budget.

Use of Economic Cost-Benefit Analysis in Capital Needs Evaluations

Illinois Department of Transportation (IDOT) uses a variety of studies, including cost-benefit studies, to evaluate new transportation facilities, but generally not for maintaining or improving existing assets. IDOT also assesses costs to address unfunded capital needs that are currently under development. The Federal Rail Administration requires IDOT’s Division of Public and Intermodal Transportation to prepare a State Rail Plan for applications for capital infrastructure grants. These plans must include needs assessments with a cost-benefit component. In addition,

¹²⁸ State of Illinois Board of Higher Education, Committee on Statewide Capital Policies and Priorities, *Higher Education Statewide Capital Policies and Priorities: Report to the Illinois Board of Higher Education*, April 13, 2004, p. 12 and State of Illinois Board of Higher Education, *Capital Improvement Projects: Long-Term Planning List*, Item #1d, April 6, 2010, p. 58.

the Federal Aviation Administration requires cost-benefit studies from IDOT's Division of Aeronautics for projects over \$5.0 million.¹²⁹

Policies to Constrain Demand

No information was publicly available on state or regional policies to constrain demand.

Deferred Maintenance Reporting

There is little information publicly available regarding the deferred maintenance for state owned assets or those of the Metropolitan Pier and Exposition Authority and the Illinois Sports Facilities Authority.

Transportation

This section reviews publicly available information on deferred maintenance for state and regionally funded transportation facilities.

Highways and Roads

N/A

Bridges

N/A

Mass Transit

The Regional Transportation Authority's August 2010 Capital Asset Condition Assessment report presents ratings for the largest categories of mass transit infrastructure, which represent nearly 75.0% of the three service boards' entire ten-year capital needs. Asset condition was rated on a scale from 1 to 5, with 1 representing an asset "past its useful life" and 5 representing a relatively new asset in "excellent condition." A state of good repair was defined as a rating of 3, which was "adequate with no backlog." A rating of 3 or above was considered in a state of good repair. A rating of lower than 3 means that the asset is likely in its last quarter of useful life.¹³⁰ The assets with rating of less than 3 face problems with deferred maintenance. The report found that:

- Approximately 43.2% of Metra and CTA train stations were rated as being in less than a state of good repair. Of that number, 39.3% were rated as being past their useful life. About one-third of CTA and Pace busses received a 1 or 2 rating.
- 63.6% of Metra and CTA passenger rail cars were in a marginal state. Of that number, nearly 42% of the rail cars were rated as 1, which means that they were past their useful life.¹³¹

¹²⁹ Communication to the Civic Federation from the Governor's Office of Management and Budget, November 8, 2011.

¹³⁰ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. vi-vii.

¹³¹ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. iv.

Aviation

N/A

Water Transportation

N/A

Drinking Water and Wastewater Treatment

No information was available regarding deferred maintenance for drinking water and wastewater treatment facilities.

Water and Other Natural Resources

No information was available regarding deferred maintenance for dams.

Pollution Control and Waste Disposal

No information was available regarding deferred maintenance for pollution control and waste disposal facilities.

Energy

No information was available regarding deferred maintenance for energy facilities.

Publicly Owned Structures and Facilities

No information was available regarding deferred maintenance for publicly owned structures facilities.

Applicable Statutory Obligations

This section provides a list of the state statutes governing various aspects of state and local capital asset governance and financing requirements and responsibilities.

Transportation

Illinois Department of Transportation

- 20 ILCS 2705/ Civil Administrative Code of Illinois. (Department of Transportation Law)
- 20 ILCS 2710/ Rail Passenger Service Act (Repealed by P.A. 90-372, eff. 7-1-98).
- 20 ILCS 2712/ Broadband Access on Passenger Rail Law.
- 20 ILCS 2715/ Racial Profiling Prevention and Data Oversight Act.
- 20 ILCS 2720/ Township Road District Review Act (Repealed by P.A. 96-1060).
- 630 ILCS 5/ Public-Private Partnerships for Transportation Act.

Roads and Bridges:

- 605 ILCS 5/ Illinois Highway Code.
- 605 ILCS 10/ Toll Highway Act.
- 605 ILCS 15/ Dirksen Memorial Highway Act.
- 605 ILCS 20/ Peerson Memorial Highway Act.
- 605 ILCS 25/ Joliet - Marquette Trail Act.
- 605 ILCS 30/ Bikeway Act.
- 605 ILCS 105/ Bridge Construction Act.
- 605 ILCS 110/ Bridge Pier Protection Act.
- 605 ILCS 115/ Toll Bridge Act.
- 605 ILCS 120/ Illinois Adopt-A-Highway Act.
- 605 ILCS 125/ Roadside Memorial Act.
- 605 ILCS 130/ Public Private Agreements for the Illiana Expressway Act.

Mass Transit

- 70 ILCS 3605/ Metropolitan Transit Authority Act.
- 70 ILCS 3610/ Local Mass Transit District Act.
- 70 ILCS 3615/ Regional Transportation Authority Act.
- 70 ILCS 3620/ Public Transit Employee Training Programs Act.

Aviation

- 620 ILCS 5/ Illinois Aeronautics Act.
- 620 ILCS 10/ Military Emergency Aircraft Restriction Act.
- 620 ILCS 15/ Aircraft Landing and Taking Off Restriction Act.
- 620 ILCS 20/ Joint Airports Act.
- 620 ILCS 25/ Airport Zoning Act.
- 620 ILCS 30/ Zoning to Eliminate Airport Hazards Act.
- 620 ILCS 35/ Permanent Noise Monitoring Act.
- 620 ILCS 40/ General County Airport and Landing Field Act.
- 620 ILCS 45/ County Airport Law of 1943.
- 620 ILCS 50/ County Airports Act.
- 620 ILCS 52/ County Air Corridor Protection Act.
- 620 ILCS 55/ East St. Louis Airport Act.
- 620 ILCS 65/ O'Hare Modernization Act.

Airport Special Districts

- 70 ILCS 5/ Airport Authorities Act.
- 70 ILCS 10/ Interstate Airport Authorities Act.
- 70 ILCS 15/ Kankakee River Valley Area Airport Authority Act.

Water Transportation

- 615 ILCS 5/ Rivers, Lakes and Streams Act.
- 615 ILCS 10/ Illinois Waterway Act.
- 615 ILCS 15/ Flood Control Act of 1945.
- 615 ILCS 20/ Navigable Waters Obstruction Act.
- 615 ILCS 30/ Illinois and Michigan Canal Management Act.
- 615 ILCS 35/ Illinois and Michigan Canal Protection Act.
- 615 ILCS 40/ Illinois and Michigan Canal Land Use Act.
- 615 ILCS 45/ Illinois and Michigan Canal Development Act.
- 615 ILCS 50/ Level of Lake Michigan Act.
- 615 ILCS 55/ Lake Michigan Shore Line Act.
- 615 ILCS 60/ Des Plaines and Illinois Rivers Act.
- 615 ILCS 65/ Lake Calumet Harbor Act.
- 615 ILCS 75/ Kaskaskia River Watershed and Basin Act.
- 615 ILCS 80/ Big Kinkaid Creek Reservoir Act.
- 615 ILCS 85/ Blue Waters Ditch Flood Control Act.
- 615 ILCS 90/ Fox Waterway Agency Act.
- 615 ILCS 95/ Vermilion River Middle Fork Act.
- 615 ILCS 100/ McHenry County Dam Act.
- 615 ILCS 105/ Hennepin Canal Parkway State Park Act.
- 615 ILCS 110/ Kankakee River Dam Transfer Act.

Drinking Water and Wastewater Treatment

- 70 ILCS 3705/ Public Water District Act.
- 70 ILCS 3710/ Water Service District Act.
- 70 ILCS 3715/ Water Authorities Act.
- 70 ILCS 3720/ Water Commission Act of 1985.

- 415 ILCS 30/ Illinois Water Well Construction Code.
- 415 ILCS 35/ Illinois Water Well Pump Installation Code.
- 415 ILCS 40/ Public Water Supply Regulation Act.
- 415 ILCS 45/ Public Water Supply Operations Act.

Wastewater

- 415 ILCS 50/ Wastewater Land Treatment Site Regulation Act.

Sanitary Districts

- 70 ILCS 2205/ Sanitary District Act of 1907.
- 70 ILCS 2305/ North Shore Sanitary District Act.
- 70 ILCS 2310/ North Shore Sanitary District Extension (1st) Act.
- 70 ILCS 2315/ North Shore Sanitary District Extension (2nd) Act.
- 70 ILCS 2405/ Sanitary District Act of 1917.
- 70 ILCS 2410/ Sanitary Districts (1917 Act) Bond Act.
- 70 ILCS 2605/ Metropolitan Water Reclamation District Act.
- 70 ILCS 2805/ Sanitary District Act of 1936.
- 70 ILCS 2905/ Metro-East Sanitary District Act of 1974.
- 70 ILCS 3005/ Sanitary District Refunding Bond Act.
- 70 ILCS 3010/ Sanitary District Revenue Bond Act.
- 70 ILCS 3015/ Sanitary Districts Corporate Notes Act.
- 70 ILCS 3020/ Eastern Will Sanitary District Act.

Water and Other Natural Resources

- 70 ILCS 3405/ Surface Water Protection District Act.

River Conservancy

- 70 ILCS 2105/ River Conservancy Districts Act.
- 70 ILCS 2110/ River Conservancy District Validation Act.
- 70 ILCS 2115/ Rend Lake Dam and Reservoir on the Big Muddy River Act.

Flood Prevention

- 70 ILCS 750/ Flood Prevention District Act.
- 70 ILCS 755/ Beardstown Regional Flood Prevention District Act.

Drainage

- 70 ILCS 605/ Illinois Drainage Code.
- 70 ILCS 610/ Drainage District Pollution Abatement Act.
- 70 ILCS 615/ Chicago Drainage District Act.

Pollution Control and Waste Disposal

- 70 ILCS 3105/ Solid Waste Disposal District Act.
- 70 ILCS 3110/ Metro East Solid Waste Disposal and Energy Producing Service Act.
- 415 ILCS 5/ Environmental Protection Act.
- 415 ILCS 10/ Local Solid Waste Disposal Act.
- 415 ILCS 15/ Solid Waste Planning and Recycling Act.
- 415 ILCS 20/ Illinois Solid Waste Management Act.
- 415 ILCS 25/ Water Pollutant Discharge Act.

Energy

Renewable Energy

- 70 ILCS 1950/ Renewable Energy Production District Act.

Utilities

- 220 ILCS 5/ Public Utilities Act.
- 220 ILCS 10/ Citizens Utility Board Act.
- 220 ILCS 15/ Gas Storage Act.
- 220 ILCS 20/ Illinois Gas Pipeline Safety Act.
- 220 ILCS 25/ Gas Transmission Facilities Act.
- 220 ILCS 30/ Electric Supplier Act.
- 220 ILCS 35/ Small Business Utility Deposit Relief Act.
- 220 ILCS 40/ Small Business Utility Advocate Act.
- 220 ILCS 45/ Telecommunications Facility Fire and Emergency Act.
- 220 ILCS 50/ Illinois Underground Utility Facilities Damage Prevention Act.
- 220 ILCS 55/ Telegraph Act.
- 220 ILCS 60/ Telephone Line Right of Way Act.
- 220 ILCS 65/ Telephone Company Act.
- 220 ILCS 70/ Crossing of Railroad Right-of-way Act.
- 220 ILCS 75/ Carbon Dioxide Transportation and Sequestration Act.

Natural Resources

- 20 ILCS 1105/ Energy Conservation and Coal Development Act.
- 20 ILCS 1108/ Clean Coal FutureGen for Illinois Act of 2011.
- 20 ILCS 1110/ Illinois Coal and Energy Development Bond Act.
- 20 ILCS 1115/ Energy Conservation Act.
- 20 ILCS 1120/ Energy Policy and Planning Act.
- 20 ILCS 1125/ Dickson Mounds State Memorial Act.
- 20 ILCS 1128/ Illinois Geographic Information Council Act.
- 20 ILCS 1130/ Hazardous Waste Technology Exchange Service Act.
- 20 ILCS 1135/ Superconducting Super Collider Act.
- 20 ILCS 1905/ Civil Administrative Code of Illinois (Department of Natural Resources Mines and Minerals Law).
- 20 ILCS 1910/ Coal Products Commission Transfer Act.
- 20 ILCS 1915/ Surface Coal Mining Fee Act.
- 20 ILCS 1920/ Abandoned Mined Lands and Water Reclamation Act.

Illinois Power Agency

- 20 ILCS 3855/ Illinois Power Agency Act.

Publicly Owned Structures and Facilities

Civic Centers

- 70 ILCS 200/ Civic Center Code.
- 70 ILCS 210/ Metropolitan Pier and Exposition Authority Act.
- 70 ILCS 215/ Fair and Exposition Authority Reconstruction Act.

Park Districts

- 70 ILCS 1205/ Park District Code.
- 70 ILCS 1225/ Park Commissioners Land Condemnation Act.
- 70 ILCS 1230/ Park Commissioners Water Control Act.
- 70 ILCS 1235/ Park Commissioners Land Sale Act.
- 70 ILCS 1240/ Park Commissioners Land Conveyance Act.
- 70 ILCS 1245/ Park Commissioners Street Control (1879) Act.
- 70 ILCS 1250/ Park Commissioners Street Control (1889) Act.
- 70 ILCS 1255/ Park Commissioners Street Control (1895) Act.
- 70 ILCS 1260/ Park Commissioners Street Control (1907) Act.
- 70 ILCS 1265/ Park Commissioners Street Control (1917) Act.
- 70 ILCS 1270/ Park District Refunding Bond Act.
- 70 ILCS 1275/ Living War Memorial Act.
- 70 ILCS 1280/ Park District Historical Museum Act.
- 70 ILCS 1285/ Park Commissioners Federal Government Conveyance Act.
- 70 ILCS 1290/ Park District Aquarium and Museum Act.
- 70 ILCS 1295/ Park District Armory and Airfield Site Act.
- 70 ILCS 1300/ Park District Airport Site Act.
- 70 ILCS 1305/ Park District Airport Zoning Act.
- 70 ILCS 1310/ Park District Elevated Highway Act.
- 70 ILCS 1315/ Park Child Welfare Sanitarium Act.
- 70 ILCS 1320/ Park Ordinance Violation Incarceration Act.
- 70 ILCS 1325/ Park District Police Act.
- 70 ILCS 1505/ Chicago Park District Act.
- 70 ILCS 1510/ Chicago Park District Working Cash Fund Act.
- 70 ILCS 1515/ Chicago Park District Debt Assumption Act.
- 70 ILCS 1520/ Chicago Park District Bond (1935) Act.
- 70 ILCS 1525/ Chicago Park District Bond (1965) Act.
- 70 ILCS 1530/ Chicago Park District Corporate Note Act.
- 70 ILCS 1535/ Chicago Park District Street Car Line Act.
- 70 ILCS 1540/ Chicago Park District Judgment Indebtedness Bond Act.
- 70 ILCS 1545/ Chicago Park and City Exchange of Functions Act.
- 70 ILCS 1550/ Chicago Submerged Lands (1903) Act.
- 70 ILCS 1555/ Chicago Submerged Lands (1931) Act.
- 70 ILCS 1560/ Park District Exposition Authority Lease Act.
- 70 ILCS 1565/ Park Waterworks Improvement Lease Act.

- 70 ILCS 1570/ Lincoln Park Commissioners Land Condemnation Act.
- 70 ILCS 1575/ Lincoln Park Submerged Lands Act.
- 70 ILCS 1580/ Grant Park (1899) Act.
- 70 ILCS 1585/ Grant Park (1905) Act.
- 70 ILCS 1590/ Grant Park Boundary Act.
- 70 ILCS 1600/ Exposition Authority Incorporation Act.
- 70 ILCS 1605/ Metro-East Park and Recreation District Act.
- 70 ILCS 1610/ Summit Park District Tax Levy Validation (2010) Act.

Sports Facilities

- 70 ILCS 3205/ Illinois Sports Facilities Authority Act.
- 70 ILCS 3210/ Downstate Illinois Sports Facilities Authority Act.

Street Lights

- 70 ILCS 3305/ Street Light District Act.

Planning

- 70 ILCS 1707/ Regional Planning Act.
- 70 ILCS 1710/ Southwestern Illinois Metropolitan and Regional Planning Act.

Education

- 105 ILCS 230/ School Construction Law.
- 110 ILCS 205 Board of Higher Education Act.

Libraries

- 75 ILCS 5/ Illinois Local Library Act.
- 75 ILCS 10/ Illinois Library System Act.
- 55 ILCS 5/ Counties Code.

Townships

- 60 ILCS 1/ Township Code.

Public Building Commissions

- 50 ILCS 20/ Public Building Commission Act.

Housing

- 310 ILCS 5/ State Housing Act.
- 310 ILCS 10/ Housing Authorities Act.
- 310 ILCS 20/ Housing Development and Construction Act.

Municipal Debt and Borrowing

- 50 ILCS 405/ Local Government Debt Limitation Act.
- 50 ILCS 410/ Local Government Credit Enhancement Act.
- 50 ILCS 415/ Local Government Defeasance of Debt Law.
- 50 ILCS 420/ Tax Anticipation Note Act.
- 50 ILCS 425/ Revenue Anticipation Act.
- 50 ILCS 430/ Warrants and Jurors Certificates Act.
- 50 ILCS 435/ Constitutional Convention Election Expense Act (Repealed by P.A. 89-657).
- 50 ILCS 440/ Local Government Bond Validity Act.
- 50 ILCS 445/ Industrial Building Revenue Bond Act.
- 50 ILCS 450/ Medical Service Facility Act.
- 50 ILCS 455/ Medical Service Facility Revenue Bond Act.
- 50 ILCS 460/ Special Assessment Supplemental Bond and Procedures Act.
- 50 ILCS 465/ Local Government Housing Finance Act.
- 50 ILCS 470/ Innovation Development and Economy Act.

CAPITAL FINANCING

This section of the report describes how Illinois currently funds its major capital programs and how it projects future infrastructure expenses and revenues for those programs.

Description of State of Illinois Capital Expenditures and Revenues

On July 13, 2009, Governor Quinn signed the \$30.5 billion *Illinois Jobs Now!* program as enacted by the General Assembly. This was the first multi-year statewide capital program enacted in Illinois since the *Illinois FIRST* capital program in 1999. Funding will come from:

- \$15.9 billion of State funds and bonding;
- \$6.6 billion from the Federal government; and
- \$4.5 billion from taxes, user fees and other sources. These revenue sources include motor fuel taxes and vehicle registration fees.¹³²

A large portion of the capital program is earmarked for IDOT's Highway Improvement Program. The FY2012-FY2017 Highway Improvement Program totals \$11.5 billion and includes a FY2012 program of \$2.95 billion. The Program is funded from federal funds (62.0%), state funds (12.0%), *Illinois Jobs Now!* bond funds (20.0%) and local funds (6.0%).¹³³

¹³² State of Illinois, FY2012 Capital Budget, p. 104.

¹³³ Illinois Department of Transportation, FY2012-FY2017 Proposed Highway Improvement Program, April 2011, p. 8.

State of Illinois Capital Budget: Expenditures

Each year the General Assembly authorizes new spending and re-appropriates the remaining amount of funding in the *Illinois Jobs Now!* capital plan. The State's originally proposed FY2012 capital budget recommended the reauthorization of \$27.1 billion. Of that amount, \$4.0 billion was earmarked for new spending and \$23.1 billion was re-appropriated.

The largest proposed investment of capital funds in the FY2012 capital budget was \$8.8 billion for state highways and bridges, which made up 32.3% of the total capital appropriations. This was nearly three times as much as the next largest category, public transportation, which was allocated \$3.0 billion, or 12.0 %, of the appropriations. Both of these areas of funding are managed by IDOT, as are the rail and airport investments.

The largest increase in originally proposed new appropriations proposed in the FY2012 capital budget was for additional highway projects totaling \$2.0 billion. All of the proposed new highway funds are from pay-as-you-go sources including federal, tax and user fee generated funds. The Illinois Community College Board also received a significant amount of new funding totaling \$94.1 million for both new construction and facility renewal.

The largest use of the re-appropriated funds was \$6.7 billion for highways, followed by the \$3.0 for public transportation. The new and re-appropriated highway funds are part of the State's multi-year road programs. However, the \$8.8 billion in capital spending on road and bridges in the capital budget do not match the totals in the recently announced update to the multi-year road plan. On April 7, 2011, the Governor's office announced a new multi-year program for FY2012 through FY2017 totaling \$11.5 billion.¹³⁴ The total appropriations and sources of funding in the State's multi-year road program do not match the proposal in the Governor's FY2012 capital budget.

Of the \$3.6 billion originally allocated in the FY2010 capital budget for public transit funding, only \$900 million will be spent on maintenance to the CTA, the largest provider of mass transit in the State. The CTA has identified a need of more than \$7.0 billion in capital funding to maintain its bus and rail system. A portion of the \$38.0 million in new federal funding grant for mass transit in the proposed FY2012 capital budget may be used for CTA planning purposes, such as preparation for the proposed Circle Line train service or other expansion projects.¹³⁵ The budget document does not specify the precise apportionment of this new federal mass transit funding for transit planning purposes.

The re-appropriations also include \$400.0 million within the inland ports budget to fund high-speed rail. Illinois was awarded \$1.2 billion in additional funding for high-speed rail from the federal government.¹³⁶ The inland ports appropriations also include \$300.0 million for the Chicago Environmental and Transportation Efficiency Program (CREATE) and \$110.5 million to build a third Chicago regional airport south of the city.

¹³⁴ State of Illinois, FY2012-FY2016 Proposed Highway Improvement Program at <http://www.dot.state.il.us/hip1116/hwyimprov.htm> (last visited April 7, 2011).

¹³⁵ State of Illinois, FY2012 Capital Budget, p. 44.

¹³⁶ State of Illinois, FY2012 Capital Budget, p. 45.

The FY2012 originally proposed capital budget included re-appropriations of \$1.6 billion for the statewide school construction program and \$1.8 billion for projects at public universities.

State of Illinois FY2012 Capital Budget: Uses				
(in \$ thousands)				
	New Appropriations	Re-appropriations	Total	% of Total
Highways	\$ 2,022,329	\$ 6,740,994.00	\$ 8,763,323	32.3%
Public Transportation	\$ 38,000	\$ 2,989,290.00	\$ 3,027,290	11.2%
Inland Ports	\$ -	\$ 2,994,257.00	\$ 2,994,257	11.0%
Environment/Energy/Technology	\$ 613,815	\$ 2,221,315.00	\$ 2,835,130	10.4%
Higher Education	\$ 425,825	\$ 1,788,285.00	\$ 2,214,110	8.2%
State Facilities	\$ 520,479	\$ 1,203,509.00	\$ 1,723,988	6.4%
Pre K-12 Education	\$ -	\$ 1,572,672.00	\$ 1,572,672	5.8%
Next Generation*	\$ 219,000	\$ 1,008,057.00	\$ 1,227,057	4.5%
Aeronautics	\$ 163,000	\$ 1,049,248.00	\$ 1,212,248	4.5%
Economic Development	\$ 36,350	\$ 1,044,293.00	\$ 1,080,643	4.0%
Rail	\$ 3,200	\$ 488,439.00	\$ 491,639	1.8%
Total	\$ 4,041,998	\$ 23,100,359	\$ 27,142,357	100.0%

* Next Generation capital programs are intended to foster economic development through investments in economic, technological and scientific assets.

Source: State of Illinois, FY2012 Capital Budget, p. 104.

Enacted FY2012 Capital Budget

The capital budget that was enacted by the General Assembly in May 2012 and signed into law by the Governor is significantly less than the amount included in the Governor's recommended FY2012 capital budget. The total capital spending approved for FY2012 was \$2.1 billion less than the total \$27.1 billion in the Governor's recommended FY2012 capital budget.

The following chart compares the capital budget originally proposed by the Governor for FY2012 to the enacted capital budget.

State of Illinois FY2012 Capital Spending Authorization (in \$ millions)				
	FY2012 Recommended	FY2012 Enacted	\$ Change	% Change
Reappropriation	\$ 23,100.4	\$ 22,839.3	\$ (261.1)	-1.1%
New	\$ 4,042.0	\$ 2,220.7	\$ (1,821.3)	-45.1%
Total	\$ 27,142.4	\$ 25,060.0	\$ (2,082.4)	-7.7%

Source: Illinois State FY2012 Capital Budget p. 104; Email communication between Civic Federation staff and Governor's Office of Management and Budget regarding Public Act 97-0076.

The amount of capital spending reauthorized from previous years fell slightly due to some projects spending more of their existing appropriations before the end of FY2011 than was estimated in the Governor's capital budget. The more significant reduction in the FY2012 capital authorization was the \$1.8 billion in new projects proposed by the Governor but omitted from the capital bill approved by the General Assembly.

The new spending in the enacted capital budget was almost entirely dedicated to additional transportation spending on roads, bridges, airports, rail and mass transit, totaling \$2.15 billion of the approved spending.¹³⁷ Information on a breakdown of the new spending by program has not been provided in the enacted budget figures.¹³⁸ Transportation spending made up more than half of the total spending in the capital budget and consists almost entirely of broad grants given to the Illinois Department of Transportation that are later assigned to specific projects

State of Illinois Capital Budget: Revenues

Funding for the State's *Illinois Jobs Now!* plan is provided by a combination of state, federal and local funds.

- Road and bridge construction project bonds are funded by revenues from motor vehicle registration fees, state driver's license fees and motor fuel taxes.
- Statewide transit projects are funded by motor vehicle title fees.
- School construction, environmental protection, conservation, economic development and higher education are funded from a variety of other taxes or fees.¹³⁹

In 2009 the General Assembly approved a package of new revenues to provide additional support for the capital program. Legislative leaders were initially receptive to an increase in the motor fuel tax but opted instead for special taxes less likely to arouse strong public opposition.¹⁴⁰ These revenues were expected to total \$943.0 million to \$1.2 billion annually to support the new capital borrowing associated with the *Illinois Jobs Now!* capital program. The revenue sources and estimated annual revenues from each included:¹⁴¹

- Statewide legalization and taxation of video poker, 5/6ths of a 30% tax on video poker, \$288.0 to \$534.0 million annually;
- Expanded the state sales to candy, sweetened beverages and some hygiene products, \$65.0 million;
- Leasing the management of state lottery operations, \$150.0 million;
- Increased per gallon tax on beer, wine and liquor, \$108.0 million; and
- Increased license and vehicle fees, \$332.0 million.¹⁴²

Some small amounts for capital spending are derived from investment income, legal settlements, the sale of land, loan repayments and lease revenues.

Debt financing for Illinois bonds involves the issuance of General Obligation or Build Illinois Bonds. With the exception of Transportation A Bonds (which are used for highways, roads and bridges), debt service on General Obligation Bonds is repaid from the state's general revenues

¹³⁷ Email communication between Civic Federation staff and Governor's Office of Management and Budget regarding Public Act 97-0076.

¹³⁸ Communication from the Governor's Office of Management and Budget, August 24, 2011.

¹³⁹ State of Illinois, FY2012 Capital Budget, p. 12.

¹⁴⁰ Ryan Keith, "Quinn: job cuts, pension changes possible: state employee union vows to fight changes expected in governor's spending plan," *The State Journal-Register*, March 10, 2009.

¹⁴¹ Public Act 096-0034.

¹⁴² Commission on Governmental Forecasting and Accountability, Illinois FY2012 Capital Plan, p. 9.

and the recently approved tax and fee revenues from the Capital Projects Fund. Transportation A Bonds' debt service is paid from the Road Fund. Debt service on Build Illinois Bonds is paid from a dedicated allocation of sales tax as well as the Capital Projects Fund. The total amount of bonds the state may issue for a given purpose is limited by legislated maximums for each of several bond authorization categories or purposes. Bonded capital projects only commence when there is adequate bond authorization to completely fund the appropriate phases of the project.

The proceeds from the taxes and fees earmarked for the *Illinois Jobs Now!* plan are deposited in a dedicated Capital Projects Fund and used to pay for debt service on new capital bonds and pay for some ongoing capital expenses. The FY2012 capital budget did not include details of the revenues being generated from these sources since their enactment or the increase in debt service specifically attributable to the bonds sold to support the *Illinois Jobs Now!* projects.¹⁴³

Illinois State Toll Highway Authority: Expenditures and Revenues

Illinois Tollway projects are financed primarily with toll revenues. The FY2012 budget projects a total of \$973.0 million in revenues. Of that amount, \$963.0 million will be derived from tolls, \$9.0 million from concession and miscellaneous income and \$1.0 million from interest earnings.¹⁴⁴

The Board of Directors approved *Move Illinois*, a multi-year capital program in 2011 to finance a five-year \$12.0 billion capital program. The program will provide \$8.3 billion over time to fund capital improvement in the existing Tollway system and \$3.4 billion for new priority projects focusing on improving regional mobility.¹⁴⁵ It will be funded with tolls, other operating revenue and bond proceeds. Effective January 1, 2012, tolls will increase from \$0.40 to \$0.75 at a typical toll plaza for cars. The average cost of a trip for electronic pass (I-PASS) customers will be \$1.18, up from \$0.63. Tolls for cash customers will increase from 80 cents to \$1.50. The capital program will also be supported by commercial vehicle rate increases approved in 2008 that will be phased in starting in January 1, 2015. This is the first toll increase for I-PASS customers in 28 years. I-PASS customers represent approximately 75.0% of all drivers on the toll roads in the Toll Highway system.¹⁴⁶

Anticipated bond issuance for FY2012 for the *Move Illinois* capital program was projected to be \$240.9 million.¹⁴⁷ No projections were provided beyond FY2012.

Regional Transportation Authority: Expenditures and Revenues

The Regional Transportation Authority (RTA) Board adopts a five-year capital plan for its three service boards. For FY2011-FY2015, the last capital plan for which information is publicly available from the RTA, total capital expenditures will total \$4.3 billion. Of that amount, nearly \$2.3 billion, or 53.0%, will be used for rolling stock; 19.0%, or \$820.0 million, is earmarked for

¹⁴³ Institute for Illinois' Fiscal Sustainability, *State of Illinois FY2012 Recommended Operating and Capital Budgets: Analysis and Recommendations*, May 9, 2011, p. 92.

¹⁴⁴ Illinois State Toll Highway Authority, 2012 Tentative Budget, p. 28.

¹⁴⁵ Illinois State Toll Highway Authority, *Move Illinois: Driving the Future - Capital Program Summary*, p. 2.

¹⁴⁶ Illinois State Toll Highway Authority, 2012 Tentative Budget, p. 13.

¹⁴⁷ Illinois State Toll Highway Authority, 2012 Tentative Budget, p. 15.

track and structure; 9.0%, or \$385.0 million, is for signals and communications; 6.0%, or \$24.0 million, is anticipated for stations and passenger facilities; and 4.0% is designated for other costs (including contingencies, administration and miscellaneous programs).¹⁴⁸

RTA Five-Year Capital Plan: FY2011-FY2015				
(in \$ thousands)				
	Bus	Rail	Contingencies & Administration	Total
Chicago Transit Authority	\$ 481,029	\$ 1,453,772	\$ 307,709	\$ 2,242,510
Metra	\$ -	\$ 1,737,279	\$ 9,825	\$ 1,747,104
Pace	\$ 329,574	\$ -	\$ 3,900	\$ 333,474
Pace ADA	\$ 31,700	\$ -	\$ -	\$ 31,700
Total	\$ 810,603	\$ 3,191,051	\$ 321,434	\$ 4,354,788

Source: Regional Transportation Authority FY2011 Budget, Two-Year Financial Plan and Five-Year Capital Program, pp. 149-151.

Funding for RTA Service Boards

Funding for the RTA service boards' capital programs is provided from four sources:

1. *Federal funds*: Federal capital grants were expected to increase from \$443.2 million in 2011 to \$623.8 million by 2020, a compounded growth rate of 3.5%. This reflects historic long-term trends. Certain federal funds are formula-based and others are awarded on a competitive basis. Formula-based federal funds such as Section 5307 Urbanized Area Formula Funds and Section 5309 (m)(2)(B) Fixed Guideway Modernization funds have been allocated by the RTA to the service boards by the historical distribution of 58.0% to the CTA, 34.0% to Metra and 8.0% to Pace;¹⁴⁹
2. *State funds*: This includes approximately \$2.3 billion available from the *Illinois Jobs Now!* plan, appropriated in 2009 and available through 2014. An additional \$112.5 million in State funds are allocated via IDOT for the duration of the RTA's ten-year Strategic Plan;
3. *RTA Funds*: These funds include discretionary bonds issued by the agency and totaled \$53.1 million in 2011; and
4. *Local funding*: This funding is for capital purposes and consists of service board money that Metra allocates to capital spending from farebox revenues each year, capital funding provided by local communities, other funds from the service boards and bonds issued by the CTA. These funds will total \$566.8 million between 2011 and 2020.¹⁵⁰

The three mass transit service boards' operating and locally-funded capital expenses are funded through a combination of own source or system-generated revenues and public funding provided

¹⁴⁸ Regional Transportation Authority, FY2011 Budget, Two-Year Financial Plan and Five-Year Capital Program, p. 41.

¹⁴⁹ Pace, FY2012 Budget, p. 42.

¹⁵⁰ Regional Transportation Authority, FY2011 Budget, Two-Year Financial Plan and Five-Year Capital Program, p. 152.

by the RTA. System-generated revenues include fares, revenue from advertising and concessions and miscellaneous revenues. The CTA also receives an annual contribution of \$5.0 million each from the City of Chicago and Cook County. Public funding provided through the RTA includes revenues from the regional RTA sales tax and state sales tax funds. Legislation approved in 2008 authorized an increase in the RTA sales tax and an increase in the City of Chicago real estate transfer tax to support the CTA. The RTA is authorized to levy a sales tax in the six-county region of northeastern Illinois at the following rates:

- 1.00% sales tax on general merchandise in Cook County;
- 1.35% sales tax on qualifying food, drugs and medical appliances in Cook County; and
- 0.50% sales tax on general merchandise and qualifying food, drugs and medical appliances in DuPage, Kane, Lake, McHenry and Will Counties.¹⁵¹

Additional monies are provided by the State of Illinois to the RTA. The State Treasurer remits from the State General Fund an amount equal to 25.0% of RTA sales tax collections on a monthly basis. The RTA uses these revenues to fund the needs of the three service boards, as well as RTA operations, debt service and capital investment. The RTA also has the authority to levy taxes on automobile rentals, motor fuel and off-street parking facilities, but has not exercised that authority.¹⁵² The sales tax revenues are distributed to the three service boards by a formula, as shown below:

RTA Sales Tax Distribution			
	Chicago Sales Tax Revenue	Suburban Cook County Sales Tax Revenue	Collar County Sales Tax Revenue
CTA	100.0%	30.0%	0.0%
Metra	0.0%	55.0%	70.0%
Pace	0.0%	15.0%	30.0%
Total	100.0%	100.0%	100.0%

Source: CTA, FY2012 Budget, p. 88.

Metropolitan Pier and Exposition Authority: Expenditures and Revenues

The Metropolitan Pier and Exposition Authority (McPier) has an extensive capital program, with \$3.1 billion in bonds outstanding as of June 30, 2010.¹⁵³ MCPier revenues include:

- 1.0% tax on restaurant sales in downtown Chicago;
- 2.5% tax on hotel and motel rooms in Chicago;
- 6.0% tax on auto rentals in Cook County; and
- An airport departure tax at O'Hare International and Midway airports.¹⁵⁴

¹⁵¹ Public Act 095-0708.

¹⁵² ILCS 3615/4.03.

¹⁵³ Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 31.

¹⁵⁴ Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 9.

These revenues are collected by the City of Chicago and the State of Illinois and held by the State in the Authority's Tax Fund to pay debt service for facility expansion and maintenance. If Authority taxes are not adequate to pay for debt service and cash is unavailable in reserve accounts, the Authority is authorized to draw on state sales tax funds from the State of Illinois. These revenues are to be repaid when Authority taxes generate a surplus again.¹⁵⁵ The Authority collects operating revenues from a variety of fees from guest services, parking, retail concessions, entertainment and use of exhibition facilities.

As shown in the exhibit below, McPier operating expenses are primarily for salaries, depreciation and outsourced operations. In FY2009 and FY2010 McPier reported operating losses of \$109.3 million and \$118.9 million, respectively.

Metropolitan Pier and Exposition Authority Revenues, Expenditures & Changes in Net Assets: FY2009 & FY2010 (in \$ thousands)				
	FY2009	FY2010	\$ Change	% Change
Operating Revenue	\$ 210,284	\$ 170,293	\$ (39,991)	-19.0%
Operating Expenses				
Salaries, wages and benefits	\$ 99,856	\$ 86,709	\$ (13,147)	-13.2%
Supplies	\$ 35,146	\$ 30,189	\$ (4,957)	-14.1%
Outsourced operations	\$ 47,562	\$ 43,285	\$ (4,277)	-9.0%
Depreciation	\$ 99,779	\$ 96,864	\$ (2,915)	-2.9%
Utilities	\$ 17,972	\$ 16,264	\$ (1,708)	-9.5%
General and Administrative	\$ 19,360	\$ 16,004	\$ (3,356)	-17.3%
(Gain) Loss on disposal of fixed assets	\$ -	\$ (24)	\$ (24)
Total Operating Expenses	\$ 319,675	\$ 289,291	\$ (30,384)	-9.5%
Operating Loss	\$ (109,391)	\$ (118,998)	\$ (9,607)	8.8%
Non-Operating Revenues (Expenses)				
State Grants	\$ 31,026	\$ 31,411	\$ 385	1.2%
Investment Income	\$ 3,461	\$ 225	\$ (3,236)	-93.5%
Authority Taxes	\$ 110,524	\$ 121,790	\$ 11,266	10.2%
Intergovernmental Payments	\$ (9,063)	\$ (2,341)	\$ 6,722	-74.2%
Interest and Amortization Expense	\$ (174,599)	\$ (172,231)	\$ 2,368	-1.4%
Total Non-Operating Revenues (Expenses)	\$ (38,651)	\$ (21,146)	\$ 17,505	-45.3%
Change in Net Deficit	\$ (148,042)	\$ (140,144)	\$ 7,898	-5.3%
Net Deficit - Beginning of Year	\$ (408,311)	\$ (556,353)		
Net Deficit - End of Year	\$ (556,353)	\$ (696,497)		

Source: Metropolitan Pier and Exposition Authority, FY2010 CAFR, p. 12.

Illinois Sports Facilities Authority: Expenditures and Revenues

The Illinois Sports Facilities Authority (ISFA) is funded by the proceeds of a tax of 2.0% of 98.0% of gross rental receipts of hotel operators in Chicago.¹⁵⁶ The tax is collected by the Illinois

¹⁵⁵ Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 30.

¹⁵⁶ 70 ILCS 3205/19.

Department of Revenue and paid to IFSA. IFSA also receives a \$5.0 million annual subsidy from the State of Illinois, a \$5.0 million annual subsidy from the City of Chicago, fees from the Chicago White Sox baseball team and investment income and other miscellaneous revenues.¹⁵⁷ If IFSA revenues are not sufficient to pay for debt service on bonds issued, the City of Chicago must provide the funds needed to pay for the difference.¹⁵⁸

The exhibit below shows ISFA revenues and expenditures for FY2009 and FY2010. The deficit in FY2009 of \$20.2 million declined sharply to \$1.3 million in the following year. The largest revenue source in both years was hotel tax revenue, averaging 68.8% of all revenues in the two years reviewed. The two largest expenditures were for debt service and capital improvements in both years, averaging 5.3% of all spending.

Illinois Sports Facility Authority Revenues, Expenditures & Changes in Fund Balance				
FY2009 & FY2010				
	FY2009	FY2010	\$ Change	% Change
Revenues				
State Subsidy	\$ 5,000,000	\$ 5,000,000	\$ -	0.0%
City Subsidy	\$ 5,000,000	\$ 5,000,000	\$ -	0.0%
Investment Income	\$ 3,043,423	\$ 653,146	\$ (2,390,277)	-78.5%
Hotel Tax Revenue	\$ 33,403,924	\$ 30,114,550	\$ (3,289,374)	-9.8%
Special Events Revenue	\$ 21,588	\$ 66,295	\$ 44,707	207.1%
Fees from White Sox	\$ 2,672,085	\$ 2,233,135	\$ (438,950)	-16.4%
Other Income	\$ 21,412	\$ 85,760	\$ 64,348	300.5%
Total Revenues	\$ 49,162,432	\$ 43,152,886	\$ (6,009,546)	-12.2%
Expenditures				
Salaries & Benefits	\$ 698,799	\$ 756,156	\$ 57,357	8.2%
Administrative & General Expenditures	\$ 7,114,268	\$ 3,943,380	\$ (3,170,888)	-44.6%
Debt Service Expenditures	\$ 26,860,432	\$ 29,003,686	\$ 2,143,254	8.0%
Capital Improvements	\$ 27,042,389	\$ 3,497,675	\$ (23,544,714)	-87.1%
Park Maintenance	\$ 2,885,442	\$ 3,081,658	\$ 196,216	6.8%
White Sox Maintenance Subsidy	\$ 193,919	\$ 56,394	\$ (137,525)	-70.9%
Soldier Field Maintenance Subsidy	\$ 4,557,459	\$ 4,179,183	\$ (378,276)	-8.3%
Total Expenditures	\$ 69,352,708	\$ 44,518,132	\$ (24,834,576)	-35.8%
Excess (Deficiency) of Revenues over Expenditures	\$ (20,190,276)	\$ (1,365,246)		

Source: Illinois Sports Facility Authority, FY2010 Annual Report, p. 12.

Projections of Future Financing

State of Illinois

Despite the size of the capital program, the State of Illinois does not develop a comprehensive multi-year capital improvement plan nor does it provide publicly available future year projections of total capital spending and revenues in other reports. The only publicly provided projections of future spending are the five-year projections of bond-funded capital expenditures in the capital budget.

¹⁵⁷ Illinois Sports Facilities Authority, Annual Report, p. 12

¹⁵⁸ "The Soldier Field fiasco," *Chicago Tribune*, December 9, 2011.

As noted above, the FY2012-FY2017 Highway Improvement Program projects five-year expenditures of \$11.5 billion. No projections are provided for capital projects funded through the State Motor Fuel Tax Fund or the Road Fund. The Illinois Capital Budget does include a five-year projection of the portion of state capital expenditures funded by debt in an appendix. Projections of pay-as-you-go funded projects are not provided. The FY2012 capital budget shows that between FY2012 and FY2017 spending on bond-funded projects will drop from \$2.6 billion to \$729.2 million as the *Illinois Jobs Now!* program funds are used. Funding capital needs beyond FY2016 will likely require approval of a new capital program.

State of Illinois FY2012 General Obligation Bonds - Capital Expenditure Plan (in \$ thousands)							
Fund Name	FY2012 Appropriation	Spending from FY12 Appropriations					
		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Capital Development	\$ 4,524,449	\$ 580,000	\$ 750,000	\$ 550,000	\$ 500,000	\$ 500,000	\$ 500,000
School Construction	\$ 1,497,672	\$ 349,843	\$ 400,000	\$ 350,000	\$ 184,769	\$ 184,769	\$ 23,826
Anti-Pollution	\$ 197,481	\$ 63,098	\$ 25,000	\$ 25,000	\$ 20,400	\$ 20,400	\$ 20,400
Transportation Series A	\$ 353,362	\$ 353,362	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Series B	\$ 3,849,147	\$ 586,510	\$ 410,115	\$ 789,689	\$ 116,820	\$ 116,820	\$ 116,820
Transportation Series D	\$ 2,825,178	\$ 640,000	\$ 572,000	\$ 550,000	\$ 500,000	\$ 500,000	\$ 63,177
Coal & Energy Development	\$ 103,043	\$ 19,784	\$ 20,177	\$ 17,471	\$ 10,483	\$ 10,483	\$ 5,000
TOTAL ALL FUNDS	\$ 13,350,332	\$ 2,592,597	\$ 2,177,292	\$ 2,282,160	\$ 1,332,472	\$ 1,332,472	\$ 729,223
Sources of Funding							
Prior Appropriations	\$ 1,203,721	\$ 82,714	\$ 138,966	\$ 156,222	\$ 140,562	\$ 140,562	\$ 135,079
Illinois Jobs Now!	\$ 10,802,507	\$ 2,253,212	\$ 1,716,578	\$ 2,009,418	\$ 1,067,742	\$ 1,067,742	\$ 469,976
New Appropriations	\$ 1,344,104	\$ 256,671	\$ 321,748	\$ 116,520	\$ 124,168	\$ 124,168	\$ 124,168
TOTAL ALL FUNDS	\$ 13,350,332	\$ 2,592,597	\$ 2,177,292	\$ 2,282,160	\$ 1,332,472	\$ 1,332,472	\$ 729,223

Source: Illinois FY2012 State Capital Budget, Appendix C, p. 109.

Illinois State Toll Highway Authority

The Illinois State Toll Highway Authority has provided a schedule of capital expenditures for its \$12.0 billion *Move Illinois* capital plan from FY2012 to FY2026.

Construction Schedule of Illinois State Toll Highway Capital Plan (\$Millions)			
	New Construction	Existing Construction	Total
FY2012	\$ 177	\$ 321	\$ 498
FY2013	\$ 979	\$ 163	\$ 1,142
FY2014	\$ 1,031	\$ 87	\$ 1,118
FY2015	\$ 859	\$ 297	\$ 1,156
FY2016	\$ 837	\$ 89	\$ 926
FY2017	\$ 813	\$ -	\$ 813
FY2018	\$ 829	\$ -	\$ 829
FY2019	\$ 680	\$ -	\$ 680
FY2020	\$ 862	\$ -	\$ 862
FY2021	\$ 1,270	\$ -	\$ 1,270
FY2022	\$ 1,290	\$ -	\$ 1,290
FY2023	\$ 624	\$ -	\$ 624
FY2024	\$ 688	\$ -	\$ 688
FY2025	\$ 622	\$ -	\$ 622
FY2026	\$ 572	\$ -	\$ 572

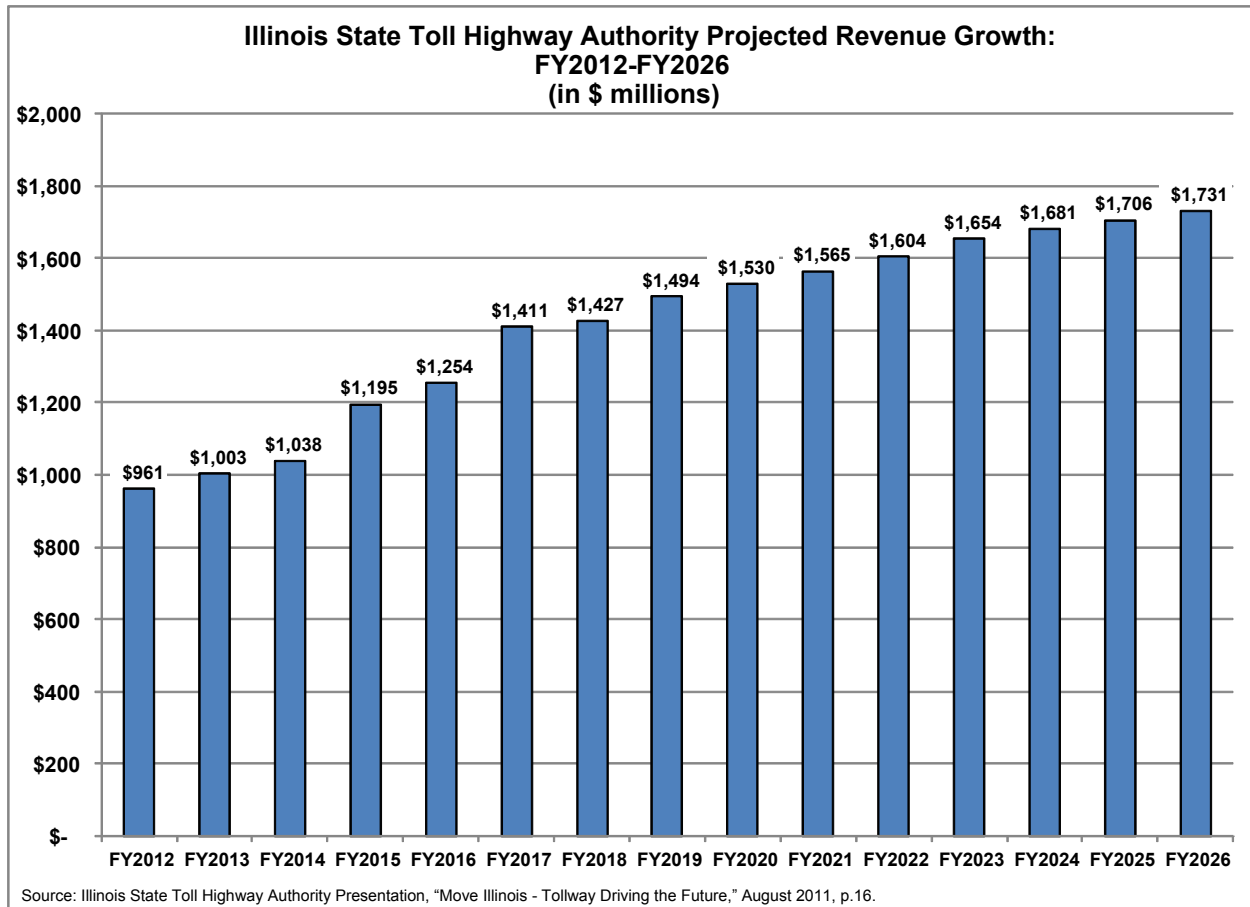
Source: Illinois Toll Highway Authority Presentation, "Move Illinois - Tollway Driving the Future," August 2011, p. 16.

The Illinois Tollway projects that toll revenues from passenger and commercial vehicles will rise from \$961.0 million in FY2012 to \$1.7 billion in FY2026. Assuming a 4.0% rate of growth in operating expenditures and combined expenditures for operations and debt service that will be well below revenues available, the *Move Illinois* project will be more than adequately funded over time.¹⁵⁹

Anticipated bond issuance for the FY2012 for the Move Illinois capital program will be \$240.9 million.¹⁶⁰ No bond expense projections are provided beyond FY2012.

¹⁵⁹ Illinois State Toll Highway Authority, Presentation, "Move Illinois - Tollway Driving the Future," August 2011, p. 15.

¹⁶⁰ Illinois State Toll Highway Authority, 2012 Tentative Budget, p. 15.



Regional Transportation Authority

Information about five-year capital program trends for FY2012 through FY2016 are provided in the budgets of the RTA’s three service boards.

Chicago Transit Authority (CTA)

The CTA anticipates that it will receive \$2.9 billion in funding between FY2012 through FY2016. Approximately \$2.4 billion of that total will be new funding, and \$520.0 million will come from the CTA issued debt. Over 52% of all new funding will be from federal sources and 48.0% from state or local sources. It is important to note that federal funds available under a new federal transportation bill will require substantial amounts (\$300.0 to \$400.0 million) of local share matching funds. Matching funds will also be required for new start programs or funding for new transit lines and extensions or rehabilitation of existing transit lines.¹⁶¹ The CTA anticipates an authorization of \$1.1 billion from the State of Illinois from the *Illinois Jobs Now!* capital program for FY2012 through FY2014. However, that authorization has not yet occurred.¹⁶² Between FY2008 and FY2011, the RTA authorized the transfer of \$554.0 million in federal

¹⁶¹ Chicago Transit Authority, FY2012 Budget, p. 63

¹⁶² Chicago Transit Authority, FY2012 Budget, p. 63.

capital funds to help fill CTA operating budget gaps. That practice was ended with the adoption of the FY2012 CTA budget.¹⁶³

Chicago Transit Authority FY2012-FY2016 Capital Improvement Plan Funding						
New Funds	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Sec. 5307 Formula	\$ 136,490	\$ 139,080	\$ 141,720	\$ 144,410	\$ 147,150	\$ 708,850
Sec. 5309b (b) Fixed Guideway Modernization	\$ 96,030	\$ 97,850	\$ 99,710	\$ 101,600	\$ 103,530	\$ 498,720
Sec 503 Congestion Mitigation & Air Quality	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 15,000
Homeland Security (DHS)	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 57,500
Available Federal Funding	\$ 247,020	\$ 251,430	\$ 255,930	\$ 260,510	\$ 265,180	\$ 1,280,070
State Bond Funds	\$ 373,549	\$ 552,114	\$ 216,518	\$ -	\$ -	\$ 1,142,181
Service Board (2010 PBV)	\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ 27,000
Available State/Local Funding	\$ 400,549	\$ 552,114	\$ 216,518	\$ -	\$ -	\$ 1,169,181
Total New Funding Available	\$ 647,569	\$ 803,544	\$ 472,448	\$ 260,510	\$ 265,180	\$ 2,449,251
CTA Bond Program	\$ 520,000	\$ -	\$ -	\$ -	\$ -	\$ 520,000
Total Capital Available	\$ 1,167,569	\$ 803,544	\$ 472,448	\$ 260,510	\$ 265,180	\$ 2,969,251

Metra

Metra projects that it will receive \$1.2 billion in capital finding from FY2012 through FY2016. Approximately 61.7%, or \$746.9 million, will be derived from federal funds and 38.3% from state and local funding. State bond funds will provide nearly \$413.4 million through 2014, when their current authorization expires.¹⁶⁴

(in \$ thousands)						
Federal	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Formula/Fixed Guideway Modernization	\$ 136,310	\$ 138,900	\$ 141,540	\$ 144,230	\$ 146,970	\$ 707,950
Congestion Mitigation & Air Quality	\$ 4,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 14,000
Homeland Security (DHS)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
Available Federal Funding	\$ 145,310	\$ 146,400	\$ 149,040	\$ 151,730	\$ 154,470	\$ 746,950
RTA Capital Financing	\$ 4,700	\$ -	\$ -	\$ -	\$ -	\$ 4,700
Farebox Capital Financing	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 45,000
State Bond Funds	\$ 89,125	\$ 170,825	\$ 153,425	\$ -	\$ -	\$ 413,375
Available State/Local Funding	\$ 98,825	\$ 180,825	\$ 163,425	\$ 10,000	\$ 10,000	\$ 463,075
Total Capital Available	\$ 244,135	\$ 327,225	\$ 312,465	\$ 161,730	\$ 164,470	\$ 1,210,025

Source: Metra, FY2012 Budget, p. 54.

Pace

Pace estimates that federal funds will provide 67.9%, or \$274.7 million, of its anticipated five-year capital expenses of \$404.5 million between FY2012 and FY016. Most of the remaining funds will be provide from the State of Illinois Department of Transportation (\$128.5 million).¹⁶⁵

¹⁶³ Chicago Transit Authority, FY2012 Budget, p. 39.

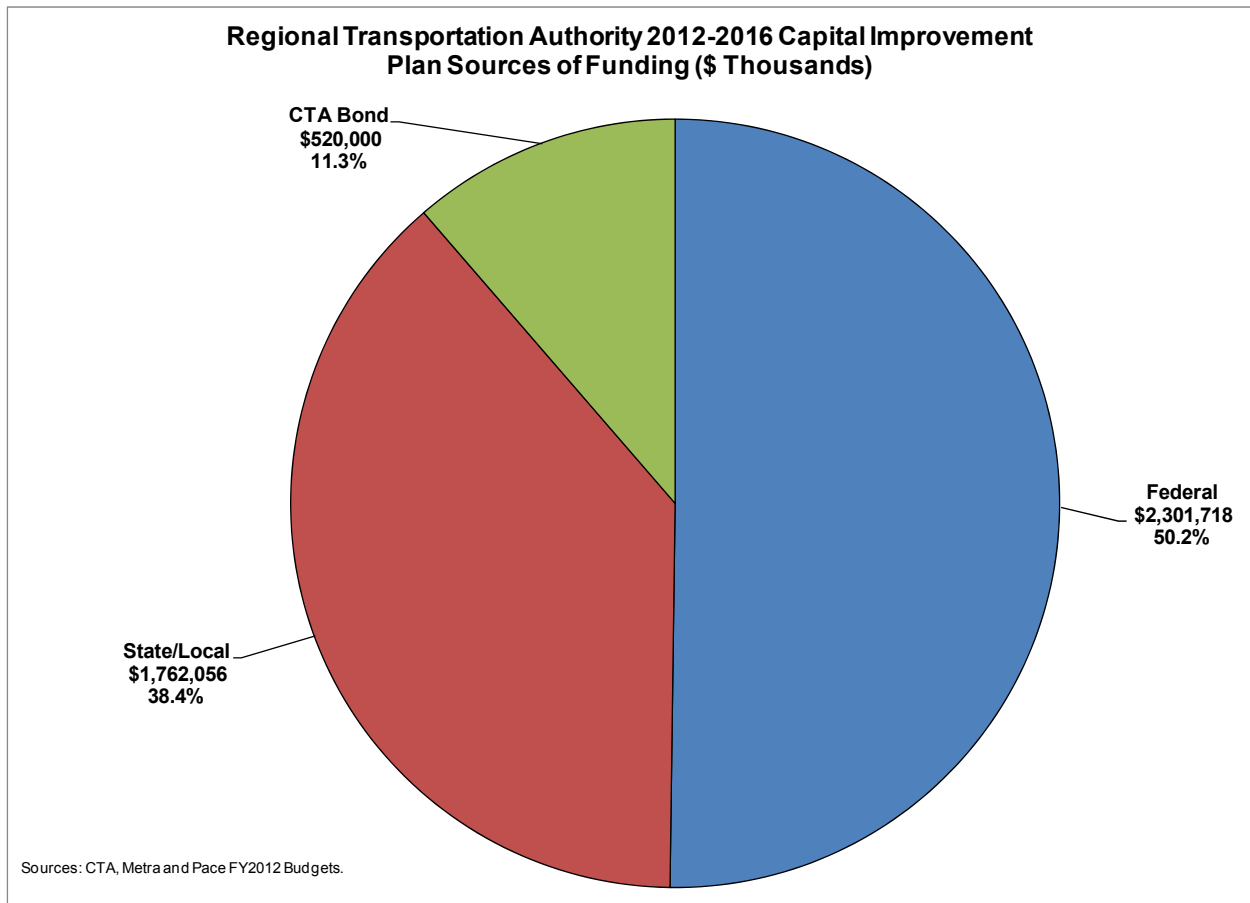
¹⁶⁴ Metra, FY2012 Budget, p. 54.

¹⁶⁵ Pace, FY2012 Budget, p. 39.

Pace FY2012-FY2016 Capital Improvement Plan Funding (\$000s)	
Congestion Mitigation & Air Quality	\$ 29,280
State of Good Repair	\$ 73,818
Homeland Security	\$ 5,100
Federal Section 5307	\$ 166,500
Available Federal Funding	\$ 274,698
Illinois Department of Transportation	\$ 128,550
Pace	\$ 1,250
Available State/Local Funding	\$ 129,800
Total Capital Available	\$ 404,498

Source: Pace FY2012 Budget, p. 47.

Information provided in the capital sections of the CTA, Metra and Pace budgets shows that a total of \$4.5 billion is projected for capital improvement plan funding from FY2012 to FY2016 for all three service boards. Of that amount, it is estimated that federal funds will provide 50.2%, or \$2.3 billion, state and local funds will provide 38.4%, or \$1.8 billion, and CTA bond funds will provide 11.3%, or \$520 million.



RISK ANALYSIS

This section of the report reviews the potential exposure to risks that might require a significant increase in planned capital spending levels. There are five areas of risk that could lead to the need for additional capital funds in the future. Because of the lack of information on plans to address capital assets in poor condition, it is not possible to assess the probability of additional funding being needed for state owned assets.

Regional Transportation Authority Backlog Needs for Rail Assets

The condition of important RTA capital assets is poor. In its 2010 condition assessment report, the RTA gave 39.3% of Metra and CTA train stations and 42.0% of rail cars for both agencies a rating of 1, which means that they are past their useful life.¹⁶⁶ The problem is compounded by the fact that the CTA, Metra and Pace had a combined total of \$13.3 billion in “backlog” costs, or 55.2% of all capital needs costs from 2010 to 2019. These costs are the value placed on the replacement of assets with an age greater than their useful life. These assets are still in service and have not been replaced due to a lack of funding.

Metropolitan Pier and Exposition Authority (McPier) Revenue Shortfalls

Since 2008 Metropolitan Pier and Exposition Authority (McPier) revenues have been reduced as the convention business declined in the wake of the ongoing negative economic situation. The problem was exacerbated by high operational costs at McPier facilities; that issue has since been resolved as McPier’s Board and labor unions have reached agreement to reduce operating expenses.¹⁶⁷

In FY2009 and FY2010 McPier taxes collected were insufficient to fund annual debt service, requiring McPier to collect a non-reimbursed draw on \$22.4 million and \$66.3 million, respectively. Full repayment of the funds to the State has been deferred until 2014. McPier restructured its debt service in 2010 and expects that it will not need to draw on state sales taxes to cover debt service in future years.¹⁶⁸ However, achieving this goal depends on increases in revenues, ongoing cost containment and increases in the Chicago region’s convention and tourism business.

Illinois Sports Facilities Authority (ISFA) Revenue Shortfalls

If ISFA revenues are not sufficient to pay for debt service on bonds issued for Soldier Field renovation, the City of Chicago must provide the funds needed to pay for the difference. In 2011 the City of Chicago must pay \$185,000 to make up the hotel tax shortfall. In addition, the State of Illinois advanced \$32.0 million to ISFA in 2011 to fund debt service payments in anticipation of reimbursement from hotel tax receipts at a later date. However, hotel tax revenue as of November 30, 2011 was not adequate for repayment to the State.¹⁶⁹

¹⁶⁶ Regional Transportation Authority, Capital Asset Condition Assessment, August 2010, p. iv.

¹⁶⁷ Metropolitan Pier and Exposition Authority, “MPEA and Labor Unions Reach Agreement to Solidify Work Rule Reforms at McCormick Place,” October 21, 2011.

¹⁶⁸ Metropolitan Pier and Exposition Authority, Basic Financial Statements, June 30, 2010 and 2009, p. 30.

¹⁶⁹ Dan Mihalopoulos, “Taxpayers on Hook for Stadium Board Shortfall,” *Chicago Tribune*, November 30, 2011.

The bonds issued for Soldier Field are backloaded, with debt service payments escalating from \$6.3 million in 2002 to \$88.5 million in 2032.¹⁷⁰ As the *Chicago Tribune* pointed out, hotel tax revenues from ISFA's 2.0% hotel tax would have to grow at the rate of 5.6% annually for 30 years to fully fund the debt service payments.¹⁷¹ This scenario is not likely, greatly raising the risk for steadily rising City of Chicago subsidies over time. ISFA and the City may be required to seek refinancing of the debt to reduce the annual financial cost by extending the length of payment terms. Over the long-term this could raise the total cost of the project.

Preventing Asian Carp from Entering the Great Lakes Ecosystem

Federal and state governments in the Great Lakes region are cooperating in efforts to remove Asian carp from Illinois waterways in an attempt to prevent the invasive species from entering the Great Lakes ecosystem. The presence of the carp in the Great Lakes could diminish supplies of native fish and threaten the survival of protected species fish, mollusks, plants, mammals, insects and reptiles. The carp also could also threaten Great Lakes recreation as they have caused physical harm to people and property.

There is concern is that the carp could enter Lake Michigan through the Chicago Sanitary and Ship Canal, which connects the Great Lakes to the Illinois River, which in turn connects to the Mississippi River. Electric barriers have been erected in the Chicago Sanitary and Ship Canal to block the fish access to Lake Michigan. In 2010 the U.S. Army Corps of Engineers constructed physical barriers to prevent Asian carp in the Des Plaines River and the Illinois and Michigan Canal from crossing into the Chicago Sanitary and Ship Canal during flooding.¹⁷²

Preventing Asian carp habitat expansion is an ongoing effort that could require increased capital funding commitments from the State of Illinois and local government agencies in future years.

Disinfection of the Chicago River

In June 2011, the Board of Commissioners of the Metropolitan Water Reclamation District of Greater Chicago (MWRD or "District") authorized disinfection of the wastewater dumped into the Chicago River from its treatment plants. For many years the District had resisted pressure to take this action, arguing that it would be too costly and might induce people to swim in otherwise unsafe areas. The vote was in response to actions taken by the federal and state governments. In May 2011, the EPA notified the IEPA that Chicago waterways must be made safe for swimming.¹⁷³ In August Illinois adopted new water quality standards requiring cleanup of the Chicago River. The cost of treating the sewage will be approximately \$240.0 million initially and \$10.0 million a year thereafter. The District proposes to pay for the cleanup through property tax hikes and some intergovernmental funds.¹⁷⁴ There has been some discussion by the District's Board of Commissioners of expanding the disinfection process to wastewater from the Stickney

¹⁷⁰ Illinois Sports Facilities Authority, Sports Facilities Bonds (State Tax Supported) Series 2001, Official Statement, p. 14.

¹⁷¹ "The Soldier Field fiasco," *Chicago Tribune*, December 9, 2011.

¹⁷² See Asian Carp Regional Coordinating Committee at <http://asiancarp.us/monitoring.htm>.

¹⁷³ Kari Lydersen, "MWRD Votes to Disinfect Chicago River Sewage," Chicago News Cooperative, June 7, 2011.

¹⁷⁴ <http://www.epa.gov/region5/chicagoriver/>.

treatment plant along the Chicago Sanitary and Ship Canal, but no action has been taken yet.¹⁷⁵ This would further increase costs.

FUTURE FUNDING STRATEGIES AND OPTIONS

This section identifies and assesses financing strategies to meet future maintenance and capital needs. It identifies any potential expirations of current financing.

Assessment of State of Illinois Revenues Funding the Illinois Capital Plan

The Institute for Illinois' Fiscal Sustainability (IIFS) at the Civic Federation analyzed the revenue streams approved to fund the debt service for the *Illinois Jobs Now!* capital program in September 2011.¹⁷⁶ The analysis found that as the State entered into the third year of the *Illinois Jobs Now!* capital program, the State's capital revenue sources were still well below the anticipated debt coverage needed to pay for the more than \$16.0 billion in bond-funded projects already approved. This raises questions about the sustainability of the program in future years.

In July 2009, the General Assembly approved a package of revenue enhancements to support the new capital bill's spending, then estimated to be worth between \$943.0 million and \$1.2 billion annually.¹⁷⁷ However, at the end of FY2011, these new taxes and fees only provided \$458.0 million in total new funds, according to online revenue reports provided by the Illinois State Comptroller.¹⁷⁸ This is far short of the estimated \$1.0 billion needed annually to cover all of the debt service owed on bonds issued to support *Illinois Jobs Now!*

The largest hole in the new funding sources is the absence of video poker revenues. The State legalized video poker, to be taxed by the State at a 30.0% rate, and estimated that annual revenues would total between \$287.4 million and \$533.8 million starting in FY2012. However, a published legislative report on gaming in Illinois predicted the video gaming expansion would be delayed at least one more fiscal year.¹⁷⁹ The Commission on Government Forecasting and Accountability's 2011 report on gaming in Illinois explained that due to licensing and regulatory delays, video gaming receipts would not be available until at least FY2013. The delay in video gaming was attributed to the Illinois Gaming Board's ongoing search for a contractor to run the central communications system to monitor the new terminals statewide. Although a vendor was approved by the Board in August 2010, miscalculations of the total cost of the contract during the bidding process led the State to cancel the agreement and start the selection process over. Once the system is established, the Board will also have to process applications from thousands of bars, restaurants, truck stops and other establishments statewide that qualify for up to five gaming machines by having a valid liquor license.

Estimates of the revenue from taxing video poker have also declined because Chicago and more than 60 other local and county governments opted out of legalizing gaming terminals in their

¹⁷⁵ Kari Lydersen, "MWRD Votes to Disinfect Chicago River Sewage," *Chicago News Cooperative*, June 7, 2011.

¹⁷⁶ Institute for Illinois' Fiscal Sustainability, "State Capital Budget Still Waiting for Revenues," September 30, 2011 at <http://www.civiced.org/iifs/blog/state-capital-budget-still-waiting-revenues>.

¹⁷⁷ <http://www.ilga.gov/legislation/publicacts/96/PDF/096-0034.pdf>.

¹⁷⁸ <http://www.ioc.state.il.us/index.cfm/linkservid/7FCD999D-DE59-41CA-8545442308C61AAA/showMeta/0/>.

¹⁷⁹ http://www.ilga.gov/commission/cgfa2006/Upload/2011wagering_in_il.PDF.

communities. Estimates published in 2011 showed the total revenue from video gaming revenues to the State declining by approximately 36.0%, to between \$184.0 million and \$341.7 million.¹⁸⁰

In the meantime, the other revenue sources enacted with the capital budget have been less than adequate to pay for the debt service on the \$2.7 billion in new debt issued over 2010 and 2011. The funding measures include increased liquor taxes, increased State motor vehicle fees, expanded sales tax on some sweetened beverages and candy and additional lottery proceeds from the private marketing of the State lottery. The revenue from these sources is deposited in the Capital Projects Funds and then used first for debt service owed on the new bonds. In the future, if revenues exceed debt service owed, any balances in the Capital Projects Fund could also be used for pay-as-you-go capital projects.

Many of the new taxes and fees were implemented in FY2010, making FY2011 the first full year of revenue for most of the sources. The vendor for the lottery marketing deal was chosen early in FY2011 and stated that it expected to hit or exceed the original revenue projections for the State in FY2012.¹⁸¹

The following chart shows actual revenues deposited in the Capital Projects Fund, excluding video gaming, compared to the original projections for each of the new capital program revenue sources for FY2010 and FY2011.

Capital Projects Fund: Revenues by Source			
(in \$ millions)			
Source	Projections	FY2010 Actual	FY2011 Actual
Motor Vehicle Fees	\$ 332.0	\$ 117.7	\$ 294.6
Lottery	\$ 150.0	\$ -	\$ 87.0
Sales Tax	\$ 65.0	\$ 39.0	\$ 52.0
Liquor Tax	\$ 108.0	\$ 71.8	\$ 110.9
Protest Fund*	\$ -	\$ (54.5)	\$ (86.0)
Investment Income	\$ -	\$ 0.3	\$ 0.1
Total	\$ 655.0	\$ 174.3	\$ 458.6

*Liquor Tax funds diverted to the Protest Fund due to litigation regarding the capital bills, Wirtz v. Quinn, et al, No. 09-CH-30136 (Ill. Cir. Ct, Cook County).

Source: Revenues - Illinois State Comptroller website; Projections - Commission on Government Forecasting and Accountability, FY2012 Capital Plan, p. 9.

As noted in the chart above, a large portion of the revenues from the increased liquor tax was held in the Protest Fund due to litigation filed against the capital bills, primarily focused on the revenue bill. After the State Supreme Court upheld the legality of the capital bills in July 2011, a total of \$140.6 million was transferred in FY2012 from the Protest Fund to the Capital Projects

¹⁸⁰ http://www.ilga.gov/commission/cgfa2006/Upload/FY2012_Capital_Plan_Report.pdf.

¹⁸¹ <http://www.rstar.com/updates/x718559877/Pat-Quinn-set-to-pick-private-manager-for-lottery>.

Fund.¹⁸² This was to be a boost to FY2012 revenues, but may have been offset by amounts owed to the Road Fund that covered its shortfall to pay for new debt service in FY2011.

All new debt service costs attributable to *Illinois Jobs Now!* projects are meant to be paid for out of the Capital Projects Fund, while existing debt service for bonds sold prior to FY2010 are paid for out of General Funds and the Road Fund. However, under the enacting legislation if the Capital Projects Fund does not have sufficient revenues to cover all of the new capital General Obligation debt service, the Road Fund is required to cover the difference.¹⁸³

The Road Fund is a special revenue fund of the State and the primary funding source for the State's ongoing construction of roads, bridges and other transportation infrastructure. It has a total annual budget of roughly \$3.0 billion and receives approximately half of its revenues from state vehicle fees, license fees and motor fuel taxes. The remaining funding comes from the federal government.

Due to the timing of the bond issuances, the increase in debt service for the new bonds in FY2010 totaled only \$154.6 million and Capital Project Fund revenues of \$174.3 million were adequate to pay all of the increased cost of the capital bonds. However, in FY2011 the total debt service owed on the new bonds totaled \$591.7 million, compared to only \$458.6 million in Capital Project Fund revenues. The total shortfall of \$133.1 million would be reduced to \$113.3 million if the balance of \$19.7 million in surplus from FY2010 were applied to the shortfall. This corresponds to the \$112.1 million increase in Road Fund debt service paid in FY2011 from FY2010, which increased from \$335.4 million to \$447.6 million. Any amount paid for the new debt service creates an irrevocable debt in the Capital Projects Fund, which must be repaid to the Road Fund. It has been reported that the State plans to issue an additional \$1.0 billion in debt before the end of the 2011 calendar year.¹⁸⁴ The Governor's recommended budget also projected that a total of \$2.1 billion in new General Obligation Bonds would be sold in support of the capital budget by the end of FY2012.

Assessment of Regional Transportation Authority Capital Funding Streams

A majority of capital funding for the RTA's three service boards is provided from federal or state sources. The primary exceptions are the CTA's \$520.0 million in revenue bonds and Metra's estimated \$45.0 million in capital financing from farebox revenues for FY2012-FY2016.

Federal and state funding for RTA capital needs is far from certain. Authorization for State of Illinois bond funds for mass transit projects expire in 2014, while an allocation from the *Illinois Jobs Now!* capital program for mass transit for FY2012 through FY2014 has not yet been received.¹⁸⁵ Future outlays of federal funds were contingent upon a reauthorization of the federal transportation act, SAFETEA-LU, which expired in 2009 and was reauthorized for a two year period on June 29, 2012.

¹⁸² <http://www.suntimes.com/news/metro/6456412-418/supreme-court-upholds-state-construction-bill-funded-by-video-poker.html>.

¹⁸³ <http://www.ilga.gov/legislation/publicacts/96/096-0820.htm>.

¹⁸⁴ http://www.bondbuyer.com/issues/120_186/illinois-underwriting-pool-deals-1031467-1.html.

¹⁸⁵ Chicago Transit Authority, FY2012 Budget, p. 63.

Since then, there have been two extensions through March 31, 2012. In November 2011 House Speaker Boehner, Chairman John Mica of the House Infrastructure and Finance Committee and other members of Congress announced that they would introduce a five-year surface transportation reauthorization bill partially financed through expanded oil and gas drilling. However, the House leadership announced that no action will be taken until early 2012.¹⁸⁶

There is wide disagreement between the political parties regarding the contours of a permanent extension of the federal transportation act. Therefore, its quick re-enactment will likely be contentious and is not assured. It is also important to note that Federal funds available under any new federal transportation bill will require substantial amounts of local share matching funds. As noted above, matching funds will also be required for new start programs or funding for new transit lines and extensions or rehabilitation of existing transit lines.¹⁸⁷

Assessment of Illinois State Toll Highway Authority Funding Streams

The Illinois State Toll Highway Authority is a self-supporting enterprise, dependent on revenues from operations and revenue bond proceeds to fund its capital program. It receives no federal or state financial support. The Illinois Tollway's Board of Directors approved substantial toll increases for passenger automobiles beginning in 2012 and reaffirmed a 2008 decision to increase commercial vehicle rates starting 2015. The anticipated revenue streams from these sources should be adequate to fund the Illinois Tollway's long-term capital plan through FY2026.

Assessment of Metropolitan Pier and Exposition Authority and Illinois Sports Facility Authority Funding Streams

The primary funding mechanism for both the Metropolitan Pier and Exposition Authority (McPier) and the Illinois Sports Facility Authority (ISFA) is the hotel tax. In recent years, hotel tax proceeds have been inadequate to provide sufficient funding for debt service on bonds issued by both Authorities. Shortfalls must be made up by the State of Illinois or the City of Chicago respectively. Some of this is due to continued negative economic conditions in the Chicago metropolitan area. When the situation improves, hotel tax receipts may increase and be sufficient to fund McPier expenses. However, in the case of ISFA, the backloaded debt service presents a difficult financial hurdle to meet in future years and may require increasing amounts of City of Chicago financial support unless the bonds are refinanced to reduce annual payments.

Capital Decision-Making Processes

This section describes the decision-making processes for the major entities involved in Illinois capital budgeting and finance.

¹⁸⁶ Chicago Metropolitan Agency for Planning, "House Leaders to Introduce five-year Transportation Bill," November 30, 2011 at <http://www.cmap.illinois.gov/policy-updates/-/blogs/house-leaders-to-introduce-5-year-transportation-bill>.

¹⁸⁷ Chicago Transit Authority, FY2012 Budget, p. 63.

State of Illinois

In 2010 the State of Illinois adopted a Budgeting for Results (BFR) framework for operating and capital budget development and implementation. It will be implemented over a period of several years. Instructions sent to agencies for the preparation of the FY2013 capital budget required them to re-evaluate capital requests and form them into a longer-term plan beyond the current *Illinois Jobs Now!* capital program. For non-bonded capital requests, future revenues must be able to support spending on ongoing projects, FY2013 requests and future year capital requests.¹⁸⁸

The General Assembly annually authorizes capital spending by approving the capital budget. New spending is appropriated and the remaining amount of funding in the *Illinois Jobs Now!* capital plan is re-appropriated. The total amount of bonds the state may issue for a given purpose is limited by legislated maximums for each of several bond authorization categories or purposes. Bonded capital projects only commence when there is adequate bond authorization to completely fund the appropriate phases of the project.

The Governor's Office of Management and Budget works with relevant state agencies to develop capital proposals. These include:

- Illinois Department of Transportation: highways, roads, bridges, aviation;
- Illinois Capital Development Board: facilities and state parks;
- Illinois State Board of Education: educational facilities;
- Illinois State Board of Higher Education: public university facilities;
- Illinois Environmental Protection Agency: drinking water and wastewater treatment; and
- Illinois Department of Natural Resources: dams and flood control.

Regional Transportation Authority (RTA)

Decision-making for public transit in northeastern Illinois is divided between the RTA and its three service boards. The RTA's primary responsibilities are the financial and budget oversight of CTA, Metra and Pace and regional transit planning issues. The RTA Board is required annually to review and approve a five-year capital plan, which is a blueprint of the capital activities to be funded by the RTA and executed by the CTA, Metra and Pace. The three service boards for CTA, Metra and Pace determine levels of service, fares and operational policies.¹⁸⁹

Illinois State Toll Highway Authority

Decision-making authority for the operation and maintenance of the Illinois Tollway system is vested in the Illinois State Toll Highway Authority Board. Specifically, the Illinois Tollway is empowered by statute to:

¹⁸⁸ State of Illinois, Budgeting for Results Commission Report. See <http://www2.illinois.gov/budget/Documents/Budgeting%20for%20Results/Budgeting%20for%20Results%20Commission%20Report%20Nov%202011.pdf>.

¹⁸⁹ <http://www.rtachicago.com/index.php?Itemid=63>.

- Enter into contracts to acquire, own, use, leases, operate and dispose of property;
- Fix and revise tolls, regulate and operate the tollway system;
- Authorizes the issuance of revenue bonds to finance the construction and maintenance of the tollway system;
- Exercise power of eminent domain; and
- Contract for services and supplies.¹⁹⁰

Metropolitan Pier and Exposition Authority and Illinois Sports Facilities Authority

The Boards of these two joint city-state authorities are charged with capital and operating budget decision making authority. However, any significant issues historically have been decided by negotiations between the Governor of Illinois, the Mayor of Chicago and key legislative leaders.

Options for Increasing Revenues for Capital Purposes

The Chicago Metropolitan Agency for Planning notes that current federal and state gasoline taxes have not been raised in 20 years, and that growth in construction costs has far outstripped growth in gas tax revenues. Therefore, they recommend that the State of Illinois increase its motor fuel tax rate by eight cents per gallon and index this rate to inflation to fund future capital expenses.¹⁹¹ However, the potential for increasing current revenues that support capital projects or earmarking new taxes or fees for capital projects is not likely because the three major entities that fund and manage capital assets in Illinois have raised taxes and fees within the last three years.

Revenue Enhancements for State of Illinois Capital Plan Approved in 2009

Illinois has increased and expanded a number of taxes and fees in recent years. As noted previously, a package of revenue enhancements was approved in 2009 to fund a portion of the state's capital program. Actual receipts from these resources are currently well below the anticipated debt coverage needed to pay for the more than \$16 billion in bond-funded projects already approved.

In 2011 the General Assembly authorized a temporary increase in the state personal and corporate income tax effective January 1, 2011. The FY2012 budget represented the first full fiscal year of the income tax increase. The individual income tax rate was raised from 3.0% to 5.0%, and the corporate income tax rate was raised from 4.8% to 7.0%.¹⁹² The individual income tax rate is scheduled to decline to 3.8% beginning on January 1, 2015 and to 3.3% on January 1, 2025, and the corporate rate is scheduled to fall to 5.3% in 2015 and return to 4.8% in 2025. The new revenues have been insufficient to eliminate recurring General Funds deficits. The total General Funds deficit, consisting of the operating deficit and the accumulated deficit from prior

¹⁹⁰ Illinois State Toll Highway Authority, 2012 Tentative Budget, p. 21.

¹⁹¹ http://www.cmap.illinois.gov/moving-forward-in-detail/-/asset_publisher/Q4En/blog/federal-gas-tax-set-to-expire/276584?isMovingForward=1.

¹⁹² Corporations in Illinois are also subject to a Personal Property Replacement Tax of 2.5%, raising the total corporate income rate to 9.5%.

years, was expected to increase from \$4.6 billion at the end of FY2011 to \$5.0 billion at the end of FY2012.¹⁹³

Many large enterprises, including Sears and the Chicago Mercantile Exchange have lobbied the legislature to enact reductions in the recently increased corporate income tax as the price for maintaining operations in the state.¹⁹⁴

The political climate is not favorable to further increases in state taxes or fees to fund either operations or capital expenditures at this time. Options for increasing revenues in Illinois beyond current levels to fund capital needs are very limited even though the revenue package approved may not be adequate to fully support the State's capital plan.¹⁹⁵

Regional Transportation Authority Authorized to Increase Certain Taxes in 2008

The General Assembly in 2008 authorized the RTA to increase in its six-county regional sales tax and permitted an increase in the City of Chicago real estate transfer tax to support the CTA. Further tax increases are not likely.

Illinois State Toll Highway Authority Increased Tolls in 2011

The Illinois Tollway's Board of Directors approved substantial toll increases for passenger automobiles beginning in 2012 and reaffirmed a 2008 decision to increase commercial vehicle rates starting 2015. Additional increases are unlikely.

Metropolitan Pier and Exposition Authority and Illinois Sports Facilities Authority

Both authorities rely primarily on hotel tax receipts to fund their capital programs. The composite hotel tax rate in the City of Chicago will rise to 16.4% in 2012 as a result of the City's recent 1.0% increase in the rate of its home rule hotel tax. This makes the city's hotel tax rate one of the highest in the nation, and it is very unlikely that there will be additional increases in the near future.

¹⁹³ Institute for Illinois' Fiscal Sustainability, *State of Illinois Enacted Budget FY2012: A Review of the Operating and Capital Budgets Enacted for the Current Fiscal Year*, September 26, 2011, p. 2.

¹⁹⁴ Melissa Harris, Ray Long and Dan Hinkel, "Deal near to keep Sears in Illinois: Holdout school district would gain money; tax breaks would be extended," *Chicago Tribune*, November 17, 2011 and "CME's Duffy urges lawmakers to take action on tax break this week - 'Very, very lucrative' offers made by other states, Duffy says," *Dow Jones Newswires*, November 9, 2011.

¹⁹⁵ Institute for Illinois' Fiscal Sustainability, "State Capital Budget Still Waiting for Revenues," September 30, 2011 at <http://www.civicfed.org/iifs/blog/state-capital-budget-still-waiting-revenues>.

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Illinois State Toll Highway Authority 2012 Tentative Budget, p. 28.

Institute for Illinois' Fiscal Sustainability, *State of Illinois FY2012 Recommended Operating and Capital Budgets: Analysis and Recommendations*, May 9, 2011.

Institute for Illinois' Fiscal Sustainability, "State Capital Budget Still Waiting for Revenues," September 30, 2011 at <http://www.civicfed.org/iifs/blog/state-capital-budget-still-waiting-revenues>.

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Regional Transportation Authority, *Capital Asset Condition Assessment*, August 2010.

Ryan Keith, "Quinn: job cuts, pension changes possible: state employee union vows to fight changes expected in governor's spending plan," *The State Journal-Register*, March 10, 2009.

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APPENDIX

The Civic Federation forwarded a series of questions to the Governor's Office of Management and Budget to better understand the State's capital infrastructure prioritization and evaluation processes. This is their response.

November 8, 2011

FROM GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

The State of Illinois has recognized the need for significant infrastructure improvements, both as a way to increase efficiency in operations as well as to reduce the State's liability and ongoing maintenance costs. In 2009, the Governor and the General Assembly passed an initial capital budget bill that addressed some immediate concerns. These included improvements to roads and bridges, grants to improve sewer treatment plants statewide and dam and levee repairs, to name a few. Upon further analysis, the need for a broader and more extensive program was recognized. The outcome of this discussion resulted in the creation of the *Illinois Jobs Now!* program. This wide ranging program addressed an array of needs in both the public and private sectors. Revenue streams were identified and legislation enacted to pay for the bonds associated with this effort. Sales taxes, new fees and existing road funds were all targeted as methods to achieve the goal of improving the State's infrastructure, as well as a way to stimulate new jobs in all areas of the State.

The State of Illinois continuously reviews and assesses the infrastructure needs at state facilities. These assessments are conducted by the responsible agencies and are utilized to establish prioritization lists. These reports are available to the public mainly through the individual agency websites. As your request points out as an example, the Illinois Department of Transportation ("IDOT") provides the Fiscal Year 2010 Condition Rating Summary Report on its website. Your request also mentions IDOT's Proposed Highway Improvement Program, the web address for which is <http://www.dot.il.gov/hip1217/hwyimprov.htm>. The number of years refers to the years the project has been published in a highway program, not the number of years it has been in progress. The web address for IDOT's current annual highway improvement program is <http://www.dot.il.gov/ahip2012/hwyimprov.htm>. In addition, needs, available funding and other transportation issues are addressed in the 2007 Long Range Transportation Plan, available at <http://www.illinoistransportationplan.org/>.

IDOT primarily uses studies, including cost-benefit studies, to evaluate new transportation facilities, but not generally for maintaining or improving existing assets. IDOT also assesses costs to address unfunded capital needs that are currently under development. The Federal Rail Administration requires IDOT's Division of Public and Intermodal Transportation to prepare a State Rail Plan for applications for capital infrastructure grants. These plans must include needs assessments with a cost-benefit component. In addition, the Federal Aviation Administration requires cost-benefit studies from IDOT's Division of Aeronautics for projects over \$5 million.

The Bureau of Statewide Program Planning develops projects annually that represent important unfunded projects, including major construction projects that could be awarded in a 5-6 year horizon given the needed funds. These projects tend to address congestion and expansion needs. In addition, an interstate needs analysis is performed in-house periodically. This study quantifies reconstruction and additional capacity needs on the non-toll way interstate system. IDOT has established strategic performance goals for state-maintained roads and bridges. For roads, the goal is for 90 percent of miles to be in acceptable condition at the end of the current multiyear program. For bridges, the goal is 93 percent. These goals, along with addressing congestion in urban areas and expanding the state system to improve economic development opportunities, are what drive the development of the IDOT's highway improvement program. Safety is an overarching goal for the entire program.

The Department of Natural Resources ("DNR") prepares several reports relating to water and other natural resources around the State. The American Society of Civil Engineers ("ASCE") prepares a national summary of the status of levees and dams. The report cards can be found at the following website: <http://www.asce.org/reportcard/>. Specific status report cards are prepared by the Illinois ASCE chapter and sent for inclusion in the national ASCE report card. Additionally, the Illinois Conservation Reserve Enhancement Program ("CREP") traditionally prepares annual reports, which are currently available from 1999 through 2010. These reports summarize program expenditures, CREP activities and accomplishments, partners' activities, future plans and recommendations and also include a monitoring summary. The link to all of these reports is:

<http://www.dnr.illinois.gov/conservation/CREP/Pages/CREPAnnualReports.aspx>. DNR also runs the Critical Trends Assessment Program ("CTAP"), which collects data on the status of resources statewide. These reports are not generated on an annual basis, but the Program does focus on making the data available for others to use. The link to the CTAP publications website is: <http://ctap.inhs.uiuc.edu/publications/publications.asp>.

The Illinois Environmental Protection Agency (IEPA) generates reports concerning drinking water and wastewater conditions. The Drinking Water Watch reports compliance with drinking water standards for public drinking water systems. The link is: <http://www.epa.state.il.us/water/drinking-water-watch/>. IEPA also reports compliance data for regulated facilities to the federal USEPA Enforcement and Compliance History Online system. The link is: <http://www.epa-echo.gov/echo/>.

In addition, at IEPA, all regulated entities, whether public or private, are subject to federal clean air and water standards. Public facilities and units of local government may seek capital appropriations to address environmental violations. Currently, the capital budget provides low-interest loans from the Water Revolving Fund to support infrastructure upgrades to address compliance issues at wastewater and drinking water facilities.

The CDB had an outside firm assess the majority of the state's facilities in 2007. VFA is the leading provider of integrated software and services for facilities asset management, facilities capital planning and capital spend management. Organizations in a wide range of industries rely on VFA solutions to help them strategically manage their facility assets and maximize the value of their capital investments. The data from the assessment is captured in a VFA database and is

available for reports from statewide needs down to individual building needs. Moreover, the database provides limited deferred maintenance reports on a statewide basis, by agency or by facility. For this process, information is collected through individual agencies and is verified by the database. Priorities are based on agencies' most critical needs, and reports are created on an as-needed basis. Projections are collected from user agencies along with their yearly capital submissions. The VFA database also contains five-year projections. Since the assessment was conducted in 2007, these projections are ending their usable life and will need to be updated. Approximately \$900,000 has been appropriated to update this database. CDB also works with each state agency on an annual basis to capture and prioritize their infrastructure needs. Criteria such as code compliance, health/life/safety issues, ADA, structural deficiencies and energy efficiency needs are given top consideration. Projects are prioritized with input from the capital user agencies due to their direct expertise on the most critical needs of their agency. Project prioritization processes vary from agency to agency.

In addition, CDB and the Governor's Office of Management and Budget meet with the agencies annually to discuss their short and long-term capital needs as well as the subsequent operational issues. These meetings traditionally take place in July and August after the State's budget has been enacted. Agency priority and emergency needs are coordinated with available funding, which is distributed statewide to all user agencies. CDB organizes prioritizations and needs assessments with a process that involves an on-site assessment by CDB professional services staff and through supporting documentation from the VFA database. Any specific changes in state or federal regulations are evaluated in conjunction with the parameters set out in the capital bill. Individual grants, as mandated by the enacting capital legislation, are reviewed on a case by case basis with consideration given to financial and other priority concerns as discussed with agencies.

When evaluating construction and maintenance needs, CDB reviews each request on a case by case basis to determine the most appropriate course of action. The prioritization process involves the use of surveys from professionals in the field that includes in-house architects and engineers. These experts weigh each request against financial considerations and constraints as well as the overall competing needs of the State. In many cases, CDB is able to combine several similar projects into a single design. These shared initiatives are accomplished when designing or building similar, multiple structures. An excellent example of these efficiencies is the design and construction of salt domes statewide. CDB also might take needed repairs for several roofs in different locations and combine them into a single project, thus facilitating more aggressive bids and accomplishing the goal in a more timely fashion. This type of bundling will yield important efficiencies and cost savings.