



# 2017 TENTATIVE BUDGET

October 27, 2016

Mike Colsch



# 2017 Budget Schedule

## October

- Tentative 2017 Budget presented to Board

## November

- Public review/comment on Tentative 2017 Budget
- Public comments presented to Board
- Incorporate changes arising from review process

## December

- Board votes on Final 2017 Budget

# 2017 Tentative Budget Highlights

## Revenue

- Steady growth year over year

## Maintenance and Operations

- Modest increase supports growth in revenues and Move Illinois Program, consistent with financial plan

## Capital Program

- Demonstrates the Tollway's commitment to infrastructure improvements, maintaining system integrity and technology



# 2017 Revenue Sources

(\$ millions)

	FY 2016 Budget	FY 2016 Estimates	FY 2017 Projections
<b>Toll Revenues and Evasion Recovery</b>	\$1,290	\$1,287	<b>\$1,366</b>
<b>Investment Income</b>	2	5	<b>6</b>
<b>Concessions and Miscellaneous Revenues</b>	8	8	<b>8</b>
<b>Revenues Total</b>	<b>\$1,300</b>	<b>\$1,300</b>	<b>\$1,380</b>

\*CDM Smith's expected toll revenue estimate for fiscal year 2017 totals \$1,388 million. Tollway makes adjustments to reflect toll non-payments, underpayments and evasion recovery.



# 2017 Revenue Allocations

More than 76 percent of revenues allocated to support infrastructure

(\$ millions)

	FY 2016 Budget	FY 2016 Estimates	FY 2017 Projections
Maintenance and Operations	\$322	\$322	\$336
Debt Service Transfers	399	383	\$405
Deposits to Renewal and Replacement and Improvement	579	595	\$639
<b>Allocations Total</b>	<b>\$1,300</b>	<b>\$1,300</b>	<b>\$1,380</b>



# 2017 Maintenance and Operations

## Key drivers of operating budget increase of 4.4 percent

- Rising health care costs and retirement contributions
- Increase in credit card company fees associated with higher toll transactions
- Increase in equipment maintenance for toll collection equipment and new back-office software
- Increase in customer service costs to support increase in transaction growth

# Maintenance and Operations

## 2017 Budget by Category

### Growth in operating costs – 4.4 percent

(\$ Thousands)

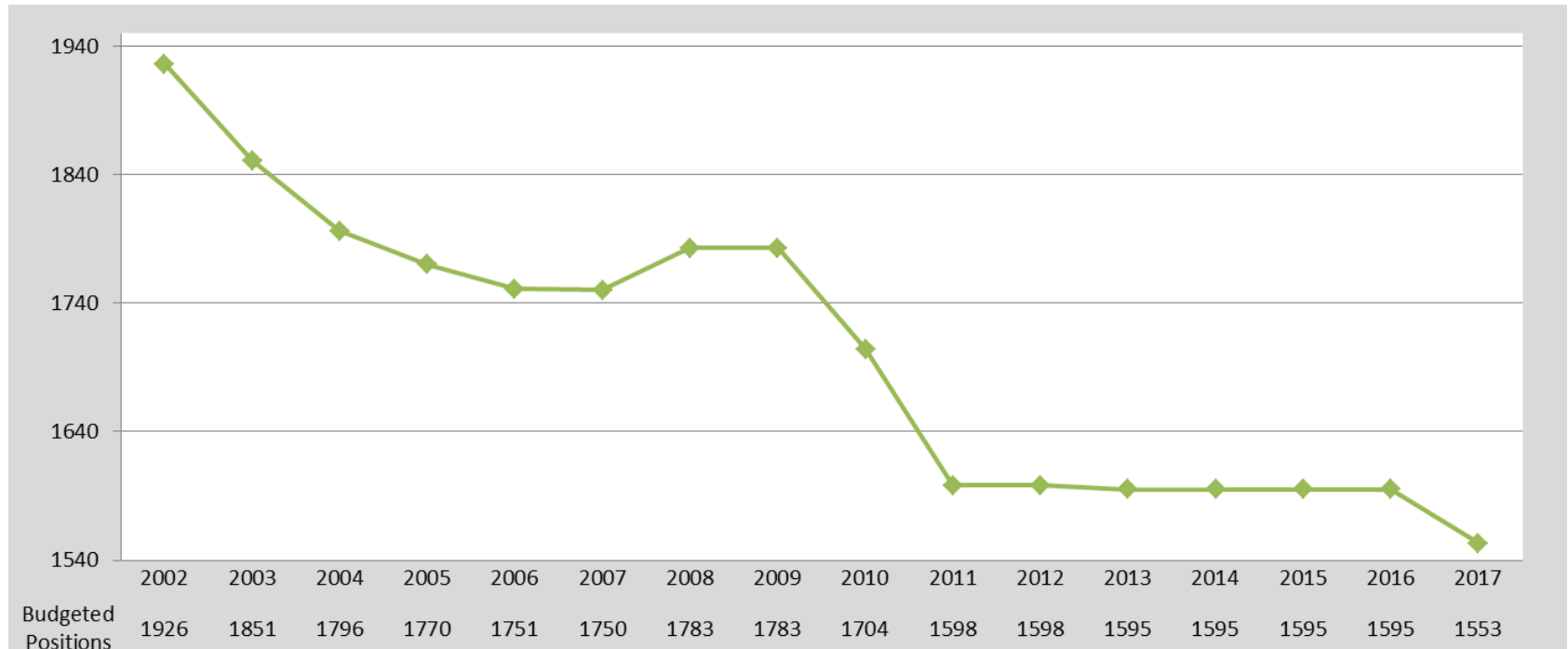
Category	2015 Actual Expenditures	2016 Budget	2017 Budget Request	\$ Change from 2016 Budget	% Change from 2016 Budget
Salary and Wages	\$106,673	\$109,630	\$107,511	(\$2,118)	-1.9%
FICA and Retirement	54,128	57,056	58,599	1,543	2.7%
Group Insurance	32,364	36,442	39,064	2,622	7.2%
All other Insurance	8,217	12,065	11,646	(419)	-3.5%
Credit Card Fees and Bank Charges	21,079	22,475	24,135	1,660	7.4%
All Other Contractual Services	41,365	44,351	48,492	4,140	9.3%
Equipment/ Office Rental/ Maintenance	14,825	17,763	25,393	7,630	43.0%
Parts and Fuels	6,361	7,397	6,676	(721)	-9.7%
Utilities	7,535	8,113	8,300	188	2.3%
Operational Materials and Supplies	7,275	7,863	7,484	(379)	-4.8%
Other Miscellaneous Expenses	988	977	902	(74)	-7.6%
Recovery of Expenses	(2,330)	(2,325)	(2,260)	65	-2.8%
<b>Total M and O Costs</b>	<b>\$298,479</b>	<b>\$321,807</b>	<b>\$335,944</b>	<b>\$14,137</b>	<b>4.4%</b>



# Tollway Headcount

*As of 12/31 Each Year*

**Reducing headcount while increasing capacity of system**





# 2017 Debt Service

**New debt expected to provide additional funding at rates below original plan**

**Outstanding debt \$6.2 billion**

- Includes \$300 million new bond issuance planned in coming months
- Transfers for debt service estimated at \$405 million
- \$305 million for interest
- \$109 million for principal (Series 2008A, 2010A, 2013B, 2014D)
- \$ 6 million other bond-related costs (liquidity, remarketing, etc.)
- \$15 million federal Build America Bonds subsidy

**Estimated debt service coverage of 2.5x in 2016 and 2017**



# Capital Program

## *Key Capital Highlights*

### **Jane Addams Memorial Tollway (I-90)**

- Completion of non mainline related work  
(i.e. crossroad bridge, interchange activities and landscaping)

### **Elgin O'Hare Western Access Project**

- Continued construction of new Illinois Route 390 Tollway to the east
- Right-of-way purchases and utility relocations
- On-going design for I-490 Tollway

### **Systemwide Projects**

- Bridge, pavement and interchange improvements
- Technology improvements
- Maintenance facility upgrades



# Capital Program

## *Key Capital Highlights*

### Reagan Memorial Tollway (I-88)

- Complete resurfacing and bridge repairs between U.S. Route 52 to U.S. Route 30

### Tri-State Tollway (I-94/I-294/I-80)

- Master Plan for Central Tri-State Tollway from 95th Street to Balmoral Avenue
- Design for Mile Long Bridge



# Capital Program Summary

(\$ millions)	2016 Budget	2016 Estimated Expenditures	2017 Request	\$ Change from 2016 Estimate
<b>Existing System Needs</b>	<b>\$953.3</b>	<b>\$840.0</b>	<b>\$567.5</b>	<b>(\$272.5)</b>
Jane Addams Memorial Tollway (I-90)	577.4	560.3	165.3	(395.1)
Tri-State Tollway (I-94/I-294/I-80)	68.0	58.2	56.5	(1.7)
Veterans Memorial Tollway (I-355)	7.7	10.2	12.3	2.2
Reagan Memorial Tollway (I-88)	105.3	81.1	38.4	(42.6)
Open Road Tolling (ORT)	5.2	3.4	0.0	(3.4)
Systemwide Improvements	189.7	126.9	295.0	168.0
<b>System Expansion</b>	<b>\$390.9</b>	<b>\$342.6</b>	<b>\$393.8</b>	<b>\$51.2</b>
Tri-State (I-294)/I-57 Interchange	1.5	4.0	2.1	(1.9)
Elgin O'Hare Western Access Project	383.6	337.8	374.5	36.7
Other Emerging Projects	5.8	0.8	17.3	16.5
<b>Capital Program Sub-Total</b>	<b>\$1,344.2</b>	<b>\$1,182.6</b>	<b>\$961.3</b>	<b>(\$221.3)</b>
Other Capital Projects	65.0	64.0	0.0	-64.0
<b>Capital Program Total</b>	<b>\$1,409.2</b>	<b>\$1,246.6</b>	<b>\$961.3</b>	<b>(\$285.3)</b>

2016 Estimated Expenditures and 2017 Request do not reflect any IGA reimbursements.

Starting in 2017 the "Other" Capital Projects Budget are included under Systemwide in Move Illinois. New request in 2017 is \$62 million.

*Totals may not add due to rounding.*

# 2017 Budget

## Aligns with the GOMB's Budgeting for Results Outcomes

- Increase employment and attract, retain and grow businesses
- Improve infrastructure and create safer communities
- Support basic functions of government
- Strengthen cultural and environmental vitality

# Tentative 2017 Budget Summary

## Consistent with the long-term financial plan

- Sixth year of *Move Illinois* – total 2017 Capital Program projected to be \$961.3 million
- Revenue increase of 6.2 percent from 2016 estimate
- Operating costs held at 4.4 percent growth



# Appendix



# Maintenance and Operations

## 2017 Budget By Department

(\$ thousands)

Department	2015 Actual Expenditures	2016 Budget	2017 Budget Request	\$ Change from 2016 Budget	% Change from 2016 Budget
Administration	\$3,958	\$4,624	\$4,701	\$77	1.7%
Business Systems	\$61,882	65,355	\$75,690	10,335	15.8%
Communications	\$1,299	1,483	\$1,670	187	12.6%
Diversity and Strategic Development	\$1,492	2,577	\$3,828	1,251	48.5%
Engineering	\$73,997	77,915	\$76,636	(1,279)	-1.6%
Executive Office and Directors	\$1,503	1,618	\$1,835	217	13.4%
Finance	\$44,293	52,621	\$55,399	2,778	5.3%
Information Technology	\$11,480	14,497	\$15,786	1,289	8.9%
Inspector General	\$818	915	\$954	39	4.3%
Internal Audit	\$776	917	\$828	(89)	-9.7%
Legal	\$1,615	1,978	\$1,854	(124)	-6.3%
Procurement	\$4,325	4,582	\$4,880	298	6.5%
State Police	\$31,778	32,948	\$33,715	767	2.3%
Toll Operations	\$59,262	59,775	\$58,168	(1,607)	-2.7%
<b>Authority Total</b>	<b>\$298,479</b>	<b>\$321,807</b>	<b>\$335,944</b>	<b>\$14,139</b>	<b>4.4%</b>

*Totals may not add due to rounding*



# Move Illinois Program Summary

(\$ millions)	2015 Actual Expenditures	2016 Budget	2016 Estimated Expenditures	2017 Request	\$ Change from 2016 Estimate
<b>Existing System Needs</b>					
Jane Addams Memorial Tollway (I-90)	\$741.0	\$549.8	\$524.7	\$162.8	(\$361.9)
Tri-State Tollway (I-94/I-294/I-80)	10.5	65.2	55.3	55.2	(0.1)
Veterans Memorial Tollway (I-355)	0.1	4.7	4.3	10.9	6.6
Reagan Memorial Tollway (I-88)	1.1	3.9	5.5	9.4	3.9
Systemwide Improvements	107.0	171.0	106.7	283.4	176.7
<b>Existing System Needs Total</b>	<b>\$859.8</b>	<b>\$794.7</b>	<b>\$696.5</b>	<b>\$521.7</b>	<b>-\$174.7</b>
<b>System Expansion</b>					
Tri-State Tollway (I-294)/I-57 Interchange	\$10.3	\$1.5	\$4.0	\$2.1	(\$1.9)
Elgin O'Hare Western Access Project	367.7	383.6	337.8	374.5	36.7
Other Emerging Projects	1.3	5.8	0.8	17.3	16.5
<b>System Expansion Total</b>	<b>\$379.4</b>	<b>\$390.9</b>	<b>\$342.6</b>	<b>\$393.8</b>	<b>\$51.2</b>
<b>Move Illinois Program Total</b>	<b>\$1,240.0</b>	<b>\$1,185.6</b>	<b>\$1,039.0</b>	<b>\$915.5</b>	<b>(\$123.5)</b>

## Notes:

1. 2015 Actual Expenditures reflected cost recoveries/adjustments of (\$11.3) million pursuant to intergovernmental agreements (IGA). 2016 Estimated Expenditures and 2017 Request do not reflect any IGA reimbursements.

*Totals may not add due to rounding.*



# Congestion-Relief Program/Other Capital

(\$ millions)	2015 Actual Expenditures	2016 Budget	2016 Estimated Expenditures	2017 Request	\$ Change from 2016 Estimate
<b>Congestion-Relief Program (CRP)</b>					
Jane Addams Memorial Tollway (I-90)	\$73.7	\$27.6	\$35.6	\$2.4	(\$33.2)
Tri-State Tollway (I-94/I-294/I-80)	0.9	2.8	2.9	1.3	(1.6)
Veterans Memorial Tollway (I-355)	0.4	3.0	5.8	1.4	(4.4)
Reagan Memorial Tollway (I-88)	97.3	101.3	75.6	29.0	(46.6)
Open Road Tolling (ORT)	2.3	5.2	3.4	0.0	(3.4)
Systemwide Improvements	48.7	18.6	20.2	11.6	(8.7)
<b>Congestion-Relief Program Subtotal</b>	<b>223.3</b>	<b>158.6</b>	<b>143.6</b>	<b>\$45.8</b>	<b>(\$97.8)</b>
<b>Other Capital Projects Subtotal *</b>	50.1	65.0	64.0	0.0	(64.0)
<b>CRP and Other Capital Projects Total</b>	<b>273.5</b>	<b>223.6</b>	<b>207.6</b>	<b>\$45.8</b>	<b>(\$161.8)</b>

**Notes:**

1. 2015 Actual Expenditures reflected cost recoveries/adjustments of \$1.3 million pursuant to intergovernmental agreements (IGA). 2016 Estimated Expenditures and 2017 Request do not reflect any IGA reimbursements.

2 Starting in 2017 the "Other" Capital Projects Budget are included under Systemwide in Move Illinois. New request in 2017 is \$62 million.

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# Capital Program

## *Key Capital Projects – 2017*

### **Jane Addams Memorial Tollway (I-90) – \$165.3 million**

- Eastern segment
  - Closeout activities on projects from Elgin Toll Plaza to Tri-State Tollway
  - Majority of the allocation is for work on inside lanes
- Complete multi year projects
  - Complete bridge and interchange improvements
- ITS elements
  - SmartRoad initiatives



# Capital Program

## *Key Capital Projects – 2017*

### **Elgin O'Hare Western Access Project - \$374.5 million**

- I-290 Interchange construction completion
- Construction of Elmhurst Road Interchange at I-90
- Construction of new Illinois Route 390 Tollway to east
- Bridge construction and interchanges
  - Park Boulevard, Arlington Heights Road and Illinois Route 83
- Right-of-way purchases and utility relocations
- Preliminary design for Central Tri-State Tollway (I-294) tie-in
- On-going design for IL-490 interchange



# Capital Program

## *Key Capital Projects – 2017*

### **Reagan Memorial Tollway (I-88) – \$38.4 million**

- Complete resurfacing and bridge repairs
  - U.S. Route 52 to U.S. Route 30

### **Tri-State Tollway (I-94/I-294/I-80) – \$56.5 million**

- Master Plan for Central Tri-State Tollway (I-294) reconstruction from 95th Street to Balmoral Avenue
- Design for reconstruction
  - Mile Long Bridge over the Des Plaines River
  - BNSF Railroad Bridge over I-294



# Capital Program

## *Key Capital Projects – 2017*

### **Systemwide – \$295 million**

- Bridge, pavement and interchange improvements
- Business Systems/IT and ITS related improvements
- Maintenance facilities improvements
- Program support

# “Other” Capital Projects Highlights

## *Key Capital Projects – 2017*

### **Other capital projects – \$62 million**

- General consulting services \$20.9 million
- Building repairs and maintenance \$14.2 million
- Enterprise resource planning (ERP) system \$6.1 million
- Technology \$5.3 million
- Roadway vehicle and equipment \$7.5 million
- Intelligent transportation systems (ITS) \$3.3 million
- Roadway signage and pavement marking \$2.3 million

# Debt Service Schedule

Fiscal Year	Principal	Interest	Total Debt Service
2016	104	285	390
2017	109	305	414
2018	124	298	423
2019	130	292	423
2020	138	286	423
2021	144	279	423
2022	151	271	423
2023	159	264	423
2024	168	255	423
2025	189	248	436
2026	246	240	486
2027	258	228	486
2028	269	217	486
2029	280	206	486
2030	292	194	486
2031	302	184	486
2032	318	168	486
2033	335	151	486
2034	355	132	486
2035	366	111	477
2036	384	93	477
2037	403	74	477
2038	393	54	447
2039	394	34	428
2040	289	14	304

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on October 27, 2016

## NOTES:

- Includes existing debt service plus assumed new money issuance of \$300M.
- Debt service due January 1 of a given calendar year is included in the prior fiscal year, per the Trust Indenture.
- Debt service does not include liquidity or remarketing costs for Tollway variable rate bonds, which such costs are currently approximately \$6 million annually.
- Interest expense does not net out anticipated federal subsidies related to Build America Bonds.
- Interest expense on variable rate bonds is estimated at the fixed rates on the associated swaps for those bonds.







THANK YOU

