

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY  
MINUTES OF THE  
FINANCE, ADMINISTRATION AND OPERATIONS  
COMMITTEE MEETING**

**October 15, 2014**

The Illinois State Toll Highway Authority (the “Tollway”) held the Finance, Administration and Operations Committee Meeting on Wednesday, October 15, 2014, at approximately 8:38 a.m. at the Central Administration Building in Downers Grove, Illinois.

Bolded entries indicate issues which may require follow-up to present or report to the Board.

Committee Members Present:

Committee Chair Mark Peterson

Director Terry D’Arcy (entered at 8:48 a.m.)

Director David Gonzalez

Committee Members Absent:

None

**PUBLIC COMMENT**

Committee Chair Peterson called the meeting to order and opened the floor for public comment. No public comment was offered.

## **CHAIR'S ITEMS**

Committee Chair Peterson called for a motion to approve the Minutes of the Finance, Administration and Operations Committee Meeting held on September 17, 2014. Director Gonzalez made a motion for approval; seconded by Committee Chair Peterson. The motion was approved unanimously.

Committee Chair Peterson then called on Kristi Lafleur, Executive Director.

## **EXECUTIVE DIRECTOR**

Executive Director Lafleur stated that the Tollway is a member of the E-ZPass Interagency Group (“IAG”), made up of multiple toll agencies spread across 15 states. Ms. Lafleur stated all member agencies use the same technology, allowing travelers to use the same transponder throughout the IAG network. Ms. Lafleur further stated the Tollway is also a member of the Alliance for Toll Interoperability (“ATI”) that is developing a hub to advance interoperability of toll systems. Ms. Lafleur stated that as part of an initiative to expand interoperability, the Tollway is exploring the potential for this technology. Executive Director Lafleur then introduced Shana Whitehead, Chief of Business Systems, to give a presentation on Testing a New Potential to Expand Interoperability. [See attached presentation.](#)

*[Director D’Arcy entered at 8:48 a.m.]*

Committee Chair Peterson asked approximately how many Tollway customers might benefit from the Tollway's participation in ATI's Interoperability HUB system under development. Ms. Whitehead approximated that 100,000 customers annually would benefit. Ms. Whitehead added that the number of customers who would benefit will be larger if rental car agencies participate.

Committee Chair Peterson asked how likely rental car agencies will become participants in ATI's Interoperability HUB system. Ms. Whitehead responded that this information is currently unknown, noting that the system is still under development. Executive Director Lafleur added that car rental agency participation is an objective of the program.

Committee Chair Peterson asked how many toll road operators are expected to participate. Ms. Whitehead responded that she believes most of the 43 current members of ATI are working through their different procurement and contracting structures to determine how to participate, if and when the system is implemented.

Committee Chair Peterson asked if customers are required to identify the unpaid toll location when submitting payment within the Tollway's "7 days to pay" grace period. Ms. Whitehead responded that customers are requested to identify the unpaid toll location however, the Tollway still attempts to match the payment to the unpaid toll when this information is not provided.

Executive Director Lafleur commended Ms. Whitehead and the Business System's team for their work developing and

implementing multiple major concurrent Tollway initiatives to provide efficiencies and enhance customer experience. Committee Chair Peterson also commended the Business System's team.

Executive Director Lafleur stated that pursuant to the Toll Highway Act and the Trust Indenture entered into with bond holders, the Tollway is required in October of each year to develop, present and seek Board recommendation on a tentative budget plan for the upcoming year. Executive Director Lafleur further stated the Tollway will seek public review and comment on the 2015 Tentative Budget in November and will then seek Board approval of the Final 2015 Budget in December. Executive Director Lafleur then introduced Mike Colsch, Chief of Finance, and Cathy Williams, Deputy Chief of Finance, to give a presentation of the 2015 Tentative Budget recommendation plan. [See attached presentation.](#)

Committee Chair Peterson requested clarification of the source of the resources transferred to offset increases to spending resulting from the 2014 polar vortex. Mr. Colsch explained that positive variances in other areas of the 2014 budget were transferred, within the 2014 budget, and allocated to payroll, roadway materials, parts and fuel budgets in order to partially accommodate the extra costs associated with the unusually severe winter.

Committee Chair Peterson inquired if staff are confident that the projections by CDM Smith, Inc. are adequately accounting for the impact of the Tollway's heavy 2015 construction schedule on vehicle traffic. Mr. Colsch responded that dialog will continue through the construction season with the Tollway's systemwide

traffic engineer, CDM Smith, Inc. and with systemwide consulting engineer, AECOM Technical Services, Inc., in order to monitor developing conditions and evaluate their impact to revenues. Mr. Colsch added that the Tollway is confident in CDM Smith's track record and guidance. Paul Kovacs, Chief of Engineering, affirmed that opinion.

Executive Director Lafleur noted that Jonathon Hart, Lead Consultant for CDM Smith, Inc., was in attendance if Directors had additional questions.

Committee Chair Peterson asked Mr. Hart to address the impact of the Tollway's heavy 2015 construction schedule on vehicle traffic and additionally asked about the role of gas prices in making vehicle traffic projections. Mr. Hart responded that when assessing construction impact on vehicle traffic, the Tollway's maintenance of traffic plans, which reflect ideal circumstances, are reviewed and fine-tuned in the development of the traffic and revenue estimates. Mr. Hart noted, for example, that the 2015 forecast was adjusted to reflect the projected impact to vehicle traffic of scheduled work on the Jane Addams Memorial Tollway (I-90) Rebuilding and Widening Project. Mr. Hart stated that overall however, construction has not had a significant impact on traffic forecasts. In regards to gas prices, Mr. Hart responded that there is a debate within the industry about the impact of gas prices, but he is of the opinion that weather and the state of the economy can be more directly correlated to vehicle traffic than gas prices. Mr. Hart added that the price levels at which gas prices might be expected to impact vehicle traffic are not anticipated for 2015.

Committee Chair Peterson asked Mr. Hart to address the likelihood of a repeat of the 2014 polar vortex in 2015. Mr. Hart responded that CDM Smith, Inc. does not provide weather forecasting, but did make a judgment to dampen 2015 vehicle traffic projections for the winter months based on last year's experience.

Executive Director Lafleur updated the Committee on preliminary results of the I-PASS "Sale" initiated on October 1<sup>st</sup> and continuing through the end of the year. Ms. Lafleur reminded Directors that the discounted cost structure consists of reducing, by half, the initial prepayment for tolls, the minimum auto-replenishment for tolls, and the deposit for transponders with manual replenishment. Ms. Lafleur reported that results so far have been positive, with new accounts increasing from an average of 350 per day to an average of 650 per day, of which approximately 450 are taking advantage of the lower minimum auto-replenishment amount offered. Ms. Lafleur additionally reported that approximately 11,700 existing accounts so far have opted to take advantage of the lower minimum auto-replenishment amount offered. Executive Director Lafleur noted that, consistent with focus group findings, the discounted cost structure seems to be appealing to an underserved customer segment. Ms. Lafleur added that continuing updates will be provided to the Committee.

Committee Chair Peterson commended staff on the positive results, commenting that the focus group research appears to have been constructive.

## ITEMS FOR CONSIDERATION

Committee Chair Peterson called on Mike Colsch, Chief of Finance, to present the following **Finance** Items:

*Item 1: Approval of the assignment of financial firms to provide underwriting services for a refunding of Series 2006A Bonds.*

Committee Chair Peterson inquired about the cap on underwriting fees for this transaction. Mr. Colsch responded that the underwriters' fee is not to exceed \$2.50 per \$1,000 par amount of bonds underwritten.

Committee Chair Peterson requested confirmation, with a 50% estimated allocation to the two senior underwriters, that one of these senior underwriters is a certified Minority and Women-Owned Business Enterprise ("M/WBE"). Mr. Colsch responded affirmatively.

Director Gonzalez requested confirmation that the assignment is for underwriting services on a bond refunding and not a new money bond issue. Mr. Colsch responded affirmatively, noting that this refunding of Series 2006A Bonds will follow a new money bond issue previously assigned.

Director Gonzalez inquired as to anticipated savings to the Tollway of the planned refunding of Series 2006A Bonds. Mr. Colsch estimated the refunding will result in \$25 million present value savings under current market conditions.

*Item 2: Approval of the fiscal year 2015 Tentative Budget.*

Director D'Arcy made a motion for approval of **Finance Items 1 and 2**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson called on Sharon Ferguson, Deputy Chief of Procurement, to present the following **Procurement Item**:

*Item 1: Award of Contract 13-0056 to Independent Recycling Services, Inc. for the purchase of Roadway Sweepings Pickup and Disposal Services in an amount not to exceed \$889,350.00 (Tollway Invitation for Bid).*

Committee Chair Peterson asked for confirmation that only a single bid was received on this invitation for bid. Ms. Ferguson responded affirmatively, noting that outreach to vendors was performed by the Tollway. Ms. Ferguson added that the vendor recommended for award has 38 years in business and a solid reputation in the Chicagoland area.

Committee Chair Peterson requested confirmation of the three year term of the contract. Ms. Ferguson confirmed, adding that the contract allows for Tollway re-evaluation as necessary.

Director Gonzalez made a motion for approval of **Procurement Item 1**; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson called on Shana Whitehead, Chief of Business Systems, to present the following **Business Systems** Item:

*Item 1: Approval of a Contract Renewal of Contract 11-0200 for Ada S. McKinley for Transponder Fulfillment Services in the amount of \$970,000.00 (State Use Program).*

Committee Chair Peterson asked about the absence of Diversity Program commitments on the contract renewal. Ms. Whitehead responded that the State-Use Program provides long-term employment opportunities for people working in qualified not-for-profit agencies and a Business Enterprise Program goal is not applicable.

Committee Chair Peterson asked if the vendor was the low bidder of four respondents to the original contract solicitation. Ms. Whitehead responded affirmatively.

Director D'Arcy made a motion for approval of **Business Systems Item 1**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson called on Paul Kovacs, Chief of Engineering, to present the following **Engineering** Items:

*Item 1: Acceptance of Proposal from Parsons Brinckerhoff, Inc. on Contract I-11-4015 for Supplemental Design Services for Reconstruction and Add Lane on the Jane Addams Memorial Tollway (I-90) Milepost 78.6 (Kennedy Expressway) to Milepost*

72.7 (Oakton Street), in the amount of \$1,830,000.00 from \$23,400,000.00 to \$25,230,000.

Committee Chair Peterson asked if the supplemental is required due to expansion made by the Tollway to the scope of the design work. Mr. Kovacs responded affirmatively, explaining that suppositions made by the Tollway in the original negotiations for design services were not adequate to provide for the work found to be required during the development of the design documents.

Committee Chair Peterson inquired if the vendor is currently meeting their Disadvantaged Business Enterprise (“DBE”) commitment. Mr. Kovacs responded affirmatively.

*Item 2: Acceptance of Proposal from Globetrotters Engineering Corporation on Contract I-12-4051 for Supplemental Construction Management Services for Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 17.4 (I-39) to Milepost 56.1 (Illinois Route 25), in the amount of \$1,992,882.00 from \$8,742,408.73 to \$10,735,290.73. Recusal: Director Peterson.*

*Item 3: Change Order/Extra Work Order on Contract I-13-4168 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Roadway and Bridge Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 67.4 (Meacham Road), in the amount of \$376,692.25.*

*Item 4: Change Order/Extra Work Order on Contract I-13-4159 to John Burns Construction Company for Fiber Optic Relocation on*

*the Jane Addams Memorial Tollway (I-90) from Milepost 56.8 (IL 25) to Milepost 68.15 (I-290), in the amount of \$601,504.61.*

Mr. Kovacs noted that a shortfall in meeting DBE commitments on the original contract is currently being reviewed by the Diversity department.

Director Gonzalez requested confirmation that additional change orders/extra work orders to the original award amount have been approved for this vendor previously. Mr. Kovacs responded affirmatively.

Director Gonzalez inquired how the DBE earned to-date on this contract is below the DBE commitment considering the overall amount spent to-date by the vendor exceeds the original award amount. **Mr. Kovacs responded that** the DBE shortfall is currently being analyzed and reviewed by the Diversity department, and that once the reason for the shortfall is determined, **this information will be provided.** Mr. Kovacs added that the DBE shortfall will be resolved prior to requesting of the Board final release of retainage.

*Item 5: Final Release of Retainage on Contract I-12-4076 to F.H. Paschen, S.N. Nielsen & Associates, Inc. for Widening and Reconstruction on the Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 45.5 (IL Route 47) to Milepost 49.7 (Union Pacific Railroad).*

*Item 6: Final Release of Retainage on Contract RR-12-4088 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Ramp*

*Reconstruction on the Tri-State Tollway (I-294) at Milepost 33.6 (US-20, Lake Street); Tri-State Tollway (I-94) at Milepost 11.2 (IL-120, Belvidere Road).*

*Item 7: Final Release of Retainage on Contract I-13-4127 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 20.8 (Irene Road over I-90) and at Milepost 21.8 (Stone Quarry Road over I-90).*

*Item 8: Final Release of Retainage on Contract RR-10-5619 to Natural Creations Landscaping, Inc. for Landscape and Improvements on the Tri-State Tollway (I-294) Milepost 30.5 (Roosevelt Road) to Milepost 52.0 (Sanders Road Overpass); and Tri-State Tollway (I-94) Milepost 0.0 (Wisconsin State Line) to Milepost 25.0 (Lake-Cook Road).*

*Item 9: Final Release of Retainage on Contract RR-13-5671R to Superior Paving Inc. for Parking Lot Rehabilitation on the Tri-State Tollway (I-294) at Milepost 19.3 (83rd Street Plaza 39), Milepost 19.7 (82nd Street Plaza 36), Milepost 29.9 (Cermak Plaza 35) and Milepost 38.7 (Irving Park Plaza 33); and on the Veterans Memorial Tollway (I-355) at Milepost 14.4 (Boughton Plaza 89) and Milepost 29.2 (Army Trail Plaza 73).*

*Item 10: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Elgin O'Hare Western Access Project (EOWA)). Cost to the Tollway: N/A.*

Mr. Kovacs requested that this item be deferred to Executive Session at the October Board of Directors meeting.

*Item 11: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Jane Addams Memorial Tollway (I-90)). Cost to the Tollway: N/A.*

Mr. Kovacs requested that this item be deferred to Executive Session at the October Board of Directors meeting.

Director D'Arcy made a motion for approval of **Engineering Item 1**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Director D'Arcy made a motion for approval of **Engineering Item 2**; seconded by Director Gonzalez. The motion was approved by all voting Directors to move to the full Board consent agenda with Committee Chair Peterson recusing himself.

Director Gonzalez made a motion for approval of **Engineering Items 3 through 9**; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson stated **Engineering Items 10 and 11** would be deferred to Executive Session at the October Board of Directors meeting.

Committee Chair Peterson then called on David Goldberg, General Counsel, to present the following **Legal** items:

*Item 1: An Intergovernmental Agreement with Riley Township.  
Cost to the Tollway: \$10,000.*

*Item 2: An Intergovernmental Agreement with the County of  
DuPage. Cost to the Tollway: \$ 0.*

Committee Chair Peterson asked whether this Intergovernmental Agreement (“IGA”) will require DuPage County Board approval. Rocco Zuccherro, Deputy Chief of Engineering for Planning, replied affirmatively, noting that the DuPage County Board is expected to take action this month.

*Item 3: An Annexation Agreement with the Village of Green Oaks.  
Cost to the Tollway: \$ 0.*

Executive Director Lafleur noted that a broader discussion on annexation policy and right of way is planned for an upcoming Customer Service and Planning Committee meeting.

*Item 4: A First Intergovernmental Addendum Agreement with the  
University of Illinois (Life-Cycle). Cost to the Tollway:  
\$69,772.00.*

Committee Chair Peterson asked if this IGA assists the Tollway with efforts to minimize the environmental impact of roadway construction. Mr. Kovacs responded affirmatively, explaining that life-cycle analysis allows the Tollway to compare environmental impacts and measure the environmental efficiencies of its current construction projects.

*Item 5: A Fourth Intergovernmental Addendum Agreement with the University of South Dakota. Cost to the Tollway: \$75,000.*

Mr. Zucchero stated that this IGA provides for continued study, through December 31, 2016, of the impact of the Veterans Memorial Tollway (I-355) extension on the ecology, behavior, population genetics and distribution of the endangered Hine's emerald dragonfly in the Des Plaines River Valley. Executive Director Lafleur added that this IGA fulfills a condition of the issuance of the U.S. Army Corps of Engineers' permit to construct the Veterans Memorial Tollway (I-355) and its associated bridge.

Director D'Arcy asked if it would be possible for Directors to be provided pictures of the Hine's emerald dragonfly. **Staff responded that pictures would be provided.**

*Item 6: An Intergovernmental Agreement with the Alliance for Toll Interoperability (ATI). Cost to the Tollway: Estimated at \$300,000.*

Executive Director Lafleur stated that the item summary for this IGA contains a typographical error and that the pricing structures for ATI HUB services include a \$0.10 per transaction matching fee (not \$0.01 as listed).

*Item 7: An Intergovernmental Agreement with the Illinois Secretary of State. Cost to the Tollway: Estimated at \$100,000.*

*Item 8: Approval of Additional funding for an Intergovernmental Agreement with the Wisconsin Department of Transportation. Cost to the Tollway: \$70,524.33.*

Committee Chair Peterson inquired if the Tollway has the necessary easement to relocate the Dynamic Message Sign (“DMS”). Mr. Kovacs responded affirmatively.

Committee Chair Peterson inquired about Tollway liability as well as responsibility for maintenance costs of the relocated DMS. **Mr. Kovacs stated that this information would be provided.**

*Item 9: A General Utility Agreement with Level 3 Communications. Cost to the Tollway: \$ 0.*

Committee Chair Peterson asked for the overall number of General Utility Agreements currently in effect. **Mr. Goldberg responded that this information will be provided.**

Mr. Goldberg requested that Legal Items 10 and 11 be deferred until after Executive Session.

*Item 12: Assignment of Bond Counsel. Recusal: Director D’Arcy*

Director D’Arcy made a motion for approval of **Legal Items 1 through 9**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson stated that Legal Items 10 and 11 would be deferred until after discussion in Executive Session.

Director Gonzalez made a motion for approval of **Legal Item 12**; seconded by Committee Chair Peterson. The motion was approved by all voting Directors to move to the full Board consent agenda with Director D’Arcy recusing himself.

At approximately 10:04 a.m., David Goldberg, General Counsel, indicated the need to discuss litigation matters involving the Tollway pursuant to Section 2(c)(11) of the Illinois Open Meetings Act. Director Gonzalez made the motion to enter into Executive Session; seconded by Director D’Arcy. The motion was approved unanimously.

At approximately 10:26 a.m., the Board re-entered the public session of the Committee meeting.

Committee Chair Peterson called for a motion to approve the following **Legal** Items:

*Item 10: A Workers Compensation Settlement – Victor Storino. Cost to the Tollway: As discussed in Executive Session.*

*Item 11: A Litigation Settlement – James Kroupa. Cost to the Tollway: As discussed in Executive Session.*

Director Gonzalez made a motion for approval of **Legal Items 10 and 11**; seconded by Director D’Arcy. The motion was approved unanimously to move to the full Board consent agenda.

There being no further business, Committee Chair Peterson requested a motion to adjourn. Motion to adjourn was made by

Director D'Arcy; seconded by Director Gonzalez. The motion was approved unanimously.

The meeting was adjourned at approximately 10:27 a.m.



Minutes taken by: \_\_\_\_\_

Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority



---

**Testing a New Potential to  
Expand Interoperability**

**October 15, 2014**

# Helping Drivers Avoid Violations

## ■ Current approach

- Retrying transactions that “bounce” off negative I-PASS accounts
- Video tolling transactions to I-PASS accounts when transponder is not present
- Video tolling transactions to E-ZPass accounts when transponder is not present
- 7 Days to Pay program
- Test video tolling of transactions to toll programs that operate on roadways other than those covered by I-PASS and E-ZPass



# Helping Drivers Avoid Violations

## ■ Potential enhancement: Expanded interoperability

- ❑ Test video tolling of transactions to toll programs that operate on roadways other than those covered by I-PASS and E-ZPass

## ■ Benefits

- ❑ Save costs related to pursuing violators
- ❑ Expand customer service by better helping drivers avoid violations
- ❑ Potentially jump-start our efforts to implement federally mandated national interoperability
- ❑ Leverage our new, cutting-edge back office technology and tolling technology test site



# Recommendation to Test Expanded Interoperability

- **Partner with Alliance for Toll Interoperability (ATI)**
  - Coalition of more than 40 toll road operators dedicated to promoting and implementing interstate interoperability
- **Test ATI's new North American Interoperability HUB**
  - Pools license plates from multiple toll organizations
  - License plates are anonymous with respect to registered owner, but are identified as belonging to a valid electronic tolling program elsewhere in the country
  - Anticipate operations similar to E-ZPass Group
- **Near-term: test technology and operations**
- **Establish customer-friendly practices and policies**



---

## Next Steps

- **Join ATI HUB**
- **Establish full testing plan (anticipated timeline for full testing is one year)**
- **Evaluate potential policies**
- **Identify operational scenarios**
- **If test is successful, develop full implementation plan**



---

**THANK YOU**



---

# 2015 Tentative Budget

October 15, 2014

# 2015 Budget Schedule

## October

- ✓ Tentative 2015 Budget presented to Board

## November

- ✓ Public review/comment on Tentative 2015 Budget
- ✓ Public comments presented to Board
- ✓ Incorporate changes arising from review process

## December

- ✓ Board votes on Final 2015 Budget

# 2015 Tentative Budget Highlights

## *2015 BUDGET HIGHLIGHTS*

### **Revenue**

- ✓ Continues to meet or exceed projections

### **Maintenance and Operations**

- ✓ Modest increase supports *Move Illinois* and consistent with financial plan

### **Capital Program**

- ✓ Largest amount committed for infrastructure improvements in Tollway's history

# 2015 Revenue Sources

## REVENUE CONTINUES TO GROW

(\$ millions)

<i>Sources of Revenue</i>	FY 2014 Budget	FY 2014 Estimates	FY 2015 Projections
<b>Toll Revenue and Evasion Recovery *</b>	\$1,005	\$1,012	<b>\$1,160</b>
<b>Investment Income</b>	2	1	1
<b>Concessions and Miscellaneous Revenue</b>	8	9	9
<b>Revenue Total</b>	<b>\$1,015</b>	<b>\$1,022</b>	<b>\$1,170</b>

\* CDM Smith's expected toll revenue estimate for fiscal year 2015 totals \$1,178 million. Tollway makes adjustments to reflect toll non-payments, underpayments and evasion recovery. Please refer to page 183 of the 2015 Tentative Budget book for additional information.

# 2015 Revenue Allocations

**MORE THAN 70 PERCENT OF REVENUE IS ALLOCATED TO SUPPORT INFRASTRUCTURE**

(\$ millions)

<i>Allocations of Revenue</i>	FY 2014 Budget	FY 2014 Estimates	FY 2015 Projections
Maintenance and Operations	\$295	\$299	\$311
<i>Funds available from prior year</i>	0	(6)	0
Debt Service Transfer	334	313	362
Deposit to Renewal and Replacement and Improvement	386	416	497
<b>Allocations Total</b>	<b>\$1,015</b>	<b>\$1,022</b>	<b>\$1,170</b>

**Note:**

2014 M and O supplemental fund includes \$2 million for winter-related roadway materials, \$0.5 million for fuel and \$1 million for payroll related to winter storm events.

# 2014 Polar Vortex Spending

## Costs

✓ Roadway materials	\$4.5M
✓ Replacement parts	0.9
✓ Fuel	1.1
✓ Personnel	1.5
<u>TOTAL</u>	<u>\$8.0M</u>

## Resources

✓ <u>Transfers</u>	<u>\$4.5M</u>
Engineering	2.1
IT	1.1
Toll Operations	0.4
Other departments	0.9
✓ <u>Supplemental</u>	<u>\$3.5M</u>
<u>TOTAL</u>	<u>\$8.0M</u>

# 2015 Maintenance and Operations

## ***KEY DRIVERS OF OPERATING BUDGET INCREASE OF 3.9 PERCENT***

- ✓ Rising health care costs and retirement contributions
- ✓ Increase in maintenance fees for growing fiber-optic network and intelligent transportation system
- ✓ Increase in insurance due to growing workers' compensation expenses
- ✓ Increase in credit card company fees associated with higher toll revenue
- ✓ Increased costs for fuel

# Maintenance and Operations

## 2015 Budget By Category

### ***GROWTH IN OPERATING COSTS – 3.9 PERCENT***

(\$ millions)

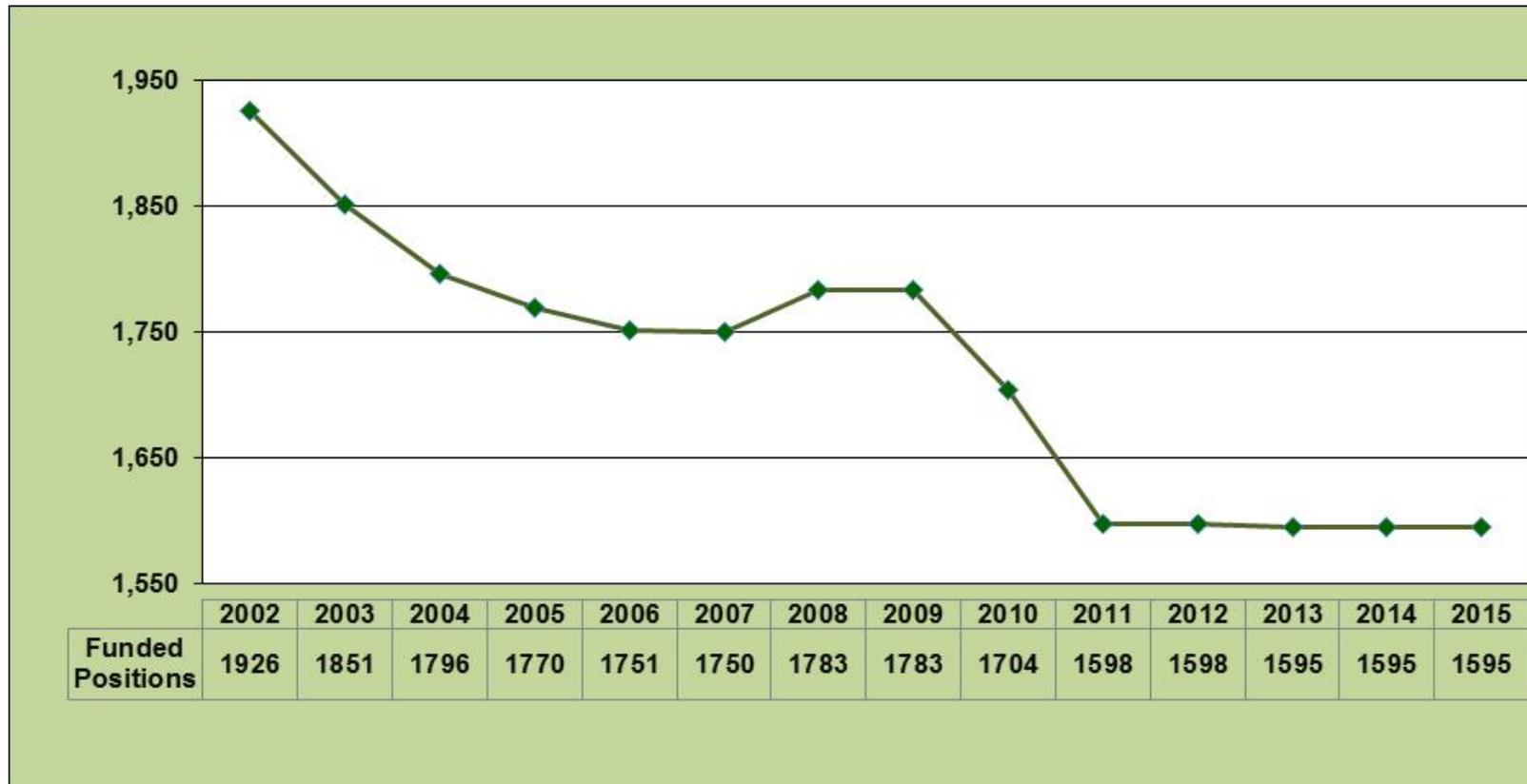
Category	2014 Budget*	2015 Budget Request	\$ Change from 2014 Budget	% Change from 2014 Budget
Salary and Wages	\$109.6	\$111.0	\$1.3	1.2%
FICA and Retirement	51.9	54.2	2.3	4.4%
Group Insurance	30.1	31.6	1.6	5.2%
All Other Insurance	10.5	12.4	2.0	18.7%
Bank Charges (Merchant Card Fees)	16.7	19.1	2.5	14.7%
Contracted Maintenance Services	4.1	5.2	1.1	27.5%
All Other Contractual Services	39.2	39.5	0.2	0.6%
Equipment / Office Rental / Maintenance	15.7	15.8	0.1	0.6%
Parts and Fuels	7.0	8.2	1.2	16.7%
Utilities	6.0	6.7	0.7	12.1%
Operational Materials and Supplies	9.5	8.1	(1.4)	-14.9%
Other Miscellaneous Expenses	1.1	1.1	0.0	0.9%
Recovery of Expenses	(2.4)	(2.3)	0.1	3.7%
<b>Total M and O Costs</b>	<b>\$299.0</b>	<b>\$310.6</b>	<b>\$11.6</b>	<b>3.9%</b>

\* 2014 Budget includes supplemental increase of \$3.5 million to the original Engineering budget for winter-related payroll, materials and fuel.

Totals may not add due to rounding.

# Tollway Headcount – As of 12/31 Each Year

**HEADCOUNT REMAINS FLAT WHILE DELIVERING  
RECORD CAPITAL PROGRAM**



# 2015 Debt Service

***NEW DEBT PROVIDES ADDITIONAL FUNDING  
FOR MOVE ILLINOIS AT HISTORICAL LOW INTEREST RATES***

**Outstanding debt \$5.048 billion  
\$800 million new debt issuance**

**Transfers for debt service estimated at \$362 million**

- ✓ \$268 million interest expense
- ✓ \$103 million principal due January 1, 2016
- ✓ \$7 million other bond-related costs (liquidity, remarketing, etc.)
- ✓ (\$15) million federal Build America Bonds subsidy

**Estimated net debt service coverage of 2.4x in each of  
FY2014 and FY2015, respectively**

# Capital Program Summary

## LARGEST AMOUNT COMMITTED FOR INFRASTRUCTURE IMPROVEMENTS IN TOLLWAY'S HISTORY

(\$ millions)

	2014 Budget	2014 Estimated Expenditures	2015 Request	\$ Change from 2014 Estimate
<b>Existing System Needs</b>	<b>\$1,012.5</b>	<b>\$846.6</b>	<b>\$1,213.8</b>	<b>\$367.3</b>
Jane Addams Memorial Tollway (I-90)	729.2	646.1	839.6	193.6
Tri-State Tollway (I-94/ I-294/ I-80)	9.4	9.3	19.0	9.7
Veterans Memorial Tollway (I-355)	10.1	5.0	0.9	(4.1)
Reagan Memorial Tollway (I-88)	10.6	11.4	107.9	96.5
Open Road Tolling (ORT)	4.0	2.7	5.4	2.7
Systemwide Improvements	249.2	172.2	241.1	68.9
<b>System Expansion</b>	<b>\$367.9</b>	<b>\$284.6</b>	<b>\$346.2</b>	<b>\$61.6</b>
Tri-State (I-294)/I-57 Interchange	80.1	46.4	20.2	(26.2)
Elgin O'Hare Western Access	282.8	235.5	319.8	84.3
Illinois Route 53/120/Other Planning Studies	5.0	2.7	6.1	3.4
<b>Capital Program Sub-Total</b>	<b>\$1,380.4</b>	<b>\$1,131.1</b>	<b>\$1,560.0</b>	<b>\$428.8</b>
"Other" Capital Projects	55.0	55.4	65.0	9.6
<b>Capital Program Total</b>	<b>\$1,435.4</b>	<b>\$1,186.5</b>	<b>\$1,625.0</b>	<b>\$438.5</b>

2014 Estimated Expenditures and 2015 Request do not reflect any IGA reimbursements.

2015 "Other" Capital Projects Budget includes new request of \$65 million and \$31.2 million of carryover from 2014.

# Capital Program

## *KEY CAPITAL HIGHLIGHTS*

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

- ✓ Rebuilding and Widening Project - eastern segment

### **Elgin O'Hare Western Access Project (Illinois Route 390)**

- ✓ Construction of interchanges
- ✓ Rebuilding and widening of the existing Illinois Route 390

### **Systemwide Projects**

- ✓ Bridge, pavement and interchange improvements
- ✓ Toll collection and information technology improvements

### **Reagan Memorial Tollway (I-88)**

- ✓ Resurfacing Illinois Route 251 to U.S. Route 30

# Capital Program

## *KEY CAPITAL HIGHLIGHTS*

### **Tri-State Tollway(I-294)/I-57 Interchange**

- ✓ Project close out and landscaping

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

- ✓ Master Plan 95<sup>th</sup> Street to Balmoral Avenue
- ✓ Design for mile-long bridges

### **Planning Studies**

- ✓ Illinois Route 53/120 Project
- ✓ Other emerging projects

# 2015 Budget Aligned with Tollway Priorities

## **Furthering transparency and accountability**

- ✓ Support the development of an enterprise resource planning (ERP) system
- ✓ Invest in state-of-the-art cameras to ensure accuracy of toll violations

## **Enhancing customer service and public safety**

- ✓ Provide additional capacity at the I-PASS Customer Service Call Center
- ✓ Sufficient supply of winter-related material
- ✓ Full complement of Illinois State Police District 15 for construction zones

# 2015 Budget Aligned with Tollway Priorities

## **Promoting economic growth**

- ✓ Continue to support congestion relief and improved regional mobility in Northern Illinois with the largest infrastructure investment in Tollway's history

## **Increasing collaboration**

- ✓ Transit opportunities with Pace and the Regional Transportation Authority (RTA)
- ✓ Support and expand workforce development and technical assistance programs

## **Fostering environmental responsibility**

- ✓ Increase E-85 annual fuel usage from 120,000 to 275,000 gallons per Governor's Executive Order #11
- ✓ Research program to study environmental and roadway safety initiatives

# Tentative 2015 Budget Summary

## ***CONSISTENT WITH THE LONG-TERM FINANCIAL PLAN***

- ✓ Fourth year of *Move Illinois* – total 2015 Capital Program more than \$1.6 billion
- ✓ Revenue increase 14.5 percent reflecting commercial vehicle toll increase approved in 2008
- ✓ Operating costs held at 3.9 percent growth
- ✓ \$800 million of new bond issuance to provide funding for current and future capital costs

# Appendix

# Maintenance and Operations

## 2015 Budget By Department

Department	2014 Budget*	2015 Budget Request	(\$ thousands)	
			\$ Change from 2014 Budget	% Change from 2014 Budget
Administration	\$4,439	\$4,595	\$157	3.5%
Business Systems	54,974	58,702	3,727	6.8%
Communications	1,449	1,516	67	4.6%
Diversity & Strategic Development	1,997	2,576	579	29.0%
Engineering	75,900	78,001	2,101	2.8%
Executive Office and Directors	1,661	1,682	21	1.3%
Finance	45,414	48,328	2,914	6.4%
Information Technology	15,745	16,377	632	4.0%
Inspector General	813	888	75	9.2%
Internal Audit	785	854	69	8.7%
Legal	1,857	1,931	74	4.0%
Procurement	4,356	4,552	196	4.5%
State Police	32,302	32,587	285	0.9%
Toll Operations	57,262	57,990	729	1.3%
<b>Total</b>	<b>298,956</b>	<b>310,579</b>	<b>11,623</b>	<b>3.9%</b>

\* 2014 Budget includes supplemental increase of \$3.5 million to the original Engineering budget for winter-related payroll, materials and fuel.

# Move Illinois Program Summary

	2013 Actual Expenditures	2014 Budget	2014 Estimated Expenditures	2015 Request	(\$ millions) \$ Change from 2014 Estimate
<b>Existing System Needs</b>					
Jane Addams Memorial Tollway (I-90)	\$283.4	\$593.0	\$494.3	\$791.7	\$297.4
Tri-State Tollway (I-94/ I-294/ I-80)	14.9	3.7	5.1	18.1	13.0
Veterans Memorial Tollway (I-355)	18.0	9.2	4.1	0.5	(3.6)
Reagan Memorial Tollway (I-88)	1.6	3.5	4.7	7.0	2.3
Systemwide Improvements	74.8	158.4	100.1	168.2	68.1
<b>Existing System Needs Total</b>	<b>\$392.7</b>	<b>\$767.8</b>	<b>\$608.3</b>	<b>\$985.5</b>	<b>\$377.2</b>
<b>System Expansion</b>					
Tri-State Tollway (I-294)/I-57 Interchange	\$55.4	\$80.1	\$46.4	\$20.2	(\$26.2)
Elgin O'Hare Western Access	53.1	282.8	235.5	319.8	84.3
Illinois Route 53/120/Other Planning Studies	1.0	5.0	2.7	6.1	3.4
<b>System Expansion Total</b>	<b>\$109.4</b>	<b>\$367.9</b>	<b>\$284.6</b>	<b>\$346.2</b>	<b>\$61.6</b>
<b><i>Move Illinois</i> Program Total</b>	<b>\$502.2</b>	<b>\$1,135.7</b>	<b>\$892.9</b>	<b>\$1,331.7</b>	<b>\$438.8</b>

**Notes:**

2013 Actual Expenditures reflected cost recoveries of \$4.5 million pursuant to inter-governmental agreements (IGA), and 2014 Estimated Expenditures and 2015 Request do not reflect any IGA reimbursements.

*Totals may not add due to rounding.*



# Congestion-Relief Program/Other Capital Summary

	(\$ millions)				
	2013 Actual Expenditures	2014 Budget	2014 Estimated Expenditures	2015 Request	\$ Change from 2014 Estimate
<b>Congestion-Relief Program (CRP)</b>					
Jane Addams Memorial Tollway (I-90)	\$14.7	\$136.2	\$151.8	\$47.9	(\$103.8)
Tri-State Tollway (I-94/ I-294/ I-80)	25.9	5.8	4.2	0.9	(3.3)
Veterans Memorial Tollway (I-355)	2.0	0.9	0.8	0.4	(0.4)
Reagan Memorial Tollway (I-88)	4.1	7.1	6.6	100.8	94.2
Open Road Tolling (ORT)	3.1	4.0	2.7	5.4	2.7
Systemwide Improvements	24.6	90.8	72.1	72.9	0.8
<b>Congestion-Relief Program Subtotal</b>	<b>\$74.4</b>	<b>\$244.8</b>	<b>\$238.2</b>	<b>\$228.3</b>	<b>(\$9.9)</b>
<b>"Other" Capital Projects Subtotal *</b>	43.0	55.0	55.4	65.0	9.6
<b>CRP and "Other" Capital Projects Total</b>	<b>\$117.5</b>	<b>\$299.8</b>	<b>\$293.6</b>	<b>\$293.3</b>	<b>(\$0.3)</b>

**Notes:**

2013 Actual Expenditures reflected cost recoveries of \$7.7 million pursuant to intergovernmental agreements (IGA); 2014 Estimated Expenditures and 2015 Request do not reflect any IGA reimbursements.

2015 "Other" Capital Projects Budget includes new request of \$65 million and \$31.2 million of carryover from 2014.

*Totals may not add due to rounding.*



# Capital Program

## *KEY CAPITAL PROJECTS - 2015*

### **Jane Addams Memorial Tollway (I-90) – \$839.6 million**

#### ✓ **Eastern segment**

- Elgin Toll Plaza to Tri-State Tollway (I-294)
  - Rebuilding and widening outside lanes
- Elgin Toll Plaza to Kennedy Expressway
  - Reconstruction of bridges, interchanges and ramps

#### ✓ **Western segment**

- Illinois Route 47 to I-39
  - Reconstruction of bridges and interchanges

#### ✓ **Watermain relocation**

#### ✓ **Fiber-optic and utility relocation**

#### ✓ **ITS elements**

# Capital Program (continued)

## *KEY CAPITAL PROJECTS - 2015*

### **Elgin O'Hare Western Access Project (Illinois Route 390) - \$319.8 million**

- ✓ I-290 Interchange construction
- ✓ Construction of Elmhurst Road Interchange at I-90
- ✓ Reconstruction and widening
  - Existing portion of the Illinois Route 390
- ✓ Interchange improvements
  - Park Boulevard and Arlington Heights Road
- ✓ Bridge construction
- ✓ Watermain relocation
- ✓ Right-of-way purchases

# Capital Program (continued)

## *KEY CAPITAL PROJECTS - 2015*

### **Tri-State Tollway (I-294)/I-57 Interchange – \$20.2 million**

- ✓ Closeout phase one and complete landscaping

### **Tri-State Tollway (I-94/I-294/I-80) – \$19.0 million**

- ✓ Master Plan for reconstruction 95<sup>th</sup> Street to Balmoral Avenue
- ✓ Design for reconstruction
  - Mile-long bridge over the Des Plaines River
  - BNSF railroad bridge over I-294

# Capital Program (continued)

## *KEY CAPITAL PROJECTS - 2015*

### **Reagan Memorial Tollway (I-88) – \$107.9 million**

- ✓ Resurfacing
  - Illinois Route 251 and U.S. Route 30

### **Illinois Route 53/120 Project and other planning studies - \$6.1 million**

### **Open Road Tolling - \$5.4 million**

- ✓ Toll Revenue Management and Maintenance Program (TRMMP)

# Capital Program (continued)

## *KEY CAPITAL PROJECTS - 2015*

### **Systemwide – \$241.1 million**

- ✓ Bridge and pavement improvements
- ✓ Interchange improvements
- ✓ Toll collection
- ✓ IT related improvements
- ✓ Maintenance facilities improvements
- ✓ Program support

# “Other” Capital Projects Highlights

## *KEY CAPITAL PROJECTS - 2015*

### “Other” capital projects – \$65 million

(\$ millions)

✓ Program support costs	\$ 22
✓ Roadway vehicle and equipment	\$ 12
✓ Technology	\$ 11
✓ Enterprise resource planning (ERP) system	\$ 6
✓ Building repairs and maintenance	\$ 5
✓ Intelligent transportation systems (ITS)	\$ 4
✓ Environmental/research	\$ 2

# Debt Service Schedule

Fiscal Year	Principal	Interest	Debt Service
2014	98	218	316
2015	103	266	369
2016	104	283	387
2017	108	278	386
2018	134	273	407
2019	131	266	397
2020	137	260	396
2021	143	253	396
2022	150	246	396
2023	174	238	412
2024	174	228	402
2025	189	221	409
2026	236	213	449
2027	247	202	449
2028	257	191	449
2029	268	180	449
2030	280	169	449
2031	289	160	449
2032	305	143	449
2033	322	126	449
2034	341	107	449
2035	348	88	436
2036	366	70	437
2037	385	52	437
2038	374	33	407
2039	282	14	297
2040	398	129	527
2041	381	107	488
2042	379	86	465
2043	354	65	420
2044	334	46	380
2045	346	27	373
2046	152	8	160

## NOTES:

- √ Includes existing debt service plus assumed new money issuance of \$800M during 2015
- √ Debt service due January 1 of a given calendar year is included in the prior fiscal year, per the Trust Indenture
- √ Interest expense does not reflect federal subsidies related to Build America Bonds
- √ Interest expense includes on Series 1998B, 2007A and 2008A estimated at synthetic fixed rates



---

**THANK YOU**