Follow the Numbers: Why We Oppose the Inclusion of the Illiana Expressway in GO TO 2040

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The Illinois Dept. of Transportation (IDOT) has requested that the Chicago Metropolitan Agency for Planning (CMAP) amend the Chicago region's GO TO 2040 comprehensive plan to include the proposed Illiana Expressway as a fiscally constrained project, a prerequisite to receive federal funding. The Metropolitan Planning Council (MPC) appreciates the open process CMAP has established and IDOT has facilitated during the Illiana Expressway review period, one of the most transparent to date.

As an independent, nonpartisan organization committed to solving problems and improving the Chicago region for all residents and businesses, MPC strongly advocates for carefully considered public investments that solve today's challenges—including traffic congestion, job access and economic recovery—and put us on a path to a sustainable future. To assess whether a specific investment is achieving both immediate and long-term regional goals, MPC embraces the use of performance measures to evaluate environmental, economic and equity impacts, to determine how governments should allocate limited resources. MPC analyzed the Illiana project by asking three threshold questions to justify the roughly $1.3 billion IDOT has estimated it will cost to build the Illiana Expressway:

1. Is the Illiana a sound use of public dollars?
2. Does the Illiana provide useful new transportation infrastructure?
3. Will the Illiana create new jobs and sustainable regional growth?

A robust analysis by MPC ultimately has determined that the Illiana Expressway would yield few benefits in exchange for high—and uncertain—costs. MPC opposes the Illiana Expressway's inclusion in GO TO 2040, in its current state, for the following reasons:

1. **Financing for the Illiana Expressway is uncertain and would put other regional projects prioritized by GO TO 2040 at risk.**

    a. **Significant taxpayer costs:** Though the Illiana is proposed as a public-private partnership (P3) with tolls, it is not evident that private funds will cover all capital and long-term maintenance costs. One analysis reveals private funds backed by tolls would support less than one-third of the $1.35 billion capital costs, not to mention future maintenance. Tolls are estimates to generate only $440 million over 30 years. A likely P3 scenario would leverage an availability payment, through which a private company agrees to finance capital costs in exchange for guaranteed payments from the public sector over a defined period. This model puts the public sector at risk; if collected toll revenues fall below expectations, the government must find a way to pay the financing company its guaranteed annual payment.

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The public sector will likely need to provide more than two-thirds of Illinois' share of the capital costs of the Illiana, in addition to revenues produced by tolls. GO TO 2040 projects a total of $10.5 billion through 2040 for our region's major capital projects, funding that is entirely directed toward six projects prioritized by CMAP as part of the regional plan: the extension of the CTA Red Line to 130th Street; IL 53/Central Lake County Corridor; West Loop Transportation Center; I-294/I-57 Interchange; Elgin-O'Hare Expressway and West O'Hare Bypass; and Circle Interchange.

Adding the Illiana to the regional plan may require reassigning public funds already committed to these capital projects or cutting planned maintenance and operations funding for existing transportation infrastructure. If not, it would mean prioritizing the Illiana to be funded in place of other major projects that have been documented as delivering significant regional benefits. Either way, the Illiana's high cost requires harmful tradeoffs.

b. **Uncertain toll revenues:** Similar rural toll roads recently built in other U.S. regions, as shown in the following table, have suffered from lower-than-expected revenues and several have gone bankrupt. Some of these cautionary tales are particularly notable because they are on the fringes of well-developed urban areas and were financed on the assumption that they would yield significant economic growth, as is the case with the Illiana. The federal government's TIFIA loan program financed several of these roads, lending not only dollars but a vote of confidence that they were reasonable investments. Yet, in many cases, road use fell far below forecasts, causing revenues to lag and roads to go bankrupt, leaving the public on the hook.

   IDOT's Illiana analysis does not account for declining national vehicle miles traveled (VMT), increasing fuel price, slowing growth in Will County or shifting global trade patterns that may result from the expansion of the Panama Canal, among other projects. These variables could produce lower-than-expected traffic on the Illiana.

Project	**Location**	**Cost, length**	**Completion Year**	**Result**
San Joaquin Hills toll road	Orange County, Cali.	$800M, 16 miles	1996	Agency asked its creditors to reduce its coverage ratio and annual debt service ratios; use is only 43% of projections
Inter-County Connector	Maryland	$2.4B ($516M TIFIA loan), 18 miles	2011	Road use about one-third of initial expectations, though in line with revised projections
South Bay Expressway	San Diego	$658M ($140M TIFIA loan), 9.2 miles	2007	Operator filed for Chapter 11 bankruptcy ($73M in unsecured TIFIA loan, will not recapture full loan)
SH 130	Austin, Tex.	$1.33B ($430M TIFIA loan), 41 miles	2012	Half of projected traffic; owner saw credit rating downgraded by Moody's (2013)
Pocahontas Parkway	Richmond, Va.	$597M ($150M TIFIA loan), 8.8 miles	2002	Initial owner (nonprofit state entity) could not service debt; later, road turned over to consortium of banks when earnings didn't cover debt costs
Dulles Greenway	Loudoun, Va.	14 miles	1995	Traffic below forecasts, peaked in 2005; owner records road as net liability; bond ratings reduced (2013)
Camino Colombia	Laredo, Tex.	$90M, 22 miles (1 lane per direction)	2000	Filed for bankruptcy (2003) after being unable to service its debt. Truck traffic was far below projections
Southern Connector	Greenville, S.C.	$200.1M (tax-free bonds), 16 miles	2001	Debt downgraded; filed for bankruptcy (2010) after use was less than half of projections

c. **Cost estimate is low:** IDOT has not provided a detailed cost estimate for the Illiana, citing "the need for confidentiality" until a private contractor is selected for the project. IDOT's projected cost to construct the 47 new miles of this four-lane, bi-state roadway is $1.35 billion—or $8.1 million per lane-mile in 2020 dollars—of which the Illinois share (based on distance) would be at least $950 million.

   Though IDOT argues that the Illiana could be constructed at costs similar to those of a recent Indiana highway project, CMAP found that IDOT's estimated per lane-mile cost for the Illiana is lower than costs for similar projects nationwide, and that the Illiana could be 11% to 358% more expensive than IDOT's initial estimates.

   IDOT's figure also excludes some $1.5 billion in highway road upgrades in adjacent areas, which are assumed in the state's studies of how the Illiana will affect traffic congestion and economic growth, but which are not included in GO TO 2040. These nearby improvements would bring the total cost to at least $2.75 billion.

2. The Illiana fails to address the region's transportation needs.

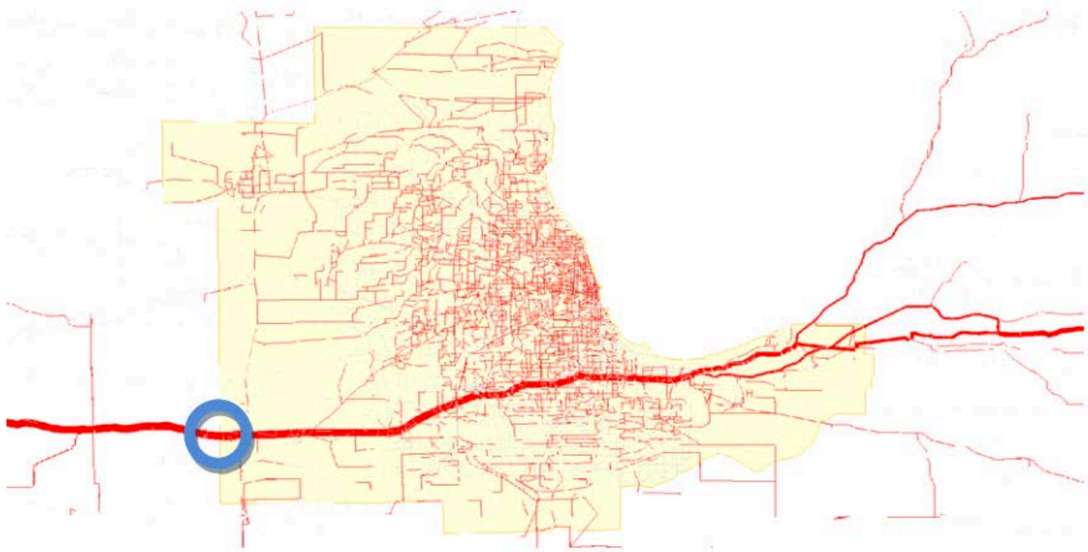
a. **Low usage:** Because the road would run through a lightly populated area and would be tolled, IDOT estimates that the road would see only 8,800 to 26,300 vehicles per day—fewer than many arterial roads such as Irving Park Road in Chicago at 35,400 vehicles per day or Cermak Road in Cicero at 33,900 per day, and far fewer than major highways like I-80, which carries upwards of 180,000 vehicles per day.

b. **Does not reduce congestion:** IDOT forecasts find that the Illiana would do little to relieve congestion, reducing vehicle hours of travel in the South Sub-region—defined as the areas south of I-80—by just 1.08 percent and reducing regional truck hours by less than 1.0 percent. CMAP's model finds I-80 would experience no major improvement in congestion due to the Illiana's construction.

c. **Does not solve freight congestion**: The Illiana's construction will not result in time savings for most truck drivers coming through the region. The Illiana Transportation System Performance (TSP) report analyzed the movement of trucks entering the region and documented that trucks coming from the west (notably on I-80) "are traveling through the study area to locations in Michigan and Ohio" (pg. 105). The following map (from pg. 106 of the TSP) illustrates the paths of trucks (in red) coming from an origin point on I-80 (blue circle). This map illustrates that the vast majority of trucks entering the region from the west either terminate in Chicago and its suburbs north of I-80 or east of the region in Michigan and Ohio. Very little of the traffic moves southeast into Indiana. This makes sense because traffic moving from the west to Indianapolis and nearby destinations can travel via I-74 and avoid Chicago-area congestion altogether.

Figure 5-9. Select Link Analysis: I-80/94 Multi-Unit Trucks

Without Illiana



3. **The Illiana would do little to improve the region's economic health and would not help the region grow sustainably.**

    a. **Imperceptible increase in GRP:** IDOT predicts that the new road would increase the region's gross product by just 0.2 percent, while CMAP estimates a scant 0.05 percent increase in GRP.

    b. **Very few permanent jobs:** IDOT estimates the road would add a maximum of 940 permanent jobs to the region, a 0.02 percent increase at a cost of at least $1.4 million per job.

    c. **Shifts jobs and population around the NE Illinois/NW Indiana region:** IDOT's data show that the project would result in a net outflow of jobs and population from Illinois into Indiana. With the Illiana, the CMAP region is projected to lose more than 7,000 people and 5,000 jobs compared to baseline (no road) estimates. The South Suburban areas of Cook County would lose jobs and population, as would the City of Chicago and most other municipalities in Illinois. At the same time, Indiana would see a roughly equivalent increase in jobs and population. In other words, the major effect of the road would be a shifting in locations of residences and employment—all at a high cost.

d. **Increases pollution:** The project will encourage car use, not transit ridership, and result in a net increase in vehicular carbon emissions according to CMAP.

Because the current plan for the Illiana does not demonstrate significant transportation or economic benefits in exchange for high and uncertain costs, the Metropolitan Planning Council is opposed to its inclusion in GO TO 2040.

Sincerely,

MarySue Barrett

MarySue Barrett
President