

Getting the Chicago Region Moving



*A Coordinated Agenda for the
2003 Federal Transportation Debate*

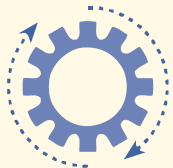
The Metropolitan Planning Council is deeply grateful to the following for their generous support of our work on behalf of Business Leaders for Transportation:

The Joyce Foundation
Chicago Metropolis 2020
American Public Transportation Association

MPC also thanks the following who fund our Regional Action Agenda, of which Business Leaders for Transportation is a part:

The John D. and Catherine T. MacArthur
Foundation
The Chicago Community Trust
McCormick Tribune Foundation

Aon Corporation
State Farm Insurance Companies



Business Leaders for Transportation

By Natasha Holmes, Transportation Associate, and
Karyn Romano, Transportation Director,
Metropolitan Planning Council
January 2003

MPC Transportation Research Assistant Lynne Koutsky also contributed to this report.

TABLE OF CONTENTS

Introduction	1
Transit Recommendations	2
Highway Recommendations	3
Rail Recommendations	4
Planning and Land Use Recommendations	5
How well did Illinois compete for funds in TEA-21?	8
Conclusion	9
Endnotes	9

At the crossroads of the nation's highway and rail system, the Chicago region is positioned to enjoy significant economic benefits.

Likewise, failure to invest in those systems will slow economic growth for northeastern Illinois. The reauthorization of the current federal transportation legislation, the Transportation Equity Act for the Twenty-first Century (TEA -21), offers the Chicago region a critical opportunity to ensure that federal transportation funding contributes to a more efficient system region-wide.

Business Leaders for Transportation is building regional consensus on how to meet our complex highway, transit and freight needs. With a strong network of government transportation professionals, business groups and civic organizations, Business Leaders has assessed the region's critical needs and developed an agenda that assures the Chicago region receives maximum benefits from the reauthorization of TEA-21.

Why should we be concerned about the next federal transportation bill?

Like most metropolitan areas, the Chicago region must deal with congestion, a lack of transportation alternatives, aged infrastructure and a steadily growing population. All of these should be addressed in funding priorities in the next federal transportation bill.

For example:

- On average, Chicago-area drivers spend the equivalent of almost three extra days per year in rush-hour traffic gridlock, costing motorists an extra 104 gallons of gasoline a year and over \$1,200 a year in gas and related charges.¹
- This region has ranked among the top ten worst-congested metropolitan areas in the nation for over twenty years, and has ranked in the top five since 1996.²
- The 2000 Census showed that in five of northeastern Illinois' six counties, commute times increased by more than 10 percent since 1990.



- The mismatch between the location of jobs and housing affordable to many workers fuels increased congestion. Longer commutes result in more traffic for everyone, which consequently worsens air quality.
- Collectively, the region's three public transit service providers are \$3 billion short of funding for needed improvements to increase capacity and repair or replace old equipment.
- Illinois has been repairing outdated infrastructure since 1999 through Illinois FIRST, a \$12-billion state infrastructure program that provided a funding match to secure federal transit funds. This program will soon expire, leaving hundreds of bridge repair, roadway and transit needs unmet.
- Transportation planning at the local, regional and state level must coordinate land use planning to address northeastern Illinois' congestion problem.
- As the only place in the nation where six of the seven major railroads (also known as "Class 1 Railroads") converge, metropolitan Chicago has become the intermodal hub of the nation. This

\$8-billion industry provides more than 120,000 jobs.³ To accommodate projected growth of 80 percent by 2020, the region's freight network will need major improvements. Grade separations and intermodal connections must be improved, not only for freight, but also for passenger and commuter transit services that share tracks with freight trains.

What can the next federal transportation bill do to address northeastern Illinois' needs?

Business Leaders for Transportation convened a working group from among its 100 member organizations to review policy recommendations and develop a set of recommendations that best suit the needs of northeastern Illinois. While transit, highways and freight are important components of our transportation network, broader issues – affecting quality of life for the entire region – should also be addressed in the next federal transportation legislation.

TRANSIT RECOMMENDATIONS

As the nation's second largest transit provider, northeastern Illinois has made substantial investments in infrastructure improvements over several decades. More recently, the region's transit providers have worked to encourage incentive-based transit programs and transit-oriented development, and added new transit service in areas not previously served. Still, many other changes could make transit a viable option for more commuters.

Dramatic population growth in the suburbs during the last ten years has not been coordinated with business growth and relocation trends. In the Chicago metropolitan area, the share of new jobs located near transit declined from 49 to 46 percent.⁴ This has spurred a suburb-to-suburb commute pattern and growing reverse commute, adding to the already congested roadway network.

With suburbs growing at a faster rate than the city, interest in expanded transit service and solutions to the spatial mismatch between employment centers and residential communities is growing. Community planning meetings held throughout the region in 2002 by the Center for Neighborhood Technology and Chicago Metropolis 2020 found growing demand for better transit options. In fact, when asked how to reduce traffic congestion, 73 percent of respondents agreed that commuters would have to use car pools, take public transportation and change other habits to improve quality of life in the region.⁵

Business Leaders for Transportation will make the following policy recommendations for transit in the next transportation legislation:

- Provide older transit systems, such as those in northeastern Illinois, with adequate funding for both rehabilitation and new capacity needs;
- Distribute transit funding on a needs-based formula;



Photo by Chris D'Arpa

- Implement a reformed Revenue Aligned Budget Authority (RABA)⁶ mechanism for transit funding that ensures maximum distribution of revenue in the Mass Transit Account of the Highway Trust Fund;
- Retain the TEA-21 transit program structure⁷ and require equivalent match structures between highway and transit;
- Credit the Mass Transit Account of the Highway Trust Fund with interest on its balance, which it does not currently receive;
- Double the federal transit program to \$14 billion by 2009; and
- Provide incentives for transit-oriented planning and integrated land use and transportation planning.

HIGHWAY RECOMMENDATIONS

Our national highway system is a security asset, providing motorists with an efficient way to travel throughout the nation. TEA-21 ensured that taxes paid by motorists were deposited in a Highway Trust Fund and spent directly on transportation. Although planning provisions were encouraged throughout the bill, in the reauthorization, more emphasis should be placed on roadway designs that are pedestrian- and transit-friendly, and sensitive to the built environment.

Illinois has 9,464 interstate lane miles, allowing motorists to travel over 281 million vehicle miles daily. This system is overburdened and congested. Current formula funding does not meet our transportation needs. At the crossroads of the nation, northeastern Illinois' interstate system is critical to economic prosperity. Yet, 80 percent of that system is over 30 years old. Ninety-six percent is over 20 years old.

The next transportation-funding bill must ensure adequate funding for Illinois' road network by:

- Increasing Illinois' share of Highway formula funding and supporting existing program formulas – particularly for core programs such as the National Highway System and Surface Transportation Programs, and those that address special purposes, such as the Congestion Mitigation and Air Quality Improvement Program – without legislated adjustments in the authorization that would negate their needs-based apportionment function;
- Retaining the budget firewalls implemented in TEA-21 that insure guaranteed funding be used only on transportation projects;
- Increasing the Discretionary Interstate Maintenance program and the Discretionary Highway Bridge program to meet national needs;
- Modifying the RABA mechanism to ensure that it maximizes distribution of Highway Trust Fund revenue and minimizes fluctuation from year to year;
- Ensuring that congressional earmarks do not detract from formula funding but are directed toward projects prioritized by the Metropolitan Planning Organization (MPO) process;
- Crediting the Highway Trust Fund the interest it earns. This interest is currently being borrowed and used by other federal programs;
- Redirecting the 2.5 cents-per-gallon gasohol tax that goes into the General Fund to the Highway Trust Fund;⁸ and
- Directing the Federal Highway Administration to develop highway design standards that are sensitive to the built environment and encourage multi-modal options.

Figure 1: Rail Freight Flows, All Commodities



Source: U.S. Department of Transportation

RAIL RECOMMENDATIONS

Freight

Nearly one-third of the nation's total rail shipments pass through the Chicago region, the nation's intermodal hub (see Fig. 1). This contributes to delays and back-ups of truck trailers at tollbooths and interchanges, and trains blocking too many of the region's 1,953 at-grade crossings. It also has a ripple effect on the movement of goods throughout the nation. The reauthorization of TEA-21 must address Chicago's freight infrastructure needs. Railroads have a greater capacity to absorb increases in freight demand if bottleneck problems such as those in Chicago are solved.

Greater efficiency in railroad operations in Chicago will not only benefit the movement of intermodal freight across the country, but other transportation systems in metropolitan Chicago as well, especially passenger and commuter rail transit services that operate on freight rail lines. The creation of a Rail Trust Fund, as proposed by U.S. Rep. William Lipinski

(D-Ill.), would provide funding for infrastructure improvements to the Chicago region and the nation.

Critical Cargo: A Regional Freight Action Agenda, a 2002 report by Business Leaders for Transportation, offers solutions to expand capacity, lessen gridlock and support job expansion in the Chicago region. The report cites three categories of infrastructure improvements to the region's massive freight network:

1. Establish a joint-use corridor for freight, passenger and commuter rail;
2. Replace with grade separations 40 of the worst at-grade crossings;
3. Upgrade 55 miles of intermodal connector routes to better accommodate truck traffic.

Based on *Critical Cargo* and other analysis made by its Freight Working Group, Business Leaders for Transportation makes the following recommendations for the next transportation legislation:

- Provide funding for a "freight infrastructure improvement" demonstration project for the Chicago region. As the only point where six of the seven Class 1 railroads converge, and home to 57 separate rail yards and 26 intermodal yards, improving freight movement in the Chicago region improves freight movement in the nation;
- Create a new, dedicated funding source targeted at nationally significant corridors and projects; and
- Double grade-crossing improvement funding to \$310 million per year, with additional public funding available for Chicago's complex intermodal infrastructure.

Intercity Passenger Rail

Amtrak reauthorization will be occurring simultaneously with TEA-21 reauthorization. Passenger and commuter rail networks also benefit if upgrades and improvements are made to the freight network, since their operations depend on shared tracks. Improving connections among all modes of transportation, including intercity passenger rail lines, is key to a seamless national transportation network.

Business Leaders makes the following recommendations for passenger rail:

- Create a national network of high-quality, intercity passenger trains linking major metropolitan areas and serving major transportation routes, patterned after the interstate highway network planning authorized in the Federal Highway Act of 1921;
- Secure long-term funding for intercity passenger rail without diverting funds from current programs; and
- Support the implementation of the Midwest Regional Rail Initiative.⁹

PLANNING AND LAND USE RECOMMENDATIONS

The following recommendations address planning and land use policies that affect the efficiency and performance of our transportation network.

Environmental Stewardship and Streamlining

Though a critical safeguard of our future environment, meeting federal environmental regulations causes delays on transit and highway projects. Cumbersome processes and independent reporting requirements make for redundant preparation and engineering.

Business Leaders makes the following policy recommendations:

- Planning for transportation projects should consolidate compo-

nents of the National Environmental Policy Act processes, reducing project cost and improving implementation time; and

- The reauthorization should provide incentives for innovative project streamlining techniques.

Planning and Land Use

The Chicago region's governmental structure is highly fragmented, encompassing 274 municipalities, five transportation agencies and two separate regional agencies for transportation planning, regional planning, population and employment forecasts. Although TEA-21 was instrumental in forcing metropolitan planning organizations to reach out to a broader group of stakeholders, the next transportation legislation should emphasize coordinating land use and transportation planning, from both regulatory and funding perspectives.

The reauthorization should:

- Strengthen integrated land use and transportation planning by the MPO as the basis for the development of the Regional Transportation Plan; and
- Encourage land use that promotes mixed-use zoning, transit-oriented development and compact design, all strategies that maximize the impact of transportation investments.

Much MPO staff time is spent meeting federal mandates, particularly in the preparation, production and update of long-range, regional transportation plans. The reauthorization should extend the regional transportation plan update cycle so that it is only updated every five years. Although the Chicago Area Transportation Study (CATS) Policy Committee is the Chicago region's MPO, it focuses predominantly on federally mandated transportation planning. CATS should be encouraged to work with municipalities and other regional transportation agencies.



Program Continuation

Reauthorization should also continue programs that remove barriers preventing low-income and mobility-challenged individuals from reaching employment centers. The Job Access and Reverse Commute Program (JARC) is a discretionary program that provides funding for non-traditional transportation providers. It was not as effective as intended, since many of these agencies had not previously been recipients of federal funds and were inefficient at following federal processes.

Business Leaders makes the following policy recommendations:

- Continue this program, with greater flexibility in the types of projects that are eligible; and
- Simplify the requirements for JARC and similar programs to encourage non-traditional transportation grantees to apply for these funds.

The Congestion Mitigation and Air Quality (CMAQ) Improvement Program provides a flexible funding source to state and local govern-

ments for transportation projects and programs that help meet the requirements of the Clean Air Act. Funding for northeastern Illinois should continue at current levels – approximately \$68 million per year – or increased levels to ensure our region meets clean air standards.

THE HISTORY OF MODERN TRANSPORTATION LEGISLATION

The Intermodal Surface Transportation and Efficiency Act of 1991 (ISTEA) broke new ground for federal transportation legislation and made dramatic changes in how the nation dealt with transportation policy. This six-year (1991-1996), \$155-billion program stressed the importance of the nation's transportation network functioning as a system. ISTEA's most noteworthy components included providing multi-year funding for transportation projects, and giving state and local governments greater flexibility in using federal funds for projects that address local and regional needs.

THE CURRENT TRANSPORTATION LAW, ADVANTAGES AND DISADVANTAGES

The landmark reforms established in ISTEA created a framework for TEA-21. It authorized approximately \$217 billion over a six-year period (1998-2003) for highways, highway safety and transit, and extended the programs and policies of ISTEA with new initiatives to protect and enhance communities and the natural environment. Both acts changed the way transportation projects were planned and funded, emphasizing intermodal connections, quality of life, clean air and economic competitiveness.

The 1998 law made some significant changes over ISTEA, specifically:

It guaranteed federal funds for surface transportation.

A so-called "budget firewall" enhanced the certainty of funding for state and local programs, tying funding to actual Highway Trust Fund¹⁰ revenue and preventing any diversion of funds to other federal programs.

It provided highway funds to states via a formula structure rather than on the basis of need.

TEA-21's "minimum guarantee" provision was detrimental to Illinois because it pre-empted the needs-based formulas for states. If Illinois had been assigned a minimum guarantee base share equal to its share of ISTEA funds, the state would have received nearly \$600 million more in minimum guarantee payments.

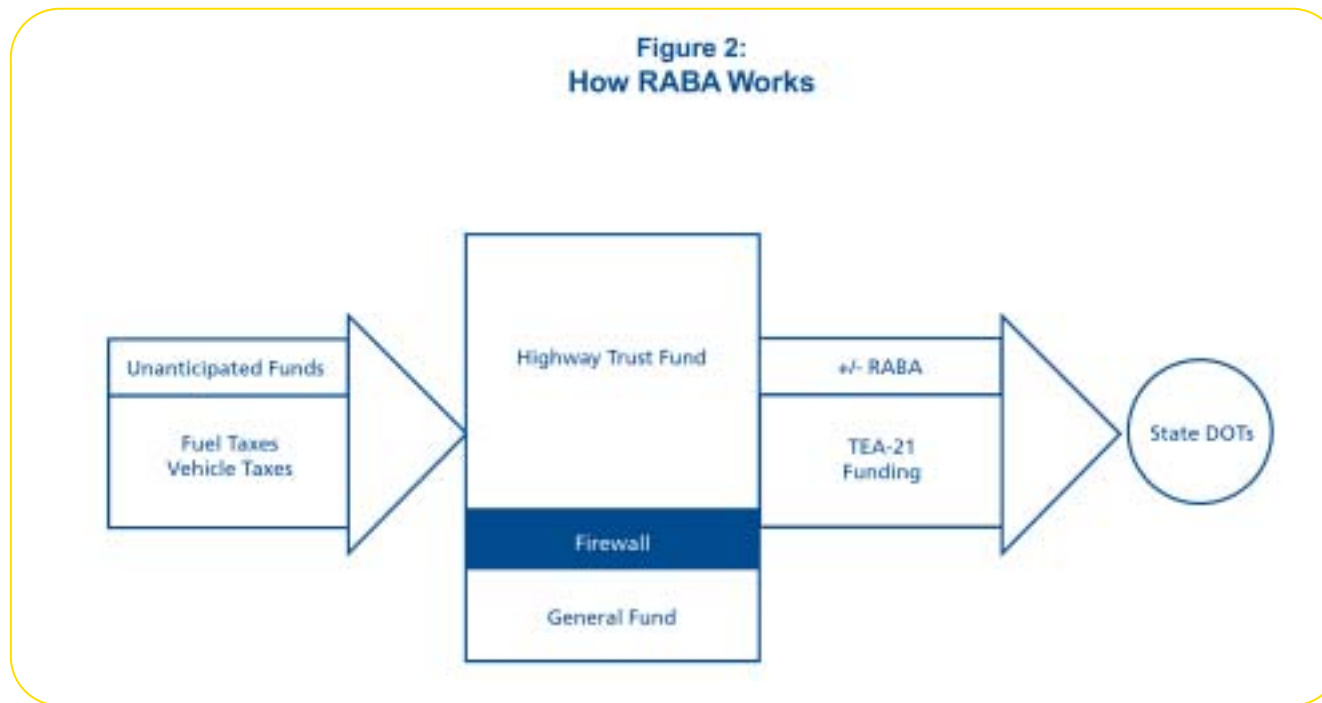
RABA ensures that highway funding followed actual and anticipated revenue from gas and vehicle taxes.

RABA mechanism funding was created to align spending with actual highway trust fund revenues (see Fig. 2).¹¹ If more revenue than originally predicted is received, RABA is adjusted upward, adding to the

funding levels set in TEA-21. If revenue declines, the RABA adjustment subtracts from anticipated funding. RABA adjustments in federal FY 2000-2002 resulted in a net gain of \$9 billion.

TEA-21 created new programs that targeted other areas of national concern, such as welfare reform and a stronger emphasis on local and regional involvement in transportation decision-making.

The JARC program (see p. 6) and the Transportation and Community and System Preservation Pilot (TCSP) program, which fund research and grants to investigate the relationships between transportation, community, system preservation and public-private initiatives, linked transportation to important community-development initiatives.

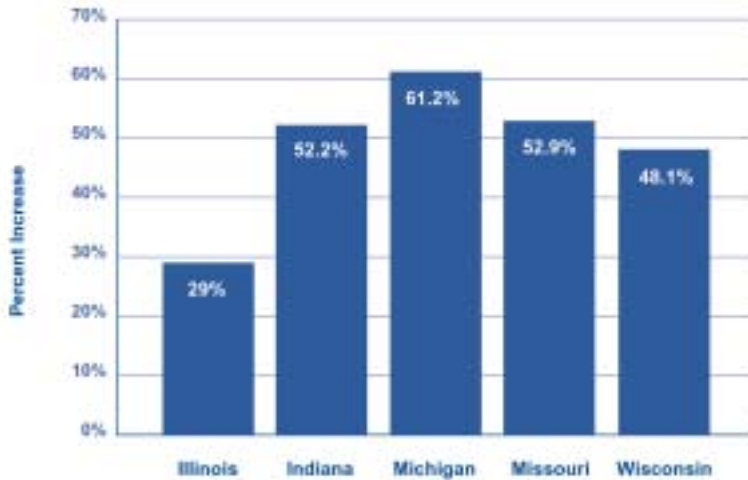


HOW WELL DID ILLINOIS COMPETE FOR FUNDS IN TEA-21?

Highway

Although TEA-21 increased federal transportation funds for highways 40 percent nationwide, Illinois' increase was only 29 percent over ISTEA, with approximately \$5.6 billion (\$933 million per year) in highway funds over the life of the bill. In comparison to neighboring states, Illinois' percentage increase was significantly lower (see Fig. 3).¹² Illinois' loss amounted to \$600 million over the six-year period.

Figure 3:
Change in Total Funding, ISTEA to TEA-21

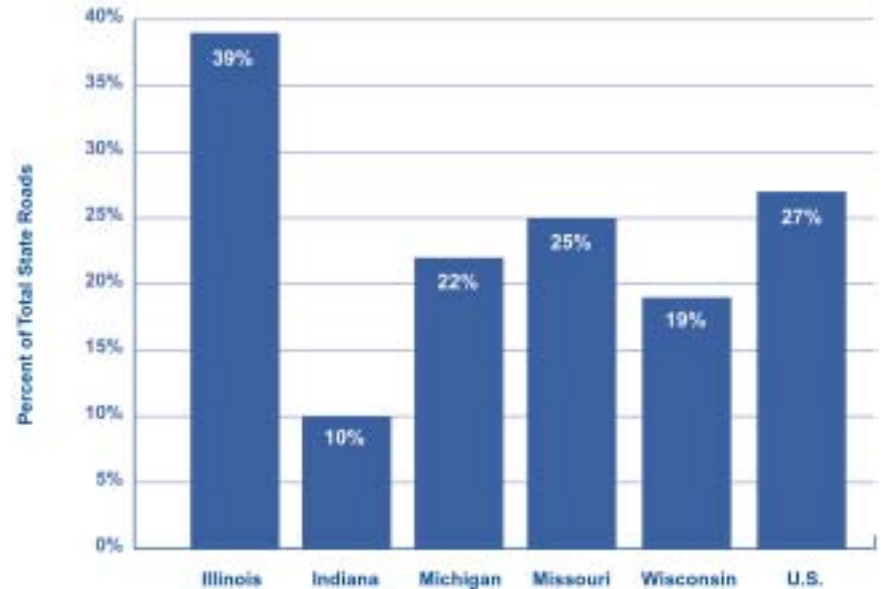


Source: Surface Transportation Policy Project, 2002

This hurt northeastern Illinois, where congestion continues to be third worst in the nation.¹³ Our interstates, federal highways and local roads continue to be overburdened by exponential traffic growth. Illinois' free-

way congestion is 12 percent higher than the national average, and 20 percent higher than neighboring states (see Fig. 4).¹⁴ Growing traffic congestion is a threat to economic competitiveness and quality of life in northeastern Illinois.

Figure 4:
Congested Freeways



Source: American Society of Civil Engineers, 2002

Transit

Over the course of TEA-21, the Chicago region received four Full Funding Grant agreements for New Start projects, and will possibly receive a fifth by the end of the bill, an unprecedented feat in transit funding. This discretionary program is the Federal government's primary financial

resource for supporting locally planned and implemented transit capital investments. Without the aid of Illinois FIRST, many of our most pressing transit needs would not have been met. This state program provided leverage for competitive federal dollars for transit.

Although the level of funding for New Start programs has never been higher, with \$6.1 billion in guaranteed funds, neither has the demand. As states that have not traditionally pursued transit funds recognize the importance of transit in combating traffic congestion, competition will grow. The next transportation legislation must continue to direct funding toward transit projects, with an emphasis on maintaining and rehabilitating older transit infrastructure such as that in the Chicago region.

CONCLUSION

TEA-21 is the largest public works legislation in U.S. history, making significant funding increases over the prior law. With this federal transportation package due to expire on Sept. 30, 2003, northeastern Illinois must build on the foundation laid by TEA-21 and ISTEA to meet transit, freight and roadways needs.

The reauthorization must also take a closer look at the surface transportation issues that plague metropolitan Chicago. The next bill must be based on policies that coordinate land use and transportation planning; promote transportation alternatives and encourage people to live near employment centers; improve and enhance our overall quality of life; and protect our economic competitiveness. Our unique position as North America's transportation crossroads requires that the Chicago region and Illinois receive increased funding for highways, transit and freight. While federal budget challenges threaten funding for transportation projects, the diverse voices represented by Business Leaders make a strong case for the need for an integrated transportation system.

ENDNOTES

¹ Texas Transportation Institute (TTI), *2002 Annual Urban Mobility Report*, 2002, Appendix A-6, A-7. http://mobility.tamu.edu/ums/study/appendix_A/exhibit_A-6.pdf
http://mobility.tamu.edu/ums/study/appendix_A/exhibit_A-7.pdf

² TTI, Mobility Data
http://mobility.tamu.edu/ums/study/mobility_data/tables/chicago.pdf

³ Stiehl, Mike and F. Gerald Rawling, *Intermodal Volumes: Tracking Trends and Anticipating Impacts in Northeastern Illinois*, Chicago Area Transportation Study, Working Paper 01-04, 2001.

⁴ Chicago Metropolis 2020, *Regional Realities: Measuring Progress Toward Shared Regional Goals*, 2001. http://www.chicagometropolis2020.org/02_trans.pdf

⁵ Ibid.

⁶ This provision was only applied to highways under TEA-21.

⁷ Transit funding is guaranteed at a selected fixed amount specified in the Act, and assumes that 80 percent of transit spending will be derived from the Mass Transit Account of the Highway Trust fund and 20 percent will be derived from the General Fund.

⁸ According to the U.S. Department of Transportation, this 2.5-cent transfer would result in an increase in Highway Account revenues of approximately \$408 million per year.

⁹ The Midwest Rail Initiative is a cooperative effort among Amtrak, the Federal Rail Administration and nine states – Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin – to develop an improved and expanded passenger rail system in the Midwest.
<http://www.midwesthsr.org>

¹⁰ The Highway Trust Fund is made of two accounts, the Highway Account and the Mass Transit Account. Receipts from fees levied on highway users, including fuel, tire, truck and use taxes are deposited into the Highway Trust Fund, which has remained a stable funding source for transportation programs since its creation in 1956.

¹¹ Surface Transportation Policy Project, “Decoding Transportation Policy & Practice #1, TEA-21 and RABA: Why is there less money?,” March 19, 2002.
<http://www.transact.org/library/rava.asp>

¹² Surface Transportation Policy Project, *TEA-21 Users Guide*, Chapter 1, 2002.
<http://www.transact.org/report.asp?id=76>

¹³ TTI, Exhibit A-1
http://mobility.tamu.edu/ums/study/appendix_A/exhibit_A-1.pdf

¹⁴ American Society of Civil Engineers, *2001 Report Card for America's Infrastructure*, 2001.
<https://www.asce.org/reportcard/>

BUSINESS LEADERS

TRANSPORTATION

Business Leaders for Transportation was formed in 1997 to act as a collective voice for Chicago-area employers on policy and funding issues concerning surface transportation in the region.

Led by the Metropolitan Planning Council, Chicago Metropolis 2020 and Chicagoland Chamber of Commerce, it is a growing coalition of 80 business organizations representing more than 10,000 regional employers.

Its efforts helped win passage by Congress in 1998 of the Federal Transportation Equity Act for the 21st Century (TEA-21), and in 1999, the Illinois legislature's enactment of the Illinois FIRST infrastructure bonding program.



Metropolitan Planning Council
25 E. Washington St.
Suite 1600
Chicago, IL 60602
Ph. 312/922-5616
Fax 312/922-5619
www.metroplanning.org

For more information, contact Karyn Romano, Transportation Director,
Metropolitan Planning Council at 312/863-6005 or kromano@metroplanning.org.

This report can also be accessed online at www.metroplanning.org