

Tentative 2022 Budget

Cathy Williams
Chief Financial Officer
October 21, 2021



2022 Budget Schedule

October

- Tentative 2022 Budget presented to Board

November

- Public review/comment on Tentative 2022 Budget
- Public comments provided to Board
- Incorporate changes arising from review process

December

- Board votes on Final 2022 Budget

2022 Budget Public Hearings

Two public hearings scheduled for the Tentative 2022 Budget

- Monday, November 8 – noon
- Monday, November 8 – 6 p.m.

Public comments may be shared during the public hearings, mailed or submitted online via the Tollway's website illinoistollway.com through November 12



2022 Budget Highlights

Revenue

- 2022 budgeted revenue is 2.2 percent above 2021 estimate and 5.4 percent above the 2021 budget
- Continued anticipated impacts of pandemic and economic recovery

Maintenance and Operations

- 8.3 percent increase over 2021 budget (6.3 percent excluding accounting adjustments-OPEB)
- Investments in new technology that will help to reduce long term costs and gain efficiencies
- Demonstrates a commitment to customer service, safety and security, employee development and improving governance and internal controls

Capital Program

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



2022 Revenue Sources

Sources of Revenues FY 2020 - FY 2022

(\$ Millions)	2020 Actual	2021 Budget	2021 Estimates	2022 Projections	Percent Change	
					2022 Proj./ 2021 Est.	2022 Proj./ 2021 Budget
CDM Smith Revenue Estimate	\$1,303	\$1,469	\$1,481	\$1,539	3.9%	4.7%
Evaded Tolls Net of Evasion Recovery	(61)	(74)	(34)	(62)		
Toll Revenues and Net Evaded Tolls	\$1,242	\$1,395	\$1,447	\$1,477	2.1%	5.9%
Investment Income, Concessions and Miscellaneous Revenues	40	20	12	14		
Revenues Total	\$1,283	\$1,415	\$1,459	\$1,491	2.2%	5.4%

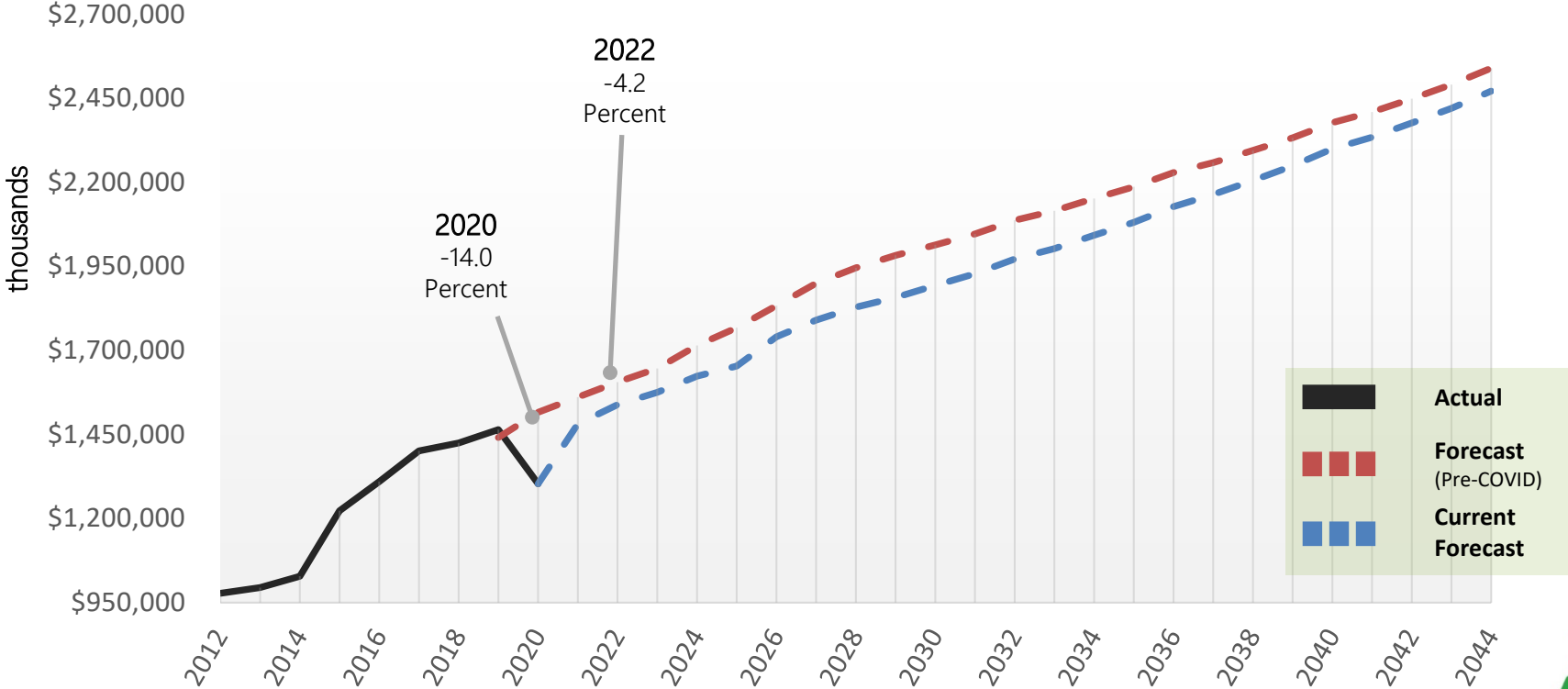
Potential factors considered by Traffic Engineer revenue estimates

- Traffic trends
- COVID-19 recovery
- Construction and related lane closures
- Socioeconomic trends
- CPI-based commercial toll rate increases
- Weather-related events
- Weekday/weekend/holiday travel
- Gas prices (if elevated)



2022 Revenue Sources

Change in Forecast Pre-COVID vs. Current



Source: CDM Smith



2022 Revenue Allocations

MORE THAN 72 PERCENT OF REVENUES ALLOCATED TO SUPPORT THE CAPITAL PROGRAM

Allocation of Revenues FY 2021 - FY 2022

(\$ millions)

(\$ millions)	FY 2021 Budget	FY 2021 Estimates	FY 2022 Projections
Maintenance and Operations	\$380	\$373	\$411
Debt Service Transfers	468	457	\$490
Deposits to Renewal and Replacement and Improvement	567	629	\$591
Allocations Total	\$1,415	\$1,459	\$1,491

Note: Numbers may not add to totals due to rounding

Presented by Cathy Williams on October 21, 2021



2022 Budget

- **Focus on the Customer**
- **Focus on Safety and Security**
- **Focus on Employees**
- **Focus on Governance and Internal Controls**

2022 Budget – Focus on Customer Service

The Illinois Tollway serves 1.6 million daily drivers and 91 percent of all transactions are I-PASS/E-ZPass transactions

2022 Operating and Capital Budgets include:

- \$147.3 million to support customer service and enhancements systemwide for the Tollway's tolling operations and business systems
- \$51 million for Roadway Maintenance to provide a safe means of travel and a great driving experience for customers



2022 Budget – Focus on Safety and Security

Illinois State Police District 15

- Responsible for providing comprehensive law enforcement services to the Tollway system

Security and Safety

- Newly formed department established to centralize management of OSHA related and other safety and training requirements as well as security at all Tollway facilities

2022 Operating and Capital Budgets include:

- \$46.6 million for State Police District 15 services and security and safety management



2022 Budget – Focus on Employees

The Illinois Tollway's budget supports Tollway employees

- Strategies to create a culture of employee growth and development through programs and initiatives that celebrate and appreciate diversity, equity and inclusiveness
- Enhanced wellness and work-life programs, services and activities that improve, employee health and well-being and promote a healthy lifestyle and work environment

2022 Operating Budget includes:

- \$42 million in employee benefits including group insurance



2022 Budget - Focus on Governance and Internal Controls

Leveraging IT to Improve Governance

The 2022 Operating and Capital Budgets include \$81.4 million to ensure the Tollway's Information Technology Department has the resources necessary to implement systems and further integrate business and enterprise resource planning processes across the agency. These changes aim to expand the agency's data accuracy, integrity and information transparency.

These initiatives include:

- \$20.2 million for new technology costs
- \$3.6 million in audit and internal controls

Other Post Employment Benefits

Per a recent audit the following adjustments are expected in the 2020 Financial Statements:

- An adjustment to other post-employment benefits (OPEB), resulting in a beginning balance restatement will reduce the Tollway's unrestricted net position by approximately \$506 million. This item is expected to be recorded in the Statement of Net Position within the Tollway financials.
- An adjustment of approximately \$18 million to record a net underpayment of contributions to State Employees Group Insurance Program (SEGIP) for years 7/1/2017 – 12/31/2020 is expected. An adjustment of \$4.9 million has been included in the 2022 Operating Budget.



2022 Maintenance and Operations By Category

Category (\$ thousands)	2020 Actual Expenditures	2021 Budget Request	2022 Request	\$ Change from 2021 Budget	% Change from 2021 Budget
Salary and Wages	\$111,022	\$112,869	\$117,525	\$4,656	4.1%
FICA and Retirement	66,311	68,984	72,638	3,654	5.3%
Group Insurance Premium	31,656	28,800	32,363	3,563	12.4%
Other Post Employment Benefits*	8,133	4,000	8,900	4,900	122.5%
All Other Insurance	10,864	11,099	12,900	1,801	16.2%
Credit Card Fees and Bank Charges	26,443	30,200	32,850	2,650	8.8%
All Other Contractual Services**	55,615	69,776	80,828	11,052	15.8%
Equipment/ Office Rental/ Maintenance	32,067	32,895	32,260	(635)	(1.9%)
Parts and Fuels	5,437	5,940	6,071	132	2.2%
Utilities	8,145	8,093	7,435	(658)	(8.1%)
Operational Materials and Supplies	5,547	7,606	7,109	(497)	(6.5%)
Other Miscellaneous Expenses	678	960	1,064	103	10.8%
Employee Training	181	489	926	437	89.4%
Recovery of Expenses	(1,896)	(2,194)	(1,996)	198	(9.0%)
Total M and O Expenditures	\$360,202	\$379,516	\$410,873	\$31,357	8.3%

*Accounting adjustment for OPEB charges

** More detail on All Other Contractual Services on slide 15



All Other Contractual Services

Category (\$ thousands)	2020 Actual Expenditures	2021 Budget Request	2022 Request	\$ Change from 2021 Budget	% Change from 2021 Budget
Outside Services	\$35,920	\$46,345	\$48,507	\$2,162	4.7%
Consulting Services	14,194	17,382	25,939	8,557	49.2%
Contracted Maint. Service	5,358	5,715	6,104	389	6.8%
All Other Contractual Services	143	334	278	(56)	(16.8%)
Total	\$55,615	\$69,776	\$80,828	\$11,052	15.8%

2022 Bond Issuance and Debt Service

\$6.9 billion outstanding bonds at January 1, 2022

- Includes assumed bond issuance of \$600 million in December 2021

\$500 million new bond issuance expected

\$489.5 million estimated transfers for debt service

- Principal: \$139.2 million
- Interest: \$350.3 million (*net \$13.6 million Build America Bonds federal subsidies*)

Estimated debt service coverage

- 2.3x in 2021
- 2.1x in 2022

Current Long Term Credit Ratings: Fitch AA –; Moody's A1; S&P AA –



2022 Capital Program Summary

(\$ millions)	2012-2020 Expenditures	2021 Estimated Expenditures	2022 Request	Remaining 2023-2027	Move Illinois Program 2012 -2027
Existing System Needs	\$5,454.0	\$983.7	\$997.1	\$2,893.4	\$10,328.1
Jane Addams Memorial Tollway (I-90)	2,330.4	2.4	3.7	22.7	2,359.2
Tri-State Tollway (I-94/ I-294/ I-80)	1,237.0	713.3	690.1	1,611.0	4,251.5
Veterans Memorial Tollway (I-355)	154.9	10.0	1.1	13.4	179.3
Reagan Memorial Tollway (I-88)	283.5	18.8	5.5	50.1	357.8
Systemwide Improvements	1,448.2	239.2	296.8	1,196.3	3,180.4
System Expansion	\$2,107.8	\$353.5	\$489.3	\$976.3	\$3,926.9
Tri-State (I-294)/I-57 Interchange	179.0	75.7	46.2	25.5	326.5
Elgin O'Hare Western Access	1,908.9	275.0	439.9	917.7	3,541.6
Other Emerging Projects	19.9	2.7	3.1	33.1	58.8
<i>Move Illinois</i> Program Total	\$7,561.8	\$1,337.2	\$1,486.4	\$3,869.7	\$14,255.0
Agreement Reimbursements and Other Adjustments	(\$152.6)	(\$10.4)	\$0.0	\$0.0	(\$163.0)
Capital Program Total	\$7,409.2	\$1,326.8	\$1,486.4	\$3,869.7	\$14,092.0



Capital Program

KEY 2022 CAPITAL PROGRAM HIGHLIGHTS

Elgin O'Hare Western Access Project – \$439.9 million

- Construction of new I-490 Tollway and interchanges connecting I-490 to the Tri-State Tollway (I-294), the Jane Addams Memorial Tollway (I-90) and the Illinois Route 390 Tollway
- Right-of-way acquisition and utility relocation

Central Tri-State Tollway (I-294) Project – \$690.1 million

- Roadway widening and reconstruction between 95th Street and the I-55 ramps will continue
- Construction will continue to reconstruct and widen the mainline roadway between St. Charles Road and Wolf Road, including the I-490/I-294 Interchange
- Construction will be completed on the southbound Mile Long Bridge and the Burlington Northern Santa Fe Railway Bridge over I-294



Capital Program

KEY 2022 CAPITAL PROGRAM HIGHLIGHTS

Systemwide – \$296.8 million

- Bridge, pavement and maintenance facility improvements
- Investment in new technology, replacing fleet and other systemwide needs

Tri-State Tollway (I-294)/I-57 Interchange Project – \$46.2 million

- The second phase of interchange construction began in 2019
- Ongoing construction of I-57 roadway and bridge widening between Kedzie Avenue and the CXS Railroad, and several new I-294/I-57 ramps



2022 Budget Summary

The Illinois Tollway's budget is focused on improving the customer experience, security and safety, employee development, governance and internal controls

The Tollway's budget is consistent with the long-term financial plan

- Eleventh year of *Move Illinois* Capital Program projected to be \$1.5 billion
- 73 percent of the spending, or \$10.2 billion, will be spent on *Move Illinois* Program by end of 2022

2022 budgeted revenue is 2.2 percent above 2021 estimate and 5.4 percent above the 2021 budget

Operating costs – consistent with long term goals

Debt service coverage projected at 2.1x in 2022





APPENDIX



2022 Transactions and Expected Revenue

Transactions FY 2020 - FY 2022						
(thousands)	2020 Actual	2021 Budget	2021 Estimates	2022 Projections	Percent Change	
					2022 Proj./ 2021 Est.	2022 Proj./ 2021 Budget
Passenger Car	686,065	863,500	810,256	898,189	10.9%	4.0%
Commercial Vehicle	120,584	123,664	128,749	127,443	(1.0%)	3.1%
Total Transactions	806,650	987,164	939,005	1,025,632	9.2%	3.9%

Expected Revenue* FY 2020 - FY 2022						
(thousands)	2020 Actual	2021 Budget	2021 Estimates	2022 Projections	Percent Change	
					2022 Proj./ 2021 Est.	2022 Proj./ 2021 Budget
Passenger Car	\$593,306	\$741,065	\$709,592	\$770,177	8.5%	3.9%
Commercial Vehicle	\$710,124	\$728,366	\$771,398	\$768,531	(0.4%)	5.5%
Total Transactions	\$1,303,430	\$1,469,431	\$1,480,990	\$1,538,708	3.9%	4.7%

*Before leakage and evasion recovery
Source: CDM SMITH





THANK YOU

