

Tentative 2022 Budget

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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% |

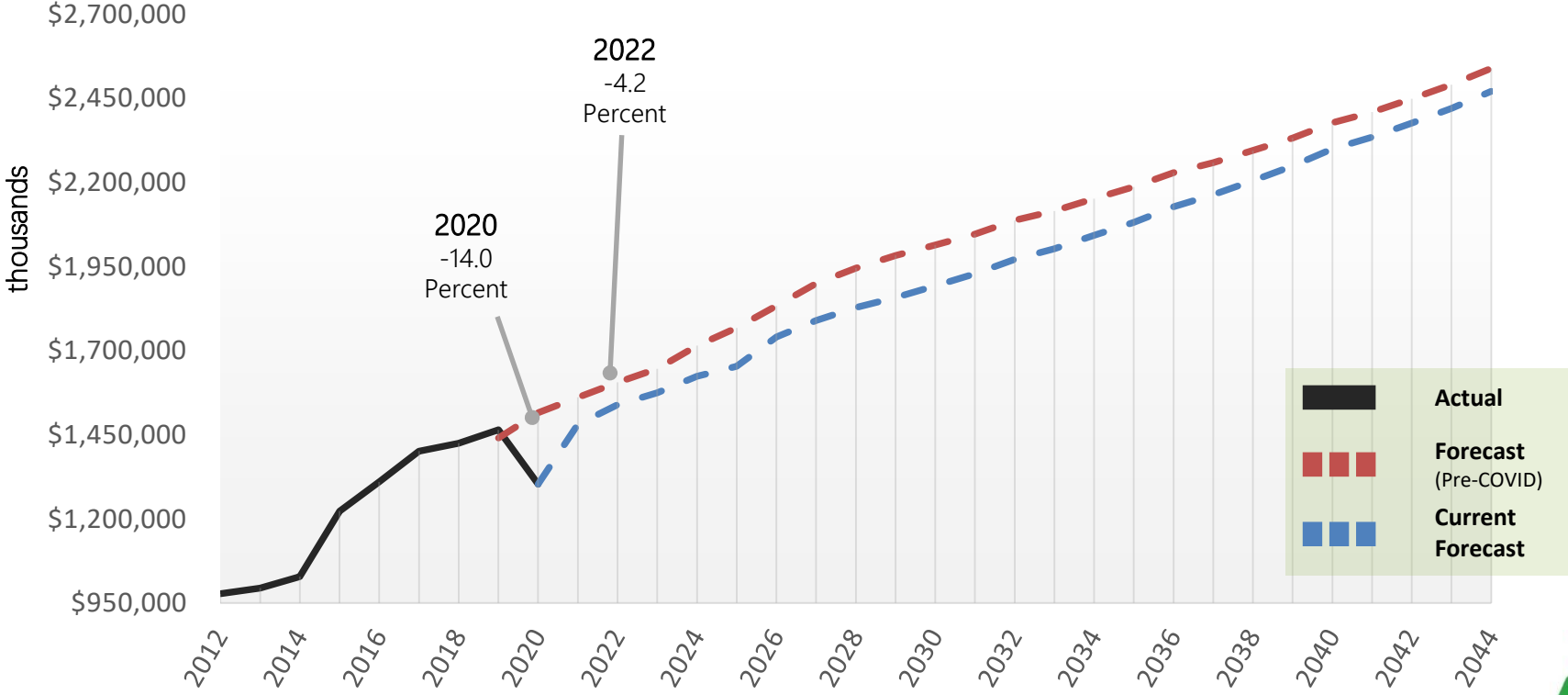
Potential factors considered by Traffic Engineer revenue estimates

- 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 Program Total</i> | \$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 Expected Revs | \$1,303,430 | \$1,469,431 | \$1,480,990 | \$1,538,708 | 3.9% | 4.7% |

*Before leakage and evasion recovery
Source: CDMSmith





THANK YOU

