



2018 TENTATIVE BUDGET

October 18, 2017

Mike Colsch



2018 Budget Schedule

October

- ✓ Tentative 2018 Budget presented to Board

November

- ✓ Public review/comment on Tentative 2018 Budget
- ✓ Public comments presented to Board
- ✓ Incorporate changes arising from review process

December

- ✓ Board votes on Final 2018 Budget

2018 Tentative Budget Highlights

Revenue

- ✓ Steady growth year-over-year

Maintenance and Operations

- ✓ Modest increase to support increase in traffic and customer service activities
- ✓ Operating costs consistent with financial plan

Capital Program

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



2018 Revenue Sources

(\$ millions)

	FY 2017 Budget	FY 2017 Estimates	FY 2018 Projections
Toll Revenues and Evasion Recovery	\$1,366	\$1,370	\$1,430
Investment Income	6	10	12
Concessions and Miscellaneous Revenues	8	10	8
Revenues Total	\$1,380	\$1,390	\$1,450

* CDM Smith's expected toll revenue estimate for fiscal year 2018 totals \$1,454.9 million. The Tollway makes adjustments to reflect toll non-payments, underpayments and evasion recovery.

2018 Revenue Allocations

MORE THAN 75 PERCENT OF REVENUES ALLOCATED TO SUPPORT INFRASTRUCTURE

(\$ millions)

	FY 2017 Budget	FY 2017 Estimates	FY 2018 Projections
Maintenance and Operations	\$336	\$336	\$353
Debt Service Transfers	405	390	413
Deposits to Renewal and Replacement and Improvement	639	664	684
Revenues Total	\$1,380	\$1,390	\$1,450

Maintenance and Operations transfers for fiscal year 2017 estimate may differ due to amounts carried over from prior year.

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on October 18, 2017



2018 Maintenance and Operations

KEY DRIVERS OF OPERATING BUDGET INCREASE OF 4.9 PERCENT

- ✓ Rise in retirement contributions offset by a decrease in salary and wages due to decreased headcount
- ✓ Increase in credit card fees associated with higher toll revenue
- ✓ Increase in equipment maintenance for toll collection equipment and new back-office software
- ✓ Increase in customer service and consulting costs to support increase in transaction growth and technology

Focus on the Customer

The Illinois Tollway serves

- ✓ 1.6 million daily drivers
- ✓ 88 percent of all transactions are I-PASS

2018 Operating Budget includes

- ✓ \$87 million for Business Systems to support customer service and tolling technology
- ✓ \$34 million for Illinois State Police to improve safety services
- ✓ \$71 million for Engineering for roadway maintenance, technology and traffic management
- ✓ \$20 million for Information Technology

Goal: Enhance customers' driving experience



Maintenance and Operations - 2018 Budget by Category

INCREASE IN OPERATING COSTS – 4.9 PERCENT FROM 2017

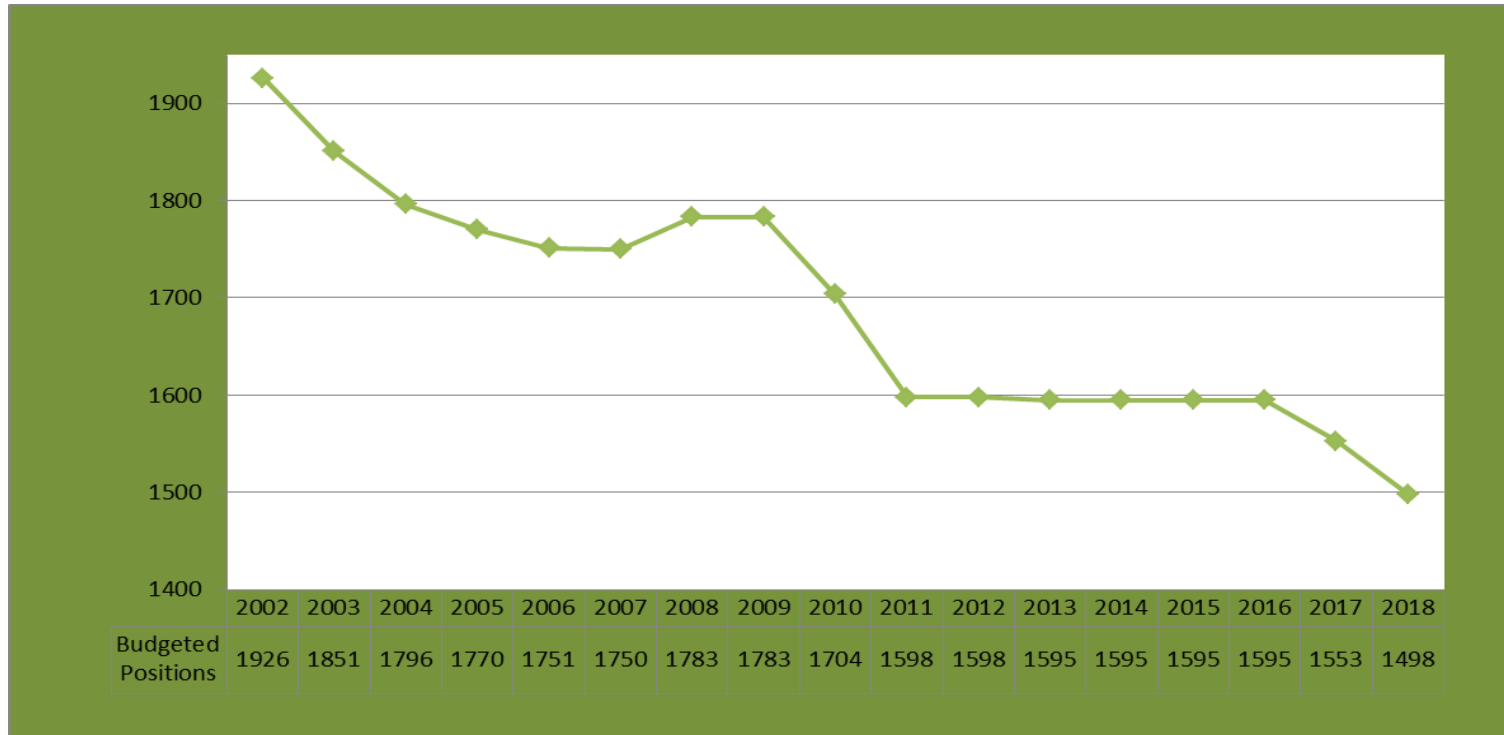
(\$ Million)

Category	2017 Budget	2018 Budget Request	\$ Change from 2017 Budget	% Change from 2017 Budget
Salary and Wages	\$107.5	\$104.2	(\$3.3)	-3.1%
FICA and Retirement	58.6	63.0	4.4	7.5%
Group Insurance	39.1	39.8	0.7	1.9%
All Other Insurance	11.6	11.5	(0.2)	-1.5%
Credit Card Fees and Bank Charges	24.1	27.1	3.0	12.4%
All Other Contractual Services	48.8	58.4	9.6	19.7%
Equipment/ Office Rental/ Maintenance	25.4	29.2	3.8	14.9%
Parts and Fuels	6.7	6.0	(0.6)	-9.7%
Utilities	8.3	8.2	(0.1)	-0.8%
Operational Materials and Supplies	7.5	6.5	(1.0)	-13.2%
Other Miscellaneous Expenses	0.9	1.0	0.1	8.6%
Recovery of Expenses	(2.3)	(2.3)	0.0	-0.4%
Total M and O Costs	\$336.3	\$352.8	\$16.5	4.9%



Tollway Headcount By Year

HEADCOUNT LOWEST IN MORE THAN 30 YEARS



2018 Debt Service

\$300 million of additional funding at rates below original plan

Outstanding debt at 1/1/2018 is \$6.1 billion

- ✓ Includes \$300 million new bond issuance planned in 4th quarter

Transfers for debt service estimated at \$413 million

- ✓ Interest – \$300 million
- ✓ Principal – \$124 million
- ✓ Other – \$5 million (bond-related costs i.e. liquidity, remarketing, etc.)
- ✓ Offset by \$15 million federal Build America Bonds subsidy

Estimated debt service coverage of 2.6x in 2017 and 2.5x in 2018



Capital Program

KEY CAPITAL HIGHLIGHTS

Elgin O'Hare Western Access Project

- ✓ Continued advance work and design for Illinois Route 390 Interchange at the I-490 Tollway
- ✓ Continued design of the I-490 Tollway from I-294 to Franklin Avenue/Green Street
- ✓ Right-of-way purchases and utility relocations

Central Tri-State Tollway (I-294)

- ✓ Design for reconstruction and congestion relief between 95th Street and Balmoral Avenue



Capital Program

KEY CAPITAL HIGHLIGHTS

Systemwide Projects

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

Reagan Memorial Tollway (I-88)

- ✓ Reconstruction between York Road and I-290
- ✓ Infrastructure renewal between Illinois Route 251 and Illinois Route 56

Veterans Memorial Tollway (I-355)

- ✓ Infrastructure renewal between I-55 and Army Trail Road
- ✓ Widening between Illinois Route 56 and Illinois Route 38



Capital Program Summary

(\$ millions)	2017 Budget	2017 Estimated Expenditures	2018 Request	\$ Change from 2017 Estimate
Existing System Needs	\$567.5	\$572.2	798.1	\$225.9
Jane Addams Memorial Tollway (I-90)	165.3	205.6	24.4	(181.2)
Tri-State Tollway (I-94/I-294/I-80)	56.5	63.2	238.1	174.9
Veterans Memorial Tollway (I-355)	12.3	10.3	35.1	24.8
Reagan Memorial Tollway (I-88)	38.4	35.4	175.0	139.5
Systemwide Improvements	295.0	257.6	325.5	67.9
System Expansion	\$393.8	\$341.9	\$385.6	\$43.8
Tri-State (I-294)/I-57 Interchange	2.1	3.9	0.0	(3.9)
Elgin O'Hare Western Access Project	374.5	333.0	375.9	42.9
Other Emerging Projects	17.3	4.9	9.7	4.8
Capital Program Total	\$961.3	\$914.0	\$1,183.7	\$269.7

Totals may not add due to rounding.



Tentative 2018 Budget Summary

CONSISTENT WITH THE LONG-TERM FINANCIAL PLAN

Seventh year of *Move Illinois* – total 2018 Capital Program projected to be \$1.18 billion

- ✓ 40 percent of the *Move Illinois* Program will be complete

Revenue increase 4.3 percent from 2017 estimate

Operating costs increase 4.9 percent from 2017 budget

Estimated debt service coverage of 2.5x in 2018



Appendix



Maintenance and Operations- 2018 Budget By Department

(\$ thousands)

Department	2016 Actual Expenditures	2017 Budget	2018 Budget Request	\$ Change from 2017 Budget	% Change from 2017 Budget
Business Systems	\$69,406	\$75,690	\$85,854	\$10,164	13.4%
Engineering	70,475	74,371	76,018	1,647	2.2%
Executive Office and Directors	1,424	2,126	2,283	157	7.4%
Information Technology	14,681	15,786	18,682	2,896	18.3%
Inspector General	920	954	954	0	0.0%
Internal Audit	749	828	924	97	11.7%
Legal	1,450	1,854	1,854	0	0.0%
Office of Enterprise Wide Operations	67,979	68,393	68,798	404	0.6%
Administration	3,901	4,410	4,347	-64	-1.4%
Communications	1,407	1,670	1,670	0	0.0%
Diversity and Strategic Development	2,119	4,145	5,846	1,701	41.0%
Toll Operations	60,552	58,168	56,936	-1,233	-2.1%
Office Of Finance	48,910	60,278	61,313	1,035	1.7%
Finance	44,250	55,399	56,458	1,059	1.9%
Procurement	4,660	4,880	4,855	-24	-0.5%
Planning	2,049	2,264	2,375	111	4.9%
State Police	31,197	33,715	33,694	-21	-0.1%
Authority Total	\$309,239	\$336,261	\$352,750	\$16,489	4.9%



Move Illinois Program Summary

(\$ millions)	2016 Actual Expenditures	2017 Budget	2017 Estimated Expenditures	2018 Request	\$ Change from 2017 Estimate
Existing System Needs					
Jane Addams Memorial Tollway (I-90)	\$516.1	\$162.8	\$201.6	\$24.4	(\$177.2)
Tri-State Tollway (I-94/I-294/I-80)	39.5	55.2	60.0	238.1	178.1
Veterans Memorial Tollway (I-355)	1.6	10.9	9.1	35.1	26.0
Reagan Memorial Tollway (I-88)	4.8	9.4	14.8	175.0	160.1
Systemwide Improvements	100.2	283.4	238.6	323.5	85.0
Existing System Needs Total	\$662.2	\$521.7	\$524.1	\$796.1	\$272.0
System Expansion					
Tri-State Tollway (I-294)/I-57 Interchange	\$1.7	\$2.1	\$3.9	\$0.0	(\$3.9)
Elgin O'Hare Western Access Project	320.8	374.5	333.0	375.9	42.9
Other Emerging Projects	0.5	17.3	4.9	9.7	4.8
System Expansion Total	\$323.0	\$393.8	\$341.9	\$385.6	\$43.8
Move Illinois Program Total	\$985.2	\$915.5	\$866.0	\$1,181.8	\$315.7

Notes:

1. 2016 Actual Expenditures reflected cost recoveries of (\$6.1) million pursuant to intergovernmental agreements (IGA). 2017 Estimated Expenditures and 2018 Request do not reflect any IGA reimbursements.

Totals may not add due to rounding.



Congestion-Relief Program Summary

(\$ millions)	2016 Actual Expenditures	2017 Budget	2017 Estimated Expenditures	2018 Request	\$ Change from 2017 Estimate
Congestion-Relief Program (CRP)					
Jane Addams Memorial Tollway (I-90)	25.7	2.4	4.0	-	(\$4.0)
Tri-State Tollway (I-94/I-294/I-80)	(6.9)	1.3	3.2	-	(3.2)
Veterans Memorial Tollway (I-355)	6.3	1.4	1.2	-	(1.2)
Reagan Memorial Tollway (I-88)	78.7	29.0	20.6	-	(20.6)
Systemwide Improvements	69.8	11.6	19.1	2.0	(17.1)
Congestion-Relief Program Subtotal	\$173.6	\$45.8	\$48.0	\$2.0	(\$46.0)
CRP and Other Capital Projects Total	\$173.6	\$45.8	\$48.0	\$2.0	(\$46.0)

Notes:

1. 2016 Actual Expenditures reflected cost recoveries of (\$23.6) million pursuant to intergovernmental agreements (IGA). 2017 Estimated Expenditures and 2018 Request do not reflect any IGA reimbursements.

Totals may not add due to rounding.



Debt Service Schedule

Fiscal Year	Principal	Interest	Total Debt Service
2017	109	292	401
2018	124	307	431
2019	130	308	438
2020	138	301	439
2021	144	295	439
2022	151	287	439
2023	159	280	438
2024	168	271	439
2025	189	263	452
2026	241	255	496
2027	258	244	502
2028	269	233	502
2029	280	221	501
2030	292	209	501
2031	302	199	501
2032	318	183	501
2033	335	167	501
2034	354	147	501
2035	370	127	497
2036	389	108	497
2037	409	89	497
2038	421	68	489
2039	438	47	485
2040	304	25	330
2041	160	10	170
2042	45	2	47

Note: Numbers may not add to totals due to rounding

NOTES:

- ✓ Includes existing debt service plus debt service on (i) \$300 million of new money bonds assumed issued Dec 1, 2017 and (ii) \$300 million of new money bonds assumed issued July 1, 2018.
- ✓ Debt service due January 1 of a given calendar year is included in the prior fiscal year, per the Trust Indenture.
- ✓ Debt service does not include liquidity or remarketing costs for Tollway variable rate bonds. Such costs are currently approximately \$5 million annually.
- ✓ Interest expense does not net out anticipated federal subsidies related to Build America Bonds.
- ✓ Interest expense on variable rate bonds is estimated at the synthetic fixed rates on such bonds, incorporating payments on associated interest rate hedge agreements.





THANK YOU

