



TENTATIVE 2019 BUDGET

October 18, 2018

Mike Colsch



2019 Budget Schedule

October

- ✓ Tentative 2019 Budget presented to Board

November

- ✓ Public review/comment on Tentative 2019 Budget
- ✓ Public comments presented to Board
- ✓ Incorporate changes arising from review process

December

- ✓ Board votes on Final 2019 Budget

2019 Tentative Budget Highlights

Revenue

- ✓ Steady growth year-over-year

Maintenance and Operations

- ✓ Increase in credit card fees and outside services to support electronic toll collection 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



2019 Revenue Sources

Sources of Revenues FY 2018 - FY 2019

(\$ millions)	FY 2018 Budget	FY 2018 Estimates	FY 2019 Projections
Toll Revenues and Evasion Recovery	\$1,430	\$1,417	\$1,470
Investment Income	12	28	30
Concessions and Miscellaneous Revenues	8	10	10
Revenues Total	\$1,450	\$1,455	\$1,510

* CDM Smith's expected toll revenue estimate for fiscal year 2019 totals \$1,486.9 million. Tollway makes adjustments to reflect toll non-payments, underpayments and evasion recovery. Please refer to pages XX-XX of the 2019 Tentative Budget book for additional information.

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on October 18, 2018



2019 Revenue Allocations

MORE THAN 75 PERCENT OF REVENUES ALLOCATED TO SUPPORT INFRASTRUCTURE

(\$ millions)	FY 2018 Budget	FY 2018 Estimates	FY 2019 Projections
Maintenance and Operations	\$353	\$336	\$365
Debt Service Transfers	413	410	441
Deposits to Renewal and Replacement and Improvement	684	709	704
Revenues Total	\$1,450	\$1,455	\$1,510

(1) M&O Transfers For FY 2018 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, 2018



2019 Maintenance and Operations

KEY DRIVERS OF OPERATING BUDGET

- ✓ Increase in total payroll due to salary and wage adjustments, offset by a decrease in estimated retirement contributions
- ✓ Increase in credit card fees associated with higher toll revenue
- ✓ Increase in customer service and consulting costs to support increase in transaction growth and technology
- ✓ Decrease in equipment maintenance for toll collection equipment and new back-office software



Focus on the customer

The Illinois Tollway serves

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

2019 Operating Budget includes

- ✓ \$94 million in business systems to support customer service and tolling technology
- ✓ \$34.8 million for State Police to improve safety services
- ✓ \$71 million for roadway maintenance and technology
- ✓ \$20.6 million for Information Technology

Goal: Enhance the customer driving experience



2019 Maintenance and Operations by Category

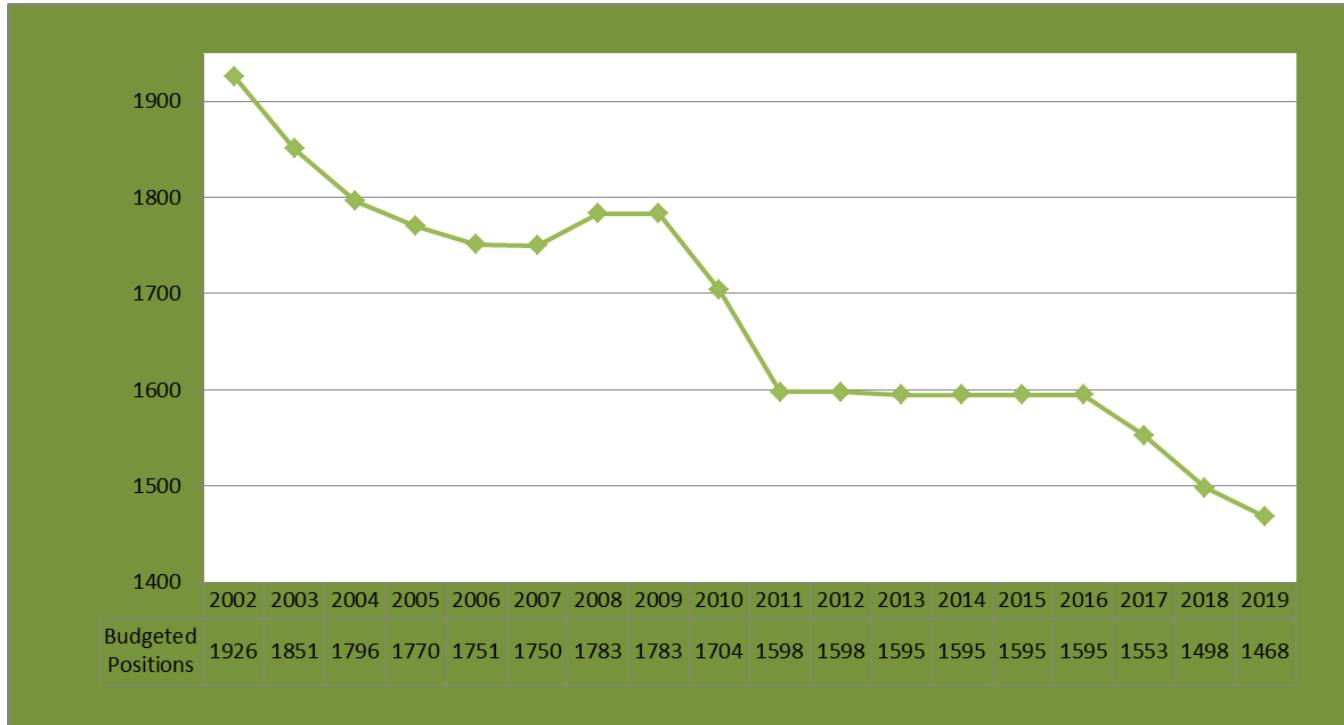
Category (\$ millions)	2017 Actual Expenditures	2018 Budget Request	2019 Budget Request	\$ Change from 2018 Budget	% Change from 2018 Budget
Salary and Wages	\$103.7	\$104.2	\$105.7	\$1.5	1.5%
FICA and Retirement	54.6	63.0	62.6	(0.5)	(0.7%)
Group Insurance	33.8	39.8	39.4	(0.4)	(1.0%)
All Other Insurance	7.5	11.5	11.6	0.2	1.3%
Credit Card Fees and Bank Charges	26.1	27.1	30.3	3.2	11.8%
All Other Contractual Services	52.5	58.2	66.2	7.9	13.6%
Equipment/ Office Rental/ Maintenance	23.4	29.2	27.2	(2.0)	(6.8%)
Parts and Fuels	6.0	6.0	6.9	0.9	14.4%
Utilities	8.1	8.2	8.9	0.7	8.0%
Operational Materials and Supplies	5.1	6.7	7.7	1.1	15.8%
Other Miscellaneous Expenses	0.9	1.0	1.0	0.1	6.5%
Recovery of Expenses	(2.3)	(2.3)	(2.3)	-	0.0%
Total M and O Expenditures	\$319.4	\$352.8	\$365.4	\$12.6	3.6%

**INCREASE IN
OPERATING
COSTS –
3.6 PERCENT
FROM 2018
BUDGET**



Tollway Headcount – As of 12/31 annually

HEADCOUNT LOWEST IN MORE THAN 30 YEARS



2019 Debt Service

- ✓ **Assumes issuance of \$400 million of new bonds in 2019**
- ✓ **Outstanding debt at 1/1/2019 is \$6.3 billion**
 - Includes \$300 million new bond issuance planned in 4th Quarter 2018
- ✓ **Transfers for debt service estimated at \$441 million**
 - Interest \$319 million
 - Principal \$131 million
 - Other \$ 6 million (bond-related costs)
 - Offset by \$ (15) million federal Build America Bonds subsidy
- ✓ **Estimated debt service coverage of 2.6x in 2018 and 2.5x in 2019**



Capital Program

KEY 2019 CAPITAL PROGRAM HIGHLIGHTS

Elgin O'Hare Western Access Project

- ✓ Continued advance work for new I-490 Tollway
- ✓ Construction of I-490 Interchange flyover ramps and connection to Illinois Route 390 Tollway
- ✓ Construction work at I-490/I-294 Interchange and I-490/I-90 Interchange
- ✓ Right-of-way purchases and utility relocations

Central Tri-State Tollway (I-294) Project

- ✓ Continued design and construction for reconstruction between 95th Street and Balmoral Avenue
- ✓ Right-of-way acquisition and utility relocations

Tri-State Tollway (I-294)/I-57 Interchange Project

- ✓ Phase II ramp construction to begin in 2019



Capital Program

KEY 2019 CAPITAL PROGRAM HIGHLIGHTS

Systemwide Projects

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

Reagan Memorial Tollway (I-88)

- ✓ Complete bridge and ramp rehabilitation between Illinois Route 251 and Illinois Route 56
- ✓ Complete reconstruction and widening between York Road and I-290

Veterans Memorial Tollway (I-355)

- ✓ Complete resurfacing from I-55 to Army Trail Road



Capital Program Summary

(\$ millions)	2018 Budget	2018 Estimated Expenditures	2019 Request	\$ Change from 2018 Estimate
Existing System Needs	\$798.1	\$922.4	945.2	\$22.8
Jane Addams Memorial Tollway (I-90)	24.4	36.7	12.6	(24.0)
Tri-State Tollway (I-94/I-294/I-80)	238.1	266.2	444.7	178.5
Veterans Memorial Tollway (I-355)	35.1	103.1	23.7	(79.4)
Reagan Memorial Tollway (I-88)	175.0	166.3	66.6	(99.7)
Systemwide Improvements	325.5	350.1	397.6	47.6
System Expansion	\$385.6	\$257.4	\$462.0	\$204.6
Tri-State (I-294)/I-57 Interchange	0.0	0.4	28.0	27.7
Elgin O'Hare Western Access Project	375.9	247.7	423.3	175.6
Other Emerging Projects	9.7	9.4	10.7	1.3
Capital Program Total	\$1,183.7	\$1,179.8	\$1,407.2	\$227.4

Totals may not add due to rounding.



Tentative 2019 Budget Summary

CONSISTENT WITH THE LONG-TERM FINANCIAL PLAN

- ✓ **Eighth year of *Move Illinois* – total 2019 Capital Program projected to be \$1.4 billion**
 - 50 percent of the spending, or \$7 billion, will be spent on *Move Illinois* Program by 2019
- ✓ **Revenue budget 3.8 percent over 2018 estimate**
- ✓ **Operating costs budget 3.6 percent over 2018 budget**
- ✓ **Debt service coverage projected at 2.5x in 2019**



Appendix



2019 Maintenance and Operations By Department

Department (\$ thousands)	2017 Actual Expenditures	2018 Budget	2019 Request	\$ Change from 2018 Budget	% Change from 2018 Budget
Business Systems	\$81,538	\$85,854	\$93,862	\$8,007	9.3%
Engineering	72,679	76,018	77,990	1,971	2.6%
Executive Office and Directors	1,667	2,283	2,465	182	8.0%
Information Technology	14,530	18,682	20,602	1,920	10.3%
Inspector General	720	954	1,156	202	21.2%
Internal Audit	679	924	948	24	2.6%
Legal	1,429	1,854	1,926	71	3.8%
Office of Enterprise Wide Operations	66,414	68,532	67,525	(1,007)	(1.5%)
Administration	3,998	4,081	4,229	148	3.6%
Communications	1,574	1,670	1,583	(86)	(5.2%)
Diversity and Strategic Development	2,592	5,846	5,766	(79)	(1.4%)
Toll Operations	58,249	56,936	55,946	(990)	(1.7%)
Office Of Finance	46,867	61,579	61,532	(47)	(0.1%)
Finance	41,630	56,684	56,685	2	0.0%
Procurement	5,238	4,895	4,847	(49)	(1.0%)
Planning	2,184	2,375	2,579	203	8.6%
State Police	30,692	33,694	34,790	1,097	3.3%
Authority Total	\$319,399	\$352,750	\$365,374	\$12,624	3.6%

Totals may not add due to rounding.



Move Illinois Program Summary

(\$ millions)	2017 Actual Expenditures	2018 Budget	2018 Estimated Expenditures	2019 Request	\$ Change from 2018 Estimate
Existing System Needs					
Jane Addams Memorial Tollway (I-90)	\$150.2	\$24.4	\$36.8	\$12.6	(\$24.2)
Tri-State Tollway (I-94/I-294/I-80)	44.2	238.1	265.4	444.7	179.3
Veterans Memorial Tollway (I-355)	6.7	35.1	103.1	23.7	(79.4)
Reagan Memorial Tollway (I-88)	15.7	175.0	165.4	66.6	(98.8)
Systemwide Improvements	208.7	323.5	345.3	397.6	52.3
Existing System Needs Total	\$425.5	\$796.1	\$916.1	\$945.2	\$29.1
System Expansion					
Tri-State Tollway (I-294)/I-57 Interchange	\$0.9	\$0.0	\$0.4	\$28.0	\$27.7
Elgin O'Hare Western Access Project	318.2	375.9	247.7	423.3	175.6
Other Emerging Projects	2.5	9.7	9.4	10.7	1.3
System Expansion Total	\$321.5	\$385.6	\$257.4	\$462.0	\$204.6
Move Illinois Program Total	\$747.0	\$1,181.8	\$1,173.5	\$1,407.2	\$233.8



Debt Service Schedule

(\$millions) Fiscal Year	Principal	Interest	Total Debt Service
2018	124	300	424
2019	130	318	448
2020	138	321	458
2021	144	314	458
2022	151	306	458
2023	159	299	458
2024	168	290	458
2025	189	283	471
2026	241	275	516
2027	258	263	521
2028	269	252	521
2029	280	241	521
2030	292	229	521
2031	302	219	521
2032	318	203	521
2033	335	187	521
2034	354	167	521
2035	374	147	521
2036	393	128	521
2037	413	108	521
2038	426	88	513
2039	447	66	513
2040	322	44	366
2041	257	28	285
2042	148	15	163
2043	155	8	163

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 expected to be sold by 2018 year end; and (ii) \$400 million of new money bonds assumed issued July 1, 2019.
- √ 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, expected to total approximately \$15 million in each of 2018/2019.
- √ Interest expense on variable rate bonds is estimated at the synthetic fixed rates on such bonds, incorporating payments on associated interest rate hedge agreements (aka swaps).





THANK YOU

