

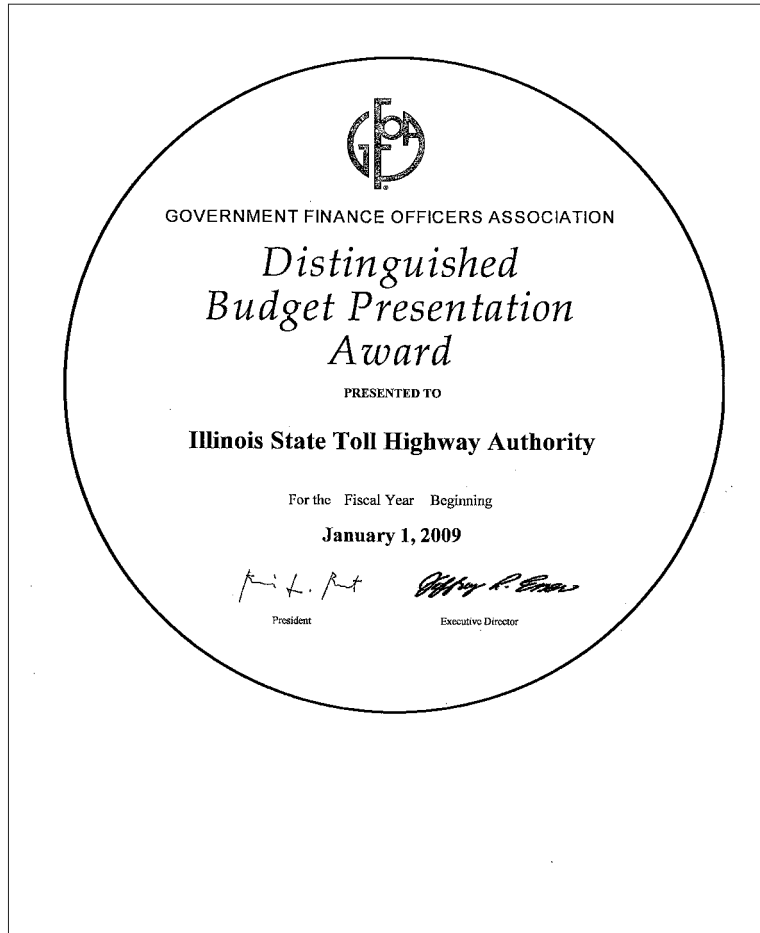


## 2010 Budget

Published: December 17th, 2009

Governor Pat Quinn  
Chair Paula Wolff  
Acting Executive Director Michael King





The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Illinois State Toll Highway Authority for the Annual Budget beginning January 01, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.



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# Executive Summary

The Illinois Tollway's 2010 Budget reflects the goals of accountability, efficiency and dedication to serving customers. Throughout 2010, the Tollway will continue to devote resources to provide all necessary support for employees to improve service to 1.4 million daily customers — identifying and implementing new strategies to reduce congestion, providing the most up-to-date construction and travel-related traffic information, helping stranded motorists, and assisting I-PASS and VES customers.

## **2009 Accomplishments**

The Illinois Tollway is continuing efforts to be accountable to its customers and fulfill the pledge to act as a trustworthy steward of toll revenues for the 1.4 million daily users of the 286-mile Illinois Tollway System and residents of Illinois.

### **Leading the Industry**

For the sixth consecutive year, the Government Finance Officers Association (GFOA) awarded the Illinois Tollway with its GFOA Distinguished Budget Presentation Award for the 2009 Budget submitted to and approved by the Board, made available to the public through public meetings, and posted on the Tollway's Web site.

In 2009, the Illinois Tollway was host to the 76th Annual Meeting of the International Bridge, Tunnel and Turnpike Association bringing nearly 800 participants from 25 countries to Chicago to discuss the current and future issues facing the industry. In coordination with the conference, the Tollway hosted tours of its Traffic & Incident Management Systems center, Toll Violation Processing System and Open Road Tolling System providing tolling agencies a look at state-of-the-art operations implemented in Illinois.

Illinois Tollway's North/Central Tri-State Tollway Rebuild & Widen Project was named the #1 North American Road Project in 2009 by Roads & Bridges magazine. The magazine's editor commended our work and noted that "The North/Central Tri-State Tollway project is one of the most intense and complex jobs this Top 10 program has ever recognized."

### **Delivering Roadway Improvements**

By the end of 2009, the Tollway will have let nearly \$5 billion of the \$6.1 billion in construction and design contracts to complete 81% of the Congestion-Relief Program, on schedule and on budget.

2009 marks the completion of Rebuild & Widen projects systemwide – the largest capital program undertaken in the 50 years since Tollway operations began. Over the past three years more than \$3 billion has been committed to rebuilding and widening projects spanning more than 120 miles. Even more impressive is the fact that while work was underway the Tollway maintained the same number of lanes for customers as were available prior to construction.



Now, when coupled with Open Road Tolling, the additional roadway capacity - nearly 180 miles of new lanes will provide customers time savings of at least 10 minutes each way on their daily commutes when compared to travel times prior to the start of the Congestion-Relief Program.

### **Providing Better Service to More Customers**

As 2009 draws to a close, I-PASS continues its steady growth with average usage at 82 percent of the Tollway's 1.4 million daily vehicles. As a result of increasing participation, the number of active I-PASS transponders grew to more than 3.8 million on more than 2.9 million accounts.

As part of ongoing efforts to enhance customer service and to meet the needs of a growing I-PASS customer base, the Illinois Tollway continued support for a number of customer service initiatives in 2009.

The Tollway's six Customer Service Centers (CSC) at Tollway Oases and at Tollway Headquarters have successfully extended the availability of I-PASS sales and services and are addressing the needs of occasional and out-of-state users interested in purchasing an active I-PASS transponder while on the road. Staffed by full-time Tollway personnel, the CSC's served an estimated 450,000 customers in 2009, facilitating sales and providing complete I-PASS and unpaid toll payment services for traveling customers preferring face-to-face service closer to work or home.

During 2009, the Tollway continued to enhance its e-Commerce services, which allow I-PASS customers to manage their account on-line, purchase and activate transponders, and make on-line payment of toll violation notices. Currently more than 65 percent of the 2.9 million I-PASS account holders manage their accounts online at [www.getipass.com](http://www.getipass.com), 24 hours a day, 7 days a week. Additionally, our 1-800-UC-IPASS call center served approximately 2.8 million customer calls in 2009.

### **Reaching Out to Customers**

The Tollway stepped up outreach to I-PASS customers in 2009, working to educate customers about the importance of keeping account information current to avoid being issued toll violation notices when license plate and credit card records are not kept up to date. About half of the toll violation notices issued in 2009 were sent to I-PASS customers with inaccurate account information.

Reaching out directly to customers, the Tollway sent out 9 e-Newsletters throughout 2009 targeting more than 900,000 I-PASS customers with each edition. In addition, approximately 90,000 emails and letters were sent out daily alerting customers to low balance status and about 70,000 notices were proactively issued monthly regarding credit card expiration.

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## **Congestion-Relief Program - Year Five**

In 2009, the Tollway completed additional work to deliver systemwide Rebuild & Widen Projects to customers on schedule and on budget.

### **Tri-State Tollway (I-94/I-294/I-80)**

Within the Congestion-Relief Program (CRP), the Tollway is planning to invest nearly \$2.0 billion to reconstruct and widen the majority of the Tri-State Tollway. By the end of 2009, 76 miles of the 78.5 mile Tollway will have a minimum of 4 lanes in each direction. By the end of 2009, all of the contracts required to complete this work will have been obligated and nearly \$1.8 billion of work is estimated to be earned.

Phase II of the South Tri-State Tollway (I-294/I-94) Rebuild & Widen Project, to reconstruct and widen from 159th Street to 95th Street, began in early 2007 with work on retaining walls and bridge widening contracts. In 2008, the reconstruction and widening of the southbound lanes were completed and the construction contracts for the northbound lanes were awarded. Northbound construction began in 2009, with completion by the end of 2009.

By the end of 2009, reconstruction and widening on the north and central sections of the Tri-State Tollway (I-94/I-294) from Half Day Road to Grand Avenue, inclusive of reconstructed bridges at Half Day Road, O'Plaine Road, Grand Avenue, and Rosecrans Road will be complete, as will the section from Lake-Cook Road to Balmoral Avenue, including opening of the fourth Open Road Tolling lane at the Touhy Toll Plaza.

### **Reagan Memorial Tollway (I-88)**

In 2009, an estimated \$144.9 million will be expended bringing total spending for the last five years to approximately \$705.8 million on the Reagan Memorial Tollway. By the end of 2009, reconstruction and widening will be completed along I-88 between the Eisenhower Expressway (I-290) and Finley Road, inclusive of the eastbound contract between Finley Road and IL 83 which was awarded in Spring 2009.

By the end of 2009, the reconstruction and widening of the mainline between the Aurora Toll Plaza and Orchard Road, including construction of the new westbound Fox River Bridge will be substantially complete having four lanes open to traffic.

**Jane Addams Memorial Tollway (I-90)**

Approximately \$131.7 million is estimated to be expended in 2009 on the Jane Addams Memorial bringing the total CRP spending to \$299.5 million. In 2009, work was completed on the reconstruction and reconfiguration of the Cherry Valley Interchange and the reconstruction and widening for the section of I-90 between Cherry Valley and Rockton Road in the eastbound direction. Master planning and design continues for future reconstruction and widening of the corridor between the Kennedy Expressway (I-90) and Cherry Valley.

**Veterans Memorial Tollway (I-355)**

By the end of 2009, more than \$778.3 million is estimated to be spent on widening, rehabilitating, and extending the Veterans Memorial Tollway as part of the Congestion-Relief Program. Estimated expenditures for 2009 total \$49.3 million.

Two corridor landscaping contracts which, were awarded in 2008, are ongoing through 2011 for evaluation of woody plant materials which were installed in 2009.

In 2009, resurfacing and widening in the southbound direction was completed between 75th Street and Ogden Avenue. The addition of a fourth northbound lane at 75th Street will also be completed.

**Open Road Tolling (ORT)**

As of year-end 2009, the Tollway is estimated to have expended approximately \$702.9 million to deliver Open Road Tolling at the 21 mainline plazas systemwide and reconstruct or rehabilitate the existing plaza cash lanes and facilities. This included reconstruction of the pavement through the plazas to accommodate the new roadway geometry necessary to implement Open Road Tolling. Work continued in 2009 with miscellaneous Toll Plaza Improvements at various Plazas systemwide.

**Systemwide Improvements**

By the end of 2009, the Tollway is estimated to have expended approximately \$317.5 million for systemwide improvements, which includes bridge rehabilitation, pavement, drainage, and interchange improvements, program management services, and other similar professional services. The systemwide spending from 2005 through 2009 included bridge repairs for 46 bridges on the Jane Addams Memorial Tollway (I-90), including the replacement of the ramp bridge on US 20 over I-90, 30 bridges on the Reagan Memorial Tollway (I-88), 20 on the Veterans Memorial Tollway (I-355) and 51 on the Tri-State Tollway (I-94/I-294/I-80). Additionally, intermittent Hot Mixed Asphalt (HMA) pavement repairs were completed on the Jane Addams Memorial and intermittent Portland Cement Concrete (PCC) repairs were completed on the Tri-State, Veterans Memorial, and Reagan Memorial Tollways.

In 2009 alone, the Tollway anticipates over \$114.4 million to be expended, which includes bridge repairs for 36 bridges on the Jane Addams Memorial Tollway, 18 on the Reagan Memorial Tollway, and 22 on the Tri-State Tollway. Pavement repairs included HMA repairs on the Jane Addams Memorial and PCC repairs on the Tri-State, Veterans Memorial, and Reagan Memorial Tollways. Additionally, a new interchange was constructed and opened on the Reagan Memorial Tollway at Eola Road to improve local access to Aurora and Naperville for commuters and economic development.

### Fiscal Year 2010 Budget

#### **Maintenance & Operations Budget**

The FY2010 Operating Budget is \$265.3 million to fund the ongoing operating costs of the Tollway, an increase of \$7.7 million or 3.0 percent over the 2009 Budget.

Personal Services total \$147.9 million including Salaries, Wages, Social Security and Retirement. This category increased \$4.4 million or 3.0 percent over the 2009 amount. Salaries and Wages decreased \$1.6 million or 1.5 percent, while Social Security and Retirement contributions increased \$6.0 million or 18.1 percent. The Personal Services category accounts for 55.8 percent of total operating expenses.

The Tollway's insurance costs total \$39.3 million or 14.8 percent of the 2010 Operating Budget, a \$2.7 million or 7.4 percent increase over 2009. The Tollway pays for Group Health Insurance, Property Insurance, Worker's Compensation Insurance as well as the Illinois State Police District 15 Group Health Insurance.

Other major cost categories include Other Outside Services at \$22.6 million, Bank Charges at \$12.2 million, Equipment Maintenance \$10.5 million, Materials-Operational \$6.9 million, Utilities \$5.1 million, Fuels and Oils \$4.1 million, Telephone \$2.8 million and Replacement Parts \$2.2 million.

#### **Capital Program**

In 2010, the rebuilding of the Illinois Tollway continues as we enter the sixth year of the Congestion-Relief Program - *Open Roads for a Faster Future*. The Tollway continues its pursuit towards the five major objectives outlined in the program:

*Fix It:* Fix the existing infrastructure by rebuilding/restoring and widening much of the roads systemwide.

*Congestion Relief:* Reduce travel times by converting the entire mainline system to Open Road Tolling to allow I-PASS users to pay tolls electronically at highway speeds. *(Completed)*

*Meet Needs of Growing Communities:* Extend I-355 south to accommodate the needs of growing communities. *(Completed)*

*Enhance Local Economies:* Establish corridor planning councils to strengthen the partnership between the Tollway and the communities it serves.

*Cutting-Edge Initiatives:* Implement Intelligent Transportation System (ITS) technology and congestion pricing to better manage congestion and serve Tollway customers.

The Tollway is on schedule and well on its way to make the systemwide improvements initiated during the first five years of the Congestion-Relief Program (CRP). While designers, engineers, construction crews and support staff work together on multiple road projects, the Tollway is committed to completing the CRP on time and on budget. The 2010 Budget reflects the priorities of the CRP and the need to maintain operations in support of this extensive program, as well as daily toll operations.

Additionally, funding is allocated in the 2010 Budget for the following initiatives to support the Tollway's Congestion-Relief Program:

### **Business Systems**

#### **\$23.1 million (capital)**

The 2010 Budget allocates \$23.1 million to the Department of Business Systems, which is responsible for the operation and maintenance of the Electronic Tolling System hardware and software including collecting toll revenue from toll violators and assessing fines and imposing sanctions. To improve and enhance the efficiency of the Toll Revenue Management and Maintenance Program (TRMMP), \$4.3 million is allocated to implement a Disaster Recovery/Business Continuity strategy to protect critical information resources and services, minimize the risk of unplanned interruptions, and ensure the availability of the core systems and subsystems associated with TRMMP. Additionally, \$2.0 million is allocated for system and software enhancements. To provide for transponder purchases at the rate of approximately 700,000 annually, \$14.0 million has been programmed in the 2010 Budget.

### **Information Technology Systems**

#### **\$12.4 million (capital)**

In an effort to continue to provide uninterrupted online account management services for nearly 3 million I-PASS account holders, the 2010 Budget allocates \$4.4 million to replace the Tollway Web/e-Commerce site. In addition, \$8.0 million will fund the following projects to continue the Tollway's effort to improve and maintain the Information Technology systems and facilities: systemwide computer infrastructure modernization, including upgrades and replacements; a disaster recovery solution implementation; systemwide communications tower preservation and tower replacement at M-1, M-4, M-6, and M-7 maintenance facilities; public safety radio upgrade and replacement; Next Generation Network (NGN) facilities integration; Tollway Intranet enhancement; Personally Identifiable Information security compliance (PII); toll plaza intercom system replacement; and Electronic Toll Collection Company (ETCC) SAS70 Type II audit certification.

**Intelligent Transportation Systems (ITS)****\$6.8 million (capital)**

The Tollway will continue to utilize the Intelligent Transportation Systems (ITS) to monitor and detect traffic incidents, and to improve accident response time. For 2010, \$1.4 million will be allocated to migrate ITS equipment and services to Next Generation Network; more than \$1.3 million will be allocated to install Weigh-In-Motion (WIM) along the South and North Tri-State Tollway (I-94/I-294/I-80). In addition, the 2010 Budget will deploy approximately \$4.1 million to: enhance and upgrade the ITS system, expand and maintain the Tollway's fiber optics operations; install wireless CCTV cameras on the North and South Tri-State Tollway, Remote Traffic Microwave Sensor (RTMS) vehicle detectors on the North Tri-State Tollway, and Video Incident Detection (VID) systemwide; complete the Dynamic Message Sign (DMS) installation along the Reagan Memorial Tollway (I-88); and upgrade the Road Weather Information System (RWIS) stations systemwide.

**Illinois State Police District 15****Personnel and Equipment****\$2.5 million (capital)**

District 15 State Police Troopers will provide extra coverage in construction zones and areas with high speed or crash percentages, and provide officers to work toll violation details to reduce the number of toll scofflaws. The 2010 Budget includes funding for projects to continue equipping Troopers with IT equipment such as, IWIN computers, digital In-Car video cameras, and Automated License Plate Reading Technology; as well as Trooper training for programs such as Mobile Driving Simulator, Firearms Animated Training System (FATS) and Firing Range Target Retrieval System.

**Illinois Executive Order 11 - Reduce the Environmental Impact of Illinois State Government Operations****\$2.1 million (capital)**

In an effort to comply with Illinois Executive Order 11 to reduce the Environmental Impact of Illinois State Government Operations, the 2010 Budget includes funding for the following projects: to engage environmental professional services to develop, study and recommend "green" and "sustainable" initiatives based on the Tollway's current operating procedures; to implement alternate fuel E85 program by installing additional fuel tanks at various remote fueling locations; rehabilitate and modernize fuel sites systemwide; replace and upgrade fuel dispensers and related fuel systems; and install diesel emissions reduction systems on off-road equipment.

### **Budget Summary**

The Tollway is a non-appropriated entity, which is self-supporting, depending solely on the revenues from operations and proceeds from the issuance of revenue bonds for the expansion, reconstruction and improvement of the Tollway System. The 2010 Budget is a balanced budget in which revenues provide sufficient resources for operating and maintenance expenses, debt service and required deposits to the Renewal/Replacement and Improvement Accounts.

The FY2010 Budget allocates \$696 million of Revenues as follows:

- \$265.3 million to fund maintenance and operations, an increase of \$7.7 million or 3 percent over FY2009 operating expenses of \$258 million.
- \$230.6 million for transfers related to debt service, in order to provide for payments of bond principal, interest, and related support costs, net of anticipated federal subsidies and funds previously transferred to pre-pay interest.
- \$200.1 million will be allocated to the Renewal/Replacement and Improvement Accounts, providing a portion of the funding for the Congestion-Relief Program and other non-roadway capital investments.

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# Tollway Organization and Background

## THE TOLLWAY

The Tollway was created under the Act as an instrumentality and administrative agency of the State of Illinois to provide for the construction, operation, regulation and maintenance of a system of toll highways within the State of Illinois. Under the Act, on April 1, 1968, the Tollway assumed all the obligations, powers, duties, functions and assets of its predecessor agency, The Illinois State Toll Highway Commission. The Act authorizes the issuance of revenue bonds for the purposes, among others, of financing expansions of the Tollway System and reconstruction of and improvements to the Tollway System, and authorizes the issuance of refunding bonds for the purpose of refunding any bonds of the Authority then outstanding at maturity or on any redemption date.

The Tollway is empowered to enter into contracts; to acquire, own, use, lease, operate and dispose of personal and real property, including rights-of-way, franchises and easements; to establish and amend resolutions, by-laws, rules, regulations and to fix and revise tolls; to acquire, construct, relocate, operate, regulate and maintain the Tollway System; to exercise the power of eminent domain; and to contract for services and supplies, including services and supplies for the various customer service areas on the Tollway System.

### **Board of Directors**

The Tollway is governed by an 11-member Board of Directors that includes the Governor of Illinois and the Secretary of the Illinois Department of Transportation, ex officio. Nine directors are appointed by the Governor, with the advice and consent of the Illinois Senate, from the State at large with a goal of maximizing representation from the areas served by the Tollway System. These nine directors are appointed for a term of four years, or in the case of an appointment to fill a vacancy, the unexpired term. No more than five directors may be from the same political party. Of the directors appointed by the Governor, one is appointed by the Governor as Chairman of the Tollway. The current Chair, Paula Wolff, was initially appointed by Governor Pat Quinn as a Director and Chairman of the Tollway on August 13, 2009.

The present directors, and terms of office are listed below.

<b>NAME</b>	<b>INITIAL APPOINTMENT</b>	<b>EXPIRATION OF CURRENT TERM<sup>(1)</sup></b>
Gov. Pat Quinn, ex officio	—	—
Acting Secretary Gary Hannig, ex officio	—	—
Paula Wolff, Chair	August 13, 2009	May 1, 2013
James J. Banks	September 29, 1993	May 1, 2009
Thomas Canham	August 30, 2007	May 1, 2011
William Morris	August 13, 2009	May 1, 2011
Arthur George Pradel	October 26, 2001	May 1, 2007
James M. Roolf	April 30, 2004	May 1, 2009
Carl O. Towns	November 14, 2002	May 1, 2009
Thomas Weisner	August 13, 2009	May 1, 2011
Maria Saldana	December 5, 2009	May 1, 2011

<sup>(1)</sup> Directors whose terms have expired will serve until such director resigns, is reappointed or a successor is duly appointed and qualified.

### **Organizational Structure**

The Tollway's organizational structure consists of 12 departments including Administration, Communications, Engineering, Directors and Executive, Finance, Information Technology, Inspector General, Legal, Toll Operations, Procurement, Business Systems, and Illinois State Police District 15. The Executive Director manages the day-to-day operations of the Tollway. Tollway department chiefs report to the Executive Director. The Commander of District 15 of the State Police also reports to the Superintendent of the State Police, and the General Counsel to the Tollway also reports to the Attorney General of the State of Illinois.

The Administration Department is responsible for the development and implementation of administrative policies and procedures and employee compliance therewith.

The Department of Business Systems is responsible for overseeing the design and development of the Open Road Toll System and collecting toll revenue from toll violators, assessing fines and imposing sanctions. The Department's responsibilities include customer service associated with the issuance of I-PASS transponders and toll collection.

The Communications Department is responsible for all external and internal communications between the Tollway and its constituents, including customers, news media, elected and appointed officials, the general public and employees.

The Directors and the Executive Department manage Tollway affairs consistent with the Act.

The Engineering Department is responsible for the design, construction and maintenance of the roadway. It also coordinates with community groups, government agencies, and planning organizations on transportation and land-use policy. In addition, the Engineering Department directs the Diversity/DBE (Disadvantaged Business Enterprise) Program for the Tollway.

The Finance Department is responsible for all general accounting, budgeting, treasury functions, financial reporting, accounts payable, payroll, risk management and debt management. In addition, the Finance Department coordinates with the State Treasurer on the management of cash and investments.

The Information Technology Department is responsible for planning, directing, and controlling all information technologies and telecommunications throughout the Tollway.

The Office of the Inspector General is responsible for investigating instances of waste, inefficiencies, fraud, corruption, misconduct and mismanagement in the day-to-day operations of the Tollway. Additionally, the Inspector General recommends policies and procedures to ensure that the Tollway's Board members and employees, contractors and/or vendors adhere to all state and federal laws and internal rules and regulations.

The Legal Department is a Bureau of the Office of the Attorney General of the State of Illinois and is, by law, the legal advisor and attorney for the Tollway.

Procurement is responsible for all purchasing and procurement issues, and is authorized to execute contracts and place orders for goods and services. Additionally, the procurement department is responsible for warehousing all inventory.

Illinois State Police – District 15 – is one of 21 districts of the Illinois State Police, responsible for providing comprehensive law enforcement services. The entire Tollway System comprises District 15. State police patrol the Tollway System to enforce speed limits and traffic laws, assist disabled motorists, and provide special details for operations, such as overweight vehicle enforcement.

The Toll Operations Department is responsible for providing the necessary resources and services to maintain the Tollway's toll operations, as well as managing the collection and counting of tolls. Additionally, it oversees the day-to-day maintenance and upkeep of the Tollway's facilities systemwide.

## THE TOLLWAY SYSTEM

The Tollway System presently consists of approximately 286 miles of limited access highway in twelve counties in the northern part of Illinois, and is an integral part of the expressway system in Northern Illinois and the U.S. Interstate Highway System. The entire Tollway System has been designated a part of the U.S. Interstate Highway System.

Since beginning operations in 1958, the Tollway System has served an important role in the development of the Northern Illinois economy. During its initial operation, the Tollway System permitted rapid interstate travel between Northern Illinois, Indiana and Wisconsin. As the suburban areas surrounding Chicago expanded throughout the 1960's and 1970's, the Tollway System evolved into primarily a commuter travel system, serving suburban Chicago and Chicago O'Hare International Airport. At the present time, the four routes of the Tollway System (see "Routes") serve, among other areas, suburban Cook County and the Chicago area collar counties, which together represent one of the fastest growing areas in Illinois in terms of population and employment.

### **Routes**

The Tollway System is currently made up of four Tollways: the Jane Addams Memorial (I-90), the Tri-State (I-94, I-294, I-80), the Veterans Memorial (I-355) and the Ronald Reagan Memorial (I-88).

The Jane Addams Memorial Tollway (I-90), formerly the Northwest Tollway, constituting a portion of U.S. Interstate Highway 90, is a 76-mile roadway. The Jane Addams Memorial Tollway begins east of the intersection of the Kennedy Expressway from downtown Chicago and the Tri-State Tollway in the vicinity of O'Hare International Airport, and extends to the west, crossing the Fox River just north of Elgin, Illinois. From there it runs northwesterly to Rockford, Illinois, and then northerly to a point near the Illinois-Wisconsin border, where it feeds into the Wisconsin portion of Interstate 90 leading to Madison, Wisconsin.

The Tri-State Tollway (I-94, I-294, I-80), constituting portions of Interstates 80, 94 and 294 and including the 5-mile Edens Spur, is an 84-mile beltway around the Chicago metropolitan area. It extends from a point near the Indiana State line where it intersects with the Bishop Ford and the Kingery Expressways to a point near the Illinois-Wisconsin border, where it connects with U.S. Route 41 and U.S. Interstate Highway 94 from Milwaukee. The Tri-State also connects with the Reagan Memorial Tollway (I-88) to the western suburbs, the Eisenhower Expressway to downtown Chicago, the Jane Addams Memorial Tollway (I-90) to the northwest suburbs, the Kennedy Expressway to downtown Chicago, the north end of the Edens Expressway to the north shore suburbs and downtown Chicago, and the Stevenson Expressway to downtown Chicago. From its southern terminus the Tri-State Tollway has a direct connection to the Indiana Toll Road via the Kingery Expressway and Interstate 80. The Tri-State Tollway is the most traveled Tollway in the Tollway System, accounting for approximately 44% of the volume of the Tollway System.

The Veterans Memorial Tollway (I-355), formerly the North-South Tollway, is a 30-mile highway generally paralleling Illinois Route 53 in DuPage and Will Counties between approximately the intersection of Army Trail Road and the Interstate 290 spur in Addison on the north and Interstate 80 (near Joliet) on the south. The Veterans Memorial Tollway, which opened in December 1989, is the newest addition to the Tollway System and consists of six through lanes along its entire length. The Veterans Memorial Tollway runs through or near the communities of Lemont, Lockport, Homer Glen, New Lenox, Bolingbrook, Downers Grove, Naperville, Lombard, Glen Ellyn and Wheaton. As part of the Congestion-Relief Program (CRP), a 12.5-mile south extension of the Veterans Memorial Tollway through Will County from Interstate 55 to Interstate 80 (the “South Extension”) opened on November 12, 2007, increasing the size of the Veterans Memorial Tollway to 30 miles.

Reagan Memorial Tollway (I-88), formerly the East-West Tollway, constituting a portion of Interstate 88, covers 96.5 miles and begins east of the junction of the Tri-State Tollway (I-294) and the Eisenhower Expressway and runs southwest and west, providing service to Oak Brook, Naperville, Aurora, DeKalb and Dixon, Illinois, ending at U.S. Route 30 in the Sterling/Rock Falls area. From U.S. Route 30, Interstate 88 is a toll-free facility connecting to Interstate 80 and the Quad Cities.



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## **Toll Rates**

The Tollway has undertaken four major toll adjustments. The first major adjustment generally increased toll rates in 1963, the second generally decreased toll rates in 1970, and the third increased toll rates in September, 1983. The fourth adjustment was passed by the Tollway's Board in September of 2004 in conjunction with the authorization of the Congestion-Relief Program.

The new toll rate structure became effective on January 1, 2005. Toll rates are now defined for four classes of vehicles instead of the prior ten classes of vehicles. A passenger car class is the same as the previous Class 1. This class includes all two-axle vehicles with four or fewer tires. The other three classes are for commercial vehicles and consist of the small, medium and large truck classes. A small truck class consists of what was previously a Class 2 vehicle, two-axle vehicles with six tires. A medium truck class encompasses what were previously Class 3, 4, 7 and 8 vehicles. This class is three and four-axle vehicles including two-axle vehicles towing one and two-axle trailers. The fourth class, the large truck class, consists of the previous 5, 6, 9 and 10 classes. This includes all vehicles with five or more axles, including two-axle vehicles towing three-axle trailers.

This last rate change includes certain rates based on the principle of "Congestion Pricing," which charges lower rates for commercial vehicles using the Tollway System during evening and weekend time periods of travel in order to help with congestion and expedite travel times. The daytime rates for the three commercial vehicle classes of large, medium and small are \$4.00, \$2.25 and \$1.50, respectively, at typical mainline plazas. The new toll rate structure allows passenger car I-PASS users to stay at existing rates (\$0.40 at most toll plazas), while passenger car users paying with cash pay double the I-PASS rate.

Under the Act, the Tollway has the exclusive right to fix, adjust, revise and collect tolls for the use of the Tollway System. Such tolls are required to be fixed at rates calculated to provide the lowest reasonable toll rates to provide funds that will be sufficient, together with other revenues of the Tollway, to pay the costs of any authorized new construction, operating and maintaining the Tollway System and paying debt service on Outstanding Bonds. The Tollway may increase tolls by vote of a majority of its Board of Directors, after conducting a public hearing in each county in which the proposed increase is to take place. No other State of Illinois executive, administrative or regulatory body or regional or local government has the authority to limit or restrict such rates and charges.



# **Revenue Sources and Underlying Assumptions**

The Tollway is a non-appropriated entity; it is self-supporting, depending solely on the Revenues derived from operations and proceeds from the issuance of revenue bonds for the purposes, among others, of financing expansions of the Tollway System and reconstruction of and improvements to the Tollway System. The Tollway does not receive any State or Federal Funding for operational uses.

### **Revenues**

“Revenues” are defined per the Trust Indenture as (i) all tolls, fees, charges, rents, and other income and receipts derived from the operation of the Tollway System, (ii) proceeds of any use and occupancy insurance relating to the Tollway System and of any other insurance which insures against loss of revenues, (iii) investment income from any moneys or securities held in Funds, Accounts, or Sub-Accounts established under the Indenture, other than the Construction Fund, and (iv) amounts transferred from the Construction Fund to the Revenue Fund and transfers to the Trustee by the Tollway from the System Reserve Account. Revenues exclude Federal and State grants and appropriations, loan proceeds, gifts or donations of any kind, transfers, if any, to the Tollway as permitted under any Escrow Agreement and receipts not related to the Tollway’s performance of its obligations under the Indenture or to the operations of the Tollway System.

For budgetary purposes, the Tollway classifies Revenues into three categories: Tolls and Evasion Recovery, Investment Income and Concessions and Miscellaneous. The revenues generated from toll collection and evasion recovery have been combined to correctly associate revenues from evasion recovery programs with toll revenues.

### **Toll Revenue Estimates**

In October of each year, the Tollway’s independent Traffic Engineer, Wilbur Smith Associates, provides expected toll revenue estimates for the budget process. An estimate is provided for the current year by using actual data for the first eight months and estimates for the last four months of the year. A month by month estimate of toll revenue for the following year is also provided. The estimation process combines traffic trend data with a travel demand modeling process that can take into account the effect of changing socioeconomic and network characteristics on Tollway usage levels.

The travel demand modeling process used is similar to that used in the regional transportation planning process employed by the Chicago Metropolitan Agency for Planning in Northeastern Illinois and the Rockford Area Transportation Study in the Rockford area. The modeling process takes into account current and future socioeconomic conditions and the characteristics of the transportation network. The modeling process is specifically adapted to the unique characteristics of the Tollway system. For most highway trips the path chosen is generally the fastest routing that will get the trip maker to the desired destination. On the Tollway system the additional consideration is the toll cost. Using the Tollway for a portion of the trip involves the trip maker trading off the time savings in using the Tollway verses the additional cost of the tolls. The simulation process uses value of time considerations in modeling path selections.

In addition to travel times and toll costs, the modeling process takes into account the physical characteristics of the roadway system, which can change over time. For example, add lane construction activities temporarily change network characteristics which impact traveler route choices during the time of construction. The construction activity generally reduces the capacity and speed through the construction zone, thus decreasing the desirability of using that section of the Tollway for certain trips resulting in reducing usage levels on the Tollway. After construction is completed the additional lanes add capacity reducing congestion and increasing usage of the Tollway. Both the usage levels during construction and the resulting benefits of the additional lanes are accounted for by the travel demand modeling process.

The Tollway utilizes a general methodology for developing estimates for the following year. Prior year transactions by month by vehicle class for each toll plaza are entered into a database. Recent trend data coupled with a short term estimate of economic conditions are used to develop base transactions by plaza by vehicle type. The base case situation represents what would happen if there were to be no changes to the highway network in general and specifically the Tollway network in the next year. These base estimates are then adjusted for construction projects (both on and off the Tollway) and roadway changes caused by the completion of construction activity. These adjustments are made by using the travel demand modeling process previously described.

Once the monthly transaction estimates are finalized, they are converted into expected toll revenue estimates at each plaza by applying the toll rate, vehicle class and payment type to the number of transactions in that category. The revenue estimates for the year are simply the sum of all the revenues by plaza.

### **Adjustments to Toll Revenue Estimates**

The “expected revenues” provided by the Traffic Engineer represent the revenue that would be collected if every vehicle paid the exact published toll based on vehicle class, time of day and payment type. The expected revenue does not account for overpayments, underpayments, exemptions or revenue lost due to toll avoidance. Expected revenues provided by the Traffic Engineer also does not account for the tolls and fines collected from violations through the violation enforcement process. Amounts of revenue reported in the Tollway’s annual budget, quarterly statements and annual financial reports include these adjustments.



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# Fund Structure

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### **Fund and Account Description**

The Amended and Restated Trust Indenture (the Indenture), effective March 31, 1999, an agreement between the Tollway and the Trustee (as Fiduciary for Bondholders) pledges the Tollway's revenues, moneys and securities in all funds and accounts to secure payment on the bonds. The Trust Indenture establishes two funds, the Revenue Fund and Construction Fund; all Revenues are deposited to the Revenue Fund, and proceeds from the issuance of revenue bonds are deposited to the Construction Fund (earnings on the Construction Fund are retained therein). Within the Revenue Fund the Indenture establishes the following: Maintenance and Operations, Debt Service, Renewal/Replacement, Improvement, and System Reserve as well as sub-accounts within the Maintenance and Operations and Debt Service Account. The Indenture establishes the order and amount of allocation from the Revenue Fund to the various accounts and sub-accounts.

#### **Revenue Fund**

The Tollway covenants to deliver all Revenues (other than investment income, unless otherwise directed by the Indenture), within five Business Days after receipt, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer of the State of Illinois, at the direction of the Tollway, will transfer or apply the balance in the Revenue Fund not previously transferred or applied in the following order of priority:

First, to the Operating Sub-Account of the Maintenance and Operations Account;

Second, to the Operating Reserve Sub-Account of the Maintenance and Operations Account;

Third, to the Interest Sub-Account, Principal Sub-Account and Redemption Sub-Account of the Debt Service Account, in that order of priority, for deposits relating to the Senior Bonds;

Fourth, to the Provider Payment Sub-Account of the Debt Service Account to pay Costs of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds or to reimburse Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds for payments of principal or interest made by such Providers and fees of such Providers and to make termination payments then due and owing with respect to any such Credit Enhancement or Qualified Hedge Agreements outstanding prior to the effective date of the Seventh Supplemental Indenture (June 22, 2005), which contained an amendment establishing the Termination Account (but no such deposit for any termination payment for a Qualified Hedge Agreement shall be made if there is any deficiency in the Debt Reserve Account);

Fifth, to the Debt Reserve Account;

Sixth, to any Junior Bond Debt Service Account or any Junior Bond Debt Reserve Account;

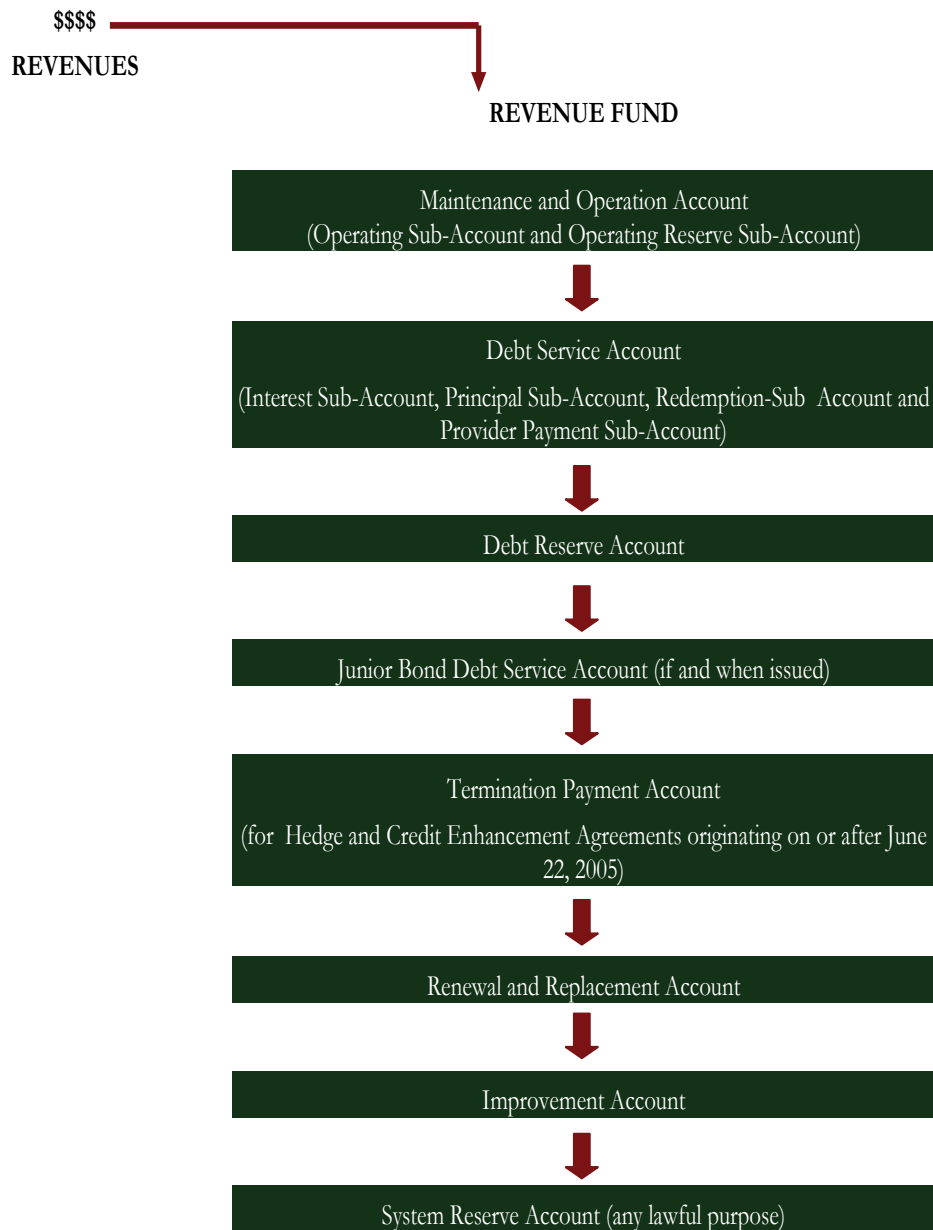
Seventh, to the Termination Payment Account to pay termination payments then due and owing with respect to Credit Enhancement and Qualified Hedge Agreements executed and delivered on or after the effective date of the ammendment establishing the Termination Account (June 22, 2005);

Eighth, to the Renewal and Replacement Account;

Ninth, at the direction of the Tollway, to the Improvement Account; and

Tenth, the balance of such amounts in the Revenue Fund, to the System Reserve Account.

## Overview of Flow of Funds



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## **Maintenance and Operations Account**

The Maintenance and Operations Account consists of the Operating Sub-Account and the Operating Reserve Sub-Account. Moneys in the Operating Sub-Account are applied to Operating Expenses at the direction of the Tollway.

Revenues are transferred to the Operating Sub-Account to cover the Expenses set forth in the Annual Budget for the current Fiscal Year. One-twelfth of the operating expenses outlined in the annual budget are transferred to this account once a month.

The Operating Reserve Sub-Account receives or retains an amount not to exceed 30 percent of the amount budgeted for Operating Expenses in the Annual Budget for the current Fiscal Year. Monies in the Operating Reserve Sub-Account are held as a reserve for the payment of Operating Expenses and are to be withdrawn from if monies are not available to the credit of the Operating Sub-Account to pay Operating Expenses.

If the Tollway determines that the amount in the Operating Reserve Sub-Account exceeds the amount necessary, the excess will be withdrawn from such Sub-Account and applied as Revenues. By resolution, the Board originally voted to maintain a \$25 million balance in this account and subsequently authorized a balance of \$17 million.

## **Debt Service Account and Debt Reserve Account**

The Debt Service Account consists of the Interest Sub-Account, the Principal Sub-Account, the Redemption Sub-Account, the Provider Payment Sub-Account, to be held by the Trustee.

Revenues are required to be deposited to cover the interest, principal, and sinking fund installment amounts due and unpaid for bonds, the costs and reimbursements (and termination payments for agreements executed before June 22, 2005) of providers of Credit Enhancement or Qualified Hedge Agreements.

Revenues must also be deposited to the credit of the Debt Reserve Account, in an amount sufficient to cause the balance in it to equal the Debt Reserve Requirement (maximum annual debt service) and to make any required reimbursement to Providers of Debt Reserve Account Credit Facilities.

## **Termination Payment Account**

This account was established in the Seventh Supplemental Indenture (June 22, 2005) to pay termination payments due to any providers of Credit Enhancement and Qualified Hedge Agreements executed on or after June 22, 2005. No funds are expected to be allocated to this account in 2010.



### **Renewal and Replacement Account**

Revenues must be credited to the Renewal and Replacement Account in an amount set forth in the Annual Budget. This amount is determined based on recommendations of the Consulting Engineer. Additional funds can be transferred to this account by the Tollway, based on the Capital Program expenditures, but such funds can only be used on Renewal and Replacement projects.

### **Improvement Account**

At the direction of the Tollway, amounts are then applied to the Improvement Account, for allocation to projects determined by the Tollway, until the balance in the Account is equal to the Improvement Requirement.

### **System Reserve Account**

The balance in the Revenue Fund is deposited to the credit of the System Reserve Account to provide for deficiencies in any other account or sub-account. If all accounts have sufficient funds System Reserve Account funds can be used to pay off debt, fund construction projects, make improvements or pay for any other lawful Tollway purpose.

### **Construction Fund**

The Construction Fund is held as a separate segregated fund. The Construction Fund receives funds from the sale of bonds and the investment of such bond proceeds. No toll revenues are deposited in this fund. The Treasurer may deposit any such separate, segregated accounts within the Construction Fund with the Trustee, pursuant to the provisions of a Supplemental Indenture.

**Fiscal Years 2008 - 2010 (December 2009 - Unaudited)**  
**Statement of Revenues/Expenditures/Transfers and Changes in Account/Fund Balances**  
(\$ in Millions)

<b>Maintenance &amp; Operations Account</b>	<b>2008 Actual</b>	<b>2009 Estimate</b>	<b>2010 Budget</b>
Beginning Balance	\$21.1	\$19.5	\$18.5
Transfer from Revenue Fund	242.7	256.6	265.3
Expenditures	(244.3)	(257.6)	(265.3)
Ending Balance	\$19.5	\$18.5	\$18.5
<b>Debt Service Account (1)</b>			
Beginning Balance	\$62.2	\$62.8	\$27.4
Transfer from Revenue Fund (2)	201.6	182.9	230.6
Other Transfers (3)	(3.0)	58.3	0.0
Federal Subsidy for Build America Bonds	0.0	0.0	15.3
Early Retirement of Series 1993 B Bonds	0.0	(46.3)	0.0
Debt Service Payments	(198.0)	(230.3)	(209.6)
Ending Balance	\$62.8	\$27.4	\$63.7
<b>Renewal and Replacement Account</b>			
Beginning Balance	\$351.6	\$132.0	\$102.3
Transfer from Revenue Fund (2)	1.9	162.0	150.0
Expenditures	(221.5)	(191.7)	(197.7)
Ending Balance	\$132.0	\$102.3	\$54.6
<b>Improvement Account</b>			
Beginning Balance	\$203.1	\$56.4	\$124.7
Transfer from Revenue Fund (2)	211.3	38.5	50.1
Transfer from Construction Fund	258.1	902.3	0.0
Release from Debt Reserve (4)	57.9	0.0	0.0
Transfer to Debt Service Account (3)	0.0	(58.3)	0.0
Expenditures (5)	(674.0)	(814.2)	(74.8)
Ending Balance	\$56.4	\$124.7	\$100.0
<b>Construction Fund</b>			
Beginning Balance	\$306.3	\$166.5	\$0.0
Bond Proceeds (2)(6)	333.4	735.5	-
Expenditures	(219.1)	0.3	-
Transfers to Improvement Account	(258.1)	(902.3)	-
Adjustment for PY Bond Issuance Costs	4.0	-	-
Ending Balance	\$166.5	\$0.0	\$0.0

(1) Excludes amounts deposited to and paid from capitalized interest accounts funded by bond proceeds.

(2) Includes Allocation of Interest Income.

(3) A \$46.3 million transfer in January 2009 financed the early retirement of the Series 1993B Bonds and related Swap Termination and a \$12 million transfer in December 2009 provided for the prepayment of a portion of interest on the Series 2009B Bonds due in 2010.

(4) Due to purchase of Surety Policy to cover a portion of Debt Reserve Requirement.

(5) Expenditures are net of cost recovery pursuant to Intergovernmental Agreements.

(6) Bond Proceeds are net of any issuance costs, capitalized interest and Debt Reserve deposits.

# Budget Summaries

## Sources of Revenue

### Fiscal Year 2010

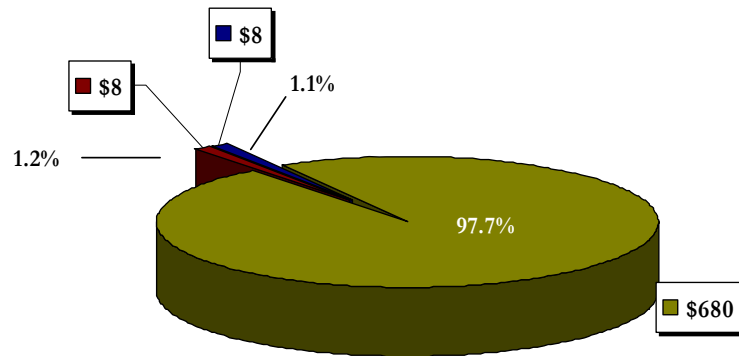
(\$ in Millions)

Sources	FY 2009 <u>Budget</u>	FY 2009 <u>Estimates</u>	FY 2010 <u>Projections</u>
<b>Toll &amp; Evasion Recovery</b>	\$650	\$629	\$680
<b>Investment Income</b>	22	4	8
<b>Concessions &amp; Misc.</b>	8	7	8
<b>Total</b>	\$680	\$640	\$696

### 2010 Revenue Projections

\$696 Million

(\$ in Millions)



<span style="color: olive;">■</span> Toll & Evasion Recovery	<span style="color: darkred;">■</span> Investment Income	<span style="color: darkblue;">■</span> Concessions & Misc.
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## Allocation of Revenue

### Fiscal Year 2010

(\$ in Millions)

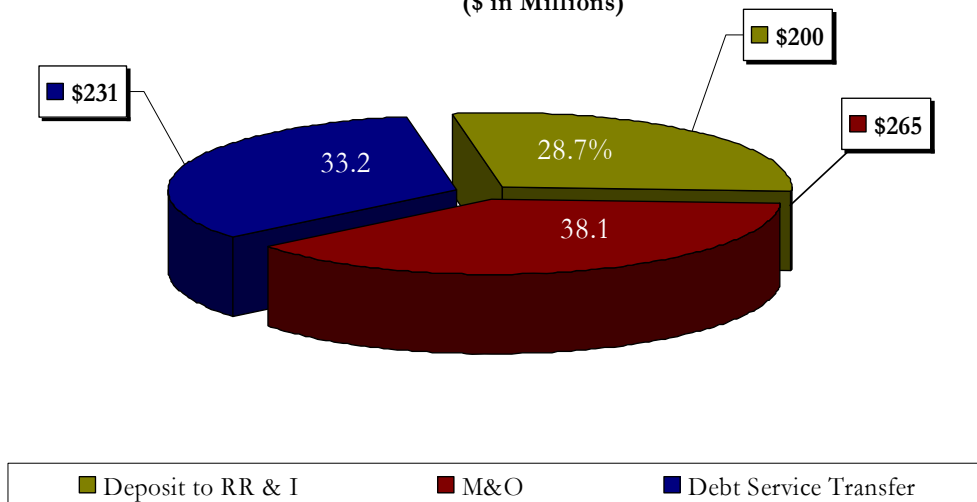
Allocations	FY 2009 <u>Budget</u>	FY 2009 <u>Estimates</u>	FY 2010 <u>Projections</u>
M&O	\$258	\$257	\$265
Debt Service Transfer	210	183	231
Deposit to RR & I	212	201	200
<b>Total</b>	<b>\$680</b>	<b>\$640</b>	<b>\$696</b>

Note: Numbers may not add to totals due to rounding

### 2010 Projected Allocation of Revenue

\$696 Million

(\$ in Millions)



**Capital Program Projections**

**Fiscal Year 2010**

(\$ in Millions)

(All Capital Accounts)

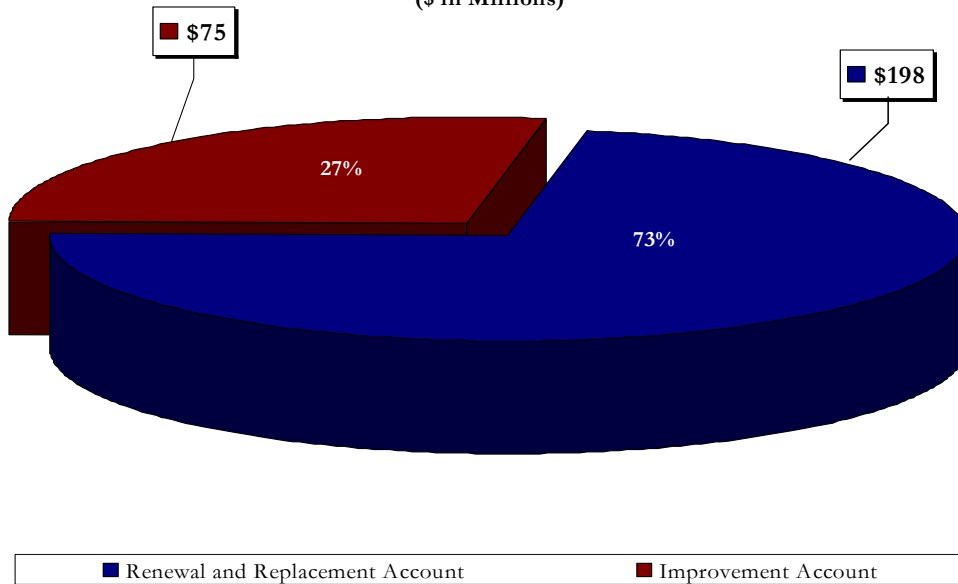
	FY 2009 <u>Estimates</u>	FY 2010 <u>Projections</u>
<b>Beginning Balance</b>	\$355	\$227
<b>Deposit to RRI</b>	201	200
<b>Bond Proceeds</b>	735	0
<b>Redeemed 1993B Bond and transfer to/from Debt</b>	(58)	0
<b>Expenditures *</b>	(1,006)	(273)
<b>Ending Balance</b>	<b>\$227</b>	<b>\$155</b>

\* Expenditures reflect cost recovery of \$30 million in 2009 and \$15 million in 2010 pursuant to Intergovernmental Agreements.

**2010 Projected Capital Expenditures**

**\$273 Million**

(\$ in Millions)



## 2010 Requested Headcount

Department	2007 Budget	2008 Budget	2009 Budget	2010 Request	Change From 2009 Budget
<b>Administration</b>	41	41	41	41	-
<b>Business Systems</b>	56	63	69	72	3
<b>Communications</b>	10	12	11	11	-
<b>Engineering</b>	577	594	598	592	(6)
<b>Executive Management &amp; Board of Directors</b>	6	6	7	7	-
<b>Finance</b>	57	57	58	56	(2)
<b>Information Technology</b>	75	75	75	72	(3)
<b>Inspector General</b>	15	15	15	15	-
<b>Legal</b>	12	12	12	12	-
<b>Procurement</b>	55	56	54	53	(1)
<b>State Police</b>	19	19	19	19	-
<b>Toll Operations</b>	827	833	824	754	(70)
<b>Total Headcount</b>	1,750	1,783	1,783	1,704	(79)

**Notes:**

- Business Systems is adding a Deputy Chief, Customer Service Inventory Supervisor and a Project Coordinator.
- Engineering is eliminating the following vacant positions: Automotive Attendant, Document Control Technician, Senior Project Engineer, Technical Assistant of Fiber Optics, Web Based Project Manager, Administration Manager and a Proliance Compliance Officer. Engineering is adding an Aerial Lift Operator.
- Finance is eliminating two vacancies: a Project Accountant and a Construction Insurance Analyst.
- Information Technology is eliminating three vacancies: an ERP Project Manager, a Systems Supervisor, and a Tower Administration Manager.
- Procurement is eliminating a Purchasing Supervisor vacancy.
- Toll Operations reduced its number of Toll Collector and Plaza Manager/Supervisor vacancies by seventy through 2010. During 2009, the Building Maintenance function was transferred from Administration to Toll Operations.

**2010 Maintenance & Operations Budget**  
**By Category**  
(\$ in Millions)

Category	2008 Actual Expenditures	2009 Budget	2010 Budget Request	\$ Change
Salary & Wages	\$107.6	\$110.4	\$108.7	(\$1.7)
FICA & Retirement	27.6	33.2	39.2	6.0
Group Insurance	26.2	28.0	28.9	0.9
Contractual Services	36.9	38.4	42.8	4.4
Employee Development	0.7	1.3	1.0	(0.3)
Utilities	8.3	7.8	7.9	0.1
Operational Materials & Supplies	9.0	10.6	11.1	0.5
Parts & Fuels	7.2	7.6	6.4	(1.2)
Equipment / Office Rental / Maintenance	14.5	13.4	11.3	(2.1)
All Other Insurance	8.1	8.6	10.4	1.8
Recovery of Expenses	(1.8)	(1.7)	(2.4)	(0.7)
<b>Total M&amp;O Costs</b>	<b>\$244.3</b>	<b>\$257.6</b>	<b>\$265.3</b>	<b>\$7.7</b>



**2010 Maintenance & Operations Budget**  
By Major Account

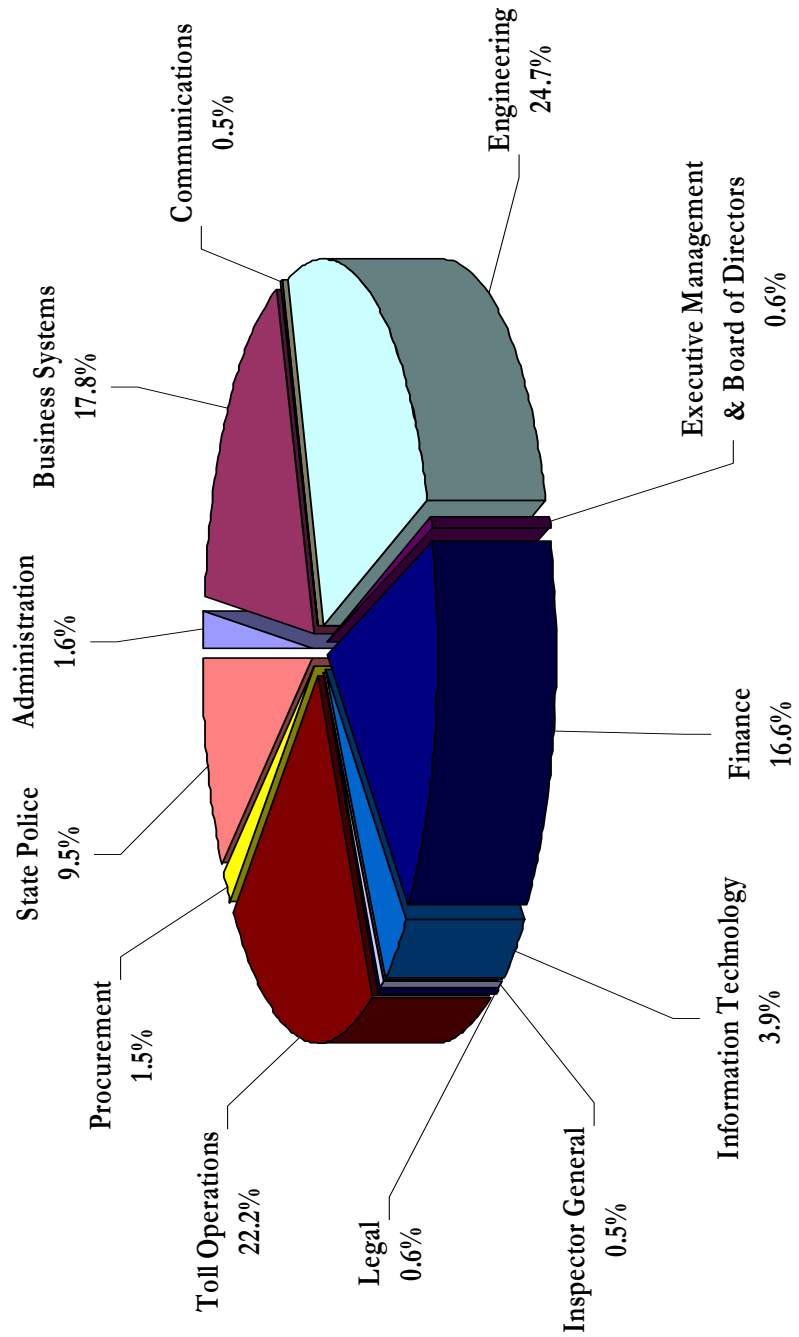
Major Account Description	2008 Actual	2009 Budget	2010 Request	\$ Change
SALARIES & WAGES	\$ 107,564,193	\$ 110,371,532	\$ 108,731,715	\$ (1,639,817)
FICA	\$ 7,485,138	\$ 7,487,315	\$ 7,325,915	\$ (161,400)
RETIREMENT	\$ 20,158,283	\$ 25,712,597	\$ 31,874,519	\$ 6,161,922
<b>PAYROLL SUB-TOTAL</b>	<b>\$ 135,207,614</b>	<b>\$ 143,571,444</b>	<b>\$ 147,932,149</b>	<b>\$ 4,360,705</b>
GROUP INSURANCE	\$ 26,169,214	\$ 27,950,000	\$ 28,875,000	\$ 925,000
OTHER OUTSIDE SERVICES	\$ 22,375,151	\$ 21,132,677	\$ 22,604,111	\$ 1,471,434
BANK CHARGES	\$ 11,196,475	\$ 11,350,000	\$ 12,156,000	\$ 806,000
EQUIPMENT MAINTENANCE	\$ 13,842,973	\$ 12,756,672	\$ 10,541,085	\$ (2,215,587)
WORKMAN'S COMP. INSURANCE	\$ 5,816,853	\$ 6,100,000	\$ 7,800,000	\$ 1,700,000
MATERIALS - OPERATIONAL	\$ 6,592,227	\$ 7,181,800	\$ 6,851,800	\$ (330,000)
UTILITIES	\$ 5,251,471	\$ 5,001,500	\$ 5,101,500	\$ 100,000
CONTRACTED OUTSIDE SERVICE	\$ 937,449	\$ 2,194,000	\$ 4,321,300	\$ 2,127,300
FUELS AND OILS	\$ 4,690,261	\$ 5,360,650	\$ 4,053,250	\$ (1,307,400)
CONSULTING SERVICES	\$ 1,916,358	\$ 3,173,400	\$ 3,150,000	\$ (23,400)
TELEPHONE & TELEGRAPH	\$ 3,021,398	\$ 2,849,900	\$ 2,756,500	\$ (93,400)
PROPERTY INSURANCE	\$ 2,325,690	\$ 2,512,000	\$ 2,600,000	\$ 88,000
REPLACEMENT PARTS	\$ 2,459,684	\$ 2,156,800	\$ 2,219,480	\$ 62,680
SUPPLIES - OPERATIONAL	\$ 778,351	\$ 1,120,500	\$ 1,438,170	\$ 317,670
OTHER EXPENSES	\$ 304,709	\$ 685,050	\$ 1,414,837	\$ 729,787
EQUIPMENT RENTALS	\$ 703,952	\$ 642,850	\$ 736,860	\$ 94,010
SUPPLIES - OFFICE	\$ 417,683	\$ 512,372	\$ 502,400	\$ (9,972)
POSTAGE AND EXPRESS	\$ 521,436	\$ 473,075	\$ 472,550	\$ (525)
UNIFORMS & ACCESSORIES	\$ 391,354	\$ 542,800	\$ 471,800	\$ (71,000)
DUES, BOOKS & SUBSCRIP.	\$ 129,168	\$ 403,000	\$ 266,625	\$ (136,375)
ARMORED TRUCK SERVICE	\$ 260,078	\$ 140,000	\$ 240,000	\$ 100,000
OTHER CAPITAL EQUIPMENT	\$ 78,803	\$ 186,160	\$ 205,020	\$ 18,860
TRAVEL AND SUBSISTENCE	\$ 136,533	\$ 179,400	\$ 165,330	\$ (14,070)
EMPLOYEE TRAINING	\$ 19,853	\$ 189,000	\$ 158,400	\$ (30,600)
TOOLS & EQUIPMENT	\$ 81,057	\$ 109,300	\$ 125,522	\$ 16,222
PRINTING	\$ 63,576	\$ 144,550	\$ 115,400	\$ (29,150)
ADVERTISING & PROMOTION	\$ 43,953	\$ 158,100	\$ 114,500	\$ (43,600)
BUILDING EQUIPMENT	\$ 179,101	\$ 82,200	\$ 70,948	\$ (11,252)
OFFICE EQUIPMENT	\$ 55,344	\$ 67,500	\$ 63,600	\$ (3,900)
ROADWAY EQUIPMENT	\$ 39,524	\$ 137,200	\$ 52,060	\$ (85,140)
BOND TRUSTEE	\$ 36,848	\$ 50,000	\$ 50,000	\$ -
EMPLOYMENT MEDICAL EXPENSE	\$ 60,003	\$ 54,000	\$ 40,000	\$ (14,000)
POLICE EQUIPMENT	\$ 2,414	\$ 114,700	\$ 10,000	\$ (104,700)
TOLL COLLECTION EQUIPMENT	\$ -	\$ 50,500	\$ 5,000	\$ (45,500)
CASH HANDLING EQUIPMENT	\$ -	\$ 800	\$ 500	\$ (300)
ADVISORY COMMITTEE EXPENSE	\$ 25	\$ 100	\$ -	\$ (100)
CAFETERIA EQUIPMENT	\$ 10,916	\$ -	\$ -	\$ -
RECOVERY OF EXPENSES	\$ (1,782,961)	\$ (1,688,200)	\$ (2,375,500)	\$ (687,300)
<b>TOTAL NON-PAYROLL COSTS</b>	<b>\$ 109,126,924</b>	<b>\$ 114,074,356</b>	<b>\$ 117,374,048</b>	<b>\$ 3,299,692</b>
<b>TOTAL M &amp; O COSTS</b>	<b>\$ 244,334,538</b>	<b>\$ 257,645,800</b>	<b>\$ 265,306,197</b>	<b>\$ 7,660,397</b>

## 2010 M&O Budget by Department

(\$ in Millions)

Department	2008 Actual Expenditures	2009 Budget	2010 Budget Request	\$ Change
Administration	\$4.2	\$4.3	\$4.1	(\$0.2)
Business Systems	49.7	46.5	47.2	0.7
Communications	0.9	1.3	1.3	0.0
Engineering	59.8	64.1	65.6	1.5
Executive Management & Board of Directors	1.3	1.6	1.5	(0.1)
Finance	36.0	40.4	44.1	3.7
Information Technology	8.2	10.4	10.4	0.0
Inspector General	1.1	1.2	1.4	0.2
Legal	1.2	1.5	1.6	0.1
Procurement	3.4	3.7	3.9	0.2
State Police	22.7	23.4	25.2	1.8
Toll Operations	55.8	59.2	59.0	(0.2)
<b>Total</b>	<b>\$244.3</b>	<b>\$257.6</b>	<b>\$265.3</b>	<b>\$7.7</b>

## 2010 M&O Budget % of Total Budget by Department



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# 2010 Departmental Budgets and Narratives

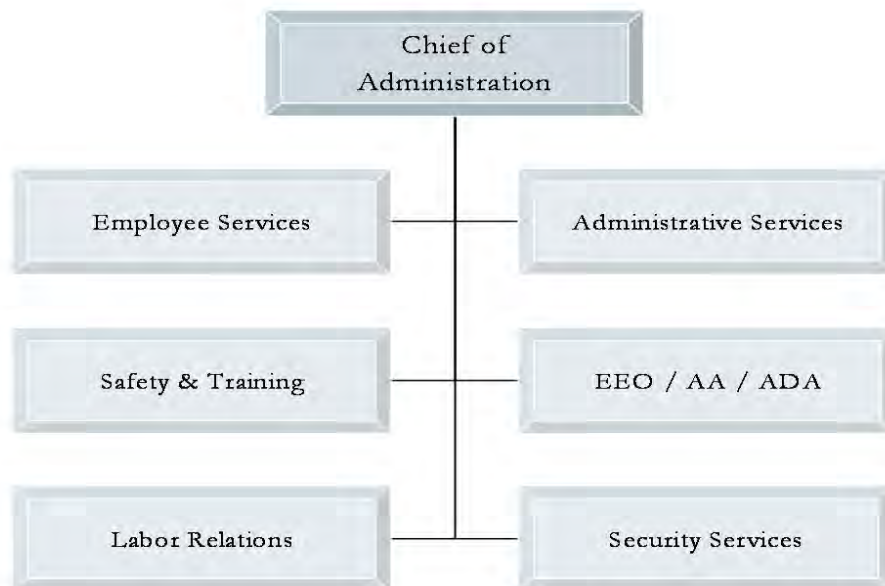
**Administration**

**Description:**

The Administration Department is responsible for the development, implementation and compliance of administrative policies and procedures. In addition, Administration is responsible for appropriating human resources to meet the operational needs of the Tollway. The department serves as the Tollway’s key contact for employee relations and employment issues. The Administration Department insures that intra-departmental as well as intra-organizational issues are addressed so the Tollway functions efficiently and effectively.

The Administration Department oversees the following functions:

- Employee Services (Human Resources, Employee Benefits, and Employee Services)
- Administration Services (Central Information Services (CIS) and Customer Relations)
- Safety & Training
- EEO/AA/ADA
- Labor Relations (Grievances & Labor Negotiations)
- Security Services



Administration

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$2,018,562	\$2,219,870	\$1,977,575	\$(242,295)
FICA & RETIREMENT	532,750	684,027	731,010	46,983
TELEPHONE & TELEGRAPH	838,487	725,000	726,000	1,000
EQUIPMENT RENTALS	409,279	325,300	416,100	90,800
SUPPLIES - OFFICE	90,613	82,000	87,000	5,000
EQUIPMENT MAINTENANCE	4,368	47,000	49,500	2,500
EMPLOYMENT MEDICAL EXPENSE	60,003	54,000	40,000	(14,000)
OTHER OUTSIDE SERVICES	36,125	40,300	34,500	(5,800)
EMPLOYEE TRAINING	12,542	26,000	15,000	(11,000)
SUPPLIES - OPERATIONAL	4,850	14,500	12,000	(2,500)
TRAVEL AND SUBSISTENCE	2,101	8,900	9,000	100
DUES, BOOKS & SUBSCRIP.	8,602	9,000	9,000	-
POSTAGE AND EXPRESS	82,573	10,700	8,200	(2,500)
OFFICE EQUIPMENT	12,188	4,000	7,500	3,500
UNIFORMS & ACCESSORIES	14,472	30,500	6,300	(24,200)
BUILDING EQUIPMENT	52,060	3,000	5,000	2,000
ADVERTISING & PROMOTION	3,440	5,000	3,500	(1,500)
MATERIALS - OPERATIONAL	-	-	3,000	3,000
PRINTING	789	1,500	1,500	-
OTHER MINOR ACCOUNTS	15,679	1,900	1,300	(600)
<b><i>SUBTOTAL</i></b>	<b>\$4,199,483</b>	<b>\$4,292,497</b>	<b>\$4,142,985</b>	<b>\$(149,512)</b>
RECOVERY OF EXPENSES	\$(2,549)	\$(4,500)	\$(1,800)	\$2,700
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$4,196,934</b>	<b>\$4,287,997</b>	<b>\$4,141,185</b>	<b>\$(146,812)</b>

The Fiscal Year 2010 Budget Request is \$4.1 million, a decrease of \$147 thousand or 3.4% below the Fiscal Year 2009 Budget amount. Total payroll is \$2.7 million and includes 41 positions.

**Department M&O Highlights:**

- Salaries and Wages decreased by \$242 thousand compared to the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing of departmental vacancies.
- FICA and Retirement increased by \$47 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Employment Medical Expense decreased by \$14 thousand due to the expected volume of vacancies.
- Equipment Rentals increased by \$91 thousand to cover maintenance contracts for copy closet copiers/fax, machines as well as U.S. Postal Meters.
- Employee Training was decreased by \$11 thousand for CA and remote sites.
- Office Equipment increased by \$4 thousand due to the planned replacement of worn out chairs at CA.
- Uniforms & Accessories decreased by \$24 thousand as the result of a policy change which made the wearing of AFSCME uniforms optional.



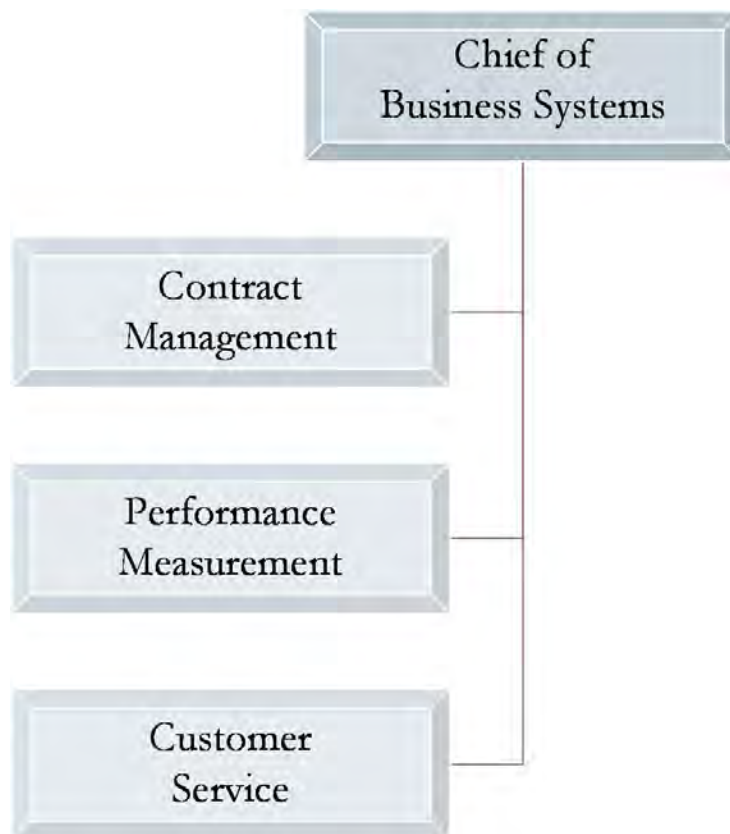
**Business Systems**

**Description:**

The Business Systems Department is responsible for the operation and maintenance of the Electronic Tolling System hardware and software which also includes collecting toll revenue from toll violators and assessing fines and imposing sanctions. The Department monitors the contracts and performance of the structure surrounding the Electronic Tolling System known as Open Road Tolling. Additionally, Business Systems provides support through the Customer Call Center which acts as a single point of contact for all customer calls that relate to I-PASS, violations processing and missed toll services.

Business Systems oversees the following functions:

- Violation Enforcement Systems
- Customer Service
- Contract Management
- Performance Measurement



Business Systems

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$2,625,337	\$3,248,000	\$3,414,474	\$166,474
FICA & RETIREMENT	689,520	1,005,224	1,262,159	256,935
OTHER OUTSIDE SERVICES	20,997,832	16,972,012	17,411,686	439,674
BANK CHARGES	11,034,983	11,200,000	12,006,000	806,000
EQUIPMENT MAINTENANCE	12,015,713	10,346,072	8,327,500	(2,018,572)
TELEPHONE & TELEGRAPH	1,559,015	1,560,000	1,560,000	-
CONTRACTED OUTSIDE SERVICE	90,979	434,000	1,403,300	969,300
OTHER EXPENSES	189,506	600,000	1,354,487	754,487
POSTAGE AND EXPRESS	390,560	400,750	406,900	6,150
EQUIPMENT RENTALS	248,051	243,600	255,660	12,060
DUES, BOOKS & SUBSCRIP.	70,000	96,000	146,000	50,000
SUPPLIES - OFFICE	115,611	124,573	125,000	427
CONSULTING SERVICES	-	96,000	100,000	4,000
OTHER CAPITAL EQUIPMENT	-	108,700	57,750	(50,950)
PRINTING	7,566	40,000	40,000	-
ADVERTISING & PROMOTION	-	15,000	15,000	-
EMPLOYEE TRAINING	-	14,000	12,000	(2,000)
OFFICE EQUIPMENT	2,936	8,500	8,500	-
TRAVEL AND SUBSISTENCE	1,180	9,000	7,000	(2,000)
SUPPLIES - OPERATIONAL	3,204	4,500	4,500	-
UNIFORMS & ACCESSORIES	1,100	5,000	2,500	(2,500)
OTHER MINOR ACCOUNTS	4,940	200	1,000	800
<b><i>SUBTOTAL</i></b>	<b>\$50,048,033</b>	<b>\$46,531,131</b>	<b>\$47,921,416</b>	<b>\$1,390,285</b>
RECOVERY OF EXPENSES	\$(368,207)	\$-	\$(720,000)	\$(720,000)
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$49,679,826</b>	<b>\$46,531,131</b>	<b>\$47,201,416</b>	<b>\$670,285</b>

The Fiscal Year 2010 Budget Request is \$47.2 million, an increase of \$670 thousand or 1.4% over the Fiscal Year 2009 Budget amount. Total payroll is \$4.7 million and includes 72 positions.

Business Systems continued

**Department M&O Highlights:**

- Salaries and Wages increased by \$166 thousand over the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing of departmental vacancies.
- FICA and Retirement increased by \$257 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- The Other Outside Services category increased by \$440 thousand due to increased replacement of aging transponders and the added distribution costs associated with this program.
- The Contracted Outside Service category increased by \$1.0 million to cover consulting services for assistance in the management and oversight of the ETC Contract. The current contract for these services will expire on June 30th, 2010 of which \$600 thousand has been allocated. The remaining \$400 thousand is for transitional oversight services that may be required for the remainder of 2010.
- Bank Charges or credit card fees increased by \$806 thousand based on the projected increase in revenue.
- Equipment Maintenance was decreased by \$2.0 million based on a renegotiated contract with our current vendor who maintains the Electronic Tolling System.
- Other Expenses increased by \$754 thousand to cover Oracle Base Licenses, Oracle Legacy, ADIC Support, VERITAS Support, Data Logger License/Support, EMC SAN Support, Dell Server Support and Oracle DR.
- In order to meet the growing challenges in this Department, three staff positions have been added to the 2010 Budget Request at a cost of \$175 thousand.
- The Recovery of Expenses category increased by \$720 thousand resulting from an Interagency Reciprocity Agreement with the Indiana Toll Road.
- Other Capital Equipment decreased by \$51 thousand by deferring the purchase of several replacement PC's.

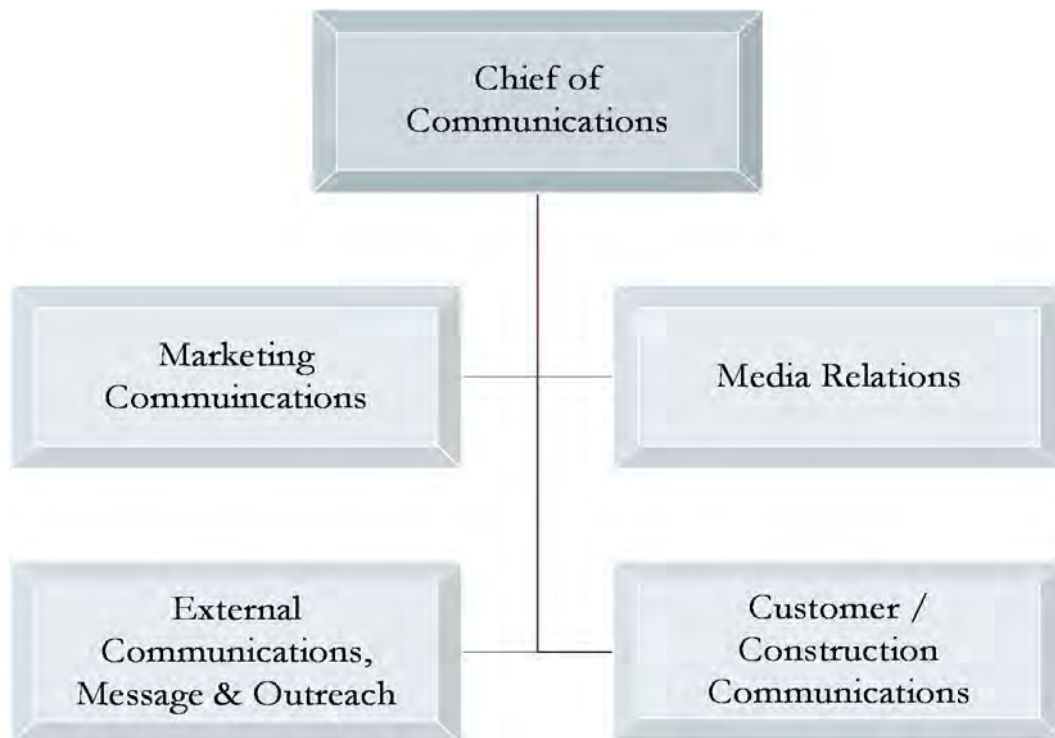
## Communications

### Description:

The Communications Department is responsible for all external and internal communications between the Tollway and its constituents who include customers, news media, elected and appointed officials, the general public and employees. The Department's focus is effective communication with all constituencies in order to improve customer service and restore public confidence in the Tollway.

The Communications Department oversees the following functions:

- Customer/Construction Communications
- External Communications, Message and Outreach
- Media Relations
- Marketing Communications



Communications

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$750,143	\$739,000	\$747,226	\$8,226
FICA & RETIREMENT	187,352	228,721	276,212	47,491
ADVERTISING & PROMOTION	25,781	115,000	85,000	(30,000)
CONSULTING SERVICES	26,635	60,000	85,000	25,000
PRINTING	25,095	66,000	50,000	(16,000)
OTHER OUTSIDE SERVICES	(169,841)	44,465	30,000	(14,465)
OTHER CAPITAL EQUIPMENT	1,136	26,560	30,000	3,440
EQUIPMENT RENTALS	7,092	18,900	10,000	(8,900)
SUPPLIES - OFFICE	6,361	10,500	8,000	(2,500)
TRAVEL AND SUBSISTENCE	7,961	10,000	5,000	(5,000)
POSTAGE AND EXPRESS	5,471	4,000	4,000	-
EMPLOYEE TRAINING	4,108	5,000	3,500	(1,500)
DUES, BOOKS & SUBSCRIP.	2,520	3,200	3,200	-
EQUIPMENT MAINTENANCE	1,720	3,100	3,000	(100)
SUPPLIES - OPERATIONAL	1,356	1,600	1,500	(100)
OTHER MINOR ACCOUNTS	456	3,400	2,400	(1,000)
<b>DEPARTMENT TOTAL</b>	<b>\$883,346</b>	<b>\$1,339,446</b>	<b>\$1,344,038</b>	<b>\$3,592</b>

The Fiscal Year 2010 Budget Request is \$1.3 million, an increase of \$4 thousand or 0.3% above the Fiscal Year 2009 Budget amount. Total payroll is \$1.0 million and includes 11 positions.

**Department M&O Highlights:**

- Salaries and Wages increased by \$8 thousand over the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing of departmental vacancies.
- FICA and Retirement increased by \$47 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Advertising & Promotion and Printing decreased by \$30 thousand and \$16 thousand respectively, because the Tollway incurred additional costs in 2009 for hosting the IBTTA Conference.
- Consulting Services increased by \$25 thousand to fund Lyris and the Tollway’s web design vendor.
- Other Outside Services decreased by \$14 thousand due to one-time charges during 2009 for promotion of the Veterans Memorial Tollway and the CRP.

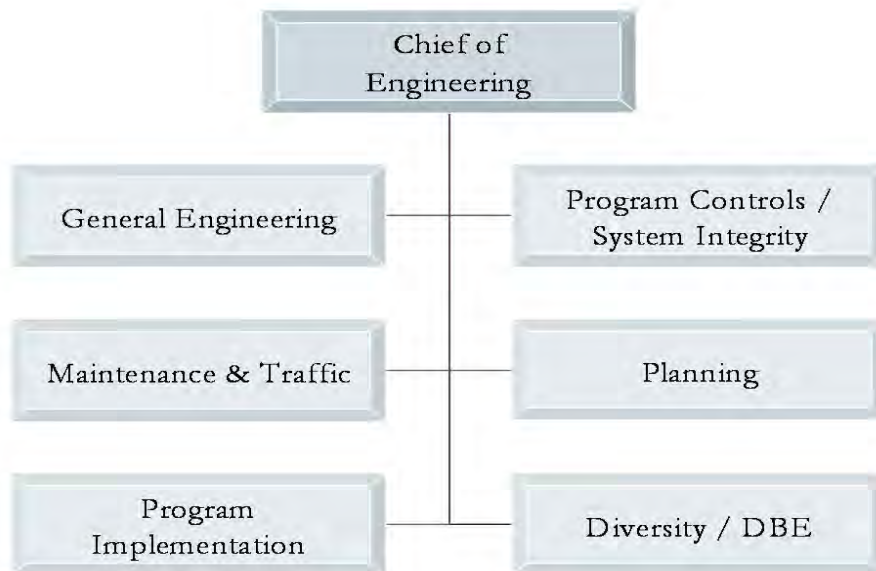
**Engineering**

**Description:**

The Engineering Department is responsible for the planning, design, construction, operation and maintenance of our roadway as well as the Diversity/DBE functions. Additionally, Engineering coordinates with community groups, government agencies, and planning organizations on transportation and land-use policy. This Department oversees the annual inspections of the pavement, bridges and drainage systems, as well as the overall day to day maintenance of the Tollway’s fleet and roadway system.

The Engineering Department oversees the following functions:

- Planning
- Design
- Construction
- Program Management
- Maintenance & Traffic
- Diversity/DBE



Engineering

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$35,560,387	\$35,180,314	\$35,337,758	\$157,444
FICA & RETIREMENT	9,365,716	10,887,955	13,062,602	2,174,647
MATERIALS - OPERATIONAL	6,484,608	7,044,500	6,603,000	(441,500)
FUELS AND OILS	4,680,658	5,360,050	4,052,750	(1,307,300)
REPLACEMENT PARTS	1,953,554	1,793,000	1,873,880	80,880
CONTRACTED OUTSIDE SERVICE	2,302	830,000	1,823,000	993,000
CONSULTING SERVICES	1,339,773	1,750,000	1,750,000	-
EQUIPMENT MAINTENANCE	627,880	697,150	755,385	58,235
OTHER OUTSIDE SERVICES	66,127	625,900	552,425	(73,475)
SUPPLIES - OPERATIONAL	331,842	373,800	399,620	25,820
UNIFORMS & ACCESSORIES	85,795	118,000	108,500	(9,500)
TOOLS & EQUIPMENT	74,844	78,100	95,722	17,622
SUPPLIES - OFFICE	80,422	81,000	81,000	-
BUILDING EQUIPMENT	113,462	66,200	55,448	(10,752)
ROADWAY EQUIPMENT	39,524	137,200	52,060	(85,140)
EQUIPMENT RENTALS	29,009	42,000	42,000	-
OTHER CAPITAL EQUIPMENT	66,468	34,200	35,770	1,570
EMPLOYEE TRAINING	21,733	37,000	33,600	(3,400)
TRAVEL AND SUBSISTENCE	25,036	28,000	29,330	1,330
DUES, BOOKS & SUBSCRIP.	9,049	62,500	28,125	(34,375)
OTHER EXPENSES	4,764	26,000	14,550	(11,450)
POSTAGE AND EXPRESS	7,158	12,250	10,750	(1,500)
OFFICE EQUIPMENT	22,955	15,600	7,700	(7,900)
TELEPHONE & TELEGRAPH	3,713	4,900	5,500	600
OTHER MINOR ACCOUNTS	11,176	16,200	4,200	(12,000)
<b><i>SUBTOTAL</i></b>	<b>\$61,007,955</b>	<b>\$65,301,819</b>	<b>\$66,814,675</b>	<b>\$1,512,856</b>
RECOVERY OF EXPENSES	\$(1,215,738)	\$(1,231,200)	\$(1,251,200)	\$(20,000)
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$59,792,217</b>	<b>\$64,070,619</b>	<b>\$65,563,475</b>	<b>\$1,492,856</b>

The Fiscal Year 2010 Budget Request is \$65.6 million, an increase of \$1.5 million or 2.3% over the Fiscal Year 2009 Budget amount. Total payroll is \$48.4 million and includes 592 positions.

Engineering continued

**Department M&O Highlights:**

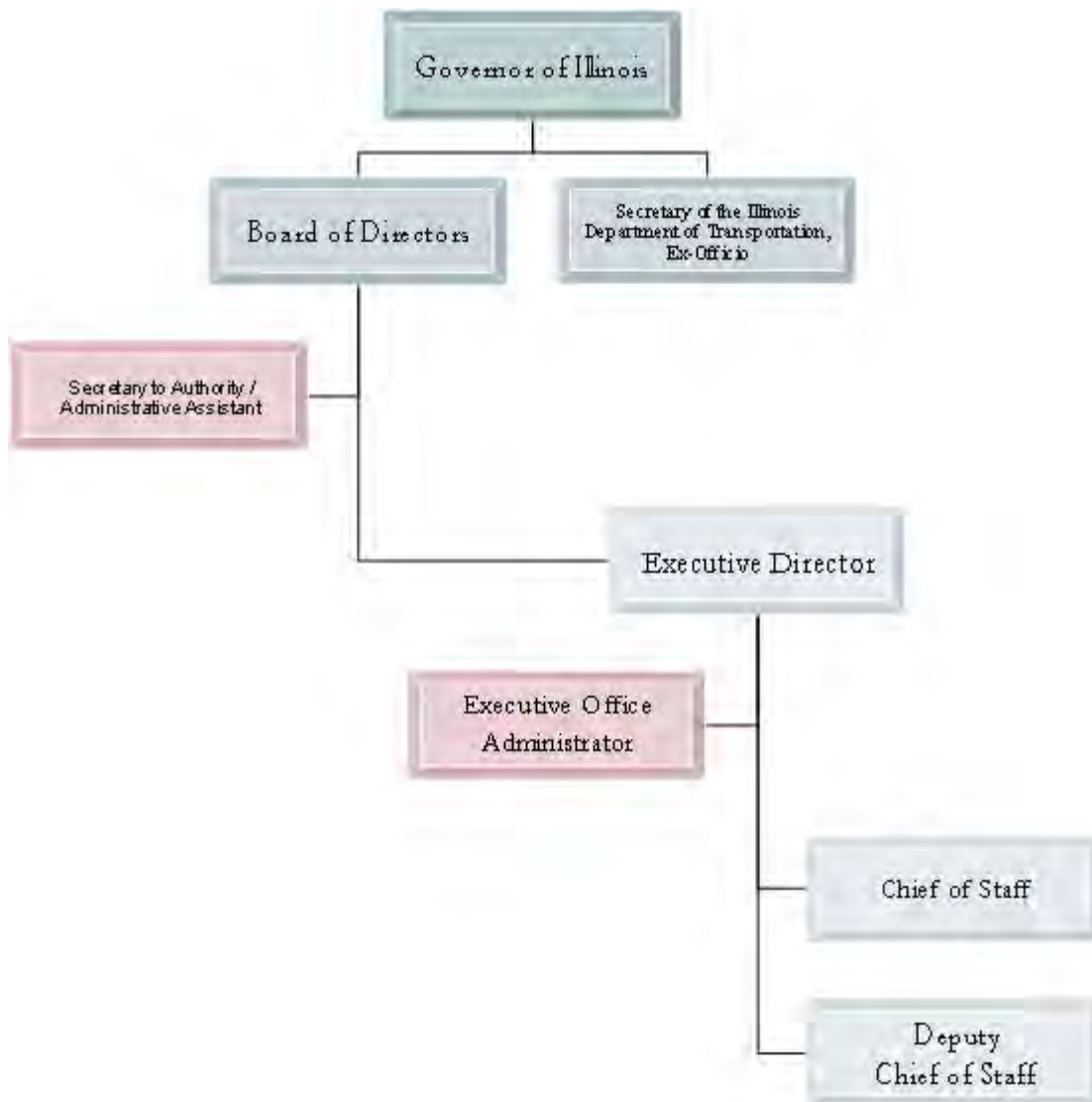
- Salaries and Wages increased by \$157 thousand compared to the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing/elimination of departmental vacancies.
- FICA and Retirement increased by \$2.2 million over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- A major portion of the Materials-Operational category includes the supply of de-icing salt and other winter roadway materials. These materials were severely depleted during last winter's storms. Replenishment of that supply for 2008-09 was compounded by a significant increase in the cost of salt per ton. The 2010 Budget reflects some price stabilization for salt resulting in a decrease of \$442 thousand compared to 2009. This category also includes items such as replacement guard rails and attenuators.
- During 2009, Fuel and Oil pricing continued to decrease although fuel consumption increased due to the addition of more lane miles and the severe winter weather which caused snow plow trucks and ISP squad cars to use more fuel. With estimated fuel consumption, some price stabilization and increased use of E-85 fuel factored in, the 2010 Budget Request reflects a decrease of \$1.3 million.
- Replacement Parts increased by \$81 thousand due to increased Fleet size as well as higher prices for OEM and aftermarket parts such as snow plow blades.
- The Contracted Outside Service category increased by \$1.0 million to cover the new Fiber Optic Maintenance Agreement that was formerly handled by Adesta. Also included in this category is the ITS maintenance and support contract that covers TIMS, Toll Operations and Security Cameras, and the maintenance and technical support for DMS issues.
- Equipment Maintenance increased by \$58 thousand partially due to the normal escalation of wages and the continued expansion of the system under the Delcan maintenance contract for TIMS. This account also includes maintenance increases for Fleet's AVL and CSI Auto-Fuel Systems, the Dispatch CAD System and Planning's ESRI Software.
- Roadway Equipment for Fleet and Roadway Maintenance was decreased \$85 thousand by deferring equipment expenditures until 2011.
- Other Outside Services which includes scavenger, towing and Fleet repairs, was reduced by \$73 thousand.



**Executive Management and Board of Directors Office**

**Description:**

The Executive Management and Board of Directors Office is comprised of the Chairman of the Board, eight Board of Directors, two Ex-Officio and the executive management staff. This office provides the management expertise to conceptually identify and set policies for the organization. This Office also develops and implements a strategic plan that allows for the efficient and effective use of all available resources to accomplish the mission of the Tollway.



Executive Office

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$853,392	\$982,000	\$995,908	\$13,908
FICA & RETIREMENT	216,734	303,925	368,137	64,212
OTHER OUTSIDE SERVICES	72,849	80,000	80,000	-
DUES, BOOKS & SUBSCRIP.	6,708	184,100	33,800	(150,300)
TRAVEL AND SUBSISTENCE	11,419	16,000	16,000	-
OTHER EXPENSES	96,049	8,500	8,500	-
ADVERTISING & PROMOTION	-	4,600	4,000	(600)
PRINTING	(245)	1,600	4,000	2,400
EMPLOYEE TRAINING	-	3,300	3,300	-
SUPPLIES - OFFICE	1,364	4,500	2,200	(2,300)
POSTAGE AND EXPRESS	548	2,175	1,700	(475)
OTHER CAPITAL EQUIPMENT	-	3,000	1,500	(1,500)
OTHER MINOR ACCOUNTS	600	2,200	1,400	(800)
<b>DEPARTMENT TOTAL</b>	<b>\$1,259,418</b>	<b>\$1,595,900</b>	<b>\$1,520,445</b>	<b>\$(75,455)</b>

The Fiscal Year 2010 Budget Request is \$1.5 million, a decrease of \$75 thousand or 4.7 % below the Fiscal Year 2009 Budget amount. Total payroll is \$1.4 million and includes 7 positions.

**Department M&O Highlights:**

- Salaries and Wages increased by \$14 thousand over the 2009 Budget. This increase reflects full funding of previously vacant positions within the Executive Office, partially offset by the appointment of a new Chair and two Directors who accepted no compensation (savings of \$99 thousand).
- FICA and Retirement increased by \$64 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Dues, Books & Subscriptions decreased by \$150 thousand because the IBTTA hosting fee was incurred in 2009.

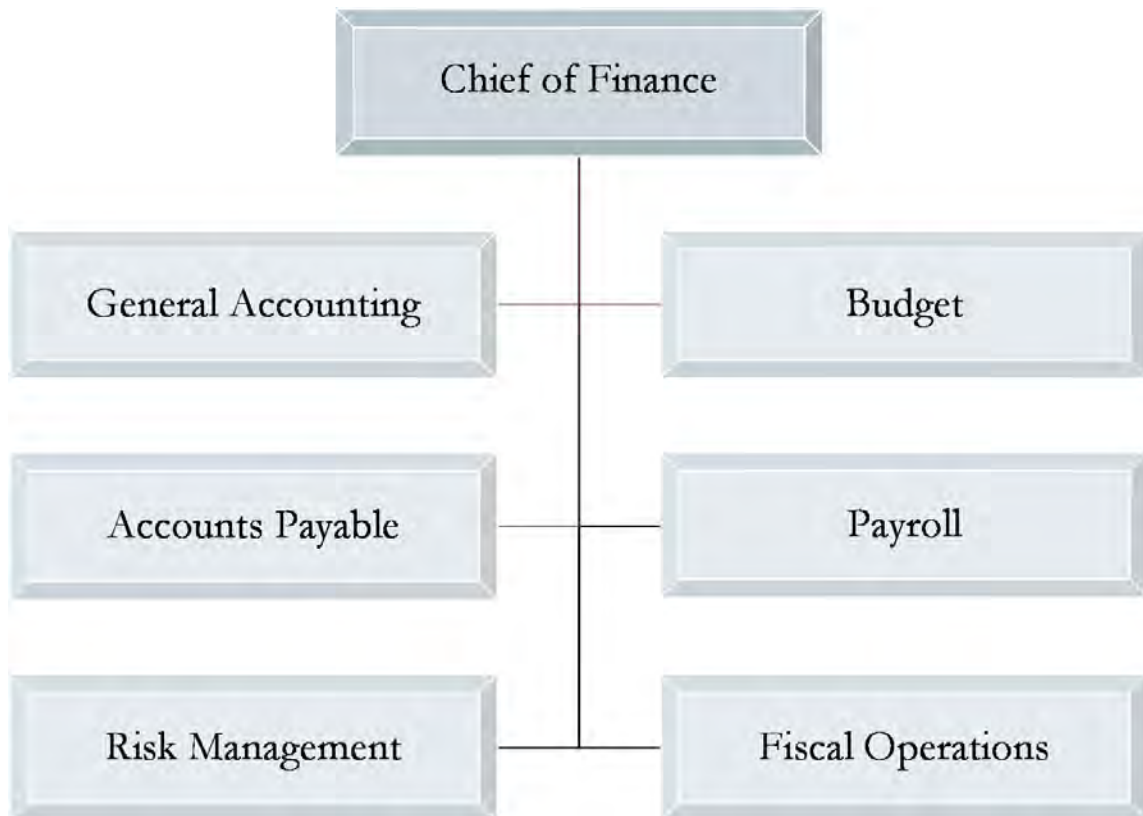
**Finance**

**Description:**

The Finance Department is responsible for all general accounting, financial reporting, capital and operations budgeting, major contract review, accounts payable, payroll, and risk management. In addition, Finance manages all bond issuances, and coordinates the management of cash and investments with the State Treasurer's Office.

Finance oversees the following functions:

- General Accounting
- Budget
- Accounts Payable
- Payroll
- Risk Management
- Fiscal Operations



Finance

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$2,345,282	\$2,914,912	\$2,747,533	\$(167,379)
FICA & RETIREMENT	840,117	902,323	1,015,625	113,302
GROUP INSURANCE	23,723,571	25,500,000	26,305,000	805,000
WORKMAN'S COMP. INSURANCE	5,816,853	6,100,000	7,800,000	1,700,000
OTHER OUTSIDE SERVICES	875,974	2,450,000	3,675,000	1,225,000
PROPERTY INSURANCE	2,325,690	2,512,000	2,600,000	88,000
BANK CHARGES	161,492	150,000	150,000	-
BOND TRUSTEE	36,848	50,000	50,000	-
SUPPLIES - OFFICE	21,155	22,000	22,000	-
POSTAGE AND EXPRESS	7,472	8,500	8,500	-
DUES, BOOKS & SUBSCRIP.	6,283	10,000	8,000	(2,000)
EQUIPMENT MAINTENANCE	9,010	8,000	6,000	(2,000)
OFFICE EQUIPMENT	5,480	8,000	6,000	(2,000)
EMPLOYEE TRAINING	1,983	6,000	5,000	(1,000)
TRAVEL AND SUBSISTENCE	2,815	4,000	4,000	-
PRINTING	3,276	4,500	4,000	(500)
OTHER EXPENSES	3,679	5,000	4,000	(1,000)
OTHER CAPITAL EQUIPMENT	826	4,000	4,000	-
SUPPLIES - OPERATIONAL	348	3,500	3,000	(500)
OTHER MINOR ACCOUNTS	14,684	200	100	(100)
<b><i>SUBTOTAL</i></b>	<b>\$36,202,838</b>	<b>\$40,662,935</b>	<b>\$44,417,758</b>	<b>\$3,754,823</b>
RECOVERY OF EXPENSES	\$(150,237)	\$(305,000)	\$(300,000)	\$5,000
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$36,052,601</b>	<b>\$40,357,935</b>	<b>\$44,117,758</b>	<b>\$3,759,823</b>

The Fiscal Year 2010 Budget Request is \$44.1 million; an increase of \$3.8 million or 9.3% over the Fiscal Year 2009 Budget amount. Total payroll is \$3.8 million and includes 56 positions.

**Department M&O Highlights:**

- Salaries and Wages decreased by \$167 thousand compared to the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing/elimination of departmental vacancies.

Finance continued

- FICA and Retirement increased by \$113 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Group Insurance was increased by \$805 thousand or 3.2% due to rising healthcare costs and projected employee enrollment. This account includes group medical, dental, optical and life as well as retiree health and life insurance.
- Worker's Compensation Insurance increased by \$1.7 million or 27.9% based on the latest actuarial study which projects a rise in the value of claims for 2010.
- Other Outside Services increased by \$1.2 million, of which \$1.0 million is for increased collection activities. The remaining increase of \$0.2 million is for increased external audit fees and emergency road services (fire and ambulance).
- Property Insurance increased by \$88 thousand or 3.5% to cover buildings, bridges, vehicles and liability insurance.

## Information Technology

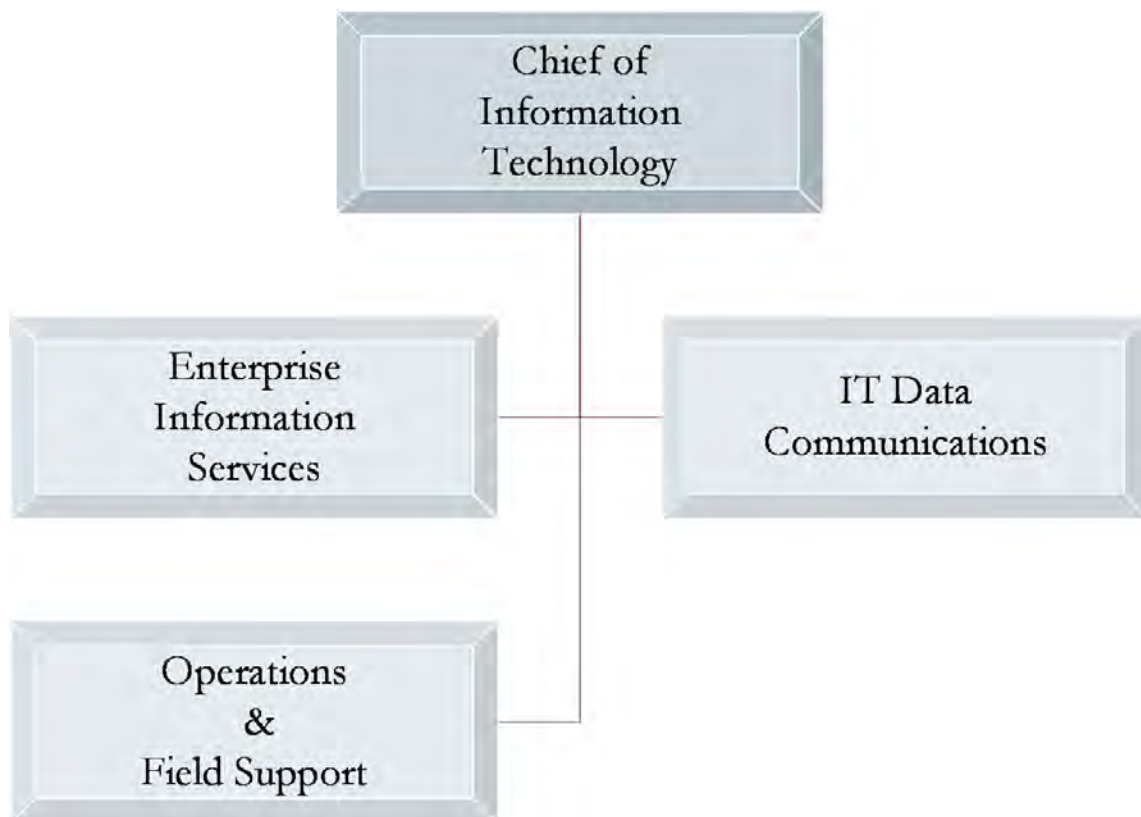
### Description:

The Information Technology Department is responsible for management and support of the technology architecture, hardware, software and other respective resources within the Illinois Tollway.

Additionally, the department is also responsible for planning, implementation and oversight of all information technologies and telecommunications as well as providing the Tollway with strategic guidance and user/client services.

Information Technology oversees the following functions:

- Enterprise Information Services
- Data Communications
- Operations & Field Support



Information Technology

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$4,236,656	\$4,492,000	\$4,631,913	\$139,913
FICA & RETIREMENT	1,114,640	1,390,250	1,712,187	321,937
CONSULTING SERVICES	549,500	1,267,400	1,205,000	(62,400)
EQUIPMENT MAINTENANCE	961,409	1,425,000	1,172,500	(252,500)
CONTRACTED OUTSIDE SERVICE	731,612	770,000	800,000	30,000
TELEPHONE & TELEGRAPH	595,156	530,000	435,000	(95,000)
REPLACEMENT PARTS	124,959	150,000	141,000	(9,000)
SUPPLIES - OPERATIONAL	33,542	45,300	111,250	65,950
OTHER OUTSIDE SERVICES	(123,131)	191,000	107,000	(84,000)
EMPLOYEE TRAINING	(48,788)	47,700	30,000	(17,700)
MATERIALS - OPERATIONAL	11,898	10,000	14,000	4,000
TOOLS & EQUIPMENT	3,999	5,000	7,000	2,000
TRAVEL AND SUBSISTENCE	6,291	6,000	6,000	-
SUPPLIES - OFFICE	7,682	10,000	6,000	(4,000)
OTHER CAPITAL EQUIPMENT	6,426	2,500	5,500	3,000
DUES, BOOKS & SUBSCRIP.	2,900	3,700	3,200	(500)
UNIFORMS & ACCESSORIES	2,518	6,000	3,000	(3,000)
POSTAGE AND EXPRESS	2,192	3,000	2,500	(500)
OTHER EXPENSES	724	1,050	2,100	1,050
OFFICE EQUIPMENT	1,425	3,000	2,000	(1,000)
PRINTING	282	2,100	1,850	(250)
OTHER MINOR ACCOUNTS	751	-	500	500
<b>DEPARTMENT TOTAL</b>	<b>\$8,222,643</b>	<b>\$10,361,000</b>	<b>\$10,399,500</b>	<b>\$38,500</b>

The Fiscal Year 2010 Budget Request is \$10.4 million, which reflects an increase of \$39 thousand over the Fiscal Year 2009 Budget amount. Total payroll is \$6.3 million and includes 72 positions.

**Department M&O Highlights:**

- Salaries and Wages increased by \$140 thousand over the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing as well as the elimination of three departmental vacancies.
- FICA and Retirement increased by \$322 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.

Information Technology continued

- The majority of the spending in the Consulting Services category is for the Tollway's Web and IVR hosting services; the 2010 Budget Request for this account decreased by \$62 thousand.
- Equipment Maintenance decreased by \$253 thousand due to an expected re-alignment of maintenance contract renewals for Unisys, Kronos, etc.
- Telephone decreased by \$95 thousand due to an anticipated decrease in PBX relocations.
- Supplies-Operational increased by \$66 thousand to meet the new IG requirement of not recycling tapes.
- Other Outside Services decreased by \$84 thousand resulting from a reduced need by Data Communications for outside support.



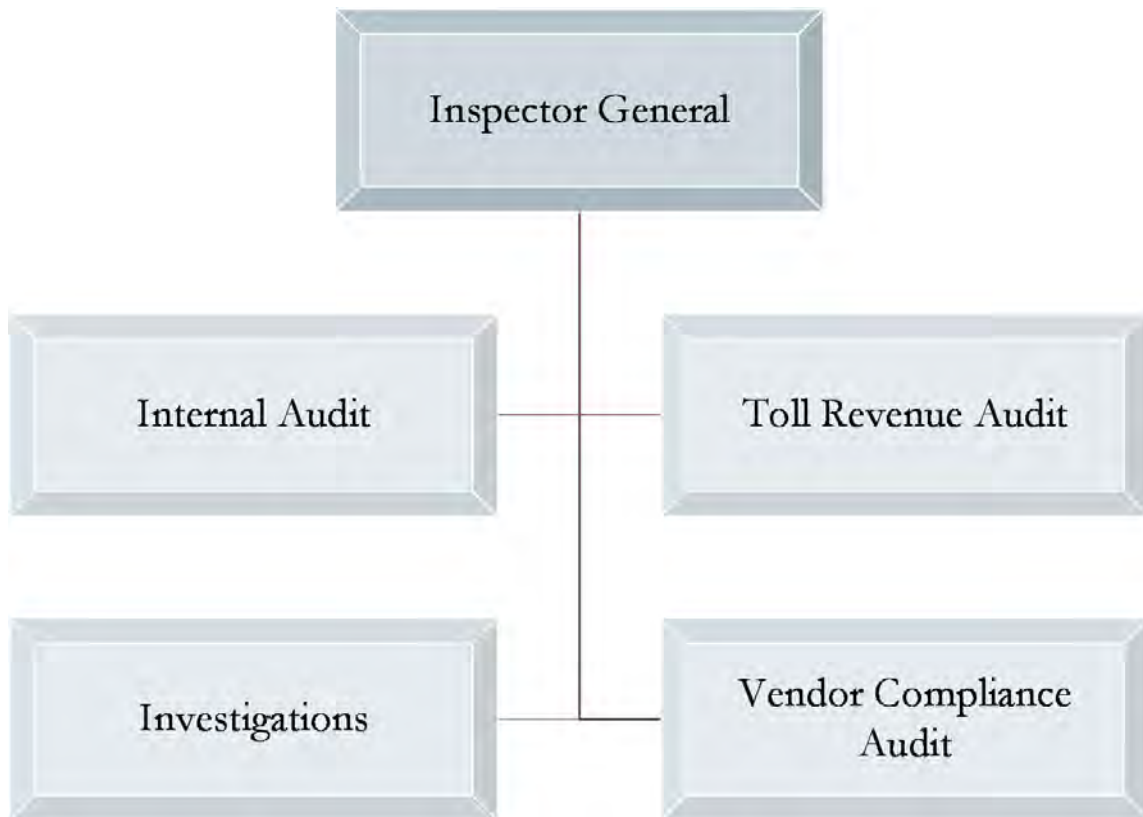
**Office of Inspector General**

**Description:**

The Office of Inspector General (OIG) at the Illinois Tollway was created in 2003 with the intent of providing accountability and protect the integrity of the Illinois Tollway. The Inspector General has independent autonomy to root out and fairly investigate all instances of waste, inefficiencies, fraud, corruption, misconduct and mismanagement in the day-to-day operations of the Illinois Tollway, and recommend policies and procedures to ensure that the Tollway’s Board members and employees, contractors and/or vendors adhere to all state and federal laws, as well as internal rules and regulations.

The Office of Inspector General oversees the following functions:

- Internal Audit
- Toll Revenue Audit
- Investigations
- Vendor Compliance Audit



Inspector General

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$881,770	\$926,500	\$1,014,271	\$87,771
FICA & RETIREMENT	230,904	286,700	374,925	88,225
EMPLOYEE TRAINING	8,553	7,500	8,000	500
DUES, BOOKS & SUBSCRIP.	4,957	8,000	8,000	-
EQUIPMENT MAINTENANCE	(4,617)	6,500	5,000	(1,500)
SUPPLIES - OFFICE	2,720	5,500	4,000	(1,500)
TRAVEL AND SUBSISTENCE	1,687	2,000	2,000	-
OFFICE EQUIPMENT	3,380	3,000	2,000	(1,000)
OTHER CAPITAL EQUIPMENT	-	2,000	2,000	-
BUILDING EQUIPMENT	-	3,000	2,000	(1,000)
OTHER MINOR ACCOUNTS	1,763	2,300	1,800	(500)
<b>DEPARTMENT TOTAL</b>	<b>\$1,131,117</b>	<b>\$1,253,000</b>	<b>\$1,423,996</b>	<b>\$170,996</b>

The Fiscal Year 2010 Budget Request is \$1.4 million; an increase of \$171 thousand or 13.6% over the Fiscal Year 2009 Budget amount. Total payroll is \$1.4 million and includes 15 positions.

**Department M&O Highlights:**

- Salaries and Wages increased by \$88 thousand over the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing of departmental vacancies.
- FICA and Retirement increased by \$88 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Equipment Maintenance for software and hardware decreased by \$2 thousand compared to the 2009 Budget.
- Office Supplies for the three cost centers under OIG decreased by \$2 thousand compared to the 2009 Budget.

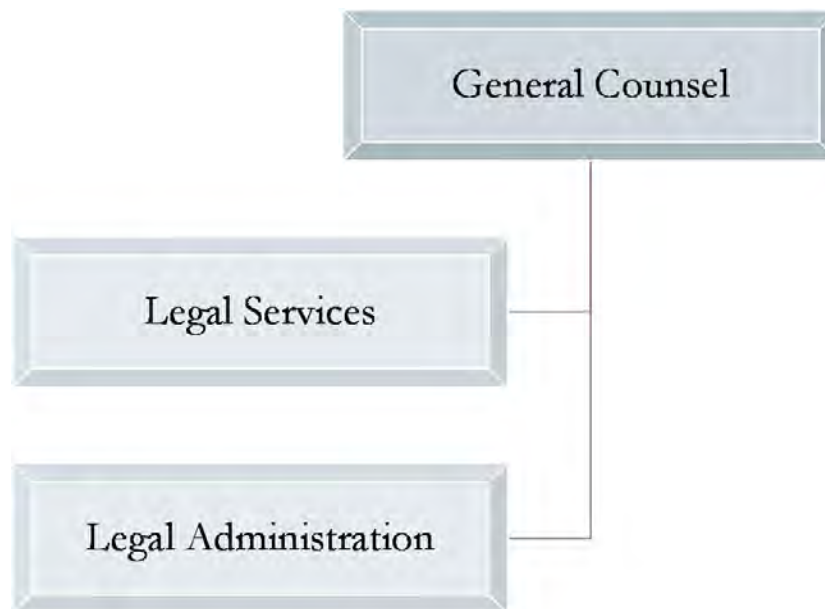
## Legal

### Description:

The Law Department is a Bureau of the Office of the Attorney General of the State of Illinois assigned to provide legal services to the Tollway. The General Counsel reports to the Executive Director and to the Attorney General. The Department provides legal assistance in all aspects of the Tollway operations, including contract preparation, financing operations, construction activities and employee labor relations.

The Legal Department oversees the following functions:

- Contracts
- Bond Issues
- Personal Injury Cases
- Recovery of Expenses
- Violation Enforcement Collection Efforts



Legal

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$886,581	\$944,150	\$992,378	\$48,228
FICA & RETIREMENT	237,767	292,200	364,920	72,720
OTHER OUTSIDE SERVICES	164,651	200,000	160,000	(40,000)
DUES, BOOKS & SUBSCRIP.	15,486	18,000	18,000	-
TRAVEL AND SUBSISTENCE	6,368	6,500	6,500	-
SUPPLIES - OFFICE	3,576	6,000	5,000	(1,000)
OTHER EXPENSES	(120,165)	20,000	5,000	(15,000)
EMPLOYEE TRAINING	1,789	4,000	3,000	(1,000)
OFFICE EQUIPMENT	-	5,000	2,500	(2,500)
SUPPLIES - OPERATIONAL	3	1,000	2,000	1,000
POSTAGE AND EXPRESS	1,950	3,000	2,000	(1,000)
OTHER MINOR ACCOUNTS	361	1,350	200	(1,150)
<b><i>SUBTOTAL</i></b>	<b>\$1,198,367</b>	<b>\$1,501,200</b>	<b>\$1,561,498</b>	<b>\$60,298</b>
RECOVERY OF EXPENSES	\$(5,410)	\$(5,000)	\$(5,000)	\$ -
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$1,192,957</b>	<b>\$1,496,200</b>	<b>\$1,556,498</b>	<b>\$60,298</b>

The Fiscal Year 2010 Budget Request is \$1.6 million, an increase of \$60 thousand or 4.0% over Fiscal Year 2009 Budget amount. Total payroll is \$1.4 million and includes 12 positions.

**Department M&O Highlights:**

- Salaries and Wages increased \$48 thousand over the 2009 Budget. This budget includes annual salary increases required by collective bargaining agreements and funding for currently vacant positions.
- FICA and Retirement increased by \$73 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Other Outside Services decreased by \$40 thousand due to reduced projected need for outside counsel.

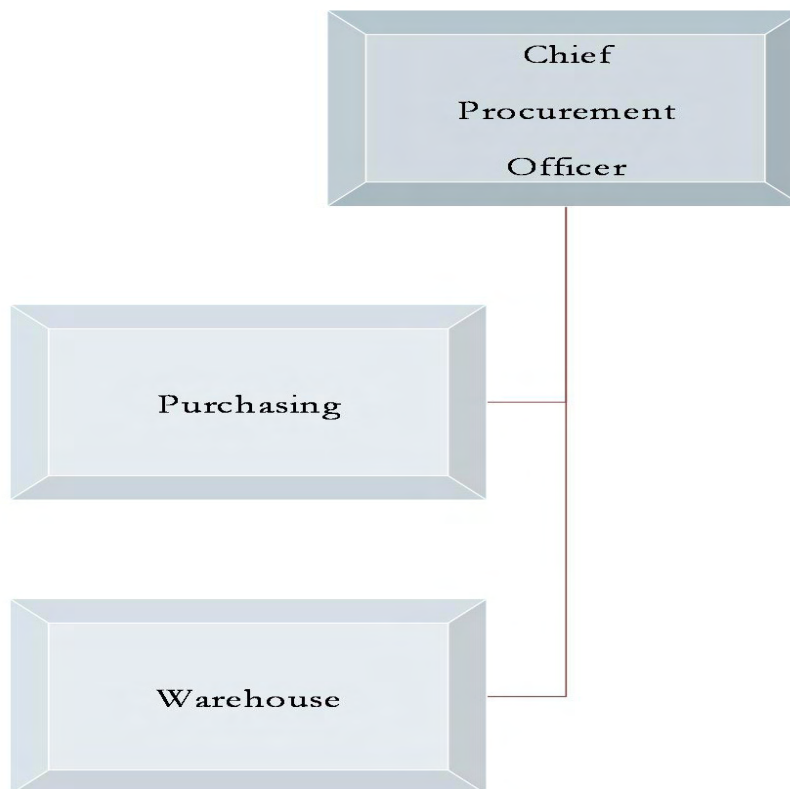
## Procurement

### Description:

The Procurement Department is responsible for all purchasing and procurement activities of the Tollway. The Department is authorized to execute contracts and place orders for goods and services; they are also responsible for the warehouse function.

The Procurement Department oversees the following functions:

- Purchasing
- Central Warehouse



Procurement

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$2,563,541	\$2,784,986	\$2,745,779	\$(39,207)
FICA & RETIREMENT	675,162	861,925	1,014,977	153,052
SUPPLIES - OFFICE	(26,240)	19,500	22,500	3,000
OTHER OUTSIDE SERVICES	17,666	11,000	12,500	1,500
CONSULTING SERVICES	-	-	10,000	10,000
EMPLOYEE TRAINING	536	8,500	8,000	(500)
EQUIPMENT RENTALS	4,111	6,000	7,000	1,000
ADVERTISING & PROMOTION	14,733	17,500	6,000	(11,500)
OFFICE EQUIPMENT	2,719	4,000	6,000	2,000
TRAVEL AND SUBSISTENCE	4,695	6,000	5,500	(500)
DUES, BOOKS & SUBSCRIP.	678	5,500	5,500	-
PRINTING	12,505	6,100	5,100	(1,000)
EQUIPMENT MAINTENANCE	2,649	3,200	3,200	-
POSTAGE AND EXPRESS	1,091	3,400	3,200	(200)
UNIFORMS & ACCESSORIES	(25,990)	4,800	3,000	(1,800)
SUPPLIES - OPERATIONAL	(23,380)	2,200	2,700	500
OTHER EXPENSES	8,416	1,000	2,000	1,000
OTHER CAPITAL EQUIPMENT	288	2,000	1,500	(500)
OTHER MINOR ACCOUNTS	163,770	1,600	1,700	100
<b><i>SUBTOTAL</i></b>	<b>\$3,396,950</b>	<b>\$3,749,211</b>	<b>\$3,866,156</b>	<b>\$116,945</b>
RECOVERY OF EXPENSES	\$(4,941)	\$(5,000)	\$(5,000)	\$ -
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$3,392,009</b>	<b>\$3,744,211</b>	<b>\$3,861,156</b>	<b>\$116,945</b>

The Fiscal Year 2010 Budget Request is \$3.9 million; an increase of \$117 thousand or 3.1% over the Fiscal Year 2009 Budget amount. Total payroll is \$3.8 million and includes 53 full-time positions.

**Department M&O Highlights:**

- Salaries and Wages decreased by \$39 thousand compared to the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and the phasing/elimination of departmental vacancies.

Procurement continued

- FICA and Retirement increased by \$153 thousand over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Supplies-Office increased by \$3 thousand to support anticipated price increases during 2010.
- Advertising & Promotion decreased by \$12 thousand leaving a sufficient amount for promotional materials throughout the year.
- Consulting Services increased by \$10 thousand for the review of procedures and interactions between Purchasing and various departments to ensure that efficiencies are maximized.

## State Police

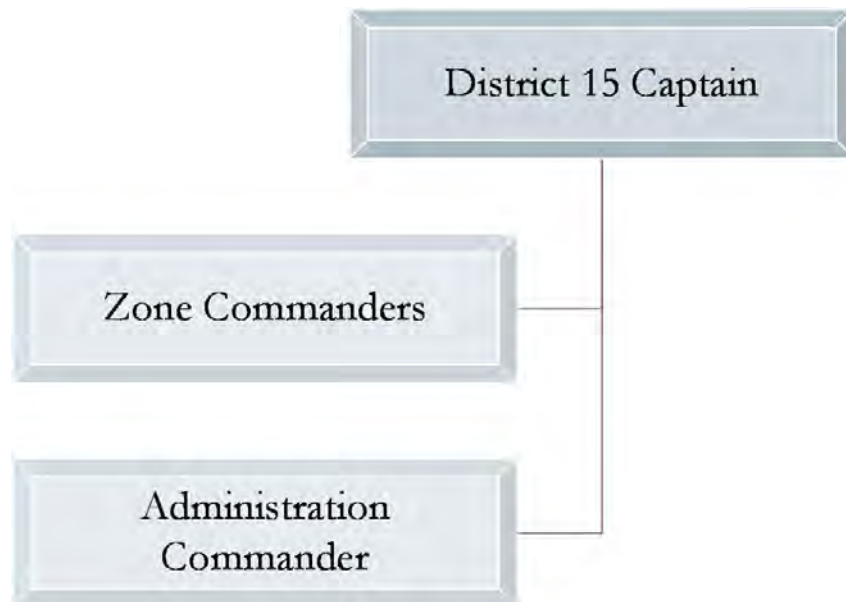
### Description:

Illinois State Police (ISP) – District 15 – is one of 21 districts of the Illinois State Police, responsible for providing comprehensive law enforcement services. The entire Tollway System comprises District 15. State Police patrol the Tollway System to enforce speed limits and traffic laws, assist disabled motorists, and provide special details for operations, such as overweight vehicles. The District Commander reports to the Executive Director of the Tollway and to the Director of the ISP.

District 15 is a unique ISP district serving a mobile community made up of travelers from across the country and local commuters. Troopers assigned to District 15 cover 12 different counties, coordinate with five state police districts and four toll roads. District 15 operates and is solely responsible for a Truck Task Force, Special Enforcement Teams made up of a K-9 anti-drug unit and motorcycle patrol unit, a Comprehensive Investigative Unit, an Administrative team, and Tollway patrol operations.

District 15 State Police oversees the following functions:

- Zone Commanders
- Administration Commander
- Support Services
- Video Surveillance





State Police

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$16,477,870	\$16,217,170	\$16,755,868	\$538,698
FICA & RETIREMENT	3,313,957	4,062,908	5,203,480	1,140,572
GROUP INSURANCE	2,445,643	2,450,000	2,570,000	120,000
SUPPLIES - OPERATIONAL	7,081	106,000	250,000	144,000
EQUIPMENT MAINTENANCE	206,088	174,000	174,000	-
UNIFORMS & ACCESSORIES	76,134	99,500	100,000	500
OTHER OUTSIDE SERVICES	61,607	75,000	75,000	-
SUPPLIES - OFFICE	14,709	35,000	35,000	-
TELEPHONE & TELEGRAPH	25,058	30,000	30,000	-
POSTAGE AND EXPRESS	21,876	24,000	24,000	-
EMPLOYEE TRAINING	11,861	20,000	20,000	-
REPLACEMENT PARTS	-	30,000	15,000	(15,000)
POLICE EQUIPMENT	1,554	114,700	10,000	(104,700)
TRAVEL AND SUBSISTENCE	(22)	8,000	5,000	(3,000)
OTHER EXPENSES	100,918	-	5,000	5,000
PRINTING	2,334	2,800	2,800	-
OTHER MINOR ACCOUNTS	1,242	6,000	6,000	-
<b><i>SUBTOTAL</i></b>	<b>\$22,767,910</b>	<b>\$23,455,078</b>	<b>\$25,281,148</b>	<b>\$1,826,070</b>
RECOVERY OF EXPENSES	\$(30,571)	\$(87,500)	\$(87,500)	\$ -
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$22,737,339</b>	<b>\$23,367,578</b>	<b>\$25,193,648</b>	<b>\$1,826,070</b>

The Fiscal Year 2010 Budget Request is \$25.2 million; an increase of \$1.8 million or 7.8% over the Fiscal Year 2009 Budget amount. Total payroll is \$22.0 million for 19 civilian positions and 196 troopers.

**Department M&O Highlights:**

- Salaries and Wages increased by \$539 thousand or 3.3% over the 2009 Budget. This budget includes mandatory step increases for sworn salaries (troopers), increases required by collective bargaining agreements and the phasing departmental vacancies.
- FICA and Retirement increased by \$1.1 million over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.

State Police continued

- Group Insurance increased by \$120 thousand due to increased healthcare costs as well as full funding for 196 troopers.
- Operational Supplies increased by \$144 thousand due to the increased contract cost for ammunition as well as the outfitting of 41 new District 15 squad cars.
- Replacement Parts for squad car bar lights and communications equipment decreased by \$15 thousand.

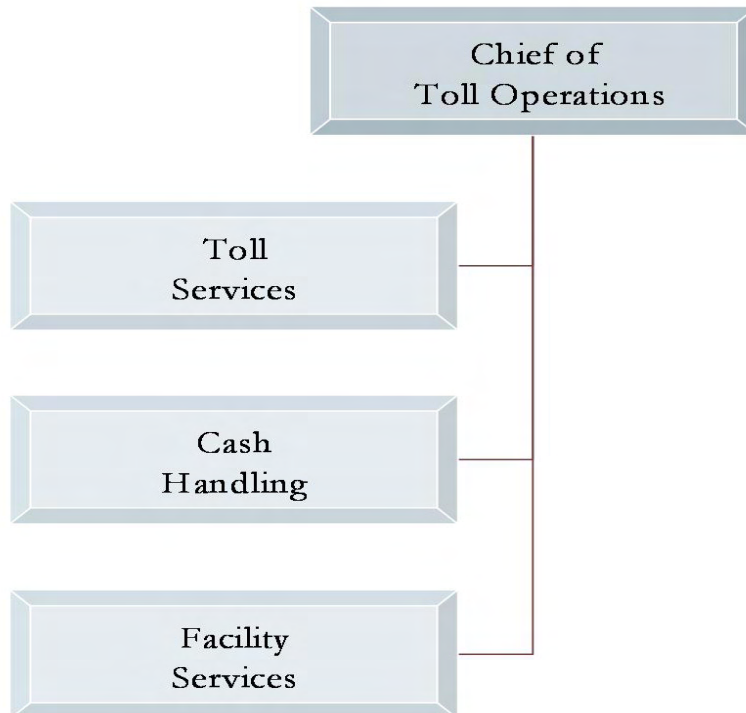
## Toll Operations

### Description:

The Operations Department is responsible for providing the necessary resources and support services required for toll collection and cash handling operations as well as the maintenance of all Tollway buildings. During 2009, the Building Maintenance responsibility was transferred from Administration to Toll Operations.

### The Toll Operations Department oversees the following functions:

- Toll Collection
- Cash Handling
- Operational Support Services
- Facility Services



Toll Operations

<b>MAJOR ACCOUNT DESCRIPTION</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2010 Request</b>	<b>\$ Change</b>
SALARY & WAGES	\$38,364,673	\$39,722,630	\$37,371,032	\$(2,351,598)
FICA & RETIREMENT	10,238,788	12,293,751	13,814,202	1,520,451
UTILITIES	5,251,592	5,001,500	5,101,500	100,000
SUPPLIES - OPERATIONAL	419,107	566,000	649,500	83,500
OTHER OUTSIDE SERVICES	374,992	442,500	466,000	23,500
CONTRACTED OUTSIDE SERVICE	112,556	160,000	295,000	135,000
UNIFORMS & ACCESSORIES	236,206	279,000	248,500	(30,500)
ARMORED TRUCK SERVICE	246,340	140,000	240,000	100,000
MATERIALS - OPERATIONAL	173,861	127,300	231,800	104,500
REPLACEMENT PARTS	138,923	181,700	186,700	5,000
SUPPLIES - OFFICE	99,713	111,800	104,700	(7,100)
TRAVEL AND SUBSISTENCE	67,002	75,000	70,000	(5,000)
OTHER CAPITAL EQUIPMENT	-	2,200	67,000	64,800
EQUIPMENT MAINTENANCE	18,680	46,500	45,000	(1,500)
TOOLS & EQUIPMENT	9,090	24,200	20,700	(3,500)
OTHER EXPENSES	18,956	20,500	17,700	(2,800)
OFFICE EQUIPMENT	3,031	11,700	17,500	5,800
EMPLOYEE TRAINING	5,535	10,000	17,000	7,000
BUILDING EQUIPMENT	11,529	10,000	8,000	(2,000)
EQUIPMENT RENTALS	5,657	5,850	5,000	(850)
TOLL COLLECTION EQUIPMENT	-	50,500	5,000	(45,500)
DUES, BOOKS & SUBSCRIP.	774	1,500	2,300	800
PRINTING	1,478	4,050	2,250	(1,800)
OTHER MINOR ACCOUNTS	950	2,600	1,700	(900)
<b><i>SUBTOTAL</i></b>	<b>\$55,799,433</b>	<b>\$59,290,781</b>	<b>\$58,988,084</b>	<b>\$(302,697)</b>
RECOVERY OF EXPENSES	\$(5,309)	\$(50,000)	\$(5,000)	\$45,000
<b><i>DEPARTMENT TOTAL</i></b>	<b>\$55,794,124</b>	<b>\$59,240,781</b>	<b>\$58,983,084</b>	<b>\$(257,697)</b>

The Fiscal Year 2010 Budget Request is \$59.0 million, a decrease of \$258 thousand or 0.4% below the Fiscal Year 2009 Budget amount. Total payroll is \$51.2 million and includes 754 positions.

Toll Operations continued

**Department M&O Highlights:**

- Salaries and Wages decreased by \$2.4 million compared to the 2009 Budget. This budget includes annual wage increases required by collective bargaining agreements and no funding for 70 currently vacant positions through 2010.
- FICA and Retirement increased by \$1.5 Million over the 2009 Budget due to the SERS Pension Contribution Rate increase from 23.3% to 29.3%.
- Armored Truck Service increased by \$100 thousand because detailed analysis indicated that this account was under-funded in 2009.
- Toll Collection Equipment decreased by \$46 thousand after the 2009 purchase of new currency counting machines for all Plazas.
- Materials & Supplies -Operational increased by \$84 thousand to accommodate existing contracts used to fund repairs at all Tollway facilities.
- The Utilities category which includes all electricity, natural gas and water for the Tollway, increased by \$100 thousand based on 2010 projections.



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# Capital Program

The fiscal year 2010 capital budget reflects the Tollway's commitment to maintain and upgrade the existing facilities and infrastructure of the system. The budget includes funding for the sixth year of the \$6.1 billion, multi-year, Congestion-Relief Program (CRP), the largest capital improvement program in its 50 year history. In fiscal year 2010, \$227.5 million is allocated to the CRP and \$113.8 million is allocated to support other needs such as roadway equipment and vehicles, building repair and improvements, and technological equipment and enhancements.

The 2010 Final Capital Budget total of \$341.3 million remains unchanged from the 2010 Tentative Budget. However, modifications have been made among Corridors. The major adjustments reflect reallocation of funds shifting from the Systemwide Corridor within the Bridge project and transferred to the associated existing reconstruction and resurfacing projects in the specific corridor in which the work will be performed.

### Fiscal Year 2010 - Capital Program

(\$ in millions)

	2008 Actual Earned	2009 Estimate Earned	2010 Request
Tri-State Tollway (I-294/ I-94)	\$ 556.5	\$ 528.8	\$ 82.7
Jane Addams Memorial Tollway (I-90)	131.0	131.7	11.3
Reagan Memorial Tollway (I-88)	252.4	144.9	11.9
Veterans Memorial Tollway (I-355)	46.5	49.3	56.6
Open Road Tolling (ORT)	25.0	6.8	1.7
Systemwide Improvements	58.5	114.4	63.3
<b>Congestion-Relief Program Subtotal</b>	<b>\$ 1,069.9</b>	<b>\$ 975.9</b>	<b>\$ 227.5</b>
<b>* "Other" Capital Projects Subtotal</b>	<b>\$ 44.2</b>	<b>\$ 60.0</b>	<b>\$ 113.8</b>
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$ 1,114.1</b>	<b>\$ 1,035.9</b>	<b>\$ 341.3</b>

\* 2010 Request includes \$60M new and \$53.8M 2009 Carry-Over of which \$60M is estimated to be earned in 2010



The Tollway's capital budget is a financial plan of capital project expenditures for the fiscal year beginning January 1<sup>st</sup> and ending December 31<sup>st</sup>. The capital budget provides funding for non-recurring expenditures for the preservation, replacement, repair, renewal, reconstruction, modification, and expansion of the Tollway System. The capital budget is funded from current revenues, proceeds from the sale of revenue bonds and interest income. In 2009, approximately \$200 million of current revenues and \$736 million in new bond proceeds will be combined with balances in the Renewal/Replacement Account, Improvement Account and Construction Fund to finance the capital budget.

The Tollway adheres to the covenants of its Trust Indenture and Generally Accepted Accounting Principles (GAAP) to provide direction for capital budgeting. Per the Trust Indenture, a capital project of the Tollway is to be classified as either (a) Improvement; or (b) Renewal and Replacement. These categories are defined as follows:

*Improvement:* means any System Expansion Project or any acquisition, installation, construction, reconstruction, modification or enhancement of or to any real or personal property (other than Operating Expenses) for which a currently effective resolution of the Authority has been adopted authorizing the deposit of Revenues to the credit of the Improvement Account for such System Expansion Project or acquisition, installation, construction, reconstruction, modification or enhancement including, without limitation, the cost of related feasibility studies, plans, designs or other related expenditures.

*Renewal and Replacement:* means any preservation, replacement, repairs, renewals and reconstruction or modification of the Tollway System or any part of it constituting real or personal property, whether leased or purchased, but does not include System Expansion Projects.

The Tollway's 2010 capital budget is comprised of the sixth year projects from the CRP and other capital projects necessary to maintain, improve and enhance Tollway assets, including new technologies, building improvements, and machinery/equipment. The goals of the 2010 capital budget mirror those established with the Congestion-Relief Program and include maintaining and improving the capital infrastructure of the existing system by:

- Ensuring the system remains in a state of good repair;
- Providing congestion relief by converting the entire mainline system to Open Road Tolling (*complete*) and widening many miles of toll roads;
- Extending I-355 south to accommodate the needs of growing communities (*opened to traffic November 2007*);
- Establishing corridor planning councils to strengthen the partnership between the Tollway and the communities it serves;
- Improving mobility for communities served by the Tollway through a revamped interchange policy, inter-modalism and context sensitive improvements such as noise walls and bike paths; and
- Implementing Intelligent Transportation Systems to better serve its customers.

## **Capital Planning**

The Tollway works in partnership with local communities and officials to provide the 12-county region it serves with comprehensive strategic transportation solutions, recognizing the value of an integrated approach to project development and implementation. This helps balance the local interests with a shared vision for the region and promotes a fair distribution of benefits by meeting the needs of one community.

This approach is highlighted in the Tollway's Local Advisory Committee for the I-355 South Extension and Corridor Working Groups. Input from corridor planning committees has been instrumental in the successful development and implementation of regionally significant projects. Additionally, ongoing dialog with local businesses promotes that long-term benefits of an improved transportation network are understood and the short-term impact of construction is clearly communicated.

The Tollway's leadership continues to work closely with residents, business owners, local and state government officials, as well as other transportation agencies to continuously evaluate its needs and to establish priorities for providing Northern Illinois with a coordinated plan to balance travel demand with population and economic growth.

### ***Planning Process***

The Tollway uses a comprehensive capital planning process, where decisions are made in a transparent fashion. The process includes analyzing and evaluating the needs of the Tollway and its surrounding communities, developing strategies to increase system efficiency, taking into consideration the condition of Tollway assets.

The program development process begins by stakeholder departments, including Finance, Engineering, Communications, Information Technology, etc. sharing information on departmental needs. During this process, projects are reviewed for consideration in accordance with near term and long-range Tollway goals. Projects are evaluated through a rigorous and thoughtful prioritization process based on several criteria including:

- Condition – assessment of existing roadway network and facilities
- Benefit – congestion relief, improved operations, etc.
- Safety – reduce crashes, improved traffic flow and response time, etc.
- Community – anticipated local and regional growth
- Financing – impact on revenue, future maintenance and operational costs
- Cost – estimated project cost and risk
- Multi-agency implementation support.

The proposed projects are evaluated against detailed asset inventories and condition assessments to assist the Tollway in developing priorities and investment strategies. Then a thorough cost-benefit analysis is performed to justify the proposed capital expenditures and impacts to the operating budget resulting from project implementation.

After the proposed projects are rated, the Tollway develops several, preliminary alternative plans based on budget constraints, and recommendations are presented to key decision makers. Alternatives continue to be developed until a final program is established. The public has several opportunities to get involved during the comprehensive planning process when the Tollway reaches out to communities by attending local board meetings, meeting with city and municipal leaders, and during the Tollway's annual budget adoption process.

### **Capital Budget Development**

Program and project reviews are on-going throughout the fiscal year; however, capital budget development begins in the summer of each fiscal year. The Budget Division meets with the Tollway's department chiefs and division managers to explain the overall process and to provide pertinent information regarding any funding or expenditure issues, budget process changes, and general instructions. At this meeting the Budget Manager outlines the Tollway's goals and direction for the new budget.

The Budget Division works with each department to compile a comprehensive list of capital needs which is used in identifying new projects to be recommended for funding. This list identifies preliminary project information such as name, location, description or scope, estimated cost, and any operating impact. A specific form – Capital Program Project Request Form – is used to document new project requests. This form is designed to guide the preparer in providing all necessary information including the priority of the project (scale of 1-100, 1 being the highest), schedule of the project (start and completion dates), purpose/objective of the project, the proposed project description, location and scope, operating budget impacts, cost-benefit analysis, future year funding impact analysis, alternatives, other affected departments, and basis for cost estimate.

Along with identifying new projects, the Budget Division works with the departments to gather updated information regarding on-going projects. Draft documents showing all projects both ongoing and proposed are developed. These draft documents are distributed to the departments for review and the opportunity to add or revise any information. In conjunction with department chiefs, the Budget Division compiles a list of proposed and on-going projects to be presented to key decision makers. The Budget Manager meets with the Chief of Finance to discuss financial impacts and projects to be included in the proposed capital budget. The Budget Division coordinates with the department chiefs and managers to obtain further justification of projects as requested by the Chief of Finance.

The revised proposed project list is compiled and reviewed again with the department chiefs prior to presentation to Executive Management. Review and sign off is completed by the Executive Director, and a tentative capital budget is presented to the Board of Directors in October for approval. Requested changes by the Board of Directors and Executive Management are incorporated into the tentative budget. Public Hearings are held in November and public comments are relayed to the Board of Directors for incorporation into the final budget. The Budget Division reviews and incorporates changes from the Board of Directors, Executive Management, and public comments. A final budget is then presented to the Board of Directors for adoption in December.

### **Funding Sources**

Funding for capital projects comes from three sources: current revenues, proceeds from the sale of revenue bonds, and interest income. Current revenues are deposited in the Revenue Fund and transferred to the Renewal/Replacement Account and the Improvement Account; bond proceeds are deposited into the Construction Fund.

### **Use of Funds**

Fiscal year 2010 capital expenditures are related to the sixth year of the Congestion-Relief Program and other capital needs such as roadway equipment and vehicles, building repair and improvements, and technological equipment and enhancements. The CRP is broken into six corridors for reporting purposes: Tri-State Tollway, Jane Addams Memorial Tollway, Reagan Memorial Tollway, Veterans Memorial Tollway, Open Road Tolling, and Systemwide Improvements. Other capital needs are divided into Building Repairs and Maintenance, Equipment, Professional Services, and Roadway.

## Tri-State Tollway (I-80/I-294/I-94)

The 2010 capital budget for the Tri-State Tollway corridor is \$82.7 million. The Tri-State Tollway is the main by-pass around the Chicago-Metro Area, starting from an intersection with IL Route 394, near South Holland, to just south of the Wisconsin State Line. As part of the CRP, the Tollway is investing nearly \$2.0 billion to improve the Tri-State Tollway.

### Central Tri-State Tollway

In 2009, construction will be completed to rebuild and widen a 12.7 mile portion of I-294 from Balmoral Avenue to Lake-Cook Road. In 2010, \$26.1 million is scheduled for remaining work in this section including the Cook County Forest Preserve (CCFP) Bioswale Easement from Higgins Road to Lake-Cook Road, as well as remaining landscaping and punchlist items for the 2009 substantially completed construction contracts which are open to traffic.

### North Tri-State Tollway

This section of the Tri-State Corridor includes approximately 19.5 miles of the North Tri-State Tollway from Half Day Road to Russell Road. By the end of 2009, all construction projects in this section will meet their completion milestone (open to traffic) with an approximate cost of \$481.8 million. In 2010, \$25.0 million is allocated to complete all remaining landscaping and punchlist items. Additionally, \$18.9 million is allocated in 2010 for rehabilitation and resurfacing, as well as bridge rehabilitation, on the Edens Spur.

## Tri-State Tollway (I-294 / I-94)

Project	Scope	Length (miles)	Estimated Construction Period	2010 Request (millions)
<b>Reconstruct</b>				
Reconstruct / Add Lane	I-394 to Balmoral Ave (MP 0.0 to 40.2)	17.7	2005-2009	\$6.1
Reconstruct / Add Lane	Balmoral Avenue to Dempster Street (MP 40.2 to 44.5)	4.3	2006-2009	\$4.4
Reconstruct / Add Lane	Dempster Street to Lake Cook Road (MP 44.5 to 52.9)	8.4	2007-2010	\$21.7
Reconstruct / Add Lane	Half Day Road to IL 137 (MP 56.5 to 64.4)	7.9	2007-2009	\$13.5
Reconstruct / Add Lane	IL 137 to Russell Road (MP 64.4 to 78.5)	14.1	2007-2009	\$11.5
Sub Total:				\$57.2
<b>Resurface</b>				
Rehabilitate / Resurfacing	95th Street to Balmoral Avenue (MP 17.6 to 40.5)	4.3	2011	\$6.7
Rehabilitate / Resurfacing	Edens Spur (MP 48.5 to 53.5)	4.3	2010-2011	\$18.9
Sub Total:				\$25.6
<b>Tri-State Tollway Total:</b>				<b>\$82.7</b>

## Jane Addams Memorial Tollway (I-90)

The current CRP budget for the Jane Addams Memorial Tollway is \$777.0 million. The Jane Addams Memorial Tollway runs in a northwest direction from near O'Hare International Airport to near South Beloit. By the end of 2009, the 14.3 mile section of the corridor north of Rockford will be widened from 2 to 3 lanes in each direction and the Cherry Valley Interchange at I-90/I-39 will be reconstructed and reconfigured to allow for more efficient traffic movements, with nearly \$300 million committed. The 2010 capital budget for the Jane Addams Memorial Corridor is \$11.3 million for the Design efforts for pavement repairs and resurfacing between the Kennedy Expressway to the Elgin Plaza.

Additional maintenance projects to rehabilitate the section of the Jane Addams Memorial Tollway between O'Hare International Airport and Rockford are scheduled after 2010.

### Jane Addams Memorial Tollway (I-90)

Project	Scope	Length (miles)	Estimated Construction Period	2010 Request (millions)
<b>Reconstruct</b>				
Interchange Improvement	I-39/ I-90 Interchange (MP 60.8 to 62.4)	0	2008-2009	\$1.2
Reconstruct / Add Lane	Newburg Road to Rockton Road (MP 61.8 to 76.1)	14.3	2008-2009	\$2.7
Sub Total:				\$3.9
<b>Design</b>				
Rehabilitate / Resurfacing	Kennedy Expressway to Newburg Road (MP 0.0 to 61.8) - Design Only	62	2010-2011	\$7.4
Sub Total:				\$7.4
<b>Jane Addams Memorial Tollway Total:</b>				<b>\$11.3</b>

## **Reagan Memorial Tollway (I-88)**

The current CRP budget for the Reagan Memorial Tollway is \$991.6 million. At the end of 2009, an estimated \$705.8 million will have been committed to completed work. The 2010 capital budget for the Reagan Memorial Tollway Corridor is \$11.9 million which is allocated to complete remaining landscaping and punchlist items. The Reagan Memorial Tollway runs east-west from Hillside to Rock Falls.

### **York Road to IL Route 83**

This project has rebuilt and widened the 2-mile section of I-88 between York Road in Oak Brook and IL Route 83 adding a fourth lane in each direction, including the completion of a new westbound York Road Toll Plaza and reconstruction of the connector ramp bridges between I-88 and the Tri-State Tollway (I-294) to increase capacity from one lane to two lanes and permit access to the York Road Toll Plaza ORT lanes from the northbound Tri-State Tollway (I-294). Resurfacing east of York Road to I-290 will be complete in 2009. The 2010 capital budget for this project is \$2.8 million.

### **IL Route 83 to Finley Road**

In 2010, \$3.8 million is allocated to complete remaining landscaping and punchlist items associated with the rebuilding and widening of the 5-mile section of I-88 between IL Route 83 and Finley Road. Construction will be complete by the end of 2009. The project included rebuilding and widening from three lanes to four in each direction.

### **Finley Road to Washington Street**

With this project the Tollway completed the rebuilding and widening of the 5.7-mile section of I-88 between Washington Street and Finley Road from three lanes to four in each direction in 2008. The project also included interchange improvements at Naperville Road, IL Route 53, and the Veterans Memorial Tollway (I-355), as well as bridge rebuilding and widening at IL Route 53, Warrenville Road, the DuPage River, and Naperville Road.

### **Aurora Toll Plaza to Orchard Road**

The 2010 capital budget for work from the Aurora Toll Plaza to Orchard Road is \$5.3 million, which is allocated to complete all remaining landscaping and punchlist items. This project rebuilt and widened the 3.4-mile section of I-88 between the Aurora Toll Plaza and Orchard Road. A third lane in each direction was added and a new Fox River Bridge was constructed immediately south of the existing bridge to carry eastbound traffic. Additional work included replacement/reconstruction of the existing Fox River Bridge to carry westbound traffic, rebuilding the bridge carrying IL Route 31 over the Tollway and rebuilding the ramp bridge at the IL Route 31 interchange. The project also rebuilt portions of the entrance and exit ramps at IL Route 31 and Orchard Road.

### Ronald Reagan Memorial Tollway (I-88)

Project	Scope	Length (miles)	Estimated Construction Period	2010 Request (millions)
<b>Reconstruct</b>				
Reconstruct / Add Lane	York Road to IL 83 (MP 137.0 to 139.2)	2.2	2007-2009	\$2.8
Reconstruct / Add Lane	IL 83 to Finley Road (MP 131.9 to 137.0)	5.1	2008-2009	\$3.8
Reconstruct / Add Lane	Aurora Plaza to Deerpath Road (MP 114.3 to 117.5)	3.2	2007-2009	\$5.3
Sub Total:				\$11.9
<b>Ronald Reagan Memorial Tollway Total:</b>				<b>\$11.9</b>

### Veterans Memorial Tollway (I-355)

The Veterans Memorial Tollway is the newest of the four Tollways with the section from Addison to I-55 opening in 1989. On Veterans Day 2007, a new 12.5 mile extension opened connecting I-55 to I-80, lengthening the tollway to 29.8 miles. By the end of 2009 more than \$778.3 million will be invested in widening, rehabilitating and extending the Veterans Memorial Tollway as part of the CRP. The 2010 capital budget for the Veterans Memorial corridor is \$56.6 million. This work includes resurfacing from I-55 to Army Trail Road, bridge rehabilitation, median barrier wall extension, and curb and gutter replacement.

### Veterans Memorial Tollway (I-355)

Project	Scope	Length (miles)	Estimated Construction Period	2010 Request (millions)
<b>Restore</b>				
Resurfacing / Add Lane	75th Street to I-88 (MP 15.5 to 20.0)	4.5	2008-2009	\$2.5
Resurfacing	I-55 to Army Trail Road	13.0	2009-2011	\$53.6
Sub Total:				\$56.1
<b>Regional Growth</b>				
South Extension	I-355 South Extension (I-55 to I-80)	12.5	2004-2007	\$0.5
Sub Total:				\$0.5
<b>Veterans Memorial Tollway Total:</b>				<b>\$56.6</b>



## Open Road Tolling (ORT)

The 2010 capital budget allocates \$1.7 million for the Traffic Revenue Maintenance and Management Program (TRMMP) which includes, spare parts, disaster recovery hardware and installation services, and software enhancements on the Host, Violation Processing System (VPS), and/or Customer Service Center (CSC) system, as well as, installation and testing of the new Open Road Tolling (ORT) lanes on the Reagan Memorial at the Eola Road Interchange and the ORT test site just north of the Cicero Avenue Maintenance Yard on the Tri-State Tollway (I-294).

### Open Road Tolling

Project	Scope	Length (miles)	Estimated Construction Period	2010 Request (millions)
<b>Open Road Tolling</b>				
Reconstruct	Mainline Reconstruct / Cash Lane Modifications	0	2005-2010	\$1.7
<b>Open Road Tolling Total:</b>				<b>\$1.7</b>

## Systemwide Projects

The 2010 capital budget allocates \$63.3 million to maintain the integrity of the existing Tollway System. This includes the preservation, replacement, repairs, renewals and reconstruction or modification of the Tollway's infrastructure system. The Tollway is expected to expend approximately \$580.6 million as part of the CRP on projects including bridge rehabilitations, pavement improvements, and other systemwide miscellaneous infrastructure improvements.

This work is part of a maintenance and repair plan that was derived from an extensive review of the Tollway's 286 miles of roadway and structures. The scope of work was developed from assessment reports of pavement condition evaluations, bridge inspections and the review of various roadway appurtenances by the Tollway's general Consulting Engineer. Appurtenances included drainage structures, embankments, guardrail, barriers, pavement markings, fencing, signage, lighting, and other miscellaneous structures.

### Systemwide Improvements

Project	Scope	Length (miles)	Estimated Construction Period	2010 Request (millions)
<b>Systemwide Needs</b>				
Bridge Improvements	Bridge Improvements	-	Annual	\$16.0
Plaza Improvements	Plaza Improvements	-	Annual	\$1.1
Interchange Improvements	Interchange Improvements	-	Annual	\$9.7
Environmental / Program Mgmt & Miscellaneous	Systemwide	-	Annual	\$24.8
Pavement Improvements	Pavement Improvements	-	Annual	\$11.8
<b>Systemwide Total:</b>				<b>\$63.3</b>

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## 2010 Other Capital Projects

In addition to the Congestion-Relief Program, other capital projects are needed to support on-going operations of the Tollway and ensure that the existing roadway network is maintained and safe for travel. While the CRP is the largest component of the Tollway's Capital Program, other elements include new technologies to manage congestion, reduce travel times and provide enhanced customer service; improvements to maintenance buildings and other structures to maintain the Tollway's assets; and additional equipment to the State Police and maintenance staff to improve efficiency and enhance public safety. The 2010 capital budget allocates \$113.8 million to support these on-going Non-CRP capital projects, which includes \$53.8 million from 2009 carryovers and \$60.0 million for 2010 new requests. The Tollway anticipates that approximately \$60 million of the 2010 Non-CRP budget will be expended in 2010.

### Building Repairs and Maintenance

The 2010 capital budget allocates \$14.6 million for Building Repairs and Maintenance. This includes nearly \$5.0 million for repairs to maintenance yard facilities and salt domes, replacements for fuel island kiosks and inground vehicle hoist, and HVAC replacements and expansions at maintenance sites. Additionally, \$3.8 million is allocated for systemwide projects including replacements of roofs and UPS units, upgrades to lighting systems, and other similar improvements. Approximately \$4.4 million is allocated for replacements and preservation of radio towers, and improvement to plazas including HVAC upgrades and oases automatic access gates. Also included is \$1.3 million of improvements to the Central Administration Building, such as electrical and HVAC upgrades, fire safety/ prevention improvements, and skylights repairs.

### Equipment

The Tollway has allocated \$67.4 million to the Equipment portion of the 2010 capital budget. Approximately \$44.9 million will be devoted to technology related equipment including I-PASS transponder purchase, Web and e-commerce upgrades, electronic tolling disaster recovery implementation and system enhancements, IWIN computers replacements for State Police and other similar programs. The 2010 capital budget for Equipment also includes \$11.6 million to replace and acquire new roadway vehicles and trucks.

In addition, \$6.8 million will be spent for projects related to Intelligent Transportation Systems (ITS), which provides real time feedback on major roadway traffic conditions. ITS collaborates vital data from field equipment, such as Closed Circuit TV (CCTV) cameras, Dynamic Message Signs (DMS), Video Incident Detection (VID), Road Weather Information Systems (RWIS), and Remote Traffic Microwave Systems (RTMS). This timely data is further integrated by the Traffic Information Management System (TIMS) which allows the Tollway to manage incidents quickly and proficiently in an effort to improve traffic flow and alleviate congestion. The ITS budget also includes equipment for the TIMS security to Next Generation Network system migration, Weigh-in-Motion System (WIMS) installation and Fiber Optics Program Management and Support services.

Approximately \$3.7 million of the 2010 capital budget will be spent for machinery/tools, and other miscellaneous capital equipment purchases, and \$400,000 for State Police equipment including mobile driving simulator and trooper firearms training programs.

### **Professional Services**

The 2010 capital budget for Professional Services related to capital projects is \$16.1 million. This includes environmental services required for road improvements, management services related to maintenance facilities, general engineering and traffic engineering consulting, as well as, financial services necessary for the implementation of the capital program.

### **Roadway**

The Tollway allocated \$15.7 million for the roadway portion of the capital budget. This includes annual roadway and facility maintenance costs, parking lot expansion, systemwide pavement marking, aerial surveying, and other miscellaneous improvements to support the Congestion-Relief Program.

2010 OTHER CAPITAL PROJECT HIGHLIGHTS	2009 CARRYOVER	2010 NEW REQUEST	2010 TENTATIVE BUDGET
(\$ thousand)			
<b>BUILDING REPAIRS AND MAINTENANCE</b>	8,032.8	6,512.4	14,545.2
<b>MAINTENANCE SITES</b>	3,013.2	2,000.0	5,013.2
Roadway Maintenance Yard Facility Repairs M1 thru M14	2,295.2	2,000.0	4,295.2
Replace Air Make-Up Units CSC Finley	300.0	-	300.0
Inground Vehicle Hoist Replacement - M3 Touhy, M4 Grand & CAG Finley	210.0	-	210.0
Salt Dome Repairs M2 Cermak, M14 Finley & M12 IL Rt 251	128.0	-	128.0
Replace Fuel Island Kiosks M5 & M8	70.0	-	70.0
Air Cleaner/ Dust Collector - Carpenter Shop	10.0	-	10.0
<b>SYSTEMWIDE</b>	2,347.5	1,467.4	3,815.0
Roof Replace, Excluding new ORT Plazas & Plaza 89 Building Facilities	625.0	750.0	1,375.0
Replace UPS Units	665.5	307.4	973.0
Asbestos Removal	500.0	-	500.0
Upgrade HVAC Network Control System	150.0	200.0	350.0
Lighting Upgrade	300.0	-	300.0
Radiate Heat Installation	-	100.0	100.0
Station Battery Plant Upgrade	-	100.0	100.0
Automatic Flush Clamps	55.0	-	55.0
Touch-Free Hand Driers	52.0	-	52.0
Replace Carpet Tile	-	10.0	10.0
<b>TOWER</b>	890.0	1,980.0	2,870.0
Replace Tower M1 Alsip	-	600.0	600.0
Replace Tower M6 Marengo	-	600.0	600.0
Replace Tower M4 Grand	450.0	150.0	600.0
Replace Tower M7 Rockford	-	600.0	600.0
Tower Preservation	440.0	30.0	470.0
<b>PLAZAS</b>	1,415.0	105.0	1,520.0
Oases Automatic Access Gates	1,250.0	-	1,250.0
Replace 2 Portable A/C Units w/Central Air DR/Plaza 35 Cermak	85.0	-	85.0
Replace Heating & A/C Units (Gas) - Unmanned Sites	80.0	-	80.0
Other Miscellaneous Projects	-	105.0	105.0
<b>CENTRAL ADMINISTRATION</b>	367.0	960.0	1,327.0
Replace Boilers	-	300.0	300.0
Electrical Main Service & Back-Up Emergency Electrical Upgrade	250.0	50.0	300.0
Rebuild Chillers	-	200.0	200.0
Repair/ Reseal Skylights	-	100.0	100.0
Replace Chiller Control Panel	-	100.0	100.0
Replace Emergency ATS Transfer Switches	75.0	25.0	100.0
Upgrade All Pneumatic Actuation to Electric	-	100.0	100.0
Other Miscellaneous Projects	42.0	85.0	127.0

2010 OTHER CAPITAL PROJECT HIGHLIGHTS (continued)	2010 CARRYOVER	2010 NEW REQUEST (\$ thousand)	2010 TENTATIVE BUDGET
	-		
<b>EQUIPMENT</b>	29,675.0	37,736.0	67,411.0
<b>TECHNOLOGY</b>	20,109.7	24,805.7	44,915.5
Transponder Purchases	-	14,000.0	14,000.0
Enterprise Resource Planning System	11,000.0	-	11,000.0
Web and E-Commerce	400.1	4,000.0	4,400.1
TRMMP Disaster Recovery Services and Implementation	4,264.9	-	4,264.9
TRMMP System and Software Enhancements	-	2,000.0	2,000.0
Replace IWIN Computers	-	1,200.0	1,200.0
Mainframe Legacy System Replace and Upgrade	858.0	-	858.0
Automatic Coin Machine Purchase	-	800.0	800.0
LAN/WAN Maintenance Upgrade	219.8	480.2	700.0
Disaster Recovery System	308.4	391.6	700.0
Computer Infrastructure Modernization	500.0	-	500.0
Oasis Mobile I-Pass/Customer Service Stores	485.2	-	485.2
Cameras Digital/Video In-Car - State Police	-	448.0	448.0
1 Giga Ethernet Upgrade	350.0	-	350.0
800 HZ Communication Upgrade Radio Replace	250.0	-	250.0
On-Site Data Storage for GIS Images	-	250.0	250.0
Next Generation Network (NGN)	242.4	7.6	250.0
Develop Authority Intranet	-	208.6	208.6
Security Improvements	199.0	6.5	205.5
Personally Identifiable Information Security Project	-	200.0	200.0
Payment Card Industry Data Security Standards Compliance	-	200.0	200.0
Dispatch Logging Recorder	195.0	-	195.0
Next Generation Roadside Equipment	-	175.0	175.0
Replace Plaza Intercom	175.0	-	175.0
Paperless Office	-	150.0	150.0
DVD Security Cameras and Equipment	150.0	-	150.0
Automated License Plate Reading Technology	-	132.5	132.5
Other Miscellaneous Projects	511.9	155.8	667.6
<b>ROADWAY VEHICLES AND TRUCKS</b>	5,216.3	6,418.0	11,634.3
Vehicles and Trucks	5,116.3	6,418.0	11,534.3
Fleet Emission Reduction Initiative	100.0	-	100.0

2010 OTHER CAPITAL PROJECT HIGHLIGHTS (continued)	2010 CARRYOVER	2010 NEW REQUEST	2010 TENTATIVE BUDGET
	-	(\$ thousand)	
<b>EQUIPMENT (continued)</b>	<b>29,675.0</b>	<b>37,736.0</b>	<b>67,411.0</b>
<b>INTELLIGENT TRANSPORTATION SYSTEMS</b>	<b>2,903.0</b>	<b>3,906.1</b>	<b>6,809</b>
TIMS Security - NGN Migration	840.0	600.0	1,440.0
Weigh-In-Motion Installation	925.0	400.0	1,325.0
ITS Fiber Optics Program Management and Support	194.3	1,000.0	1,194.3
TIMS Operation and Maintenance	13.7	736.3	750.0
ITS Services Upon Request	50.0	500.0	550.0
Fiber Optics Design Upon Request	500.0	-	500.0
CCTV and RTMS Balmoral Ave to Russell Road and Edens Spur Lee Road to I-294	29.9	352.0	381.9
Wireless CCTV Installation I-55 to IL 394	-	267.3	267.3
Video Incident Detection	200.0	-	200.0
Dynamic Message Signs	150.0	-	150.0
Upgrade Road Weather Information System	-	50.5	50.5
<b>EQUIPMENT MACHINERY/ TOOLS</b>	<b>606.5</b>	<b>2,260.0</b>	<b>2,866.5</b>
Fuel Site Rehabilitation M-Sites	-	1,330.0	1,330.0
Portable Back-Up Generator with Cart	-	400.0	400.0
Trailer Mounted Portable Generators	300.0	50.0	350.0
E85 Fuel Tank Installation M2, M3, M6, M11	-	240.0	240.0
Standby Generators for Plazas	135.0	15.0	150.0
Other Miscellaneous Projects	171.5	225.0	396.5
<b>STATE POLICE</b>	<b>175.0</b>	<b>191.2</b>	<b>366.2</b>
Mobile Driving Simulator	-	180.0	180.0
Indoor Firing Range Target Retrieval System	100.0	-	100.0
Firearms Animated Training Systems (FATS)	75.0	-	75.0
Lidar Equipment Certification	-	11.2	11.2
<b>MISCELLANEOUS EQUIPMENT SYSTEMWIDE</b>	<b>664.5</b>	<b>155.0</b>	<b>819.5</b>
Capital Equipment Purchases	464.5	-	464.5
Replace Automatic Coin Machine Cabinet	200.0	155.0	355.0

2010 OTHER CAPITAL PROJECT HIGHLIGHTS (continued)	2010 CARRYOVER	2010 NEW REQUEST (\$ thousand)	2010 TENTATIVE BUDGET
	-	-	-
<b>PROFESSIONAL SERVICES</b>	<b>2,726.5</b>	<b>13,418.1</b>	<b>16,144.6</b>
<b>MISCELLANEOUS PROJECTS</b>	<b>440.0</b>	<b>13,120.0</b>	<b>13,560.0</b>
General and Traffic Engineering Consulting Services	-	9,370.0	9,370.0
Maintenance Facility Program Manager	-	2,000.0	2,000.0
Pavement Roadway Management Services	-	1,100.0	1,100.0
Manpower for Construction Sites - State Police Overtime	-	400.0	400.0
Right-of-Way and Survey Services	300.0	-	300.0
Illinois Center of Transportation (ICT) Research Funding	-	250.0	250.0
Print Services, Web Plan and Advertising	100.0	-	100.0
Congestion Pricing Study	40.0	-	40.0
<b>ENVIRONMENTAL</b>	<b>1,496.1</b>	<b>273.1</b>	<b>1,769.2</b>
Biotic/Aquatic Species Surveys	1,382.1	-	1,382.1
Sustainable Environmental Professional Services	-	250.0	250.0
IL State Geological Survey	114.0	23.1	137.0
<b>FINANCIAL</b>	<b>343.6</b>	<b>-</b>	<b>343.6</b>
Miscellaneous Project Wrap-up Costs	100.0	-	100.0
General Financial Advisors	88.0	-	88.0
Transactional Advisors Fee	55.6	-	55.6
Other Miscellaneous Projects	100.0	-	100.0
<b>DIVERSITY AND EEO PROGRAMS</b>	<b>301.8</b>	<b>-</b>	<b>301.8</b>
Diversity/ Disparity Program	301.8	-	301.8
<b>GEOGRAPHIC INFORMATION SYSTEM</b>	<b>145.0</b>	<b>25.0</b>	<b>170.0</b>
Infrastructure Management Services	145.0	-	145.0
GIS Off Site Hosting Services	-	25.0	25.0

2010 OTHER CAPITAL PROJECT HIGHLIGHTS (continued)	2010 CARRYOVER	2010 NEW REQUEST	2010 TENTATIVE BUDGET
	(\$ thousand)		
<b>ROADWAY</b>	13,369.8	2,331.1	15,700.9
<b>MAINTENANCE, REPAIRS AND IMPROVEMENTS</b>	13,369.8	1,578.6	14,948.4
CRP Phase II Start-Up	5,000.0	-	5,000.0
Annual Roadway & Facility Maintenance	3,600.5	-	3,600.5
Miscellaneous Repairs, Clean Drainage System, Guardrail, Fence	3,504.3	-	3,504.3
Pavement Marking	590.0	570.6	1,160.6
Construction Management Upon Request	-	500.0	500.0
Design Management Upon Request	-	500.0	500.0
Aerial Mapping Upon Request	475.0	-	475.0
Tri-State Oasis Truck Parking Expansion - Lake Forest	200.0	-	200.0
Underground Storage Tank Facilities	-	8.0	8.0
<b>SIGNAGE</b>	-	752.5	752.5
Sign Shop Roadway Signing	-	640.0	640.0
Aluminum Extrusion Refurbishing	-	112.5	112.5
<b>2010 OTHER CAPITAL PROJECTS TOTAL</b>	53,804.2	59,997.6	113,801.7



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### **Capital Projects Operating Impacts**

Planning for the operational impact of the capital program is an important consideration during the Tollway's budgeting process. The cost of operating new and enhanced infrastructure is included in the operating budget in the fiscal year the asset becomes operational. Debt service payments on the debt issued for capital projects is also included in the debt service budget.

The existing Tollway system features a toll collection system incorporating mainline plazas and ramp plazas with accommodations for the combined use of I-PASS, automatic coin collection and manual lanes. As the Congestion-Relief Program is implemented, the toll collection system is expanded. The expansion includes the 12.5 mile extension of the Veterans Memorial Tollway; the widening of existing routes through the addition of lanes; and the construction of additional interchanges. Measured in terms of lane miles, the System will grow during the CRP by approximately 15.9%.

The departments of Toll Operations and Engineering make up over 22% and 25% of the operating expenses, respectively. The Toll Operations Department is responsible for the collection and counting of cash tolls as well as facilities maintenance. With the conversion of the toll collection system to Open Road Tolling, there has already been a reduction in the operating costs of the Toll Operations Department as the number of I-PASS lanes has increased and the number of automatic and manual lanes have decreased.

In 2010, Toll Operations has a budgeted headcount of 754 employees. The headcount for this department has decreased substantially as the Open Road Tolling projects have come on-line and the total number of manned toll lanes has been reduced. The need for lane walkers has been eliminated, while staffing within Business Systems has increased as the I-PASS program continues to grow.

The Engineering Department's responsibilities include design, construction, maintenance of the roadway as well as overseeing the Diversity/DBE Program. These two departments are most affected by the changes to the system involved with the implementation of the CRP. Additional costs associated with the maintenance and operations of the expanded system are reflected in the increase in the operating costs of the Engineering Department.

Other trends occurring within the operating budget include an increase in bank charges associated with an increase in credit card usage by patrons. Additionally, some increase will be seen in utilities as the expanded system will incur additional electrical and fiber optic costs. However, it is estimated that, as the capital program is implemented, buildings and energy costs will decrease; equipment repairs will decrease; and new technological efficiencies will be created.

The Engineering Department oversees four areas of operations:

- Planning / Design – Project plans and specifications are prepared for various construction and maintenance activities according to the capital improvement program schedule.
- Construction – Implements the construction phase of projects by maintaining the desired quality, agreed budget and schedule.
- Maintenance / Traffic – Maintains the roadway system by keeping roads clean, well lit and safe in all weather conditions; manages incidents and informs motorists of traffic and travel concerns.
- Oversees the Diversity / DBE (Disadvantaged Business Enterprise) Program.

From 2007 to 2010 the number of Engineering personnel has increased by 15. The implementation of the CRP has had two effects on the Engineering Department. In the design and construction areas, additional engineers are required to implement the design and construction phases of the projects. The second effect of the CRP implementation is the increase in staffing needs within the Maintenance/Traffic unit.

### ***Cost Monitoring***

The Tollway maintains a project management database which is used to monitor and measure program status, provide early identification of problem areas, provide for alternative analysis, and to ensure that pertinent information is communicated to project participants. It allows for real time access for information on budgets, commitments, expenditures, cash flows, forecasts, and performance status. Timely reporting of this information allows decisions to be made in advance, permitting effective cost control of the project.

Regularly published reports include performance measures to assess the magnitude of variations that occur on projects. The Tollway analyzes the causes of the variances and determines what corrective actions are required. Examples of financial reports that are developed to assist in the variance analysis include:

- Monthly Project Status Reports focus on schedule and cost status, proposed/pending changes, and current project issues. These reports include detailed financial and schedule performance for each project, including change orders, forecast-at-completion and expenditure tracking. In addition, these reports provide a tool for management to follow the progress of each project.
- Exception Reports provide a forum for the initial disclosure of project issues that will potentially cause a project delay, or cause a project budget overrun. These reports provide an opportunity to quickly address project impediments and trigger necessary actions to bring the anticipated project performance into line with the project plan.

- Change Order Reports reflect the original budget and indicate all subsequent changes approved by the Tollway or currently in the approval process. By also recording anticipated changes, the report allows a realistic assessment of the program and shows the remaining contingency by contract.

### ***Schedule Monitoring***

Program status and schedule changes are monitored and reported on a monthly basis via the Master Program Schedule. The main goal of the schedule reporting process is to detect adverse trends in design, construction, and administrative activities early enough to correct them. Modifications to the schedule information may or may not require adjustments to other aspects of the overall project plan.

The Master Program Schedule serves the following purposes:

- Validates the funding schedule and budget presently established by the capital budget;
- Explores various combinations of project implementation;
- Projects a consistent and reasonable level of effort and expenditure over the program term;
- Adjusts scopes of work and/or the distribution of funding as needed to respond to unforeseen conditions or capitalize on opportunities so as to meet implementation goals; and
- Establishes funding requirements for subsequent capital budgets.

Revisions to start and finish dates for the approved project schedule are generally made in response to scope changes. As potential delays/changes become apparent, a special schedule study will be initiated to determine if the lost time could be recovered and how changes to the originally anticipated schedule logic/sequence should best be reflected.

### ***Change Management Control***

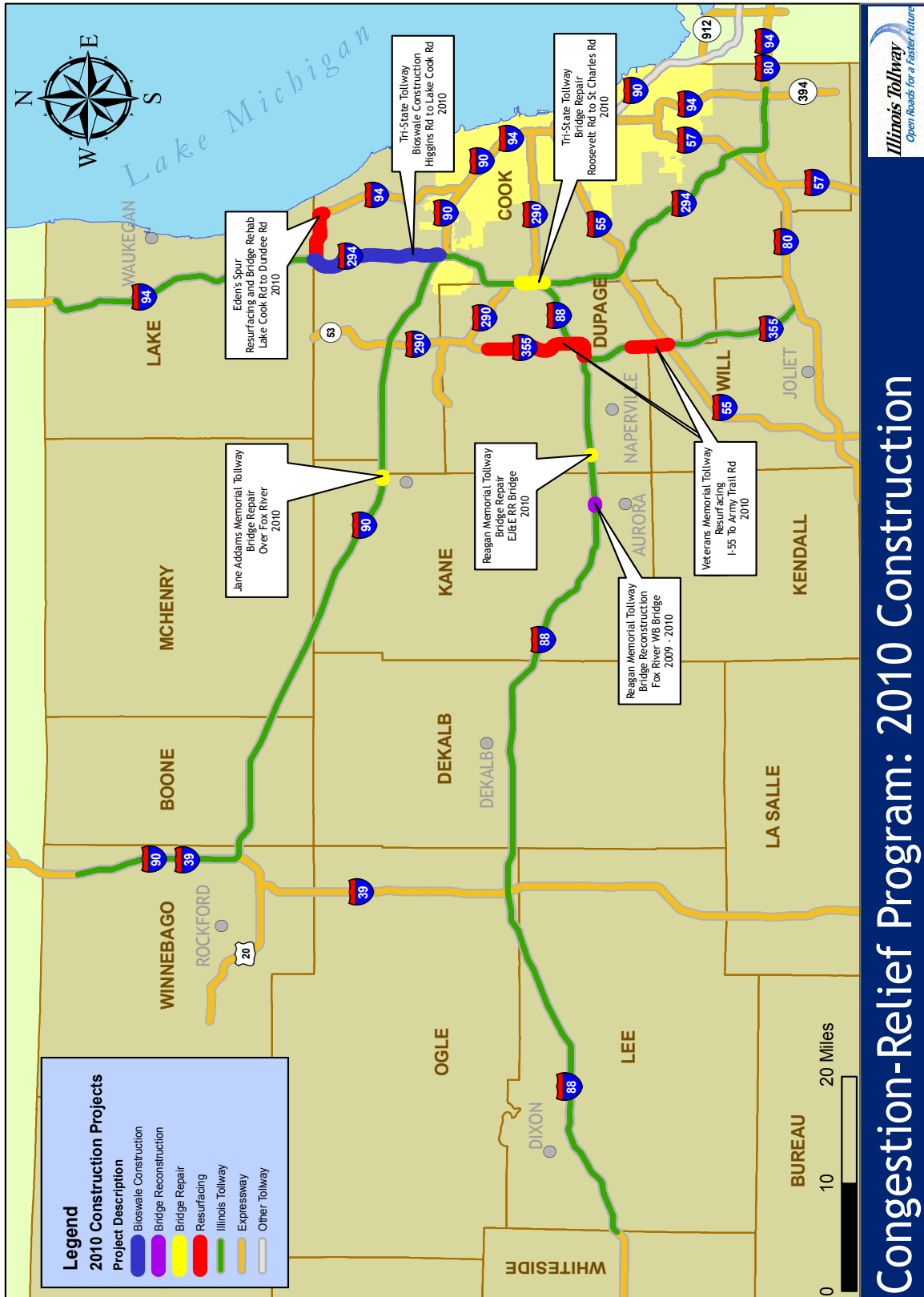
In order to reduce delay claims and complete projects on-time and within budget, the Tollway has empowered staff to direct field changes to reduce the time for authorizing construction contractors to proceed, which helps maintain construction schedules. The process begins when the Contract Cost Change Controls Committee (C5) analyzes the scope of work, the estimated cost of the proposed change and identifies the cause of the change (design error, owner requested change, change in conditions, etc). The committee recommends approval, rejection or requests additional information and provides an authorization to proceed for those changes that are recommended for approval.

The Tollway's approval authority model is as follows:

Project Manager	Up to \$30,000
Chief Engineer	Up to \$100,000
Executive Director	Up to \$150,000
Chairman	Up to \$200,000
Board	Over \$200,000

On a weekly basis a list of potential change orders is entered into the project management database along with the pending and approved change orders. This information is used to develop various change management reports including:

- Program Change Order/ Potential Change Order log – this report is used to compare the current change order status vs. the allocated construction contingency reserve funds at a summary level for all projects within the program;
- Outstanding Change Order Report – this report provides an analysis of pending and potential change orders, including number of days outstanding, ball-in-court reporting, forecasted final contract amount;
- Project Change Order/ Potential Change Order log – this log identifies all approved, pending and potential contract changes at a detail level for all projects. It has the ability to provide process related performance measures for all participants.



# Congestion-Relief Program: 2010 Construction



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# Debt Management

## DEBT MANAGEMENT

In September 2004, the Tollway's Board of Directors approved the 10-year \$5.3 billion Congestion-Relief Plan. The plan, now the Congestion-Relief Program (the "CRP"), allowed for financing as much as \$3 billion of program costs through the issuance of Tollway revenue bonds. In September 2007 the Authority approved an update to the CRP which lengthened the CRP by two years from 2014 to 2016 and increased the cost of the CRP to \$6.3 billion. In connection with this update the amount of CRP costs targeted to be financed from revenue bonds was increased from \$3.0 to \$3.5 billion. The remaining costs will be financed from Tollway revenues deposited into the Renewal and Replacement Account and the Improvement Account. The estimated total cost of the CRP has been reduced to \$6.1 billion as a result of costs coming in below budget.

### Debt Profile

#### Currently Outstanding Debt

On January 1, 2010, the Tollway has one scheduled principal payment of \$1,065,000. After making this principal payment due January 1, 2010, the Tollway has \$4,074,675,000 par amount of bonds outstanding. Bonds which have financed or refinanced a portion of the CRP total \$3,657,860,000, and the remaining \$416,815,000 financed or refinanced pre-CRP projects. The \$3,657,860,000 CRP-related bond par amount exceeds the \$3.5 billion amount of CRP costs financed by bond proceeds because of the funding of issuance costs, capitalized interest, debt reserve account deposits, original issue discount/premium, and, in the case of the refunding of a portion of the Series 2006A Bonds by the Series 2008A Bonds, the extent by which the principal amount of purchased escrowed investment securities exceeded the principal amount of Series 2006A Bonds defeased. The following table lists each outstanding series and its respective final maturity, total principal outstanding and rate type, as of January 1, 2010.

#### Illinois Tollway Outstanding Bonds as of January 1, 2010\*

<u>Series</u>	<u>Maturing</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>
1992 Series A	1/1/2012	\$100,665,000	Fixed
1998 Series A	1/1/2016	193,050,000	Fixed
1998 Series B	1/1/2017	123,100,000	Variable
2005 Series A**	1/1/2023	770,000,000	Fixed
2006 Series A-1**	1/1/2031	291,660,000	Fixed
2007 Series A-1**	7/1/2030	350,000,000	Variable
2007 Series A-2**	7/1/2030	350,000,000	Variable
2008 Series A-1**	1/1/2031	383,100,000	Variable
2008 Series A-2**	1/1/2031	383,100,000	Variable
2008 Series B**	1/1/2033	350,000,000	Fixed
2009 Series A**	1/1/2034	500,000,000	Fixed
2009 Series B**	12/1/2034	280,000,000	Fixed
<b>Totals</b>		<b>\$4,074,675,000</b>	

\* Amounts shown are after payments due 1/01/2010, the funds for which are remitted to the Bond Trustee during the prior fiscal year.

\*\* CRP financing.



Bond issues listed as Variable Rate are weekly mode (rates are reset weekly by a remarketing agent per then-current market conditions). In order to reduce exposure to interest rate risk, the Tollway has entered into interest rate swap agreements for all of its outstanding variable rate bond issues. Per these agreements, swap providers pay a variable rate in exchange for fixed rate payments from the Tollway.

### **Planned 2010 Debt Issuance**

No additional bond issuances to finance new project costs are expected in 2010. However, 2010 may include two actions that impact the Tollway's current bonds and debt service outstanding.

First, the Tollway may restructure a portion of its outstanding \$700.0 million Series 2007A and \$766.2 million Series 2008A Synthetic Fixed Rate Bonds. The purpose of such a restructuring would be twofold: (i) to reduce interest rate risk; and (ii) to reduce risk related to exposure to the Liquidity Provider for these Bonds. The Tollway may deem that such risk reduction is in the Tollway's best interests, even if it is accompanied by an increase in debt service and/or liquidity provider fees. As a result, for purposes of this fiscal year 2010 budget, the Tollway has elected to include a 50 basis point premium on the Series 2007A and 2008A Synthetic Fixed Rate Bonds. This 2010 budget impact is \$7.3 million. The 2010 actual impact will depend on a combination of market conditions, the creditworthiness of the Liquidity Provider and the actions taken or not taken by the Tollway to address these risks.

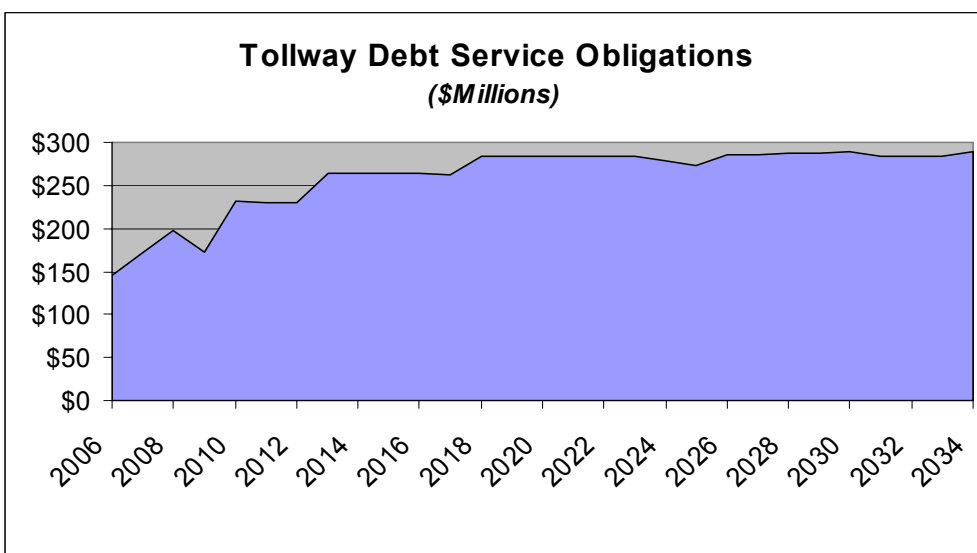
Second, the Tollway may elect to defease portions of principal payments due on January 1, 2011, and 2012 from funds on hand, including funds that may be available as a result of Congestion-Relief Program costs coming in below budget, in order to improve cashflow and debt service coverage during these years. Such action has not been assumed for this budget, as its probability is uncertain and will depend on market conditions and other factors.

Lastly, this budget assumes no bonds / debt service related to any capital expenditures beyond the Congestion-Relief Program. At its November 2008 Board Meeting, the Tollway Board approved an additional capital program and a commercial vehicle toll increase (to begin in 2015) intended to provide financing for that additional capital program. The Board subsequently placed that additional capital program on hold (before any work, or even the solicitation of any proposals for work, on such program had been initiated) and it remains on hold.

### **Debt Service Obligations**

The following graph shows annual debt service on all Tollway Bonds through their maturities. Such debt service is shown net of: (a) \$12 million of 2010 interest expense pre-paid by a transfer of funds made available by capital costs coming in below budget; and (b) anticipated federal subsidies in connection with the Tollway's outstanding Build America Bonds, i.e. its \$500 million Series 2009A and \$280 million Series 2009B Bonds. Per the provisions of the American Recovery and Reinvestment Act's Build America Bonds program, the Tollway will receive rebate payments equal to 35% of the interest payments on these taxable Series 2009A/B Bonds. This graph assumes that subsidy payments corresponding to interest payments due January 1 are received in the year of that January 1<sup>st</sup>, and not the year preceding that January 1<sup>st</sup>.

The following graph does not include any assumed premium on the Series 2007A and 2008A Synthetic Fixed Rate Bonds. As discussed in the previous section, ***Planned 2010 Debt Issuance***, the 2010 budget for Debt Service includes a 50 basis point premium on these Bonds. Also, the below chart does not include any annual bond-related support costs (liquidity, remarketing, etc.). The 2010 budget for debt service includes transfers of \$2.8 million for such annual costs.



The duration of the Tollway's Bonds and level of graduation of its debt service are reasonable given the long average economic life of the assets financed and the projected growth of Tollway revenues. The reduction in debt service visible for fiscal year 2009 resulted primarily from an early redemption of Series 1993B Bonds from Tollway funds on hand. As described earlier in this section, the Tollway may take similar action for fiscal years 2010 and 2011.

### Security for the Bonds

The Tollway's bonds are secured by a pledge of and lien on the Net Revenues generated by the Tollway system in accordance with the Amended and Restated Trust Indenture of 1999 ("Master Indenture") and each respective Supplemental Indenture. Net Revenues are defined in the Master Indenture as the annual revenues of the system less operating expenses. To help ensure a sufficient amount of revenues to cover debt service, the Master Trust Indenture, through which all of the Tollway's outstanding debt has been issued, includes a Toll Rate Covenant which requires that tolls be set at rates which will produce a minimum of 1.3X debt service coverage. Furthermore, additional bonds may be issued only to the extent that the Tollway certifies: (i) compliance with the Toll Rate Covenant for a 12-month period within the preceding 18 months; and (ii) projected compliance with the Toll Rate Covenant for each year through five years after the completion of the projects financed by those additional bonds. The Tollway's 2008 debt service coverage was 2.25x, 2009 debt service coverage is estimated at 2.20x and 2010 debt service coverage is projected at 1.75x before adjustments for pre-paid interest and federal subsidies and 1.97x after those adjustments. All of these coverages are well over the 1.3x covenant level.

Additional security is provided by the Debt Reserve Requirement which requires the Tollway's Debt Reserve Account to be funded at maximum annual debt service ("MADS") on all senior lien debt. Currently all of the Tollway's debt is senior lien. As of December 8, 2009, MADS is \$302.8 million (the debt service obligation for fiscal year 2030), and the Debt Reserve Account has a market value of \$302.8 million, consisting of \$202.8 million in investments and a \$100 million surety policy from Berkshire Hathaway Assurance Corporation. Berkshire Hathaway Assurance Corporation is rated "Aa1" by Moodys and "AAA" by Standard & Poors. The surety policy is guaranteed by Colombia Insurance Company which is rated "A++" (highest rating) by A.M. Best.

### Debt Service Coverage Ratios

The Tollway has historically maintained debt service coverage ratios well in excess of required ratios. Debt Service Coverage Ratios are calculated by dividing the Net Revenues (i.e. revenues less operating expenses) by the Aggregate Debt Service for a given year. The following chart shows actual debt service coverage for fiscal years 2004 through 2008, estimated debt service coverage for 2009 and budgeted debt service coverage for 2010. Please note that the following chart does not include annual costs related to the Bonds (liquidity, remarketing, etc.).

	2004	2005	Actual 2006	2007	2008	Estimated 2009	Budgeted 2010
Operating Revenues	\$423,427	\$613,034	\$606,954	\$637,794	\$691,113	\$640,000	\$696,000
Operating Expenses	<u>\$198,302</u>	<u>\$205,575</u>	<u>\$213,510</u>	<u>\$222,295</u>	<u>\$244,275</u>	<u>\$257,600</u>	<u>\$265,300</u>
Net Operating Revenues	\$225,125	\$407,459	\$393,444	\$415,499	\$446,838	\$382,400	\$430,700
Debt Service	<u>\$48,380</u>	<u>\$99,366</u>	<u>\$145,633</u>	<u>\$172,284</u>	<u>\$198,429</u>	<u>\$173,428</u>	<u>\$246,470</u>
Net Revs After Debt Service	\$176,745	\$308,093	\$247,811	\$243,215	\$248,409	\$215,395	\$184,230
Debt Service Coverage (X)	4.65	4.10	2.70	2.41	2.25	2.20	1.75*

*\* Please note that the "Budgeted 2010" column does not provide any credit for either \$12 million of previously transferred funds to pre-pay interest or \$15.3 million of anticipated federal subsidies related to the Tollway's Series 2009A and 2009B Build America Bonds. Debt service coverage after providing credit for these funds would improve to 1.97X.*

### Municipal Bond Ratings

In concert with each new bond issuance, the Tollway applies for a municipal bond rating from Fitch Ratings, Moody's Investor Services and Standard & Poor's Corporation. Each rating agency reviews the Tollway's current fiscal condition, capital financing plan, debt coverage ratios and various other factors to the Tollway's ability to repay its debt obligations. The underlying ratings of the Tollway's bonds are Aa3, AA- and AA- by Moody's Investors Service, Fitch Ratings and Standard and Poor's, respectively. These ratings were confirmed in November 2009 in connection with the Tollway's issuance of the 2009 Series B Revenue Bonds. Moody's and Standard & Poor's maintain Stable Outlooks for the Tollway's ratings, while Fitch maintains a Negative Outlook, which it initiated in May 2009.

## Interest Rate Exchange Agreements

To lower its borrowing costs, the Tollway has entered into multiple variable-to-fixed interest rate exchange agreements (swaps). These agreements produce a “synthetic fixed interest rate” which the Authority pays to the swap provider in exchange for the swap provider’s assumption of a variable rate of interest intended to approximate the variable rate of interest owed to bondholders. In all cases the synthetic fixed rates were lower than the fixed interest rates otherwise accessible in the market at the times the various bonds were issued. The Tollway entered into two swaps for the Series 1998B Bonds, four swaps for the Series 2007A Bonds and four swaps for the Series 2008A Bonds.

The Series 1998B Swaps were entered into as “interest-cost-based” swaps – swaps in which swap providers pay a variable rate amount exactly equal to the variable rate amount owed to bondholders. In certain events, these swaps may convert to SIFMA-based Swaps, in which the swap providers would pay a variable interest rate amount based on an index known as the USD SIFMA Municipal Swap Index. No such events have ever occurred on the 1998B Swaps.

The Series 2007A swaps and Series 2008A swaps are all SIFMA-based swaps. The Tollway exchanges a fixed rate payment to swap providers for a variable rate payment based on the USD SIFMA Municipal Swap Index. Historically the difference between the interest rates set on Tollway variable rate bonds and the SIFMA Index have been immaterial. In late September of 2008, credit concerns regarding the credit enhancement providers on the Tollway’s Series 2007A and Series 2008A Bonds caused the variable rates on Tollway bonds to rise significantly above the SIFMA Index, and this situation continued during the first two quarters of 2009. In the third and fourth quarters of 2009 there has not been a material difference between the variable rates on Tollway bonds and the SIFMA Index. The additional cost to the Tollway caused by the Tollway’s variable rates exceeding the SIFMA Index is estimated to be \$12 million in 2009. The Tollway has included a premium of \$7.3 million on these bonds in the 2010 budget for debt service. The Tollway does not anticipate a continued divergence between the variable rates on Tollway bonds and the SIFMA Index, as credit concerns regarding the credit enhancement providers have abated. The premium of \$7.3 million has been budgeted to accommodate the possibility of increased costs if the Authority determines it is in its best interest to fix out all or a portion of these Synthetic Fixed Rate Bonds and terminate their corresponding Swap Agreements.

# Budget Process and Documents

The Trust Indenture requires a tentative budget of the Operating Expenses for the ensuing Fiscal Year on or before October 31st of each Fiscal Year. The tentative budget must also be submitted to the Trustee and the Consulting Engineer. The tentative budget must include the recommendations of the Consulting Engineers as to the Renewal and Replacement Deposit (for preservation of the Tollway System). The Tollway must provide accompanying estimates of the amount which will be available for credit to the Improvement Account (for improvements to the Tollway System). The Tollway must also provide a statement of the actual revenues for the first eight months of the current Fiscal Year and estimated revenues for the next four months of the current Fiscal Year and for the ensuing Fiscal Year. The budget must be divided into reasonable classifications and divisions. The tentative budget shall include the amounts budgeted for Operating Expenses and amounts required to be deposited into the Renewal and Replacement Account.

The Trust Indenture and budgetary calendar govern the budget process. The Tollway budget is required to generate revenues sufficient to pay for operating costs, debt service, and a required deposit for the maintenance and repair of the toll roads as certified by an independent engineer.

### **Budget Review Process and Implementation**

The Tollway's budget process begins in early July of each year. The Budget Office prepares and distributes a preliminary budget for each department at department and cost center levels based on actual and projected expenditures. Departments are asked to submit planning requirements, new initiatives, programs, headcount changes or other assumptions to be incorporated into both their upcoming maintenance and operations budget as well as their capital budget. Once the departmental budget requests are returned to the Budget Office, the initial Preliminary Budget is compared to the Departmental Budget Request indicating dollar and percent changes along with proper justification.

The Preliminary/Departmental comparison Budget is then presented to the Chief of Finance by the Budget Office. Financial impacts are discussed and the Chief of Finance reviews and questions certain requests based on the justification provided. The Budget Office will then meet with the Department Chiefs to obtain further justification on items denied by the Chief of Finance.

Revised budget requests are returned to the Budget Office and Chief of Finance for review. Meetings are held with Budget staff, department chiefs and the Chief of Finance to discuss and finalize the budget requests. Final review and sign off is completed by the Chief of Finance and the Executive Director. This process results in the Tentative Budget.

The Tentative Budget is presented to the Board of Directors in October. Requested changes by the Board and Executive Management will be incorporated into the Tentative Budget and Public Hearings will be held at this time. The Budget Office will review and incorporate changes from the Board of Directors, Executive Management, and Public comments. The Final Budget is then presented to the Board in December.

The budget is monitored throughout the Fiscal Year. Analysis comparing actual expenditures to budget are conducted monthly and sent to the Chief of Finance and Department Chiefs. Quarterly budget reports are provided to the Board of Directors and posted on the Illinois Tollway's website.

### **Budget Amendment**

The Tollway Board may at any time adopt an amended Annual Budget. If the Tollway adopts an amended budget for total Operating Expenses exceeding one hundred ten percent of the Annual budget initially adopted, the Tollway shall give the Consulting Engineers not less than ten days prior written notice, including a copy of the proposed amended Annual Budget. If the Consulting Engineer files an objection to such notice, such amended budget shall not be effective or supersede any prior Annual Budget until the Tollway Board of Directors adopts the amended budget by not less than a three-fifths vote of all Directors at a public meeting. Notice of such public meetings shall be given in accordance with the law.

### **Budgetary Basis of Accounting**

The Tollway is required by its Trust Indenture to prepare a Tentative Budget for the ensuing Fiscal Year, on or before October 31 of each Fiscal Year, and to adopt the Annual Budget for such Fiscal Year on or before January 31 of each Fiscal Year.

The Tollway uses accrual basis of accounting for its proprietary funds (enterprise and internal service funds). Revenues are recognized in the accounting period they are earned and become measurable. Expenses are recognized in the accounting period in which the liability is incurred.

The Tollway's Budgetary Basis of Accounting (as required by its Trust Indenture) differs from the Tollway's GAAP Basis of Accounting with respect to the following:

For budgetary purposes, the Tollway does not capitalize purchases of furniture, fixtures, and operating equipment; construction costs are not depreciated; investments are recorded at cost; bond issue costs are expensed as incurred; capital lease obligations are not recorded; interest is capitalized before, during and after the construction period; gains or losses from early retirement of debt, interest income and interest expense derived from the proceeds of revenue bonds during construction are treated as reductions or additions to construction costs; refunds of previously paid expenses decrease current year expenses and are not treated as a prior period adjustment; and revenue is measured on a cash basis, where as under GAAP, revenue for financial statement purposes is recognized when measurable.

Last of all, the Tollway's Budget allocates Revenue to four major accounts. These accounts include Maintenance and Operations (M&O), Debt Service, Renewal and Replacement, and Improvements. The Renewal and Replacement and Improvements accounts comprise current resources allocated to fund the Tollway's Capital Program.



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# Financial Policies and Practices

The Tollway will follow a defined set of policies and practices for directing the Tollway's fiscal affairs. These policies and practices have been reviewed as part of the financial planning process and are the basis for developing this Financial Plan.

All of the policies and practices are aimed at keeping the cost of operating and maintaining the Tollway as low as possible while providing excellent customer service.

The Financial Plan provides the opportunity for making well-informed decisions, based on adherence to solid, carefully considered policies, and provides a forecast of what the results of today's decisions may reasonably be in the future.

## **Fiscal Policies and Practices**

### **General**

The Tollway has established policies to foster sound financial management and encourage progressive approaches to financing. The annual budget includes a set of policies to be followed in managing the financial and budgetary affairs of the Tollway. These policies will allow the Tollway to maintain its strong financial condition, while providing quality services.

### **Revenue**

Traffic volume assumptions are derived by reviewing historical data and analyzing the impact of current economic conditions, local and regional economic indices, energy price trends, demographic and population trends, employment trends, industry and home building development, household income, and roadway capital projects.

Surpluses identified but not included in the annual base-operating budget are dedicated to the capital plan.

1. The Tollway will maintain a revenue monitoring system to assist in trend analysis and revenue forecasting.
2. The Tollway will support legislation that will allow for expanded, progressive, and fiscally responsible financing measures.
3. The revenue model assumes the toll schedule, which became effective January 1, 2005. The toll rates were passed coinciding with approval of the Congestion-Relief Program on September 30, 2004.

**Expenditures**

1. The Tollway will maintain a level of expenditures, which will provide for the public well-being and safety of its roads.
2. Expenditures will be within the availability of generated revenue, bonds issued for construction and unreserved fund balances.
3. The Tollway will maintain expenditure categories according to state statutes, the Trust Indenture and administrative rules.
4. The Tollway will forecast its capital expenditures for the duration of the Congestion-Relief Program and may update this forecast annually with multi-year plans. Expenditure forecasts will be cognizant of the elastic and inelastic structure of revenues.
5. Annual operating budgets should provide for adequate design, construction, maintenance, and replacement in the Tollway's Capital Program.

**Debt Administration**

1. The Tollway will maintain regular communication with credit rating agencies and facilitate disclosure of financial and management issues important to investors. The Tollway will follow a policy of full disclosure in financial reporting.
2. Capital plans proposed for financing through debt should be accompanied by an analysis of the future maintenance and operations costs associated with the projects.
3. The Tollway will oversee and coordinate the timing, process of issuance, and marketing of bonds and other capital financing activities required in support of its Capital Program.
4. The Tollway will set aside sufficient current revenues to finance ongoing maintenance needs.
5. No debt will be issued for the purpose of funding capital projects until approved by the Board of Directors at a public meeting.
6. Borrowing should be of a duration that does not exceed the economic life of the improvement that it finances and, where feasible, should be shorter than the projected economic life. To the extent possible, the Tollway will design the repayment of debt to recapture rapidly its credit capacity for future use.

7. The Tollway will seek to issue its debt obligations through a sale method that will produce the best results for the Tollway.
8. When determined appropriate and approved by the Board of Directors, the Tollway may elect to sell its debt obligations through competitive sealed bid, competitive selection and negotiation, or a private placement.
9. The Tollway may issue advance refunding bonds and current refunding bonds (as defined for federal tax law purpose) when advantageous, legally permissible, prudent, and in the best interest of the Tollway and its patrons.
10. The Tollway may choose to defease its outstanding indebtedness through purchase of its securities on the open market when market conditions make such an option financially feasible.

### **Reserve Policy**

1. The Tollway will maintain an operating reserve. This budget will maintain a balance of \$17 million in 2009. The Board may alter the reserve to best suit financial levels of the Tollway. This reserve shall be created and maintained to provide the capacity to:
  - Offset unexpected downturns or revisions in revenues
  - Provide a sufficient cash flow for daily financial needs at all times
  - Offset unexpected increases in expenditures

### **Cash Management**

1. The Illinois State Toll Highway's Investment Policy ("Policy"), describes the Tollway's intent to invest all funds under the Tollway's control in a manner that provides the highest investment return using safe authorized instruments while meeting the Tollway's daily cash flow demands in conformance with all state statutes and any amended and revised Indenture governing the investment of Tollway funds.
2. The primary objective in the investment of Tollway funds is to ensure the safety of principal, while managing liquidity to pay the financial obligations of the Tollway, and providing the highest investment return using authorized instruments.
3. The cash management system is designed to accurately monitor and forecast expenditures and revenues, enabling the Tollway to invest funds to the fullest extent possible. The Tollway will match fund flows to projected disbursements.

4. In order to maximize interest earnings, the Tollway co-mingles funds. Interest revenue derived from co-mingled investments is allocated to the participating funds monthly.

Criteria for selecting investments and the order of priority are:

- (a) **Safety.** The safety of principal is the foremost objective of the investment program. Tollway investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification is required to ensure that the Tollway prudently manages market, interest rate and credit risks.
- (b) **Liquidity.** The investment portfolio shall remain sufficiently liquid to enable the Tollway to meet all operating requirements that might be reasonably projected.
- (c) **Return on Investment.** The investment portfolio shall be designed to obtain the highest available return, taking into account the Tollway's investment risk constraints and cash flow requirements.

### **Accounting, Auditing and Financial Reporting Policies**

1. The Tollway is a compartmental unit of the State of Illinois and is accounted for as a proprietary fund (enterprise fund) using the flow of economic resources measurement focus.
2. The Tollway uses the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred.
3. The Tollway is established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
4. The Tollway will establish and maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principals for governmental entities as promulgated by the Governmental Accounting Standards Board.
5. The accounting system will maintain records on a basis consistent with accepted standards for governmental accounting.

6. An independent firm of certified public accountants will perform an annual financial and compliance audit in accordance with Generally Accepted Auditing Standards (GAAS) and will publicly issue an opinion, which will be incorporated in the Comprehensive Annual Financial Report (CAFR).
7. The Tollway will annually seek the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program.
8. The Tollway will promote full disclosure in its annual financial statements and its bond presentations.
9. For purposes of the Statement of Cash Flows, the Tollway considers all highly liquid investments including restricted assets with a maturity of three months or less when purchased and all investments held by the Illinois State Treasurer's office to be cash equivalents, as these investments are available upon demand.
10. All investments in U.S. Treasury and agency issues are reported at fair value. All other Tollway investments, which consist of repurchase agreements, are recorded at face value which approximates fair value.

# Appendix



September 30, 2009

Michael Colsch  
Chief of Finance  
Illinois State Toll Highway Authority  
2700 Ogden Avenue  
Downers Grove, IL 60515

**Re: Annual Toll Revenue Certificate**

Dear Mr. Colsch:

As Traffic Engineers for the Illinois State Toll Highway Authority, Wilbur Smith Associates (WSA) is pleased to provide the toll revenue estimates required by the Trust Indenture, Section 713(3). This letter provides updated monthly toll revenue estimates for 2009 and toll revenue estimates for 2010. Estimates are based on the current toll rate structure that went into effect on January 1, 2005.

Toll revenue estimates presented herein incorporate adjustments for the current state of the national and regional economy, and expectations of the depth and duration of the current economic slowdown, and revised estimates of motor fuel prices reflecting current economic conditions and the estimated impacts of the 2009 Economic Stimulus.

The toll revenue estimates are estimates of expected revenue—the revenue that would be collected if each vehicle passing through a toll collection plaza paid exactly the published toll rate based on the vehicle's classification, time of day, and payment method. Expected revenue does not include the effects of overpayments, underpayments or toll evasion.

**Estimated Toll Revenue**

The revised 2009 system-wide expected toll revenue estimate is \$626,082,000. This estimate includes the Illinois Tollway's adjusted expected revenues for the first eight months of 2009, and WSA estimates for the four remaining months. Monthly figures are presented in Table 1.

Estimated system-wide expected revenue for 2010 is \$676,596,000. Monthly expected revenue estimates for 2010 are presented in Table 2. The estimates take into account available information from the Illinois Tollway revenue and transaction reporting system through August 2009. The estimates assumed major 2010 construction activity having traffic impacts as identified in Table 3.

Estimates for both 2009 and 2010 are based on a detailed review of recent traffic and revenue trends; an assessment of economic conditions within the Tollway study area; and evaluations of potential impacts of construction projects on and off the Tollway system.



Michael Colsch  
September 30, 2009  
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### **Construction Impacts**

Construction projects associated with the Illinois Tollway's Congestion-Relief Program will continue through 2010 and beyond. All major construction projects on the Tri-State Tollway are scheduled to be essentially completed by the end of 2009, including widening of the southern section between 159th Street and 95th Street; widening on the northern portion from Balmoral Avenue to Lake-Cook Road, from Half Day Road to IL 173 and reconstruction between IL 173 and Russell Road. Reconstruction and widening is scheduled to be completed for two segments of the Ronald Reagan Memorial Tollway in 2009: between York Road and Washington Street and between Orchard Road and the Aurora Plaza. On the Jane Addams Tollway major reconstruction and reconfiguration of the Cherry Valley interchange and an add lane project between Newburg and Rockton Roads are scheduled to be completed by the end of 2009. On the Veterans Memorial Tollway an add lane/resurfacing project between 75th Street and Ogden Avenue that began in 2008 is scheduled to be completed by the end of 2009.

In 2010, significant construction impacts are anticipated from resurfacing and bridge work on the Edens Spur (I-94) from Lake Cook Road to US-41 and on the Veterans Memorial Tollway (I-355) from I-55 to 75th Street and from I-88 to Army Trail Road. On the Edens Spur, it is anticipated that traffic will be limited to one lane in each direction from March, 2010 through October, 2010. On the Veterans, it is anticipated that the existing number of mainline lanes will be in operation at reduced width at all times during construction period; however, construction activity is still expected to negatively impact usage. This has been assumed in developing the toll revenue estimates provided herein.

WSA believes the construction impacts on toll revenue that are included in these estimates are reasonable given the information available at this time. As additional information becomes available on 2010 construction activity and maintenance of traffic plans, the estimates may be revised.

### **National and Regional Economy**

The recession that began in December, 2007 and continued to worsen through the first half of 2009 appears to be showing signs of abating. Economic activity, as measured by gross domestic product (GDP), which fell by 5.4 percent in the fourth quarter of 2008, declined at an even greater 6.4 percent in the first quarter of 2009. The decline slowed in the second quarter to only 1.0 percent, reflecting smaller declines in private investment and increased government spending.<sup>1</sup>

The Federal Reserve, in its' July 2009 Monetary Policy report projected real GDP to decrease by 1.5 to 1.0 percent for the entire year of 2009, and to increase by between 2.1 and 3.3 percent in 2010. In 2011, real GDP was projected to increase by 3.8 to 4.6 percent. However, the Congressional Budget Office (CBO), in its August 2009 Budget and Economic Outlook Update, projects real GDP to decrease by 2.5 percent in 2009, but increase by only 1.7 percent in 2010 and 3.5 percent in 2011.

Turmoil in the financial markets stemming from the mortgage crisis that resulted in the failure of several large banks, the placement of Fannie Mae and Freddie Mac into conservatorship by the government, and the takeover of some investment banks by commercial banks brokered by the Federal Reserve Bank and the US Treasury Department has lessened significantly. Partly as a result of tightened lending standards and improved financial condition, banks' access to credit markets has improved greatly since last fall. Challenges remain, however, as bank failures have risen this year, and more failures are likely. Apart

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<sup>1</sup> U.S. Department of Commerce, Bureau of Economic Analysis, August 27, 2009. Seasonally adjusted at annual rates.

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September 30, 2009  
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from losses in mortgages and consumer loans, banks and other financial institutions are facing significant losses from commercial real estate loans and investments in securities backed by such loans.

Consumer confidence has improved from the low levels earlier this year, but remains relatively depressed. After improving significantly from its February and March 2009 levels in the 20's, the Conference Board's Consumer Confidence Index has remained around 50 since May, including an unexpected decline in September. The Reuters/University of Michigan Survey of Consumers' Index of Consumer Sentiment, however, posted a significant increase in September that erased the entire decline since September 2008, reaching the highest level since September 2007. Increases in consumer confidence may not translate to increases in consumer spending, however, as declines in home values, pension and investment accounts have made even those who have not suffered income declines more cautious spenders. The desire to decrease their debt and increase savings remains the dominant motivation of nearly all consumers.<sup>2</sup>

In the labor market, the US unemployment rate increased steadily throughout the second half of 2008 and the first half of 2009, but beginning in May, has steadied around 9.5%. In August, 2009 the US unemployment rate stood at 9.7%, with the Illinois rate at 10.0%. The Congressional Budget Office expects unemployment to increase to 10.1 percent in the fourth quarter of 2009 and peak at 10.4 percent in the middle of 2010. CBO projects a drop to 9.9 percent by the end of 2010, 8.5 percent by the end of 2011, and 5.1 percent by the end of 2013.

The oversupply of new housing units and drop in existing home prices have been a continuing drag on the economic recovery. There are already signs that the construction of single family homes has stabilized. In July, starts and permits for single-family homes were both at their highest level in nine months. Similarly, prices of existing homes are showing signs of a recovery. The Standard and Poors/Case-Schiller 20 city home price index for July 2009, while still negative, represented the sixth consecutive month of improvement in this key indicator. Continued improvement, however, will depend somewhat on the market's response to the November expiration of the Federal first-time buyer's tax credit. Locally, the Chicago index stood at 128.32 in July, a 2.7% improvement over June and a 14.2% year over year decline.

#### **Motor Fuel Prices**

A critical factor affecting the national and regional economy has been the volatility in energy prices. The national average price for unleaded regular gasoline peaked at \$4.114 per gallon in July 2008 before falling steadily to \$1.653 per gallon in December. Since then, prices rose steadily until stabilizing in a range of \$2.50 to \$2.70 per gallon throughout the summer. Recently, prices have begun a slight decline, which is typical as the summer driving season ends. According to the September 2009 Energy Information Administration's (EIA) Short Term Energy Outlook, EIA expects the monthly average regular-grade gasoline retail price to fall from \$2.62 per gallon in August and September to an average of \$2.56 per gallon over the fourth quarter of 2009. Higher crude oil prices next year are expected to contribute to an increase in the annual average gasoline retail price from \$2.34 per gallon in 2009 to \$2.70 in 2010. Projected annual average diesel fuel retail prices are \$2.47 and \$2.88 per gallon in 2009 and 2010, respectively.

#### **Impact of Economy and Motor Fuel Prices on Travel**

The effect of the slowing economy and rising motor fuel prices on travel has been felt both nationally and regionally. The August 2009 issue of Traffic Volume Trends, published by the Federal Highway

<sup>2</sup> Rutgers/University of Michigan Surveys of Consumers, September, 2009.

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Administration (FHWA), based on approximately 4,000 continuous traffic counting locations nationwide, indicated that the estimated June 2009 vehicle-miles of travel on all roads and streets nationwide increased by 1.95 percent compared to June 2008, the second year over year increase in three months, and only the second increase since November 2007. In spite of these increases, the monthly national vehicle miles of travel in June 2009 remained about 5.5 percent below the all-time high, which occurred in August 2007. It is anticipated that the effects of the economic slowdown will continue to be felt through the rest of 2009 and 2010, although conditions will likely begin to recover by mid-2010.

**Traffic and Revenue Forecasts**

It was observed that revenues for the first eight months of 2009 were 2.6 percent lower than our October 2008 forecast, which was made before the full extent of the recession became clear. We believe that overall vehicle travel has begun to recover and will continue to increase on a seasonally adjusted basis, although still significantly below pre-recession levels. Tollway traffic and revenue will continue the recovery begun over the summer and will also benefit significantly from additional capacity currently nearing completion and reduced traffic congestion due to a significantly smaller construction program in 2010. The toll revenue forecasts provided herein reflect negative adjustments for the economy for the rest of 2009 and all of 2010.

WSA will continue to monitor economic activity, traffic growth and the impacts of construction on the Illinois Tollway. We trust the information herein meets your needs. Please let me know if you have questions or need additional information.

Yours truly,

WILBUR SMITH ASSOCIATES



Eugene Ryan  
Vice President

Attachments

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**Table 1**  
**Illinois Tollway**  
**2009 Monthly Systemwide**  
**Expected Revenue Estimates**

EXPECTED REVENUES		
(thousands)		
JANUARY	\$48,102	<sup>1</sup>
FEBRUARY	46,057	<sup>1</sup>
MARCH	51,866	<sup>1</sup>
APRIL	52,167	<sup>1</sup>
MAY	54,466	<sup>1</sup>
JUNE	55,589	<sup>1</sup>
JULY	57,658	<sup>1</sup>
AUGUST	56,646	<sup>1</sup>
SEPTEMBER	52,995	<sup>2</sup>
OCTOBER	56,665	<sup>2</sup>
NOVEMBER	48,567	<sup>2</sup>
DECEMBER	45,306	<sup>2</sup>
<b>TOTAL</b>	<b>\$626,082</b>	

<sup>1</sup> Adjusted expected revenue from the Illinois Tollway

<sup>2</sup> WSA estimate of expected revenue

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**Table 2**  
**Illinois Tollway**  
**2010 Monthly Systemwide**  
**Expected Revenue Estimates**

	EXPECTED REVENUES (thousands) <sup>1</sup>
JANUARY	\$50,723
FEBRUARY	47,392
MARCH	58,088
APRIL	55,395
MAY	58,166
JUNE	61,641
JULY	60,998
AUGUST	62,093
SEPTEMBER	59,284
OCTOBER	61,421
NOVEMBER	52,908
DECEMBER	48,488
YEARLY TOTAL	\$676,596

<sup>1</sup> WSA estimate of expected revenue

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**Table 3**  
**Illinois Tollway**  
**Major Scheduled Construction Projects**  
**2010**

Location		Type of Work
From	To	
<b>TRI-STATE TOLLWAY</b>		
Edens Spur (all)		Resurfacing, Bridge Repair
<b>VETERANS MEMORIAL TOLLWAY</b>		
I-55	75 <sup>th</sup> Street	Resurfacing, Bridge Repair
I-88	Army Trail Road	Resurfacing, Bridge Repair



AECOM  
303 East Wacker Drive  
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Chicago, IL 60601  
www.aecom.com

312 938 0300 tel  
312 938 1109 fax

December 10, 2009

Mr. Michael Colsch  
Chief of Finance  
Illinois State Toll Highway Authority  
2700 Ogden Avenue  
Downers Grove, IL 60515

**Subject: 2010 Renewal and Replacement Deposit**

Dear Mr. Colsch,

This letter supersedes the original letter dated October 26, 2009.


We have reviewed the renewal and replacement needs of the Tollway system in order to develop our recommendation for the deposit to be made to the Renewal and Replacement (R&R) Account in 2010. In addition to the maintenance and rehabilitation needs of the system, the Amended and Restated Trust Indenture, dated March 31, 1999 also permits the purchase of capital equipment under the R&R Account.

A cash flow analysis prepared by the Program Manager and Tollway Finance was furnished to AECOM on October 21, 2009. The projected ending balance of the R&R Account for 2009 will be approximately \$102 million. Based on this analysis, we recommend depositing \$150.0 million to the R&R Account for 2010 in order to fund the projects in the Tollway's Final Program of roadway, bridge, and facility repair, rehabilitation and reconstruction.

Total draws for the R&R Program in 2010 are estimated to be approximately \$198 million. The combination of deposits and draws on the cash balance of the R&R Account will fund the projects in the Program including \$60.0 million for Capital Projects such as fleet vehicle purchases, I-PASS Transponders, Information Technology projects, the Intelligent Transportation Systems program, and other Capital Projects.

If you have any questions or need additional information, please contact the undersigned.

Sincerely,



Jeffrey P. Heilstedt, P.E.  
Vice President

c: Michael King, Tollway  
Greg Stukel, Tollway  
Stella Banak, Tollway  
File 60040580 / 205.4

Paul Kovacs, Tollway  
Rocco Zuccherro, Tollway  
Maria Molliconi, Tollway

**2010 BUDGET**  
**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**  
**CERTIFICATE OF AUTHORIZED OFFICER**

Set forth below is a statement showing actual and estimated Revenues (including estimates of Toll Revenues prepared by the Traffic Engineer, Wilbur Smith Associates, Inc.), Operating Expenses, Aggregate Debt and Service and Renewal and Replacement Deposit (prepared by the Consulting Engineer, AECOM) for the years 2009 and 2010. This statement is prepared for the purpose of determining whether the Net Revenues, as projected, will be sufficient to at least equal the Net Revenue Requirements for such years, in accordance with the requirements of Section 713 of the Trust Indenture. This statement also includes the estimate of amounts available to the Improvement Account as described in Section 710 of the Trust Indenture

	<u>FY 2009</u>	<u>FY 2010</u>
Net Revenues :		
Actual Revenues - First Eight Months :		
Toll Revenue (1)	\$390.3	
Evasion Recovery	35.8	
Investment Income	2.7	
Concession and Miscellaneous	4.0	
First Eight Months Revenues	<u>\$432.8</u>	
Estimated Revenues - Last Four Months :		
Toll Revenue (1)	\$191.7	
Evasion Recovery	11.2	
Investment Income	\$1.3	
Concession and Miscellaneous	\$3.0	
Last Four Months Revenues	<u>\$207.2</u>	
Estimated Revenues :		
Toll Revenue (1)	\$582.0	\$642.0
Evasion Recovery	47.0	38.0
Investment Income	4.0	8.0
Concession and Miscellaneous	7.0	8.0
<b>Total Estimated Revenues</b>	<u><b>\$640.0</b></u>	<u><b>\$696.0</b></u>
Less: Total Budgeted Operating Expenses	(\$257.6)	(\$265.3)
<b>Estimated Net Revenues</b>	<u><b>\$382.4</b></u>	<u><b>\$430.7</b></u>
<b>Net Revenue Requirement</b>		
Aggregate Debt Service Requirement	\$173.3	\$246.5
Renewal and Replacement Deposit per Consulting Engineer	161.0	150.0
<b>Estimated Net Revenue Requirement (2)</b>	<u><b>\$334.3</b></u>	<u><b>\$396.5</b></u>
<b>Revenues in Excess of Net Revenue Requirement</b>	<b>\$48.1</b>	<b>\$34.2</b>
Less: Additional Debt Service Transfers and Fees		
(Credit Enhancement, Trustee and Rating Fees, and Future Debt Service)	(\$9.6)	(\$11.4)
Plus: Federal Rebate for Build America Bonds Available to Offset Debt Service (3)		\$15.3
Prepaid Interest Available to Offset Debt Service (3)		\$12.0
<b>Amount Available for Credit to the Improvement Account</b>	<u><b>\$38.5</b></u>	<u><b>\$50.1</b></u>

- (1) Wilbur Smith and Associates has estimated expected toll revenues to total \$626,082,000 in 2009 and \$676,596,000 in 2010. The amounts included in this certificate are adjusted to reflect the Tollway's estimate of overpayments, underpayments, and evaded tolls. The adjustments reduce toll revenues by \$44,082,000 for 2009, and \$34,596,000 for 2010.
- (2) The Net Revenue Requirement is the amount necessary to cure any deficiencies, plus the greater of (i) the sum of Aggregate Debt Service, the Junior Bond Revenue Requirement, and the Renewal and Replacement Deposit or (ii) 1.3 times Aggregate Debt Service. (The Tollway has not issued Junior Bonds.)
- (3) Federal rebates for Build America Bonds and prepaid interest amounts are utilized for debt service, reducing the amount of Tollway revenues that are transferred to meet debt service requirements.





