*As part of the development of this CMAQ application, CTA is submitting the following supplemental information to provide CMAP with additional context to accompany the RLE Project cost estimate, and to potentially inform the Project’s* ***Cost-Effectiveness*** *scoring. CTA is providing this additional analysis as context after careful consideration of the unique characteristics of RLE. The following information is only provided to CMAP for informational purposes. CTA understands that the ultimate authority and discretion lies with CMAP to evaluate this application and award funding accordingly.*

**RLE Cost Estimate Context**

The CTA is pursuing a federal Capital Investment Grant (CIG) Program New Starts grant, which is anticipated to fund up to 60% of RLE’s $3.6 billion capital cost. The New Starts grant would unlock more than $2 billion in competitive federal CIG dollars, bringing outside financial resources that our region would not otherwise benefit from.

To secure this sizable grant, CTA must demonstrate to the federal government a commitment that the Chicago region will provide the necessary local funding for RLE. As such, CTA and its partners must fund at least 40% (or $1.46 billion), known as the Project’s local share cost. The successful designation of the RLE Transit Tax Increment Financing (TIF) district in December 2022 was a momentous step forward to ensure that RLE continues to move ahead. The nearly unanimous approval by the Chicago City Council and by Mayor Lightfoot demonstrates the depth of support for the RLE not just within the South Side but across the entire city. CMAP also recognized RLE’s regional significance, its impact on advancing shared goals of inclusive growth, and its contribution to mitigating congestion and improving air quality in our region through the award of $30 million in CMAQ funding during the FY2022-2026 cycle.

Traditional cost effectiveness measures do not typically consider the equity benefits of projects that invest in underserved communities, nor that these communities often disproportionately suffer the negative effects of air pollution. Additionally, a project of this magnitude has benefits that do not fit neatly within the scoring used for typical projects. RLE is our region’s largest transformational equity investment, and no one entity has the capacity to fully fund a project of this regional magnitude. Therefore, a coalition of funders, including CMAP through the CMAQ program, is vital to take advantage of the federal New Starts grant and make RLE a reality. The Biden Administration has strongly signaled their interest in funding both transit and equity-focused projects. RLE is well-positioned to leverage these current policy priorities, as well as the recent influx of federal funding (e.g. IIJA), which will allow FTA to accommodate more transit projects in the CIG program.

**RLE Cost Estimate Parameters**

* The project cost estimate included in this CMAQ application includes RLE’s $3.6 billion capital cost, broken out by FTA’s Standard Cost Categories (SCC). Our cost estimate also reflects the local share responsibility for the RLE Project, totaling $1.46 billion (YOE$), shown in blue font. Because approximately $2.19 billion (60%) of the $3.6 billion project cost would be funded entirely through a federal CIG grant, CTA is recommending that the entire CIG amount be excluded from the project cost estimate for purposes of the CMAQ Cost-Effectiveness calculation. As noted above, the CIG-funded amount reflects a financial resource that is both competitive and external to our region. This is a funding source that would not otherwise be available to the region.
* Note that the RLE cost is presented in Year of Expenditure (YOE) dollars. Therefore, the RLE cost estimate includes a significant amount of inflation, which translates to a higher cost being carried in this estimate.
* Additionally, the RLE project cost estimate reflects a significant level of design beyond that of conceptual estimates. During the New Starts Project Development (PD) phase, the RLE design was advanced from the conceptual study, completed as part of the Draft Environmental Impact Statement (EIS), to the current Preliminary Engineering phase which further refined engineering concepts. The Preliminary Engineering phase involved developing the design in collaboration with the multiple functional disciplines including right-of-way, surveys and mapping, environment, safety, trackwork design, pavements, hydraulics, geotechnical, aerial structure design, substation and station layouts, traction power and signal system, utilities, real estate, maintenance equipment, and proposed real estate acquisitions. This contributes to a higher project cost being carried in this estimate.
* The RLE Project has already gone through an intensive risk analysis process with the FTA’s Project Management Oversight Consultant (PMOC) and this estimate represents the P-65 (65th percentile) risk level, incorporating 34% contingency.
* Overall funding assumptions used to populate the RLE cost estimate and CMAQ funding sources/request table are as follows:
  + FTA 5307 Urban Formula funding is used for pre-PD costs only, totaling $11,247,690.
  + FTA 5309 CIG funding ask is 60% of CIG-eligible project costs. Pre-PD costs are not CIG-eligible. The total value used for requesting the CIG share will also include finance charges, which are not included in the $3.6 billion cost estimate.
  + CMAQ funding request totals $130 million, inclusive of the actual FY2022-2026 CMAQ award to RLE of $30 million, and a requested award of $100 million.
  + CTA funding represents $377.8 million in sales tax bonds, which have been committed in the CTA Capital Improvement Program.
  + Based on analysis, a maximum of $950,000,000 would be available from RLE Transit TIF proceeds, which was successfully designated by the City of Chicago in December 2022.
  + The resulting CMAQ funding request table reflects the current project funding splits. Local funds reflect both CTA bonds and RLE Transit TIF funding.