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[Uncertainties Surrounding Chicago's Crosstown Expressway].
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Report to Rep. Abner J. Mikva; by Henry Eschwege, Director,
Community and Economic Development Div.

Issue Area: Transportation Systems and Policies: National
Highway System (2409).

Contact: Community and Economic Development Div.

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Highway Administration.

Congressional Relevance: Rep. Abner J. Mikva.

Cost estimates for constructing the proposed 19.9-mile
Crosstown Expressway in Chicago, Illinois, were examined, and
each government's share of the costs were determined. The
Federal Highway Administration (FHWA) estimated that the
expressway, not including a 6.3 mile northern segment, will cost
about \$1.25 billion in 1975 dollars. Final costs will depend on
inflation rates. The expressway's future as of June 1978 was
uncertain because FHWA had withdrawn its location and design
approval and requested a reevaluation. The 6.3 mile segment was
withdrawn from the interstate system in response to an
application and, as a result, is no longer eligible for
construction with interstate funds. Substitute funding is
available, but Illinois has no current plans for this
construction. If the segment is built without interstate funds,
many procedural requirements for interstate highways would still
have to be satisfied. Costs of constructing Federal-aid highways
in Chicago are traditionally shared by the State, Chicago, Cook
County, and the Federal Government. Under current plans and
procedures, the Federal Government will pay 90% of the costs
(about \$1 billion) of the expressway on the interstate system.
The State, county, and city share of the costs could vary from
\$40 million to \$155 million each, depending on the inflation
rate and the amount of Federal participation. State and city
officials did not believe that a motor fuel tax increase would
be necessary to pay for the expressway. (HTW)

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

B-164497(3)

June 30, 1978

The Honorable Abner J. Mikva
House of Representatives

Dear Mr. Mikva:

By letter dated February 24, 1978, you requested that we examine the cost estimates for constructing the proposed 19.9-mile Crosstown Expressway (Interstate 494) in Chicago, Illinois, and determine the Federal, State, county, and city government shares of the total cost. As you know, we briefed your office on these matters on April 13, 1978; at that time, we agreed to summarize our briefing and to obtain information on

- the effect that not building 6.3 miles of the expressway would have on the usefulness of the remaining 13.6 miles,
- alternatives for completing the northern part of the expressway, and
- the possibility that Illinois motor fuel taxes might have to be increased to pay for the expressway.

The most recent Federal Highway Administration (FHWA) Interstate cost estimate shows that the Crosstown Expressway will cost about \$1.25 billion in 1975 dollars; this amount does not include the 6.3-mile northern segment of the expressway. Although the State estimated that the expressway would cost \$1.25 billion, recent questions about the final expressway location and design make it difficult to obtain an accurate estimate.

As shown by the following table, final costs will depend also on the annual inflation rate. We based our estimates on the \$1.25 billion estimate and assumed that contracting would be completed by the end of 1988. We did

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not apply the assumed annual inflation rates for calendar years 1976 and 1977 because Illinois highway construction costs were relatively stable during that period.

<u>Assumed annual inflation</u> (percent)	<u>Total estimated costs</u> (billions)
3	\$1.49
6	1.79
10	2.27

The expressway's future as of June 1978 was uncertain. FHWA officials said that there is no guarantee that the expressway will ever be built--FHWA had granted location and design approval for one segment of the expressway in 1968, but in August 1977 FHWA withdrew its prior approval by asking for a reevaluation. FHWA requested a reevaluation because:

- Nine years had passed since location and design for one part of the expressway had been approved.
- There had been no progress in planning, designing, or constructing the highway since May 1973, when Illinois Governor Walker suspended all State efforts.
- The effect of eliminating the northern part of the proposed expressway needed to be determined.

FHWA officials stated that reevaluation will include an environmental impact statement and action to inform the public and involve it in planning highway location and design. The impact statement should address alternative highway locations and designs and the potential effects on the area's social, economic, and environmental characteristics. The study must also consider the effect of not building the expressway at all.

Federal, State, and city officials stated that it could take 18 months to 5 years for the State to complete and for FHWA to approve the impact statement. The State and the city had not started work on the new impact statement or the public information plan as of June 1978.

In September 1977 FHWA and the Urban Mass Transportation Administration approved the Illinois and Chicago application to withdraw the 6.3-mile northern leg of the expressway from the interstate system. As a result, this segment is no longer eligible for construction with interstate funds. This withdrawal, however, provided the State funding equal to the Federal share of estimated construction costs for the withdrawn segment. These interstate substitute funds are available for other highway and mass transit projects.

FHWA officials stated that the 6.3-mile segment could still be built even to interstate standards with Federal-aid primary or urban system funds, interstate substitute funds, or State and local funds. An Illinois official said that the State currently has no plans to construct the northern leg.

FHWA and State highway officials said that the effect of not building the northern leg is unknown. FHWA officials said that this will be determined during the State evaluation.

If the northern segment is built without interstate funds, many procedural requirements for interstate highways would still have to be satisfied. For example, if the State proposed using other Federal-aid highway funds, FHWA officials said that the project would require an environmental impact statement. State officials noted that many of the same approval processes would be necessary if the project was constructed with State funds.

Traditionally, the costs of constructing Federal-aid highways in Chicago are shared by the State, Chicago, Cook County, and the Federal Government. Under current procedures, the Federal Government will pay 90 percent of eligible costs of the Crosstown Expressway still on the interstate system. As of June 1978 there was no agreement concerning how non-Federal reimbursable costs would be paid.

Based on current plans and the \$1.25-billion estimate, Federal-aid interstate funding would reimburse 90 percent (about \$1 billion) of the \$1.12 billion currently eligible for interstate funding. Other Federal-aid highway or mass transit funding could help pay the remaining \$130 million--not eligible for interstate funding--which

will be incurred for mass transit components, relocating rail lines, and required construction at connecting highway interchanges.

The State, county, and city share of the costs could vary from \$46 million to \$155 million each, depending on the inflation rate and the amount of Federal participation in the costs that are not eligible for interstate funding.

State and city officials did not believe that a motor fuel tax increase would be necessary to pay for the expressway. According to a State official, the State share of the cost could be provided through the State road fund and/or the issue of transportation bonds that are repayable through road user tax collections. A city official stated that Chicago would finance its share through motor fuel tax revenues and general obligation bonds. The Chicago city council appropriated \$500,000 of motor fuel tax funds and authorized an additional \$46 million in bonds for the expressway in 1977. County officials stated that they did not know how the county's share of the cost would be financed.

As discussed with your office, we obtained FHWA, State highway agency, and city comments and views on your concerns and incorporated them into this report as appropriate. As agreed with your office, copies of this report will be provided to other interested parties upon request.

Sincerely yours,



Henry Eschwege
Director