

**MINUTES OF A PUBLIC MEETING OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY**

The **Audit Committee** of the Board of Directors of the Regional Transportation Authority met in public session on **Thursday, June 16, 2009**, at 8:15 a.m., in Suite 1550, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Patrick J. Durante presided.

**ROLL CALL**

Committee Members:	Jan Carlson William R. Coulson Patrick J. Durante Phil Fuentes Al Jourdan Michael Rosenberg Judy Baar Topinka
Other Board Members:	James Buchanan Rev. L. Tyrone Crider, Sr. Dwight Magalis J.D. Ross Bishop Horace E. Smith, M.D. Douglas M. Troiani Chairman Jim Reilly -----
Staff Participants:	Stephen Schlickman, Executive Director Grace Gallucci, DED Research, Analysis & Policy Development

**Report on Gas Price and Transit Ridership**

Ms. Gallucci Grace Gallucci presented research results for an investigation of the relationship between gasoline prices and transit ridership undertaken by the Research, Analysis, and Policy Development Department. It was explained that the research effort was documented in a paper, "Transit Ridership Models: Present Status and Future Needs", which was presented at the 50<sup>th</sup> annual Transportation Research Forum meeting in Portland, Oregon, on March 16, 2009 and again at the Transport Chicago conference on June 5, 2009. Ms. Gallucci was the primary author, with John Allen, Ph.D. as co-author.

The relevance of the research was explained by highlighting the costs of fuel to the region's transit system, which increased nearly 372% or \$136 million between 2003-2008. The operational impacts would also be of significance if the link is made between the high price of gas at the pump and the increase in transit ridership. Specific ridership numbers for the CTA, Metra, and Pace, as well as the RTA system were presented for the study period of January 2003 - December 2008. Retail gasoline prices were analyzed for that same period for northeastern Illinois.

**APPROVED BY THE AUDIT COMMITTEE  
AUGUST 20, 2009**

In summary, the analysis shows that the two data sets are closely correlated. For the six-year period studied, the correlation between gasoline price and ridership change was 67% for the CTA, 81% for Metra, 59% for Pace, and 71% for all three Service Boards combined. Although the strong relationship exists, a caveat was put forward of the difficulty to establish a pure cause and effect relationship because other changes, such as fares and services, may have also affected ridership.

Nevertheless, this research provides important input for the funding and operations of the region's transit system. Although there exists a lack of models that could predict the elasticity of gas prices and its effect on ridership, the development of one would be a tremendous asset to the industry. This research was seen as one step towards that end.

Director Buchanan asked if the use of the word "gasoline," was referring to diesel fuel. Ms. Gallucci explained that when she was referring to gasoline prices, we are referring to the retail prices as documented by the Department of Energy for the Chicago area. So that would be the price that a consumer pays at the pump. We used the mid-range fuel type, which was the most common used, so that we are tracking it based on what the consumer sees. She added that one of the charts presented identified the cost to the transit agencies for fuel, and that was diesel.

Director Buchanan then asked if staff had any data on the consumption, use, or price of fuel today. He pointed out that having some involvement in the area, they have gone from \$145 barrel oil down to \$40, and it now is leveling off at \$60-\$65. He asked if the RTA and the system are receiving any benefit from that? Ms. Gallucci briefly responded that as the price per barrel falls and the cost of diesel fuel falls, the agencies reap that benefit. However, sometimes agencies enter into contracts that are longer term and may have a locked-in price and, therefore, do not benefit by reductions in the barrel price. However, they also are not being affected by increases.

Director Riley complimented Ms. Gallucci and her staff on an excellent study considering the number of variables they had to work with. He added that this information will be valuable to people in the business and the impact on ridership.

### ADJOURNMENT

There being no further business to come before the public session of the Audit Committee, Director Fuentes moved, and Director Riley seconded that the meeting adjourn. The motion carried by the following voice vote:

7 Yeas                      Directors Carlson, Coulson, Durante, Fuentes, Jourdan, Rosenberg, and Topinka

The meeting ended at 8:40 a.m.

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*Audrey MacLennan*  
AUDREY MACLENNAN  
Secretary of the Authority