

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

The Finance Committee of the Board of Directors of the Regional Transportation Authority met in public session on **Thursday, April 6, 2006** at 9:30 a.m., in Suite 1550, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Dwight A. Magalis presided.

ROLL CALL

Present:	Carole L. Brown Dwight A. Magalis Fred T.L. Norris Patrick V. Riley, Jr. Michael Rosenberg Douglas M. Troiani
Absent:	Rev. Addie L. Wyatt
Others:	Allan C. Carr Patrick J. Durante Armando Gomez, Sr. Mary M. McDonald RTA Chairman Jim Reilly

Reading and approval of minutes from the public session held on March 2, 2006

Director Norris moved, and Director Riley seconded approval of the minutes from the public session held on March 2, 2006. The motion carried on the following roll call vote:

6 Ayes	Directors Brown, Magalis, Norris, Riley, Rosenberg and Troiani
1 Absent	Director Wyatt

Ordinance amending the 2006-2010 Capital Marks and Program

Committee Chairman Magalis requested leave of the Committee to dispense with this presentation, as the Committee members were present at the Planning Committee, which immediately preceded the Finance Committee. The Committee concurred by the following voice vote.

6 Ayes	Directors Brown, Magalis, Norris, Riley, Rosenberg, and Troiani
1 Absent	Director Wyatt

**APPROVED BY THE FINANCE COMMITTEE
MAY 4, 2006**

Director Norris moved, and Director Riley seconded recommendation of the following ordinance to the Board for approval.

The motion carried on the following roll call vote:

6 Ayes	Directors Brown, Magalis, Norris, Riley, Rosenberg, and Troiani
1 Absent	Director Wyatt

Report on the operating financial results for January 2006

Mr. Joseph Costello, RTA Senior Deputy Executive Director of Finance and Administration presented an overview of the operating financial results through January. The January combined net results for the Service Boards of \$73.5 million were favorable to budget by \$9.5 million, or 11.5%. Each Service Board had favorable results. The combined revenues were up by \$4.6 million, while expenses were \$4.9 million favorable to budget. The favorable results are attributable mostly to higher than budgeted farebox revenue and lower than budgeted fuel expense. Compared to last year combined net results were \$3.4 million favorable.

The system-generated revenue recovery ratio for the region of 51.9% closed 5.9 points higher than budget due to favorable revenues and expenses. Each Service Board posted favorable results. Compared to last year, the system-generated revenue recovery ratio was 4.5 points higher.

For the month, the CTA's revenues were \$2.5 million favorable to budget. Farebox revenue increased \$1.9 million primarily due to the fare change in January that eliminated paper transfers. People who use cash and transfer within two hours pay two to three times more than the transit card rider. For example, a cash rider making one transfer pays \$4 vs. \$2 and a cash paying rider who transfers twice pays \$6 vs. \$2 that the transit card rider pays.

Operating expenses were favorable to budget by \$1.9 million or 2.2% due to lower energy prices and timing differences. Favorable fuel, material, power, security, and paratransit costs were able to offset higher labor costs of \$0.6 million, which was due to higher bus operations expenses. This is due in part to timing differences in charging CMAQ grants for operations. The average fuel price in January of \$1.94 per gallon was 6¢ lower than budget but 27¢ higher than last year.

In January, Metra's revenues were favorable to budget by \$2.2 million. Farebox revenues exceeded budget by \$0.9 million due to higher reported ridership, as opposed to the actual number of people riding the train. Ridership increased 5.4% from budget and 8.7% from last year. Stockpiling of ten-ride tickets in January prior to the February fare increase resulted in the strong reported ridership gain for the month. Rides on ten-ride tickets are applied to the month that the ticket is purchased, creating an artificial increase in fares and riders the month before the fare increase takes effect. The next 60 to 90 days will most likely show ridership and farebox figures that are below the actual number of people on the train. Expenses were favorable by \$2.6 million primarily due to lower than budgeted operations, fuel, power, and insurance. The average fuel price in January of \$1.86 per gallon was 4.4¢ lower than budget but 58¢ higher than last year.

Pace's revenues closely matched budget, while expenses were favorable to budget by \$0.4 million. Favorable operations, administration and fuel expenses offset higher insurance and claims. Fuel prices in January were \$2.04 per gallon, which was 2¢ per gallon over budget and 72¢ per gallon higher than last year.

In January, region-wide ridership of 47.8 million was 0.5 million or 1.1% higher than budget and 3.8 million or 8.6% higher than previous year. The CTA was even with budget, while Metra and Pace posted favorable results. Each Service Board posted favorable results compared to prior year. The CTA, Metra and Pace are ahead of last year's figure by 8.8%, 8.7% and 5.7% respectively. These ridership gains have driven farebox revenues to a total that is \$2.6 million greater than budget.

Preliminary sales tax for January of \$58.2 million was \$4.2 million or 7.8% higher than budget and \$5.9 million or 11.2% higher than last year. A warm January and record holiday gift card purchases contributed to sales tax receipts that exceeded both budget and prior year.

Director Rosenberg commented that this highlights something we have talked about for a long time and a number that we have talked about as needing in the capital budget just to maintain the system. We always talk about needing \$1 billion just to maintain the system. If we started back at \$761 million, that was all the money that was available in the capital budget, we were still 30-plus percent short of the billion. He added that Chairmen Brown and Ladd and Pace's Executive Director have all spoken about how unhappy they are having to use capital funds to pay for operating budgets. We have to recognize and sell this to the legislature, as well as to the public as part of our outreach program. Maintenance of the system is critical. If we can't maintain the system, the new starts are going to be new running up against old dilapidated parts on all three of the systems. The bottom line is we are short no matter how many dollars we borrow for operating out of capital, and we have to address that issue.

Director Brown made the point that we are encouraged by the fact that ridership is up and, therefore, farebox revenues are up. However, she wanted to make sure everyone remembers that only 50% of our costs are covered by the farebox revenues. What ends up happening is, we can't afford the riders that are getting on our buses or trains because of our structural deficit. The need for increased funding on the capital side, as well as the operating side still are critical issues. We are encouraged by the results, but we should not be lulled into a false sense of confidence that we are going to be able to maintain our system at the current levels without some assistance from Springfield.

ADJOURNMENT

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

6 Ayes Directors Brown, Magalis, Norris, Riley, Rosenberg, and Troiani

1 Absent Director Wyatt

The meeting adjourned at 9:50 a.m.

Audrey MacLennan
AUDREY MACLENNAN
Secretary of the Authority