

**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, March 16, 2017 at 8:45 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Acting Committee Chairman Coulson presided.

ROLL CALL

Committee members present (5): Coulson, DeWitte, Lewis, Melvin (@#3b), Troiani

Committee members absent (3): Anderson, Buchanan, and Magalis

Other Board members present: Durante, Frega, Fuentes, Higgins, Hobson, Pang, Ross, and Chairman Dillard

Report on monthly financial results – January 2017

Ms. Bea Reyna-Hickey, CFO provided a summary of the Service Board financial results for January 2017. Ms. Reyna-Hickey stated that the regional unemployment rate decreased to 5.7% in January, but it still lagged the national unemployment rate by 0.9 percentage point. RTA system ridership was 0.9% unfavorable to budget for January and 2.7% lower than prior year.

System operating revenue was \$1.5 million or 1.7% unfavorable to budget for January due to lagging ridership and lower accrual of the State reduced fare funding. Metra was the only Service Board with favorable fare revenue and operating revenue results. CTA posted an unfavorable variance of 3.8%, mainly due to the lower accrual of the State reduced fare funding, which affects their system the most. Pace Suburban Service and Pace ADA Paratransit posted the largest unfavorable variances, at 6.2% and 10.4% under budget, respectively. Regional public funding was \$1.6 million or 1.5% unfavorable to budget.

Ms. Reyna-Hickey added system operating expenses for January were \$5.4 million or 2.4% favorable to budget. Each Service Board reported favorable to budget expenses for January, largely attributable to administration expenses and the mild weather and almost snow-free winter. Favorable public funding and expense results produced a net result for the system, which was \$2.2 million favorable to budget. Ms. Reyna-Hickey stated that the system-wide recovery ratio of 45.8% exceeded budget by 0.4 percentage points for January; however, it is below 50%, but that is normal for the winter months.

Director Lewis asked if the Pace public funding numbers are down because of the slowness in the Medicaid reimbursements. Ms. Reyna-Hickey replied that ADA Paratransit Medicaid reimbursements are more of a timing difference. As for Pace Suburban services, the revenue decline is affected by the lower reduced fare funding, which is half of the normal amount.

**APPROVED BY THE FINANCE COMMITTEE
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Director Lewis followed by asking if Pace ridership numbers are down, are they taking any initiatives to drive up ridership? Ms. Reyna-Hickey replied that she met with Pace this week on the subject and they're still projecting growth in 2017 based on the new service on I-90, which will add service to a new area; however, it's too early to verify the growth. Pace also stated that they would be monitoring more closely ridership for all their routes and the region.

Director Troiani asked if a fare increase has a positive impact on the farebox recovery ratio or does declining ridership offset it? Ms. Reyna-Hickey replied that both, fare increases and declining ridership affect the Farebox recovery ratio and per all the Service Boards, they agree that raising fares does factor a drop in ridership. Also, raising fares will bring in more revenue, but the loss of ridership can sometimes offset the increase. However, it really depends on how the fare increases are structured, because there are ways that will reduce the ridership loss, but we will have to be explored this further.

Director Hobson expressed concern over the possibility of not meeting the statutory farebox recovery ratio and the Service Boards acting too late. He asked when we are going to start enacting contingency plans so that we meet the statutory farebox recovery ratio. Ms. Reyna-Hickey replied that right now, we have seasonal variations in the Recovery ratio, so we are doing okay; however, we are going to watch it very closely. Nonetheless, we did manage to get each service board to go up on their respective recovery ratios, which was a big step. Each Service Board is also maintaining lower expenses that are helping tremendously. Other things the RTA and the Service Boards are considering are seeking recovery ratio relief to offset the lower State reduced fare funding. She added that staff is also encouraging the Service Boards to look at their fares every year. We do believe that if the Service Boards continue to keep their expense low, we should be okay.

Director DeWitte asked if we have any performance data from Pace on the new service on the Jane Addams Tollway. Ms. Redden reported that she's a new rider and likes the new service. She also replied that the program is too early to report on, but we will provide the results as they come in.

Director Ross asked if Pace ADA Paratransit declining ridership is attributable to more people taking fixed route trips. Ms. Reyna-Hickey replied that when there is less ridership, it saves the region money, but she could not confirm if this was attributable to more people taking fixed route trips. Mr. Michael VanDekreke further explained that the RTA has been running the travel-training program for a few years now, which helps many customers learn how to use the fix route system. However, there is not a lot of data to track ADA Paratransit customers transitioning to fixed-route trips.

Director Ross asked what is the correlation between the decrease in ridership and the lower revenue; and can we assume that anything above a 5.9% variance decline is attributable to Medicaid reimbursements? Ms. Reyna-Hickey replied that she could not confirm that Medicaid reimbursements are due to the declining ridership, but we will check with Pace on the actual outstanding Medicaid reimbursement balance.

Director Lewis asked if Pace is contemplating adding at their bus stops displays that will provide information about actual bus arrival times. Mr. VanDekreke replied that Pace Suburban Service is planning to put up bus shelters similar to what CTA currently has in place with the scrolling arrival time schedules. He will provide more information on when that will be rolling out. Ms. Redden added that the Ventra app allows customers to check schedules for all three Service Boards.

Director Higgins asked if the Board or staff studied other expansion/enhancement options for the Ventra app; for example, paying for your ticket on the venture app and scheduling a ride to your final destination all at the same time. Ms. Redden replied that all three Service Boards are fully integrated with the Ventra app, with real-time route schedules. She also added that Metra allows customers to purchase mobile tickets that can be used directly from their mobile phone. However, customers are not yet able to use features like the tap and go payment option yet, but that's a device enhancement issue, which we are current reviewing. Leanne gave an example of how our route transit system included in Google maps but went on to state that technology innovation is better suited for the private sector; however, we're always looking at ways to enhance with technology. Director Higgins commented that we don't have a streamlined and centralized mobile interface app for our transit system, which our private sector competitors do, so we're losing ridership.

Director Melvin arrived at this point.

Presentation of the 2015 Peer Performance Measures Reports

Ms. Jill Leary presented the regional and sub-regional peer reviews for 2015. This is the 9th time presenting the regional peer review, which covers the top 10 largest metropolitan regions in the U.S., with Chicago being the third largest. This report pools together data from the main transit providers from each region.

Chicago's rankings for each of the six service coverage measures has remained unchanged since 2011, with each measure placing in the top half compared to peer regions. The Chicago region was one of eight to report ridership decreases in 2015, but maintained the 3rd-highest passenger trips behind New York and Los Angeles.

For service efficiency and effectiveness, Chicago retained its top-ranked position for operating cost per passenger mile for the fifth consecutive year. The Chicago system maintained its operating cost per unit of transit capacity, moving up one rank position as other regions saw significantly higher operating cost increases.

The sub-regional peer review is being presented for the 7th time. It examines performance for each mode separately: urban and suburban bus, heavy and commuter rail, vanpool, and ADA paratransit. CTA bus remained a top performer, exceeding or equaling the peer average in nine of eleven measures. CTA bus retained its top-ranked performance for operating cost per vehicle revenue hour. CTA ranked first for fare recovery ratio for the sixth consecutive year. CTA rail ranked last for passenger trips per vehicle revenue hour for the seventh consecutive year due to its smaller capacity rail cars, 24-hour service, and extensive network of stations. CTA rail was top-ranked for two service efficiency and effectiveness measures: operating cost per vehicle revenue hour and operating cost per passenger mile.

Metra commuter rail performed better than the peer average for both measures of service coverage. Metra retained its second-place ranking for operating cost per passenger trip for the fifth consecutive year. Metra fell below the peer average for each fare-related measure, but moved up one rank position for fare recovery ratio.

Pace bus saw its second year of declining ridership, down 4.9%. Pace retained its first-place ranking for operating cost per vehicle revenue hour for the seventh consecutive year. Pace added 76 new buses into its active vehicle fleet in 2015. Pace gained one rank position for fare recovery ratio, increasing 1.2 percentage points as fare revenue remained flat but operating costs decreased by more than 6%. Pace Vanpool ridership decreased 3.8% for the second consecutive year. Pace ranked second for operating cost per vehicle revenue hour, at 34% lower than the peer average, and moved up one rank position for operating cost per passenger trip. Pace ADA paratransit performed as well as or better than the peer average for nine of ten performance measures.

Director Higgins noted that rank as most miles between mechanical failures is a great stat. He asked whether we do anything to commemorate this and recognize employees. Chairman Dillard mentioned that tomorrow is Transit Employee Appreciation Day, which is a great opportunity to thank employees. Also, he included this stat in recent *Sun Times* Editorial and the need for infrastructure investment. *The Wall Street Journal* also printed an article from him about the need to increase the gas tax. He also reminded Board members that they are messengers as well. Director Higgins thanked him for the thorough response and the cards to hand out tomorrow.

Director Frega mentioned the need to do a better job about talking about system and improvements as he hears complaints from people saying that Metra is good but old even with the fare increase. Chairman Dillard responded that yes, this is important, and is something he continues to do.

Director Coulson pointed out that Safety is also important. He asked how we measure that and is there an opportunity to showcase our achievements in this area? DED Leary said that she would look into it more and get back to him. Chairman Dillard further asked if insurers ask about this and asked if GC Lacombe can put together something about safety for Board. Ms. Lacombe responded that, yes, Metra in particular does a thorough job and could come in at some point.

Chairman Durante noted that he has ridden and is amazed by new cars that have been rehabbed nicely by Metra.

Approval of minutes from the meetings held on December 15, 2016 and February 16, 2017

Director Melvin moved and Director DeWitte seconded that the minutes from the meetings held on December 15, 2016 and February 16, 2017 be approved as submitted. The motion carried on the following roll call vote:

5 Yeas: Coulson, DeWitte, Lewis, Melvin, Troiani

3 Absent: Anderson, Buchanan, and Magalis

The minutes were approved at the end of the meeting due to a lack of quorum at the start.

Ordinances authorizing the execution of federal funding allocation agreements with Northwestern Indiana and Southeastern Wisconsin, amending the 2017-2021 Capital program, and an extension of ICE-funded projects

Mr. David Spacek presented the background information associated with the three ordinances for board approval. The first ordinance is the annual allocation of federal formula transit funds in the region. The ordinance is to approve the annual split of the partial FFY 2017 federal formula funds and the LOU Annual Attachments. This is being brought to the board for approval before the full year appropriation is approved by Congress so that the service boards can apply for these funds as soon as possible to move ahead on several of their projects. After approval, the RTA will provide written notification to the FTA of the apportioned allocation received by the Illinois and Wisconsin MPO's and service boards.

The second ordinance is for approval of the first quarter amendment to the 2017-2021 capital program adopted by the board in December of 2016. The total change in dollars in 2017 capital program is \$15.97 million. This is due to a change in two funding categories that are part of this amendment: Federal and Service Board and Local Funds. The change in federal funds is due to reprogramming CTA federal funds from previous years' capital programs to the Red Line Extension, and the award to CTA of two federal discretionary grants. The change in Service Board and Local Funds is a result of a CTA insurance settlement and City of Chicago zoning bonus income funds, and a transfer of Positive Budget Variance by Pace to capital.

The third ordinance is for a 12-month extension for nine Innovation, Coordination, and Enhancement (ICE) projects. Five are for CTA and four are for Metra.

Director Lewis moved and Director Troiani seconded that the proposed ordinances be recommended to the full Board for approval. The motion carried on the following unanimous roll call vote:

5 Yeas: Coulson, DeWitte, Lewis, Melvin, Troiani

3 Absent: Anderson, Buchanan, and Magalis

ADJOURNMENT

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

5 Yeas: Coulson, DeWitte, Lewis, Melvin, Troiani

3 Absent: Anderson, Buchanan, and Magalis

The meeting ended at 9:45 a.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority