

**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, September 15, 2016 at 8:35 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Acting Committee Chairman DeWitte presided.

ROLL CALL

Committee members present (5): Buchanan (phone), Coulson, DeWitte, Lewis, and Troiani

Committee members absent (2): Anderson and Magalis

Other Board members present: Frega, Fuentes, Hobson, Melvin, Ross, Totten, and Chairman Dillard

Approval of minutes from the meeting held on August 25, 2016

Director Troiani moved, and Director Lewis seconded that the minutes from the meeting held on August 25, 2016 be approved as submitted. The motion carried on the following roll call vote:

5 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, and Troiani

2 Absent: Directors Anderson and Magalis

Report on Monthly Financial Results – July 2016

Ms. Bea Reyna-Hickey provided a summary of the Service Board financial results for the year-to-date through July 2016. Ms. Reyna-Hickey stated that the regional unemployment rate fell to 5.6% in July. She noted that the national unemployment rate held steady at 4.9%. RTA system ridership was 3.2% unfavorable to budget year-to-date through July and 2.8% lower than prior year. Ms. Reyna-Hickey affirmed that low gas prices continue to drive ridership loss and that July gas prices were the lowest they had been in over 10 years.

System operating revenue was \$5.9 million or 0.9% unfavorable to budget through July 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. Pace Suburban Service and Pace ADA Paratransit posted the largest unfavorable variances, at 8.9% and 11.1% under budget, respectively. Regional public funding, however, was \$15.2 million or 1.8% favorable to budget due to favorable RETT results. Ms. Reyna-Hickey went on to say that system operating expenses through July were \$42.4 million or 2.8% favorable to budget. Each Service Board reported favorable to budget expenses year-to-date, largely attributable to low fuel prices. Favorable public funding and expense results produced a net result for the system which was \$51.7 million favorable to budget. Ms. Reyna-Hickey stated that the system-wide recovery ratio of 50.8% exceeded budget by 1.0 percentage points.

Director Lewis asked if lower ridership was due to seasonality and if the RTA expected some uptick in ridership in the fall months when students return to school. Ms. Reyna-Hickey responded that ridership typically reaches its highest numbers in September and October.

Chairman Dillard commented that gas prices will not always be so low and that it is important for the Service Boards to continue to contain all expenses and not rely on favorable fuel results. Ms. Reyna-Hickey noted that the Service Boards have worked hard to control all expense categories.

Director Hobson asked if it is possible to extract the positive effects of the marketing campaign from the ridership totals to better understand where ridership would be without the campaign. Ms. Reyna-Hickey replied that this analysis is not readily available, but Finance staff will work with Planning staff to get a better understanding of the impacts of the marketing campaign.

Ordinance authorizing Quarterly Capital Amendment – Second Quarter 2016

Ms. Donna Anderson presented the third quarter capital amendment and a separate ordinance to provide time extensions on three ICE-funded projects. The proposed capital amendment funding changes resulted in a \$133.13 million decrease in funding in 2016 and a \$1.3 billion increase in the 2017-2020 out-years of the capital program. The 2016 changes were the result of a decrease in CTA bonds for the Red Purple Modernization (RPM) initiative along with an increase in federal, Service Board and local funds, and the de-obligation and carryover of funds from other projects. For the 2017-2020 period, all the changes are related to the CTA's RPM initiative and represent significant increases in funding from a federal Core Capacity grant and a federal TIFIA loan. Metra had no changes for this amendment.

The capital funds allowed for the following changes to Service Board projects in 2016: CTA - capital programming force account activities, a Transit-Oriented Development Plan for the RPM initiative, the mid-life rehab of the 3200 series rail cars, construction of a bus turnaround at 63rd and the Lakefront, Oracle system upgrades, and the lease of Ventra equipment; and Pace - Barrington Rd/I-90 pedestrian bridge, five new express-route coach buses, and design and engineering for a park-n-ride lot in Plainfield.

Ms. Anderson then provided an overview of the RPM initiative and its impact on the five-year capital program through this amendment. The CTA's RPM initiative, Phase 1, is a \$2 billion initiative comprised of two major components, the Red-Purple Bypass project and the Lawrence to Bryn Mawr modernization project. This section of the CTA rail system is nearing 100 years old and has had a 40% jump in rush hour ridership over the last five years. It can no longer handle any additional trains to meet growing demand. The benefits of RPM include a faster, smoother ride; less crowding and more frequent service; and modern, accessible stations. Phase 1 will be funded by reducing the CTA's overall bonding requirements by \$124.5 million and increasing the federal funds in the out years by \$1.18 billion. The federal increase will be comprised of a \$622 million TIFIA loan and a \$921.6 million Full Funding Grant Agreement that will pledge \$556 million of Core Capacity discretionary funds in the 2017-2020 time period, and another \$365.6 million in later years.

Ms. Anderson also reported that approval was being requested for a one-year time extensions for the following three ICE funded projects: CTA - Real Time Arrival Bus Sign project; Metra - Regional Fare Solutions Technology and Rail Car Electrical Outlets.

Director Coulson asked if the TIFIA grant was guaranteed. Ms. Anderson responded that the CTA was working with the FTA on the application and had proceeded through several of the approval steps in the process, but did not yet have final approval.

Director Lewis moved, and Director Troiani seconded the adoption of the four resolutions. The motion carried on the following leave for last unanimous roll call vote:

5 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, and Troiani

2 Absent: Directors Anderson and Magalis

ADJOURNMENT

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

5 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, and Troiani

2 Absent: Directors Anderson and Magalis

The meeting ended at 8:55 p.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority