

**MINUTES OF THE VIRTUAL MEETING OF THE BOARD OF DIRECTORS  
OF THE REGIONAL TRANSPORTATION AUTHORITY**

The Board of Directors of the Regional Transportation Authority met in virtual session on Thursday, October 15, 2020 pursuant to notice.

Chairman Dillard called the meeting to order at 9:25 a.m.

The pledge of allegiance was recited by the Chairman.

**ROLL CALL**

**Board members present (16):** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**Approval of minutes from the meetings held on September 10, 2020**

Director Andalcio moved, and Director Pang seconded that the minutes from the public meeting and Executive Session held on September 10, 2020 be approved as submitted. The motion carried on the following roll call vote:

**16 Ayes:** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**Public Comment**

There were no public comments submitted for this meeting.

**Executive Director's Report**

Ms. Leanne Redden briefly highlighted several issues that would be addressed in greater detail in other parts of the day's agenda. Agenda item 6b is an ordinance to approve the 2021 budget "marks" for the regional system and its three Service Boards, she said. As discussed previously, those figures are based on the latest economic analysis from Moody's, Ms. Redden said, and they also reflect the current uncertainty about new federal relief for transit. As you know, the RTA, CTA, Metra, Pace, and the American Public Transportation Association (APTA) have consistently advocated that \$32 billion is needed for U.S. transit system. The HEROES Act passed by the U.S. House of Representatives includes that amount, but it seems unlikely to gain Senate and Presidential approval before the election. Without more federal relief, everyone recognizes that a transit funding crisis is on the horizon. It sometimes seems everyone has a different idea of how to prepare for it. Only the RTA Board is uniquely situated to lead this crucial effort.

**APPROVED BY THE BOARD OF DIRECTORS  
NOVEMBER 19, 2020**

Agenda item 7b is a proposed strategy for the RTA Board to address our region's long-term COVID recovery. Ms. Redden said, this item would focus mainly on the near term: the 2021 budget process that culminates in December and the crisis that looms in its aftermath approximately six to nine months from now.

She said, "Make no mistake: The three COVID recovery steps staff will outline and in months to come are vitally important whether or not additional federal COVID relief emerges. They will not only help our region weather this crisis but also prepare the transit system to thrive in its aftermath." She further previewed item 7b, reminding the Board of discussions in its August and September meetings, when the RTA Board discussed a strong desire to help sustain the regional transit system in coming months as the Service Boards seek to recover from the COVID-19 pandemic's effects. To follow up those discussions, Ms. Redden said, staff recommends that the RTA Board take the following steps.

- Step 1:** From October to December, **adopt a 2021 budget** that reflects the realities of this current crisis.
- Step 2:** **Execute the 2021 budget** from January to June 2021, making decisions as needed to sustain transit during this time of uncertainty.
- Step 3:** Beginning in approximately May 2021, **engage in strategic recovery planning** and consider how to reinvent transit in the region, with an outlook of 2023 and beyond.

Ms. Redden said it is crucial for the Board to pay close attention to the immediate budget process and in the crisis plan for 2021. As an agency, as a transit system, and as a region, she said, in recent years we have made significant progress to set clear priorities for investment of capital funds. "This looming crisis requires that we apply this same rigor to work with the Service Boards in setting near-term priorities for operational funding," she said. "With the very real prospect of wrenching service cuts by mid-2021, we cannot leave those outcomes to chance. We must rally as a region and direct operational resources where they are needed most during this pandemic and what we hope will be its aftermath in 2022."

The region's most vulnerable communities must be protected above all, Ms. Redden said, which will require careful planning of tradeoffs not just within CTA, Metra, and Pace, but also *among* the three Service Boards. The RTA Board is uniquely mandated to lead, she said: "To be frank, we need your full engagement and your resolve now and throughout 2021 and beyond." By leading the region through this crisis planning, Ms. Redden said, the RTA Board can help ensure that decisions about where to direct resources can minimize residents' pain and maximize support for the regional economy. She said it is vitally important that the RTA Board and staff receive detailed information about factors shaping the Service Boards' plans. By providing insight into their respective approaches, she said, the CTA, Metra, and Pace can help the RTA Board better understand those choices and more effectively advocate for them.

Regarding longer term strategic planning, she cited more-detailed feedback from civic groups about the draft Framework for Transit Capital Investments. Once the near-term crisis planning is in full swing, Ms. Redden said, staff will come to the Board with a recommended approach for revisiting the Investment Framework as part of updating the *Invest in Transit* strategic regional plan.

Ms. Redden concluded by describing the state delinquency figures for this month. Through the end of September, the State owes the RTA \$238.1 million of ASA, AFA, and PTF. The State is three months behind on ASA, 15 months behind on AFA, and the equivalent of 4.2 months behind on PTF. The year-to-date cost of short-term debt is \$3.9 million.

She concluded by calling the Board's attention to agenda item 6a, an ordinance to finalize the multi-step amendments to the 2020 Pace ADA Paratransit budget.

**Ordinance Amending the 2020 Regional Operating Budget to Incorporate the Revised Pace ADA Paratransit Budget**

Mr. Doug Anderson, Manager presented an ordinance amending the 2020 Pace ADA Paratransit budget and incorporating it into the 2020 regional operating budget. This action will complete the multi-month process recommended to restore the 2020 ADA Paratransit funding and budget to sufficient levels. Back in August the Board was asked to adopt an ADA Paratransit budget which had become obsolete due to the ongoing impact of COVID-19 on both ADA Paratransit ridership levels and the productivity of Pace's ADA Paratransit operation. At that time, the RTA Executive Director informed the Board that Pace had formally requested an additional \$13 million of ADA Paratransit funding for 2020. The Board subsequently amended the ADA Paratransit funding level in September and required Pace to submit a revised budget within 30 days. Doug also asked the Board to correct a slight error in the calculation of the regional recovery ratio that accompanied August's budget amendment.

The proposed 2020 ADA Paratransit budget conforms to Pace's requested funding level of \$160.8 million while meeting the required recovery ratio of 10% by applying authorized capital cost of contracting and security expense exclusions. Operating expense and operating revenue have both increased from the August amendment due to the extension of COVID-19 mitigation actions such as single passenger rides, and due to an improving ridership outlook. It is important to note that projected ADA expense and funding remain well below the levels of the original 2020 budget and that all incremental funding will be provided from ADA Paratransit reserve funds held at the RTA, as communicated at last month's meeting.

Finally, this second 2020 budget amendment provides the opportunity to correct an error, unrelated to ADA Paratransit, in the calculation of the regional recovery ratio. Back in August staff asked the Board to adopt a budget showing a regional recovery ratio of 51.3%. The correction of the error in the calculation results in a regional recovery ratio that is a half

percentage point lower at 50.8%, still above the 50% requirement. The ordinance attachments correct that error and show the proposed changes to the ADA Paratransit budget, while leaving the operating budgets of CTA, Metra, Pace, and the RTA Agency unchanged from the August amendment.

Director Ross moved, and Director Fuentes seconded the adoption of the following ordinance:

2020-46        This ordinance amends the 2020 Regional Operating Budget to incorporate Pace’s revised operating budget for ADA Paratransit. In accordance with section 4.11(c)(1) of the RTA Act, Pace was required to submit a revised operating budget conforming to the revised ADA Paratransit funding level adopted at the September Board meeting. The revised ADA Paratransit operating budget includes a total estimated 2020 expense level of \$168.9 million, balanced by operating revenue, sales tax, State ADA Paratransit funding, and up to \$31.4 million of ADA Paratransit reserve funds.

The motion carried on the following roll call vote:

**16 Ayes:** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**Ordinances establishing estimates of amounts available to the Service Boards for their 2021-2023 operating budgets, the required recovery ratios for 2021, and the preliminary 2021-2025 Capital Program funds**

Mr. Bill Lachman presented the proposed 2021-2025 operating and capital funding amounts. Mr. Lachman noted that Ms. Reyna-Hickey covered in detail the proposed funding amounts for the 2021 budget and five-year capital program at last month’s meeting. To avoid compromising the budget timeline, the Service Boards were directed to move forward with the development of their proposed budgets and capital programs under the assumption that the funding levels presented last month, or something very close to them, would eventually be adopted.

Mr. Lachman reminded the Board that there was a lengthy discussion about the capital funding allocation process last month. RTA staff has worked with the Service Board leadership to make some adjustments to the proposed ordinance which clarify the timing of the implementation of performance-based considerations. There were no changes to the operating or capital funding amounts versus last month’s proposal; the only changes were to the wording in the memo and ordinance. The temporary set aside of approximately \$818 million of federal formula and State PAYGO funds in the final year of the five-year program, 2025, remains.

Mr. Lachman briefly reviewed the proposed funding amounts before the Board to re-consider approval. He presented a table with the amounts of RTA operating funding proposed for each

Service Board, compared to the previous 2021 Plan adopted with the original 2020 budget. Due to sales tax declines in 2020 which are expected to persist into 2021, operating funding levels for the Service Boards are projected to be 23% to 26% lower than the previous 2021 Plan, with RTA funding down by a total of \$415 million. He asked the Board to remember that the expected carryover of approximately \$540 million of CARES Act funding from 2020 will help mitigate the declines shown, although that CARES Act funding is not projected to offset the combined impact of 2021 funding and fare revenue losses.

Mr. Lachman then gave a recap of the capital funding levels and mentioned that the five-year program exceeds \$6 billion. Federal sources still represent more than half of the projected funding. However, State funding from Rebuild Illinois, in the form of State bond proceeds and PAYGO funding, comprises more than one-third of the funding pie.

Mr. Lachman reviewed the 2021 budget calendar and said that RTA expects the Service Boards to meet tomorrow's deadline for submitting proposed budget and capital program details to the RTA staff. Due to the uncertainty surrounding additional federal stimulus, those operating budgets are expected to show significant imbalances, to be resolved with additional relief funding, or budget balancing actions in the event such funding does not materialize. In advance of the scheduled County Board presentations and November Finance Committee meeting, RTA staff will work to summarize the proposed Service Board budgets and provide the Board with details on the magnitude and nature of any potential expense reductions needed. Bill closed by noting that the Service Boards are believed to be in agreement with the proposed funding levels, following the wording modifications in the ordinance and recommended Board adoption.

Director Frega moved, and Director Gathing seconded the adoption of the proposed ordinance.

2020-47      This ordinance sets the 2021-2023 operations funding amounts and required 2021 recovery ratios for the three Service Boards. The operating funding amounts establish the funding levels that each Service Board can expect to receive from the RTA. Section 4.11(b)(1) of the RTA Act provides that the proposed Service Board budgets and two-year financial plans shall neither project nor assume receipt of revenues from the RTA in amounts greater than those approved herein. This ordinance also provides each Service Board with preliminary estimates of funds available for the development of the 2021-2025 Capital Program. These preliminary capital estimates include federal formula funds, other federal funds, State bond proceeds, PAYGO funding, RTA bond proceeds, RTA ICE funding, and Service Board funding. The capital funding amounts are subject to change prior to adoption of the 2021-2025 Capital Program based on the most current estimates, whereas the operating funding amounts, once established, will be used by the Service Boards to develop their 2021 budgets and 2022-2023 financial plans

The motion failed on the following roll call vote:

**16 Ayes:** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**Ordinance reappointing Zaid Abdul-Aleem to the RTA Board of Pension Trustees**

Mr. Lachman who is the Chair of the RTA Pension Board of Trustees, requested that the RTA Board re-appoint Zaid Abdul-Aleem, a non-employee member of the RTA Pension Board of Trustees.

First, Mr. Lachman provided some background for newer members of the RTA Board: The RTA pension plan covers all RTA employees, as well as non-represented employees of Metra and Pace. The membership of the RTA Pension Board of Trustees consists of three transit agency trustees - one each from the RTA (Bill Lachman), Metra (CFO Tom Farmer), and Pace (CFO Dominick Cuomo), and four non-employee trustees. In April 2016, the RTA Board approved by-laws that set the terms for the then current and future non-employee trustees. Zaid's term expires on December 31, 2020.

Then, Mr. Lachman reviewed Mr. Abdul-Aleem's qualifications: He has over twenty years of experience in the investment and financial services industry. He is a senior investment professional with advisory experience across multiple asset classes including equities, fixed income, private equity and hedge funds. Zaid is currently Managing Director of Moelis & Co., a global independent investment bank. He holds both series 7 and 63 Financial Industry Regulation Authority (FINRA) licenses. Zaid is a graduate of Harvard University Business School's Next Generation Executive Program, holds Master of Arts and Applied Baccalaureate degrees from Duke University, and was a Fulbright Scholar.

Director Canty moved, and Director Andalcio seconded the adoption of the following ordinance:

2020-48        This ordinance reappointments one non-employee Trustee, Zaid Abdul-Aleem, to the RTA Pension Board of Trustees

The motion carried on the following roll call vote:

**16 Ayes:** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**Travel Expense Reimbursements**

Director Kotel moved, and Director Carey seconded the travel expenses be approved as submitted.

The motion carried on the following roll call vote:

**16 Ayes:** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**Resolution setting 2021 RTA meeting dates**

This resolution sets the meeting dates for the RTA Board for the 2021 calendar year.

Director Gathing moved, and Director Frega seconded the proposed meeting dates as submitted.

2020-49            Resolution setting RTA 2021 Board meeting dates.

The motion carried on the following roll call vote:

**16 Ayes:** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**Report on Monthly Financial Results – August 2020**

Ms. Bea Reyna-Hickey presented the year-to-date financial results through August 2020. She reminded the board that the results are being compared to the amended 2020 budget. System ridership through August was 52.5% below prior year, but 2.3% higher than the amended budget. CTA and Pace reported favorable to budget results, while Metra was unfavorable by 8.8% highlighted in red as August commuter rail ridership was just under 10% of normal levels. ADA Paratransit ridership was favorable to budget by 18.2% through August, highlighted in light blue, and a contributing factor to the budget amendment presented earlier.

Total operating revenue of \$722.8 million was \$29.6 million, or 3.9%, unfavorable to budget. Pace Suburban Service reported a favorable variance of 1.6% due to favorable ridership results. CTA, Metra, and ADA Paratransit all reported operating revenue shortfalls in excess of 3%. Some of this unfavorable variance is due to the timing of CARES Act funding requisitions. The Service Boards included in their operating revenue \$350.3 million of CARES Act funding requisitioned for fare revenue losses through August, as authorized by the May funding amendment.

Next, Ms. Reyna-Hickey reviewed the public funding results. Continuing the positive trend, sales tax performance has been better than expected, which was recognized with the funding amendment at last month's meeting. July sales tax receipts are projected to come in less than 6% below 2019. The Real Estate Transfer Tax also outperformed the amended budget through August and contributed to CTA's favorable variance of 2.2%. Pace Suburban Service experienced strong funding results of 13.3% favorable to budget. ADA Paratransit funding was adjusted to the level contained in the May funding amendment beginning with June's payment to Pace, resulting in a zero year-to-date variance. Total regional public funding through August is expected to surpass budget by \$27.6 million, or 2.8%.

System-wide operating expenses through August were \$59.5 million, or 3.2%, favorable to the amended budgets. CTA's expenses were less favorable to budget than those of Metra and Pace through August as CTA continues to operate a full schedule. Metra and Pace are operating reduced schedules, and as a result have significantly favorable expense variances. ADA Paratransit expense finished 7.8% unfavorable to their August budget due to the extension of COVID-19 mitigation efforts and recovering ridership. ADA's worsening expense performance was addressed with the budget amendment presented earlier. Next month, ADA Paratransit results will be compared to that amended budget.

The system YTD net result was \$57.5 million favorable to budget due to improving public funding and good expense performance. As we move later in the year, the net result should show a diminishing surplus as the CARES Act requisitions are trued up. Due to ADA Paratransit's unfavorable expense performance, that net result finished with a \$9.2 million deficit.

With \$350.3 million of CARES Act funding included, the regional recovery ratio has improved to exactly 50% through August, now 0.4 percentage points above budget. With CARES Act funding, CTA and Metra reported recovery ratios close to budget, while Pace's solid expense performance contributed to their highlighted favorable result. The ADA Paratransit recovery ratio surpassed budget by 0.7 points with credits applied. In the absence of CARES Act funding, the recovery ratio for each Service Board and the region would be less than 30%.

#### **COVID-19 Recovery Planning Next Steps**

Ms. Leanne Redden presented to the board the RTA recovery planning approach and next steps. The next steps and timeline include:

- **Adopt a 2021 budget** that reflects the realities of this current crisis. **(Oct – Dec 2020)**
- **Execute the 2021 budget** and make decisions as needed to sustain transit during a time of uncertainty. **(Jan – June 2021)**
- **Engage in strategic recovery planning** and consider how to reinvent transit in the region, with an outlook of 2023 and beyond. **(May 2021)**



The RTA approach has continued to lean into the existing strategic vision and goals. The RTA is also monitoring the status of transit and communicating with stakeholders through dashboards, bi-weekly communication emails, and has also been participating in coordinating with several recovery efforts that are that others are leading.

The RTA also conducted a “scenario planning” project to talk about the what the future may hold and changes that may need to be made as a system. Based on current goals of *Invest in Transit*, staff is recommending that the Board focus on the following policy priorities to guide each step toward COVID-19 recovery:

- Identify immediate funding solutions
- Critical transit services are sustained
- Take an increasingly transparent, collaborative approach to communicating

The Service Boards are working to refine estimates of when their federal CARES Act dollars will be exhausted. Staff recommends that the RTA Board engage with the Service Boards about how they are handling the shortfall with a set of proposed questions for their November Board presentations.

Following the adoption of the 2021 budget, staff is recommending that the Board should continue to discuss topics related to the three policy priorities, ensuring that it will have as much information as possible to inform decisions if additional relief funding doesn’t materialize and regional budgets need to be amended during the year. The intent of these discussions will be to lay groundwork for developing a regional contingency plan if relief funding is not secured. In the event that relief funding is secured in early 2021 or before, the focus can shift to working towards strategic recovery efforts.

Beyond the near-term decisions that may confront the RTA Board in early 2021, further Board guidance is needed to transform the strategic direction for the RTA system from *Investing* in Transit to *Reinventing* Transit. To advance that discussion, covered in step 3, staff recommends that we initiate an update of the strategic regional plan in mid-2021 after the contingency planning efforts that are outlined in the near-term planning efforts.

Ms. Redden also discussed opportunities for public input throughout the budget process through hearings, written comments, and general feedback. Furthermore, she addressed the written comments that the board received in advance of the meeting and included as 7b on the agenda and materials. She concluded the presentation and asked for feedback from the directors.

Director Carey commented that this is a good approach and that she appreciates several aspects about it, including the detailed questions that RTA is asking the Service Boards when they are presenting their budgets. She also liked the policy priorities, and the move to become increasingly transparent with what the RTA is doing and what cuts may need to be made. To do that sooner rather than later is beneficial to the public at large. Director Carey elaborated that the RTA is challenged with two things: One is the immediate crisis related to COVID ridership and revenue about which the RTA Board will need to make decisions as stated in the second policy priority about sustaining critical services. Separately, the RTA needs to look at the strategic goals that will be included in the next strategic plan. She stated that it is important for the RTA Board and the Service Boards to understand that decisions made in the near-term such as diverting funds to one Service Board are not permanent changes. Such changes would be tactical, not strategic. She added that the RTA Board needs to keep the “regional” word in mind as it goes forward.

Director Lewis noted his agreement with Director Carey and the need for the RTA Board to be strategic. He also added that the Board needs to be focused on not only long-term but short-term as well because the system won’t get through next week if it can’t get through tomorrow. The plan that has been presented includes logical steps and the RTA Board will make decisions in a sequential basis. Director Lewis posed a question to Ms. Redden about the references to policies of the agencies that are set by Board vote and may need to be changed by vote action. Ms. Redden clarified that this was a broad statement about the fact that many of the RTA’s activities are statutorily driven and would require legislative changes and that other major changes are made with Board engagement. Director Lewis acknowledged there are unfunded mandates for the transit system. Going into the budget process this year, he believes the Board needs to understand what is required vs not. He elaborated that the civic groups asked the RTA Board to do things that may have been appropriate in the past, but in this environment may not be. Ms. Redden responded that this is what staff intends to discuss in the coming months. This is an opportunity to feedback and input.

#### Comments received

Chairman Dillard explained that this item contained written comments from outside agencies.

The Chairman advised the Board that the next regular meeting would take place on November 19<sup>th</sup>.

**ADJOURNMENT**

There being no further business to come before the public portion of Board of Directors meeting, Director Lewis moved and Director Andalcio seconded that the meeting adjourn. The motion carried on the following roll call vote:

**16 Ayes:** Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

The Board meeting ended at 10:45 a.m.

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AUDREY MACLENNAN  
Secretary of the Authority