

**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, August 22, 2019** at 8:45 a.m., in Suite 1650, 175 W. Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Melvin presided.

ROLL CALL

Committee members present (9): Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager (phone), Troiani

Other Board members present: Andalcio, Carey, Frega, Fuentes, Higgins, Pang, Chairman Dillard

Approval of minutes from the meeting held on June 20, 2019

Director Troiani moved, and Director Groven seconded that the minutes from the meeting held on June 20, 2019 be approved as submitted. The motion carried on the following roll call vote:

9 Ayes: Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager, Troiani

Presentation of Quarterly Performance Report – Second Quarter 2019

Ms. Jill Leary presented the 2nd Quarterly Performance Report to the Finance Committee. In summary: Significant achievement in passage of State capital bill and consistent funding stream; New Cook County/Metra pilot will test solutions for Southland; RTA micro-transit pilots keeping transit competitive in suburbs.

Director Holt asked referring to a chart what was causing the blip in year 2023? Ms. Leary would later respond that it is based on the assets.

Director Holt followed by asking if CTA's calculation of rail delays included all delays including sick passengers. Ms. Leary responded that it does include all delays.

Director Lewis asked who the RTA is coordinating with in the counties? Ms. Leary responded that the RTA is working with John Yonan's group.

Director Lewis asked what are the measures for success in the South Cook County what is trying to be accomplished? Ms. Leary responded that it is a work in progress. The launch of the pilot idea is still going through analysis and research phase as well as what the goals are. The RTA will keep the Board engaged and report how that happens.

Director Lewis commented about the success of the Metra station opening at Chicago State University. Ms. Leary commented that the metric used in the pilot will be ridership.

Director Ross questioned if the funding stream is consistent isn't the only explanation for the blips that the dollar value the assets at that period of time are higher or lower. Ms. Leary responded that it is based on the assets so it's the life cycle of vehicles.

Director Higgins questioned if there is a generally regarded goal/benchmark in terms of useful life percentage or a number that is known that peers are achieving? Ms. Leary responded that through the federal process with the partnership through our MPO CMAP the Service Boards have to actually set goals and is part of the whole process. It is also in its infancy of what is desirable and has to do with funding. With this data and with more information and constant funding it is easier to have a conversation about what the goal should be. If we have perpetual funding we're staying at that 30% line.

Resolutions certifying financial results – Second Quarter 2019

Ms. Bea Reyna-Hickey opened by stating that while ridership and revenue are still unfavorable to budget, very good expense performance has caused the regional recovery ratio to swing favorable to budget by 0.2 percentage points, at 49.6%.

RTA system ridership through June was 2.3% unfavorable to budget, and more than 3% lower than prior year. January ridership had the largest decrease from prior year, 9%, but ridership in each subsequent month improved to only about 1% unfavorable to budget. Pace had the largest ridership shortfall, at 6.9%. Operating revenue was \$11.4 million, or 2.0%, unfavorable to budget, with about 70% of the variance attributable to the lower level of reduced fare reimbursement (RFR) funding from the State, and the balance due to weather-related impacts on ridership. Pace Suburban Service had the largest operating revenue shortfall due to unfavorable fare revenue, while CTA was most heavily impacted by the reduction in RFR funding.

Ms. Reyna-Hickey noted that the public funding section of the dashboard shows a result that is 2.6% unfavorable to budget due to lagging sales tax, PTF, and RETT results. However, May sales tax, the latest available result, was 1.7% above prior year and favorable to budget. CTA's public funding was \$16.8 million unfavorable due to unfavorable sales tax and RETT results. A review of the first quarter 2019 sales tax results by merchant category showed that the January cold weather dragged almost every category lower, with food, drink, and drugstores showing the most resiliency. Sales tax has since recovered to positive 1.2% growth. System-wide operating expenses were \$30.5 million or 2.2% favorable to budget, including fuel expense results which were favorable at each Service Board, by a total of \$3.9 million. Pace and ADA Paratransit had the most favorable expense results, at 4.3% and 3.5%, respectively.

The good expense performance did not quite fully offset the unfavorable public funding and operating revenue, and the year-to-date system net result was \$0.3 million unfavorable to budget, a \$2.4 million improvement from last month's result. Bea explained that the regional recovery ratio is the percentage of operating expense which is recovered by operating revenue, which includes passenger fares and ancillary revenue, and that the annual recovery ratio has a statutory requirement of 50%. The regional recovery ratio of 49.6% through June was 0.2 points favorable to budget and has shown steady improvement since January. The fare recovery ratio and all revenue recovery ratio were both a full point lower than prior year, reflecting the weather-related impact on ridership and fare revenue. Metra, Pace, and ADA Paratransit each had favorable operating deficit variances, while CTA's operating deficit variance was essentially at budget. As a result, Bea recommended that each of the Service Boards and the region as a whole be found in substantial accordance with budget through the second quarter.

Director Melvin commented that the Service Boards continue to do an excellent job managing their operating costs, keeping the overall financial results within budgeted levels.

Director Lewis moved, and Director Holt seconded that the proposed resolutions be recommended for Board approval. The motion carried on the following roll call vote:

9 Ayes: Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager, Troiani

Ordinances authorizing the amendment of the 2019-2023 Capital Program

Ms. Jill Leary presented an ordinance authorizing an amendment to the 2019-2023 Capital program to incorporate a change in program revenue and expense for CTA. Metra and Pace capital programs remain unchanged.

CTA has requested to add \$6M of Illinois Department of Transportation (IDOT) funding to the Irving Park Blue Line Station to fund installation of two escalators in their 2019 program. As a result, both CTA and the regional Five-year capital program increase by \$6M in program revenue and expense. RTA staff has reviewed this request and found it to be justified as outlined in the ordinance request memo.

Director Ross moved, and Director Lewis seconded that the proposed resolutions be recommended for Board approval. The motion carried on the following roll call vote:

9 Ayes: Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager, Troiani

ADJOURNMENT

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

9 Ayes: Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager, Troiani

The meeting ended at 9:25 a.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority