

**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, June 21, 2018** at 8:35 a.m., in Suite 1650, 175 W. Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Magalis presided.

ROLL CALL

Committee members present (8): Anderson (@ #3a), Coulson, DeWitte, Kotel, Lewis, Maglis, Melvin (@ #4a), Troiani

Other Board members present: Frega, Fuentes, Higgins, Pang (@ #3b), Ross, Chairman Dillard

Approval of minutes from the meeting held on May 17, 2018

Director Lewis moved, and Director Troiani seconded that the minutes from the meeting held on May 17, 2018 be approved as submitted. The motion carried on the following roll call vote:

6 Ayes: Directors Anderson, Coulson, DeWitte, Kotel, Lewis, Magalis, Melvin, Troiani

2 Absent: Directors Anderson, Melvin

Report on Monthly Financial Results – April 2018

Ms. Eva DeLaurentiis opened by stating that the 2018 financial results were off to a satisfactory start, with unfavorable operating revenue more than offset by favorable operating expenses.

RTA system ridership through April was 0.2% unfavorable to budget, and 3.0% lower than prior year. April ridership was just slightly below budget. Operating revenue was \$4.9 million, or 1.3%, unfavorable to budget, primarily due to the lower level of reduced fare reimbursement (RFR) funding from the State. The Service Boards are accruing the RFR at half the budgeted level. Pace had the largest operating revenue shortfall (6.0%) due to unfavorable fare revenue, while ADA Paratransit had a favorable variance of 5.0% due to favorable fare revenue and ancillary revenue.

Public funding was \$6.9 million favorable to budget, due to the timing of PTF funding. January and March sales tax both came in around 7.0% above budget before the 2.0% surcharge. System-wide operating expenses were \$15.4 million or 1.7% favorable to budget. However, Metra, Pace, and Pace ADA had unfavorable fuel expenses due to rising fuel prices and increased consumption in the cold weather months. Metra and Pace ADA Paratransit had the most favorable expense results, at 3.2% and 4.1%, respectively.

Regional expense performance generally offset the unfavorable operating revenue and public funding, and the year-to-date system net result was \$3.6 million favorable to budget. The regional recovery ratio of 48.9% was 0.3 points favorable to budget, and the fare recovery ratio and all revenue recovery ratio were significantly higher than prior year due to the favorable impact of the Service Board fare

increases. Ms. DeLaurentiis stated that it is normal for the recovery ratio to start the year low due to revenue and expense seasonality, and that we are already seeing the recovery ratio strengthening to the 50% annual requirement as the year progresses. She closed by stating that April was a strong month but that staff would continue to monitor public funding, ridership, and fuel prices.

Director Magalis commended the Service Boards for controlling costs in light of the difficult State cuts. The financial performance of the Service Boards could have been much worse.

Semi-Annual Report on Project Management Oversight (PMO)

Ms. Violet Gunka-Gurgul stated that the report is designed to make it straightforward for the Board to easily see progress, issues, and risks for transit capital projects in the region. Ms. Gunka-Gurgul highlighted that the PMO program includes oversight of all state-funded capital projects and all other projects with budgets of \$10 million or more. The projects in the report are part of prior year's programs as there has not been a capital bill passed in Illinois since 2009. RTA implements the PMO program to fulfill the requirements in the RTA Act to oversee Service Boards' capital programs and expenditures. Ms. Gunka-Gurgul reported that 19 of the 20 state-funded projects are on budget, with the only exception being Wilson station, which came in under budget. Ms. Gunka-Gurgul proceeded to report that 15 of the 20 state-funded projects are on schedule, with five projects being behind schedule. The five projects behind schedule are CTA Rail Car Rehabilitation, Metra Deering Bridge and Hazel Crest Station, Metra Union Pacific North Line Bridges and Ravenswood Station, and Pace Bus Improvement at the Joliet Gateway Center. Ms. Gunka-Gurgul reported that 70% of the projects are without change orders and the total cost of change orders represents less than 1% of the overall budget for the state-funded projects. Violet also highlighted and provided an overview of the CTA 95th Street Station project, Metra's Union Pacific North Line Bridges and Ravenswood Station project and Pace Purchase of Compressed Natural Gas Buses projects.

Director Magalis commented on the lack of a capital bill and asked Chairman Dillard if he knew of any updates on the issue. Chairman Dillard responded by saying that regardless of the winner of the governor's race, he believes that a capital bill will be in by the beginning of next year. Chairman Dillard then requested input from Jeremy LaMarche regarding the state of the capital bill. Mr. LaMarche seconded the statement from Chairman Dillard that he believes a bill will be seen in the future.

Director Frega proceeded to compliment on the need of the report, how thorough it was, and the work of the PMO team. He then proceeded to comment on the procurement of the CNG buses and believes that they are the future fuel source.

Ordinances authorizing the execution of federal funding allocation agreements with Northwestern Indiana and Southeastern Wisconsin, amending the 2018-2022 Capital Program, and extending ICE Funded Projects

Mr. David Spacek presented three ordinances to request approval from the Board. The first ordinance authorized the execution of federal formula funding allocation attachments to the Letter of Understanding agreements between NE-Illinois and NW-Indiana, and between NE-Illinois and SE-Wisconsin to reflect their share of the region's full FFY 2018 federal funding allocations for the following

federal transit formula programs: Federal §5307 including §5340 formula program, §5337 State of Good Repair, §5339 Bus and Bus Facilities, and §5310 Enhanced Mobility of Seniors and Individuals with Disabilities funds.

The second ordinance approved the amendment to the 2018-2022 Capital Program and incorporates changes in program revenue and expenditures for CTA and Metra.

The third ordinance approved time extensions for implementation of CTA, Metra, and Pace's Innovation, Coordination, and Enhancement (ICE) funded projects.

Director Troiani moved, and Director Melvin seconded that the proposed ordinances be recommended for Board approval as submitted. The motion carried on the following roll call vote:

8 Ayes: Directors Anderson, Coulson, DeWitte, Kotel, Lewis, Magalis, Melvin, Troiani

ADJOURNMENT

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

8 Ayes: Directors Anderson, Coulson, DeWitte, Kotel, Lewis, Magalis, Melvin, Troiani

The meeting ended at 8:55 a.m.

Audrey MacLennan

AUDREY MACLENNAN
Secretary of the Authority