

**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 20, 2019** 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):** Coulson, Groven, Holt, Kotel, Lewis, Magalis, Melvin, Troiani  
**Other Board members present:** Durante, Frega, Fuentes, Higgins, Ross (phone), Sager (phone), Chairman Dillard

**Approval of minutes from the meeting held on May 16, 2019**

Director Lewis moved, and Director Melvin seconded that the minutes from the meeting held on May 16, 2019 be approved as submitted. The motion carried on the following roll call vote:

**8 Ayes:** Coulson, Groven, Holt, Kotel, Lewis, Magalis, Melvin, Troiani

**Report on monthly financial results – April 2019**

Ms. Bea Reyna-Hickey said that the Service Board financial results had continued to improve following the first quarter certifications at last month's meeting. Ridership and operating revenue are still unfavorable to budget, but expense performance has been very good.

RTA system ridership through April was 3.0% unfavorable to budget, and 3.8% lower than prior year. Each month of the year has seen a ridership decrease from 2018, but the shortfall to budget has been narrowing since January. Metra had the least unfavorable ridership performance, while Pace had the largest ridership shortfall. Operating revenue was \$11.5 million, or 3.0%, unfavorable to budget, with about half 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. ADA Paratransit had a favorable operating revenue variance due to receipt of prior year Medicaid reimbursements.

Public funding results are under budget due to unfavorable sales tax and Real Estate Transfer Tax (RETT) results, but March sales tax was essentially at budget and is showing an improving trend. CTA's public funding was \$10.6 million unfavorable due to unfavorable sales tax and RETT results. Bea noted that RETT receipts are volatile and affected by timing differences. System-wide operating expenses were under budget by \$21.3 million, or 2.3%, with Pace and ADA Paratransit report favorable variances in excess of 3%. All three Service Boards continue to benefit from lower-than-budgeted diesel fuel prices.

The good expense performance did not offset the unfavorable public funding and operating revenue, and the year-to-date system net result was \$3.4 million unfavorable to budget, but this was an improvement of \$3.9 million from prior month. The regional recovery ratio of 47.8% was 0.4 points unfavorable to budget, an improvement of 0.2 points from the first quarter results. The fare recovery ratio and all revenue recovery ratio were a full point lower than prior year due primarily to the impact of the severe cold in January. Metra, Pace, and ADA Paratransit each had favorable recovery ratio variances, while CTA's recovery ratio was one percentage point unfavorable to budget. Bea noted that the recovery ratio is not budgeted to reach 50% until the August results are reported.

Director Lewis asked about the impact of fare changes on ridership, and if staff could provide him with any studies on that topic. Ms. Reyna-Hickey responded that there are many studies which have been done. Leanne noted that the Service Boards have their own models, that many other factors besides fares impact ridership, and that staff will share what they have. Director Magalis noted that gasoline prices, subject to the coming gas tax increase, also significantly impact transit ridership.

Director Higgins asked if Pace's ridership shortfall was focused in any individual type of service. Ms. Reyna-Hickey responded that Pace's ridership losses were across the board, although there are bright spots such as Bus-on-Shoulder. Doug confirmed that ridership on each of Pace's three modes (fixed-route, Dial-a-Ride, and Vanpool) was down about 8% from 2018, with the largest losses occurring in January.

#### **Presentation of the Semi-Annual PMO Report**

Ms. Violet Gunka-Gurgul presented a summary of the PMO report that was provided to Board members as part of their briefing. Violet 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. Violet highlighted that the PMO program includes oversight of all State-funded capital projects and all other projects with budgets of \$10 million or more. While there is a new capital bill passed on June 1, 2019 by the General Assembly, the projects in this report were contained in prior years' programs.

RTA implements the PMO program to fulfill the requirements of the RTA Act to oversee the Service Boards' capital programs and expenditures. Violet reported that all State-funded projects are on budget. Ms. Gunka-Gurgul proceeded to report that 11 of the 17 State-funded projects are on schedule, with five projects behind schedule. The five projects behind schedule are CTA Rail Car Rehabilitation, 95th Street Terminal, Metra 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 65% of the projects are without change orders and the total cost of change orders represents 1.7% of the overall budget for the State-funded projects.

Ms. Gunka-Gurgul also highlighted and provided an overview of the CTA's articulated bus rehabilitation project, Metra's Union Pacific West Line project and Pace's Toyota Park Transportation Center project. She noted that updated project information is available on the RTAMS website and provided a short demonstration on how to find PMO projects on the website.

Chairman Dillard commented on the RTAMS website and said that the amount of project information that can be accessed online is very impressive.

Director Magalis complimented the PMO Staff for meeting the statutory requirements and for having the detailed updated project information available online.

Director Lewis asked what mechanism the RTA has to enforce project implementation recommendations. Ms. Reyna-Hickey responded that the RTA must concur on contract awards and change orders, therefore the RTA has more leverage with projects that are funded with RTA grants. RTA PMO staff has a good relationship with the Service Boards, and we work collaboratively with them and IDOT to ensure we're there to help them and not delay projects. We offer value engineering opportunities for projects and take a more collaborative approach to oversight and that has worked well.

Director Frega complimented staff that all projects are on budget and 65% of projects are without change orders. He is aware how difficult it is to stay within the budget and scope on projects and he congratulated staff on their oversight efforts.

Director Groven asked if RTA does oversight on every construction element to the level of audits. Ms. Gunka-Gurgul stated that we don't have enforcement authority and don't perform construction audits, but we regularly attend meetings, perform site visits, and leave it up to the Service Boards to accept or decline our recommendations. We also perform final observation and punch list walkthroughs. For more complex projects, we do bi-weekly reporting and site visits. PMO staff works closely with the RTA capital group, who processes grant requisitions. Having up to date project information helps us ensure that the work that is on the requisitions has been completed. Ms. Nadine Lacombe also mentioned that there is a close-out audit of grants once they're closed out and we can recover those funds.

**Ordinances authorizing the execution of 2019 Federal Funding Allocation Agreements Between Northeastern Illinois, Northwestern Indiana and Southeastern Wisconsin, amending the 2019-2023 Capital Program and amending and extending ICE Funded Projects**

Ms. Tatiana Jane presented the presentation for three ordinances requesting approval. The first, authorization to execute the full FFY 2019 federal formula allocation attachments to the Letter of Understanding between Northeastern Illinois, Northwestern Indiana and Southeastern Wisconsin. The second was an amendment of the 2019-2023 Capital program incorporating changes in program revenues and expenses for CTA, Metra and Pace.

The final ordinance concerned a project scope adjustment and a time extension for implementation of CTA and Metra's Innovation, Coordination, and Enhancement (ICE) funded projects.

Director Magalis asked for Ms. Jane to describe the process of splitting federal formula funds between the geographic areas. Ms. Jane responded that the three geographic areas, Northeastern Illinois, Southeastern Wisconsin and Northwestern Indiana are combined in two UZAs, 3 and 130. The split is based on service data from the National Transit Database (NTD), such as Directional Revenue Miles, Vehicle Revenue Miles and U.S. Census and American Community Survey data, such as total population, population density, low income population, seniors and individuals with disability.

Director Groven asked what the negotiation of percentage splits based upon? Ms. Jane responded that there is no negotiation necessary as the split is based on the objective data that the Service Boards report to the NTD and official U.S. Census data. We do the calculations and Wisconsin and Indiana confirm the amounts.

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

**8 Ayes:** Coulson, Groven, Holt, Kotel, Lewis, Magalis, Melvin, Troiani

#### **ADJOURNMENT**

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

**8 Ayes:** Coulson, Groven, Holt, Kotel, Lewis, Magalis, Melvin, Troiani

The meeting ended at 9:15 a.m.

*Audrey MacLennan*

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AUDREY MACLENNAN

Secretary of the Authority