

**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, November 21, 2019** at 9:00 a.m., in Suite 1650, 175 W. Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Melvin presided.

ROLL CALL

Committee members present (8): Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager

Committee members absent (1): Troiani

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

Approval of minutes from the meeting held on October 17, 2019

Director Kotel moved, and Director Groven seconded that the minutes from the meeting held on October 17, 2019 be approved as submitted. The motion carried on the following roll call vote:

8 Ayes: Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager

1 Absent: Troiani

Presentations and discussion of 2020 agency budgets with the CTA, Metra, Pace and RTA

RTA CFO Bea Reyna-Hickey explained that Metra, Pace, the CTA, and the RTA will present an overview of their proposed 2020 budgets. She thanked the RTA budget and capital staff and the CFOs of the Service Boards. Ms. Reyna-Hickey explained that these items are for discussion purposes only. No action is needed until the December 19th Board meeting when the Board will consider adoption the individual transit agency budgets as part of the proposed 2020 RTA consolidated regional budget.

Metra

Mr. Bruce Marcheschi, Metra Chief Operating Officer, presented the Metra 2020 budget and five-year capital program. Mr. Marcheschi stated that Metra's proposed operating budget contains no fare increase or service cuts. Balance was achieved for 2020 through cost efficiencies of \$6 million and vacancy, fringe, and overtime savings of \$12 million. Fuel efficient locomotives and the locking in of a favorable price produced a savings of \$7 million in fuel expense in 2020. Metra ridership is expected to decrease by 0.9% in 2020 to \$73.8 million. Operating revenues are projected at \$407.1 million, a decrease of 1.1% from the 2019 budget, and operating expenses are projected at \$827.4 million, an increase of 0.6% versus the 2019 budget. After the transfer of ICE funding to the capital program, Metra is left with \$429.2 million in total public funding bringing the combined operating revenue to \$836.3 million in 2020.

Metra's 2020 capital program totals \$480.5 million and is comprised of federal funding, ICE funding, and the new State bonds and PAYGO funds. Major 2020 capital projects include the purchase and rehabilitation of locomotives and railcars, infrastructure improvements to bridges and stations, and the 75th street corridor improvement project. Improving the customer experience by adding heated shelters, upgrading signage, and replacing elevators is also a high priority for Metra in 2020. The five-year capital program totals \$2.584 billion with rolling stock, bridges, and track and structure representing the largest areas of investment. ICE funded projects include train tracking and passenger counting systems, and alternative fuel vehicles. Direct service to O'Hare is one of Metra's future visions for expansion in the Chicagoland area. Bruce updated the Board on the status of Positive Train Control with the BNSF, Southwest Service, Rock Island, and UP lines currently in revenue service. The remaining lines are planned to be implemented throughout 2020, and Bruce feels strongly that Metra will meet the 12/31/2020 deadline. Metra's DBE participation over the last 15 months totals \$21.9 million and Metra has met or exceeded its DBE goals in 2018 and 2019.

Director Melvin asked what kind of cost savings PTC might produce as we move forward. Mr. Marcheschi responded that "PTC 2.0" could create cost savings by allowing trains to operate in signal blocks, and by monitoring the health of locomotives for preventive maintenance. PTC may also become linked to crossing gates for enhanced safety.

Director Lewis asked a two-part question. The first one regarded the 95th street station and if Metra is working in conjunction with Chicago State University on the project. Secondly, is the Metra Electric line included in the purchase of new locomotives? Mr. Marcheschi confirmed that Metra has been working closely with Chicago State. Once a design contract is issued, Metra will bring in consultants from CSU to help design a blueprint for the future. Regarding the locomotives, Bruce explained that the Metra Electric cars are only about 7-8 years old and service is extremely reliable on that line. The purchase and rehabilitation will be focused on the diesel locomotives.

Director Carey asked why Administration expense was increasing by 9% in 2020 compared to the 2019 estimate if Metra is focused on running as lean as possible. Mr. Tom Farmer, Metra CFO, explained the increase can be attributed to changes in pay and benefits, filling vacancies, and IT licensing items.

Director Ross asked a follow-up question regarding any open labor contracts that Metra currently has. Mr. Farmer explained that while railroad contracts never expire, there are wage negotiations in progress with all 14 of Metra's unions.

Director Ross also asked if the new, remanufactured locomotives will come equipped with PTC electronics and mechanics. Mr. Marcheschi confirmed that all onboard equipment necessary for PTC will come with the new locomotives.

Director Groven asked what the plan is to address Metra's declining ridership. Mr. Marcheschi said the reverse commute service to Lake County and additional weekend service is planned to continue. Also, enhancing the customer service experience will hopefully encourage more people to ride Metra.

Director Sager asked Metra to prioritize their capital needs in terms of rolling stock, bridges, and stations. Mr. Marcheschi stated that making sure the equipment is operating safely and properly is the number one priority. Additional yard space is needed to house existing and new equipment for locomotive and car maintenance. The acquisition of land is planned in years four and five of Metra's capital program.

Director Sager acknowledged that a small percentage of riders are coming from the farthest zones of the UP Northwest Line. However, given expected residential growth in that area, yard improvements and expansions along the line will help accommodate increased ridership.

Director Holt asked what Metra's contingency plans are if the sales tax projection and restoration of the PTF do not materialize. Mr. Farmer said he feels confident about the projections, but if the sales tax increase does not happen Metra would present a list of ideas to increase revenue and reduce expenses to its Board for action.

Director Holt asked for more information considering the unlikelihood of the PTF being restored. Mr. Farmer explained that Metra provided for a potential public funding shortfall in the 2020 budget by not programming 100% of the adopted funding.

Director Holt asked about the status of the fare pilot programs that Metra initiated to increase ridership. Ms. Lynnette Ciavarella, Senior Division Director, Strategic Capital Planning believes that Metra will see an uptick in ridership after experiencing an incremental decline on the lines in which the outer zone fares were capped. The Metra Board has approved the continuation of that pilot program. The second pilot focused on shifting certain stations to a lower fare zone based on proximity to other stations in that zone. Lynnette explained that due to the extremely low ridership at those stations it has been difficult to make an assessment. The Metra Board has decided to move this pilot forward as well. The third pilot that will be implemented is the Round Trip Plus ticket which allows transferability between lines across the Metra system. Additional weekend service and reverse commute service have been extremely successful, and both will continue into 2020.

Director Andalcio asked what Metra's plan is to unbundle contracts to allow DBEs to bid as the prime contractor on projects. Mr. Marcheschi explained that Metra has several DBE initiatives including workshops and fairs that bring in DBE firms to familiarize them with Metra's projects and what to expect in the bidding process. Ms. Janice Thomas, Metra's current OBDCR Senior Division Director and soon to be Chief of Staff, explained how Metra's DBE department works. Every procurement over the bidding threshold goes through the DBE department where they are committed to unbundling contracts as appropriate by working with the operating departments.

Director Andalcio thanked Metra for its DBE report and expressed that he would like to see the percentages in dollars. He also asked Metra what their current undertaking is for diversity and inclusion in the workforce to reflect the communities in which it serves. Ms. Thomas followed up by explaining that Metra hosts community outreach events where they have conversations with their prime contractors about Metra's expectations regarding the community in which the project is taking place.

Director Andalcio then asked what Metra's greatest challenge is in increasing its diversity objectives. Ms. Thomas expressed that the awareness for small businesses to understand the competitive bidding process is Metra's biggest challenge in increasing its diversity objectives.

Director Melvin inquired about the decision to hire a project management consultant rather than keep that function in house. Mr. Marcheschi noted that the influx of capital funds has encouraged Metra to seek additional project management oversight to aid Metra's current staff and to ensure best practices are met in spending down the money.

Director Melvin then asked for more detail on the O'Hare service project. Mr. Marcheschi said the goal is to provide a dedicated service to O'Hare from downtown. Right now, Metra has a transfer service that runs on a local schedule. The vision is to provide a dedicated track that runs back and forth from downtown to O'Hare. Bruce explained that there is a lot of work and planning that still needs to be done and the project is in the early stages.

Director Lewis asked for a status update on the Cook County project to provide transportation from south Cook County to jobs near O'Hare. Mr. Marcheschi expressed that Metra is engaged and committed to the project and to working with Cook County. Ms. Thomas added that the MOU is underway, and the next step will be an Intergovernmental Agreement (IGA). Metra is looking at a potential reduced fare for the stations on the Metra Electric and Rock Island lines that are covered under the study.

Director Melvin inquired about Metra's stance on debt issuance. Mr. Farmer responded that Metra does not see a need to issue debt at this time due to the well-funded capital program. However, if a large project were to arise, Metra would look at using the PAYGO funds to guarantee debt payments on potential issuances.

Pace

Mr. Dominick Cuomo, Pace CFO, gave a brief summary, stating that both the Suburban Service and ADA Paratransit budgets were balanced to the RTA marks and met the required recovery ratios. Mr. Cuomo clarified that when the budget was released for public hearing, that Pace had also proposed the reduction of eight routes, but they were not part of the budget. He said that based on public feedback, Pace staff would reevaluate those reductions and bring some recommendations to the Pace Board in 2020. Mr. Cuomo noted how grateful Pace was for the \$340 million increase in State funding for capital, and he said that Pace would invest that money in bus garages, ADA Paratransit service improvements, and express bus routes. He then introduced Renaldo Dixon, budget director, who presented the budget and capital program.

Pace Suburban Service 2020 ridership is expected to decrease by 1.7% to 28.0 million. No fare increase is proposed. Operating revenues are projected at \$56.6 million, an increase of \$1 million from the 2019 estimate due to increased local government contributions for Dial-a-Ride projects. Operating expenses are projected at \$239.9 million, an increase of 2.8% over the 2019 estimate, but a lesser increase of 1.7% versus the 2019 budget. Total public funding for Pace Suburban Service is \$183.4 million, adhering to the operating funding amounts approved by the RTA Board and resulting in a balanced budget which meets the required recovery ratio of 30.3%. Service improvements include the first full year of operation for the Pulse Milwaukee Ave Arterial Rapid Transit (ART) line, adjustments to some North Cook County and South Cook County routes, and increased service on I-55 Bus-on-Shoulder routes.

Pace ADA Paratransit ridership is expected to increase by 0.8% to 4.3 million in 2020, due to increased utilization of the Taxi Access Program. Operating revenues are projected at \$14.1 million and operating expenses are projected at \$195.3 million, an increase of 7.4% over the 2019 estimate, but a lesser increase of 4.3% versus the 2019 budget. Renaldo stressed that Pace's City provider contracts are up for re-bidding in 2020 and thus there is some uncertainty in final expense levels. Total public funding for Pace ADA Paratransit is \$181.3 million, in accordance with the operating funding amounts approved by the RTA Board and resulting in a balanced budget with the required recovery ratio of 10.0%.

Pace's Suburban Service 2020-2024 Capital Program totals \$548 million with the largest expenditures going toward investment in support facilities and rolling stock. Renaldo showed a list of specific projects funded by Rebuild Illinois including the construction of two garages and improvements to the Harvey and Joliet Transportation Centers. For the first time, Pace has dedicated capital funding of \$20 million for the ADA Paratransit program, which will be used for customer software improvements and improved transfer locations.

Chairman Dillard asked for clarification of Pace's programming of Medicaid reimbursement funding. Mr. Dixon replied that Pace is no longer participating in the Medicaid program due to changes that the State made two years ago which would have negatively impacted Pace's service providers.

Chairman Dillard asked how many new riders were anticipated on the Pulse Milwaukee Avenue service, which he said was the type of innovative service the region needs to boost ridership. Mr. Dixon said that while he did not have exact figures available, an incremental increase in weekday ridership for the Milwaukee Avenue corridor was expected, along with a 7% - 8% increase in weekend ridership. He also noted that the next Pulse line on Dempster Avenue was under development.

Director Lewis asked for the status of under-performing routes which may be discontinued since ridership has been declining. Mr. Dixon replied that the Pace Board has decided to reevaluate the proposed eliminations based on public feedback.

Director Lewis asked about any initiatives to get South Cook County residents up to O'Hare employment centers. Mr. Dixon responded that Pace has current routes from South Cook to Rosemont, Schaumburg, and Oak Brook and will continue to promote those routes in conjunction with RTA, CTA, and Metra.

Director Carey asked why Pace is assuming a 1.7% ridership decline in 2020 after experiencing a 5.7% decline in 2019. Mr. Dixon said that Pace expects losses in the vanpool program to level off, and that new services on I-55 and I-90 should help offset an assumed base ridership decline of 2.8%.

Director Andalcio asked if Pace has goals in its 2020-2024 capital program for veterans and persons with disabilities, if Pace is considering target market contracts, and if Pace has a mentor-protégé program. Mr. Dixon said that all Pace RFPs are reviewed by Pace's DBE department before issuance and they will look at veteran and disabled considerations. Pace is not considering target market contracts, and the DBE office has an outreach program.

Director Andalcio asked about Pace's current undertaking for ensuring diversity and inclusion in its workforce in the communities it serves. Mr. Dixon replied that Pace utilizes all of the major platforms to advertise employment vacancies.

Director Andalcio asked how Pace manages unbundling of State-dollar contracts to allow smaller firms to bid as primes rather than sub-contractors. Mr. Chris Skogsbakken from the Pace staff said that Pace is establishing a Board infrastructure committee and staff project management office which will decide on the structure of the bids and take into account DBE participation.

Director Andalcio and Chairman Melvin asked if they could see a report on the number of contracts awarded with DBEs as primes, and in percentage of dollars also. Mr. Dixon replied that he can get that information, and that Pace has exceeded its DBE goal over the past years. In 2018 DBE participation was around 20%, and Pace has increased its DBE goals for the new FTA triennial period.

Director Holt asked how Pace would respond to a potential shortfall in sales tax revenue. Mr. Dixon replied that the impact on Pace would be smaller than the impact on CTA and Metra, and that there are areas of the budget which could be adjusted in response to any shortfall.

Director Holt asked how the increasing demand for the Taxi Access Program was impacting the demand for traditional ADA Paratransit service, and how that may impact the need for ADA Paratransit vehicles in the capital program. Mr. Dixon said that while there has been a migration from traditional service to TAP, the vehicles in the capital program are for the suburban service area and thus are not affected by the TAP ridership increase.

Director Melvin asked if Pace was worried about pricing power as they renew the vendor contracts, since TAP ridership is increasing, and regular ADA Paratransit ridership is decreasing. Mr. Dixon said that Pace was expecting vendor price increases due to both wage increases and potential pass-thru of new vendor vehicle costs.

Director Melvin asked about Pace's impediments to adding frequency on I-55 Bus-on-Shoulder routes. Mr. Dixon said that Pace was limited by both the number of available coach buses and nearby garage capacity. He said that the new I-55 garage is Pace's third highest capital priority behind the new Northwest Garage and ADA service improvements.

Director Ross asked about the status of Pace's labor contracts. Mr. Dixon said that Pace has a total of nine labor contracts, with one currently open. Three more of the contracts will be opened by the end of 2020.

Director Ross said that he had attended a hearing on the proposed route eliminations and understands how difficult it can be to make such a decision because many riders are transit-dependent, rather than riders of convenience, especially in rural areas. He commended the Pace staff and Board for their sensitivity while conducting the hearing.

Director Groven echoed Director Ross' comments with respect to the Kane County Pace hearings.

Director Carey also echoed Director Ross' comments for Lake County, and she asked if the eight fixed routes which had been proposed for elimination could be serviced differently with something like a Dial-a-Ride project. Mr. Dixon said that after Pace's Vision Plan update is complete, Pace will be hiring a consultant to look at their overall service by mode throughout the six-county region, and that Pace staff has also been meeting with Pace Director Soto and the Lake County Board to discuss alternatives to traditional fixed-route service.

Director Sager stated that Pace provides important service to many individuals in McHenry County, and that the RTA needs to do what we can to provide economical and efficient service.

CTA

Mr. Jeremy Fine, CTA CFO, and Ms. Michele Curran, Vice President Budget and Capital Finance, presented the CTA's operating budget and capital program. The proposed 2020 budget of \$1.57 billion is balanced and meets the recovery ratio requirement without a fare increase or service cuts. Mr. Fine noted that CTA faces \$30 million in State cuts in 2020 due to the 1.5% sales tax surcharge, 5% reduction to PTF, and 50% reduction in Reduced Fare Subsidy. CTA ridership is expected to decrease by 1.8% to 448.7 million in 2020 but the good news is that the rate of decline is slowing, particularly on bus. CTA initiatives to increase ridership and revenue include bus priority zones, designated bus lanes, prepaid bus boarding, and traffic signal prioritization. CTA is also accepting Apple Pay, providing free Wi-Fi in subway stations, and issuing updates to the Ventra app. The 2020 budget is \$18.4 million or 1.2% higher than the 2019 budget. Labor expenses are increasing by \$49.2 million due to pension, healthcare, and wage increases. Other expenses are decreasing by \$39.7 million as the CTA is covering existing debt service with State capital funding in 2020. The CTA has locked in 85% of fuel needs for 2020 and 100% of electricity. Operating revenues are projected to decrease by \$12.1 million from the 2019 budget. Total public funding is expected to increase by \$30.4 million, in accordance with the operating funding amounts approved by the RTA Board.

The CTA's 2020-2024 capital program totals \$5.1 billion and is supported by federal funding, State funding, and CTA bond issuances. The CTA plans to issue new bonds to produce \$1 billion in funding for the five-year capital program. The capital program will invest in transformative projects such as Red Purple Modernization (RPM), south Red Line Extension (RLE), and Your New Blue (YNB). Bond funding will also be used for new buses and rail cars. ICE funding of \$6.4 million for 2020 is proposed to be used for bus and rail service improvements—additional Green Line service during AM/PM rush and expanded service on the #4, #26, #34, #71, #95, 119, X9, and X49 bus routes.

Director Coulson asked about the rationale for spending \$350 million on the Red Line Extension when it is more of a wish list project with no actual funding at this point. Mr. Fine replied that it is more than a wish list. \$75 million was already committed as part of the prior CIP for design and preliminary engineering. This planning will now put the CTA in position to compete for and receive federal grant funding.

Director Coulson also asked Jeremy to explain the \$381 million bond issuance with principal payments deferred until 2043. Mr. Fine responded that the CTA has constrained revenues and continues to require level debt service in its entire portfolio. Therefore, the CTA has to structure payments until after current obligations are paid down.

Director Coulson noted that a quarter of the CTA's CIP is debt service. Did the CTA give any consideration to using the new pay go funds for projects instead? Mr. Fine noted that the CTA could not ignore all of the years without State capital funding which were addressed by CTA's own issuances.

Director Coulson finished by asking the reason for poor investment returns when the market is reaching record highs. Mr. Fine said it is due to poor returns in the latter part of 2018.

Director Melvin said that the Red Line Extension seems very expensive but it very important to the community. He learned recently that only 25% of people who board at 95th Street are going to the Loop – people are getting out and going to the neighborhoods as they live their lives.

Director Andalcio asked if the CTA has a plan to break up bundled projects to allow smaller companies and DBE/MBEs to bid as primes. Mr. Tom McKone, Chief Administration Officer, replied that the CTA is looking to unbundle contract opportunities. With the RPM project, for example, CTA broke up the communications and outreach contracts (including printing and translation services) into nine distinct contracts. CTA also broke up General Engineering Consulting (GEC) contracts to create opportunities.

Director Andalcio also asked if there are opportunities for a mentor-protege program? Mr. McKone answered that the CTA launched this program in 2016 and makes it a requirement as part of the bid scoring. RPM has 7 mentor-protege contracts.

Director Andalcio asked for the CTA's greatest gap in increasing its DBE participation. Mr. McKone said that the greatest gap was late State reimbursements. On RPM, the CTA started a "building small businesses" program to provide technical support to DBEs and help them think about financing.

Director Andalcio asked if there are plans to address the homeless problem on the system. Mr. McKone replied that the CTA has worked with the Department of Family & Support Services (DFSS) to provide encampment resources to the Red Line.

Director Holt asked for the CTA's contingency plan if sales tax or RETT funds do not come through. Mr. McKone responded that the CTA would review labor costs and the rate at which they are filling vacancies and would also make tweaks to materials costs. On the revenue side, The CTA revenue projections do not account for any congestion pricing mechanism as proposed by the mayor. The CTA also did not include any increases due to ATU negotiations into the budget because that would show their hand/set the floor.

Director Holt asked for a status update on RPM Phase 2. Mr. Mike Connelly, Chief Planning Officer, said his staff is already working on RPM Phase 2 needs, infrastructure pieces, and lessons learned from the current project. It will be 9-12 months until the project plan is rolled out for review.

Director Lewis asked about the CTA's position on the Cook County proposal (convert Metra Electric to a CTA-like system). Mr. Connelly replied that the CTA feels it is not fully fleshed out, but the CTA is engaged in dialogue with Cook County.

Director Carey asked where the other revenue increases in 2020, 2021, and 2022 are coming from? Ms. Michele Curran said it is due to growth in advertising, parking revenue, and other miscellaneous initiatives like naming rights.

Chairman Dillard noted that many lawmakers do not realize they are cutting transit operating revenue by supporting the sales tax and PTF surcharges and reduced fare subsidy cut. The RTA and Service Boards need to visit Springfield together to discuss the impact.

Chairman Dillard commented on the Mayor's congestion pricing plan and said some of that revenue needs to go to the CTA and Metra, for the potential increased ridership during peak periods.

RTA Agency

Ms. Reyna-Hickey thanked the CFOs and staff of CTA, Metra, and Pace for their presentations. She began the RTA Agency Budget presentation by explaining that again this year the RTA followed a priority-based budgeting approach. The budget was developed consistent with the goals and objectives of the five-year Regional Strategic Plan, Invest in Transit, adopted by the RTA Board in January 2018. This approach aligns the Agency's budget with the RTA's mission within the region.

In 2020, budgeted funding and revenue total \$40.7 million. Of that amount, 86.5% or \$35.2 million represents regional public funding from the RTA sales tax. The remaining 13.5% or \$5.5 million includes grants and other revenue. The 2020 budget includes Federal Section 5310 Transportation Grant funds in the amount of \$4.6 million, approximately half of the \$9.1 million awarded every other year.

Budgeted Agency expenses also total \$40.7 million. The proposed RTA Agency budget is developed in two parts: Administration and Regional Programs.

Administrative costs account for 42.7% or \$17.4 million. This amount is 37.0% below the 2020 statutory administrative cap of \$27.6 million allowed by the RTA Act. The administrative budget includes expenses for personnel, professional services, information technology, facilities, and office services that support the funding, planning, and oversight mission of the RTA.

The proposed Regional Programs budget accounts for the remaining 57.3% or \$23.3 million of 2020 Agency expenses. Regional Programs include Regional Services and Grant- and RTA-funded projects.

Regional services account for 42.4% or \$17.2 million. The proposed 2020 Regional Services budget supports services provided to the public, including ADA Paratransit certification, mobility management and travel training, the RTA customer service centers, free and reduced fare programs, and the RTA transit benefit program.

RTA's grant-funded projects and RTA-funded regional studies and initiatives include transit-oriented development, access to transit improvement, customer satisfaction survey, and community planning assistance. These projects account for the remaining 14.9% or \$6.1 million. For many of these projects, the RTA acts as an advocate and granting agency, receiving funds for the region and then administering grants to the Service Boards, municipalities, and counties for planning projects.

The portion of the Agency budget supported by regional funding from the RTA sales tax is referred to as the net operating budget because it reflects expenses less associated revenue and outside funding. The 2020 Administrative net operating budget is essentially unchanged from the 2019 budget. The 2020 Regional Programs net operating budget increases by 6.2% or \$1 million due to the increased Purchased Services expenses of the mostly outsourced Mobility Services Programs and some RTA-funded regional programs. Thus, the total proposed 2020 RTA Agency net operating budget of \$35.2 million is expected to increase by 3.0% or \$1 million from the 2019 budget. Total Agency headcount is budgeted at 107, six fewer positions than 2019. As part of the 2020-2024 five-year capital program, the RTA will continue to issue bonds to help finance Service Board capital projects. Due to the increase in state capital funding through Rebuild Illinois, however, the RTA will not issue bonds that were previously planned as part of the 2020 capital program.

To fund Service Board and RTA operations, the RTA issues short-term debt because of State funding delays for PTF, ASA, and AFA. The RTA's \$150 million working cash notes mature in May 2020. The RTA will continue to issue short-term debt to the extent required by state funding delinquencies. The amount and form of new short-term debt will be determined as existing short-term debt matures.

In Federal Fiscal Year 2018 (ending 9/30/2018), the RTA exceeded by 1% its DBE participation goal for federally funded contracts of 11%. For the next three Federal Fiscal Years (2020, 2021, and 2022), the Agency has increased its overall goal on federally funded contractors to 16%. In 2018, the RTA met its DBE participation goal of 12% on non-federally funded contracts.

2020 Budget and Capital Program Public Comment

Ms. MarySue Barrett, President of the Metropolitan Planning Council (MPC), noted that she has worked with the RTA and Service Boards on advocacy for many years, and that the success of the Spring Session capital bill should be celebrated. She recognized some things that were not included in the final legislation, such as performance-based planning. She believes this is a historic moment for RTA leadership to show improved stewardship and transparency of the increased resources. She noted that the FTA has established requirements for Transit Asset Management (TAM), as noted in the Service Board presentations. She asked the Board to incorporate a performance-based metrics framework in the final budget to be considered at the December Board meeting. She said that models exist, and her organization is willing to work with the RTA to figure out the mechanics of making it work.

Chairman Dillard thanked Ms. Barrett for her advocacy and leadership with the Chicago business community and public. While he likes performance-based funding, he stressed that the RTA already operates in a very transparent way, as evidenced by the Strategic Plan and professionalism of the RTA and Service Board staffs. He committed to continue to work with MPC and the other two organizations as partners.

Mr. Garland Armstrong expressed safety concerns about people trespassing on the tracks. He feels that they don't understand the dangers involved and need to be educated with a public service announcement from CTA and Metra. He is waiting on data from CTA and Metra.

Mr. Jack Lavin, President and CEO of the Chicagoland Chamber of Commerce echoed Chairman Dillard's comments on the great partnership which led to the State capital bill with sustainable funding. He noted that he did not know about the operating cuts so he will work on that as well. Mr. Lavin stressed the importance of mass transit to his members' businesses. He requested that the RTA Board include in the budget ordinance a requirement for performance-based planning and programming with an emphasis on prioritizing access to jobs, and also a more formal process for input from the business community, since they are the ones that will create jobs and grow the population.

Mr. Tom Kotarac, Vice President of the Civic Committee of the Commercial Club of Chicago, said that with any new revenues must also come reforms. He noted that the current method for allocating capital funding uses static formulas, some of which are unchanged since 1983. Tom pointed out that many things have changed since 1983, including travel patterns and much more robust data sources. He wants to see the RTA use performance measures to allocate capital in a more sophisticated way and serve as a model for the rest of the country. Mr. Kotarac feels that putting a new allocation method in the December Board memo and ordinance would hold the RTA Board accountable to a process which recognizes the new principles RTA has established. He thinks that the time to act is now because the Service Boards have the best leadership he has ever seen in place to make some hard choices.

Presentation of Quarterly Performance Report- Third Quarter 2019

Ms. Jill Leary presented the Quarterly Performance Report that details performance through third quarter 2019. As with prior reports, she reported on a consistent set of measures relating to each strategic goal and highlighted an activity or event of interest related to that goal. This quarter's spotlights highlighted RTA Agency activities.

For the first strategic goal, Deliver Value on Our Investment, Jill reported on capital funding and expenditures. Funding has been lower compared to 2018, because new funding relating to pay-go have not yet appeared on our books. Expenditures, however, have increased 22% as CTA and Metra have been improving spending. Other measures shown included: operating cost per passenger trip, which was up 3.7% after being adjusted for inflation, and fare revenue per passenger trip, which was up 1.2% to \$1.79.

The Performance Spotlight focused on the downward change in state funding delays, which was approximately **HALF** the \$457 million that the State owed the RTA as of this time last year. More prompt payments from the State have allowed the RTA to pay off its \$250 million 2017B Direct Placement Working Cash Notes and to reduce delinquencies in PTF-based funding to the Service Boards. Paying off and terminating the Direct Placement will lower RTA's cost of short-term borrowing to an estimated \$5.2 million in 2019 from \$7.1 million in 2018.

Goal 2 is Build on the Strengths of Our Network, for which Jill showed a 10-year trend chart showing a 6% increase in vehicle revenue miles. This indicates that we are offering more service to our customers. The Performance Spotlight for Goal 2 focused on the work done by the RTA Mobility Services Team, which on a year-to-date basis has processed over 13,000 ADA Paratransit applications, made presentations to just under 21,000 people at numerous outreach events, fielded 67,000 helpline calls, and serviced 48,000 walk-in customers. To date, over 63,000 Chicago-area residents are eligible to utilize ADA Paratransit services.

Goal 3 is Stay Competitive, and Jill spoke to the Service Boards' on-time performance metrics, which were largely unchanged from the prior year. The Performance Spotlight focused on regional customer satisfaction surveys. The RTA is starting to leverage online panels in order to get more regular feedback from regional customers. Results were shown for the most recent RTA on-line panelist survey, conducted this past summer. About 500 respondents provided ratings for infrastructure condition, their likelihood to recommend the service to others, value of service for fare paid, and overall satisfaction scores. The majority of panelists reported that they are satisfied or very satisfied with the services, though infrastructure had a lower approval rating. Next year, RTA will be administering a comprehensive regional Customer Satisfaction Survey in partnership with the Service Boards, which will help us to understand our ridership base in more detail; we will also be conducting a non-Rider/Lapsed-Rider survey, which will help us understand how to make transit more appealing to those who do not ride regularly.

Chairman Dillard requested what peer transit agencies customer satisfaction surveys have shown, examples in New Jersey, New York, Boston, LA and DC. Ms. Leary responded that she would be able to provide that information to the Board.

Resolutions certifying financial results - Third Quarter 2019

Ms. Reyna-Hickey stated that the third quarter results were satisfactory, with good expense performance more than offsetting an operating revenue and public funding shortfall. RTA system ridership through September was 2.0% unfavorable to budget, and almost 3% lower than prior year due in part to the severe cold in January. Operating revenue was \$16.9 million, or 1.9%, unfavorable to budget, primarily due to the lower level of reduced fare reimbursement (RFR) funding from the State. Pace had the largest operating revenue shortfall due to unfavorable fare revenue combined with the RFR reduction, while ADA Paratransit had a favorable variance of 7.1% due to increased ancillary revenue.

Public funding was \$23.3 million unfavorable to budget due to lagging sales tax and RETT results, and the extension of the State 5% PTF cut. RETT performance did improve with August's \$8.3 million result. Following a strong July result, August sales tax had 1% year-over-year growth. Bea discussed the second quarter chart of sales tax performance by merchant category, which showed that food and drink categories had the highest growth. System-wide operating expenses were \$59.5 million or 2.8% favorable to budget, with each Service Board reporting favorable results. Service Board fuel expenses were a combined \$5.7 million favorable to budget.

The good expense performance and public funding more than offset the unfavorable operating revenue, and the year-to-date system net result was \$19.3 million favorable to budget, an improvement of \$4.6 million from the previous month's result. The regional recovery ratio of 51.2% was 0.7 points favorable to budget, and the fare recovery ratio and all revenue recovery ratio were both lower than prior year due to lower ridership and normal Service Board expense growth. Ms. Reyna-Hickey reviewed the operating deficit variances of the Service Boards, with CTA, Metra, Pace, and ADA Paratransit each favorable to budget. She closed by recommending that each Service Board and the region as a whole be found in substantial accordance with budget through the third quarter.

Director Melvin asked about the expected effects from the Chicago teacher's strike. Ms. Reyna-Hickey said that ridership was certainly impacted during the 11-day strike due to the loss of student and employee rides, and parents needing to stay home from work to take care of their children. Because of the lag in reporting, the impact will not be seen until the October results are reported at the December Board meeting. We would also like to note that there appeared to be an increase in CTA riders with many teachers riding downtown to attend rallies so that may offset the school closings.

Director Melvin asked about the ridership decline in January. Ms. Reyna-Hickey pointed out that many companies completely shut down during the cold outbreak, and also that employees have more flexible work options, and can now choose to telecommute when the weather makes traditional commuting difficult.

Director Ross moved, and Director Holt seconded that the proposed resolutions be approved as submitted. The motion carried on the following roll call vote:

8 Ayes: Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager

1 Absent: Troiani

ADJOURNMENT

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

8 Ayes: Coulson, Groven, Holt, Kotel, Lewis, Melvin, Ross, Sager

1 Absent: Troiani

The meeting ended at 12:10 p.m.

Audrey Macleannan

AUDREY MACLENNAN

Secretary of the Authority