

**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, October 17, 2019** at 8:40 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, Lewis, Melvin, Ross, Sager, Troiani

Committee members absent (1): Kotel

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

Approval of minutes from the meeting held on September 12, 2019

Director Sager moved, and Director Lewis seconded that the minutes from the meeting held on September 12, 2019 be approved as submitted. The motion carried on the following roll call vote:

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

1 Absent: Kotel

Presentation of Monthly Financial Results – August 2019

Mr. Doug Anderson, Manager of Budgets and Analysis, opened by stating that while ridership and revenue are still unfavorable to budget, very good expense performance has further improved the regional recovery ratio to 50.9%, or 0.7 points favorable to budget.

RTA system ridership through August was 2.0% unfavorable to budget, and 3.1% lower than prior year. Pace had the largest ridership shortfall, at 5.9%, with ridership declines in each mode; fixed route, dial-a-ride, and vanpool. Operating revenue was \$13.7 million, or 1.7%, unfavorable to budget, with about 80% of the variance attributable to the lower level of reduced fare reimbursement (RFR) funding from the State. Pace Suburban Service had the largest operating revenue shortfall percentage, 4.9%, due to unfavorable fare revenue, while CTA was the most heavily impacted by the reduction in RFR funding.

Mr. Anderson stated that the public funding section of the dashboard shows a result that is 2.3% unfavorable to budget but improved from last month due to strong July sales tax receipts. Sales tax, PTF, and Real Estate Transfer Tax (RETT) results all remain below budget, although it is known that the RETT will have some stronger results in the coming months which are not yet reflected in the dashboard. CTA had the most unfavorable public funding variance at \$19.3 million, or 3.6%. System-wide operating expenses were \$51.7 million or 2.8% favorable to budget after notably good results for the month of August. Metra and Pace had the most favorable expense results, at 3.5% and 4.3%, respectively.

**APPROVED BY THE FINANCE COMMITTEE
NOVEMBER 21, 2019**

The good expense performance offset the unfavorable public funding and operating revenue, and the year-to-date system net result was \$14.7 million favorable to budget, a \$9.3 million improvement from last month's result. The regional recovery ratio of 50.9% through August was 0.7 points favorable to budget and has shown steady improvement since January. Each Service Board's recovery ratio was essentially at, or favorable to, budget.

Director Lewis asked if we are nearing a point where the Service Boards have cut expenses as much as possible, and as a result, will revenues have to be increased to keep the recovery ratio above 50%. Mr. Anderson responded that in 2018 each of the Service Boards increased fares, which in turn boosted the regional recovery ratio. There were no fare increases in 2019, and none are expected for 2020, so the budgeted recovery ratio will have less of a cushion above 50%. Bea interjected that staff maintains a 10-year model which demonstrates that regular fare increases are necessary to continue to meet the recovery ratio requirement. Bea said that an analysis would be provided to the Board as part of the 2020 budget review.

Director Melvin asked for clarification on the information received from CTA which indicated improving results for the rest of the year. Mr. Anderson said that he had specifically been referring to RETT results, which staff has been closely monitoring due to underperformance. RETT receipts average about \$5 million per month, but CTA has given RTA advance notice that the August results will be around \$8.3 million, which will reduce the current \$5 million shortfall from budget.

Director Groven noted that on a year-over-year basis expenses are increasing, and that what is displayed in the dashboard is the variance from budget. Ms. Reyna-Hickey agreed, and Mr. Anderson stated that Service Board expenses through August are 1.6% higher than 2018, which is typical. Once the budget is adopted, what becomes relevant

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.

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

1 Absent: Kotel

The meeting ended at 8:50 a.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority