

SUMMARY OF 2019 PROPOSED REGIONAL BUDGET AND CAPITAL PROGRAM

CTA, Metra, Pace, ADA Paratransit, and RTA

The budgets summarized herein represent the proposed 2019 operating budgets and five-year capital programs of the Service Boards and RTA, as released for public hearing, and subject to the review and approval of the RTA Board.

2019 Budget Impact on RTA Customers

The Service Boards' proposed 2019 operating budgets do not contain any fare increases. CTA and Metra plan to maintain existing service levels while Pace has proposed reduction or elimination of up to 12 under-performing routes.

- CTA will operate service at a level similar to 2018 while Metra will be adding a round trip to Lake Forest on the Milwaukee District North line as a reverse commute pilot program.
- Pace Suburban Service proposes to discontinue Saturday service on routes 209, 348, 504, 540, and 546 and eliminate routes 304, 326, 362, 532, 661, 809, and 824 due to failure to meet performance standards.
- Pace will initiate Pulse arterial rapid transit (ART) service along Milwaukee Avenue between Nilcs and Jefferson Park.
- Pace Regional ADA Paratransit will add service as required by customer demand, which is projected to increase by 1.0%.

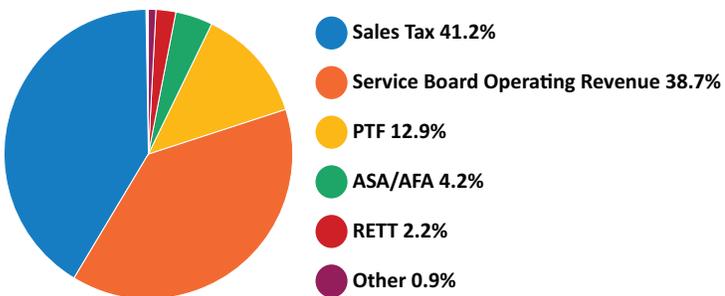
Ridership (in millions)

| | 2018 Estimate | 2019 Budget | 2019 Growth |
|-----------------|---------------|--------------|--------------|
| CTA | 467.3 | 461.3 | -1.3% |
| Metra | 75.9 | 75.6 | -0.4% |
| Pace | 30.5 | 30.4 | -0.4% |
| ADA Paratransit | 4.3 | 4.3 | +1.0% |
| Region | 578.0 | 571.6 | -1.1% |

- 2018 system ridership is expected to finish the year 2.6% lower than 2017.
- Regional transit ridership in 2019 is forecast at 571.6 million rides, a decrease of 1.1% from 2018.
- Low gas prices, the growth of transportation network companies (TNC's), and changing consumer habits such as telecommuting and online shopping continue to impact transit ridership locally and nationwide.

Regional Revenue

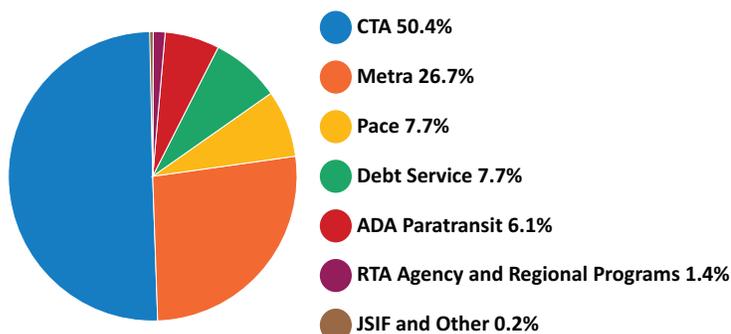
2019 BUDGETED REVENUES: \$3.083 BILLION



- Operating revenue, consisting of passenger fares and other system-generated revenues such as leases and advertising, is projected to increase by 2.0% to \$1.192 billion in 2019, representing about 39% of system revenue.
- Public funding, consisting of sales tax, State funding, and other sources, is projected to increase to \$1.891 billion in 2019, representing about 41% of system revenue.
- Total 2019 RTA revenue for operations, the sum of operating revenue and public funding, is projected at \$3.083 billion.

Regional Expenses

2019 BUDGETED EXPENSES: \$3.082 BILLION



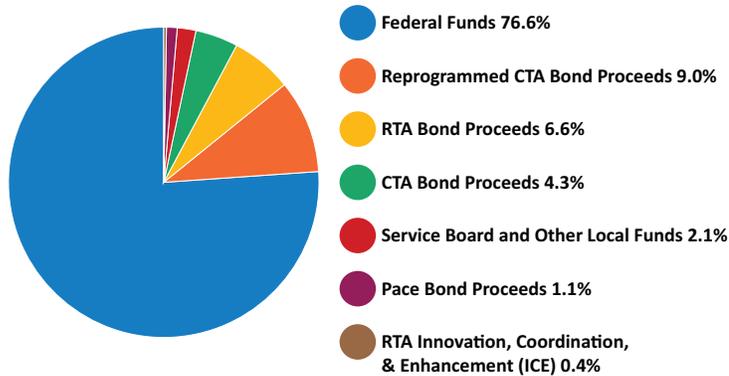
- Total 2019 expenses for the RTA system are projected to increase from the 2018 budget by 3.0%, to \$3.082 billion.
- Service Board operating expenses represent over 90% of total expenses. The remainder is comprised of RTA agency expense, RTA debt service, and other regional expenses.

Regional Revenue Recovery Ratio

The region's system-generated revenue recovery ratio, equal to total operating revenues divided by total operating expenditures, with approved adjustments, is projected at 50.6% for 2019, exceeding the statutorily required level of 50%.

Regional Five-Year Capital Program

2019-2023 CAPITAL FUNDING: \$4.339 BILLION



The RTA capital program emphasizes the need to preserve and enhance the region's transit infrastructure. CTA, Pace, and the RTA each plan to issue bonds during the five-year period, totaling \$909 million or about 21% of the total capital funding.

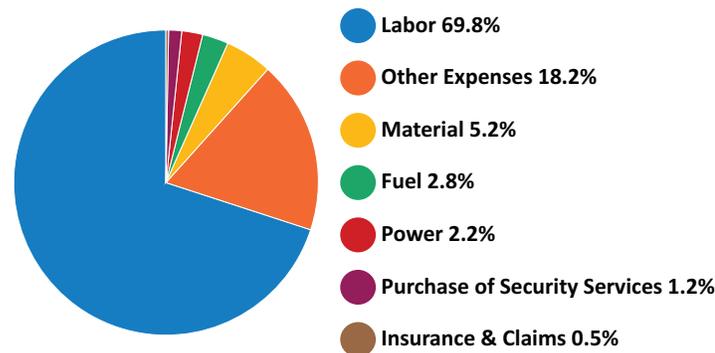
- The five-year capital program includes \$4.339 billion in projected funding.
- The total funding for capital projects in 2019 is \$840.7 million.
- The uses of funds for capital projects are highlighted in each of the Service Board sections that follow.

CHICAGO TRANSIT AUTHORITY (CTA)

Operating Budget

- Total 2019 operating revenues from fares and other system-generated sources is expected to increase by 2.8% to \$707.7 million due to increased fare revenue and assumed reinstatement of state reduced fare funding.
- Public funding from RTA sales tax, State Public Transportation Funds, and the Real Estate Transfer Tax (RETT) is projected at \$844.4 million for 2019.

2019 BUDGETED EXPENSES: \$1.552 BILLION



- Total 2019 operating expenses are projected to increase by 2.5% from the 2018 budget, to \$1.552 billion, driven by increases in labor, fuel, power, and other expenses.
- CTA's system-generated revenue recovery ratio is projected at 55.6%, exceeding the RTA-set level of 54.75%.

Capital Program

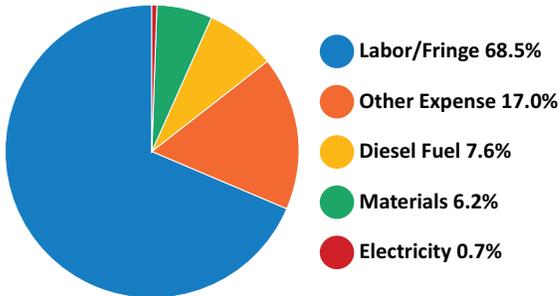
CTA's portion of the proposed 2019-2023 Capital Program totals \$2.885 billion (including payment of debt service on bonds) and includes investments to modernize and add transit capacity.

- CTA plans to invest \$899.7 million on rail modernization and extensions. The Red Purple Modernization (RPM) project represents \$827.7 million, which includes \$0.4 million for Core Capacity studies, while the Red Line Extension (RLE) project has \$40.2 million of funds allocated, and the Your New Blue (YNB) project on the O'Hare Branch has \$31.8 million budgeted.
- The plan includes a \$430.7 million investment in rail rolling stock improvements, which includes \$238.7 million for performing quarter life overhauls on the 5000 series rail cars and other rail car maintenance. CTA also allocated \$192.0 million to the purchase of the 7000 series rail cars, which will replace the older 2600 series rail cars.
- A projected 5-year investment of \$276.0 million is dedicated to CTA's bus fleet that includes maintenance and overhauls to existing buses as well as the purchase of diesel and electric buses.

Operating Budget

- Total 2019 operating revenues from fares and other system-generated revenues is expected to increase by 0.3% to \$411.7 million as an increase in ancillary revenue more than offsets lower fare revenue.
- Public funding from RTA sales tax, State Public Transportation Funds, and federal sources is projected at \$422.6 million for 2019.

2019 BUDGETED EXPENSES: \$822.2 MILLION



- Total 2019 operating expenses are projected to increase by 3.1% from the 2018 budget, to \$822.2 million, driven by increases in labor, fuel, and materials expenses.
- Metra’s system-generated revenue recovery ratio is projected at 53.1%, exceeding the RTA-set level of 52.5%.

Capital Program

Metra’s portion of the proposed 2019-2023 Capital Program totals \$1.165 billion and includes the following investments to move its system towards a State of Good Repair and improve service reliability and comfort for its customers.

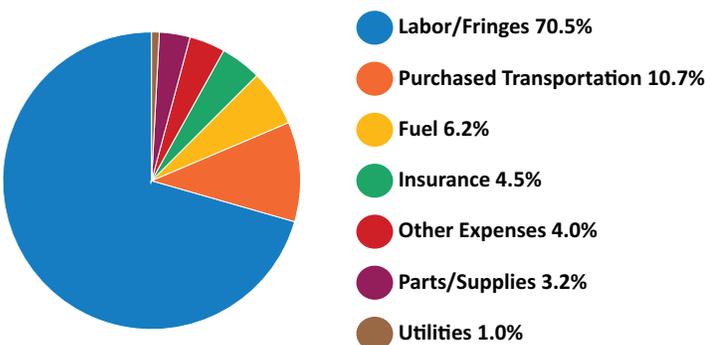
- Over the next 5 years, Metra plans to invest \$577.7 million, or nearly 50% of its capital program funds, to improve its fleet. In-house rebuilding program of current rolling stock is estimated at \$201.7 million, locomotive improvements and the purchase of new locomotives at \$200.4 million, and the purchase of new rail cars at \$175.7 million. This investment in fleet will help Metra improve on-time performance, offer better amenities to riders, and reduce high maintenance costs associated with aging rail stock.
- Another important goal for Metra is to maintain track and structures in a state of good repair, by using an investment of \$255.6 million over the next 5 years. Major projects include \$115.5 million allocated to rebuilding bridges and improving structures associated with the rail system, replacing rail ties and other rail renewal with an investment of \$110.6 million, and improving rail crossings with \$29.5 million.
- Metra has budgeted \$116.7 million for improvements and state of good repair projects for electrical, signal and communications systems. The plan has \$100.7 million budgeted for signal upgrades, improvements to interlockers and switches, and electrical upgrades, all of which are expected to lead to improvements in system reliability. Another \$16.0 million is budgeted for positive train control in 2019, with the project expected to be completed by the end of the year.

PACE SUBURBAN BUS SERVICE

Operating Budget

- Total 2019 operating revenues from fares and other system-generated revenues are projected to grow by 4.1% to \$58.7 million due to an increase in local government contributions.
- Public funding from RTA sales tax, State Public Transportation Funds, and federal sources is projected at \$177.3 million for 2019.

2019 BUDGETED EXPENSES: \$236.0 MILLION



- Total 2019 operating expenses are projected to increase by 1.7% from the 2018 budget, to \$236.0 million, driven by service additions and increases in labor, fuel, and other expenses.
- Pace’s system-generated revenue recovery ratio is projected at 30.3%, exactly meeting the RTA-set level.

Capital Program

Pace's 2019-2023 Capital Program totals \$289.5 million. The majority of funding will be used for state of good repair projects that focus on acquiring new rolling stock, updating and improving support facilities and equipment, and renovating and improving the passenger experience at stations and facilities.

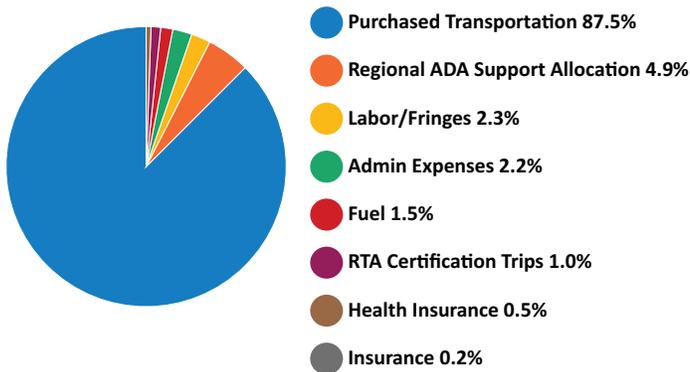
- Pace budgeted \$142.9 million for support facilities and equipment, with the largest investment of \$46.8 million going to a new Northwest Division garage that will be more environmentally friendly by utilizing compressed natural gas buses, which will save an estimated \$1.3 million in annual fuel cost. \$30.7 million is dedicated to preventive maintenance, and the remaining funds are dedicated to IT projects, farebox equipment, non-revenue vehicles, and other associated capital.
- Pace's plan includes investing \$106.1 million in rolling stock. This includes \$98.1 million for the purchase of new buses, paratransit vehicles, and vanpool vans. Over the 5 year plan, Pace projects to acquire 159 new buses, including special buses for the new Pace Pulse route on Milwaukee Avenue, 305 new paratransit vehicles, 69 community vehicles, and 187 vanpool vans. The remaining \$8.0 million in rolling stock investment is for engine and transmission retrofits during midlife bus overhauls.
- Pace's plan includes new stations, passenger facilities, and improvements to existing transit facilities. Overall funding for these projects is \$39.3 million, of which \$23.2 million will fund renovations at Homewood, Gurnee Mills, the Harvey Transportation Center, and the second Pace Pulse line facilities on Dempster Avenue.

PACE REGIONAL ADA PARATRANSIT

Operating Budget

- Total 2019 operating revenues from fares and other system-generated revenues are projected to grow by 1.7% to \$14.2 million due to increased fare revenue from ridership growth.
- Public funding from RTA sales tax and other State funding is projected at \$173.0 million for 2019.

2019 BUDGETED EXPENSES: \$187.2 MILLION



- Total 2019 operating expenses are projected to increase by 4.8% from the 2018 budget, to \$187.2 million, driven by ridership growth and contractor price increases.
- The ADA Paratransit system-generated revenue recovery ratio is projected at 10.0%, meeting the statutory requirement.

REGIONAL TRANSPORTATION AUTHORITY (RTA)

The Regional Transportation Authority is the oversight, funding, and planning agency for the three Service Boards: CTA, Metra, and Pace. The total RTA 2019 budget of \$41.9 million is supported by \$34.2 million of regional public funding and \$7.7 million of federal grants and other revenues.

The Agency budget is comprised of two parts: administrative and regional. The \$17.7 million administrative budget fulfills the mandates required by state law including performance audits, financial oversight, and regional planning functions. This portion of the budget is 33% below the cap on RTA administrative expenses imposed by state law. The \$24.2 million regional programs budget includes \$17.0 million for regional services provided to the public such as ADA Paratransit certification, travel training, the RTA customer service center, and the travel information center (TIC).