



**Regional  
Transportation  
Authority**

The background of the cover is a complex, abstract graphic design. It features several large, stylized arrows in various orientations (up, down, left, right) and several concentric circles. The design is rendered in a high-contrast, black and white, textured style that resembles a stencil or a heavily inked print. The overall composition is dynamic and suggests movement and forward progress.

**TRANSIT: PLANNING FOR  
THE FUTURE**

**2010 POPULAR ANNUAL FINANCIAL REPORT**

## STAYING ON TRACK IN UNCERTAIN TIMES

In a year of transition, the RTA is staying fiscally prudent while making changes to strengthen the agency. We've taken several proactive steps to stay on track: appointing new leadership, undertaking numerous cost-saving measures and managing our finances responsibly.

Despite tough times, the trains and buses still need to keep running. People depend on public transit to get to work, to get to school and even to replace their cars. The economy remains stagnant, but that doesn't mean that planning for the future should stop. Our fiscal oversight, planning and coordination roles are more important now than ever before. We're preparing to meet the future transportation needs of the northeastern Illinois region, while staying on the road of financial responsibility.

What drives us forward is our dedication to our riders and to the public. Transit is a critical component of the Chicagoland region, and we're working non-stop to ensure its strength for today and for the future.

## LETTER FROM THE CHAIRMAN AND EXECUTIVE DIRECTOR

The ongoing economic recession has continued to have a significant impact on transit funding over the last three years. Revenue generated from the RTA sales tax, our largest source of public funding, has been hit hard by the effects of reduced consumer spending. Although 2010 saw an increase in sales tax funding over 2009 levels, funding for the RTA system is still significantly below the amounts anticipated when the state passed new funding and reform legislation for the RTA in 2008.

With the slight rebound we've seen as the economy struggles to improve, the RTA anticipates some modest gain in sales tax and the Chicago real estate transfer tax. Additionally, the recession has impacted the rate at which the State of Illinois has made payments to the RTA and most other state agencies. These long awaited funds caused the RTA to face greater challenges in meeting its financial obligations.

Due to the slower growth in revenue, the RTA, CTA, Metra and Pace took steps to constrain costs, including mandating employees to take unpaid workdays and holidays, freezing salaries, implementing more than 1,000 employee layoffs and increasing contributions from employees for benefits such as health care. Additionally, small fare increases and reductions in service were required in 2010 to avoid more painful, long-term cuts. Service eliminations were avoided wherever possible.

While the economic crisis greatly affected the RTA and transit agencies this year, important progress was made. In an ongoing effort to increase accountability and transparency, the RTA implemented recommendations

made by the Illinois State Auditor General. The RTA continues to work with the CTA, Metra and Pace to establish performance measures that will evaluate each agency's on-time performance, ridership, safety metrics, service effectiveness and operating efficiency. Additionally, the RTA launched a comprehensive audit of all of the transit agencies and worked with state lawmakers to appoint an inspector general to monitor business practices for the entire system.

The work and analyses conducted in 2010 gave us a solid understanding of the transit system's infrastructure and riders' usage and needs. A capital asset condition assessment determined that the region's 10-year capital program need is \$24.6 billion, presenting significant challenges with regard to achieving a state of good repair. The service boards have made progress in rolling stock with the purchase of upgraded vehicles including CTA hybrid buses, Pace vehicles and Metra cars which will enhance the customer experience.

In 2011, the RTA will focus on the state of good repair, reducing expenses and increasing efficiencies through the following five priority areas: Strategic Capital Investment, Economies of Scale, Increased Use of the Transit System, Enhanced Customer Experience and Coordinated Marketing and Government Affairs. The RTA and service boards have partnered on these initiatives which are expected to contribute to a more robust and efficient transit system.

As the RTA plans for the future on behalf of the system's two million daily riders, we appreciate your continued support.



**JOHN S. GATES, JR.**  
RTA Board Chairman



**JOE COSTELLO**  
RTA Executive Director

*This is the RTA's annual report, formally known as the Popular Annual Financial Report (PAFR). It is intended to help you understand the RTA's role in the provision of public transit to our customers and to taxpayers in the six-county service area of northeastern Illinois. This report does not provide all of the detailed information that is contained in the RTA's Comprehensive Annual Financial Report (CAFR). For those interested in a higher level of financial detail, the 2010 RTA CAFR is available on the RTA's website at <http://rtachicago.com/about-the-rta/rta-documents.html>.*

## RTA PROFILE

The Regional Transportation Authority (RTA) is the oversight, funding and regional planning agency for the three transit operators that serve northeastern Illinois: the Chicago Transit Authority (CTA) bus and rail, Metra commuter rail, and Pace suburban bus and regional paratransit. The agency was created in 1974 upon the approval of a referendum by the residents of Cook, DuPage, Kane, Lake, McHenry and Will counties. The RTA is a special purpose unit of local government and a municipal corporation of the State of Illinois. From the time of its inception, the RTA's mission has been to ensure financially sound, comprehensive and coordinated public transportation.

The CTA, Metra and Pace individually handle their respective transit operations and fare responsibilities. Each is led by a Board of Directors that determines levels of service, fares and operational policies. The RTA's oversight responsibility is guided by the agency's Board of Directors, which approves an annual budget, a two-year financial plan and a strategic plan to guide all the agencies in achieving their common mission of providing safe, affordable and reliable public transit.

The RTA Board consists of 16 members appointed from the six-county region, led by a chairman. The Board is also required annually to review and approve a five-year capital plan which is a blueprint of the capital activities to be executed by the CTA, Metra and Pace.

The RTA regional system is the third largest in the country as measured by unlinked passenger trips, with more than two million daily riders. The combined assets of the RTA system are valued at more than \$42 billion, and include 3,230 buses, 2,200 rail cars, 146 locomotives and 667 vanpool vehicles. The system covers 7,200 route miles in the six-county region which currently has a population of approximately eight million.

The resources required on an annual basis to operate the region's public transportation system total approximately \$2.2 billion. In addition, the RTA system has a five-year capital program funded at approximately \$5.1 billion. The table below shows the breakdown for the transit agencies and RTA of annual operating expenses and the five-year capital program.

AGENCY	2010 ANNUAL OPERATING EXPENSES <i>(in millions)</i>	2010-2014 FIVE-YEAR CAPITAL PROGRAM <i>(in millions)</i>
CTA	\$ 1,239.0	\$ 2,740.8
Metra	\$ 615.8	\$ 2,016.4
Pace	\$ 176.2	\$ 304.6
Pace ADA	\$ 115.1	\$ 1.3
RTA	\$ 33.7	—
<b>TOTAL</b>	<b>\$2,179.8</b>	<b>\$5,063.1</b>





**2010 RTA BOARD OF DIRECTORS**

John S. Gates, Jr.  
*RTA Board Chairman*

William R. Coulson  
*Suburban Cook County*

Phil Fuentes  
*City of Chicago*

André Rice  
*City of Chicago*

J.D. Ross  
*Will County*

Donald L. Totten  
*Suburban Cook County*  
*(Appointed July 2010)*

James Buchanan  
*City of Chicago*

Rev. L. Tyrone Crider, Sr.  
*Suburban Cook County*

Al Jourdan  
*McHenry County*

Patrick Riley  
*Suburban Cook County*  
*(June 2005–June 2010)*

Dr. Horace E. Smith  
*City of Chicago*

Douglas M. Troiani  
*Suburban Cook County*

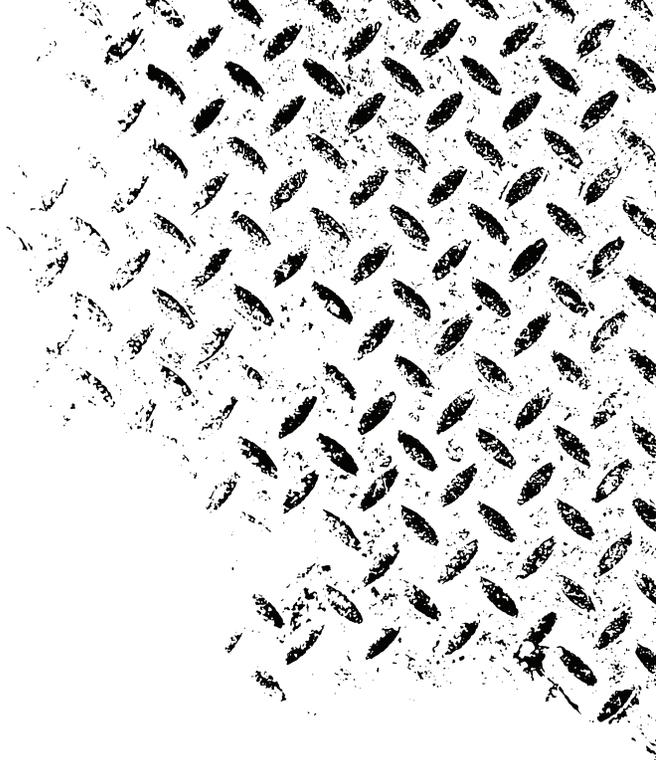
Jan Carlson  
*Kane County*

Patrick J. Durante  
*DuPage County*

Dwight A. Magalis  
*Lake County*

Michael Rosenberg  
*City of Chicago*

Judy Baar Topinka  
*Suburban Cook County*



## RTA'S FISCAL RESPONSIBILITY

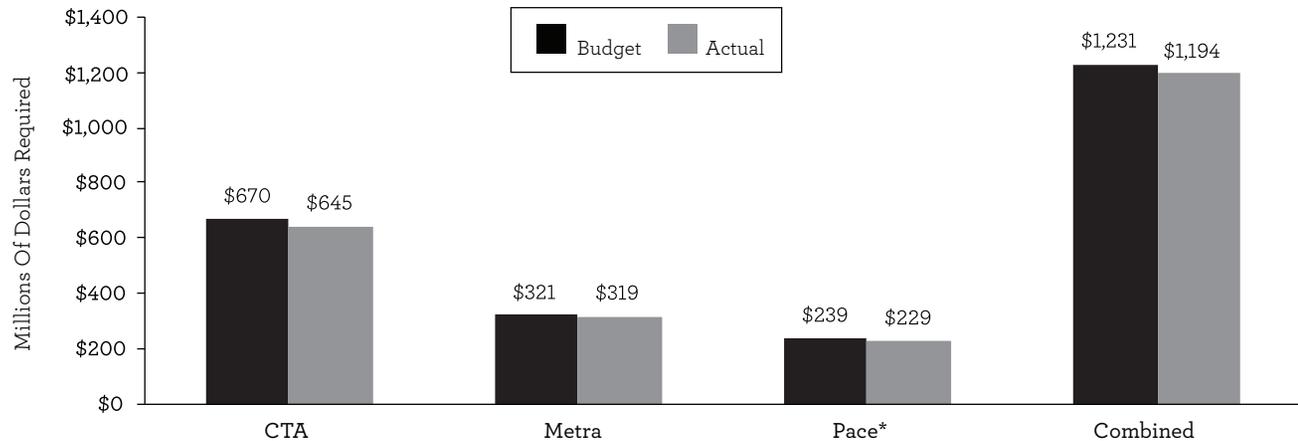
The RTA is not a transit operator, but rather a planning, funding, coordination and oversight agency. Transit services are provided by the CTA, Metra and Pace, also referred to as the “service boards.” The structural relationship of the RTA and the service boards is somewhat unique when compared to other major public transit systems around the country.

The service boards develop, adopt and submit to the RTA their own individual annual budgets. The RTA then monitors the financial and operational performance of each service board on a monthly and quarterly basis to ensure compliance with their adopted budgets.

For 2010, the service boards budgeted with consideration given to the impact that the weak economic environment would have on funding and ridership levels, and they

operated within their budgets as the year progressed. Although system ridership was slightly lower than forecast, the final 2010 financial net results of all three service boards were favorable by a combined total of \$37.0 million. This favorable balance means that their operating shortfalls were less than was projected during the budget process and, as a result, less financial assistance was needed than had been anticipated.

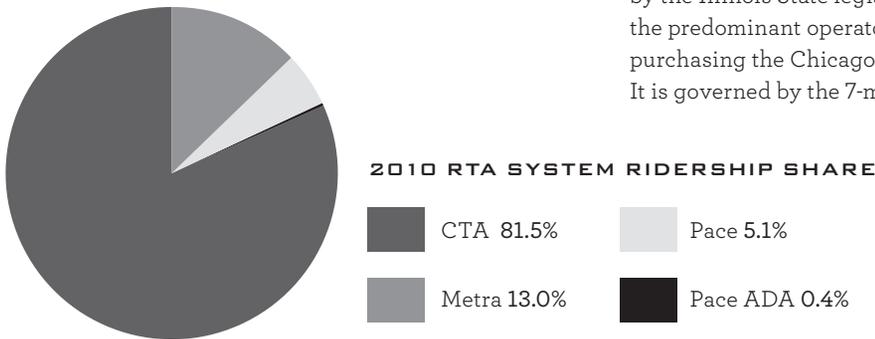
2010 SERVICE BOARD NET RESULTS (FUNDING REQUIREMENTS)



\* Pace includes ADA Paratransit

## SERVICE DELIVERY AND RIDERSHIP

The RTA system carried a total of 634.2 million riders in 2010, a decrease of 0.8% from 2009, but 6% higher than year 2000 levels.

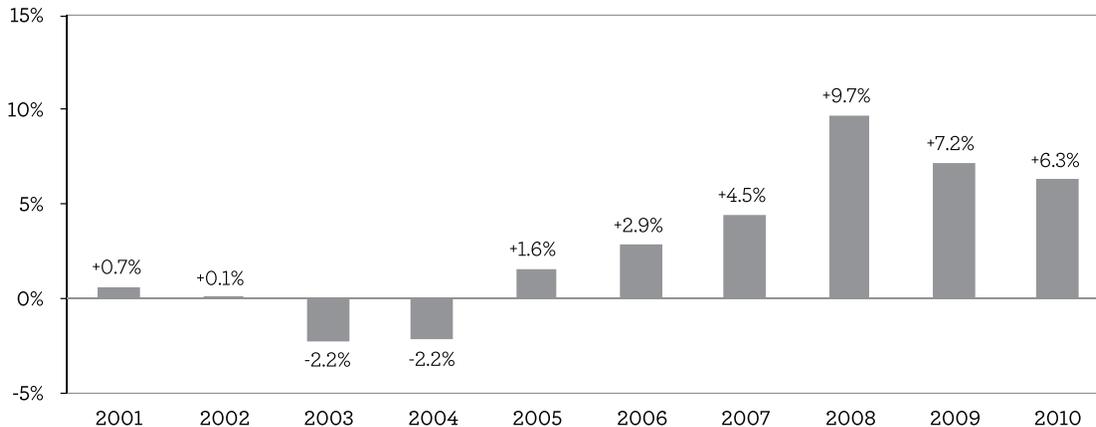


The CTA, with a weekday ridership of more than 1.6 million, carries the largest number of riders in the RTA system, but on relatively short urban trips. Its bus and rail operations comprise the nation's second largest transit agency, with service to the City of Chicago and 40 surrounding suburbs. The CTA was created by the Illinois State legislature in 1947 and became the predominant operator of Chicago transit after purchasing the Chicago Motor Coach system in 1952. It is governed by the 7-member Chicago Transit Board.

Metra was formed in 1983 and is responsible for the day to day operations of the region's commuter rail system. With 11 rail lines extending to the limits of the six-county area, it is geographically the largest commuter operation in the United States. Metra has a weekday ridership of more than 300,000 with an average trip distance of about 23 miles. It is governed by an 11-member Board of Directors.

Pace began service in 1984 and provides fixed-route bus, demand-response "dial-a-ride", and vanpool service to the suburban Chicago area. Pace is also responsible for ADA paratransit service in both the suburbs and the City of Chicago. Pace's weekday ridership is in excess of 100,000, and it is governed by a 13-member Board of Directors.

**CHANGE IN RTA SYSTEM RIDERSHIP RELATIVE TO YEAR 2000**



Over the course of the last decade, total RTA system ridership dipped in the wake of the 2001 recession, then recovered and peaked in 2008 prior to the financial crisis, when gasoline prices were at an all-time high. Overall, ridership still made gains during the decade, and the 634.2 million trips taken in 2010 were 37.7 million more than year 2000 levels.

RTA system capacity, as measured by vehicle miles of revenue service provided, increased steadily during the decade until CTA service cuts took effect in 2010, but also remains well above year 2000 levels.

## 2010 RTA & SERVICE BOARDS OPERATING CHARACTERISTICS

### CHICAGO TRANSIT AUTHORITY

#### Rapid Transit

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8 rail routes  
 143 stations served  
 1,190 rapid transit cars  
 198.1 million riders per year  
 1,158 STO\* positions

#### Motor Bus

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153 bus routes  
 2,150 buses  
 328.2 million riders per year  
 4,341 STO\* positions

#### Other

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1.2 billion passenger rail miles per year  
 12.3 million rail miles per year  
 779.8 million passenger miles per year  
 70.8 million vehicle miles per year  
 5,001 without STO\* positions

*\*STO is scheduled transit operators. This classification includes bus operators, motormen, conductors and customer assistants.*

### \*METRA COMMUTER RAIL DIVISION

487.7 route miles  
 1,155 miles of track  
 241 stations  
 146 locomotives  
 839 passenger cars  
 171 electric cars  
 702 weekly trains operated  
 96.0% on-time performance  
 81.4 million riders per year  
 4,429 full-time employees

#### Other

---

1.8 billion passenger miles per year  
 43.1 million vehicle miles per year

*\*All data excludes NICTD South Shore*

### PACE SUBURBAN BUS DIVISION

#### Fixed Route

---

135 regular routes  
 38 feeder routes  
 16 shuttle routes  
 579 vehicles in use during peak periods  
 29.3 million riders per year  
 3 seasonal routes  
 713 Pace-owned buses  
 1,422 full-time employees

#### Paratransit

---

210 Pace-owned lift-equipped buses in service  
 2.8 million riders per year  
 30 full-time employees

#### Dial-A-Ride

---

66 local services  
 157 Pace-owned lift-equipped buses in service  
 210 communities served  
 1.3 million riders per year  
 7.5 million passenger miles per year  
 5.7 million vehicle miles per year

#### Vanpool

---

667 vanpools in operation  
 1.8 million riders per year  
 37.8 million passenger miles per year  
 9.3 million vehicle miles per year



## SYSTEM INITIATIVES

### goroo® & Transit Tracker

In 2010, the RTA transitioned its primary trip planning system, from TripsWeb, which provided transit-only itineraries. As featured on goroo® — the RTA's online travel information site — the system provides side-by-side comparisons of trip itineraries using transit, driving, biking, walking or any combination of these transportation modes. It gives customers a comprehensive tool for choosing travel options that incorporate convenience, efficiency and cost — from the traveler's perspective. In 2011, goroo® started offering real-time arrival information. The CTA's BusTracker and TrainTracker were included in goroo's Next Train/Bus pages. Pace's WebWatch and Metra's future next train information system are next in line for inclusion.

### Bus-on-Shoulder

Last year, the RTA completed a Phase I study in partnership with IDOT and Pace to explore the opportunity to run buses on the shoulder of I-55. The study focused on further development of the Bus-on-Shoulder concept, assess the opportunities for buses to run on the shoulder of I-55, explore cost implications, identify safety concerns and estimate travel time savings. The Bus-on-Shoulder model has been implemented in several cities throughout the Midwest including Minneapolis and Cincinnati. The concept serves to be a low-cost means to maximize the utility and capacity of the existing roadway infrastructure. Buses that run along the shoulder are able to bypass regular traffic and achieve better travel time savings and schedule adherence.

### RTA Market Analysis

In 2010, the RTA completed a market analysis of travel in the six-county region. The study entailed examining the Chicago Metropolitan Agency for Planning (CMAP) Household Travel Tracker database and an RTA commissioned survey of riders and non-riders of transit that explored people's attitudes and behaviors about travel. Between the CMAP and RTA surveys, input from nearly 13,000 households across the region was captured to help paint a picture of regional travel.

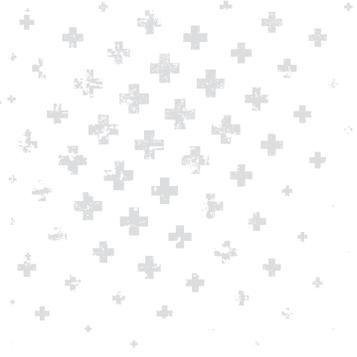
Among highlights, the analysis shows that more than 26 million trips are made on an average weekday in our region. The region's travel patterns are highly geographically dispersed with over 60 percent of travel occurring within the suburban region. Thirty eight percent of households in the region report using transit weekly. Transit serves a critical role in the region's economy as it connects people with jobs, serving 14 percent of work trips. Survey findings indicate a broad base of support for transit investment. This support was even found to be true among those who do not take transit, pointing to the growing appreciation that the general public has for the broad reaching benefits of transit.

### Holistic Customer Satisfaction Survey Program

The RTA is mandated by the RTA Act to provide regional measures of customer satisfaction as part of its performance measurement program. In 2010, the RTA worked with the Service Boards to develop a common

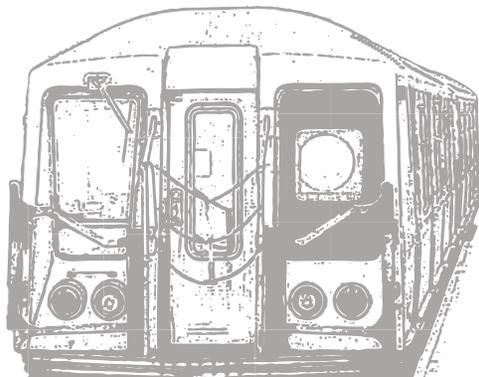
methodology for measuring customer satisfaction and successfully reached consensus on a unified approach to conducting the research with the goal of obtaining a regional perspective, as well as providing the Service Boards with unique evaluations of their own service. Historically, all three Service Boards have conducted customer satisfaction surveys for their individual agencies with their own set of questions, sampling plans, survey time intervals, and scales for question responses. The differences among the methodologies rendered the aggregation of results into one unified regional customer satisfaction performance index impossible. The new customer satisfaction survey program will be incorporated into the performance management process to initiate opportunities for improvement and drive business results. Furthermore, it is anticipated that this new approach will result in overall cost savings through capitalizing on economies of scale and process improvements.

The customer satisfaction survey for each Service Board will be implemented in 2011 and will include the following categories: Time & Reliability, Safety & Security, Information, Communications, Appearance & Cleanliness, Employees' Performance, Comfort, Overall Satisfaction, Loyalty and Regional Satisfaction.



## RTA Funding Programs

The Funding Programs provide value to the transit region by offering planning, operating and capital grants for a variety of projects.



Two of the programs, Community Planning and Subregional Planning, provide funding for planning studies and initiatives. The other two programs, Innovation, Coordination and Enhancement (ICE) and Job Access Reverse Commute / New Freedom (JARC/NF), provide funding for transit operating and capital projects. The Funding Programs provide value to a wide variety of recipients, including municipalities, counties, private non-profits, private transportation operators and the RTA Service Boards. Each recipient's needs are different, and the RTA Funding Programs offer support and a path to implementation. The Funding Programs also provide a unique opportunity for the RTA and its Service Boards to coordinate at the local level to not only create plans or implement projects, but to facilitate intergovernmental cooperation and relationship building. Key project accomplishments in 2010 are highlighted below for each of the four programs.

The City of Joliet wrapped up the conceptual planning phase of a Community Planning study during the summer of 2010. Developed in conjunction with the RTA, Metra, Pace, Will County and other planning partners, the City's Plan calls for an intermodal transit facility located adjacent to the existing Union Station. The development of the Plan led to a \$35 million grant from Illinois Jobs Now! to partially fund the facility, announced by Governor Quinn on October 28, 2010. The balance of the money needed for the \$42 million estimated total project cost will come from a combination of City funds and other sources. Architectural and Engineering is scheduled to begin in the Fall of 2011.

Kane County, working in close coordination with Pace and the RTA, finalized a Subregional Planning Corridor Plan along Randall Road in December 2010. As a result of the Plan, Pace received a grant for \$800,000 to install bus shelters and sidewalk connectors along Randall Road, which is currently served by Pace Route 529. Shelters will be installed at 23 stops along the route by Fall of 2011, along with necessary sidewalk connectors in certain locations as recommended in the Plan.

The Village of Skokie received an ICE grant from the RTA to fund improvements associated with the new Congestion Mitigation and Air Quality Improvement (CMAQ) funded Oakton Street station on the CTA Yellow Line. The ICE funded improvements will include bus stops, bus and taxi access lanes, sheltered waiting areas, pedestrian walkways, shared vehicle lanes, a kiss and ride, bicycle parking, and landscape improvements. The improvements are expected to be completed by Fall of 2011.

Lake County secured a JARC/NF grant to implement a new coordinated dial-a-ride service operating on weekdays in Antioch, Avon, Grant, and Lake Villa townships. A portion of the service is a flexible route connecting three Metra stations on the North Central and Milwaukee District North Lines with residential areas to offer greater access to employment opportunities primarily for individuals with limited mobility and other transit dependent populations. The service was implemented in January 2010 and provides nearly 1,500 trips per month.

## FUTURE PLANNING

### Transit-Oriented Development (TOD) Implementation

The RTA has invested almost \$3 million of its own funds during the past 12 years to complete approximately 75 transit-oriented development (TOD) planning studies through the RTA's Community Planning and Subregional Planning funding programs. These programs fund TOD planning studies that promote walkable, mixed-income, mixed-use development co-located and/or well-connected to retail and business uses in transit station areas, while also increasing overall access to the transit system. Many communities within the RTA region, including those that have completed TOD planning studies through the RTA funding programs, have encountered obstacles and barriers to implementing recommendations found in their completed TOD plans.

In 2010, the RTA developed a program that invests further in the communities we have worked with previously by offering an opportunity to receive additional technical assistance and support towards implementing their plans. This program, the first of its kind in our region, will help communities develop and update land control documents, attract developers and streamline development approval processes. From the RTA's perspective, pursuing and achieving implementation of these plans can result in more efficient transit operations, improved access to transit services and a potential for increased ridership for the CTA, Metra and Pace. Implementation efforts can also increase private investment in TOD areas while promoting the principles of sustainability and livability.

### Sustainability and Climate Change

In 2010, RTA became a signatory of the American Public Transportation Association's (APTA) Sustainability Commitment, reaffirming the agency's commitment to reducing regional greenhouse gas emissions and improving the sustainability of the region's transit system. As part of this commitment, RTA and the service boards conducted the first comprehensive greenhouse gas inventory and displacement analysis of the region's transit system. The results of the analysis show that the RTA system is responsible for keeping 6.7 million metric tons of CO<sub>2</sub> from entering the atmosphere. That is equivalent to taking more than one million cars off the road, and is more than five times the amount of CO<sub>2</sub> produced by transit operations.

Working with the Illinois Department of Transportation (IDOT), Chicago Metropolitan Agency for Planning (CMAP), Chicago Department of Environment, Chicago Department of Transportation (CDOT) and other stakeholders, the transit agencies are using the results of the greenhouse gas emissions analysis to demonstrate the value of the transit system and identify strategies for improving the environmental benefits of transit, including increasing ridership and improving the efficiency of transit operations. In 2011, RTA and service boards will publish the first sustainability and climate action plan for the regional transit system in an effort to educate legislators, advocates and the public about the environmental value of transit in the region. The plan will also show how investments in transit can help the state and region meet their carbon emissions reduction goals, as well as how they enhance our customer experience.



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 **Clean Air Hybrid Bus**

  
CHICAGO  
SYMPHONY  
ORCHESTRA  
CSO.ORG  
SIDLEY

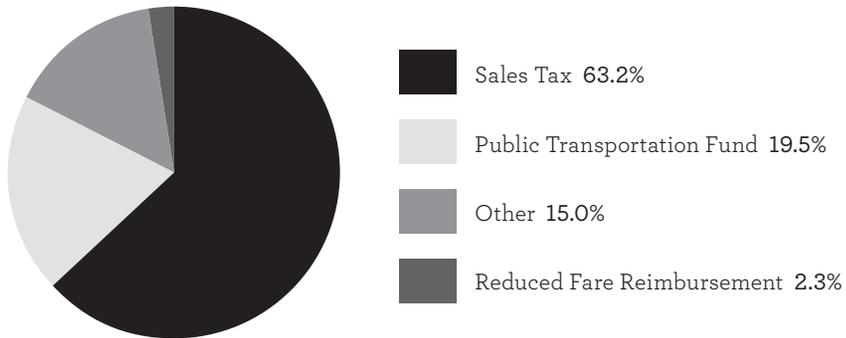


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## FUNDING PUBLIC TRANSPORTATION

### 2010 RTA REVENUE BY SOURCE



### Revenue Sources

The RTA's primary source of operating funding is a regional sales tax which is matched by the State of Illinois via the Public Transportation Fund (PTF). A reduced fare reimbursement also comes from the State and is passed through to the service boards to help offset the revenue lost from the various required fare programs such as those for the elderly, disabled persons, and students. The final revenue category of "Other" shown in the chart includes items such as additional assistance from the State, investment income and contributions from local governments.

As the economy slightly improved in 2010, total RTA sales tax receipts of \$931 million increased 4.2 percent from 2009 and exceeded budget projections. This growth was a positive development, since in 2009 the RTA sales tax receipts had declined 2.9 percent from 2008 due to the impact of the financial crisis. Reduced investment income drove the "Other" category lower. Overall, 2010 RTA revenues decreased by 0.5 percent from 2009.

Over the last five years, the RTA has experienced a steady increase in total revenues, driven by the increase in sales tax funding for public transit which took effect in 2008. This tax increase was necessary to ensure the sustainability of the RTA system and clearly helped the RTA weather the current economic downturn. Because it is a sales tax match, the PTF increased in line with sales tax, while Reduced Fare and Other categories remained relatively flat across the period.

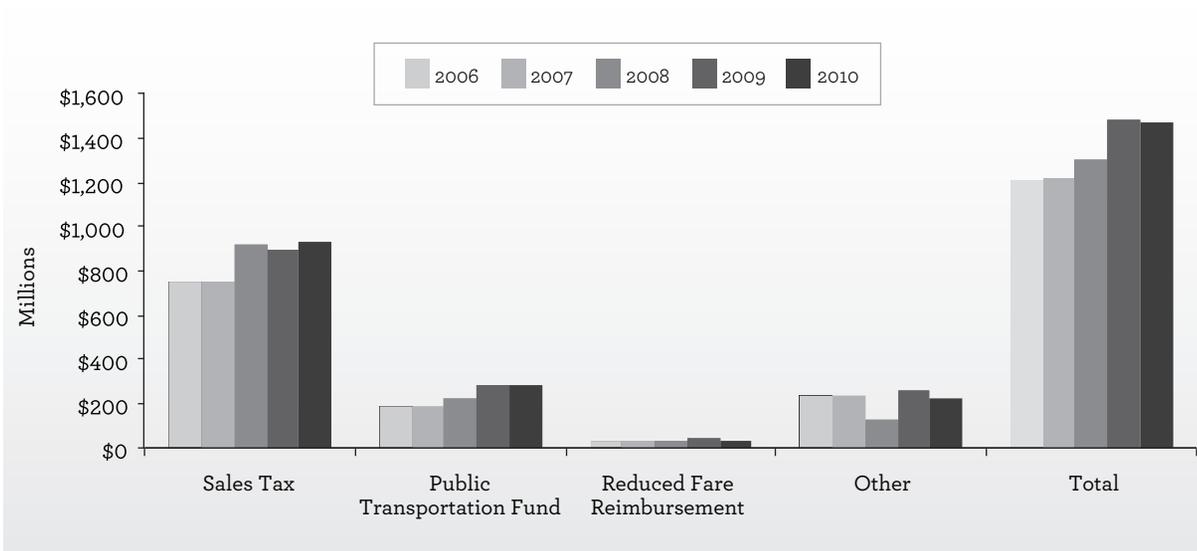
### RTA REVENUE BY SOURCE DECEMBER 31, 2010 AND 2009 (in thousands)

	2010	2009	CHANGE
Sales Tax*	\$ 931,435	\$ 894,238	\$ 37,197
Public Transportation Fund	\$ 287,404	\$ 282,541	\$ 4,863
Reduced Fare Reimbursement	\$ 33,570	\$ 41,970	(\$ 8,400)
Other Sources	\$ 220,737	\$ 262,098	(\$ 41,361)
<b>TOTAL REVENUE</b>	<b>\$ 1,473,146</b>	<b>\$ 1,480,847</b>	<b>(\$ 7,701)</b>

\*Includes all sales taxes retained by the RTA and passed through to the service boards



**5-YEAR TREND OF RTA REVENUE SOURCES**



**Sales Tax by County**

The RTA sales tax is imposed region-wide, but at differing rates to reflect the differing levels of transit service provided throughout the constituent counties. In 2008, Illinois Public Act 95-0708 increased the RTA sales tax rate from 1.0 percent to 1.25 percent in Cook County and from 0.25 percent to 0.5 percent in the collar counties.

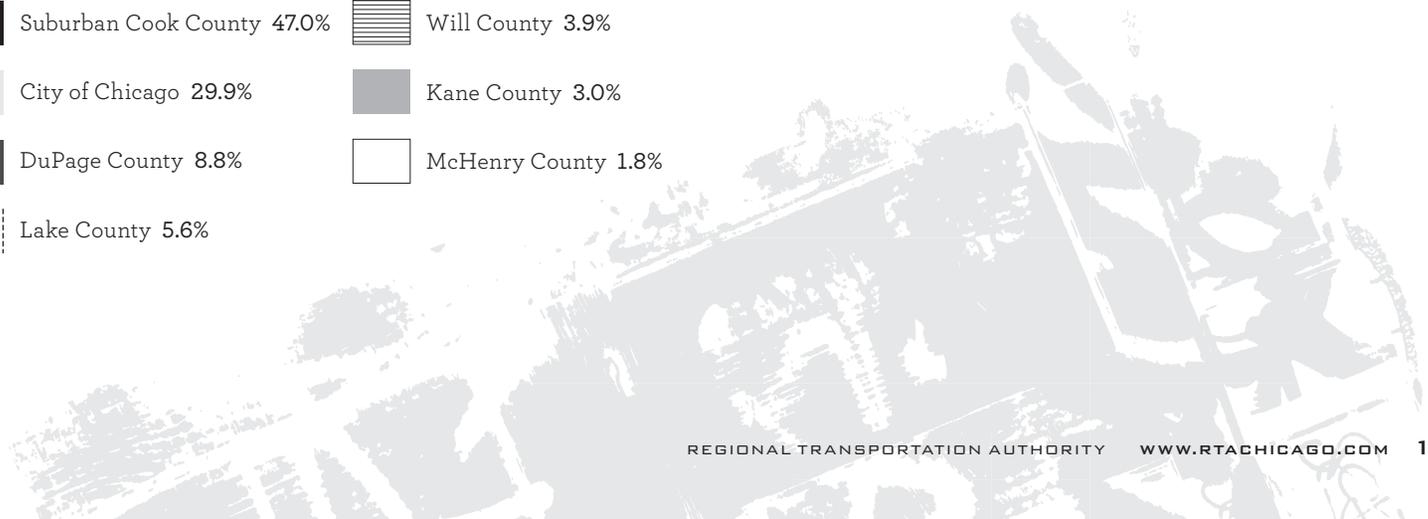
In practical terms, this means that on a \$50 purchase, some of the sales tax paid goes directly to the funding of public transit: 62.5 cents for residents of Cook County, and 25 cents for residents of the collar counties that include DuPage, Kane, Lake, McHenry and Will.

This same Act also designated an increase of the real estate transfer tax (RETT) within the City of Chicago to directly fund the CTA, and raised from 25 percent to 30 percent the portion of RTA sales tax and RETT revenues matched by the state PTF.

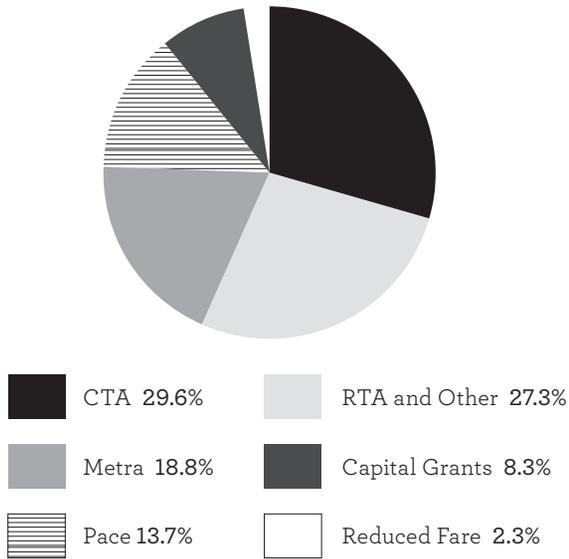
**2010 RTA SALES TAX REVENUE BY COUNTY**



- Suburban Cook County 47.0%
- City of Chicago 29.9%
- DuPage County 8.8%
- Lake County 5.6%
- Will County 3.9%
- Kane County 3.0%
- McHenry County 1.8%



## WHERE RTA EXPENDITURES GO



As stated in the previous section, the primary source of funding for public transportation in Chicago is sales tax. More than 85 percent of the public transportation sales tax collections pass directly through the RTA to the CTA, Metra and Pace according to pre-determined, statutory formulas. The remainder of the sales tax is initially retained at the RTA along with revenues from the Public Transportation Fund and additional state funding.

After funding the RTA's own administrative costs, regional services, special programs and debt servicing, the remainder of the retained sales tax and PTF is distributed to the service boards on a discretionary basis and within the context of their annual budgets. The service boards also generate fare revenue from their customers and have other direct funding sources such as the RETT, which, when combined with the funds flowing from the RTA, covers the cost of providing service.

### RTA EXPENDITURES DECEMBER 31, 2010 AND 2009 (in thousands)

	2010	2009	CHANGE
CTA	\$ 436,467	\$ 417,288	\$ 19,179
Metra	\$ 277,506	\$ 267,576	\$ 9,930
Pace	\$ 202,463	\$ 194,698	\$ 7,765
Reduced Fare	\$ 33,570	\$ 41,970	(\$ 8,400)
Capital Grants	\$ 122,998	\$ 123,069	(\$ 71)
RTA and Other	\$ 402,956	\$ 389,857	\$ 13,099
<b>TOTAL EXPENDITURES</b>	<b>\$1,475,960</b>	<b>\$1,434,458</b>	<b>\$41,502</b>

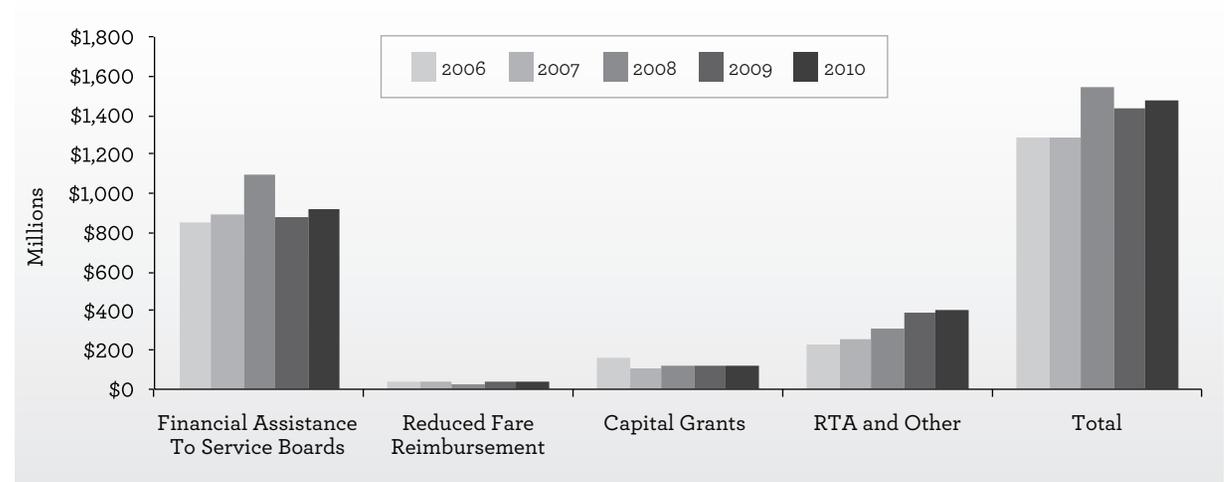




Financial assistance provided by the RTA to all three service boards, both statutory and discretionary, increased in 2010. As previously mentioned, the Reduced Fare pass-through from the State was lower. The “RTA and Other” category, which contains items such as interest on long term debt and the administrative costs of the RTA itself, was higher. Overall, 2010 RTA expenditures increased by 2.9 percent from 2009.

Over the last 5 years, the RTA increased the financial assistance provided to the service boards while Reduced Fare and Capital Grants remained fairly flat across the period; the “RTA and Other” category also trended higher. The increase in Financial Assistance occurring in 2008 was related to the new RTA funding legislation passed by the State of Illinois in that year.

**5-YEAR TREND OF RTA EXPENDITURES BY CATEGORY**



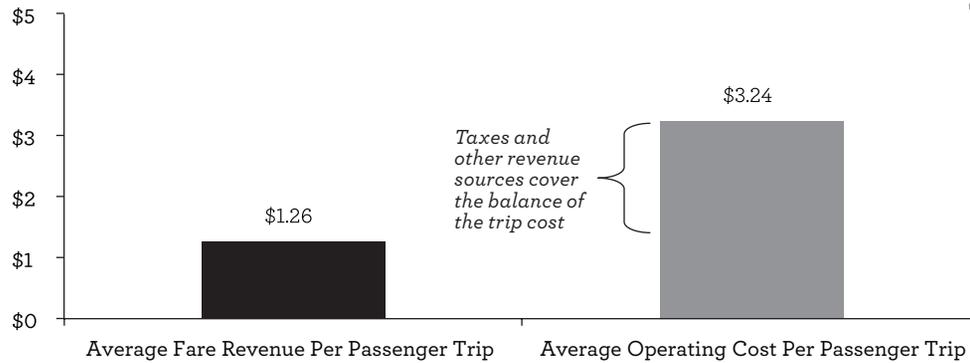
## AVERAGE OPERATING COST AND FARE SUBSIDY

The challenge of financing public transportation is that customers pay only part of the cost of providing a given service level. Public funding, primarily from sales taxes in the case of the RTA, covers the majority of the cost. Increased usage of public transportation will decrease the average operating cost per passenger, allowing those tax dollars to be re-directed to other uses such as infrastructure upgrades and technology improvements.

The RTA is required by law to offer several different fare discount programs, including those for seniors, the disabled and students, which contribute to a lower average fare actually paid.

While the average operating cost may, in this context, appear to be high, the RTA system actually compares very favorably to other public transit regions of the country on a cost per passenger-mile basis as shown in the second chart below.

**AVERAGE FARE VS. AVERAGE COST PER PASSENGER TRIP**  
**CTA, METRA AND PACE COMBINED**  
 2010 preliminary (unaudited) data



**AVERAGE REGIONAL OPERATING COST PER PASSENGER MILE**  
**ALL TRANSIT MODES COMBINED**  
 2009 data displayed since 2010 results are not yet published for peers





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in

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial activity of the Regional Transportation Authority ("RTA") for the fiscal year ended December 31, 2010. This analysis is based on the RTA's 2010 Comprehensive Annual Financial Report (CAFR), which contains all of the detailed financial statements surrounding the RTA's operations.

Two important tables from the 2010 RTA CAFR are included in the following pages with a discussion of significant year-over-year issues. For the sake of simplicity, only the sections of these tables related to governmental activities are shown. The CAFR also includes in these tables sections that relate to business-type activities (such as the RTA Joint Self-Insurance Fund), which only amount to approximately one percent of the RTA's total financial activity.

To better understand these financial statements, it is important to remember the role of the RTA as described earlier in the report. Specifically, the sales tax revenue figures include only that portion of the RTA sales tax which is retained by the RTA for discretionary distribution, and not the portion which is passed through to the CTA, Metra and Pace according to statutory formulas.

Similarly, in the expense section, the "financial assistance to service boards" excludes those same pass-through sales taxes and includes only discretionary funding, so that these statements encompass only those funds controlled by the RTA entity.



## RTA STATEMENT OF ACTIVITIES

For the year ended December 31, 2010, the RTA statement of activities for the governmental activities shows expenses increasing by \$12 million to \$411 million from \$399 million for the same period in 2009. This increase is due to an increase in financial assistance to the CTA, Metra and Pace of \$4 million. Grant activity was higher by \$5 million, while administrative expenses were lower by \$3 million. Also, bond interest expense and the Regional and Technology Program expenses were higher by \$4 million and \$2 million respectively.

Revenues decreased by \$4 million in 2010, driven by a \$27 million decrease in investment income which was partially offset by a \$21 million increase in PTF and State Assistance Revenues, as well as a \$4 million increase in sales taxes.

The combined effect of higher expenses and lower revenues resulted in an increase in net assets of \$81 million over the course of 2010, which was \$16 million less than the increase in net assets which the RTA experienced over the course of 2009.

### SUMMARY OF ACTIVITIES — DECEMBER 31, 2010 AND 2009 (in thousands)

	Governmental Activities		
	2010	2009	Change
<b>EXPENSES</b>			
Financial Assistance to Service Boards	\$ 97,648	\$ 93,453	\$ 4,195
Grant Activity	\$ 145,996	\$ 141,261	\$ 4,735
Administrative Expenses	\$ 8,551	\$ 12,014	(\$ 3,463)
Regional and Technology Program Expenses	\$ 23,555	\$ 21,209	\$ 2,346
Interest Expense	\$ 135,530	\$ 131,775	\$ 3,755
<b>Total Expenses</b>	<b>\$ 411,280</b>	<b>\$ 399,712</b>	<b>\$ 11,568</b>
<b>REVENUES AND TRANSFERS</b>			
Sales Taxes	\$ 103,168	\$ 99,027	\$ 4,141
PTF and State Assistance	\$ 372,434	\$ 351,509	\$ 20,925
Operating Grant - CTA/Pace	\$ 9,480	\$ 9,101	\$ 379
Regional Expenses	\$ 582	\$ 2,904	(\$ 2,322)
Investment Income and Other	\$ 11,012	\$ 37,749	(\$26,737)
Transfers	(\$ 4,425)	(\$ 3,575)	(\$ 850)
<b>Total Revenues and Transfers</b>	<b>\$ 492,251</b>	<b>\$ 496,715</b>	<b>(\$ 4,464)</b>
Change in Net Assets	\$ 80,971	\$ 97,003	(\$16,032)
Net Assets—Beginning of Year	(\$ 1,954,619)	(\$2,051,622)	\$ 97,003
Net Assets—End of Year	(\$ 1,873,648)	(\$1,954,619)	\$ 80,971

## GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The statement of net assets presents information on all of the RTA's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether an organization's financial position is improving or deteriorating.

The government-wide statement of net assets shows 2010 assets of \$1.142 billion, a net increase of \$351 million from 2009. The increase was mainly due to an increase in cash and investments which was caused by the timing of receipts.

2010 liabilities were \$3.015 billion and also increased from 2009, but by a lesser amount of \$270 million, which was primarily driven by an increase in general-obligation bonds payable in 2010. As a result, total net assets increased by \$81 million over the course of 2010.

At the end of 2010, the government-wide statement of net assets shows a deficit of \$1.9 billion for governmental activities. However, this does not represent a precarious financial position for the RTA, but rather is related to how the Governmental Accounting Standards Board (GASB) requires RTA's general obligation bonds to be presented in the government-wide statement of net assets. According to the GASB standard, the RTA must show the full liability of multi-year bonds in the current year, which drives a large net annual deficit. This deficit will not affect the availability of RTA fund resources for future use.

### SUMMARY OF NET ASSETS — DECEMBER 31, 2010 AND 2009 (in thousands)

	Governmental Activities		
	2010	2009	Change
<b>ASSETS</b>			
Cash and Investments	\$ 753,522	\$ 494,670	\$ 258,852
Noncurrent Assets/Other Assets	\$ 372,820	\$ 283,137	\$ 89,683
Capital Assets—Net	\$ 15,265	\$ 12,660	\$ 2,605
<b>Total Assets</b>	<b>\$ 1,141,607</b>	<b>\$ 790,467</b>	<b>\$ 351,140</b>
<b>LIABILITIES</b>			
Current Bond & Non Bond-Related Liabilities	\$ 80,409	\$ 123,927	(\$ 43,518)
Current Bond Related Liabilities	\$ 345,124	\$ 69,827	\$ 275,297
Long-Term Non Bond-Related Liabilities	\$ 154,352	\$ 49,133	\$ 105,219
Long-Term Bond-Related Liabilities	\$ 2,435,370	\$ 2,502,199	(\$ 66,829)
<b>Total Liabilities</b>	<b>\$ 3,015,255</b>	<b>\$ 2,745,086</b>	<b>\$ 270,169</b>
<b>Net Assets (Deficit)</b>			
Invested in Capital Assets	\$ 15,265	\$ 12,660	\$ 2,605
Restricted	\$ 83,277	\$ 270,019	(\$186,742)
Unrestricted (Deficit)	(\$1,972,190)	(\$2,237,298)	\$ 265,108
<b>Total Net Assets (Deficit)</b>	<b>(\$1,873,648)</b>	<b>(\$ 1,954,619)</b>	<b>\$ 80,971</b>



## CAPITAL IMPROVEMENTS

Future RTA capital projects are focused on the application of advanced technology to transportation in order to improve efficiency and passenger convenience. These new technology projects need to be balanced with bringing our system to a state of good repair.

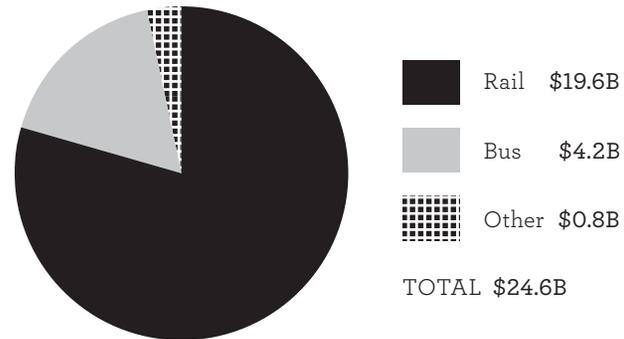
These applications include the following:

- A regional open fare payment system to promote seamless regional mobility, making it easier for transit customers to pay for travel on different segments of the RTA system with a simple, single payment method.
  - A regional real-time information system that integrates CTA's Bus Tracker and Train Tracker, Pace's WebWatch and Metra's future next train information system.
  - A five-year program of Transit Signal Priority (TSP) implementation along priority corridors and strategic CTA and Pace bus routes.
  - A comprehensive Chicagoland Commute Options Management System that utilizes social networking and employer outreach to shift commute trips away from single-occupancy vehicle (SOV) use toward sustainable transportation modes like transit and vanpools.
- Interagency Transit Passenger Information Display (ITPID) that utilizes regional wayfinding and static information sign standards to promote seamless travel on multi-agency transit facilities.
  - Multi-Modal Trip Planner System (MMTPS) to provide side-by-side comparisons of trip itineraries using transit, driving or any combination of non-motorized modes such as biking and walking.
  - Transfer connection protection (a system to minimize connecting time between transit vehicles by ensuring pre-scheduled connections).
  - Parking management systems (real-time information and guidance regarding the availability of parking spaces at transit and ride-share parking facilities).

## REGIONAL ASSET CONDITION ASSESSMENT

In 2010, the RTA completed a condition assessment of the existing capital assets for each of the region's three Service Boards. The intent of the assessment was to provide the RTA region with the short- and long-term costs of maintaining the transit system in a State of Good Repair (SGR). The effort has provided a comprehensive capital asset inventory database representing all categories of public transportation infrastructure.

### CONDITION FINDINGS BY MODE



*The assessment shows that nearly 80 percent of the cost of maintaining our system in a state of good repair is related to rail, while less than 20 percent is for bus.*



The initial 10-year capital needs assessment defined assets and their associated costs as backlog, normal replacement or capital maintenance, with the backlog assets characterized by an age greater than their useful life; normal replacement representing planned investments for assets that will reach the end of their useful life during the 10-year program; and capital maintenance representing activities associated with keeping an asset in a SGR during its normal useful life.

Condition ratings were assigned on a scale from 1 to 5, with 1 representing an asset “past its useful life” and 5 representing a relatively new asset in “excellent” condition. For the purposes of this asset condition assessment, the SGR is defined as a condition rating of 3, or “adequate with no backlog.” The framework for the condition assessment defined the general data structure,

categorized the assets into types, and identified the data fields required for each type. The asset database supported the recording of current assets by Service Board type, current asset value and age. In total, 80 inventory tables were developed to provide the basis for data collection and ultimately, condition ratings.

Data collected from the asset inventory/condition assessment have been used to assess the magnitude of the region’s SGR needs. The Capital Asset Condition Assessment report concluded that the RTA region’s 10-year capital program need is \$24.6 billion, broken down to \$15 billion for the CTA, \$7.4 billion for Metra and \$2.2 billion for Pace. \$13.8 billion of the total need is dedicated to backlog costs, \$6.9 billion to normal replacement costs and \$3.9 billion for capital maintenance costs.

**10-YEAR CAPITAL PROGRAM NEEDS SUMMARY (in billions)**

PROGRAM NEEDS	CTA	METRA	PACE	TOTAL RTA
Backlog	\$10.0	\$3.7	\$ .1	\$ 13.8
Normal Replacement	\$ 3.2	\$1.7	\$1.9	\$ 6.9
Capital Maintenance	\$ 1.8	\$2.0	\$ .2	\$ 3.9
Total	\$15.0	\$7.4	\$2.3	\$24.6
% of Total	61%	30%	9%	100%

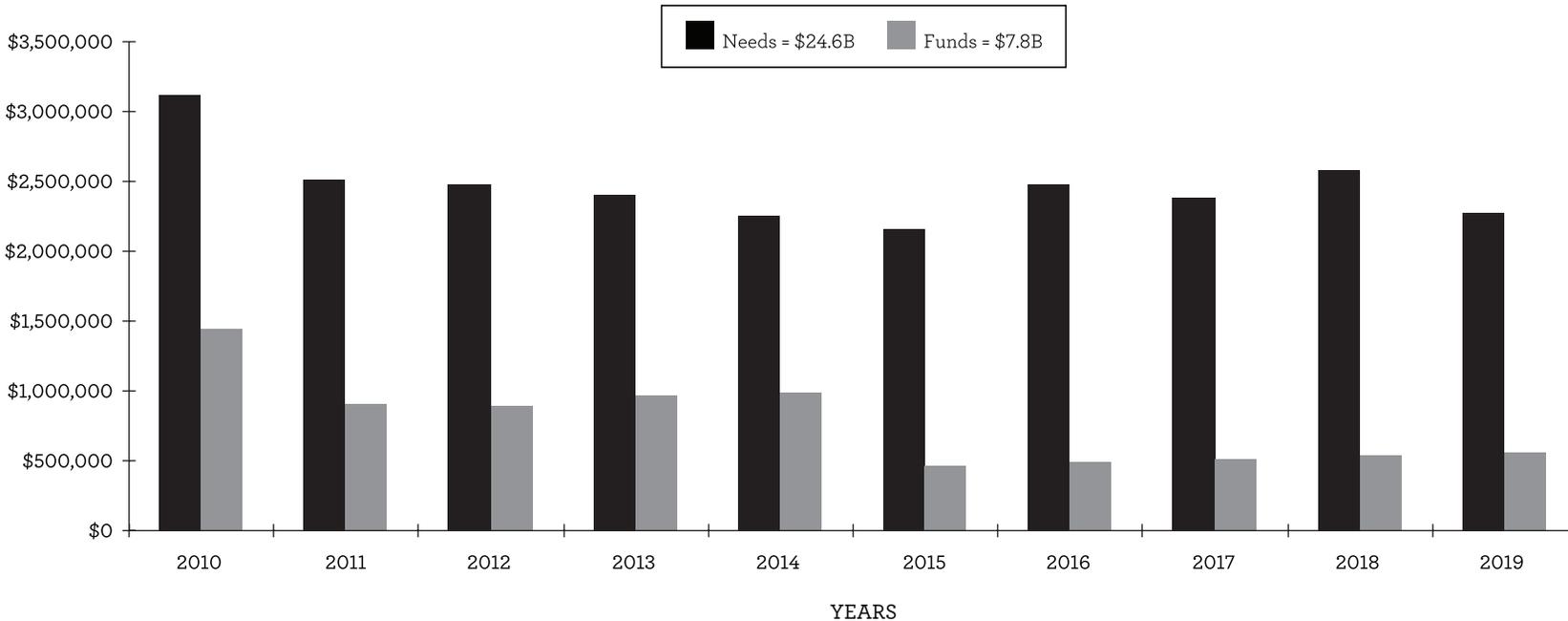


## OVERALL RESULTS OF 10-YEAR NEEDS ASSESSMENT

Monitoring asset inventory data is essential to maintain the integrity of the asset management program. Thus, the RTA is currently proceeding with a process that continuously updates the database as current conditions change. The RTA is also developing a Decision Support Tool to set forth the process and establish the criteria necessary to focus capital efforts on improvements that are intended to bring the region's infrastructure toward a SGR, all of which ensures the allocation of the available financial resources to yield the greatest return to RTA customers and taxpayers.

The prioritization of capital expenditures is critical at this juncture. The condition assessment highlights the financial challenges that the RTA faces as it moves toward achieving and maintaining a state of good repair. The capital needs associated with this objective is massive at \$24.6 billion over the next ten years. During that same time, however, revenue to support capital infrastructure is projected at \$7.8 billion, representing the receipt of only one dollar for every three that is needed.

RTA SYSTEM 10-YEAR TOTAL CAPITAL NEEDS





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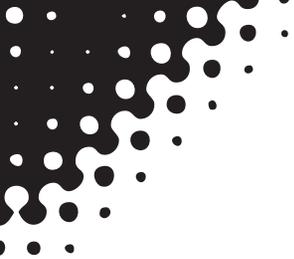
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