Regional Transportation Authority

The six-county public transportation system serving northeastern Illinois

2013

Operating Budget, Two-Year Financial Plan and Five-Year Capital Program

Department of Finance & Performance Management
April 2013

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Letter from the Executive Director

2012 marked a promising year of ridership growth and expense stability in our regional transportation system. The RTA system will finish the year with the highest level of ridership in over 20 years; ridership growth that had stalled and dipped following the financial crisis of 2008 began to trend upward again in 2011 and 2012 as the economy slowly improved. High gasoline prices further encouraged people to consider use of public transportation and leave their cars at home. In 2012, annual ridership is projected to reach 663.4 million trips, an increase of 11% over the year 2000. The year was capped by the successful conclusion of labor negotiations with the CTA's trade and operating unions, agreements that will help reduce the long-term trajectory of expense growth in the region.

The RTA has continued to work collaboratively with the Service Boards on the Regional Priorities Initiative -- a strategic focus on improvements in efficiency and service enhancements for our customers. The first ever region-wide customer satisfaction survey, completed in 2011, told us that riders place a high priority on safety, customer information and communications, and knowledgeable employees able to assist them. These customer priorities represent key goal areas for the Service Boards and RTA operating programs. Advancements are occurring on regional trip planning technology and real-time travel information, interagency signage at key connection points between the CTA, Metra, and Pace, a new fare payment system on the CTA and Pace that will improve flexibility and convenience, a capital prioritization tool that will assist in the selection of capital investments to advance the system's State of Good Repair and reduce operating costs, expansion of the successful Bus on Shoulder program on the I-55/Stevenson Expressway, and development of transit signal priority treatments for appropriate bus corridors. Ongoing capital investments in rolling stock and infrastructure have contributed to the modernization of our system and improved the riding experience for our customers.

For the second year in a row, the Service Boards' operating budgets do not borrow from capital to fund operating programs, a mark of progress in fiscal responsibility and sustainability. Yet, the modest and halting pace of the economic recovery has created a challenging operating environment. The budgets of CTA and Metra incorporate reductions in the discounts for multi-trip fare instruments to achieve balanced budgets. The RTA continues to pursue funding for capital needs, our greatest single challenge at this point, as we strive to bring our aging infrastructure toward a State of Good Repair. The RTA has also initiated a study to review the allocation of public funding, to ensure that operating and capital funding is distributed equitably among the Service Boards.

The 2013 business plans represent the dedicated efforts of the Service Boards and RTA to move the region forward in a positive direction of cost containment, modernization, and responsiveness to customer priorities.

Sincerely,

Joseph G. Costello

Executive Director, Regional Transportation Authority

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1 Introduction

Regional Transportation Authority

Guide

The outline below is presented as a guide to the organization of the RTA 2013 Budget, Two-Year (2014-2015) Financial Plan, and Five-Year (2013-2017) Capital Program. The information provided reflects the Region's funding and service conditions when the RTA Board adopted Ordinance 2013-01 on January 16, 2013, which approved the 2013 budgets and 2014-2015 financial plans of the Service Boards, the Agency, and the Region as a whole. The funding "marks" (public funds to cover operating deficits) for each Service Board were set on October 10, 2012. The Service Boards include the Chicago Transit Authority (CTA), Metra commuter rail, Pace Suburban Bus Service, and Pace Regional ADA Paratransit service. The book is divided into the following 10 chapters.

1. **Introduction** provides a guide to the overall structure of this document, a regional economic outlook, the RTA's strategic plan, vision and goals, critical developments and key budget issues in 2013, a governance section that includes the budget process, financial policies, the 2013 budget ordinance (2013-01), and the 2012 GFOA Distinguished Budget Presentation Award.

2. **Regional Summary** provides a snapshot of the consolidated regional budget for RTA, CTA, Metra, and Pace.

3. **RTA** is divided into three major sections: RTA Operating Plan (sources and uses of RTA operating funds); Agency Operating Plan (budget and financial plan of the RTA Agency); and Reference (RTA bonds and fund types).

4. **CTA** provides information about the service characteristics, operating plans, budget and financial plan details, and organizational structure of the CTA.

5. **Metra** provides information about the service characteristics, operating plans, budget and financial plan details, and organizational structure of Metra.

6. **Pace Suburban Service** provides information about the service characteristics, operating plans, budget and financial plan details, and organizational structure of Pace Suburban Service.

7. **Pace Regional ADA** provides information about the service characteristics, operating plans, budget and financial plan details, and organizational structure of Pace ADA Paratransit Service.

8. **Performance Measures** provides an introduction to the regional goals and objectives for the RTA Region, an overview of the five major areas of performance analysis which chart achievement of these goals, and the newly implemented RTA Agency measures.

9. **Capital** provides an overview and details of the capital program of each of the Service Boards (CTA, Metra, and Pace) and the capital impact on operations.

10. **Appendices** include the budget call calendar, budget hearing schedule, glossary, and supplemental ridership, sales tax, demographic data, and schedules for the 2013 budget ordinance.

Regional Economic Outlook

2012 marked a promising year of ridership growth and expense stability in the RTA Region. An improving economy has provided higher than budgeted funding levels and contributed to improved ridership.

In 2013, unemployment in the region is anticipated to remain high, but lower than what was experienced in 2012. The seasonally adjusted regional unemployment rate in December 2012 was 8.9%, an increase of 0.2 percentage points from the end of the third quarter. Compared to prior year, regional unemployment was 1.2 percentage points lower. The Congressional Budget Office (CBO) estimates that the 2012 national unemployment rate of 8.1% will drop 0.2 percentage points to 7.9% in 2013.

In 2013, the Regional Transportation Authority will be updating its strategic plan titled "The Way Forward".

Real Gross Domestic Product (GDP) in the Nation is expected to increase by 2.3% by the end of 2012 and in 2013 it is expected to increase another 1.4%. An analysis of National Gross Domestic Product and Regional Personal Income Growth can be found in the appendices of this document.

The price of fuel has a significant impact on the region's ridership. In December 2012 the average cost for a gallon of gas in the region was $3.46, about $0.78 lower than at end of the third quarter and $0.05 lower than in December of 2011.

In 2012, the RTA system provided 666 million rides. Significant ridership growth may have been partially impacted by favorable weather conditions in the beginning of the year. The first quarter average temperature in the region was nearly seven degrees warmer than the ten year average, resulting in higher than anticipated ridership results. In 2013, the Service Boards have budgeted for a combined 652 million rides, a 1.7% decrease in ridership over the 2012 estimate of 663 million, due to changes fare policies at the CTA and Metra, and a major reconstruction project planned on the southern branch of the CTA's Red Line.

Strategic Plan, Vision Statement, and Goals

In 2013, the Regional Transportation Authority will be updating its strategic plan. The current strategic plan, *"Moving Beyond Congestion,"* can be found on the RTA website along with an implementation update titled *"The Way Forward"* (available here: http://rtachicago.com/about-the-rta/strategic-plan.html). Revisions to the strategic plan will be based on customer input from a survey that was launched on December 19, 2012 and a series of workshops with RTA staff, the Service Boards, and regional stakeholders. The RTA received over 1,500 responses from members of the general public, stakeholders, and elected officials. The input from this survey is being used to help inform revisions to the Plan's Vision and Goals. The draft Vision and Goals are presented below.

OUR MISSION

The RTA will ensure financially sound, comprehensive, coordinated public transportation for the Northeastern Illinois Region.

OUR VISION

A world-class regional public transportation system that is socially, financially, and environmentally sustainable, providing a foundation for the region's prosperity.

OUR GOALS

- Provide valuable, accessible and attractive transportation options.
- Ensure financial viability.
- Promote a green, livable and prosperous region.
- Advocate for and be a trusted steward of public transportation.

OUR VALUES

Core values help us define our purpose and mission:

- **Accountability** - We will protect the public interest by ensuring financially sound, and quality public transportation.
- **Transparency** - We will communicate openly and honestly.
- **Innovation** - We will seek out and implement innovative solutions.
- **Collaboration** - We will engage our stakeholders and partners on a regular basis to advance common goals.
- **Integrity** - We carry out our mission in a manner that is fair, ethical and honest.

REGIONAL PRIORITIES

With limited resources and dire needs, all the region's efforts must be both strategic and focused. The RTA and Service Boards laid out the following regional priorities in 2011.

- **Strategic Capital Investment:** Reduce operating costs by identifying capital projects that reduce operating expenditures.
- **Economies of Scale:** Identify coordinated purchasing efforts with the Service Boards and other government agencies that achieve cost savings and improve efficiency.
- **Maximize Use of System:** Maximize the use of the existing system by better tapping travel markets that have potential to use transit and streamline coordinated services when and where the system is not functioning at capacity.
- **Enhanced Customer Experience:** Focus on targeted capital and technology-related projects in a coordinated fashion to modernize and enhance the customer experience through improved service performance and customer connections.
- **Coordinated Government Affairs, Marketing and Outreach:** Coordinate customer information and increase coordination and leveraging of partners and other stakeholders.

Critical Developments and Key Budget Issues

The RTA has identified several critical developments in the 2013 Budget, 2014-2015 Financial Plan and Five-year Capital Program.

In 2013 the RTA is pleased to report that the budgets submitted by each of the Service Boards do not rely on capital transfers to operations, for the second year in a row.

FUNDING OPERATIONS WITHOUT CAPITAL TRANSFERS

Long term disinvestment in the region's capital program has resulted in higher operating costs, and deferring investment in capital infrastructure results in higher replacement costs in the out years. In the 2011 Budget, the region's Service Boards planned to transfer more than $250 million from the capital program to operations in order to maintain fares and service levels. The CTA's budget included $113.2 million in transfers from capital to operations in 2011. Metra budgeted $60.0 million worth of transfers in 2011 and planned for transfers of $25.0 million in 2012 and 2013. Ultimately, in 2011, the Service Boards transferred a total of $95.0 million in federal capital funds to operations. Since then, the region has made great strides in its effort to curtail this unsustainable practice. In 2012, the Service Boards estimated that they would not need any transfers from capital to operations, and in 2013 the RTA is pleased to report that the budgets submitted by each of the Service Boards do not rely on capital transfers to operations, for the second year in a row.

SYSTEM RENEWAL BOND PROGRAM

Achieving a State of Good Repair (SGR) is the region's top priority. Maintaining bus and train infrastructure is essential to providing safe, reliable service. However, the level of capital investment necessary to achieve and maintain a SGR is massive and continues to grow.

The RTA's current projection of the amount of funds required to bring the region's assets to a SGR over the next ten years is $31 billion. Projected funding from the State and Federal government is expected to be less than what is necessary for required annual investments in system renewal. While the RTA and Service Boards work toward a long-term solution, the RTA continues to advance new and creative strategies to meet those challenges which affect the system today.

To that end, Chairman Gates and the RTA staff have proposed a $2.5 billion capital bond program dedicated to SGR, with bond debt service to be paid with RTA sales tax revenue. This program will go toward the renewal and rehabilitation of vehicles, track and structure, and customer-impacting transit facilities. By introducing this new bond program, the RTA could help close the capital funding gap and keep our backlog of capital needs from growing. To achieve this bond program, the RTA requires a change in State law to increase its bonding authority. Concurrently, the RTA has proposed a plan to streamline the Service Board funding formula, resulting in a more transparent regional allocation of public funds for operating and capital support.

CTA FARE POLICY ADJUSTMENT

In 2013, the CTA is reducing the discounts that they currently provide on all pass options. The 1-Day Pass will increase from $5.75 to $10.00. The 3-Day Pass will increase from $14 to $20, the 7-Day Pass will increase from $23 to $28, and the 30-Day Pass will increase from $86 to $100. Additionally, the CTA will increase their reduced fare passes, bringing them in line with the statutorily intended level of 50% of full fare. Student fare prices will decrease about 12%, and in mid-2013 the CTA will impose a $2.75 surcharge for individuals that purchase a full fare card at the O'Hare Blue Line station. Otherwise, base fare prices for both rail and bus will remain unchanged. These pricing adjustments are expected to increase CTA's average passenger fare by $0.14 in 2013, resulting in $62.3 million of additional passenger revenue.

METRA FARE POLICY ADJUSTMENT

Metra's Board approved a change to the 10-ride ticket policy as part of the 2013 Budget. The new price of a ten-ride will be equal to ten full rides. There will no longer be a one-ride discount embedded in the price. Roughly 25% of Metra customers use the 10-ride ticket. Metra is estimating that this change will generate an additional $8.3 million in fare revenue for 2013.

VENTRA™ SYSTEM

Starting in 2013, the CTA and Pace are transitioning to Ventra™, a convenient new payment system that will let riders use a single fare card for regional transit throughout the Chicago area. The new system will allow riders to use their own credit or debit card to pay for transportation. Alternatively, customers may use the Ventra card, which can handle both transit and retail transactions. The new system will make commuting easy and seamless, providing a convenient new way to access and pay for train and bus rides on CTA and Pace beginning in the summer of 2013.

The transition to Ventra™ requires customers who currently have an RTA Ride Free, Reduced Fare or Disabled Reduced Fare permit to use a new permit later this year. Existing customers will have to do nothing as the new Ventra™ compatible permits will be sent to the address on file at no cost to them.

CTA LABOR

The CTA began reaching agreements with its labor unions in the beginning of the fourth quarter of 2012. On December 16, 2012 the CTA ratified an agreement with the Amalgamated Transit Union, its largest union. As a result, the CTA labor budget for 2013 is $6.0 million or 0.6% lower than the 2012 estimate. More importantly, the labor agreements provide certainty to the projected increases in the CTA's labor budget, allowing the CTA to bend the cost curve and relieve projected structural deficits in the financial planning years.

CTA RED LINE RECONSTRUCTION PROJECT

From mid-May to mid-October 2013 the southern branch of the CTA Red Line (south of Roosevelt) will be closed for renewal. Everything in the track bed including ties, rail, third rail, ballasts, and drainage systems will be replaced. The 5-month closure is anticipated to unfavorably impact the nearly 48,000 rides taken along the Red Line on an average weekday. The CTA anticipates that travel times will improve by up to 20 minutes between the 95th/Dan Ryan and Roosevelt Stations, once the project is complete. Additionally, the CTA will save $75 million when compared to performing the construction over four years on weekends only. The $75 million in savings will be reinvested into the project to provide new elevators, station improvements, and alternative service throughout the construction period.

ADA LEGISLATION

In 2011, the RTA Act was amended to ensure that ADA Paratransit was fully funded. The RTA Act requires the RTA to review the current year's ADA Paratransit expenses and determine if there will be sufficient funds available to balance its expenses. In 2013, Pace ADA projected its public funding need to be $136.3 million, and public funding to support that expense level was included in the funding marks. The RTA will review whether this funding is sufficient in the middle of the fiscal year and determine if additional allocations will be necessary.

FUND BALANCE

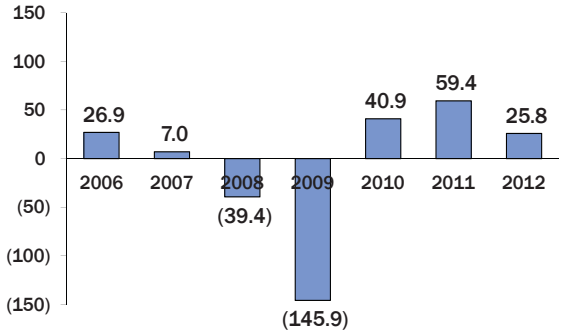
In 1998, the RTA Board adopted an ordinance establishing a minimum level on the unreserved and undesignated or unassigned fund balance. The ordinance affirms that the annual budget adopted by the RTA each year will reflect a year-end unreserved and undesignated fund balance of its general fund equal to or greater than 5% of the RTA's total operating expenditures for that year. If actual sales tax receipts or other RTA revenue fall short of the amounts reflected in the annual budget, then the succeeding year's annual budget and two-year financial plan will provide for the replacement of any shortfall in the unreserved and undesignated balance of the RTA general fund, by no later than the end of the three-year planning period. In the 2013 budget and 2014-2015 planning period, the RTA Board suspended this policy in favor of one that slowly builds a 5% fund balance over a longer period of time, due to the difficult economic environment following the 2008 financial crisis.

EXPOSURE TO SALES TAX VOLATILITY

Since almost 40% of total RTA operating revenue comes from sales tax, an accurate forecast is critical to an effective budget process. Volatility of sales tax receipts resulting from the 2008 financial crisis and ensuing recovery has complicated this effort in recent years. Exhibit 1-1 shows the variance of actual sales tax receipts from budgeted levels since 2006. Positive variances during the strong economic growth years of 2006 and 2007 were followed by severe shortfalls in 2008 and 2009. These shortfalls were addressed in part by liquidating the RTA fund balance which met its purpose of buffering against downturns. The financial downturn of 2009 and the resulting lack of adequate reserves in the RTA fund balance led to conservative sales tax forecasts for 2010 and 2011, producing positive variances once again when sales tax receipts came in higher than was forecasted. 2012 will also finish with a significant but smaller surplus of sales tax receipts (Exhibit 1-1).

Until the RTA fund balance has been restored to a level that can provide a sufficient cushion against potential revenue shortfalls, sales tax growth forecasts that err on the conservative side will continue to represent the prudent course of action.

Exhibit 1-1: **Variance of Actual Sales Tax from Budget**
(dollars in millions)



SALES TAX DIVERSION LITIGATION

In an attempt to ensure it receives all sales tax it is due, the RTA filed a lawsuit against the villages of Channahon and Kankakee in August 2011 claiming the towns are acting as tax shelters for local retailers thereby diverting sales taxes from the six-county area where a portion goes to the RTA. These businesses operate retail services in the six-county region and benefit from services provided by local governments including police, fire, public works, and transit. In early 2013, the RTA filed another lawsuit against the City of Sycamore, alleging that a revenue sharing agreement they have with United and American Airlines has deprived Chicago and Cook County taxpayers, as well as public transportation agencies, of nearly $300 million over the last seven years.

In 2012, the RTA worked with State legislatures to pass Public Act 097-0976 which requires local governments to electronically submit a report to the Illinois Department of Revenue that provides detailed information on any existing or new agreements to share or rebate any portion of retailers' occupation taxes generated by retail sales of tangible personal property.

Before considering rate increases or any other revenue options that would burden our transit riders, the RTA is committed to identifying and collecting all of the sales tax revenues rightfully owed for the support of our transportation system.

PA 097-0976 goes a long way in identifying those municipalities and business that perform these types of revenue sharing activities.

INSUFFICIENT CAPITAL FUNDING

In 2012, the RTA completed the first annual update of the Capital Asset Condition Baseline Assessment published in 2010. This update reflects the current physical conditions and 10-year capital reinvestment needs of the region's transit assets as of December 31, 2011. The main report findings include a 36% increase on the SGR backlog needs from $13.8 to $18.7 billion, and a 26% increase on the 10-year total capital SGR needs from $24.6 to $31.1 billion. Increases are primarily due to more precision in estimation methods, improved data, additional assets reported and the completion of necessary inventory records. With capital asset valued at $151.2 billion (as measured in terms of replacement value), the RTA system requires constant investment of capital dollars to both maintain and improve the region's transit infrastructure and rolling stock.

Current 10-year projections of capital funding sources total $5.9 billion, or only 19% of the documented capital need over the same period. The current State of Illinois capital funding programs extend only through 2014 and are not yet fully appropriated. Without a State capital bond program identified beyond 2014, capital funding for the RTA region drops to dangerously low levels. The RTA system is in need of a dedicated source of capital funding. In addition, the RTA's capital funding projections assume steady growth of federal capital funding, an outcome with considerable uncertainty due to the vagaries of future congressional support and action. The shortage of capital funds needed to support the RTA system will continue to present challenges with regard to achieving a SGR. In fact, without additional funding, our system's infrastructure will move further from that goal as the system slowly continues to deteriorate.

In the 2013 to 2017 Five-Year Capital Program the total amount of funding available is $3.7 billion. When the $685.2 million of debt service for the repayment of principal and interest on bonds issued for capital purposes is included, total capital expenditures are equal to $4.4 billion dollars. Of this $4.4 billion $1.1 billion was provided by the CTA and Pace from bond proceeds for capital projects. In total, over the course of the five year capital plan the percentage of bond proceeds to capital expenditures is 25.1%. The repayment of principal and interest constitutes 15.7% of total capital expenditures. In 2013, when $175 million of the $1.1 billion in bond proceeds are recognized, the proportion of bond proceeds to total capital funding is 16% (Exhibit 9-1).

TRANSIT ASSET MANAGEMENT (TAM)

The RTA, in cooperation with the Service Boards, developed the Capital Decision Prioritization Support Tool (Decision Tool) to assess and prioritize transit capital investments and SGR needs within the parameters of regional funding and long-term strategic objectives. The Decision Tool is intended to provide an objective perspective on regional re-investment needs to better inform regional decision-making. The RTA's Update of the Capital Asset Condition Assessment and the development of the Decision Tool align well with the Federal Transit (FTA) TAM guidelines and the FTA's decision tool requirements, referred to as TERM-lite. The RTA, therefore, is well advanced in compliance with future MAP-21 requirements.

The RTA has been at the forefront of Transit Asset Management and SGR research for nearly 5 years.

In 2012, the RTA received Federal Unified Work Program (UWP) funding that will enable the further development of the Capital Decision Prioritization Support Tool for Enhancement and Expansion prioritization analysis. While currently focused solely on the assessment of regional reinvestment (SGR) needs (i.e., preservation of the existing stock of transit assets), the Decision Tool will also help the region identify an optimal balance between replacing aging infrastructure (maintain); improving the throughput, reliability, and safety of existing services (enhance); and adding new capacity to improve system performance (expand) – all within the confines of limited financial resources. At a more detailed level, the Decision Tool will assist the RTA and the region to establish priorities within each of these types of needs (e.g., prioritizing between different asset replacement projects) while integrating the Service Boards asset needs with the region's five-year capital planning and annual budgeting process.

SERVICE BOARD BONDING

The 2013 Capital Program includes $1.1 billion in Bond Proceeds issued by the Service Boards. The CTA intends to issue $1.0 billion in bonds over the next five years with issuances of $175 million, $380 million and $445 million in 2013, 2014, and 2015, respectively. Pace received authorization from the State to issue $100 million in bonds for specific projects. Pace's five-year capital program includes $72 million in bond proceeds in 2014, $25 million in 2015, and $3 million in 2016. As part of its oversight responsibility, the RTA will monitor the Service Boards' issuances and ensure that all financial plans are based on reasonable assumptions.

Governance

The RTA was established in 1974 upon approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision and Municipal Corporation of the State of Illinois.

As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services as well as a planning and funding agency. However in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA. The reorganization placed all operating responsibilities with three Service Boards—the Chicago Transit Authority (CTA) and two operating divisions of the RTA, a Commuter Rail Division (Metra) and a Suburban Bus Division (Pace)—each with its own independent board of directors. These divisions conduct operations and purchase service from private carriers. The RTA became exclusively responsible for funding, financial oversight, and regional planning and programs.

In reviewing this document it is important to note that the Service Boards operate within the RTA region, but are separate legal entities. The board of directors of each Service Board is completely independent of the RTA Board. The RTA Board does not control the selection or the appointment of any Service Board director or its management. Furthermore, directors of the CTA, Metra, and Pace are excluded from serving on more than one entity's board of directors, including that of the RTA.

The corporate authority and governing body of the RTA is the 16-member RTA Board of Directors. Fifteen

directors are appointed from within the six-county region: five directors by the Mayor of the City of Chicago, one director by the president of the Cook County Board; four directors by the suburban members of the Cook County Board; and one director each from DuPage, Kane, Lake, McHenry and Will appointed by the Chairman or Executive of the County Board. The chairman of the RTA Board, its 16th member, is elected by at least 12 of the 15 appointed members. To administer the Agency's statutory requirements, the Board hires officers and staff. One of its officers, who must be approved by the Board, is the Executive Director. The Executive Director executes the Board's policy decisions and staffs the Agency to carry out its mission and goals.

The RTA Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole (apart from ADA Paratransit service) achieves an annual "system-generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of the operation of transportation services other than ADA Paratransit service. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required proportion of their proposed expenditures. By statute, the recovery ratio for ADA Paratransit service has been set at 10%. The RTA is responsible for supervising the budgets and financial performance of the CTA, Metra, and Pace.

The Service Boards are considered fiscally independent of the RTA, but the RTA is mandated to review the budgets of the CTA, Metra and Pace and ensure that their budgets meet the specified recovery ratios.

The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including ownership of assets, relations with federal and state transportation funding agencies, and the preparation of their operating budgets. They are also responsible for the purchase of services and approval of contracts relating to their operations.

The CTA, Metra, and Pace provide services to different geographic areas within the six-county region. The CTA provides rail and bus service to the City of Chicago and 40 nearby suburbs within Cook County. Metra provides transit service to the six-county area, with the majority of the transit riders residing in the suburbs and commuting to the City of Chicago. Pace's primary service area for bus, dial-a-ride, and vanpool service is the suburbs of the six-county region, with some service to areas within the City of Chicago. Pace is also responsible for region-wide ADA Paratransit service.

The RTA Act establishes the RTA as the primary public body with authority to apply for and receive grants, loans, and other funds from the state or the federal government for public transportation programs in Cook, DuPage, Kane, Lake, McHenry and Will counties ("Northeastern Illinois"). The RTA is responsible for the allocation of certain federal, state and local funds to finance both the operating and capital needs of public transit in the six-county region.

The Act confers upon the RTA Board powers to prescribe regulations requiring that the Service Boards submit to the RTA such information as the RTA may require. The Board has statutory authority to establish by rule or regulation financial, budgetary, or fiscal requirements for the system.

In addition to its annual budget and financial plan responsibilities, each year the RTA is required to prepare and adopt a five-year capital program. The RTA also conducts market research and coordinates planning for public transportation in Northeastern Illinois. The RTA funds the development of new types of service, both in the suburbs and in the City of Chicago, on a demonstration basis.

The 2008 legislation, which broadened the responsibilities of the RTA, called for the development and continued review of a region-wide strategic plan. As part of the strategic plan the RTA, in conjunction with the Service Boards, develops a ten-year prospective analysis of the regions financial condition.

Budget Process

As previously discussed, the Act requires that the RTA Board of Directors approve an annual budget, a two-year financial plan, and a five-year capital program. The budget calendar and statutory oversight and budget amendment requirements govern this process. The essential aspects of the budget calendar are outlined below. A detailed calendar is provided in the Appendices (Exhibit 10-1).

BUDGET CALENDAR

Between May and September of each year the RTA and the Service Boards execute a "business plan call process" that includes RTA estimates of revenue to be collected from taxes and other sources and the Service Boards' own preliminary estimates for the capital program and operating revenues and expenditures during the planning period.

Based on this information, "The Board shall, not later than September 15 prior to the beginning of the Authority's next fiscal year," advise each Service Board of the amounts of funding estimated to be available during the upcoming fiscal year and following two years. The Board is also required to advise the Service Boards of the times when the amounts will be available and the next year's cost recovery ratio.

Between September 15 and November 15, each Service Board must prepare and publish a comprehensive annual budget, a two-year financial plan, and a five-year capital program. "The proposed budget and financial plan shall be based on the RTA's estimate of funds to be available to the Service Boards, by or through the Authority, and shall conform in all respects to the requirements established by the Authority." Before submitting the budget to the RTA, a Service Boards must hold at least one public hearing in each of the counties in which it provides service and must hold at least one meeting with the affiliated county boards. After considering the comments from these meetings, it must formally adopt the budget prior to submitting it to the RTA on November 15. The RTA Act requires that the budgets submitted by each Service Board not project or assume receipt of public funding greater than that set in the estimates provided by the RTA.

The RTA must hold at least one public hearing in the metropolitan region and one meeting with each county board on the proposed budget. Twenty days prior notice is required for the public hearing. The public hearing notice and results for the 2012 budget may be reviewed in the Appendices Section (Exhibits 10-2.1 and 10-2.2).

After conducting these hearings and taking into consideration the comments, the RTA Board must adopt (with 12 votes) a budget that meets the statutory criteria. If the RTA does not find that a Service Board budget meets the criteria set forth under the Act, and the Service Board does not submit a revised budget that meets the criteria, the Board shall, adopt a budget and financial plan meeting these criteria. The RTA, CTA, Metra, and Pace all report on a calendar-year basis.

AMENDMENT

When prudent, the operating budget is amended due to shifts in the economic climate, governmental funding programs or new projects. Depending on the type of request, the proposed amendment may be presented to one or more of the RTA Board Committees for approval. However, the Board's Finance Committee must approve all proposed amendments before they are recommended to the RTA Board. The RTA Board ultimately approves or disapproves all proposals. If approved, the RTA and Service Board budgets are amended to include all changes and actual results and are then monitored against the amended budget.

STATUTORY REQUIREMENTS

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. These seven criteria are as follows:

<u>Balanced Budget</u>

Such budget and plan shall show a balance between (a) anticipated revenue from all sources, including

operating subsidies, and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.

Cash Flow

Such budget and plan shall show cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenditures as incurred.

Recovery Ratio

Such budget and plan shall provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of such Service Board which allow the Service Board to meet its required recovery ratio. The combined revenue from RTA operations should cover at least 50% of the system operating costs. ADA Paratransit service revenues should cover at least 10% of the operating costs.

Assumptions

Such budget and plan are based upon and use assumptions and projections, which are reasonable and prudent.

Financial Practices

Such budget and plan shall be prepared in accordance with sound financial practices as determined by the RTA Board.

Strategic Plan

Such budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

Other Requirements

Such budget and plan shall meet such other financial, budgetary, or fiscal requirements that the RTA Board may by rule or regulation establish.

OVERSIGHT

After adoption of the operating budget, the RTA Board has continuing oversight responsibility concerning the budget and the financial condition of each Service Board and the region as a whole. The RTA monitors the budgetary and operations performance of the Service Boards on a monthly basis to ensure compliance with their budget and recovery ratio. On a quarterly basis, the following oversight is conducted:

- After the end of each fiscal quarter, each Service Board must report to the RTA "it's financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction" for that quarter. If in compliance, the RTA Board so states and approves each Service Board's compliance by adopted resolution.

- If "in the judgment of the Board" these results are not substantially in accordance with the Service Board's budget for that period, "the Board shall so advise the Service Board" and it "shall, within the period specified by the Board, submit a revised budget incorporating such results."

- Once a Service Board submits the revised budget plan, the RTA must determine if it meets the seven statutory budget criteria necessary to pass an annual budget. If not, the RTA does not release any moneys to the Service Board(s) except for the statutory allocation of taxes.

- If a Service Board submits a revised budget and plan which shows that the statutory budget criteria will be met "within a four quarter period," the RTA "shall continue to release funds to the Service Board." The RTA may require the Service Board to submit a revised budget and plan that shows that the budget criteria "will be met in a time period less than four quarters."

Financial Policies

OPERATIONS FUNDING

Ordinance 91-9 (the "Fund to Budget Policy) required that the RTA provide operating funds to each Service Board equivalent to its budgeted deficit for the year. In the event that a Service Board's public funding receipts proved to be lower than budget the RTA would allocate a portion of its Fund Balance to make up the difference. This policy encouraged cost efficiencies by the Service Boards and allowed them to retain any budgeted funds that were not expended. Such funds were generally referred to as a positive budget variance (PBV), and pursuant to Ordinance 91-9 must be used for capital purposes, unless a specific exception was provided by the RTA Board. The 2010 budget ordinance (2009-93) provided such an exception for Metra.

However, depletion of the RTA's fund balance during the economic downturn prevents the RTA from providing additional funding to the Service Boards should revenues decline below estimated levels. As a result, the fund to budget policy was waived in 2009 and has been waived each year since the economic downturn. With the fund to budget policy waived, the current policy in place ("Fund to Actuals") allocates sales tax receipts and their corresponding state match in accordance with the statutory funding formula. The portion of funding allocated at the discretion of the RTA Board is still distributed at budget. Under this policy positive budget variances experienced by the Service Boards are still dedicated for capital purposes unless a specific exception is granted by the RTA Board.

FUND BALANCE

In 1998 the RTA Board adopted Ordinance 98-15, establishing a minimum level on the unreserved and undesignated or unassigned fund balance. The ordinance affirms that the annual budget adopted by the RTA each year will reflect a year-end unreserved and undesignated fund balance of its general fund equal to or greater than 5% of the RTA's total operating expenditures for that year. If actual sales tax receipts or other RTA revenue falls short of the amounts reflected in the annual budget, then the next year's annual budget and two-year financial plan will provide for the replacement of any shortfall in the unreserved and undesignated balance of the RTA general fund, by no later than the end of the three-year planning period.

The RTA established this policy to maintain financial stability in order to carry out the RTA's legislative mandates to plan, fund, and oversee public transportation in the region. The purpose of the ordinance was to formalize a practice of maintaining a level of financial resources available for funding during unfavorable economic periods. Since 2009 the fund balance policy was waived for every budget except in 2011 and has been deferred for the 2013 budget and 2014–2015 financial plans as well.

CAPITAL EXPENDITURES

The RTA Five-Year Capital Program is adopted by the RTA after an affirmative vote of at least 12 RTA Directors, after consultation with the Service Boards, and after holding a minimum of three public hearings in Cook County and one public hearing in each of the other counties in the metropolitan region. Preparation of the RTA's capital budget is guided by the following policies found in the RTA Act.

A five-year program for capital improvements is updated annually. Each capital improvement to be undertaken by or on behalf of a Service Board should meet the criteria set in the Strategic Plan and be consistent with any sub-regional or corridor plan adopted by the RTA.

In reviewing proposals for improvements to be included in a Five Year Capital Program, the RTA may give priority to improvements that are intended to bring public transportation facilities into a State of Good Repair (SGR).

The Five Year Capital Program shall also identify capital improvements to be undertaken by a Service Board, a transportation agency, or a unit of local government and funded by the Authority from amounts in the Innovation, Coordination, and Enhancement Fund.

At times, shortfalls in transit operating funding necessitated the transfer of federal capital funds to cover operating costs. In 2007, the RTA Board, having found such transfers unsustainable over the long term and given the need to maintain the existing system and bring it towards a SGR, Ordinance 2007-48 established a financial policy that disallowed the transfer of capital funds to operations. Under this ordinance, federal capital funds should not be used by a Service Board to fund operating expenses unless the RTA Board determined based on adequate information supplied by the Service Board, that such use would not have a materially adverse impact on the state of repair of the Service Board's capital assets. The RTA Board, having been provided sufficient information and having identified a sufficient need to transfer funds from capital to operations, allowed the Service Boards to transfer funds from capital to operations in every year from 2009 to 2011. The 2012 and the 2013 budget exclude the transfer of capital funds to operations.

FIXED ASSETS

As part of its accounting policies, the RTA sets a fixed asset capitalization threshold of no less than $5,000 for any capital item(s). Capital assets are recorded at historical cost (or fair market value at the time of donation, if donated) and have a useful life of at least two years following the date of acquisition. Any acquisitions during the year are considered acquired at the beginning of that year for the purpose of computing depreciation.

Description	Useful life
Furniture and Equipment	5 years
Computer Equipment	5 years
Leasehold improvements	Life of the lease

GENERAL OBLIGATION BONDS

Pursuant to the Note General Ordinance (Ordinance 85-39), adopted August 8, 1985, bonds should be payable from all revenue and all other funds received or held by the RTA that lawfully may be used for retiring the debt. Exceptions to this are amounts in the Joint Self-Insurance Fund (JSIF) and amounts required to be held or used with respect to separate ordinance obligations. The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State of Illinois. In addition, RTA Sales Tax must be 2.5 times greater than the debt service requirement. If RTA has not made the required monthly debt service payment, then the trustee is to deduct it from the receipts. If all payments have been made, then the funds are made available to the RTA for regular use.

INVESTMENT

The RTA's investment policy complies with Illinois law, addresses safety of principal, liquidity of funds, rate of return, public trust, and investments in local and disadvantaged institutions. It further permits investments and prescribes safekeeping, collateralization, and reporting requirements.

The RTA policy establishes the following objectives:

- **Safety of Principal** – Every investment will be made with safety of principal as the primary and overriding concern. Each investment transaction shall ensure that loss of capital, whether from credit or market risk, is minimized.

- **Liquidity** – Maturity and marketability aspects of investments should be coordinated with the anticipated cash flow needs of the RTA.

- **Rate of Return** – A secondary objective is to seek the highest return on investments consistent with preservation of principal and prudent investment principles.

- **Public Trust** – The RTA and its officers should avoid any investment transaction or practice which in appearance may impair public confidence in its stewardship of public funds.

- **Investments in Local and Disadvantaged Institutions** – Locally owned and disadvantaged business financial institutions contribute to economic development of the RTA service area. The RTA

recognizes its interest in the vitality of the local economy by investing in local, minority, and female owned financial institutions.

The RTA's investment policy was last modified in 2005 to exclude certain investments allowed for by Illinois law, but deemed too risky by RTA staff, and increase the frequency of investment reporting to the RTA Board.

PENSION FUNDING

By statute, the RTA, Metra, and Pace are required to contribute the amounts necessary to fund the benefits of their respective employees in the plan using the projected unit credit actuarial method. Employer contribution and the income it earns through investments are used to operate the Plan and to pay benefits. Assets are valued recognizing a portion of both realized and unrealized gains and losses in order to avoid wide swings in actuarially determined funding requirements from year to year.

RTA ORDINANCE NO. 2013-01

APPROVING THE 2013 BUDGETS AND 2014-2015 FINANCIAL PLANS OF THE SERVICE BOARDS, ADOPTING THE 2013 BUDGET AND PROGRAM OF THE AUTHORITY, APPROPRIATING FUNDS FOR THE 2013 BUDGETS, ALLOCATING CERTAIN REVENUES OF THE RTA TO THE SERVICE BOARDS, ADOPTING THE FIVE-YEAR CAPITAL PROGRAM, AND TAKING CERTAIN OTHER ACTIONS WITH RESPECT TO THE BUDGET AND PROGRAM FOR FISCAL YEAR 2013

WHEREAS, Section 4.01 of the Regional Transportation Authority Act (the "Act") directs the Board of Directors of the Regional Transportation Authority (the "RTA Board") to (i) appropriate money to perform the purposes of the Regional Transportation Authority (the "RTA" or the "Authority") and provide for payment of debts and expenses of the RTA, (ii) take action with respect to the budget and two-year financial plan of each of the Chicago Transit Authority (the "CTA"), the Commuter Rail Division of the Regional Transportation Authority ("Metra"), the Suburban Bus Division of the Regional Transportation Authority ("Pace", and, together with the CTA and Metra, collectively, the "Service Boards" and each, individually, a "Service Board"), as provided for in Section 4.11 of the Act, and (iii) adopt an Annual Budget and Two-Year Financial Plan for the RTA that includes the annual budget and two-year financial plan of each Service Board that has been approved by the RTA;

WHEREAS, pursuant to Section 4.11 of the Act, the RTA Board adopted Ordinance 2012-69 on October 10, 2012, identifying the amounts of funds estimated to be available to each Service Board for operations during fiscal year 2013 and the two following fiscal years;

WHEREAS, pursuant to Section 4.11 of the Act, each Service Board has submitted its proposed fiscal year 2013 budget and proposed 2014–2015 financial plan to the RTA for its review;

WHEREAS, pursuant to Section 4.01(a) of the Act, the RTA has held at least one public hearing in the metropolitan region, and met with the county board or its designee of each of the several counties in the metropolitan region, with respect to its proposed annual budget and two-year financial plan, and considered the proposed budgets and financial plans of the Service Boards and the public comments with respect to those budgets and financial plans;

WHEREAS, Section 4.11 of the Act authorizes and directs the RTA to review the budgets and financial plans of the Service Boards for approval;

WHEREAS, pursuant to Sections 4.01(a) and 4.11(d) of the Act, the budgets and financial plans of the Service Boards shall contain estimated expenses for contributions to be made with respect to pension and other employee benefits, and the Service Boards are required to present to the RTA budgets prepared in such detail as prescribed by the Board, which have been prepared on both an accrual and a cash flow basis, and that fairly present the condition of any pension plan or trust for health care benefits with respect to retirees established by the Service Board and describes the plans of the Service Boards to meet the requirements of Sections 4.02a and 4.02b;

WHEREAS, pursuant to Sections 4.02a and 4.02b of the Act, the RTA shall continually review the payment of the required employer contributions to affected pension plans and if at any time the RTA determines that a Service Board's payment of any portion of the required contributions to an affected pension plan is more than one month overdue, it shall as soon as possible pay the amount of those overdue contributions to the trustee of the affected pension plan on behalf of that Service Board out of monies otherwise payable to that Service Board under Section 4.03.3, and the RTA shall thereafter have no liability to the Service Board for amounts paid to the trustee of the affected pension plan, and if the RTA's payment of such contributions is similarly overdue it shall pay such overdue amount out of its administrative expenses;

WHEREAS, Section 4.10 of the Act prohibits the RTA from releasing funds, other than those allocated by statute, to the CTA in any fiscal year unless a unit or units of local government in Cook County (other than the CTA) enters or enter into an Agreement with the CTA to make a monetary contribution for such year of at least $5,000,000 for public transportation;

WHEREAS, pursuant to Section 3A.09 (e) of the Act, and subject to approval by the Authority and the specific bond issuance parameters set forth in the Act, Pace has the authority to borrow money for the purposes of (i) constructing a new garage in the northwestern Cook County suburbs, (ii) converting the South Cook garage in Markham to a Compressed Natural Gas facility, (iii) constructing a new paratransit garage in DuPage County, and (iv) expanding the North Shore garage in Evanston to accommodate additional indoor bus parking;

WHEREAS, pursuant to Section 4.03.3 of the Act, the RTA has established public funding levels in 2013 through 2015 for the Suburban Community Mobility Fund and the Innovation, Coordination, and Enhancement Fund (the "ICE Fund") that change proportionately with the percentage change in RTA estimated sales tax receipts;

WHEREAS, pursuant to Section 2.01d of the Act, the RTA has established public funding levels in 2013 through 2015 for the ADA Paratransit Fund;

WHEREAS, pursuant to Section 4.11(a) of the Act, the RTA Board shall review the interim 2013 results for the provision of Regional ADA Paratransit service operations, and the written report of the Executive Director related thereto, no later than September 15, 2013, and shall amend the 2013 budgets of the Authority and the Service Boards to provide for additional funding for the provision of ADA Paratransit services, if needed;

WHEREAS, the RTA will reimburse the purchase of excess liability and terrorism insurance by the RTA system's Loss Financing Plan to provide system protection against catastrophic loss;

WHEREAS, pursuant to Section 2.01b of the Act, the Authority shall each year adopt a Five-Year Capital Program that shall include each capital improvement to be undertaken by or on behalf of a Service Board; provided that the Authority finds that the improvement meets any criteria for capital improvements contained in the Strategic Plan, is not inconsistent with any sub-regional or corridor plan adopted by the Authority, and can be funded within amounts available with respect to the capital and operating costs of such improvement;

WHEREAS, pursuant to Section 2.01b of the Act, the RTA has conducted public hearings with respect to the proposed Five-Year Capital Program and considered comments resulting from such hearings;

WHEREAS, the Five-Year Capital Program included with this Ordinance is based on capital program submittals from the Service Boards, and if the RTA Board makes any amendments to the estimates of capital funding available based on subsequent federal or state actions, the Service Boards will be required to adjust their capital programs to reflect such revised estimates;

WHEREAS, pursuant to Section 4.01 (h) of the Act, no Service Board shall undertake any capital improvement which is not identified in the Five-Year Capital Program;

WHEREAS, shortfalls in transit operating funding have necessitated the transfer of federal capital funds to cover operating costs, but such transfers are unsustainable over the long term and the priority need is to maintain the existing system and bring it toward a State of Good Repair, as identified in the RTA Strategic Plan and the Illinois Auditor General Management and Performance Audit;

WHEREAS, the RTA has previously authorized the use of federal capital funds by the Service Boards to pay preventive maintenance expenses in 2013, and under the 2013 budgets and 2014-2015 financial plans submitted by the Service Boards such transfers are not included;

WHEREAS, unfavorable economic conditions have required the RTA to deplete its fund balance to provide funds to the Service Boards, and to allocate, rather than reserve, financial resources in an effort to preserve operating stability in prior years;

WHEREAS, unfavorable economic conditions have created the need to waive, for purposes of the adoption of the 2013 Budget and 2014-2015 Financial Plan, the provision of the RTA Funding Policy adopted by Ordinance No. 98-15 that requires that the RTA Annual Budget and Two-Year Financial Plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund expenditures by no later than the end of the three-year planning period ("the Fund Balance Policy");

WHEREAS, the waiver of the Fund Balance Policy and the depletion of the RTA's fund balance prevents the RTA from providing additional operating funding to the Service Boards in the event that revenues decline below estimated levels, and therefore the RTA funding policy adopted by Ordinance 91-9 (the "Fund to Budget Policy") must be waived for the 2013 fiscal year;

WHEREAS, RTA working cash borrowing was used to fill shortfalls in funding provided by public subsidies to the Service Boards in 2011; and, pursuant to Section 4.09 of the Act, the proceeds of such borrowings distributed to the Service Boards are projected to be repaid in 2013 with the proceeds of subsequent working cash borrowing;

WHEREAS, the RTA held a special Finance Committee meeting on December 5th, 2012 to review the details of the Service Boards' budgets and were given assurances by the Service Boards that the assumptions used to develop their budgets are reasonable and will enable them to maintain balanced budgets; and

WHEREAS, the RTA Board has determined that it is in the best interest of the RTA to take the following actions in order to carry out its powers and duties under the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY THAT:

ARTICLE I - INCORPORATION OF PREAMBLES

The preambles of this ordinance are hereby incorporated into this text as if set out herein in full.

ARTICLE II - APPROVAL OF BUDGETS AND FINANCIAL PLANS

Section One:
Service Board Budgets and Financial Plans

1.1 In compliance with the Act, the RTA has received and reviewed the proposed budgets for 2013 and financial plans for 2014 and 2015, of each of the Service Boards.

1.2 With respect to the proposed budget and financial plan submitted by CTA (as summarized in Schedule I-B), the RTA finds as follows:

(a) the CTA budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) the CTA budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) the CTA budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of CTA sufficient to allow CTA to meet or exceed its

required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) the CTA budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) the CTA budget and plan has been prepared in accordance with sound financial practices;

(f) the CTA budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) the CTA budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.3 With respect to the proposed budget and financial plan submitted by Metra (as summarized in Schedule I-B), the RTA finds as follows:

(a) the Metra budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) the Metra budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) the Metra budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Metra sufficient to allow Metra to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) the Metra budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) the Metra budget and plan has been prepared in accordance with sound financial practices;

(f) the Metra budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established;

(g) the Metra budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.4 With respect to the proposed budget and financial plan submitted by Pace for Suburban Service (as summarized in Schedule I-B), the RTA finds as follows:

(a) the Pace Suburban Service budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) the Pace Suburban Service budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) the Pace Suburban Service budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) the Pace Suburban Service budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) the Pace Suburban Service budget and plan has been prepared in accordance with sound financial practices;

(f) the Pace Suburban Service budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) the Pace Suburban Service budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.5 With respect to the proposed budget and financial plan submitted by Pace for ADA Paratransit service (as summarized in Schedule I-B), and subject to Pace taking budget balancing actions in 2014 and 2015 as reflected in Schedule I-B, the RTA finds as follows:

(a) the Pace ADA Paratransit Service budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) the Pace ADA Paratransit Service budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) the Pace ADA Paratransit Service budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) the Pace ADA Paratransit Service budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) the Pace ADA Paratransit Service budget and plan has been prepared in accordance with sound financial practices;

(f) the Pace ADA Paratransit Service budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) the Pace ADA Paratransit Service budget and plan is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

1.6 Pursuant to Section 4.11 of the Act, the 2013 budgets and 2014-2015 financial plans for CTA, Metra and Pace, as presented in the attached Schedule I-B, are hereby approved.

1.7 As authorized by Section 4.11 of the Act, the RTA Board hereby directs that, no more than 30 days after each fiscal quarter, each Service Board is required to report to the RTA its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction, as of the end of and for such quarter, for review by the RTA for conformity with the approved budget for such period.

Section Two:

RTA Budget and Financial Plan

The RTA Board has received and reviewed the 2013 Budget and Financial Plan of the Authority as summarized in Schedule I-A. The 2013 Budget and Financial Plan are hereby approved and the RTA Board finds as follows:

(a) The 2013 budget and financial plan shows a balance between anticipated revenues from all sources and anticipated expenses, including the funding of operating deficits and the discharge of encumbrances incurred in prior periods and payment of principal and interest on outstanding indebtedness when due, as summarized in Schedule I-A.

(b) The 2013 budget and financial plan shows cash balances sufficient to pay with reasonable promptness all obligations and expenses as incurred, as summarized in Schedule I-E.

(c) The 2013 budget and financial plan shows that the level of fares and charges for public transportation provided by, or under grant or purchase of service contracts of, the Service Boards is sufficient to cause the aggregate of all projected system-generated revenues from such fares and charges received in 2013, apart from ADA Paratransit services, to equal at least fifty percent (50%) of the aggregate cost of providing such public transportation in 2013, and at least ten percent (10%) for ADA Paratransit service in 2013, as required by the Act, and as summarized in Schedule I-C.

(d) The 2013 budget and financial plan is based on and employs assumptions and projections which are reasonable and prudent.

(e) The budgeted "administrative expenses" of the RTA for 2013, as defined in Section 4.01 (c) of the Act, do not exceed the maximum administrative expenses permitted for 2013.

(f) The 2013 budget and financial plan are consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

ARTICLE III - ADOPTION OF THE FIVE-YEAR CAPITAL PROGRAM

Section One:

Adoption of the Five-Year Capital Program

The RTA Board has received and reviewed the 2013-2017 Five-Year Capital Program presented by the Service Boards. The RTA Board is requiring that any capital projects planned by Pace to be funded from the proceeds of a bond issuance must have an RTA Board approved bond financing plan prior to issuance of the bonds that includes: (i) information on the size of the issuance, (ii) the impact that the debt payment will have on the Operating Budget, Two-Year Financial Plan, and the Capital Program, (iii) whether the debt repayment plan will utilize a level debt service plan, capitalize any interest, or defer principal payments into out years, (iv) evidence that the cost of borrowing will be less than or equal to the cost for an identical transaction with RTA as the borrower; (v) establish whether a reserve fund will be included and if so, how it will be funded, (vi) establish what the term of maturity of the bonds will be, (vii) identify additional costs associated with financing of the bonds including financial advisor costs, underwriting costs, bond insurance cost (if any) and other associated costs, (viii) if applicable, a request to use negotiated issuance rather than a competitive bid process and (ix) a summary of compliance with requirements stipulated by other governing statutes.

The RTA Board hereby adopts the Five-Year Capital Program Revenues and Expenditures attached as Schedule II-A and Schedule II-B, subject to continuing review by the RTA.

Section Two:

Prohibition on Capital Projects Not Included in the Program

Pursuant to Section 4.01 (h) of the Act, no Service Board shall undertake any capital improvement which is not identified in the Five-Year Capital Program.

Section Three:

Applications for Federal and State Capital Grants, Loans and Other Funds

In accordance with Section 4.02 (b) of the Act, each Service Board is directed to provide notice to the RTA of its intent to file any application for federal or state capital grants, loans or other funds prior to making any such application, and to file a copy of any such application with the RTA. No Service Board shall apply for or receive any capital grant or loan unless it is identified in the RTA Five-Year Program and is consistent with the RTA Strategic Plan.

Section Four:

Prohibition on Use of Federal Capital Funds for Preventive Maintenance

Federal capital funds shall not be used by a Service Board to fund preventive maintenance expenses in its operating budget unless the RTA Board determines, based on adequate information supplied by the Service Board, that such use will not have a materially adverse impact on the State of Good Repair of such Service Board's capital assets.

ARTICLE IV - APPROPRIATION OF FUNDS AND CERTAIN OTHER ACTIONS

Section One:

Appropriation for Each Service Board

The following amounts for 2013 are appropriated for payment to each Service Board from the enumerated sources of funds and for the specified objects and purposes.

1.1 Statutory RTA Taxes

There is appropriated from the taxes collected under Section 4.03, to each Service Board for expenditure pursuant to the 2013 budget approved for such Service Board in Article II, the amount required by Sections 4.03.3 (a) and 4.03.3 (b) of the Act. The estimated amount of each appropriation is specified as Part I Sales Tax Allocation on Schedule I-D.

After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified appropriation.

1.2 Statutory RTA Sales Taxes and Public Transportation Funds

(a) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act, to Pace for expenditure for ADA Paratransit Services, the amount required by Section 4.03.3 (c). The estimated amount of the appropriation is specified as Part II Allocation; RTA Total for ADA Paratransit Service on Schedule I-D.

(b) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act to Pace for expenditure for Suburban Community Mobility, the amount required by Section 4.03.3 (c). The estimated amount of the appropriation is specified as Part II Allocation; RTA Suburban Community Mobility Funding to Pace on Schedule I-D.

(c) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act, to the Innovation, Coordination and Enhancement (ICE) Fund the amount required by Section 4.03.3 (c). The estimated amount of the appropriation is specified as Part II Allocation; RTA Innovation, Coordination & Enhancement on Schedule I-D.

The RTA Board directs Pace to provide to the RTA any information requested by the Executive Director that is, in the judgment of the Executive Director, necessary to estimate the difference between (i) the projected final 2013 operating deficit of ADA Paratransit

service and (ii) the total amount of funding from all sources estimated to be available for 2013 operations of ADA Paratransit Service (such difference, the "Shortfall Amount"). The Shortfall Amount shall be established by the Executive Director after reviewing the 2013 ADA Paratransit service operating deficit estimate included in Pace's budget submission in September 2013, and, after being approved by the Chairman of the RTA Board and the Chairman of the Finance Committee of the RTA Board, shall be submitted to the RTA Board together with a certification from Pace that additional funds equal to the Shortfall Amount are necessary for 2013 ADA Paratransit service operations. Such certification shall be accompanied by a report describing Pace's efforts to implement reasonable and appropriate cost savings and revenue raising measures related to ADA Paratransit Service.

(d) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act to each Service Board for expenditure pursuant to the Budget approved for such Service Board in Article II, the amount required by Section 4.03.3 (c). The estimated amount of each appropriation is specified as Part II Allocation; Remaining Balance to Service Boards in Schedule I-D.

After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, and Public Transportation Fund receipts pursuant to Section 4.09 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified appropriation.

1.3 Free and Reduced Fare Reimbursement

There is appropriated, for expenditure by each Service Board pursuant to the 2013 Budget approved in Article II, amounts received from the State of Illinois for reimbursement of revenues lost from providing free or reduced fare rides.

After receipt by the RTA of such funds from the State of Illinois, the Executive Director shall provide for the payment to each Service Board its proportionate share of the proceeds estimated to be received from the State as identified on Schedule I-A; provided that such funds shall not be distributed to the CTA unless and until a unit or units of local government in Cook County (other than the CTA) enters or enter into an agreement with the CTA to make a monetary contribution for such year of at least $5,000,000 for public transportation.

1.4 Discretionary Funds of the RTA – Public Transportation Fund, 15% Sales Tax, Other RTA Revenues

(a) There is appropriated, for expenditure by each Service Board pursuant to the 2013 Budget approved in Article II, the lesser of (i) the amounts specified as "RTA Discretionary Funds" and any amounts specified on Schedule I-B from other receipts and revenues of the RTA, and (ii) so much as may be necessary that the actual amounts appropriated for each Service Board under paragraphs 1.1 and 1.2 of this section equal the amounts specified as "Total RTA Funding for Operations" on Schedule I-B.

(b) There is appropriated, for expenditure by Pace pursuant to the amount specified as RTA South Suburban Job Access Funds on Schedule I-B from other receipts and revenues of the RTA.

(c) There is appropriated, for expenditure by Metra for projects, as specified on Schedule II-B, and pursuant to the first year of the Five-Year Capital Program approved in Article II, the amounts specified as "Transfer Capital RTA Capital Reserve Funds to Metra" on Schedule I-A from RTA Regional Capital Project Reserves.

(d) There is appropriated, for expenditure by CTA for projects, as specified on Schedule II-B, and pursuant to the first year of the Five-Year

Capital Program approved in Article II, the amounts specified as "Transfer Capital RTA Capital Reserve Funds to CTA" on Schedule I-A from RTA Regional Capital Project Reserves.

Subject to receipt by the RTA of sufficient proceeds of taxes imposed pursuant to Section 4.03 of the Act, and from the Public Transportation Fund receipts pursuant to Section 4.09 of the Act, the Executive Director is hereby directed to provide for the payment of such funds described in paragraphs (a), (b), (c) and (d) as soon as may be practicable upon their receipt provided that each Service Board is in compliance with the requirements of Section 4.11 of the Act and this Ordinance.

Section Two:
Appropriation to the Regional Transportation Authority

In 2013 there is appropriated, for expenditure for the operating purposes of the RTA (the "Agency") the amounts specified on Schedule I-A as "Agency Administration and Other" and "RTA Regional Services and Programs", pursuant to the 2013 Budget approved in Article II, from other receipts and revenues of the RTA.

In 2013 there is appropriated for transfer from the RTA's Fund Balance to the Joint Self Insurance Fund (JSIF), funds to reimburse the insurance premium and associated fees for liability and terrorism insurance for the RTA System's Loss Financing Plan the amount specified on Schedule I-A as "RTA Joint Self-Insurance Fund (JSIF) Funding."

The Executive Director is authorized to transfer up to 10% from and among each of the items shown in Schedule I-A for 2013 as "Agency Administration and Other" and "RTA Regional Services and Programs".

ARTICLE V - GENERAL

Section One:
Implementation and Dissemination

The Executive Director is authorized and directed to take appropriate action to implement and enforce this Ordinance and to prepare and disseminate the 2013 Annual Budget and Program of the RTA in accordance with the Act and the policies established herein.

Section Two:
Organization of the RTA

The Executive Director shall organize the staff of the Authority, shall allocate their functions and duties, and shall fix compensation and conditions of employment. The Executive Director shall develop, and modify as may be necessary, Agency policies regarding travel, business and relocation expenses.

Section Three:
Fund Balance Policy

The provisions of the Fund Balance Policy adopted by Ordinance 98-15 are hereby waived for the 2013 budget and 2014-2015 Financial Plans.

Section Four:
Fund to Budget Policy

The provisions of the Fund to Budget Policy are hereby waived for the 2013 fiscal year.

Section Five:
Non-Waiver of RTA Authority

Nothing in this Ordinance is intended to or shall have the effect of (i) creating an obligation on the part of the RTA to provide funding to the Service Boards in excess of their respective statutorily allocated portions of the proceeds from taxes and State funds actually received by the RTA, nor (ii) waiving any discretion the RTA may have under law to amend the amounts appropriated to the Service Boards under the Ordinance, subject to compliance by the Service Boards with terms and conditions established by the RTA. Furthermore, noth-

ing in this Ordinance is intended to or shall have the effect of waiving any discretion the RTA may have under law to subject to review the determinations made in this Ordinance, including, but not limited to, setting recovery ratios for the Service Boards, establishing inclusions or exclusions of certain revenues or expenditures from the calculation of such recovery ratios, or determining the allowable uses of federal, state or local funds.

Section Six:

Executive Director's Authority to Apply for Additional Funds

The Executive Director, and his or her designee, is authorized and directed to execute and file applications on behalf of the RTA with the United States Department of Transportation ("USDOT"), Federal Transit Administration ("FTA"), the Illinois Department of Transportation ("IDOT"), and any other funding agency (collectively the "Funding Agencies") for any monies available for funding of the RTA Annual Budget. The Executive Director, and his or her designee, is authorized to furnish such additional information, assurances, certifications and amendments as the Funding Agencies may require in connection with such applications or the projects. The Executive Director, and his or her designee, is authorized and directed on behalf of the RTA to execute and deliver grant agreements and all subsequent amendments thereto between the RTA and the Funding Agencies. Further, the Executive Director, and his or her designee, is authorized and directed to take such action as he or she deems necessary or appropriate to implement, administer, and enforce said agreements and all subsequent amendments thereto on behalf of the RTA.

Section Seven:

Direction to File this Ordinance with Public Officials.

TThe Executive Director is authorized and directed to file the 2013 Budget and Program and a copy of this Ordinance with the Governor of Illinois, the Illinois General Assembly, the Comptroller of the State of Illinois, the Mayor of the City of Chicago and the Auditor General of the State of Illinois, along with an appropriate certification that this budget and program meet the requirements of the Act.

Schedules to Ordinance 2013-01 can be found in the Appendices under Exhibit 10-23.

GFOA Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Regional Transportation Authority, Illinois for its annual budget for the fiscal year beginning January 1, 2012.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget book continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.


GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Regional Transportation Authority

Illinois

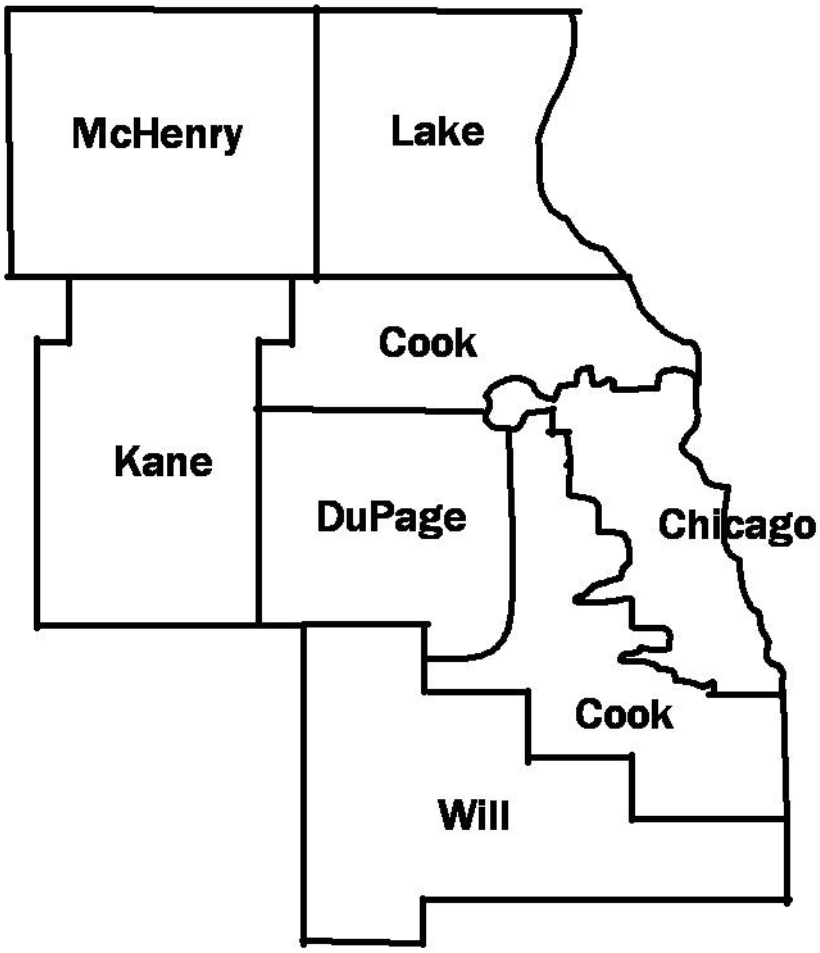
For the Fiscal Year Beginning

January 1, 2012

President

Executive Director

2 Regional Summary



Overview

The Regional Transportation Authority (RTA or "Agency") provides funding, planning, and fiscal oversight for regional bus and rail operations in Northeastern Illinois as set forth by the RTA Act, as amended. The RTA's six-county region encompasses the Illinois counties of Cook, DuPage, Kane, Lake, McHenry, and Will. The Act designates the RTA as the primary public body in the region to secure funds for public transportation. The RTA is authorized to impose taxes in the region, issue debt, and is responsible for the allocation of federal, state and local funds to finance both the operating and capital needs of public transportation in the region.

The RTA Board of Directors governs the Agency. Three independent Service Boards, the Chicago Transit Authority (CTA), Metra, and Pace, have operational responsibility for public transportation within the six-county region and are governed by their own separate boards of directors (Exhibit 2-1). The CTA provides bus and heavy rail service in the City of Chicago and 35 neighboring suburbs. Metra provides commuter rail service throughout the six-county region. Pace provides bus service within the suburbs and between the suburbs and the City of Chicago, and also provides Dial-a-Ride, vanpool, and ADA Paratransit service for the entire region.

Each year, the RTA Board must adopt an annual budget, two-year financial plan, and five-year capital program for each Service Board. The principal features of this process are outlined in the following paragraphs. The RTA Act requires the RTA Board to approve the funding "marks" for each Service Board by September 15th. The marks include the projected funding levels for the annual operating budget, two-year financial plan, and the five-year capital program, and also stipulate the required recovery ratio for each Service Board's annual budget.

Exhibit 2-1: **RTA & Service Board Structure**

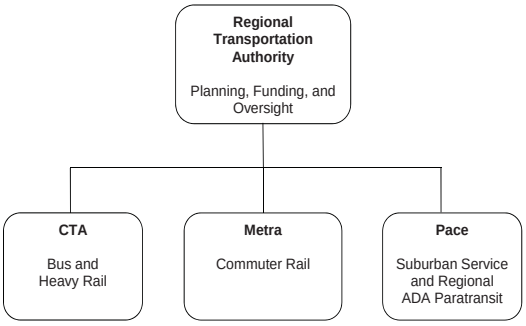
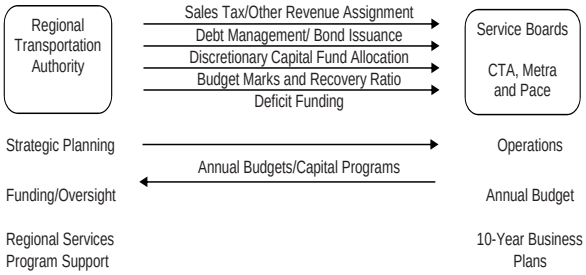


Exhibit 2-2: **Financial Relationship and Responsibilities of the RTA and Service Boards**



The marks guide the development of the Service Boards' budgets. Each Service Board prepares and publishes, for public hearing and comment, a proposed budget and capital program document that conforms to the RTA marks. After considering public comment, the CTA, Metra, and Pace board members adopt their respective budgets. In November, the adopted budgets are submitted to the RTA, which consolidates the Agency and the Service Board budgets into a proposed RTA regional budget and capital program document. The RTA Board releases this document for public hearing and comment before considering the regional budget for adoption in December. Exhibit 2-2 illustrates the principal responsibilities and interactions between the RTA and Service Boards in the annual budget and capital program process.

Service Characteristics

The six-county Northeastern Illinois region has more than 8.3 million residents and spans 3,749 square miles. The RTA system includes more than 6,000 buses, rail cars, and locomotives, plus over 700 vanpool vehicles. The system provides almost two million rides per day on more than 350 routes through approximately 380 stations, as shown in Exhibit 2-14. The combined assets of the RTA system, including the CTA subway tunnels, have a replacement value of over $151 billion. With an average asset life of over 25 years, the RTA system needs more than $1 billion in capital funds each year just to keep the existing infrastructure in a State of Good Repair.

SERVICE LEVEL CHANGES

Changes in 2013 RTA service levels will be relatively minor. CTA implemented a de-crowding initiative in December 2012 which reallocated some bus service to other bus and rail routes. Metra service levels will be unchanged in 2013. Pace Suburban Service plans modest service expansions of existing Call-n-Ride, express bus, and vanpool services, while Pace Regional ADA Paratransit will expand existing service as necessary to meet customer demand. In total, these service level changes are projected to increase RTA system vehicle revenue miles by 3.4% in 2013.

RIDERSHIP

Following two consecutive years of strong ridership growth in 2011 and 2012, the RTA system is projecting a ridership decrease of 1.7% to 651.9 million rides in 2013 (Exhibit 2-3). CTA ridership is expected to decrease by 2.4% due to both a fare increase and a major track reconstruction project on the southern end of the Red Line. Metra expects nearly flat ridership due to a price increase on the 10-ride ticket. Pace Suburban Service expects ridership growth of 3.9%, driven by modest service expansions and continued promotion of its vanpool programs. Finally, Pace Regional ADA Paratransit expects strong ridership growth of 5.9% for its service, somewhat lower growth than in recent years.

Budget and Financial Plan

Exhibit 2-4 displays the consolidated 2013 RTA regional operating budget and two-year financial plan adopted by the RTA Board on January 16th, 2013. Actual and estimated results for 2011 and 2012 are included for comparison purposes. This comprehensive view of the RTA system operating budget includes all Service Board operating revenues and expenses, all RTA revenues and expenses, and all public funding for the region. The RTA expects combined 2013 operating revenues and public funding to slightly exceed operating expenses, resulting in a balanced budget. The regional financial plans for 2014 and 2015 are also projected to be balanced.

Exhibit 2-3: **RTA Ridership By Service Board** (in millions)

	2011 Actual	2012 Estimate	2013 Budget
CTA	532.0	542.8	529.6
Metra	82.7	81.4	81.5
Pace	33.7	35.4	36.8
ADA Paratransit	3.5	3.8	4.0
Region	**651.9**	**663.4**	**651.9**
Change:	+2.9%	+1.8%	-1.7%

OPERATING REVENUE

Service Board operating revenue comprises 41.8% of total regional revenues for 2013 (Exhibit 2-5), with public funding providing the balance of required revenue for the system. Operating revenue of $1.144 billion is expected in 2013, an increase of 7.2% from 2012. Operating revenue growth is then projected to slow to 4.6% and 3.3% in 2014 and 2015, respectively.

About 85% of operating revenue comes from passenger fares, but significant amounts are also generated by Service Board advertising and concessions, and by a State reimbursement to the Service Boards to partially offset the cost of providing mandatory free ride and reduced fare programs. The State Reduced Fare Reimbursement, although a public funding source, is presented with operating revenue because it represents a replacement of passenger fare revenue. Exhibit 2-6 displays the growth in operating revenue by Service Board for 2013, driven by fare increases at CTA and Metra, and by ridership at Pace and ADA Paratransit. In-depth discussions of operating revenues are contained in the RTA and Service Board chapters.

PUBLIC FUNDING

Public funding, comprising the remaining 58.2% of total regional revenues, is projected at $1.591 billion in 2013, representing an increase of 3.6% from 2012 as the economy continues to recover and generate increasing sales tax receipts. A regional sales tax, imposed at a rate of 1.25% in Chicago and Suburban Cook County and at a rate of 0.5% in the five collar counties, is the RTA's primary public funding source

Exhibit 2-4: **Regional Statement of Revenues and Expenses** (dollars in thousands)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
Service Board Revenues (1)					
CTA	612,317	637,769	700,037	729,599	746,907
Metra	303,300	360,638	371,938	392,838	412,538
Pace	55,221	56,886	59,165	60,396	61,687
ADA Paratransit	13,762	11,576	12,495	13,068	13,670
Total Operating Revenues	**$ 984,600**	**$ 1,066,869**	**$ 1,143,635**	**$ 1,195,901**	**$ 1,234,802**
Public Funding (1)					
RTA Sales Tax	975,671	1,008,471	1,036,627	1,069,799	1,107,242
Public Transportation Fund (PTF)	305,395	313,191	321,848	332,250	343,813
Real Estate Transfer Tax (RETT)	34,734	35,500	36,200	37,700	38,800
Local Contributions (2)	-	5,000	5,000	5,000	5,000
State Financial Assistance (ASA/AFA)	130,088	130,071	130,167	130,283	130,283
Other State Funding	101,700	8,500	8,500	8,500	8,500
Federal Funds	98,597	2,599	6,262	8,187	8,432
RTA Regional Capital Project Reserves (3)	-	5,144	22,921	921	921
Other RTA Revenue (4)	23,550	26,502	23,376	23,618	23,974
Total Public Funding	**$ 1,669,735**	**$ 1,534,977**	**$ 1,590,902**	**$ 1,616,258**	**$ 1,666,965**
ADA Paratransit Service Budget Balancing Actions (5)	-	-	-	$ 3,803	$ 8,399
Total Revenues	**$ 2,654,335**	**$ 2,601,847**	**$ 2,734,537**	**$ 2,815,962**	**$ 2,910,167**
Service Board Expenses					
CTA	1,292,334	1,273,698	1,358,081	1,401,247	1,439,870
Metra	644,300	684,800	713,500	740,000	770,000
Pace	179,690	192,701	207,761	215,756	223,196
ADA Paratransit	128,109	137,516	148,762	159,952	172,303
Total Service Board Expenses	**$ 2,244,433**	**$ 2,288,715**	**$ 2,428,104**	**$ 2,516,955**	**$ 2,605,369**
Region/Agency Expenses					
Principal & Interest	217,241	224,000	220,000	220,000	220,000
RTA Agency Expense and Regional Programs	36,224	43,624	41,690	43,024	44,530
Transfer Capital/Agency Regional Capital Program	10,200	15,690	22,000	4,319	4,243
Grant Incentive Program	-	2,162	1,615	1,787	1,763
ICE and JSIF	8,761	15,264	15,550	15,888	16,269
Total Region/Agency Expenses	**$ 272,427**	**$ 300,740**	**$ 300,855**	**$ 285,017**	**$ 286,804**
Total Expenses	**$ 2,516,859**	**$ 2,589,455**	**$ 2,728,959**	**$ 2,801,972**	**$ 2,892,173**
Total Revenues less Total Expenses	**$ 137,476**	**$ 12,392**	**$ 5,578**	**$ 13,990**	**$ 17,993**

(1) Service Board Revenues include State Reduced Fare Reimbursement. Public Funding excludes State Reduced Fare Reimbursement.

(2) Beginning in 2012, statutorily required local contributions from the City of Chicago and Cook County will be reclassified from Operating Revenue to Public Funding.

(3) Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and 2011 RTA discretionary positive budget variance that has been designated for capital use by the RTA Board.

(4) Adjusted in 2012 to reflect the total of the Service Board estimates of annual Reduced Fare Reimbursement which was $262 thousand less than the RTA 2012 estimate. Other RTA Revenue includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.

(5) Additional revenue and/or funding needed to cover projected ADA Paratransit expenses.

Exhibit 2-5: **2013 Regional Revenues** - $2.735 billion

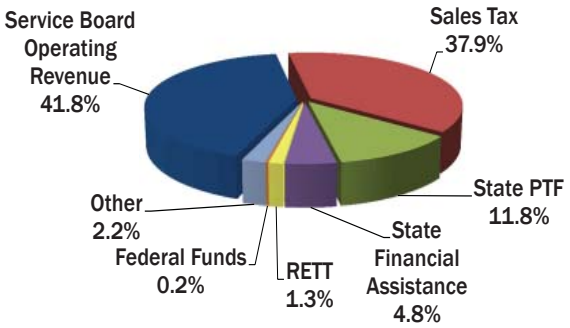


Exhibit 2-6: **2013 Operating Revenue Growth by Service Board**

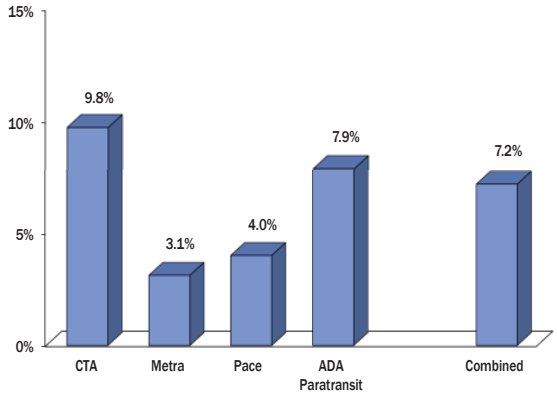


Exhibit 2-7: **Primary RTA Public Funding Sources**

RTA Sales Tax Part I: The original RTA sales tax, levied at 1.0% in Cook County and 0.25% in the collar counties of DuPage, Kane, Lake, McHenry, and Will. 85% of Sales Tax I receipts are distributed to the Service Boards according to a statutory formula. The remaining 15% of Sales Tax I is initially retained by the RTA to fund regional and agency expenses before being allocated at the discretion of the RTA Board.

RTA Sales Tax Part II: Authorized by the 2008 funding reform, an additional sales tax of 0.25% in all six counties of the RTA region. Sales Tax II is distributed to the Service Boards according to a statutory formula after deducting funding for ADA Paratransit, the Pace Suburban Community Mobility Fund (SCMF), and the RTA Innovation, Coordination, and Enhancement (ICE) Fund.

Real Estate Transfer Tax (RETT): The 2008 funding reform also increased the City of Chicago RETT by $1.50 per $500 of property transferred, and dedicated this additional tax revenue to directly fund CTA operating expenses.

Public Transportation Fund (PTF) Part I: PTF Part I is State-provided funding comprised of a 25% match of Sales Tax I receipts. 100% of PTF I is retained by the RTA and combined with Sales Tax I to form the basis of discretionary funding.

Public Transportation Fund (PTF) Part II: PTF Part II, authorized by the 2008 funding reform, is State-provided funding equal to a 5% match of Sales Tax I receipts and a 30% match of Sales Tax II receipts and RETT receipts. PTF II is distributed to the Service Boards by a statutory formula.

State Financial Assistance: State-provided assistance to reimburse the RTA's debt service on Strategic Capital Improvement Program (SCIP) bonds. It consists of two components; Additional State Assistance (ASA) and Additional Financial Assistance (AFA).

State Reduced Fare Reimbursement: State-provided reimbursement to the Service Boards, via the RTA, to partially offset the cost of providing reduced fare and free ride programs mandated by law, including those for students, seniors, and disabled persons.

for transit operations, accounting for almost 38% of total regional revenues. Sales tax receipts are expected to total $1.037 billion in 2013, an increase of 2.75% from 2012.

The second largest source of public funding is the Public Transportation Fund (PTF), generated by a 30% State of Illinois match of RTA sales tax and Chicago Real Estate Transfer Tax receipts. The State also provides additional financial assistance which is associated with RTA debt service, and additional funding for ADA Paratransit service. Rounding out the public funding sources for operations are the Real Estate Transfer Tax (RETT) in the City of Chicago only, which directly funds CTA operations, a small amount of federal funding, local contributions, and RTA-generated revenue from regional programs and investments. The RTA's primary public funding sources are summarized in Exhibit 2-7. An in-depth discussion of public funding, including details of the 2008 funding reform and the methods of allocation to the Service Boards, is included in the RTA chapter.

Exhibit 2-8: **2013 Regional Expenses** - $2.729 billion

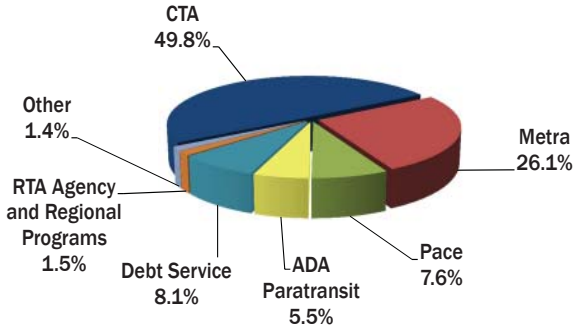
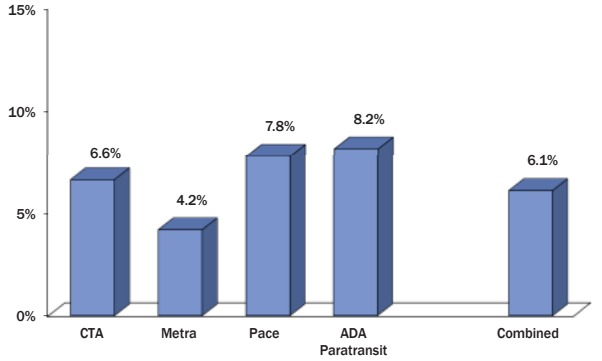


Exhibit 2-9: **2013 Operating Expense Growth by Service Board**



EXPENDITURES

Total regional expenses for 2013 are projected at $2.729 billion, an increase of 5.4% over 2012. Regional expense growth is then projected to slow to 2.7% and 3.2% in 2014 and 2015, respectively. Service Board operating expenses represent the largest component of total regional expense at $2.428 billion or 89.0%, followed by debt service at 8.1%, RTA Agency and Regional Programs at 1.5%, and Other expenses at 1.4% (Exhibit 2-8). The Other category includes regional expenses for Innovation, Coordination, and Enhancement (ICE), the Joint Self-Insurance Fund (JSIF), and RTA funds designated for Service Board capital use.

Service Board operating expenses are projected to increase by 6.1% in 2013, as shown in Exhibit 2-9. CTA's operating expense growth of 6.6% is being driven by a snapback in their Other expense category, which was temporarily reduced in 2012 by the liquidation of their Pension Obligation Bond reserve fund. Modest expense growth of 4.2% at Metra is resulting from contractual wage adjustments and increases in fuel and maintenance expenses. Pace Suburban Service's sharp expense growth of 7.8% is being driven by significant service expansions and new technology requirements (funded partly by grant revenues), while ADA Paratransit expense growth of 8.2% is resulting from continued strong demand for its service, coupled with contractor price increases.

Exhibit 2-10: **Budgeted Positions - RTA Region**

	2012 Budget	2013 Budget	Change
CTA	9,206	9,381	+1.9%
Metra	4,331	4,331	+0.0%
Pace	1,498	1,549	+3.4%
RTA Agency	122	119	-2.5%
Region Total	**15,157**	**15,380**	**+1.5%**

Exhibit 2-10 displays the total budgeted positions for the Service Boards, RTA, and region as a whole, which are expected to increase by 1.5% in 2013. In-depth discussions of operating expenses and all other regional expenses are included in the Service Board and RTA chapters.

Five-Year Capital Program

The 2013-2017 capital program adopted by the RTA Board on January 16th, 2013 contains $4.374 billion of funding for capital projects. Funding sources as a percent of the total capital funding, as shown in Exhibit 2-11, are as follows: Federal funding 51.2%, CTA bond proceeds 22.9%, State funding 17.5%, carryover from 2012 funding 3.2%, Pace bond proceeds 2.3%, Service Board and local funds 2.2%, and RTA funds 0.7%.

The planned uses of these funds by asset category are shown in Exhibit 2-12, with rolling stock represent-

Exhibit 2-11: **2013-2017 Capital Funding** - $4.374 billion

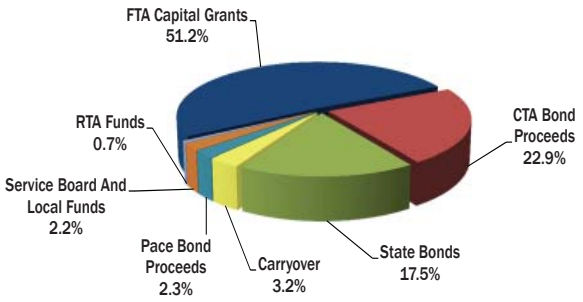
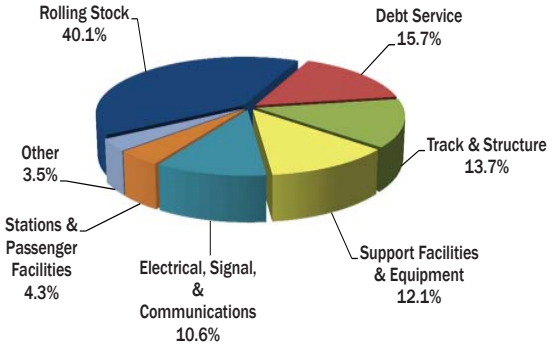


Exhibit 2-12: **2013-2017 Capital Uses** - $4.374 billion



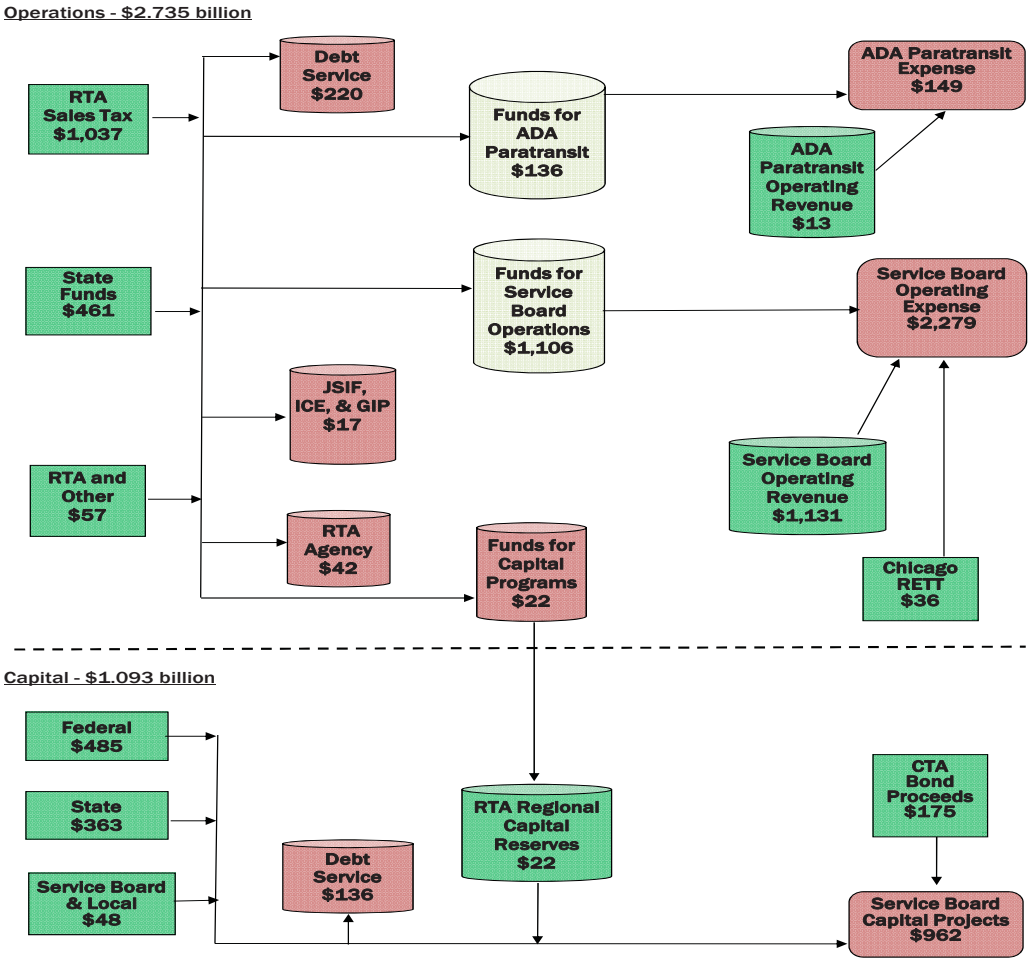
ing the largest area of capital investment at $1.754 billion or 40.1% of expenditures. The other planned expenditures and their percent of the total program are as follows: track and structure $599 million or 13.7%, support facilities and equipment $529 million or 12.1%, electrical, signal, and communications $464 million or 10.6%, stations and passenger facilities $190 million or 4.3%, and other $153 million or 3.5%. Finally, payment of debt service accounts for the remaining $685 million or 15.7%.

$1.093 billion of the $4.374 billion five-year program is planned for expenditure in 2013. Please reference the Capital chapter for further details on the 2013 and five-year capital programs and how they will impact region-wide operations.

Sources and Uses of Funds

Exhibit 2-13 summarizes the flow of the RTA system's 2013 operating and capital funds. Public funding of $1.591 billion and operating revenues of $1.144 billion, shown in dark green, combine to cover Service Board and ADA Paratransit operating expenses of $2.428 billion and other regional expenses of $301 million, shown in red. In 2013, the marks process allocated funds from prior years' RTA positive budget

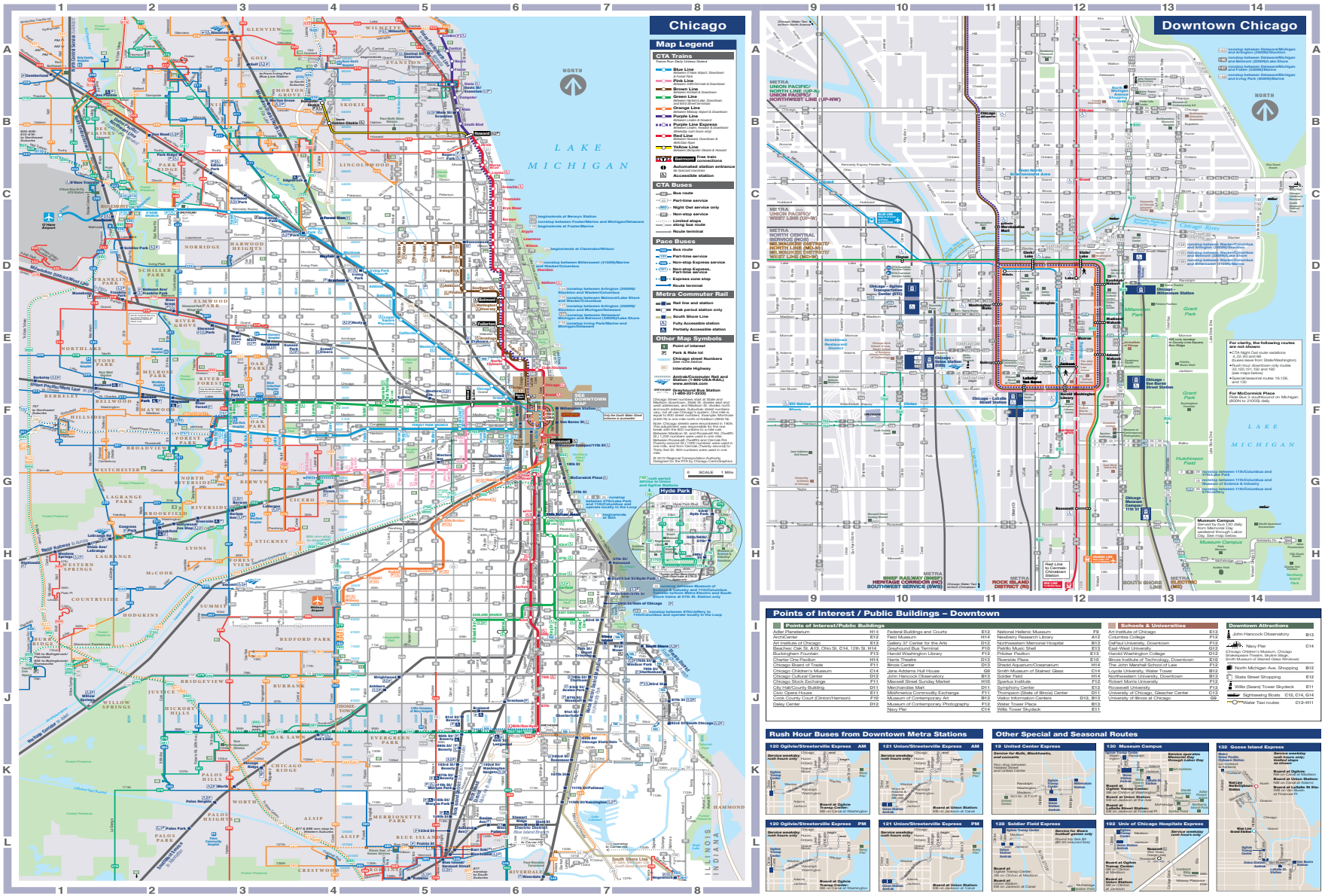
Exhibit 2-13: **2013 Sources and Uses of Funds** - in millions



variances to the Service Boards for capital purposes, with $22 million provided for the CTA and Metra capital programs.

In addition to the $22 million of capital reserves from the RTA, the 2013 capital program is funded by $485 million of Federal funding, $363 million of State funding, $48 million of Service Board and local funding, and $175 million of CTA bond proceeds, shown in dark green. Debt service of previous and 2013 bond issues will consume $136 million of the total funding, leaving $962 million of funding available for Service Board capital projects in 2013.

Exhibit 2-14: RTA System Map



3 RTA


cta


Information
Downtown Chicago Transit Map


Metra


pace
LORAX


you onboard?
pace

RTA Operating Plan

Overview

This section focuses on the sources and uses of RTA operating funds. In addition to its planning and oversight roles, a critical function of the RTA is to receive and distribute operating funding to the three Service Boards which provide public transportation within the six-county Northeastern Illinois region: CTA, Metra, and Pace.

Budget and Financial Plan

Exhibit 3-1 displays a five-year view of the RTA's operating funding. The 2013 budget and 2014-2015 two-year financial plan are presented, and 2011 actual and 2012 estimated figures are included for comparison purposes. Unlike Exhibit 2-4 in the regional summary chapter, this view of the RTA's finances excludes the Service Boards' operating revenues and operating expenses, and focuses solely on those funds which are handled by the RTA.

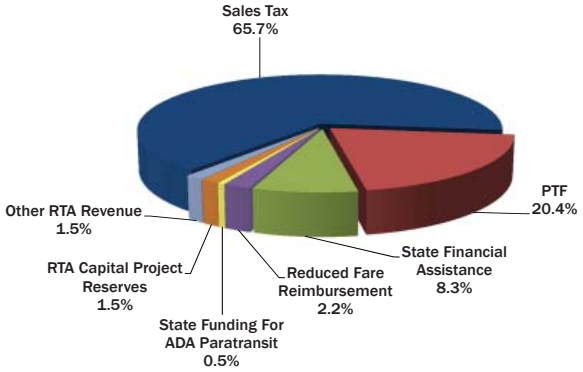
The 2013 budget anticipates $1.578 billion of funding for RTA operations, an increase of 3.4% over the 2012 estimate.

RTA FUNDING SOURCES

The 2013 budget anticipates $1.578 billion of funding for RTA operations, an increase of 3.4% over the 2012 estimate. Funding is then projected to increase to $1.599 billion in 2014 and $1.649 billion in 2015. A regional sales tax comprises almost two-thirds of RTA operating funding, and the State Public Transportation Fund (PTF), which is based on sales tax receipts, represents another one-fifth of the funding (Exhibit 3-2). Thus, an accurate forecast of sales tax receipts is critical to the integrity of the RTA budget process.

Again, these projections only include funds handled by the RTA, and thus exclude some sources that fund the Service Boards directly, such as federal funding, local contributions, and Chicago's Real Estate Transfer Tax (RETT), a portion of which directly funds CTA operations. A detailed discussion of the individual RTA funding sources for 2013 follows.

Exhibit 3-2: **2013 RTA Funding Sources** - $1.578 billion



Sales Tax

The RTA Sales Tax (Part I and II) is authorized by Illinois statute and imposed by the RTA throughout the six-county Northeastern Illinois region, but at differing rates in order to recognize the differing levels of transit service provided. The RTA Sales Tax is collected by the Illinois Department of Revenue, paid to the Treasurer of the State of Illinois, and held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are paid directly to the RTA monthly, without appropriation, by the State Treasurer on the order of the State Comptroller.

As shown in Exhibit 3-3, following an estimated increase of 3.4% in 2012, total sales tax revenues are projected to increase by 2.75% to $1.037 billion in 2013. This forecast of somewhat lower growth than 2012 was based on federal, state, and regional sources, which all suggested that economic activity would slow in 2013. In 2014 and 2015, RTA sales tax revenues are estimated to increase by higher

Exhibit 3-3: **RTA Sales Tax** (dollars in millions)

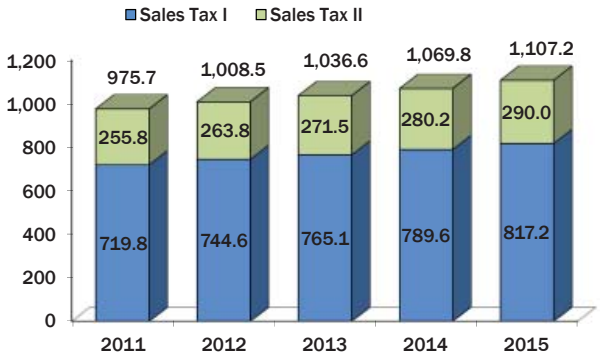


Exhibit 3-1: **RTA Statement of Revenues and Expenses** (dollars in thousands)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
RTA Funding Sources					
RTA Sales Tax I	719,849	744,630	765,108	789,591	817,227
RTA Sales Tax II	255,822	263,840	271,520	280,208	290,016
Public Transportation Fund (PTF - Part I)	181,428	186,158	191,277	197,398	204,307
PTF (Part II)	123,967	127,034	130,571	134,852	139,506
State Financial Assistance (ASA/AFA)	130,088	130,071	130,167	130,283	130,283
State Reduced Fare Reimbursement	31,997	34,070	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500	8,500	8,500
State Funding for Debt Service per MOU (1)	10,200	-	-	-	-
RTA Regional Capital Project Reserves (2)	-	5,144	22,921	921	921
Other RTA Revenue	23,550	26,240	23,376	23,619	23,975
Total Funding Sources	**$ 1,485,401**	**$ 1,525,686**	**$ 1,577,510**	**$ 1,599,444**	**$ 1,648,804**
RTA Expenses for Operations					
RTA Total Funds for CTA Operations	549,187	595,429	616,844	628,948	649,163
RTA Total Funds for Metra Operations	334,102	340,424	345,940	355,954	367,455
RTA Total Funds for Pace Suburban Service Operations (3)	135,429	140,398	143,534	148,373	153,077
RTA Total Funds for Pace ADA Paratransit Operations (4)	114,346	125,940	136,267	143,081	150,234
RTA Funding for Innovation, Coordination, and Enhancement	3,381	10,264	10,550	10,888	11,269
State Reduced Fare Reimbursement	31,997	34,070	34,070	34,070	34,070
RTA Agency Expense and Regional Programs	36,224	43,624	41,690	43,024	44,530
Total Expenses for Operations	**$ 1,204,667**	**$ 1,290,149**	**$ 1,328,895**	**$ 1,364,338**	**$ 1,409,798**
Debt Service, Capital & JSIF Expenses					
Principal & Interest	217,241	224,000	220,000	220,000	220,000
Transfer Capital RTA Funds to CTA	10,200	-	-	-	-
Transfer Capital RTA Funds to Metra	-	-	-	4,319	4,243
Transfer Capital RTA Capital Reserve Funds to CTA	-	-	15,000	-	-
Transfer Capital RTA Capital Reserve Funds to Metra	-	4,700	7,000	-	-
RTA Agency Regional Capital Program	-	10,990	-	-	-
Grant Incentive Program	-	2,162	1,615	1,787	1,763
RTA Joint Self-Insurance Fund (JSIF)	5,380	5,000	5,000	5,000	5,000
Total Debt Service, Capital & JSIF Expenses	**$ 232,821**	**$ 246,852**	**$ 248,615**	**$ 231,106**	**$ 231,006**
Total Expenses	**$ 1,437,488**	**$ 1,537,001**	**$ 1,577,510**	**$ 1,595,444**	**$ 1,640,804**
Fund Balance (unreserved/undesignated)					
Beginning Balance	7,318	34,815	1,500	1,500	5,500
Change in Fund Balance	47,913	(11,314)	-	4,000	8,000
Other Funding & Reserves	(20,416)	(22,000)	-	-	-
Ending Balance	**$ 34,815**	**$ 1,500**	**$ 1,500**	**$ 5,500**	**$ 13,500**
Ending Balance as % of Total Expenses for Operations	**2.9%**	**0.1%**	**0.1%**	**0.4%**	**1.0%**
Regional Recovery Ratio	**54.3%**	**56.6%**	**55.9%**	**56.5%**	**56.3%**

(1) In accordance with a 2009 Memorandum of Understanding, State funding was guaranteed for two years and then set to end based on conditions defined in the MOU, which were achieved within the guarantee period, ending funding after 2011.

(2) Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and 2011 RTA discretionary positive budget variance.

(3) Pace Suburban Service funding includes SCMF and SSJA.

(4) Pace ADA Paratransit Service funding excludes budget balancing actions in 2014 and 2015.

Exhibit 3-4: **2013 RTA Sales Tax I By Source** - $765.1 million

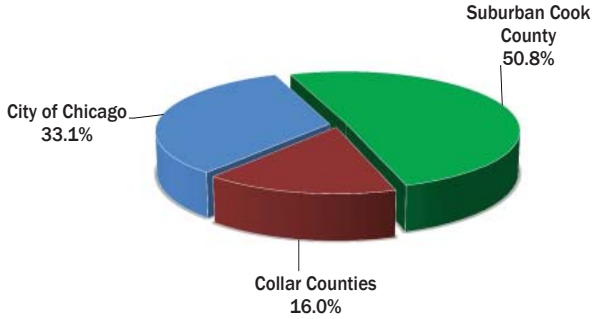


Exhibit 3-5: **Distribution of RTA Part I Sales Tax**

	Distributed to			
Collected in	CTA	Metra	Pace	Total
City of Chicago	100%	0%	0%	100%
Suburban Cook County	30%	55%	15%	100%
Collar Counties	0%	70%	30%	100%

Exhibit 3-6: **2013 RTA Sales Tax II By Source** - $271.5 million

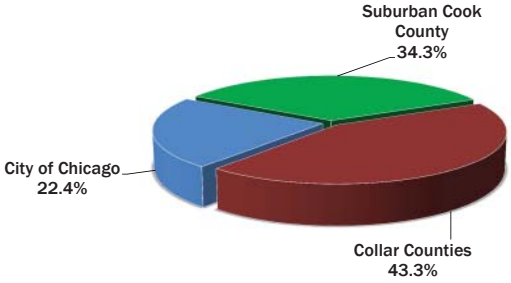


Exhibit 3-7: **Distribution of RTA Part II Sales Tax**

	Distributed to (after special uses)			
Collected in	CTA	Metra	Pace	Total
City of Chicago	48%	39%	13%	100%
Suburban Cook County	48%	39%	13%	100%
Collar Counties	48%	39%	13%	100%

rates of 3.2% and 3.5%, respectively, again consistent with economic projections, and are forecast to reach $1.107 billion in 2015.

Part I of the RTA Sales Tax ("Sales Tax I") is the equivalent of 1% on sales in Cook County and 0.25% on sales in DuPage, Kane, Lake, McHenry, and Will Counties (the "collar counties"). More specifically, Sales Tax I in Cook County is 1% on food and drugs and 0.75% on general merchandise, with the State of Illinois then providing a replacement amount to the RTA equivalent to 0.25% of general merchandise sales. Sales Tax I receipts for 2013 are projected at $765.1 million. Actual sales tax receipts for 2011 were used to forecast the geographic source of projected Sales Tax I collections in 2013. Suburban Cook County produced the largest share of Sales Tax I at 50.8%, followed by the City of Chicago at 33.1%, and finally the collar counties at 16.0% (Exhibit 3-4). The share of Sales Tax I sourced from Chicago has been increasing steadily since 2002, when it was 30.2%. The RTA retains 15% of Sales Tax I and distributes the remaining 85% to the Service Boards according to a formula specified in the RTA Act (Exhibit 3-5) which ties the geographic source of the sales tax to the relevant service provider(s).

Public Act 95-0708 (P.A. 95-0708) was enacted in January 2008 and established the RTA Sales Tax Part II ("Sales Tax II"). This legislation increased the RTA sales tax rate from 1% in Cook County to 1.25% and the sales tax rate in the collar counties from 0.25% to 0.75%. The collar county tax increase is divided evenly between the RTA and the county where the tax is collected. Thus, the rate of the sales tax that the RTA receives from the collar counties doubled (from 0.25% to 0.50%). Sales Tax II receipts for 2013 are projected at $271.5 million.

From a geographic standpoint, the collar counties account for the largest share of Sales Tax II collections, at 43.3%, followed by suburban Cook County and the City of Chicago (Exhibit 3-6). Sales Tax II differs from Sales Tax I in that it is distributed to the Service Boards independent of where it was collected. However, prior to Service Board distribution, deductions are made from Sales Tax II to provide funding for ADA Paratransit, Pace's Suburban Community Mobility Fund (SCMF), and the RTA's Innovation, Coordination, and Enhancement (ICE) fund. Legislation passed in 2011 requires the RTA to fully fund the ADA Paratransit operating deficit each year. In the 2013 budget, $127.8 million of Sales Tax II has been designated to fund ADA Paratransit. By statute, the SCMF (originally $20 million) and the ICE fund (originally $10 million) increase or decrease by the annual change in sales tax collections, with 2008 set as the base year. For 2013, the SCMF is projected at $21.1 million and the ICE fund at $10.6 million. After these three deduc-

tions, the entire remaining balance of Sales Tax II is allocated to the Service Boards by statutory formula (Exhibit 3-7), with CTA receiving 48%, Metra 39%, and Pace 13%.

Public Transportation Fund

In accordance with the RTA Act, the State Treasurer is authorized and required to transfer from the State of Illinois' General Revenue Fund an amount equal to 30% of the revenue realized from the RTA sales tax and 30% of the revenue realized from the RTA's portion of the Real Estate Transfer Tax (RETT) in the City of Chicago. These Public Transportation Fund (PTF) receipts are indexed to increase or decrease at a rate equal to the growth or decline of both sales tax and RETT. PTF revenues are payable to the RTA upon State appropriation. However, none of the PTF revenues are actually paid to the RTA until the Agency certifies to the Governor, the State Comptroller, and the Mayor of the City of Chicago that it has adopted a budget and two-year financial plan as called for by the RTA Act.

Like sales tax, PTF is characterized as Part I or Part II, with PTF Part II created by the 2008 funding reform. PTF I is the equivalent of 25% of Sales Tax I, and is projected to be $191.3 million for 2013, an increase of 2.75% from 2012. 100% of PTF I, along with 15% of Sales Tax I, is initially retained by the RTA to cover expenses for regional debt service, the RTA Agency and Regional Programs, the South Suburban Job Access (SSJA) fund, and Joint Self-Insurance Fund (JSIF) premiums. The remainder is then allocated at the discretion of the RTA Board upon the review and approval of each Service Board's annual budget.

P.A. 95-0708 also increased the Real Estate Transfer Tax (RETT) in the City of Chicago by 50%, yielding $1.50 in CTA operating funding for every $500 of property purchase price. The RETT is projected at $36.2 million for 2013. Since this funding flows directly from the City of Chicago to the CTA, it is not included as an RTA funding source in Exhibit 3-1. However, PTF funds associated with the RETT (i.e. 30% of the RETT) do flow through the RTA.

PTF II is comprised of 5% of Sales Tax I, 30% of Sales Tax II, and 30% of the RETT. The 2013 projected amount of PTF II is $130.6 million, an increase of 2.8% from the 2012 estimate. By statute, the CTA receives five-sixths (25 percentage points) of the 30% PTF on the RETT. The remaining PTF II revenues are distributed to the Service Boards in the same proportions as Sales Tax II.

Schedule I-D of RTA Ordinance 2013-01 (found in the Appendices) contains a detailed accounting of the source and distribution of all Part I and Part II funding components for the 2013 budget and 2014-2015 financial plan.

State Financial Assistance (SFA)

This RTA funding source is state-authorized assistance to reimburse the debt service expenses for the RTA's Strategic Capital Improvement Program (SCIP) bonds. State Financial Assistance has two components: Additional State Assistance (ASA) for SCIP I bonds and Additional Financial Assistance (AFA) for SCIP II bonds. Subject to the appropriation of funds by the State of Illinois, the RTA will continue to be eligible to receive these State Financial Assistance payments. In 2013, the RTA expects to receive $130.2 million of this funding from the State of Illinois.

State Reduced Fare Reimbursement

This funding source provides partial reimbursement from the State to the Service Boards for the fare discounts and free ride programs they provide which are mandated by law. The reimbursement includes discounts for students, elderly, and disabled riders as well as free ride programs for seniors and disabled persons who meet income eligibility requirements. These funds are provided by the State of Illinois and distributed through the RTA to the Service Boards. The projected amount for 2013 is $34.1 million, unchanged from 2012.

State Funding for ADA Paratransit

Originally established by a Memorandum of Understanding (MOU) in November of 2009, this funding,

designated for ADA Paratransit, has been provided by the State of Illinois in the amount of $8.5 million for each year since 2010. This funding is projected to continue at this same level in 2013 through 2015.

RTA Regional Capital Project Reserves

This funding source is comprised of RTA funds set aside for Service Board capital purposes. $22 million of RTA funds, mostly generated by excess 2011 sales tax and PTF receipts, were transferred into this reserve fund in 2012, with $15 million designated for CTA and $7 million designated for Metra. In addition, almost $1 million of proceeds related to legal settlements from debt service deposit agreements is held in this reserve to provide funding for the Grant Incentive Program (GIP). Accordingly, RTA Regional Capital Project Reserves are projected at $22.9 million for 2013.

Other RTA Revenue

Other RTA Revenue is projected at $23.4 million for 2013. This funding source consists of investment income, sales tax interest, and Agency revenue, comprised of both Agency operating revenue and grants for regional projects. Investment income is dependent on available cash balances and prevailing market rates. In addition, the State of Illinois pays interest on RTA sales tax receipts from the time of collection until receipts are disbursed to the RTA. The RTA then disburses 85% of the interest on Part I Sales Tax receipts to the Service Boards based on the same geographic formula used to allocate the Part I Sales Tax. Agency revenue includes advertising revenue from the RTA website and fees charged to employers for RTA Fare Checks that help offset the costs of administering that program. Agency revenue also includes matching grants obtained under federal, state and local programs for RTA regional planning, development, and technology efforts.

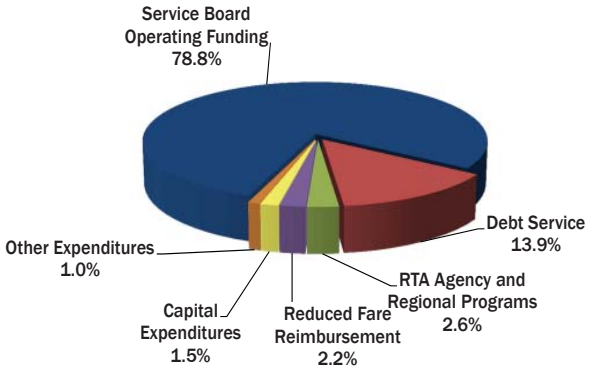
In total, other RTA revenue of $23.4 million is anticipated for the 2013 budget, increasing by 1.0% and 1.5% in 2014 and 2015, respectively.

EXPENDITURES

The 2013 budget projects that RTA expenses will increase by 2.6% over the 2012 estimate to $1.578 billion, exactly in balance with funding sources. Expenses are then projected to increase to $1.595 billion in 2014 and $1.641 billion in 2015, and are expected to be lower than funding in both of those years, producing a modest projected increase in the RTA fund balance.

Funding of Service Board operations represents the largest category of RTA expenses at 78.8%, followed by regional debt service at 13.9%, RTA Agency and Regional Programs at 2.6%, pass through of the State Reduced Fare Reimbursement at 2.2%, capital expenditures at 1.5%, and other expenses at 1.0% (Exhibit 3-8). A detailed discussion of the individual RTA expenses for 2013 follows.

Exhibit 3-8: **2013 RTA Expenses** - $1.578 billion



Service Board Operating Funding

The RTA's primary expenditure is the funding of the Service Boards' operating deficits. An operating deficit is the difference between a Service Board's operating revenue (farebox and other revenue sources such as advertising) and its operating expenditures. It may also be referred to as the funding requirement. Exhibit 3-9 displays the RTA expenses for Service Board operations for 2011 to 2015. Total RTA operating funding for the Service Boards in 2013 is projected at $1.243 billion and is expected to reach $1.320 billion in 2015. The compound annual growth rate of RTA's funding for Service Board operations across the five-year period is 3.9%.

Exhibit 3-9: **RTA Expenses for Service Board Operations**
(dollars in millions)

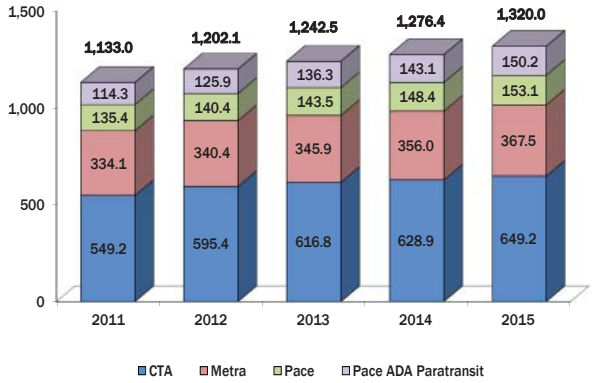


Exhibit 3-10 shows how 2013 RTA funding for operations relates to each Service Board's projected operating deficit. A detailed discussion of each Service Board's operating revenues and expenditures is provided in the CTA, Metra, Pace, and Pace ADA Paratransit chapters.

CTA will require $658.0 million of public funding to balance their budget, of which $616.8 million will be provided by the RTA. In addition to statutory sales tax and PTF, CTA will receive $181.0 million of RTA discretionary funding. The RTA's discretionary funds are sourced from PTF I and the RTA's share of Sales Tax I. After covering expenses for regional debt service, the RTA Agency and Regional Programs, South Suburban Job Access (SSJA), and JSIF premiums, any remaining funds are allocated at the discretion of the RTA Board, typically to provide operating funding for the Service Boards and/or to increase the RTA fund balance. For 2013, all available discretionary funding is being allocated to Service Board operations, with 98% going to the CTA and 2% going to Pace. External to the RTA, the RETT and $5 million of local contributions provided by the City of Chicago and Cook County round out CTA's required deficit funding.

Metra will require $347.1 million of public funding to balance their budget, of which $345.9 million will be provided by the RTA. Metra will not receive any RTA discretionary funding and will rely solely on statutory sales tax and PTF and a small amount of federal funding.

Pace Suburban Service will require $148.6 million of public funding to balance their budget, of which $143.5 million will be provided by the RTA. In addition to statutory funding, Pace will receive $3.7 million of RTA discretionary funding, an increase of 23% over 2012. Pace also receives RTA funding from two dedicated funds established by P.A. 95-0708. The Suburban Community Mobility Fund (SCMF) provides grants to Pace for operating transit services that enhance suburban mobility including, but not limited to: demand-response services, ride sharing, vanpooling, service coordination, centralized dispatching, reservations, reverse commuting, service restructuring, and bus rapid transit (BRT). The South Suburban

Exhibit 3-10: **2013 Service Board Operating Funding** (dollars in thousands)

Service Board	CTA	Metra	Pace Suburban Service	Pace ADA Paratransit	Total
Operating Revenue	700,037	371,938	59,165	12,495	1,143,635
Operating Expense	1,358,081	713,500	207,761	148,762	2,428,104
Operating Deficit	**$ 658,044**	**$ 341,562**	**$ 148,596**	**$ 136,267**	**$ 1,284,469**
RTA Funding					
RTA Sales Tax (Part I)	314,646	254,827	80,869	-	650,342
RTA Sales Tax (Part II) and PTF (Part II)	121,189	91,113	30,371	127,767	370,440
RTA Discretionary Funding	181,009	-	3,694	-	184,703
State Funding for ADA Paratransit	-	-	-	8,500	8,500
RTA Community Mobility and Job Access	-	-	28,600	-	28,600
Total RTA Funding	**$ 616,844**	**$ 345,940**	**$ 143,534**	**$ 136,267**	**$ 1,242,585**
Other Funding					
RETT	36,200	-	-	-	36,200
Federal Funds	-	1,200	5,062	-	6,262
Local Contributions	5,000	-	-	-	5,000
Total Funding for Operations	**$ 658,044**	**$ 347,140**	**$ 148,596**	**$ 136,267**	**$ 1,290,047**

Job Access (SSJA) fund provides financial resources to Pace for the development of operating programs that enhance access to job markets for residents in southern Cook County. SCMF for 2013 is projected at $21.1 million, while SSJA is a fixed amount of $7.5 million. Federal funding of $5.1 million rounds out Pace's required deficit funding.

Finally, Pace Regional ADA Paratransit will require $136.3 million of public funding to balance their 2013 budget, with $127.8 million sourced from Sales Tax II and PTF II and $8.5 million provided by the State of Illinois via the RTA.

Innovation, Coordination, and Enhancement Fund

P.A. 95-0708 also established an RTA fund for Innovation, Coordination, and Enhancement (ICE). Like the $20 million SCMF, the $10 million base amount of the ICE fund changes at the same rate as regional sales tax collections. ICE funds are appropriated with the affirmative vote of 12 RTA directors for operating and capital grants or loans to the Service Boards, transportation agencies, or units of local government that advance the goals and objectives of the RTA Strategic Plan. However, if the RTA Board determines that an emergency exists, then by an affirmative vote of 12 members, funds may be used for urgent operating or capital needs. For the 2013 budget, the ICE fund is projected at $10.6 million and is forecast to increase to $10.9 million in 2014 and $11.3 million in 2015.

State Reduced Fare Reimbursement

State of Illinois funding for reduced fare and free ride programs is received as revenue by the RTA and passes through to the Service Boards as an expenditure to help defray a portion of the operating revenue lost in providing mandated free and reduced fare programs. Expenditures in the amount of $34.1 million are expected annually from 2013 through 2015.

RTA Agency and Regional Programs

Expenditures for Agency and Regional Programs for 2013 are projected at $41.7 million, representing 2.6% of total RTA expenses. This category is further subdivided into Agency expenses of $18.4 million, Regional Services expenses of $14.6 million, and Regional Projects expenses of $8.7 million. A detailed discussion is contained in the Agency Operating Plan section of this chapter.

Principal and Interest

Principal and interest payments, the second largest category of RTA expenses, reflect the RTA's expenditures for debt service on RTA SCIP and non-SCIP bonds that finance Service Board capital projects. The amount also includes debt service costs for RTA working cash notes required because of delays in receipts of PTF and financial assistance from the State, which are running up to six months in arrears. In 2013, principal and interest payments are expected to decrease by 1.8% to $220.0 million, an amount that is projected to remain constant in 2014 and 2015. Additional bond information is provided in the Reference section of this chapter.

Transfer Capital and Grant Incentive Program

For 2013, $22 million is budgeted to be transferred from RTA Capital Reserves to both CTA ($15 million) and Metra ($7 million) for capital purposes. The funding for these transfers, largely from 2011 excess sales tax and PTF receipts, was authorized in the marks ordinance passed by the RTA Board on October 10, 2012. The RTA Grant Incentive Program, which provides matching funds to assist in the Service Boards' applications for discretionary grants, is budgeted at $1.6 million for 2013, and increases to $1.8 million in 2014 and 2015.

Joint Self-Insurance Fund

The RTA provides excess liability insurance to protect the self-insurance programs maintained by the Service Boards. The Service Boards are obligated to reimburse the fund for any damages paid plus interest. Premium payments for the Joint Self-Insurance Fund (JSIF) in 2013 are budgeted at $5.0 million, an amount which is projected to be unchanged for 2014 and 2015.

FUND BALANCE

In 1998, the RTA Board adopted an ordinance establishing a minimum level in the unreserved and undesignated fund balance of 5% of total RTA operating expenditures. The intent of the ordinance was to maintain a minimum level of financial resources to be available for supplemental operating funding during unfavorable economic periods. Specific details of this policy are contained in the Introduction chapter. Exhibit 3-11 shows the projected RTA fund balances for 2011 through 2015.

Beginning Balance

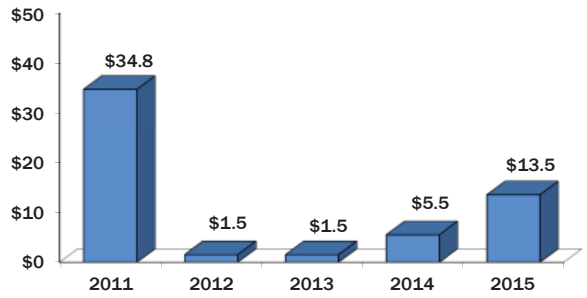
The beginning balance is the amount of funds in the undesignated and unreserved fund balance after the previous year's financial results have been audited and the accounting books have been closed. The beginning balance for 2011 was $7.3 million.

Change In Fund Balance / Ending Fund Balance

Total RTA revenues less total RTA expenditures equal the annual change in fund balance. When revenues exceed expenditures, the surplus increases the fund balance. When expenditures exceed revenues, the deficit reduces the fund balance. The RTA fund balance increased to $34.8 million in 2011 as sales tax, PTF, and other RTA funding sources exceeded budgeted levels. In 2012, the fund balance is estimated to decrease to $1.5 million due to the re-allocation of the 2011 RTA positive budget variance for regional and Service Board capital purposes.

In the funding marks approved on October 10, 2012, the RTA Board allocated all available discretionary funding in 2013 to the Service Boards, keeping the projected fund balance unchanged at $1.5 million. However, in 2014 and 2015 the Board set aside $4 million and $8 million, respectively, of discretionary funding towards the fund balance, resulting in a projected ending balance of $13.5 million in 2015, representing 1.0% of total operating expenditures.

Exhibit 3-11: **RTA Ending Fund Balance** (dollars in millions)



This gradual increase in the RTA fund balance was planned in order to avoid a sharp reduction in Service Board discretionary funding. Restoration of the 5% minimum fund balance will be a key financial goal of the RTA in upcoming years.

RECOVERY RATIO

The RTA Act requires the RTA Board to set a system-generated revenue recovery ratio for each Service Board for the upcoming fiscal year. This recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. The RTA Act further requires that the combined system revenue from RTA operations equal at least 50% of the system operating cost, excluding Pace ADA Paratransit service. This 50% regional result is contingent upon the CTA, Metra, and Pace achieving their recovery ratio marks of 52%, 53%, and 30%, respectively (Exhibit 3-12). Each Service Board's 2013 budgeted recovery ratio meets or exceeds their required mark, and as a result the RTA system-generated revenue recovery ratio for 2013 is expected to be 55.9%, exceeding the statutory requirement by a significant margin.

Exhibit 3-12: **2013 Service Board and RTA Recovery Ratios**

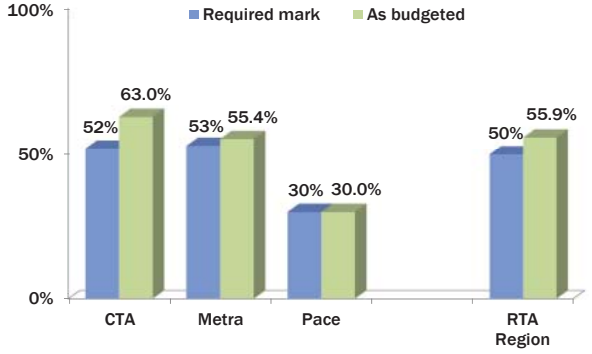


Exhibit 3-13: **RTA Statement of Revenues and Expenses - 2012 Estimate vs. 2012 Budget** (dollars in thousands)

	2012 Budget	2012 Estimate	Variance
RTA Funding Sources			
RTA Sales Tax I	737,060	744,630	7,570
RTA Sales Tax II	261,158	263,840	2,682
Public Transportation Fund (PTF - Part I)	184,265	186,158	1,893
PTF (Part II)	123,609	127,034	3,425
State Financial Assistance (ASA/AFA)	130,071	130,071	-
State Reduced Fare Reimbursement	33,570	34,070	500
State Funding for ADA Paratransit	-	8,500	8,500
RTA Regional Capital Project Reserves (1)	15,690	5,144	(10,546)
Other RTA Revenue	18,220	26,240	8,020
Total Funding Sources	**$ 1,503,643**	**$ 1,525,686**	**$ 22,043**
RTA Expenses for Operations			
RTA Total Funds for CTA Operations	588,581	595,429	(6,848)
RTA Total Funds for Metra Operations	337,478	340,424	(2,946)
RTA Total Funds for Pace Suburban Service Operations	139,250	140,398	(1,148)
RTA Total Funds for Pace ADA Paratransit Operations	115,000	125,940	(10,940)
RTA Funding for Innovation, Coordination, and Enhancement	10,159	10,264	(105)
State Reduced Fare Reimbursement	33,570	34,070	(500)
RTA Agency Expense and Regional Programs	35,203	43,624	(8,421)
Total Expenses for Operations	**$ 1,259,241**	**$ 1,290,149**	**$ (30,908)**
Debt Service, Capital & JSIF Expenses			
Principal & Interest	224,000	224,000	-
Transfer Capital RTA Capital Reserve Funds to Metra	4,700	4,700	-
RTA Agency Regional Capital Program	10,990	10,990	-
Grant Incentive Program	-	2,162	(2,162)
RTA Joint Self-Insurance Fund (JSIF)	5,000	5,000	-
Total Debt Service, Capital & JSIF Expenses	**$ 244,690**	**$ 246,852**	**$ (2,162)**
Total Expenses	**$ 1,503,931**	**$ 1,537,001**	**$ (33,070)**
Fund Balance (unreserved / undesignated)			
Beginning Balance	26,376	34,815	8,439
Change in Fund Balance	(288)	(11,314)	(11,026)
Other Funding & Reserves	-	(22,000)	(22,000)
Ending Balance	**$ 26,087**	**$ 1,500**	**$ (24,587)**
Ending Balance as % of Total Expenses for Operations	**2.1%**	**0.1%**	**-2.0%**
Regional Recovery Ratio	**51.0%**	**56.6%**	**5.6%**

(1) Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and 2011 RTA discretionary positive budget variance.

In meeting the 50% recovery ratio, the RTA Act requires that the revenue figures include all receipts consistent with generally accepted accounting principles, with certain allowed exceptions. Detail of this calculation is provided in Exhibit 3-34 at the end of this chapter.

2012 Budget versus 2012 Estimate

A comparison of the 2012 RTA operating budget to the revised estimate of 2012 results is shown in Exhibit 3-13.

RTA FUNDING SOURCES

Total RTA funding sources of $1.526 billion are favorable to budget by $22.0 million. Sales Tax I and II and PTF I receipts are expected to exceed budget by 1% due to a slowly improving local economy. PTF II is expected to exceed budget by a wider margin of 2.8%, since part of PTF II is based on the RETT, which performed strongly in 2012 as the housing and commercial real estate markets improved. State funding for ADA Paratransit of $8.5 million was appropriated after the 2012 budget was adopted, resulting in a favorable variance of the same amount. Other RTA revenue has increased $8.0 million from budget as additional grants for regional projects have been received. The only unfavorable funding variance is $10.5 million of RTA Capital Project Reserves, as less reprogrammed funds from other RTA projects were available than had been anticipated.

EXPENDITURES

Total 2012 RTA estimated expenses of $1.537 billion are unfavorable to budget by $33.1 million. Combined RTA expenses for CTA, Metra, and Pace Suburban Service operations are $10.9 million unfavorable to budget due to the distribution of the favorable sales tax and PTF receipts mentioned above. Due to increased ridership, ADA Paratransit required $10.9 million of additional operating expenditures, comprised of $8.5 million of State funding and $2.4 million from the RTA. Agency Expense and Regional Programs are $8.4 million unfavorable to budget as the additional grant funding mentioned above is expended on regional projects. Small unfavorable variances also exist in ICE fund expenditures (due to higher sales tax) and the State Reduced Fare Reimbursement as higher State funding is passed through to the Service Boards. Estimated debt service, capital expenditures, and JSIF premiums are unchanged from the 2012 budget. Finally, the Grant Incentive Program (GIP) was initiated by the RTA after the 2012 budget had been adopted, so $2.2 million of expense for this program appears as an unfavorable budget variance.

FUND BALANCE

When the 2011 books were closed, the beginning unreserved / undesignated fund balance for 2012 was restated higher, by $8.4 million, to $34.8 million. However, the unfavorable 2012 RTA expense variance discussed above exceeds the favorable 2012 RTA funding variance discussed above by $11.0 million, producing an unfavorable variance in the change in fund balance of the same amount. The transfer of $22.0 million to Regional Capital Reserves, not anticipated in the 2012 budget, also transpired during the year, producing a further decrease in the fund balance. The net effect of these changes is a projected 2012 ending fund balance of $1.5 million, unfavorable to budget by $24.6 million.

Agency Operating Plan

Budget and Financial Plan

The RTA Agency advanced a priority based budgeting approach in 2013 that concentrated on the "Regional Priorities Initiative" and the key Agency initiatives that advance the RTA's core mission as the funding, planning, and oversight agency for transit in Northeastern Illinois. These initiatives reflect the RTA's collaborative work with the Service Boards to increase ridership, reduce costs, and increase revenues, while simultaneously focusing on improving customer service.

The 2013 Operating budget was developed in two parts. The first part is the RTA Agency Administrative Budget, the second part is the RTA Regional Programs Budget.

Since the 2008 recession, the RTA has worked hard to hold the line on expenses. Between 2008 and 2012, public funding to the Agency grew by only 0.4%, with the RTA experiencing no or negative growth in funding in 2008, 2009, and 2012. For 2013, the RTA increased its funding growth equal to the Service Boards' funding growth of 3.8% for a total budgeted public funding amount of $32.97 million.

Consistent with the priority based approach, the 2013 Operating budget was developed in two parts. The first part is the RTA Agency Administrative Budget, which includes the core agency expenses for staff, facilities, information technology, office services, and professional services to support the funding, planning and oversight mission of the RTA Agency. The second part is the RTA Regional Programs Budget, which includes Regional Services provided directly to the public by the RTA such as the ADA Paratransit Certification Program, RTA Travel Training Program, Travel Information Center, Customer Service Center, Reduced Fare and Transit Benefit Programs. The FTA and State required Rail Safety Oversight Program for CTA Rail is also included. The Regional Programs Budget also includes all of the RTA's grant funded programs, as well as RTA funded regional studies and initiatives.

Separating the operating budget into these two parts lends greater transparency to the central funding, planning, and oversight functions of the RTA and specific areas of budget growth.

As detailed in the following section, the RTA Agency Operating Budget emphasizes growth in the Regional Programs Budget, which increases by 4.9% while the Administrative Budget increases by only 2.9%. The end result is a budget that is truly representational of the RTA's mission in the region.

The RTA Agency budget and financial plan presented in Exhibit 3-14 meets the funding marks set by the RTA Board on October 10, 2012.

OPERATING REVENUE

The 2013 operating budget includes operating revenue (Administrative and Regional Programs) of $8.7 million from the transit benefit program, reduced fare and free ride program, New Freedom (NF), Job Access Reverse Commute (JARC) programs, and RTA initiatives funded by federal grants. This amount is $3.1 million or 26.5% lower than the 2012 estimate due to fewer NF and JARC programs. In 2014 and 2015, estimated revenues reflect an increase of 3.2% and 3.5% respectively (Exhibit 3-15).

Agency Administrative Operating Revenue

Agency Administrative Operating Revenue from marketing and advertising is projected to be $8.3 thousand in 2013.

Regional Services Revenue

Total Regional Services revenue of $1.2 million represents 3% of the total operating revenue. Customer Service and Fare Program revenue is projected to be $105,000, slightly higher than the 2012 estimate. Transit Benefit Program revenue of $1.1 million is projected to be 20% less than in 2012 as it transitions to a debit card based system.

Regional Programs Grant Revenue

Total Regional Programs grant revenue of $7.5 million represents 18% of the total operating revenue. It includes grants from Job Access Reverse Commute

Exhibit 3-14: **Agency 2013 Budget and 2014-2015 Financial Plan** (dollars in thousands)

OPERATING BUDGET

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
RTA Agency Administration					
Personnel	10,335	11,846	12,026	12,411	12,845
Professional Services	1,921	2,287	3,656	3,773	3,905
Office Services and IT Program Expense	3,957	3,853	2,693	2,779	2,876
Total Administrative Expense	**$ 16,214**	**$ 17,986**	**$ 18,375**	**$ 18,963**	**$ 19,627**
Marketing and Other Miscellaneous Revenue	10	8	8	9	9
Total Administrative Revenue	**$ 10**	**$ 8**	**$ 8**	**$ 9**	**$ 9**
TOTAL ADMINISTRATION	$ 16,204	$ 17,978	$ 18,367	$ 18,955	$ 19,618
RTA Regional Programs					
Rail Safety Oversight	12	21	150	155	160
Transit Benefit Program	528	507	642	662	685
Customer Service & Fare Programs	6,229	5,696	6,287	6,489	6,716
Regional Accessibility	6,767	6,851	7,536	7,777	8,050
Total Regional Services Expenses	**$ 13,537**	**$ 13,075**	**$ 14,615**	**$ 15,083**	**$ 15,611**
Customer Service & Fare Program Revenue	121	94	105	108	112
Transit Benefit Program Revenue	1,520	1,240	1,061	1,095	1,133
Total Regional Services Revenue	**$ 1,641**	**$ 1,335**	**$ 1,166**	**$ 1,203**	**$ 1,245**
Total Regional Services	**$ 11,896**	**$ 11,741**	**$ 13,449**	**$ 13,879**	**$ 14,365**
Grant and RTA Funded Multi Year Project Expense	6,474	12,563	8,699	8,978	9,292
Grant Revenue for Multi Year Projects	3,122	10,508	7,541	7,783	8,055
Total Grant and RTA Funded Programs	**$ 3,352**	**$ 2,054**	**$ 1,158**	**$ 1,195**	**$ 1,237**
TOTAL REGIONAL PROGRAMS	$ 15,248	$ 13,795	$ 14,607	$ 15,075	$ 15,602
TOTAL RTA OPERATIONS	$ 31,451	$ 31,773	$ 32,974	$ 34,029	$ 35,220
TOTAL AGENCY OPERATING PUBLIC FUNDING	$ 31,451	$ 31,773	$ 32,974	$ 34,029	$ 35,220
Total Operating Expense (Administration and Regional Programs)	**$ 36,224**	**$ 43,624**	**$ 41,690**	**$ 43,024**	**$ 44,530**
Total Operating Revenue (Administration and Regional Programs)	4,773	11,851	8,716	8,995	9,309
Public Funding	31,451	31,773	32,974	34,029	35,220
Total Revenue	**$ 36,224**	**$ 43,624**	**$ 41,690**	**$ 43,024**	**$ 44,530**
Net Results	-	-	-	-	-

Exhibit 3-15: **RTA Agency Revenue** (in millions)

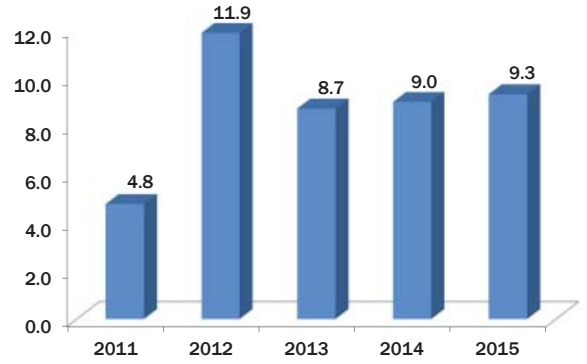


Exhibit 3-16: **RTA Agency Public Funding** (in millions)

(JARC), New Freedom, and Unified Work Program (UWP) federal funding programs. These grants are directed toward regional programs that will advance the Regional Priorities Initiative. The level of grant funding is about 28% or $3.0 million lower than last year.

PUBLIC FUNDING

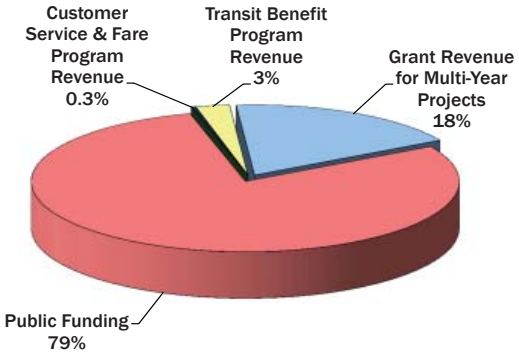
The 2013 Agency budget includes a 3.8% growth over the 2012 budget. In 2013, the total budgeted public funding required for the RTA Agency is $32.97 million. Public funding projections also increase by 3.2% and 3.5% in 2014 and 2015 respectively (Exhibit 3-16).

Public funding provides 79% of the total RTA Agency revenue with the remaining 21% generated from operating revenue (Exhibit 3-17).

OPERATING EXPENDITURES

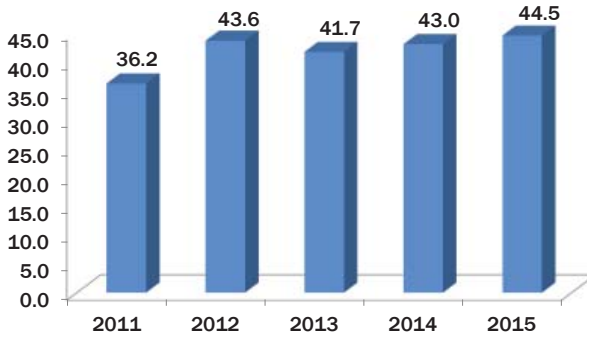
The 2013 operating budget includes total operating expense (Administrative and Regional Programs) of $41.7 million (Exhibit 3-18). The RTA Agency Administrative Budget includes core agency expenses for staff, facilities, information technology, office services, and professional services and accounts for 44% of RTA Agency expenses or $18.4 million. The RTA Regional Programs Budget includes $14.6 million for Regional Services provided directly to the public by the RTA such as ADA Paratransit Certification Program, RTA Travel Training Program, Travel Information Center, Customer Service Center, Reduced Fare and Transit Benefit Programs, as well as the FTA and State required Rail Safety Oversight Program for CTA Rail. The Regional Programs Budget also includes all of the RTA's grant funded programs, as well as RTA funded regional studies and initiatives $8.7 million. The Regional Programs budget comprises the remaining 56% of the operating budget expenses or $23.3 million.

Exhibit 3-17: **2013 RTA Agency Revenue - $41.7 million**



The RTA Agency Operating Budget emphasizes growth in the Regional Programs and goals outlined by the Regional Priorities Initiative, which increases by 4.9% while the Administrative Budget increases by only 2.9% over the 2012 budget. The Operating Budget includes a 2.5% increase for eligible staff salaries below the senior staff level, the first salary increase since 2009.

Exhibit 3-18: **RTA Agency Operating Expense** (in millions)



Expenditure Elements

Administrative Expenses

Personnel

Personnel related costs, such as salaries, pension, health care, training and other personnel items represent 29% of the total expense budget. This amount represents a 1.5% increase over the 2012 budget primarily due to a modest salary increase.

Professional Services

Professional services, which include audit fees, financial advisory services, Project Management Oversight (PMO), legal and legislative consulting fees, represent 9% of the total expense budget and reflect a 60% increase over the 2012 estimate as a result of higher PMO for CTA infrastructure projects, increased level of external audit consulting fees, and higher legal fees for the ongoing sales tax litigation.

Office Services and IT Programs

Rent, utilities, maintenance, telephone, various general office and computer supplies, and IT capital initiatives account for 6% of the total operating costs and reflect a 30% decrease in 2013 as projected costs for IT capital initiatives under the Agency Programs category will be funded from an IT capital reserve built over the period 2009-2012 for implementation of the IT Strategic Plan. Funding these initiatives over the past several years rather than the current year's public funding level allows us to focus on supporting other priority areas.

Regional Programs Expenses

Regional Services

In the Agency budget, $14.6 million or 35% of the overall operating expenses are programmed for Regional Services or customer focused operations including direct costs to run these programs as well as RTA staff personnel costs. In 2013, this category will experience strong growth of 12% over the 2012 estimate.

Rail Safety Oversight

Rail Safety Oversight of $150,000 is 0.4% of the total operating expense budget and reflects an increase of $129,000 due to the federal triennial review in 2013. This amount does not include Rail Safety Oversight staffing costs, which are included as part of our oversight budget in the Finance and Performance Management Department.

Transit Benefit Program

Transit Benefit Program related expenses represent 2% or $0.6 million in our budget reflecting a 27% increase over the 2012 estimate due to the upgrade of the program to an electronic platform and debit card application.

Customer Service and Fare Programs

Customer service and fare programs of $6.3 million represent 15% of the total operating expenses and include the Customer Service Center operation at the CTA building, the TIC operation at the Metra build-

ing, and the Reduced Fare and Free Ride Programs. This category includes a 10% increase over the 2012 estimate due to the transition to the new CTA open fare payment system for Free and Reduced Fare passengers.

Regional Accessibility

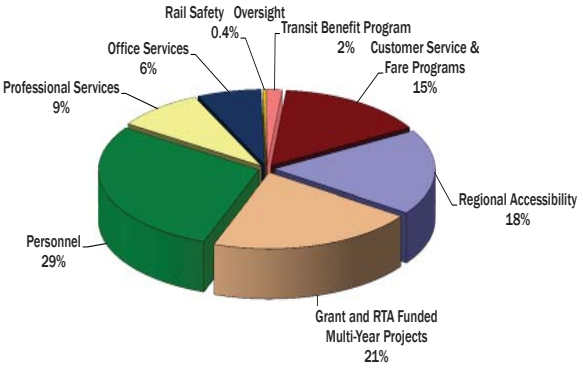
In the Agency budget 18% or $7.5 million is programmed to cover direct operations costs as well as personnel related costs of the ADA Paratransit Certification Program and RTA Travel Training program. This category shows a 10% increase reflecting an increase for the ADA Paratransit Certification program over the 2012 estimate due to a higher number of applicants.

Grant and RTA Funded Programs

Grant and RTA funded multi-year project expenses of $8.7 million represent 21% of the overall operating expense budget and reflect an overall decrease of 31% over 2012. This category includes Job Access Reverse Commute (JARC), New Freedom (NF), and Unified Work Program (UWP) federal funding programs as well as RTA funded initiatives such as Customer Satisfaction Survey, Capital Asset Condition Assessment, Capital Decision Prioritization Support Tool, and Market Analysis. The federal funding awarded for these programs is a decrease, therefore the initiatives that the RTA can fund through these programs has also decreased. The personnel costs to administer these programs are included in the Agency Administration Budget.

JARC and NF programs total $6.5 million, which is 16% of the total operating expenses and reflect a 23% decrease over 2012.

Exhibit 3-19: 2013 **RTA Agency Operating Expenses by Category -** $41.7 million



UWP federal funded programs of $1.5 million represent 3% of the total operating expenses. This category includes funding to enhance the Capital Decision Prioritization Support Tool, funds for market analysis, I-90 corridor service planning, and various community planning initiatives. The total federal funded programs in 2013 is 54% less than in 2012.

RTA funded programs of $0.7 million are 2% of the overall operating expenses and reflect a 19% decrease over 2012. Funds for Capital Asset Condition Assessment, Customer Satisfaction Survey, and Regional Transit Asset Management are budgeted in this category for 2013.

Exhibit 3-19 illustrates the Agency Operating Expense break down by category.

Agency Statutory Cap

In 1985, a statutory cap for administrative spending was set at $5 million, with a growth rate of 5% per year. The 2013 cap on Agency administrative expenses is $19.6 million. The 2013 RTA Agency proposed budget is below this cap with expenses for regional services and programs, including grant-funded projects, totaling $23.3 million thus leaving administrative expenses of less than $18.4 million or 6.3% below the statutory cap level. True administrative expenses are far lower, however, when adjusted for agency support of the regional programs.

Exhibit 3-20: **RTA Agency 2012 Budget versus 2012 Estimate**

	2012 Budget	2012 Estimate	Variance
RTA Agency Administration			
Personnel	11,303	11,846	(543)
Professional Services	2,787	2,287	500
Office Services and IT Program Expense	3,809	3,853	(44)
Total Administrative Expense	**$ 17,900**	**$ 17,986**	**$ (87)**
Marketing and Other Miscellaneous Revenue	45	8	(37)
Total Administrative Revenue	**$ 45**	**$ 8**	**$ (37)**
TOTAL ADMINISTRATION	$ 17,855	$ 17,978	$ (124)
RTA Regional Programs			
Rail Safety Oversight	50	21	29
Transit Benefit Program	502	507	(6)
Customer Service & Fare Programs	5,308	5,696	(388)
Regional Accessibility	7,432	6,851	581
Total Regional Services Expenses	**$ 13,291**	**$ 13,075**	**$ 216**
Customer Service & Fare Program Revenue	105	94	(11)
Transit Benefit Program Revenue	1,322	1,240	(81)
Total Regional Services Revenue	**$ 1,427**	**$ 1,335**	**$ (92)**
Total Regional Services	**$ 11,864**	**$ 11,741**	**$ 124**
Grant and RTA Funded Multi Year Project Expense	12,563	12,563	-
Grant Revenue for Multi Year Projects	10,508	10,508	-
Total Grant and RTA Funded Programs	**$ 2,054**	**$ 2,054**	**-**
TOTAL REGIONAL PROGRAMS	$ 13,919	$ 13,795	$ 124
TOTAL RTA OPERATIONS	$ 31,773	$ 31,773	-
TOTAL AGENCY OPERATING PUBLIC FUNDING	$ 31,773	$ 31,773	-
Total Operating Expense (Administration and Regional Programs)	**$ 43,753**	**$ 43,624**	**$ 129**
Total Operating Revenue (Administration and Regional Programs	11,980	11,851	(129)
Public Funding	31,773	31,773	-
Total Revenue	**$ 43,753**	**$ 43,624**	**$ (129)**
Net Results	**-**	**-**	**-**

NET RESULTS

RTA Agency net results are zero for 2013 through 2015 indicating revenues are equal to expenses (Exhibit 3-14).

2012 Budget versus 2012 Estimate

In 2012, Agency expenditures (Administration and Regional Programs) were budgeted at $43.8 million and are expected to be slightly under budget at year end (Exhibit 3-20).

Exhibit 3-21: **Budgeted Positions**

	2011	2012	2013	2013 vs. 2012
Executive Director's Office	2	2	2	-
Audit	3	4	5	1
Chief of Staff / Government & Community Affairs	7	8	7	(1)
Communications and Customer Service	12	11	11	-
Finance & Performance Management	27	30	27	(3)
Human Resources	3	3	3	-
Information Technology	8	8	9	1
Legal	7	7	7	-
Planning and Regional Accessibility	47	49	48	(1)
Total RTA Staffing Plan	**116**	**122**	**119**	**(3)**

* 2011 and 2012 budget headcounts are restated among departments to reflect organizational changes and to be comparable to the 2013 budget.

Organization

The Agency's 2012 budget included a staffing plan of 122 positions as a result of the 2011 organizational changes, which restructured some departments to improve Agency efficiencies and better align functions. The proposed plan for 2013 is 119 positions, which is lower than the 2012 plan by 3 positions (Exhibit 3-21). Decreases occurred in the Finance and Performance Management Department resulting in three less positions, a decrease of one position in the Government and Community Affairs Department, and a decrease of one position in the Planning Department. The Audit and Information Technology (IT) Departments are adding one new position each as a result of restructuring both departments during 2012. The decrease of one position in the Planning Department reflects a position transferred to the IT Department.

The Agency's functional organizational chart is presented in Exhibit 3-22. Exhibits 3-23 and 3-24 provide a breakdown of the Agency operating budget by department. The next pages describe each department briefly and highlight its main initiatives in 2013.

EXECUTIVE OFFICE

This department includes the RTA Board of Directors and organizations that support the RTA Chairman and Board of Directors, and it oversees and directs day-to-day agency activities.

The RTA Board of Directors consists of 15 members and a chairman. The RTA Board has the statutory authority to establish, by rule or regulation, the financial, budgetary, or fiscal requirements for the region's public transit system. The RTA Board and its committees set policy, authorize funding levels for the Service Boards, approve operating budgets and capital programs, consider matters relating to RTA operations and compliance with the American with Disabilities Act of 1990 (ADA), supervise audits, and consider planning studies and capital program investments. The Board has four standing committees - Planning and Administration, Finance, Audit, and Compensation and Human Resourcrs - that review and recommend policy to the entire Board.

The Executive Director executes the policy decisions of the RTA Board and staffs the Agency to administer its statutory mission and implement Board policy. The Executive Director informs and assists the RTA Chairman and the Board in the development of policy, and is the principal contact with executive staffs of the CTA, Metra, and Pace to ensure effective administration of the RTA's regional planning and oversight responsibilities. The Secretary to the Authority provides Board and executive support functions by assisting with the information, documentation, and logistical needs of the RTA Board and the Executive Director.

Exhibit 3-22: **RTA Organizational Chart**

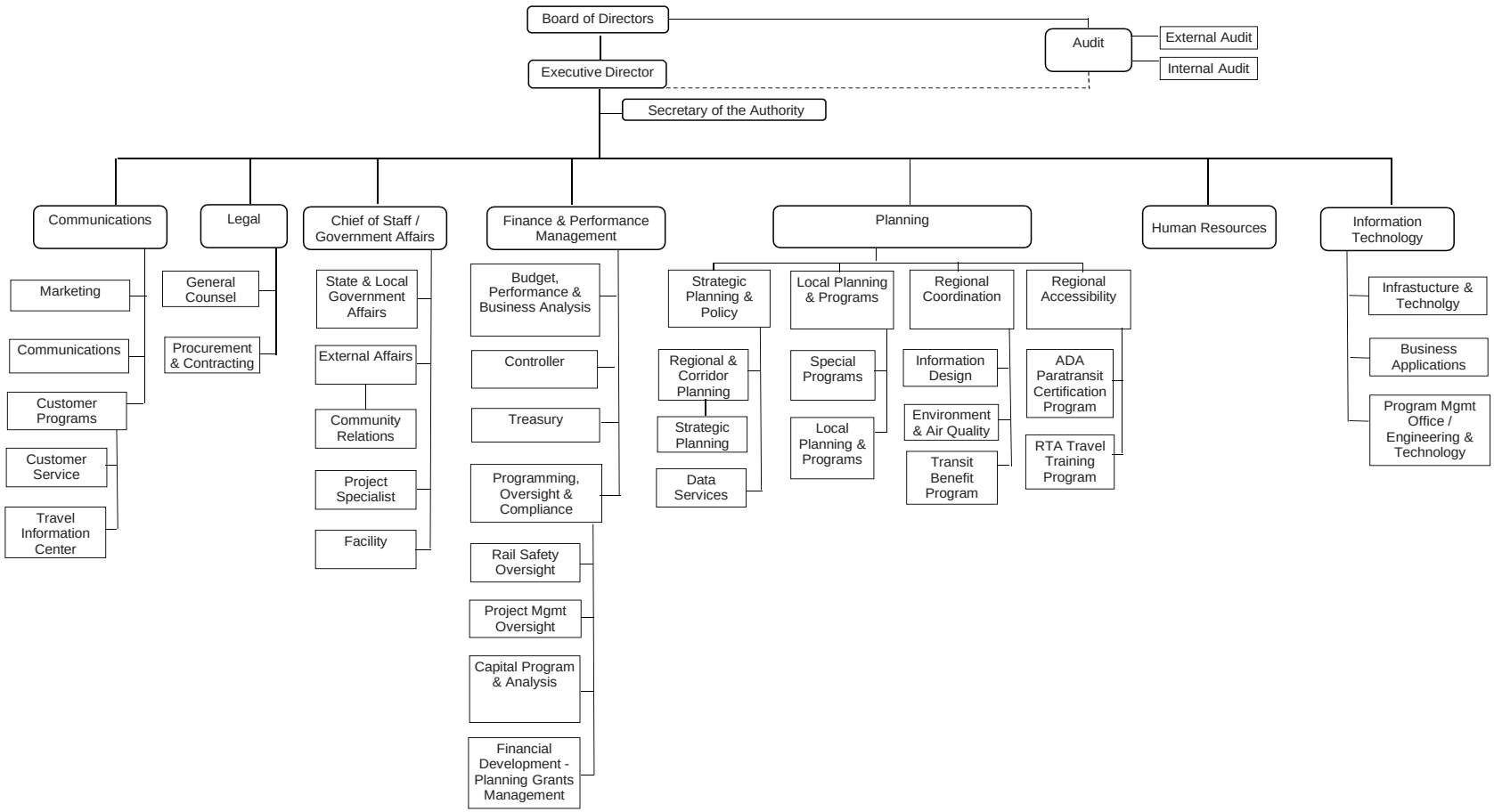


Exhibit 3-23: **2013 Agency Operating Expenses and Revenues by Department** (in thousands)

	Expense	Revenue	2013 Budget
Executive Director's Office and RTA Board	1,347		1,347
Audit	1,523		1,523
Chief of Staff / Gov't & Community Affairs	2,355		2,355
Communications and Customer Service	7,077	113	6,964
Finance & Performance Management	6,496	256	6,240
Human Resources	894		894
Information Technology	1,348		1,348
Legal	1,956		1,956
Planning and Regional Accessibility	18,695	8,346	10,348
TOTAL	$ 41,690	$ 8,716	$ 32,974

Total Administration is estimated to be slightly over budget due to higher personnel and office expenses and lower than expected advertising revenue.

Total Regional Programs are expected to be slightly under budget due to lower than expected ADA Paratransit Certification Program expense.

RTA Agency net results are zero for 2012 indicating revenues are equal to expenses

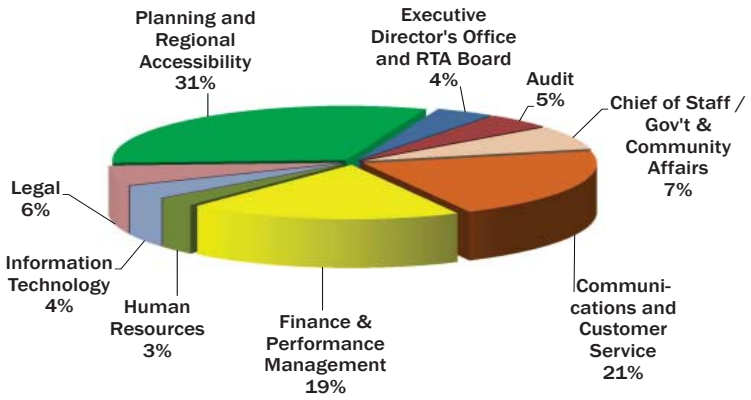
Regional Priorities Initiative

The RTA Agency budget, through the work plans of each department, is focused on supporting advancement of the Regional Priorities Initiative. As the region continues to recover from the economic recession, it is essential that the RTA focus on identifying areas for cost savings and improving efficiency while maintaining a commitment to enhancing public transit in the region. The RTA launched a series of five key priority initiatives in 2011 intended to advance a collective vision for the region's transit system.

The 2013 budget continues to use these priorities as a foundation:

- **Strategic Capital Investment** - Develop a strategic capital approach focused on identifying capital projects that could result in reductions in operating expenditures.
- **Economies of Scale** - Harness the RTA's and Service Boards' purchasing power to achieve cost savings and improved efficiency.
- **Maximize Use of the Transit System** - Provide a system-wide approach to improving coordination among services, access to reverse commute markets, and use of weekend and evening services.
- **Enhance the Customer Experience** - Focus on targeted capital and technology-related projects, interagency and way-finding signage, e-signage, service information, and fare payment coordination to best serve transit customers.

Exhibit 3-24: **2013 Agency Operating Budget by Department - $32.97 million**



- **Coordinate Government Affairs, Marketing, and Outreach** - Create a unified marketing, outreach, and government affairs agenda among the RTA and Service Boards to improve customer communications and increase coordination and leveraging of partners and other stakeholders.

AUDIT

This department was restructured in 2012 and the two functional areas, External Audit and Internal Audit are under the direction of a Deputy Executive Director of Audit who reports to the Board functionally and administratively to the Executive Director. The RTA has certain audit authority over the CTA, Metra and Pace to ensure that they are operating efficiently and effectively. The RTA's authority was strengthened as part of the amendments to the RTA Act in 2008.

The department's internal review and audit mission is to provide an independent, objective assurance and consulting activity designed to add value and improve the operations of the RTA. The internal audit function shall be functionally independent of all RTA operations and should be regarded as an internal consulting service for the RTA. Independence is essential to enable the internal audit function to accomplish its purpose.

Departmental Priorities:

- **Safeguarding Public Funds**
  - » Safeguard public funds, property, assets and resources against waste, loss and unauthorized use.

- **Supporting RTA's Role**
  - » Support the RTA's role of effectively and efficiently managing the agency and establishing an effective system of internal fiscal and administrative controls to provide assurance resources are utilized efficiently and in compliance with applicable laws.
  - » Ensure that adequate audit testing is performed on key departments and processes of the RTA and ensure recommendations made by internal and external auditors are implemented by the appropriate RTA staff.
  - » Maintain an adequate ethics training system for RTA employees and Board members.
  - » Ensure compliance with the requirements of the Ethics Act.

- **Oversight of RTA and Service Boards**
  - » Assisting the RTA in its oversight responsibilities by conducting financial, management and compliance audits and reviews at the three Service Boards and RTA.
  - » Based upon the 2013 Audit Plan and Annual Risk Assessment, conduct audits and/or reviews in areas identified as critical to the achievement of selected objectives and expectations and which enhance risk assurances. Several key audits for 2013 are the Cash & Treasury Review, and the Real Estate & Facilities Management Review.

- **Management Consulting Services**
  - » Perform selected consulting projects at management's request.
  - » Based upon the Annual Risk Assessment and Management's requests, review selected functions, activities, processes and procedures, and any newly developed systems before implementation to ensure adequate controls are in place and the necessary objectives are met.

CHIEF OF STAFF / GOVERNMENT AND COMMUNITY AFFAIRS

Starting in July 2012, the Government and Community Affairs Department's Senior Deputy Executive Director became the Chief of Staff and took on additional responsibilities working with all of the RTA staff to assist the Executive Director in furthering and executing the vision of the Chairman and Board. The Chief of Staff ensures RTA goals are being met and assists in determining long and short-term key initiatives as well as in daily operational issues. Effective October 2012, the Chief of Staff also oversees all facilities related functions for the RTA.

The Government and Community Affairs team is responsible for developing and promoting the RTA's

federal, state, and local government affairs agenda and promoting transit within the region. Among these roles, the department has key responsibilities in the Regional Priorities Initiative work programs related to the Coordinate Government Affairs, Marketing, and Outreach priority initiative.

Departmental Priorities:

- **State Government Affairs**
  - » Continue to advocate for state funding, both operating and capital.
  - » Work to pass legislation to stop the use of sales tax diversion schemes.
  - » Pass other legislation to advance the goals of the RTA.

- **Federal Government Affairs**
  - » Work with public relations team to develop a national campaign to increase funding for State of Good Repair work.

- **Community Affairs**
  - » Obtain public input by holding public hearings/meetings to communicate progress regarding the strategic plan, budgets, and capital programs, and to ensure processes are transparent.
  - » Coordinate and develop meeting agendas for Regional Citizens Advisory Board (RCAB) and ensure the Advisory Board is being well utilized.

- **Coordinate Government Affairs, Marketing, and Outreach**
  - » Establish a national campaign to advocate directly with state and federal legislators to promote increases in state and federal funding for State of Good Repair needs.
  - » Work with elected officials and civic leaders to strengthen RTA's connections within the six country region.

- **Strategic Capital Investment**
  - » Advance a $2.5 billion System Renewal Bond Program to bring the system into a State of Good Repair. This program will go toward the renewal and rehabilitation of vehicles, track and structure, and customer-impacting transit facilities.

- **Chief of Staff**
  - » Coordinate training of all staff on topics ranging from discrimination to procurement ethics. Continue to work on staffing issues and support needs.

COMMUNICATIONS

The Communications and Customer Service Department conducts communications efforts and marketing for each of the RTA's programs and initiatives. The Communications Department is also responsible for the management and operation of programs that directly serve regional customers including Customer Service, Travel Information Center (TIC), Reduced Fare, and Free Ride programs. The Communications Department has key responsibilities in the Regional Priorities Initiative work programs related to the Coordinate Government Affairs, Marketing, and Outreach; Maximize Use of the System; and Enhance the Customer Experience strategies. The department also collaborates with the Service Boards to promote their services and programs.

Departmental Priorities:

- **Enhance the Customer Experience**
  - » Support Planning Department initiatives targeted on technology related projects, service information, and fare payment coordination, all in an effort to best serve RTA customers.
  - » Promote RTA trip planner and any new features as the region's preferred travel resource that offers multi-modal trip planning.

- **Coordinate Government Affairs, Marketing, and Outreach**
  - » Communicate and publicize campaign led by Government and Community Affairs to educate stakeholders about the importance of the transit system to the region and encourage advocacy to influence legislators to commit stable and sufficient long-term funding.

- » Campaign to promote transit and increase ridership in the RTA six-county region through the use of radio, billboards, car cards, exterior bus signage, bus wrap, events, ads, brochures, and press releases.
- » Increase awareness in agencies offerings and promote a variety of transportation services and programs. Increase ridership with a strategic approach, promoting cost savings, services and programs.

- **Provide Customer Service and Support Reduced Fare/Ride Free Programs**
  - » Continue to evaluate improvements to Customer Service such as a centralizing customer service operations between the ADA, TIC, and Reduced Fare call centers and streamlining their operations.
  - » As part of the RTA Fare Program Transition, oversee the replacement of free and reduced fare cards with a new card compatible with the open fare system being implemented by CTA and Pace.

FINANCE AND PERFORMANCE MANAGEMENT

The Finance and Performance Management department is responsible for regional and agency budget development and analysis, regional performance measurement reporting, issuance of financial statements, capital program oversight, rail safety and program management oversight, and asset and debt management. It includes the following divisions: Budget, Performance & Business Analysis; Programming, Oversight & Compliance; Controller, and Treasury Divisions. The Finance and Performance Management Department has key responsibilities in the Strategic Capital Investment area of the Regional Priorities Initiative.

Departmental Priorities:

- **RTA Regional Budget Development and Financial Reporting**
  - » Develop sales tax forecasts and funding marks for Service Board operating budgets.
  - » Develop the consolidated regional Business Plan of the RTA, CTA, Metra, and Pace including Annual Operating Budget, Two-Year Financial Plan, and Five-Year Capital Program.
  - » Prepare monthly and quarterly reports for RTA Board analyzing regional ridership and financial performance.
  - » Conduct ongoing monitoring of RTA Agency budget performance.

- **Performance Measurement Reporting and Analysis**
  - » Work with the Service Boards to assess performance results and identify critical areas for management consideration.
  - » Implement a regional customer satisfaction measurement program.

- **Business Analysis of Regional Transportation Services**
  - » Develop and maintain a Ten-Year Financial Plan.
  - » Analyze strategies for increasing efficiency and effectiveness and improving long-term financial condition of the region.

- **Strategic Capital Investment**
  - » Continue development of a Capital Decision Prioritization Support Tool to evaluate and prioritize projects for inclusion in the Capital Program.
  - » Continue the annual update to the Capital Asset Condition Assessment collaboratively with the Service Boards to provide capital data input for the Capital Decision Prioritization Support Tool and Transit Asset Management (TAM) projects.
  - » Undertake business transformation efforts aimed at reducing operating costs and leveraging funds for capital investment, including the development of a tool to assess the operating cost impacts of capital projects.
  - » Develop a comprehensive Transit Asset Management (TAM) system by leveraging RTA and Federal Transit Authority (FTA) resources.

- **Rail Safety Oversight**
  - » Administer the Rail Safety Oversight (RSO) Program for the CTA's rapid transit system as required by the FTA and State. RTA will continue its State Safety Oversight (SSO) responsibilities including responding to and investigating accidents and management of hazards.

- **Project Management Oversight**
  - » Provide continuing oversight of Service Board capital projects to ensure capital funding is expended with maximum effectiveness and efficiency.
  - » Complete Project Management Oversight (PMO) reports to document Service Board efforts to maintain a State of Good Repair, including detailed scope, schedule, and budget information.
  - » With the Illinois Department of Transportation, provide "On-Site Construction Quality Assurance Services" for Chicago Transit Authority Dan Ryan Track Renewal project and other infrastructure projects to ensure timely concurrences, mitigate costly claims and change orders and ensure adherence to project baselines.

- **Capital Program Development and Grants Management**
  - » Facilitate capital grants issuance and administration and ensure compliance with all applicable federal, state and local regulations, grant contract amendments, and scope modifications.
  - » Work with the Illinois Department of Transportation and the Service Boards to manage the State Bond-funded program, prepare quarterly project status reports, and ensure compliance of the third party contracts with the applicable federal and state laws. Facilitate the reimbursement process between IDOT, RTA, and the Service Boards.
  - » Contribute to the development and financing of the RTA Bond program, analyze and monitor RTA Bond expenditures, calculate and monitor average useful life of assets.
  - » Review, analyze and process all capital project requisitions, prepare monthly requisition activity reports, and monitor expenditures.

- **Planning Grants Management**
  - » Manage all FTA grant applications and conduct all FTA grant reporting on a quarterly basis within the FTA's Internet-accessible grant application system.
  - » Monitor and process all Service Boards' requisitions for Reduced fare and ADA paratransit grant reimbursements administered by IDOT.
  - » Facilitate Intergovernmental Agreement (IGA) and Technical Service Agreement (TSA) creation as it relates to Planning Department projects.

- **Issuance of Financial Statements**
  - » Issue audited Comprehensive Annual Financial Report (CAFR), Popular Annual Financial Report (PAFR), Single Audit (OMB Circular A-133), Special-Purpose Combining Financial Statements, and Pension and Joint Self Insurance Fund (JSIF) Annual Reports for Board approval.

- **Conduct On-going Accounting Activities**
  - » Record, analyze, reconcile and maintain operating activities in the general ledger.
  - » Perform and process payroll, accounts payables, accounts receivables and other accounting functions.
  - » Analyze and adopt new GASB's as required from the GFOA for the CAFR to improve accounting and financial reporting for public.

- **Integrated Management System**
  - » Maintain and enhance the Integrated Management System (GP and Share Point) that provides information and analysis and promotes optimal efficiency.

- **Asset Management and Debt Management**
  - » Monitor and manage the RTA's investment assets and oversee and reduce Agency debt.

- **Liquidity Management**
  - » Manage the RTA's payment obligations and monitor the payment of State obligations to the RTA.

HUMAN RESOURCES

The Human Resources staff works to deliver high-quality, responsive services to ensure the agency has the necessary talent and resources to achieve its strategic goals. The Human Resources Department provides a variety of consulting services to employees, board members, and retirees such as: recruitment and retention, performance management, benefits and compensation, employee relations, wellness and employee morale activities, and organizational development.

Departmental Priorities:

- **Recruitment**
  - » Identify methods to improve the recruitment and selection of qualified, diverse candidates in the midst of low turnover and a competitive job market.

- **Training**
  - » Provide compliance training on the prevention of sexual harassment, discrimination, and workplace violence.
  - » Develop and implement a HR communication strategy to inform employees of benefits, practices and procedures in order to make sound decisions.

- **Policies and Procedures**
  - » Update and issue employee handbook.
  - » Increase the use of technology to perform transactional HR functions.

INFORMATION TECHNOLOGY

RTA leadership developed an Information Technology Strategic plan (ITSP), which included organizational and infrastructure assessments during the later part of 2012. The plan recognized an urgent need to restructure ITS operations and implement an infrastructure that will enable quick delivery of value-added business, application, employee, and network services. As a result of the reorganization, the department is under the leadership of a new Chief Information officer (CIO) and was restructured to functional areas: Infrastructure and Technical, which consists of network, systems administration, and help desk; Business Applications; Program Management Office/ Engineering & Technology.

Department Mission

To deliver customer-focused, efficient and effective information technology services that enable the RTA to achieve its core mission of ensuring a financially sound, comprehensive and coordinated public transportation system in the Northeastern Illinois region.

Department Goals

- Provide strategic planning and leadership on RTA technology investments.
- Ensure overall quality, reliability, availability, and security of RTA information systems for both employees and the traveling public.
- Identify and pursue opportunities for maximizing RTA performance through consolidation, economies of scale, and cost efficiencies.

Departmental Priorities:

- **Implement the Five-Year IT Strategic Plan**

- **Optimize Enterprise Operations**
  - » Build a resilient, secure and scalable IT infrastructure.
  - » Enhance employee productivity tools.
  - » Reduce operating expenses.

- **Optimize Business Operations**
  - » Enhance investment decision-making with data analytics.
  - » Utilize strategic sourcing opportunities.
  - » Establish regional standards and guidelines.
  - » Share solutions with Service Boards and other partner agencies.

» Provide travelers with better tools to use transit.
» Enhance investment decision-making with data analytics.

- **Optimize Information Technology Operations**
  » Reorganize and migrate organization towards service delivery.
  » Coordinate technology deployments.
  » Improve IT processes and automate work-flows.

LEGAL

The Legal Department provides legal advice and counsel to the RTA Board, Executive Director, and staff regarding the statutory and regulatory provisions governing the Authority; it also oversees all RTA transactions and litigation. In addition, the Procurement Division reports to the General Counsel. In this role the department has key responsibilities related to the Economies of Scale area of the Regional Priorities Initiative.

Departmental Priorities:

- **Provide Strategic Legal Counsel**
  » Draft and review board documents, inter-agency agreements and procurement documents.
  » Respond to inquiries from internal clients such as the RTA Board and provide Agency counsel.
  » Continue to pursue Sales Tax Litigation against companies and municipalities who unlawfully divert sales tax revenues out of the RTA region.

- **Ensure Compliance with Federal and State Regulations**
  » Administer Disadvantage Business Enterprise (DBE) Program.
  » Implement Minority and Women Business Enterprise (M/WBE) Program.
  » Implement a new Small Business Enterprise Program.
  » Manage the Eligibility Review Board process (administrative appeals of ADA Paratransit Certification denials).

- **Investigate Equal Employment Opportunity (EEO) Complaints**
  » Provide counsel to complainants and alleged offenders.
  » Recommend resolution of complaints.

- **Provide training for RTA Board members and staff**

- **Deliver Efficient Procurement Services**
  » Overhaul the procurement process.
  » Increase staff training and improve timeline for delivery of routine and recurring services.

- **Records Administration**
  » Manage contract with outside vendor providing records storage.
  » Conduct periodic inventory review.

PLANNING

The Planning Department consists of four principal organizational areas. Three areas, Strategic Planning & Policy, Local Planning & Programs, and Regional Coordination provide strategic, regional, sub-regional and corridor planning and coordination with the Service Boards. The fourth area, Regional Accessibility, is responsible for the ADA Paratransit Certification Program and Accessibility & RTA Travel Training Program. The Planning Department has key responsibilities in the Maximize Use of System and Enhance Customer Experience areas of the Regional Priorities Initiative.

Departmental Priorities:

- **Enhance Customer Experience**
  » Focus on targeted capital and technology related projects, inter-agency and way-finding signage, E-signage, service improvements (such as Wi-Fi), service information (such as “expanded bus tracker” type) and fare payment coordination all in an effort to best serve RTA customers.

» Advance a Regional Fare Policy that addresses interagency, operational, revenue and customer facing issues related to the implementation of the Open Fare Payment system.

- **Maximize Use of Transit System**
  » Maximize the use of the existing system by better tapping travel markets that have potential to use transit when and where the system is not running at capacity.
  » Build on the strategic planning work conducted for the Northeastern Illinois Transportation Demand Management (TDM) project to implement a regional Transit Demand Management Setup, "Chicago Commute Options," which works with employers and employees to consider travel options beyond single occupancy vehicle trips.

- **Regional Accessibility**
  » Manage, oversee, and perform daily program operation tasks related to the eligibility determination aspects of the certification process.
  » Provide program management activities related to ADA and accessibility-related issues for all modes, particularly ADA paratransit.
  » Work with Pace operations staff to analyze options for increasing the use of fixed route service in lieu of ADA paratransit service, particularly by customers who have conditional eligibility.
  » Implement a Mobility Services Program to coordinate and centralize information about available transportation resources throughout the six-county region (including local and regional programs) and to educate the public – particularly people with disabilities, older adults, and other transportation disadvantaged populations – about what transportation resources exist and how to identify and use the least-cost option to meet their travel needs.

- **Local Technical Assistance**
  » Manage the Community Planning and technical assistance programs and oversee 20 active planning grants and 22 projects, with 7 to 9 new projects initiated in 2013.
  » Manage the Job Access Reverse Commute / New Freedom (JARC/NF) and ICE programs; oversee approximately 50 active operating, capital, and mobility management grants.
  » Manage Transit Oriented Development (TOD) working group and the development of TOD strategic plan through partnerships with South Suburban Mayors and Managers Association (SSMMA), Metropolitan Planning Council (MPC), Urban Land Institute (ULI), and Chicago Metropolitan Agency for Planning (CMAP).

- **Transit Signal Priority**
  » Project Management of $40 million Congestion Mitigation and Air Quality (CMAQ) grant for Transit Signal Priority (TSP) to CTA, Pace, IDOT and local transportation departments.

- **Transit Benefit Program**
  » Administration and marketing of the Transit Benefit Program.
  » Oversee the upgrade of the program to an electronic platform.

- **Corridor Studies**
  » Evaluation of the I-55 Bus-on-Shoulder Pilot program and on-going analysis to support change in parameters to the pilot and prepare for two-year before and after study.
  » Provide data analysis and leadership briefings for miscellaneous corridor studies. Projects include: Illiana, Cook DuPage Corridor, Chicago Union Station, Circle Interchange, Elgin O'Hare Western Bypass (EO-WB), I-55 Managed Lane, Southeast Service (SES), CTA Western/Ashland Bus Rapid Transit (BRT), CTA Red Line Extension, J-Line, Pace Arterial Rapid Transit (ART) Milwaukee, and CTA Red/Purple Modernization.

Reference

RTA Bonds

Much of the information in this section is sourced from the RTA's Comprehensive Annual Financial Report (CAFR). Since the 2012 CAFR is not yet available, the most recent financial data, through 2011, is presented.

The bonds issued by the RTA carry a rating of "AA" from Standard & Poor's, "AA" from Fitch IBCA, and "Aa3" from Moody's Investors Service, Inc. These represent solid investment grade ratings. The RTA has the distinction of being one of the highest rated public transportation agencies in the United States.

All bonds are general obligations backed by the full faith and credit of the RTA. These general obligation bonds, with a balance of $2.177 billion as of December 31, 2011, are divided into two types: $1.454 billion in Strategic Capital Improvement Program (SCIP) bonds and $723.3 million in general RTA bonds (Exhibits 3-25 and 3-26). The following paragraphs briefly discuss each outstanding bond issue in sequence.

In May 1990, the RTA issued $100 million in General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source for paying costs of the Capital Program for the Service Boards.

In November 1991, the RTA issued $100 million in General Obligation Bonds, Series 1991A, to replenish the Capital Projects Fund and to provide the source for paying costs of the Capital Program for the Service Boards.

In June 1992, the RTA issued $188 million in General Obligation Bonds, Series 1992A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued $30 million in General Obligation Bonds, Series 1992B, to pay the costs of reconstruction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

In May 1994, the RTA issued $195 million in General Obligation Bonds, Series 1994A, to pay the costs of purchasing and reconstructing railcars for Metra. Proceeds of Series 1994A Bonds may also be used to purchase new paratransit vehicles for Pace and for

Exhibit 3-25: **RTA General Obligation Bonds Payable** (dollars in thousands)

General Obligation	Original Issue	January 1, 2011	New Issues	Retirements	December 31, 2011
1990A	100,000	56,985	-	4,085	52,900
1991A	100,000	55,745	-	-	55,745
1992A* and 1992B	218,000	17,790	-	8,610	9,180
1994A* and 1994B	275,000	24,395	-	-	24,395
1994C* and 1994D	192,000	54,665	-	1,750	52,915
1997 Refunding	98,000	55,355	-	5,750	49,605
1999 Refunding*	299,000	258,710	-	8,525	250,185
2000A*	260,000	219,215	-	5,900	213,315
2001A*	100,000	84,560	-	2,200	82,360
2001B Refunding*	38,000	29,800	-	-	29,800
2002A*	160,000	138,790	-	3,315	135,475
2002B	200,000	122,765	-	110,950	11,815
2003A*	260,000	232,585	-	5,310	227,275
2003B	150,000	134,225	-	3,105	131,120
2004A	260,000	236,905	-	5,120	231,785
2005B Refunding	148,000	125,920	-	7,210	118,710
2006A*	250,000	238,510	-	3,955	234,555
2010A	62,200	60,315	-	2,950	57,365
2010B	112,900	112,925	-	-	112,925
2011A Refunding	95,550	-	95,550	-	95,550
Total	**$ 3,378,650**	**$ 2,260,160**	**$ 95,550**	**$ 178,735**	**$ 2,176,975**

* Strategic Capital Improvement Program (SCIP) Bonds.

Exhibit 3-26: **RTA Long-Term Debt** (1) (dollars in thousands)

	As of January 1, 2011	As of December 31, 2011
RTA Non-SCIP Debt Cap	800,000	800,000
Authorized But Unissued RTA Debt	36,995	76,680
Total Non-SCIP (RTA) Principal Outstanding	763,005	723,320
Total SCIP Principal Outstanding	1,497,155	1,453,655
Total Outstanding Long-Term Debt	**$ 2,260,160**	**$ 2,176,975**

(1) Excludes bank borrowing and short-term notes

rehabilitation of railcars for the CTA. The RTA also issued $80 million in General Obligation Bonds, Series 1994B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In December 1994, the RTA issued $62 million in General Obligation Bonds, Series 1994C, to pay for capital projects of the Service Boards required by the ADA for vehicle rehabilitation and the construction or renewal of support facilities. The RTA also issued $130 million in General Obligation Bonds, Series 1994D, to pay for portions of the CTA's rehabilitation of the Green Line elevated structure, track replacement and repair or replacement of bus supporting services, and for Pace's construction of bus garages and purchase of new buses and paratransit vehicles.

In September 1997, the RTA issued $98 million in General Obligation Bonds, Series 1997, to provide funds to refund in advance of maturity the RTA's outstanding Series 1990A Bonds, maturing November 1 in the years 2001-2002, in the aggregate amount of $4 million, Series 1991A Bonds, maturing November 1 in the years 2002-2006, 2008 and 2011, in the aggregate amount of $29 million, Series 1992B Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of $18 million and Series 1993B Bonds, maturing June 1 in the years 2004-2009, 2013 and 2023, in the aggregate amount of $47 million.

In August 1999, the RTA issued $299 million in General Obligation Bonds, Series 1999, to provide funds to refund in advance of maturity the RTA's outstanding Series 1992A Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of $114 million, Series 1993A Bonds, maturing June 1 in the years 2009 and 2013, in the aggregate amount of $10 million, Series 1994A Bonds, maturing June 1 in the years 2006-2009, 2012, 2015 and 2024, in the aggregate amount of $143 million and Series 1994C Bonds, maturing June 1 in the year 2025, in the aggregate amount of $22 million.

In June 2000, the RTA issued $260 million in General Obligation Bonds, Series 2000A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In April 2001, the RTA issued $100 million in General Obligation Bonds, Series 2001A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

In March 2001, the RTA issued $38 million in General Obligation Bonds, Series 2001B, to provide funds to refund in advance of maturity the RTA's outstanding series 1993A Bonds, maturing June 1 in the years 2004-2008, in the aggregate amount of $38 million.

In March 2002, the RTA issued $160 million in General Obligation Bonds, Series 2002A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In June 2002, the RTA issued $200 million in General Obligation Bonds, Series 2002B, to provide interim funding, as needed for a portion of the costs in con-

nection with the reconstruction and expansion of rapid transit facilities operated by the CTA and to fund other public transportation projects.

In May 2003, the RTA issued $260 million in General Obligation Bonds, Series 2003A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In January 2003, the RTA issued $150 million in General Obligation Bonds, Series 2003B, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

In October 2004, the RTA issued $260 million in General Obligation Bonds, Series 2004A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

In May 2005, the RTA issued $148 million in General Obligation Bonds, Series 2005B, to provide funds to refund in advance of maturity the RTA's outstanding Series 1996A Bonds, maturing June 1 in the years 2005-2025, in the aggregate amount of $147 million.

In October 2006, the RTA issued $250 million in General Obligation Bonds, Series 2006A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

In January 2010, the RTA issued $62.2 million in General Obligation Bonds, Series 2010A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

In January 2010, the RTA issued $112.9 million in General Obligation Bonds, Series 2010B, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

Exhibit 3-27: **2002-2011 RTA Debt Service Requirements**
(dollars in thousands)

Year	Principal	Interest	Total
2002	27,262	86,264	113,526
2003	37,940	102,667	140,607
2004	40,430	119,272	159,702
2005	49,570	129,966	179,536
2006	55,110	122,976	178,086
2007	59,135	129,416	188,551
2008	64,685	127,870	192,555
2009	68,455	129,074	197,529
2010	74,060	127,934	201,994
2011*	919,110	133,331	1,052,441

* Temporary increase due to bond refinancing activity in 2011.

Exhibit 3-28: **2002-2011 Debt Service Requirement Test**
(dollars in thousands)

Year	Sales Tax Revenue	Debt Service Requirement	2.5 Times Debt Service
2002	647,685	113,526	283,815
2003	654,985	140,607	351,518
2004	675,628	159,702	399,255
2005	700,395	179,536	448,840
2006	746,829	178,086	445,215
2007	752,922	188,551	471,378
2008	921,245	192,555	481,388
2009	894,238	197,529	493,823
2010	931,435	201,994	504,985
2011*	975,670	1,052,441	1,175,310

* Temporary increase due to bond refinancing activity in 2011.

In July 2011, the RTA issued $95.6 million in General Obligation Bonds, Series 2011A, to pay when due, or refund in advance of their maturities a portion of the RTA's outstanding General Obligation Bonds, Series 2002B maturing from 2013 through 2019 and to pay Costs of Issuance of the Series 2011A Bonds.

RTA ordinance 85-39 requires that annual RTA revenues equal or exceed two and one-half times the RTA's annual debt service requirement. Exhibit 3-27 displays RTA's annual debt service requirements over the last ten years, and Exhibit 3-28 compares those requirements to annual sales tax revenue, the primary RTA revenue source, over the same period. The large increase in principal due in 2011 is related to bond refinancing, and does not reflect the true level of long term debt service for that year. As a result, the RTA temporarily exceeded its own revenue test in 2011, a

Exhibit 3-29: **Recent Bond Issues with Associated 2012 Expenditures** (dollars in thousands)

Bond Issue	Service Board	Capital Project	Expenditure
2003 B	CTA	Repair Track and Structure	417
2003 B	Pace	Improve Garages and Facilities	395
		Total	$ 812
2006 A	CTA	Replace Financial System	990
2006 A	CTA	Implement Communication Upgrades	605
2006 A	CTA	Replace/Upgrade Escalators and Elevators	536
2006 A	CTA	Replace Ties - Howard Branch/Red Line	406
2006 A	CTA	Purchase Buses	399
2006 A	Metra	Rebuild/Enhance Locomotives and Commuter Cars	579
2006 A	Metra	Purchase/Install Crossing Recorders	535
2006 A	Metra	Replace Bridges-Union Pacific North Line	210
2006 A	Pace	Improve Garages and Facilities	510
2006 A	Pace	Purchase Computer Hardware and Software	264
		Total	$ 5,034
2010 A	CTA	Replace/Upgrade Power Distribution and Signal Systems	1,993
		Total	$ 1,993
2010 B	CTA	Replace/Upgrade Power Distribution and Signal Systems	4,819
2010 B	CTA	Implement Security and Communication Projects	4,782
2010 B	CTA	Rehabilitate Rail Stations	3,225
2010 B	CTA	Perform Bus Overhaul Activities	2,683
2010 B	CTA	Repair Track and Structure	1,883
2010 B	CTA	Improve Facilites (Facilities Renovation)	1,149
		Total	$ 18,541

condition which is expected to be rectified when 2012 results are finalized. Any differences between debt service amounts presented and amounts shown in general purpose financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

The RTA and its Service Boards have put an emphasis on making sure that bond proceeds are spent in a timely and efficient manner. Exhibit 3-29 relates major 2012 capital project expenditures to their associated bond issue.

Fund Accounting

The accounts of the RTA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are separated into its own set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. RTA resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be utilized and the means by which spending activities are controlled.

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds.

The RTA reports three major governmental funds—the General Fund, the Debt Service Fund, and the Capital Projects Fund; one major proprietary fund—the Joint Self-Insurance Fund; and two major fiduciary funds—the Pension Trust Fund and the Sales Tax Agency Fund (Exhibit 3-30).

Exhibit 3-30: **RTA 2011 Combined Statement of Revenues & Expenditures by Fund** (dollars in millions)

	General	Debt	Capital	JSIF	Agency	Pension	Combined
Revenues							
Sales Tax	108.0	-	-	-	857.8	-	965.7
Interest on Sales Taxes	0.2	-		-	0.2	-	0.4
Public Transportation Fund	181.4	-	-	-	-	-	181.4
General State Revenue	194.1	-	-	-	-	-	194.1
Innovation, Coordination & Enhancement (ICE)	9.9	-	-	-	-	-	9.9
PTF (New Sales Tax/RETT)	-	-	-	-	124.0	-	124.0
State Assistance	130.1	-	-	-	-	-	130.1
Reduced Fare Reimbursement	-	-	-	-	34.1	-	34.1
Investment Income	18.6	0.3	0.2	-	-	-	19.1
Other Revenues	5.1	2.3	-	0.5	-	(0.7)	7.3
Pension Contribution	-	-	-	-	-	12.5	12.5
Total Revenues	**$ 647.4**	**$ 2.7**	**$ 0.2**	**$ 0.5**	**$ 1,016.0**	**$ 11.8**	**$ 1,678.6**
Expenditures							
Financial Assistance to Service Boards	128.8	-	-	-	738.6	-	970.5
Capital Grants--Discretionary	6.9	-	-	-	-	-	6.9
Pace Discretionary (CMAQ) Grant - RTA Share	0.1	-	-	-	-	-	0.1
South Suburban Job Access Program (Pace)	7.5	-	-	-	-	-	7.5
Suburban Community Mobility Fund	-	-	-	-	19.9	-	19.9
ADA Paratransit Funding (Pace)	-	-	-	-	99.3	-	99.3
Innovation, Coordination, & Enhancement (ICE)	9.9	-	-	-	-	-	9.9
Pace Expenditures (MOU and ADA)	4.3	-	-	-	-	-	4.3
PTF (New Sales Tax/RETT)	-	-	-	-	124.0	-	124.0
Capital Grants--Bonds	181.9	-	48.0	-	-	-	229.9
Reduced Fare Reimbursement	-	-	-	-	34.1	-	34.1
Debt Service Operating Transfer	149.2	(143.8)	(0.0)	(5.4)	-	-	0.0
Administrative	8.2	-	-	6.1	-	12.9	27.3
Regional	27.1	-	-	-	-	-	27.1
Capital Outlay	0.8	-	-	-	-	-	0.8
Interest on Sales Taxes to Service Board	-	-	-	-	0.2	-	0.2
Debt Service:							
Principal	-	919.1	-	-	-	-	919.1
Interest	5.9	133.3	-	-	-	-	139.2
Debt Related Costs	-	5.3	-	-	-	-	5.3
Debt Proceeds	-	(697.4)	-	-	-	-	(697.4)
Bond Premium	-	(11.6)	-	-	-	-	(11.6)
Total Expenditures	**$ 530.6**	**$ 204.9**	**$ 48.0**	**$ 0.8**	**$ 1,016.0**	**$ 12.9**	**$ 1,813.2**
Revenues less Expenses (1)	**$ 116.8**	**($ 202.3)**	**($ 47.8)**	**($ 0.3)**	**-**	**($ 1.1)**	**($ 134.6)**
Fund Balance - Beginning of the year	**$ 168.2**	**$ 500.1**	**$ 256.1**	**$ 29.0**	**-**	**$ 135.1**	**$ 1,088.5**
Fund Balance - End of the year (2)	**$ 285.0**	**$ 297.9**	**$ 208.3**	**$ 28.7**	**-**	**$ 134.0**	**$ 953.9**

(1) Reconciliation of budgetary basis to GAAP basis.

(2) Before reserves and designations.

GOVERNMENTAL FUNDS

The RTA's governmental funds are the General Fund, the Debt Service Fund and the Capital Projects Fund.

General Fund

The General Fund is the general operating fund of the RTA. It is used to account for all financial transactions that are not specifically required to be accounted for in the other funds. The General Fund and the Agency Fund are the only two funds that have annual budgets. Exhibit 3-31 displays the 2013 budget for these funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Revenues are generated from the funds being held for payment to the bondholders. The difference between the transfer and payment expenditures reflects year-over-year timing variances.

Capital Projects Fund

In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of $500 million of SCIP bonds

Exhibit 3-31: RTA Statement of Revenues and Expenditures, 2013 Budget, General and Agency Fund (dollars in thousands)

	General Fund	Agency Fund	Total Budget
RTA Funding Sources			
RTA Sales Tax (Part I)	114,766	650,342	765,108
RTA Public Transportation Fund (Part I)	191,277	-	191,277
RTA Sales Tax and PTF (Part II)	10,550	391,541	402,091
State Financial Assistance	130,167	8,500	138,667
State Free Rides & Reduced Fare Reimbursement (1)	-	34,070	34,070
RTA Capital Project Reserves	22,921	-	22,921
Other Revenue	23,376	-	23,376
Total Revenue	**$ 493,057**	**$ 1,084,453**	**$ 1,577,510**
Operating Expenditures			
RTA Operations Funding - CTA (Includes PTF on RETT)	181,009	435,835	616,844
RTA Operations Funding - Metra	-	345,940	345,940
RTA Operations Funding - Pace Suburban Service	3,694	111,240	114,934
RTA Suburban Community Mobility Funding for Pace	-	21,100	21,100
RTA South Suburban Job Access Funding for Pace	7,500	-	7,500
RTA Operations Funding - ADA Paratransit Service	-	136,267	136,267
RTA Funding for Innovation, Coordination, and Enhancement	10,550	-	10,550
State Free Rides and Reduced Fare Reimbursement	-	34,070	34,070
Agency Administration	18,375	-	18,375
RTA Regional Services and Programs	23,314	-	23,314
Total Operating Expenditures	**$ 244,442**	**$ 1,084,453**	**$ 1,328,894**
Debt Service, Capital & JSIF Expenditures			
Principal and Interest for Service Board Capital Programs	220,000	-	220,000
Transfer Capital - CTA Funds	15,000	-	15,000
Transfer Capital - Metra Funds	7,000	-	7,000
Joint Self-Insurance Fund	5,000	-	5,000
Grant Incentive Program	1,615	-	1,615
Total Debt Service, Capital, and JSIF Expenditures	**$ 248,615**	**-**	**$ 248,615**
			-
Total Expenditures	**$ 493,057**	**$ 1,084,453**	**$ 1,577,509**
Fund Balance (undesignated/unreserved)			
Beginning Balance	1,500	-	1,500
Change in Fund Balance	-	-	-
Ending Unreserved/Undesignated Fund Balance	**$ 1,500**	**-**	**$ 1,500**

and to have a maximum of $500 million of non-SCIP RTA bonds outstanding. The Capital Projects Fund is utilized for the receipt and disbursement of the proceeds of these RTA bond issues. The first Capital Projects Fund was established in 1990 with the issue of $100 million of RTA bonds to fund capital projects at the Service Boards. The RTA allocated the proceeds from the bonds issued under the General Assembly's authorization as follows: 50% for CTA capital projects; 45% for Metra capital projects; and 5% for Pace capital projects. Projects included in approved five-year capital programs will be eligible for reimbursements from these proceeds by the RTA without further review or action by the RTA Board of Directors.

Effective January 1, 2000, the RTA Act was amended to authorize the issuance of an additional $260 million of SCIP Bonds in each year for the period of 2000 through 2004 and to issue and have outstanding an additional $300 million of non-SCIP Bonds. These amounts were subsequently issued.

PROPRIETARY FUNDS

Proprietary funds are used for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has only one proprietary fund—the Joint Self-Insurance Fund.

Joint Self-Insurance Fund

The Joint Self-Insurance Fund (JSIF) is used to finance claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. This fund is reported as an enterprise fund since the predominant participants are outside of the RTA.

The JSIF distinguishes operating revenues and expenses from non-operating items. Operating revenues (interest charged to Service Boards) and expenses (administrative expenses including insurance premiums and professional services) generally result from providing services in connection with this proprietary fund's ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by a governmental entity in a trustee capacity or as an agent for others. The RTA's fiduciary funds consist of the Sales Tax Agency Fund and the Pension Trust Fund.

Sales Tax Agency Fund

The Sales Tax Agency Fund records the receipt and disbursement of amounts due to the CTA, Metra, and Pace agencies, including Retailers' Occupation and Use Tax (sales tax), interest on this tax, reduced fare reimbursement grants, and federal operating assistance grants. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. Sales tax revenues are recorded in the fund and are equally offset by expenditures passed through to the Service Boards.

Pension Trust Fund

The Pension Trust Fund is used to account for all accumulation of resources for, and the payment of, retirement benefits to employees participating in the RTA Pension Plan and Trust.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

RTA's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund (Joint Self-Insurance Fund) and the Pension Trust Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues if collected by the retailer before year-end. Grants and similar items are recognized as revenues when qualifying expenditures have been incurred and as soon as all eligibility requirements imposed by the grantors have been met. Prepaid expenses are recorded using the consumption method.

Governmental fund financial statements use the current financial resources measurement focus. The funds are accounted for using the modified accrual basis of accounting; i.e., revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or shortly thereafter to pay liabilities of the current period. Sales taxes are considered measurable and available if collected by the retailer by year-end and received by the RTA within 80 days after year-end. ASA/AFA is considered measurable and available if billed and received within 180 days after year-end. Sales taxes and ASA/AFA are susceptible to full accrual. Additionally, certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Basis of Budgeting

The basis of budgeting refers to the conventions for the recognition of costs and revenues in budget development and in establishing and reporting appropriations. The RTA's annual budget and related appropriations are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles, except for capital grants/expenditures and debt service payments. Modified accrual basis is a type of accounting whereby revenue and other financial resource increments (e.g., bond issue proceeds) are recognized when they become both measurable and available for finance expenditures of the current period. Capital grants/expenditures are budgeted for on a project basis, which normally exceeds one year. Debt service payments are budgeted as transfers from the General Fund.

Although appropriations are adopted for individual line items, the legal level of control is restricted to total appropriations/expenditures and total administration (statutory cap) appropriations/expenditures. Management has the authority to exceed any line appropriation without Board approval, provided it does not exceed the legal levels of control. It had been the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the Budget Ordinance. However, due to the unfavorable economic conditions in recent years and the depletion of funds in the undesignated / unreserved fund balance to preserve operating stability, the RTA again waived its fund to budget policy for the 2013 fiscal year.

Exhibit 3-32: **2011 Reconciliation of Budgetary Basis to GAAP Basis Accounting** (dollars in thousands)

	General Fund
Excess of expenditures over revenues and other financing use - budgetary basis	113,493
Adjustments	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(6,907)
Capital grant expenditures expected to be incurred in future years but considered in current year budget	10,200
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	33
Budgetary basis to GAAP basis adjustment	**$ 3,326**
Net Change in Fund Balance - GAAP basis	116,818
Net Changes in Reserves	(89,321)
Net Change in Unreserved, Undesignated Fund Balance	**$ 27,497**

Budgetary reporting is balanced with accounting records on a monthly basis and is fully reconciled to the accounting system on an annual basis in the Comprehensive Annual Financial Report and for the annual Municipal Bond Disclosure Reports required by the Securities and Exchange Commission (Exhibits 3-32 and 3-33).

Exhibit 3-33: **RTA Statement of Revenues and Expenditures, 2011 Actual and Budget, General and Agency Funds**
(dollars in thousands)

	2011 Budget	2011 Actual	Variance
RTA Funding Sources			
Sales Tax (Part I)	675,012	719,849	44,837
Public Transportation Fund (Part I)	168,753	181,428	12,675
Sales Tax and PTF (Part II)	354,624	379,789	25,165
State Financial Assistance	123,000	130,088	7,088
State Reduced Fare Reimbursement	33,570	31,997	(1,573)
Other Revenue	36,300	42,250	5,950
Total Revenue	**$ 1,391,259**	**$ 1,485,401**	**$ 94,142**
Operating Expenditures			
RTA Operations Funding - CTA (includes PTF on RETT)	515,458	549,187	(33,729)
RTA Operations Funding - Metra	318,146	334,102	(15,956)
RTA Operations Funding - Pace Suburban Service	128,854	135,429	(6,575)
RTA Operations Funding - ADA Paratransit Service	101,421	114,346	(12,925)
RTA Funds for Innovation, Coordination, and Enhancement	9,292	3,381	5,911
State Reduced Fare Reimbursement and Sales Tax Interest	35,270	31,997	3,273
Agency Administration, Regional Services & Programs	31,770	36,224	(4,454)
Total Operating Expenditures	**$ 1,140,211**	**$ 1,204,666**	**$ (64,455)**
Debt Service, Capital, & JSIF Expenditures			
Principal and Interest for Service Board Capital Programs	226,058	217,241	8,817
Regional Technology and Agency Capital	1,955	-	1,955
Transfer Capital - RTA Funds to CTA	10,200	10,200	-
Joint Self-Insurance Fund	5,380	5,380	-
Total Debt Service, Capital, & JSIF Expenditures	**$ 243,593**	**$ 232,821**	**$ 10,772**
Total Expenditures	**$ 1,383,805**	**$ 1,437,488**	**$ (53,683)**
Fund Balance (undesignated/unreserved)			
Beginning Balance	5,655	7,318	1,663
Change in Fund Balance	7,454	47,913	40,459
Other Funding & Reserves	-	(20,416)	(20,416)
Ending Balance	**$ 13,109**	**$ 34,815**	**$ 21,706**
% of total operating expenditures	1.1%	2.9%	1.7%

Exhibit 3-34: **2013 Recovery Ratios** (1) (dollars in thousands)

	2013 Budget
CTA	
Operating Revenue	700,037
Adjustments (2)	45,806
Total Revenue	**$ 745,843**
Operating Expenses	1,358,081
Adjustments (2)	(173,308)
Total Expenses	**$ 1,184,773**
CTA Budgetary Recovery Ratio	**63.0%**
Metra	
Operating Revenue	371,938
Adjustments (3)	1,700
Total Revenue	**$ 373,638**
Operating Expenses	713,500
Adjustments (3)	(38,500)
Total Expenses	**$ 675,000**
Metra Budgetary Recovery Ratio	**55.4%**
Pace Suburban Service	
Operating Revenue	59,165
Adjustments (4)	4,525
Total Revenue	**$ 63,690**
Operating Expenses	207,761
Adjustments (4)	4,525
Total Expenses	**$ 212,286**
Pace Suburban Service Budgetary Recovery Ratio	**30.0%**
Regional Recovery Ratio	
Revenue	
Total Service Board Revenue	1,183,171
RTA Agency and Other Revenue (5)	16,827
Adjustments (6)	(21,244)
Total Revenue	**$ 1,178,754**
Expenses	
Total Service Board Expenses	2,072,059
RTA Agency & Regional Programs (5)	35,141
Total Expenses	**$ 2,107,200**
Regional Statutory Recovery Ratio (excluding ADA Paratransit)	**55.9%**
ADA Paratransit	
Operating Revenue	12,495
Operating Expenses	148,762
Adjustments (7)	(23,814)
Total Expenses	**$ 124,948**
ADA Paratransit Statutory Recovery Ratio	**10.0%**

(1) The RTA Act permits certain revenue and expense adjustments for the recovery ratio calculation. The RTA, by means of ordinance, allows supplementary adjustments for Service Board calculations, but such adjustments are disallowed in determining the system–generated revenue recovery ratio for the region, which by statute must be at least 50%. Service Board adjustments include amounts that result in calculations that equal the "marks" set by the RTA. (2) CTA revenue adjustments include in-kind revenue for security services provided by the Chicago Police Department (CPD) and circuit ride free credits. Expense adjustments include in-kind costs for the CPD equal to the revenue credit, and credit for security, pension obligation debt service and some grant revenues. (3) Metra revenue adjustments include circuit ride free credits; expense adjustments include credits for security, depreciation and transportation facility leases. (4) Pace revenue and expense adjustments include in-kind Advantage program charges. (5) Does not include grant revenue or expense for JARC / New Freedom funded programs. (6) Regional revenue adjustments include a credit for a CTA lease transaction and exclusion of circuit ride free credits for CTA and Metra. (7) Expense adjustments include credits for capital costs incurred in providing contracted services (capital cost of contracting).

4 CTA Operating Plan

Overview

The Chicago Transit Authority (CTA) was created by the Illinois State legislature in 1945 and began operations in 1947. It became the sole operator of Chicago transit in 1952 when it purchased the Chicago Motor Coach System. The CTA is the region's largest transit operator and is governed by a seven-member Chicago Transit Board.

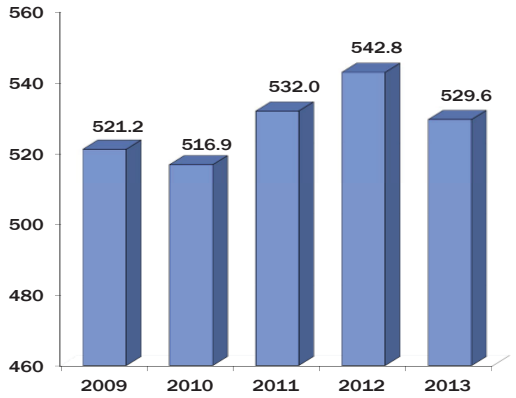
A State funding package ratified by State legislation in 2008 increased the percentage of sales tax dedicated to mass transit and gave authority to the City of Chicago to increase the Real Estate Transfer Tax (RETT) to support the CTA. Unfortunately, the economic recession had a significant impact on these funds; revenue from sales tax and the RETT were diminished from the effect of reduced consumer spending. Additionally, the recession impacted the rate at which the State of Illinois has made payments to the RTA and subsequently the rate at which the RTA can make payments to the CTA.

In 2013, the CTA will continue to hold the line on costs and, for the second year in a row, will not rely on the unsustainable use of transfers from capital to operations.

In 2012, the CTA projected a $160 million structural deficit. In order to eliminate this deficit and balance its 2012 budget, the CTA reduced personnel, pursued work rule reforms with its labor unions, and instituted management improvements. The CTA also liquidated a debt service reserve fund related to its Pension Obligation Bonds (POB) and replaced it with a bond insurance policy. These initiatives allowed the CTA to avoid a fare increase and/or service reductions without transferring funds from capital to operations. Ultimately, labor negotiations were not ratified until December of 2012, but higher than anticipated sales tax revenue and fare revenue offset unfavorable expenses.

Once labor agreements were ratified, the CTA had the certainty it required to develop its 2013 Budget and Two-Year Financial Plan. In 2013, the CTA will continue to hold the line on costs and, for the second year in a row, will not rely on the unsustainable use of transfers from capital to operations. However in the 2013 budget, the CTA increased the price on all fare passes including the CTA's 1-Day, 3-Day, 7-Day, 30-Day, CTA/Pace 7-Day passes and Metra Link-up Pass. Reduced fare prices will be adjusted to half the price of the base fare and the base fare will remain at current levels. Exhibit 4-10 provides a comparative analysis of the new fare structure.

Exhibit 4-1: CTA **Ridership** (in millions)



The CTA's total expenses decreased in 2012 compared to 2011, due in part to the CTA's liquidation of its debt service reserve for their Pension Obligation Bonds, which it recorded as an expense credit in their other expenses category. Without this additional expense credit in 2013, the CTA's other expense category increases to levels more in line with what was experienced in 2011. Total expenses at the CTA are budgeted to increase by 6.6% over 2012 estimated levels due to the increase in the other expenses category. Net results for the 2013 budget and 2014 through 2015 plan show zero balances, with total revenue equal to expenses.

Service Characteristics

The CTA operates the second largest public transportation system in the United States with average weekday ridership on its bus and rail system of 1.7 million. The CTA's service area encompasses 220 square miles in the City of Chicago and 35 surrounding suburbs. Bus operations provide 1,781 buses traveling over 129 routes covering 1,959 miles with approximately 11,500 bus stops. Rail service provided on eight lines has 1,200 train cars traveling over 224 miles of track.

RIDERSHIP

Total ridership for 2013 is budgeted at 529.6 million trips, 2.4% or 13.2 million trips lower than estimated 2012 ridership (Exhibit 4-1). The CTA anticipates that ridership will decrease in 2013 due to major reconstruction scheduled on the Red Line, the CTA's busiest rail line, and the fare increase. Bus ridership is budgeted at 304.7 million trips in 2013, 2.7% or 8.5 million lower than estimated 2012 ridership. Rail ridership is budgeted at 224.9 million trips in 2013, 2.0% or 4.7 million trips less than estimated 2012 ridership (Exhibit 4-2).

The CTA's 2012 ridership gains were made despite the loss of some senior ridership related to the end of the Seniors Ride Free Program. Effective September 1, 2011, senior free rides, which had previously been allowed on all Chicago-area transit, became limited to only low-income seniors, resulting in an estimated loss of up to 5 million senior trips per year on the CTA. Seniors who did not qualify for free rides were still eligible to purchase reduced-fare tickets, and an estimated 29% of former free CTA senior riders opted to do so, providing a significant farebox revenue improvement. It is also estimated that 51% of the CTA's ridership under the Seniors Ride Free Program continues to ride free by meeting the low-income criteria of the revised program.

Average weekday ridership in 2012 was about 1.7 million, while Saturday and Sunday average ridership was over 1.1 million and 782 thousand, respectively. In 2013, average weekday ridership is projected to decrease slightly, but remain around 1.7 million. Saturday average ridership is expected to remain around 1.1 million, and Sunday average ridership is budgeted to decrease slightly to 743 thousand (Exhibit 4-3). Total vehicle miles are expected to increase by 3.3% in 2013 to 121.4 million (Exhibit 4-4).

Exhibit 4-2: **CTA Annual Ridership By Mode** (in millions)

	2009	2010	2011	2012	2013
Bus	318.6	306.0	310.4	313.2	304.7
Rail	202.6	210.8	221.6	229.6	224.9
Total Ridership	521.2	516.9	532.0	542.8	529.6

Exhibit 4-3 **CTA Average Daily Ridership** (in thousands)

	2009	2010	2011	2012	2013
Weekday	1,658	1,644	1,688	1,721	1,687
Saturday	1,058	1,046	1,088	1,112	1,083
Sunday	749	734	771	782	743

SERVICE QUALITY

Some of the CTA's major initiatives to improve service quality in 2013 include the following: the eradication of slow zones, a complete reconstruction of the Dan Ryan Branch of the Red Line, reconstruction of the Wilson Red line station, modernization of its bus and rail fleet, installing over 3,000 security cameras across the system, adding 400 Bus-tracker display signs to its bus shelters across the city, and rolling out the new Ventra™ Open-standards fare payment system. In 2013, the CTA will also continue to deploy its station renew crews across the City's rail stations, and provide service on the recently created Jeffrey Jump, the CTA's first real foray into Bus Rapid Transit.

As part of its effort to improve service quality, the CTA has implemented a variety of performance measures. Grouped by service quality objective, the CTA records average monthly 2011 and 2012 monthly targets. It also provides a definition of the performance measure and its association with a specific department, when applicable. When performance for a month exceeds the monthly target, the measurement is highlighted in green. If performance for the month falls below but within 10% of the target, the measurement is highlighted in yellow. When performance falls below 10%

Exhibit 4-4: **CTA Ridership and Miles** (Riders and Miles in thousands)

	2009 Actual	2010 Actual	2011 Actual	2012 Estimate	2013 Budget
Ridership (1)	521,242	516,873	531,960	542,846	529,642
Vehicle Miles	131,893	118,708	116,334	117,577	121,425
Passengers Per Mile	4.0	4.4	4.6	4.6	4.4

(1) Ridership in annual unlinked trips.

of the target, the measurement is highlighted in red. Performance measure targets yet to be established are highlighted in gray. The monthly performance measures published on the CTA's website through June 2012 can be found at the end of this section (Exhibit 4-20).

Business units and departments are responsible for certain performance measures. For instance, the Bus Operations unit is responsible for the "% of Big Gaps interval" measurement which records the number of bus intervals that are double the scheduled interval. The Bus Operations Department communicates goals and performance to everyone from managers to operators while providing a platform for reporting issues and brainstorming solutions. As indicated in Exhibit 4-20, the CTA was challenged in June of 2012 to keep "% of Big Gaps Interval" performance measure at or below its ambitious target of less than 4%.

CAPITAL INVESTMENTS

The CTA estimated that capital expenditures in 2012 would be approximately $317.3 million. In 2013, the CTA is planning to more than double those expenditures and increase capital funding to $658.5 million (Exhibit 4-5).

Since 2008, the CTA has diverted $554 million in capital funds to operations in order to fill operating budget gaps. As a result, the CTA has underfunded its capital program. In 2012, the CTA pledged to stop diverting capital funds to operations and use all available Federal funds to reinvest in the system. The 2013 capital budget continues this practice. In 2013, the CTA will be performing reconstruction on the south end of the Red Line, known as the Dan Ryan Branch. In order to reduce costs and complete the project in a

timely fashion the CTA will be shutting down the Dan Ryan Branch for five months. The $425 million project will provide significantly more reliable service. Also in 2013, the CTA budgeted to spend $66 million for rehabilitation and removal of slow zones on the Brown line between Armitage and Merchandise Mart. Between 2013 and 2017, the CTA will perform mid-life bus overhaul, rail-car overhauls, and rehabilitate rail stations, including investing $203 million to reconstruct the Wilson Red Line Station.

Bus System

The CTA operates a fleet of 1,781 buses which make 19,709 weekday trips on 129 routes, and provide approximately one million rides on a typical weekday. All buses delivered since 2007 have clean diesel engines and particulate filters that meet EPA emissions standards, and the entire bus fleet is ADA accessible and air-conditioned.

The bus vehicle overhaul program continues to improve service through regular replacement of major mechanical components subject to extensive wear. In 2013, bus mid-life overhaul activities are programmed for $31.0 million and total $143.7 million between 2013 and 2017. With overhauls, the fleet will dem-

Exhibit 4-5: **CTA Capital Statistics** (dollars in thousands)

	2009	2010	2011	2012	2013
CTA Total Capital Expenditures	**$ 671,952**	**$ 428,500**	**$ 426,437**	**$ 317,300**	**$ 658,489**
CTA Bus Vehicles	2,053	1,782	1,782	2,003	2,117
Average Age of Buses (in years)	4.7	4.3	4.3	6.3	7.1
CTA Rail Cars	1,190	1,190	1,200	1,240	1,268
Average Age of Rail Cars (in years)	26.0	27.0	27.0	25.0	22.0
Bus Routes Offering Lift Service	154	150	141	129	129
ADA Accessible Stations	85	85	88	88	88

onstrate increased reliability and fewer instances of expensive breakdown-based repair.

Also in 2013, the CTA plans to replace its Nova 40-foot buses that have reached the end of their useful service life. In 2013, the CTA will spend $85.8 million to purchase vehicles equipped with clean propulsion technologies which achieve greater fuel efficiency than standard diesel buses.

Rail System

The CTA's Capital Improvement Plan (CIP) scheduled $160.1 million in 2012 to repair rail tracks and structures, to reduce slow zone imposition and therefore maintain operating speeds. A total of $297.2 million is budgeted from 2013-2017 to continue systematic rehabilitation of the CTA right of way.

The CTA has funded and ordered 706 new 5000-Series rail cars from Bombardier, a transportation and aerospace company. Each rail car will be equipped with seven network security cameras. These rail cars also include glow-in-the-dark strips on the floors and improved door sensors. Each car meets or exceeds ADA compliance standards. These railcars will replace the aging 2200 Series and 2400 Series fleet placed into service in 1969, which have exceeded their expected service lives of 25 years. Between 2013 and 2017 the CTA's CIP has allocated $497.2 million toward the purchase of the new rail cars.

System-Wide Improvements

The CTA continues to invest in new technology to further improve service and safety. The CTA operates over 1,500 desktop computers that link into local area networks for efficient data transfer and team analysis. The CTA's proposed Capital Improvement Program allocates $5.8 million between 2013 and 2017 for software and hardware upgrades. An additional $2.5 million is allocated toward enhancement of the CTA's existing Transit Asset Management System. The Capital Improvement Plan also allocates $82.4 million to improve facilities system wide to repair and improve on-time transit service by upgrading and repairing the CTA's seven active garages, 10 rail terminals, 17 park-and-ride lots, and 111 bus turnarounds.

The CTA is working to institute an open fare system by the end of 2013. The new Ventra system will allow CTA and Pace customers to tap their Ventra or contactless bank card for entrance to rail platforms and buses, resulting in faster boarding times than allowed by inserting cash or magnetic stripe cards. The CTA is working with Cubic Transportation Systems to design the new system and begin installation. The contract with Cubic is a corner stone of the State mandate to implement a region-wide universal fare system. The CTA anticipates savings of nearly $50 million over the life of the 12-year contract.

Budget and Financial Plan

The CTA's 2013 Budget and Two-Year Financial Plan were approved by the RTA Board on January 16, 2013, in accordance with the 2012 marks set by the RTA on October 10, 2012. The CTA's operating funding marks, including State Reduced Fare Reimbursement, were set at $645.2 million for 2013, $657.3 million for 2014, and $677.5 million for 2015. The CTA has budgeted for a recovery ratio of 63.0% in 2013, 11.0 percentage points higher than what was established by the RTA marks. The CTA's Budget and Financial Plan, which includes the recovery ratio, is presented in Exhibit 4-6. The CTA is statutorily required to provide estimated levels of operating revenue and expenses that conform to the marks set by the RTA. The following portrays the outlook for the 2013-2015 planning period.

OPERATING REVENUE

The CTA's operating revenue, including passenger revenue, the State Reduced Fare Reimbursement, and other revenue was budgeted at $700.0 million in 2013. Operating revenue is planned to increase from $612.3 million in 2011, to $746.9 million in 2015, an increase of $134.6 million over the five-year period, or a compound annual growth rate of 5.1% (Exhibit 4-7). In 2013, passenger revenue comprises 45.0% of the CTA's total revenue, which includes public funding. The reduced fare subsidy and other revenue account for 2.1% and 4.4% of total revenue, respectively (Exhibit 4-8). In 2013, the CTA anticipates a $62.3 million increase in operating revenue over the 2012 estimate as changes to the fare policy increases total revenue. In 2014 and 2015, total operating revenue is anticipated to increase over the prior year by 4.2% and 2.4%, respectively.

Passenger Revenue

Passenger revenue is budgeted at $611.3 million in 2013, $62.3 million higher than the 2012 estimate. This increase reflects changes to the fare policy which are anticipated to increase the average fare at the CTA by 14 cents. Passenger revenue was estimated to increase from $527.9 million in 2011 to $549.0 million

Exhibit 4-6: **CTA 2013 Budget and 2014-2015 Financial Plan** (dollars in thousands)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
Operating Revenues					
Passenger Revenue	527,853	549,000	611,281	636,272	648,997
State Reduced Fare Reimbursement	26,026	28,099	28,322	28,322	28,322
Other Revenue (1)	58,438	60,670	60,434	65,005	69,588
Total Operating Revenues	$ 612,317	$ 637,769	$ 700,037	$ 729,599	$ 746,907
Public Funding					
RTA Sales Tax I	296,033	304,474	314,646	324,714	336,079
Sales Tax II and PTF II	116,122	113,380	112,139	114,428	117,255
25% PTF II on RETT	8,780	8,875	9,050	9,425	9,700
RTA Discretionary Funds	128,251	168,700	181,009	180,381	186,129
Total RTA Funding	**549,187**	**595,429**	**616,844**	**628,948**	**649,163**
City of Chicago RETT	34,734	35,500	36,200	37,700	38,800
Transfer from Capital	35,000	-	-	-	-
State Fare Agreement	83,000	-	-	-	-
Local Contributions (1)	-	5,000	5,000	5,000	5,000
Total Public Funding	$ 701,921	$ 635,929	$ 658,044	$ 671,648	$ 692,963
Total Revenues	$ 1,314,238	$ 1,273,698	$ 1,358,082	$ 1,401,248	$ 1,439,871
Expenses					
Labor	893,834	924,885	918,875	932,721	962,674
Material	67,919	66,714	57,279	66,722	68,724
Fuel	57,273	65,238	65,342	67,302	69,321
Power	28,099	23,650	23,175	23,639	24,111
Insurance & Claims	15,000	24,000	11,792	24,744	25,733
Purchase of Security Services	36,815	40,175	38,734	39,896	41,093
All Other	193,394	129,036	242,884	246,223	248,214
Total Operating Expenses	$ 1,292,334	$ 1,273,698	$ 1,358,081	$ 1,401,247	$ 1,439,870
Net Results	**$ 21,904**	-	-	-	-
Recovery Ratio % (2)	**57.3%**	**61.0%**	**63.0%**	**63.3%**	**62.8%**

(1) Beginning in 2012, statutorily required local contributions from the City of Chicago and Cook County have been classified as public funding, not other operating revenue.

(2) The Recovery Ratio is calculated by dividing operating Revenues by Operating Expense. The calculation includes in-kind revenues and expenses for security services provided by the City of Chicago, excludes purchased security expenses, POB debt service, and includes some grant revenues.

in 2012, an increase of $21.1 million or 4.0%, largely due to increased ridership (Exhibit 4-9). Passenger revenue is anticipated to increase $24.9 million in 2014 or 4.1%. In 2015, passenger revenue is projected to increase $12.7 million over 2014. The revenue increase is largely attributable to an increase in fares and partially due to increases in ridership. The old and new CTA fare structure is shown in Exhibit 4-10.

State Free Rides & Reduced Fare Reimbursements

The Illinois General Assembly passed legislation in 1989 that provided funds to reimburse the CTA for the cost of providing reduced fares for the elderly, students, and the disabled. Fare reimbursement is included as operating revenue and became available in July 1989. However, in 2009 the State eliminated a portion of the funding for this program and in 2011 provided just $26.0 million to the CTA and anticipates $28.1 million in 2012. In 2013, the RTA has asked the CTA to budget for $28.3 million in reduced fare subsidies. The RTA has estimated the CTA will receive $28.3 million in Reduced Fare Reimbursements each year from 2013 to 2015.

Other Revenue

The other revenue category includes revenue generated through advertising, chartered service, concessions, investment income, and miscellaneous other revenue (Exhibit 4-11). In prior years, the statutorily required contributions from the City of Chicago and Cook County, referred to as local contributions, were also included in the other revenue category. Beginning in 2012, this $5.0 million in local contributions has been classified as public funding. In 2013, other revenue is budgeted to decrease by 0.4% to $60.4 million from the 2012 estimate. Other revenue was $58.4 million in 2011 and is estimated to increase by 3.8% in 2012. The CTA anticipates that an improving economy, renewed efforts to broaden their advertising, and increases in corporate sponsorship will result in favorable returns during the financial planning years. In 2014 and 2015, the CTA anticipates that other revenue will increase over the prior years by 7.6% and 7.1%, respectively.

Exhibit 4-7: **CTA Operating Revenue** (dollars in millions)

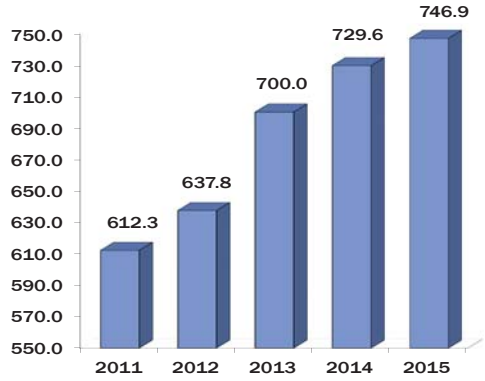
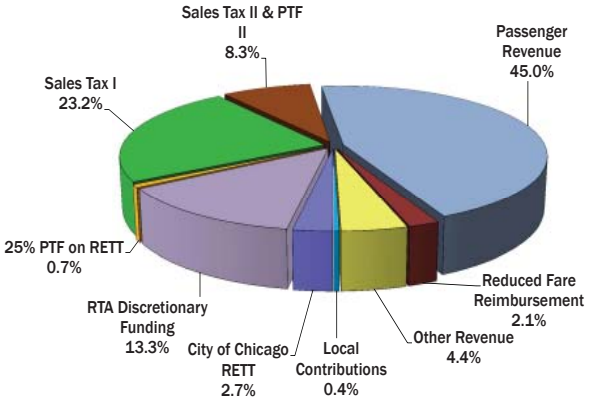


Exhibit 4-8: **2013 Budgeted Total Revenues** - $1,358.1 million



PUBLIC FUNDING

Public funding, available for CTA operations, is determined by the RTA's revenue projection for the year. Public funding from the RTA consists of the RTA Sales Tax (RTA Sales Tax-I and II), the Public Transportation Fund (PTF-II and PTF-II on RETT), and RTA discretionary funding. Illinois Public Act 95-0708 increased the rates of the RTA sales tax, the PTF match, and the City of Chicago Real Estate Transfer Tax (RETT), and enacted a PTF match on the RETT and RTA Sales Tax II. While the RTA establishes the estimates for Reduced Fare Reimbursements, they are presented as operating revenue because they are allocated to the Service Boards for the reimbursement of fare revenue.

CTA funding from RTA Sales Tax-I is budgeted to increase from the 2012 estimate of $304.5 million to $314.6 million in 2013. RTA Sales Tax-II and PTF-II are expected to decrease from $113.4 million in 2012 to $112.1 million in 2013. The RETT and the 25% PTF-II match on RETT combined are expected to increase

Exhibit 4-9: **CTA Average Fare Calculation** (Revenue and Ridership in thousands)

	2009	2010	2011	2012	2013
Passenger Revenue	$ 505,713	$ 509,180	$ 527,853	$ 549,000	$ 611,281
System Ridership	521,241	516,872	531,960	542,846	529,641
Average Fare	$0.97	$0.99	$0.99	$1.01	$1.15

Exhibit 4-10: **CTA Fare Structure**

	Effective 1/1/2009		Effective 1/14/2013	
	Full	Reduced (1)	Full	Reduced (1)
Fare Cards (2)				
Transit Card (Bus)	$2.00	$0.85	$2.00	$1.00
Transit Card (Rail)	$2.25	$0.85	$2.25	$1.10
Cash (Bus only)	$2.00	$1.00	$2.00	$1.10
Transfer	$0.25	$0.15	$0.25	$0.15
Passes				
1-day	$5.75	None	$10.00	None
3-day	$14.00	None	$20.00	None
7-day (CTA only)	$23.00	None	$28.00	None
7-day (CTA and Pace)	$28.00	None	$33.00	None
30-day	$86.00	$35.00	$100.00	$50.00
Metra Link-up Pass	$45.00	None	$55.00	None
Student Fares (3)				
Bus and Rail with Student Permit	$0.85	None	$0.75	None
Transfer	$0.15	None	$0.15	None
Student Fare Cash (Bus only)	$1.00	None	$0.75	None
O'Hare Station Fare (4)	$2.25	$0.85	$5.00	$1.10
128 Soldier Field Express (5)	$1.00	$0.50	$5.00	$2.50

(1) Reduced fares are for children 7 through 11 years old and people with RTA issued Reduced Fare Permits for seniors and/or persons with disabilities. The CTA also provides free rides to eligible seniors and persons with disabilities.

(2) Transit Cards include Chicago Card Plus and Chicago Card, unless otherwise noted.

(3) For elementary and high school students that present a Student Riding Permit on school days between the hours of 5:30 am and 8:30 pm.

(4) The additional $2.75 surcharge will not be effective until the middle of 2013, and is not applied to riders that use reduced fare or present a pass.

(5) Current one-way fares were replaced with a $5.00 round-trip fare.

from $44.4 million in 2012 to $45.2 million in 2013. Apportionments from the RTA's 15% share of the sales tax (Sales Tax-I) revenue and the State's public transportation fund (PTF-I) are the sources of the RTA's discretionary funds. RTA discretionary funds for the CTA are expected to increase from $168.7 million in 2012 to $181.0 million in 2013. The RTA funding in 2013 is budgeted to increase over the 2012 estimate by $21.4 million or 3.6%. The CTA used $35.0 million of federal funds for preventative maintenance in 2011. The CTA does not intend to transfer funds for preventative maintenance between 2012 and 2015. Additionally, the CTA's last payment of $83.0 million from the State in accordance with the 2009 State Fare Agreement was received in 2011. Total public funding is budgeted to increase by $22.1 million or 3.5% over the 2012 estimate. Between 2013 and 2015, total public funding is anticipated to increase at a compound annual growth rate of 2.6%.

OPERATING EXPENDITURES

Total operating expenditures are budgeted to increase from $1,273.7 million in 2012 to $1,358.1 million in 2013. This $84.4 million increase represents a 6.6% increase in expenses (Exhibit 4-12). The increase in total expenses is largely due to the one time liquidation of the POB debt service reserve, which the CTA

Exhibit 4-11: **All Other Revenue** (dollars in thousands)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
All Other Revenues					
Advertising, Charter, & Concessions	21,459	25,499	27,851	28,408	28,976
Investment Income	578	629	629	643	658
Contribution from Local Govt. Units	5,000	-	-	-	-
All Other Revenue	31,401	34,542	31,954	35,954	39,954
Total All Other Revenues	**$ 58,438**	**$ 60,670**	**$ 60,434**	**$ 65,005**	**$ 69,588**

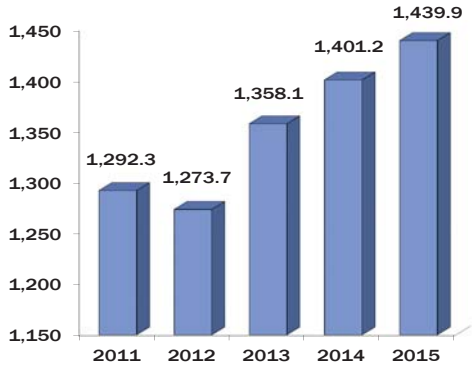
(1) Beginning in 2012, statutorily required local contributions from the City of Chicago and Cook County have been classified as public funding not other operating revenue.

recorded as an expense credit in their other expenses category in 2012. With the exception of the other expenses category, the CTA 2013 budget reduced expenditures in every expense category when compared to the 2012 estimate.

Financial projections for the years 2013 and 2014 show increased operating expenditures of $1,401.2 million and $1,439.9 million, respectively. The 2014 financial projection represents an increase of 3.2% over the 2013 budget, and the 2015 financial projection represents an increase of 2.8% over the 2014 financial plan. Between 2011 and 2015, total expenditures are expected to increase at a compound annual growth rate of 2.7%.

2013 operating expenditure elements include labor, material, fuel, power, insurance and claims, security, and other costs. Labor expenditures, including fringe benefits, represent 67.7% of the CTA's total expenditures. Base wages represent about two thirds of the labor total, while fringe benefits, which are primarily medical insurance and pension costs, represent the remaining one third. Materials, used primarily for maintenance, are 4.2% of total expenditures. Fuel and power represent 6.5% of the CTA's expenditures combined. Security and insurance & claims represent 3.8% of total spending. Other expenditures comprise the remaining 17.9%. The other expenditure category includes items such as leases, utilities, and contractual services (Exhibit 4-13).

Exhibit 4-12: **CTA Total Operating Expenses** (dollars in millions)



Labor Costs

Labor expenses for 2013 were estimated at $918.9 million, $6.0 million or 0.7% less than prior year. Labor expenditures are expected to increase from $893.8 million in 2011 to $962.7 million in 2015. This $68.8 million increase represents a compound annual growth rate of 1.9% (Exhibit 4-14). The CTA pursued work rule reforms with its labor unions in 2012, which eliminated archaic fringe benefits, and allowed the CTA to "bend the cost curve" and ensure slower growth in labor expenses over the five-year negotiated contract. Between 2011 and 2015, labor expenses are expected to increase at a compound annual growth rate of 1.9%.

The CTA's budgeted positions returned to 2011 levels, but still remain historically low with just 9,381 employees budgeted in 2013 (Exhibit 4-15).

Material

The material category covers all repair parts for buses, trains, track, structure and signals in the system. Material expenses of $57.3 million in 2013 are budgeted to be $9.4 million, or 14.1%, lower than the 2012 estimate. Lower material expenses reflect the CTA's increased investment in capital grants that offset some material operating costs and a reduction in maintenance cost associated with the purchase of the 5000

Exhibit 4-13: **CTA 2013 Operating Expenses** - $1,358.1 million

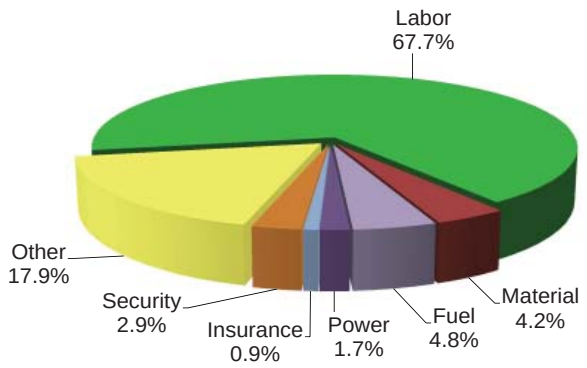
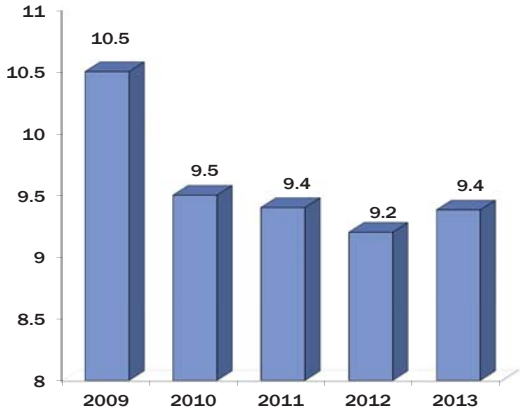


Exhibit 4-15: **CTA Budgeted Positions** (in thousands)



Series Bombardier rail cars which have substantially lower maintenance costs and a two-year warranty on all parts. Material expenditures are estimated at $66.7 million in 2012, $57.3 million in 2013, $66.7 million in 2014, and $68.7 million in 2015. Modest increases in 2014 and 2015 reflect the estimated savings provided by the CTA's plan to outsource its procurement system to contractors that will utilize barcode technologies and upgrade the CTA's procurement system to a just-in-time model with greater access to vendors nationwide. Between 2011 and 2015, material expenses are expected to increase at a compound annual growth rate of just 0.3%.

Fuel

In 2013, the cost of fuel is budgeted at $3.50 per gallon for a total budgeted cost of $65.3 million. Through its strategic fuel hedging program, which uses a long-term layered fuel hedging strategy, the CTA has been able to achieve better-than-market results in its average fuel prices, successfully maintaining favorable to budget variances for fuel over the last couple of years. In 2011, the CTA spent $57.2 million for 18.7 million gallons, a price per gallon of $3.06 (Exhibit 4-16). In 2012, the estimated cost per gallon is $3.42, a $0.36 increase from the 2011 average. Fuel consumption is budgeted to decline slightly in 2013 and remains at constant levels through 2015, but the anticipated cost of fuel is expected to rise by 1.1% in 2014 and 3.0% in 2015. Between 2011 and 2015, fuel expenses are expected to increase at a compound annual growth rate of 4.9%.

Power

In 2013, power expenses of $23.2 million are budgeted to be 2.0% favorable to the 2012 estimate. Electric power expenditures decreased in 2012 by 15.8% from $28.1 million in 2011 to $23.7 million. The CTA negotiated a new contract for purchasing electric power that began in January of 2012. The new contract allowed the CTA to purchase blocs of electricity in advance of use. About 60% of the CTA base electricity needs are purchased in this fashion and the remainder is purchased at the real-time ComEd price. Through this strategy, the CTA hopes to duplicate the success of its fuel hedging program to reduce volatility for their power expenses. Power expenses are projected to increase at a compound annual growth rate of 2.0% over 2014 and 2015, but between 2011 and 2015, power expenses are expected to decrease at a compounded annual rate of 3.8%.

Exhibit 4-14: **CTA Labor Expense Growth** (in thousands)

	2011	2012	2013	2014	2015
Labor Expense	$ 893,834	$ 924,885	$ 918,875	$ 932,721	$ 962,674
% Change from Prior Year	7.0%	3.5%	(0.6%)	1.5%	3.2%

Exhibit 4-16: **CTA Fuel Cost per Gallon** (Cost and Gallons in thousands)

	2011	2012	2013	2014	2015
Fuel Cost	$57,273	$65,238	$65,342	$67,302	$69,321
Gallons	18,725	19,055	19,019	19,019	19,019
Cost Per Gallon	$3.06	$3.42	$3.50	$3.54	$3.64

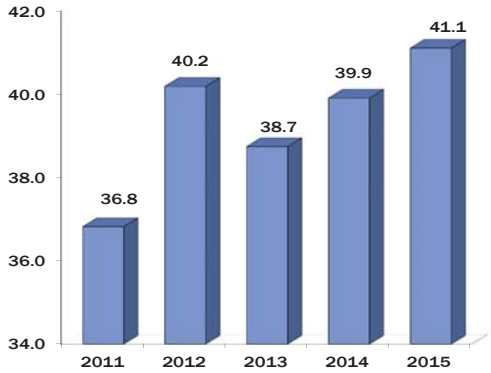
Insurance and Claims

The insurance and claims expense category represents the expenditures related to claims and litigation for injuries and damages that occur on CTA property or with CTA vehicles. The amount reserved for injury and damages is determined by actuaries and based on actual claims history. In 2013, acting upon the advice of its actuary, the CTA reduced its contribution to its injury and damages reserve by $12.2 million or 50.9% to $11.8 million. The CTA's estimate of $24.0 million in 2012 was $9.0 million more than the 2011 actual expenditures for insurance and claims. Additional deposits in 2010 allowed for lower-than-normal expenditures in 2011. Proposed expenditures for 2014 and 2015 are $24.7 and $25.7 million, respectively, a compound annual growth rate of 67.7% between 2013 and 2015. Between 2011 and 2015, insurance and claims expenses are expected to increase at a compound annual growth rate of 14.4%.

Purchase of Security Services

Security is strategically deployed throughout the CTA system to provide 24-hour coverage, seven days a week. Security services are provided by the City of Chicago, Evanston, and Oak Park Police Departments, and contracts with private security firms for guard and canine security.

Exhibit 4-17: **CTA Purchase of Security Service** (in millions)



The 2013 budget for security services is $38.7 million, a 3.6% decrease from the 2012 estimate. Expenditures were estimated to be $40.2 million in 2012, a 9.1% increase from 2011 (Exhibit 4-17). The increase was attributed to a contracted rate increase for security personnel across the system, the addition of security guards at the new Oakton and Morgan stations, and a new intergovernmental agreement negotiated with the Chicago Police Department. Between 2011 and 2015, security expenditures are expected to increase at a compound annual growth rate of 2.8%.

Other Expenditures

Other expenses include: utilities, rents, maintenance and repair, advertising, commissions, consulting, insurance, and miscellaneous general expenditures. For 2013, $242.9 million is estimated for other expenses. This amount reflects an increase of $113.8 million, or 88.2% over 2012. This significant increase in costs is largely due to the liquidated debt service fund which the CTA applied to their other expense category as a credit in 2012. Between 2011 and 2015, other expenses are expected to increase at a compound annual growth rate of 6.4%.

NET RESULTS

In 2013, system-generated revenue (fares and other revenue) are budgeted to cover 51.5% of CTA's operating expense budget with the remainder of the operating deficit covered by public funding. The operating deficit is derived from total system generated revenue minus total operating expenditures. The operating deficit, or public funding need, for the 2013 budget and 2014-2015 financial plans are $658.0 million, $671.6 million, and $693.0 million, respectively (Exhibit 4-6). Between 2011 and 2015, the public funding need at the CTA has decreased at compounded annual rate of 0.3%. For the 2013 budget and 2014 and 2015 plans, public funding meets the need and

is estimated to increase at a compound annual growth rate of 2.6%. Therefore, net results for the 2013 budget and 2014 through 2015 plan show zero balances, with total revenue equal to expenses. The remaining funding in excess of the operating deficit experienced in 2011 was transferred from operations to capital at the CTA in accordance with the RTA's financial policy.

RECOVERY RATIO

The CTA's recovery ratio equals total system-generated revenue divided by total operating expenditures, with statutory and approved adjustments. In 2013, the CTA's recovery ratio is budgeted at 63.0% exceeding the mark of 52.0% set by the RTA Board by 11.0 percentage points.

The following factors affect the CTA recovery ratio calculation. In-kind security services provided by the Chicago Police Department in the amount of $22.0 million are included as both revenue and expenditure in the recovery ratio calculation. Revenue credits are provided to the Service Boards for free service provided to eligible seniors and disabled persons. Additionally, purchased security expenditures are excluded from the recovery ratio calculation. The CTA's recovery ratio was 57.3% in 2011 and is estimated to be 61.0% in 2012. In 2013, the CTA has budgeted for a 63.0% recovery ratio and has planned for a 63.3% and 62.8% recovery ratio in 2014 and 2015, respectively (Exhibit 4-6). The RTA Chapter provides the detailed recovery ratio calculation.

Statutory Compliance

The RTA Act requires that each Service Board meet the seven criteria detailed in the Introduction chapter for their budgets to be approved. The 2013 CTA budget, as submitted, substantially meets all criteria.

2012 Budget versus 2012 Estimate

The CTA expects a balanced budget in 2012, with favorable public funding and operating revenue offsetting unfavorable expense results (Exhibit 4-18).

OPERATING REVENUE

Calendar year 2012 operating revenue is estimated at $637.8 million and is projected to be $14.1 million, or 2.3%, favorable to budget. Passenger revenue is estimated at $549.0 million, which is $9.0 million or 1.7% higher than the budget due to higher ridership. The reduced fare subsidy is the State's reimbursement to the Service Boards for providing discounted fares to the disabled, the elderly, and students. Revenue from the reduced fare subsidy is estimated at $28.1 million, 0.4% higher than budget.

Total other revenue is estimated at $60.7 million, $5.0 million or 9.0% favorable to budget. Revenue from advertising, charter, and concessions is estimated at $25.5 million which is greater than budget by $2.7 million or 11.8%. Investment income is estimated at $629 thousand, which is unfavorable to budget by $238 thousand or 27.6%. All other revenue is estimated at $34.5 million which is higher than budget by $7.5 million or 27.9%, largely due to a Homeland Security grant received in 2012 that was not originally programed into the CTA's Budget.

PUBLIC FUNDING

Calendar year 2012 public funding was estimated at $635.9 million, favorable to budget by $19.3 million. Public funding available through the RTA is estimated at $595.4 million, exceeding the budget by $6.8 million. This increase is largely due to greater than expected sales tax collections across the region. The City of Chicago's Real Estate Transfer Tax (RETT) is estimated to be an additional $7.5 million or 26.7%

Exhibit 4-18: **CTA 2012 Budget vs. 2012 Estimate** (dollars in thousands)

	2012 Budget	2012 Estimate	Variance
Operating Revenues			
Passenger Revenues	540,000	549,000	9,000
Reduced Fare Subsidy	28,000	28,099	99
Other Revenue	55,682	60,670	4,988
Total Operating Revenues	**$ 623,682**	**$ 637,769**	**$ 14,087**
Public Funding			
RTA Sales Tax I	301,379	304,474	3,095
Sales Tax II and PTF II	111,495	113,380	1,885
25% PTF II on RETT	7,007	8,875	1,868
RTA Discretionary Funds	168,700	168,700	-
City of Chicago RETT	28,028	35,500	7,472
Local Contributions	-	5,000	5,000
Total Public Funding	**$ 616,609**	**$ 635,929**	**$ 19,320**
Total Revenues	**$ 1,240,291**	**$ 1,273,698**	**$ 33,407**
Expenses			
Labor	883,075	924,885	(41,810)
Material	71,493	66,714	4,779
Fuel	66,707	65,238	1,469
Power	24,977	23,650	1,327
Insurance & Claims	31,200	24,000	7,200
Purchase of Security Services	36,803	40,175	(3,372)
All Other	126,036	129,036	(3,000)
Total Expenses	**$ 1,240,291**	**$ 1,273,698**	**($ 33,407)**
Net Results	**-**	**-**	**-**
Recovery Ratio %	**59.6%**	**61.0%**	**1.4 points**

higher than budget, as real estate sales increased in the City of Chicago. The RTA Act requires the City of Chicago to contribute $3.0 million and Cook County to contribute $2.0 million annually to the operations of the CTA. These contributions from the City of Chicago and Cook County were classified as other revenue in the 2012 budget, but have since been categorized as public funding. The City and Cook County both provided the statutorily required sum in 2012.

EXPENDITURES

Calendar year 2012 operating expenditures are estimated at $1,273.7 million and are estimated to be unfavorable to budget by $33.4 million. Expenditures for labor, security, and other expenses were over budget while material, fuel, power, and insurance and claims were favorable to budget.

Labor expenditures are projected at $924.9 million in 2012, which is $41.8 million or 4.7% unfavorable to budget. During the development of its 2012 budget, the CTA was entering negotiations with its labor unions. At this time, the CTA anticipated that it could achieve $80.0 million in savings by implementing work rule reforms. By the middle of 2012 it was clear that these negotiations would not fully impact the CTA's 2012 financial results.

Material expenditures in 2012 are estimated at $66.7 million, which was lower than budget by $4.8 million or 6.7%. The CTA continues to improve its supply chain processes to ensure that only required quantities are being purchased and that the CTA is getting the best price possible. The success of this initiative is reflected in the lower-than-budgeted material expenditures for 2012.

Fuel expenditures are expected to be $65.2 million at the end of 2012, $1.5 million or 2.2% lower than budget. While consumption levels went up in 2012, the CTA continues to actively work to decrease the price it pays for fuel through its fuel hedging program. Fuel prices are projected to end the year at a net average price of $3.42 per gallon, which is $.37 higher than the average price in 2011.

Electric power expenditures for the rail system are estimated to be $23.7 million in 2012, favorable to budget by $1.3 million or 5.3%. The CTA's favorable power result is largely due to favorable market pricing and the CTA's long term hedging strategy. Compared to prior year, the CTA's estimated power expenses are $4.4 million or 15.8% favorable.

Expenditures for insurance, claims, and litigation for injuries and damages that occur on CTA property or with CTA vehicles are estimated at $24.0 million for 2012. While insurance and claims expenses are lower than budget by $7.2 million or 23.1%, they are consistent with actuarial recommendations which have found that the CTA's insurance and claims reserve was somewhat overfunded in prior years.

Security is deployed strategically throughout the system to provide 24-hour coverage, seven days a week. These services are provided by the Chicago, Evanston, and Oak Park Police departments and through contracts with private security firms. Full year expenditures are estimated at nearly $40.2 million, $3.4 million or 9.2% above budget. This increase in costs over budget is due to a contracted increase in the rates provided to rail station private security guards, the addition of Oakton and Morgan stations, and the intergovernmental agreements that were recently negotiated with the Chicago Police Department (CPD). In addition to the

services contracted by CTA, the Public Transportation Unit of the CPD continues to provide services to the CTA at an estimated cost of $22.0 million.

NET RESULTS

In 2012, the CTA's public funding need of $635.9 million was unfavorable to budget by $19.3 million; higher-than-budgeted public funding results met this need thus achieving a balanced net result. Net results for 2012 show a zero balance without the need for transfers from capital to operations. Estimated results show that the CTA will end 2012 with operating revenue and public funding equal to expenses.

Organizational Structure

The CTA organization chart is shown in Exhibit 4-19 and consists of the following departments and business units: Legislative Affairs, Planning, Transit Operations, Infrastructure, Administration, Finance, Law, Communications, and Safety & Security.

CTA Board

The CTA's governing arm is the Chicago Transit Board which consists of seven board members. The Mayor of Chicago appoints four board members who are subject to the approval of the City Council and the Governor. The Governor appoints three board members who are subject to the approval of the State Senate and the Mayor of Chicago.

The Citizens Advisory Board, the CTA Board Members, the Chief of Staff, the Secretary of the CTA Board, the President of the CTA, and the Department of Internal Audit report directly to the Chairman of the Board. Functionally, the General Counsel of the CTA and the Chief Financial Officer both report to the Chairmen of the Board.

Department of Internal Audit

The CTA's Office of Inspector General was eliminated in October of 2012 having found that its efforts were duplicative of those provided by the State's Office of Inspector General (OEIG) which was given the authority to oversee the CTA in July of 2011. Some of the CTA's Office of Inspector General responsibilities were by-in-large passed on to the Department of the Internal Audit. The Department of Internal Audit reports directly to the Chairmen of the Board, and the Office of the President falls under its scope of potential investigative responsibilities.

President

The CTA President is the agency's chief executive and is charged with executing the policy decisions made by the CTA Board of Directors and providing direction to the CTA staff as they work to fulfill the mission and goals of the Board. The Chief of Staff of the President reports directly to the President, and the President reports directly to the Chairmen of the Board.

Legislative Affairs

Legislative Affairs coordinates agency outreach and represents the CTA and its interests before local, state, and national government.

Planning

The Planning Department is responsible for developing routes and schedules that best synchronize CTA capabilities with customer demand. Planning ensures that the highest level of service is attained.

Transit Operations

Transit Operations consists of Bus Operations, Rail Operations, Bus and Rail Maintenance, and the Control Center. Bus maintenance includes both the maintenance and regular cleaning of bus interiors and exteriors. Rail Maintenance is responsible for maintaining the safe mechanical functioning of the CTA's trains as well as regular cleaning, heavy maintenance repairs, and rebuilds of train systems. The Control Center monitors passenger and facility security, maintains accident statistics, and monitors environmental affairs. The Control Center operates 24 hours per day, 7 days a week.

Infrastructure

Infrastructure includes the operating units of Engineering, Power and Way, and Facilities. Engineering is responsible for creation and maintenance of construction documents for CTA facilities, and reviewing and answering design requests. Power and Way inspects and maintains the rail track, including rail track circuits, switches, and vital signal relays. Power and Way is also responsible for power substations in the CTA system. The Facilities unit performs maintenance and construction of rail stations, terminals, rail yards, and other CTA facilities.

Administration

Administration includes; Human Resources and Employee Relations, Purchasing and Warehousing, Technology, DBE/EEO/ADA Compliance and the Learning Unit. The Human Resources department is responsible for recruiting, hiring, benefit services, medical services, and program compliance. The Purchasing and Warehousing department performs inventory management. Technology maintains and upgrades all CTA technology infrastructure including computer hardware, application software, and communications equipment. This office is also responsible for the maintenance of fare equipment for both Bus and Rail, and for all communication system infrastructures.

Finance

Finance is responsible for Budgeting and Capital Planning, general accounting, investment support, cash management, program development, and the management and control of property, grants, investments, and funding. Finance functionally reports to the Chairmen of the Board and administratively reports to the President.

Law

Law handles appellate matters, corporate law, claims and tort litigation, workers compensation matters, and labor policies and appeals. The law department functionally reports to the Chairmen of the Board and administratively reports to the President.

Communications

Communications is responsible for marketing, media relations, identity development, and publications. Additionally, Communications is responsible for providing customer service such as travel information, Chicago Card account maintenance, maps, brochures, fare updates, refunds, and support for onsite public forums.

Security & Safety

The mission of the Security and Safety department is to ensure the highest degree of safety for CTA customers, employees and the public. This is achieved by identifying and eliminating or controlling safety hazards during the operation of transit service, construction, and maintenance. Security and Safety also administers the Destination Safety program, which aims to reduce employee and third party accidents and injuries.

Exhibit 4-19: **CTA Organization Chart**

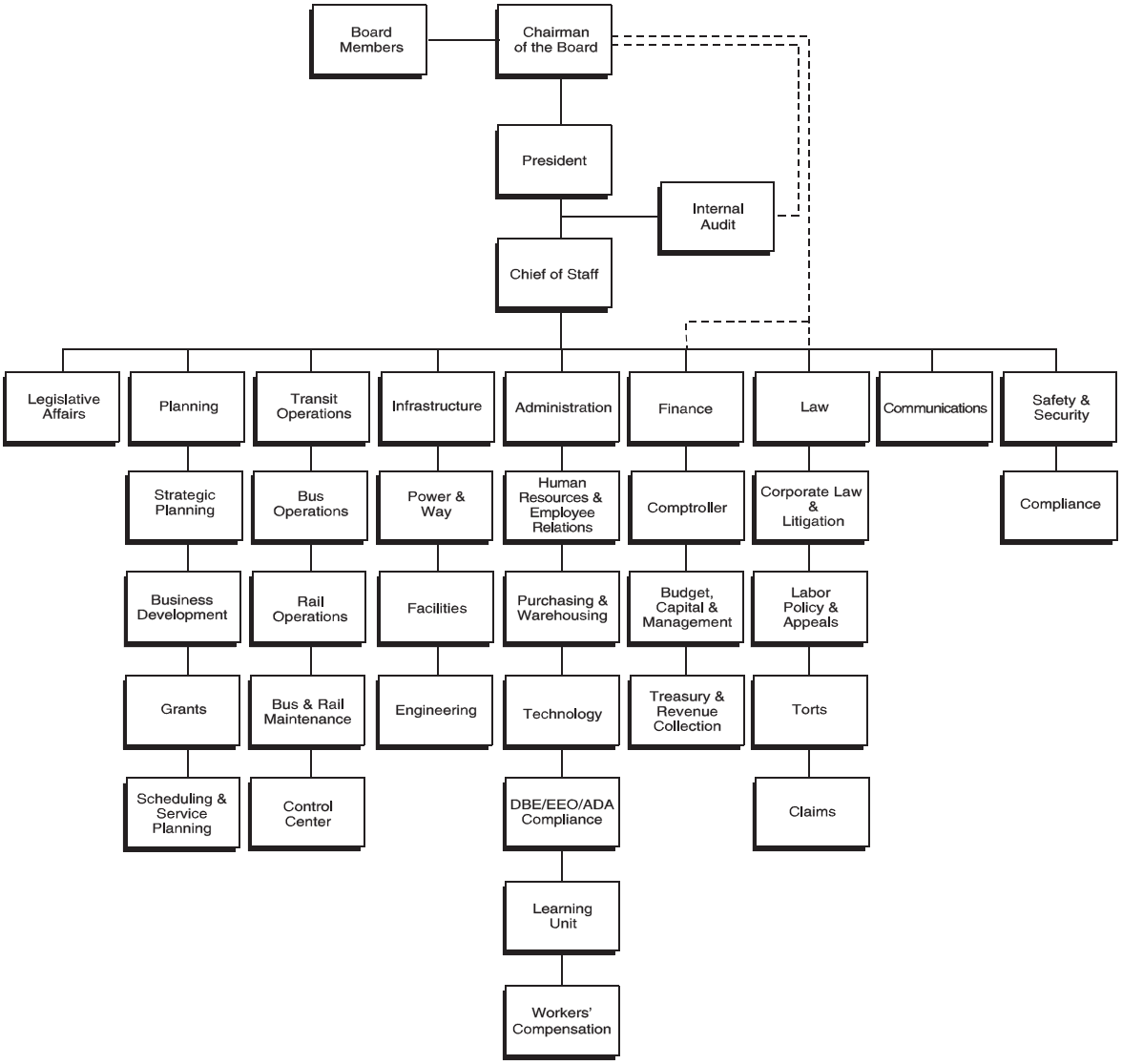


Exhibit 4-20: **CTA Performance Measurement**

	CTA Monthly Performance	2012 Monthly Target	2011 Monthly Average	Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012
RIDERSHIP	Total Ridership (in millions)	45.3	44.3	45.6	44.0	46.7	47.1	48.0	44.4	42.1	42.4	43.8	47.6	44.5	46.9	45.9
	Rail Ridership (in millions)	19.6	19.0	19.5	19.0	26.7	19.7	20.3	18.6	17.2	17.8	17.9	19.7	18.8	19.7	20.0
	Bus Ridership (in millions)	25.7	25.3	26.1	25.1	20.0	27.4	27.7	25.8	25.0	24.7	25.9	27.9	25.7	27.2	25.9
	Total (Year to Date, in millions)	306.6	283.9	259.5	303.6	350.3	397.4	445.4	489.8	532.0	42.4	86.2	133.9	178.3	225.2	271.1
	% Change Over Prior Year (Year to Date)	4.9%	1.4%	1.7%	1.6%	2.1%	2.2%	2.3%	2.4%	2.9%	4.4%	8.7%	6.7%	5.5%	5.3%	4.5%
ON-TIME	Rail Delays of 10 Minutes or More	78	92	94	113	114	89	97	84	84	98	92	96	77	125	125
	% of Slow Zone Mileage	N/A	10.9%	11.6%	12.2%	12.3%	12.2%	10.7%	10.1%	10.7%	11.0%	11.3%	11.4%	11.6%	12.1%	12.6%
	% of Big Gap Intervals, Bus	4%	3.8%	4.0%	3.9%	4.0%	4.2%	4.1%	4.0%	3.8%	3.6%	3.1%	3.5%	3.4%	4.4%	4.9%
	% of Bunched Intervals, Bus	3%	2.3%	2.6%	2.2%	2.2%	2.9%	2.7%	2.4%	2.1%	1.9%	2.1%	2.4%	2.1%	3.0%	2.9%
EFFICIENT	Mean Miles Between Reported Rail Vehicle Defects	3650	3732	3244	3202	3325	3880	4129	4271	4370	3990	3821	4250	4464	3761	3623
	Miles Between Reported Bus Service Disruptions Due to Equipment	4500	4893	4362	4537	4831	5085	4890	5469	5290	4292	5305	4679	5146	4391	5138
	Average Daily Percent of Bus Fleet Unavailable for Service	13%	13%	13%	14%	14%	12%	12%	12%	13%	13%	12%	13%	13%	13%	14%
	Average Daily Percent of Rail Fleet Unavailable for Service	11%	11%	12%	11%	11%	11%	12%	11%	10%	13%	14%	14%	14%	13%	12%
SAFE	Bus NTD Security-Related Incidents per 100,000 miles	N/A	0.11	0.16	0.13	0.09	0.15	0.16	0.15	0.04	0.09	0.15	0.13	0.13	0.11	0.19
	Rail NTD Security-Related Incidents per 100,000 miles	N/A	0.08	0.07	0.06	0.07	0.13	0.17	0.13	0.08	0.04	0.20	0.07	0.15	0.09	0.17
	Bus NTD Safety-Related Incidents per 100,000 Miles	N/A	0.44	0.44	0.40	0.34	0.36	0.49	0.53	0.46	0.49	0.38	0.47	0.52	0.36	0.49
	Rail NTD Safety-Related Incidents per 100,000 Miles	N/A	0.04	0.02	0.04	0.05	0.08	0.06	0.04	0.02	0.04	0.06	0.17	0.06	0.00	0.00
CLEAN	Average Interior Rail Clean Inspection Score	90%	98.0%	98.2%	98.2%	97.6%	99.0%	99.3%	98.8%	99.0%	98.5%	99.1%	97.9%	99.5%	99.9%	98.8%
	Average Interior Bus Clean Inspection Score	85%	89.2%	91.3%	90.6%	89.9%	90.7%	91.4%	89.8%	86.3%	84.0%	84.5%	85.9%	84.8%	86.2%	89.2%
COURTEOUS	% of Customer Complaints Not Closed Out Within 14 Days	3%	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	0%
	CTA Customer Service Hotline Average Wait-time (*)	0:03:30	0:02:05	0:01:44	0:02:51	0:02:36	0:02:42	0:02:48	0:02:24	0:01:41	0:02:39	0:01:40	0:00:55	0:00:58	0:00:47	0:01:03
	Reported Ramp Defects (Service Disruptions)	N/A	69	89	78	61	75	48	49	47	99	67	74	82	63	54
	% Buses with Defective AVAS	2%	0.9%	0.7%	0.8%	0.7%	0.7%	0.8%	1.4%	1.4%	1.1%	0.6%	0.6%	0.7%	0.7%	0.6%
	Reported ADA Complaints	N/A	58	94	68	70	65	59	42	30	37	53	53	61	76	80

Legend	
Meeting or exceeding target:	
Within 10% of target:	
Missing target by more than 10%:	
Measure does not have a target:	

5 Metra Operating Plan

Overview

Metra was formed in November 1983 as part of the reorganization of the RTA by the State of Illinois. Metra is responsible for the day-to-day operations of the region's commuter rail system including fare collection, service levels, capital improvements, finances, passenger services, safety, and systems planning. Service is operated by private carriers under contract to Metra and by Metra directly.

Metra is governed by an eleven-member board of directors. Four of the directors are appointed by the suburban members of the Cook County Board. The chairman or executive of the County Boards of Cook, DuPage, Kane, Lake, McHenry, and Will counties each appoint one director, and the Mayor of the City of Chicago also appoints one director. The Chairman of Metra's board of directors must be one of the eleven directors, and is appointed by the concurrence of eight directors.

The network itself is made up of over 1,400 revenue vehicles, 821 bridges, more than 2,000 signals, 27 rail yards and maintenance facilities.

For 2013, Metra has proposed a balanced projection of revenues and expenses that follow the guidelines set forth in the RTA Act. The proposed budget has a recovery ratio target of 55.4%, 2.4 percentage points higher than the RTA-provided revenue recovery ratio target. There are no service or maintenance reductions or increases contained within the budget. In keeping with a decision made in 2012, the 2013 budget does not contain any transfers from capital funds to operations. To further support capital investment, Metra will program $5.6 million of farebox revenue to the capital program with revenues from a fare policy change that eliminates the discount on a 10-ride ticket. Metra plans to return the Farebox Capital Program to its historic funding level of $10 million per year starting in 2014.

Service Characteristics

The Metra rail system is comprised of eleven separate lines, which run north, west, and south of the Chicago central business district. The system extends 488 route-miles to the limits of the six-county area and serves 240 local rail stations in more than 100 communities. The network itself is made up of over 1,400 revenue vehicles, 821 bridges, more than 2,000 signals, 27 rail yards and maintenance facilities. Metra's operational interface with extensive freight networks makes it one of the nation's most complicated rail systems. A system of such magnitude requires continual maintenance and renewal in order to preserve operational performance, safety, and service efficiency.

Metra serves the region on routes owned by Metra or freight carriers and through the purchase of service agreements with Union Pacific and Burlington Northern Santa Fe, two of the largest freight carriers in the nation. The South Shore Line, operated by the Northern Indiana Commuter Transportation District (NICTD), is another Metra partner, providing service between Chicago and South Bend, Indiana. Together, Metra and its carriers provide 702 weekday trains, 296 Saturday trains, and 163 Sunday trains. Metra provides safe, reliable commuter rail service with an average weekday ridership of 260,000. Peak period ridership represents 82% of the total average weekday trips. Metra's hub is located in the downtown Chicago business district. Four downtown terminals serve Metra's eleven lines.

RIDERSHIP

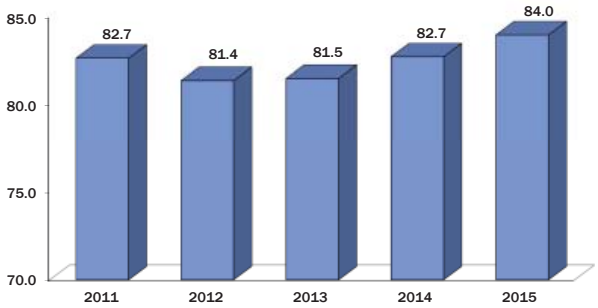
Metra's primary customer base is suburban residents who work in downtown Chicago. According to Metra's 2006 Origin-Destination Survey, 77.0% of weekday morning riders board in the suburbs and alight in

downtown Chicago, and more than 90% of all Metra trips are for business and work purposes.

Metra projects stable ridership for 2013, following a decrease in ridership in 2012 related to a significant 25% average fare increase, followed by modest growth in 2014 and 2015. For 2012, Metra's total ridership, excluding South Shore service, is projected to total 81.4 million passenger trips (Exhibit 5-1), representing a 1.5% decrease from 2011. Metra's total ridership is estimated to increase 0.2% in 2013 to 81.5 million passenger trips. An increase of 2.5 million passenger trips is expected over the following three years, with an estimated total ridership of 84.0 million passenger trips in 2015. This level represents a compound annual growth rate of 0.4% from 2011 to 2015 (Exhibit 5-2).

In addition to the February 2012 fare increase, Metra ridership was negatively impacted by the end of the Seniors Ride Free Program. Effective on September 1, 2011, senior free rides, which had previously been allowed on all Chicago-area transit, were now restricted to only low-income seniors, resulting in an estimated loss of one million senior trips per year for Metra. Seniors who did not qualify for free rides were still eligible to purchase reduced-fare tickets, and an estimated 63% of seniors opted to do so. Exhibit 5-3 demonstrates the effect of the end of the Seniors Ride Free Program; reduced-fare ticket sales plunged in 2008 and 2009 with the start and expansion of the program, then increased more than 50% in 2011, the year the program ended, and 58% in 2012 as seniors who were riding free transitioned to reduced-fare tickets.

Exhibit 5-1: **Metra Ridership** (in millions) (1)



(1) Based on ticket sales. Includes all free rides. Excludes South Shore (NICTD) service.

SERVICE QUALITY

Metra has identified improved service quality as one of its objectives to ensuring customer satisfaction. Metra periodically conducts on-board surveys to measure various service attributes. In late 2011, customer satisfaction surveys were completed by nearly 17,000 Metra customers, who identified on-time performance, seat availability, and safety as the most important service attributes that drive customer satisfaction. Beyond general rider satisfaction, Metra also collects information on the service attributes that are most effective at attracting and retaining riders. These data provide direction for planning, scheduling

Exhibit 5-3: **Reduced-Fare Rides by Year**

Year	Total Reduced Rides	% Change
2007	3,033,277	-
2008	1,822,246	-40%
2009	1,423,241	-22%
2010	1,565,633	10%
2011*	2,352,122	50%
2012	3,736,638	59%

*Senior Ride Free Program discontinued 9/1/11; grace period for program expired on 9/6/11

Exhibit 5-2: **Riders and Miles** (in millions) (1)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
Ridership (2)	82.7	81.4	81.5	82.7	84.0
Vehicle Revenue Miles	42.9	43.0	43.0	43.0	43.0
Passenger Miles (3)	1,876.3	1,847.6	1,850.4	1,878.2	1,906.3

(1) Ridership, Vehicle Revenue Miles, and Passenger Miles exclude South Shore (NICTD) service.
(2) Based on ticket sales. Includes free Senior rides.
(3) Based on ticket sales and 2011 average trip length.

and marketing activities. In response to the changing needs of customers, Metra continuously looks for ways to expand and improve its service within financial constraints. In order to ensure customer satisfaction and efficiency, Metra has implemented a number of metrics to measure customer satisfaction and service efficiency and cost effectiveness.

A number of measures to enhance the customer experience were implemented in 2011 and 2012. In 2011, Metra changed its methodology for reporting on-time performance to more adequately reflect the actual experience of its customers. The revitalization of the Citizens Advisory Board was introduced in 2011, as well as the roll-out of the Quiet Car program. 2012 saw the implementation of a real-time train tracker, as well as the onset of an aggressive renovation program that will eventually overhaul 176 Amerail series cars by the end of 2016, providing customer amenity enhancements such as multiple power outlets for recharging personal devices and upgraded on-board facilities. Also in 2012, Metra began posting all board items and supporting documents on its website, furthering efforts to increase transparency to its customers.

One measurement of system-wide service effectiveness relates the number of passengers to the number of vehicle service miles. Metra's ratio of passengers per vehicle revenue mile is projected to decrease from 1.93 in 2011 to 1.89 in 2012 (Exhibit 5-5), a 2.2% loss reflecting expected ridership declines resulting from the February 2012 fare increase. A decrease in passengers per vehicle revenue mile indicates a loss of efficiency. Ridership growth projected for 2013-2015 will result in improvements for this measure.

Exhibit 5-4: **On-Time Performance**

Year	% On-Time
2007	95.7
2008	95.4
2009	95.7
2010	95.9
2011 *	93.6
2012	95.8

*In May 2011, Metra implemented a change in the methodology used to calculate on-time performance, resulting in data that are not directly comparable to prior years.

Exhibit 5-5: **Passenger Trips per Vehicle Revenue Mile** (in millions)

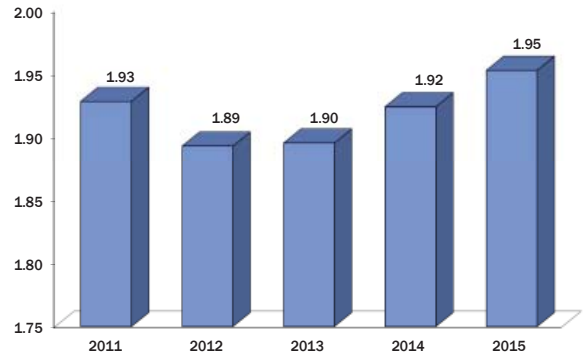
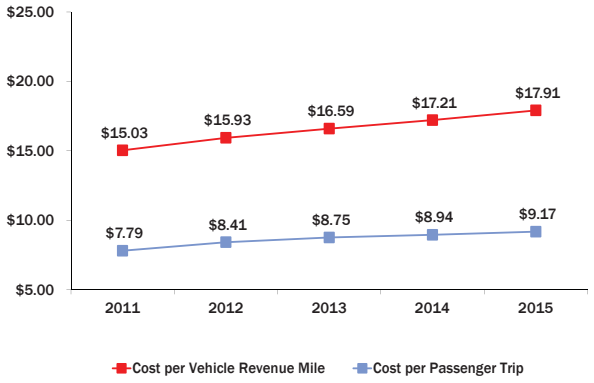


Exhibit 5-6: **Metra Cost Efficiency**



Two measurements used to indicate cost efficiency are operating cost per vehicle revenue mile and operating cost per passenger trip. These measures recognize that the significant costs associated with running commuter rail service become more economical when those costs are spread over increased vehicle miles or passenger trips. Metra expects that its cost per vehicle revenue mile will increase from $15.03 in 2011 to $16.59 in 2013. This $1.56 increase represents a compound annual growth rate of 5.1% (Exhibit 5-6). The operating cost per passenger trip ratio measures cost effectiveness and is designed to examine how well vehicles are deployed to serve riders. Metra projects that its cost per passenger will increase slightly each year from 2011 to 2015. The cost per passenger ratio was $7.79 in 2011 and is projected to be $9.17 in 2015. This $1.38 increase represents a compound annual growth rate of 4.1% (Exhibit 5-6).

CHALLENGES

Following the implementation of a significant fare increase in February 2012, Metra continues to face funding challenges brought on by the demands of managing an older vehicle fleet and mandates to provide Positive Train Control (PTC) by 2015. RTA's 2011 Capital Asset Condition Assessment Update estimated that Metra would need to invest $9.7 billion over the next ten years to achieve and maintain a state of good repair. However, Metra estimates ten-year funding levels to be about $2.6 billion. Clearly, the disconnect between funding and need will result in infrastructure investment deferrals unless alternate funding sources are identified. Metra has been successful in receiving funding from a variety of grant sources including CMAQ, TIGGER, ICE, TCSP, and Livability grants, and is committed to continue seeking other sources of funding. In addition, Metra maintains its commitment to ending the practice of transferring capital dollars to fund operations. Finally, Metra has identified contributions to its Farebox Capital Program ($5.5 million in 2013 and $10 million for 2014 and 2015) to be used for locally-funded projects, local matching funds, and unanticipated capital needs.

CAPITAL INVESTMENT

Metra is in the process of receiving and putting into service new Highliner rail cars and expects to replace more than 150 older cars in the next few years. In addition, Metra's capital program includes projects to rehabilitate or replace bridges, provide for locomotive improvements, rehabilitate older bi-level commuter

cars, implement financial systems upgrades, and rehabilitate or improve stations, yards, shops, and facilities. A regional fare payment system is being investigated for installation by year-end 2014. Positive Train Control is scheduled for completion by year-end 2015.

Customer amenity improvements implemented in 2012 included: ticket vending machines, real-time RailTracker, website enhancements, the installation of automated external defibrillator (AED) units on trains and in facilities, and improved communications to customers via Twitter outreach and the posting of all Board meeting materials on the Metra website prior to monthly meetings.

SAFETY AND SECURITY

IIn an effort to provide a safe and secure environment for both customers and employees, Metra provides employee incentives to those regularly meeting safety and security goals. Key among these goals is workplace safety. A safe workplace means a safe environment for Metra passengers. Metra reported a 20.5% reduction in employee workplace injuries, the lowest injury rate in more than ten years, in 2012, with its 47th Street Diesel House Rail Yard completing its sixth injury-free year.

A four-day NATO conference in May, 2012 presented Metra with unique safety and security challenges. Metra developed and executed a NATO safety and security plan that protected passengers, employees, and system assets. In 2013, Metra will continue its safety outreach programs, with an extensive focus on area schools. This year will mark the seventh year of

Metra's Poster Contest, where students from throughout the region compete to create the winning designs to be displayed on Metra's safety calendar, which is distributed to over 2,000 schools. The winning design will also be displayed on Metra's monthly passes.

Budget and Financial Plan

The Metra budget and financial plan presented in Exhibit 5-7 meets the 2013, 2014, and 2015 funding marks and the 2013 recovery ratio mark of 53% set by the RTA Board. Metra was able to meet the funding level requirement set by the RTA by eliminating the discount on its 10-ride tickets. The RTA Board adopted Metra's 2013 budget and 2014-2015 financial plan on January 16, 2013. Total revenues are composed of two major parts: operating revenue and public funding.

OPERATING REVENUES

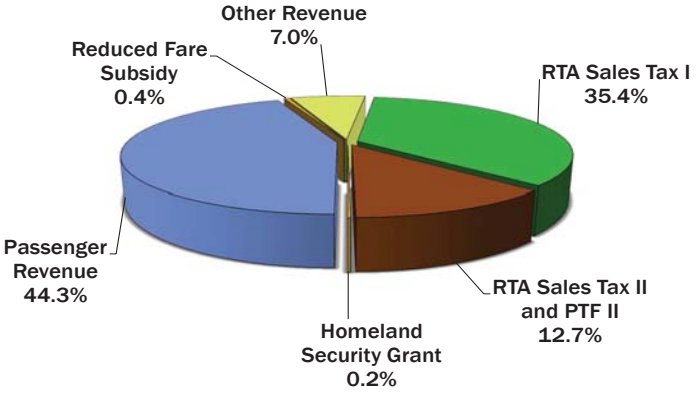
Total operating revenue of $371.9 million for 2013 is 3.1% higher than the 2012 year-end estimate of $360.6 million, and is 22.6% higher than 2011 levels, resulting from a significant fare increase implemented in February 2012. Total operating revenue is expected to increase to $412.5 million in 2015. The increase of $109.2 million represents an influx of $57 million in 2012 followed by a compound annual growth rate of 5.3% from 2013 to 2015 (Exhibits 5-7 and 5-8).

Metra's operating revenue has three major components: passenger revenue, reduced fare subsidy, and other revenue. In 2013, passenger revenue of $318.5 million comprises 44.3% of the total revenue budget with the reduced fare subsidy and other revenue representing 0.4% and 7.0%, respectively (Exhibit 5-9).

Exhibit 5-7: **Metra 2013 Budget and 2014-2015 Financial Plan** (dollars in thousands)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
Operating Revenues					
Passenger Revenue	245,500	305,900	318,500	339,700	358,400
Reduced Fare Subsidy	3,400	3,138	3,138	3,138	3,138
Other Revenue	54,400	51,600	50,300	50,000	51,000
Total Operating Revenues	**$ 303,300**	**$ 360,638**	**$ 371,938**	**$ 392,838**	**$ 412,538**
Public Funding					
RTA Sales Tax I	239,753	249,424	254,827	262,981	272,186
RTA Sales Tax II and PTF II	94,349	91,000	91,113	92,973	95,269
Transfers from Capital	60,000	-	-	-	-
Homeland Security Grant	-	1,200	1,200	1,200	-
Total Public Funding	**$ 394,102**	**$ 341,624**	**$ 347,140**	**$ 357,154**	**$ 367,455**
Total Revenues	**$ 697,402**	**$ 702,262**	**$ 719,078**	**$ 749,992**	**$ 779,993**
Expenses					
Transportation	206,700	214,300	219,500	228,000	237,400
Maintenance of Way	123,900	123,500	134,400	139,200	144,500
Maintenance of Equipment	137,100	148,100	156,300	162,700	170,000
Risk Mgmt., Insurance, Claims	14,100	23,200	19,200	19,700	20,400
Administration and Regional Services	66,000	75,500	76,300	79,300	82,400
Downtown Stations	14,300	14,500	15,300	15,800	16,200
Diesel Fuel/Electricity	82,200	85,700	87,500	90,100	93,700
Other	-	-	5,000	5,200	5,400
Total Expenses	**$ 644,300**	**$ 684,800**	**$ 713,500**	**$ 740,000**	**$ 770,000**
Net Results (1)	**$ 53,102**	**$ 17,462**	**$ 5,578**	**$ 9,992**	**$ 9,993**
Recovery Ratio %	**55%**	**56%**	**55%**	**56%**	**57%**

Exhibit 5-9: **2013 Metra Total Revenues** - $697.4 million



Passenger Revenue

Passenger revenue is estimated at $318.5 for 2013, an increase of $73.0 million from 2011, a 29.7% increase due to Metra's new fare schedule that took effect on February 1, 2012; Exhibit 5-14 provides a schedule of Metra's current fare structure. Passenger revenue is expected to increase another $39.9 million to $358.4 million between 2013 and 2015, a compound annual growth rate of 6.1%.

Reduced Fare Subsidy

The Illinois General Assembly passed legislation in 1989 providing funds to reimburse the CTA, Metra, and Pace for the cost of providing reduced fares for the elderly, students, and persons with disabilities. The fare reimbursement is included in revenue and is contingent upon annual approval by the State. In 1999, the State Assembly passed new reduced fare legislation, which doubled the reimbursement level of previous years. Metra anticipates that the state will continue to provide $3.1 million in reimbursement annually throughout the financial planning period.

Exhibit 5-8: **Metra Operating Revenue** (dollars in millions)

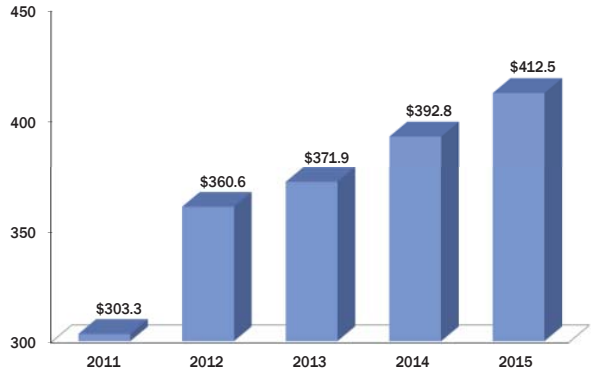


Exhibit 5-10: **Ticket Sales by Ticket Type*** (in thousands)

	2011	2012	Change	% Change
Monthly	1,119	1,125	6	1
Ten-Ride	1,867	1,854	(13)	(1)
Regular One-Way	9,668	10,225	557	6
Weekend	1,194	1,380	186	16
Link-Up	89	71	(18)	(20)
PlusBus	18	17	(1)	(4)

*Excludes South Shore (NICTD) service.

Other Revenue

The components of this category are investment income, joint facility and lease revenue, advertising income, capital credits, and miscellaneous non-fare income. Other revenue, representing 7.0% of Metra's total revenue, is expected to decrease $1.3 million in 2013. Reductions forecasted for years 2013 - 2014 are due to fewer projects for other railroads and lower capital credits. An expected 2% uptick in 2015, the last year of the financial plan, results in an overall $3.4 million decrease for the five-year 2011 - 2015 period and represents a compound annual growth rate of -1.6%.

Public Funding

Metra's total public funding for operations is expected to total $347.1 million in 2013, $47.0 million less than 2011, largely due to Metra's decision to discontinue the unsustainable practice of transferring capital

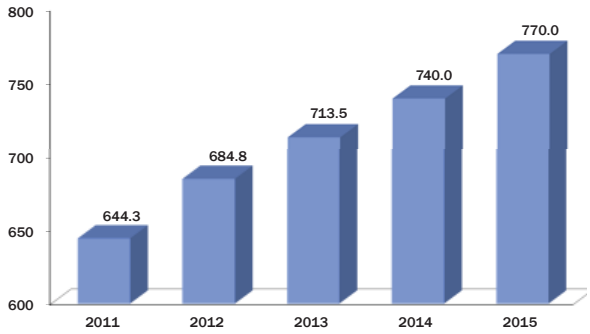
funds to operations in 2012. Total public funding is anticipated to increase by $25.8 million from 2012 to 2015. Public funding is composed of three main parts, RTA Sales Tax I, RTA Sales Tax II & PTF II, and funds made available to Metra by the Department of Homeland Security. In 2013, RTA Sales Tax I is expected to comprise 35.4% of total revenues. Combined Sales Tax II and PTF II were 12.7% of total revenues, and the $1.2 million grant from the Department of Homeland Security constituted 0.2% of total revenues.

Metra funding from RTA Sales Tax-I is expected to increase from $239.8 million in 2011 to $272.2 million in 2015. RTA Sales Tax-II and PTF-II are expected to increase from $94.3 million in 2011 to $95.3 million in 2015. With the 2012 budget, Metra committed to discontinuing the unsustainable process of transferring capital funds into its operating revenues, and maintained that commitment for the 2013 budget and 2014-2015 financial plan. Metra anticipates receiving $1.2 million in operating grants from the Department of Homeland Security each year between 2012 and 2014. A more detailed description of how public funds are allocated among the Service Boards can be found in the RTA Section of this book.

OPERATING EXPENDITURES

Metra's 2013 total operating expenditures of $713.5 million are projected to grow by $28.7 million or 4.2% from the 2012 estimate, largely due to signed labor agreements that will result in 3.7% wage increases. In 2014 and 2015, total expenditures are projected to increase by 3.7% and 4.1% respectively, producing total expenses of $770.0 million in 2015 (Exhibit 5-7). This $125.7 million increase represents an annual compound growth rate of 4.6% from 2011 to 2015 (Exhibit 5-11).

Exhibit 5-11: **Metra Total Operating Expenses** (dollars in millions)

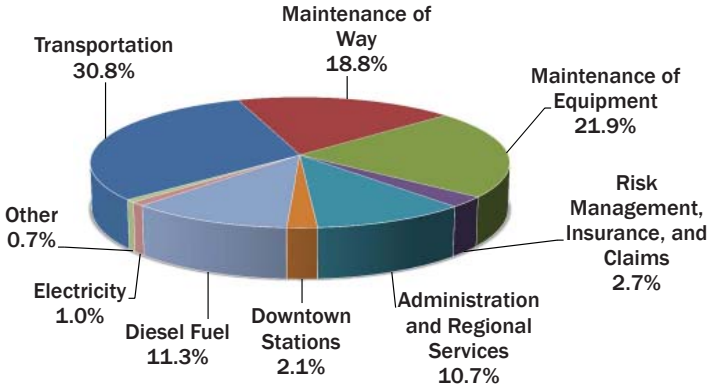


The components of operating expenditures include transportation, maintenance of way, maintenance of equipment, risk management, insurance & claims, administration & regional services, downtown stations, diesel fuel, electricity, and unallocated operations expenses. Of total 2013 expenditures, transportation represents 30.8%; maintenance of equipment 21.9%; maintenance of way 18.8%; fuel 11.3%; administration and regional services 10.7%; risk management, insurance, and claims 2.7%; downtown stations 2.1%; electricity 1.0%; and other 0.7% (Exhibit 5-12).

Transportation

Transportation includes the functions and activities directly responsible for the operation of the commuter trains. The major functions include train and engine crew work, dispatching, tower operations, ticket sales, police and security services, employee safety, and supervisory support. The main objective of this area

Exhibit 5-12: **2013 Metra Expenses** - $713.5 million



is to run service consistent with the published train schedules in a safe and efficient manner and in accordance with federal and state regulations. Transportation expenditures were estimated to total $219.5 million in 2013, an increase of $5.2 million from 2012. By 2015, transportation expenditures are expected to reach $237.4 million, a $30.7 million increase from 2011, representing a compound annual growth rate of 3.5% (Exhibit 5-7).

Maintenance

Maintenance of way activities include the maintenance of track, structures, communications and facilities to preserve operational safety, reduce travel times and service interruptions, and increase passenger comfort. Maintenance work is concentrated on safety inspections and short-term projects to safeguard overall track and structure conditions. Maintenance of way expenditures are estimated to total $134.4 million in 2013, an increase of $10.9 million from 2012. By 2015, maintenance of way expenditures are expected to reach $144.5 million, a $20.6 million increase from 2011, representing a compound annual growth rate of 3.9% from 2011 to 2015 (Exhibit 5-7).

Maintenance of equipment activities include regular repairs, inspection, and preventive maintenance of passenger train equipment to ensure that the equipment is safe and in good working order to meet train schedules and passenger demand for seating. Maintenance of equipment expenses are budgeted to total $156.3 million for 2013, an increase of $8.2 million from 2012. Expenditures in this category are expected to reach $170.0 million in 2015; the $32.9 million increase from 2011 represents a compound annual growth rate of 5.5% from 2011 to 2015 (Exhibit 5-7).

Risk Management, Insurance, and Claims

Risk Management, Insurance, and Claims costs for 2013 are budgeted at $19.2 million, a 17.2% reduction from the 2012 estimate of $23.2 million. 2012 was an anomalous year for spending in this category due to the shoring up of reserves per the recommendation of Metra's auditors. Annual growth rates for 2014 and 2015 are budgeted at 2.6% and 3.6%, respectively (Exhibit 5-7).

Administration and Regional Services

Administration activities include general support functions for the organization to ensure overall corporate goals and regulations are met. Administrative activities include human resources, labor management committee, information systems, training, accounting and other support areas. Regional Services include overhead costs as well as the costs of managing Metra-owned and operated rail services.

Administration and regional services are projected to increase by $0.8 million in 2013 to $76.3 million, an increase of 1.1%. Increases of 3.9% are anticipated for 2014 and 2015, reaching a total of $82.4 million in 2015 (Exhibit 5-7), representing a compound annual growth rate of 5.7% from 2011 to 2015.

Downtown Stations

Expenditures related to Metra's downtown stations are expected to increase by 5.5% from 2012 to $15.3 million in 2013. In 2015, costs associated with operating Metra's Downtown Chicago stations are expected to reach $16.2 million. This $1.9 million increase represents an annual compound growth rate of 3.2% from 2011 to 2015.

Diesel Fuel and Electricity

Diesel fuel and electrical power are two of the most volatile components of Metra's operating expen-

ditures. By entering into contracts to lock in prices for 75% of its diesel purchases for 2012, Metra was able to outperform its $3.12 per gallon budget and is projected to end 2012 $0.5 million favorable. Metra has not been able to lock in fuel prices for 2013 and is projecting diesel to average $3.22 per gallon for a total of $80.5 million, an increase of $2.5 million or 2.5% from the 2012 budget. The inability to lock in fuel prices for 2013 leaves Metra exposed to the risk of high fuel prices during the budget year. Metra projects diesel fuel expenses to rise to $85.0 million in 2015, an $11.2 million increase over 2011, representing a compound annual growth rate of 3.6%.

For 2013, Metra has budgeted motive power and electric utility costs to decrease by $1.2 million from 2012, due to renegotiated contracts with NICTD. Power expenses are expected to increase significantly in 2014 and 2015 (+8.6% and +14.5%, respectively) as Metra places its new Highliner rail cars into service on the Metra Electric District Line, as the newer cars require more power resources. In 2015, combined electric power costs are projected to reach $8.7 million, a $0.3 million increase representing a compound annual growth rate of 0.9% from 2011 (Exhibit 5-7).

NET RESULTS

Net results are calculated by adding total operating revenues and public funding together and subtracting total expenses. Metra's 2013 projected net results are $5.6 million; Metra anticipates transferring $5.5 million to capital from operations, and increases that contribution to $10 million in 2014 and 2015.

RECOVERY RATIO

Metra's recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. For 2013, Metra's recovery ratio is projected to reach 55.4%, 2.4 percentage points higher than the ratio set by the RTA in the marks and 0.6 percentage points lower than in 2012. The recovery ratio is anticipated to increase 0.9 percentage points in 2014 and another 0.4 percentage points

in 2015, to end at 56.7%. The RTA section provides a detailed recovery ratio calculation.

Statutory Compliance

The RTA Act requires that each Service Board meet seven criteria, which are detailed in the Introduction section, for Board approval of its budget. The Metra budget substantially meets each of these criteria for its proposed 2013 budget and 2014 - 2015 financial plans. Metra's 2013 through 2015 recovery ratios, with approved adjustments, exceed the RTA mark of 53%.

2012 Budget versus 2012 Estimate

With increased farebox revenues resulting from its February 2012 fare increase and favorable public funding attributed to an improving regional economy, Metra's total revenues were $9.9 million favorable to the 2012 budget. Additionally, the mild winter weather and lock-in of three-fourths of its diesel fuel expenditures aided Metra in keeping operating expenses $2.0 million favorable to budget. The 2012 projected recovery ratio of 56.0% is 1.3 percentage points favorable to the budget of 54.7% (Exhibit 5-13).

OPERATING REVENUE

Calendar year 2012 operating revenues are estimated at $360.6 million and are projected to be $7.0 million or 2.0% higher than budget. Passenger revenues are estimated to be $8.3 million higher than budget because of the slightly higher than budgeted ridership.

Metra estimated that the reduced fare subsidy would end up 8.8% below budget by the end of the calendar year. Other revenues are estimated to be $1.0 million or 1.9% unfavorable to budget.

PUBLIC FUNDING

The RTA marks set at the beginning of 2012 budgeted public funding for the year to total $338.7 million to Metra. Sales tax revenues were higher than what was originally projected in the budget and Metra estimates a favorable variance in Sales Tax I, Sales Tax II and PTF II. Consistent with the RTA's estimates, Metra has anticipated that Sales Tax I will come in $2.5 million or 1.0% higher than budget. Sales Tax II and PTF II are projected to come in $0.4 million or 0.4% higher than budget. End-of-year available funds will be allocated to Metra's farebox capital program.

EXPENDITURES

Total 2012 operating expenditures are estimated at $684.8 million and are projected to be $2.0 million lower than budget, resulting in a favorable variance of 0.3%.

Transportation expenses were favorable to budget by $4.2 million or 2.0%. Maintenance of way expenses were favorable to budget by $2.7 million or 2.1%, but maintenance of equipment expenses were unfavorable to budget by $2.5 million or 1.7%. Administration and regional services expenses were $0.7 million, or

Exhibit 5-13: **Metra 2012 Budget vs. 2012 Estimate** (dollars in thousands)

	2012 Budget	2012 Estimate	Variance
Operating Revenues			
Passenger Revenue	297,600	305,900	8,300
Reduced Fare Subsidy	3,400	3,100	(300)
Other Revenue	52,600	51,600	(1,000)
Total Operating Revenues	**$ 353,600**	**$ 360,600**	**$ 7,000**
Public Funding			
RTA Sales Tax I	246,900	249,400	2,500
RTA Sales Tax II and PTF II	90,600	91,000	400
Homeland Security Grant	1,200	1,200	-
Total Public Funding	**$ 338,700**	**$ 341,600**	**$ 2,900**
Total Revenues	**$ 692,300**	**$ 702,200**	**$ 9,900**
Expenses			
Transportation	218,500	214,300	4,200
Maintenance of Way	126,200	123,500	2,700
Maintenance of Equipment	145,600	148,100	(2,500)
Risk Mgmt., Insurance, and Claims	19,100	23,200	(4,100)
Administration and Regional Services	76,200	75,500	700
Downtown Stations	14,800	14,500	300
Diesel Fuel	78,000	77,500	500
Electricity	8,400	8,200	200
Total Expenses	**$ 686,800**	**$ 684,800**	**$ 2,000**
Less: Farebox Capital Program	5,000	5,000	-
Net Results (1)	**$ 500**	**$ 12,400**	**$ 11,900**
Recovery Ratio % (2)	**55%**	**56%**	**1%**

(1) Positive results in Net Results are either transferred to capital or added to cash reserves to help build a cash balance equivalent to six weeks of operating expenses, consistent with the Office of the Auditor General's recommendation. In 2012, Metra anticipates transferring $5.0 million to capital from operations. (2) The RTA Act requires the RTA Board to set a recovery ratio for each Service Board. Metra's 2012 estimate is 1.3 percentage points higher than the budget.

0.9%, favorable to budget. Diesel fuel expenditures were favorable by $0.5 million or 0.6%. Expenditures for electricity were also favorable by $0.2 million or 2.4%. Risk management, insurance and claims were unfavorable to budget by $4.1 million or 21.5%, following a decision early in the year to heed the advice of auditors and increase contributions to the claims reserve. Expenses related to downtown stations were favorable to budget by $0.3 million or 2.0%. Overall savings achieved in transportation, maintenance of way, administration and regional services, diesel fuel, electricity, and downtown stations more than offset increased expenses for maintenance of equipment and risk management/insurance/claims.

NET RESULTS

For 2012, the operating deficit is estimated to be $324.2 million. This result is favorable to budget by $9.0 million. Net results for 2012 show an $11.9 million favorable variance; Metra anticipates transferring $5.0 million of this positive budget variance to capital. The remainder will be transferred to cash reserves to help build a cash balance equivalent to six weeks of operating expense, consistent with the Office of the Auditor General's recommendation. Estimated results show that Metra will end 2012 with a 56.0% recovery ratio, 1.3 percentage points favorable to its budget of 54.7% and exceeding the RTA mark of 53% by 3.0 percentage points.

Fare Structure

Commuter rail fares are based upon travel between designated fare zones, with a uniform base fare charged for travel within a zone and increments added to this base fare as fare zone boundaries are crossed. These zones are set at five-mile intervals beginning at each rail line's downtown Chicago station. The zone system does not apply to the South Shore fares set by the Northern Indiana Commuter Transportation District (NICTD).

Metra proposed a fare policy change for 10-ride tickets that removes the discount embedded within those fare media, a change that will take effect on February 1, 2013 (Exhibit 5-14). The cost of a weekend ticket remained at $7.00; passengers who pay for their ticket on the train when a Metra agent is available at their boarding station will continue to pay a $3.00 surcharge. Metra has not proposed fare increases for the 2014-15 plan years; however, fare adjustments will be considered in future budgets if there is a projected shortfall between anticipated revenues and expenses.

Exhibit 5-14: **New Fare Structure**

Metra Full Fare Schedule

Zone (1)	One-Way (2)	Ten-Ride (3)	Monthly	Weekend (4)
A	$2.75	$27.50	$78.25	$7.00
B	$3.00	$30.00	$85.50	$7.00
C	$4.25	$42.50	$121.00	$7.00
D	$4.75	$47.50	$135.25	$7.00
E	$5.25	$52.50	$149.50	$7.00
F	$5.75	$57.50	$163.75	$7.00
G	$6.25	$62.50	$178.00	$7.00
H	$6.75	$67.50	$192.25	$7.00
I	$7.25	$72.50	$206.50	$7.00
J	$7.75	$77.50	$220.75	$7.00
K	$8.25	$82.50	$235.00	$7.00
M	$9.25	$92.50	$263.50	$7.00

(1) Fares based on traveling to/from Zone A (downtown stations)
(2) The on-board surcharge increased from $2.00 to $3.00 in 2010
(3) The ten-ride ticket discount was discontinued on February 1, 2013; ten-ride tickets now equal the cost of ten individual rides
(4) The weekend pass was raised from $5.00 to $7.00 in 2010

Organizational Structure

Metra's administrative organization chart is presented in Exhibit 5-15 and consists of the following divisions:

Metra Board

The 11-member Metra Board of Directors, made up of members representing the six-county Chicago metropolitan area, generally meets once a month to discuss various matters. Starting in March 2013, the Metra Board will begin using a new committee structure that is designed to promote more Board input and oversight, while increasing transparency of the operations of the commuter rail agency. Four new committees were established, with five Board members composing each committee. The committees were appointed by Chairman O'Halloran, who also designated one of the five as the committee chairman. All meetings

will be open to the public and comply with all other requirements of the Open Meetings Act.

- The Audit and Finance Committee has oversight of all financial activities not covered by other committees, as well as audit activities, all non-capital procurements, and all matters relating to the operating budget.
- The Capital Oversight Committee has oversight of the development, funding, approval and implementation of the capital program, including all contracts and procurements relating to the capital program.
- The Employment Practices Committee has oversight of policies and actions relating to employee hiring, compensation, personnel policies, labor contracts, labor/management interactions, and safety.
- The Executive Committee has oversight of issues relating to corporate governance, compliance, strategic planning, legislative affairs, operational performance, policies that are not related to personnel, and adoption of intergovernmental agreements.

Executive Director/Chief Executive Officer

Metra's Executive Director and Chief Executive Officer is charged with executing Board policy decisions and providing direction to Metra staff as they work to fulfill the mission and goals of the agency. The Executive Director reports directly to the Metra Board of Directors.

Finance

The finance area is comprised of the Controller's Office (oversees Accounting, Payroll, Treasury, Budget, Finance & Analysis, and Grant Development & Accounting) and Information Technology (oversees Network Services, Systems Development, Computer Operations, and Web Services).

Operations

The Operations Division consists of three departments: Transportation, Mechanical, and Engineering. Transportation has oversight of the Chicago Union Station District, Rock Island District, Electric District, Contract Carriers, Dispatch, Service Design, GPS, and Station Services. Mechanical includes Mechanical Operations, Contract Carriers, Projects, and Fleet Management. Engineering includes Maintenance, Communications, Projects, Safety, Operations Training, and Rules & Federal Regulatory Compliance.

Customer Affairs and Communications

This area includes Customer Service, Ticket Services, Customer Affairs, Communications, Media, Marketing, and Web Content.

Law

Metra's Law Division encompasses assistance to the General Counsel, Litigation and Risk Management, and an Ethics Office.

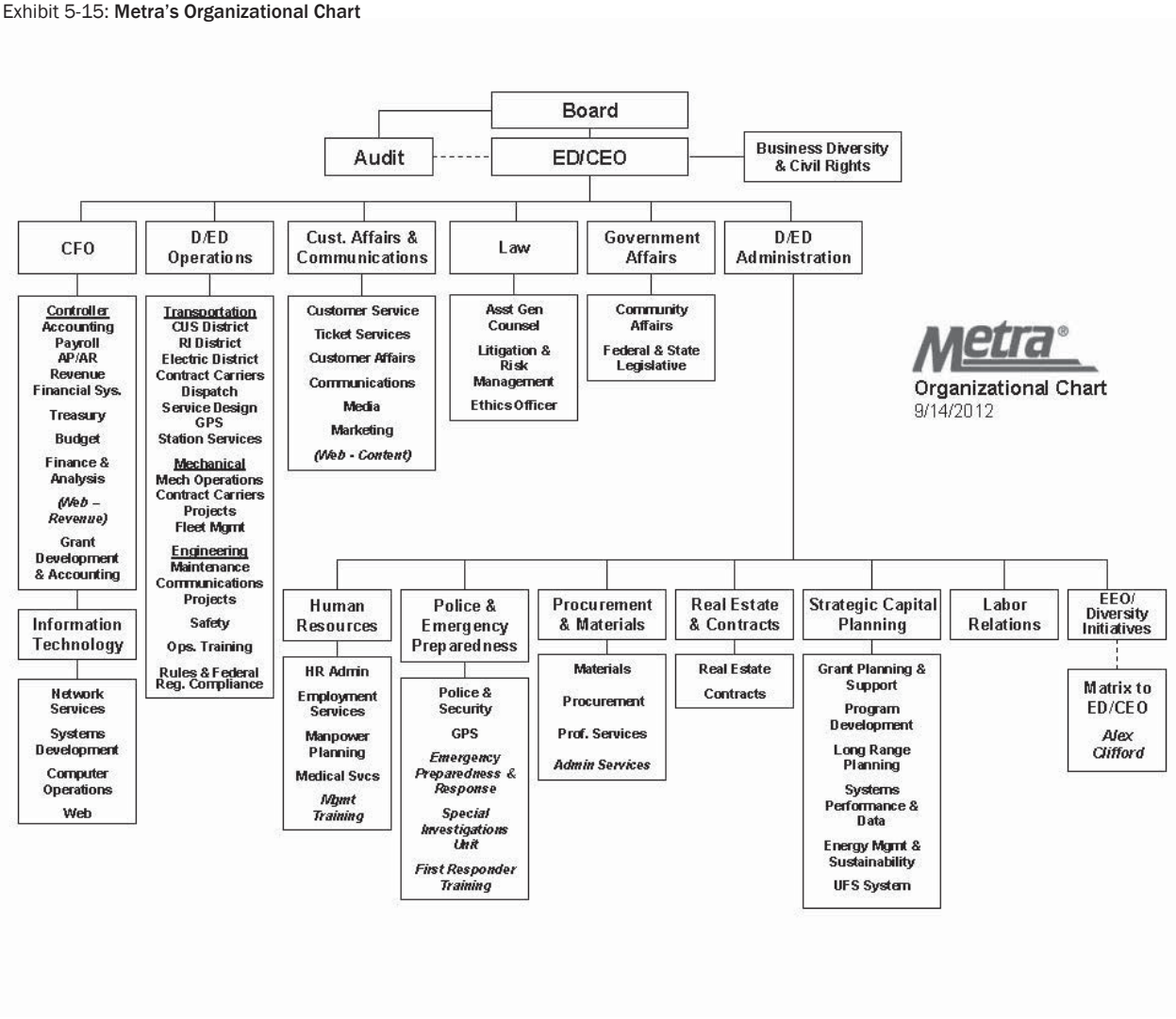
Government Affairs

Metra's Government Affairs Division is comprised of Community Affairs and Federal & State Legislative Affairs, representing Metra and its interests.

Administration

Metra's Administration encompasses Human Resources, Police & Emergency Preparedness, Procurement & Materials, Real Estate & Contracts, Strategic Capital Planning, Labor Relations, and EEO/Diversity Initiatives.

Exhibit 5-15: **Metra's Organizational Chart**



6 Pace Suburban Service Operating Plan

Overview

Pace was formed in 1983 as part of the reorganization of the Regional Transportation Authority (RTA), and began service in 1984. Pace is governed by a 13-member Board of Directors made up of current and former village presidents and mayors representing the different suburban areas of the RTA region.

Pace's mission is to provide efficient and well-integrated transportation services that meet the travel needs of the suburban Chicago area. Effective suburban mobility comprises line-haul and community-based services that provide access between both nearby and distant origins and destinations. To attract riders in an automobile-oriented market requires coordination of infrastructure, service, information, and travel demand. To achieve this mission, Pace must maintain viable transit options for the 21st century suburban environment.

Beginning July 1, 2006, Pace also assumed operating responsibility for all ADA Paratransit service in the RTA region. Pace's Regional ADA Paratransit operating plan is presented in chapter 7.

Pace Suburban Service provides more than 35 million annual rides with a fleet of 687 buses, 442 paratransit vehicles, and 694 vanpool vehicles.

Service Characteristics

Pace operates one of the largest bus services in North America, with a territory covering 3,519 square miles. Pace operates more vehicles than any other suburban bus service in the U.S. Their service area spans six counties and serves a full spectrum of 284 diverse communities comprised of walkable suburban neighborhoods, satellite cities, and rural towns.

Pace Suburban Service features distinct fixed-route, paratransit, and vanpool services. Fixed-route operations offer 138 regular routes, 35 feeder routes, and 14 shuttle routes. Pace's non-ADA paratransit services include 68 local Dial-a-Ride arrangements as well as 7 of the newer concept Call-n-Ride operations. Finally, Pace administers 3 types of vanpool programs; traditional vanpool, employer shuttle, and the Advantage program which is tailored to non-profit human service organizations. In total, Pace Suburban Service provides more than 35 million annual rides with a fleet of 687 buses, 442 paratransit vehicles, and 694 vanpool vehicles.

RIDERSHIP

For the 2013 budget year, Pace projects that Suburban Service ridership will increase by 3.9% to 36.8 million as the economy continues to recover and the employment picture improves. Ridership has been increasing steadily since modest service reductions were implemented in 2010. In 2011, Pace Suburban Service ridership increased over 4% to 33.7 million and is expected to finish 2012 at 35.4 million, an additional increase of about 5%. Pace's ridership forecast for 2014 and 2015 predicts slowing growth of 2.1% and 2.0%, respectively, with 38.3 million rides expected by the end of the two-year planning period (Exhibit 6-1).

Pace's 2012 ridership gains were made despite the loss of some senior ridership related to the end of the Seniors Ride Free Program. Effective September 1, 2011, senior free rides, which had previously been allowed on all Chicago-area transit, became limited to only low-income seniors, resulting in an estimated loss of up to 100,000 senior trips per year on Pace fixed-route service. Seniors who did not qualify for free rides were still eligible to purchase reduced-fare tickets, and an estimated 43% of former free Pace senior riders opted to do so, providing a significant farebox revenue improvement. It is also estimated that 51% of Pace's ridership under the Seniors Ride Free Program continues to ride free by meeting the low-income criteria of the revised program.

SERVICE QUALITY

As part of its effort to improve service quality, Pace has formulated a variety of performance measures. For each performance measure, Pace has provided a performance standard, the 2011 result, an estimate for 2012, and a projection for 2013. The performance measures are grouped by quality service area: Safety,

Reliability, Courtesy, Efficiency, and Effectiveness. When performance for a year exceeds the performance standard, the measurement is highlighted in green. If performance for the year falls below but within 10% of the standard, the measurement is highlighted in yellow. When performance falls more than 10% below the standard, the measurement is highlighted in red. The performance measure results and projections for 2011 through 2013 can be found at the end of this section (Exhibit 6-13).

Pace also compares its performance to that of peer transit agencies selected by the RTA and based on similar service characteristics: suburban operating areas with comparable amounts of service and contracts with private providers for some of the service. Peer transit agencies include Long Island Bus (MTA), Orange County Transportation Authority (OCTA), San Mateo County Transit District (SamTrans), and Alameda-Contra Costa Transit District (AC Transit). Performance measures include operating expense per vehicle revenue hour and per vehicle revenue mile (service efficiency), operating expense per passenger trip and per passenger mile (cost effectiveness), and passenger trips per vehicle revenue hour and per vehicle revenue mile (service effectiveness), as reported by Pace and peer agencies to the Federal Transit Administration and compiled in the National Transit Database (NTD). For 2010, Pace outperformed all of its peers in operating expense per vehicle revenue hour, operating expense per vehicle revenue mile, and operating expense per passenger mile. Pace ranked fourth among its peers in operating expense per passenger trip. Pace ranked fifth in both measures of service effectiveness primarily because Pace has the largest service area and the lowest population density when compared to its peers.

Performance measurements and peer comparisons represent important steps toward improving service quality and increasing accountability to the public. By striving to meet or exceed performance goals and peer performance, Pace has shown that it is working toward improved service quality and higher customer satisfaction.

Exhibit 6-1: **Pace Suburban Service Ridership** (in millions)

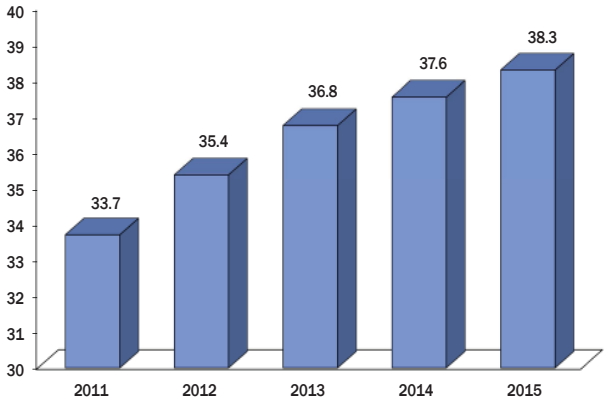
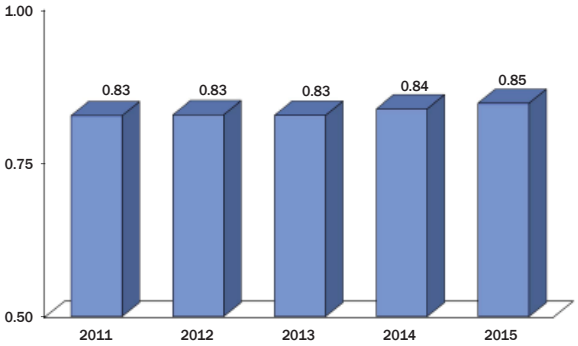


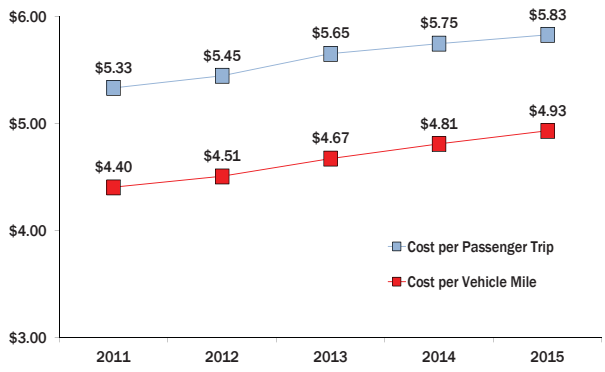
Exhibit 6-2: **Pace Suburban Service Passengers per Vehicle Mile**



Matching the amount of service provided to demand is fundamental to achieving system effectiveness. One way to measure this balance is to relate the total number of passengers served to the total number of miles operated. Pace's passengers per mile ratio for Suburban Service is estimated to remain flat at 0.83 for 2011 through 2013, before rising to 0.85 by 2015 (Exhibit 6-2). This stable to increasing trend indicates that service is being added at an appropriate and measured rate, consistent with rising demand.

The cost per passenger trip and cost per vehicle mile metrics (Exhibit 6-3) provide insight into the steadily rising expense of providing transit service. Suburban Service cost per mile is expected to increase from $4.40 in 2011 to $4.93 in 2015, corresponding to a compound annual growth rate of 2.9%. Due to ongoing ridership gains, the cost per passenger trip increases at a somewhat lower annual rate of 2.2%. These metrics are being driven higher by steady increases in operating expenses such as labor, maintenance,

Exhibit 6-3: **Pace Suburban Service Cost Efficiency**



material, and fuel, all of which are discussed in detail later in this chapter.

CHALLENGES

Pace's robust ridership gains of late 2011 and 2012, fueled by the economic recovery, are expected to slow over the next three years, in turn reducing the growth of operating revenue. With only modest increases in public funding projected by the RTA, the growth in total revenues will lag the growth in operating expenses, which are driven by labor expense, fuel, technological improvements, and normal inflation. Increasing levels of both federal Capital Cost of Contracting funds and RTA discretionary funds are required to balance Pace's three year plan. Pace will be focused on efforts to continuously improve safety and promote ridership on all of its transit modes, while seeking to fully leverage funding sources for both operating and capital purposes.

CAPITAL INVESTMENT

Pace's 2013 capital program of $109.2 million will focus on projects needed to move Pace toward a State of Good Repair. Of that total, $76.7 million or over 70% will be spent on purchases of rolling stock, as Pace replaces aging fixed-route buses, paratransit vehicles, and vanpool vans. Most of the buses to be purchased are powered by compressed natural gas, a domestically-produced, clean-burning fuel with less price volatility than diesel. The remainder of the bus purchases will be for over-the-road coaches to support expansion of express bus services.

Pace's second largest capital expenditure category for 2013 is $27.6 million or 25% for support facilities and equipment. This category includes expenditures of $10.6 million for the purchase of the Ventra fare system and $9.7 million for garage improvements system-wide. The remainder of the 2013 capital program contains expenditures on station and passenger facilities, electrical, signal, and communications, and miscellaneous. Complete details of Pace's five-year capital program are provided in chapters 9 and 10.

SAFETY AND SECURITY

Pace's primary metric in this area, accidents per 100,000 revenue miles, improved in 2012 but at 5.80 still does not meet Pace's performance standard of 5.0. The posted stop initiative, which will move Pace's fixed bus routes away from the traditional flag-stop service, will enhance safety for both passengers and operators. This initiative will clearly communicate the location of each route's designated bus stops, which will also be fitted with added customer amenities. In addition to improving safety, posted stops will also support better on-time performance by speeding up Pace fixed-route service.

Budget and Financial Plan

The Pace Suburban Service 2013 budget and two-year financial plan presented in Exhibit 6-4 meet the funding marks set by the RTA Board on October 10, 2012. The budget reflects a recovery ratio of 30.0% for Suburban Service operations, using approved credits to exactly meet the mark adopted by the RTA Board. Pace's 2013 budget and two-year financial plan were approved by the RTA Board on January 16, 2013. A detailed discussion of Pace's outlook for operating revenue, public funding, and operating expenditures follows.

OPERATING REVENUE

Pace's system-generated revenue from Suburban Service operations in 2013 is expected to total $59.2 million. Exhibit 6-5 shows a steady increase in operating revenue from 2011 through 2015, representing a 2.8% compound annual growth rate. This increase

Exhibit 6-4: **Pace Suburban Service 2013 Budget and 2014-2015 Financial Plan** (dollars in thousands)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
Operating Revenues					
Passenger Revenue	34,651	35,979	37,310	38,204	38,990
Reduced Fare Reimbursement	2,571	2,571	2,610	2,610	2,610
Other Revenue	17,999	18,336	19,245	19,582	20,087
Total Operating Revenues	**$ 55,221**	**$ 56,886**	**$ 59,165**	**$ 60,396**	**$ 61,687**
Public Funding					
RTA Sales Tax I	76,085	79,038	80,869	83,457	86,378
RTA Sales Tax II and PTF II	31,449	30,333	30,371	30,991	31,756
Suburban Community Mobility Fund	19,860	20,527	21,100	21,776	22,538
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
RTA Discretionary	535	3,000	3,694	4,649	4,905
Capital Cost of Contracting	2,000	-	2,778	5,538	7,352
CMAQ / JARC / New Freedom	1,597	1,399	2,284	1,449	1,080
RTA ICE Funds	38	-	-	-	-
Total Public Funding	**$ 139,064**	**$ 141,797**	**$ 148,596**	**$ 155,360**	**$ 161,509**
Total Revenues	**$ 194,285**	**$ 198,683**	**$ 207,761**	**$ 215,756**	**$ 223,196**
Expenses					
Labor/Fringes	91,594	97,888	104,086	107,258	110,451
Health Insurance	16,128	18,117	18,731	19,854	21,046
Parts/Supplies	5,901	6,412	6,729	7,022	7,368
Purchased Transportation	26,919	27,438	29,559	30,546	31,685
Fuel	20,252	20,903	22,883	23,360	24,136
Utilities	1,662	1,685	1,724	1,793	1,872
Insurance	7,752	8,537	8,750	9,144	9,610
Other	9,482	11,721	15,299	16,779	17,028
Total Expenses	**$ 179,690**	**$ 192,701**	**$ 207,761**	**$ 215,756**	**$ 223,196**
Net Result (1)	**$ 14,595**	**$ 5,982**	**-**	**-**	**-**
Recovery Ratio (2)	**36.0%**	**30.0%**	**30.0%**	**30.0%**	**30.0%**

(1) Positive net results are retained by the Service Board for capital purposes unless otherwise authorized by the RTA Board.

(2) The recovery ratio includes Advantage program in-kind revenue and expense inclusions (of equal amounts), as well as statutory and approved adjustments. The recovery ratio in 2013 meets the 30% mark set for Pace by the RTA Board on October 10, 2012.

is primarily due to the actual and projected increase in ridership and the associated growth in farebox revenue over the five-year period. However, operating revenue will account for only 28% of total Suburban Service revenue in 2013 (Exhibit 6-6), with the remainder provided by public funding sources.

Passenger Revenue

Revenue from passenger fares accounts for almost two-thirds of Pace's operating revenue and is projected at $37.3 million in 2013. In 2014 and 2015, passenger revenue grows by just over 2% per year, consistent with the expected slowing of ridership growth (Exhibit 6-7). Passenger revenue includes fixed route farebox deposits (using cash, passes, and cards) and payments for vanpool, Dial-a-Ride, and other services. The average passenger fare increases slightly across the period from $1.01 to $1.02.

Pace's Suburban Service fare structure (effective January 14, 2013) is shown in Exhibit 6-8. While no direct Pace fare increases are scheduled for 2013, the fare table does reflect higher costs for Pace/CTA 30-day and 7-day passes as well as the Link-Up pass, due to the CTA's fare policy adjustments effective in mid-January 2013. Also beginning in 2013, Indiana-based Pace vanpool customers will be assessed a

$27 monthly surcharge to offset the cost of tolls on the Chicago Skyway and Indiana Toll Road.

Reduced Fare Reimbursement

The State of Illinois provides partial reimbursement for the revenue loss due to mandated free and reduced fare ride programs for the elderly, students, and disabled persons. This amount is expected to remain steady at $2.6 million in 2013 and in the planning years of 2014 and 2015.

Other Revenue

Pace's other revenue category is projected at $19.2 million for 2013 and includes investment income, advertising revenue, and local government contributions to support specific services. The latter accounts for more than 75% of this category, amounting to $14.7 million in 2013 and growing by 2% thereafter. Advertising revenue is expected to be steady at $4.4 million, while investment income, the smallest component, is expected to increase from $124 thousand in 2013 to $258 thousand in 2015.

Exhibit 6-5: **Pace Suburban Service Operating Revenue**
(dollars in millions)

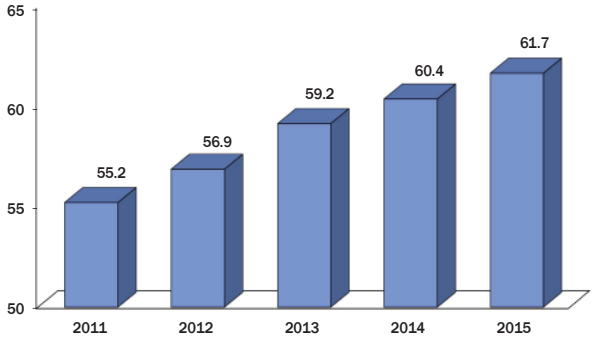
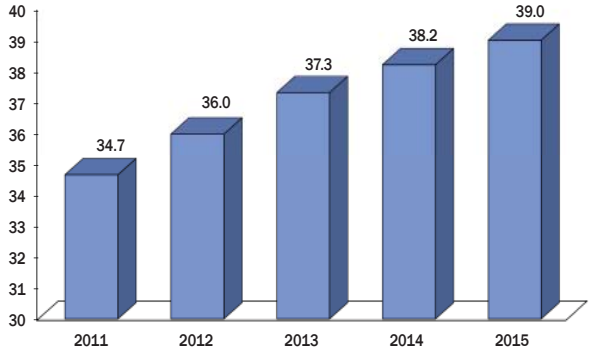


Exhibit 6-7: **Pace Suburban Service Passenger Revenue**
(dollars in millions)



PUBLIC FUNDING

Public funding for Pace is projected at $148.6 million for 2013, representing 72% of total Suburban Service revenue. Public funding is then forecast to grow to $161.5 million by 2015. Public funding for Pace operations includes statutory allocations of RTA Sales Tax (I and II) and Public Transportation Funds (PTF II), as well as federal sources.

Pace's share of RTA Sales Tax I is projected at $80.9 million for 2013, an increase of 2.3% from the 2012 estimate. This funding source is then forecast to increase by 3.2% in 2014 and by 3.5% in 2015, consistent with GDP projections. RTA Sales Tax II &

Exhibit 6-6: **2013 Pace Suburban Service Total Revenue - $207.8 million**

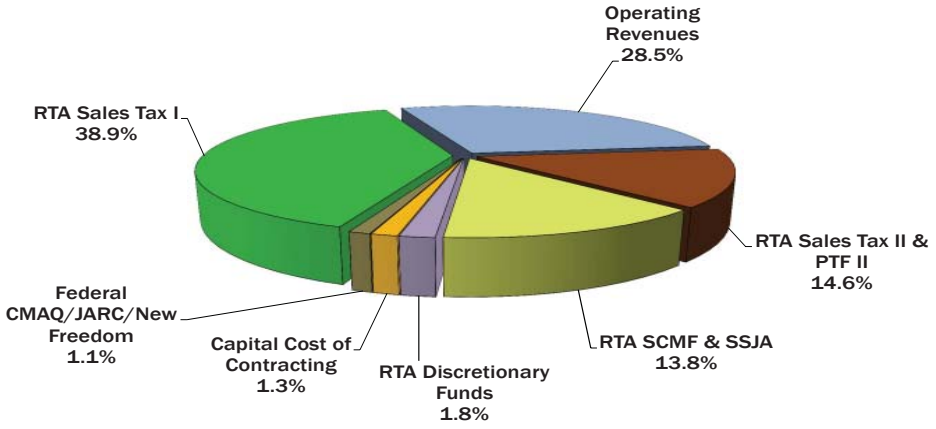


Exhibit 6-8: **Pace Suburban Service Fare Structure**

	Current Fares	
	Full Fare	**Reduced Fare**
REGULAR FARES		
Full Fare	$1.75	$0.85
Transfer to Pace	$0.25	$0.15
		Free Local Transfer
PASSES		
Pace/CTA (30-day)	$100.00	$50.00
Pace/CTA (7-day)	$33.00	N/A
Commuter Club Card (CCC) (Pace Only)	$60.00	$30.00
Link-Up Pass	$55.00	N/A
Plus Bus	$30.00	N/A
Regular 10 Ride Plus Ticket	$17.50	$8.50
Student (Haul Pass)	$30.00	N/A
Student Summer Pass	$45.00	N/A
Pace Campus Connection (College Student Pass) Valid for one semester. Discounted if purchased after August/January.	$175.00	N/A
Campus Connection - Summer Pass	$140.00	N/A
EXPRESS / OTHER FARES		
Premium Routes*	$4.00	$2.00
Premium 10 Ride Plus Ticket (855)	$40.00	$20.00
Dial-a-Ride	$1.75	$1.00
Call-n-Ride	$1.75	N/A
VANPOOL		
Monthly VIP and other vanpool services fares range from $73 to $174 depending on the daily round trip van miles and the number of passengers.		

* Premium routes: 237, 282, 284, 755, 768, 769, 773, 774, 775, 776, 779, 855

PTF II is expected to increase from $30.4 million in 2013 to $31.8 million in 2015, growing at a somewhat slower rate than Sales Tax I. Pace will also receive funding from the RTA Suburban Community Mobility Fund (SCMF), which is indexed to sales tax growth. This source will provide $21.1 million to $22.5 million for 2013 through 2015. The RTA also provides South Suburban Job Access (SSJA) funds in the fixed amount of $7.5 million annually, rounding out the statutory funding sources.

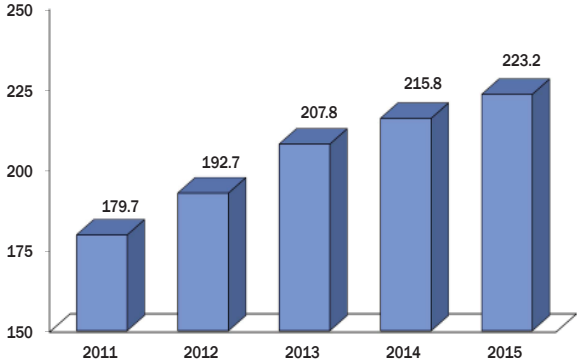
Finally, the RTA will provide Pace with discretionary funding of $3.7 million for operations in 2013, a 23% increase over 2012. A thorough discussion of how the RTA allocates public funds among the Service Boards is contained in chapter 3.

In addition to funds from the RTA, Pace also receives federal funds for operations. Pace expects to receive combined Congestion Mitigation Air Quality (CMAQ), Job Access Reverse Commute (JARC), and New Freedom funds of $2.3 million in 2013, an amount which then decreases to $1.4 million and $1.1 million in 2014 and 2015, respectively. Pace will use $2.8 million of Federal 5307 Capital Cost of Contracting funds for operations in 2013, increasing to $5.5 million and $7.4 million in 2014 and 2015, respectively.

OPERATING EXPENDITURES

Pace Suburban Service operating expenditures are expected to increase by 7.8% in 2013 to $207.8 million. This significant increase is being driven by higher labor expenses, modest service expansions, and technological improvements. In 2014 and 2015, Pace projects that overall expenditure growth will slow to 3.8% and 3.4%, respectively. The total expense trend over the five year period from 2011 to 2015 corresponds to a compound annual growth rate of 5.6% (Exhibit 6-9).

Exhibit 6-9: **Pace Suburban Service Operating Expenses**
(dollars in millions)



Suburban Service expenditure totals include a regional ADA Paratransit support credit that reflects the administrative and overhead costs incurred throughout Pace in support of ADA Paratransit operations. This credit is accounted for in exhibit 6-4 as an offset within the Other expense category. Operating expenditure elements include labor/fringe benefits, health insurance, parts/supplies, purchased transportation, fuel, utilities, insurance/claims, and other (Exhibit 6-10).

Labor/Fringes

Projected 2013 labor/fringes expenditures of $104.1 million will account for just over 50% of total Suburban Service operating expenditures. This amount represents an increase of 6.3% over the 2012 estimate, driven by both contractual wage increases and the hiring of additional full-time equivalents (FTEs) necessitated by modest service expansions. Labor/fringes expenditures are then projected to grow by 3% in both 2014 and 2015, ending the period at $110.5 million. Over the five-year period from 2011 through 2015, this large expense category experiences a 4.8% compound annual growth rate.

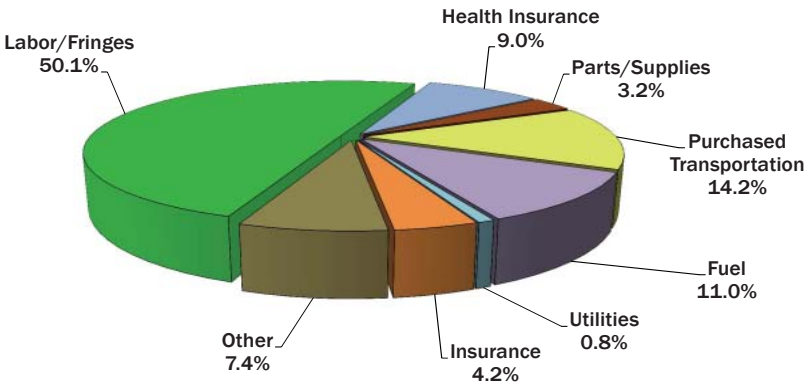
Health Insurance

Health insurance expenditures are projected at $18.7 million for 2013, accounting for 9.0% of total Suburban Service operating expenditures. This amount represents a 3.4% increase over 2012, much smaller than the 12.3% increase experienced in 2012. Health insurance expenditures are then projected to grow at 6.0% in 2014 and 2015, ending the period at $21.0 million and resulting in a 6.9% compound annual growth rate over the five-year period.

Parts/Supplies

Parts/supplies expenditures for 2013 account for 3.2% of total expense and are projected at $6.7 mil-

Exhibit 6-10: **2013 Pace Suburban Service Total Expense - $207.8 million**



lion, an increase of 4.9% over 2012. These expenditures are then projected to grow by 4.4% and 4.9% in 2014 and 2015, respectively. Over the five year period from 2011 through 2015, this category is projected to increase at a 5.7% compound annual growth rate.

Purchased Transportation

Purchased transportation costs of $29.6 million for 2013 represent Pace's second largest expense category at 14.2% of total expenditures. This expenditure level represents a sharp increase of 7.7% over the 2012 estimate, as some of Pace's service agreements were renewed at higher rates. These expenditures are then projected to grow at 3.3% to 3.7% in 2014 and 2015, ending the period at $31.7 million. The resulting five-year compound annual growth rate for this large expense category is 4.2%.

Fuel

Pace's third largest expense category, fuel, is expected to increase by 9.5% to $22.9 million in 2013, representing 11.0% of total Suburban Service expense. The projected increase in fuel expenditures, which include both fixed-route and vanpool, is being driven primarily by price rather than consumption. Pace has assumed a diesel price per gallon of $3.32, an increase of 6.4% over the 2012 estimate of $3.12 per gallon. Fuel consumption in 2013 increases by 2.8% to 6.861 million gallons, consistent with the increase in total vehicle miles for fixed-route and vanpool. In 2014 and 2015, fuel expenditures increase by 2.1% and 3.3%, respectively, as Pace has assumed a smaller fuel price increase and nearly flat fuel consumption.

Utilities

Utilities expenditures of $1.7 million are projected to increase by 2.3% and account for 0.8% of total Suburban Service operating expenditures in 2013. These expenditures are then forecast to increase by 4.0% and 4.4% in 2014 and 2015, respectively, resulting in a 3.0% compound annual growth rate over the five year period from 2011 through 2015.

Insurance

Insurance expenditures of $8.7 million are projected to increase by 2.5% in 2013 and account for 4.2% of total Suburban Service operating expenditures. These expenditures are then forecast to increase by 4.5% and 5.1% in 2014 and 2015, respectively, contributing to a 5.5% compound annual growth rate over the five year period from 2011 through 2015.

Other

Other expenditures are projected to total $15.3 million and account for 7.4% of total Suburban Service operating expenditures in 2013. This amount represents a large increase of 30.5%, partially driven by the first-time inclusion of $1.7 million in operating costs for Ventra, Pace and CTA's new fare payment system. Other items driving the increase include operating expenses for Pace's new Starcom radio system, leases for additional Bus-on-Shoulder coaches, and increased MIS software maintenance expense. The Regional ADA Paratransit support credit, discussed next, is also included within the Other expense category shown in Exhibit 6-4.

Regional ADA Paratransit Support Credit

Pace allocates expenses to the ADA Paratransit budget in order to account for the work that departments such as MIS, budgeting, accounting, purchasing, human resources, and senior executives do in support of the ADA Paratransit program. For 2013, this amount will decrease 1.1% to $3.949 million, an expense credit which is included as an offset within the Other

expense category. Pace anticipates that the amount of this credit will increase by 2.6% and 2.9% in 2014 and 2015, respectively.

NET RESULTS

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses. In the Suburban Service 2013 budget, revenues and expenses are balanced, producing a net result of zero. A net result of zero is also achieved in the 2014 and 2015 financial plan years, although Pace is projecting that it will require a sharply increasing amount of federal capital cost of contracting funds in order to maintain a balanced Suburban Service budget.

RECOVERY RATIO

The recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. Pace's adjustments include an in-kind revenue and expense inclusion for the Advantage vanpool program. Pace expects to achieve a recovery ratio of 30% in 2013, meeting the mark set by the RTA Board on October 10, 2012. A 30% recovery ratio is projected for 2014 and 2015 as well.

Statutory Compliance

Pace's proposed 2013 budget, 2013 recovery ratio, and 2014-2015 financial plan comply with the operations funding marks set by the RTA Board on October 10, 2012. These marks included sales tax, Public Transportation Fund, Suburban Community Mobility Funds, and South Suburban Job Access Funds provided by statutory formulas, as well as RTA discretionary funds. The marks set the total RTA funding levels for Pace at $143.5 million in 2013, $148.4 million in 2014, and $153.1 million in 2015, and also set the 2013 recovery ratio at 30%.

The RTA Act requires each Service Board's budget to meet the seven criteria detailed in the Introduction chapter, prior to approval by the RTA Board. The Pace Suburban Service budget, as submitted, substantially meets each of these criteria.

2012 Budget versus 2012 Estimate

Pace expects favorable results relative to budget in 2012 due to strong ridership, improving sales tax receipts, and disciplined cost control (Exhibit 6-11).

OPERATING REVENUE

Pace expects 2012 Suburban Service operating revenue to finish the year $2.4 million or 4.4% favorable to budget, driven almost entirely by a 7.6% favorable variance in farebox receipts due to increased ridership. The improving regional employment outlook, relatively high gas prices, and the successful marketing of vanpool programs and services such as Bus-on-Shoulder have all contributed to significant ridership gains above budget. The State reduced fare reimbursement is expected to be provided at the budgeted level of $2.6 million while other revenues, which include local government share and sources such as advertising and investment income, are expected to be slightly unfavorable to budget.

PUBLIC FUNDING

Pace expects a favorable public funding variance of $1.2 million in 2012 due to higher RTA sales tax receipts and increased federal CMAQ / JARC/ New Freedom funding.

EXPENDITURES

Total 2012 Suburban Service expenditures are expected to finish the year $2.3 million or 1.2% favorable to budget. Pace projects that favorable variances in purchased transportation, fuel, utilities, and insurance expenses will more than offset unfavorable variances in the labor/fringes, health insurance, and parts/supplies categories. Purchased transportation is expected to have the largest favorable variance at $1.8 million due to decreased Dial-a-Ride expenditures.

Although fuel consumption will be slightly higher than budget due to growth in Pace's vanpool programs, per gallon fuel prices have been significantly lower than budgeted and are expected to result in a $1.6 million

Exhibit 6-11: **Pace Suburban Service 2012 Estimate vs. 2012 Budget** (dollars in thousands)

	2012 Budget	2012 Estimate	Variance
Operating Revenues			
Passenger Revenue	33,436	35,979	2,543
Reduced Fare Reimbursement	2,571	2,571	-
Other Revenue	18,462	18,336	(126)
Total Operating Revenues	**$ 54,469**	**$ 56,886**	**$ 2,417**
Public Funding			
RTA Sales Tax I	78,234	79,038	804
RTA Sales Tax II and PTF II	30,197	30,333	136
Suburban Community Mobility Fund	20,319	20,527	208
South Suburban Job Access Fund	7,500	7,500	-
RTA Discretionary	3,000	3,000	-
Capital Cost of Contracting	-	-	-
CMAQ / JARC / New Freedom	1,298	1,399	101
Total Public Funding	**$ 140,548**	**$ 141,797**	**$ 1,249**
Total Revenues	**$ 195,017**	**$ 198,683**	**$ 3,666**
Expenses			
Labor/Fringes	96,637	97,888	(1,251)
Health Insurance	17,920	18,117	(197)
Parts/Supplies	6,335	6,412	(77)
Purchased Transportation	29,250	27,438	1,812
Fuel	22,458	20,903	1,555
Utilities	1,937	1,685	252
Insurance	8,825	8,537	288
Other	11,657	11,721	(64)
Total Expenses	**$ 195,017**	**$ 192,701**	**$ 2,316**
Net Result	**-**	**$ 5,982**	**$ 5,982**
Advantage Program In-Kind Revenue / Expense (1)	**$ 10,167**	**$ 1,315**	**($ 8,852)**
Recovery Ratio (1)	**31.5%**	**30.0%**	**-**

(1) The recovery ratio calculation includes Advantage program in-kind revenue and expense inclusions (of equal amounts), as well as statutory and approved adjustments.

or 6.9% favorable fuel expense for the year. Labor/fringes expenditures are projected to have the largest unfavorable variance at $1.3 million due to overtime and increased pension costs.

This favorable expense variance, combined with favorable operating revenues and public funding, is expected to produce a 2012 net result of $6.0 million. Suburban Service will also meet the required recovery ratio of 30%, after applying $1.3 million of approved revenue and expense inclusions.

Organizational Structure

Pace is organized into four main areas: Revenue Services, Strategic Services, External Relations, and Internal Services (Exhibit 6-12). Pace's staffing requirements are classified into four primary categories: administration, central support, Pace-owned divisions, and Regional ADA Paratransit services. Within each category, employees are classified into four activity areas: operations, maintenance, non-vehicle maintenance, and administration. These activity areas are defined by the National Transit Database reporting requirements, which apply to all public transit operators.

Exhibit 6-12: **Pace Organizational Structure**

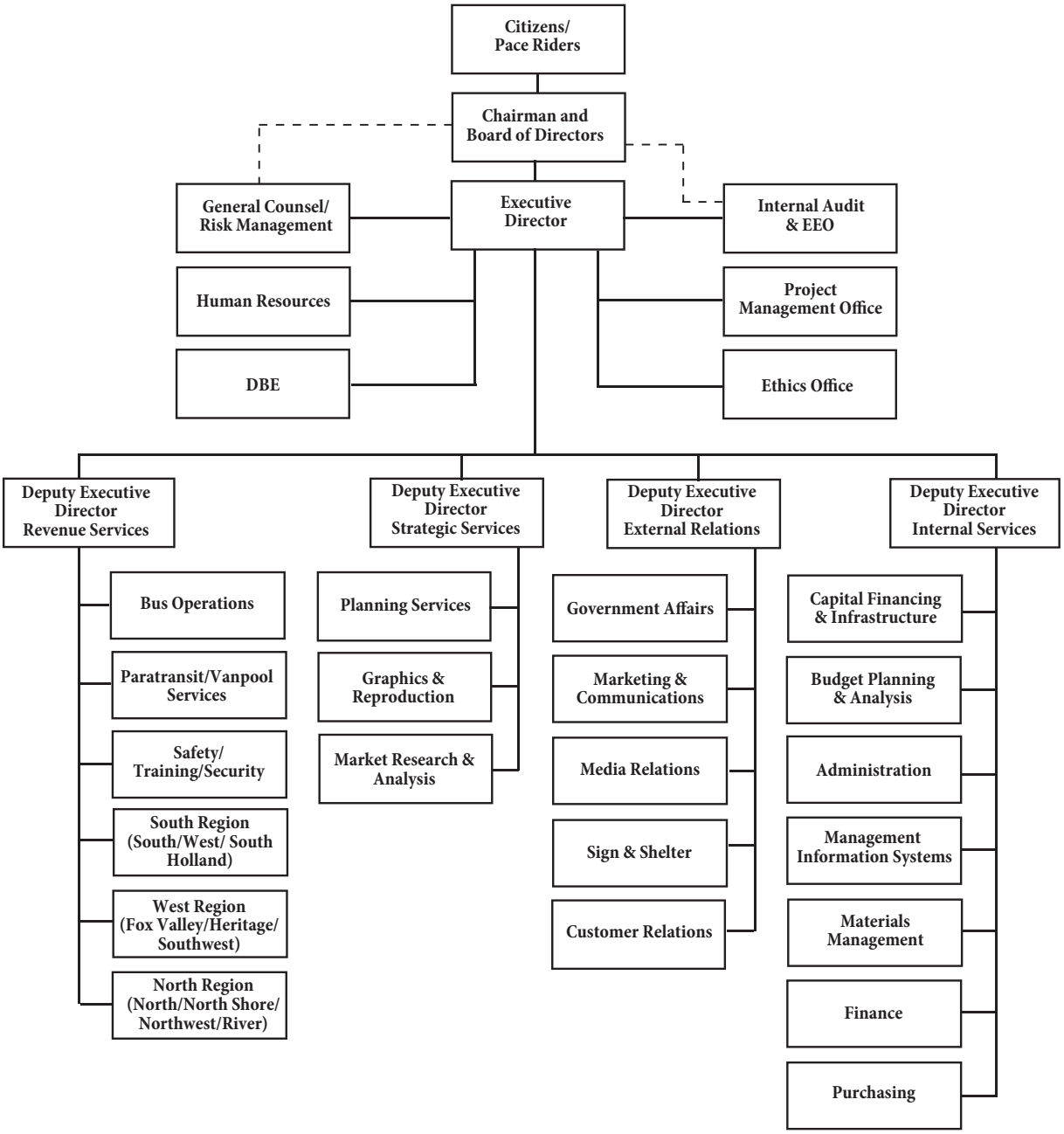


Exhibit 6-13: **Pace Goals and Performance Measures**

		2011 Actual	2012 Estimate	2013 Projected
Safety				
Goal: Provide Safe Public Transportation Services				
Measure(s):	*Performance Standard*			
Accidents per 100,000 Revenue Miles	Less than 5	5.88	5.80	5.80
Reliability				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	*Performance Standard*			
On-Time Performance	Greater than 85%	74.2%	76.4%	76.6%
Actual Vehicle Miles per Road Call	Greater than 14,000	13,135	12,600	13,000
Percent Missed Trips per Total Trip Miles	Less than .5%	0.10%	0.10%	0.10%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	*Performance Standard*			
Complaints per 100,000 Passenger Miles	Less than 4	3.34	2.60	2.60
Website Hits on Web Watch Site (000's)	Increase over prior period	18,776	29,000	29,000
Efficiency				
Goal: Provide Efficient Public Transportation Services				
Measure(s):	*Performance Standard*			
Revenue Miles per Revenue Hour	Greater than 17	16.79	16.99	16.90
Revenue Miles per Total Operator Pay Hours	Greater than 10*	9.48	9.97	9.90
Expense per Revenue Mile	Less than $6.50*	$6.02	$5.93	$6.00
Expense per Revenue Hour	Less than $125.00*	$101.06	$100.89	$101.50
Recovery Ratio	Greater than 18%	26.7%	26.8%	26.5%
Subsidy per Passenger	Less than $4.00	$2.86	$2.77	$2.80
Effectiveness				
Goal: Provide Effective Public Transportation Services				
Measure(s):	*Performance Standard*			
Ridership	Increase from prior period	6.19%	6.00%	4.60%
Passenger Miles per Revenue Miles	Greater than 9*	9.97	10.00	9.50
Productivity (Passengers per Revenue Hour)	Greater than 24*	26.04	26.80	24.80
Ridership per Revenue Mile	Greater than 1.5*	1.55	1.57	1.48
Vanpool Units in Service	Increase from prior period	718	738	745

** Performance Standard Under Evaluation*

Below performance standard *Within 10% of performance standard* *Meets/exceeds performance standard*

7 Pace ADA Paratransit Service Operating Plan

Overview

The RTA administers a regional certification program that determines if individuals with physical or cognitive disabilities are eligible for ADA Paratransit service. If they are found eligible, passengers can arrange for travel within three quarters of a mile of Pace or CTA bus routes or CTA rail stations, as required by the Americans with Disabilities Act of 1990 (ADA). Effective July 1, 2006, Pace began providing all ADA Paratransit service in the RTA region.

Service Characteristics

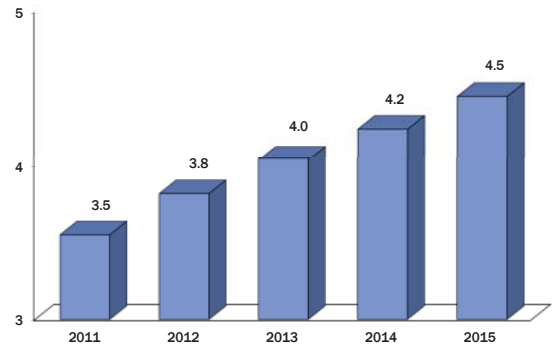
In the suburban area where Pace provides fixed-route service, Pace contracts with private operators to provide ADA Paratransit service. These contractors operate 234 Pace-owned lift-equipped vehicles to provide curb-to-curb service to ADA Paratransit-certified passengers.

In the CTA service area, Pace contracts with four private operators to provide ADA Paratransit service in the entire city of Chicago and most of the suburbs serviced by the CTA. These contractors operate 652 contractor-owned vehicles to provide service to ADA Paratransit-certified passengers. Pace also administers two subsidized taxi programs in the City of Chicago for ADA Paratransit-certified individuals, the Taxi Access Program (TAP) and the Mobility Direct Program, although these services are not required by the Americans with Disabilities Act.

RIDERSHIP

Unlike fixed-route transit services, ADA Paratransit operating expenses vary directly with ridership levels, so accurate ridership projections are critical to budget integrity. Pace's 2013 budget incorporates a ridership increase of 5.9% to just over 4 million, with city ridership growing slightly faster than suburban ridership. Pace expects 2012 to end with a 7.5% ridership increase over 2011, so the assumed growth for 2013 is somewhat lower than recent trends would suggest. Pace then projects that ADA Paratransit ridership will increase by 5.0% per year in 2014 and 2015, reaching almost 4.5 million rides by the end of the two-year planning period (Exhibit 7-1), with equal ridership growth expected in the city and suburban service areas. Effective in 2011, Pace began including companions and personal care attendants in its ADA Paratransit ridership totals, and all ridership figures discussed herein reflect this reporting change.

Exhibit 7-1: **Pace ADA Paratransit Ridership** (in millions)



SERVICE EFFICIENCY

Relative to other transit modes, ADA Paratransit is inherently expensive due to service that is frequently provided on an individualized basis. Pace's cost per ADA Paratransit passenger trip is expected to increase by 75 cents to $36.82 in 2013, resuming an upward trend after a decrease in 2012 (Exhibit 7-2).

Several Pace initiatives were implemented with the goal of increasing productivity in 2012. These included deployment of an Interactive Voice Response (IVR) system to pre-notify riders and reduce vehicle dwell times, an earlier reservation hours cutoff to provide more time for producing an efficient scheduling solution for the following day, and an increased em-

Exhibit 7-2: **Pace ADA Paratransit Cost Efficiency** (dollars)

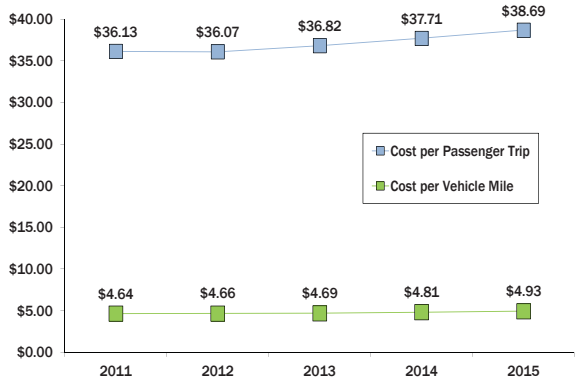


Exhibit 7-3: **Pace Regional ADA Paratransit Service 2013 Budget and 2014-2015 Financial Plan** (dollars in thousands)

	2011 Actual	2012 Estimate	2013 Budget	2014 Plan	2015 Plan
Operating Revenues					
Passenger Revenue	8,873	9,482	10,047	10,549	11,076
Other Revenue	4,889	2,094	2,448	2,519	2,594
Total Operating Revenues	**$ 13,762**	**$ 11,576**	**$ 12,495**	**$ 13,068**	**$ 13,670**
Public Funding					
Sales Tax II and PTF II	99,298	115,000	127,767	134,581	141,734
Additional RTA Funding (1)	6,548	2,440	-	-	-
Additional State Funding	8,500	8,500	8,500	8,500	8,500
Budget Balancing Actions (2)	-	-	-	3,803	8,399
Total Public Funding	**$ 114,346**	**$ 125,940**	**$ 136,267**	**$ 146,884**	**$ 158,633**
Total Revenues	**$ 128,109**	**$ 137,516**	**$ 148,762**	**$ 159,952**	**$ 172,303**
Expenses					
Labor/Fringes	2,414	2,645	2,727	2,797	2,878
Health Insurance	352	393	403	443	488
Admin Expenses	1,905	2,295	2,977	3,020	3,075
Fuel	2,512	2,559	2,816	3,010	3,258
Insurance	353	291	276	289	303
RTA Certification Trips	1,091	1,231	1,305	1,371	1,438
Purchased Transportation	115,666	124,110	134,309	144,972	156,696
Regional ADA Paratransit Support Allocation	3,816	3,992	3,949	4,050	4,167
Total Expenses	**$ 128,109**	**$ 137,516**	**$ 148,762**	**$ 159,952**	**$ 172,303**
Net Result		-	-	-	-
Recovery Ratio (3)	**10.7%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**

(1) Additional RTA funding from ICE in 2011 and from RTA fund balance in 2012.

(2) Additional revenue and/or funding needed to cover projected ADA Paratransit expenses.

(3) Includes an expense exclusion for capital cost of contracting in order to meet the statutory requirement of 10%.

phasis on ride-sharing whenever feasible. In addition, temporary rate freezes were negotiated with some of Pace's service providers for 2012 only. As a result of these initiatives, Pace's cost per ADA Paratransit passenger trip decreased by 6 cents in 2012 to $36.07. However, as Exhibit 7-2 shows, the cost per passenger trip and cost per vehicle mile are projected to increase steadily from 2013 to 2015, with compound annual growth rates of 2.4% and 1.9%, respectively, across that period.

CHALLENGES

With the 2012 productivity initiatives now implemented, further productivity improvements within the financial planning period are limited. As a result, total ADA Paratransit expenses will be driven by both ridership growth and by contractor price increases. The former is projected at 5% per year in 2014 and 2015, and the latter at 2% to 3% in those years. These two factors combine to produce an expected total expense growth rate of 7% to 8%. Since ADA Paratransit fare levels contribute a relatively small amount of revenue, public funding for ADA Paratransit will need to grow at about the same rate as expenses, which have a higher growth rate than sales tax, resulting in a higher proportion of public funding allocated to ADA Paratransit services.

While ridership growth did show some indications of slowing in the second half of 2012, an aging population would suggest that demand for ADA Paratransit services will continue to be strong in the near future. The current provider contracts are in effect through 2014, and Pace will be issuing an RFP in 2013 in anticipation of the renewal process, which will be critical in setting the expense trajectory for the subsequent five-year period.

Budget and Financial Plan

The Pace Regional ADA Paratransit 2013 budget and two-year financial plan presented in Exhibit 7-3 adheres to the funding marks set by the RTA Board on October 10, 2012. In compliance with the RTA Act, the RTA set the ADA Paratransit recovery ratio for 2013 at 10.0%, a mark which Pace's 2013 budget has met. Pace's 2013 budget and two-year financial plan were approved by the RTA Board on January 16, 2013. A detailed discussion of the outlook for ADA Paratransit operating revenue, public funding, and expenses follows.

OPERATING REVENUE

Pace's system-generated revenue from ADA Paratransit operations in 2013 is expected to increase by 7.9% and total $12.5 million (Exhibit 7-4). This follows a projected 15.9% decrease in operating revenue for 2012. Operating revenue is then expected to grow by 4.6% in both 2014 and 2015. These revenue figures do not incorporate required budget balancing actions in 2014 and 2015, discussed in the upcoming Public Funding section. Operating revenue accounts for 8.4% of total revenue in 2013 (Exhibit 7-6), with the remainder provided by public funding sources. ADA Paratransit operating revenue is comprised of passenger revenue and other revenue, the latter consisting of reimbursements from the RTA and the Illinois state Medicaid program.

Passenger Revenue

Revenue from passenger fares is projected at $10.0 million in 2013, an increase of 6%, consistent with expected ridership growth (Exhibit 7-5). Passenger revenue is then expected to grow by 5% in 2014 and 2015, also consistent with assumed ridership growth in those years. Pace's current regional ADA Paratransit fare structure is shown in Exhibit 7-7. Pace's last ADA Paratransit fare increase was in November 2009. No fare increases are planned for the 2013 budget, and current fares remain below the maximum allowable level of twice the fixed-route base fare. Because medically-required personal care attendants who accompany disabled passengers do not pay a fare,

Exhibit 7-4: **Pace ADA Paratransit Operating Revenue**
(dollars in millions)

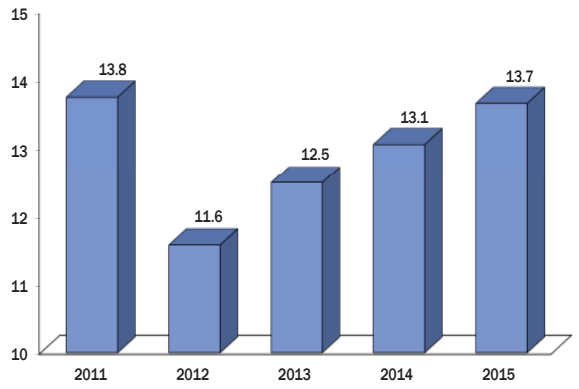


Exhibit 7-5: **Pace ADA Paratransit Passenger Revenue**
(dollars in millions)

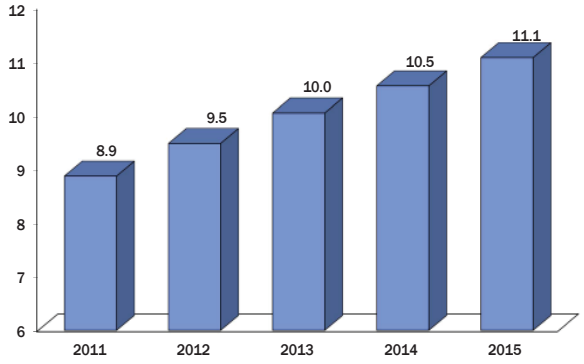


Exhibit 7-6: **Pace ADA Paratransit Total Revenue - $148.8 million**

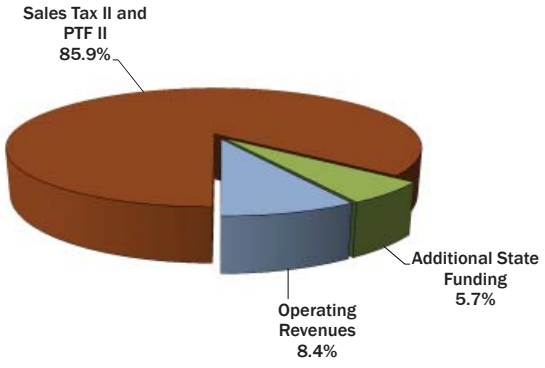
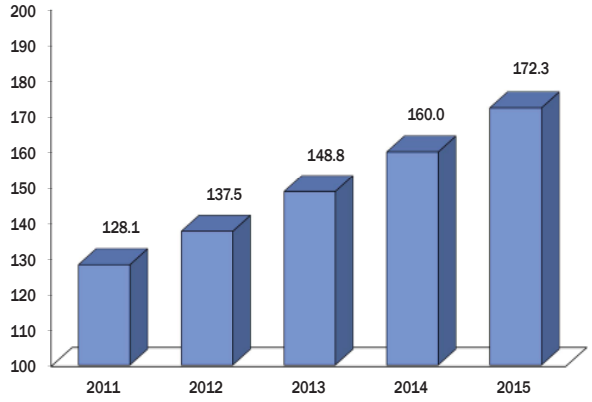


Exhibit 7-7: **Fare Structure**

	Current Fare
CTA SERVICE AREA	
ADA Paratransit	$3.00
Taxi Access Program and Mobility Direct	$5.00
PACE SERVICE AREA	
ADA Paratransit	$3.00

Exhibit 7-8: **Pace ADA Paratransit Operating Expenses**
(dollars in millions)



but are counted in ridership, the average fare per passenger is lower than the base $3.00 fare, remaining constant across the period at $2.49.

Other Revenue

Other operating revenue for 2013 is projected to increase 16.9% to $2.5 million, followed by increases of 2.9% and 3.0% in 2014 and 2015, respectively. Other revenue comes from two sources. The first is the RTA ADA Paratransit certification program, which reimburses Pace for the cost of transporting prospective customers to and from ADA Paratransit assessment centers. The second is the state Medicaid program, which reimburses Pace to defray the cost of Medicaid-related rides. Medicaid reimbursements are difficult to forecast, and can lead to significant fluctuations in overall operating revenue, as experienced in 2011 and 2012 (Exhibit 7-4).

PUBLIC FUNDING

The required level of public funding for Pace ADA Paratransit in 2013 is projected at $136.3 million, an increase of 8.2% over 2012. Public funding for 2013 consists of two components: $127.8 million of Sales Tax II / PTF II provided by the RTA and $8.5 million of additional funding provided by the State of Illinois. Public funding accounts for 91.6% of total revenue for ADA Paratransit (Exhibit 7-6), and when combined with operating revenue is expected to fully cover the operating costs of ADA Paratransit in 2013.

In 2014 and 2015, Sales Tax II / PTF II funding is projected to increase by 5.3% while the additional State funding remains constant at $8.5 million. Pace has identified additional funding needs in 2014 and 2015 of $3.8 million and $8.4 million, respectively, in order to balance the ADA Paratransit operating budget. Legislation which amended the RTA Act in 2011 requires the RTA to fully fund the ADA Paratransit need each year, although actions such as a fare increase or cost reduction could also be considered to balance the budget.

OPERATING EXPENDITURES

Pace ADA Paratransit operating expenditures are expected to increase by 8.2% in 2013 to $148.8 million. This significant growth follows an increase of 7.3% in 2012. ADA Paratransit expenses continue to be driven higher by a combination of ridership increases and higher contractor prices. In 2014 and 2015, Pace anticipates a slowing of expense growth, to 7.5% and 7.7%, respectively, with total operating expenses expected to reach $172.3 million in 2015. The expense trend over the five-year period of 2011 to 2015 corresponds to a compound annual growth rate of 7.7% (Exhibit 7-8).

Operating expenditure elements include labor/fringe benefits, health insurance, administrative expenses, fuel, liability insurance, RTA certification trip costs, purchased transportation, and the Regional ADA Paratransit support allocation (Exhibit 7-9). Figures for individual expenditure elements do not incorporate projected budget balancing actions in 2014 and 2015.

Labor/Fringe Benefits

Labor/fringe benefits for Pace's dedicated ADA Paratransit staff are expected to total $2.7 million in 2013, an increase of 3.1% from 2012. This amount represents 1.8% of total regional ADA Paratransit operating expenditures. Labor/fringe expenses are then projected to increase by 2.6% and 2.9% in 2014 and 2015, respectively. The resulting compound annual growth rate over the five-year period from 2011 to 2015 is 4.5%.

Health Insurance

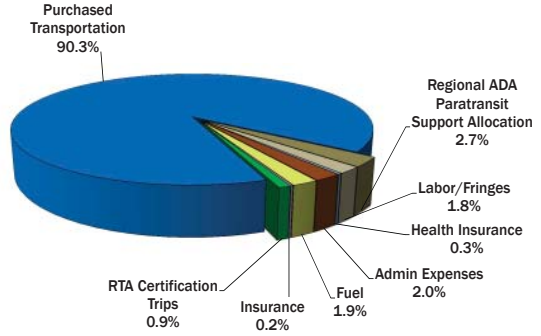
Health insurance expenditures for Pace's dedicated ADA Paratransit staff represent 0.3% of total expenditures, and are projected at $403,000 for 2013, an increase of 2.5%. Health insurance expenditures are then expected to increase by approximately 10% in both 2014 and 2015, approaching $500,000 by the end of the planning period. The resulting compound annual growth rate over the five-year period from 2011 to 2015 is 8.5%.

Representing more than 90% of total operating expenditures, the Purchased Transportation category contains contractual expense for the service providers Pace utilizes in both the city and suburban service areas.

Administration

2013 administration expenditures are projected to total $3.0 million, an increase of 29.7% from 2012. The largest component of this category is facility lease expense, as Pace leases its operations center for ADA Paratransit services in Metra's downtown Chicago headquarters at 547 W. Jackson Blvd. However, the sharp growth in this category for 2013 is being driven by the purchase of software for Pace's Trapeze scheduling system. Growth in this category, which accounts for 2.0% of total expense, is expected to slow to less than 2% in 2014 and 2015, but the compound annual growth rate over the five-year period from 2011 to 2015 is 12.7%.

Exhibit 7-9: **Pace ADA Paratransit Total Expense - $148.8 million**



Fuel

Pace purchases fuel only for the private operators in Pace's suburban service area, who provide ADA Paratransit service using Pace-owned vehicles. After an increase of only 1.9% in 2012, fuel expense is expected to increase by 10.0% in 2013 to $2.8 million. The assumed price for diesel in 2013 is $3.43 per gallon, up from $3.23 per gallon in 2012. Fuel expenditures represent 1.9% of total ADA Paratransit expenses and are expected to reach $3.3 million by the end of the planning period after growing by 6.9% and 8.2% in 2014 and 2015, respectively. The resulting compound annual growth rate over the five-year period from 2011 to 2015 is 6.7%.

Liability Insurance

Due to a favorable outlook for insurance costs, liability insurance expenditures are projected to decrease by 5.2% to $276,000 in 2013, accounting for 0.2% of regional ADA Paratransit service operating expenditures. This category is then expected to increase by 4.7% and 4.8% in 2014 and 2015, respectively.

RTA Certification Trips

RTA certification trip expenditures comprise the cost of transporting ADA Paratransit applicants to and from the RTA's assessment centers. 2013 certification trip expenditures of $1.3 million are projected to account for 0.9% of total operating expenditures. RTA certification expenditures are then projected to increase by 5.1% and 4.9% in 2014 and 2015, respectively, commensurate with projected ridership growth. The resulting compound annual growth rate over the five-year period from 2011 to 2015 is 7.1%.

Purchased Transportation

Representing more than 90% of total operating expenditures, the Purchased Transportation category contains contractual expense for the service providers Pace utilizes in both the city and suburban service areas. These expenditures are projected to increase by 8.2% to $134.3 million in 2013, and continue to increase by 7.9% and 8.1% in 2014 and 2015, respectively, driven by both ridership and contractor price increases of approximately 3% per year. The resulting compound annual growth rate of this predominant expense category over the five-year period from 2011 to 2015 is 7.9%.

Regional ADA Paratransit Support Allocation

Pace allocates cost to account for the work done by its departments in support of ADA Paratransit activities. These departments include Audit, Budget Planning, Finance, General Counsel, Government Affairs, Human Resources, Marketing, Communications, Purchasing, and Risk Management. For 2013, the Regional ADA Paratransit support allocation is $3.9 million, a decrease of 1.1% from 2012. The allocation represents 2.7% of total operating expenses. In 2014 and 2015, the allocation is expected to increase by 2.6% and 2.9%, respectively.

NET RESULTS

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses. Revenues and expenses in the 2013 regional ADA Paratransit budget are balanced, producing a net result of zero. A net result of zero is also reflected in the 2014 and 2015 planning years, although Pace has shown budget balancing actions in both of those years, indicating that projected RTA funding levels may be insufficient.

RECOVERY RATIO

The recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. For ADA Paratransit, the approved adjustment excludes from expenses a portion of costs incurred in paying ADA Paratransit contractors for their capital expenses (Capital Cost of Contracting). The RTA Act requires regional ADA Paratransit service to meet a recovery ratio of 10%, and the 2013 Regional ADA Paratransit budget meets this statutory requirement.

Statutory Compliance

Pace's 2013 budget, 2013 recovery ratio, and 2014-2015 financial plans for regional ADA Paratransit comply with the operations funding marks set by the RTA Board on October 10, 2012. These marks include sales tax, Public Transportation Fund, and additional funding from the State of Illinois. The marks set the total level of RTA funding for ADA Paratransit at $136.3 million in 2013, $146.9 million in 2014, and $158.6 million in 2015. Meeting the marks in 2014 and 2015 requires budget balancing actions of $3.8 million and $8.4 million respectively, which may include, but are not limited to, implementing further efficiencies, reducing operating costs, and identifying additional funds or revenues.

The RTA Act requires each Service Board's budget to meet the seven criteria detailed in the Introduction chapter, prior to approval by the RTA Board. The Pace Regional ADA Paratransit budget, as submitted, substantially meets each of these criteria.

2012 Budget versus 2012 Estimate

Unlike fixed-route transit services, additional ridership directly drives additional expense for ADA Paratransit due to the individualized nature of service provided. Pace's original 2012 ADA Paratransit budget assumed 5% ridership growth over 2011. After experiencing ridership growth of 8% in the first quarter of the year, Pace submitted a revised 2012 budget to the RTA in July which increased operating expenses by $10.9 million, but kept operating revenue unchanged. The RTA Board responded by approving additional funding of the same amount, as required by the 2011 legislation. The Pace and RTA Boards both eventually adopted the revised ADA Paratransit budget, set forth as the 2012 Amended Budget in Exhibit 7-10.

OPERATING REVENUE

Pace expects that 2012 regional ADA Paratransit service operating revenue will finish level with the amended budget. However, passenger revenue is projected to exceed that budget by $273,000 due to increased ridership, but is expected to be offset by an unfavorable variance in Other revenue of the same amount. The primary component of the Other revenue category is Medicaid reimbursements, which have historically been difficult to forecast.

PUBLIC FUNDING

Total funding for 2012 is expected to be at the level of the amended budget, comprising the originally budgeted $115 million of Sales Tax II / PTF II, and the additional $10.9 million approved by the RTA Board in August. $8.5 million of this additional funding was provided by the State of Illinois, while the remaining $2.4 million was appropriated from the RTA fund balance.

EXPENDITURES

Total expenditures for 2012 are expected to finish level with the amended budget, with favorable variances in fuel, liability insurance, RTA certification trip expense, and purchased transportation expense exactly offset by unfavorable variances in health insurance and administrative expense.

With revenues, public funding, and expenses all expected to finish 2012 level with the amended budget, Pace ADA Paratransit is projected to have a net result of zero. ADA Paratransit is also projected to meet the statutorily required recovery ratio of 10%, after applying $21.8 million of approved expense exclusions.

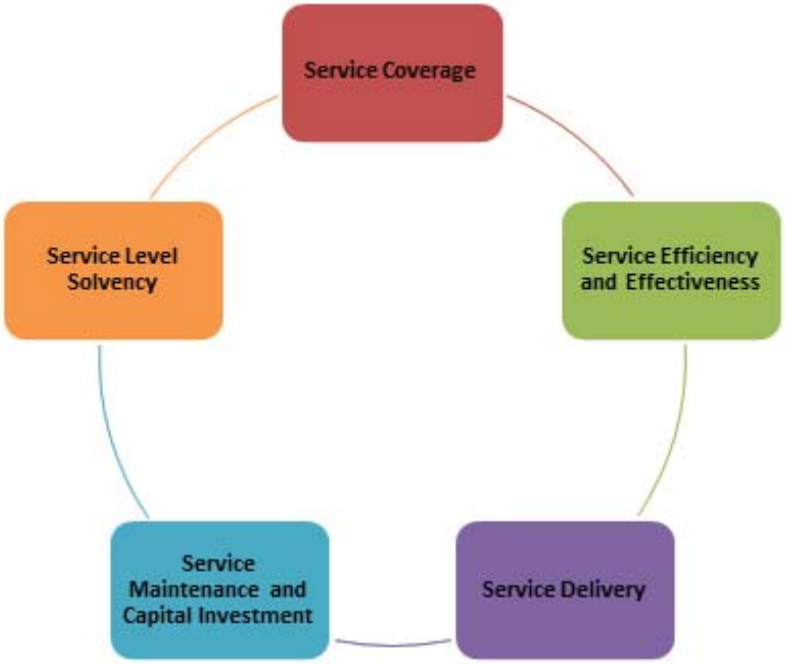
Exhibit 7-10: **Pace Regional ADA Paratransit Service 2012 Budget vs. 2012 Estimate** (dollars in thousands)

	2012 Original Budget	2012 Amended Budget	2012 Estimate	Variance
Operating Revenues				
Passenger Revenue	9,209	9,209	9,482	273
Other Revenue	2,367	2,367	2,094	(273)
Total Operating Revenues	**$ 11,576**	**$ 11,576**	**$ 11,576**	**-**
Public Funding				
Sales Tax II and PTF II	115,000	115,000	115,000	-
Additional RTA Funding (1)	-	2,440	2,440	-
Additional State Funding	-	8,500	8,500	-
Total Public Funding	**$ 115,000**	**$ 125,940**	**$ 125,940**	**-**
Total Revenues	**$ 126,576**	**$ 137,516**	**$ 137,516**	**-**
Expenses				
Labor/Fringes	2,645	2,645	2,645	-
Health Insurance	307	307	393	(86)
Admin Expenses	1,981	1,981	2,295	(314)
Fuel	2,756	2,756	2,559	197
Insurance	345	345	291	54
RTA Certification Trips	1,354	1,354	1,231	123
Purchased Transportation	113,196	124,136	124,110	26
Regional ADA Paratransit Support Allocation	3,992	3,992	3,992	-
Total Expenses	**$ 126,576**	**$ 137,516**	**$ 137,516**	**-**
Net Result	**-**	**-**	**-**	**-**
Capital Cost of Contracting Expense Credit	**(10,814)**	**(21,754)**	**(21,754)**	**-**
Recovery Ratio (2)	**10.0%**	**10.0%**	**10.0%**	**-**

(1) Additional RTA funding from RTA fund balance.

(2) The recovery ratio calculation includes a Capital Cost of Contracting expense credit.

8 Performance Measures



Goals and Performance Measures

Background

In February 2007, the Regional Transportation Authority released its five-year strategic plan entitled *Moving Beyond Congestion (MBC)*. This joint planning process between the RTA and the three Service Boards achieved several important milestones, including the establishment of a shared vision and goals for the region, a detailed analysis of the current status of the transit network, and a long-term evaluation and assessment of the infrastructure and operational needs of the RTA system.

In January 2008, the Illinois General Assembly enacted significant amendments to the RTA Act, which mandated an ongoing strategic planning process, the establishment of goals, and measurement of performance. In response to the new legislation, the RTA joined in partnership with each of the Service Boards to enact a resolution in February 2009 that enhanced the goals and objectives of the MBC Strategic Plan to satisfy the requirements of the amended RTA Act.

Vision

The RTA, CTA, Metra, and Pace share a common vision for the region: That the RTA system is a world-class public transportation system that is affordable, reliable, and safe, and is the keystone of the region's growing business opportunities, thriving job market, clean air, and livable communities.

Goals and Objectives

The table on next page identifies the current regional goals and objectives. The Goals explain what the RTA Region needs to accomplish in order to realize its vision and the Objectives identify how the RTA region will meet its goals.

The executive director and staff of the RTA are committed to working with the Service Boards, their staffs, and state and local elected officials in order to achieve the objectives in the Plan, promote investment in the region's transit system, and ensure that the system operates efficiently and in a coordinated fashion throughout the region.

The RTA also developed an update to the Strategic Plan for the years 2012 – 2016 entitled *The Way Forward.* It was released in 2012 and is a continuation of the vision and goals identified in the Moving Beyond Congestion plan. It outlines an implementation framework of strategic priorities that focus on our customers and their needs as the region also deals with difficult financial constraints.

To achieve the objectives of the Strategic Plan and as part of the RTA's oversight function to support the evaluation and management of the region's public transit system, the RTA has identified five major areas for performance analysis: Service Coverage, Service Efficiency and Effectiveness, Service Delivery, Service Maintenance and Capital Investment, and Service Level Solvency. Each major area has several corresponding performance measures.

- **Service Coverage** - monitors both how much service is available to people in the region (in terms of population and square miles) and how much of that service capacity is used.

- **Service Efficiency and Effectiveness** - evaluates the level of resources spent on service delivery in relation to the level of service and the extent to which passengers are using that service.

- **Service Delivery** - reflects the quality of the service delivered.

- **Service Maintenance and Capital Investment** - indicates the allocation of capital funds and the replacement and maintenance of infrastructure components on a schedule consistent with their life expectancy.

- **Service Level Solvency** - assesses financial condition to ensure that there are sufficient resources to meet current and ongoing financial needs (both operating and capital).

RTA Regional Goals and Objectives

MBC Goal	Objectives
Provide Transportation Options and Mobility Provide attractive, high-quality, innovative transit choices that link people to jobs and facilitate the use of transit for other trips. Transit use in our region is the broadest measure of the success of the transit system.	• Increase the use of public transportation for commuting • Increase the use of public transportation for other purposes • Increase the amount of transit service provided and serve more of the region's travel markets using innovative approaches, as appropriate • Take advantage of highway pricing strategies and promote preferential treatment of transit • Provide quality transit service that is fast, clean, safe, and reliable • Provide affordable transit service • Increase the ease of connection between different transit providers by coordinating service, fares, information, and physical connections • Ensure appropriate consideration of regional equity principles
Ensure Financial Viability The sustained financial viability of public transportation is essential to the region's effective multi-modal transportation system. The transit agencies need to manage operating costs, make sound investment decisions and implement the capital program in a timely manner.	• Manage the growth of operating costs • Select investments which maximize returns to the region • Progress towards achieving a State of Good Repair while making appropriate investments to enhance and expand the transit system • Implement the capital program in a timely manner • Ensure a fair allocation of passenger revenue from interagency trips across service providers • Where appropriate, engage in joint efforts with private interests that contribute resources and add value to the transit system
Enhance Livability and Economic Vitality An effective transit system makes many contributions to an economically vibrant and livable region. Though transit's role is secondary, not primary, in achieving this goal.	• Mitigate the growth in highway congestion • Improve our environment by reducing total transportation emissions and energy consumption • Coordinate transit with development to encourage concentrated growth near transit services • Provide mobility for aging populations and people with disabilities • Provide employers with access to a broader workforce
Demonstrate Value In order to fulfill its valuable role in our region, transit requires the support of key constituencies and the public at large.	• Realize additional operations support through legislative action • Achieve adequate capital funding to move the system towards a State of Good Repair and undertake selective expansions • Manage transit operations so that they are cost and service effective • Create and sustain public understanding of the benefits of public transportation

Regional and Sub-Regional Performance Measures

In 2009 the RTA began reporting performance at a region-wide level by aggregating data from each of the Service Boards -- CTA, Metra, and Pace -- to arrive at an assessment of regional performance. In 2010, the RTA continued reporting at a regional level and introduced a new sub-regional performance report that analyzes performance at the Service Board and mode level. For both the regional and sub-regional reports, performance is analyzed over a five-year period using data from the Federal Transit Administration's National Transit Database (NTD), RTA financial reports, and operating reports from the three Service Boards. The sub-regional report provides a more detailed level of analysis that helps interpret trends observed at the regional level and provides a means of assessing areas of strength and weakness in the delivery of specific services. Regional and sub-regional performance reports are posted on the RTA website and presented to the RTA Board of Directors. The most recent reports cover the period 2007-2011 using NTD data published in November 2012.

The RTA has also developed a set of companion reports to the regional and sub-regional reports that are based on an analysis of peer groups. At the regional level, the peers selected represent the transit systems that serve the ten largest metropolitan regions in the country. Regional peer reporting began in 2009. At the sub-regional level, the peer analysis is conducted at the mode level with five peers selected for each

mode in the RTA system – urban bus, heavy rail, commuter rail, suburban bus, vanpool, and demand-response/ADA Paratransit. In 2010, the selection of modal peers was completed and work began on the development of the sub-regional peer report, which was completed and first reported to the RTA Board of Directors in Spring 2011.

A full report of the performance measures at the regional and sub-regional levels can be found on the RTA website at http://rtachicago.com/initiatives/performance-measures.html (these reports cover the period of 2007 to 2011 and are based on NTD data.) The following sections contain highlights from these reports, as well as projected results for 2012 and 2013 based on the assumptions used to develop the Service Boards' 2013 operating budget.

In 2010, the RTA began to develop a set of strategic measures. The purpose of the strategic level measures is to focus on broader societal outcomes in the economy, environment, and social/political community to assess how transit is positively impacting the quality of life for residents of the region. The measures involve factors that are out of the direct control of the RTA and Service Boards because of their broader scope, but are ones for which public transportation plays a significant contributing role. The strategic measures also become a way to link RTA goals with those of other regional stakeholders including planning organizations, transportation departments, and units of state and local government. The strategic measures will be used to monitor progress in the goals and objectives outlined in the *Moving Beyond Congestion* strategic plan. The RTA Board adopted a set of strategic measures in January 2012 and the first strategic performance measures report was released in late 2012. It can be found on the RTA website at: http://rtachicago.com/initiatives/performance-measures.html

SERVICE COVERAGE

These performance measures monitor both how much service is available to people in the region (in terms of population and square miles) and how much of that service capacity is used.

Vehicle Revenue Miles

Vehicle Revenue Miles represent the amount of service provided as measured in miles traveled by vehicles while in revenue service. At the regional level, system-wide vehicle revenue miles are anticipated to increase 3.4% in 2013 to 240.9 million miles (Exhibit 8-1). While Metra projects no change to vehicle revenue miles in 2013, CTA projects an increase of 3.3%, Pace Suburban Service projects an increase of 4.0%, and Pace ADA Paratransit projects an increase of 7.4% over 2012 (Exhibit 8-2).

Exhibit 8-1: **System-wide Vehicle Revenue Miles** (millions)

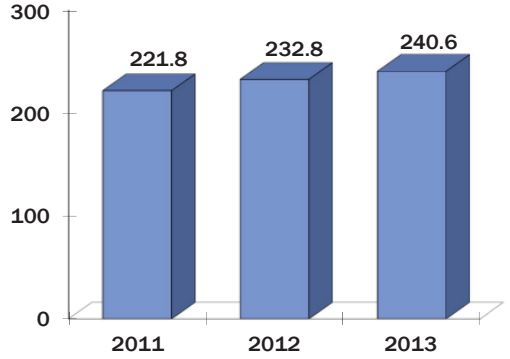
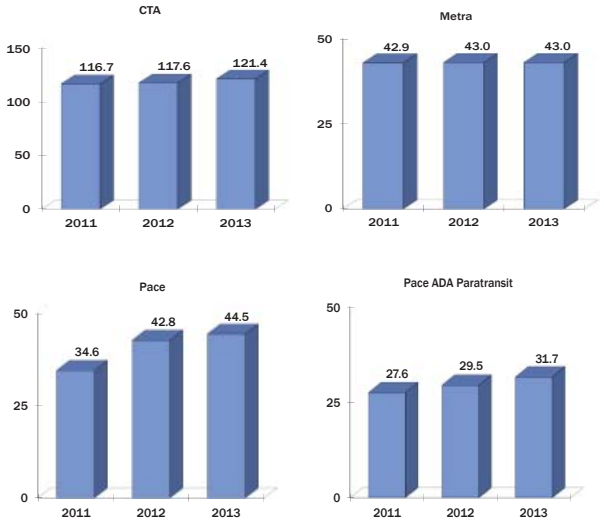


Exhibit 8-2: **Service Boards Vehicle Revenue Miles** (millions)



Unlinked Passenger Trips

Unlinked Passenger Trips, or Ridership, reflects the number of times passengers board buses and trains, including transfers from one bus or train to another, in order to complete their trips. As shown in Exhibit 8-3, system-wide ridership is projected to decrease 1.7% in 2013 following fare adjustments at CTA, which estimated ridership losses of 2.4% for the year. Metra projects a 0.2% increase for 2013 as ridership improves slightly following the 2012 fare increase. Pace Suburban Service projects continued growth of 3.9% for 2013, while Pace ADA Paratransit trips are projected to continue their recent trend of strong growth and increase by 5.9% in 2013.

Exhibit 8-3: **System-wide Unlinked Passenger Trips** (millions)

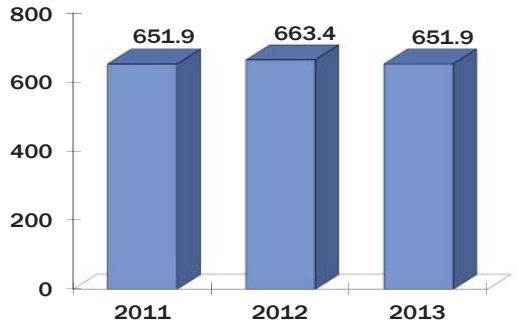
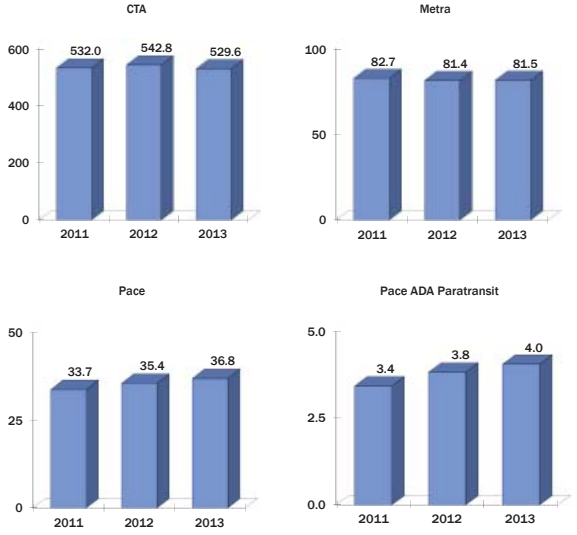


Exhibit 8-4: **Service Boards Unlinked Passenger Trips** (millions)



SERVICE EFFICIENCY AND EFFECTIVENESS

These performance measures evaluate the level of resources spent on delivering services as well as the extent to which passengers are using public transit.

Operating Cost per Passenger Trip

Operating Cost per Passenger Trip illustrates both the cost of providing a trip and also the gap between the established fare and the cost of providing an individual trip. The projected performance figures provided in Exhibits 8-5 and 8-6 indicate that the system-wide cost of providing one unlinked passenger trip is expected to increase 26 cents or 8.0% between 2012 and 2013, as a result of increased operating expenses and decreased ridership resulting from CTA fare adjustments in early 2013. Metra projects a 4.0% increase in its operating cost per trip, with the

Exhibit 8-5: **System-wide Operating Cost per Unlinked Passenger Trip**

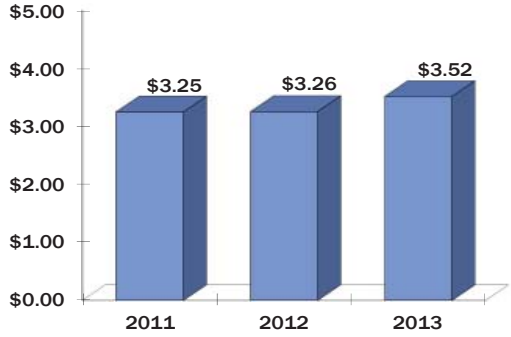
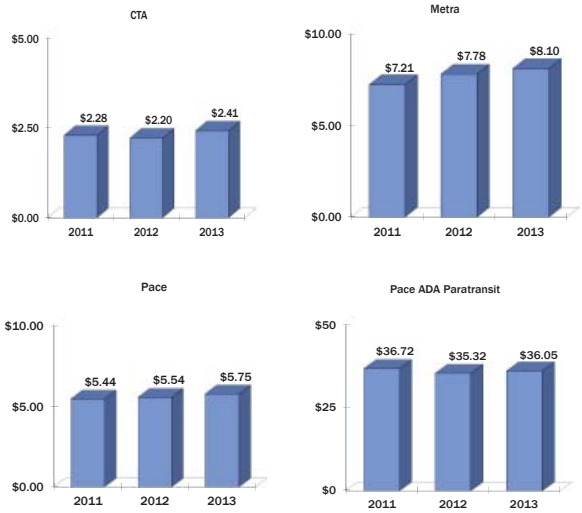


Exhibit 8-6: **Service Boards Operating Cost per Unlinked Passenger Trip**



increase resulting from rising costs while ridership remains relatively flat. Pace ADA Paratransit has budgeted the lowest operating cost per passenger trip increase for 2013 at 2.1%, largely due to a projected 5.9% gain in passenger trips that would mostly offset a projected 7.8% increase in operating cost.

Operating Cost per Vehicle Revenue Mile

Operating Cost per Vehicle Revenue Mile is total operating costs divided by the cumulative sum of the miles traveled by transit vehicles while in revenue service. Projected values for this performance measure are shown in Exhibits 8-7 and 8-8. At the regional level, the cost to operate a transit vehicle one mile is expected to be $9.53 in 2013, a 2.7% increase from 2012. CTA is projecting a 3.2% increase for this measure, as its operating cost increases outpace its service level increases. Metra projects a 4.2% increase for this measure, with the increased tied to its 4.2% increase in operating cost and stable service levels. Pace Suburban Service expects to see a 3.7% increase in cost per mile resulting from a 4.0% increase in vehicle revenue miles and a 7.8% increase in operating cost. Pace ADA Paratransit projected a 2013 increase of 0.7% for this measure, to $4.60 per mile, resulting from projected service demand increases as costs continue to be kept under tight control through productivity initiatives.

Exhibit 8-7: **System-wide Operating Cost per Vehicle Revenue Mile**

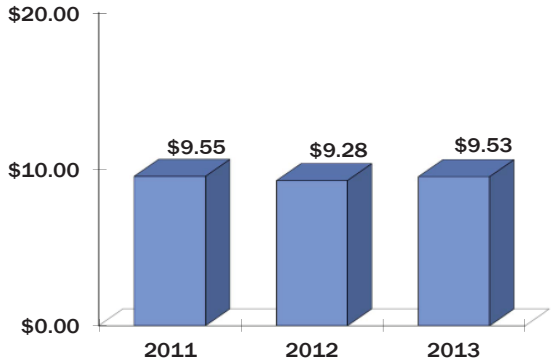
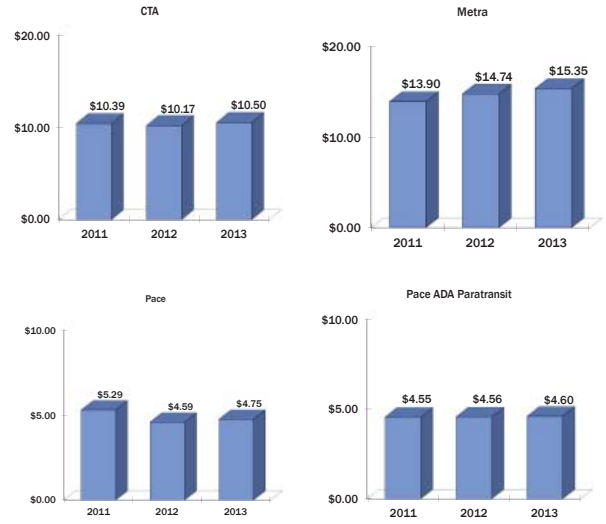


Exhibit 8-8: **Service Boards Operating Cost per Vehicle Revenue Mile**



SERVICE DELIVERY

This objective reflects the quality of the service delivered and focuses on customer service and safety.

On-Time Performance

Each Service Board defines on-time performance differently but it is generally understood to represent the percentage of times a transit vehicle departs from and/or arrives at a location within a certain number of minutes before or after the scheduled time. The data presented here reflect actual past performance, rather than projections. As shown in Exhibit 8-9, overall on-time performance has decreased by 1% in each of the last two years. Exhibit 8-10 shows on-time performance for the Service Boards; CTA bus and rail have maintained consistent performance, as has Pace ADA Paratransit. Metra saw a slight decline in 2011 related to methodological changes in the calculation of on-time performance to better represent this metric from the passenger's perspective. Pace Suburban Service has seen significant improvement from 79% in 2009 to 83% in 2011, aided by schedule adherence management programs and the implementation of more limited-stop bus routes.

Exhibit 8-9: **System-wide On-Time Performance**

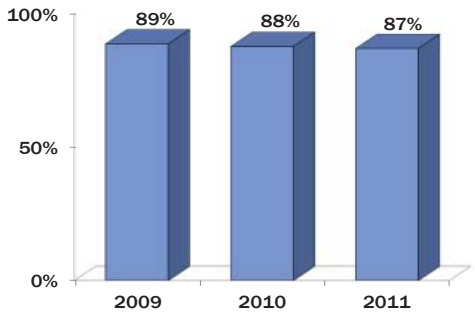


Exhibit 8-10: **Service Boards On-Time Performance**

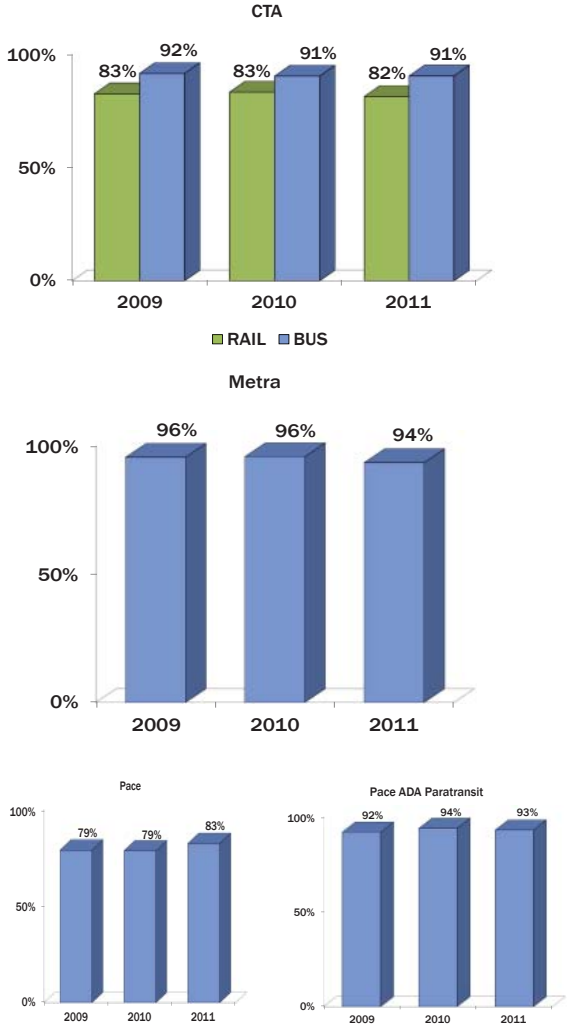


Exhibit 8-11: **System-wide Reportable Safety and Security Incidents per 100,000 Passenger Trips**

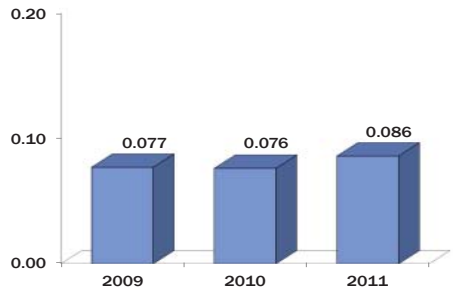
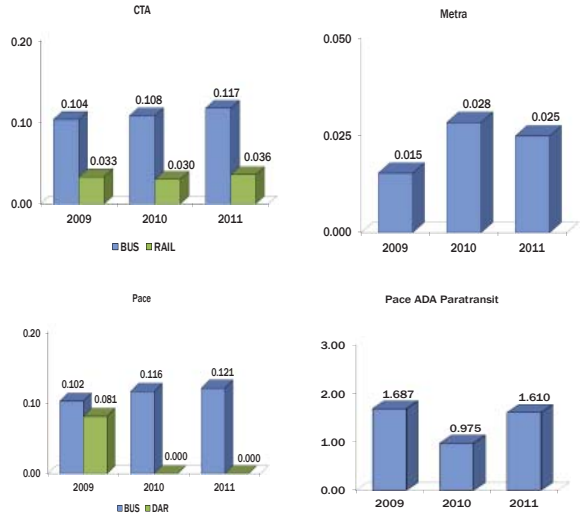


Exhibit 8-12: **Service Boards Reportable Safety and Security Incidents per 100,000 Passenger Trips**



28 more. Metra reported 2 fewer incidents in 2011 (Exhibit 8-12).

Reportable Safety and Security Incidents per 100,000 Passenger Trips

This performance measure demonstrates the rate of reportable safety and security incidents per 100,000 unlinked passenger trips. Reportable incidents are safety and security incidents that affect revenue service due to: a fatality, an injury requiring immediate medical attention away from the scene, property damage greater than or equal to $25,000, evacuation for life safety reasons, or a mainline derailment. As shown in Exhibit 8-11 for the region overall, the incident rate is very low and declined in 2010, then experienced an uptick in 2011. In 2011, the region had 78, or 16.4%, more reportable incidents compared to 2010: CTA bus reported 33 more incidents, CTA rail 16 more, Pace bus 3 more, and ADA Paratransit service had

Exhibit 8-13: **System-wide Customer Satisfaction Ratings**

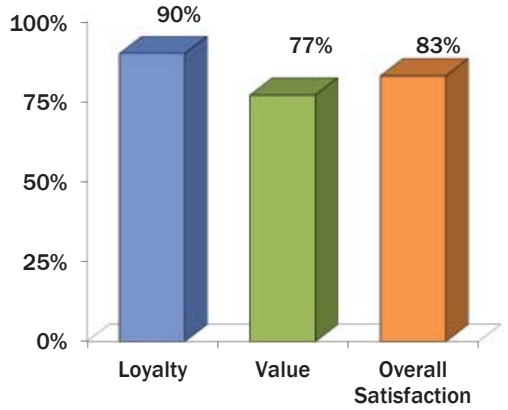
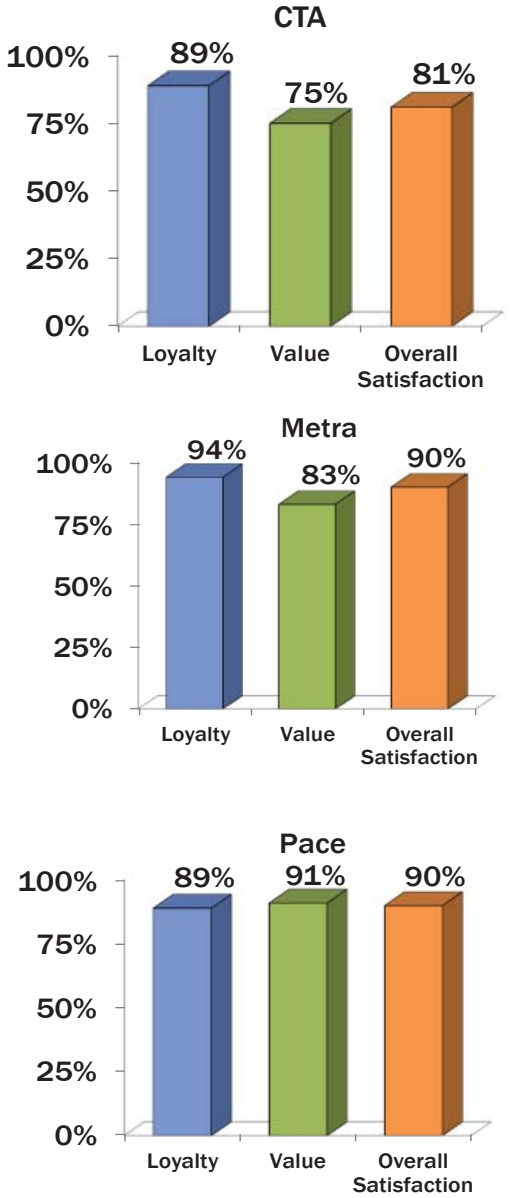


Exhibit 8-14: **Service Board Customer Satisfaction Ratings**



Customer Satisfaction Ratings

For the first time, RTA performance measures include results from a region-wide customer satisfaction survey conducted in late 2011. As shown in Exhibit 8-13, 77% of respondents indicated they were satisfied or very satisfied with the value of service received for the fare paid; 83% of customers gave overall transit service satisfactory or very satisfactory marks; and 90% of customers indicated they would recommend regional transit service to others, an indicator of customer loyalty. Customer satisfaction surveys are scheduled to be repeated on two-year cycles.

SERVICE MAINTENANCE AND CAPITAL INVESTMENT

The measures associated with this objective demonstrate the allocation of capital funds and the replacement and maintenance of infrastructure components on a schedule consistent with their life expectancy.

Miles Between Major Mechanical Failures

This measure is the average distance that vehicles travel in revenue service uninterrupted by mechanical failures that prevent them from completing a scheduled trip or from starting the next scheduled trip. At the regional level, miles between failures have shown steady improvement through 2010 followed by a slight downtick in 2011 (Exhibit 8-15). As shown in Exhibit 8-16, CTA bus leads this indicator with a 10% increase since 2009; compared to 2007, CTA bus has improved 62% as a result of its bus replacement program. CTA rail's mileage between major mechanical failures has declined 27% since 2009 as its average fleet age has

Exhibit 8-15: **System-wide Miles Between Major Mechanical Failures** (thousands)

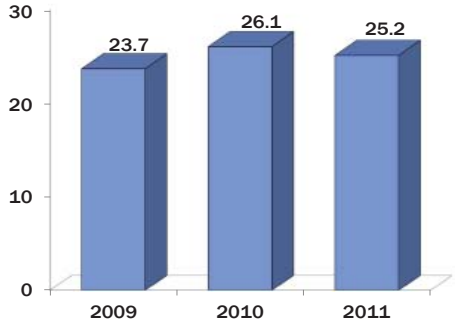
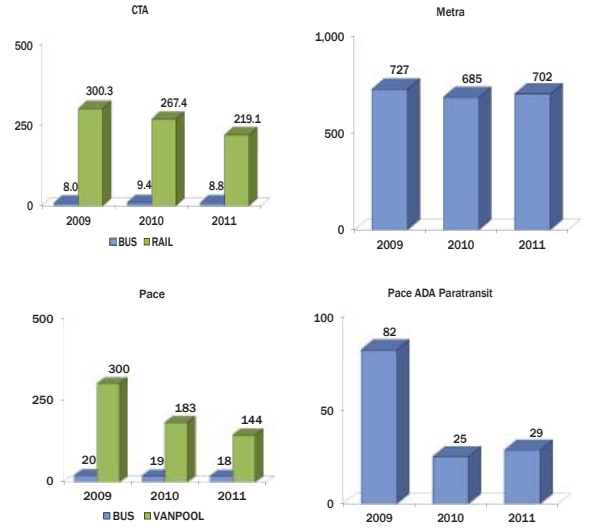


Exhibit 8-16: **Service Boards Miles Between Major Mechanical Failures** (thousands)



continued to rise. Likewise, Metra's performance has declined from its high in 2006 as a result of the aging of the fleet although it did experience a 2.5% improvement in 2011. Pace Suburban Service also experienced declining performance for this measure since 2009 for bus (-10.0%) and vanpool (-52.0%). Pace ADA Paratransit experienced a sharp decline in 2010, but showed a 13.9% improvement for this measure in 2011.

Percent of Vehicles Beyond Useful Life

This measure shows the percentage of vehicles in the total active vehicle fleet beyond their minimum useful life, as defined by the Federal Transit Administration (FTA). The FTA defines useful life as 4 years for automobiles or vans, 12 years for buses, and 25 years for rail cars. Due to limited capital funding, vehicles usually exceed their useful life before actually being retired. After a steady decline through 2008 in the percentage of vehicles beyond useful life, there was a slight increase for the region in 2009, from 28% to 29%, followed by a decrease to 26% as CTA retired nearly 300 of its older vehicles in 2010 (Exhibit 8-17). Pace also retired 66 buses in 2010, decreasing the average age of their fleet. Metra has not added vehicles to its fleet since 2005, contributing to its average fleet age of 28.9 years in 2011. Metra undertakes extensive maintenance programs to keep its locomotives and cars in service and operating safely longer than the FTA guidelines (Exhibit 8-18).

Exhibit 8-17: **System-wide Percent of Vehicles Beyond Useful Life**

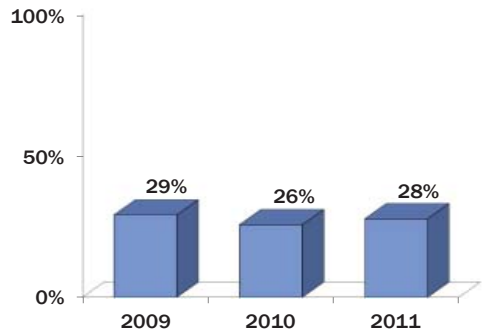


Exhibit 8-18: **Service Boards Percent of Vehicles Beyond Useful Life**

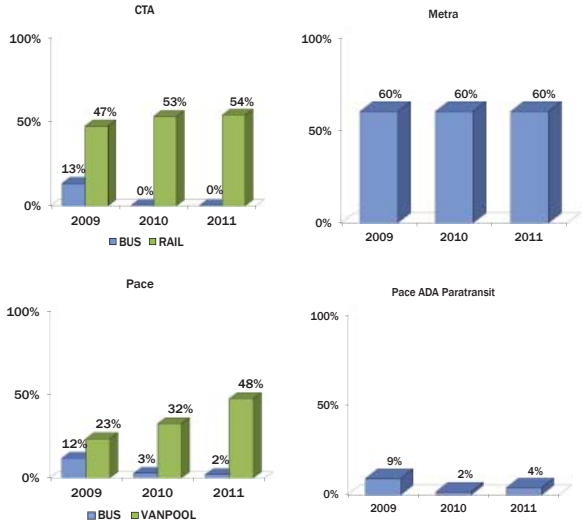


Exhibit 8-19: **System-wide Capital Program Funding** (millions)

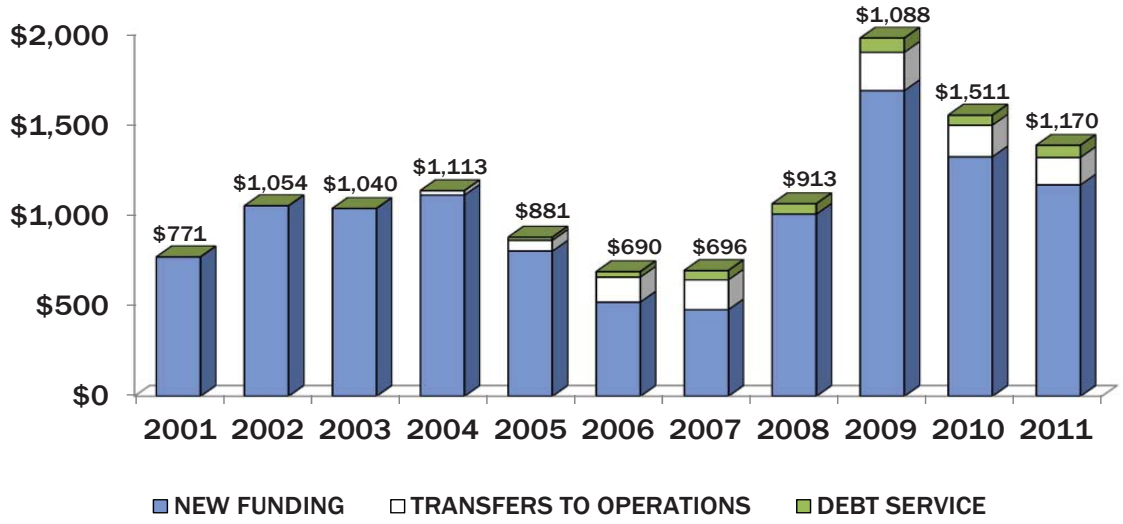


Exhibit 8-20: **Service Boards Capital Program Funding** (millions)

SERVICE LEVEL SOLVENCY

These measures assess financial condition to ensure that there are sufficient resources to meet current and ongoing financial needs (both operating and capital).

Capital Program Funding

This indicator demonstrates the amount of capital funds available to finance maintenance, enhancement, and expansion of the transit system infrastructure. Exhibit 8-19 shows actual data for the new funding available to Service Boards over the past ten years and does not include de-obligated or re-appropriated funds that become available. Funding levels for all three Service Boards benefited from the American Recovery and Reinvestment Act passed in February 2009, followed by two years of declines. CTA's capital program was more volatile, related to its bond financing program, ending 2011 with substantially lower levels compared to 2009. Metra and Pace, however, each trended upward. The unsustainable practice of transferring capital funds to operations was ended after 2011, with each Service Board pledging to discontinue such transfers (Exhibit 8-20).

Fare Revenue per Passenger Trip

Fare Revenue per Passenger Trip is the total fare revenue divided by the total number of passenger trips, providing the average fare that a passenger pays. Exhibit 8-21 indicates that fare revenue per trip is expected to increase by $0.14 in 2013, following an increase of $0.11 in 2012. CTA's fare revenue per trip is budgeted at $1.15, a $0.14 increase over 2012 --due to the fare policy changes implemented in January 2013. Metra projects a $0.15 increase in 2013, an increase of 4% over 2012. Pace has budgeted a decrease of $0.01 in fare revenue per trip in 2013 for its Suburban Service, while ADA Paratransit fare revenue per trip is expected to remain stable at $2.49.

Exhibit 8-21: **System-wide Fare Revenue per Unlinked Passenger Trip**

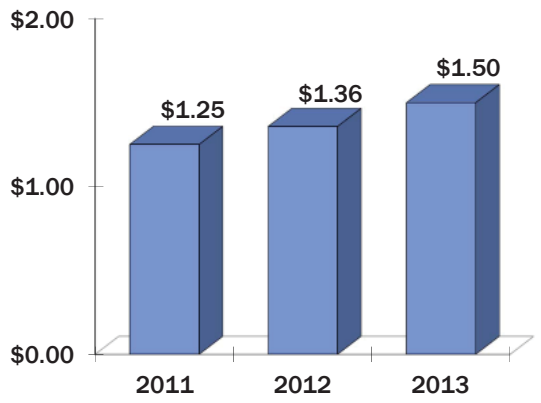
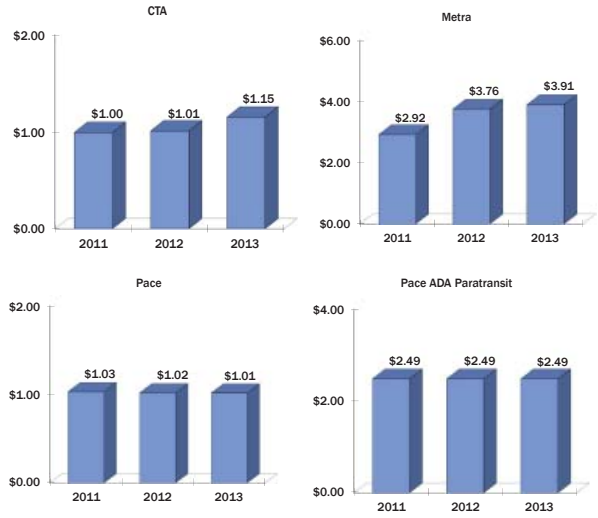


Exhibit 8-22: **Service Board Fare Revenue per Unlinked Passenger Trip**



Recovery Ratio

The RTA ACT requires the RTA Board to set a recovery ratio for each Service Board, and also requires the combined RTA operations revenues to cover at least 50% of the system operating cost. The system ratio excludes ADA paratransit service, which is held to a 10% recovery ratio requirement, and allows for certain adjustments. CTA, Metra, and Pace are required to meet or exceed recovery ratios of 52%, 53%, and 30%, respectively, with their proposed 2013 operating budgets (Exhibit 8-24). As shown in their individual sections' budgets, each Service Board met or exceeded these requirements; the RTA regional recovery ratio for 2013 is projected at 56.0% and is in compliance with the RTA Act (Exhibit 8-23).

Exhibit 8-23: **RTA Regional Recovery Ratio**

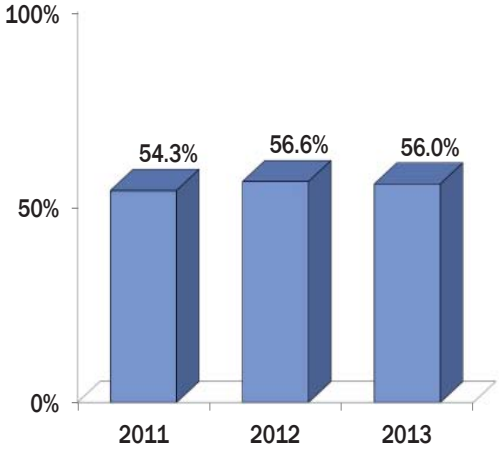
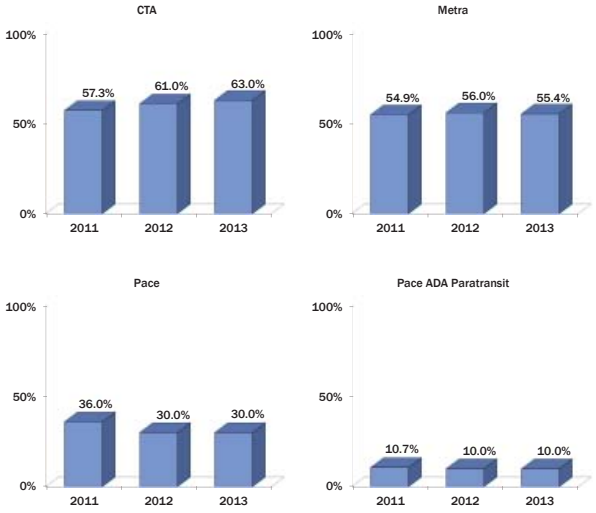


Exhibit 8-24: **Service Board Recovery Ratio**



RTA Performance Measures

This section contains performance measures applicable to the functions of the RTA Agency, distinct from the services provided by the operating agencies CTA, Metra, and Pace. The RTA's mission is to ensure financially sound, comprehensive, and coordinated public transportation in the Northeastern Illinois region. In that role, the RTA tracks performance in the following three areas:

- **Funding:** The RTA is responsible for setting the funding levels for the Service Boards for each fiscal year. Funding levels for the fiscal year are based on forecasted sales tax receipts. These forecasts are built based on previous years' receipts and current and projected economic trends. The Service Boards develop their operating budgets based on these funding levels and must operate within the levels set by the RTA Board.

- **Project Management Oversight:** The RTA administers funding for and conducts project management oversight (PMO) of Service Board projects funded through the Illinois Jobs Now! program. Staff monitors projects to determine if they are on time, on budget, and meet plan and grant specifications. In some cases value engineering, the process of evaluating the function of systems, equipment, facilities, procedures, and supplies is provided to determine if cost-saving is achievable.

- **Regional Planning Programs:** The RTA administers funding programs for projects in the region. The agency applies for and receives local and federal funds and then conducts an annual competitive selection process, based on need, to determine the recipients of these funds. RTA funds are also available to support projects. RTA staff provides planning and implementation assistance to the grant recipients. Recipients include the Service Boards and local municipalities in which the Service Boards operate.

In addition to fiscal oversight responsibilities, project management oversight duties, and the funding of regional planning programs, the RTA houses several customer service programs that are critical to promoting and facilitating the use of mass transit in the Chicago region.

- The Information Technology (IT) department actively manages RTA's website content and activity and has seen growth in terms of total website visits, unique visitors to the sites, and page views.

- The RTA's ADA Paratransit Certification Program determines an individual's functional abilities and limitations for using fixed route services. ADA Paratransit is provided for customers whose disability prevents them from using the CTA and/or Pace fixed route services for some or all of their travel. Individuals who are interested in using ADA Paratransit service must apply and be found eligible according to ADA guidelines; demand for such services has increased recently and is expected to continue to increase into the near future.

- The RTA Travel Training Program aims to educate individuals and groups on the use of public transportation to encourage individual mobility and freedom while reducing the burden on regional paratransit services. This program has experienced significant growth, which is a win-win situation for individuals and service providers.

- The Travel Information Center provides Chicagoland residents with all types of customer assistance and information, both on the phone and in person at a walk-in location near CTA headquarters.

- The RTA Transit Benefit Fare Program helps companies and their employees take advantage of tax law changes to reduce commuting costs while supporting clean air and reducing traffic congestion. On January 1, 2013, Congress passed the American Taxpayer Relief Act of 2012, which restored parity between the parking and transit/commuter highway vehicle benefits by reinstating the benefit at $240 per month and retroactively increasing monthly transit benefit limit for 2012 from $125 per month to $240 per month. This benefit subsequently increased to $245 per

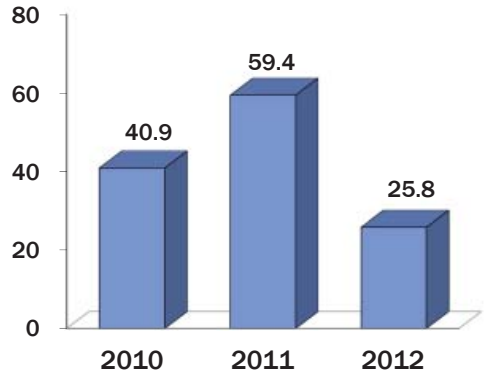
month in 2013. Employers can now provide employees with up to $245 a month ($2,940 a year) for transit or vanpool commuting expenses as tax-free benefits in accordance with the Transportation Equity Act of the 21st Century (TEA-21) and Section 132(f) of the IRS Code. With this program, employers can purchase CTA Transit Cards, Chicago Cards, Metra Monthly, Ten-Ride passes, and/or RTA Fare Checks that the RTA delivers to enrolled companies.

Sales Tax Forecasting

Nearly 40% of total RTA revenue for operations comes from sales tax. The RTA is responsible for forecasting the amount of sales tax funding that will be available to the Service Boards for their operating budgets. Because the Service Boards must operate within their budgets passed by the RTA Board, an accurate forecast of sales tax receipts for the upcoming fiscal year is critical to an effective budget process. However economic volatility in recent years, resulting from the 2008 financial crisis and subsequent recovery, has complicated this effort. It has become harder to accurately predict consumer spending habits and, thereby, sales tax receipts, forcing more conservative forecasting efforts.

Exhibit 8-25 shows the variance of actual sales tax receipts from budgeted levels for 2010 to 2012. The financial downturn in 2008 and 2009 resulted in shortfalls in projected funding, which led to conservative sales tax forecasts for 2010 and 2011. Conservative estimates resulted in positive variances at year end when sales tax receipts came in higher than was forecasted. Economic recovery was still modest in 2011 when the funding levels were set for the 2012 fiscal year and, as a result, forecasts were again conservative. In 2012, sales tax receipts will come in higher than was forecasted by $25.8 million, a significant but smaller surplus than in 2010 and 2011. In 2013, the RTA has forecasted more moderately in order to minimize the amount of surplus at year end.

Exhibit 8-25: **Variance of Actual Sales Tax from Budget**
(dollars in millions)



Project Management Oversight

The RTA is responsible under the RTA Act to ensure that the Service Boards manage capital funds and capital development projects effectively and efficiently. The RTA PMO program works with the Service Boards to ensure transit projects in the region are successfully implemented according to scope, schedule, budget, and established best practices.

The scope of work performed through the PMO program is broad due to the varied nature of Service Board projects; however, typical activities include:

- Conducting periodic PMO reviews
- Performing field inspections and site visits
- Documentation verification and validation
- Identifying current and future project issues
- Technical evaluations of project designs
- Verification of compliance with grant agreements
- Conducting value engineering reviews
- Submittal of periodic reports

In 2012, the RTA began issuing a biannual PMO report to the RTA Board of all Illinois Jobs Now! State-funded capital projects. This report acts as a snapshot in time of Service Board construction, maintenance, and procurement for these projects. Exhibits 8-26 and 8-27 highlight the number of projects on schedule and on budget during the two most recent periods of review, May and November 2012.

Exhibit 8-26: **State-funded Projects Budget Performance**

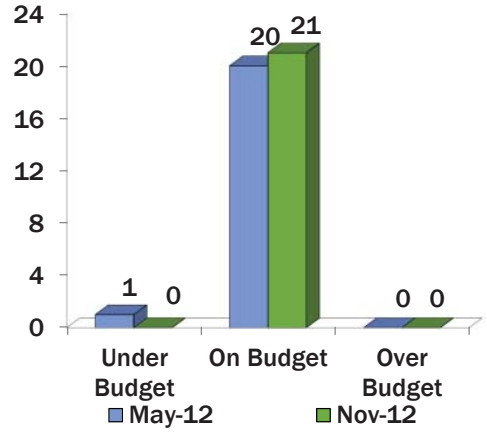
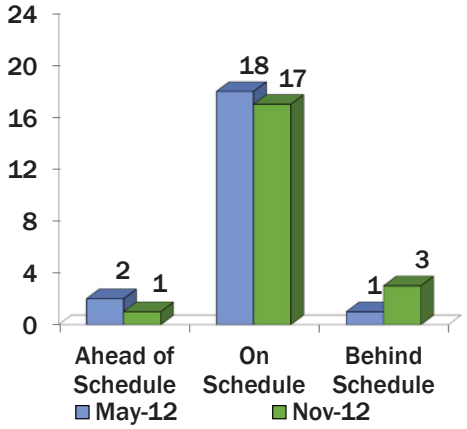


Exhibit 8-27: **State-funded Projects Schedule Performance**



RTA Funding Programs

The Funding Programs administered by the RTA provide value to the region by offering planning, plan implementation, operating, and capital grants for a variety of projects. The programs are consistent with the RTA's legislative mandates and Strategic Plan and are coordinated with the annual budget process. The Community Planning program provides funding for planning and implementation studies and initiatives. The Innovation, Coordination, and Enhancement (ICE) and Job Access Reverse Commute New Freedom (JARC/NF) programs provide funding for transit operating and capital projects. The RTA is the designated recipient for JARC/NF in Northeastern Illinois under SAFETEA-LU. While SAFETEA-LU has expired and MAP-21 is in effect, the RTA maintains responsibility for ongoing JARC/NF projects. The RTA Funding Programs 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. Since 1998, the RTA has leveraged its own funds with federal, state, and local funds to program 209 projects.

Exhibit 8-28 illustrates the number of projects programmed for 2011 through 2013. Significantly more ICE funding was available in 2012 which led to an increase in programming for the year (Exhibit 8-29). Fluctuations in available funding from year to year affect the number of projects programmed in a given year. In addition to these measures, qualitative measures of value added are currently collected through stakeholder interviews.

Exhibit 8-28: **Projects Programmed by Year**

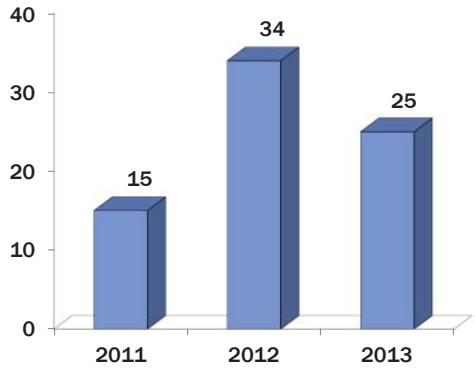
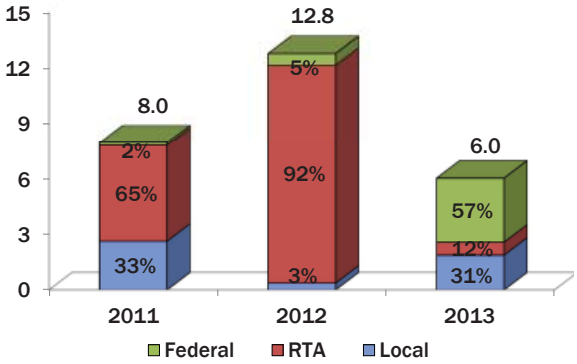


Exhibit 8-29: **Funding by Source** (dollars in millions)



Information Technology

The RTA website experienced 1.7 million page views in 2011 and 1.4 million page views in 2012 with an average of 500 thousand unique visitors each year. In 2012, unique visitors accounted for 61% of total website visits (Exhibit 8-30). In addition to the general website, IT manages the goroo trip planning site which provides users with schedule, fare, and other pertinent information for CTA, Metra, and Pace and even offers driving and biking directions. The goroo site experienced 13 million page views in 2011 and in 2012, with 1.3 million unique visitors per year. Unique visitors made up slightly less than half of all goroo site visits in 2012 (Exhibit 8-31). Visits to the Regional Transportation Authority Mapping and Statistics (RTAMS) site, a data warehouse for planning and financial information on the regional transit system, grew from 106 thousand page views in 2011 to 107 thousand page views in 2012. RTAMS had 11.5 thousand unique visitors in 2011 and 15 thousand unique visitors in 2012, 67% of all visits to the site (Exhibit 8-32).

Exhibit 8-30: **RTA Website Visits** (in thousands)

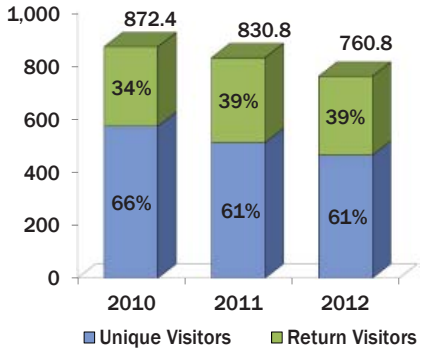


Exhibit 8-31: **goroo Website Visits** (in millions)

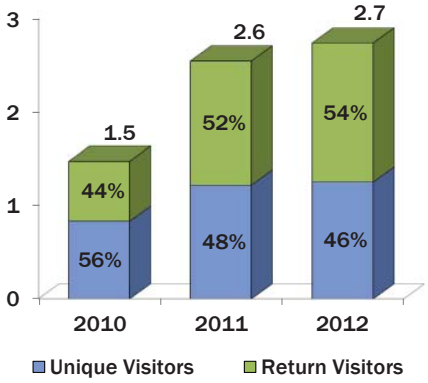
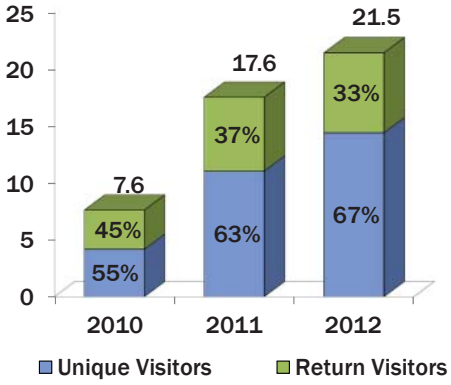


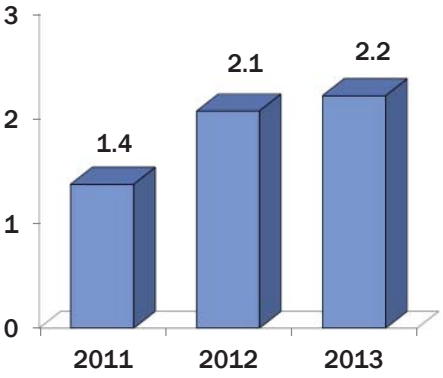
Exhibit 8-32: **RTAMS Website Visits** (in thousands)



RTA Travel Training Program

The RTA offers travel training to individuals with disabilities and older adults who want to learn how to use fixed route or commuter rail services. Once travel training is requested, a Travel Trainer works with an individual one-on-one to develop a training plan tailored to the individual's unique travel needs. Trainers can practice specific trips, practice maneuvering on buses or trains with a wheelchair or other mobility device, or simply provide an orientation to the accessibility features offered on buses and trains. Group transit orientation presentations are also available. Travel Training requests are estimated at 2.1 thousand in 2012 and are projected to grow 7% to 2.2 thousand in 2013 (Exhibit 8-33).

Exhibit 8-33: **RTA Travel Training Program: Total Individuals Served** (in thousands)

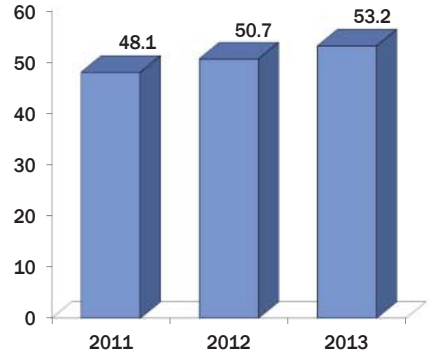


ADA Paratransit Certification Program

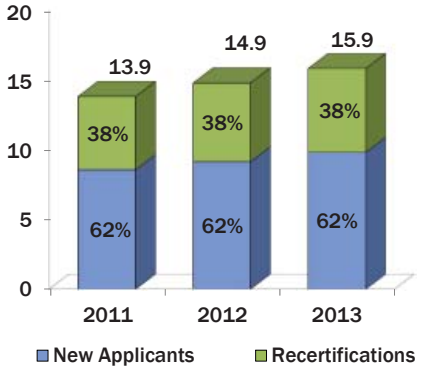
ADA Paratransit is a shared ride, advanced reservation, origin-to-destination service for persons with disabilities who are unable to use the regular fixed-route bus and rail service for some or all of their trips because of their disability. Individuals who are interested in using ADA Paratransit service must apply and be found eligible according to ADA guidelines. The RTA is responsible for determining eligibility for the six-county region. The process begins by contacting the RTA to request an application and learn about the program. Applicants are scheduled for an in-person interview and, in some cases, undergo additional functional testing to assess their individual ability to use fixed route service. Recertification occurs every 4 years.

In 2013, the number of eligible riders is expected to grow by 5%, consistent with growth in 2011 and 2012 (Exhibit 8-34). Applications for ADA Paratransit are projected to increase by 7%, consistent with the growth experienced in 2012 and slower than growth experienced in 2011 (Exhibit 8-35).

Exhbit 8-34: **ADA Paratransit Eligible Riders** (in thousands)



Exhbit 8-35: **ADA Paratransit Certification Applications** (in thousands)



RTA Transit Benefit Fare Program

The RTA Transit Benefit Fare Program helps employees and employers save money on transit. IRS Section 132(f) allows for employees to have up to $245 a month deducted pre-tax to pay for transit or vanpool commuting expenses. Fare media options include the Chicago Card monthly pass, CTA transit cards, FareChecks, Metra monthly passes, Metra 10-ride passes, and Metra Add-on passes that link up to Pace Bus. While the number of units sold of the CTA monthly, CTA transit cards, and all Metra fare media options increased in 2012, overall sales decreased due to a reduction in the number of FareChecks sold. This decrease in units sold can be attributable to some companies switching to third-party administrators (TPAs) of the Transit Benefit Program that issue debit cards. Sales through TPAs are not represented in the data in Exhibits 8-36 and 8-37.

Exhibit 8-36: Transit Benefit Fare Media Units Sold (in thousands)

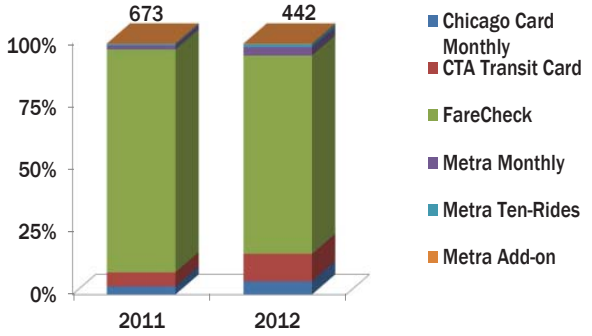
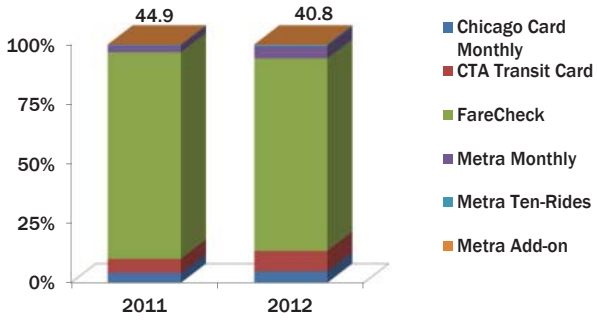


Exhibit 8-37: **Value of Transit Benefit Fare Media Sold** (in millions)



It is important to note that while total number of units sold decreased by 231 thousand or 34% in 2012, the total fare value of units sold decreased at a lower rate of 9%. This is because the average fare value or dollar amount of each unit sold increased for all fare

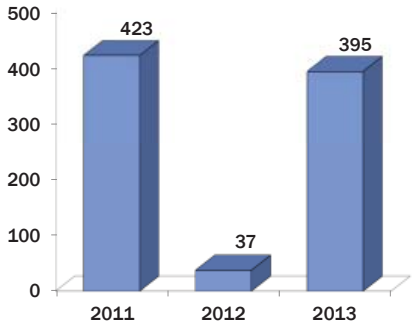
media options, except the CTA monthly pass. The average fare value per unit sold increased by the largest margin for the FareCheck and Metra Monthly media options, which increased from $65.12 to $94.40 and from $112.11 to $143.88, respectively. This is likely attributable to Metra's fare increase in 2012. Sales projections for 2013 are not yet available.

The RTA recognizes that customers are looking for electronic payment options such as debit cards and has undertaken an initiative to begin offering debit cards as part of the Transit Benefit Fare Program. In the third-quarter of 2013, the RTA will begin issuing debit cards that can be loaded with pre-tax funds that employees will only be able to use for purchasing transit fares. Offering debit cards will allow employees to enjoy greater flexibility in their transit options, as these funds can be used at any transit agency that accepts MasterCard. Employers will also see benefits to the administration of the program, as they will no longer need to distribute fare media directly to their employees.

RTA Customer Service Programs

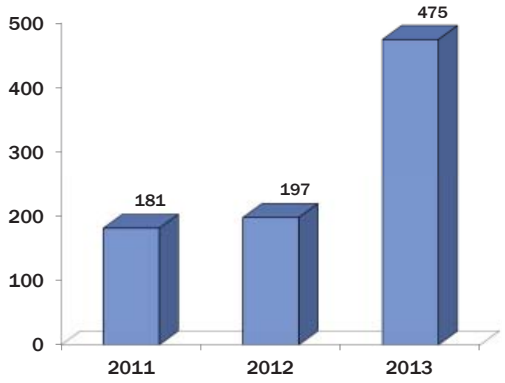
The RTA issues Reduced Fare Cards for elderly residents as well as persons with disabilities. Applicants undergo a screening process and possibly an interview to determine eligibility for a reduced fare card. With the elimination of the Seniors Ride Free Program in September 2011 and the transition to reduced fare for seniors, the number of Reduced Fare Cards issued increased by more than 10 times from 2010 to 2011. In 2013 with the implementation of the Ventra system at CTA and Pace, the RTA is preparing to replace nearly 400 thousand Reduced Fare Cards (Exhibit 8-38).

Exhibit 8-38: **Reduced Fare Cards Issued** (in thousands)



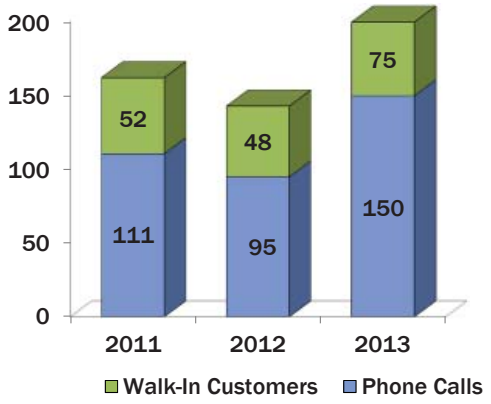
The RTA also issues Ride Free Cards for low-income elderly residents and persons with disabilities who qualify for free rides. Seniors and persons with disabilities who are enrolled in the Illinois Department on Aging's Benefit Access program are eligible to ride for free on CTA, Metra, and Pace fixed-route services. To ride free, applicants must qualify and be enrolled in the Illinois Benefit Access Program. The income levels for eligibility range from $27,610 or less for an individual, $36,635 for a two-person household, and $45,657 for a household of three or more people. The number of Ride Free cards issued increased significantly following the elimination of the Senior Ride Free Program in 2011, as many seniors previously riding for free under the Senior Ride Free Program remained eligible for free rides as part of the Benefit Access Program. In 2013, the RTA expects to replace close to 500 thousand Ride Free Cards to be compatible with Ventra (Exhibit 8-39).

Exhibit 8-39: **Ride Free Cards Issued** (in thousands)



RTA's Customer Service Center experienced a significant increase in phone and walk-in activity in 2011 due to the Seniors Ride Free transition. Phone calls and walk-ins to the Customer Service Center increased by nearly 50%, with a high percentage of this activity occurring in the weeks leading up to the transition period in September of 2011. Phone and walk-in activity at the Customer Service Center remained high in 2012 and staff anticipates more than a 70% increase in phone walk-in activity in 2013 due to the implementation of the Ventra system and the need to replace nearly 1 million free and reduced fare transit cards (Exhibit 8-40).

Exhibit 8-40: **Customer Service Center Volume** (in thousands)



9 Capital

Regional Overview

The RTA Act requires that the capital expenditures of the CTA, Metra, and Pace be subjected to continual review so that the RTA may budget and expend funds available to the region with maximum efficiency. The RTA Board must adopt a five-year capital program every year that describes the nature, location, and budget by project and fiscal year of all anticipated Service Board capital improvements. The capital programs are amended on a quarterly basis as appropriate. Public hearings are held in each county in the Northeastern Illinois region to inform the public and government officials of the RTA's capital development plans.

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure which includes bringing the system's $151.2 billion in assets (as measured in terms of replacement value and including subway tunnels valued at $100 billion) into a State of Good Repair and extending or expanding service when demand is justified and funding available. To maintain and preserve the existing system requires a capital investment of over $1 billion per year.

Source of Funds

On October 10, 2012, the RTA adopted preliminary federal and state capital funding marks for 2013-2017. Subsequently, the RTA received proposals for funds controlled by the Service Boards and then adopted the 2013 RTA system budget on January 16, 2013. The funding sources for the RTA capital program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the RTA, and the Service Boards. Of the estimated $4.37 billion of capital funding for 2013-2017, federal funding accounts for $2.24 billion or 51%; CTA bond proceeds account for $1 billion or 23%; State of Illinois funds account for $766.6 million or 18%; carryover funds from 2012 account for $139.5 million or 3%; Service Board and other funds account for $97.1 million or 2%; and, RTA funds account for $30.6 million or 1% (Exhibits 9-1 and 9-2). After CTA debt service and capitalized interest is considered, an estimated amount of $3.66 billion is available for 2013-2017 capital investment.

Exhibit 9-2: **RTA 2013-2017 Capital Program Marks** - $4.374 billion

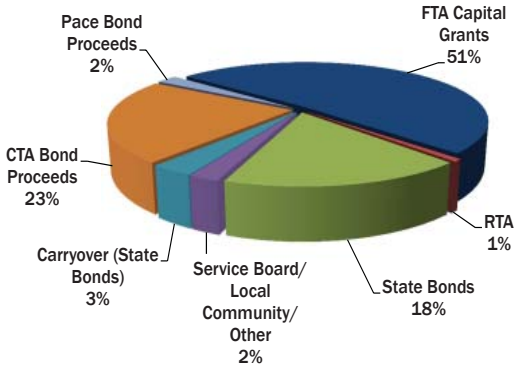


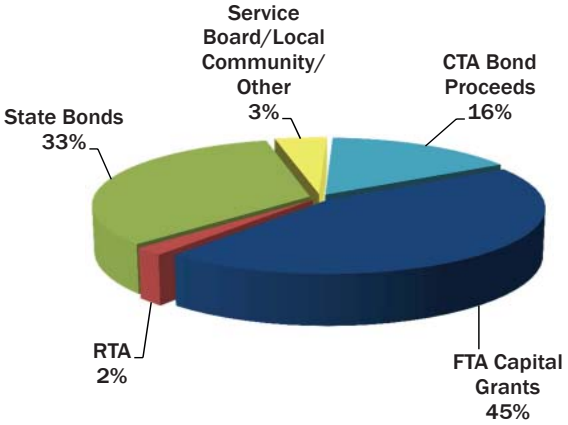
Exhibit 9-1: **RTA 2013-2017 Capital Program Marks** (dollars in thousands)

Capital Funding	CTA	Metra	Pace	Total
FTA Capital Grants	1,281,065	730,730	228,430	2,240,225
RTA	15,000	15,562	-	30,562
State Bonds	356,649	324,250	85,700	766,599
Service Board/Local Community/Other	24,343	47,576	25,150	97,069
Total New Capital Funding	**$ 1,677,057**	**$ 1,118,118**	**$ 339,280**	**$ 3,134,455**
Carryover (State Bonds)	139,532	-	-	139,532
CTA Bond Proceeds	1,000,000	-	-	1,000,000
Pace Bond Proceeds	-	-	100,000	100,000
Total Capital Funding	**$ 2,816,589**	**$ 1,118,118**	**$ 439,280**	**$ 4,373,987**
Debt Service (Federal)	(685,189)	-	-	(685,189)
Capitalized Interest	(26,200)	-	-	(26,200)
Total Capital Funding Available	**$ 2,815,878**	**$ 1,118,118**	**$ 439,280**	**$ 4,373,276**

Exhibit 9-3: **Capital Funding in 2013** (dollars in thousands)

Capital Funding	CTA	Metra	Pace	Total
FTA Capital Grants	294,745	141,310	49,180	485,235
RTA	15,000	7,000	-	22,000
State Bonds	149,401	170,825	42,850	363,076
Service Board/ Local Community/ Other	24,343	6,300	17,150	47,793
Total New Capital Funding	**$ 483,489**	**$ 325,435**	**$ 109,180**	**$ 918,104**
CTA Bond Proceeds	175,000	-	-	175,000
Total Capital Funding	**$ 658,489**	**$ 325,435**	**$ 109,180**	**$ 1,093,104**
Debt Service (Federal)	(131,543)	-	-	(131,543)
Capitalized Interest	(4,600)	-	-	(4,600)
Total Capital Funding Available	**$ 658,352**	**$ 325,435**	**$ 109,180**	**$ 1,092,967**

Exhibit 9-4: **Capital Funding in 2013** - $1.093 billion



In 2013, the total estimated capital funds for projects are $1.09 billion. At this time, the final federal appropriation figures for 2013 have not been determined. Once this amount has been established, the capital program will be amended to reflect the available funding. Of the estimated $1.09 billion of funding sources for 2013, federal funding accounts for $485.2 million or 44%; State of Illinois funds account for $363.1 million or 33%; CTA bond proceeds account for $175 million or 16%; Service Board and other funds account for $47.8 million or 5%; and, RTA funds account for $22 million or 2% (Exhibits 9-3 and 9-4). After CTA debt service and capitalized interest is considered, an estimated amount of $957 million is available for 2013 capital investment.

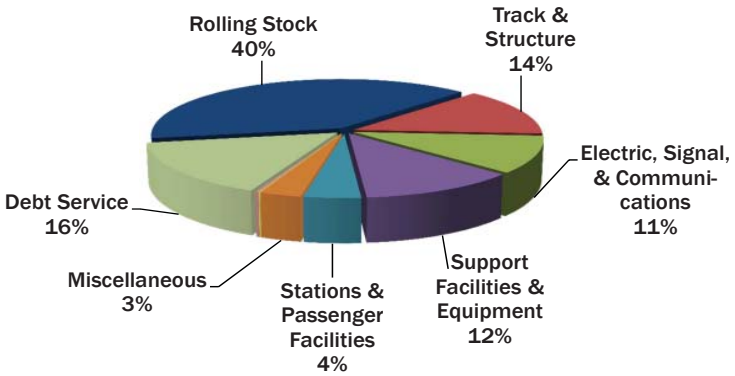
Despite the challenging economic times, critical progress was made in 2012 toward our capital investment needs. The State of Illinois in 2009 approved two measures – the "Jump Start" capital bill and the "Illinois Jobs Now" capital bill. These two programs provide the RTA system with $2.7 billion in capital funds with which the RTA will be able to fund the replacement of aging trains, buses, track, stations and other infrastructure and improve the reliability of the system. In 2012, $704 million of State Bond funds was awarded to the CTA and Pace. Nevertheless, there is uncertainty regarding the timing of the availability of the $2.7 billion balance originally appropriated for the program. A portion of these funds are dependent on bond authorizations that have yet to pass the General Assembly. In addition, sources for debt service on some of the bond funds are dependent upon new revenues in the State's General Revenue Fund. However, encouraged by the award of State Bond funds through this year, the balance of the full $2.7 billion State Bond program is programmed through 2014.

Exhibit 9-5: **2013-2017 Capital Program Uses** (dollars in thousands)

Asset Category	CTA*	Metra	Pace	Total
Rolling Stock	1,252,919	268,853	232,310	1,754,082
Track & Structure	297,155	302,265	-	599,420
Electric, Signal, & Communications	230,464	231,161	1,900	463,525
Support Facilities & Equipment	205,960	137,310	185,780	529,050
Stations & Passenger Facilities	107,177	71,050	11,300	189,527
Miscellaneous	35,850	99,988	2,250	138,088
Acquisitions & Extensions	1,875	-	-	1,875
Contingencies & Administration	-	7,491	5,740	13,231
Totals	**$ 2,131,400**	**$ 1,118,118**	**$ 439,280**	**$ 3,688,798**
Debt Service	685,189	-	-	685,189
Total Capital Funding	**$ 2,816,589**	**$ 1,118,118**	**$ 439,280**	**$ 4,373,987**

* CTA expenditures do not include adjustments for capitalized interest

Exhibit 9-6: **2013-2017 Capital Program Uses** - $4.374 billion



Use of Funds

The primary emphasis of the 2013 Capital Program is to continue efforts to bring the system's transit assets to a State of Good Repair (SGR). When replacing worn capital assets, it is imperative to use modern technologies that result in improved functionalities of equipment, facilities, and rolling stock. In addition, a balanced capital program is responsive to customer needs and shifting markets by including investment in system expansion.

For the 2013 Capital Program, 95% of the budget is allocated to capital projects that maintain the existing infrastructure. While the current funding level does not satisfy all needs, an appropriate balance of investment is achieved in light of the current condition of the RTA system.

Investments in the 2013-2017 Capital Program can be broken down by various asset categories. Exhibits 9-5 and 9-6 show that $1.75 billion or 40% of the program is spent on rolling stock and $559.4 million or 14% for track and structure, which are considered to have the greatest direct impact on transit users. Substantial investment in other infrastructure is also critical to maintaining safe, reliable transportation services. In addition, $685.2 million or 16% is expended on CTA debt service.

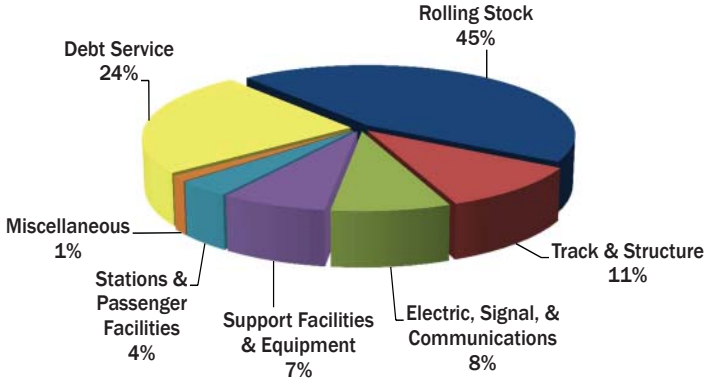
CTA Overview

The proposed projects in the CTA's portion of the 2013-2017 Capital Program total $2.82 billion and continue the rehabilitation and replacement of their capital assets. The percentages for the general categories of capital improvements of the total program are: 45% for rolling stock, 24% for debt service, 11% for track and structure, 8% for electric, signal and communications, 7% for support facilities and equipment, 4% for stations and passenger facilities, and 1% for miscellaneous, contingencies and administration. The general categories of capital improvements comprising the CTA's portion of the Capital Program are illustrated in Exhibit 9-7.

Highlights of projects included in the CTA's proposed 2013-2017 Capital Program are:

- $497.2 million to replace rail cars
- $320.4 million for the purchase of buses
- $297.2 million for the repair of track and structure
- $281.7 million for the rehabilitation and overhaul of rail cars
- $204.0 million to replace/upgrade power distribution and signals
- $189.1 million for the improvement of facilities
- $143.7 million to perform mid-life bus overhauls
- $107.2 million to rehabilitate rail stations
- $26.4 million to implement security and communication projects

Exhibit 9-7: **CTA 2013-2017 Capital Program Uses** - $2.817 billion



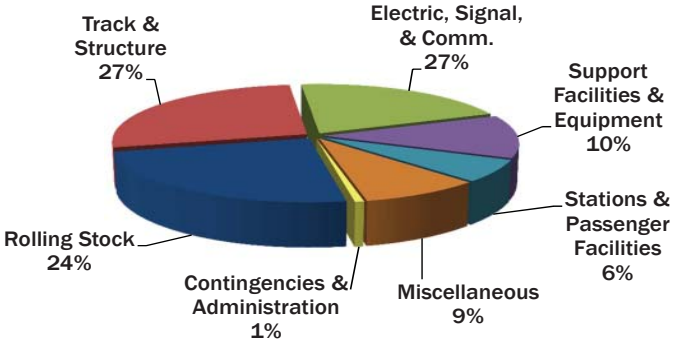
Metra Overview

Metra's portion of the proposed 2013-2017 Capital Program totals $1.12 billion. During this five-year period, Metra will continue to renew its extensive commuter rail infrastructure and renew aging rolling stock. The percentage for the general categories of capital improvements of the total program are: 27% for track and structure, 24% for rolling stock, 21% for electric, signal, and communications, 12% for support facilities and equipment, 6% for stations and passenger facilities, and 10% for miscellaneous, contingencies, and administration. The general categories of capital improvements comprising Metra's portion of the Capital Program are illustrated in Exhibit 9-8.

Highlights of projects included in Metra's proposed 2013-2017 Capital Program are:

- $236.1 million to rehabilitate or replace bridges
- $166.0 million to install Positive Train Control (PTC) system
- $116.4 million to provide locomotive improvements
- $114.9 million to rehabilitate bi-level commuter cars
- $71.1 million rehabilitate and improve stations
- $66.1 million to improve yards, shops, and facilities
- $40.0 million for financial system upgrades

Exhibit 9-8: **Metra 2013-2017 Capital Program Uses** - $1.118 billion



Pace Overview

Pace's portion of the proposed 2013-2017 Capital Program totals $439.3 million. A majority of the funding is provided for the replacement of rolling stock. The percentage for the general categories of capital improvements of the total program are: 53% for rolling stock, 42% for support facilities and equipment, 3% for stations and passenger facilities, 1% for contingencies and administration, and 1% for miscellaneous. The general categories of capital improvements comprising Pace's portion of the Capital Program are illustrated in Exhibit 9-9.

Highlights of projects included in Pace's proposed 2013-2017 Capital Program are:

- $119.7 million for constructing and improving garages
- $74.6 million for the purchase of CNG buses
- $40.5 million for the purchase of paratransit vehicles
- $32.4 million for the purchase of fixed-route buses
- $27.3 million for I-90 corridor transit infrastructure
- $21.6 million for the purchase of vanpool vans
- $17.2 million for the purchase of Over the Road coaches
- $12.4 million for diesel engine retrofits

Exhibit 9-9: **Pace 2013-2017 Capital Program Uses** - $439 million

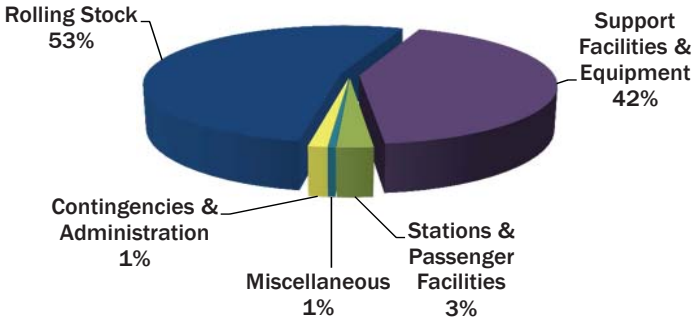


Exhibit 9-10: **CTA Five-Year Capital Program** (dollars in thousands)

Project & Title	2013	2014	2015	2016	2017	TOTAL
Rolling Stock - Bus						
Perform Bus Overhaul and Maintenance Activities – Systemwide	0	2,500	2,500	2,500	2,500	10,000
Perform Mid-Life Bus Overhaul – Systemwide	30,981	112,673	0	0	0	143,654
Purchase Buses (Partial $) – Systemwide	85,813	100,771	48,558	22,145	63,086	320,373
Subtotal Rolling Stock	**116,793**	**215,945**	**51,058**	**24,645**	**65,586**	**474,027**
Support Facilities & Equipment - Bus						
Improve Facilities – Systemwide	33,166	32,184	0	0	0	65,350
Subtotal Support Facilities & Equipment	**33,166**	**32,184**	**0**	**0**	**0**	**65,350**
Acquisitions & Extensions - Bus						
Perform Alternative Analysis – Western Avenue Corridor	1,875	0	0	0	0	1,875
Subtotal Acquisitions & Extensions	**1,875**	**0**	**0**	**0**	**0**	**1,875**
Bus Total	**151,835**	**248,128**	**51,058**	**24,645**	**65,586**	**541,252**
Rolling Stock - Rail						
Perform Rail Car Overhaul and Mid-Life Rehabilitation (2600 and 3200 Series, Partial $) – Systemwide	2,190	0	265,754	0	0	267,943
Perform Rail Car Overhaul Activities – Systemwide	3,750	2,500	2,500	2,500	2,500	13,750
Replace 706 Rail Cars (2200, 2400 and 2600 Series, Partial $) – Systemwide	0	393,103	104,095	0	0	497,198
Subtotal Rolling Stock	**5,940**	**395,603**	**372,349**	**2,500**	**2,500**	**778,891**
Track & Structure - Rail						
Repair Track and Structure – Systemwide	160,085	64,215	62,292	3,563	7,000	297,155
Subtotal Track & Structure	**160,085**	**64,215**	**62,292**	**3,563**	**7,000**	**297,155**
Electrical, Signal, & Communications - Rail						
Replace/Upgrade Power Distribution and Signals – Systemwide	77,977	32,336	48,715	45,000	0	204,027
Subtotal Electrical, Signal & Communications	**77,977**	**32,336**	**48,715**	**45,000**	**0**	**204,027**
Support Facilities & Equipment - Rail						
Improve Facilities – Systemwide	32,051	9,306	0	0	0	41,357
Subtotal Support Facilities & Equipment	**32,051**	**9,306**	**0**	**0**	**0**	**41,357**
Stations & Passenger Facilities - Rail						
Rehabilitate Rail Stations – Systemwide	66,594	29,834	0	3,900	6,849	107,177
Subtotal Stations & Passenger Facilities	**66,594**	**29,834**	**0**	**3,900**	**6,849**	**107,177**
Rail Total	**342,647**	**531,293**	**483,356**	**54,963**	**16,349**	**1,428,607**
Electrical, Signal & Communications - System						
Implement Security & Communication Projects – Systemwide	4,235	13,202	3,000	3,000	3,000	26,437
Subtotal Electrical, Signal & Communications	**4,235**	**13,202**	**3,000**	**3,000**	**3,000**	**26,437**
Support Facilities & Equipment - System						
Implement Computer Systems – Systemwide	3,600	2,684	0	1,058	1,058	8,399
Improve Facilities – Systemwide	14,940	23,063	6,188	19,055	19,110	82,355
Purchase Equipment and Non-Revenue Vehicles – Systemwide	3,000	3,000	0	0	2,500	8,500
Subtotal Support Facilities & Equipment	**21,540**	**28,746**	**6,188**	**20,113**	**22,668**	**99,254**
Miscellaneous - System						
Provide for Program Management – Systemwide	6,690	6,690	6,690	6,690	6,090	32,850
Implement CMAQ Projects	0	0	0	0	3,000	3,000
Subtotal Miscellaneous	**6,690**	**6,690**	**6,690**	**6,690**	**9,090**	**35,850**
System Total	**32,465**	**48,638**	**15,878**	**29,803**	**34,758**	**161,541**
CTA Total	**526,946**	**828,059**	**550,292**	**109,411**	**116,693**	**2,131,400**
CTA Debt Service	**131,543**	**134,242**	**136,968**	**139,789**	**142,647**	**685,189**
CTA Total with Debt Service	**658,489**	**962,301**	**687,260**	**249,200**	**259,340**	**2,816,589**

Exhibit 9-11: **Metra Five-Year Capital Program** (dollars in thousands)

Project & Title	2013	2014	2015	2016	2017	TOTAL
Rolling Stock - Rail						
Provide Locomotive Improvements – MET	10,550	0	34,000	29,600	42,300	116,450
Rehabilitate Bi-level Commuter Cars – MET	18,500	25,150	25,000	19,300	27,000	114,950
Rehabilitate and Improve MU Electric Cars – MED	1,650	5,148	4,197	1,202	2,800	14,997
Overhaul Rolling Stock Fleet Components – MET	2,500	3,605	3,714	4,918	5,065	19,802
Convert Commuter Cars HVAC Refrigerant – MET	500	515	530	546	563	2,654
Subtotal Rolling Stock	**33,700**	**34,418**	**67,441**	**55,566**	**77,728**	**268,853**
Track & Structure - Rail						
Provide for Ties, Ballast & Surfacing – BNSF, MED, RID, UPR, MET	5,850	5,000	5,500	4,000	5,000	25,350
Upgrade Crossings (Road and Track) – MWD, UPR, MET	1,025	2,150	2,100	1,850	1,500	8,625
Provide for Rail Renewal – MWD, NCS, MET	900	4,090	4,200	4,750	4,900	18,840
Rehabilitate or Replace Bridges – BNSF, MWD, RID, UPR, MET	91,650	73,600	5,400	38,550	26,900	236,100
Provide for Construction for CREATE Project – MET	5,000	5,000	0	0	0	10,000
Provide for Structural Improvements – UPR, MET	100	0	300	300	800	1,500
Rehabilitate Retaining Walls – BNSF, MET	350	0	500	500	500	1,850
Subtotal Track & Structure	**104,875**	**89,840**	**18,000**	**49,950**	**39,600**	**302,265**
Electrical, Signal, & Communications - Rail						
Upgrade Signal System – BNSF, MET	3,475	0	1,000	1,000	1,000	6,475
Upgrade Interlockers and Crossovers – MWD, UPR, MET	7,000	6,900	4,000	2,000	2,000	21,900
Upgrade Interlockers and Crossovers – UPR, MET	2,000	0	0	0	0	2,000
Improve Electrical Systems – BNSF, MED, MWD, RID, MET	10,705	6,400	5,900	5,500	6,000	34,505
Provide for Communication Equipment – MET	0	0	0	0	250	250
Install Positive Train Control (PTC) System – MET	54,201	95,386	16,444	0	0	166,031
Subtotal Electrical, Signal & Communications	**77,381**	**108,686**	**27,344**	**8,500**	**9,250**	**231,161**
Support Facilities & Equipment - Rail						
Improve Yards, Shops and Facilities – BNSF, MED, UPR, MET	25,775	31,175	2,000	5,100	2,100	66,150
Upgrade Buildings – BNSF, MET	544	629	1,750	1,200	1,300	5,423
Purchase Equipment and Vehicles – MET	2,900	5,037	5,650	3,700	8,450	25,737
Replace Financial System – MET	10,000	10,000	10,000	10,000	0	40,000
Subtotal Support Facilities & Equipment - Rail	**39,219**	**46,841**	**19,400**	**20,000**	**11,850**	**137,310**
Stations & Passenger Facilities - Rail						
Improve Stations and Parking – MET	42,050	3,000	500	4,525	3,000	53,075
Rehabilitate Stations – MET	5,000	4,000	4,225	1,750	3,000	17,975
Subtotal Stations & Passenger Facilities - Rail	**47,050**	**7,000**	**4,725**	**6,275**	**6,000**	**71,050**
Miscellaneous - Rail						
Improve Metra System Security – MET	5,000	5,000	5,000	5,000	5,000	25,000
Implement Capital Projects – MET	10,850	11,669	11,669	7,350	7,350	48,888
Provide for Unanticipated Capital – MET	1,000	2,000	2,000	2,000	2,000	9,000
Provide for Capital Program Support Management and Engineering – MET	5,000	3,000	3,000	3,100	3,000	17,100
Subtotal Miscellaneous	**21,850**	**21,669**	**21,669**	**17,450**	**17,350**	**99,988**
Contingencies & Administration - Rail						
Provide for Contingencies – MET	560	600	600	789	942	3,491
Provide for Project Administration – MET	800	800	800	800	800	4,000
Subtotal Contingencies & Administration	**1,360**	**1,400**	**1,400**	**1,589**	**1,742**	**7,491**
Rail Total	**325,435**	**309,854**	**159,979**	**159,330**	**163,520**	**1,118,118**
Metra Total	**325,435**	**309,854**	**159,979**	**159,330**	**163,520**	**1,118,118**

Exhibit 9-12: **Pace Five-Year Capital Program** (dollars in thousands)

Project & Title	2013	2014	2015	2016	2017	TOTAL
Rolling Stock--Bus						
Purchase Approximately 150 40' CNG Fixed Route Buses – Systemwide	37,280	37,280	0	0	0	74,560
Purchase Approximately 28 Over the Road Coaches – Systemwide	17,150	0	0	0	0	17,150
Purchase Approximately 65 40' Fixed Route Accessible Buses – Systemwide	2,370	9,000	2,500	8,500	10,000	32,370
Purchase Approximately 476 Paratransit Vehicles (Replacement) – Systemwide	9,030	8,500	5,950	8,500	8,500	40,480
Purchase Approximately 10 Community Vehicles – Systemwide	0	850	0	0	0	850
Purchase Approximately 540 Vanpool Vans (Replacement) – Systemwide	5,600	4,000	4,000	4,000	4,000	21,600
Provide for Diesel Engine Retrofit – Systemwide	3,060	0	3,100	3,100	3,100	12,360
Provide for Associated Capital Items – Systemwide	250	0	1,000	1,000	1,000	3,250
Provide for Capital Cost of Contracting – Systemwide	2,000	5,538	7,352	7,400	7,400	29,690
Subtotal Rolling Stock	**76,740**	**65,168**	**23,902**	**32,500**	**34,000**	**232,310**
Electrical, Signal, & Communications--Bus						
Implement Arterial Rapid Transit (ART) – Systemwide	0	0	500	0	0	500
Purchase/Install Intelligent Bus System (IBS) and Mobile Data Terminals (MDT) – Systemwide	500	500	400	0	0	1,400
Subtotal Electrical, Signal, & Communications	**500**	**500**	**900**	**0**	**0**	**1,900**
Support Facilities & Equipment--Bus						
Construct/Improve Garages & Facilities – Systemwide	9,700	74,500	27,500	5,500	2,500	119,700
Improve Garages & Facilities – Systemwide	1,800	2,000	2,000	2,000	2,000	9,800
Provide for Transit Infrastructure – I-90 Corridor	0	12,500	14,780	0	0	27,280
Purchase Fare System – Systemwide	10,600	0	0	0	0	10,600
Purchase Replacement Farebox System – Systemwide	500	1,000	500	500	0	2,500
Purchase Computer Hardware and Software Systems – Systemwide	3,500	2,500	2,000	2,000	2,000	12,000
Purchase Maintenance/ Support Equipment and Vehicles – Systemwide	800	500	500	500	500	2,800
Purchase Office Equipment – Systemwide	700	100	100	100	100	1,100
Subtotal Support Facilities & Equipment	**27,600**	**93,100**	**47,380**	**10,600**	**7,100**	**185,780**
Stations & Passenger Facilities--Bus						
Reconstruct Passenger Facilities – Systemwide	0	500	500	500	500	2,000
Provide Consultant for Bus Stop Conversion – Systemwide	1,700	1,700	1,700	0	0	5,100
Install Shelters/ Signs/ Passenger Amenities – Systemwide	1,000	800	800	800	800	4,200
Subtotal Stations & Passenger Facilities	**2,700**	**3,000**	**3,000**	**1,300**	**1,300**	**11,300**
Miscellaneous--Bus						
Provide for Unanticipated Capital – Systemwide	250	500	500	500	500	2,250
Subtotal Miscellaneous	**250**	**500**	**500**	**500**	**500**	**2,250**
Contingencies & Administration--Bus						
Provide for Project Administration	1,390	1,152	1,098	1,060	1,040	5,740
Subtotal Contingencies & Administration	**1,390**	**1,152**	**1,098**	**1,060**	**1,040**	**5,740**
Bus Total	**109,180**	**163,420**	**76,780**	**45,960**	**43,940**	**439,280**
Pace Total	**109,180**	**163,420**	**76,780**	**45,960**	**43,940**	**439,280**

Capital Impact on Operations

As part of its oversight function, the RTA is charged with providing assessments of the Service Board's Capital Projects and Plans as well as an assessment of the condition of the Service Board's Capital Assets. The RTA, after consultation with the Service Boards, must prepare and adopt a Five-Year Capital Program annually that includes each capital improvement undertaken by or on behalf of a Service Board. In addition to the Five-Year Plan, PA 95-0708 established the need for the development of a Ten-Year Capital Plan.

Achieving and maintaining a State of Good Repair (SGR) will require $31.05 billion of capital investment over the next ten years.

The estimated value of transit capital assets in Northeastern Illinois is $151.2 billion, as measured in terms of replacement value. Achieving and maintaining a State of Good Repair (SGR) will require $31.05 billion of capital investment over the next ten years. During this same timeframe, however, gross funding to support capital infrastructure is projected at $6.93 billion. Since $1.45 billion of capital funds have already been committed to capitalized interest and debt service for bonds issued by the CTA, the current Ten-Year Capital Program leaves approximately $5.49 billion in net funding available for the 2013-2022 period, less than 20% of the total replacement need.

CAPITAL FUNDS AVAILABLE FOR THE TEN-YEAR PLAN

As Exhibit 9-13 indicates, there are four sources of funding that are dedicated to capital program expenditures in the region: federal, state, RTA and local. In the RTA's ten-year plan, $485.2 million in federal capital grants are expected to be made available to the RTA in 2013. By 2022, federal capital grants are planned to increase to $514.8 million, reflecting recent legislative action and associated anticipated trends. State funding includes the $766.6 million available in the State's bond program programmed through 2014. Local funds total $157.1 million between the years 2013 and 2022. These local funds consist of Service Board money that Metra allocates to capital programs from farebox revenues each year, capital funding provided to the region by local communities, and additional funds from the other Service Boards.

In November 2012, a Capital Asset Condition Assessment Update for calendar year 2011 was completed that placed the region's total capital backlog at $18.69 billion, normal replacement needs at $7.95 billion and rehabilitations and capital maintenance at $4.42 billion, for a total of $31.05 billion. The total available funds in 2013 for capital projects are approximately $957 million, a $2.23 billion shortfall from the annual replacement need to achieve a State of Good Repair (SGR). This amount is the total available after the allo-

Exhibit 9-13: **Capital Program Funds Available** (in millions)

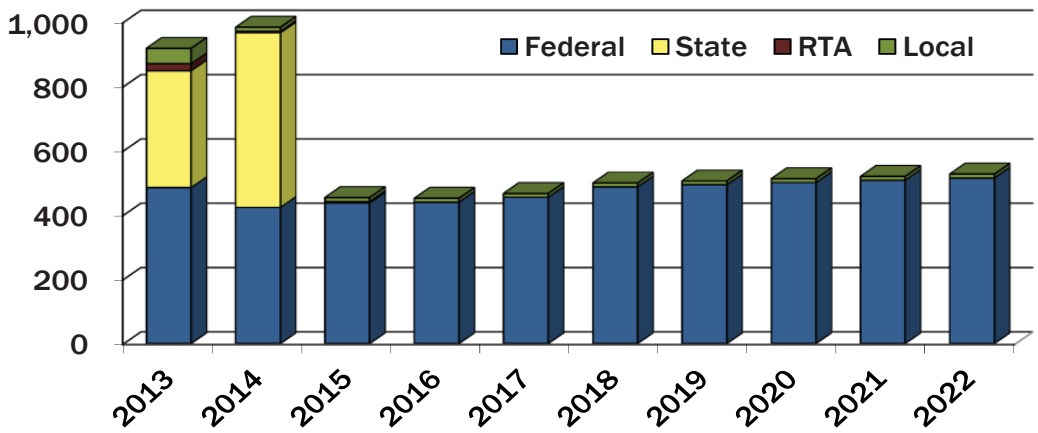
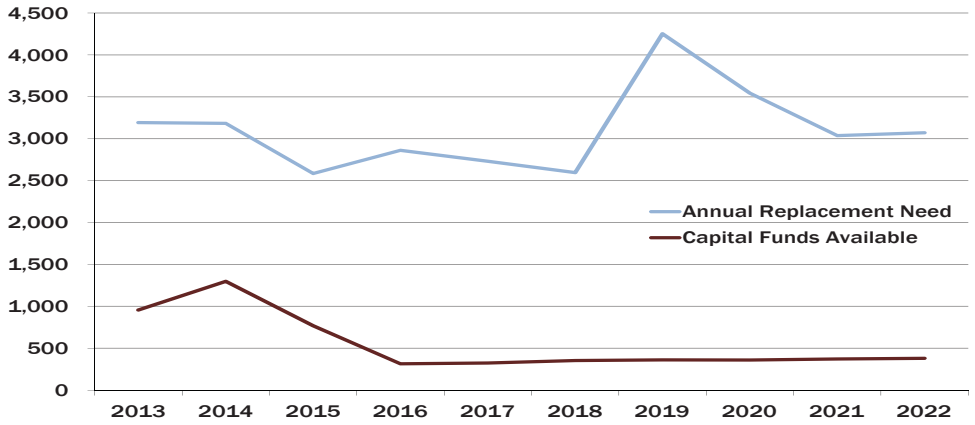


Exhibit 9-14: **Capital Funding vs. Annual Replacement Need** (in millions)



cation of $131.5 million for debt service on CTA bonds and capitalized interest of $4.6 million. It is important to note that in 2012, the Service Boards discontinued their previous unsustainable practice of transferring from capital funds to cover operating expenses.

As shown in Exhibit 9-13, the funding available from state sources in the years 2013 and 2014 is critical to executing the capital program. Beyond 2014, the lack of this vital funding is evident. In 2013 and subsequent years, the amount of funding available for capital is below the annual replacement need by $1.88 to $3.89 billion per year.

CAPITAL FUNDING VS. ANNUAL REPLACEMENT NEED

As Exhibit 9-14 shows, from 2013 to 2022 the region's projected capital funding falls far below the region's replacement need for each year. With the CTA's planned issuance of bonds of $1 billion, capital funding is sufficient to pay for only 30 to 40% of the annual replacement need in 2013 through 2015. With the absence of locally generated borrowing in 2016 and after, that level falls to less than 20% of the replacement need.

Lack of funding for capital improvements is further exacerbated by the region's aging vehicle fleet. As the average life of a region's fleet increases, the fleet's operating and maintenance costs increase as well. Conversely, if the average age of a fleet decreases because of capital spending, one can also expect to see significant savings in operating and maintenance expenses. If the region fails to meet both vehicular and non-vehicular capital annual replacement needs, operating and maintenance costs will continue to rise, making it difficult to continue to provide service at current levels.

IMPACT OF CAPITAL EXPENDITURES ON THE 2013 OPERATING BUDGET

CTA

The proposed 2013 Capital Program for CTA totals $522.3 million. This amount accounts for the reduction of debt service funding of $131.5 million and the capitalized interest of $4.6 million. This program is divided among the following components: Bus Projects for $151.8 million; Rail Projects for $342.6 million; and, Systemwide Projects for $32.5 million. The capital program provides for the overhaul and replacement of aging rail cars and buses in 2013, investments that are expected to generate benefits in the form of improved service reliability, improved rider comfort and reduced maintenance and operating costs. Similarly, proposed investments in track, rail structures, power distribution and signal systems will help mitigate slow-zone restrictions leading to reductions to both rider travel time and rail operating costs.

Exhibits 9-15 through 9-17 are color coded in accordance with the capital investment at High (Dark Green), Medium (Light Green) and Low (Yellow) impact on operating costs. Impacts on operations vary by project for the Service Boards with the highest similar impact occurring for rolling stock replacement and rehabilitation projects.

Exhibit 9-15: **CTA 2013 Capital Impact on Operations** (includes only some of the major programs)

Bus Projects Bus mid-life overhaul ($30.9 million) Purchase replacement buses ($85.8 million)	• Improve service reliability • Increase customer satisfaction • Reduced maintenance costs • Improve on-time performance • Enhance safety
Rail Projects Repair track and structures ($160.1 million)	• Improve service reliability • Increase customer satisfaction • Improve on-time performance • Increase travel speeds by reducing slow zone restrictions • Enhance safety
System-wide Projects Replace/Upgrade power distribution and Signals System-wide ($78 million)	• Improve service reliability • Improve on-time performance • Raise travel speeds by reducing slow zone restrictions • Enhance safety
Rehabilitate rail stations system-wide ($66.6 million)	• • Enhance safety

Exhibit 9-16: **Metra 2013 Capital Impact on Operations** (includes only some of the major programs)

Rolling Stock Provide locomotive improvements ($10.5 million) Rehabilitate bi-level commuter cars ($18.5 million)	• Maintain on-time performance • Reduce maintenance cost • Improve service reliability • Increase customer satisfaction
Track & Structure Rehabilitation/Replacement of bridges (91.7 million)	• Preserve uninterrupted service – higher on-time performance • Improve vertical clearances • Improve traffic flow and pedestrian safety
Electrical Signal & Communication Install positive train control system ($54.2 million)	• Improve travel times resulting in higher on-time performance • Enhance safety
Stations and Passenger Facilities Rehabilitate and improve stations ($47.1 million)	• Revenue enhancement through improved commercial and retail space • Increase customer satisfaction

Metra

The proposed 2013 Capital Program for Metra totals $325.4 million divided among the following: $33.7 million for Rolling Stock; $104.9 million for Track & Structure; $77.4 million for Electrical, Signal & Communications; $39.2 million for Support Facilities and Equipment; $47.1 million for Stations and Passenger Facilities; and, $21.9 million for Miscellaneous.

Exhibit 9-17: **Pace 2013 Capital Impact on Operations** (includes only some of the major programs)

Rolling Stock Purchase of fixed-route buses ($56.8 million)	• Reduced maintenance and operating costs • Maintain on-time performance • Improved travel time • Enhanced safety • Lower fuel consumption
Support Facilities and Equipment Improvement to garages/facilities ($11.8 million)	• Lower building maintenance costs • Improved operational performance • Enhanced safety

Pace

The proposed 2013 Capital Program for Pace totals $109.2 million divided among the following: $76.7 million for Rolling Stock; $27.6 million for Support Facilities & Equipment; $2.7 million for Stations and Passenger Facilities; and, $1.6 million for Miscellaneous, Contingencies & Administration. Pace plans to continue the replacement of fixed-route buses in 2013. This will lower the average age of their bus fleet, thereby reducing annual operating expenses.

Note that the Service Board's proposed allocation of investment funds as presented above was found to be consistent with the mix of investment allocations identified by RTA's Capital Decision Prioritization Support Tool. The RTA will continue to work more cooperatively with the Service Boards to identify the impact of capital expenditures on their operating budgets as it attempts to mitigate the effects of the region's aging transit infrastructure and meet its annual replacement needs.

Future Improvements to the Assessment of Investment Benefits: RTA recently initiated the "Estimating the Operating Cost Impacts of Capital Projects" study. The objective of this study is to develop a methodology and tool to better estimate the operating and maintenance cost impacts of a broad range of capital investment actions that might be undertaken by the RTA's Service Boards. Study results are expected to aid Service Board and RTA staff tasked with project selection and approval. The study will also help improve investment prioritization scoring for the O&M cost impact investment criteria within RTA's Capital Decision Prioritization Support Tool. In addition to providing an ongoing assessment of regional capital reinvestment requirements, this prioritization tool provides indepen-dent analyses of proposed capital budgets, and more importantly, is consistent with federal MAP-21 Transit Asset Management (TAM) requirements.

10 Appendices

Exhibit 10-1: **2013 Business Plan Calendar**

2013 Business Plan Calendar

Date (2012)	Requirements
30-May	RTA Finance Committee and Board meet to discuss and consider the release of the 2013 Business Plan Call, which includes the preparatory funding estimates for the Service Boards' 2013 Annual Budget, Two-Year (2014-2015) Financial Plan, and Five-Year (2013-2017) Capital Program.
2-Jul	The RTA releases the preparatory funding marks, which include the preliminary operating funding amounts for the 2013 budget and 2014-2015 financial plan for each Service Board, the required 2013 recovery ratio for each Service Board, and the preliminary capital program amounts for 2013-2017.
Sept - Nov	Service Boards release their proposed Budgets, Two-Year Financial Plans, and Five-Year Capital Programs to the RTA and the public. Information requirements not included in the proposed Budget, Two-Year Financial Plan, and Five-Year Capital Program document shall be provided to the RTA on supplemental schedules not later than September 30.
10-Oct	RTA Finance Committee and Board adopt ordinances which (1) establish the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years for each Service Board, (2) set the required recovery ratio for the upcoming year for each Service Board, and (3) set the preliminary capital program amounts for the upcoming five years.
Oct - Dec	The Service Boards hold public hearings on their proposed Budgets, Two-Year Financial Plans, and Five-Year Capital Programs, and present these proposals to the County Boards in the region.
24-Oct **14-Nov**	During the RTA Board Meetings in October and/or in November the Service Boards present their proposed Budgets, Two-Year Financial Plans and Five-Year Capital Programs to the RTA Board.
15-Nov	Service Board proposed Budgets, Two-Year Financial Plans, and Five-Year Capital Programs, adopted by their Boards, are submitted to the RTA by this date.
30-Nov	RTA staff prepares consolidated Budgets, Two-Year Financial Plans, and Five-Year Capital Programs for public review and comment.
5-Dec	The Service Boards present their proposed budgets to a special meeting of the RTA Finance Committee.
5-Dec	The RTA holds a public hearing on the proposed RTA Budget, Two-Year Financial Plan, and Five-Year Capital Program.
19-Dec	RTA Finance Committee and Board meet to discuss and consider adoption of ordinance which approves the 2013 Budget, 2014-2015 Financial Plan, and Five-Year Capital Program for the RTA region.
16-Jan-2013	RTA Finance Committee and Board adopt ordinance 2013-01 which approves the 2013 Budget, 2014-2015 Financial Plan, and Five-Year Capital Program for the RTA region.

Public Hearing Overview

Section 4.01 of the RTA Act directs the RTA to hold public hearings on its annual consolidated budget and financial plan prior to Board consideration of the ordinance adopting the budget and plan. Metra, Pace, and CTA are also required by law to hold public hearings on their proposed budgets and financial plans. The RTA held a public hearing on December 5th, 2012 at RTA Headquarters. This hearing provided a unified presentation of the region's transit system and 2013 consolidated budget. The RTA also participated in eight Metra hearings in November: one in the City of Chicago, two in suburban Cook (North, South), and one each in Lake, Will, DuPage, Kane and McHenry counties. The RTA attended thirteen Pace hearings in October: four in the City of Chicago (North, West, South, Southwest), four in suburban Cook (North, West, South, Southwest), and one each in Lake, Will, DuPage, Kane and McHenry counties. The RTA attended two CTA hearings in December; at CTA Headquarters and on the west side. In addition to public hearings, the RTA and Service Boards participated in six County Board meetings. The hearings were publicized in press releases issued to the media, paid ads in newspapers across the region, and through the RTA's Facebook page and InTransit newsletter. Public hearing information was also posted on the websites of the RTA and the Service Boards. The hearing schedules are detailed in Exhibit 10-2.

At these hearings, the RTA and Service Boards briefed the public on the proposed 2013 Budget, the proposed 2013-2017 Program of Capital Projects, and any proposed service or fare policy changes. Presenters included RTA senior management.

Public hearing comments were primarily focused on proposed service changes at Pace, proposed fare changes at Metra and CTA, and efficiency of paratransit service. Overwhelmingly, riders advocated for smaller, more frequent fare increases rather than large increases every few years. Riders were also concerned about growing capital needs and how the Service Boards would achieve the funds needed to reach a State of Good Repair. Court reporters were present to take testimony at all public hearings. Transcripts are on file with RTA.

In addition to the hearings, the budget documents were posted on the RTA and Service Board websites. The RTA Board voted to approve the 2013 regional transit system budget at its January 16th, 2013 meeting.

Exhibit 10-2: **Public Hearing Schedule**

The Regional Transportation Authority (RTA) hosted its public hearing for the 2013 budget on December 5th, 2012 at RTA headquarters. The budgets for the CTA, Metra, and Pace were reviewed and a general outlook for the transit system and key agency initiatives were presented. Attendees had the opportunity to participate in a Q&A session where RTA staff received comment and responded to questions. Following is the full schedule of budget hearings conducted by the Service Boards and the RTA.

SCHEDULE OF PUBLIC HEARINGS

PACE

McHenry County - Monday, October 22nd
4:30 – 5:30 pm
Crystal Lake Municipal Complex, Council Chambers
100 W. Woodstock St., Crystal Lake, IL

City of Chicago (North) - Monday, October 22nd
11:00 am - 1:00 pm
Sulzer Regional Library
4455 N. Lincoln Ave., Chicago, IL

Will County - Tuesday, October 23rd
4:00 - 6:00 pm
Joliet Public Library, Meeting Room B
150 N. Ottawa St., Joliet, IL

City of Chicago (West) - Tuesday, October 23rd
2:00 - 4:00 pm
Garfield Park Conservatory
300 N. Central Park Ave., Chicago, IL

Cook County (North) - Wednesday, October 24th
4:00 - 6:00 pm
Pace Headquarters, Board Room
550 W. Algonquin Rd., Arlington Heights, IL

Cook County (Southwest) - Wednesday, October 24th
4:30 - 6:30 pm
Worth Village Hall, Board Room
7112 W. 111th St., Worth, IL

Kane County - Thursday, October 25th
4:30 - 6:00 pm
Kane County Government Center Auditorium
719 S. Batavia Ave., Geneva, IL

Cook County (West) - Thursday, October 25th
4:00 - 6:00 pm
Howard Mohr Community Center
7640 Jackson Blvd., Forrest Park, IL

DuPage County - Monday, October 29th
5:00 - 7:00 pm
College of DuPage, Student Resource Center, Room 2000
425 Fawell Blvd., Glen Ellyn, IL

Lake County - Monday, October 29th
4:00 - 6:00 pm
Waukegan Public Library, Bradbury Room
128 N County St., Waukegan, IL

Cook County (South) - Tuesday, October 30th
4:30 - 6:30 pm
Homewood Village Hall, Board Room
2020 Chestnut Rd., Homewood, IL

City of Chicago (Southwest) - Tuesday, October 30th
3:00 - 5:00 pm
Arturo Velasquez Westside Tech. Inst.
2800 S. Western Ave., Chicago, IL

City of Chicago (South) - Wednesday, October 31th
7:00 - 9:00 pm
Olive Harvey College Cafeteria
10001 S. Woodlawn Ave., Chicago, IL

METRA

McHenry County - Tuesday, December 11th
4:00 - 7:00 pm
Crystal Lake City Hall, Council Chambers
100 W. Woodstock St., Crystal Lake, IL

Kane County - Tuesday, December 11th
4:00 - 7:00 pm
Geneva City Hall, City Council Chambers
22 S. First St., Geneva, IL

Cook County (South) - Tuesday, December 11th
4:00 - 7:00 pm
Flossmoor Village Hall, Board Room
2800 Flossmoor Rd., Flossmoor, IL

Cook County (North) - Tuesday, December 11th
4:00 - 7:00 pm
Arlington Heights Village Hall, Board Room
33 S. Arlington Heights Rd., Arlington Heights, IL

DuPage County - Tuesday, December 11th
4:00 - 7:00 pm
Wheaton City Hall, Gamon Room
303 W. Wesley St., Wheaton, IL

Lake County - Tuesday, December 11th
4:00 - 7:00 pm
Grayslake Village Hall, Board Room
10 S. Seymour, Grayslake, IL

Will County - Tuesday, December 11th
4:00 - 7:00 pm
Joliet City Hall, Conference Room 1 & 2
150 W. Jefferson St., Joliet, IL

City of Chicago - Tuesday, December 11th
4:00 - 7:00 pm
Metra Headquarters, 13th Floor Board Room
547 W. Jackson Blvd., Chicago, IL

CTA

City of Chicago (West Loop) - Monday, December 10th
6:00 pm
CTA Headquarters
567 W. Lake St., Chicago, IL

City of Chicago (West Side) - Monday, December 17th
6:00 pm
Westinghouse College Prep
3223 W. Franklin Blvd, Chicago, IL

RTA
City of Chicago – December 5th
3:00 – 5:00 pm
RTA Headquarters
175 W. Jackson, Suite 1650, Chicago, IL

Glossary

Accessible—As defined by FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered, and used by persons with disabilities.

Accessible Service—A term used to describe service that is accessible to non-ambulatory riders with disabilities. This includes fixed-route bus service with wheelchair lifts or Dial-a-Ride service with wheelchair lift-equipped vehicles.

ADA (The Americans with Disabilities Act of 1990)—This federal act requires changes to transit vehicles, operations and facilities to ensure that people with disabilities have access to jobs, public accommodations, telecommunications, and public services, including public transit.

ADA Paratransit Service—Non-fixed-route paratransit service utilizing vans and small buses to provide prearranged trips to and from specific locations within the service area to certified participants in the program.

Administration Expenditure—Expenditures for labor, materials and fees associated with general office functions, insurance, safety, legal services, and customer services.

Agency Fund—This fiduciary fund accounts for the assets held by the RTA in a trustee capacity or as an agent for the CTA, Metra, and Pace, rather than for the RTA's own programs. (Of the four types of fiduciary funds [Agency funds, pension (and other employee benefit] funds, investment trust funds, and private-purpose funds], the RTA uses only the first two.)

Ambulatory Disabled—A person with a disability that does not require the use of a wheelchair. This would describe individuals who use a mobility aid other than a wheelchair or have a visual or hearing impairment.

Appropriation—A legal procedure that permits a specified amount of funds to be expended for a given operating or capital purpose; the RTA appropriates funds for expenditures.

ASA/AFA—State-authorized assistance. Additional State Assistance (ASA) and Additional Financial Assistance (ASA) are issued for SCIP bonds (see SCIP bonds).

Balanced Budget—A budget in which expected revenues equal expected expenses during a fiscal period.

Benefit Access Program—The Illinois Department on Aging's Benefit Access Program provides assistance to low income senior citizens and persons with disabilities. Illinois residents with a qualifying disability who meet the income eligibility requirements of the Benefit Access Program are eligible for free rides on regularly scheduled fixed-route public transit service.

Bond Refinancing/Refunding—The payoff and reissuance of bonds, to obtain better interest rates and/or bond conditions which results in the defeasance of the old debt.

Budget—Funds allocated by the RTA Board for a particular purpose; each year the RTA Board approves a budget document for the following year. Funds are allocated either by "programming" them or by "appropriating" them.

Budget Marks—The Regional Transportation Authority Act, as amended in 1983, requires the RTA to advise each of its Service Boards by September 15th each year of its required revenue recovery ratio for the subsequent year, and the public funding estimated to be available for the next three years. These figures are referred to as budget marks.

Bus Bunching—A traffic scenario in which more than one bus arrives at the same time. This phenomenon is a subject of several CTA initiatives aimed at reducing service problems through improved field management of traffic and schedules.

Bus Rapid Transit (BRT)—BRT combines the quality of rail transit and the flexibility of buses. It can operate on exclusive transit ways, High Occupancy Vehicle (HOV) lanes, expressways, or ordinary streets. A BRT system combines intelligent transportation systems technologies, transit signal priority (TSP), cleaner and quieter vehicles, rapid and convenient fare collection, and integration with land use policies.

Capacity Utilization—Total passenger miles divided by transit capacity, where transit capacity is the product of vehicle revenue miles and average vehicle passenger capacity.

Capital—Funds that finance construction, renovation, and major repair projects or the purchase of machinery, equipment, buildings, and land.

Capital Expenditure—Expenditures that acquire, improve, or extend the useful life of any item with an expected life of three or more years and a value of more than $5,000, e.g., rolling stock, track and structure, support facilities and equipment, and stations and passenger facilities.

Car Mile or Vehicle Mile—A single bus, rapid transit car, or commuter rail car traveling one mile.

CMAP (The Chicago Metropolitan Agency for Planning)—Formed in 2005, CMAP integrates planning for land use and transportation in Northeastern Illinois. The new organization combined the region's two previously separate transportation and land-use planning organizations -- Chicago Area Transportation Study (CATS) and the Northeastern Illinois Planning Commission (NIPC) -- into a single agency.

CMAQ (Congestion Mitigation/Air Quality) Grant—A federal grant program designed to support transportation projects that reduce traffic congestion and/or improve air quality.

Cost Per Mile—Operating expense divided by vehicle miles for a particular program or in total.

Cost Per Passenger—Operating expense divided by ridership for a particular program or in total.

CTA (Chicago Transit Authority)—The CTA operates bus and rapid transit service in the City of Chicago and several suburbs. The CTA was created by state legislation and began operations in 1947.

Deadhead—The time when a transit vehicle is traveling toward a yard, shop, or the start of a run but is not in revenue service. Car miles include deadhead miles.

Debt Service—The payment of interest on and the repayment of principal on long-term borrowed funds according to a predetermined payment schedule.

Defeasance of Bonds—A technique used to discharge older high-rate debt prior to maturity with new securities bearing lower interest rates.

Depreciation—Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. The portion of the cost of a fixed asset, other than a wasting asset, charged to expense during a particular period.

Dial-A-Ride Service—Paratransit service that requires the user to call ahead and schedule service.

Discretionary Funds—Funds that the RTA allocates at its discretion. These funds include PTF I and 15 percent of the RTA Sales Tax I.

Elderly—A term used to describe individuals who are 65 years of age or older. This age is used to qualify for the RTA Senior Citizen Reduced Fare Card. Note that some paratransit services define elderly individuals at an age other than 65.

Express Bus (or route)—A suburban or intercity bus that operates a portion of its route without stops or with a limited number of stops.

Favorable Performance—In a comparison of actual results to budgeted levels, favorable performance describes the situation in which expenditures are less than budget or revenue exceeds budget.

Farebox Revenue—Revenue obtained from passengers.

Fares—The amount charged to passengers for use of various services.

Feeder Bus Services—Pace bus routes that serve Metra stations.

Financial Plan—In addition to an annual budget, the RTA Act, as amended in 1983, requires the RTA and its Service Boards to develop a financial plan for the two years subsequent to the upcoming budget year. In combination with the annual budget, this provides a three-year projection of expenses, revenues, and public funding requirements.

Fiscal Year—The calendar year is the fiscal year for the RTA, CTA, Metra, and Pace. The fiscal year of the State of Illinois extends from July 1 through June 30 of the following year. The fiscal year of the federal government extends from October 1 through September 30 of the following year.

Fixed-Route Service—Buses that operate according to fixed schedules and routes.

Flexible Funds—Federal funds made available by TEA-21 that can be used for various transportation projects, including both highway and mass transit projects. Allocation of these funds is at the discretion of state and local agencies.

Fringes (Fringe Benefit Expenditures)—Pay or expenditures to or on behalf of employees in addition to salaries and wages, including sick pay, vacation pay, pension contributions, life and health insurance, unemployment and workers' compensation, social security costs, and other programs.

FTA (Federal Transit Administration)—The FTA is the federal agency that helps cities and communities provide mobility to their citizens. Through its grant programs, FTA provides financial and planning assistance to help plan, build, and operate rail, bus, and paratransit systems. Since 1988, the only FTA funding available to the RTA has been for capital projects.

Full Funding Grant Agreement (FFGA)—The FTA is required to use a FFGA to provide financial assistance for new start projects. The FTA also has the discretion to use an FFGA in awarding federal assistance for other major capital projects. The FFGA defines the project,

including cost and schedule; commits to a maximum level of federal financial assistance (subject to appropriation); establishes the terms and conditions of federal financial participation; covers the period of time for completion of the project; and helps to manage the project in accordance with federal law. The FFGA assures the grantee of predictable federal financial support for the project (subject to appropriation) while placing a ceiling on the amount of that federal support.

Full-Time Equivalent (FTE)—A measurement equal to one staff person working a full-time work schedule for one year.

Fund Balance—The cumulative difference between revenues and expenses over the life of a fund. The excess of funding over operating deficit for a given period of time. In this document, the fund balance refers to the unassigned funds in the Agency and general fund.

Funding Formula—A specific formula used to determine a subsidy level.

General Long Term Debt Account Group (GLTDAG)—This account group is not a fund but a separate list of certain long-term liabilities of the general government. Debt normally is recorded at its face value, without premium or discount. Additions to and deletions from GLTDAG are disclosed in the notes to the financial statements.

General Fund—The operating fund that is used to account for all financial resources and normal recurring activities except for those required to be accounted for in another fund.

General Obligation Bonds (GO Bonds)—Bonds that are legally backed by the full faith and credit of the issuing government. The government is legally obligated to use its full taxing power, if necessary, to repay the debt.

Gross Domestic Product (GDP)—Reported by the Bureau of Economic Analysis, this measure of economic activity is the sum of the market values of all of the final goods and services produced in the United States in a year.

Grants—Monies received from local, federal, and state governments to provide capital or operating assistance.

Headway—The time span between service vehicles (bus or rail) on a specified route.

Illinois FIRST—A group of legislation passed by the Illinois Legislature to fund capital improvements for the state's infrastructure, roads, schools and transit.

Illinois Jobs Now!—Signed into law by Illinois Governor Quinn in 2009, the six-year, $31 billion capital program to improve state infrastructure included $186 million in funding for transportation projects.

Infrastructure—The physical assets of the RTA system, e.g., rail lines and yards, power distribution, signaling, switching, and communications equipment, passenger stations, information systems, and roadways, upon which the continuance and growth of transit depend.

In-Kind Service—These services are provided at no cost to a Service Board. For example, the City of Chicago provides free of charge dedicated security forces to the CTA.

Innovation, Coordination and Enhancement (ICE) Fund—A fund created to award grants to the Service Boards, transportation agencies, and local governments, for short-term, lower-cost projects and service enhancements.

Intelligent Bus System (IBS)—A bus communications system that uses advanced technology to monitor and improve performance on various levels. Pace's new bus communications system includes radio voice and data communications, Computer-Aided Dispatching (CAD) and Global Positioning System (GPS)-based Automatic Vehicle Location (AVL) functions.

Intelligent Transportation Systems (ITS)—The application of advanced sensor, computer, electronics, and communication technologies and management strat-

egies in an integrated manner to increase the safety and efficiency of the surface transportation system. S is a national effort designed to promote the use of advanced technologies in multimodal transportation.

Interest—The charge for borrowing money, typically expressed as an annual percentage rate.

ISTEA (Intermodal Surface Transportation Efficiency Act of 1991)—ISTEA amended the Federal Transit Act introducing new sources of flexible funds and increasing the funding authorized for public transit.

JARC (Job Access Reverse Commute)/New Freedom— JARC is a federally funded program that provides operating and capital assistance for transportation services planned, designed, and carried out to meet the transportation needs of eligible low-income individuals and of reverse commuters regardless of income. The New Freedom program provides new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA).

Joint Self Insurance Fund (JSIF)—The RTA provides excess liability insurance to protect the self-insurance programs maintained by the CTA, Metra, and Pace. The Service Boards are obligated to reimburse the JSIF for any damages paid plus a floating interest rate.

Labor Expenditure—The cost of wages and salaries (including overtime) to employees for the performance of their work.

Line Item—An appropriation that is itemized on a separate line in a budget.

Linked Trip—A single, one-way trip without regard for the number of vehicles boarded to make the trip (i.e., a home-to-work trip taken by boarding a bus, to a train, to another bus represents one linked trip or three unlinked trips).

Maintenance Expenditure—Expenditures for labor, materials, services, and equipment used to repair and service transit and service vehicles and facilities.

MAP-21—The Moving Ahead for Progress in the 21st Century Act was signed into law by President Obama on July 6, 2012. MAP-21 provides over $105 billion in funds for surface transportation programs in 2013 and 2014.

Metra—The Commuter Rail Division of the RTA responsible for all rail public transit service with the exception of those services provided by the CTA. Metra was created in 1983 by an amendment to the RTA Act.

Mobility Limited—An individual who has a physical impairment, including impaired sensory, manual, or speaking abilities that result in functional limitations.

Modified Accrual Basis—A type of accounting whereby revenue and other financial resource increments (e.g., bond issue proceeds) are recognized when they become both "measurable" and "available" for finance expenditures of the current period. "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Similarly, expenditures (e.g., debt service payments and a number of specific accrued liabilities) are only recognized when payment is due because it is only at that time that they normally are liquidated with expendable available financial resources.

Moving Beyond Congestion—In 2008, jointly with the Chicago Transit Authority, Metra and Pace, the RTA led a strategic planning effort to maintain, enhance and expand the Northeastern Illinois region's transit system and to solve the current transit funding challenge, ensure financial viability and accountability, and meet the region's growing and changing transportation needs.

Net Results—The difference between total revenue (including public funding) and total expenses. Sometimes referred to as the "change in fund balance."

Non-Ambulatory Disabled—A person who has a disability that requires use of a wheelchair.

Operating Assistance—Financial assistance for transit operating (as opposed to capital) expenditures. Such

aid may originate with federal, state, or local governments.

Operating Budget—The planning of revenue and expenditures for a given period of time to maintain daily operations.

Operating Deficit—For a particular Service Board, the difference between system-generated revenues and system operating expenses. The operating deficit is sometimes referred to as the "public funding requirement." For the RTA, its deficit or surplus equals total revenues (sales tax, PTF, interest, and other income) less operating funding, debt service, technology, and capital funding (RTA capital and RTA discretionary funding of Service Board capital).

Off-Peak—Non-rush hour time periods.

Pace—The Suburban Bus Division of the RTA responsible for all non-rail suburban public transit service with the exception of those services provided by the CTA. On July 1, 2006, Pace assumed operating responsibility for all ADA Paratransit service in the RTA region. Pace was created in 1983 by an amendment to the RTA Act.

Paratransit Service—Any transit service that is not conventional fixed-route bus or rail service, including Dial-a-Ride, Call-n-Ride, and ADA Paratransit Services.

Passenger Mile—A single passenger traveling one mile.

Peak Period—Morning or evening rush hour.

Principal—The amount borrowed or the amount still owed on a loan, separate from the interest.

Positive Budget Variance (PBV)—Calculated as the difference between a Service Board's budgeted and actual deficit, a positive budget variance results when the actual deficit is less than budgeted. A PBV represents available funds for the Service Boards to use for capital purposes.

Program (verb)—To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure. When the RTA Board passes its official budget document, certain funds are "programmed" so that they may be obligated (i.e., contracts signed) during the upcoming year; these funds may be expended during the upcoming or subsequent years.

Program (noun)—Groupings of expenditure accounts with related expenditures (i.e., operations, maintenance, administration, and capital program).

Public Transportation Fund(s) (PTF)—Each month the state transfers from its General Revenue Fund an amount equal to 30% of the RTA Sales Tax and Real Estate Transfer Tax collected in the previous month.

Public Funding—Funding received from the RTA or a local, state, or federal government entity. Generally refers to funding for Service Board operating expenditures.

Purchase of Paratransit Service—The amount of money paid to contractors to provide door-to-door transportation to certified participants in the ADA Paratransit program.

Recovery Ratio—System-generated revenues divided by system operating expenditures with exclusions as allowed by the RTA Act. This ratio is calculated for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region attain an annual recovery ratio of at least 50% for mainline service. For ADA Paratransit service, the Act requires a 10% recovery ratio.

Reduced Fares—Discounted fares for children age 7-11, grade school and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID) except paratransit riders.

Regional Priorities Initiative—In 2011, the RTA launched a series of five key priority initiatives intended to advance a collective vision for the region's transit system.

Revenue Vehicle Mile—Vehicle mile during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

Reverse Commute—City-to-suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

Ridership (unlinked passenger trips)—Each passenger counted each time that person boards a vehicle.

Rolling Stock—Public transportation vehicles including commuter rail cars, locomotives, rapid transit cars, buses, and vans.

RTA Sales Tax (PART I)—1% in Cook County, 0.25% in the collar counties of DuPage, Kane, Lake, McHenry and Will. 85% of this sales tax is fully distributed to the Service Boards by the RTA according to formulas established by the RTA Act. 15% of this sales tax is retained by the RTA, a portion of which is distributed to the Service Boards at the RTA's discretion.

SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users)—Signed into law on August 10, 2005, this legislation provided $286.4 billion in guaranteed funding for federal surface transportation programs through federal fiscal year (FFY) 2009. It was extended through FFY 2012. This legislation was replaced by the Moving Ahead for Progress in the 21st Century (MAP-21) Act in July, 2012.

SCIP (Strategic Capital Improvement Program) Bonds—The RTA was authorized under the RTA Act to issue $500 million of bonds for public transportation projects approved by the Governor of the State as part of the RTA's Strategic Capital Improvement Program (SCIP). Effective January 1, 2000, the Act was amended to authorize the RTA to issue an additional $260 million of SCIP bonds in each year for the period of 2000 through 2004.

Series B Bonds—State Transportation Bonds used as all or a portion of the local share required to match federal funds for public transportation capital projects.

Service Boards—The term refers to the region's three transit operators: CTA, Metra and Pace.

Special Service—A transportation service, as defined by the FTA, specifically designed to serve the needs of persons who, by reason of disability, are unable to use mass transit systems designed for the use of the general public.

State Financial Assistance (SFA)—Subject to appropriation by the State, this assistance reimburses the debt service expenses of the RTA's Strategic Capital Improvement Program (SCIP) bonds.

State of Good Repair (SGR)—Capital investment in infrastructure maintenance in order to improve the condition of current transit facilities and provide safe, reliable service.

Statutory Funds Designated for Capital or Transfer Capital—The difference between a Service Board's statutory funding and its budgeted or actual deficit, whichever is greater. These funds, which are over and above operating needs, are generally used for capital purposes.

Subscription Service—Special services for users who ride on a frequent and regular basis and follow a prescribed schedule (a minimum of three times per week between the same origin and destination).

Subsidy—Funds received from another source that are used to cover the cost of a service or program that is not self-supporting.

System-Generated Revenue (Total Operating Revenue)—Total revenue generated from operations. Includes farebox revenue, state fare subsidies, advertising, interest and all other income (excludes RTA and federal subsidies).

Taxi Access Program (TAP)—Certified participants in the ADA Paratransit service program can purchase taxi vouchers, valued at up to $13.50, at a reduced price of $5.00 to pay for one-way taxi rides that originate within the City of Chicago.

TEA-21 (The Transportation Equity Act for the 21st Century)— Signed into law on June 9, 1998, this legislation provided a six-year reauthorization of the federal transit program and the necessary contract authority needed to fully fund the fiscal year 1998 obligation limitations contained in the fiscal year 1998 Department of Transportation Appropriations Act.

TERM-lite—Transit Economic Requirements Model, TERM-lite is the local version of the FTA's capital needs analysis tool that evaluates asset conditions and State of Good Repair (SGR) backlog.

T-FLEx (Transit Finance Learning Exchange)—A strategic alliance of transit agencies formed to leverage mutual strengths and continuously improve transit finance leadership, development, training practices, and information sharing. Its purpose is to transform the finance function into a value-added business partner within each transit authority. Members meet twice annually in a facilitated workshop environment to develop and share best practices in active roundtable work sessions.

TOD (Transit-Oriented Development or Transit-Oriented Design)—Mixed use development of residential, office and retail uses within walking distance of a transit station or bus route.

Transit Asset Management (TAM)—Measurement of the condition of capital assets such as equipment, rolling stock, infrastructure, and facilities.

Transit Signal Priority—Transit signal priority either gives or extends a green signal to transit buses under certain circumstances to reduce passenger travel times, improve bus schedule adherence, and reduce bus operating costs.

Total Vehicle Miles—The sum of all miles operated by passenger vehicles, including mileage when no passengers were carried.

Unreserved Fund Balance—The balance of funds that have not been restricted, committed, or programmed into the budget, financial plan, or capital program.

Value Engineering— The process of evaluating the function of systems, equipment, facilities, procedures, and supplies to determine if cost-saving is achievable. Value Engineering works to achieve balance between function, performance, quality, safety, scope and project costs. The proper balance results in the maximum value for the project.

Vanpool—Pace's VIP (Vanpool Incentive Program) is a service where a group of 5 to 15 people commute to and from work together in a Pace-owned van.

Supplemental Data

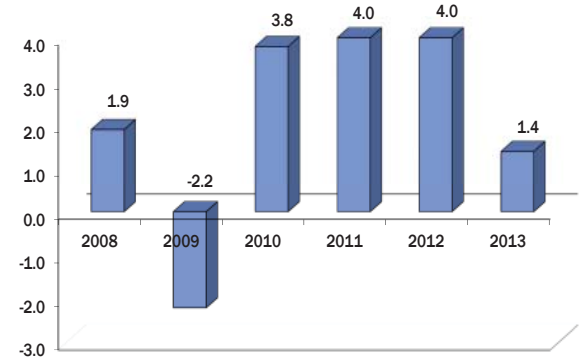
National Economic Projections

The Gross Domestic Product (GDP) is the value of the output of goods and services produced by labor and property located in the United States. Exhibit 10-3 highlights the annual real GDP growth from 2008 through 2013 (projected). GDP grew 1.9% in 2008 and then fell 2.2% in 2009 with the onset of the recession. GDP growth began to bounce back in 2010, increasing by 3.8% over prior year. GDP growth continued in 2011 and 2012, increasing by 4.0% in both years. The Congressional Budget Office (CBO) expects GDP growth to be sluggish in 2013, increasing by 1.4%.

Exhibit 10-4 shows the U.S. annual unemployment rate from 2008 through 2013. In 2008, the annual average unemployment rate was 5.8%. The national unemployment rate climbed sharply in 2009 to 9.3% and increased an additional 0.3 percentage points to 9.6% in 2010. The unemployment rate fell 0.7 percentage points in 2011 to 8.9% and decreased again in 2012 to 8.1%. Unemployment is expected to be 7.9% in 2013, according to the CBO.

Exhibit 10-5 shows the annual growth of the U.S. Consumer Price Index (CPI) from 2008 to 2013. The CPI experienced annual growth of 3.8% in 2008 and then decreased sharply in 2009 to negative 0.4%. Positive growth returned in 2010 and the CPI rose 3.2% in 2011. CPI growth slowed in 2012 to 2.1% and is expected to slow further in 2013 to 1.6%. This is consistent with CBO's overall projection of slower economic growth in 2013.

Exhibit 10-3: **U.S. Real Gross Domestic Product** (percent change)



Source: US Department of Commerce, Congressional Budget Office

RTA Region

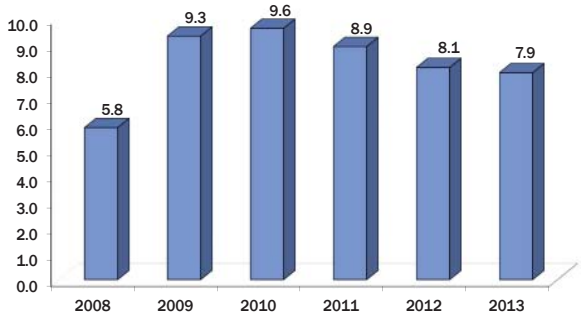
The following sections summarize population and employment trends in the six-county RTA region. These trends have a significant impact on public transportation ridership, as well as sales tax revenue.

POPULATION

As shown in Exhibit 10-6, the population of the RTA region grew by 3.1% (from 8.1 million to 8.4 million) between 2001 and 2011. Population growth in the RTA region grew at a slower pace than the overall population of the United States, which increased by 9.3% during this period.

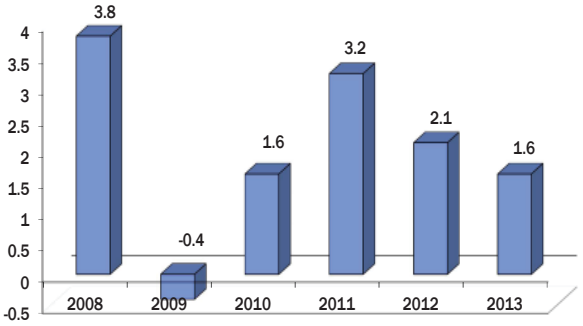
Since 2001, most of the region's population growth has occurred in the collar counties. Exhibit 10-7 illustrates the annualized population growth rates for each of the region's six counties between 2001 and 2011. The highest growth rate occurred in Will County, where the population has increased at an annual

Exhibit 10-4: **U.S. Unemployment Rate** (in percent)



Source: US Department of Labor, Congressional Budget Office

Exhibit 10-5: **U.S. Consumer Price Index** (percent change)



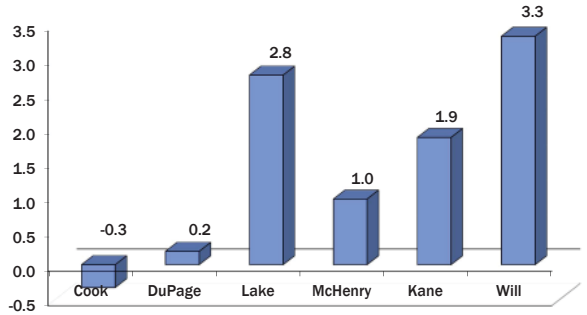
Source: U.S. Bureau of Labor Statistics

Exhibit 10-6: **Population by County** (in thousands)

	2001	2011	% Change
Cook	5,376	5,217	-3.0%
DuPage	907	923	1.8%
Kane	407	520	27.8%
Lake	648	706	9.0%
McHenry	262	309	17.9%
Will	508	682	34.3%
Total	8,108	8,357	3.1%

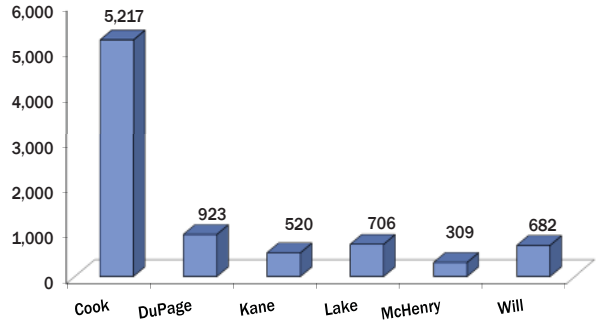
Source: United States Census Bureau

Exhibit 10-7: **RTA Region Annualized Population Growth Rates by County 2001-2011** (in percent)



Source: United States Census Bureau

Exhibit 10-8: **RTA Region Population Distribution by County - 2011** (in thousands)



Source: United States Census Bureau

rate of 3.3%. The population of Kane and McHenry counties grew at annual rates of 2.8% and 1.0%, respectively, while the population of Lake and DuPage counties increased at annual rates of 1.9% and 0.2%, respectively. Cook County experienced a population decline at an annual rate of 0.3%. During the 10-year period, the population of the entire RTA region grew at an annual rate of 0.3%.

In 2011, Cook County accounted for 62.4% of the 8.4 million people living in the RTA region. DuPage County's population comprised 11.0% of the region, followed by Lake County (8.4%) and Will County (8.2%), Kane County (6.2%), and McHenry County (3.7%). The population distribution for 2011 is illustrated in Exhibit 10-8.

EMPLOYMENT

Suburban jurisdictions have led the region in labor force growth since 1990. This growth has intensified over the last decade as more jobs relocated out of Cook and into the collar counties. Employment in the five collar counties accounted for 36.3% of the RTA regions total in 2001 and 39.6% in 2011. Cook County, which accounted for 63.7% of the region's employment in 2001, accounted for 60.4% of employment in 2011. At the same time, regional employment has increased from 4.26 million in 2001 to 4.27 million in 2011, a difference of only 0.2% (Exhibit 10-9).

The trends in employment by economic sector in the RTA region are illustrated in Exhibit 10-10. The Manufacturing sector experienced the greatest loss during the 2001 to 2011 period while the Health Care and Social Assistance sector experienced the greatest increase in employment. In 2011, Health Care and Social Assistance (11.2%), Retail Trade (9.2%), State and Local Government (9.1%), Professional and Business Services (8.0%), and Manufacturing (7.7%) made up the largest share of employment in all industries.

The RTA region has experienced steady growth in per capita personal income. Within the region, per capita personal income was higher than the US average in Cook, DuPage, and Lake Counties. Lake and DuPage had the highest levels of per capita personal income

Exhibit 10-9: **Labor Force by County** (in thousands)

	2001	% of Total	2011	% of Total
Area				
Cook	2,714	63.7	2,575	60.4
DuPage	531	12.5	518	12.1
Kane	229	5.4	274	6.4
Lake	339	8.0	359	8.4
McHenry	155	3.6	175	4.1
Will	290	6.8	365	8.6
Total	4,258	100.0	4,266	100.0

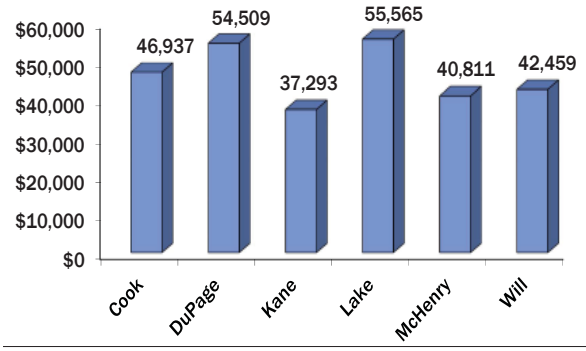
Source: Illinois Department of Employment Security

Exhibit 10-10: **Regional Employment Distribution by Industry** (in percent)

	2001	2011
Farming	0.2%	0.2%
Agriculture, Forestry, Fishing, Hunting	(D)	(D)
Mining	(D)	0.1%
Utilities	0.3%	(D)
Construction	5.3%	4.2%
Manufacturing	11.1%	7.7%
Wholesale trade	4.9%	4.4%
Retail trade	10.0%	9.2%
Transportation & Warehousing	4.1%	4.1%
Information	2.4%	1.7%
Finance and Insurance	6.3%	6.9%
Real estate	3.5%	4.3%
Professional & Business Services	7.9%	8.0%
Management of Companies & Enterprises	1.3%	1.5%
Administrative and waste management services	6.9%	7.6%
Educational Services	2.2%	3.3%
Health Care & Social Assistance	9.0%	11.2%
Arts, Entertainment, & Recreation	2.0%	2.2%
Accommodation & Food Services	5.7%	6.5%
Other services	5.3%	5.7%
Federal Government	1.2%	1.0%
State & Local Government	9.1%	9.1%
Military	0.8%	0.6%

(D) Not shown in data set due to confidential information

Exhibit 10-11: **2011 Per Capita Personal Income by County** (in dollars)



Source: US Bureau of Economic Analysis

in the six county region in 2011, while Kane and McHenry had the lowest, as illustrated in Exhibit 10-11.

Despite the growth in per-capita income in the region, unemployment remains high in contrast to the US unemployment rate, which continues to improve. Exhibit 10-12 provides a comparison of the national unemployment rate, the unemployment rate in the State of Illinois, and the unemployment rates in each of the counties of the RTA region from 2009 to 2013. The unemployment rates for the six counties in the RTA region are presented on a non-seasonally adjusted basis, as seasonally adjusted data are not available.

Exhibit 10-12: **Unemployment Rates 2009-2013** (in percent)

	2009	2010	2011	2012	2013*
United States	9.3	9.6	8.9	8.1	7.9
Illinois	10.0	10.4	9.7	8.9	9.0
County					
Cook	10.3	10.5	10.4	9.8	10.1
DuPage	8.4	8.3	8.0	7.6	8.0
Kane	10.3	10.3	9.9	10.3	10.6
Lake	9.8	10.5	9.4	10.7	10.5
McHenry	9.7	9.6	9.4	9.5	9.7
Will	10.1	10.4	10.1	10.2	10.5

*based on January 2013 data

Between 2009 and 2012, the unemployment rate in Illinois decreased from 10.0% to 8.9%. The unemployment rate in Illinois reached a high of 10.4% in 2010, which was 0.8 percentage points higher than the national unemployment rate of 9.6%. In 2011 and 2012, Illinois began showing signs of modest recovery with the annual average dropping to 8.9% in 2012. In January 2013, the state unemployment rate increased to 9.0%, 1.1 percentage points higher than the national average of 7.9%. In the six county RTA region, the unemployment situation remained bleaker. On a non-seasonally adjusted basis, Cook, Kane, Lake, and Will Counties had unemployment rates higher than 10.1%. Kane County had the highest unemployment rate at 10.6% in January 2013. DuPage and McHenry Counties had lower unemployment rates at 8.0% and 9.7%, respectively.

SALES TAX TRENDS

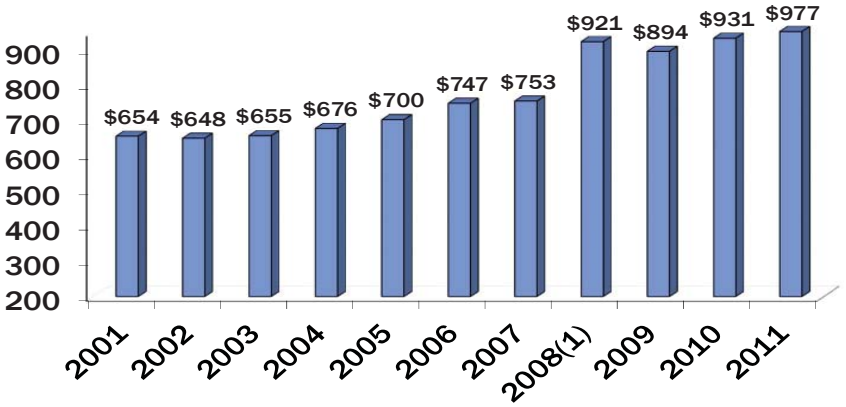
In April 2008, the RTA sales tax increased from the equivalent of 1% on retail sales in Cook County and 0.25% on retail sales in the collar counties to the equivalent of 1.25% on retail sales in Cook County and 0.5% on retail sales in the collar counties. Also in 2008, a real estate transfer tax of 0.3% was imposed in the City of Chicago to fund the CTA. Sales tax collec-

Exhibit 10-13: **Sales Tax Collections by County** (dollars in millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008(1)	2009	2010	2011
Chicago	199	197	195	198	205	214	231	237	272	268	278	296
Suburban Cook	354	358	354	356	364	373	396	395	447	419	438	454
Total Cook	$ 553	$ 555	$ 549	$ 555	$ 569	$ 587	$ 627	$ 632	$ 720	$ 686	$ 716	$ 750
DuPage	43	42	41	41	43	44	47	47	77	79	82	86
Kane	12	12	12	13	14	15	16	16	26	27	28	30
Lake	24	25	25	25	26	27	29	29	48	50	51	53
McHenry	7	7	7	8	8	9	9	9	16	17	17	18
Will	12	12	13	14	15	17	19	20	34	35	37	40
Total Collar	$ 97	$ 99	$ 98	$ 100	$ 106	$ 113	$ 120	$ 121	$ 202	$ 208	$ 215	$ 227
Total RTA Region	$650	$654	$648	$655	$676	$700	$747	$753	$921	$894	$931	$977
Percent Change	6.0%	0.5%	(0.9%)	1.1%	3.2%	3.7%	6.6%	0.8%	22.4%	(3.0%)	4.1%	4.9%

(1) In April 2008 lelgislation was enacted that modified and increased the percentage of sales tax collected in the region.

Exhibit 10-14: **Sales Tax Collections 2001-2011** (in millions)



tions grew from $654 million in 2001 to $977 million in 2011. Between 2001 and 2003, sales tax collections fluctuated between $654 and $655 million. From 2004 to 2007, sales tax collections increased from $676 million to $753 million. In 2008, sales tax collections increased by 22.4% to $921 million, due to the April 2008 sales tax increase. In 2009, largely due to the economic recession, the sales tax collections decreased by 3.0%. However, sales tax increased by 4.1% in 2010 to $931 million, exceeding sales tax collections from 2008, and increased an additional 4.9% in 2011 (Exhibits 10-13 and 10-14).

RIDERSHIP TRENDS

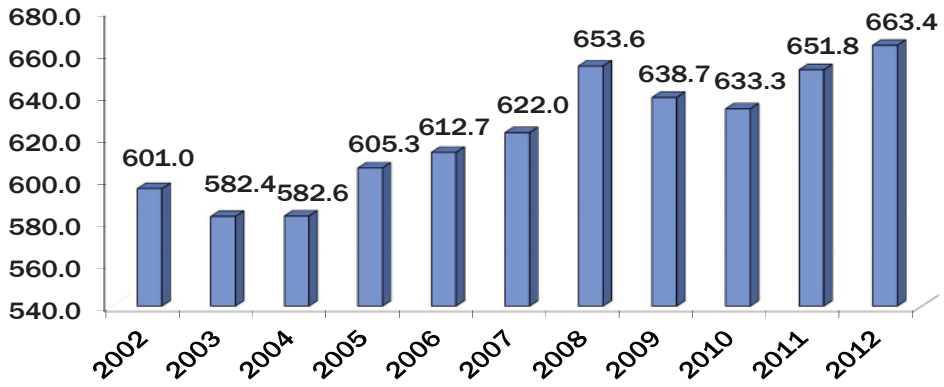
Total RTA ridership in 2002 was 595.5 million, a decrease of 0.9% from 2001. Total RTA ridership also declined in 2003, falling 2.2% to 582.4 million rides. This decrease in ridership was consistent with the decline in the economy during the same period. Regional ridership changed little from 2003 to 2004 reflecting stagnant ridership on all three Service Boards. In 2005, however, all three Service Boards achieved significant ridership gains as the economy rebounded and gas prices climbed. Regional ridership continued to grow in 2006 and 2007. In 2008, ridership grew 5.1%, representing the largest percentage of growth in the past ten years. Record-breaking ridership levels in 2008 were followed by a significant decline in ridership in 2009 at all three Service Boards, as the recession grew worse and jobs declined. The system

Exhibit 10-15: **Service Board Ridership 2002-2012** (millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CTA Bus	304.8	293.6	296.0	305.5	299.6	309.3	328.2	318.7	306.0	310.4	313.2
CTA Rail (1)	180.4	181.1	178.7	186.8	195.2	190.3	198.1	202.6	210.8	221.6	229.6
Total CTA (2)	**485.2**	**474.7**	**474.7**	**492.3**	**494.8**	**499.5**	**526.3**	**521.3**	**516.8**	**532.0**	**542.8**
Metra	75.5	74.0	73.8	76.1	79.9	83.3	86.8	82.3	81.4	82.7	81.4
Pace (3)	34.8	33.7	34.1	36.9	38.0	39.2	40.5	35.1	35.1	37.1	39.2
Total RTA	**595.5**	**582.4**	**582.6**	**605.3**	**612.7**	**622.0**	**653.6**	**638.7**	**633.3**	**651.8**	**663.4**
% Increase	**(0.9%)**	**(2.2%)**	**0.0%**	**3.9%**	**1.2%**	**1.5%**	**5.1%**	**(2.3%)**	**(0.8%)**	**2.9%**	**1.8%**

(1) CTA rail ridership includes rail-to-rail transfers.
(2) Prior to 2007, ADA Paratransit ridership is included in CTA Bus and Pace figures.
(3) After 2007, ADA Paratransit ridership is included in Pace figures only.

Exhibit 10-16: **RTA Ridership** (in millions)



continued to lose ridership in 2010, but at a much slower rate than in 2009. Ridership bounced back in 2011 to 651.8 million riders, just 1.1% below 2008 ridership levels. Preliminary results for 2012 put regional ridership at 663.4 million, 1.8% greater than in 2011 and higher than 2008 levels by 1.5% (Exhibits 10-15 and 10-16).

As shown in Exhibit 10-17, regional ridership trends closely with regional jobs. A correlation analysis of the 12 month moving average number of jobs, versus the 12 month moving average of ridership confirmed that there is a strong positive correlation between ridership growth and job growth during periods of increasing job growth. During times of job decline the results are more mixed, with a strong positive correlation occurring between January 2002 and January 2005, but no correlation was observed in the period between January 2008 and January 2012, where steep job declines occurred as a result of the financial crisis.

Regional fuel prices are also considered to have an impact on ridership. Potential riders are attracted to public transportation as increases in the cost of fuel make driving less economical. The average price for a gallon of gas in the region in 2012 was $3.64; $0.10 lower than in 2011, but still $0.71 higher than in 2010 (Exhibit 10-18).

OTHER TRENDS

Service Board Operating Expenditures (Exhibits 10-19 and 10-20) show a steady increase each year from 2002 to 2012. Expenditures increased at a compound annual growth rate of 4.3% during this period.

Exhibit 10-17: **12-month Moving Average - Regional Jobs versus Regional Ridership** (percent change from 2002)

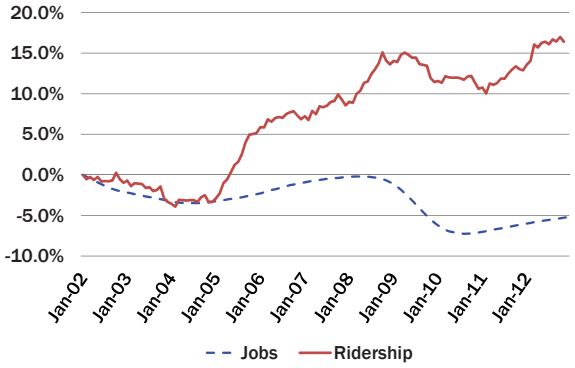


Exhibit 10-18: **Regional Fuel Prices** (in dollars)

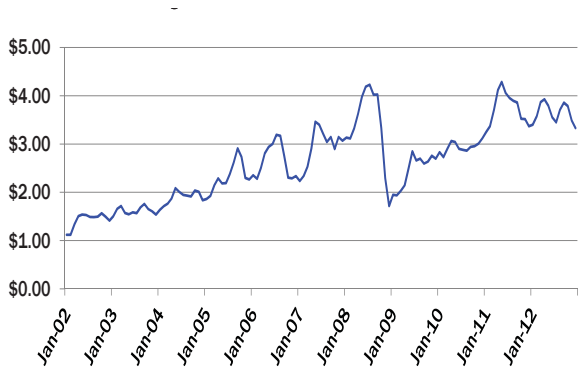


Exhibit 10-19: **Service Board Operating Expenditures** (dollars in millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CTA	920	897	938	1,021	1,076	1,094	1,214	1,262	1,239	1,292	1,273
Metra	445	455	466	504	525	548	595	577	616	644	685
Pace	131	139	147	160	199	163	172	174	176	180	193
Regional ADA Paratransit 1						84	108	115	115	128	138
Total	**$1,496**	**$1,491**	**$1,552**	**$1,685**	**$1,801**	**$1,890**	**$2,090**	**$2,129**	**$2,146**	**$2,244**	**$2,289**
% Change	3.7%	(0.3%)	4.1%	8.6%	6.9%	4.9%	10.6%	1.9%	0.8%	4.6%	2.0%

1 Prior to 2007, ADA Paratransit expenditures are included in CTA Bus and Pace figures.

Exhibit 10-20: **Service Board Operating Expenditures** (dollars in millions)

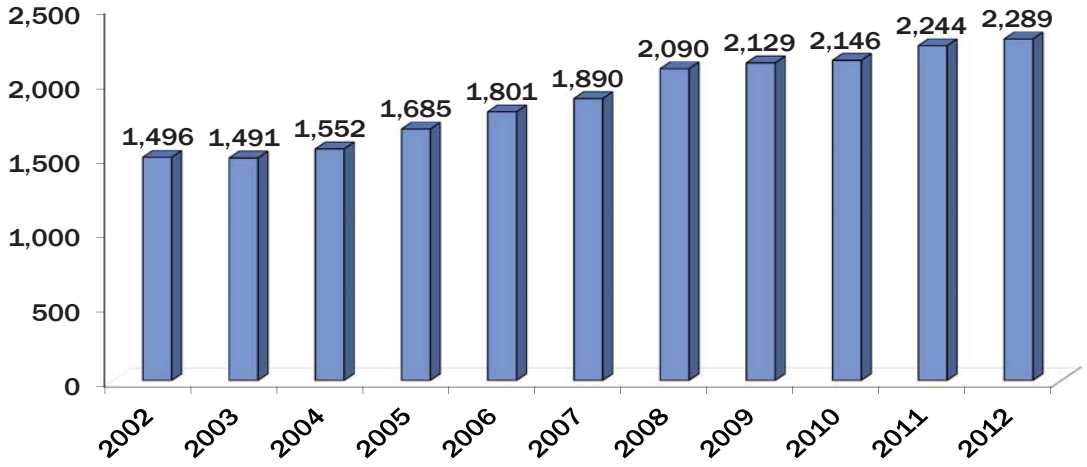
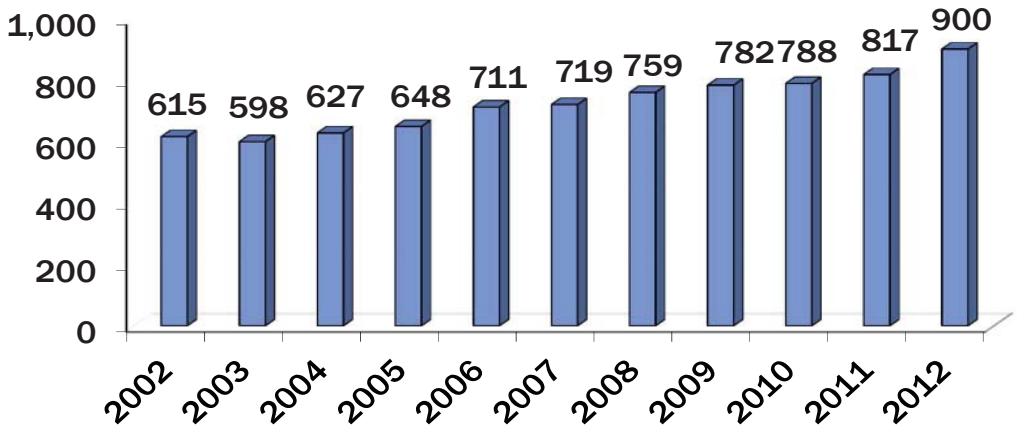


Exhibit 10-21: **Service Board Farebox Revenue** (dollars in millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CTA	384	368	403	417	462	457	471	506	509	528	549
Metra	190	191	192	198	218	227	252	236	239	245	306
Pace	41	39	32	32	31	28	28	33	32	35	36
Regional ADA Paratransit1						6	7	7	8	9	9
Total	**$ 615**	**$ 598**	**$ 627**	**$ 648**	**$ 711**	**$ 719**	**$ 759**	**$ 782**	**$ 788**	**$ 817**	**$ 900**
% Change	1.4%	(2.7%)	4.8%	3.3%	9.8%	1.1%	5.5%	3.1%	0.7%	3.7%	10.2%

1 Prior to 2007, ADA Paratransit farebox revenue is included in CTA Bus and Pace figures.

Exhibit 10-22: **Service Board Farebox Revenue** (dollars in millions)



Service Board farebox revenues increased at a compound annual growth rate of 3.9% between 2002 and 2012, due in part to recent fare increases (Exhibits 10-21 and 10-22).

Ordinance 2013-01: Schedules

Exhibit 10-23: **Schedules for Ordinance 2013-01**

Schedule I-A

RTA Statement of Revenues and Expenditures
General and Agency Funds
(dollars in thousands)

	2013 Budget	2014 Plan	2015 Plan
System-Generated Revenue			
RTA Sales Tax (Part I)	765,108	789,591	817,227
RTA Sales Tax (Part II)	271,520	280,208	290,016
RTA Public Transportation Fund (PTF - Part I)	191,277	197,398	204,307
RTA Public Transportation Fund (PTF - Part II) (1)	130,571	134,852	139,506
State Financial Assistance (ASA/AFA)	130,167	130,283	130,283
State Reduced Fare Reimbursement	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500
RTA Regional Capital Project Reserves	22,921	921	921
Other RTA Revenue	23,376	23,619	23,975
Total Revenue	**1,577,510**	**1,599,444**	**1,648,804**
Operating Expenditures			
RTA Total Funds for CTA Operations	616,844	628,948	649,163
RTA Total Funds for Metra Operations	345,940	355,954	367,455
RTA Total Funds for Pace Suburban Service Operations (2)	143,534	148,373	153,077
RTA Total Funds for Pace ADA Paratransit Operations (3)	136,267	143,081	150,234
RTA Funding for Innovation, Coordination, and Enhancement (ICE)	10,550	10,888	11,269
State Reduced Fare Reimbursement	34,070	34,070	34,070
Agency Administration and Other	18,375	18,963	19,627
RTA Regional Services and Programs	23,314	24,061	24,903
Total Operating Expenditures	**1,328,895**	**1,364,338**	**1,409,798**
Debt Service, Capital & JSIF Expenditures			
Principal and Interest	220,000	220,000	220,000
Transfer Capital RTA Funds to Metra	-	4,319	4,243
Transfer Capital RTA Capital Reserve Funds to CTA	15,000	-	-
Transfer Capital RTA Capital Reserve Funds to Metra	7,000	-	-
Grant Incentive Program	1,615	1,787	1,763
RTA Joint Self-Insurance Fund (JSIF) Funding (4)	5,000	5,000	5,000
Total Debt Service, Capital & JSIF Expenditures	**248,615**	**231,106**	**231,006**
Total Expenditures	**1,577,510**	**1,595,444**	**1,640,804**
Beginning Unreserved/Undesignated Fund Balance	**1,500**	**1,500**	**5,500**
Change in Fund Balance	(0)	4,000	8,000
Ending Unreserved/Undesignated Fund Balance	**1,500**	**5,500**	**13,500**
% of Total Operating Expenditures	0.1%	0.4%	1.0%
Total System-Generated Revenue Recovery Ratio	55.9%	56.5%	56.3%
ADA Paratransit Recovery Ratio	10.0%	10.0%	10.0%

(1) Includes PTF on the City of Chicago Real Estate Transfer Tax (RETT). (2) Includes Suburban Community Mobility Funds (SCMF) and South Suburban Job Access (SSJA) funds. (3) Excludes budget balancing actions in 2014 and 2015. (4) RTA funds to purchase excess liability and terrorism insurance to provide protection against catastrophic loss.

Total Funds for Service Board Operations
General and Agency Funds
(dollars in thousands)

Schedule I-B

	2013 Budget	2014 Plan	2015 Plan
CTA			
Total System-Generated Revenue	700,037	729,599	746,907
Total Operating Expenses (1)	1,358,081	1,401,247	1,439,870
Operating Deficit	**658,044**	**671,648**	**692,963**
RTA Sales Tax (Part I)	314,646	324,714	336,079
RTA Sales Tax and PTF (Part II)	112,139	114,428	117,255
RTA PTF on RETT (Part II)	9,050	9,425	9,700
RTA Discretionary Funds	181,009	180,381	186,129
Total RTA Funding for Operations	**616,844**	**628,948**	**649,163**
City of Chicago RETT (Part II)	36,200	37,700	38,800
Local Contributions	5,000	5,000	5,000
Working Cash Repayment (2)	(56,147)	-	-
Working Cash Borrowing (2)	56,147	-	-
Total Funding for Operations	**658,044**	**671,648**	**692,963**
Net Result	**0**	**0**	**0**
Metra			
Total System-Generated Revenue	371,938	392,838	412,538
Total Operating Expenses	713,500	740,000	770,000
Operating Deficit	**341,562**	**347,162**	**357,462**
RTA Sales Tax (Part I)	254,827	262,981	272,186
RTA Sales Tax and PTF (Part II)	91,113	92,973	95,269
Total RTA Funding for Operations	**345,940**	**355,954**	**367,455**
Homeland Security Operating Grant	1,200	1,200	-
Total Funding for Operations	**347,140**	**357,154**	**367,455**
Net Result	**5,578**	**9,992**	**9,993**
Less Metra Capital Farebox Funds	(5,578)	(9,992)	(9,993)
Balance of Funds	**0**	**0**	**0**
Pace Suburban Service			
Total System-Generated Revenue	59,165	60,396	61,687
Total Operating Expenses	207,761	215,756	223,196
Operating Deficit	**148,596**	**155,360**	**161,509**
RTA Sales Tax (Part I)	80,869	83,457	86,378
RTA Sales Tax and PTF (Part II)	30,371	30,991	31,756
Suburban Community Mobility Funds	21,100	21,776	22,538
South Suburban Job Access Funds	7,500	7,500	7,500
RTA Discretionary Funds	3,694	4,649	4,905
Total RTA Funding for Operations	**143,534**	**148,373**	**153,077**
Federal CMAQ/JARC/New Freedom Funds	2,284	1,449	1,080
Federal Funds (3)	2,778	5,538	7,352
Total Funding for Operations	**148,596**	**155,360**	**161,509**
Net Result	**0**	**0**	**0**
Pace ADA Paratransit Service			
Total System-Generated Revenue	12,495	13,068	13,670
Total Operating Expenses	148,762	159,952	172,303
Operating Deficit	**136,267**	**146,884**	**158,633**
RTA Sales Tax and PTF (Part II)	127,767	134,581	141,734
State Funding for ADA Paratransit	8,500	8,500	8,500
Total RTA Funding for Operations	**136,267**	**143,081**	**150,234**
Budget/Plan Balancing Actions (4)	-	3,803	8,399
Total Funding for Operations	**136,267**	**146,884**	**158,633**
Net Result	**0**	**0**	**0**

(1) Includes an estimated $5.1 million and $10.2 million of debt service expense in 2014 and 2015, respectively, associated with planned capital bond issues in 2013 and 2014. Further details are contained in Schedule II-A. (2) RTA working cash borrowing to fill shortfalls in funding provided by public subsidies to the Service Boards in 2011. Pursuant to Section 4.09 of the Act, the borrowing is projected to be repaid in 2013 with subsequent working cash borrowing. (3) Capital Cost of Contracting for rolling stock. (4) Unspecified revenue (fares, State or RTA funding sources) included in 2014 and 2015 to balance the budget.

Schedule I-C

Recovery Ratio

	2013 Marks	2013 Budget
CTA		
Recovery Ratio %	52.0%	63.0%
Metra		
Recovery Ratio %	53.0%	55.4%
Pace Suburban Service		
Recovery Ratio %	30.0%	30.0%
Total System-Generated Revenue Recovery Ratio %	50.0%	55.9%
Pace ADA Paratransit		
Recovery Ratio %	10.0%	10.0%

The RTA Act allows certain expenditures to be excluded from the recovery ratio calculation including security, depreciation, CTA's pension obligation bonds, and facility leases. Metra's calculation includes capital farebox revenue.

Schedule I-D

RTA Statutory Sales Tax, Public Transportation Funds, and RETT
Source and Distribution of Funds
(dollars in thousands)

	2013 Budget	2014 Plan	2015 Plan
Source of Funds			
Part I Sales Tax ("85% Sales Tax")			
City of Chicago	253,466	261,577	270,732
Suburban Cook County	389,018	401,467	415,518
Collar Counties	122,623	126,547	130,976
Total Part I Sales Tax (1)	**765,108**	**789,591**	**817,227**
Part I Public Transportation Funds (PTF) (25% of Part I Sales Tax)	191,277	197,398	204,307
Total Part I Sales Tax and PTF	**956,384**	**986,989**	**1,021,533**
Part II Sales Tax, RETT, and PTF			
City of Chicago	60,705	62,648	64,840
Suburban Cook	93,170	96,151	99,517
Collar Counties	117,645	121,409	125,659
Total Part II Sales Tax	**271,520**	**280,208**	**290,016**
Part II Real Estate Transfer Tax (RETT) (2)	36,200	37,700	38,800
Total Part II Sales Tax and RETT	**307,720**	**317,908**	**328,816**
Part II Public Transportation Funds			
25% of new sales tax	67,880	70,052	72,504
5% of total new/old sales tax & RETT	53,641	55,375	57,302
25% of RETT to CTA	9,050	9,425	9,700
Total Part II PTF	**130,571**	**134,852**	**139,506**
Total Part II - Sales Tax, PTF and RETT	**438,291**	**452,761**	**468,322**
Total Source of Funds	**1,394,676**	**1,439,749**	**1,489,855**
Distribution of Funds			
Part I Sales Tax Allocation ("85% Sales Tax")			
RTA - 15% of Part I Sales Tax	114,766	118,439	122,584
CTA	314,646	324,714	336,079
Metra	254,827	262,981	272,186
Pace	80,869	83,457	86,378
Total Part I Sales Tax (1)	**765,108**	**789,591**	**817,227**
RTA - 100% of Part I PTF	191,277	197,398	204,307
Grand Total Part I Sales Tax & PTF	**956,384**	**986,989**	**1,021,533**
Part II Allocation (Sales Tax, PTF and RETT)			
RTA Total for ADA Paratransit Service	127,767	134,581	141,734
RTA Innovation, Coordination & Enhancement (ICE)	10,550	10,888	11,269
RTA Suburban Community Mobility Funding (SCMF) to Pace	21,100	21,776	22,538
RETT to CTA (2)	36,200	37,700	38,800
PTF - 25% of RETT to CTA	9,050	9,425	9,700
Total Part II Allocation before Service Board Distribution	**204,668**	**214,369**	**224,041**
Remaining Balance to Service Boards			
CTA - 48%	112,139	114,428	117,255
Metra - 39%	91,113	92,973	95,269
Pace - 13%	30,371	30,991	31,756
Total Part II Funds to Service Boards	**233,623**	**238,392**	**244,281**
Total Part II Funds Allocated (Sales Tax, PTF and RETT)	**438,291**	**452,761**	**468,321**
Total Distribution of Funds	**1,394,676**	**1,439,749**	**1,489,855**

Part I Sales Tax - Service Board Allocation Formula (1)	City of Chicago	Suburban Cook	Collar Counties
CTA	100%	30%	-
Metra	-	55%	70%
Pace	-	15%	30%
Total	**100%**	**100%**	**100%**

(1) The RTA Act directs 85% of these sales tax revenues to the Service Boards based on the allocation formula shown on this schedule. (2) The City of Chicago disburses RETT funds directly to the CTA; therefore these funds are excluded from RTA Revenues on Schedule I-A.

Schedule I-E

Cash Flow Estimates for FY 2013 Distribution of RTA Funds to the Service Boards (1)

(dollars in thousands)

	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	2013 Operations
Cash Receipts																			
RTA Sales Tax (Part I)	-	-	-	$54,962	$55,013	$63,935	$62,296	$64,624	$68,364	$64,139	$65,862	$64,341	$62,523	$63,586	$75,464	-	-	-	$765,108
RTA Public Transportation Fund (PTF - Part I)	-	-	-	-	-	-	15,631	15,896	18,866	13,740	13,753	15,984	15,574	16,156	17,091	16,035	16,466	16,085	191,277
RTA Sales Tax (Part II)	-	-	-	19,505	19,523	22,689	22,107	22,934	24,261	22,761	23,373	22,833	22,188	22,565	26,780	-	-	-	271,520
RTA PTF (Part II)	-	-	-	-	-	-	10,670	10,851	12,878	9,380	9,388	10,911	10,631	11,029	11,667	10,946	11,240	10,980	130,571
State Financial Assistance (ASA/AFA)	-	-	-	10,847	10,847	10,847	10,847	10,847	10,847	10,847	10,847	10,847	10,847	10,847	10,847	-	-	-	130,167
State Reduced Fare Reimbursement	-	-	-	-	-	-	17,035	-	-	-	-	17,035	-	-	-	-	-	-	34,070
State Funding for ADA Paratransit	-	-	-	-	-	-	4,250	-	-	-	-	4,250	-	-	-	-	-	-	8,500
RTA Regional Capital Project Reserves	22,921	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,921
RTA Other Revenue	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	1,948	-	-	-	-	-		23,376
Total Cash Receipts	**$24,869**	**$1,948**	**$1,948**	**$87,262**	**$87,331**	**$99,420**	**$144,784**	**$127,100**	**$137,164**	**$122,815**	**$125,172**	**$148,150**	**$121,764**	**$124,183**	**$141,849**	**$26,980**	**$27,705**	**$27,066**	**$1,577,510**
CTA																			
RTA Sales Tax (Part I)	-	-	-	$22,603	$22,624	$26,293	$25,619	$26,576	$28,114	$26,377	$27,085	$26,460	$25,712	$26,149	$31,034	-	-	-	$314,646
RTA Sales Tax (Part II)	-	-	-	860	869	2,389	2,109	2,506	3,143	2,423	2,717	2,458	10,650	10,831	12,855	-	-	-	53,809
RTA PTF (Part II)	-	-	-	-	-	-	4,767	4,848	5,753	4,190	4,194	4,874	4,749	4,927	5,212	4,890	5,021	4,905	58,330
RTA PTF from RETT (Part II)	-	-	-	-	-	-	740	752	893	650	651	756	737	764	809	759	779	761	9,050
State Reduced Fare Reimbursement	-	-	-	-	-	-	14,161	-	-	-	-	14,161	-	-	-	-	-	-	28,322
RTA Discretionary Funds (Sales Tax & PTF)	-	-	-	-	-	-	15,084	15,084	15,084	15,084	15,084	15,084	15,084	15,084	15,084	15,084	15,084	15,084	181,009
Total CTA Disbursements	**-**	**-**	**-**	**$23,463**	**$23,492**	**$28,681**	**$62,480**	**$49,766**	**$52,987**	**$48,724**	**$49,731**	**$63,794**	**$56,933**	**$57,756**	**$64,993**	**$20,733**	**$20,884**	**$20,750**	**$645,167**
Metra																			
RTA Sales Tax (Part I)	-	-	-	$18,306	$18,323	$21,294	$20,748	$21,524	$22,769	$21,362	$21,936	$21,430	$20,824	$21,178	$25,134	-	-	-	$254,827
RTA Sales Tax (Part II)	-	-	-	699	706	1,941	1,714	2,036	2,554	1,969	2,207	1,997	8,653	8,800	10,444	-	-	-	43,720
RTA PTF (Part II)	-	-	-	-	-	-	3,873	3,939	4,674	3,405	3,408	3,960	3,859	4,003	4,235	3,973	4,080	3,986	47,393
State Reduced Fare Reimbursement	-	-	-	-	-	-	1,569	-	-	-	-	1,569	-	-	-	-	-	-	3,138
RTA Discretionary Funds (Sales Tax & PTF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Metra Disbursements	**-**	**-**	**-**	**$19,004**	**$19,028**	**$23,235**	**$27,904**	**$27,498**	**$29,997**	**$26,735**	**$27,551**	**$28,956**	**$33,336**	**$33,981**	**$39,813**	**$3,973**	**$4,080**	**$3,986**	**$349,078**
Pace Suburban Service																			
RTA Sales Tax (Part I)	-	-	-	$5,809	$5,815	$6,758	$6,584	$6,830	$7,226	$6,779	$6,961	$6,801	$6,608	$6,721	$7,976	-	-	-	$80,869
RTA Sales Tax (Part II)	-	-	-	233	235	647	571	679	851	656	736	666	2,884	2,933	3,481	-	-	-	14,573
RTA PTF (Part II)	-	-	-	-	-	-	1,291	1,313	1,558	1,135	1,136	1,320	1,286	1,334	1,412	1,324	1,360	1,329	15,798
RTA Suburban Community Mobility (SCMF) Fund	-	-	-	2,344	2,344	2,344	2,344	2,344	2,344	2,344	2,344	2,344	-	-	-	-	-	-	21,100
RTA South Suburban Community Job Access (SSJA) Fund	-	-	-	-	-	-	-	-	-	-	-	7,500	-	-	-	-	-	-	7,500
State Reduced Fare Reimbursement	-	-	-	-	-	-	1,305	-	-	-	-	1,305	-	-	-	-	-	-	2,610
RTA Discretionary Funds (Sales Tax & PTF)	-	-	-	-	-	-	308	308	308	308	308	308	308	308	308	308	308	308	3,694
Total Pace Suburban Service Disbursements	**-**	**-**	**-**	**$8,387**	**$8,394**	**$9,749**	**$12,404**	**$11,474**	**$12,287**	**$11,223**	**$11,485**	**$20,244**	**$11,087**	**$11,296**	**$13,177**	**$1,632**	**$1,668**	**$1,636**	**$146,144**
Pace ADA Paratransit																			
RTA Sales Tax and PTF (Part II)	$10,647	$10,647	$10,647	$10,647	$10,647	$10,647	$10,647	$10,647	$10,647	$10,647	$10,647	$10,647	-	-	-	-	-	-	$127,767
State Funding for ADA	-	-	-	-	-	-	4,250	-	-	-	-	4,250	-	-	-	-	-	-	8,500
Total Pace ADA Paratransit Disbursements	**$10,647**	**$10,647**	**$10,647**	**$10,647**	**$10,647**	**$10,647**	**$14,897**	**$10,647**	**$10,647**	**$10,647**	**$10,647**	**$14,897**	**-**	**-**	**-**	**-**	**-**	**-**	**$136,267**
RTA Operations, Debt Service and Capital																			
Principal and Interest for Service Board Capital Programs	$18,333	$18,333	$18,333	$18,333	$18,333	$18,333	$18,333	$18,333	$18,333	$18,333	$18,333	$18,333	-	-	-	-	-	-	$220,000
Agency Operations (2)	3,474	3,474	3,474	3,474	3,474	3,474	3,474	3,474	3,474	3,474	3,474	3,474	-	-	-	-	-	-	41,690
Transfer Capital RTA Capital Reserve Funds to CTA	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	-	-	-	-	-	-	15,000
Transfer Capital RTA Capital Reserve Funds to Metra	583	583	583	583	583	583	583	583	583	583	583	583	-	-	-	-	-	-	7,000
Grant Incentive Program	135	135	135	135	135	135	135	135	135	135	135	135	-	-	-	-	-	-	1,615
RTA Funding for Innovation, Coordination, and Enhancement (ICE)	-	-	-	879	879	879	879	879	879	879	879	879	879	879	879	-	-	-	10,550
Total RTA Disbursements	**$23,775**	**$23,775**	**$23,775**	**$24,655**	**$24,655**	**$24,655**	**$24,655**	**$24,655**	**$24,655**	**$24,655**	**$24,655**	**$24,655**	**$879**	**$879**	**$879**	**-**	**-**	**-**	**$295,855**
Joint Self Insurance Fund	-	-	-	-	-	-	-	-	-	-	-	$5,000							$5,000
Total Cash Disbursements	**$34,423**	**$34,423**	**$34,423**	**$86,155**	**$86,217**	**$96,967**	**$142,339**	**$124,040**	**$130,573**	**$121,984**	**$124,069**	**$157,545**	**$102,235**	**$103,913**	**$118,863**	**$26,338**	**$26,632**	**$26,372**	**$1,577,511**
Cash Balance (3)																			
Beginning	$0	($9,553)	($42,028)	($74,502)	($73,396)	($72,282)	($69,830)	($67,385)	($64,325)	($57,734)	($56,903)	($55,800)	($65,195)	($45,667)	($25,397)	($2,410)	($1,767)	($694)	($0)
Ending	($9,553)	($42,028)	($74,502)	($73,396)	($72,282)	($69,830)	($67,385)	($64,325)	($57,734)	($56,903)	($55,800)	($65,195)	($45,667)	($25,397)	($2,410)	($1,767)	($694)	($0)	

(1) Cash disbursements are subject to actual cash availability. (2) Agency Administration and Regional Services & Programs. (3) Restricted and unrestricted cash.

Schedule II-A

2013-2017 CAPITAL PROGRAM REVENUES

			2013	2014	2015	2016	2017	TOTAL
CTA	FTA							
	Federal Formula Funds		$ 232,520,000	$ 232,520,000	$ 239,260,000	$ 246,200,000	$ 253,340,000	$ 1,203,840,000
	§5309(m)(2)(A) New Starts		1,500,000	0	0	0	0	1,500,000
	§5309(m)(2)(C) Bus		33,000,000	0	0	0	0	33,000,000
	§5308 Cleans Fuels		4,725,000	0	0	0	0	4,725,000
	TIGER Discretionary Funds		20,000,000	0	0	0	0	20,000,000
	Subtotal FTA		**291,745,000**	**232,520,000**	**239,260,000**	**246,200,000**	**253,340,000**	**1,263,065,000**
	Federal Flexible/CMAQ/Other		0	0	0	0	3,000,000	3,000,000
	Department of Homeland Security		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
	SUBTOTAL FEDERAL		**294,745,000**	**235,520,000**	**242,260,000**	**249,200,000**	**259,340,000**	**1,281,065,000**
	State	B Bonds	149,400,817	207,248,403	0	0	0	356,649,220
		Subtotal State	**149,400,817**	**207,248,403**	**0**	**0**	**0**	**356,649,220**
	RTA	Discretionary	0	0	0	0	0	0
		RTA SB Capital	15,000,000	0	0	0	0	15,000,000
		ICE Funds	0	0	0	0	0	0
		Transfer Capital (Discretionary)	0	0	0	0	0	0
		Subtotal RTA	**15,000,000**	**0**	**0**	**0**	**0**	**15,000,000**
	SB	Transfer Capital (Sales Tax)	0	0	0	0	0	0
		Service Board Funds	2,842,771	0	0	0	0	2,842,771
	Local	Local Community/City of Chicago TIF	21,500,000	0	0	0	0	21,500,000
		Other Funds	0	0	0	0	0	0
		Subtotal SB/Local	**24,342,771**	**0**	**0**	**0**	**0**	**24,342,771**
	SUBTOTAL LOCAL		**188,743,588**	**207,248,403**	**0**	**0**	**0**	**395,991,991**
SUBTOTAL CTA			**$ 483,488,588**	**$ 442,768,403**	**$ 242,260,000**	**$ 249,200,000**	**$ 259,340,000**	**$ 1,677,056,991**
	Carryover IDOT B Bonds		0	139,532,280	0	0	0	139,532,280
	Deobligated §5307/§5309 Fixed Guideway Formula		0	0	0	0	0	0
	Deobligated State B Bonds		0	0	0	0	0	0
	Deobligated CTA Bonds		0	0	0	0	0	0
	Deobligated SB/LLB/Local		0	0	0	0	0	0
	Subtotal Carryover/Deob		**0**	**139,532,280**	**0**	**0**	**0**	**139,532,280**
TOTAL CTA FUNDING			**$ 483,488,588**	**$ 582,300,683**	**$ 242,260,000**	**$ 249,200,000**	**$ 259,340,000**	**$ 1,816,589,271**
	CTA Debt Repayment Principal (§5307/§5340 & §5309)		(51,690,000)	(54,225,000)	(46,475,000)	(49,920,000)	(55,350,000)	(257,660,000)
	CTA Debt Repayment Interest (§5307/§5340 & §5309)		(79,853,041)	(80,016,936)	(90,493,353)	(89,868,563)	(87,297,463)	(427,529,356)
	Subtotal Non-Capital Program Uses		**(131,543,041)**	**(134,241,936)**	**(136,968,353)**	**(139,788,563)**	**(142,647,463)**	**(685,189,356)**
NET CTA CAPITAL FUNDING			**$ 351,945,547**	**$ 448,058,747**	**$ 105,291,647**	**$ 109,411,437**	**$ 116,692,537**	**$ 1,131,399,915**
	CTA Bond Proceeds (1)		175,000,000	380,000,000	445,000,000	0	0	1,000,000,000
	Less: Capitalized Interest		(4,600,000)	(2,800,000)	(18,800,000)	0	0	(26,200,000)
TOTAL CTA AVAILABLE			**$ 522,345,547**	**$ 825,258,747**	**$ 531,491,647**	**$ 109,411,437**	**$ 116,692,537**	**$ 2,105,199,915**

1) CTA plans to issue $175 million of 30-year bonds in the second quarter of 2013 and $380 million of 30-year bonds in the fourth quarter of 2014. The debt service amounts noted on Schedule I-B and capitalized interest amounts above reflect the following assumptions: Interest rates of 3.93% and 4.30% on the 2013 and 2014 issues, respectively; capitalized interest in 2013, 2014, and 2015 in the amounts of $4.6 million, $2.8 million, and $18.8 million, respectively. Additional debt service associated with these issuances of $5.1 million and $10.2 million in 2014 and 2015, respectively, is included as operating expense in Schedule I-B.

Schedule II-A

2013-2017 CAPITAL PROGRAM REVENUES

			2013	2014	2015	2016	2017	TOTAL
METRA	FTA							
	Federal Formula Funds		$ 136,310,000	$ 136,310,000	$ 140,260,000	$ 144,330,000	$ 148,520,000	$ 705,730,000
		Subtotal FTA	**136,310,000**	**136,310,000**	**140,260,000**	**144,330,000**	**148,520,000**	**705,730,000**
	Federal Flexible/CMAQ/Other		0	0	0	0	0	0
	Department of Homeland Security		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000
		Subtotal Fed Flexible	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**25,000,000**
	SUBTOTAL FEDERAL		**141,310,000**	**141,310,000**	**145,260,000**	**149,330,000**	**153,520,000**	**730,730,000**
	State	B Bonds	170,825,000	153,425,000	0	0	0	324,250,000
		Subtotal State	**170,825,000**	**153,425,000**	**0**	**0**	**0**	**324,250,000**
	RTA	Discretionary	0	4,319,000	4,243,000	0	0	8,562,000
		RTA SB Capital	7,000,000	0	0	0	0	7,000,000
		ICE Funds	0	0	0	0	0	0
		Transfer Capital (Discretionary)	0	0	0	0	0	0
		Subtotal RTA	**7,000,000**	**4,319,000**	**4,243,000**	**0**	**0**	**15,562,000**
	SB	Transfer Capital (Sales Tax)	5,500,000	10,000,000	10,000,000	10,000,000	10,000,000	45,500,000
		Service Board Funds	0	0	0	0	0	0
	Local	Local Community Funds	0	0	0	0	0	0
		Other Funds	800,000	800,000	476,000	0	0	2,076,000
		Subtotal SB/Local	**6,300,000**	**10,800,000**	**10,476,000**	**10,000,000**	**10,000,000**	**47,576,000**
	SUBTOTAL LOCAL		**184,125,000**	**168,544,000**	**14,719,000**	**10,000,000**	**10,000,000**	**387,388,000**
SUBTOTAL METRA			**$ 325,435,000**	**$ 309,854,000**	**$ 159,979,000**	**$ 159,330,000**	**$ 163,520,000**	**$ 1,118,118,000**
		Carryover Federal (§5316 JARC)	0	0	0	0	0	0
		Carryover Federal (§5317 New Freedom)	0	0	0	0	0	0
		Deobligated §5307 Formula	0	0	0	0	0	0
		Deobligated RTA SCIP	0	0	0	0	0	0
		Deobligated RTA Discretionary	0	0	0	0	0	0
		Deobligated SB/LLB/Local	0	0	0	0	0	0
		Subtotal Carryover/Deob	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
TOTAL METRA FUNDING			**$ 325,435,000**	**$ 309,854,000**	**$ 159,979,000**	**$ 159,330,000**	**$ 163,520,000**	**$ 1,118,118,000**
		§5316 JARC for Operations	0	0	0	0	0	0
		§5317 New Freedom for Operations	0	0	0	0	0	0
		RTA ICE Funds for Operations	0	0	0	0	0	0
		Preventive Maintenance (Federal)	0	0	0	0	0	0
	Subtotal Non-Capital Program Uses		0	0	0	0	0	0
TOTAL METRA AVAILABLE			**$ 325,435,000**	**$ 309,854,000**	**$ 159,979,000**	**$ 159,330,000**	**$ 163,520,000**	**$ 1,118,118,000**

Schedule II-A

2013-2017 CAPITAL PROGRAM REVENUES

		2013	2014	2015	2016	2017	TOTAL
PACE							
FTA							
Federal Formula Funds		$ 32,070,000	$ 32,070,000	$ 33,000,000	$ 33,960,000	$ 34,940,000	$ 166,040,000
	Subtotal FTA	**32,070,000**	**32,070,000**	**33,000,000**	**33,960,000**	**34,940,000**	**166,040,000**
Federal Flexible/CMAQ/Other		15,310,000	12,500,000	14,780,000	5,000,000	5,000,000	52,590,000
Department of Homeland Security		1,800,000	2,000,000	2,000,000	2,000,000	2,000,000	9,800,000
SUBTOTAL FEDERAL		**49,180,000**	**46,570,000**	**49,780,000**	**40,960,000**	**41,940,000**	**228,430,000**
State	B Bonds	42,850,000	42,850,000	0	0	0	85,700,000
	Subtotal State	**42,850,000**	**42,850,000**	**0**	**0**	**0**	**85,700,000**
RTA	Discretionary	0	0	0	0	0	0
	ICE Funds	0	0	0	0	0	0
	Subtotal RTA	**0**	**0**	**0**	**0**	**0**	**0**
SB	Transfer Capital (Sales Tax)	0	0	0	0	0	0
	Service Board Funds	17,150,000	2,000,000	2,000,000	2,000,000	2,000,000	25,150,000
Local	Local Community Funds	0	0	0	0	0	0
	Other Funds	0	0	0	0	0	0
	Subtotal SB/Local	**17,150,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**25,150,000**
SUBTOTAL LOCAL		**60,000,000**	**44,850,000**	**2,000,000**	**2,000,000**	**2,000,000**	**110,850,000**
SUBTOTAL PACE		**$ 109,180,000**	**$ 91,420,000**	**$ 51,780,000**	**$ 42,960,000**	**$ 43,940,000**	**$ 339,280,000**
	Deobligated §5307 Formula	0	0	0	0	0	0
	Deobligated RTA Discretionary	0	0	0	0	0	0
	Deobligated SB/LLB/Local	0	0	0	0	0	0
	Subtotal Carryover/Deob	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL PACE FUNDING		**$ 109,180,000**	**$ 91,420,000**	**$ 51,780,000**	**$ 42,960,000**	**$ 43,940,000**	**$ 339,280,000**
Pace Bond Proceeds		0	72,000,000	25,000,000	3,000,000	0	100,000,000
TOTAL PACE AVAILABLE		**$ 109,180,000**	**$ 163,420,000**	**$ 76,780,000**	**$ 45,960,000**	**$ 43,940,000**	**$ 439,280,000**

Schedule II-A

2013-2017 CAPITAL PROGRAM REVENUES

		2013	2014	2015	2016	2017	TOTAL
PACE ADA							
FTA							
§5307/§5340 Formula		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
§5307/§5340 Formula-Economic Recovery Funds		0	0	0	0	0	0
§5309(m)(2)(C) Bus		0	0	0	0	0	0
	Subtotal FTA	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
State	B Bonds	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	Subtotal State	**0**	**0**	**0**	**0**	**0**	**0**
RTA	Discretionary	0	0	0	0	0	0
	ICE Funds	0	0	0	0	0	0
	Subtotal RTA	**0**	**0**	**0**	**0**	**0**	**0**
SB	Service Board Funds	0	0	0	0	0	0
	Subtotal SB	**0**	**0**	**0**	**0**	**0**	**0**
	Subtotal Local	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL PACE ADA FUNDING		**0**	**0**	**0**	**0**	**0**	**0**
Other Uses (Regional ADA Paratransit)		0	**0**	**0**	**0**	**0**	**0**
TOTAL PACE ADA AVAILABLE		**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**

Schedule II-A

2013-2017 CAPITAL PROGRAM REVENUES

		2013	2014	2015	2016	2017	TOTAL
Regional Total							
FTA							
§5309(m)(2)(A) New Starts		$ 1,500,000	$ 0	$ 0	$ 0	$ 0	$ 1,500,000
Federal Formula Funds		400,900,000	400,900,000	412,520,000	424,490,000	436,800,000	2,075,610,000
§5309(m)(2)(C) Bus		33,000,000	0	0	0	0	33,000,000
§5308 Cleans Fuels		4,725,000	0	0	0	0	4,725,000
TIGER Discretionary Funds		20,000,000	0	0	0	0	20,000,000
Subtotal FTA		**460,125,000**	**400,900,000**	**412,520,000**	**424,490,000**	**436,800,000**	**2,134,835,000**
Federal Flexible/CMAQ/Other		15,310,000	12,500,000	14,780,000	5,000,000	8,000,000	55,590,000
Department of Homeland Security		9,800,000	10,000,000	10,000,000	10,000,000	10,000,000	49,800,000
Subtotal Fed Flexible		**25,110,000**	**22,500,000**	**24,780,000**	**15,000,000**	**18,000,000**	**105,390,000**
SUBTOTAL FEDERAL		**485,235,000**	**423,400,000**	**437,300,000**	**439,490,000**	**454,800,000**	**2,240,225,000**
State	B Bonds	363,075,817	403,523,403	0	0	0	766,599,220
	Subtotal State	**363,075,817**	**403,523,403**	**0**	**0**	**0**	**766,599,220**
RTA	Discretionary	0	4,319,000	4,243,000	0	0	8,562,000
	RTA SB Capital	22,000,000	0	0	0	0	22,000,000
	Capital Reserves	0	0	0	0	0	0
	TBD	0	0	0	0	0	0
	ICE Funds	0	0	0	0	0	0
	Transfer Capital (Discretionary)	0	0	0	0	0	0
	Subtotal RTA	**22,000,000**	**4,319,000**	**4,243,000**	**0**	**0**	**30,562,000**
SB	Transfer Capital (Sales Tax)	5,500,000	10,000,000	10,000,000	10,000,000	10,000,000	45,500,000
	Service Board Funds	19,992,771	2,000,000	2,000,000	2,000,000	2,000,000	27,992,771
Local	Local Community/City of Chicago TIF	21,500,000	0	0	0	0	21,500,000
	Other Funds	800,000	800,000	476,000	0	0	2,076,000
	Subtotal SB/Local	**47,792,771**	**12,800,000**	**12,476,000**	**12,000,000**	**12,000,000**	**97,068,771**
SUBTOTAL LOCAL		**432,868,588**	**420,642,403**	**16,719,000**	**12,000,000**	**12,000,000**	**894,229,991**
SUBTOTAL REGIONAL		**918,103,588**	**844,042,403**	**454,019,000**	**451,490,000**	**466,800,000**	**3,134,454,991**
Deobligated §5307/§5309 Fixed Guideway Formula		0	0	0	0	0	0
Deobligated State B Bonds		0	0	0	0	0	0
Deobligated CTA Bonds		0	0	0	0	0	0
Deobligated SB/LLB/Local		0	0	0	0	0	0
Subtotal Carryover/Deob		**0**	**139,532,280**	**0**	**0**	**0**	**139,532,280**
TOTAL REGIONAL FUNDING		**$ 918,103,588**	**$ 983,574,683**	**$ 454,019,000**	**$ 451,490,000**	**$ 466,800,000**	**$ 3,273,987,271**
CTA Debt Repayment Principal (§5307/§5340 & §5309)		(51,690,000)	(54,225,000)	(46,475,000)	(49,920,000)	(55,350,000)	(257,660,000)
CTA Debt Repayment Interest (§5307/§5340 & §5309)		(79,853,041)	(80,016,936)	(90,493,353)	(89,868,563)	(87,297,463)	(427,529,356)
Subtotal Non-Capital Program Uses		**(131,543,041)**	**(134,241,936)**	**(136,968,353)**	**(139,788,563)**	**(142,647,463)**	**(685,189,356)**
NET REGIONAL CAPITAL FUNDING		**$ 786,560,547**	**$ 849,332,747**	**$ 317,050,647**	**$ 311,701,437**	**$ 324,152,537**	**$ 2,588,797,915**
Service Board Bond Proceeds		175,000,000	452,000,000	470,000,000	3,000,000	0	1,100,000,000
Less: CTA Capitalized Interest		(4,600,000)	(2,800,000)	(18,800,000)	0	0	(26,200,000)
TOTAL REGIONAL AVAILABLE		**$ 956,960,547**	**$ 1,298,532,747**	**$ 768,250,647**	**$ 314,701,437**	**$ 324,152,537**	**$ 3,662,597,915**

Schedule II-B

Five-Year Capital Program Expenditures

		Previous Funding	2013	2014	2015	2016	2017	Five-Year Total	Grand Total
CTA									
Bus									
1 Rolling Stock									
021.803	Perform Bus Overhaul and Maintenance Activities -- Systemwide	4,664,072	0	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000	14,664,072
021.806	Perform Mid-Life Bus Overhaul -- Systemwide	109,546,758	30,980,786	112,673,336	0	0	0	143,654,122	253,200,880
031.054	Purchase Buses (Partial $) -- Systemwide	162,620,375	85,812,697	100,771,364	48,558,150	22,145,210	63,085,670	320,373,091	482,993,466
	Total: 1 Rolling Stock	**$276,831,205**	**$116,793,483**	**$215,944,700**	**$51,058,150**	**$24,645,210**	**$65,585,670**	**$474,027,213**	**$750,858,418**
4 Support Facilities & Equipment									
073.500	Improve Facilities -- Systemwide	0	33,166,026	32,183,532	0	0	0	65,349,558	65,349,558
	Total: 4 Support Facilities & Equipment	**$0**	**$33,166,026**	**$32,183,532**	**$0**	**$0**	**$0**	**$65,349,558**	**$65,349,558**
7 Acquisitions & Extensions									
045.015	Perform Alternatives Analysis -- Western Avenue Corridor	1,600,000	1,875,000	0	0	0	0	1,875,000	3,475,000
	Total: 7 Acquisitions & Extensions	**$1,600,000**	**$1,875,000**	**$0**	**$0**	**$0**	**$0**	**$1,875,000**	**$3,475,000**
	Total: Bus	**$278,431,205**	**$151,834,509**	**$248,128,232**	**$51,058,150**	**$24,645,210**	**$65,585,670**	**$541,251,771**	**$819,682,976**
Rail									
1 Rolling Stock									
022.903	Perform Rail Car Overhaul and Mid-Life Rehabilitation (2600 and 3200 Series, Partial $) -- Systemwide	28,095,367	2,189,688	0	265,753,658	0	0	267,943,346	296,038,713
022.906	Perform Rail Car Overhaul Activities -- Systemwide	5,535,491	3,750,000	2,500,000	2,500,000	2,500,000	2,500,000	13,750,000	19,285,491
132.056	Replace 706 Rail Cars (2200, 2400 and 2600 Series, Partial $) -- Systemwide	871,920,237	0	393,102,589	104,095,374	0	0	497,197,963	1,369,118,200
	Total: 1 Rolling Stock	**$905,551,095**	**$5,939,688**	**$395,602,589**	**$372,349,032**	**$2,500,000**	**$2,500,000**	**$778,891,309**	**$1,684,442,404**
2 Track & Structure									
181.500	Repair Track and Structure -- Systemwide	54,190,060	160,085,078	64,214,538	62,291,886	3,563,380	7,000,000	297,154,882	351,344,942
	Total: 2 Track & Structure	**$54,190,060**	**$160,085,078**	**$64,214,538**	**$62,291,886**	**$3,563,380**	**$7,000,000**	**$297,154,882**	**$351,344,942**
3 Electrical, Signal, & Communications									
121.500	Replace/Upgrade Power Distribution and Signals – Systemwide	65,514,635	77,977,140	32,335,546	48,714,805	45,000,000	0	204,027,491	269,542,126
	Total: 3 Electrical, Signal, & Communications	**$65,514,635**	**$77,977,140**	**$32,335,546**	**$48,714,805**	**$45,000,000**	**$0**	**$204,027,491**	**$269,542,126**
4 Support Facilities & Equipment									
073.500	Improve Facilities -- Systemwide	0	32,050,916	9,305,917	0	0	0	41,356,833	41,356,833
	Total: 4 Support Facilities & Equipment	**$0**	**$32,050,916**	**$9,305,917**	**$0**	**$0**	**$0**	**$41,356,833**	**$41,356,833**
5 Stations & Passenger Facilities									
141.273	Rehabilitate Rail Stations -- Systemwide	276,104,037	66,593,678	29,833,935	0	3,900,000	6,849,318	107,176,931	383,280,968
	Total: 5 Stations & Passenger Facilities	**$276,104,037**	**$66,593,678**	**$29,833,935**	**$0**	**$3,900,000**	**$6,849,318**	**$107,176,931**	**$383,280,968**
	Total: Rail	**$1,301,359,827**	**$342,646,500**	**$531,292,525**	**$483,355,723**	**$54,963,380**	**$16,349,318**	**$1,428,607,446**	**$2,729,967,273**
System									
3 Electrical, Signal, & Communications									
150.028	Implement Security & Communication Projects -- Systemwide	122,008,446	4,235,000	13,201,620	3,000,000	3,000,000	3,000,000	26,436,620	148,445,066
	Total: 3 Electrical, Signal, & Communications	**$122,008,446**	**$4,235,000**	**$13,201,620**	**$3,000,000**	**$3,000,000**	**$3,000,000**	**$26,436,620**	**$148,445,066**
4 Support Facilities & Equipment									
061.059	Implement Computer Systems -- Systemwide	8,398,785	3,600,000	2,683,646	0	1,057,570	1,057,570	8,398,786	16,797,571

		Previous Funding	2013	2014	2015	2016	2017	Five-Year Total	Grand Total
073.500	Improve Facilities -- Systemwide	110,650,197	14,939,538	23,062,724	6,187,774	19,055,277	19,109,979	82,355,292	193,005,489
086.500	Purchase Equipment and Non-Revenue Vehicles -- Systemwide	0	3,000,000	3,000,000	0	0	2,500,000	8,500,000	8,500,000
	Total: 4 Support Facilities & Equipment	**$119,048,982**	**$21,539,538**	**$28,746,370**	**$6,187,774**	**$20,112,847**	**$22,667,549**	**$99,254,078**	**$218,303,060**
	6 Miscellaneous								
306.001	Provide for Program Management -- Systemwide	6,690,000	6,690,000	6,690,000	6,690,000	6,690,000	6,090,000	32,850,000	39,540,000
404.500	Implement CMAQ Projects	0	0	0	0	0	3,000,000	3,000,000	3,000,000
	Total: 6 Miscellaneous	**$6,690,000**	**$6,690,000**	**$6,690,000**	**$6,690,000**	**$6,690,000**	**$9,090,000**	**$35,850,000**	**$42,540,000**
	Total: System	**$247,747,428**	**$32,464,538**	**$48,637,990**	**$15,877,774**	**$29,802,847**	**$34,757,549**	**$161,540,698**	**$409,288,126**
Total for Service Board:	**CTA**	**$1,827,538,460**	**$526,945,547**	**$828,058,747**	**$550,291,647**	**$109,411,437**	**$116,692,537**	**$2,131,399,915**	**$3,958,938,375**

The CTA expenditures do not include adjustments for capitalized interest.

Metra

Rail

	1 Rolling Stock								
P-005	Provide Locomotive Improvements -- MET	17,157,112	10,550,000	0	34,000,000	29,600,000	42,300,000	116,450,000	133,607,112
P-006	Rehabilitate Bi-level Commuter Cars -- MET	5,100,000	18,500,000	25,150,000	25,000,000	19,300,000	27,000,000	114,950,000	120,050,000
P-008	Rehabilitate and Improve MU Electric Cars -- MED	0	1,650,000	5,148,000	4,197,000	1,202,000	2,800,000	14,997,000	14,997,000
P-009	Overhaul Rolling Stock Fleet Components -- MET	0	2,500,000	3,605,000	3,714,000	4,918,000	5,065,000	19,802,000	19,802,000
P-010	Convert Commuter Cars HVAC Refrigerant -- MET	0	500,000	515,000	530,000	546,000	563,000	2,654,000	2,654,000
	Total: 1 Rolling Stock	**$22,257,112**	**$33,700,000**	**$34,418,000**	**$67,441,000**	**$55,566,000**	**$77,728,000**	**$268,853,000**	**$291,110,112**
	2 Track & Structure								
P-011	Provide for Ties, Ballast & Surfacing -- BNSF, MED, RID, UPR, MET	3,733,501	5,850,000	5,000,000	5,500,000	4,000,000	5,000,000	25,350,000	29,083,501
P-013	Upgrade Crossings (Road and Track) -- MWD, UPR, MET	0	1,025,000	2,150,000	2,100,000	1,850,000	1,500,000	8,625,000	8,625,000
P-015	Provide for Rail Renewal -- MWD, NCS, MET	4,438,640	900,000	4,090,000	4,200,000	4,750,000	4,900,000	18,840,000	23,278,640
P-017	Rehabilitate or Replace Bridges -- BNSF, MWD, RID, UPR, MET	93,230,290	91,650,000	73,600,000	5,400,000	38,550,000	26,900,000	236,100,000	329,330,290
P-018	Provide for Construction for Chicago Regional Environmental and Transportation Efficiency (CREATE) Project -- MET	0	5,000,000	5,000,000	0	0	0	10,000,000	10,000,000
P-018	Provide for Structural Improvements -- UPR, MET	100,000	100,000	0	300,000	300,000	800,000	1,500,000	1,600,000
P-019	Rehabilitate Retaining Walls -- BNSF, MET	0	350,000	0	500,000	500,000	500,000	1,850,000	1,850,000
	Total: 2 Track & Structure	**$101,502,431**	**$104,875,000**	**$89,840,000**	**$18,000,000**	**$49,950,000**	**$39,600,000**	**$302,265,000**	**$403,767,431**
	3 Electrical, Signal, & Communications								
P-024	Upgrade Signal System -- BNSF, MET	42,385,759	3,475,000	0	1,000,000	1,000,000	1,000,000	6,475,000	48,860,759
P-026	Upgrade Interlockers and Crossovers -- MWD, UPR, MET	15,763,777	7,000,000	6,900,000	4,000,000	2,000,000	2,000,000	21,900,000	37,663,777
P-026	Upgrade Interlockers and Crossovers -- UPR, MET	25,832,965	2,000,000	0	0	0	0	2,000,000	27,832,965
P-031	Improve Electrical Systems -- BNSF, MED, MWD, RID, MET	7,790,000	10,705,480	6,400,000	5,900,000	5,500,000	6,000,000	34,505,480	42,295,480
P-032	Provide for Communication Improvements -- MET	0	0	0	0	0	250,000	250,000	250,000
P-034	Install Positive Train Control (PTC) System -- MET	18,673,347	54,200,520	95,386,000	16,444,000	0	0	166,030,520	184,703,867
	Total: 3 Electrical, Signal, & Communications	**$110,445,848**	**$77,381,000**	**$108,686,000**	**$27,344,000**	**$8,500,000**	**$9,250,000**	**$231,161,000**	**$341,606,848**
	4 Support Facilities & Equipment								
P-039	Improve Yards, Shops and Facilities -- BNSF, MED, UPR, MET	0	25,775,000	31,175,000	2,000,000	5,100,000	2,100,000	66,150,000	66,150,000
P-040	Upgrade Buildings -- BNSF, MET	0	544,000	629,000	1,750,000	1,200,000	1,300,000	5,423,000	5,423,000

		Previous Funding	2013	2014	2015	2016	2017	Five-Year Total	Grand Total
P-042	Purchase Equipment and Vehicles -- MET	0	2,400,000	5,037,000	5,650,000	3,700,000	8,450,000	25,237,000	25,237,000
P-042	Purchase Equipment and Vehicles -- MET	0	500,000	0	0	0	0	500,000	500,000
P-044	Replace Financial System -- MET	2,000,000	10,000,000	10,000,000	10,000,000	10,000,000	0	40,000,000	42,000,000
	Total: 4 Support Facilities & Equipment	**$2,000,000**	**$39,219,000**	**$46,841,000**	**$19,400,000**	**$20,000,000**	**$11,850,000**	**$137,310,000**	**$139,310,000**
	5 Stations & Passenger Facilities								
P-046	Improve Stations and Parking -- MET	0	42,050,000	3,000,000	500,000	4,525,000	3,000,000	53,075,000	53,075,000
P-047	Rehabilitate Stations -- MET	0	5,000,000	4,000,000	4,225,000	1,750,000	3,000,000	17,975,000	17,975,000
	Total: 5 Stations & Passenger Facilities	**$0**	**$47,050,000**	**$7,000,000**	**$4,725,000**	**$6,275,000**	**$6,000,000**	**$71,050,000**	**$71,050,000**
	6 Miscellaneous								
P-052	Improve Metra System Security -- MET	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000	25,000,000
P-054	Implement Capital Projects -- MET	0	10,850,000	11,669,000	11,669,000	7,350,000	7,350,000	48,888,000	48,888,000
P-056	Provide for Unanticipated Capital -- MET	0	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	9,000,000	9,000,000
P-057	Provide for Captial Program Support Management and Engineering -- MET	3,000,000	5,000,000	3,000,000	3,000,000	3,100,000	3,000,000	17,100,000	20,100,000
	Total: 6 Miscellaneous	**$3,000,000**	**$21,850,000**	**$21,669,000**	**$21,669,000**	**$17,450,000**	**$17,350,000**	**$99,988,000**	**$102,988,000**
	8 Contingencies & Administration								
P-055	Provide for Contingencies -- MET	0	560,000	600,000	600,000	789,000	942,000	3,491,000	3,491,000
P-055	Provide for Project Administration -- MET	0	800,000	800,000	800,000	800,000	800,000	4,000,000	4,000,000
	Total: 8 Contingencies & Administration	**$0**	**$1,360,000**	**$1,400,000**	**$1,400,000**	**$1,589,000**	**$1,742,000**	**$7,491,000**	**$7,491,000**
	Total: Rail	**$239,205,391**	**$325,435,000**	**$309,854,000**	**$159,979,000**	**$159,330,000**	**$163,520,000**	**$1,118,118,000**	**$1,357,323,391**
Total for Service Board:	**Metra**	**$239,205,391**	**$325,435,000**	**$309,854,000**	**$159,979,000**	**$159,330,000**	**$163,520,000**	**$1,118,118,000**	**$1,357,323,391**

Pace

Bus

	1 Rolling Stock								
4801	Purchase Approximately 150 40' CNG Fixed Route Buses -- Systemwide	42,850,000	37,280,000	37,280,000	0	0	0	74,560,000	117,410,000
4801	Purchase Approximately 28 Over the Road Coaches -- Systemwide	14,525,000	17,150,000	0	0	0	0	17,150,000	31,675,000
4801	Purchase Approximately 65 40' Fixed Route Accessible Buses -- Systemwide	7,500,000	2,370,000	9,000,000	2,500,000	8,500,000	10,000,000	32,370,000	39,870,000
4802	Purchase Approximately 476 Paratransit Vehicles (Replacement) -- Systemwide	5,300,000	9,030,000	8,500,000	5,950,000	8,500,000	8,500,000	40,480,000	45,780,000
4803	Purchase Approximately 10 Community Vehicles -- Systemwide	4,150,000	0	850,000	0	0	0	850,000	5,000,000
4804	Purchase Approximately 540 Vanpool Vans (Replacement) -- Systemwide	4,150,000	5,600,000	4,000,000	4,000,000	4,000,000	4,000,000	21,600,000	25,750,000
4805	Provide for Diesel Engine Retrofit -- Systemwide	5,439,148	3,060,000	0	3,100,000	3,100,000	3,100,000	12,360,000	17,799,148
4806	Provide for Associated Capital Items -- Systemwide	3,060,000	250,000	0	1,000,000	1,000,000	1,000,000	3,250,000	6,310,000
4807	Provide for Capital Cost of Contracting -- Systemwide	1,600,000	2,000,000	5,538,000	7,352,000	7,400,000	7,400,000	29,690,000	31,290,000
	Total: 1 Rolling Stock	**$88,574,148**	**$76,740,000**	**$65,168,000**	**$23,902,000**	**$32,500,000**	**$34,000,000**	**$232,310,000**	**$320,884,148**
	3 Electrical, Signal, & Communications								
4809	Implement Arterial Rapid Transit (ART) -- Systemwide	2,000,000	0	0	500,000	0	0	500,000	2,500,000
4811	Purchase/Install Intelligent Bus System (IBS) and Mobile Data Terminals (MDT) -- Systemwide	0	500,000	500,000	400,000	0	0	1,400,000	1,400,000
	Total: 3 Electrical, Signal, & Communications	**$2,000,000**	**$500,000**	**$500,000**	**$900,000**	**$0**	**$0**	**$1,900,000**	**$3,900,000**
	4 Support Facilities & Equipment								
4814	Construct/Improve Garages & Facilities -- Systemwide	5,800,000	11,500,000	76,500,000	29,500,000	7,500,000	4,500,000	129,500,000	135,300,000
4820	Provide for Transit Infrastructure -- I-90 Corridor	0	0	12,500,000	14,780,000	0	0	27,280,000	27,280,000

		Previous Funding	2013	2014	2015	2016	2017	Five-Year Total	Grand Total
4821	Purchase Fare System -- Systemwide	3,500,000	10,600,000	0	0	0	0	10,600,000	14,100,000
4822	Purchase Replacement Farebox System -- Systemwide	0	500,000	1,000,000	500,000	500,000	0	2,500,000	2,500,000
4823	Purchase Computer Hardware and Software Systems -- Systemwide	3,787,000	3,500,000	2,500,000	2,000,000	2,000,000	2,000,000	12,000,000	15,787,000
4824	Purchase Maintenance/ Support Equipment and Vehicles -- Systemwide	800,000	800,000	500,000	500,000	500,000	500,000	2,800,000	3,600,000
4825	Purchase Office Equipment -- Systemwide	200,000	700,000	100,000	100,000	100,000	100,000	1,100,000	1,300,000
	Total: 4 Support Facilities & Equipment	**$14,087,000**	**$27,600,000**	**$93,100,000**	**$47,380,000**	**$10,600,000**	**$7,100,000**	**$185,780,000**	**$199,867,000**
	5 Stations & Passenger Facilities								
4827	Reconstruct Passenger Facilities -- Systemwide	450,000	0	500,000	500,000	500,000	500,000	2,000,000	2,450,000
4828	Provide Consultant for Bus Stop Conversion -- Systemwide	0	1,700,000	1,700,000	1,700,000	0	0	5,100,000	5,100,000
4829	Install Shelters/ Signs/ Passenger Amenities -- Systemwide	800,000	1,000,000	800,000	800,000	800,000	800,000	4,200,000	5,000,000
	Total: 5 Stations & Passenger Facilities	**$1,250,000**	**$2,700,000**	**$3,000,000**	**$3,000,000**	**$1,300,000**	**$1,300,000**	**$11,300,000**	**$12,550,000**
	6 Miscellaneous								
4831	Provide for Unanticipated Capital -- Systemwide	250,000	250,000	500,000	500,000	500,000	500,000	2,250,000	2,500,000
	Total: 6 Miscellaneous	**$250,000**	**$250,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$2,250,000**	**$2,500,000**
	8 Contingencies & Administration								
4832	Provide for Project Administration	965,820	1,390,000	1,152,000	1,098,000	1,060,000	1,040,000	5,740,000	6,705,820
	Total: 8 Contingencies & Administration	**$965,820**	**$1,390,000**	**$1,152,000**	**$1,098,000**	**$1,060,000**	**$1,040,000**	**$5,740,000**	**$6,705,820**
	Total: Bus	**$107,126,968**	**$109,180,000**	**$163,420,000**	**$76,780,000**	**$45,960,000**	**$43,940,000**	**$439,280,000**	**$546,406,968**
Total for Service Board:	**Pace**	**$107,126,968**	**$109,180,000**	**$163,420,000**	**$76,780,000**	**$45,960,000**	**$43,940,000**	**$439,280,000**	**$546,406,968**

Grand Total								
RTA 2013-2017 CAPITAL IMPROVEMENT PROGRAM	**$2,173,870,819**	**$961,560,547**	**$1,301,332,747**	**$787,050,647**	**$314,701,437**	**$324,152,537**	**$3,688,797,915**	**$5,862,668,734**

Regional Transportation Authority

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Call 836-7000 from any local area code in the six-county region
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