

2018

# OPERATING BUDGET

Two-Year Financial Plan  
and Five-Year

# CAPITAL PROGRAM



Regional  
Transportation  
Authority

**MOVING YOU**

Northeastern Illinois  
March 2018



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## Letter from the Executive Director

Once again, the RTA and the Service Boards have worked in collaboration to formulate a responsible and balanced operating and capital program for fiscal year 2018. The RTA and the region's transit providers remain committed to safely and effectively serving the transit riders and taxpayers of northeastern Illinois. The six-county RTA region is the economic engine of the state's economy and the unofficial commerce and business capital of the Midwest. We recognize that in order to compete in a modern day, global economy we must have a safe, reliable and efficient transit network that serves the needs of the more than 8.3 million people that call this region home. We know that people rely on our system on a daily basis to get to work, school and medical appointments. The transit system also provides affordable mobility for individuals with disabilities and those individuals who cannot or choose not to drive. Through innovation and efficiency, maintaining this reliable network is a top priority for the RTA, CTA, Metra and Pace.

While the RTA and Service Boards operate a cost effective transit network, the system continues to face many challenges. For the first time since the recession of 2008-2009, the regional transit system faced an operating funding decrease. At the same time that 2017 sales tax growth began to slow, the Illinois legislature approved a significant reduction in financial support for transit including a new, permanent 2% surcharge on RTA sales tax collections and a temporary 10% cut in State sales tax matching funds. The significant reduction of state operating funding is in addition to the absence of any new state capital funding for the 2018-2022 Capital Program. In 2018, the total estimated funding for the capital program is \$1.156 billion, well short of the \$2 billion to \$3 billion of annual investment needed. Over 55% of the 2018 capital program is from federal funding, with the remaining funds generated through CTA and Pace bond issuances.

In order to maintain desired service levels, CTA, Metra, and Pace had to make some difficult decisions on fare increases to balance their operating budgets, as required by law. CTA has identified a fare increase and additional revenues to bring its proposed operating budget into balance. Metra has proposed a general fare increase for the fourth consecutive year, and plans to implement modest reductions in weekday service on the North Central, South West, and Rock Island lines, as well as some reductions in weekend service on the Milwaukee District North Line. Pace Suburban Service has proposed a fare increase for one-way tickets and transfers, and will expand service on its popular I-55 Bus-on-Shoulder routes. A 25 cent fare increase, the first since 2009, is also proposed for Pace ADA Paratransit rides, although Taxi Access Program (TAP) fares will remain unchanged.

Despite our system's challenges, the Service Boards continue to deliver innovative projects that will dramatically improve the transit landscape for our region's residents. Major capital initiatives in the five-year program include the continuation of CTA's transformative Red-Purple Modernization (RPM) project, the purchase of new Metra railcars and locomotives as well as the targeted rehabilitation of Metra's existing fleet, and the purchase of new Pace vehicles and construction of a new Northwest Cook Pace bus garage. Additionally, Pace will start operating the Milwaukee Avenue Pulse arterial rapid transit (ART) service in 2018, the first of its kind in our region.

The RTA continues to work with state and regional stakeholders to raise awareness of our infrastructure needs and advocate for a new, sustainable source of state capital funding. In fact, "Invest in Transit" is the title of our 2018-2023 Regional Transit Strategic Plan, available online at the RTA's website [www.RTAChicago.org](http://www.RTAChicago.org), and open for public comment through December 31<sup>st</sup>. The Plan makes the case for continued investment in the regional transit system which is so very important to the economic vitality of Northeastern Illinois.

Sincerely,



Leanne P. Redden, Executive Director

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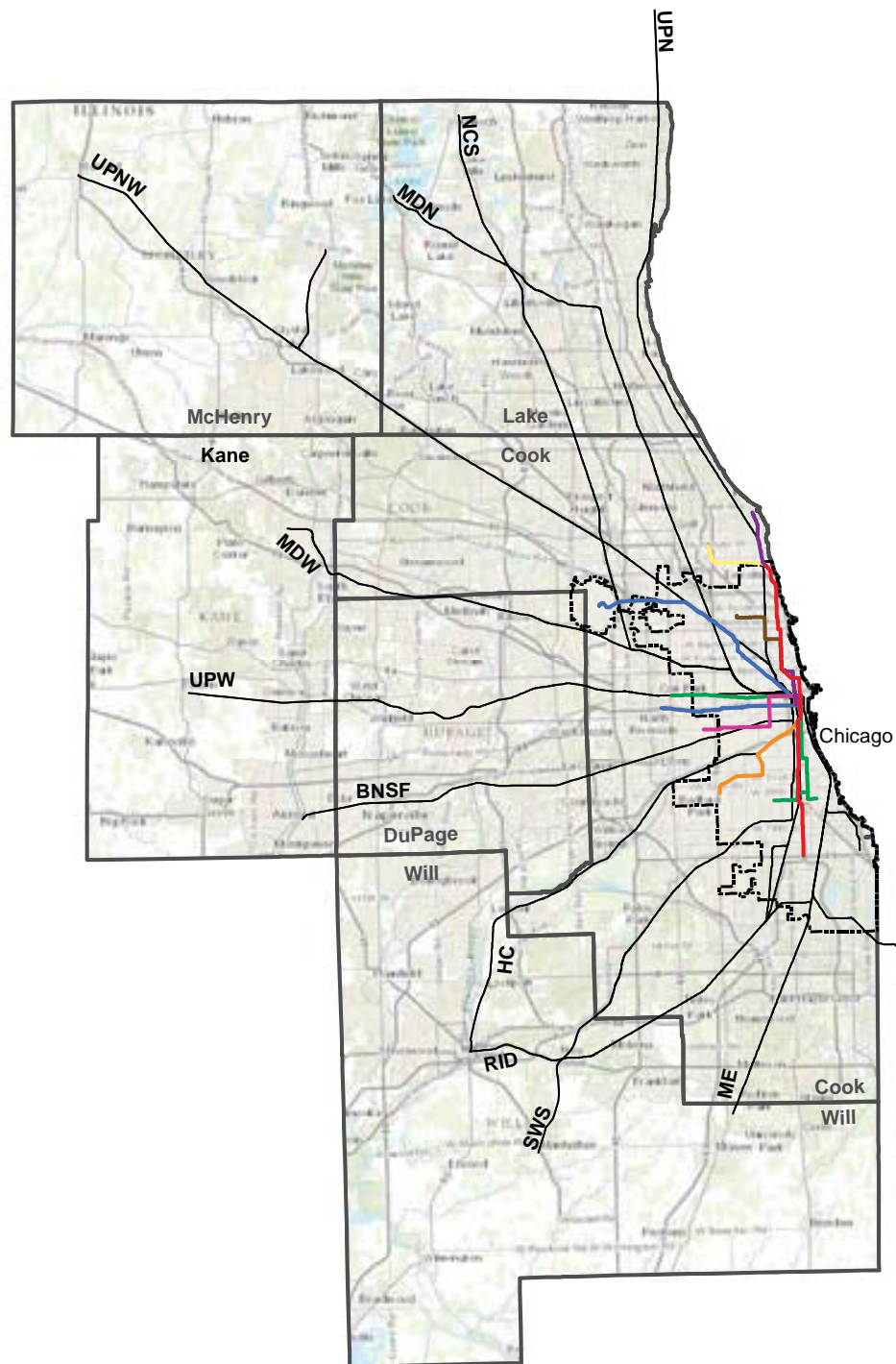
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# 1 EXECUTIVE SUMMARY



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## Introduction

The Regional Transportation Authority (RTA) 2018 Budget, Two-Year (2019-2020) Financial Plan, and Five-Year (2018-2022) Capital Program comprise the consolidated business plan of the RTA system. The RTA Agency provides funding, planning, and financial oversight for regional bus, rail, and paratransit operations in Northeastern Illinois as set forth by the RTA Act and its subsequent amendments. Three independent Service Boards, the Chicago Transit Authority (CTA), Metra Commuter Rail, and Pace Suburban Bus, have operational responsibility for the provision of public transportation services in the region. When reviewing this document it is important to note that the Service Boards operate as separate legal entities with independent boards of directors. The Service Boards have each adopted an individual operating budget and capital program through their own Board processes. The information provided in this document reflects the region's funding and service conditions when the RTA Board adopted Ordinance 2017-61 on December 14, 2017, which approved the 2018 operating budgets and capital programs of the Service Boards, the RTA Agency, and the region as a whole.

Chapter 1, the Executive Summary, provides a regional summary of the consolidated business plan. Chapters 2 through 6 provide detail on the operations, budgets, and financial plans of the RTA, CTA, Metra, Pace Suburban Service, and Pace ADA Paratransit. Chapter 7 provides an overview of regional performance measurements and Chapter 8 reviews the capital program of the region, including information on RTA bond issuances. A set of appendices includes supplemental ridership, sales tax, and demographic data; a description of the budget process; financial policies; the governance structure; the 2018 adopted budget and capital program ordinance; and a glossary.

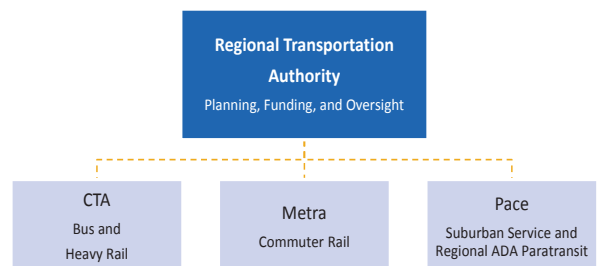
## Overview

The RTA's six-county region encompasses the Illinois counties of Cook, DuPage, Kane, Lake, McHenry, and Will. The RTA 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, issue debt, and allocate federal, state, and local funds to finance the operating and capital needs of public transportation.

*The RTA is authorized to impose taxes, issue debt, and allocate federal, state, and local funds to finance the operating and capital needs of public transportation.*

The RTA Board of Directors governs the Agency. The CTA provides bus and heavy rail service in the City of Chicago and 35 adjoining 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 (Exhibit 1-1).

### EXHIBIT 1-1: RTA AND SERVICE BOARD STRUCTURE



Each year, the RTA Board must adopt an annual budget, two-year financial plan, and five-year capital program for each Service Board, and for the region as whole, including the RTA Agency. The general timeline of this process is as follows: The RTA Act requires the RTA Board to approve the funding amounts for each Service Board by September 15th. The funding amounts include the projected funding levels for the annual operating budget, two-year financial plan, and the five-year capital program, and also set the required recovery ratio for each Service Board's operation.

EXHIBIT 1-2: RTA SYSTEM MAP





The approved funding amounts guide the development of the Service Boards' budgets. By October, each Service Board prepares and publishes, for public hearing and comment, a proposed budget and capital program document that conforms to the RTA funding amounts. After considering public comment, the CTA, Metra, and Pace boards adopt their respective budgets in November. The adopted budgets are submitted to the RTA, which consolidates the Agency and 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.

## Service Characteristics

The six-county Northeastern Illinois region has more than 8.4 million residents and spans 3,749 square miles. The RTA system operates more than 6,000 buses, rail cars, and locomotives, plus over 700 vanpool vehicles. The system provides an average of over two million rides per weekday on more than 350 routes through approximately 380 rail stations, as shown by the map in Exhibit 1-2. The combined assets of the RTA system, including the CTA subway tunnels, have a replacement value of over \$162 billion. With an average asset life of over 25 years, the RTA system requires \$2 billion to \$3 billion in capital funds each year to maintain and preserve the existing infrastructure, as well as address the backlog of deferred projects.

## Environmental Outlook

### RIDERSHIP

System ridership is expected to end 2017 at 594.7 million trips, a decrease of 3.0% from 2016. In the 2018 budget, RTA system ridership is projected to decrease by 3.3% to 575.3 million (Exhibit 1-3). On a percentage basis, CTA expects the largest ridership loss at 3.7% as customers adjust to a general fare increase. Metra ridership is projected to decrease by 1.5% in 2018, also due to a fare increase and continued low gasoline prices. Pace Suburban Service anticipates a 0.9% ridership decrease due to a 25 cent increase in one-way

**EXHIBIT 1-3: RTA RIDERSHIP BY SERVICE BOARD  
(IN MILLIONS)**

	2016 Actual	2017 Estimate	2018 Budget	2018 Growth
CTA	497.7	480.1	462.1	-3.7%
Metra	80.1	79.0	77.8	-1.5%
Pace	31.3	31.3	31.1	-0.9%
ADA Paratransit	4.1	4.2	4.3	+0.9%
<b>Region</b>	<b>613.2</b>	<b>594.7</b>	<b>575.3</b>	<b>-3.3%</b>

fares, and ADA Paratransit ridership is assumed to grow by 0.9%, somewhat lower growth than in recent years due to a 25 cent fare increase for that service.

The Service Boards continue to address the ongoing national decline in transit ridership by introducing innovative services such as Pace's I-55 Bus-on-Shoulder and I-90 express routes, and CTA's Loop Link buses and Ashland/Western express routes. Where investment has been made, rail ridership has grown, as evidenced by CTA's Brown Line ridership growth of 4% in 2016 following extensive track and station improvements. Metra recently opened a new station at Romeoville, which immediately increased ridership on its Heritage Corridor line.

### REGIONAL ECONOMY

In the last couple of years, RTA sales tax growth has slowed. For each of the six years from 2010 through 2015, sales tax collections exceeded prior year by at least 4%, representing a period of consistently strong sales tax growth. While some of this growth was due to pent-up demand following the economic recession of 2008-2009, sales tax performance was also enhanced by the RTA's efforts to end rebate agreements that improperly diverted sales tax collections to municipalities outside the RTA six-county region. In contrast, 2016 sales tax receipts grew by only 1.4% over 2015, and 2017 is projected to finish with 2.5% growth. A new, permanent 2% surcharge on RTA sales tax receipts was imposed by the State of Illinois' fiscal year 2018 budget, further impacting sales tax funding for the RTA and Service Boards.

Since 2000, Chicago-area unemployment rates have ranged from a low of 4.2% in the fourth quarter of 2006 to a high of 11.3% in the first quarter of 2010. The unemployment rate has improved steadily over the last several years, and stood at 5.1% in the fourth quarter of 2017. The availability of jobs in the Chicago region fell dramatically during the economic recession of 2008-2009, but the number of jobs has increased steadily since 2010. In the fourth quarter of 2017, there were 3.6 million regional jobs, 1.4% more than at the beginning of 2007. Recent years have also seen the State of Illinois lose population to surrounding states and elsewhere in the U.S.

The price of gasoline also plays a significant role in the demand for public transportation services, and lower fuel prices contributed to system ridership losses in 2015 and 2016. Gas prices in the region reached an all-time high of \$4.27 per gallon in 2008 before dropping sharply during the financial crisis. Prices fluctuated but generally rose from 2010 to mid-2014, and then declined below \$3.00 per gallon in late 2014. Gasoline prices averaged \$2.37 in 2016 and \$2.62 in 2017, and are expected to remain relatively low in 2018, exerting pressure on transit ridership levels.

The supplemental data section of the Appendices chapter provides further detail on the demographic and economic trends of the RTA region.

### SERVICE LEVEL CHANGES

RTA system service levels are expected to be relatively stable in 2018, as shown in Exhibit 1-4. CTA anticipates a 0.6% increase in vehicle revenue miles with service schedules similar to 2017. Metra projects a 1.0% decrease in vehicle revenue miles as modest service reductions are implemented on several lines in response to lower funding levels. Pace Suburban Service vehicle revenue miles are expected to be unchanged as fewer Dial-a-Ride trips offset an increase in service on its successful Bus-on-Shoulder routes as well as the anticipated launch of the Milwaukee Avenue Pulse Arterial Rapid Transit (ART). Pace Regional ADA Paratransit will increase existing service as necessary to meet

**EXHIBIT 1-4: VEHICLE REVENUE MILES BY SERVICE BOARD (IN MILLIONS)**

	2016 Actual	2017 Estimate	2018 Budget	2018 Growth
CTA	124.1	126.8	127.5	+0.6%
Metra	43.5	43.5	43.1	-1.0%
Pace	38.4	40.9	40.9	-0.0%
ADA Paratransit	29.4	28.8	29.0	+0.8%
<b>Region</b>	<b>235.4</b>	<b>240.0</b>	<b>240.5</b>	<b>+0.2%</b>

customer demand. In total, these service level changes are projected to hold RTA system vehicle revenue miles essentially flat in 2018.

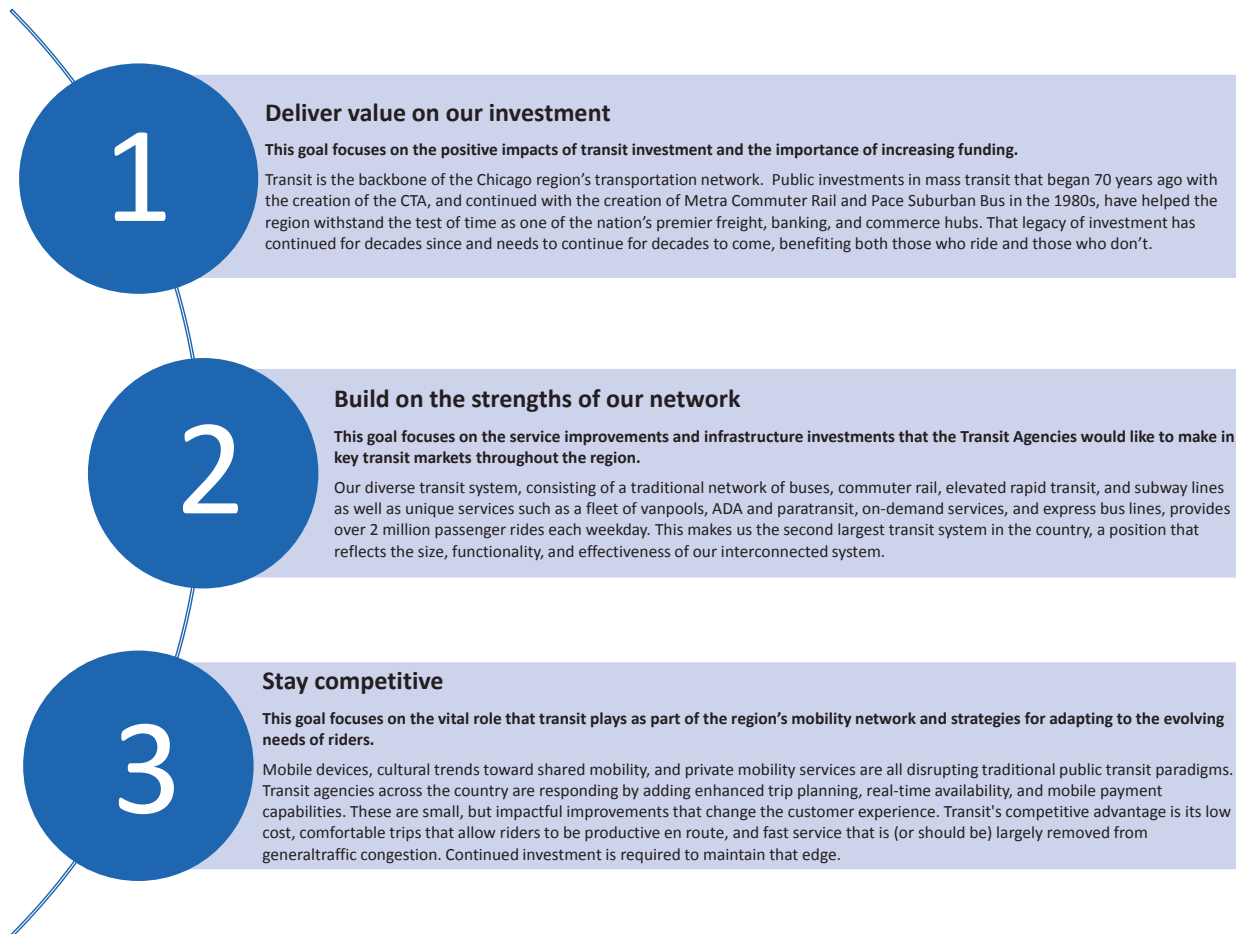
### Strategic Plan and Goals

At their January 18th, 2018 meeting, the RTA Board of Directors adopted a new regional transit strategic plan for 2018 to 2023 entitled Invest in Transit, which can be found on the RTA website:

<http://rtachicago.com/plans-programs/regional-transit-strategic-plan>

The Strategic Plan provides a visionary roadmap for near-term transit investment in the RTA six-county area. Through the Strategic Plan, the Chicago region's transit agencies – RTA, CTA, Metra and Pace – joined forces to talk about the capital investments that are needed over the next five years to deliver great public transportation in light of changing demographics, transportation, and technology. The resulting Strategic Plan will serve as a guide to each of the transit agencies in planning and funding future projects as well as carrying out the unique day-to-day activities needed to meet passenger needs that vary widely across the large and diverse region. The following page shows an outline of the plan's goals and objectives:

## STRATEGIC PLAN GOALS AND OBJECTIVES



## Key Budget Issues

A reduction in support for transit was implemented with the State of Illinois' 2018 budget. Funding cuts included a permanent 2% surcharge on RTA sales tax receipts, a temporary 10% reduction in Public Transportation Fund (PTF) payments, and a lower level of Reduced Fare Reimbursement (RFR) for mandatory fare programs. These lower funding amounts represent a significant risk to the 2018 regional operating budget and two-year financial plan. State funding to the RTA and Service Boards totals \$540 million, or about 18% of regional revenue for 2018 operations. The RTA and Service Boards have assumed that the PTF reduction is indeed temporary, and that the RFR and ADA Paratransit funding will be appropriated at \$34 million and \$8.5

million, respectively, in future State budgets. Continued decreases in one or more of these funding components could require remedial actions by the RTA and Service Boards including service adjustments, expense reductions, and fare increases.

The greatest long-term challenge confronting the RTA system is insufficient capital funding to address investments for system infrastructure maintenance and renewal. To address the shortfall in capital funding, the RTA and Service Boards are increasingly relying on bonding to fund capital projects. In order to provide the Service Boards with much-needed capital funding, the RTA plans to bond to the full capacity granted to the Agency by state law. As older bond issuances are retired, new bonds will be sold including planned issu-

ances of \$150 million in mid-2018 and \$158 million in 2020. CTA and Pace also plan to issue bonds to support their five-year capital programs. Together, these financing strategies provide \$690 million in regional capital funding, but borrowing to support the capital program increases the debt service burden on the operating budget.

Another ongoing challenge for the region is addressing rising demand for federally mandated ADA Paratransit services. ADA Paratransit riders represent the fastest growing segment of the region's riders and ADA Paratransit trips are the most costly service to provide on a per-ride basis. Strategies to improve the accessibility of the mainline system service, improve scheduling and service efficiencies of ADA Paratransit operations, as well as providing other transportation options such as Pace's Taxi Access Program (TAP) are constantly explored.

## Budget and Financial Plan

Exhibit 1-5 displays the consolidated 2018 RTA regional operating budget and two-year financial plan adopted by the RTA Board on December 14th, 2017. Actual and estimated results for 2016 and 2017 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.

Operating expenses for the region in 2018 total \$2.992 billion. The RTA expects combined 2018 operating revenues and public funding to exceed operating expenses by \$21.2 million, before planned transfers by Metra and Pace to their capital programs. The regional financial plans for 2019 and 2020 also reflect planned Metra farebox and ICE funding transfers to the capital program in each year.

The regional system-generated revenue recovery ratio measures the percentage of RTA system expenses for operations, excluding ADA Paratransit, which are covered by RTA system operating revenues, excluding ADA Paratransit, and includes credits and exclusions

allowed by the RTA Act. The 2018 regional recovery ratio is budgeted at 51.7%, exceeding the statutorily required level of 50%. In addition, the RTA Act requires a 10% recovery ratio for ADA Paratransit, with approved adjustments, which has been met by Pace's 2018 ADA Paratransit operating budget.

## OPERATING REVENUE

Service Board operating revenue comprises 40% of total regional revenues for 2018 (Exhibit 1-6), with public funding providing the balance of required revenue for the system. Operating revenue of \$1.193 billion is expected in 2018, an increase of 7.2% from the 2017 estimate, as each Service Board and ADA Paratransit has planned a fare increase. Operating revenue is subsequently projected to grow by 3.6% and 2.4% in 2019 and 2020, respectively, exceeding ridership growth due primarily to potential Metra fare increases.

About 85% of the \$1.193 billion of operating revenue comes from passenger fares, but significant amounts are also generated by Service Board advertising, leasing, and concessions, and by a State subsidy to the Service Boards to partially offset the cost of providing mandated free ride and reduced fare programs. The State Reduced Fare Reimbursement, although a public funding source, is characterized as operating revenue because it represents a replacement of passenger fare revenue.

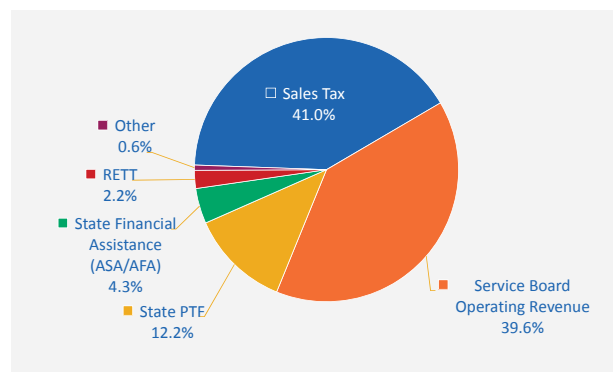
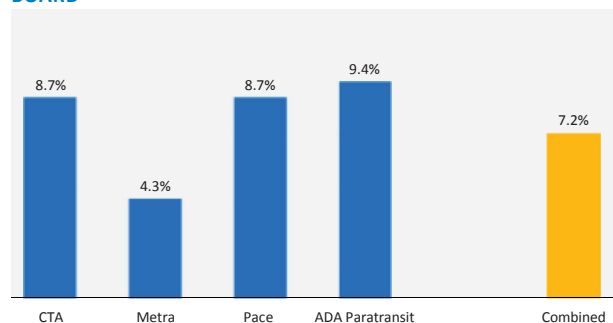
Exhibit 1-7 shows the growth in operating revenue by Service Board for 2018. CTA anticipates 8.7% growth in operating revenue due to a 25 cent base fare increase and the assumed restoration of reduced fare funding from the State. Metra expects revenue growth of 4.3% as higher passenger fares and the assumed restoration of reduced fare funding are offset by lower ancillary revenue due to a decrease in crossing project work for the State. Pace Suburban Service projects 8.7% operating revenue growth driven by a 25 cent increase on one-way fares and the State Reduced Fare Reimbursement. Finally, ADA Paratransit's operating revenue growth of 9.4% is consistent with the 25 cent fare increase and assumed ridership growth for 2018. In-depth discus-

**EXHIBIT 1-5: REGIONAL STATEMENT OF REVENUES AND EXPENSES (DOLLARS IN THOUSANDS)**

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
<u>Service Board Revenues</u>					
CTA	676,569	650,697	707,576	723,687	736,359
Metra	378,735	394,118	411,138	437,238	453,938
Pace	55,553	55,971	60,862	61,388	62,002
ADA Paratransit	16,071	12,150	13,296	13,552	13,817
<b>Total Operating Revenues</b>	<b>\$1,126,928</b>	<b>\$1,112,936</b>	<b>\$1,192,872</b>	<b>\$1,235,865</b>	<b>\$1,266,115</b>
<u>Public Funding</u>					
RTA Sales Tax	1,185,182	1,202,664	1,235,755	1,272,828	1,311,013
Public Transportation Fund (PTF)	382,748	374,254	368,411	410,230	422,537
Real Estate Transfer Tax (RETT)	79,063	64,690	66,631	68,630	70,689
State Financial Assistance (ASA/AFA)	130,234	130,283	130,283	130,300	130,300
State Funding for ADA Paratransit	3,825	3,825	8,500	8,500	8,500
Federal Funds	7,074	12,849	6,485	6,634	6,788
RTA ADA Paratransit Reserve	-	5,675	-	-	-
RTA Capital Project Reserves	2,555	500	250	-	-
JSIF Reserves	2,000	2,500	2,500	-	-
ICE Carryover (2015) <sup>1,2</sup>	1,632	988	-	-	-
Other RTA Revenue <sup>3</sup>	19,665	6,134	1,374	1,424	1,452
<b>Total Public Funding</b>	<b>\$1,813,978</b>	<b>\$1,804,363</b>	<b>\$1,820,189</b>	<b>\$1,898,546</b>	<b>\$1,951,278</b>
<b>Total Revenues</b>	<b>\$2,940,906</b>	<b>\$2,917,299</b>	<b>\$3,013,060</b>	<b>\$3,134,411</b>	<b>\$3,217,394</b>
<b>Expenses</b>					
<u>Service Board Expenses</u>					
CTA	1,464,142	1,467,213	1,514,495	1,576,389	1,613,534
Metra	741,802	765,100	797,200	824,200	852,600
Pace	217,830	224,384	232,082	238,938	244,353
ADA Paratransit	160,820	173,736	178,587	188,115	199,765
<b>Total Service Board Expenses</b>	<b>\$2,584,594</b>	<b>\$2,630,433</b>	<b>\$2,722,364</b>	<b>\$2,827,642</b>	<b>\$2,910,252</b>
<u>Region/Agency Expenses</u>					
Debt Service	216,757	222,359	229,519	232,798	223,124
RTA Agency and Regional Programs	37,803	38,902	34,264	35,874	36,757
RTA Agency Regional Capital Program	2,555	500	250	-	-
Joint Self-Insurance Fund (JSIF)	6,365	6,556	5,499	5,664	5,834
<b>Total Region/Agency Expenses</b>	<b>\$263,480</b>	<b>\$268,317</b>	<b>\$269,532</b>	<b>\$274,336</b>	<b>\$265,714</b>
<b>Total Expenses</b>	<b>\$2,848,074</b>	<b>\$2,898,750</b>	<b>\$2,991,896</b>	<b>\$3,101,978</b>	<b>\$3,175,966</b>
ICE funding not used for operations - transfer to capital <sup>4</sup>	(11,062)	(6,365)	(6,540)	(6,736)	(6,938)
Other transfers <sup>5</sup>	(34,393)	(7,951)	(14,624)	(25,696)	(34,489)
<b>Net Result</b>	<b>\$47,378</b>	<b>\$4,233</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Regional Recovery Ratio</b>	<b>51.2%</b>	<b>50.3%</b>	<b>51.7%</b>	<b>51.5%</b>	<b>51.3%</b>

<sup>1</sup> Pace carried over \$1.6 million of 2015 ICE funding for approved operating projects delayed into 2016.<sup>2</sup> Metra carried over \$1.0 million of 2015 ICE funding for approved Mobile Ticketing project ongoing in 2017.<sup>3</sup> Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.<sup>4</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for capital projects.<sup>5</sup> Includes Metra farebox capital program, CTA short-term borrowing in 2017, and transfers to and from RTA reserves.



**EXHIBIT 1-6: 2018 RTA SYSTEM REVENUE - \$3.013 BILLION****EXHIBIT 1-7: 2018 OPERATING REVENUE GROWTH BY SERVICE BOARD**

sions of operating revenue sources are contained in the RTA and Service Board chapters.

## PUBLIC FUNDING

Public funding, comprising the remaining 60% of total regional revenues, is projected at \$1.820 billion in 2018, an increase of 0.9% over the 2017 estimate. 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, accounting for 41% of total regional revenues for 2018. Sales tax receipts are projected at \$1.236 billion in 2018, an increase of 2.8% from the 2017 estimate, dampened by the newly imposed 2% State surcharge on RTA sales tax receipts.

The second largest source of public funding for 2018, budgeted at \$368.4 million, is the Public Transportation Fund (PTF). PTF is generated by a 30% State of Illinois match of RTA sales tax and Chicago Real Estate Transfer Tax receipts. The 2018 PTF level reflects a temporary

10% reduction in PTF funds through State fiscal year 2018. The State is also expected to provide additional financial assistance of \$130.3 million to support RTA debt service payments, and \$8.5 million of funding for ADA Paratransit service. Other public funding sources for operations are the Real Estate Transfer Tax (RETT) in the City of Chicago, a small amount of federal funding, RTA reserves, and RTA-generated revenue from regional programs and investments. Again in 2018, Metra has been allocated \$2.5 million of operating funding enabled by a reduced RTA contribution to the Joint Self-Insurance Fund (JSIF) reserve.

The RTA's primary public funding sources are summarized in Exhibit 1-8. An in-depth discussion of public funding, including details of the 2008 funding reform and the process of allocation to the Service Boards, is included in the RTA chapter.

## EXPENSES

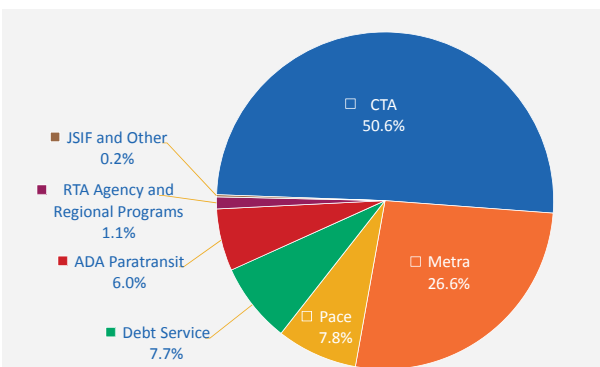
Total regional expenses for 2018 are projected at \$2.992 billion, an increase of 3.2% over the 2017 estimate. Regional expenses are then projected to increase by 3.7% and 2.4% in 2019 and 2020, respectively. Service Board operating expenses of \$2.722 billion comprise 91% of total 2018 regional expenses followed by debt service at 7.7%, RTA Agency and Regional Programs at 1.1%, and the Joint Self-Insurance Fund and other expenses at 0.2% (Exhibit 1-9).

Combined Service Board operating expenses are projected to increase by 3.5% in 2018, as shown in Exhibit 1-10. CTA's operating expense growth of 3.2% will be primarily driven by materials, energy, and other expenses. Metra anticipates expense growth of 4.2% with increases in labor, materials, and fuel expense. Pace Suburban Service's expense growth of 3.4% is due to service additions, wage adjustments, and technology requirements. ADA Paratransit expense growth of 2.8% will result from continued steady demand for its service, coupled with contractor price increases.

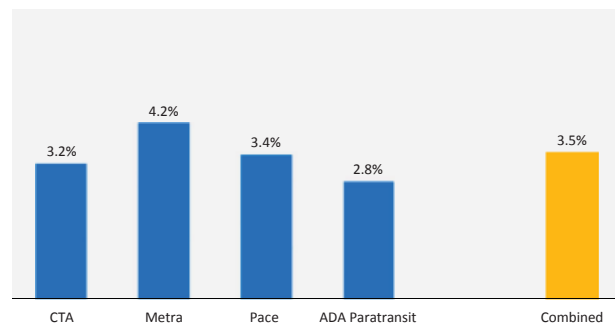
Exhibit 1-11 displays the total budgeted positions for the Service Boards, RTA, and region as a whole,

**EXHIBIT 1-8: PRIMARY RTA PUBLIC FUNDING SOURCES**

<b>RTA Sales Tax Part I</b>	<ul style="list-style-type: none"> <li>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 direction of the RTA Board.</li> </ul>
<b>RTA Sales Tax Part II</b>	<ul style="list-style-type: none"> <li>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 funds for ADA Paratransit, Pace Suburban Community Mobility (SCMF), and RTA Innovation, Coordination, and Enhancement (ICE). After these deductions, CTA receives 48%, Metra 39%, and Pace Suburban Service 13%.</li> </ul>
<b>Real Estate Transfer Tax (RETT)</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Public Transportation Fund (PTF) Part I</b>	<ul style="list-style-type: none"> <li>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 15% of Sales Tax I to form the basis for funding to be allocated at the direction of the RTA Board.</li> </ul>
<b>Public Transportation Fund (PTF) Part II</b>	<ul style="list-style-type: none"> <li>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. After allocating 5/6 of the PTF on RETT receipts to CTA, the remaining PTF II is distributed to the Service Boards by the same statutory formula used to allocate Sales Tax II.</li> </ul>
<b>State Financial Assistance</b>	<ul style="list-style-type: none"> <li>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).</li> </ul>
<b>State Reduced Fare Reimbursement</b>	<ul style="list-style-type: none"> <li>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 seniors and disabled persons.</li> </ul>

**EXHIBIT 1-9: 2018 RTA SYSTEM EXPENSES - \$2.992 BILLION**

which are expected to increase by 0.2% in 2018. CTA's headcount is expected to decrease slightly, while Metra plans to increase headcount by 43, mainly due to the requirements of the new, federally-mandated Positive Train Control (PTC) system. Pace positions are budgeted to increase by almost 2% due to added express bus

**EXHIBIT 1-10: 2018 OPERATING EXPENSE GROWTH BY SERVICE BOARD**

service requiring additional operators. The RTA Agency headcount is budgeted at 114 in 2018, unchanged from 2017.

In-depth discussions of operating expenses and all other regional expenses are included in the Service Board and RTA chapters.

**EXHIBIT 1-11: BUDGETED POSITIONS - RTA REGION**

	2016 Budget	2017 Budget	2018 Budget	2018 Growth
CTA	9,869	9,939	9,897	-0.4%
Metra	4,827	4,827	4,870	+0.9%
Pace	1,646	1,753	1,785	+1.8%
RTA Agency	119	114	114	+0.0%
<b>Region Total</b>	<b>16,461</b>	<b>16,633</b>	<b>16,666</b>	<b>+0.2%</b>

**ICE PROJECTS**

The 2018 adopted funding levels continued the mechanism for the allocation of RTA Innovation, Coordination, and Enhancement (ICE) funding introduced in the 2015 budget. Prior to 2015, ICE funds were awarded via a separate, competitive grant process for projects that meet the requirements set out in the RTA Act and advance the goals and objectives of the Regional Transit Strategic Plan. For 2018, ICE funding will be distributed to the Service Boards in the same statutory shares used for Sales Tax II and PTF II: 48% for CTA, 39% for Metra, and 13% for Pace. The funds may be used for operating

or capital purposes consistent with the goals of the ICE program, with specific projects proposed by the Service Boards in their budget submissions and subject to the approval of the RTA Board. A total of \$12.6 million of ICE funding is projected for 2018. In 2019 and 2020, the available ICE funding amounts increase to \$12.9 million and \$13.3 million, respectively, growing at the same rate as the RTA sales tax.

The approved uses of ICE funding for each Service Board are shown in Exhibit 1-12. For 2018, CTA opted to use all ICE funding for operating projects, and Metra and Pace both allocated all ICE funding for capital projects. As authorized by RTA funding ordinance 2017-37, operating expenditures on ICE-funded projects are excludable from the Service Board's and the RTA region's recovery ratio calculation.

**EXHIBIT 1-12: APPROVED USES OF ICE FUNDING (DOLLARS IN THOUSANDS)**

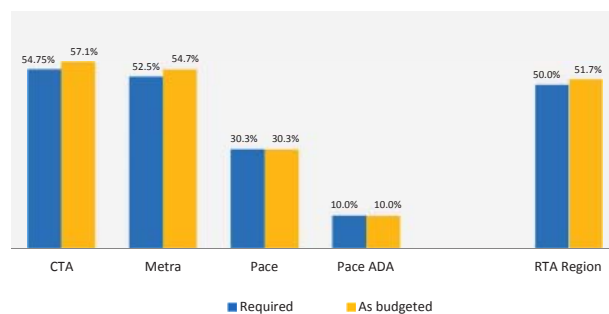
	2018	2019	2020
<b>CTA</b>			
<u>Operating</u>			
South Side Service Improvements	3,553		
Quality of Life K9 Security Patrols	2,484		
Projects To Be Determined		6,218	6,405
<b>CTA Total</b>	<b>\$6,037</b>	<b>\$6,218</b>	<b>\$6,405</b>
<b>Metra</b>			
<u>Capital</u>			
Train Tracking and Passenger Counting System	3,000		
Downtown Terminal Information Displays	953		
LED Lights on Commuter Cars	952		
Projects To Be Determined		5,052	5,204
<b>Metra Total</b>	<b>\$4,905</b>	<b>\$5,052</b>	<b>\$5,204</b>
<b>Pace</b>			
<u>Capital</u>			
Intelligent Bus System (IBS) Equipment Replacement	1,635	1,684	1,735
<b>Pace Total</b>	<b>\$1,635</b>	<b>\$1,684</b>	<b>\$1,735</b>
<b>Total ICE Funding</b>	<b>\$12,577</b>	<b>\$12,954</b>	<b>\$13,344</b>

## RECOVERY RATIO

The RTA Act requires the RTA Board to set a system-generated revenue recovery ratio requirement 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 expenses, with statutory and approved adjustments. The RTA Act further requires that, excluding ADA Paratransit revenue and expense, the combined system revenue from RTA operations, with statutory adjustments, equal at least 50% of the combined system operating expense, with statutory adjustments. This 50% regional result is contingent upon the CTA, Metra, and Pace Suburban Service achieving the 2018 recovery ratio requirements of 54.75%, 52.5%, and 30.3%, respectively (Exhibit 1-13).

Each Service Board's 2018 budgeted recovery ratio meets or exceeds its required ratio, and as a result the regional system-generated revenue recovery ratio for 2018 is projected at 51.7%, exceeding the statutory 50% requirement. The detailed regional recovery ratio calculation is shown in Exhibit 1-14.

**EXHIBIT 1-13: 2018 SERVICE BOARD AND RTA RECOVERY RATIOS**



**EXHIBIT 1-14: 2018 RECOVERY RATIOS <sup>1</sup> (DOLLARS IN THOUSANDS)**

	2018 Budget
<b>CTA</b>	
Operating Revenue	707,576
Adjustments <sup>2</sup>	50,000
<b>Total Revenue</b>	<b>\$757,576</b>
Operating Expenses	1,514,495
Adjustments <sup>2</sup>	(188,224)
<b>Total Expenses</b>	<b>\$1,326,271</b>
<b>CTA Budgetary Recovery Ratio</b>	<b>57.1%</b>
<b>Metra</b>	
Operating Revenue	411,138
Adjustments <sup>3</sup>	2,100
<b>Total Revenue</b>	<b>\$413,238</b>
Operating Expenses	797,200
Adjustments <sup>3</sup>	(42,000)
<b>Total Expenses</b>	<b>\$755,200</b>
<b>Metra Budgetary Recovery Ratio</b>	<b>54.7%</b>
<b>Pace Suburban Service</b>	
Operating Revenue	60,862
Adjustments <sup>4</sup>	12,089
<b>Total Revenue</b>	<b>\$72,951</b>
Operating Expenses	232,082
Adjustments <sup>4</sup>	8,659
<b>Total Expenses</b>	<b>\$240,741</b>
<b>Pace Suburban Service Budgetary Recovery Ratio</b>	<b>30.3%</b>
<b>Regional Recovery Ratio</b>	
Total Service Board Revenue	1,243,765
RTA Agency and Other Revenue	4,218
Adjustments <sup>5</sup>	(32,539)
<b>Total Revenue</b>	<b>\$1,215,444</b>
Total Service Board Expenses	2,322,212
RTA Agency <sup>6</sup>	27,664
<b>Total Expenses</b>	<b>\$2,349,876</b>
<b>Regional Statutory Recovery Ratio (excluding ADA Paratransit)</b>	<b>51.7%</b>
<b>ADA Paratransit</b>	
Operating Revenue	13,296
Operating Expenses	178,587
Adjustments <sup>7</sup>	(45,637)
<b>Total Expenses</b>	<b>\$132,950</b>
<b>ADA Paratransit Statutory Recovery Ratio</b>	<b>10.0%</b>

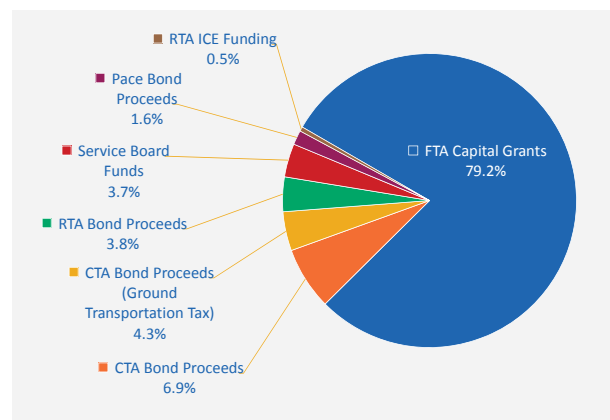
<sup>1</sup>The RTA Act permits certain revenue and expense adjustments for the recovery ratio calculation. The RTA allows supplementary adjustments for the Service Board budgetary recovery ratios, but such adjustments are disallowed in determining the system-generated revenue recovery ratio for the region. <sup>2</sup>CTA revenue adjustments include in-kind revenue for security services provided by the Chicago Police Department (CPD) and credit for free ride programs. Expense adjustments include in-kind costs for the CPD equal to the revenue credit, and exclusions for security expenses, ICE operating expenditures, depreciation, and pension obligation bond debt service. <sup>3</sup>Metra revenue adjustments include credit for free ride programs. Expense adjustments include exclusions for security expenses, depreciation, and transportation facility leases. <sup>4</sup>Pace revenue and expense adjustments include a credit for free ride programs, in-kind Advantage program charges and exclusion of debt service expense. <sup>5</sup>Regional revenue adjustments include disallowance of the Service Board free ride program credits. <sup>6</sup>Excludes ADA Paratransit Department expense. <sup>7</sup>ADA Paratransit expense adjustments include exclusion for capital costs of contracted services (capital cost of contracting).



## Five-Year Capital Program

The 2018-2022 capital program adopted by the RTA Board on December 14, 2017 incorporates \$4.158 billion of funding for capital projects. Funding sources as a percent of the total capital funding, shown in Exhibit 1-15, are as follows: Federal grants 79.2%, CTA bond proceeds 11.2%, RTA bond proceeds 3.8%, Service Board funds 3.7%, Pace bond proceeds 1.6%, and RTA ICE funding 0.5%.

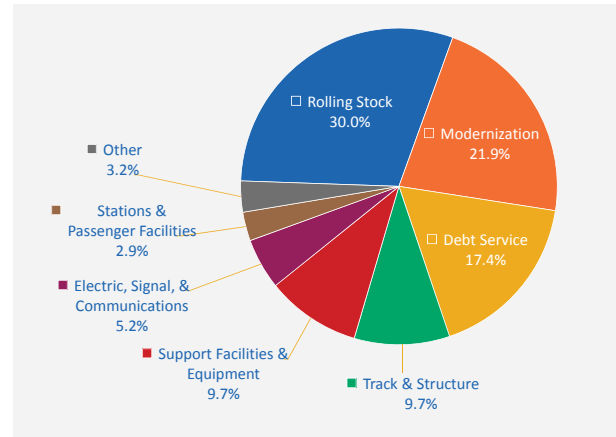
**EXHIBIT 1-15: 2018-2022 CAPITAL FUNDING - \$4.158 BILLION**



The planned uses of these funds by asset category are shown in Exhibit 1-16, with rolling stock representing the largest area of capital investment at \$1.246 billion or 30.0% of five-year expenditures. The other expenditure categories and their share of the total program are as follows: modernization \$912 million or 21.9%, track and structure \$405 million or 9.7%, support facilities and equipment \$402 million or 9.7%, electrical, signal, and communications \$217 million or 5.2%, stations and passenger facilities \$122 million or 2.9%, and other uses \$132 million or 3.2%. Payment of debt service accounts for the remaining \$722 million or 17.4%.

\$1.156 billion or 27.8% of the \$4.158 billion five-year program is planned for expenditure in 2018. Further details on the 2018 and five-year capital programs and how they may impact region-wide operations can be found in the Capital Program chapter.

**EXHIBIT 1-16: 2018-2022 CAPITAL USES - \$4.158 BILLION**



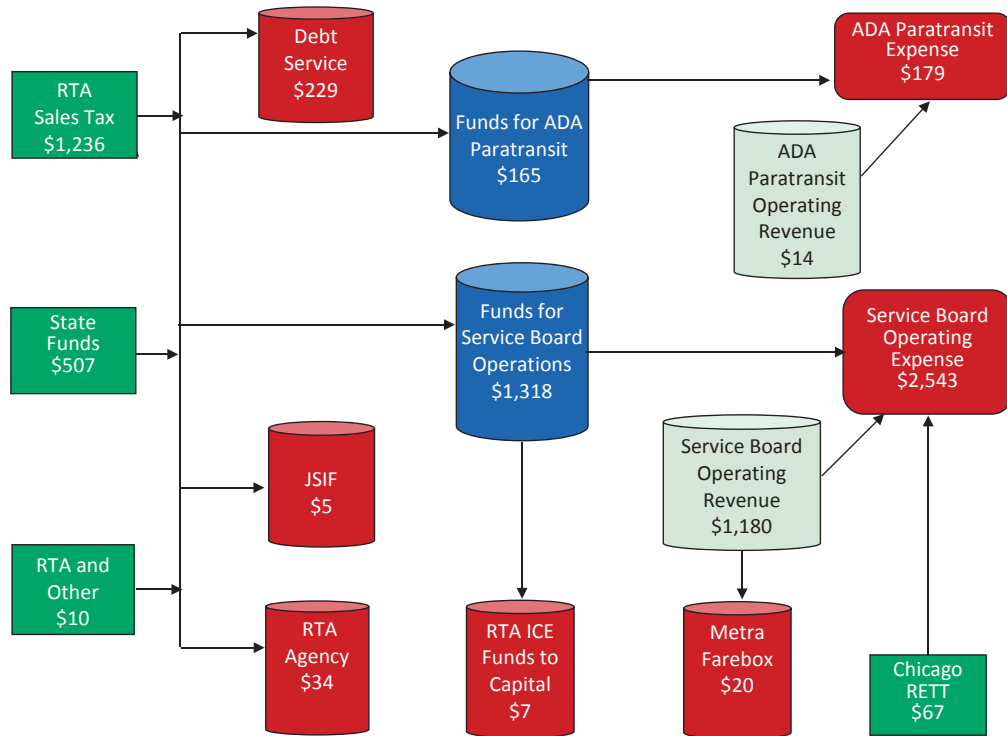
## Sources and Uses of Funds

Exhibit 1-17 summarizes the flow of the RTA system's 2018 operating and capital funds. To fund operations, public funding of \$1.820 billion, shown in dark green, and operating revenue of \$1.193 billion, shown in light green, exceed Service Board and ADA Paratransit operating expenses of \$2.722 billion and other regional expenses of \$268 million, shown in red. The resulting operating surplus, comprised of Metra farebox and ICE funding, is shown in red transferring to the 2018 capital program.

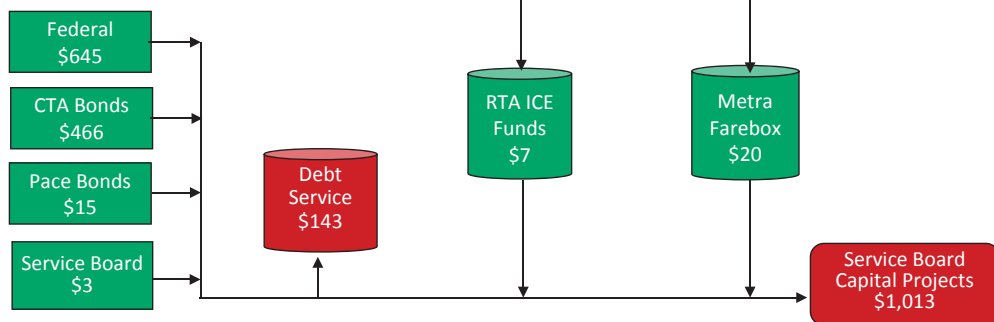
In addition to the aforementioned transfers from the operating budget, the 2018 capital program is funded by \$645 million of federal grants, \$466 million of CTA bond proceeds, \$15 million of Pace bond proceeds, and \$3 million of Service Board funds, all shown in dark green. Shown in red, debt service on previous bond issues will consume \$143 million of the total funding, leaving \$1.013 billion of funding available for Service Board capital projects in 2018.

EXHIBIT 1-17: 2018 SOURCES AND USES OF FUNDS (IN MILLIONS)

**Operations - \$3.013 billion**



**Capital - \$1.156 Billion**



# 2 RTA OPERATING PLAN



## RTA STAFF



## 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 and capital funding to the three Service Boards which provide public transportation within the six-county Northeastern Illinois region: CTA, Metra, and Pace. This section covers operating funding. A complete discussion of capital funding can be found in the Capital Program chapter.

### Budget and Financial Plan

Exhibit 2-1 displays a five-year view of the RTA's operating funding and expenses. The 2018 budget and 2019-2020 two-year financial plans are presented, and 2016 actual and 2017 estimated results are included for comparison purposes. Unlike Exhibit 1-5 in the Executive Summary chapter, this view of the RTA's finances excludes the Service Boards' operating revenues and operating expenses, and focuses solely on RTA funds.

*The 2018 budget anticipates \$1.781 billion of funding for RTA operations, an increase of 2.1% over the 2017 estimate.*

of which directly funds CTA operations. A detailed discussion of the individual RTA funding sources for 2018 follows.

#### 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 and paid to the Treasurer of the State of Illinois, to be held in trust for the RTA outside of 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. In May 2017, the State began retaining a permanent 2% surcharge on RTA and other sales tax jurisdictions as an administrative and processing fee, reducing the funding levels of the RTA and Service Boards by approximately \$24 million per year.

### RTA FUNDING SOURCES

The 2018 budget anticipates \$1.781 billion of funding for RTA operations, an increase of 2.1% over the 2017 estimate. Funding is then projected to increase to \$1.857 billion in 2019 and \$1.908 billion in 2020. A regional sales tax supplies over two-thirds of RTA operating funding and the State Public Transportation Fund (PTF), which is based primarily on those sales tax receipts, represents another 21% of the funding (Exhibit 2-2). Accordingly, 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 and Chicago's Real Estate Transfer Tax (RETT), a portion

Following an estimated increase of 2.5% in 2017, pre-surcharge RTA Sales Tax revenues are projected to increase by 3.8% in 2018. After the surcharge, \$1.236 billion is expected to be available for 2018 regional transit funding (Exhibit 2-3). This expectation of higher growth than in 2017 was based on public and private forecasting sources, which all suggested that economic activity and price inflation would increase in 2018. In 2019 and 2020, RTA Sales Tax revenues are estimated to increase by 3.0% annually, again consistent with economic projections, and are forecast to reach \$1.311 billion in 2020.

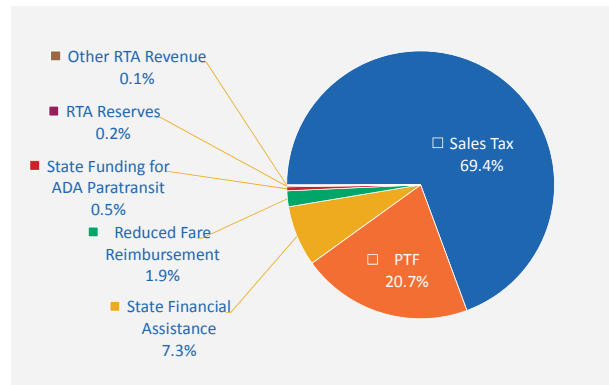
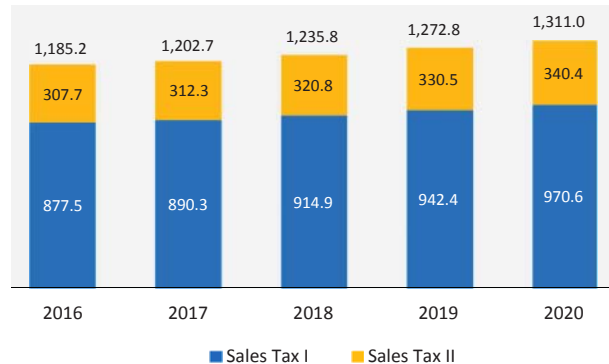
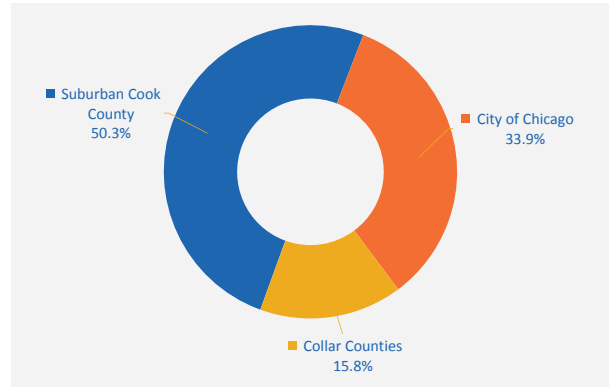
Part I of the RTA Sales Tax ("Sales Tax I") is the equivalent of 1% on sales in Cook County and 0.25% on sales in DuPage, Kane, Lake, McHenry, and Will Counties (the "collar counties"). More specifically, Sales Tax I in Cook County is 1% on food and drugs and 0.75% on general merchandise, with the State of Illinois then



**EXHIBIT 2-1: STATEMENT OF RTA REVENUES AND EXPENSES (DOLLARS IN THOUSANDS)**

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>RTA Revenues</b>					
RTA Sales Tax I	877,486	890,337	914,929	942,377	970,648
RTA Sales Tax II	307,697	312,327	320,826	330,451	340,365
Public Transportation Fund (PTF - Part I)	221,621	219,212	215,895	240,402	247,614
PTF (Part II)	161,127	155,043	152,515	169,828	174,923
State Financial Assistance (ASA/AFA)	130,234	130,283	130,283	130,300	130,300
State Reduced Fare Reimbursement <sup>1</sup>	17,570	17,570	34,070	34,070	34,070
State Funding for ADA Paratransit	3,825	3,825	8,500	8,500	8,500
RTA ADA Paratransit Reserve	-	5,675	-	-	-
RTA Capital Project Reserves	2,555	500	250	-	-
JSIF Reserves	2,000	2,500	2,500	-	-
ICE Carryover (2015) <sup>2,3</sup>	1,632	988	-	-	-
Other RTA Revenue <sup>4</sup>	19,665	6,134	1,374	1,424	1,452
<b>Total RTA Revenues</b>	<b>\$1,745,411</b>	<b>\$1,744,393</b>	<b>\$1,781,142</b>	<b>\$1,857,352</b>	<b>\$1,907,872</b>
<b>RTA Expenses</b>					
<u>Expenses for Operations</u>					
RTA Total Funds for CTA Operations	735,475	734,326	740,288	784,072	806,486
RTA Total Funds for Metra Operations	396,800	404,167	409,798	422,691	434,471
RTA Total Funds for Pace Suburban Service Operations	165,287	165,088	167,871	174,100	178,798
RTA Total Funds for Pace ADA Paratransit Operations	144,749	161,586	165,291	174,563	185,948
State Reduced Fare Reimbursement	17,570	17,570	34,070	34,070	34,070
RTA Agency and Regional Programs	37,803	38,902	34,264	35,874	36,757
<b>Total Expenses for Operations</b>	<b>\$1,497,684</b>	<b>\$1,521,639</b>	<b>\$1,551,581</b>	<b>\$1,625,371</b>	<b>\$1,676,530</b>
<u>Debt Service, Capital &amp; JSIF Expenses</u>					
Debt Service	215,900	222,359	229,519	232,798	223,124
RTA Agency Regional Capital Program	2,555	500	250	-	-
Joint Self-Insurance Fund (JSIF)	6,365	6,556	5,499	5,664	5,834
<b>Total Debt Service, Capital &amp; JSIF Expenses</b>	<b>\$224,820</b>	<b>\$229,415</b>	<b>\$235,268</b>	<b>\$238,462</b>	<b>\$228,958</b>
<b>Total RTA Expenses</b>	<b>\$1,722,504</b>	<b>\$1,751,054</b>	<b>\$1,786,849</b>	<b>\$1,863,832</b>	<b>\$1,905,488</b>
<u>Fund Balance (unreserved/undesignated)</u>					
Beginning Balance	3,455	7,569	7,569	7,569	7,569
Change in Fund Balance	22,907	(6,661)	(5,707)	(6,480)	2,384
Transfers <sup>5,6</sup>	(24,239)	6,661	5,707	6,480	(2,384)
Reconciliation to Budgetary Basis	5,446	-	-	-	-
<b>Ending Balance</b>	<b>\$7,569</b>	<b>\$7,569</b>	<b>\$7,569</b>	<b>\$7,569</b>	<b>\$7,569</b>
<b>Ending Balance as % of Total Expenses for Operations</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY18-21 budgets.<sup>2</sup> Pace carried over \$1.6 million of 2015 ICE funding for approved operating projects delayed into 2016.<sup>3</sup> Metra carried over \$1.0 million of 2015 ICE funding for approved Mobile Ticketing project ongoing in 2017.<sup>4</sup> Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.<sup>5</sup> 2016 transfers include swap settlements, DSDA revenue, and ADA Paratransit funding surplus to reserves.<sup>6</sup> Contingent transfers from RTA reserves in 2017 through 2019 to offset lower sales tax for debt service and increased short-term debt service.

**EXHIBIT 2-2: 2018 RTA FUNDING SOURCES - \$1.781 BILLION****EXHIBIT 2-3: RTA SALES TAX REVENUE (DOLLARS IN MILLIONS)****EXHIBIT 2-4: 2018 RTA SALES TAX I BY SOURCE - \$914.9 MILLION**

providing a replacement amount to the RTA, equivalent to 0.25% of general merchandise sales, from Cook County's portion of the State-wide 6.25% sales tax on general merchandise. Sales Tax I receipts for 2018 are projected at \$914.9 million. Actual sales tax receipts for 2016 were used to forecast the geographic source of projected Sales Tax I collections in 2018. Suburban Cook County is expected to produce the largest share of Sales Tax I at 50.3%, followed by the City of Chicago at

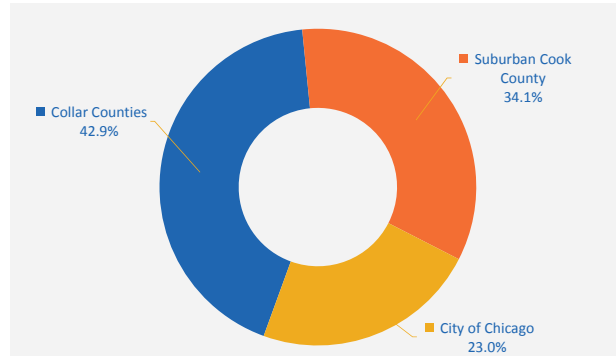
**EXHIBIT 2-5: DISTRIBUTION OF 85% OF RTA SALES TAX I**

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

33.9%, and finally the collar counties at 15.8% (Exhibit 2-4). 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 2-5) which associates the geographic source of the sales tax with the relevant Service Board(s).

Public Act (P.A.) 95-0708, enacted in January 2008 as an amendment to the RTA Act, established Part II of the RTA Sales Tax ("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 government 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 2018 are projected at \$320.8 million. Sales Tax I represents 74.0% of total sales tax revenue and Sales Tax II, 26.0%.

From a geographic standpoint, the collar counties account for the largest share of Sales Tax II collections,

**EXHIBIT 2-6: 2018 RTA SALES TAX II BY SOURCE - \$320.8 MILLION**

at 42.9%, followed by suburban Cook County and the City of Chicago (Exhibit 2-6). 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 2018 budget, \$156.8 million of Sales Tax II has been allocated to fund ADA Paratransit. By statute, the SCMF (originally established at \$20 million) and the ICE fund (originally established at \$10 million) are indexed to the annual change in RTA Sales Tax collections, with 2008 set as the base year. For 2018, the SCMF is projected at \$25.2 million and the ICE fund at \$12.6 million. After these three deductions, the remaining balance of Sales Tax II is allocated to the Service Boards by statutory formula, with CTA receiving 48%, Metra 39%, and Pace Suburban Service 13%.

#### Exposure to Sales Tax Volatility

Since almost 70% of total RTA revenue for operations comes from sales tax, an accurate forecast is critical to an effective budget process. Volatility of sales tax receipts caused by the 2008 financial crisis and subsequent recovery complicated this effort in recent years. Exhibit 2-7 shows the variance of actual sales tax receipts from budgeted levels since 2008. Severe shortfalls were experienced in 2008 and 2009, addressed in part by liquidating much of the RTA fund balance, which served its purpose of providing a buffer against downturns. The resulting lack of adequate reserves

in the RTA fund balance led to conservative sales tax forecasts for 2010 through 2015, producing positive variances when sales tax receipts came in higher than forecasted. Positive variances in both Sales Tax I and II are distributed to the Service Boards in accordance with the statutory formulas of the RTA Act. For 2017, sales tax receipts are expected to finish \$52 million under budget due to slowing sales tax growth and the new State surcharge. That shortfall will also be borne by the Service Boards according to formula, and will be generally offset by favorable 2017 operating expense performance.

#### Public Transportation Fund

In accordance with the RTA Act, as amended in 2008, 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 CTA's portion of the Real Estate Transfer Tax (RETT) in the City of Chicago. This matching arrangement causes the Public Transportation Fund (PTF) receipts to increase or decrease at a rate equal to the growth or decline of both the sales tax and RETT. 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 regional budget and two-year financial plan as called for by the RTA Act. In July 2017, the State implemented a temporary 10% reduction in PTF as part of the State FY 2018 budget, reducing the funding levels of the RTA and Service Boards by approximately \$40 million per year.

Like sales tax, PTF is characterized as Part I or Part II, with PTF II created by the 2008 funding reform. PTF I is the equivalent of 25% of Sales Tax I, and is projected at \$215.9 million for 2018, a decrease of 1.5% from the 2017 estimate. 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, South Suburban Job Access (SSJA) funding for Pace, and Joint Self-Insurance Fund (JSIF) premiums. The remainder is allocated at the direction of the RTA

**EXHIBIT 2-7: VARIANCE OF ACTUAL SALES TAX FROM BUDGET (DOLLARS IN MILLIONS)**



Board to the Service Boards during the annual budget process.

P.A. 95-0708 also increased the Real Estate Transfer Tax (RETT) in the City of Chicago by 40%, yielding \$1.50 in CTA operating funding for every \$500 of property purchase price. The CTA's portion of the RETT is projected at \$66.6 million for 2018. Since this funding source flows directly from the City of Chicago to the CTA, it is not included as an RTA funding source in Exhibit 2-1. However, PTF funds associated with the RETT (i.e., 30% of the RETT) do flow through the RTA.

PTF II, comprised of a 5% match of Sales Tax I, a 30% match of Sales Tax II, and a 30% match of the RETT, is projected at \$152.5 million for 2018, a decrease of 1.6% from the 2017 estimate. By statute, the CTA receives five-sixths (25 percentage points) of the 30% PTF II match on the RETT. The remaining PTF II receipts are distributed in the same shares as Sales Tax II: 48% to CTA, 39% to Metra, and 13% to Pace Suburban Service.

Schedule I-D of RTA Budget Ordinance 2017-61 (found in the Appendices) contains a detailed accounting of the source and distribution of all Part I and Part II funding components for the 2018 budget and 2019-2020 financial plans.

#### State Financial Assistance

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. The RTA expects to receive \$130.3 million of this funding annually from the State for the 2018 budget and the 2019 and 2020 planning years.

#### State Reduced Fare Reimbursement

This funding source provides partial reimbursement from the State to the Service Boards for the mandated reduced fare and free rides they provide. These funds are provided by the State of Illinois and distributed through the RTA to the Service Boards. The State FY 2018 budget appropriated \$17.6 million of reduced fare reimbursement. The RTA's 2018 budget and 2019-2020 financial plans assume restoration of this critical funding to its previous level of \$34.1 million.

#### State Funding for ADA Paratransit

Originally established by a Memorandum of Understanding (MOU) in November of 2009, this ADA Paratransit funding had been provided by the State of Illinois in the amount of \$8.5 million for each year since 2010. However, the State's FY 2016 and FY 2017 spending plans reduced this funding to \$3.825 million before the State FY 2018 budget restored it to \$8.5 million. The RTA's 2018 budget and 2019-2020 financial plans assume continued appropriation of this important funding at \$8.5 million per year.

#### RTA Regional Capital Project Reserves

RTA reserve funds in the amount of \$250 thousand will be utilized to support the regional Access to Transit capital project for 2018.

#### Joint Self-Insurance Fund Reserves

In accordance with RTA funding amounts ordinance 2017-37, \$2.5 million of operating funding for 2018 will be provided to Metra via a reduced RTA contribution to the Joint Self-Insurance Fund (JSIF) reserve. This allocation was approved by the Loss Financing Plan (LFP) Committee (of CTA, Metra, Pace, and RTA) that manages the JSIF.

#### Other RTA Revenue

Other RTA revenue of \$1.4 million is anticipated for the 2018 budget. This funding source consists of

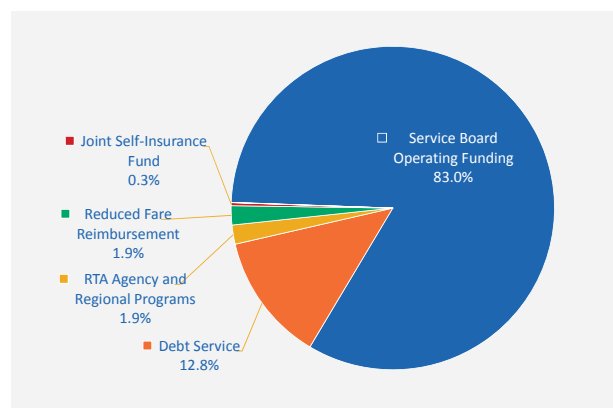
income from financial transactions and investments, sales tax interest, and Agency revenue, comprised of both Agency operating revenue and grants for regional projects. The State of Illinois pays interest on RTA Sales Tax receipts from the time of collection until the funds are received by the RTA. The RTA then disburses 85% of the interest on Sales Tax I receipts to the Service Boards based on the same geographic formula used to allocate Sales Tax I. Agency revenue includes RTA fare card replacement fees and administration fees charged to employers that participate in the RTA Transit Benefit program. Agency revenue also includes matching grants obtained under federal, state and local programs for regional planning, development, and technology efforts.

## EXPENSES

The 2018 budget projects that RTA expenses will increase by 2.0% over the 2017 estimate to \$1.787 billion, exceeding total 2018 RTA funding by \$5.7 million. Expenses are then projected to increase to \$1.864 billion in 2019 and \$1.905 billion in 2020.

Funding of Service Board operations represents the largest category of 2018 RTA expenses at 83.0%, followed by regional debt service at 12.8%, RTA Agency and Regional Programs at 1.9%, pass through of the State Reduced Fare Reimbursement at 1.9%, Joint Self-Insurance Fund (JSIF) premiums at 0.3%, and the RTA Agency Regional Capital Program at less than 0.1% (Exhibit 2-8). A detailed discussion of the individual RTA expense categories for 2018 follows.

**EXHIBIT 2-8: 2018 RTA EXPENSES - \$1.787 BILLION**



## Service Board Operating Funding

The RTA's primary expense is the funding of the Service Boards' operating deficits. The operating deficit is the difference between a Service Board's operating revenue (fare revenue and other revenue sources such as advertising and leases) and its operating expenses. The operating deficit may also be referred to as the funding requirement. Exhibit 2-9 displays the RTA expenses for Service Board operations for 2016 to 2020. Total RTA expense for Service Board operating funding in 2018 is projected at \$1.483 billion and is expected to reach \$1.606 billion in 2020. The compound annual growth rate of RTA's expenses for Service Board operations across the five-year period is 2.7%.

**EXHIBIT 2-9: RTA EXPENSES FOR SERVICE BOARD OPERATIONS (DOLLARS IN MILLIONS)**

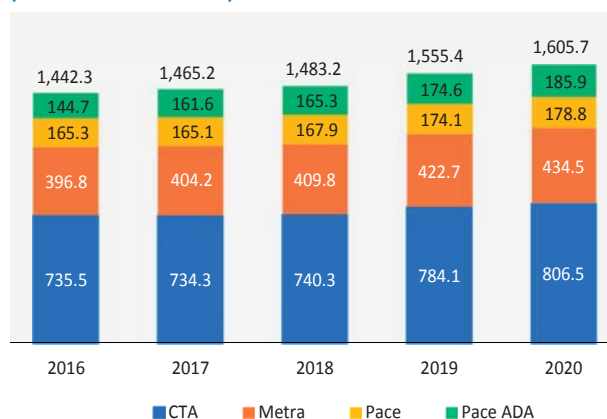


Exhibit 2-10 shows how the 2018 RTA funding for operations relates to each Service Board's projected operating deficit. A detailed discussion of each Service Board's operating revenues and expenses is provided in the CTA, Metra, Pace, and Pace ADA Paratransit chapters. The approved 2018 funding amounts again included allocation of all PTF I to CTA and Pace Suburban Service in shares of 98% and 2%, respectively.

CTA will require \$806.9 million of public funding to balance the 2018 operating budget, of which \$740.3 million will be provided by the RTA. In addition to statutory sales tax and PTF, CTA will receive \$211.6 million of PTF I. External to the RTA, the Real Estate Transfer Tax (RETT) rounds out CTA's deficit funding, resulting in a balanced budget.



**EXHIBIT 2-10: 2018 SERVICE BOARD OPERATING FUNDING (DOLLARS IN THOUSANDS)**

	CTA	Metra	Pace Suburban Service	Pace ADA Paratransit	Total
<b>Operating Deficit</b>					
Operating Revenue	707,576	411,138	60,862	13,296	1,192,872
Operating Expense	1,514,495	797,200	232,082	178,587	2,722,364
<b>Operating Deficit</b>	<b>\$806,919</b>	<b>\$386,062</b>	<b>\$171,220</b>	<b>\$165,291</b>	<b>\$1,529,492</b>
<b>RTA Funding</b>					
RTA Sales Tax (Part I)	381,224	301,000	95,466	-	777,690
RTA Sales Tax (Part II) and PTF (Part II)	141,450	101,394	33,798	156,791	433,433
RTA Non-Statutory Funding - PTF I	211,577	-	4,318	-	215,895
Innovation, Coordination, and Enhancement (ICE) <sup>1</sup>	6,037	-	-	-	6,037
JSIF Reserve	-	2,500	-	-	2,500
State Funding for ADA Paratransit	-	-	-	8,500	8,500
RTA SCMF and SSJA Funding	-	-	32,654	-	32,654
<b>Total RTA Funding</b>	<b>\$740,288</b>	<b>\$404,894</b>	<b>\$166,236</b>	<b>\$165,291</b>	<b>\$1,476,709</b>
<b>Other Funding</b>					
RETT	66,631	-	-	-	66,631
Federal Funds	-	1,500	4,985	-	6,485
<b>Total Funding for Operations</b>	<b>\$806,919</b>	<b>\$406,394</b>	<b>\$171,220</b>	<b>\$165,291</b>	<b>\$1,549,825</b>

<sup>1</sup>Excludes ICE funding transferred to capital program.

Metra will require \$386.1 million of public funding to balance the 2018 operating budget, and \$404.9 million will be provided by the RTA. In addition to statutory sales tax and PTF, Metra will receive \$2.5 million of operating funding via a reduced RTA contribution to the JSIF reserve and \$1.5 million of federal funding in the form of a Homeland Security Grant. Metra's total operating funding exceeds the operating deficit by \$20.3 million, representing a fare revenue surplus to be used for Metra's capital program.

Pace Suburban Service will require \$171.2 million of public funding to balance the 2018 operating budget, and \$166.2 million will be provided by the RTA. In addition to statutory sales tax and PTF, Pace will receive \$4.3 million of PTF I. Pace also receives RTA funding from two dedicated funds established by P.A. 95-0708: the Suburban Community Mobility Fund (SCMF) and the South Suburban Job Access (SSJA) fund. The SCMF for 2018 is projected at \$25.2 million, while SSJA is a

fixed amount of \$7.5 million. Federal funding of \$5.0 million rounds out Pace's deficit funding, resulting in a balanced budget.

Finally, Pace Regional ADA Paratransit will require \$165.3 million of public funding to balance the 2018 budget, with \$156.8 million sourced from Sales Tax II and \$8.5 million budgeted to be provided by the State of Illinois via the RTA.

#### Debt Service

Principal and interest payments, the second largest category of RTA expenses, reflect expenses for debt service on RTA SCIP and non-SCIP bonds that finance Service Board capital projects. The amount also includes debt service for RTA short-term borrowing required because of delays in receipt of PTF and financial assistance payments from the State. RTA debt service is expected to increase by 3.2% from the 2017 estimate to \$229.5

million, due to a planned 2018 RTA bond issuance and increased short-term borrowing costs. Additional information on RTA bonds is provided in the Capital Program chapter.

#### RTA Agency and Regional Programs

Expenses for Agency and Regional Programs are projected at \$34.3 million, representing 1.9% of total 2018 RTA expenses. This category is subdivided into Agency administrative expenses of \$16.6 million, Regional Services expenses of \$16.4 million, and Regional Projects expenses of \$1.3 million. A detailed discussion is contained in the Agency Operating Plan section of this chapter.

#### State Reduced Fare Reimbursement

State of Illinois funding for Reduced Fare Reimbursement is received as revenue by the RTA and passed through to the Service Boards to replace a portion of the operating revenue lost in providing mandated free and reduced fare programs. Annual expenses of \$34.1 million are projected for 2018 through 2020 as the RTA and Service Boards anticipate that the State will restore this funding to its previous level.

#### RTA Agency Regional Capital Program

The 2018 Agency Regional Capital Program includes \$250 thousand for the Access to Transit project, which involves small pedestrian infrastructure improvements such as sidewalks and crosswalks.

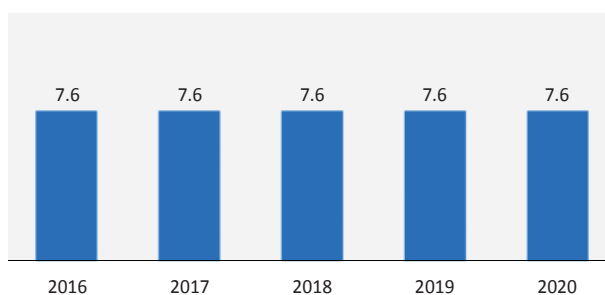
#### Joint Self-Insurance Fund

The RTA provides excess liability insurance to protect the Service Boards. Premium payments for the Joint Self-Insurance Fund (JSIF) in 2018 are budgeted at \$5.5 million, a decrease of 16% from the 2017 estimate. Premiums are projected to increase by 3.0% in both 2019 and 2020. The Service Boards can also borrow from the JSIF to finance injury and damage claims. The Service Boards are obligated to reimburse the fund, plus interest.

### FUND BALANCE

With the adoption of the 2016 regional budget, the RTA Board rescinded ordinance 98-15, which required the RTA to maintain a fund balance equal to 5% of annual operating expenditures. RTA's reserve policy now requires each transit agency to maintain its own reserves to carry itself through periods of economic downturn (accompanied by funding reductions and/or ridership losses) until service cuts or fare increases can be implemented. Exhibit 2-11 shows the projected RTA ending fund balances for 2016 through 2020.

**EXHIBIT 2-11: RTA ENDING FUND BALANCE  
(DOLLARS IN MILLIONS)**



#### Beginning Balance

The beginning balance is the amount of funds in the unreserved and undesignated RTA fund balance after the previous year's financial results have been audited and the accounting books have been closed. The beginning balance for 2016 was \$3.5 million.

#### Change In Fund Balance / Ending Fund Balance

Total RTA revenues less total RTA expenses equal the annual change in fund balance. When revenues exceed expenses, the resulting surplus increases the fund balance. When expenses exceed revenues, the resulting deficit reduces the fund balance.

In 2016, the fund balance increased by \$4.1 million, to \$7.6 million as RTA actual revenues exceeded expenses. The fund balance is projected to remain at \$7.6 million in 2017 after contingent transfers from reserves are made to offset unfavorable sales tax and debt service.

In the funding amounts approved on August 24, 2017, the RTA Board allocated all available 2018 PTF I and Sales Tax I to the RTA and Service Boards, which is expected to result in an unchanged fund balance of \$7.6 million, after transfers, at the end of 2018. The RTA fund balance is projected to remain at \$7.6 million through 2019 and 2020, as all available funding is expected to be fully allocated.

## 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 of 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 Sales Tax Agency Fund and the Pension Trust Fund. The actual 2016 results for these six funds are shown in Exhibit 2-12.

## 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 2-13 displays the 2018 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

The Capital Projects Fund is utilized for the receipt and disbursement of the proceeds of RTA bond issues. The Capital Projects Fund was first 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.

## 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

**EXHIBIT 2-12: RTA 2016 COMBINED STATEMENT OF REVENUES & EXPENDITURES BY FUND (DOLLARS IN MILLIONS)**

	General	Debt Svc	Capital	JSIF	Agency	Pension	Combined
<b>Revenues</b>							
Sales Taxes	\$131.6	-	-	-	\$1,041.5	-	\$1,173.1
Interest on Sales Taxes	0.1	-	-	-	0.2	-	0.3
Public Transportation Fund	221.6	-	-	-	161.1	-	382.7
General State Revenue	147.3	-	-	-	-	-	147.3
Innovation, Coordination & Enhancement (ICE)	12.1	-	-	-	-	-	12.1
IDOT Grant - ADA Paratransit	3.8	-	-	-	-	-	3.8
Pace ADA Surplus Refund	29.3	-	-	-	-	-	29.3
State Assistance	65.1	-	-	-	-	-	65.1
Reduced Fare Reimbursement	-	-	-	-	17.6	-	17.6
Investment Income	14.1	1.7	-	-	-	-	15.8
Other Revenues	10.4	-	-	0.1	-	20.0	30.4
Pension Contribution	-	-	-	-	-	10.8	10.8
<b>Total Revenues</b>	<b>\$635.4</b>	<b>\$1.7</b>	<b>-</b>	<b>\$0.1</b>	<b>\$1,220.4</b>	<b>\$30.8</b>	<b>\$1,888.4</b>
<b>Expenditures</b>							
<u>Current:</u>							
Financial Assistance to Service Boards	\$225.2	-	-	-	\$865.9	-	\$970.5
Administrative	16.4	-	-	5.8	-	15.5	37.8
<u>Intergovernmental:</u>							
Capital Grants--Discretionary	0.2	-	-	-	-	-	0.2
South Suburban Job Access Program (Pace)	7.5	-	-	-	-	-	7.5
Capital Grants - State Bonds	118.0	-	90.6	-	-	-	208.7
RTA Capital Grants - CTA	1.1	-	-	-	-	-	1.1
RTA Capital Grants - Metra	3.4	-	-	-	-	-	3.4
Innovation, Coordination, & Enhancement (ICE)	12.1	-	-	-	-	-	12.1
State General Revenue MOU	14.3	-	-	-	-	-	14.3
IDOT Cap Grant - PACE (ADA)	3.8	-	-	-	-	-	3.8
Suburban Community Mobility Fund	-	-	-	-	24.1	-	24.1
PACE ADA Surplus	10.6	-	-	-	-	-	10.6
Regional	21.6	-	-	-	-	-	21.6
Distributions to JSIF	4.4	-	-	-	-	-	4.4
Capital Outlay	1.3	-	-	-	-	-	1.3
<u>Debt Service:</u>							
Principal	-	432.6	-	-	-	-	432.6
Interest	-	108.6	-	-	-	-	108.6
Debt Related Costs	21.3	1.8	-	-	-	-	23.0
Debt Proceeds	-	(251.3)	(106.5)	-	-	-	(357.7)
Debt Service Operating Transfer	213.5	(220.0)	6.5	(4.4)	-	-	(4.4)
Paratransit Funding (Pace)	-	-	-	-	151.5	-	151.5
PTF (New Sales Tax/RETT)	-	-	-	-	161.1	-	161.1
Reduced Fare Reimbursement	-	-	-	-	17.6	-	17.6
Interest on Sales Taxes to Service Board	-	-	-	-	0.2	-	0.2
<b>Total Expenditures</b>	<b>\$674.7</b>	<b>\$71.8</b>	<b>(\$9.4)</b>	<b>\$1.5</b>	<b>\$1,220.4</b>	<b>\$15.5</b>	<b>\$1,974.5</b>
Revenues less Expenses <sup>1</sup>	(\$39.3)	(\$70.1)	\$9.4	(\$1.4)	-	\$15.3	(\$86.1)
<b>Fund Balance - Beginning of the year</b>	<b>\$249.8</b>	<b>\$193.0</b>	<b>\$111.0</b>	<b>\$28.0</b>	<b>-</b>	<b>\$246.4</b>	<b>\$828.3</b>
<b>Fund Balance - End of the year <sup>2</sup></b>	<b>\$210.5</b>	<b>\$122.9</b>	<b>\$120.4</b>	<b>\$26.5</b>	<b>-</b>	<b>\$261.7</b>	<b>\$742.1</b>

<sup>1</sup> Reconciliation of budgetary basis to GAAP basis. <sup>2</sup> Before reserves and designations.

**EXHIBIT 2-13: RTA STATEMENT OF REVENUES AND EXPENSES, 2018 BUDGET, GENERAL AND AGENCY FUND  
(DOLLARS IN THOUSANDS)**

	General Fund	Agency Fund	Total Budget
<b>RTA Revenues</b>			
RTA Sales Tax (Part I)	137,239	777,690	914,929
RTA Public Transportation Fund (Part I)	215,895	-	215,895
RTA Sales Tax and PTF (Part II)	14,756	458,585	473,341
State Financial Assistance	138,783	-	138,783
State Reduced Fare Reimbursement	-	34,070	34,070
RTA Regional Capital Project Reserves	250	-	250
JSIF Reserves	2,500	-	2,500
Other Revenue	1,374	-	1,374
<b>Total RTA Revenues</b>	<b>\$510,796</b>	<b>\$1,270,345</b>	<b>\$1,781,142</b>
<b>RTA Expenses</b>			
<u>Expenses for Operations</u>			
RTA Operations Funding - CTA (Includes PTF on RETT)	217,614	522,674	740,288
RTA Operations Funding - Metra	7,405	402,393	409,798
RTA Operations Funding - Pace Suburban Service	5,953	129,264	135,217
RTA Suburban Community Mobility Funding for Pace	-	25,154	25,154
RTA South Suburban Job Access Funding for Pace	7,500	-	7,500
RTA Operations Funding - ADA Paratransit Service	8,500	156,791	165,291
State Reduced Fare Reimbursement	-	34,070	34,070
Agency Administration	16,596	-	16,596
RTA Regional Services and Programs	17,668	-	17,668
<b>Total Expenses for Operations</b>	<b>\$281,236</b>	<b>\$1,270,345</b>	<b>\$1,551,581</b>
<u>Debt Service, Capital &amp; JSIF Expenses</u>			
Principal and Interest for Service Board Capital Programs	229,519	-	229,519
RTA Agency Regional Capital Program	250	-	250
Joint Self-Insurance Fund	5,499	-	5,499
<b>Total Debt Service, Capital, &amp; JSIF Expenses</b>	<b>\$235,268</b>	<b>-</b>	<b>\$235,268</b>
<b>Total RTA Expenses</b>	<b>\$516,504</b>	<b>\$1,270,345</b>	<b>\$1,786,849</b>
<b>Fund Balance (unreserved/undesignated)</b>			
Beginning Balance	7,569	-	7,569
Change in Fund Balance	(5,708)	-	(5,708)
Transfers <sup>1</sup>	5,708	-	5,708
<b>Ending Unreserved/Undesignated Fund Balance</b>	<b>\$7,569</b>	<b>-</b>	<b>\$7,569</b>

<sup>1</sup> Contingent transfers from RTA reserves to offset lower sales tax for debt service and increased short-term debt service.

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 FUNDS

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, and reduced fare reimbursement 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 exactly balanced 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.

## 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. Additional State Assistance (ASA) & Additional Financial Assistance (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, 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. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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



**EXHIBIT 2-14: 2016 RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS ACCOUNTING (DOLLARS IN THOUSANDS)**

	<b>General Fund</b>
Excess of expenditures over revenues and other financing use-budgetary basis	\$167,825
<u>Adjustments</u>	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(184)
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	(1,299)
Capital grant activity and debt related costs not in the budget	7,897
Net transfers in and out between the General Fund and Debt Service Fund not in the budget	(213,530)
<b>Total budgetary basis to GAAP basis adjustment</b>	<b>(\$207,116)</b>
Net Change in Fund Balance - GAAP basis	(39,291)
Net Changes in Reserves	43,405
<b>Net Change in Unreserved, Undesignated Fund Balance</b>	<b>\$4,114</b>
 <b>2015 ending unreserved, undesignated fund balance</b>	 <b>\$3,455</b>
 <b>2016 ending unreserved, undesignated fund balance</b>	 <b>\$7,569</b>

without Board approval, provided it does not exceed the legal levels of control (\$100,000 in value and subject to funds appropriated by the RTA Board). RTA Ordinance 91-9 established the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the Budget Ordinance (the "fund-to-budget" policy). In recent years, the annual budget ordinances had waived this policy due to insufficient levels of RTA reserves. The 2016 budget ordinance, 2015-55, rescinded the fund-to-budget policy, and the Service Board budgets are now funded to the level of actual funding receipts.

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 (Exhibits 2-14 and 2-15).

**EXHIBIT 2-15: RTA STATEMENT OF REVENUES AND EXPENSES, 2016 ACTUAL AND BUDGET, GENERAL AND AGENCY FUNDS  
(DOLLARS IN THOUSANDS)**

	2016 Budget	2016 Actual	Variance
<b>RTA Revenues</b>			
Sales Tax (Part I)	883,449	877,486	(5,963)
Public Transportation Fund (Part I)	220,862	221,621	759
Sales Tax and PTF (Part II)	467,926	468,824	898
State Financial Assistance	138,667	134,059	(4,608)
State Reduced Fare Reimbursement	34,070	17,570	(16,500)
RTA Reserves	2,555	4,555	2,000
ICE Carryover (2015)	2,623	1,632	
Other Revenue	12,252	19,665	7,413
<b>Total RTA Revenues</b>	<b>\$1,762,404</b>	<b>\$1,745,411</b>	<b>(\$16,993)</b>
<b>RTA Expenses</b>			
<u>Expenses for Operations</u>			
RTA Operations Funding - CTA (includes PTF on RETT)	731,779	735,475	(3,696)
RTA Operations Funding - Metra	403,545	396,800	6,745
RTA Operations Funding - Pace Suburban Service	166,643	165,287	1,356
RTA Operations Funding - ADA Paratransit Service	159,987	144,749	15,238
State Reduced Fare Reimbursement	34,070	17,570	16,500
Agency Administration, Regional Services & Programs	35,160	37,803	(2,643)
<b>Total Expenses for Operations</b>	<b>\$1,531,184</b>	<b>\$1,497,684</b>	<b>\$33,500</b>
<u>Debt Service, Capital, &amp; JSIF Expenses</u>			
Principal and Interest for Service Board Capital Programs	222,300	215,900	6,400
RTA Agency Regional Capital Program	2,555	2,555	-
Joint Self-Insurance Fund	6,365	6,365	-
<b>Total Debt Service, Capital, &amp; JSIF Expenses</b>	<b>\$231,220</b>	<b>\$224,820</b>	<b>\$6,400</b>
<b>Total RTA Expenses</b>	<b>\$1,762,404</b>	<b>\$1,722,504</b>	<b>\$39,900</b>
<b>Fund Balance (unreserved/undesignated)</b>			
Beginning Balance	3,369	3,455	86
Change in Fund Balance	-	22,907	22,907
Transfers <sup>1</sup>	-	(24,239)	(24,239)
Reconciliation to Budgetary Basis	-	5,446	5,446
<b>Ending Balance</b>	<b>\$3,369</b>	<b>\$7,569</b>	<b>\$4,200</b>
<b>Ending Balance as % of Total Expenses for Operations</b>	<b>0.2%</b>	<b>0.5%</b>	<b>0.3%</b>

<sup>1</sup> Include swap settlements, DSDA revenue, and ADA Paratransit funding surplus to reserves.

## RTA AGENCY OPERATING PLAN

### Budget and Financial Plan

The RTA Agency Operating Budget emphasizes the goals and recommendations outlined by the Regional Transit Strategic Plan adopted by the RTA Board in January of 2018.

The 2018 RTA Agency Operating Budget totals \$34.3 million. The RTA Agency budget and financial plan presented in Exhibits 2-16 and 2-17 meet the funding amounts set by the RTA Board on August 24, 2017.

Exhibit 2-16 shows a summary level budget by major categories, while Exhibit 2-17 shows a detailed level budget of expenses and revenues.

#### OPERATING REVENUE

The 2018 operating budget includes operating revenue of \$1.1 million from the transit benefit program, reduced fare and free ride program, and IDOT funded program. This amount is \$4.8 million lower than the 2017 estimate because no Section 5310 federal projects were programmed in 2018. Projected Regional Programs revenues in 2019 and 2020 reflect 4.7% and 2.5% growth, respectively (Exhibit 2-18).

#### RTA Agency Administrative Operating Revenue

In 2018, total Agency Administrative operating revenue from marketing and advertising is projected to be zero due to the lack of advertising space on the new trip planner site.

#### Regional Services Revenue

Total Regional Services revenue of \$0.9 million represents 2.6% of the total revenue. Customer Service and Fare Program revenue is projected to be \$0.2 million, while Transit Benefit Program revenue is projected to be \$0.7 million.

#### Regional Programs Grant Revenue

Total Regional Programs grant revenue of \$0.2 million represents 0.6% of the total revenue. It includes grants from IDOT for the Construction Quality Assurance Program. The 2018 budgeted grant revenue of \$0.2 million is \$4.7 million lower than the 2017 estimate of \$4.9 million because no Section 5310 federal projects were programmed in 2018.

#### PUBLIC FUNDING

Public funding accounts for 96.9% of the total revenue, or \$33.2 million, a 0.4% increase from the 2017 revised funding level but a 5.4% decline from the original 2017 funding level (Exhibit 2-19).

The combination of operating revenue of \$0.9 million, grants of \$0.2 million, and regional public funding of \$33.2 million comprise total Agency revenue and together balance the overall RTA Agency operating budget expenses of \$34.3 million. (Exhibit 2-20).

#### OPERATING EXPENSES

The 2018 RTA Agency Operating Budget of \$34.3 million consists of two parts: (1) the RTA Agency Administrative budget and (2) the Regional Programs budget (Exhibit 2-21). The RTA Agency Administrative budget includes core agency expenses for staff, facilities, information technology, office services, and professional services and accounts for 48.4% of RTA Agency expenses or \$16.6 million. The RTA Regional Programs budget includes Regional Services provided to the public by the RTA such as the ADA Paratransit Certification Program, Mobility Management/Travel Training, Travel Information Center, Customer Service Center, Reduced Fare, and Transit Benefit Programs. The Regional Programs budget also includes all of the RTA's grant funded programs, as well as RTA funded regional studies and initiatives. The Regional Programs budget comprises the remaining 51.6% of the operating budget expenses or \$17.7 million.

Exhibit 2-16: Agency 2018 Budget Summary and 2019-2020 Financial Plan by Major Categories (dollars in thousands)

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
Administrative Operating Revenue	3,936	-	-	-	-
Regional Services Operating Revenue	1,195	901	874	915	937
<b>Total Agency Generated Revenue</b>	<b>5,130</b>	<b>901</b>	<b>874</b>	<b>915</b>	<b>937</b>
Federal Grants	364	4,933	200	209	215
Sales Tax I	32,308	33,068	33,190	34,750	35,605
<b>Total Public Funding</b>	<b>32,672</b>	<b>38,001</b>	<b>33,390</b>	<b>34,959</b>	<b>35,819</b>
<b>Total Revenue</b>	<b>\$37,803</b>	<b>\$38,902</b>	<b>\$34,264</b>	<b>\$35,874</b>	<b>\$36,757</b>
<b>Expenses</b>					
Administrative Operating Expenses	21,723	16,774	16,596	17,376	17,803
Regional Services Operating Expenses	13,469	15,659	16,438	17,210	17,634
Grant and RTA Funded Multi Year Project Expense	2,611	6,470	1,230	1,288	1,319
<b>Total Expenses</b>	<b>\$37,803</b>	<b>\$38,902</b>	<b>\$34,264</b>	<b>\$35,874</b>	<b>\$36,757</b>
<b>Net Result</b>	-	-	-	-	-

Total 2018 agency expenses represent a decrease of \$4.6 million or 11.9% from the 2017 estimate, reflecting a 1.1% decrease in the RTA Agency Administrative budget and a 20.2% decrease in the Regional Programs budget. The reason for the decrease is that no Section 5310 federal projects were programmed in 2018 in the Regional Programs budget.

### Expense Categories

The following expense categories include both Administrative and Regional Services expenses combined (Exhibit 2-22).

#### Personnel

Personnel related costs, such as salaries, pension, health care, and training, of \$15.3 million represent 44.5% of the total expense budget. This amount increases by 3.6% compared to the 2017 estimate primarily due to the inclusion of an average merit increase of 3% in salaries in 2018 and filling some vacant positions. However, compared to the 2017 adopted budget, this amount decreases by 2.8%.

#### Professional Services

Professional services of \$1.9 million, which include audit fees, financial advisory services, Project Management Oversight (PMO) contracts, legal and legislative consulting fees, professional services for ADA Certification Program and the ADA Appeals program, and interpreter services for customer focused regional services, represent 5.6% of the total expense budget and reflect a 1.8% decrease from the 2017 estimate.

#### Purchased Service

Purchased Service expenses of \$10.1 million represent 29.6% of the total expense budget and increase by \$0.7 million or 7.1% as the result of the mostly outsourced new Mobility Management Program. This category includes the Mobility Assessment Centers operation fees and fees for Pace transportation services to the centers for the ADA Certification Program, Individual Travel Training operations fees for the Mobility Management Program, reduced fare and ride free permit production fees for the Reduced Fare Program, and the operation of the Travel Information Center.

**Exhibit 2-17: Agency 2018 Budget Detail and 2019-2020 Financial Plan by Operating Revenue and Expense Type**  
(dollars in thousands)

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
Miscellaneous Revenue	4,101	160	155	162	166
Fare Check Revenue	1,029	741	719	752	771
Regional Programs Revenue	364	4,933	200	209	215
<b>Total Operating Revenue</b>	<b>\$5,495</b>	<b>\$5,834</b>	<b>\$1,074</b>	<b>\$1,124</b>	<b>\$1,152</b>
<b>Expenses</b>					
Personnel	15,987	14,731	15,256	15,973	16,366
Professional Services	5,054	1,966	1,930	2,021	2,070
Purchased Service	7,149	9,455	10,126	10,602	10,863
Office Services	3,951	4,918	5,145	5,387	5,519
Agency Capital Programs	3,050	1,362	577	604	619
Regional Programs	2,611	6,470	1,230	1,288	1,319
<b>Total Operating Expense</b>	<b>\$37,803</b>	<b>\$38,902</b>	<b>\$34,264</b>	<b>\$35,874</b>	<b>\$36,757</b>
<b>Total Agency Operations (Net Expense)</b>	<b>\$32,308</b>	<b>\$33,068</b>	<b>\$33,190</b>	<b>\$34,750</b>	<b>\$35,605</b>
<b>Total Agency Regional Public Funding</b>	<b>\$32,308</b>	<b>\$33,068</b>	<b>\$33,190</b>	<b>\$34,750</b>	<b>\$35,605</b>

#### Office Services

Rent, utilities, maintenance, telecommunications and other office related expenses account for \$5.1 million or 15.0% of the total operating costs, which increase by 4.6% in 2018 compared to the 2017 estimate due to higher smart card expenses for the Reduced Fare Program during this senior reduced fare renewal year.

#### RTA Agency Capital Programs

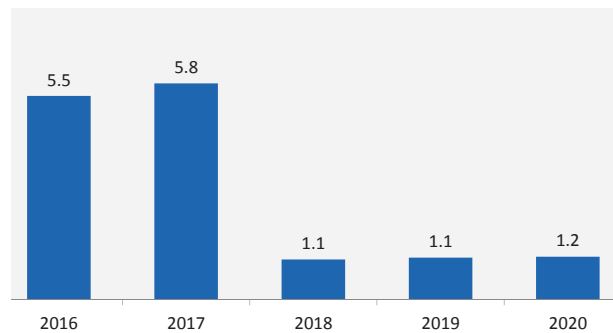
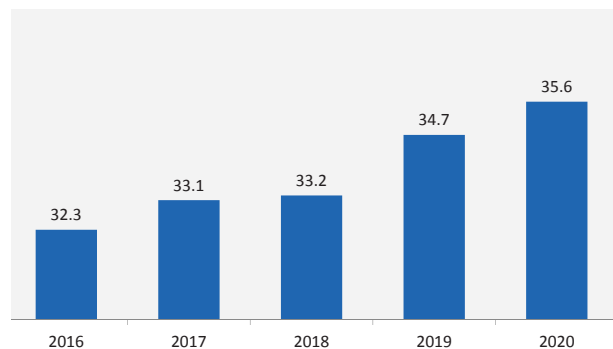
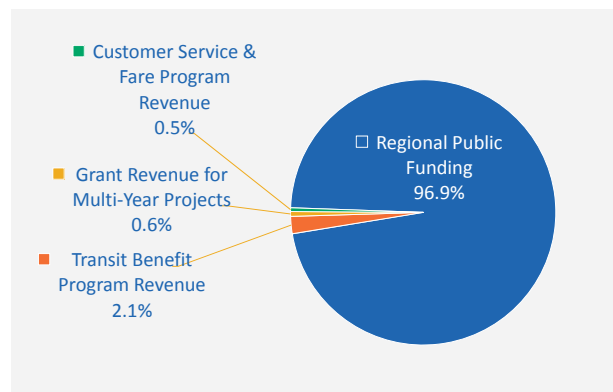
Projected costs for new IT capital initiatives of \$0.6 million under the Agency Capital Programs category represent 1.7% in the 2018 Agency budget expense. This amount includes projects to enhance the current network system as well as some costs associated with a new ERP system. Work on the implementation of the new ERP system is estimated to start in the second quarter of 2018.

#### Regional Programs

This category includes Grant and RTA funded multi-year project expenses of \$1.2 million and represent 3.6% of the overall operating expense budget. Projects in this category include: RTA funded Regional Consumer Marketing, RTA Mapping and Statistics enhancements, and Customer Satisfaction Survey, RTA and UWP funded Community Planning projects, and IDOT funded Quality Assurance Program. The regional program expenses decrease by \$5.2 million in 2018 compared to the 2017 estimate due to no Section 5310 federal projects programmed in 2018.

#### **Agency Statutory Cap**

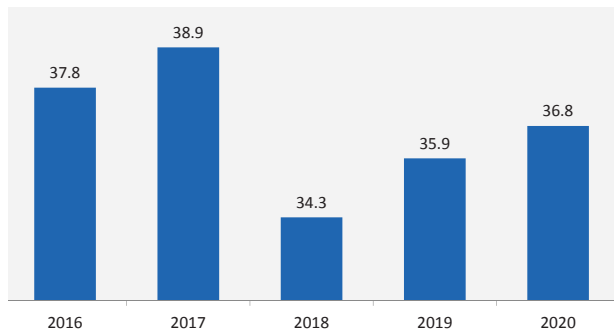
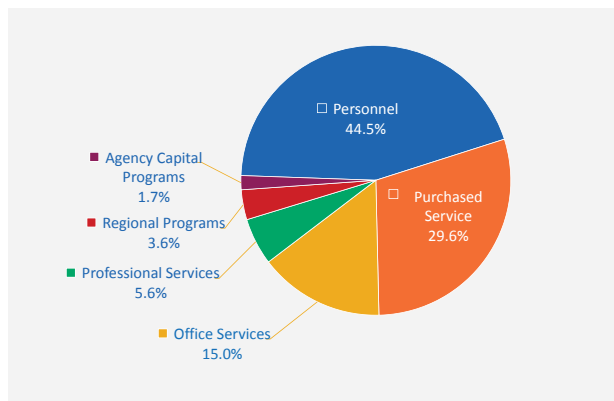
In 1985, a statutory cap for administrative spending was set at \$5.0 million, with a growth rate of 5.0% per year. The 2018 cap on Agency administrative expenses is \$25.0 million. The 2018 RTA Agency budget is below this cap with administrative expenses of \$16.6 million falling 48.4% below the statutory cap and Regional Programs,

**EXHIBIT 2-18: RTA AGENCY OPERATING REVENUE (IN MILLIONS)****EXHIBIT 2-19: RTA AGENCY REGIONAL PUBLIC FUNDING (IN MILLIONS)****EXHIBIT 2-20: 2018 RTA AGENCY REVENUE - \$34.3 MILLION**

including Regional Services and grant-funded projects, totaling \$17.7 million.

## NET RESULT

RTA Agency net results are zero for 2018 through 2020 indicating revenues are equal to expenses (Exhibit 2-16).

**EXHIBIT 2-21: RTA AGENCY OPERATING EXPENSES (IN MILLIONS)****EXHIBIT 2-22: 2018 RTA AGENCY OPERATING EXPENSES - \$34.3 MILLION**

## Organizational Structure

The proposed staffing plan for 2018 includes 114 positions, the same as in the 2017 plan. Exhibit 2-23 shows the Agency budget staffing by department. The RTA Organization Chart (Exhibit 2-24) illustrates the Agency departments and their divisions or functional units. Exhibits 2-25 and 2-26 provide a breakdown of the Agency operating budget by department.

## DEPARTMENTS

### Executive Director's Office

This department includes the RTA Board of Directors, the Executive Director, and the Secretary to the Authority. The Executive Director's Office 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



**Exhibit 2-23: 2018 Agency Budget Staffing by Department**

	2017 Budget	2018 Budget	Change
<b>Departments</b>			
Executive Office	2	2	-
Human Resources	4	4	-
Marketing and Communications <sup>(1)</sup>	4	4	-
Government Affairs	3	3	-
Legal & Compliance <sup>(2)</sup>	16	16	-
Finance, Innovation and Technology <sup>(3)</sup>	28	28	-
Capital Programming and Planning <sup>(4)</sup>	27	27	-
<b>Total Admin Staffing Plan</b>	<b>84</b>	<b>84</b>	<b>-</b>
Mobility Services <sup>(5)</sup>	30	30	-
<b>Total Regional Staffing Plan</b>	<b>30</b>	<b>30</b>	<b>-</b>
<b>Total RTA Staffing Plan</b>	<b>114</b>	<b>114</b>	<b>-</b>

<sup>(1)</sup> The Marketing and Communications Department handles internal and external communications, and also oversees Agency branding and regional marketing coordination.

<sup>(2)</sup> Legal and Compliance Department includes General Counsel, Audit, and Operations (Procurement and Facility/ Office Services).

<sup>(3)</sup> Finance, Innovation and Technology Department includes Budget and Treasury, Controller, Oversight and Compliance, and Information Technology.

<sup>(4)</sup> Capital Programming and Planning Department contains two main areas: Capital Programming, Local Planning & Program Management and Planning & Market Development.

<sup>(5)</sup> Mobility Services Department staff all included as part of the regional staff and contains the following regional services: Customer Programs, ADA Paratransit Certification Program, Mobility Management, Travel Information Center, and Regional Accessibility.

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 ADA Act, supervise audits, and consider planning studies and capital program investments. The Board has four standing committees 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 implements 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 assists with the information, documentation, and logistical needs of the RTA Board and the Executive Director.

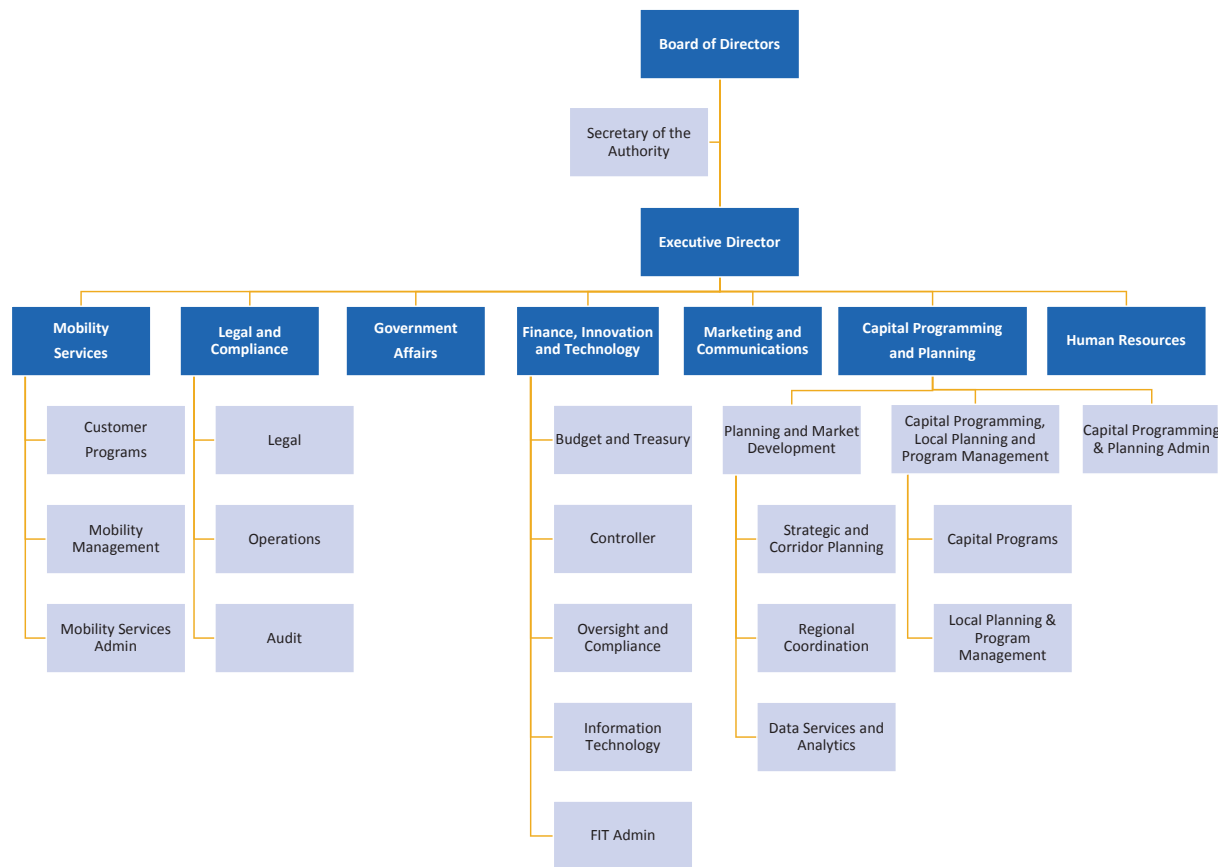


The 2018 departmental budget of \$1.3 million represents 3.9% of the total Agency operating expenses. The budgeted headcount is two, which is the same as last year.

#### Human Resources

The primary role of Human Resources is to provide high-quality responsive services to employees and retirees, such as recruitment and retention, performance man-

EXHIBIT 2-24: RTA AGENCY ORGANIZATIONAL CHART



agement, benefits and compensation administration, employee relations, wellness and employee morale activities, and organizational development to ensure the Agency can attract, employ, and retain a talented staff to achieve its strategic goals.

In 2018, Human Resources will help promote a culture that is compliant with various policies, programs, legal requirements, and processes. In addition, the department will design, develop, and recommend new and/or improved programs, policies and procedures to motivate and retain high-caliber employees. The 2018 departmental budget of \$0.6 million represents 1.8% of the total Agency operating expenses. To assist with the increase in workload, Human Resources is currently recruiting to fill a vacancy in the department. Once filled, the total headcount in Human Resources will be four.

### Marketing and Communications

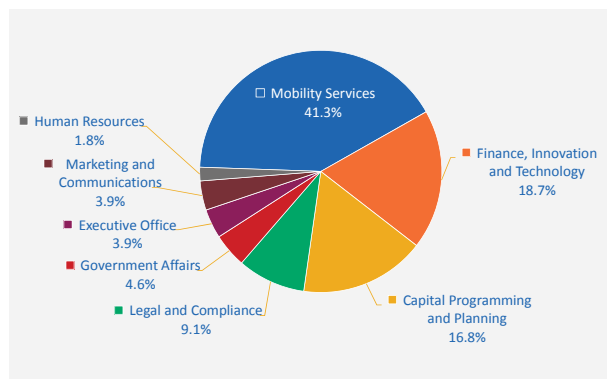
The Marketing and Communications Department handles internal and external communications, including media relations for the Agency, as well as presentations by the Executive Director and Board Chairman.

The Department communicates and publicizes RTA programs, initiatives and successes, and collaborates with the Service Boards to promote their services and programs and promote ridership. The Department also oversees Agency branding and regional marketing coordination, including Consumer and Business to Business



**Exhibit 2-25: 2018 Agency Operating Budget by Department (in dollars)**

	Expense	Operating & Grant Revenue	Regional Public Funding
Executive Office	1,342,303		1,342,303
Human Resources	622,159		622,159
Marketing and Communications	1,335,055		1,335,055
Government Affairs	1,563,669		1,563,669
Legal and Compliance	3,121,398		3,121,398
Finance, Innovation and Technology	6,401,695	200,000	6,201,695
Capital Programming and Planning	5,742,785	718,626	5,024,159
Mobility Services	14,134,562	155,000	13,979,562
<b>TOTAL</b>	<b>\$34,263,626</b>	<b>\$1,073,626</b>	<b>\$33,190,000</b>

**EXHIBIT 2-26: 2018 RTA AGENCY OPERATING BUDGET BY DEPARTMENT**

Marketing as well as promoting regional transit services and programs to residents and businesses using paid advertisements, social media, sponsorships, partnerships, participation in public events and other tactics.

In 2018, the Department will develop and execute marketing and public relations strategies and plans that positively influence public opinion and promote ideas, products or services tied to the RTA and its work. Specifically, the Department will promote the Regional Transit Strategic Plan and work with Government Relations to highlight the need for a long term, sustainable funding source for the transit system.

The 2018 departmental budget of \$1.3 million represents 3.9% of the total Agency operating expenses. The budgeted headcount is four, which is the same as in 2017, during which time one vacancy was filled.

### Government Affairs

The Government Affairs Department is responsible for developing and promoting the RTA's federal, state, and local government affairs agenda for transit in the region. In 2018, the Department will continue to work with Illinois lawmakers and the Illinois Congressional Delegation to advocate for additional transit funding. The focus at the federal level will be centered around the President's infrastructure proposal and Congressional appropriations of existing transit formula and discretionary programs. The focus at the state level will continue to be on pursuing a new state capital program.

The departmental budget in 2018 of \$1.6 million represents 4.6% of the total Agency operating expenses. The budgeted headcount is three, which is the same as last year.

### Legal and Compliance

The Legal and Compliance Department consists of three divisions: Legal, Audit, and Operations.

The Legal Division provides legal advice and counsel to the RTA Board, Executive Director and staff regarding the statutory and regulatory provisions governing the Authority and the Service Boards. The Division also oversees all RTA transactions and litigation and ensures compliance with state and federal law. Procurement, Audit, records management, Freedom of Information Act (FOIA) requests, Disadvantaged Business Enterprise (DBE) Program functions and Regulatory Compliance



are also managed within the Division. In 2018, the Legal Division's Regulatory Compliance Officer will once again spearhead the annual Transportation Symposium & Business Exchange. The Symposium is a joint initiative of the RTA, CTA, Metra, Pace, Illinois Department of Transportation and Illinois Toll Highway Authority designed to provide a forum for small and diverse businesses to obtain valuable information regarding the host agencies' upcoming business opportunities, network with each other and with larger firms and learn about the benefits of Disadvantaged Business Enterprise certification in Illinois.

In 2018, the Legal Division will continue the Authority's sales tax litigation. The RTA has successfully pursued legal action against a number of entities who have diverted tax revenue from the region. Through this litigation the RTA ensures that critical tax dollars intended to benefit transit riders in the region are properly allocated. The Legal Division will continue to manage the agency's Pension Committee and Loss Financing Plan and Joint Self-Insurance Fund. In 2017 the agency was able to achieve significant savings in the excess liability insurance premiums for policies which protect the RTA and three Service Boards from unforeseen losses and liability. The Legal Division, in conjunction with the Service Boards will again spearhead the process of maintaining coverage.

The RTA's audit authority includes financial, operational, performance, management and safety audits within the Service Boards and the RTA. The Division also ensures that the RTA is compliant with all ethics related laws

and policies. In 2018, the Audit Division will continue to closely monitor progress in addressing matters raised during the 2017 cyber security audit of the RTA, CTA, Metra, and Pace. Other audits will include reviews of grant funded projects that have been completed, reduced fare reimbursement compliance by the Service Boards and quality management reporting of the key indicators by the Mobility Services vendor. The Audit Division will also continue to report to the Board of Directors on RTA vendors' contract compliance metrics.

The Operations Division manages the Agency's procurement process, including drafting solicitation packages, bidding contracts for goods and services, negotiating contracts and amendments and ensuring all related documents are executed and properly maintained. The Operations Division also oversees all the facility and office services related functions. In 2018, the Division will continue the office's space planning project.

The 2018 departmental budget of \$3.1 million represents 9.1% of the total Agency operating expenses. The budgeted headcount is 16.

#### Finance, Innovation and Technology

The Finance, Innovation and Technology (FIT) Department is responsible for regional and Agency budget development and analysis, financial reporting and issuance of audited financial statements, financial systems management, program management oversight, asset and debt portfolio management, network and systems administration, the IT help desk, business applications, and program delivery. The Department includes the following divisions: Budget and Treasury; Controller; Oversight and Compliance; Information Technology, and FIT Department Administration. In 2018, the FIT Department will implement the new Enterprise Resource Planning (ERP) system.

In 2018, IT staff will work on the RTA Intranet redesign to increase employee productivity and provide a better branded intranet for staff to collaborate, share knowledge, and access and store important information. Now that the Disaster Recovery contract has been awarded,

IT will implement a comprehensive multi layered disaster recovery program to ensure systems availability and reduce risk. The Infrastructure team will be performing software/hardware upgrades on the current network system. Strategic upgrades to infrastructure will be made with a goal of moving towards a mobile workforce.

The Project Management Oversight and Compliance Division will coordinate with CTA, Metra and Pace and continue to perform project oversight and explore implementation of a regional web-based project management system.

The Budget and Treasury Division will continue to manage RTA's portfolio of long-term capital bonds and short-term working cash notes and monitor RTA cash balances to fund the operations of the RTA and the Service Boards. The Division will develop the 2019 operating budget, two-year (2020-2021) financial plan, and five-year (2019-2023) capital program.



The Controller Division will prepare support documents, financial statements and schedules for the annual audit and will prepare the Comprehensive Annual Financial Report (CAFR) and other audited financial reports (JSIF, Pension and Single Audit reports).

The 2018 departmental budget of \$6.4 million represents 18.7% of the total Agency operating expenses. The Department also receives operating revenue associated with the Construction Quality Assurance Program of \$0.2 million, which helps offset expenses. The budgeted headcount is 28, which is the same as in 2017.

### Capital Programming, Planning and Performance

The Capital Programming and Planning Department consists of two main functional areas: Planning and Market Development and Capital Programming, Local Planning, and Program Management. Planning and Market Development is further comprised of Regional and Corridor Planning, Regional Coordination, and Data Services and Analytics.

Early in 2018, the Board will consider the adoption of Invest in Transit, the next Regional Transit Strategic Plan. The intention of this plan is to make the case for pursuing dependable funding streams that will enable the Transit Agencies to provide vital service well into the



future. It will lay the ground work for the policies and priorities, including capital priorities and projects that should be the focus for the five year time period. The effort moving forward will be focused on implementing the plan, by refocusing a number of existing activities based on the Strategic Plan and with a number of new projects. One area that will be refocused is in performance reporting. Working with the Service Boards, staff will continue to develop and release analyses as well as look to align performance reporting with the Strategic Plan. Another area of recasting the RTA's role is in strategic asset management. This will also be in conjunction with the Service Boards and CMAP. For the RTAMS website, following a visioning exercise that lead to a procurement process this past year, staff will work to enhance and support the website through a newly procured contract. In terms of implementation work, staff will continue to install signage and wayfinding throughout the region through the Interagency Signage Program, continue work with Transit Signal Priority projects in partnership with CTA and Pace, and develop a pilot project related to connectivity and new mobility developments towards last-mile transportation services.



The Department also administers the Transit Benefit Program.

On the capital side, staff continues an ongoing effort to increase the state's commitment by working to secure a stable, dedicated source of funding for transit capital projects. Staff will also work to enhance the administration and management of the ongoing capital program, including extensive work on implementing a new ERP system. In terms of funding and support, the Community Planning Program, celebrating its 20<sup>th</sup> Anniversary, will distribute an annual call for projects in collaboration with the CMAP Local Technical Assistance program in the fall, as well as a call for projects for the Access to Transit program in the summer. Following an open call for projects for funding through the Federal Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program, staff will continue to administer and oversee the program on behalf of the region; as well as the region's Innovation Coordination and Enhancement (ICE) program.



Finally, the RTA has invested \$1.5 million in partnership with Amtrak, the City of Chicago, and Metra, in preliminary engineering and design at Union Station. This phase of the project is expected to be complete in the first quarter of 2018.

The 2018 departmental budget of \$5.7 million represents 16.8% of the total Agency operating expenses. The Department also receives operating revenue associated with the Transit Benefit Program of \$0.7 million, which helps offset expenses. The net budget amount for the Department is \$5.0 million. The budgeted headcount is 27, which is the same as in 2017.

### Mobility Services

The Mobility Services Department is responsible for the management and operation of several programs that serve regional customers. The Department's primary role is to serve customers with disabilities and older adults in order to help them understand and expand their transportation options within their communities. The Department is made up of three divisions: The Customer Programs Division, the Mobility Management Division and the Administration Division.

The Customer Programs Division is responsible for operating the federally mandated ADA Paratransit Certification and RTA Reduced Fare Programs and the State mandated RTA Ride Free program. The Division utilizes two Mobility Assessment Centers to interview and assess customer eligibility for the ADA paratransit service operated by Pace and four conveniently located RTA/City of Chicago Customer Service sites that assist customers with the fare programs' application processes and ongoing permit maintenance issues. The ADA Paratransit Certification Program serves over 18,000 applicants annually and there are currently approximately 550,000 Reduced Fare and Ride Free permit holders. In 2018, the division staff will monitor all processes and procedures related to ADA paratransit certification and the RTA fare programs and handle customer calls escalated from services offered by our vendors. The Division will also perform quality assurance activities and provide oversight of the vendor operating our two Mobility Assessment Centers.







The Mobility Management Division provides presentations across the RTA's six-county region at community-based organizations where staff educate people with disabilities and older adults about the transportation options and services available in each community. During these presentations and events, the Mobility Management Division staff help customers register for programs offered by the RTA and educate customers on the accessibility of CTA, Metra and Pace buses and trains as well as other transportation services available in each community, such as community Dial-a-Rides, Call-n-Rides and county-based paratransit services. In addition, in 2018 staff will perform quality assurance activities and provide oversight of the one-on-one Travel Training Program operations provided by an RTA vendor to ensure that the performance of the program meets RTA quality and productivity expectations.

The Administration Division houses the RTA Travel Information Center and the ADA Paratransit Certification Appeals Program. In addition, this Division ensures the continuity of services across the Department. This Division will continue to provide management and oversight of daily operations of the RTA Travel Information Center, which provides phone based customer support to assist customers with transit trip planning and questions related to the RTA fare programs. The Division will also oversee the ADA Certification Appeals Program, which utilizes an Eligibility Review Board, an independent panel of individuals who were not involved in the initial ADA Paratransit eligibility decision, to determine outcomes of cases appealed by our customers. The Eligibility Review Board oversees every step in the appeal process from scheduling and holding the

appeal hearings to sending final determination letters to the appellants.

The 2018 departmental budget of \$14.1 million represents 41.2% of the total Agency operating expenses. The Department also receives operating revenue associated with the Reduced Fare Program of \$0.2 million, which helps offset expenses. The budgeted department headcount is 30, which is the same as in 2017.



# 3 CTA OPERATING PLAN







## Overview

The Chicago Transit Authority (CTA) was created by the Illinois State legislature in 1945 and began operations in 1947. CTA became the sole operator of Chicago transit in 1952 when it purchased the Chicago Motor Coach System. The primary mission of CTA is to deliver quality, affordable transit services that link people, jobs, and communities.

## Service Characteristics

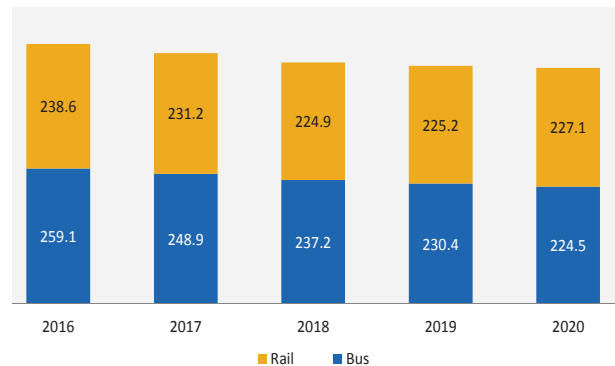
CTA operates the second largest public transportation system, by ridership, in the United States with average weekday ridership of 1.6 million on its bus and rail system. The CTA's service area encompasses 234 square miles in the City of Chicago and 35 surrounding suburbs. Bus operations provide 1,864 buses traveling over 129 routes covering 1,536 route miles and serving 10,813 bus stops. Rail service spans eight lines with 1,492 rail cars traveling over 224.1 miles of track and serving 145 stations.

### RIDERSHIP

Total ridership for 2018 is budgeted at 462.1 million trips, 3.7% or 18 million fewer trips than 2017 estimated ridership (Exhibit 3-1). CTA bus ridership is budgeted at 237.2 million trips in 2018, 4.7% or 11.7 million fewer than the 2017 estimate. Rail ridership is budgeted at 224.9 million trips in 2018, 2.7% or 6.3 million trips lower than the 2017 estimate. CTA ridership declined by an estimated 3.5% in 2017, the result of unfavorable bus and rail ridership.

CTA anticipates declining bus and rail ridership will persist in 2018 and that bus ridership will decline through 2020. Rail ridership is slated to grow in 2019 and 2020 and is expected to overtake bus ridership in 2020. By 2020, bus ridership is projected to decline to 224.5 million trips while rail ridership is anticipated to increase to 227.1 million, bringing total CTA ridership to 451.5 million. Total ridership is anticipated to decline at

EXHIBIT 3-1: CTA RIDERSHIP (IN MILLIONS)



a compound annual rate of 2.4% between 2016 actuals and 2020 projections.

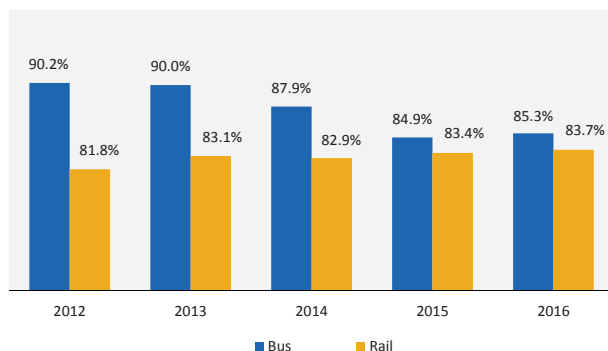
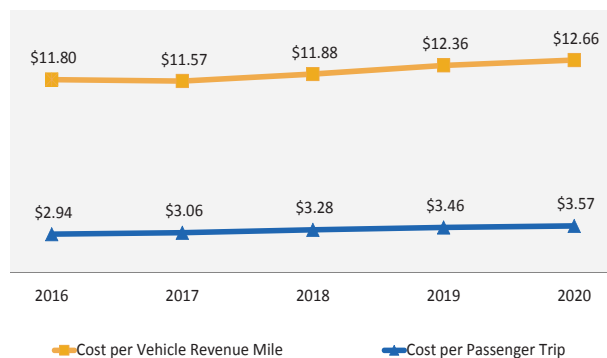
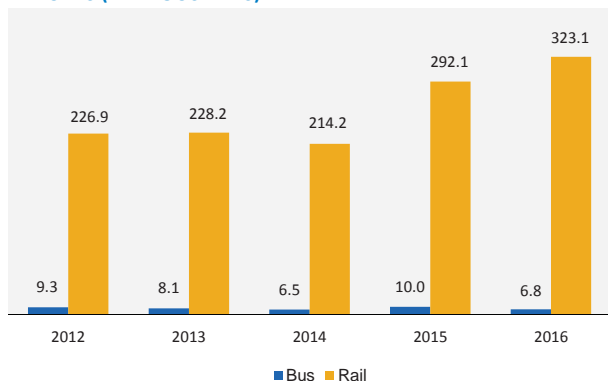
*CTA operates the second largest public transportation system in the United States with average weekday ridership of 1.6 million on its bus and rail system.*

### SERVICE QUALITY

On-time performance is a key measure of service quality and is shown in Exhibit 3-2. For CTA rail, on-time performance is measured as arriving within one minute of the scheduled headway. For bus, on-time

performance is measured as leaving the terminal no more than one minute early and arriving no more than five minutes later than scheduled. Since 2012, CTA has maintained on-time performance levels above 80% for rail service. On-time performance for bus service declined between 2012 and 2015, but improved in 2016 to 85.3%.

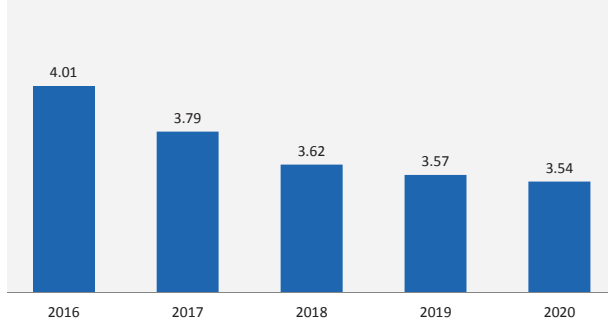
The maintenance, rehabilitation, and replacement of buses and rail cars helps improve service reliability and on-time performance by reducing mechanical failures. Exhibit 3-3 illustrates the miles between major mechanical failures for CTA bus and rail. Miles between mechanical failures decreased by 32.6% for CTA bus in 2016 and increased by 10.6% for CTA rail. The number of mechanical failures increased due to the fact the 5000-series rail cars are coming out of warranty and the 2600-series, the oldest on the system, now require significant parts replacements to remain operational. CTA has established an aggressive fleet modernization program, overhauling buses and putting new 5000-se-

**EXHIBIT 3-2: CTA ON-TIME PERFORMANCE****EXHIBIT 3-5: CTA COST EFFICIENCY & EFFECTIVENESS****EXHIBIT 3-3: CTA MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)**

as CTA's operating costs grow at a greater rate than projected service and ridership.

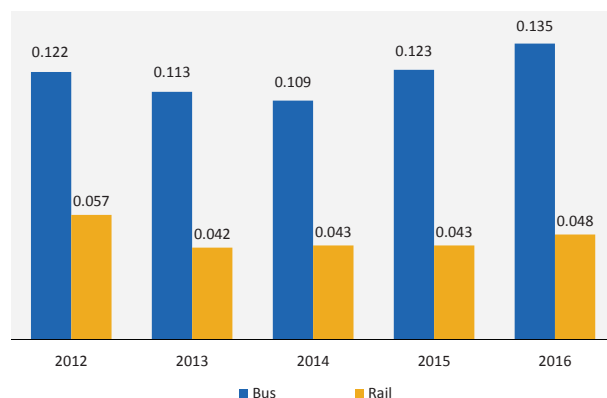
## SAFETY AND SECURITY

With 32,000 on buses, trains, and stations, CTA is one of the only major transit agencies in the nation with system-wide security cameras. Safety is such a priority for the CTA that it partnered with the FTA to pilot the first Safety Management System Program, a set of public safety and risk mitigation guidelines and policies. Since 2011, CTA estimates safety cameras have aided in the arrest and conviction of more than 1,200 individuals who committed crimes on or near the CTA system. Exhibit 3-6 shows that CTA's reported safety and security incidents increased on bus and rail in 2016, the latest year of data available. CTA will increase its security presence on the rail system in 2018.

**EXHIBIT 3-4: CTA PASSENGER TRIPS PER VEHICLE REVENUE MILE**

ries rail cars into service, which should help mitigate mechanical failures.

Service effectiveness, shown in Exhibit 3-4 by the metric passenger trips per vehicle revenue mile, is expected to decrease to 3.62 in 2018 as CTA maintains service levels despite declining ridership. Cost efficiency and effectiveness is illustrated in Exhibit 3-5. The operating cost per passenger trip and per vehicle revenue mile are expected to steadily increase over the next few years

**EXHIBIT 3-6: CTA REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS**



## CHALLENGES

Adequate funding for the rehabilitation and expansion of the CTA system continues to be one of the largest challenges the agency faces. The State of Illinois has not had a funded Public Transportation Bond program since 2014. As a result, the CTA has had to work to find new and innovative ways to match its federal capital funding. In 2018, the City of Chicago will increase the Ground Transportation Tax on ride-hailing services like Uber and Lyft. An estimated \$16 million from these tax proceeds will go to the CTA. The CTA will use these funds to support a bond issuance to fund \$179 million in capital investment.

The CTA also faces operating revenue shortfalls. The State's FY 2018 budget reduced support for transit by imposing a permanent 2% surcharge on sales tax collections and implementing a temporary 10% cut in State Public Transportation Funds (PTF). This State action led CTA to increase passenger fares for 2018 in order to compensate for the lower public funding. Increasing fares will, in turn, impact ridership levels.

## Budget and Financial Plan

CTA's 2018 budget and two-year financial plan presented in Exhibit 3-7 match the funding amounts set by the RTA Board in August 2017. The budget reflects a recovery ratio of 57.1%, exceeding the required recovery ratio of 54.9% adopted by the RTA Board. CTA's 2018 budget and two-year financial plan were approved by the RTA Board on December 14, 2017. A detailed discussion of CTA's outlook for operating revenue, public funding, and operating expenses follows.

## OPERATING REVENUE

CTA total budgeted operating revenue, comprised of passenger revenue, reduced fare reimbursement, and other revenue, is expected to increase by 8.7% to \$707.6 million in 2018, followed by increases of 2.3% in 2019 and 1.8% in 2020 (Exhibit 3-8). Growth is fueled by the 2018 fare increase and contingent on the reinstate-

ment of previous levels of funding for free and reduced fare rides.

### Passenger Revenue

Passenger revenue comprises 82.0% of CTA's total operating revenue. Passenger revenue is estimated to increase 4.1% in 2018 to \$583.1 million, followed by increases of 0.5% in 2019 and 0.8% in 2020. Growth in 2018 is expected due to the budgeted fare increase. Passenger revenue growth in the planning years is driven by moderate increases in ridership on CTA rail, which yields higher average fares than bus, and management initiatives to increase transit benefits participation. Exhibit 3-9 details the average fare paid by CTA customers, budgeted at \$1.26 in 2018 and forecasted to increase to \$1.31 by 2020.

### Reduced Fare Reimbursement

The State of Illinois provides a subsidy to the Service Boards, via the RTA, to partially replace the revenue lost due to mandated free and reduced fare ride programs for older adults, students, and people with disabilities. The Service Boards are permitted to reflect this funding as operating revenue. CTA received \$14.6 million in reduced fare reimbursement funding from the State in 2017 after the State's 2018 budget cut funding for this program by 50%. At the RTA's direction, CTA's budget assumes that the State will reinstate reduced fare funding to its previous level of \$34.1 million in its 2019 budget, bringing CTA's share back up to \$28.3 million for 2018 and each of the planning years 2019 and 2020.

### Other Revenue

Other revenue comprises 14.0% of CTA's total operating revenue. Non-capital grant revenue, parking charges, and revenue from rentals and property sales are included in Other Revenue. It is projected to increase by 27.0% in 2018, as CTA will receive new revenue from the City of Chicago's ride-hailing fee. Exhibit 3-10 illustrates the components of the other revenue category.

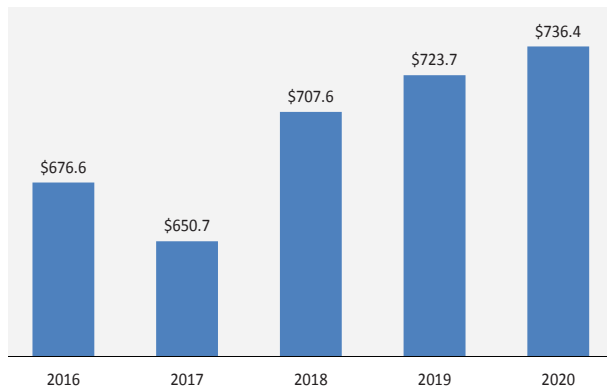
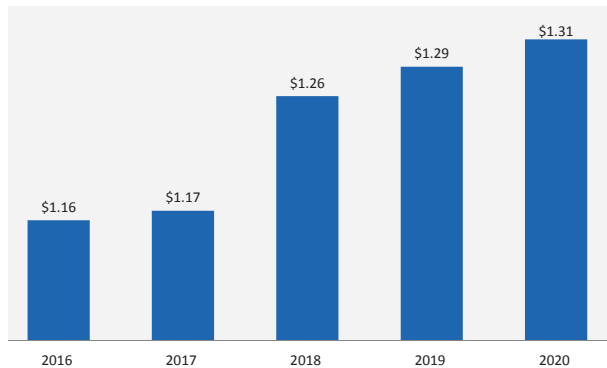
## EXHIBIT 3-7: CTA 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
<u>Operating Revenues</u>					
Passenger Revenue	577,007	560,377	583,105	586,021	590,951
State Reduced Fare Reimbursement <sup>1</sup>	14,385	14,606	28,322	28,322	28,322
Other Revenue	85,177	75,714	96,149	109,345	117,086
<b>Total Operating Revenues</b>	<b>\$676,569</b>	<b>\$650,697</b>	<b>\$707,576</b>	<b>\$723,687</b>	<b>\$736,359</b>
<u>Public Funding</u>					
Sales Tax I	365,622	370,873	381,224	392,660	404,440
Sales Tax II and PTF II	125,547	125,948	124,792	132,442	133,322
25% PTF on RETT	19,594	16,173	16,658	17,158	17,672
Non-Statutory Funding - PTF I	217,189	214,828	211,577	235,594	242,662
Non-Statutory Funding - ST I	1,733	629	-	-	1,985
Innovation, Coordination, and Enhancement Funding <sup>2</sup>	5,790	5,875	6,037	6,218	6,405
City of Chicago RETT	79,063	64,690	66,631	68,630	70,689
<b>Total Public Funding</b>	<b>\$814,538</b>	<b>\$799,016</b>	<b>\$806,919</b>	<b>\$852,702</b>	<b>\$877,175</b>
<b>Total Revenues</b>	<b>\$1,491,107</b>	<b>\$1,449,713</b>	<b>\$1,514,495</b>	<b>\$1,576,390</b>	<b>\$1,613,534</b>
<b>Expenses</b>					
Labor	1,027,047	1,038,392	1,046,059	1,066,980	1,088,320
Material	82,921	87,555	92,425	96,600	97,082
Fuel	32,738	28,930	33,576	34,583	35,620
Power	29,283	28,062	31,369	32,624	33,929
Insurance & Claims	10,500	3,167	5,000	10,000	10,000
Purchase of Security Services	14,095	17,304	17,804	18,160	18,523
Other Expenses	267,558	263,803	288,263	317,443	330,059
<b>Total Expenses</b>	<b>\$1,464,142</b>	<b>\$1,467,213</b>	<b>\$1,514,495</b>	<b>\$1,576,389</b>	<b>\$1,613,534</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	(4,790)	-	-	-	-
Short-term Borrowing	-	17,500	-	-	-
<b>Net Result</b>	<b>\$22,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recovery Ratio</b>	<b>55.2%</b>	<b>54.8%</b>	<b>57.1%</b>	<b>55.8%</b>	<b>55.2%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare funding to \$34.070 million in State FY18-21 budgets.

<sup>2</sup> ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.

<sup>3</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for capital projects.

**EXHIBIT 3-8: CTA OPERATING REVENUE (MILLIONS)****EXHIBIT 3-9: CTA AVERAGE FARE**

## PUBLIC FUNDING

Total public funding for CTA is budgeted at \$806.9 million in 2018, 1.0% higher than the 2017 estimate. Public funding for CTA is anticipated to increase to \$852.7 million in 2019 and \$877.2 million in 2020. These amounts include Chicago Real Estate Transfer Tax (RETT) funding projected at \$66.6 million in 2018, \$68.6 million in 2019, and \$70.7 million in 2020. The Service Boards will receive Innovation, Coordination, and Enhancement (ICE) funding for RTA Board approved operating or

capital projects through the budget process. CTA's ICE funding for 2018 totals \$6.0 million and will be used for operations. The approved ICE-funded projects for each Service Board are shown in Exhibit 1-12 of the Executive Summary chapter. A detailed discussion of how the RTA allocates public funds among the Service Boards is contained in Chapter 2.

CTA's total revenue, comprised of operating revenue and public funding, is budgeted at \$1.514 billion for 2018, a 4.5% increase compared to the 2017 estimate. Revenue increases of 4.1% in 2019 and 2.4% in 2020 are expected. Exhibit 3-11 illustrates the breakdown of CTA's total revenue.

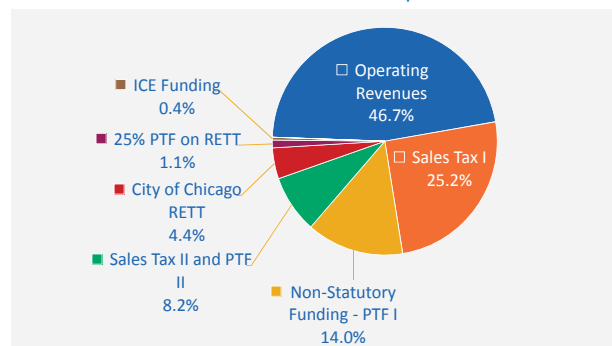
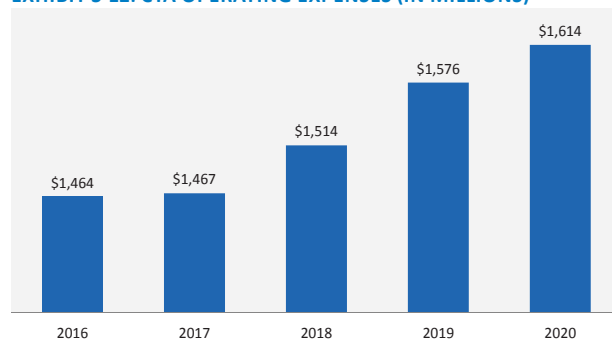
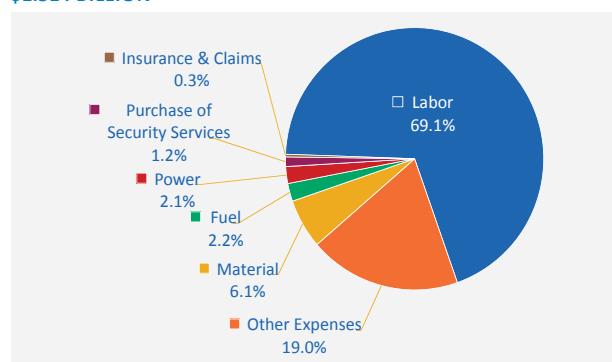
## OPERATING EXPENSES

CTA's total operating expenses of \$1.514 billion in 2018 are projected to grow by 3.2% over the 2017 estimate as a result of increases in labor, material, fuel, power, and other expenses. In 2019 and 2020, expenses are expected to increase by 4.1% and 2.4%, respectively. Exhibit 3-12 shows a trend of steady, incremental operating expense increases.

The components of operating expenses include labor, material, fuel, power, insurance and claims, purchase of security services, and other. Included in the other category is interest on pension obligation bonds, utilities, maintenance and repair contracts, advertising, consulting, insurance, leases and rentals, and other general expenses. Exhibit 3-13 shows each category of operating expenses and its proportion of the overall expense budget.

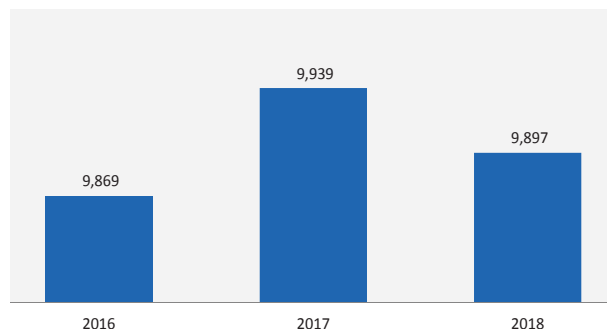
**EXHIBIT 3-10: CTA OTHER REVENUE COMPONENTS (DOLLARS IN THOUSANDS)**

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Other Revenue</b>					
Advertising, Charter, & Concessions	35,019	35,269	38,347	39,114	42,396
Investment Income	1,608	2,100	1,600	1,600	1,600
Contributions from Local Govt. Units	5,000	5,000	5,000	5,000	5,000
Miscellaneous Revenue	43,550	33,345	51,202	63,631	68,090
<b>Total Other Revenue</b>	<b>\$85,177</b>	<b>\$75,714</b>	<b>\$96,149</b>	<b>\$109,345</b>	<b>\$117,086</b>

**EXHIBIT 3-11: CTA 2018 TOTAL REVENUE - \$1.514 BILLION****EXHIBIT 3-12: CTA OPERATING EXPENSES (IN MILLIONS)****EXHIBIT 3-13: CTA 2018 TOTAL OPERATING EXPENSES - \$1.514 BILLION**

### Labor

Labor expenses for 2018 are estimated at \$1.046 billion, \$7.7 million or 0.7% more than the 2017 estimate. This growth reflects an increase in CTA's pension contribution. CTA contained growth in this area by eliminating 45 non-union positions and restricting hiring on 70 more. Labor expenses are expected to increase by 2.0% in 2019 and 2020. CTA budgeted for 9,897 positions in 2018, a decrease of 0.4% from the 2017 budgeted amount (Exhibit 3-14).

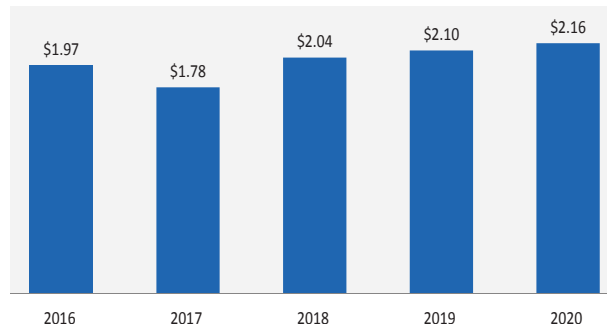
**EXHIBIT 3-14: CTA BUDGETED POSITIONS**

### Material

Material expenses for 2018 are estimated at \$92.4 million, 5.6% higher than the 2017 estimate. Material expenses are slated to increase as a result of increased vehicle maintenance on 5000-series rail cars. Expenses are expected to grow 4.5% in 2019 and 0.5% in 2020 as the CTA will have to increase its expenditures in order to keep its fleet in a state of good repair.

### Fuel

Fuel is budgeted at \$2.04 per gallon for a total budgeted cost of \$33.6 million in 2018, \$4.6 million more than the 2017 forecast due to increasing fuel prices. CTA is able to achieve cost savings through its strategic fixed price purchasing strategy and has locked in 80% of its projected usage for 2018 to mitigate against further fluctuations in price. CTA has budgeted for fuel prices to increase moderately in the planning years, growing 3.0% in 2019 to \$2.10 per gallon and 3.0% in 2020 to \$2.16 per gallon (Exhibit 3-15).

**EXHIBIT 3-15: CTA FUEL PRICE PER GALLON**

### Power

Power is budgeted at \$31.4 million in 2018, 11.8% greater than the 2017 estimate, but flat to the 2016 budgeted amount. The increase in expenses expected in 2018 over the 2017 estimate is due to service level improvements on bus and rail and regulatory fee increases. CTA no longer uses a block purchasing approach to purchase wholesale power for its base load electricity supply in advance. In 2017, CTA began using a fixed price purchasing strategy to protect against consumption and cost spikes in extreme weather. Power expenses are budgeted to increase by 4.0% in both 2019 and 2020.

### Insurance and Claims

The insurance and claims category, which includes funding for claims and litigation expenses from injuries and damages that occur on CTA property or with CTA vehicles, is budgeted at \$5.0 million in 2018, which is 57.9% above the 2017 estimate. Reserve funding in this category exceed projected liabilities in 2017; therefore, CTA paid less into the fund than it had budgeted at the advice of its actuaries. CTA will begin paying into the fund again in 2018 and proposed expenses for 2019 and 2020 are \$10.0 million in both years.

### Purchase of Security Services

Expenses for security services are estimated at \$17.8 million in 2018, 2.9% more than the 2017 estimate. Expense growth in this category in 2018 is due to normal cost escalation for contracted security services. Expenses are projected to grow by 2.0% in both 2019 and 2020.

### Other Expenses

Other expenses, which include interest on pension obligation bonds, utilities, maintenance and repair contracts, advertising, consulting, insurance, and leases and rentals, are estimated at \$288.3 million in 2018, 9.3% more than the 2017 estimate. This increase is largely due to increased debt



service payments. Other expenses are slated to increase by 10.1% in 2019 and 4.0% in 2020, again due to additional debt service payments.

### **NET RESULT**

Net result equals total operating revenues and public funding minus total expenses and transfers. CTA's 2018 operating budget is balanced, with revenues covering expenses and producing a net result of zero. In 2019 and 2020, CTA anticipates a balanced budget with net results equal to zero.

### **RECOVERY RATIO**

CTA's 2018 recovery ratio of 57.1% is calculated by dividing total operating revenue by total operating expenses, with approved adjustments. Approved adjustments for CTA include a revenue credit for free rides, in-kind revenue and expense for Chicago Police Department services, and expense exclusions for security, depreciation, and pension obligation bond debt service. For 2019 and 2020, CTA anticipates recovery ratios of 55.8% and 55.2%, respectively.

### **Statutory Compliance**

CTA's 2018 budget and 2019-2020 financial plans comply with the operations funding amounts adopted by the RTA Board on August 24, 2017. RTA funding includes sales tax and Public Transportation Fund amounts provided by statutory formulas, as well as RTA non-statutory funds and ICE funding. It does not include funding from the Chicago Real Estate Transfer

Tax (RETT). The total RTA funding levels for CTA were set at \$740.3 million in 2018, \$784.1 million in 2019, and \$806.5 million in 2020. CTA's 2018 budgeted recovery ratio of 57.1% exceeds the requirement adopted by the RTA Board on August 24, 2017.

The RTA Act requires that each Service Board meet seven criteria, which are detailed in the Appendices chapter, for Board approval of its budget. The CTA budget substantially meets each of these criteria for its proposed 2018 budget and 2019-2020 financial plans.

## **Fare Structure**

CTA instituted a 25 cent fare increase on the base one-way fare and increased the price of a 30-day pass in 2018 by \$5.00 to \$105.00. CTA's new fare structure is illustrated in Exhibit 3-16.

## **Organizational Structure**

CTA's organization chart is shown in Exhibit 3-17 and consists of the following departments and business units: Legislative Affairs, Planning, Transit Operations, Infrastructure, Administration, Finance, Law, Communications, and Safety.

The Chicago Transit Board 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. CTA Board Members, and the President of the CTA, report directly to the Chairman of the Board. Functionally, the General Counsel of the CTA, the Department of Internal Audit, and the Chief Financial Officer also report to the Chairman of the Board.



## EXHIBIT 3-16: CTA FARE STRUCTURE

	Full Fare	Reduced Fare <sup>1</sup>
<b>Current Fares</b>		
Regular Fare Types <sup>2</sup>		
Full Fare Bus	\$2.25	\$1.10
Full Fare Rail	\$2.50	\$1.25
Full Fare Cash (Bus only)	\$2.50	\$1.25
Transfer <sup>3</sup>	\$0.25	\$0.15
Ventra Ticket <sup>4</sup>	\$3.00	
<b>Passes</b>		
1-day	\$10.00	None
3-day	\$20.00	None
7-day (CTA only)	\$28.00	None
7-day (CTA and Pace)	\$33.00	None
30-day	\$105.00	\$50.00
Metra Link-up Pass	\$55.00	None
<b>Student Fares<sup>5</sup></b>		
Bus and Rail with Student Permit	\$0.75	None
Transfer <sup>3</sup>	\$0.15	None
Student Fare Cash (Bus only)	\$0.75	None
O'Hare Station Fare <sup>6</sup>	\$5.00	\$1.10
#128 Soldier Field Express <sup>7</sup>	\$5.00	\$2.50

<sup>1</sup> 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.

<sup>2</sup> Unless indicated, the fare is paid with a Ventra or registered contactless credit/debit card.

<sup>3</sup> The second transfer is free.

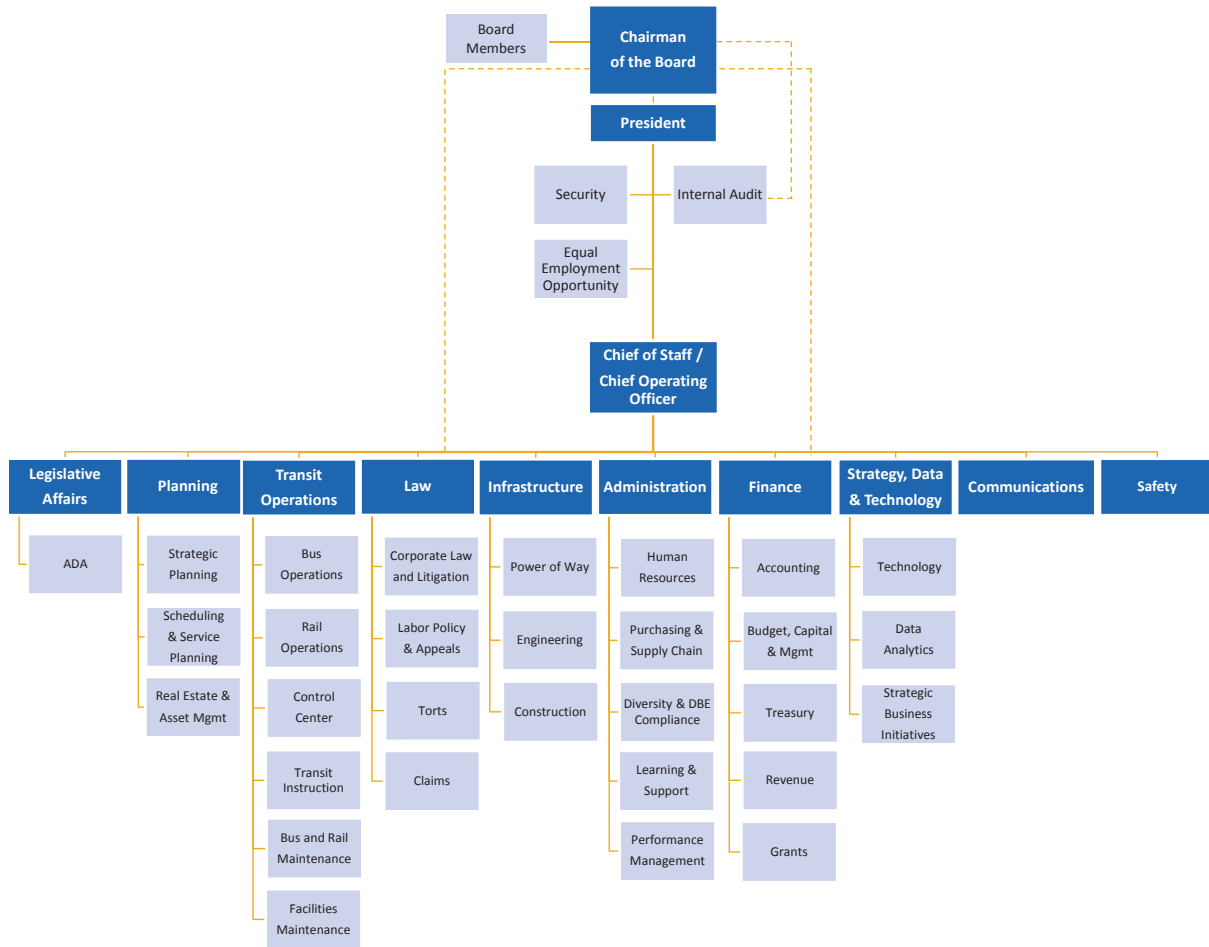
<sup>4</sup> Customers will be charged an additional \$0.50 for a limited time use Ventra ticket.

<sup>5</sup> 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.

<sup>6</sup> The additional \$2.75 surcharge is not assessed on registered Ventra card users, cards using a purchased period-pass; registered contactless credit/debit cards using a purchased period pass; O'Hare Airport based employees using an employer issued Ventra Card; reduced fares; student fares; and U-Pass.

<sup>7</sup> One-way fares were replaced with a \$5.00 round-trip fare.

EXHIBIT 3-17: CTA ORGANIZATIONAL STRUCTURE



# 4 METRA OPERATING PLAN







From *Invest in Transit*, the 2018-2023 Regional Transit Strategic Plan For Chicago and Northeastern Illinois

## Overview

**M**etra, short for Metropolitan Rail, is the Commuter Rail Division of the RTA. Metra provides rail service primarily to workers commuting to and from downtown Chicago, as well as leisure travelers. Commuter rail service in the Chicago region has an extensive history, predating the inception of Metra in 1983. At that time, years of disinvestment in capital assets led to the formation of the RTA and Metra. Metra purchased many existing assets and took over operations from the various railroads which previously provided commuter rail service.

Years of capital investments totaling over \$6 billion followed, resulting in additional stations, new rolling stock, and increased service, which positively affected ridership. However, continued inadequate capital funding has again led to deferred investment in capital assets. The cycle of underinvestment has led to greater maintenance needs and more frequent service disruptions, both of which increase operating expenses and reduce reliability, and ultimately, ridership.

*The system extends 488 route-miles to the limits of the six-county area and serves 241 local rail stations in more than 100 communities.*

## Service Characteristics

The Metra rail system comprises 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 241 local rail stations in more than 100 communities. Metra's network is comprised of over 1,200 revenue vehicles, 823 bridges, 566 grade crossings, 24 rail yards, and over 90,000 parking spaces. Metra's operational interface with extensive freight networks makes it one of the nation's most complicated rail systems. A system of such complexity requires frequent maintenance and renewal to preserve operational performance, safety, and service efficiency.

Metra serves the region on routes owned by Metra or freight carriers and through purchase of service (POS) agreements with Union Pacific and Burlington

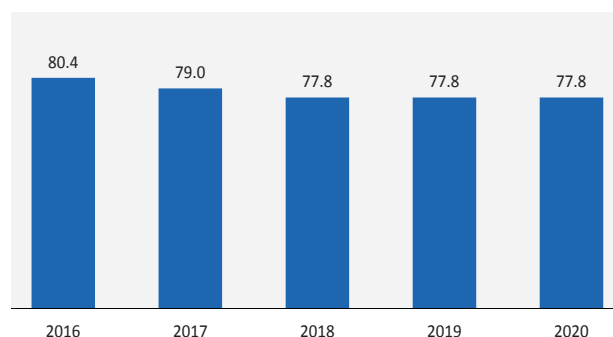
Northern Santa Fe, two of the largest freight carriers in the nation. The South Shore Line, operated by the Northern Indiana Commuter Transportation District (NICTD), is another Metra partner, providing service between Chicago and South Bend, IN. In 2017, Metra and its carriers operated 691 weekday trains, 264 Saturday trains, and 175 Sunday trains. Metra provides safe, reliable commuter rail service with an average weekday ridership of nearly 300,000. Metra's hub is located in the downtown Chicago business district. Four downtown terminals serve Metra's eleven lines.

In response to lower funding for operations in 2018, Metra will implement some service reductions for the first time in its history. A small number of weekday trains will be modified or eliminated on the North Central Service, South West Service, and Rock Island Line, and three weekend trains will be cut on the Milwaukee District North Line.

## RIDERSHIP

Metra's primary customer base is city and suburban residents who travel to and from downtown Chicago. Ridership has been at historically high levels in recent years, surpassing 80 million annual trips each year since 2007. However, ridership is estimated to finish 2017 at 79.0 million, a 1.8% decrease from 2016. The decrease is primarily due to the 2017 fare increase, lower gas prices, and increased telecommuting.

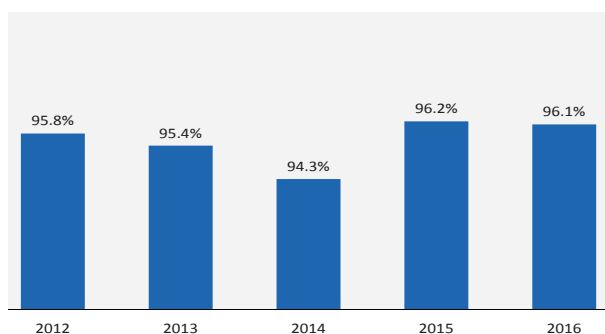
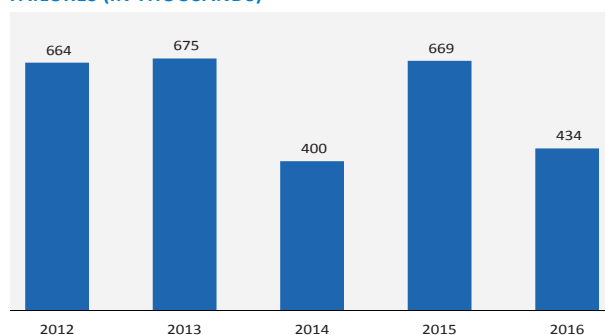
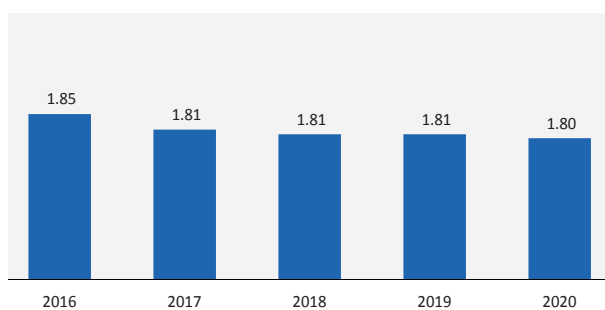
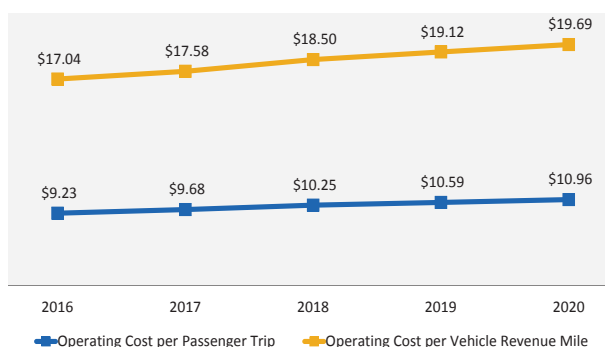
In 2018, Metra anticipates a further ridership decrease of 1.5% to 77.8 million, resulting from another general fare increase, effective in February. Metra projects stable ridership levels in 2019 and 2020 [Exhibit 4-1]. Metra is committed to growing ridership across all market segments by positioning its service as the preferred mode of travel in terms of reliability, efficiency, and convenience. Metra's proposed modernization program is designed to help Metra deliver on this strategy, by maintaining its infrastructure and ensuring reliable service. In addition, Metra is partnering with

**EXHIBIT 4-1: METRA RIDERSHIP (IN MILLIONS)**

Uber Technologies to serve as the agency's preferred rideshare provider.

### SERVICE QUALITY

A key measure of service quality for regularly scheduled trains is on-time performance, defined as arriving at their last station stop less than six minutes behind schedule. The average on-time performance measures are shown in Exhibit 4-2. Metra strives to meet service standards which include an on-time performance level of 95%. The on-time performance rate of 96.1% in 2016 exceeded the five-year average of 95.6% and was down just slightly from 2015. Exhibit 4-3 illustrates the miles between major mechanical failures over the past five years, reflecting a fluctuating trend. In 2014, the significant decline was due to the "Polar Vortex" events during the months of January and February. This metric improved in 2015 as replacement and major rehabilitations of the older rolling stock decreased the average fleet age. Service effectiveness, shown in Exhibit 4-4 by the metric passenger trips per vehicle revenue mile, is expected to remain flat in 2018 due to anticipated ridership losses occurring in conjunction with some service reductions. Metra is anticipating no ridership growth and unchanged service levels in 2019 and 2020. The cost efficiency and effectiveness illustration in Exhibit 4-5 shows operating cost per passenger trip and per vehicle revenue mile steadily increasing over the next few years, as operating costs increase while service and ridership are expected to decrease in 2018 and then remain flat.

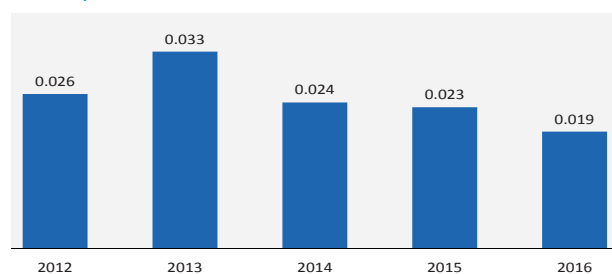
**EXHIBIT 4-2: METRA ON-TIME PERFORMANCE****EXHIBIT 4-3: METRA MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)****EXHIBIT 4-4: METRA PASSENGER TRIPS PER VEHICLE REVENUE MILE****EXHIBIT 4-5: METRA COST EFFICIENCY AND EFFECTIVENESS**



## SAFETY AND SECURITY

Safety of employees, passengers, and the public remains Metra's number one priority. Metra's Safety Department oversees numerous programs to incorporate education, engineering, and enforcement activities. Metra's partnership with Operation Lifesaver, ongoing since 1992, continues to offer train safety educational presentations and materials to various groups throughout the region. In 2018, Metra will continue holding its Safety Poster Contest, which engages more than 2,000 area schools. Exhibit 4-6 shows that Metra's reportable incident rate has declined steadily after experiencing a jump in 2013.

**EXHIBIT 4-6: METRA REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS**



## CHALLENGES

Metra's focus will be on modernizing its rolling stock fleet and continuing to implement Positive Train Control (PTC) by the federally mandated deadline of December 2018. PTC, while a welcome safety enhancement, will add significant ongoing expense to Metra's operating budget due to its complexity. Metra will continue to lobby State and Federal government for additional funding as the projected capital funding of less than \$300 million annually falls well short of the \$1.2 billion needed on an annual basis to maintain the system in a state of good repair. Metra also continues to examine the possibility of issuing bonds to provide additional funding for its capital needs.

## Budget and Financial Plan

The Metra 2018 budget and two-year financial plan presented in Exhibit 4-7 complies with the funding

amounts set by the RTA Board in August 2017. The budgeted recovery ratio of 54.7% exceeds the required recovery ratio of 52.5% for 2018. The RTA Board approved and adopted Metra's 2018 budget and two-year financial plan on December 14, 2017. A detailed discussion of Metra's outlook for operating revenue, public funding, and operating expenditures follows.

## OPERATING REVENUE

Metra's operating revenue is comprised of passenger revenue, reduced fare reimbursement, and other revenue. Metra projects that 2018 total operating revenues will increase by 4.3% to \$411.1 million, followed by increases of 6.3% in 2019 and 3.8% in 2020, driven by increases in passenger revenue and the assumed reinstatement of the State Reduced Fare Reimbursement funding to its historical level [Exhibit 4-8].

### Passenger Revenue

Passenger revenue represents more than 90% of Metra's operating revenue. Metra has adopted higher fares across most ticket types and zones for 2018 that will have an overall positive impact on passenger revenue, even as ridership is expected to decline. As a result of the fare increase, Metra's passenger revenue component is estimated to increase by 5.1% in 2018, to \$374.7 million. Metra anticipates further passenger revenue increases of 6.6% in 2019 and 3.9% in 2020. Exhibit 4-9 shows the average fare paid by Metra customers, budgeted to increase by 6.7% to \$4.82 in 2018 and forecasted to increase to \$5.33 by 2020.

### Reduced Fare Reimbursement

The State of Illinois provides a subsidy to the Service Boards, via the RTA, to partially replace the revenue loss due to mandated free and reduced fare ride programs for older adults, students, and people with disabilities. The Service Boards are permitted to include this funding as operating revenue. The State's fiscal year 2018 budget provided \$17.6 million of reduced fare reimbursement for the Service Boards. With the RTA's concurrence, Metra's 2018 budget assumes that the

**EXHIBIT 4-7: METRA 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

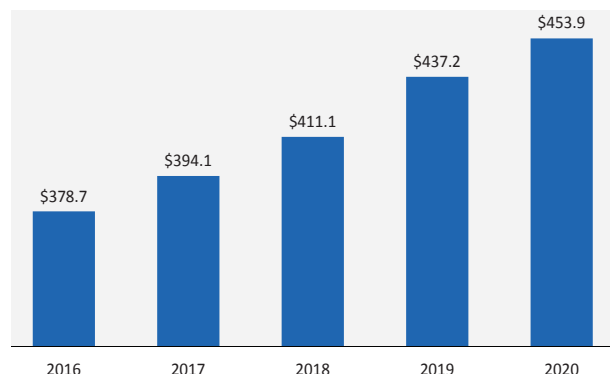
	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
<u>Operating Revenues</u>					
Passenger Revenue	341,966	356,500	374,700	399,300	415,000
State Reduced Fare Reimbursement <sup>1</sup>	1,004	1,618	3,138	3,138	3,138
Other Revenue	35,765	36,000	33,300	34,800	35,800
<b>Total Operating Revenues</b>	<b>\$378,735</b>	<b>\$394,118</b>	<b>\$411,138</b>	<b>\$437,238</b>	<b>\$453,938</b>
<u>Public Funding</u>					
Sales Tax I	288,681	293,062	301,000	310,030	319,331
Sales Tax II and PTF II	102,007	102,332	101,394	107,609	108,324
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	1,408	511	-	-	1,613
Innovation, Coordination, and Enhancement Funding <sup>2,3</sup>	4,704	5,762	4,905	5,052	5,204
Joint Self Insurance Fund (JSIF) Reserve	-	2,500	2,500	-	-
Homeland Security Grant	2,900	3,700	1,500	1,500	1,500
<b>Total Public Funding</b>	<b>\$399,700</b>	<b>\$407,867</b>	<b>\$411,298</b>	<b>\$424,191</b>	<b>\$435,971</b>
<b>Total Revenues</b>	<b>\$778,435</b>	<b>\$801,986</b>	<b>\$822,436</b>	<b>\$861,429</b>	<b>\$889,909</b>
<b>Expenses</b>					
Transportation	245,206	250,900	265,700	274,800	284,200
Maintenance of Way (Engineering)	135,236	147,800	154,200	159,400	164,800
Maintenance of Equipment (Mechanical)	174,610	181,400	185,000	191,300	197,800
Claims & Insurance	16,787	18,100	14,000	14,500	15,000
Administration	100,785	101,700	108,300	112,000	115,800
Downtown Stations	14,275	14,800	15,300	15,800	16,400
Diesel Fuel	49,712	45,600	49,800	51,300	53,300
Electricity	5,191	4,800	4,900	5,100	5,300
<b>Total Expenses</b>	<b>\$741,802</b>	<b>\$765,100</b>	<b>\$797,200</b>	<b>\$824,200</b>	<b>\$852,600</b>
ICE funding not used for operations - transfer to capital <sup>4</sup>	(4,704)	(4,774)	(4,905)	(5,052)	(5,204)
Farebox capital program	(15,600)	(32,112)	(20,331)	(32,177)	(32,105)
<b>Net Result</b>	<b>\$16,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recovery Ratio</b>	<b>54.3%</b>	<b>54.7%</b>	<b>54.7%</b>	<b>56.2%</b>	<b>56.3%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare funding to \$34.070 million in State FY18-21 budgets.

<sup>2</sup> ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.

<sup>3</sup> 2017 ICE amount includes carryover of \$1.0 million of 2015 ICE funding for mobile application development.

<sup>4</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for capital projects.

**EXHIBIT 4-8: METRA OPERATING REVENUE (IN MILLIONS)**

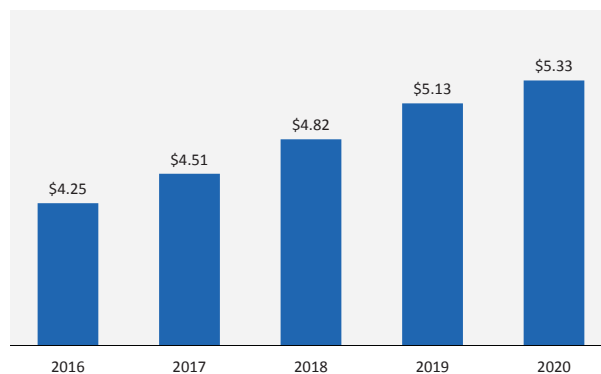
State will restore reduced fare funding to its previous level of \$34.1 million, bringing Metra's share back up to \$3.1 million for 2018 and the planning years.

#### Other Revenue

Other revenue for Metra, comprising 8.9% of its 2018 operating revenues, includes joint facility and lease revenue, advertising revenue, investment income, and revenue from crossing work completed by Metra for other entities. Other revenue is expected to decrease by 7.5% in 2018, followed by increases of 4.5% and 2.9% in 2019 and 2020, respectively. Exhibit 4-10 depicts projected other revenue by sub-category, with leases as the largest other revenue source.

#### **PUBLIC FUNDING**

Metra's public funding for operations is projected to total \$411.3 million in 2018, an increase of \$3.4 million or 0.8% from the 2017 estimate, but 4.1% lower than the original 2017 budget due to slowing sales tax growth

**EXHIBIT 4-9: METRA AVERAGE FARE**

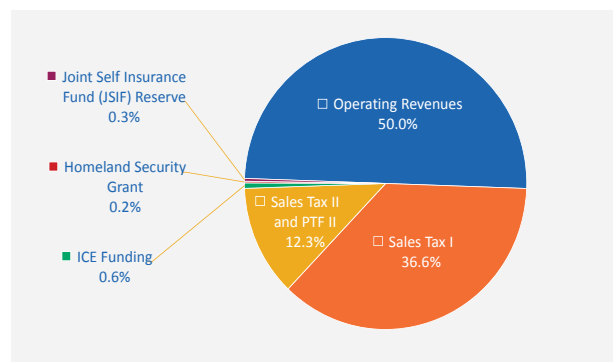
and State budget actions. Of that total, RTA funding totals \$409.8 million, which includes statutory Sales Tax and PTF, ICE funding of \$4.9 million, and JSIF Reserve funding of \$2.5 million. The Service Boards are now receiving ICE funding for RTA Board-approved operating or capital projects through the budget process. The approved ICE-funded projects for each Service Board are shown in Exhibit 1-12 of the Executive Summary chapter. In addition to the RTA funding, Metra expects to receive a Homeland Security Grant of \$1.5 million in 2018. A thorough description of how the RTA allocates public funds among the Service Boards is contained in the RTA chapter.

Metra's total revenue, comprised of operating revenue and public funding, is budgeted at \$822.4 million for 2018, a 2.5% increase from the 2017 estimate. Additional increases of 4.7% and 3.3% are projected for 2019 and 2020, respectively. Exhibit 4-11 illustrates the breakdown of Metra's total 2018 revenue.

**EXHIBIT 4-10: METRA OTHER REVENUE COMPONENTS (DOLLARS IN THOUSANDS)**

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Other Revenue</b>					
Leases	22,431	22,411	19,960	20,850	21,450
Advertising	3,196	3,827	3,780	3,950	4,060
Other <sup>1</sup>	10,138	9,762	9,560	10,000	10,290
<b>Total Other Revenue</b>	<b>\$35,765</b>	<b>\$36,000</b>	<b>\$33,300</b>	<b>\$34,800</b>	<b>\$35,800</b>

<sup>1</sup> Includes investment income, crossing work for other entities, and other miscellaneous accounts.

**EXHIBIT 4-11: METRA 2018 TOTAL REVENUE - \$822.4 MILLION**

## OPERATING EXPENSES

Metra projects that 2018 total operating expenses will increase by 4.2% or \$32.1 million over the 2017 estimate to \$797.2 million. Service levels are expected to be down 1% from 2017 levels, with expense growth reflecting price increases in labor, benefits, rents, materials, and other costs associated with operating train service. In 2019 and 2020, costs are estimated to increase by 3.4% in each year, reflecting the terms of current contracts and agreements or projections of market indices as applicable. Metra remains committed to identifying and implementing cost-cutting measures wherever possible, both in-house and with its contracted service. Exhibit 4-12 shows a trend of steady, incremental operating expense increases over the five-year period.

The components of operating expenses include Transportation, Maintenance of Way (Engineering), Maintenance of Equipment (Mechanical), Claims & Insurance, Administration, Downtown Stations, Diesel Fuel, and Electricity. Exhibit 4-13 shows each category of operating expense and its proportion of the overall operating budget.

### Transportation

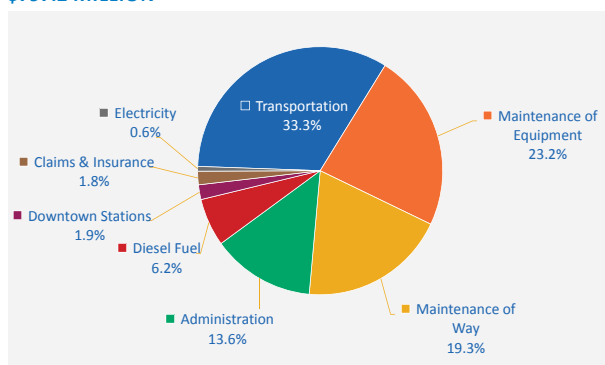
This category includes the functions and activities directly associated with the operation of nearly 700 commuter trains each weekday. Service provision is coordinated among train and engine crews, dispatching, tower operations, ticket sales, police and security

**EXHIBIT 4-12: METRA OPERATING EXPENSE (IN MILLIONS)**

services, employee safety, and supervisory support, all working to run service consistent with published schedules in a manner compliant with federal and state regulations. Transportation expenditures comprise 33.3% of the total expense budget and are expected to total \$265.7 million in 2018, an increase of 5.9% from the 2017 estimate. By 2020, transportation costs are projected to reach \$284.2 million, representing a compound annual growth rate of 3.8%.

### Maintenance

Maintenance of way activities includes the inspection and upkeep of 1,155 miles of track, 823 bridges, 2,000 signals, 241 stations, and other infrastructure. Maintenance of way expenses of \$154.2 million comprise 19.3% of the annual budget for 2018. Maintenance of equipment includes regular inspection, repair, and preventive maintenance of all train equipment to ensure safe and reliable operation. Maintenance of equipment expenses total \$185.0 million, 23.2% of the

**EXHIBIT 4-13: METRA 2018 TOTAL OPERATING EXPENSES - \$797.2 MILLION**

2018 budget, and are projected to increase to \$197.8 million by 2020, representing a compound annual growth rate of 3.2%.

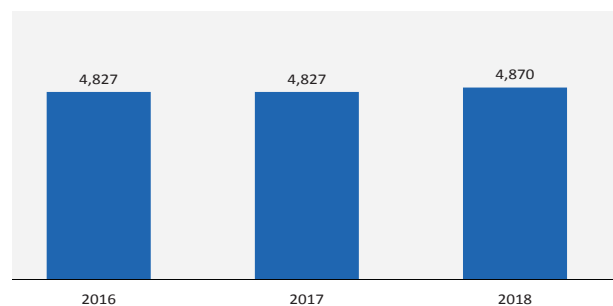
#### Claims and Insurance

Claims and insurance expense comprises 1.8% of Metra's budget. For 2018, claims and insurance are budgeted at \$14.0 million, which is 22.7% lower than the 2017 estimate due to lower anticipated claims amounts and insurance premiums. For 2019 and 2020, expenses for this category are projected to increase to \$14.5 million and \$15.0 million, respectively.

#### Administration

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 overhead expenses, as well as the costs of managing Metra-owned and operated rail services, and other support areas. Administration represents 13.6% of Metra's 2018 budget at \$108.3 million, an increase of 6.5% from the 2017 estimate. As shown in Exhibit 4-14, Metra has projected an increase of 43 budgeted positions for the 2018 budget year, primarily due to PTC requirements. For 2019 and 2020, administration expenses are expected to increase to \$112.0 million and \$115.8 million, respectively, reflecting a compound annual growth rate of 3.5%.

**EXHIBIT 4-14: METRA BUDGETED POSITIONS & LABOR GROWTH**



#### Downtown Stations

Metra pays station rents for three of its downtown stations: Union, Ogilvie, and LaSalle Street. These long-term leases have annual inflators that include a share of the maintenance and utility costs for the facilities. Downtown Stations expense is expected to increase by 3.4% in 2018 to \$15.3 million. For 2019 and 2020, the Downtown Stations expense is projected to increase to \$15.8 million and \$16.4 million, respectively, for a compound annual growth rate of 3.5%.

#### Diesel Fuel and Electricity

Diesel fuel expenditures of \$49.8 million comprise 6.2% of Metra's operating budget for 2018. Diesel fuel is budgeted at \$1.83 per gallon, representing a \$0.09 increase from the 2017 estimate. Metra has entered into supply contracts for a portion of the 2018 budget year fuel requirements. For 2019 and 2020, diesel fuel is budgeted at \$1.89 and \$1.96 per gallon, respectively. Exhibit 4-15 shows anticipated fuel price trends.

Electricity expense comprises 0.6% of Metra's budget. For 2018, \$4.9 million is budgeted for electricity, a 2.1% increase from the 2017 estimate. For 2019 and 2020, Metra has projected this expense category to increase by about 4% annually.

**EXHIBIT 4-15: METRA FUEL PRICE PER GALLON**



#### **NET RESULT**

The net result equals total revenues (both operating revenue and public funding) minus total expenses and transfers. Metra's 2018 operating budget is balanced,

with a net result of zero after the transfer of \$4.9 million of ICE funds and \$20.3 million of Farebox Capital Program funds to the capital program. In both 2019 and 2020, Metra anticipates transferring an additional \$32.1 million of Farebox Capital to the capital program.

### RECOVERY RATIO

Metra's 2018 recovery ratio of 54.7% is calculated by dividing total operating revenue by total operating expenses, less approved adjustments. Metra's approved adjustments include a revenue credit for free rides, and expense deductions for security, depreciation, and leases. For 2019 and 2020, Metra anticipates the recovery ratio to increase further and exceed 56%.

### Statutory Compliance

Metra's 2018 budget and 2019–2020 financial plans adhere to the operations funding amounts adopted by the RTA Board on August 24, 2017. These funding amounts include sales tax and Public Transportation funds provided by statutory formulas, as well as RTA non-statutory funds and ICE funding. The total RTA funding levels for Metra were set at \$409.8 million in 2018, \$422.7 million in 2019, and \$434.5 million in 2020. Metra's budgeted recovery ratio of 54.7% exceeds the 52.5% requirement adopted by the RTA Board.

The RTA Act requires that each Service Board meet the criteria specified in seven statutory clauses, which are detailed in the Appendices chapter, for Board approval of its budget. The Metra budget substantially meets each criteria for its proposed 2018 budget and 2019–2020 financial plans.

### 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 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 Line fares, which are set by



the Northern Indiana Commuter Transportation District (NICTD). At its November 2017 board meeting, Metra adopted multiple fare policy changes to be effective on February 1, 2018 (see Exhibit 4-16). Overall fare increases average 6.7%. The cost of a one-way fare will increase by \$0.25 for each zone, 10-ride tickets will increase by a range of \$4.25 to \$7.75, and monthly passes will increase by a range of \$9.00 to \$12.50. The new 10-ride and monthly pass prices reflect a lesser discount versus one-way fares. Reduced fare tickets and pass prices will also increase. The weekend pass will increase to \$10.00 but its validity will be expanded to include Friday evening. Passengers who pay for their ticket on the train when a Metra agent is available at their boarding station will continue to pay a \$5.00 surcharge.

### Organizational Structure

The Metra Board of Directors is comprised of 11 members representing the six-county Chicago metropolitan area. The suburban members of the Cook County Board appoint four of the directors. The chairmen of the county boards of Cook, DuPage, Kane, Lake, McHenry,



**EXHIBIT 4-16: METRA FARE STRUCTURE**

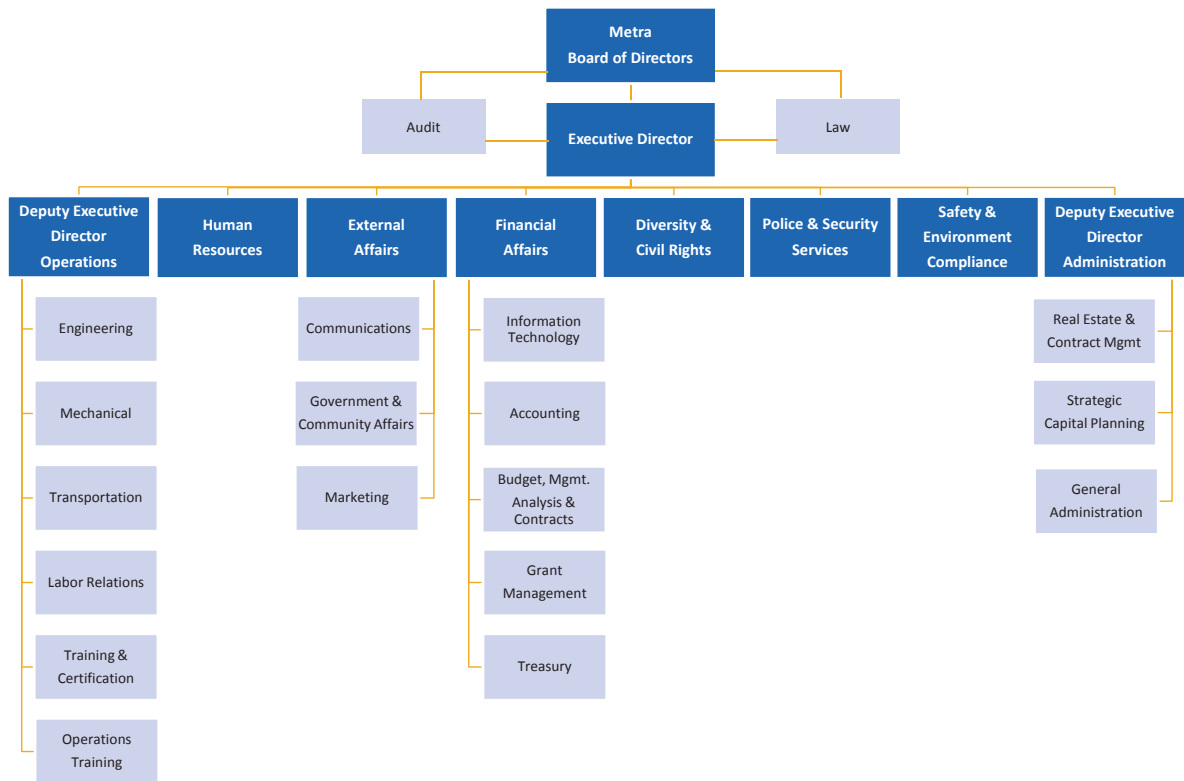
<b>METRA FULL FARE SCHEDULE</b>									
<b>Effective February 1, 2017</b>					<b>Effective February 1, 2018</b>				
<b>Zone <sup>1</sup></b>	<b>One-Way</b>	<b>Ten-Ride</b>	<b>Monthly</b>	<b>Weekend</b>	<b>Zone <sup>1</sup></b>	<b>One-Way</b>	<b>Ten-Ride</b>	<b>Monthly</b>	<b>Weekend</b>
A	\$3.75	\$33.75	\$107.00	\$8.00	A	\$4.00	\$38.00	\$116.00	\$10.00
B	\$4.00	\$36.00	\$114.00	\$8.00	B	\$4.25	\$40.50	\$123.25	\$10.00
C	\$5.25	\$47.25	\$149.75	\$8.00	C	\$5.50	\$52.25	\$159.50	\$10.00
D	\$6.00	\$54.00	\$171.00	\$8.00	D	\$6.25	\$59.50	\$181.25	\$10.00
E	\$6.50	\$58.50	\$185.25	\$8.00	E	\$6.75	\$64.25	\$195.75	\$10.00
F	\$7.00	\$63.00	\$199.50	\$8.00	F	\$7.25	\$69.00	\$210.25	\$10.00
G	\$7.50	\$67.50	\$213.75	\$8.00	G	\$7.75	\$73.75	\$224.75	\$10.00
H	\$8.00	\$72.00	\$228.00	\$8.00	H	\$8.25	\$78.50	\$239.25	\$10.00
I	\$8.75	\$78.75	\$249.50	\$8.00	I	\$9.00	\$85.50	\$261.00	\$10.00
J	\$9.25	\$83.25	\$263.75	\$8.00	J	\$9.50	\$90.25	\$275.50	\$10.00
K	\$9.75	\$87.75	\$278.00	\$8.00	K	\$10.00	\$95.00	\$290.00	\$10.00
M	\$10.75	\$96.75	\$306.50	\$8.00	M	\$11.00	\$104.50	\$319.00	\$10.00

<sup>1</sup> Fares based on traveling to/from Zone A (downtown stations)

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 designated with the concurrence of at least eight directors.

Metra's organizational structure makes up eleven main areas: Executive Director/Chief Executive Officer, Audit, Law, Operations, External Affairs, Human Resources, Financial Affairs, Diversity & Civil Rights, Police & Security Services, Safety & Environment Compliance, and Administration (Exhibit 4-17). The various organizational management teams are charged with executing Board policy decisions, providing accurate financial and operating data so that Metra can run efficiently, providing safe, efficient, and reliable commuter transportation, providing legal guidance and support, recruiting and retaining a qualified, diverse workforce, promoting the safety, usability, and comfort of the Metra system, administering the Disadvantaged Business Enterprise (DBE) and Title VI programs, and developing, implementing, and communicating Metra's state and federal legislative programs.

EXHIBIT 4-17: METRA ORGANIZATIONAL STRUCTURE



# 5 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 mayors, representing the different suburban areas of the RTA region, and the Commissioner of the Mayor's Office for People with Disabilities.

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 6.

## Service Characteristics

Pace operates in the largest suburban bus service area in North America, with a territory covering 3,446 square miles. Pace operates more vehicles than any other suburban bus service in the U.S. Pace's service area spans six counties and serves a full spectrum of diverse communities comprised of walkable suburban neighborhoods, satellite cities, and rural towns.

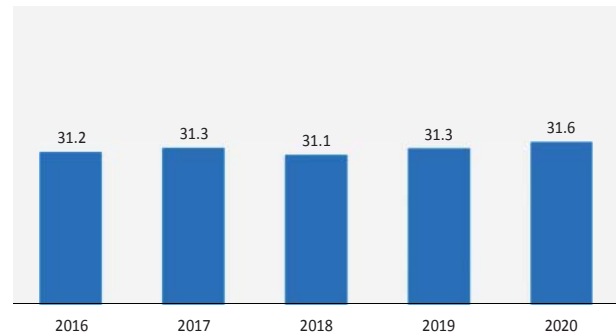
Pace Suburban Service features distinct fixed-route, paratransit, and vanpool services. Fixed-route operations offer 162 regular routes, 42 feeder routes, 20 shuttle routes, and numerous seasonal routes serving a total of 210 communities. Pace's non-ADA paratransit services include 68 local Dial-a-Ride arrangements as

well as ten of the newer concept Call-n-Ride operations. Finally, Pace administers three 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 31 million annual rides with a fleet of 780 buses, 506 paratransit vehicles, and 717 vanpool vehicles.

## RIDERSHIP

After increasing with the improving economy from 2010 to 2013, Pace Suburban Service ridership decreased in 2014, 2015, and 2016 due to extreme winter weather, the discontinuation of cash transfers, and falling gasoline prices. Ridership is expected to finish 2017 at 31.3 million, an increase of about 0.5% from 2016, the result of significant new services added in the I-90 corridor. For the 2018 budget year, Pace projects that Suburban Service ridership will decrease by 0.9% to 31.1 million as customers adjust to the 25 cent increase on one-way fares. Pace's ridership forecast for 2019 and 2020 anticipates annual growth of around 0.8%, with 31.6 million annual rides expected by the end of the two-year planning period (Exhibit 5-1).

**EXHIBIT 5-1: PACE SUBURBAN SERVICE RIDERSHIP (IN MILLIONS)**



Fixed-route ridership is projected to decrease by 0.8% in 2018, to 28.5 million. Pace will increase fixed-route service in 2018 by adding frequency on its successful I-55 Bus-on-Shoulder routes and starting its first Arterial Rapid Transit (ART) service on Milwaukee Avenue. Dial-a-Ride is expected to have a ridership decrease of 4.3%

due to softening demand, with just over 1 million rides projected. Vanpool ridership is projected to be flat in 2018 with 1.5 million rides provided by 584 active vans. Vanpool and Dial-a-Ride fares will be unchanged from 2017, but gasoline prices are expected to remain low.

## SERVICE QUALITY

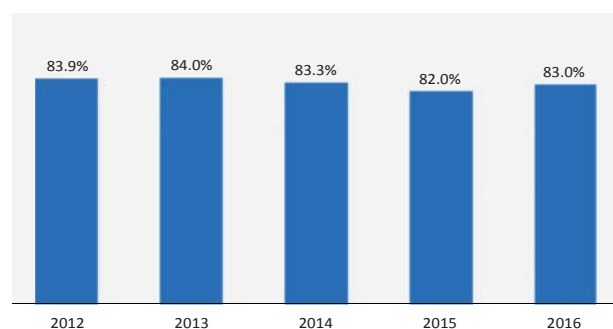
The provision of reliable public transit service is critical to attracting and retaining Pace's customers. Exhibits 5-2 and 5-3 display two important measures of reliability. Suburban Service's on-time performance, defined as leaving the terminal no more than one minute early and no more than five minutes late, rose steadily from 82.6% in 2011 to 84.0% in 2013, just short of Pace's performance standard of 85%, before dropping in both 2014 and 2015 as severe winter weather impacted results in both years. In 2016, on-time performance improved to 83.0%, aided by schedule adherence programs and the implementation of more limited-stop bus routes. Miles between major mechanical failures, a measure of the frequency of breakdowns, has been on a steadily declining (worsening) trend since 2012, impacted by severe cold and an aging vehicle fleet, but

leveled off somewhat at 18,000 miles between failures in 2016.

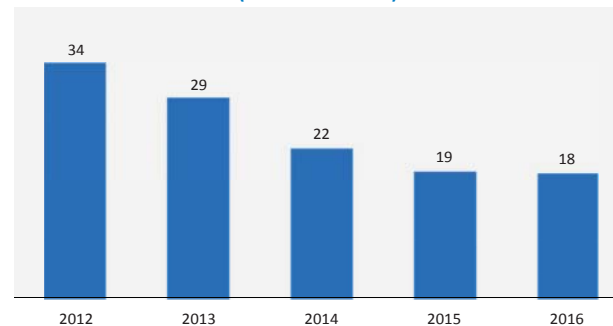
Matching the amount of service provided to demand is fundamental to achieving system effectiveness. One way to measure this balance is to relate the total number of passengers served to the total number of vehicle revenue miles operated. After decreasing to 0.77 in 2017 due to a significant increase in service levels, Pace's passengers per vehicle revenue mile ratio for Suburban Service is expected to decrease further to 0.76 in 2018 before improving in 2019 and 2020 (Exhibit 5-4). During this period, demand is expected to increase modestly as Pace promotes its extensive new services in the I-90 and Milwaukee Avenue corridors.

The cost per passenger trip and cost per vehicle revenue mile metrics (Exhibit 5-5) provide insight into the steadily rising expense of providing transit service. Suburban Service cost per vehicle revenue mile is expected to increase from \$5.68 in 2016 to \$6.01 in 2020, corresponding to a compound annual growth rate of 1.4%. Pace's cost per passenger trip increases at a compound annual growth rate of 2.6% over the same

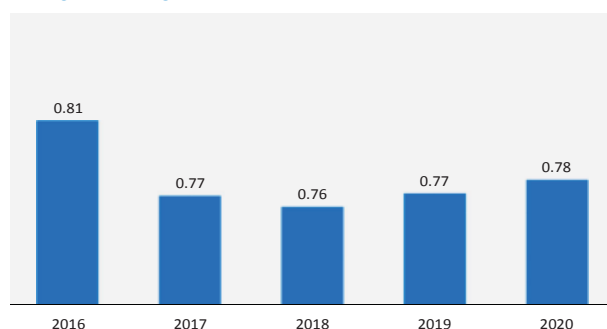
**EXHIBIT 5-2: PACE SUBURBAN SERVICE ON-TIME PERFORMANCE**



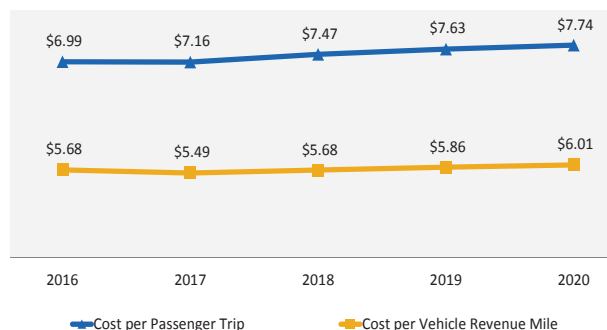
**EXHIBIT 5-3: PACE SUBURBAN SERVICE MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)**



**EXHIBIT 5-4: PACE SUBURBAN SERVICE PASSENGER TRIPS PER VEHICLE REVENUE MILE**



**EXHIBIT 5-5: PACE SUBURBAN SERVICE COST EFFICIENCY AND EFFECTIVENESS**



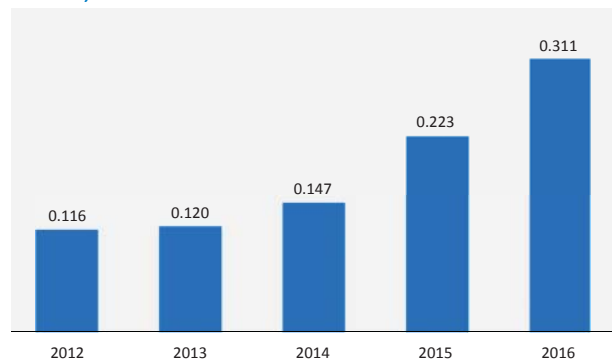


period, reaching \$7.74 in 2020. These metrics are being driven higher by steady increases in operating expenses such as labor, maintenance, material, and fuel, all of which are discussed in detail later in this chapter.

## SAFETY AND SECURITY

Pace's primary metric in this area, reportable safety and security incidents per 100,000 passenger trips, has increased in recent years but remained at a very low rate, 0.311 incidents per 100,000 trips in 2016 (Exhibit 5-6). The continued implementation of 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.

**EXHIBIT 5-6: PACE SUBURBAN SERVICE REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS**



## CHALLENGES

The lack of a state capital program has necessitated bond issuances by Pace in order to generate funding for much needed capital improvements. In early 2015, Pace executed its first ever issuance of \$12 million in bonds to fund the conversion of the South Garage in Markham to CNG capability. Pace plans to issue an additional \$15.5 million of bonds in 2018 to acquire land for a new Northwest Division garage, followed by a larger \$50.7 million bond issuance in 2020 to fund

construction of the Northwest garage. Debt service on these bonds will collectively add about \$3 million per year to Pace's operating expenses.

The State's FY 2018 budget reduced support for transit by imposing a permanent 2% surcharge on sales tax collections and implementing a temporary 10% cut in State Public Transportation Funds (PTF). This State action led Pace to increase passenger fares for 2018 in order to compensate for the lower public funding, which in turn will impact ridership levels. Even with the resulting improvement in operating revenue, Pace has identified a \$6 million budget gap by 2020, expected to be resolved by a combination of fare revenue increases and/or operating expense reductions.

## Budget and Financial Plan

The Pace Suburban Service 2018 budget and two-year financial plan presented in Exhibit 5-7 meet the funding amounts set by the RTA Board on August 24, 2017. The budget reflects a recovery ratio of 30.3% for Suburban Service operations, using approved credits to exactly meet the recovery ratio adopted by the RTA Board. Pace's 2018 budget and two-year financial plan were approved by the RTA Board on December 14, 2017. A detailed discussion of Pace's outlook for operating revenue, public funding, and operating expenses follows.

## OPERATING REVENUE

Exhibit 5-8 shows that 2018 operating revenue of \$60.9 million is budgeted to increase by 8.7% from 2017 due to higher fares, an assumed increase in State funding for reduced fares, and improvements in ancillary revenue. However, operating revenue will account for only 26% of total Suburban Service revenue in 2018, with the remainder provided by public funding sources.

### Passenger Revenue

Revenue from passenger fares accounts for the majority of Pace's operating revenue and is projected to grow by 7.4% in 2018 to \$41.8 million. A general fare increase of 25 cents on one-way fares is contained in the 2018

**EXHIBIT 5-7: PACE SUBURBAN SERVICE 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
<u>Operating Revenues</u>					
Passenger Revenue	38,031	38,977	41,844	42,177	42,515
State Reduced Fare Reimbursement <sup>1</sup>	1,346	1,346	2,610	2,610	2,610
Other Revenue	16,176	15,648	16,408	16,601	16,877
<b>Total Operating Revenues</b>	<b>\$55,553</b>	<b>\$55,971</b>	<b>\$60,862</b>	<b>\$61,388</b>	<b>\$62,002</b>
<u>Public Funding</u>					
Sales Tax I	91,559	92,851	95,466	98,330	101,280
Sales Tax II and PTF II	34,002	34,111	33,798	35,870	36,108
Suburban Community Mobility Fund	24,124	24,480	25,154	25,908	26,685
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	4,432	4,384	4,318	4,808	4,952
Non-Statutory Funding - ST I	469	170	-	-	538
Innovation, Coordination, and Enhancement Funding <sup>2,3</sup>	3,200	1,591	1,635	1,684	1,735
CMAQ / JARC / New Freedom	4,174	9,149	4,985	5,134	5,288
<b>Total Public Funding</b>	<b>\$169,461</b>	<b>\$174,237</b>	<b>\$172,856</b>	<b>\$179,234</b>	<b>\$184,086</b>
<b>Total Revenues</b>	<b>\$225,014</b>	<b>\$230,208</b>	<b>\$233,718</b>	<b>\$240,622</b>	<b>\$246,088</b>
<b>Expenses</b>					
Labor/Fringes	118,250	126,727	130,179	133,826	138,357
Health Insurance	20,676	23,519	24,977	26,526	28,170
Parts/Supplies	8,418	8,408	7,577	8,083	8,629
Purchased Transportation	27,156	24,956	24,855	25,190	25,539
Fuel	9,886	11,931	12,363	12,760	13,526
Utilities	1,932	2,199	2,287	2,415	2,550
Insurance	13,522	8,520	9,296	9,914	10,576
Other Expenses <sup>4</sup>	17,990	18,124	20,548	20,224	17,006
<b>Total Expenses</b>	<b>\$217,830</b>	<b>\$224,384</b>	<b>\$232,082</b>	<b>\$238,938</b>	<b>\$244,353</b>
ICE funding not used for operations - transfer to capital <sup>5</sup>	(1,568)	(1,591)	(1,635)	(1,684)	(1,735)
<b>Net Result</b>	<b>\$5,616</b>	<b>\$4,233</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recovery Ratio</b>	<b>29.7%</b>	<b>29.3%</b>	<b>30.3%</b>	<b>30.3%</b>	<b>30.3%</b>

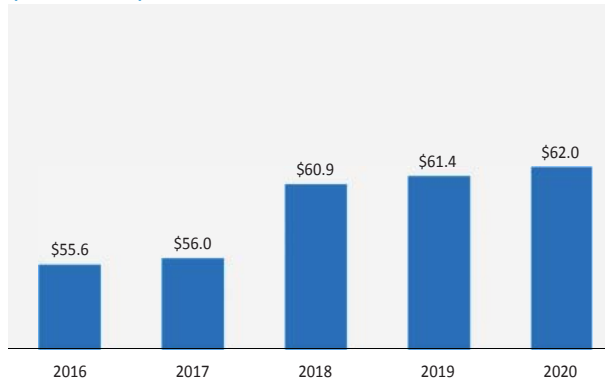
<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare funding to \$34.070 million in State FY18-21 budgets.

<sup>2</sup> ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.

<sup>3</sup> 2016 ICE amount includes carryover of \$1.6 million of 2015 ICE funding for 2015 service additions operating expense carried into 2016.

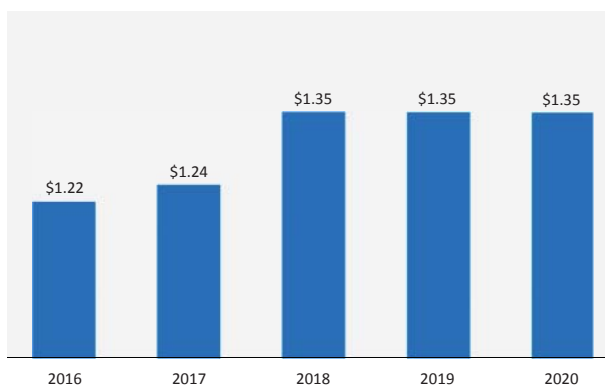
<sup>4</sup> 2019 and 2020 Other Expenses include reductions of \$1.5 million and \$6.3 million, respectively, identified as TBD budget balancing actions.

<sup>5</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for approved capital projects.

**EXHIBIT 5-8: PACE SUBURBAN SERVICE OPERATING REVENUE (IN MILLIONS)**

budget. In 2019 and 2020, passenger revenue is expected to grow by 0.8% annually, consistent with the forecasted rate of ridership growth. Passenger revenue includes fixed-route fares (using cash, passes, and fare cards) and payments for vanpool, Dial-a-Ride, and other services.

Exhibit 5-9 shows the Suburban Service average passenger fare, which includes full fare, reduced fare, and free ridership. Pace's average fare is projected to increase by 11 cents in 2018, to \$1.35, and then remain flat through the two-year financial planning period.

**EXHIBIT 5-9: PACE SUBURBAN SERVICE AVERAGE FARE**

### Reduced Fare Reimbursement

The State of Illinois provides a subsidy to the Service Boards, via the RTA, to partially replace the revenue loss due to mandated free and reduced fare ride programs for older adults, students, and people with disabilities.

The Service Boards are permitted to include this funding as operating revenue. The State's fiscal year 2018 budget provided \$17.6 million of reduced fare reimbursement for the Service Boards. With the RTA's concurrence, Pace's 2018 budget assumes that the State will restore reduced fare funding to its previous level of \$34.1 million, bringing Pace's share back up to \$2.6 million for 2018 and the planning years.

### Other Revenue

Pace's Other Revenue category is projected at \$16.4 million for 2018 and includes local government contributions to support specific services, advertising revenue, and investment income (Exhibit 5-10). Local contributions account for 80% of this category, amounting to \$13.1 million in 2018 before growing by 0.6% in 2019 and then decreasing by 1.7% in 2020. Advertising revenue is expected to increase from \$2.8 million in 2018 to \$3.0 million in 2019, while investment income, the smallest component of Other Revenue, is expected to decrease from \$481 thousand in 2018 to \$398 thousand in 2019, before increasing to \$842 thousand in 2020.

### **PUBLIC FUNDING**

Public funding for Pace is projected at \$172.9 million for 2018, representing 74% of total Suburban Service revenue. Public funding is then forecast to grow to \$184.1 million by 2020. Public funding for Pace operations includes statutory allocations of RTA Sales Tax (I and II) and Public Transportation Funds (PTF II), RTA non-statutory funding, Innovation, Coordination, and Enhancement (ICE) funding, and federal sources. A thorough discussion of how the RTA allocates public funds among the Service Boards is contained in chapter 2.

Pace's share of RTA Sales Tax I is projected at \$95.5 million for 2018, the first full year of the State 2% surcharge, an increase of 2.8% from the 2017 estimate. This funding source is then forecast to increase by 3.0% in both 2019 and 2020, consistent with RTA projections. Pace's allocation of RTA Sales Tax II & PTF II is expected

**EXHIBIT 5-10: PACE SUBURBAN SERVICE OTHER REVENUE COMPONENTS (DOLLARS IN THOUSANDS)**

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Other Revenue</b>					
Local Contributions	12,932	12,422	13,094	13,174	12,955
Advertising	2,766	2,752	2,833	3,029	3,080
Investment Income	478	474	481	398	842
<b>Total Other Revenue</b>	<b>\$16,176</b>	<b>\$15,648</b>	<b>\$16,408</b>	<b>\$16,601</b>	<b>\$16,877</b>

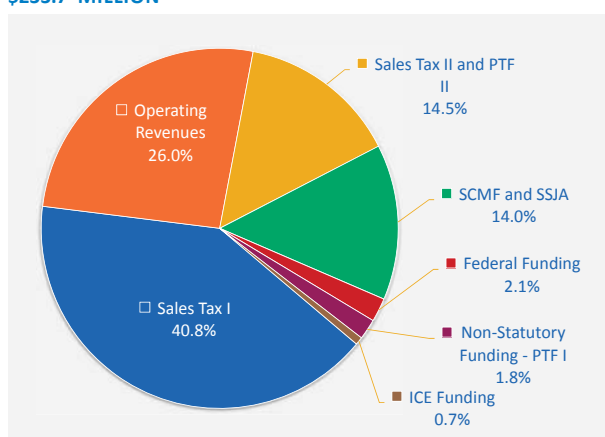
to increase from \$33.8 million in 2018 to \$36.1 million in 2020. Pace also receives funding from the RTA Suburban Community Mobility Fund (SCMF), which is indexed to sales tax growth and provides grants to Pace for operating transit services that enhance suburban mobility including, but not limited to, demand-response services, ridesharing, vanpool, service coordination, centralized dispatching, reservations, reverse commuting, service restructuring, and bus rapid transit (BRT). This source will provide \$25.2 million to \$26.7 million for 2018 through 2020. Rounding out the statutory funding sources, the RTA also provides \$7.5 million of South Suburban Job Access (SSJA) funds annually to Pace for the development of operating programs that enhance access to job markets for residents of southern Cook County.

The RTA will provide Pace with non-statutory funding from PTF I of \$4.3 million for Suburban Service operations in 2018. The Service Boards will also continue to receive ICE funding for RTA Board approved operating or capital projects through the budget process. Pace Suburban Service's share of these ICE funds for 2018 is \$1.6 million. The approved ICE-funded projects for each Service Board are shown in Exhibit 1-12 of the Executive Summary chapter.

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 \$5.0 million in 2018, increasing to \$5.3 million in 2020.

When public funding is combined with operating revenue, a total of \$233.7 million is budgeted to support

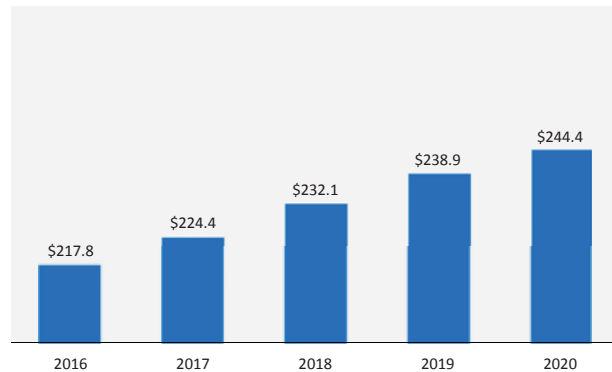
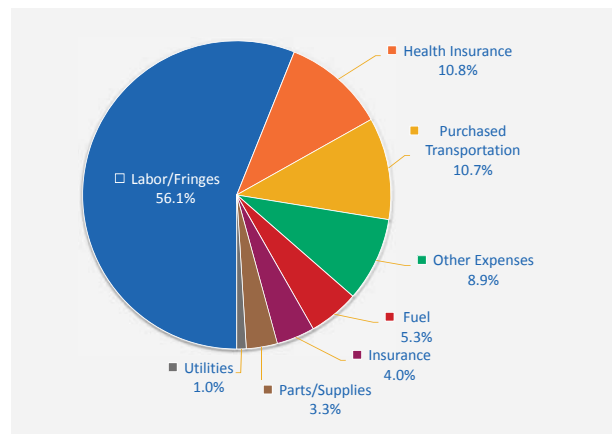
Pace Suburban Service operations in 2018, as shown in Exhibit 5-11.

**EXHIBIT 5-11: PACE SUBURBAN SERVICE 2018 TOTAL REVENUE - \$233.7 MILLION****OPERATING EXPENSES**

Pace Suburban Service operating expenses are budgeted to increase by 3.4% in 2018 to \$232.1 million. Higher labor expenses, modest service expansions, and technological improvements are driving the expense increase. In 2019 and 2020, Pace projects that overall operating expense growth will slow to 3.0% and 2.3%, respectively. The total operating expense trend over the five year period from 2016 to 2020 corresponds to a compound annual growth rate of 2.9% (Exhibit 5-12). Operating expense elements include labor/fringe benefits, health insurance, parts/supplies, purchased transportation, fuel, utilities, insurance/claims, and other expenses (Exhibit 5-13).

**Labor/Fringes**

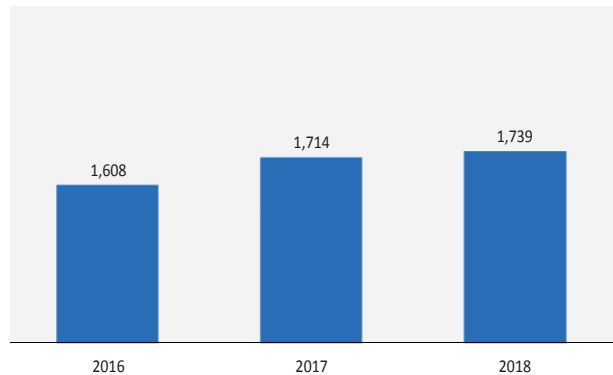
Projected 2018 labor/fringes expenses of \$130.2 million will account for over 50% of total Suburban

**EXHIBIT 5-12: PACE SUBURBAN SERVICE OPERATING EXPENSES (IN MILLIONS)****EXHIBIT 5-13: PACE SUBURBAN SERVICE 2018 TOTAL OPERATING EXPENSES - \$232.1 MILLION**

Service operating expenses. This amount represents an increase of 2.7% over the 2017 estimate, driven by contractual wage adjustments and an increase in full time equivalents (FTEs) to support service expansion. Pace's total budgeted positions will increase to 1,739 in 2018, a 1.5% increase over the 2017 budget (Exhibit 5-14). Labor/fringes expenses are projected to grow at about 3% in both 2019 and 2020, ending the period at \$138.4 million. Over the five-year period from 2016 through 2020, this largest expense category is projected to experience a 4.0% compound annual growth rate.

#### Health Insurance

Health insurance expenses are projected at \$25.0 million for 2018, accounting for 10.8% of total Suburban Service operating expenses. This amount is 6.2% higher than the 2017 estimate. Health insurance expenses are then projected to continue to grow at 6.2% in 2019 and

**EXHIBIT 5-14: PACE SUBURBAN SERVICE BUDGETED POSITIONS**

2020, ending the period at \$28.2 million and resulting in an 8.0% compound annual growth rate over the five-year period.

#### Parts/Supplies

Parts/supplies expenses for 2018 account for 3.3% of total expense and are projected at \$7.6 million, a decrease of 9.9% from 2017. These expenses are then projected to grow by about 7% in both 2019 and 2020, reaching \$8.6 million by the end of the planning period. Over the five years from 2016 through 2020, this category is projected to increase at a 0.6% compound annual growth rate.

#### Purchased Transportation

Purchased transportation costs of \$24.9 million for 2018 comprise Pace's third largest expense category at 10.7% of total expenses. This expense level represents a decrease of 0.4% over the 2017 estimate. These expenses are then projected to grow at 1.3% in both 2019 and 2020, ending the planning period at \$25.5 million. The resulting five-year compound annual growth rate for Pace's third largest expense category is -1.5%.

#### Fuel

Fuel expense is expected to increase by 3.6% to \$12.4 million in 2018, representing 5.3% of total Suburban Service expense. The projected increase in 2018 fuel expenses, which include both fixed-route and vanpool,

is being driven by a 7 cent increase in assumed fuel price. Fuel consumption in 2018 is projected to decrease by 0.9% to 7.5 million gallons, consistent with planned service levels. Pace has assumed an average diesel fuel price of \$1.62 per gallon for 2018, up from the estimated 2017 level of \$1.55 per gallon. As shown in Exhibit 5-15, Pace has assumed further fuel price increases for 2019 and 2020.

**EXHIBIT 5-15: PACE SUBURBAN SERVICE FUEL PRICE PER GALLON**



### Utilities

Utilities expenses are projected to increase by 4.0% in 2018 to \$2.3 million, accounting for 1.0% of total Suburban Service operating expenses. Utilities expenses are then forecast to increase by 5.6% in both 2019 and 2020, resulting in a 7.2% compound annual growth rate over the five-year period from 2016 through 2020.

### Insurance

Insurance expenses of \$9.3 million are projected to increase by 9.1% in 2018 and account for 4.0% of total Suburban Service operating expenses. These expenses are then forecast to increase by 6.6% in 2019 and 2020.

### Other Expenses

Other expenses in 2018 are projected to total \$20.5 million and account for 8.9% of total Suburban Service operating expenses, representing an increase of 13.4% over 2017. This \$2.4 million increase is being driven by an Oracle ERP system upgrade and additional debt



service associated with Pace's planned 2018 bond issuance.

### Regional ADA Paratransit Support Credit

Pace allocates expenses to the ADA Paratransit budget in order to account for the work that departments such as Audit, Budget Planning, Finance, General Counsel, Government Affairs, Human Resources, Marketing, Communications, Purchasing, and Risk Management perform in support of the ADA Paratransit program. For 2018, this amount will increase by 3.1% to \$7.6 million. This expense credit is included as an offset within the Other Expense category. Pace anticipates that the amount of this credit will remain flat at \$7.6 million in 2019 and 2020.

### **NET RESULT**

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses and transfers. The Suburban Service 2018 budget is balanced, producing a net result of zero after ICE funding is transferred to Pace's 2018 capital program. In 2019 and 2020, Pace anticipates a balanced Suburban Service budget with net results of zero. However, the 2019 and 2020 expense levels include unspecified reductions of \$1.5 million and \$6.3 million identified by Pace as required budget balancing actions.



## RECOVERY RATIO

Pace's 2018 Suburban Service recovery ratio of 30.3% is calculated by dividing total operating revenue by total operating expenses, with approved adjustments. Pace's adjustments for Suburban Service in 2018 comprise a revenue credit of \$2.4 million for senior and disabled free rides, an in-kind revenue and expense inclusion of \$9.6 million for the Advantage vanpool program, and a \$1.0 million expense exclusion for debt service on Pace bonds. For 2019 and 2020, Pace anticipates the Suburban Service recovery ratio to remain constant at 30.3%.

## Statutory Compliance

Pace's 2018 budget and 2019-2020 financial plans adhere to the operations funding amounts adopted by the RTA Board on August 24, 2017. These funding amounts include sales tax, Public Transportation Fund, Suburban Community Mobility Funds, and South Suburban Job Access Funds provided by statutory formulas, as well as RTA non-statutory funds and ICE funding. The total RTA funding levels for Pace Suburban Service were set at \$167.9 million in 2018, \$174.1 million in 2019, and \$178.8 million in 2020, excluding federal funding. Pace's budgeted Suburban Service recovery ratio of 30.3% matches the 2018 requirement adopted by the RTA Board.

The RTA Act requires each Service Board's budget to meet the seven criteria detailed in the Appendices chapter prior to approval by the RTA Board. The Pace Suburban Service budget, as submitted, substantially meets each of these criteria.

## Fare Structure

The 2018 budget contains Pace's first general fare increase since 2009. One-way Ventra fares and cash bus fares will each increase by 25 cents, to \$2.00 and \$2.25, respectively. For premium services such as Bus-on-Shoulder routes, one-way fares will increase by 50 cents, to \$4.50. For both regular and premium services, reduced fares and transfers will also increase by 5 to

25 cents. Call-n-Ride fares will increase by 25 cents, to \$2.00, but Dial-a-Ride and vanpool fares will be unchanged from 2017. All Pace pass prices will remain the same with the exception of the 30-day CTA/Pace pass, which will increase by \$5.00 to \$105, consistent with CTA's price increase. Pace's current fare structure for Suburban Service is shown in Exhibit 5-16.

## Organizational Structure

Pace is organized into four main areas: Revenue Services, Strategic Services, External Relations, and Internal Services (Exhibit 5-17). 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.

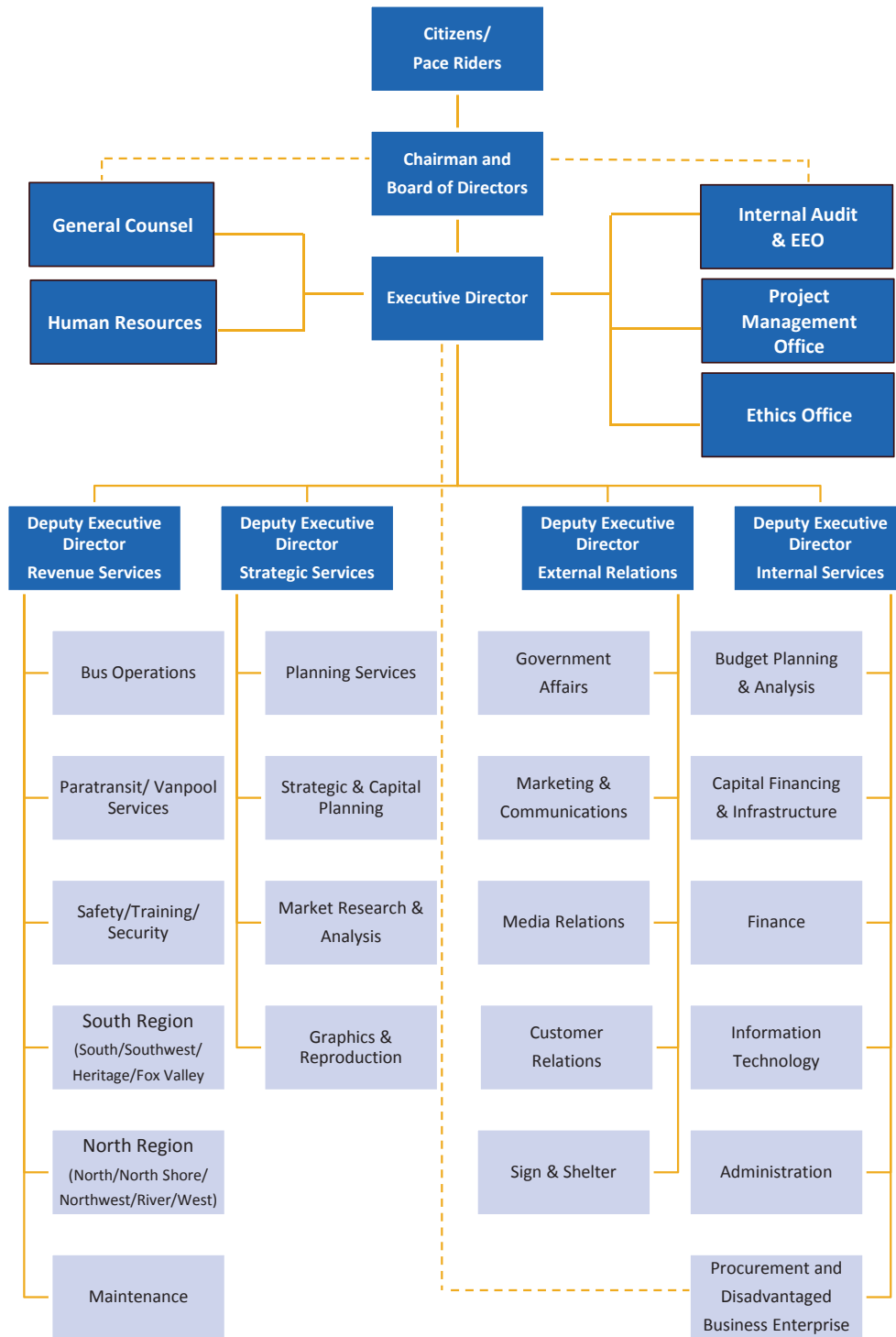
**EXHIBIT 5-16: PACE SUBURBAN SERVICE 2018 FARE STRUCTURE**

	Full Fare	Reduced Fare
REGULAR FARES		
Cash Fare	\$2.25	\$1.10
Ventra Fare	\$2.00	\$1.00
Transfer to Pace (with Ventra transit value only)	\$0.30	\$0.20
TRANSIT PASSES		
Pace/CTA 30-day Pass	\$105.00	\$50.00
Pace/CTA 7-day Pass	\$33.00	N/A
Pace 30-day Pass	\$60.00	\$30.00
Link-Up Pass	\$55.00	N/A
PlusBus	\$30.00	N/A
Student Summer Haul Pass	\$45.00	N/A
Pace Campus Connection (College Student Pass)	\$175.00	N/A
Valid for one semester. Discounted if purchased after August/January.		
Campus Connection - Summer Pass	\$140.00	N/A
EXPRESS / OTHER FARES		
Premium Routes <sup>1</sup>	\$4.50	\$2.25
Pace Transfer to Premium Routes	\$2.80	\$1.45
30-Day Premium Pace/CTA Pass	\$140.00	\$70.00
Call-n-Ride	\$2.00	\$1.00
Dial-a-Ride	Fares based on community policy	
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.

<sup>1</sup> Premium routes included: 237, 282, 284, 755, 768, 769, 773, 774, 775, 776, 779, 850, 851, 855, 856

EXHIBIT 5-17: PACE ORGANIZATIONAL STRUCTURE





# 6 PACE ADA PARATRANSIT SERVICE OPERATING PLAN





Ventra  
Transit Account Summary  
Card Type: Paratransit  
Current balance: -\$1.10  
Print  
Add Transit value  
Add Pass  
Help  
OK / Exit

CANCEL

COINS  
\$1  
50c  
25c  
10c

BILLS  
\$20  
\$10  
\$5  
\$1

PAYMENT CARD

TAP BELOW



AUDIO

CARD/TICKET/RECEIPT



## Overview

Pace's regional ADA Paratransit operation provides curb-to-curb demand-response service for eligible residents as required by the Americans with Disabilities Act (ADA) of 1990. 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 between origins and destinations that are within three quarters of a mile of Pace or CTA bus routes or CTA rail stations. Effective July 1, 2006, Pace began providing all ADA Paratransit service in the RTA region. Prior to that date, ADA Paratransit service within the CTA service area had been provided by CTA.

### Service Characteristics

In the suburban area where Pace provides fixed-route service, Pace contracts with private operators to provide ADA Paratransit service to approximately 76,000 riders each month. These contractors operate 353 Pace-owned, lift-equipped vehicles.

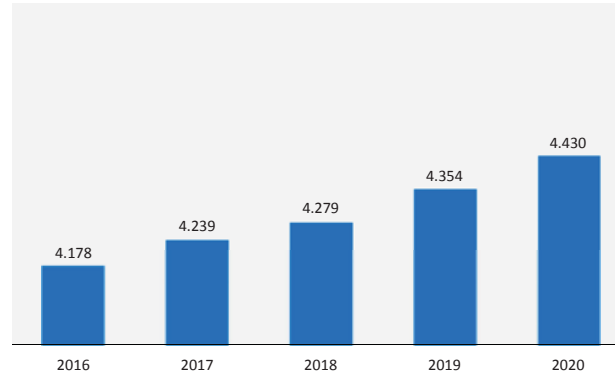
In the CTA service area, Pace contracts with four private operators to provide ADA Paratransit service in the entire City of Chicago and the suburbs serviced by the CTA. These contractors operate 807 contractor-owned vehicles to provide service to approximately 226,000 riders each month. Pace also administers 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 expects 2017 to finish with a 1.5% rider-

*Pace expects 2017 to finish with a 1.5% ridership increase over 2016, but the 2018 ADA Paratransit budget incorporates lower ridership growth of 0.9%, due to a fare increase, with 4.3 million rides anticipated.*

EXHIBIT 6-1: PACE ADA PARATRANSIT RIDERSHIP (IN MILLIONS)



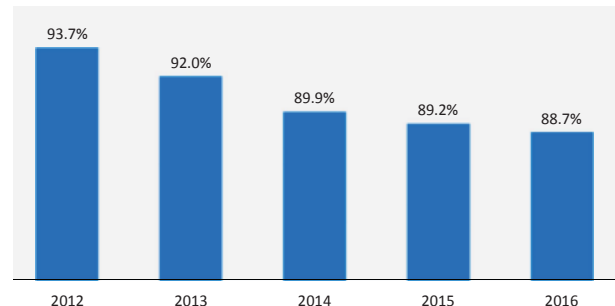
ship increase over 2016, but the 2018 ADA Paratransit budget incorporates lower ridership growth of 0.9% due to a fare increase, with 4.3 million rides anticipated. In

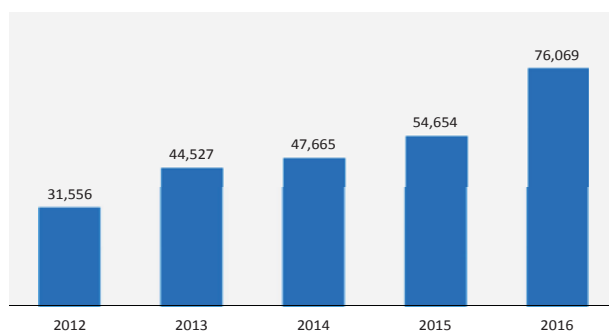
2019 and 2020, Pace has assumed that ADA Paratransit ridership will increase by 1.7% per year, reaching 4.4 million rides by the end of the two-year planning period (Exhibit 6-1). Effective in 2011, Pace began including companions and personal care attendants in its ADA Paratransit ridership totals, and all ridership figures discussed herein reflect this reporting change.

### SERVICE QUALITY

Providing reliable public transit service is critical to attracting and retaining Pace's customers. Exhibits 6-2 and 6-3 display two important measures of reliability. ADA Paratransit's on-time performance has been steadily decreasing since 2012 due to severe winter weather and increasing congestion, but still finished 2016 at almost 90%. On the other hand, miles between

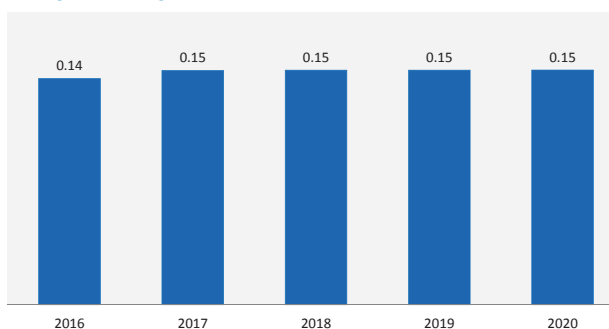
EXHIBIT 6-2: PACE ADA PARATRANSIT ON-TIME PERFORMANCE



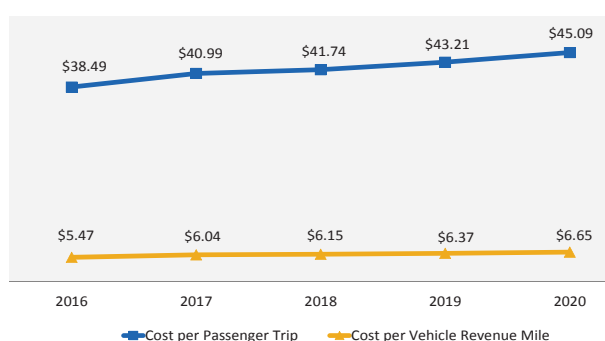
**EXHIBIT 6-3: PACE ADA PARATRANSIT MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)**

major mechanical failures have been steadily improving over the same period. There were about 76,000 miles between major mechanical failures in 2016, a 39% improvement over the prior year.

Relating the number of passengers to the number of vehicle miles traveled is one way to measure the effectiveness of transit service (Exhibit 6-4). For ADA Paratransit, with fewer riders per vehicle, this measure trends flat over time at 0.15 passengers per mile over the five-year period. Pace's continuing efforts to consolidate rides could drive this metric higher in future years.

**EXHIBIT 6-4: PACE ADA PARATRANSIT PASSENGER TRIPS PER VEHICLE REVENUE MILE**

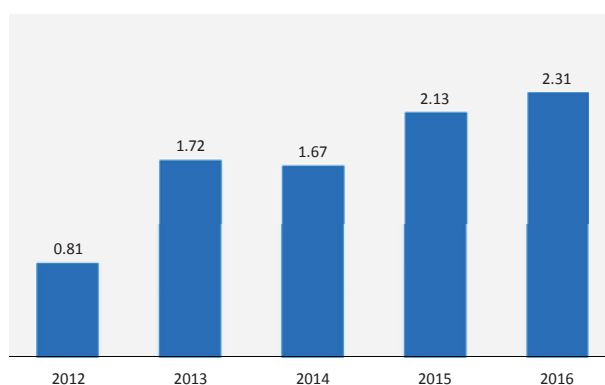
Relative to other transit modes, ADA Paratransit is inherently expensive due to service that is frequently provided on an individual basis. Pace's cost per passenger trip is expected to increase by 75 cents to \$41.74 in 2018 due to contractual rate increases and higher fuel prices (Exhibit 6-5). Pace's cost per vehicle revenue mile exhibits a similar trend, increasing by 11 cents to \$6.15 in 2018, with subsequent increases of around 4% in 2019 and 2020. These metrics are being driven higher

**EXHIBIT 6-5: PACE ADA PARATRANSIT COST EFFICIENCY**

by steady increases in operating expenses such as labor, fuel, insurance, and purchased transportation, all of which are discussed in detail later in this chapter.

## SAFETY AND SECURITY

Pace's primary metric in this area, reportable safety and security incidents per 100,000 passenger trips has been on a steadily increasing (worsening) trend over the last five years, and finished 2016 at 2.31 (Exhibit 6-6).

**EXHIBIT 6-6: PACE ADA PARATRANSIT REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS**

## CHALLENGES

While ridership growth has slowed somewhat over the last few years, an aging population would suggest that demand for ADA Paratransit services will continue to be strong in the near future. Total ADA Paratransit expenses will be driven by both ridership growth and by contractor price increases. The former is projected at about 2% per year and the latter at 3% to 4% per year.

## EXHIBIT 6-7: PACE REGIONAL ADA PARATRANSIT 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
<u>Operating Revenues</u>					
Passenger Revenue	11,167	10,586	11,688	11,892	12,100
Other Revenue <sup>1</sup>	4,904	1,564	1,608	1,660	1,717
<b>Total Operating Revenues</b>	<b>\$16,071</b>	<b>\$12,150</b>	<b>\$13,296</b>	<b>\$13,552</b>	<b>\$13,817</b>
<u>Public Funding</u>					
Sales Tax II and PTF II	140,924	152,086	156,791	166,063	177,448
RTA ADA Paratransit Reserve	-	5,675	-	-	-
Additional State Funding	3,825	3,825	8,500	8,500	8,500
<b>Total Public Funding</b>	<b>\$144,749</b>	<b>\$161,586</b>	<b>\$165,291</b>	<b>\$174,563</b>	<b>\$185,948</b>
<b>Total Revenues</b>	<b>\$160,820</b>	<b>\$173,736</b>	<b>\$178,587</b>	<b>\$188,115</b>	<b>\$199,765</b>
<b>Expenses</b>					
Labor/Fringes	3,103	3,597	3,828	3,813	3,783
Health Insurance	532	740	817	836	855
Admin Expenses	2,857	2,991	3,767	3,854	3,942
Fuel	1,858	2,090	2,274	2,438	2,613
Insurance	337	304	371	380	388
RTA Certification Trips	1,430	1,064	1,104	1,152	1,203
Purchased Transportation	146,129	155,590	158,837	168,108	179,512
Regional ADA Support Allocation <sup>2</sup>	4,574	7,360	7,589	7,534	7,469
<b>Total Expenses</b>	<b>\$160,820</b>	<b>\$173,736</b>	<b>\$178,587</b>	<b>\$188,115</b>	<b>\$199,765</b>
<b>Net Result</b>	-	-	-	-	-
<b>Recovery Ratio</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>

<sup>1</sup> Includes reimbursements for Medicaid-eligible and RTA certification trips.

<sup>2</sup> Accounts for work done by other Pace departments in support of ADA Paratransit activities.

These two factors combine to produce an expected annual expense growth rate of 5% to 6%. Since ADA Paratransit passenger revenue contributes a relatively small portion of total revenue, even after the fare increase, public funding for ADA Paratransit will need to grow at about the same rate as expenses. This will require a higher proportion of Sales Tax II and PTF II funds to be allocated to ADA Paratransit services.

Since 2010, the State of Illinois had provided \$8.5 million in annual funding for ADA Paratransit operations. The State's FY 2016 and 2017 spending plans reduced this funding to \$3.825 million, before the State FY 2018

budget restored the funding to the previous level of \$8.5 million, which Pace has included in the 2018 ADA Paratransit budget. With the RTA's concurrence, Pace's 2019 and 2020 financial plan has assumed that this important State funding will continue at \$8.5 million per year.

## Budget and Financial Plan

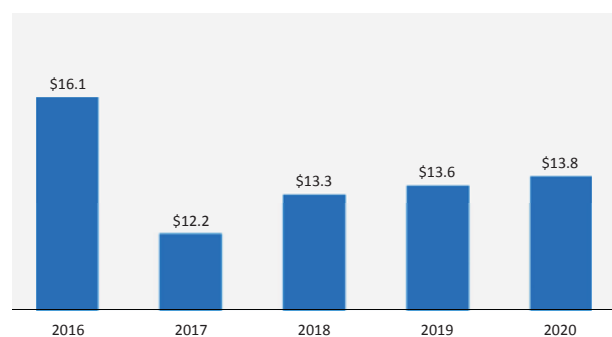
The Pace Regional ADA Paratransit 2018 budget and two-year financial plan presented in Exhibit 6-7 adheres to the funding levels adopted by the RTA Board on August 24, 2017. In compliance with the RTA Act, the

RTA Board set the ADA Paratransit recovery ratio for 2018 at 10.0%, a level which Pace's 2018 budget has met. Pace's 2018 budget and two-year financial plan were approved by the RTA Board on December 14, 2017. A detailed discussion of Pace's outlook for ADA Paratransit operating revenue, public funding, and operating expenses follows.

## OPERATING REVENUE

As the result of a general fare increase of 25 cents per ride, Pace's system-generated revenue from ADA Paratransit operations is expected to grow by 9.4% in 2018, to \$13.3 million (Exhibit 6-8). Operating revenue is then expected to increase by about 2% in both 2019 and 2020. Operating revenue will account for only 7.4% of total revenue for ADA Paratransit in 2018, with the remainder provided by public funding sources. ADA Paratransit operating revenue is comprised of passenger revenue and other revenue, consisting of reimbursements from the RTA for ADA certification eligibility trips, reimbursements from the State of Illinois Medicaid program, and investment income.

**EXHIBIT 6-8: PACE ADA PARATRANSIT OPERATING REVENUE (IN MILLIONS)**



### Passenger Revenue

Revenue from passenger fares, which accounts for almost 90% of ADA Paratransit's operating revenue, is projected at \$11.7 million in 2018, an increase of 10.4%. This level is consistent with the general fare increase and assumed ridership growth. Passenger revenue is then expected to grow by 1.7% in both 2019 and 2020, consistent with the assumed ridership growth for those years. A fare increase of 25 cents per ride will

be implemented for ADA Paratransit service in 2018, bringing the base fare to \$3.25, but Taxi Access Program fares will be unchanged at \$3.00. Even at this higher level, ADA Paratransit fares remain below the maximum allowable level of twice the fixed-route base fare. The average fare per passenger will increase to \$2.73 in 2018 (Exhibit 6-9). The average fare is lower than the base fare because medically-required personal care attendants who accompany passengers with disabilities are counted in ridership but do not pay to ride.

**EXHIBIT 6-9: PACE ADA PARATRANSIT AVERAGE FARE**



### Other Revenue

Other operating revenue for 2018 is projected to increase by 2.8% to \$1.6 million, followed by increases of 3.2% and 3.4% in 2019 and 2020, respectively. Other revenue for ADA Paratransit comes from three sources (Exhibit 6-10). About 75% is from the RTA ADA Paratransit certification program, which reimburses Pace for the cost of transporting prospective customers to and from ADA Paratransit assessment centers. Smaller amounts of ancillary revenue come from the State of Illinois Medicaid program, which reimburses Pace to defray the cost of Medicaid-eligible rides, and investment income. Due to unpredictable delays in payments from the State, Medicaid reimbursements have been assumed at a relatively low level of \$250 thousand per year for 2018 through 2020. Investment income is projected to be constant at \$155 thousand per year.

## PUBLIC FUNDING

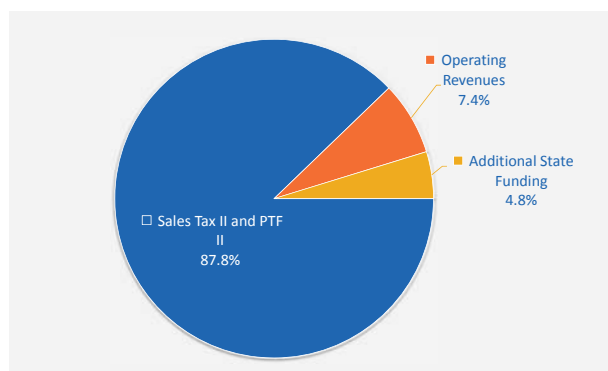
The required level of public funding for Pace ADA Paratransit in 2018 is projected at \$165.3 million, an increase of 2.3% over the 2017 estimate. Public funding

**EXHIBIT 6-10: PACE ADA PARATRANSIT OTHER REVENUE COMPONENTS (DOLLARS IN THOUSANDS)**

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Other Revenue</b>					
RTA Certification Reimbursements	1,750	1,159	1,203	1,255	1,312
Medicaid Reimbursements	3,017	250	250	250	250
Investment Income	137	155	155	155	155
<b>Total Other Revenue</b>	<b>\$4,904</b>	<b>\$1,564</b>	<b>\$1,608</b>	<b>\$1,660</b>	<b>\$1,717</b>

for 2018 consists of two components: \$156.8 million of Sales Tax II / PTF II and \$8.5 million of additional funding provided by the State of Illinois FY 2018 budget. Public funding accounts for 92.6% of the total revenue for ADA Paratransit, and when combined with operating revenue is expected to fully cover the operating costs of ADA Paratransit in 2018 (Exhibit 6-11). Legislation which amended the RTA Act in 2011 requires the RTA to fully fund the ADA Paratransit operating deficit each year. A thorough discussion of how the RTA allocates public funds among the Service Boards is contained in chapter 2.

In 2019 and 2020, Sales Tax II / PTF II funding for ADA Paratransit is projected to increase by 5.9% and 6.9%, respectively, while the additional State funding is assumed to remain constant at \$8.5 million. Pace anticipates that this level of funding will be sufficient to balance the ADA Paratransit operating budget, contingent upon annual ridership growth remaining around 2% as assumed.

**EXHIBIT 6-11: PACE ADA PARATRANSIT 2018 TOTAL REVENUE - \$178.6 MILLION**

## OPERATING EXPENSES

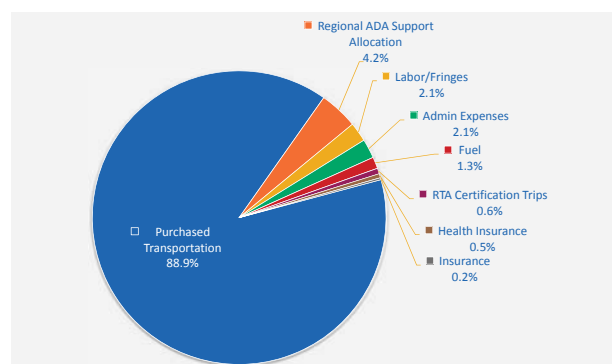
Pace ADA Paratransit operating expenses are budgeted to increase by 2.8% in 2018 to \$178.6 million. ADA Paratransit expenses continue to be driven higher by a combination of ridership growth and contractual price increases. Pace anticipates expense growth of 5.6% and 6.5% in 2019 and 2020, respectively, with total operating expenses expected to reach \$199.8 million by the end of the planning period (Exhibit 6-12). The expense trend over the five-year period from 2016 to 2020 corresponds to a compound annual growth rate of 5.6%.

**EXHIBIT 6-12: PACE ADA PARATRANSIT OPERATING EXPENSES (IN MILLIONS)**

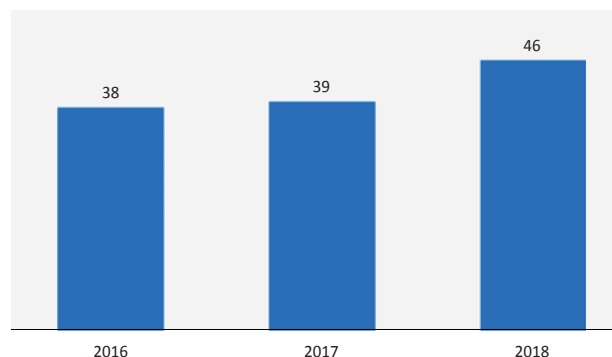
Operating expense elements include labor/fringe benefits, health insurance, administrative expenses, fuel, liability insurance, RTA certification trip costs, purchased transportation, and the Regional ADA Paratransit support allocation (Exhibit 6-13).

## Labor/Fringes

Labor/fringe benefits for Pace's dedicated ADA Paratransit staff are expected to total \$3.8 million in 2018, an increase of 6.4% over the 2017 estimate. This

**EXHIBIT 6-13: PACE ADA PARATRANSIT 2018 TOTAL OPERATING EXPENSES - \$178.6 MILLION**

amount represents 2.1% of total regional ADA Paratransit operating expenses. Pace has budgeted for a staffing increase of 7 positions in 2018 (Exhibit 6-14). Labor/fringe expenses are projected to remain flat in 2019 and 2020. The resulting compound annual growth rate over the five-year period from 2016 to 2020 is 5.1%.

**EXHIBIT 6-14: PACE ADA PARATRANSIT BUDGETED POSITIONS**

### Health Insurance

Health insurance expenses for Pace's dedicated ADA Paratransit staff represent 0.5% of total expenses, and are projected at \$817,000 for 2018, an increase of 10.4% from the 2017 estimate. Health insurance expenses are then expected to grow by 2.3% in 2019 and 2020, reaching \$855,000 by the end of the planning period.

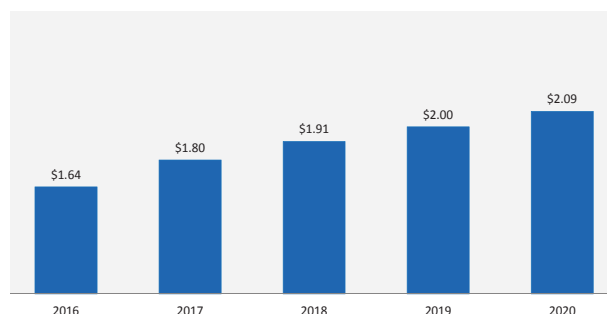
### Administration

Administration expenses for 2018 are projected to total \$3.8 million, an increase of 25.9% from the 2017

estimate, due to higher lease payments and software maintenance costs. 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. Growth in this category, which accounts for 2.1% of total 2018 expense, is expected to slow to 2.3% in 2019 and 2020.

### Fuel

Pace purchases fuel only for the private operators who provide ADA Paratransit service using Pace-owned vehicles in Pace's suburban service area. After an expected increase of 12.5% in 2017, fuel expense is projected to grow by 8.8% in 2018 to \$2.3 million. The assumed price for diesel fuel in 2018 is \$1.91 per gallon, up 11 cents from 2017 (Exhibit 6-15). Fuel expenses represent 1.3% of total ADA Paratransit expenses and are expected to reach \$2.6 million by the end of the planning period after growing by 7.2% in both 2019 and 2020. The resulting compound annual growth rate over the five-year period from 2016 to 2020 is 8.9%.

**EXHIBIT 6-15: PACE ADA PARATRANSIT FUEL PRICE PER GALLON**

### Liability Insurance

Liability insurance expenses are projected to increase by 22.0% from 2017, to \$371,000, accounting for 0.2% of 2018 regional ADA Paratransit service operating expenses. The increase is due to higher employee liability coverage. This expense category is then expected to grow by 2.4% and 2.1% in 2019 and 2020, respectively.



### RTA Certification Trips

RTA certification trip expenses capture the cost of transporting ADA Paratransit applicants to and from the RTA's assessment centers. Certification trip expenses of \$1.1 million are projected to account for 0.6% of total 2018 operating expenses. RTA certification expenses are then expected to increase by 4.3% and 4.4% in 2019 and 2020, respectively.

### Purchased Transportation

Representing almost 90% of total operating expenses, the Purchased Transportation category contains contractual expense for the service providers Pace utilizes in both the city and suburban service areas. These expenses are projected to increase by 2.1% to \$158.8 million in 2018, and continue to increase by 6% to 7% annually in 2019 and 2020, driven by both annual ridership growth of 1.7% and annual contractor price increases. The resulting compound annual growth rate of this predominant expense category over the five-year period from 2016 to 2020 is 5.3%.

### Regional ADA Paratransit Support Allocation

Pace allocates expense to account for the work performed by various 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. After increasing sharply in 2017 due to a revised calculation of the ADA overhead rate, the support allocation for 2018 will increase by 3.1% to \$7.6 million. The support allocation represents 4.2% of total operating expenses and is expected to decrease slightly in both 2019 and 2020, ending the period at \$7.5 million.

### **NET RESULT**

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses and transfers. The 2018 regional ADA Paratransit budget is balanced, producing a net result of



zero. In 2019 and 2020, Pace also anticipates a balanced regional ADA Paratransit budget with net results of zero, indicating that projected RTA funding levels should be sufficient.

### **RECOVERY RATIO**

The RTA Act requires a regional ADA Paratransit recovery ratio of 10%. Pace's regional ADA Paratransit recovery ratio for 2018, calculated by dividing total operating revenue by total operating expenses, with approved adjustments, exactly meets this statutory requirement. For ADA Paratransit, the approved adjustment excludes from expenses a portion of the costs incurred in paying ADA Paratransit contractors for their capital expenses related to vehicle purchases (Capital Cost of Contracting). For 2019 and 2020, Pace anticipates the regional ADA Paratransit recovery ratio to remain constant at 10.0%.

### **Statutory Compliance**

Pace's 2018 budget and 2019-2020 financial plans for regional ADA Paratransit comply with the operations funding amounts adopted by the RTA Board on August 24, 2017. These funding amounts include sales tax, Public Transportation Fund, and additional funding from the State of Illinois. The total level of RTA funding for ADA Paratransit is \$165.3 million in 2018, \$174.6 million in 2019, and \$185.9 million in 2020. Pace's 2018 budgeted regional ADA Paratransit recovery ratio of 10.0% matches the requirement adopted by the RTA Board.

The RTA Act requires each Service Board's budget to meet the seven criteria detailed in the Appendices chapter, prior to approval by the RTA Board. The Pace Regional ADA Paratransit budget, as submitted, substantially meets each of these criteria.

## Fare Structure

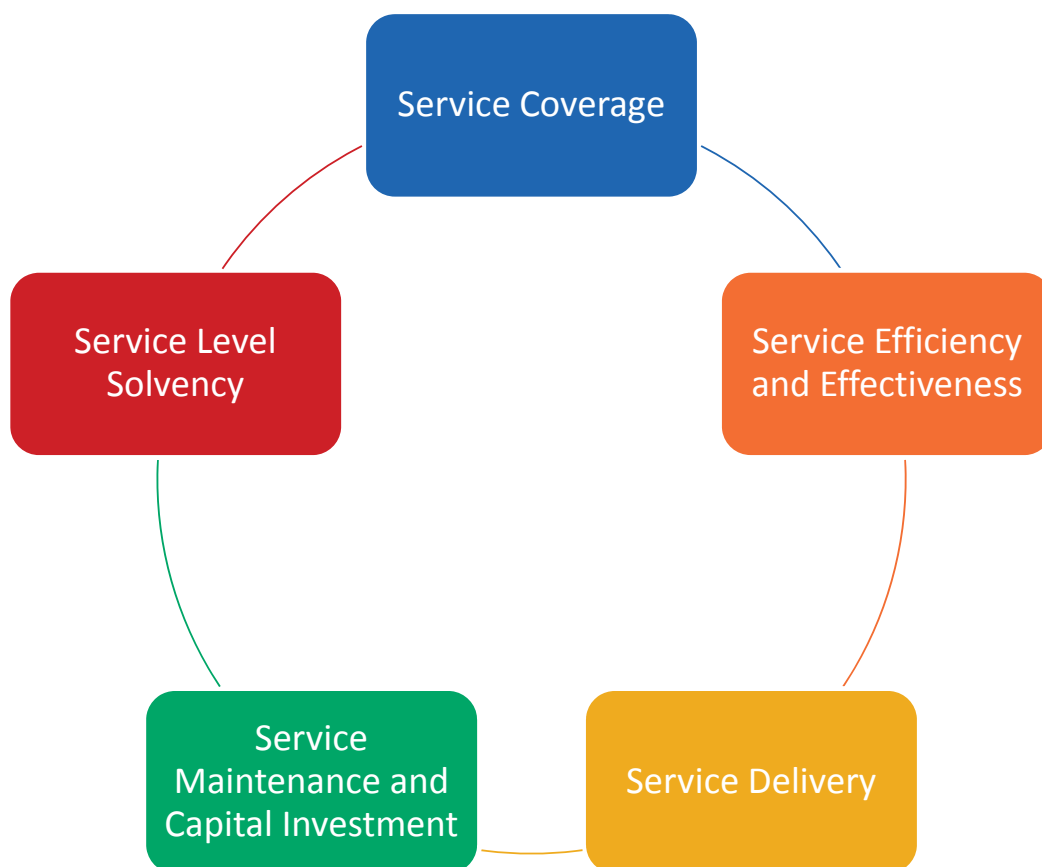
The 2018 budget contains ADA Paratransit's first fare increase since 2009. One-way fares will increase by 25 cents, to \$3.25, in both the City of Chicago and suburban service areas. Mobility Direct and Taxi Access Program fares will be unchanged at \$3.00. Federal law allows ADA Paratransit fares to be set at no more than twice the fixed-route fare. Since the base cash fares for CTA bus and Pace bus are now \$2.50 and \$2.25, respectively, the current maximum allowable ADA Paratransit fare is \$5.00 in the City of Chicago service area and \$4.50 in the suburban service area. Pace's fare structure for ADA Paratransit is shown in Exhibit 6-16.

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### EXHIBIT 6-16: ADA PARATRANSIT 2018 FARE STRUCTURE

	Fare
<b>CTA SERVICE AREA</b>	
ADA Paratransit	\$3.25
Taxi Access Program and Mobility Direct	\$3.00
<b>PACE SERVICE AREA</b>	
ADA Paratransit	\$3.25

# 7 PERFORMANCE MEASURES







## Goals and Performance Measures

The RTA, CTA, Metra, and Pace share a common vision for the region: public transit as the core of the region's robust transportation mobility network.

## Goals and Objectives

The goals and objectives of the region's strategic plan are outlined in Chapter 1, the Executive Summary. The Goals section explains what the RTA region needs to accomplish in order to realize its vision and the Objectives section identifies how the RTA region will meet its goals.

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 and how much of that service capacity is consumed.
- **Service Efficiency and Effectiveness** - evaluates the level of resources spent on service delivery in relation to the level of service provided 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.

*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.*

- **Service Level Solvency** - assesses financial condition to ensure that there are sufficient resources to meet current and ongoing financial needs (both operating and capital).

## Regional and Sub-Regional Performance Measures

The RTA provides two views of regional transit performance: regional and sub-regional. Region-wide performance is reported by aggregating data from each of the Service Boards – CTA, Metra, and Pace – to arrive at an assessment of regional performance. A sub-regional report 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 2012 - 2016 using NTD data published in October 2017.

The RTA has also developed a set of companion reports to the regional and sub-regional reports that are based on an analysis of national peer groups. At the regional level, the peers selected represent the transit systems that serve the ten largest metropolitan regions in the country. 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.

The performance measurement reports can be found on the RTA website at:

<http://www.rtachicago.org/index.php/plans-programs/performance-measures.html>.

The following sections contain highlights from these reports, as well as projected results for budget year 2018 and financial plan years 2019 and 2020, based on the assumptions used to develop the Service Boards' 2018 operating budgets.

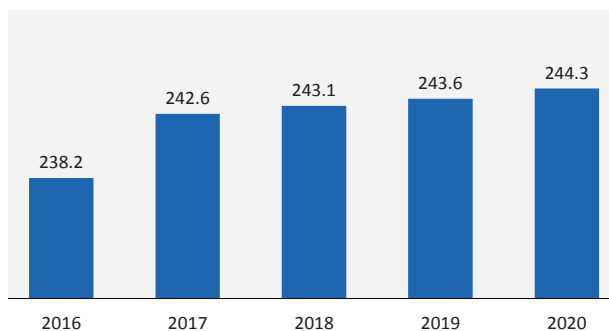
### SERVICE COVERAGE

These performance measures monitor both how much service is available to people in the region 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. Overall 2018 regional vehicle revenue miles are anticipated to increase 0.2% to 243.1 million miles (Exhibit 7-1). Increases of 0.2% and 0.3% are anticipated in the financial plan years 2019 and 2020, respectively.

**EXHIBIT 7-1: REGIONAL VEHICLE REVENUE MILES (IN MILLIONS)**

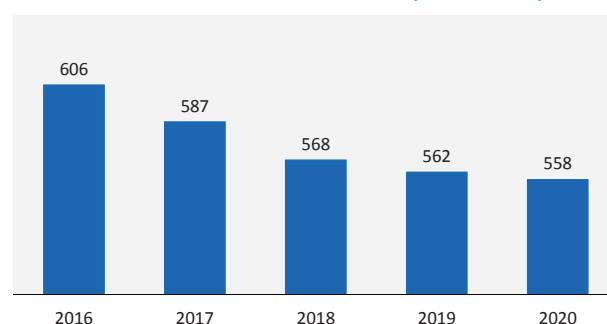


#### Unlinked Passenger Trips

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 7-2, regional ridership is projected to decrease 3.3% in 2018,

following 2017's estimated decline of 3.1%. Following a projected 3.5% decrease for 2017, CTA projects another 3.7% decrease in 2018. Metra projects a 1.5% decrease for 2018 resulting from the implementation of its fourth fare increase in four years. Pace Suburban Service projects a decrease of 0.9% for 2018, reflecting expected customer response to a fare increase implemented in January, 2018. Pace ADA Paratransit trips are projected to continue their growth trend and increase by 0.9% in 2018.

**EXHIBIT 7-2: UNLINKED PASSENGER TRIPS (IN 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 riding public transit.

#### Operating Cost per Passenger Trip

Operating Cost per Passenger Trip illustrates the cost of providing an individual trip. The projected performance figures provided in Exhibit 7-3 indicate that the regional cost of providing one unlinked passenger trip is expected to increase 31 cents, or 7.0%, in 2018.

**EXHIBIT 7-3: OPERATING COST PER PASSENGER TRIP**



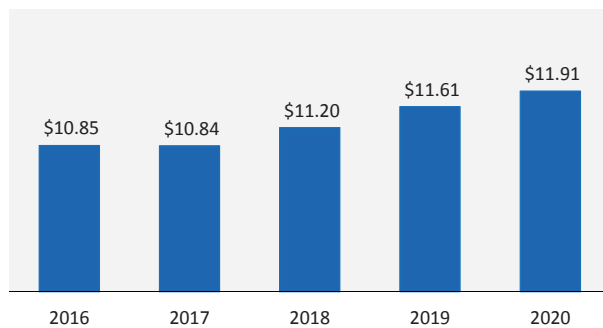


Each Service Board is anticipating 2018 operating cost increases and ridership decreases, resulting in increased operating cost per passenger trip: CTA 7.2%, Metra 5.8%, Pace Suburban Service 4.4%, and Pace ADA Paratransit 1.8%. On a regional basis, the 2019 projected operating cost per passenger trip is expected to increase 5.0%, followed by an increase of 3.6% in 2020.

#### Operating Cost per Vehicle Revenue Mile

Operating Cost per Vehicle Revenue Mile is total operating costs divided by the sum of the miles traveled by transit vehicles while in revenue service. Projected values for this performance measure are shown in Exhibit 7-4. At the regional level, the cost to operate a transit vehicle one mile is expected to be \$11.20 in 2018, a 3.3% increase from the 2017 estimate.

**EXHIBIT 7-4: OPERATING COST PER VEHICLE REVENUE MILE**



For 2018, CTA and ADA Paratransit are anticipating some minor increases in service levels, while Metra will be implementing service reductions for the first time in its history and Pace Suburban Service is expected to remain unchanged as new service is expected to offset decreases in existing service. Each Service Board is anticipating operating costs to increase, resulting in higher operating costs per vehicle revenue mile: CTA 2.7%, Metra 5.2%, Pace Suburban Service 3.4%, and Pace ADA Paratransit 2.0%. On a system-wide basis, further operating cost per vehicle revenue mile increases are expected in 2019 and 2020, at 3.7% and 2.6%, respectively, with service levels held mostly constant for the fixed-route services.

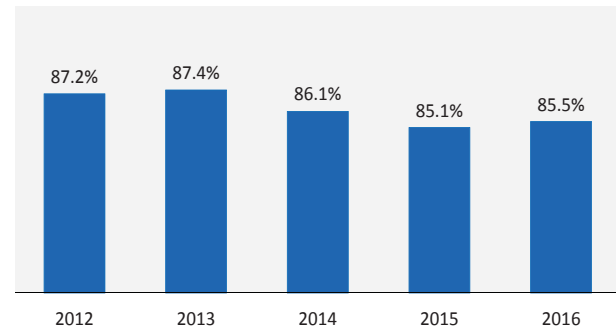
## **SERVICE DELIVERY**

This objective reflects the quality of the service delivered and focuses on customer service and safety.

#### On-Time Performance

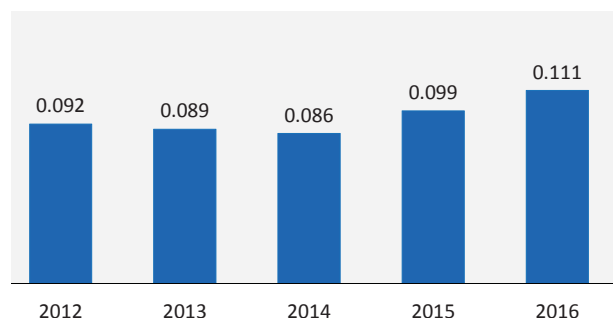
Each Service Board defines on-time performance differently but it is generally understood to represent the percentage of times a transit vehicle departs from and/or arrives at a location within a certain number of minutes before or after the scheduled time. The data presented in Exhibit 7-5 reflects actual past performance rather than projections. Regional on-time performance consistently met or exceeded 87% prior to the polar vortex weather events of 2014, and has remained below that level in subsequent years.

**EXHIBIT 7-5: ON-TIME PERFORMANCE**



#### 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 7-6, the incident rate experienced upticks for two consecutive years 2015 and 2016 but the overall rate remains very low at 0.111 incidents per 100,000 unlinked passenger trips.

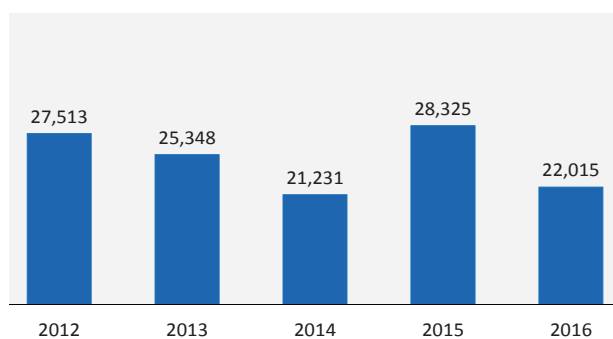
**EXHIBIT 7-6: REPORTABLE SAFETY AND SECURITY INCIDENTS PER 100,000 PASSENGER TRIPS**

### 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.

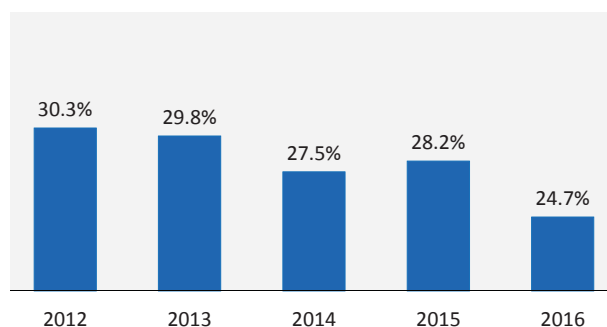
#### Miles between Major Mechanical Failures

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 fluctuates from year to year and was significantly impacted by historic weather events in 2014, as shown in Exhibit 7-7. 2015 saw a rebound for this measure, achieving the best performance of the five-year time period, followed by a dip in 2016.

**EXHIBIT 7-7: MILES BETWEEN MAJOR MECHANICAL FAILURES**

#### 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 minimum 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 minimum useful life before actually being retired. This metric, as shown in Exhibit 7-8, was at its lowest value of the five-year period in 2016, as all three Service Boards were adding rolling stock to their active fleets. At year-end 2016, there were 1,809 vehicles in service beyond useful life, a decrease of 3.5 percentage points to 24.7% of the active fleet.

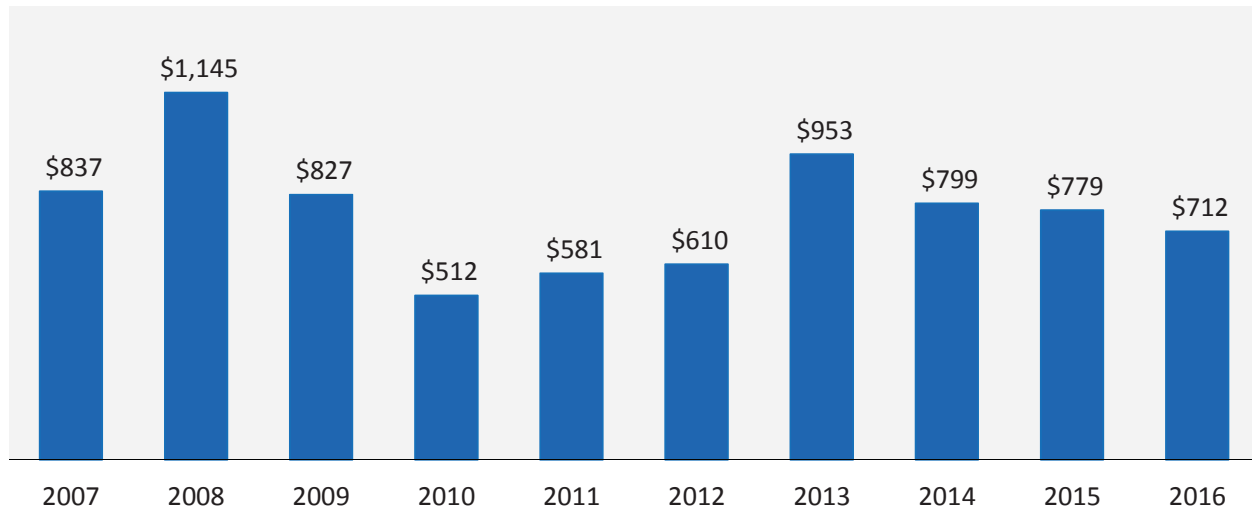
**EXHIBIT 7-8: PERCENT OF VEHICLES BEYOND USEFUL LIFE**

### 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 Expenditures

This indicator demonstrates the amount of capital funds expended to finance maintenance, enhancement, and expansion of the transit system infrastructure. Exhibit 7-9 shows actual capital program expenditures by the Service Boards over the past ten years. Capital program expenditures reached a ten-year high in 2008, the only year that expenditures exceeded \$1 billion. Capital program funding is inconsistent and has dropped by as much as 38% from one year to the next, resulting in the

**EXHIBIT 7-9: CAPITAL EXPENDITURES (MILLIONS)**

need to continue to issue bonds to pay for capital projects. 2016 was the third consecutive year of decreased capital program expenditures.

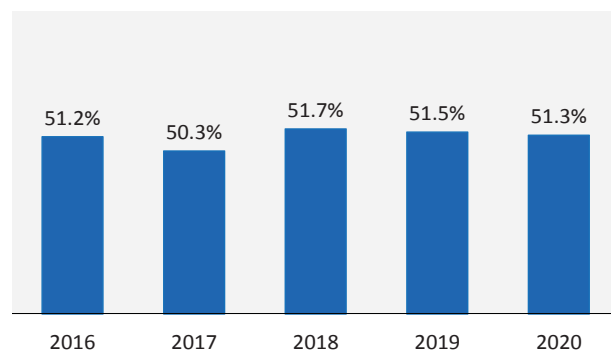
#### Fare Revenue per Passenger Trip

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 7-10 indicates that system-wide fare revenue per trip is expected to increase by \$0.13 in 2018, resulting from fare increases implemented at each Service Board. Further increases are expected in subsequent years: \$0.07 in 2019 and \$0.05 in 2020.

**EXHIBIT 7-10: FARE REVENUE PER 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 operating 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 achieve recovery ratios of 54.75%, 52.5%, and 30.3%, respectively, with their proposed 2018 operating budgets. As shown in their individual budgets, each Service Board anticipates meeting or exceeding these requirements. The RTA regional recovery ratio for 2018 is projected at 51.7% and is in compliance with the RTA Act (Exhibit 7-11).

**EXHIBIT 7-11: 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 areas:

- Project Management Oversight (PMO)
- RTA Funding Programs
- Mobility Services Programs
- RTA Transit Benefit Program

### PROJECT MANAGEMENT OVERSIGHT

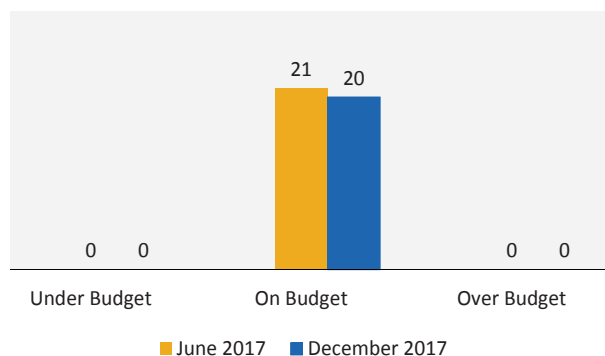
The RTA is responsible under the RTA Act to ensure that the Service Boards manage capital funds and capital development projects effectively and efficiently. The RTA PMO program works with the Service Boards to ensure transit projects in the region are successfully implemented according to scope, schedule, 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:

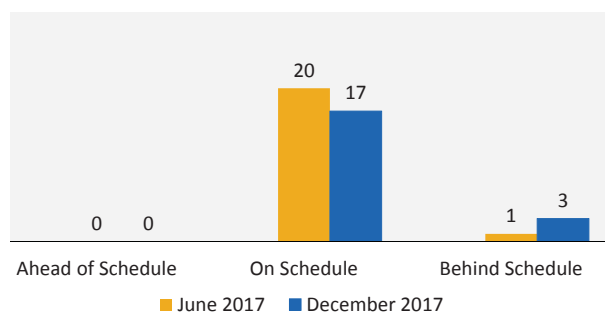
- Conducting periodic PMO reviews
- Performing field inspections and site visits
- Documentation verification and validation
- Identifying current and future project issues
- Technical evaluations of project designs
- Verification of compliance with grant agreements
- Conducting value engineering reviews
- 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 7-12 and 7-13 highlight the number of projects on budget and on

**EXHIBIT 7-12: STATE-FUNDED PROJECT BUDGET PERFORMANCE**



**EXHIBIT 7-13: STATE-FUNDED PROJECT SCHEDULE PERFORMANCE**



NOTE: State-funded project schedule performance does not reflect delays caused by state capital funding, freeze, and/or delays.

schedule during the two most recent periods of review: June and December 2017.

### 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.

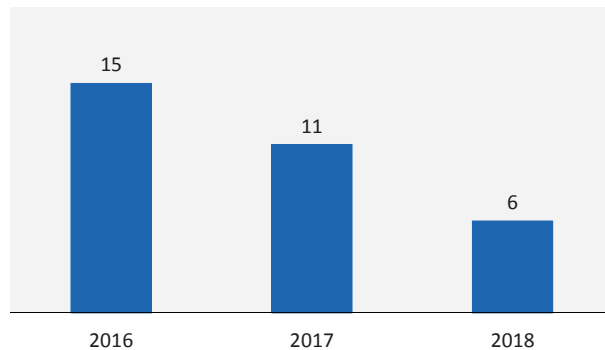
#### Innovation, Coordination, and Enhancement (ICE) Program

The Innovation, Coordination and Enhancement (ICE) program, established as part of the 2008 amendments to the RTA Act, provides operating and/or capital funding for projects that provide cost-effective ways to enhance the coordination and integration of public

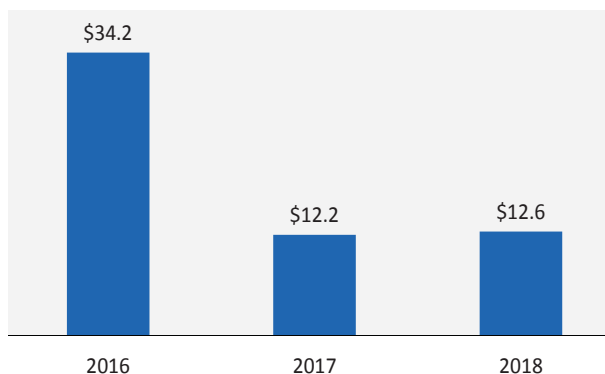
transportation and to develop and implement innovations to improve the quality and delivery of public transportation (Exhibits 7-14 and 7-15). Six ICE projects totaling \$12.6 million were awarded for 2018:

- South Side Service Improvements (CTA) \$3,553,000
- Quality of Life Mission – Security Services Rail (CTA) \$2,484,000
- GPS Train Tracker (Metra) \$3,000,000
- Downtown Terminal Information Display (Metra) \$952,500
- Main Line Conversion to LED (Metra) \$952,500
- Intelligent Bus System – Equipment Replacement (Pace) \$1,635,000

**EXHIBIT 7-14: ICE FUNDING PROJECTS PROGRAMMED BY YEAR**



**EXHIBIT 7-15: TOTAL ICE FUNDING (MILLIONS)**

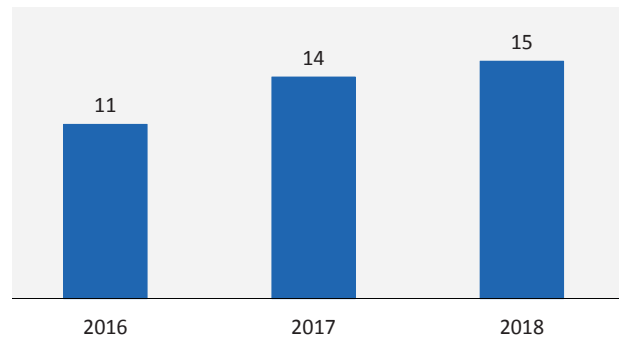


#### Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program

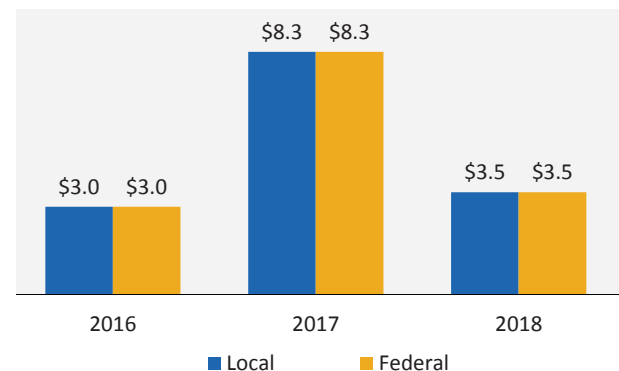
This federal program provides funds to the RTA that the RTA then awards for capital and operating projects that meet the needs of older adults and people with dis-

abilities. It is estimated that \$7 million in federal funds will be used to fund new, existing, or expansion projects for 2018 (Exhibits 7-16 and 7-17).

**EXHIBIT 7-16: ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM PROJECTS PROGRAMMED BY YEAR**



**EXHIBIT 7-17: ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM PROJECTS BY SOURCE (MILLIONS)**



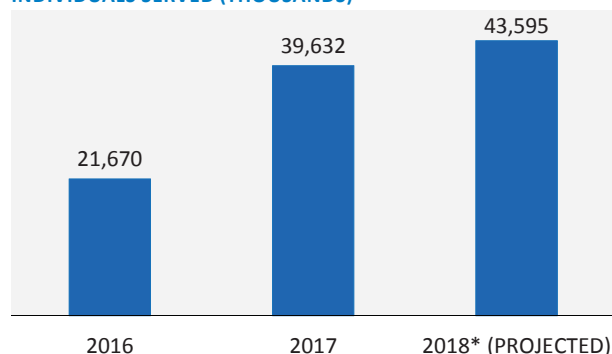
#### **RTA MOBILITY MANAGEMENT AND TRAVEL TRAINING PROGRAM**

The Mobility Management Program is responsible for providing a one-on-one Travel Training Program, Group Transit Orientation Presentations, and outreach to customers with disabilities and older adults. The Travel Training program provides one-on-one training to customers to inform them how to use accessible Metra, Pace, and CTA buses and trains. The Group Transit Orientation Program provides group presentations at agencies that serve people with disabilities and older adults throughout the RTA's six-county region. Presentations educate participants and agency staff on the accessibility of CTA, Metra, and Pace service, and demonstrate

the benefits of using fixed-route buses and trains as well as RTA's Mobility Services programs. In addition to presentations, in 2015, the Mobility Management Program started participating in an increased number of outreach and customer service-oriented events serving older adults and people with disabilities. These events include educational resource fairs, disability-related and older adult community events, and community events hosted by elected officials and municipalities. During these events, Mobility Management staff provides information about accessible transit, promotes and helps customers with applying for RTA programs and services such as the Reduced Fare and Ride Free programs, and promotes the Travel Training and Group Transit Orientation programs. Staff distributes promotional materials, brochures, maps, and informational handouts at these events.

Overall, the Mobility Management team has seen significant increases in each aspect of the program due to an increase in Mobility Management staff. In 2017, the RTA Mobility Management Program served 39,632 individuals with disabilities and older adults, an 82.9% increase over 2016. Projections indicate that the number of individuals served by the program will continue to grow in 2018, increasing by 10% to 43,595 individuals served (Exhibit 7-18). Additionally in 2017, in order to increase customer education throughout the region, the RTA Mobility Management Program completed three videos in a series of videos that teaches older adults and people with disabilities how to ride accessible fixed route services. In 2018, the Mobility Management Division plans to complete two additional videos as part of the series.

**EXHIBIT 7-18: RTA MOBILITY MANAGEMENT PROGRAM, TOTAL INDIVIDUALS SERVED (THOUSANDS)**



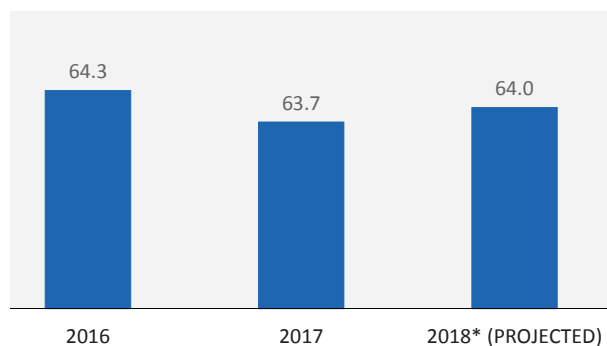
## ADA PARATRANSIT CERTIFICATION PROGRAM

ADA Paratransit is a shared ride, advanced reservation, origin-to-destination service for individuals 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 to learn about the program. Applicants are scheduled for an in-person interview and, in some cases, participate in additional functional assessments to assess their individual ability to use fixed-route service. Recertification occurs every four years.

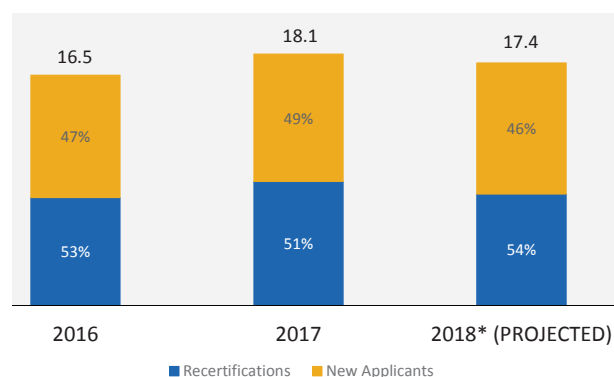
The RTA has contracted with a vendor over the past several years to perform certification interviews and assessments. In 2016, RTA also outsourced customer service functions related to management of applicant calls and appointment scheduling, as well as certification decision recommendations, to a new vendor. These functions are performed with significant oversight by the RTA.

In 2018, the number of eligible riders is expected to grow by 0.5% to 64,000, following two years of declines (Exhibit 7-19). Applications for ADA Paratransit are projected to decrease by 3.5% to 17,421 (Exhibit 7-20).

**EXHIBIT 7-19: ADA PARATRANSIT ELIGIBLE RIDERS (THOUSANDS)**

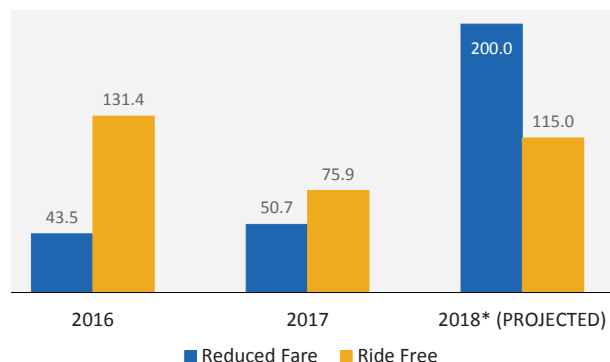




**EXHIBIT 7-20: ADA PARATRANSIT CERTIFICATION APPLICATIONS (THOUSANDS)**

### RTA CUSTOMER SERVICE PROGRAMS

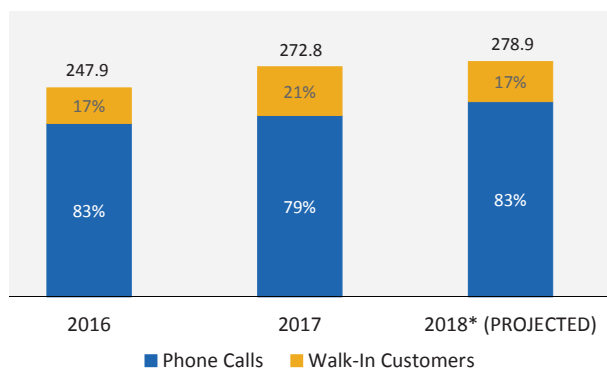
The RTA issues Reduced Fare Cards for older adults as well as individuals with disabilities. Applicants under age 65 must provide proof of disability to be eligible for the Reduced Fare Program. In 2017, the RTA issued 50,652 new Reduced Fare cards and expects to issue around 200,000 in 2018 (Exhibit 7-21), resulting from a large number of cards that will be expiring and up for renewal.

**EXHIBIT 7-21: REDUCED FARE CARDS ISSUED (THOUSANDS)**

The RTA also issues Ride Free Cards for low-income older adults and individuals with disabilities. Seniors and those 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. The income levels for eligibility are \$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. In 2017, the RTA issued 75,865

new Ride Free Cards and expects to issue 115,000 new cards in 2018 (Exhibit 7-21).

RTA's Customer Service Center staff assists seniors and individuals with disabilities in applying for, renewing and replacing Reduced Fare and Ride Free permits, and processing ADA Paratransit replacement permits. Customer Service Center staff received 215,026 phone calls and 57,757 walk-ins in 2017. Customer Service Center volumes are expected to increase to 231,463 in 2018 (Exhibit 7-22).

**EXHIBIT 7-22: CUSTOMER SERVICE CENTER ACTIVITY (THOUSANDS)**

### RTA TRANSIT BENEFIT FARE PROGRAM

The RTA Transit Benefit Fare Program (TBFP) enables transit riders to take advantage of an Internal Revenue Service (IRS) allowance which permits employees of participating employers to use pre-tax earnings to pay for public transportation fares. In November 2017, the IRS announced the cost of living adjustment (COLA) for 2018, increasing the pre-tax limit to \$260 per month. Through the pre-tax deduction, employees can save up to 40% on their commuting costs and employers can save an average of 7.65% on their payroll taxes.

The RTA TBFP is a one-stop shop for more than 1,350 employers throughout Chicagoland, offering multiple product choices for commuting on the Chicago Transit Authority (CTA), Metra, Pace, Northern Indiana Commuter Transportation District (NICTD), Amtrak, and Chicago Water Taxi, as well as other public transportation providers. Approximately 99% of companies par-

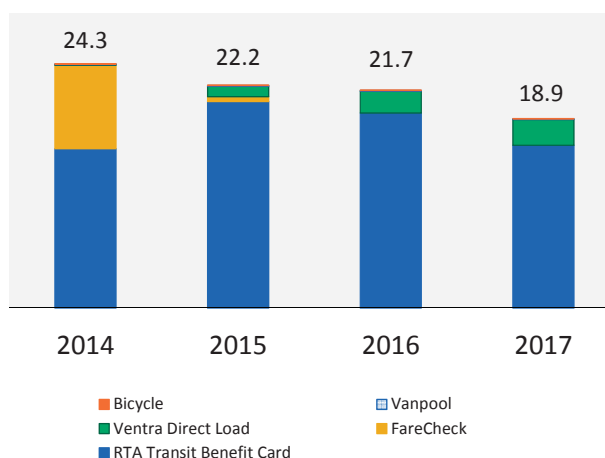
participating in the RTA TBFP are small companies, ranging from 1-49 employees, or midsize companies, ranging from 50-100 employees. The RTA continues to offer a low-cost program to make the benefit and program appealing to employers in the region, particularly small ones that may not be able to access programs offered by larger third-party administrators.

The RTA introduced the RTA Transit Benefit Prepaid MasterCard (RTA Transit Benefit Card) in October 2013. The RTA Transit Benefit Card is a prepaid MasterCard that can only be used to purchase transit fares at any transit agency across the country. The RTA Transit Benefit Card can also be used as a payment source for Metra's mobile ticketing on the Ventra app. In September 2014, the RTA integrated Ventra Direct Loads into the RTA Transit Benefit Fare Program. Ventra Direct Loads allows employees to have passes or transit benefit value directly loaded to their Ventra account for use on CTA and Pace. Metra riders can also use Ventra Direct Loads to purchase Metra mobile tickets using the Ventra app. In addition to the popular product choices of the RTA Transit Benefit Card and Ventra Direct Loads, the RTA TBFP continues to offer direct loads for Pace Vanpool accounts and Commuter Checks for Bicycling.

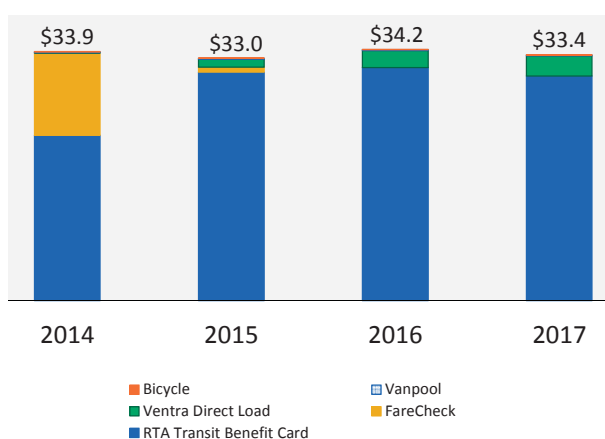
In 2014, Congress reduced the amount of the pre-tax benefit from \$250 to \$130 per month, which drove down the total value of units sold in 2015 and may have made some customers less inclined to take advantage of the benefit. In 2015, the Transit Benefit program saw an 8.8% decline in the average number of units sold per month and a 2.6% decline in the total value of units sold. The RTA discontinued FareCheck Vouchers in early 2015, and participating employees, depending on their transportation mode, either transitioned to the RTA Transit Benefit Card or a Ventra Direct Load. The discontinuation of the FareCheck Vouchers also contributed to the decrease in unit sales because participating employers could no longer purchase fare media in bulk and stockpile for employees. The average number of units sold per month declined an additional 2.2% in 2016, but the total value of units sold increased 3.6% to \$34.2 million as a result of Metra's fare increase and the pre-tax benefit being increased up to \$255 per month.

In 2017, the Transit Benefit program saw a 5% decline in the number of participating companies, a 13% decline in the number of units sold, and a 2% decline in the total value of units sold (Exhibits 7-23 and 7-24). These declines are a result of business relocations, company mergers, and companies looking to offer a pre-tax parking benefit or bundling their benefit options to include a flexible spending account (FSA) or health spending account (HSA).

**EXHIBIT 7-23: TRANSIT BENEFIT FARE MEDIA AVERAGE MONTHLY UNITS SOLD (THOUSANDS)**



**EXHIBIT 7-24: VALUE OF TRANSIT BENEFIT FARE MEDIA SOLD (MILLIONS)**



# 8 CAPITAL PROGRAM







Wilson

4600N  
1100W

Wilson

4600N  
1100W

UPTOWN STATION

## 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 during October through early December in each county of the Northeastern Illinois region to inform the public and government officials of the RTA's capital development plans for the next five years.

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure which includes bringing the system's \$162 billion in assets (as measured in terms of replacement value and including subway tunnels valued at \$100 billion) into a State of Good Repair (SGR) and extending or expanding service when demand is justified and funding available. To maintain and preserve the existing system, keep the

current SGR backlog of capital projects from growing, and provide limited enhancement and expansion requires a capital investment of \$2 billion to \$3 billion per year. The amount needed to address the full SGR backlog is estimated at \$19.4 billion.

## Source of Funds

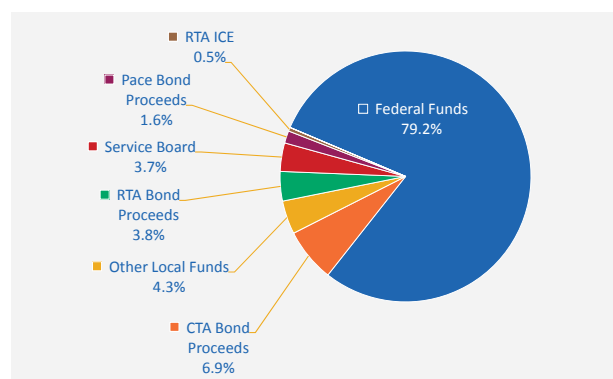
On August 24, 2017, the RTA adopted preliminary capital funding amounts for 2018-2022. Subsequently, the RTA received proposals for funds controlled by the Service Boards and adopted the 2018 RTA regional budget and capital program on December 14, 2017. The funding sources for the RTA Capital Program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the RTA, and the Service Boards (Exhibit 8-1). For the fourth consecutive year, the capital program does not include any new source of state funds. Additional funding sources (CTA bonds, Pace Bonds, Department of Homeland Security, federal Congestion Management and Air Quality, federal New Starts/Core Capacity, CTA's new ground transportation tax, and Service Board), identified after the adoption of the funding amounts on August 24,

*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.*

EXHIBIT 8-1: 2018-2022 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	RTA	Total
<b>Funding Sources</b>					
Federal Funds	2,153,917	922,858	218,157	-	3,294,932
RTA Innovation, Coordination, & Enhancement (ICE)	-	15,161	5,054	-	20,215
RTA Funds	-	-	-	250	250
Service Board	2,360	148,700	1,250	-	152,310
Other Local Funds	179,235	-	-	-	179,235
<b>Total New Capital Funding</b>	<b>\$2,335,512</b>	<b>\$1,086,719</b>	<b>\$224,461</b>	<b>\$250</b>	<b>\$3,646,943</b>
RTA Bond Proceeds	79,000	71,100	7,900	-	158,000
CTA Bond Proceeds	287,249	-	-	-	287,249
Pace Bond Proceeds	-	-	66,200	-	66,200
Sub-Total Bond Funds	\$366,249	\$71,100	\$74,100	-	\$511,449
<b>Total Capital Funding</b>	<b>\$2,701,762</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$4,158,392</b>
Debt Service (Federal)	(721,875)	-	-	-	(721,875)
<b>Total Capital Funding Available</b>	<b>\$1,979,887</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$3,436,517</b>



**EXHIBIT 8-2: 2018-2022 CAPITAL FUNDING - \$4.158 BILLION**

increased capital funding by \$1.419 billion. This increase is primarily attributed to a \$500.0 million federal core capacity grant for CTA's Red-Purple Modernization Project (RPM), \$179.0 million from a new City of Chicago Ground Transportation Tax for CTA track improvements systemwide, and \$353.4 million in CTA and Pace bond sales for CTA's RPM project and Pace's new Northwest Division Garage. Of the estimated \$4.158 billion of capital funding sources for 2018-2022, federal funds account for \$3.295 billion or 79.2%; CTA bond proceeds account for \$287.2 million or 6.9%; Ground Transportation Tax proceeds and other local funds account for \$179.2 million or 4.3%; RTA bond proceeds account for \$158.0 million or 3.8%; Service Board funds account for

\$152.3 million or 3.7%; Pace bond proceeds account for \$66.2 million or 1.6%; RTA ICE funds account for \$20.2 million or 0.5%, and RTA funds account for \$0.3 million or less than 0.1% (Exhibit 8-2). After taking into account the payment of \$721.9 million in debt service on previously issued CTA bonds, an estimated \$3.437 billion is available for 2018-2022 capital investment.

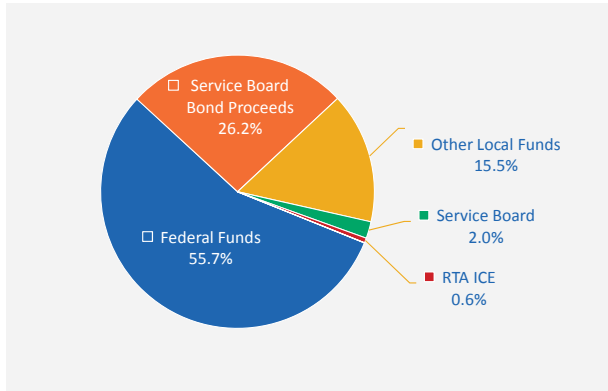
The total estimated funds for capital projects in 2018 are \$1.156 billion. Federal funds account for \$644.6 million or 55.7%; CTA Bond proceeds account for \$287.2 million or 24.8%; CTA Ground Transportation Tax proceeds account for \$179.2 million or 15.5%; Service Board funds account for \$22.9 million or 2.0%; Pace bond proceeds account for \$15.5 million or 1.3%; and RTA ICE funds account for \$6.5 million or 0.6%. After deducting \$143.1 million of CTA debt service on previously issued bonds, an estimated amount of \$1.013 billion of funding is available for 2018 (Exhibits 8-3 and 8-4).

The absence of a new State of Illinois transit capital funding initiative, as well as the suspension of funding for many projects in the Illinois Jobs Now and Jump Start programs, has slowed the advancement of capital projects. This has impeded progress toward achieving a system-wide SGR.

**EXHIBIT 8-3: 2018 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)**

	CTA	Metra	Pace	RTA	Total
<b>Funding Sources</b>					
Federal Funds	428,443	171,664	44,488	-	644,596
RTA Innovation, Coordination, & Enhancement (ICE)	-	4,905	1,635	-	6,540
RTA Funds	-	-	-	250	250
Service Board	2,360	20,300	250	-	22,910
Other Local Funds	179,235	-	-	-	179,235
<b>Total New Capital Funding</b>	<b>\$610,038</b>	<b>\$196,869</b>	<b>\$46,373</b>	<b>\$250</b>	<b>\$853,531</b>
Service Board Bond Proceeds	287,249	-	15,500	-	302,749
Sub-Total Bond Funds	\$287,249	-	\$15,500	-	\$302,749
<b>Total Capital Funding</b>	<b>\$897,287</b>	<b>\$196,869</b>	<b>\$61,873</b>	<b>\$250</b>	<b>\$1,156,280</b>
Debt Service (Federal)	(143,149)	-	-	-	(143,149)
<b>Total Capital Funding Available</b>	<b>\$754,138</b>	<b>\$196,869</b>	<b>\$61,873</b>	<b>\$250</b>	<b>\$1,013,130</b>

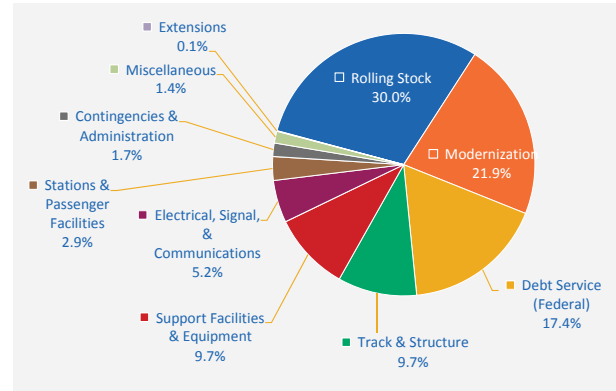


**EXHIBIT 8-4: 2018 CAPITAL FUNDING: \$1.156 BILLION**

## Use of Funds

The primary emphasis of the 2018-2022 Capital Program is to continue efforts to bring the system's transit assets to a SGR and increase capacity in markets with growing ridership. When replacing worn capital assets, it is imperative to use modern technologies that result in improved functionalities and efficiencies 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 2018-2022 Capital Program, a significant amount of the budget is allocated to capital projects that maintain the existing system. However, the current

**EXHIBIT 8-6: 2018-2022 CAPITAL PROGRAM USES - \$4.158 BILLION**

funding level does not satisfy the backlog or current SGR capital needs for the region.

Investments in the 2018-2022 Capital Program can be broken down by various asset categories. Exhibits 8-5 and 8-6 show program expenditures of \$1.246 billion or 30.0% for rolling stock, \$912.2 million or 21.9% for rail line modernization and improvements, \$405.3 million or 9.7% for track and structure, \$402.1 million or 9.7% for support facilities and equipment, \$217.4 million or 5.2% for electrical, signal, and communications, \$121.8 million or 2.9% for stations and passenger facilities, \$68.9 million or 1.7% for contingencies and administration, \$59.9 million or 1.4% for miscellaneous capital needs, and \$0.3 million or less than 1% for extensions.

**EXHIBIT 8-5: 2018-2022 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)**

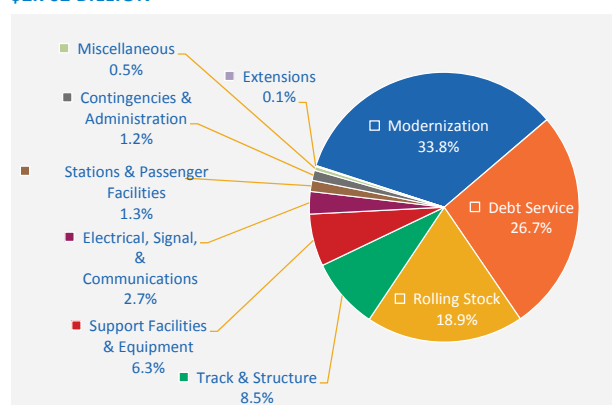
	CTA	Metra	Pace	RTA	Total
<b>Asset Category</b>					
Rolling Stock	510,764	603,158	131,929	-	1,245,851
Track & Structure	230,167	175,122	-	-	405,289
Electrical, Signal, & Communications	72,625	139,703	5,054	-	217,382
Support Facilities & Equipment	169,617	95,380	137,128	-	402,125
Stations & Passenger Facilities	36,020	62,632	23,200	-	121,852
Miscellaneous	12,619	45,794	1,250	250	59,913
Modernization	912,249	-	-	-	912,249
Contingencies & Administration	32,850	36,030	-	-	68,880
Extensions	2,976	-	-	-	2,976
<b>Total Capital Funding Available</b>	<b>\$1,979,887</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$3,436,517</b>
Debt Service (Federal)	721,875	-	-	-	721,875
<b>Total Capital Funding</b>	<b>\$2,701,762</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$4,158,392</b>

In addition, \$721.9 million or 17.4% will be expended for existing CTA debt service.

## CTA Overview

The proposed projects in the CTA's portion of the 2018-2022 Capital Program total \$2.702 billion (including payment of debt service on bonds) and include investments to modernize and add capacity to its system. The percentages for the general categories of capital improvements of the total program are 33.8% for modernization projects, 26.7% for debt service, 18.9% for rolling stock, 8.5% for track and structure, 6.3% for support facilities and equipment, 2.7% for electrical, signal, and communications, 1.3% for stations and passenger facilities, 1.2% for contingencies and administration, 0.5% for miscellaneous, and 0.1% for extensions. The general categories of capital improvements comprising the CTA's portion of the Capital Program are illustrated in Exhibit 8-7.

**EXHIBIT 8-7: CTA 2018-2022 CAPITAL PROGRAM USES: \$2.702 BILLION**



**Highlights of projects included in the CTA's proposed 2018-2022 Capital Program are listed below.**

- **Red and Purple Modernization (RPM) Program** - a series of proposed improvements to the North Red Line along the 9.6-mile RPM corridor from just north of the Belmont station to the northern terminus at Linden station. Funding for this project totals \$912.3 million, including \$500.0 million in federal funds from a core capacity grant, over the next five years. This program will enhance station

access along the corridor, expand platforms, and replace and modernize the structural system, which is more than 90 years old.

- **Bus Replacement and Rail Car Overhaul Program** - CTA's investment of \$510.8 million for rolling stock enhancements includes \$250.8 million to purchase new 7000 series rail cars to replace the majority of the 2600-Series cars that are well beyond their useful life, \$94.2 million to perform overhaul programs on the 5000-Series rail cars, \$68.4 million for the replacement of aging buses with a mix of electric, clean diesel, and diesel-electric hybrid buses, \$75.4 million for bus mid-life and life-extending overhauls to extend their useful life, and \$22.0 million for ongoing bus and rail capital maintenance. Funding for this project will improve service reliability, improve passenger comfort and amenities, positively impact maintenance and operating costs, and contribute to a greener, sustainable environment.
- **Track and Structure Improvements** - proposed improvements to eliminate system-wide slow zones and improve travel time are programmed at \$230.2 million. This includes \$76.9 million for elevated track and structure improvements, \$121.0 million for track improvements on the south Green Line, west Green and Pink Lines, Red Subway Line, and Brown Line, and \$32.2 million for continued rehabilitation of the Blue Line.
- **Facility Improvements** - an investment of \$169.6 million is proposed to upgrade and rehabilitate a number of facilities that are beyond their useful life and costly to maintain. This include \$71.0 million

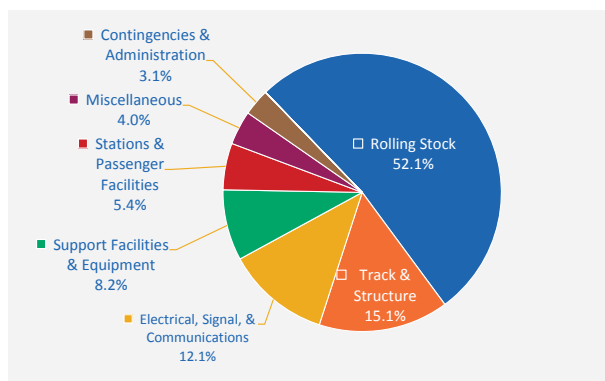


for critical and necessary repairs to bus and rail facilities system-wide, and \$40.0 million to replace the 61st Street rail car shop.

## Metra Overview

Metra's portion of the proposed 2018-2022 Capital Program totals \$1.158 billion. Metra will continue to focus on fleet modernization through rail car purchases, rehabilitation of rolling stock, track and structure, and electrical, signal and communications projects including the continued installation of the federally mandated Positive Train Control (PTC) system. The percentages for the general categories of capital improvements of the total program are 52.1% for rolling stock, 15.1% for track and structure, 12.1% for electrical, signal, and communications, 8.2% for support facilities and equipment, 5.4% for stations and passenger facilities, 4.0% for miscellaneous, and 3.1% for contingencies and administration. The general categories of capital improvements comprising Metra's portion of the Capital Program are illustrated in Exhibit 8-8.

**EXHIBIT 8-8: METRA 2018-2022 CAPITAL PROGRAM USES: \$1.158 BILLION**



**Highlights of projects included in Metra's proposed 2018-2022 Capital Program are listed below.**

- **Fleet Modernization** - Metra's investment of \$603.2 million to modernize its fleet includes \$196.4 million for locomotive rehabilitation, \$136.5 million for bi-level commuter car rehabilitation, \$122.6 million to purchase new bi-level commuter cars, and \$100.5 million for the purchase of new locomotives. Commuter car rehabilitation projects

include better seating, lighting, climate control, ADA bathroom facilities, and electronic charging outlets. Purchase of the new rail cars and locomotives will allow for retirement of some of the oldest cars in the fleet, improve maintenance costs and increase service reliability.

- **Track and Structure Improvements** - an investment of \$175.1 million has been proposed for projects that will improve the riding quality and speed of trains and reduce the need for slow zone orders. This includes \$59.9 million for improvements to bridge structures along the Union Pacific North and the Milwaukee District North Lines, \$45.8 million for tie and ballast replacement, \$31.6 million for rail renewal projects, \$21.2 million for railroad crossing upgrades, and \$16.8 million for structural improvements systemwide.



- **Electrical, Signal, & Communications** - an investment of \$139.7 million has been proposed that will improve the speed of trains and system reliability, as well as increase system safety and reduce maintenance costs. This includes the continued investment of \$49.5 million in the implementation of the federally mandated PTC system, \$49.5 million to upgrade interlockers and crossovers, and \$40.0 million to upgrade the signal system.
- **Support Facilities & Equipment** - an investment of \$95.4 million has been proposed to upgrade, improve and replace support facilities and equipment past their useful life. This include \$38.1 million for improvements at the 14th Street, Western Avenue and Hill Yards, 49th Street Diesel Shop, and West

Jackson Boulevard facility. Also included is \$37.3 million for the purchase of equipment and replacement vehicles systemwide.

- **Stations & Passenger Facilities** - an investment of \$62.6 million has been proposed to improve the customer waiting experience at various stations and continue ADA improvement systemwide. This includes \$47.6 million for replacing roofs, lighting, and warming shelters systemwide including the 59th Street and Van Buren stations, and \$15.0 million in station improvements associated with Metra's on-going effort towards full ADA compliance.

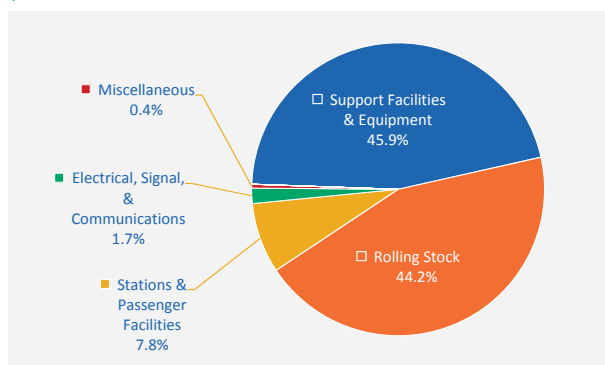
## Pace Suburban Service Overview

Pace's portion of the proposed 2018-2022 Capital Program totals \$298.6 million. A majority of the funding is allocated for the replacement of rolling stock and improvements to facilities and equipment. The percentages for the general categories of capital improvements of the total program are 45.9% for support facilities and equipment, 44.2% for rolling stock, 7.8% for stations and passenger facilities, 1.7% for electrical, signal, and communications, and 0.4% for miscellaneous. The general categories of capital improvements comprising Pace's portion of the Capital Program are illustrated in Exhibit 8-9.

### Highlights of projects included in Pace's proposed 2018-2022 Capital Program are listed below.

- **Support Facilities and Equipment Improvements**-proposed facilities and equipment improvements total \$137.1 million and include land acquisition for, and construction of, a new Northwest Division Garage. The existing garage is over 50 years old, overcrowded, and operationally obsolete. Renovation work at other facilities systemwide, programmed at \$32.1 million, will replace inefficient or non-functioning systems and equipment to improve operating efficiencies. In addition, \$16.0 million has been programmed for the purchase of a new fare collection system.

**EXHIBIT 8-9: PACE 2018-2022 CAPITAL PROGRAM USES: \$298.6 MILLION**



- **Bus and Vehicle Replacement** - the replacement of 203 fixed-route buses, 350 paratransit buses, 132 community vehicles, 289 vanpool vehicles, and engine transmission retrofits for fixed route vehicles is programmed at \$131.9 million. Vehicle replacements help reduce maintenance and operating costs, provide a better customer experience, and increase service reliability.
- **Renovate Passenger Facilities** - \$23.2 million is programmed for updates to passenger amenities systemwide. This includes \$4.5 million for new bus stop shelters and signs, \$15.7 million to renovate passenger facilities at Harvey Transportation Center, Blue Island Park-n-Ride, Chicago Heights Transfer Center, UPS Transportation Center, Homewood Transportation Center and Park-n-Ride lot, Riverdale Bus Turnaround, and Prairie Stone Transportation Center. Such projects will reduce maintenance costs, as well as improve customer waiting conditions and encourage ridership.



## Regional Transportation Authority Overview

The RTA Agency portion of the proposed 2018-2022 Capital Program totals \$0.3 million and will support the RTA's Access to Transit Improvement Program. This program seeks capital funding for small-scale infrastructure projects that increase pedestrian and bicycle access to the region's transit system.

## Ten-Year Unfunded Capital Priorities 2018-2027

As part of its oversight function, the RTA is charged with providing assessments of the Service Boards' capital projects and plans as well as an assessment of the condition of the Service Boards' capital assets. The RTA, after consultation with the Service Boards, must annually prepare and adopt a Five-Year Capital Program that includes each capital improvement undertaken by or on behalf of a Service Board. In addition to the Five-Year Plan, the RTA also takes a longer-term look at unfunded capital needs over a ten-year horizon.

Current funding for the Service Board capital programs does not meet the region's capital investment needs, especially with the absence of a new State capital infrastructure program. As a result, the RTA worked with the Service Boards to develop a list of priority projects for the capital program that the Service Boards would advance if additional funding became available. These are important projects that move the Service Boards toward the achievement of a SGR, address growing

markets, and modernize and enhance the region's transit system. The total funding request is equal to \$30.552 billion over the ten-year period or an additional \$3.055 billion per year (Exhibit 8-10).

The largest category is for rail line modernization at \$8.721 billion or 28.5% of the total need. This category is comprised of CTA's unfunded need for the continuation of Phase I and Phase II of the Red-Purple Modernization project, including the project planning to determine construction phasing, environmental analysis, and preliminary engineering.

Projects within the track and structure asset category represent the second largest funding need at \$8.026 billion or 26.3% of the total need. Most of the funding need in this category is for two significant infrastructure projects:

- CTA's track and structural work on the Red, Blue, Brown and Green Lines.
- Metra's 75th Street Capital Improvement Project, A-2 Interlocker modernization of the switching system and construction of a flyover, as well as bridge replacements and repairs, and track improvements system-wide.

The third largest need is for the funding of rolling stock projects at \$5.570 billion or 18.2% of the total need. Projects in this category include:

- CTA - purchase of additional replacement buses,

EXHIBIT 8-10: 2018-2027 UNFUNDED CAPITAL PRIORITIES (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Pace ADA	Total	% of Total
<b>Asset Category</b>						
Rolling Stock	2,847,300	2,140,000	442,159	140,841	5,570,300	18.2%
Track & Structure	2,165,100	5,861,000			8,026,100	26.3%
Electrical, Signal, & Communications	226,000	1,566,000	21,054	3,153	1,816,207	5.9%
Support Facilities & Equipment	1,064,500	664,000	245,525	47,906	2,021,931	6.6%
Stations & Passenger Facilities	600,000	1,353,000	132,529	1,500	2,087,029	6.8%
Extensionis	2,309,600	-	-	-	2,309,600	7.6%
Modernization	8,721,000	-	-	-	8,721,000	28.5%
<b>Total Unfunded Capital Priorities</b>	<b>\$17,933,500</b>	<b>\$11,584,000</b>	<b>\$841,267</b>	<b>\$193,400</b>	<b>\$30,552,167</b>	<b>100.0%</b>



continued overhaul of the 2600 and 3200 Series rail cars, purchase of additional new 7000 Series rail cars, life-extending overhauls on the 1000 Series buses, and mid-life overhauls on the 4300 Series buses.

- Metra – purchase of new locomotives and rail cars, along with the continued rehabilitation of commuter car and locomotives, as part of their fleet modernization plan.
- Pace – purchase of over 375 fixed-route buses, over 900 paratransit and community/Call-n-Ride vehicles, and over 975 vanpool vehicles.

Other significant projects include the construction of the CTA's Red Line extension from 95th to 130th streets, electrical, signal, and communication improvements to Metra's rail system including the completion of the federally mandated Positive Train Control System, and Pace's construction of support facilities for their Bus-on-Shoulder express bus service.

For the Pace ADA Paratransit Program, the \$193.4 million in project cost priorities is based on changing the current ADA program delivery model by having Pace supply and own the rolling stock and facilities assets and just bid out the operational services to private contractors.

## Impact of 2018 Capital Expenditures

The Service Boards' proposed allocation of investment funds as presented below was found to be consistent with the RTA's 2018-2023 Regional Transit Strategic Plan. The RTA continues to work 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 to meet the region's SGR needs.

### CTA

The proposed 2018 Capital Program for CTA totals \$897.3 million. This amount includes required debt

service of \$143.1 million. Remaining funds are divided among the following components: \$412.3 million for modernization projects, \$188.1 million for rail rolling stock and infrastructure projects, \$52.1 million for electrical, signal and communications, \$40.0 million for support facilities and equipment, \$28.3 million for bus rolling stock projects, \$20.0 million for stations and passenger facilities, \$10.4 million for miscellaneous, contingencies, and administration, and \$3.0 for continued planning and preliminary engineering work of the Red Line extension. Phase One of RPM addresses SGR needs by rebuilding the Lawrence, Argyle, Berwyn and Bryn Mawr stations and all the tracks and support structures for more than a mile adjacent to the stations. A bypass just north of Belmont station will be constructed for northbound Brown Line trains to improve service on the Red, Purple and Brown Lines. It is estimated that this project will extend useful life by 60 to 80 years. The purchase of new rail cars to replace overaged cars will create savings of \$8 to \$10 million annually in maintenance and power costs. The continuation of the Your New Blue initiative will result in reduced travel times between downtown and O'Hare Airport. All of these initiatives will improve the customer's experience, mitigate the steady increases in operating and maintenance costs, improve operating efficiency, and contribute to a greener and more sustainable environment.



### Metra

The proposed 2018 Capital Program for Metra totals \$196.9 million. This amount includes \$71.8 million for rolling stock, \$39.7 million for electrical, signal and communications, \$39.6 million for track and structure, \$24.4 million for support facilities and equipment, \$5.5



million for stations and passenger facilities, and \$15.9 million for miscellaneous, contingencies and administration. On-going rail car and locomotive rehabilitation and replacement programs will modernize Metra's rolling stock fleet. Locomotives' improvements include microprocessor control system, remanufactured engines upgraded to EPA Tier 0+ emissions standards, rebuilt traction motors, and Positive Train Control equipment. Rail car improvements include modernization to seating, lighting, climate control, bathroom facilities and electronic outlets to provide passengers with more comfortable service. Metra replaces 80,000 ties and 25 rail crossings on an annual basis, and the continual cycle of inspection and renewal to track and structure is necessary for reliable on-time service. On-going investments in electrical, signal, and communications projects enable safe railroad operation throughout the region and continue to bring Metra towards full federally mandated Positive Train Control compliance. Support facility work will include upgrading the 14th Street, Western Avenue and Hill Yards, 49th Street Diesel Shop, and West Jackson Boulevard facility. Metra continues to make significant investments in the rehabilitation of stations system-wide, including the 59th Street and Van Buren stations. These projects, along with on-going efforts toward ADA compliance, will improve the customer's experience, slow the growth rate of operating and maintenance costs, improve operating efficiency and contribute to a greener and more sustainable environment.



### Pace

The proposed 2018 Capital Program for Pace Suburban Service totals \$61.9 million. This amount includes \$27.8

million for rolling stock, \$31.7 million for support facilities and equipment, \$1.6 million for electrical, signal, and communications, \$0.5 million for stations and passenger facilities, and \$0.3 million for miscellaneous. Rolling stock improvements include the replacement of fixed route and paratransit buses, as well as community and vanpool vehicles. These improvements will lower maintenance costs, improve fuel economy, and stabilize overall operating expenses. Pace has taken the unprecedented step of replacing full-size transit buses with mid-size buses on routes with light peak demand, in order to purchase more replacement buses with available funding. Replacing the full-size transit buses will result in approximately 50,000 gallons of fuel saved annually. Pace's Intelligent Bus System (IBS) equipment will reduce travel times and improve on-time performance. The construction of a new Northwest Cook maintenance garage should reduce facility operating costs and improve bus maintenance and administrative working conditions.



## RTA Bonds

In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of \$500 million of Strategic Capital Improvement Program (SCIP) bonds and in addition have a maximum of \$500 million of non-SCIP RTA bonds outstanding. Effective January 1, 2000, the RTA Act was amended to increase the RTA authorization by an additional \$1.3 billion of SCIP bonds, limited to \$260 million per year beginning in 2000 and continuing over the next five years or until the authorization limit was reached. In 2000, the RTA Act was further amended to increase outstanding non-SCIP bonds by \$300 million, to \$800 million. This gives the RTA total borrowing

**EXHIBIT 8-11: RTA GENERAL OBLIGATION BONDS PAYABLE (DOLLARS IN THOUSANDS)**

General Obligation	Original Issue	January 1, 2016	New Issues	Retirements	December 31, 2016
1990A	100,000	33,395	-	5,785	27,610
1991A	100,000	37,660	-	5,305	32,355
1994A* and 1994B	275,000	24,395	-	11,725	12,670
1994C* and 1994D	192,000	39,410	-	7,955	31,455
1997 Refunding	98,000	37,140	-	3,980	33,160
1999 Refunding*	299,000	188,715	-	10,425	178,290
2000A*	260,000	186,030	-	7,870	178,160
2001A*	100,000	72,245	-	2,895	69,350
2001B Refunding*	38,000	25,080	-	2,560	22,520
2002A*	160,000	120,270	-	4,350	115,920
2003A*	260,000	202,955	-	6,940	196,015
2003B	150,000	117,005	-	4,010	112,995
2004A*	260,000	208,535	-	6,575	201,960
2005B Refunding	148,000	90,825	-	685	90,140
2006A*	250,000	216,415	-	5,285	211,130
2010A	62,200	39,935	-	4,905	35,030
2010B	112,925	112,925	-	-	112,925
2011A Refunding	95,550	58,035	-	13,560	44,475
2014A	99,295	97,775	-	1,575	96,200
2016A	95,470	-	95,470	-	95,470
<b>Total</b>	<b>\$3,155,440</b>	<b>\$1,908,745</b>	<b>\$95,470</b>	<b>\$106,385</b>	<b>\$1,897,830</b>

\* Strategic Capital Improvement Program (SCIP) Bonds.

authority of \$2.6 billion, comprised of \$1.8 billion of SCIP bonds and \$800 million of non-SCIP bonds.

As of year-end 2006, the RTA had issued \$1.8 billion in SCIP bonds, reaching the authorization limit. The RTA will continue to issue non-SCIP general obligation bonds to provide capital funding to the Service Boards, as capacity becomes available with respect to the statutory borrowing limit.

Much of the information in this section is sourced from the RTA's Comprehensive Annual Financial Report (CAFR). Since the 2017 CAFR is not yet available, the most recent financial data, through 2016, is presented.

RTA's most recent bond issue, 2017A, was rated "AA" from Standard & Poor's and "AA" from Fitch IBCA. 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 \$1.898 billion as of December 31, 2016, include \$1.195 billion in SCIP bonds and \$702.9 million in non-SCIP bonds (Exhibits 8-11 and 8-12). 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.

**EXHIBIT 8-12: RTA LONG-TERM DEBT <sup>1</sup> (DOLLARS IN THOUSANDS)**

	As of January 1, 2016	As of December 31, 2016
RTA Non-SCIP Debt Cap	800,000	800,000
RTA Non-SCIP Principal Outstanding	656,040	702,920
<b>Unused RTA Non-SCIP Debt Capacity</b>	<b>143,960</b>	<b>97,080</b>
Total SCIP Principal Outstanding	1,252,705	1,194,910
<b>Total Outstanding Long-Term Debt</b>	<b>\$1,908,745</b>	<b>\$1,897,830</b>

<sup>1</sup> Excludes bank borrowing and short-term notes

- 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 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 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 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 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 replace-

ment 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.
- **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.
- **In February 2014**, RTA issued \$99.3 million in General Obligation Bonds, Series 2014A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain transportation facilities.
- **In January 2016**, RTA issued \$95.5 million in General Obligation Bonds, Series 2016A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

Exhibits 8-13 and 8-14 show the future debt service requirements associated with all outstanding RTA long-term 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 8-15 displays RTA's annual debt service requirements over the last ten years. Exhibit 8-16 compares those requirements to annual sales tax revenue, the primary RTA revenue source, over the same period, showing that the requirement of ordinance 85-39 has been met in each year. 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. In addition, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

**EXHIBIT 8-13: FUTURE RTA DEBT SERVICE REQUIREMENTS  
(DOLLARS IN THOUSANDS)**

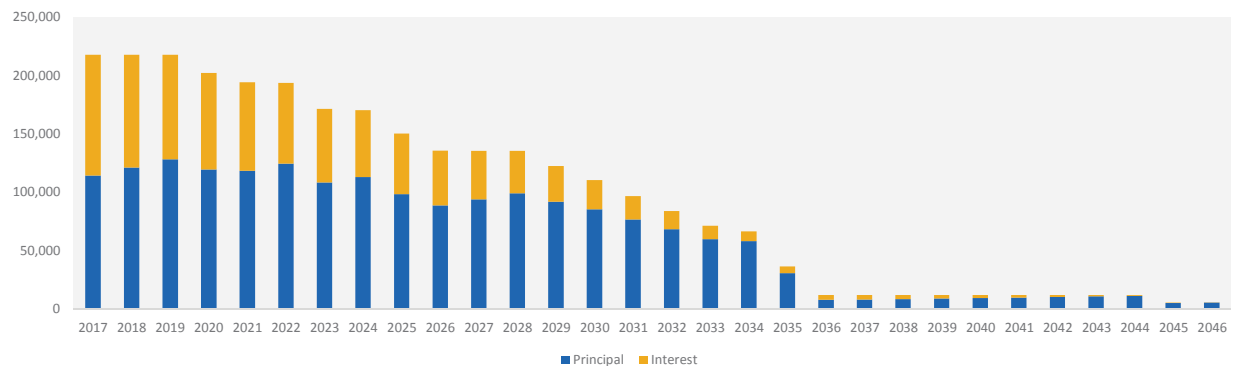
Year	Principal	Interest	Total
2017	114,325	103,434	217,759
2018	121,295	96,554	217,849
2019	128,345	89,453	217,798
2020	119,655	82,496	202,151
2021	118,450	75,731	194,181
2022	124,600	69,195	193,795
2023	108,550	62,964	171,514
2024	113,080	57,336	170,416
2025	98,535	51,786	150,321
2026	88,915	46,757	135,672
2027	93,915	41,675	135,590
2028	99,235	36,275	135,510
2029	92,020	30,537	122,557
2030	85,450	25,148	110,598
2031	76,800	20,002	96,802
2032	68,535	15,554	84,089
2033	59,845	11,540	71,385
2034	58,350	8,335	66,685
2035	30,865	5,783	36,648
2036	7,910	4,185	12,095
2037	8,290	3,799	12,089
2038	8,675	3,415	12,090
2039	9,080	3,013	12,093
2040	9,500	2,591	12,091
2041	9,945	2,150	12,095
2042	10,405	1,688	12,093
2043	10,890	1,204	12,094
2044	11,390	698	12,088
2045	5,380	332	5,712
2046	5,600	112	5,712
<b>Total</b>	<b>\$1,897,830</b>	<b>\$953,743</b>	<b>\$2,851,573</b>

**EXHIBIT 8-15: 2007-2016 RTA DEBT SERVICE REQUIREMENTS  
(DOLLARS IN THOUSANDS)**

Year	Principal	Interest	Total
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	79,110	133,331	212,441
2012	84,375	124,337	208,712
2013	88,800	117,428	206,228
2014	93,740	115,245	208,985
2015	100,610	110,431	211,041
2016	106,385	108,599	214,984

**EXHIBIT 8-16: 2007-2016 DEBT SERVICE REQUIREMENT TEST  
(DOLLARS IN THOUSANDS)**

Year	Debt Service Requirement	2.5 Times Debt Service	Sales Tax Revenue
2007	188,551	471,378	752,922
2008	192,555	481,388	921,245
2009	197,529	493,823	894,238
2010	201,994	504,985	931,435
2011	212,441	531,103	975,670
2012	208,712	521,780	1,021,686
2013	206,228	515,570	1,071,226
2014	208,985	522,463	1,123,997
2015	211,041	527,603	1,169,267
2016	214,984	537,460	1,185,182

**EXHIBIT 8-14: FUTURE RTA DEBT SERVICE REQUIREMENTS (DOLLARS IN THOUSANDS)**





# 9 APPENDICES







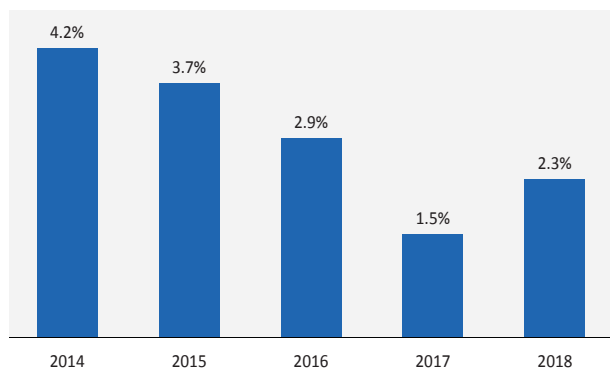
Jewel-Osco CTA Holiday Train  
Photo by Chicago Transit Authority



## National Economic Projections

The Gross Domestic Product (GDP) is the value of the output of goods and services produced in the United States. Exhibit 9-1 highlights the annual real GDP growth from 2014 through 2018 (projected). GDP growth has slowed in recent years as the economy stabilized. The Congressional Budget Office (CBO) expects GDP to grow by 2.3% in 2018, a higher rate of growth than was recorded in 2017.

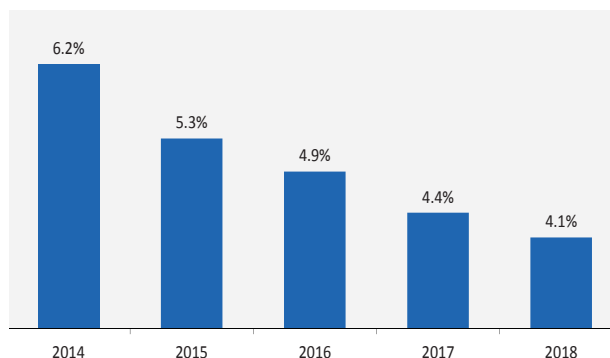
**EXHIBIT 9-1: U.S. REAL GROSS DOMESTIC PRODUCT (PERCENT CHANGE)**



Source: U.S. Bureau of Economic Analysis

Exhibit 9-2 shows the U.S. annual unemployment rate from 2014 through 2018 (projected). The unemployment rate has steadily declined each year since the recession and is expected to decrease to 4.1% in 2018, which is lower than pre-recession unemployment levels.

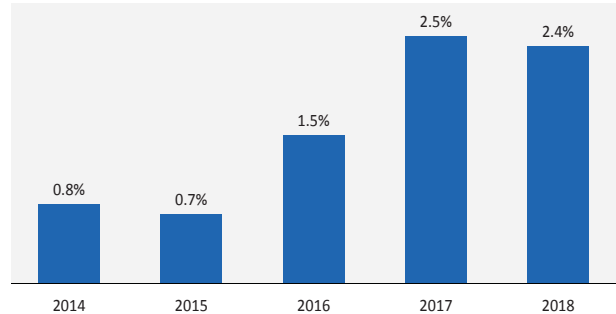
**EXHIBIT 9-2: U.S. UNEMPLOYMENT RATE**



U.S. Department of Labor

Exhibit 9-3 shows the annual growth of the U.S. Consumer Price Index (CPI) from 2014 to 2018 (projected). CPI is a measure of the average change in the price of

**EXHIBIT 9-3: U.S. CONSUMER PRICE INDEX (PERCENT CHANGE)**



Source: U.S. Department of Commerce

goods and services over time. CPI growth has accelerated in recent years and the CBO anticipates it will be 2.4% in 2018, as higher oil prices are expected to drive up the price for goods and services.

## 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

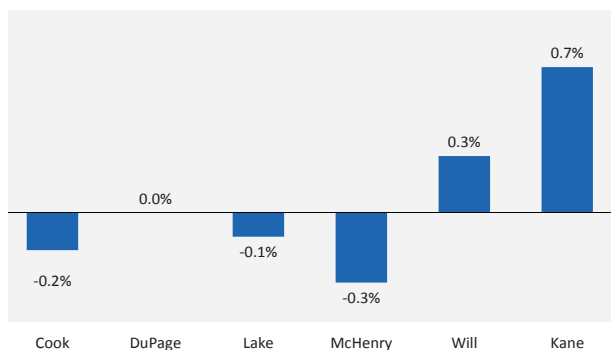
The population of the RTA region declined by 0.6% between 2007 and 2016 (Exhibit 9-4). In contrast, the population of the United States increased by 7.7% during this period. Exhibit 9-5 illustrates the annualized population growth rates for each of the region's six counties between 2007 and 2016. During the 10-year period, population growth decreased at an annualized rate of 0.1%. Kane and Will Counties experienced positive growth, with Will County's population increasing by 0.3% and Kane County increasing by 0.7% annually. In contrast, the populations of Cook and McHenry Counties declined at an annual rate of 0.2% and 0.3%, respectively. DuPage County's population held steady.

Population distribution by county is illustrated in Exhibit 9-6. In 2016, the most recent year of data available, Cook County accounted for 62.2% of the 8.4 million people living in the RTA region. Cook County's share of the regional population has been slowly declining each

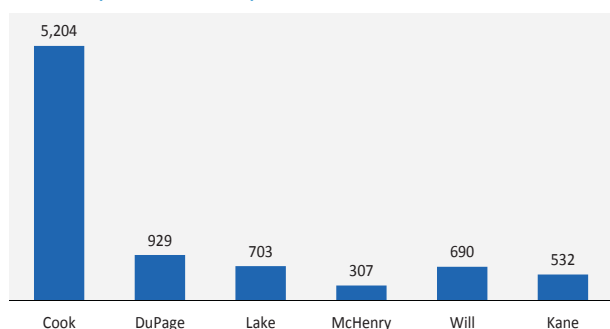
**EXHIBIT 9-4: POPULATION BY COUNTY (IN THOUSANDS)**

	2007	2016	% Change
Cook	5,285	5,204	-1.5%
DuPage	929	929	0.0%
Lake	710	703	-1.0%
McHenry	316	307	-2.8%
Will	674	690	2.4%
Kane	501	532	6.2%
<b>Total</b>	<b>8,415</b>	<b>8,365</b>	<b>-0.6%</b>

Source: U.S. Census Bureau

**EXHIBIT 9-5: RTA REGION ANNUALIZED POPULATION GROWTH RATES BY COUNTY, 2007-2016**

Source: U.S. Census Bureau

**EXHIBIT 9-6: RTA REGION 2016 POPULATION DISTRIBUTION BY COUNTY (IN THOUSANDS)**

Source: U.S. Census Bureau

year. In 2016, DuPage County's population comprised 11.1% of the region's population, followed by Lake County (8.4%), Will County (8.2%), Kane County (6.4%), and McHenry County (3.7%).

## EMPLOYMENT

The RTA region experienced positive labor force growth between 2007 and 2016, driven by growth to the Cook

**EXHIBIT 9-7: LABOR FORCE BY COUNTY (IN THOUSANDS)**

	2007	% of Total	2016	% of Total
Cook	2,616	60.4	2,666	61.3
DuPage	530	12.2	516	11.9
Kane	269	6.2	268	6.2
Lake	373	8.6	371	8.5
McHenry	179	4.1	167	3.8
Will	361	8.3	360	8.3
<b>Total</b>	<b>4,328</b>	<b>100.0</b>	<b>4,348</b>	<b>100.0</b>

Source: Illinois Department of Employment Security

County labor force which increased by 1.9% during this period. In contrast, the five collar counties saw their labor forces contract during this period (Exhibit 9-7).

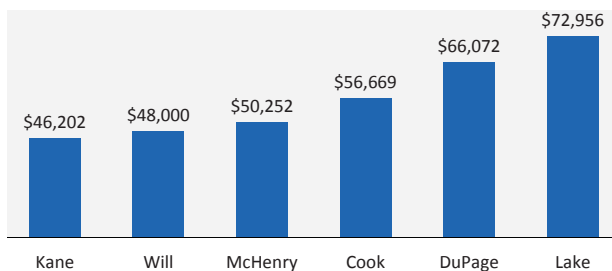
The top employers in the RTA region are illustrated in Exhibit 9-8. Overall, the U.S. Government, Chicago Public Schools, and the City of Chicago held the top three spots in 2008 and in 2016; however, their share of overall regional employment decreased during this period. Cook County, Advocate Health Care, University of Chicago, and United Airlines continue to be among the top ten employers in the region. All three employers grew in labor force between 2008 and 2016.

The RTA region has experienced steady growth in per capita personal income. Cook, DuPage, Lake and McHenry Counties recorded per capita personal income higher than the U.S. average of \$48,000 in 2016, the most recent data available. Lake and DuPage had the highest levels of per capita personal income in the six-county region, while Kane and Will had the lowest (Exhibit 9-9).

Unemployment in Illinois (not seasonally adjusted) decreased to 4.8% in 2017, down 0.8 percentage points from 2016. Still, state unemployment lags the national rate of 4.4% (not seasonally adjusted) by 0.4 percentage points. Unemployment also improved in each of the six RTA counties in 2017. At 3.8%, DuPage continues to have the lowest rate of unemployment in the region (Exhibit 9-10).

**EXHIBIT 9-8: TOP REGIONAL EMPLOYERS**

2008			2016		
Employer	Employees	% of Total Regional Employment	Employer	Employees	% of Total Regional Employment
United States Government	78,000	2.0%	United States Government	42,663	1.0%
Chicago Public Schools	43,910	1.1%	Chicago Public Schools	35,862	0.8%
City of Chicago	35,570	0.9%	City of Chicago	30,754	0.7%
Wal-Mart Stores	23,453	0.6%	Cook County	20,716	0.5%
Cook County	22,142	0.6%	Advocate Health Care	18,930	0.4%
Advocate Health Care	15,660	0.4%	University of Chicago	16,374	0.4%
University of Chicago	15,660	0.4%	Northwestern Memorial Healthcare	15,747	0.4%
Walgreens	14,287	0.4%	JP Morgan Chase & Co.	15,229	0.4%
AT&T	14,254	0.4%	United Continental Holdings Inc.	15,157	0.4%
United Airlines Co.	14,000	0.4%	State of Illinois	13,524	0.3%
<b>Total</b>	<b>276,936</b>	<b>7.1%</b>	<b>Total</b>	<b>224,956</b>	<b>5.6%</b>

Source: *Crain's Chicago Business***EXHIBIT 9-9: PER CAPITA PERSONAL INCOME BY COUNTY - 2016**

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**EXHIBIT 9-10: UNEMPLOYMENT RATES 2014-2017**

	2014	2015	2016	2017
<b>United States</b>	<b>6.2%</b>	<b>5.0%</b>	<b>4.5%</b>	<b>4.4%</b>
<b>Illinois</b>	<b>6.2%</b>	<b>5.8%</b>	<b>5.6%</b>	<b>4.8%</b>
<b>RTA Counties</b>				
Cook	5.6%	5.5%	5.6%	5.0%
DuPage	4.2%	4.2%	4.3%	3.8%
Kane	5.5%	6.1%	5.8%	4.7%
Lake	6.2%	5.9%	5.6%	4.4%
McHenry	5.1%	4.6%	5.1%	4.5%
Will	5.5%	5.2%	5.6%	5.0%

Source: Illinois Department of Employment Security (IDES)

**SALES TAX TRENDS**

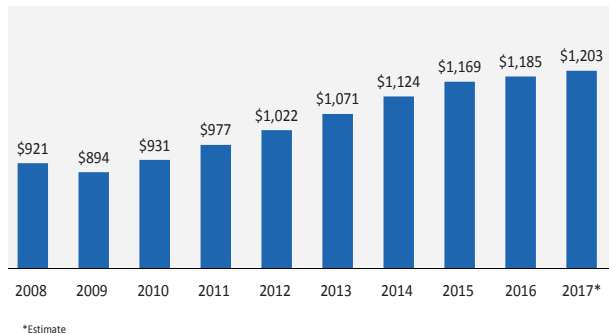
The 2008 legislation increased the RTA sales tax from the equivalent of 1% on retail sales in Cook County and 0.25% on retail sales in the collar counties to the equivalent of 1.25% on retail sales in Cook County and 0.5% on retail sales in the collar counties. Sales tax collections have grown from \$921 million in 2008 to over \$1.2 billion in 2017, with the greatest year-over-year percent growth occurring in 2008 as a direct result of the increase in the RTA sales tax rates. Sales tax was negatively impacted in 2009 by the economic recession—and subsequent reduction in consumer spending—and the RTA saw its sales tax collections decrease by 3.0%. Sales tax collections rebounded strongly in 2010 and grew at greater than 4% until 2015. Sales tax revenue growth decreased sharply in 2017 as regional retail sales slowed and the State of Illinois imposed a 2% administrative surcharge to RTA collections (Exhibits 9-11 and 9-12).

**EXHIBIT 9-11: SALES TAX COLLECTIONS BY COUNTY (IN MILLIONS)**

	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017 <sup>2</sup>
<b>Cook County</b>										
Chicago	272	268	278	296	313	328	344	363	369	374
Suburban Cook	447	419	438	454	474	498	522	541	546	557
<b>Total Cook</b>	<b>\$720</b>	<b>\$686</b>	<b>\$716</b>	<b>\$750</b>	<b>\$787</b>	<b>\$826</b>	<b>\$865</b>	<b>\$904</b>	<b>\$915</b>	<b>\$930</b>
<b>Collar Counties</b>										
DuPage	77	79	82	86	89	94	98	101	103	104
Kane	26	27	28	30	31	32	33	34	35	35
Lake	48	50	51	53	56	58	62	63	64	65
McHenry	16	17	17	18	18	19	20	20	21	91
Will	34	35	37	40	41	43	45	47	47	48
<b>Total Collar</b>	<b>\$202</b>	<b>\$208</b>	<b>\$215</b>	<b>\$227</b>	<b>\$235</b>	<b>\$245</b>	<b>\$259</b>	<b>\$265</b>	<b>\$270</b>	<b>\$272</b>
<b>Total RTA Region</b>	<b>\$921</b>	<b>\$894</b>	<b>\$931</b>	<b>\$977</b>	<b>\$1,022</b>	<b>\$1,071</b>	<b>\$1,124</b>	<b>\$1,169</b>	<b>\$1,185</b>	<b>\$1,203</b>
<b>Percent Change</b>	<b>22.4%</b>	<b>(3.0%)</b>	<b>4.1%</b>	<b>4.9%</b>	<b>4.6%</b>	<b>4.8%</b>	<b>4.9%</b>	<b>4.0%</b>	<b>1.4%</b>	<b>1.5%</b>

<sup>1</sup> In April 2008 legislation was enacted that modified and increased the percentage of sales tax collected in the region.

<sup>2</sup> Estimate

**EXHIBIT 9-12: RTA SALES TAX COLLECTIONS 2008-2017 (IN MILLIONS)****RIDERSHIP TRENDS**

RTA system ridership declined at a compound annual rate of 0.4% during the 10-year period from 2008 to 2017. CTA, Metra, and Pace all lost ridership during this period while ADA Paratransit's annual growth was 2.5%.

System ridership has declined each year since 2012 when ridership reached 666.1 million unlinked passenger trips, the highest system ridership achieved since 1990 (Exhibits 9-13 and 9-14). Since then, fare increases, falling gas prices, and the rise of bike and car-sharing services have contributed to declining ridership.

In 2017, system ridership is expected to decline by 3.0% to 594.9 million passenger trips.

An analysis of the 12-month moving average number of jobs versus the 12-month moving average of ridership indicates that the ridership growth and job growth historically were positively correlated, as shown in Exhibit 9-15, but that this shifted in 2012 as other factors like ride share and low gas prices began to disrupt the ridership market (Exhibit 9-16).

**OTHER TRENDS**

Service Board operating expenditures (Exhibits 9-17 and 9-18) show a steady increase each year from 2008 to 2017. Expenditures increased at a compound annual growth rate of 2.6% during this period.

Service Board farebox revenues increased at a compound annual growth rate of 2.7% between 2008 and 2017, slightly above expense growth (Exhibits 9-19 and 9-20).



EXHIBIT 9-13: SERVICE BOARD RIDERSHIP (IN MILLIONS)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CTA Bus	328.2	318.7	306.0	310.4	314.4	300.1	276.1	274.3	258.8	248.9
CTA Rail <sup>1</sup>	198.1	202.6	210.9	221.6	231.2	229.1	238.1	241.7	238.9	231.2
<b>Total CTA</b>	<b>526.3</b>	<b>521.3</b>	<b>516.9</b>	<b>532.0</b>	<b>545.6</b>	<b>529.2</b>	<b>514.2</b>	<b>516.0</b>	<b>497.7</b>	<b>480.1</b>
Metra	86.8	82.3	81.4	82.7	81.3	82.3	83.4	81.6	80.3	79.0
Pace Suburban	37.8	32.3	32.3	33.7	35.4	35.9	34.8	33.1	31.2	31.3
Pace ADA	2.7	2.8	2.8	3.4	3.8	4.0	4.1	4.2	4.2	4.4
<b>Total RTA</b>	<b>653.6</b>	<b>638.7</b>	<b>633.4</b>	<b>651.8</b>	<b>666.1</b>	<b>651.4</b>	<b>636.5</b>	<b>634.9</b>	<b>613.4</b>	<b>594.9</b>
<b>% Increase</b>	<b>5.1%</b>	<b>(2.3%)</b>	<b>(0.8%)</b>	<b>2.9%</b>	<b>2.2%</b>	<b>(2.2%)</b>	<b>(2.3%)</b>	<b>(0.3%)</b>	<b>(3.4%)</b>	<b>(3.0%)</b>

<sup>1</sup> CTA rail ridership includes rail-to-rail transfers.

EXHIBIT 9-14: RTA SYSTEM RIDERSHIP (IN MILLIONS)

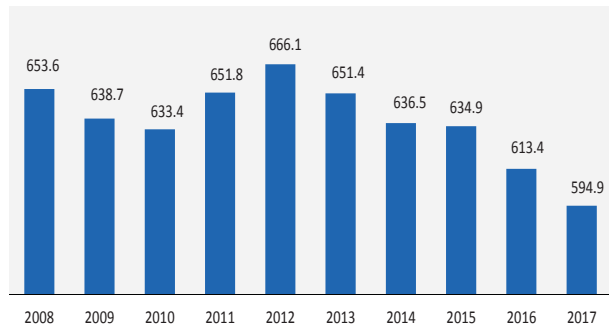


EXHIBIT 9-16: REGIONAL FUEL PRICES

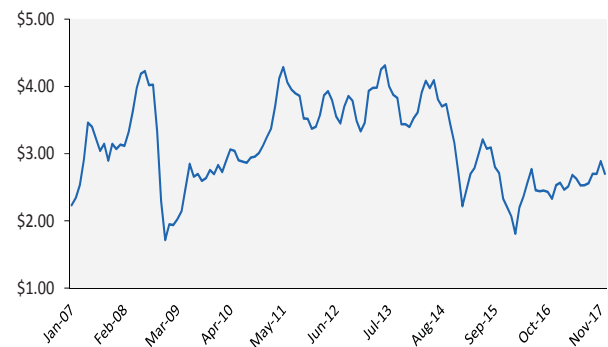
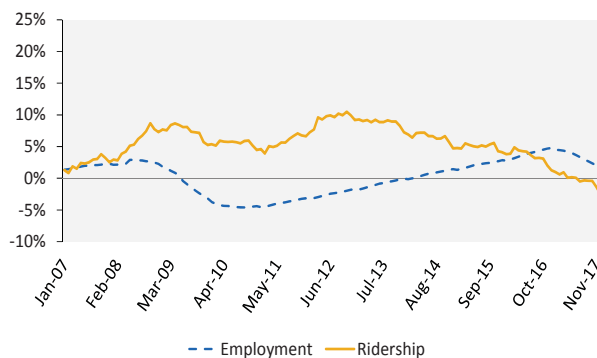
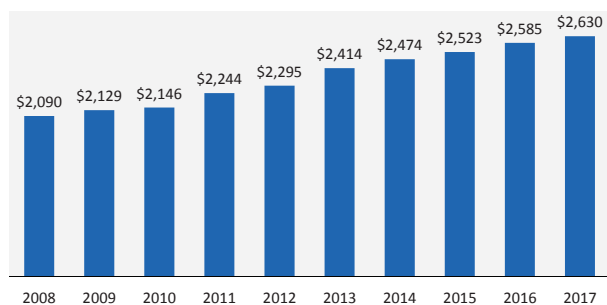
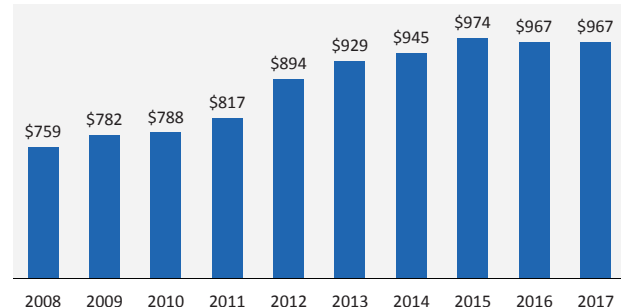


EXHIBIT 9-15: 12-MONTH MOVING AVERAGE - REGIONAL EMPLOYMENT VERSUS REGIONAL RIDERSHIP (PERCENT CHANGE FROM 2007)



**EXHIBIT 9-17: SERVICE BOARD OPERATING EXPENDITURES (IN MILLIONS)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CTA	1,214	1,262	1,239	1,292	1,292	1,366	1,400	1,444	1,464	1,467
Metra	595	577	616	644	676	704	707	726	742	765
Pace	172	174	176	180	190	196	210	198	218	224
ADA Paratransit	108	115	115	128	137	148	157	155	161	174
<b>Total</b>	<b>\$2,090</b>	<b>\$2,129</b>	<b>\$2,146</b>	<b>\$2,244</b>	<b>\$2,295</b>	<b>\$2,414</b>	<b>\$2,474</b>	<b>\$2,523</b>	<b>\$2,585</b>	<b>\$2,630</b>
<b>% Change</b>	<b>10.6%</b>	<b>1.9%</b>	<b>0.8%</b>	<b>4.6%</b>	<b>2.3%</b>	<b>5.2%</b>	<b>2.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>1.7%</b>

**EXHIBIT 9-18: SERVICE BOARD OPERATING EXPENDITURES (IN MILLIONS)****EXHIBIT 9-20: RTA SYSTEM FAREBOX REVENUE (IN MILLIONS)****EXHIBIT 9-19: SERVICE BOARD FAREBOX REVENUE (IN MILLIONS)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CTA	471	506	509	528	549	574	583	587	577	560
Metra	252	236	239	245	301	309	312	337	341	357
Pace	28	33	32	35	35	36	40	39	38	39
ADA Paratransit	7	7	8	9	9	10	10	11	11	11
<b>Total</b>	<b>\$759</b>	<b>\$782</b>	<b>\$788</b>	<b>\$817</b>	<b>\$894</b>	<b>\$929</b>	<b>\$945</b>	<b>\$974</b>	<b>\$967</b>	<b>\$967</b>
<b>% Change</b>	<b>5.5%</b>	<b>3.1%</b>	<b>0.7%</b>	<b>3.7%</b>	<b>9.4%</b>	<b>3.9%</b>	<b>1.7%</b>	<b>3.1%</b>	<b>(0.7%)</b>	<b>(0.0%)</b>

## 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.

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 Counties 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 funding by the RTA to the Service Boards, and imposes a requirement that the RTA system as a whole (apart from ADA Paratransit service) achieves an annual "system-generated revenue recovery ratio of at least 50%." The recovery ratio is defined as total system-generated revenue divided by total system-generated expenses, with exclusions allowed by the RTA Act. 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 requirement for ADA Paratransit service has been set at 10%.

The Service Boards are considered fiscally independent of the RTA, but the RTA is mandated to monitor the budgets and financial performance 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.

CTA, Metra, and Pace provide services to different geographic areas within the six-county region. CTA provides rail and bus service to the City of Chicago and 35 nearby suburbs within Cook County. Metra provides commuter rail service to the six-county area, with the majority of its customers 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 operating 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. 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 region's financial condition.

## 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 are 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.

However, depletion of the RTA's fund balance during the economic downturn has prevented the RTA from building an adequate fund balance such that it could provide additional funding to the Service Boards should revenues decline below estimated levels. As a result, the fund-to-budget policy was rescinded by RTA Budget Ordinance 2015-55. With the fund to budget policy rescinded, the current policy in place ("Fund to Actuals") allocates sales tax receipts and their corresponding state match in accordance with the statutory funding formula and non-statutory funds in accordance with the fixed amounts or proportional shares provided in the 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 for the unreserved and undesignated (or "unassigned") fund balance. The ordinance affirmed that the annual budget and two year financial plan adopted by the RTA each year would reflect by the end of the planning period a year-end unreserved and undesignated fund balance of its general fund of at least 5% of the RTA's total operating expenditures for that year. If actual sales tax receipts or other RTA revenue fell short of the amounts reflected in the annual budget, then the next year's annual budget and two-year financial plan would 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. However, the fund balance policy was also rescinded by RTA Budget Ordinance 2015-55, and each Service Board is now required to maintain its own fund balance and reserve plan to handle unforeseen shortfalls in revenue or increases in expenses.

### CAPITAL EXPENDITURES

The RTA Five-Year Capital Program is adopted by the RTA Board by 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 program 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 consis-

tent 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. 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 State of Good Repair, passed Ordinance 2007-48 establishing a financial policy that discouraged 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 determines (based on adequate information supplied by the Service Board) that such use would not have a materially adverse impact on the State of Good 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 subsequent years' budgets have each excluded 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 dur-

ing 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. If the RTA has not made the required monthly debt service payment, then the trustee is to deduct it from the sales tax receipts. If all payments have been made, then all sales tax funds are made available to the RTA for regular use. In addition, RTA annual revenues must be at least 2.5 times greater than the annual debt service requirement.

## INVESTMENT

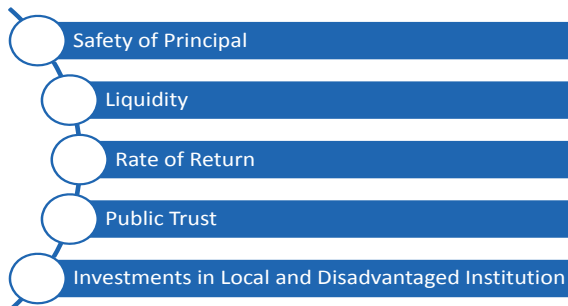
The RTA's investment policy complies with Illinois law, addresses safety of principal, liquidity of funds, rate of return, public trust, and investments in local and disadvantaged institutions. It further permits investments and prescribes safekeeping, collateralization, and reporting requirements.

RTA policy encompasses 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 first modified in 2005 to exclude certain investments allowed for by Illinois law, but deemed too risky by RTA staff, and to increase the frequency of investment reporting to the RTA Board. In 2013, the investment policy was further modified to allow the RTA to more fully invest and increase the agency's income by altering certain provisions related to commercial paper transactions. The provisions were altered to reflect current economic conditions but maintained investment standards that were more stringent than permitted by the Public Funds Investment Act.

## 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. Employer contributions and the income earned 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. As of December 31, 2016 the funded ratio of the RTA pension plan was 91.3%. The funded ratio measures the portion of the actuarial accrued pension liability that is currently funded by the actuarial value of assets of the plan.

## Budget Process

The RTA Act requires the RTA Board of Directors to approve an annual budget, a two-year financial plan, and a five-year capital program. The budget calendar (Exhibit 9-21) and statutory oversight and budget amendment requirements govern this process.

## BUDGET CALENDAR

Every May, the RTA issues its budget requirements to the Service Boards via the Business Plan Call. In early July, the RTA presents its preliminary funding estimates for the upcoming fiscal year to the Service Boards. The Service Boards use this estimate to begin developing their operating budgets and capital programs. By September 15th, the RTA must inform each Service Board how much funding will be available for the upcoming fiscal year and following two years. The RTA is also required to set the upcoming year's required recovery ratios for each Service Board at this time.

By November 15th, each Service Board must prepare and publish a comprehensive annual budget, a two-year financial plan, and a five-year capital program. Proposed budgets and financial plans are based on RTA funding estimates and must meet all requirements established by the Authority. Before submitting the budget to the RTA, each Service Board must hold at

**EXHIBIT 9-21: 2018 BUSINESS PLAN CALENDAR**

Date	Requirements
<b>2017</b>	
25-May	<b>Business Plan Call Released:</b> RTA releases the requirements that the Service Boards use to develop the 2018 Business Plan, which includes the Annual Budget, Two-Year (2019-2020) Financial Plan, and Five-Year (2018-2022) Capital Program. The 2018 Business Plan Call focuses on ensuring that the RTA has sufficient information to adequately evaluate the Service Boards' budgets and capital programs, coordinate resource allocation, and ultimately recommend adoption of the consolidated regional 2018 Business Plan. RTA Board action required.
1-Jun	<b>Preliminary Federal Funding:</b> Preliminary federal funds for region as a whole posted on RTA website.
16-Jun	<b>Capital Program Process Presentation:</b> RTA Capital Programming staff presents Capital Program Development Process before Chicago Metropolitan Agency for Planning (CMAP) Transportation Committee.
July	<b>Preparatory Funding Amounts Released:</b> The RTA provides preliminary estimates to each of the Service Boards which include the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years, the budgetary recovery ratio for the upcoming year, and the preliminary capital program amounts for the upcoming five years.
July	<b>Preparatory Funding Amounts Working Session(s):</b> RTA Staff will convene with the Service Boards to advance the baseline estimates established in the preparatory funding amounts.
21-Jul	<b>Preliminary Capital Funding Amounts:</b> Service Boards submit estimates of capital funds to be used in support of their capital programs including federal, state, local and bond proceeds.
1-Aug	<b>Preliminary Capital Funding Amounts Released:</b> Preliminary capital funding amounts released and posted on RTA website.
24-Aug	<b>Funding Amounts Presentation:</b> RTA staff presents to the RTA Board the funding amounts and recovery ratios to be used by each Service Board in developing their operating budget, financial plan, and capital program. If adopted, posted on RTA website, otherwise deferred to September Board meeting.
15-Sep	<b>Statutorily Required Date for Adoption of Funding Amounts and Recovery Ratios:</b> RTA Board will consider adoption of funding amounts and recovery ratios at September Board meeting, if not adopted in August. Adopted funding amounts and recovery ratios posted on RTA website, if not previously posted. The Service Boards and RTA will also exchange language and requirements for noticing of public hearings at this time.
12-Oct	<b>Service Board Proposed Business Plan Submittal and Public Hearing Schedule:</b> Service Boards provide their proposed Business Plan, Reserve Plan, and information requirements to the RTA. If proposed Business Plan is not complete, a draft Business Plan should be provided that includes all available information and estimates of unavailable information. The Service Boards also provide a proposed public hearing schedule at this time. If dates are not final, provide a proposed time frame in which public hearings will be conducted.
Late October	<b>Consolidated Business Plan Summary:</b> RTA releases a summary of the consolidated proposed regional operating budget, financial plan, and capital program and posts it to the RTA website five days prior to the first scheduled public hearing. Service Boards release their proposed Business Plans to the public.
Oct - Nov	<b>Preliminary Service Board and RTA Business Plan Presentations:</b> The Service Boards and RTA hold public hearings on their proposed Budget, Two-Year Financial Plan, and Five-Year Capital Programs, and present these proposals to the County Boards in the region.
15-Nov	<b>Statutorily Required Date for Service Board Adopted Business Plan Submissions:</b> Service Board Budgets, Two-year Financial Plans, and Five-Year Capital Program proposals are submitted to the RTA after being formally adopted by their Boards.
29-Nov	<b>RTA Finance Committee Review:</b> Service Boards present final Business Plan to the RTA Board Finance Committee and discuss critical issues and key assumptions of budgets, financial plans, and capital programs during a special meeting.
29-Nov	<b>Final RTA Public Hearing:</b> RTA staff holds a final public hearing on the consolidated regional budget, financial plan, and capital program at the RTA offices.
14-Dec	<b>2018 Business Plan Adoption:</b> RTA Board votes to approve and adopt the regional Budget, Financial Plan, and Five-Year Capital Program.
<b>2018</b>	
Mar-18	<b>Regional Input on Capital Program Development:</b> Service Boards present overview of their capital programs before Chicago Metropolitan Agency for Planning (CMAP) Transportation Committee and invite input regarding development of next year's program.
30-Apr-18	<b>Ten-Year Financial Plan:</b> RTA produces a consolidated ten-year financial plan based on the adopted 2017 Business Plan. The Service Boards and RTA work collaboratively to produce a coordinated, regional financial plan.

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, each Service Board must formally adopt its budget prior to submitting it to the RTA by November 15th. The RTA Act stipulates that the Service Boards cannot project or assume public funding greater than what is set in the estimates provided by the RTA.

## PUBLIC HEARINGS

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. The Service Boards are also required by law to hold public hearings on their proposed budgets and financial plans. The RTA hearing schedules are detailed in Exhibit 9-22.

The RTA conducted eight public hearings on the regional 2018 budget and five-year capital program. CTA, Metra, and Pace also conducted public hearings in October and November on their respective budgets and RTA staff attended those hearings. The proposed budget documents were posted on the RTA and Service Board websites.

The Metra and Pace Boards voted to adopt their Business Plans at their November board meetings, and the CTA Board approved the budget in December. A special meeting of the Finance Committee of the RTA Board was held on November 29th to provide an opportunity to discuss the proposed 2018 budgets with the Service Boards. The RTA Board voted to approve the 2018 regional transit system budget at its December 14th, 2017 meeting. The 2018 budget ordinance and schedules are included as Exhibit 9-23.

## STATUTORY REQUIREMENTS

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. If the RTA finds that a Service Board budget does not meet the criteria set forth under the Act,

the Service Board must submit for adoption a revised budget that satisfies all requirements for a budget and financial plan. These seven criteria are as follows:

### Balanced Budget

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. Excluding regional ADA Paratransit service, the combined revenue from operations must cover at least 50% of the system operating costs. ADA Paratransit service revenues must 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 budgets and recovery ratios. On a quarterly basis, the following oversight is conducted:

After the end of each fiscal quarter, each Service Board must 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” for that quarter. If in substantial accordance with the adopted budget, 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 non-statutory funding to the Service Board(s) but only the statutory allocation of taxes and PTF.

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 non-statutory 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.”

### **AMENDMENT**

When prudent, the operating budget is amended. This can be 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 budget amendments before they are considered by 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 are then monitored against the amended budget.

## EXHIBIT 9-22: RTA PUBLIC HEARING SCHEDULE

### **DuPage County - Tuesday, November 28th**

10:00 am – 12:00 pm

DuPage County Government Center

421 N. County Farm Road, Wheaton, IL

### **Cook County (North) – Wednesday, November 29th**

4:00 - 6:00 pm

Arlington Heights Village Hall

33 S. Arlington Heights Rd., Arlington Heights, IL

### **Cook County (South) – Wednesday, November 29th**

4:00 - 6:00 pm

Flossmoor Village Hall

2800 Flossmoor Rd., Flossmoor, IL

### **City of Chicago – Wednesday, November 29th**

4:00 – 6:00 pm

RTA Headquarters

175 W. Jackson Blvd., Chicago, IL

### **Will County – Thursday, December 7th**

10:00 am - 12:00 pm

Will County Office Building

302 N. Chicago St., Joliet, IL

### **McHenry County - Thursday, December 7th**

10:00 am – 12:00 pm

McHenry County Administration Building

667 Ware Rd., Woodstock, IL

### **Lake County- Tuesday, December 12th**

10:00 am – 12:00 pm

Lake County Administration Building

18 North County St., Waukegan, IL

### **Kane County – Tuesday, December 12th**

10:00 am – 12:00 pm

Kane County Government Center, Building A

719 S. Batavia Ave., Geneva, IL



**EXHIBIT 9-23: 2018 BUDGET ORDINANCE AND SCHEDULES****ORDINANCE NO. 2017-61****APPROVING THE 2018 BUDGETS AND 2019-2020 FINANCIAL PLANS OF THE SERVICE BOARDS, ADOPTING THE 2018 BUDGET AND PROGRAM OF THE AUTHORITY, APPROPRIATING FUNDS FOR THE 2018 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 2018**

**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 2017-37 on August 24, 2017, identifying the amounts of funds estimated to be available to each Service Board for operations during fiscal year 2018 and the two following fiscal years;

**WHEREAS**, pursuant to Section 4.11 of the Act, each Service Board has submitted its proposed fiscal year 2018 budget and proposed 2019–2020 financial plan to the RTA for its review;

**WHEREAS**, pursuant to Section 4.01(a) of the Act, the RTA held a public hearing in the metropolitan region on November 29<sup>th</sup> 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 additionally conducted seven public hearings throughout the metropolitan region, 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

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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 pursuant to sections 4.03 and 4.03.1 which are allocated to the CTA under Section 4.01(d), 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 2018 through 2020 for the Suburban Community Mobility Fund and the Innovation, Coordination, and Enhancement Fund (the "ICE Fund") that change proportionately with the percentage change in estimated RTA sales tax receipts;

**WHEREAS**, RTA Ordinance 2017-37 allocated ICE Fund amounts to the Service Boards, for operating or capital purposes, subject to a process that meets the requirements of the RTA Act, and the Service Boards have included proposed ICE Fund projects in their 2018 Business Plan submissions to the RTA;

**WHEREAS**, pursuant to Section 2.01d of the Act, the RTA has established public funding levels in 2018 through 2020 for the ADA Paratransit Fund;

**WHEREAS**, pursuant to Section 4.11(a) of the Act, the RTA Board shall review the interim 2018 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, 2018, and shall amend the 2018 budgets of the Authority and the Service Boards to provide for additional funding for the provision of ADA Paratransit services, if needed;

**WHEREAS**, in compliance with the Americans with Disabilities Act of 1990 ("ADA"); Pace provides origin-to-destination complementary paratransit services for eligible individuals with disabilities using its own vehicles, private contractors, and taxicab companies (referred to collectively herein as "*Carriers*");

**WHEREAS**, as one of its programs, RTA provides interviews and assessments for individuals applying for ADA paratransit eligibility in the RTA service area and for recertification for currently eligible individuals; the interviews and assessments are conducted at a number of sites within the region;

**WHEREAS**, RTA has requested that Pace provide transportation services to RTA Customers with Pace's current Carriers and any additional Carriers with whom Pace subsequently may contract, and Pace desires to provide the requested transportation services, the cost of which shall be reimbursed by RTA;

**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**, at their August 17, 2017 meeting, the Loss Finance Committee approved the transfer of \$2.5 million to Metra from the Joint Self-Insurance Fund reserve, as a component of the 2018 funding levels adopted by RTA ordinance 2017-37;

**WHEREAS**, on August 21, 2013 and pursuant to Section 2.01a of the Act, the RTA Board adopted Ordinance 2013-63 approving the Regional Transit Strategic Plan (the "Strategic Plan"), which delineates a number of regional goals and objectives;

**WHEREAS**, the provisions of this Ordinance comport with the goals and objectives set forth in the Strategic Plan;

**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 RTA and 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**, unfavorable economic conditions in prior years 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;

**WHEREAS**, RTA 2016 Budget Ordinance 2015-55 rescinded the provisions of the Fund Balance Policy adopted by Ordinance 98-15 and the provisions of the Fund to Budget Policy adopted by Ordinance 91-9;

**WHEREAS**, in accordance with the RTA Reserve Policy implemented in October 2015, the Service Boards have an ongoing responsibility to maintain individual reserve plans which will address any structural funding or operating revenue reductions or expense increases with remedial actions, and that the Service Boards have shared updated reserve plans with the RTA as required by the 2018 Business Plan Call;

**WHEREAS**, the RTA will continue to exercise its short-term borrowing authority to manage delays in State funding;

**WHEREAS**, the RTA will attempt to minimize the impact on Service Board funding levels from financial transactions that are sensitive to prevailing interest rates, collateral calls, and arbitrage penalties;

**WHEREAS**, the RTA Board held a special Finance Committee meeting on November 29, 2017 to review the details of the Service Boards' budgets with representatives from each of the Service Boards; 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 2018 and financial plans for 2019 and 2020, 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), 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 2018 budgets and 2019-2020 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 the end of 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 2018 Budget and Financial Plan of the Authority as summarized in Schedule I-A. The 2018 Budget and Financial Plan are hereby approved and the RTA Board finds as follows:

- (a) The 2018 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 2018 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 2018 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 2018, apart from ADA Paratransit services, to equal at least fifty percent (50%) of the aggregate cost of providing such public transportation in 2018, and at least ten percent (10%) for ADA Paratransit service in 2018, as required by the Act, and as summarized in Schedule I-C.

(d) The 2018 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 2018, as defined in Section 4.01 (c) of the Act, do not exceed the maximum administrative expenses permitted.

(f) The 2018 budget and financial plan are consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

**Section Three: RTA ICE Program**

The RTA Board has reviewed the set of 2018 projects proposed by the Service Boards and RTA for funding through the ICE program. The RTA Board hereby adopts the projects attached as Schedule I-F for ICE funding, subject to mutually agreed upon terms of grant agreements and continuing review by the RTA.

**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 2018-2022 Five-Year Capital Program presented by the Service Boards. 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 Capital 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.

**Section Five: RTA Bond Projects**

There is \$158 million programmed in RTA bond proceeds to be used by the Service Boards to fund a set of projects that, upon completion, would have a weighted average useful life of at least 20 years or, when combined for the region as a whole, would have a weighted average useful life of at least 20 years. Additionally, the Service Boards must maintain, and provide to the RTA, the appropriate records necessary to satisfy any continuing disclosure requirements.

**ARTICLE IV****APPROPRIATION OF FUNDS AND CERTAIN OTHER ACTIONS****Section One: Appropriation for Each Service Board**

The following amounts for 2018 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 Sales Taxes**

There is appropriated, from the taxes collected under Section 4.03, for expenditure by each Service Board pursuant to the 2018 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. 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 2018 operating deficit of ADA Paratransit service and (ii) the total amount of funding from all sources estimated to be available for 2018 operations of ADA Paratransit service (such difference, the “Shortfall Amount”). The Shortfall Amount, if any, shall be established by the Executive Director prior to August 15, 2018 by examining the ADA Paratransit service year-to-date operating results through the second quarter of 2018, 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 2018 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.
- (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 Fund (SCMF) 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 (ICE)” on Schedule I-D.

(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 2018 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” on 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 2018 Budget approved for such Service Board 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 identified as “State Reduced Fare Reimbursement” 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 RTA Non-Statutory Funding - Public Transportation Fund, 15% Sales Tax, Other RTA Revenues

(a) There is appropriated, for expenditure by each Service Board pursuant to the 2018 Budget approved for such Service Board in Article II, the amounts specified as “RTA Non-Statutory Funding – PTF I” and “RTA Non-Statutory Funding – Sales Tax I” on Schedule I-B. Pursuant to Ordinance 2017-37, approving the operations funding amounts for the 2018 operating budget and the 2019 - 2020 financial plan years, any amounts of PTF I received in excess of the PTF I receipts budgeted, as identified on Schedule I-A, shall be distributed to the Service Boards in the same proportion as the Service Board PTF I funds originally budgeted in that fiscal year. Any negative variance in PTF I receipts (i.e. receipts lower than anticipated) shall be borne by the Service Boards in the same proportion as the distribution of Service Board PTF I funds originally budgeted for that fiscal year. The

Executive Director shall provide for the payment to each Service Board its share of “RTA Non-Statutory Funding – PTF I” and “RTA Non-Statutory Funding – Sales Tax I”; 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.

(b) There is appropriated, for expenditure by Pace pursuant to the 2018 Budget approved for Pace Suburban Service in Article II, the amount specified as “South Suburban Job Access Funds” on Schedule I-B from other receipts and revenues of the RTA.

(c) There is appropriated, for expenditure by each Service Board pursuant to the 2018 Budget approved for such Service Board in Article II, or pursuant to the Five-Year Capital Program approved for such Service Board in Article III, the amounts specified as “Innovation, Coordination, and Enhancement (ICE) Funding” on Schedule I-B.

(d) There is appropriated, for expenditure by Metra pursuant to the 2018 Budget approved for Metra in Article II, the amount specified as “JSIF Reserve” on Schedule I-B from the Joint Self-Insurance Fund Reserve.

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 2018 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 “RTA Regional Services and Programs”, pursuant to the 2018 Budget approved in Article II, from other receipts and revenues of the RTA.

In 2018 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”.

**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 2018 Annual Budget and Program of



the RTA in accordance with the Act and the policies established herein. This shall specifically include the authority to enter into intergovernmental agreements (IGAs), Technical Services Agreements (TSAs), or other agreements necessary to apply for or effectuate grants for projects specifically authorized herewith in the Five-Year Capital Program.

The Executive Director is further authorized to execute an IGA with Pace, substantially in the form attached hereto as Exhibit A, wherein the RTA will reimburse Pace for providing federally required transportation to and from ADA paratransit eligibility assessment centers. This IGA does not have an end date, however, either party may terminate the agreement with 60 days' written notice. In addition, the IGA does not contain a total cost, as the service is provided at a vehicle service hour reimbursement rate based on demand by the RTA customer. Pace will submit monthly invoices with per-trip back-up data for the Authority's review before payment. Historically the Authority has paid an average of \$1.8 million annually to Pace for this service, including Pace's administrative / staff overhead costs, and the proposed 2018 budget contains sufficient funds to cover the cost for our customer transportation needs. The IGA specifically provides that any future payments/reimbursements will be subject to annual Board appropriation.

The Executive Director shall be further authorized to execute and enter into other IGAs necessary to effectuate or implement powers and duties of the RTA, so long as those IGAs do not exceed \$100,000 in value and are subject to funds appropriated by the RTA Board.

**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: 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, nothing 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 Four: 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 Five: Direction to File this Ordinance with Public Officials.**

The Executive Director is authorized and directed to file the 2018 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.

Schedule I-A

**RTA Statement of Revenues and Expenditures**  
**General and Agency Funds**  
(dollars in thousands)

	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
<b>RTA Funding Sources</b>			
RTA Sales Tax (Part I)	914,929	942,377	970,648
RTA Sales Tax (Part II)	320,826	330,451	340,365
RTA Public Transportation Fund (PTF - Part I)	215,895	240,402	247,614
RTA Public Transportation Fund (PTF - Part II)	152,515	169,828	174,923
State Financial Assistance (ASA/AFA)	130,283	130,300	130,300
State Reduced Fare Reimbursement <sup>1</sup>	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500
RTA Regional Capital Project Reserves	250	-	-
JSIF Reserve	2,500	-	-
Other RTA Revenue <sup>2</sup>	1,374	1,424	1,452
<b>Total RTA Funding Sources</b>	<b>1,781,142</b>	<b>1,857,352</b>	<b>1,907,872</b>
<b>Operating Expenditures</b>			
RTA Total Funds for CTA Operations	740,288	784,072	806,486
RTA Total Funds for Metra Operations	409,798	422,691	434,471
RTA Total Funds for Pace Suburban Service Operations	167,871	174,100	178,798
RTA Total Funds for Pace ADA Paratransit Operations	165,291	174,563	185,948
State Reduced Fare Reimbursement <sup>1</sup>	34,070	34,070	34,070
Agency Administration	16,596	17,376	17,803
RTA Regional Services and Programs	17,668	18,498	18,953
<b>Total Operating Expenditures</b>	<b>1,551,581</b>	<b>1,625,371</b>	<b>1,676,530</b>
<b>Debt Service, Capital &amp; JSIF Expenditures</b>			
Principal and Interest	229,519	232,798	223,124
RTA Agency Regional Capital Program	250	-	-
RTA Joint Self-Insurance Fund (JSIF) Funding	5,499	5,664	5,834
<b>Total Debt Service &amp; JSIF Expenditures</b>	<b>235,268</b>	<b>238,462</b>	<b>228,958</b>
<b>Total Expenditures</b>	<b>1,786,849</b>	<b>1,863,832</b>	<b>1,905,488</b>
<b>Beginning Unreserved/Undesignated Fund Balance</b>	<b>7,569</b>	<b>7,569</b>	<b>7,569</b>
Change in Fund Balance	(5,707)	(6,480)	2,384
Transfers <sup>3</sup>	5,707	6,480	(2,384)
<b>Ending Unreserved/Undesignated Fund Balance</b>	<b>7,569</b>	<b>7,569</b>	<b>7,569</b>
<b>% of Total Operating Expenditures</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY 18-21 budgets.

<sup>2</sup> Includes income from investments, sales tax interest, and revenue from RTA programs and projects.

<sup>3</sup> Contingent transfers from RTA reserves in 2018 and 2019 to offset lower sales tax for debt service and increased short-term debt service.

Schedule I-B

Total Funds for Service Board Operations General and Agency Funds (dollars in thousands)			
	2018 Budget	2019 Plan	2020 Plan
<b>CTA</b>			
Total System-Generated Revenue	707,576	723,687	736,359
Total Operating Expenses	1,514,495	1,576,389	1,613,534
<b>Operating Deficit</b>	<b>806,919</b>	<b>852,702</b>	<b>877,175</b>
RTA Sales Tax (Part I)	381,224	392,660	404,440
RTA Sales Tax and PTF (Part II)	124,792	132,442	133,322
RTA 25% PTF on RETT (Part II) <sup>1</sup>	16,658	17,158	17,672
RTA Non-Statutory Funding - PTF I <sup>2</sup>	211,577	235,594	242,662
RTA Non-Statutory Funding - Sales Tax I <sup>2</sup>	-	-	1,985
Innovation, Coordination, and Enhancement Funding <sup>3</sup>	6,037	6,218	6,405
<b>Total RTA Funding for Operations</b>	<b>740,288</b>	<b>784,072</b>	<b>806,486</b>
City of Chicago RETT (Part II) <sup>1</sup>	66,631	68,630	70,689
<b>Total Funding for Operations</b>	<b>806,919</b>	<b>852,702</b>	<b>877,175</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	-	-	-
<b>Net Result</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Metra</b>			
Total System-Generated Revenue	411,138	437,238	453,938
Total Operating Expenses	797,200	824,200	852,600
<b>Operating Deficit</b>	<b>386,062</b>	<b>386,962</b>	<b>398,662</b>
RTA Sales Tax (Part I)	301,000	310,030	319,331
RTA Sales Tax and PTF (Part II)	101,394	107,609	108,324
RTA Non-Statutory Funding - Sales Tax I <sup>2</sup>	-	-	1,613
Innovation, Coordination, and Enhancement Funding <sup>3</sup>	4,905	5,052	5,204
JSIF Reserve	2,500	-	-
<b>Total RTA Funding for Operations</b>	<b>409,798</b>	<b>422,691</b>	<b>434,471</b>
Homeland Security Operating Grant	1,500	1,500	1,500
<b>Total Funding for Operations</b>	<b>411,298</b>	<b>424,191</b>	<b>435,971</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	(4,905)	(5,052)	(5,204)
Farebox capital program	(20,331)	(32,177)	(32,105)
<b>Net Result</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pace Suburban Service</b>			
Total System-Generated Revenue	60,862	61,388	62,002
Total Operating Expenses	232,082	238,938	244,353
<b>Operating Deficit</b>	<b>171,220</b>	<b>177,550</b>	<b>182,351</b>
RTA Sales Tax (Part I)	95,466	98,330	101,280
RTA Sales Tax and PTF (Part II)	33,798	35,870	36,108
Suburban Community Mobility Funds	25,154	25,908	26,685
South Suburban Job Access Funds	7,500	7,500	7,500
RTA Non-Statutory Funding - PTF I <sup>2</sup>	4,318	4,808	4,952
RTA Non-Statutory Funding - Sales Tax I <sup>2</sup>	-	-	538
Innovation, Coordination, and Enhancement Funding <sup>3</sup>	1,635	1,684	1,735
<b>Total RTA Funding for Operations</b>	<b>167,871</b>	<b>174,100</b>	<b>178,798</b>
Federal CMAQ/JARC/New Freedom Funds	4,985	5,134	5,288
<b>Total Funding for Operations</b>	<b>172,856</b>	<b>179,234</b>	<b>184,086</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	(1,635)	(1,684)	(1,735)
<b>Net Result</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pace ADA Paratransit Service</b>			
Total System-Generated Revenue	13,296	13,552	13,817
Total Operating Expenses	178,587	188,115	199,765
<b>Operating Deficit</b>	<b>165,291</b>	<b>174,563</b>	<b>185,948</b>
RTA Sales Tax and PTF (Part II)	156,791	166,063	177,448
State Funding for ADA Paratransit	8,500	8,500	8,500
<b>Total RTA Funding for Operations</b>	<b>165,291</b>	<b>174,563</b>	<b>185,948</b>
<b>Net Result</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total System-Generated Revenue Recovery Ratio</b>	<b>51.7%</b>	<b>51.5%</b>	<b>51.3%</b>

<sup>1</sup> Based on 7/31/17 City of Chicago forecast of RETT receipts.

<sup>2</sup> For clarification, "non-statutory funding" refers to funding which is not statutorily allocated.

<sup>3</sup> As authorized by RTA Ordinance 2017-37, ICE funding may alternatively be used by the Service Boards for capital purposes.

Schedule I-C

**Recovery Ratios**

	<b>2018 Requirement</b>	<b>2018 As Budgeted</b>
<b>CTA</b>		
Recovery Ratio	54.75%	57.1%
<b>Metra</b>		
Recovery Ratio	52.5%	54.7%
<b>Pace Suburban Service</b>		
Recovery Ratio	30.3%	30.3%
<b>Total System-Generated Revenue Recovery Ratio</b>	50.0%	51.7%
<b>Pace ADA Paratransit</b>		
Recovery Ratio	10.0%	10.0%

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The RTA Act allows certain expenditures to be excluded from the recovery ratio calculation including security expense, depreciation, debt service, 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)

	<b>2018 Budget</b>	<b>2019 Plan</b>	<b>2020 Plan</b>
<b>Source of Funds</b>			
<b>Part I Sales Tax ("85% Sales Tax") <sup>1</sup></b>			
City of Chicago	310,419	319,731	329,323
Suburban Cook County	460,266	474,074	488,296
Collar Counties	144,244	148,571	153,028
<b>Total Part I Sales Tax</b>	<b>914,929</b>	<b>942,377</b>	<b>970,648</b>
Part I Public Transportation Funds (PTF) (25% of Part I Sales Tax)	215,895	240,402	247,614
<b>Total Part I Sales Tax and PTF</b>	<b>1,130,824</b>	<b>1,182,779</b>	<b>1,218,262</b>
<b>Part II Sales Tax, RETT, and PTF</b>			
City of Chicago	73,898	76,115	78,399
Suburban Cook	109,425	112,708	116,089
Collar Counties	137,503	141,628	145,877
<b>Total Part II Sales Tax</b>	<b>320,826</b>	<b>330,451</b>	<b>340,365</b>
Part II Real Estate Transfer Tax (RETT) <sup>2</sup>	66,631	68,630	70,689
<b>Total Part II Sales Tax and RETT</b>	<b>387,457</b>	<b>399,081</b>	<b>411,054</b>
<b>Part II Public Transportation Funds</b>			
5% of old sales tax	43,179	48,080	49,523
30% of new sales tax and RETT	109,336	121,747	125,400
<b>Total Part II PTF</b>	<b>152,515</b>	<b>169,828</b>	<b>174,923</b>
<b>Total Part II - Sales Tax, PTF and RETT</b>	<b>539,973</b>	<b>568,909</b>	<b>585,976</b>
<b>Total Source of Funds</b>	<b>1,670,797</b>	<b>1,751,688</b>	<b>1,804,239</b>
<b>Distribution of Funds</b>			
<b>Part I Sales Tax Allocation ("85% Sales Tax") <sup>1</sup></b>			
RTA - 15% of Part I Sales Tax	137,239	141,357	145,597
CTA	381,224	392,660	404,440
Metra	301,000	310,030	319,331
Pace	95,466	98,330	101,280
<b>Total Part I Sales Tax</b>	<b>914,929</b>	<b>942,377</b>	<b>970,648</b>
RTA - 100% of Part I PTF	215,895	240,402	247,614
<b>Total Part I Sales Tax &amp; PTF</b>	<b>1,130,824</b>	<b>1,182,779</b>	<b>1,218,262</b>
<b>Part II Allocation (Sales Tax, PTF and RETT)</b>			
RTA Total for ADA Paratransit Service	158,970	168,338	179,833
RTA Innovation, Coordination & Enhancement (ICE)	12,577	12,954	13,343
RTA Suburban Community Mobility Fund (SCMF) to Pace	25,154	25,908	26,685
RETT to CTA <sup>2</sup>	66,631	68,630	70,689
PTF - 25% of RETT to CTA	16,658	17,158	17,672
<b>Total Part II Allocation before Service Board Distribution</b>	<b>279,989</b>	<b>292,988</b>	<b>308,222</b>
<b>Remaining Balance to Service Boards</b>			
CTA - 48%	124,792	132,442	133,322
Metra - 39%	101,394	107,609	108,324
Pace - 13%	33,798	35,870	36,108
<b>Total Part II Funds to Service Boards</b>	<b>259,983</b>	<b>275,921</b>	<b>277,754</b>
<b>Total Part II Funds Allocated (Sales Tax, PTF and RETT)</b>	<b>539,973</b>	<b>568,909</b>	<b>585,976</b>
<b>Total Distribution of Funds</b>	<b>1,670,797</b>	<b>1,751,688</b>	<b>1,804,239</b>
	<b>City of Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
<b>Part I Sales Tax - Service Board Allocation Formula <sup>1</sup></b>			
CTA	100%	30%	-
Metra	-	55%	70%
Pace	-	15%	30%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> The RTA Act directs 85% of these sales tax revenues to the Service Boards according to the allocation formula shown on this schedule.

<sup>2</sup> The City of Chicago disburses RETT funds directly to the CTA, therefore these funds are excluded from RTA Revenues on Schedule I-A.



# RTA 2018 OPERATING BUDGET, TWO-YEAR FINANCIAL PLAN AND FIVE-YEAR CAPITAL PROGRAM

Schedule I-E

## Cash Flow Estimates for Distribution of FY 2018 RTA Funds to the Service Boards <sup>1</sup>

(dollars in thousands)

	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	2018 Operations
<b>Cash Receipts</b>																			
RTA Sales Tax (Part I)	-	-	-	\$63,602	\$65,538	\$75,293	\$73,155	\$78,891	\$80,771	\$76,962	\$79,342	\$78,666	\$76,639	\$76,026	\$90,004	18,161	18,732	18,563	\$914,929
RTA Public Transportation Fund (PTF - Part I)	-	-	-	-	-	-	18,094	17,940	15,008	15,008	15,465	17,767	17,262	18,616	19,060	-	-	-	215,895
RTA Sales Tax (Part II)	-	-	-	22,302	22,981	26,402	25,652	27,664	28,987	27,836	27,585	26,874	26,659	26,874	26,659	31,561	-	-	320,826
RTA PTF (Part II)	-	-	-	-	-	-	12,775	12,673	15,003	10,602	10,925	12,551	12,195	13,151	13,464	12,829	13,233	13,113	152,515
State Financial Assistance (ASAFIA)	-	-	-	-	-	-	-	26,057	26,057	26,057	26,057	26,057	-	-	-	-	-	-	130,283
State Reduced Fare Reimbursement	-	-	-	-	-	-	17,035	-	-	-	-	-	-	-	-	-	-	-	34,070
State Funding for ADA Paratransit	-	-	-	-	-	-	4,250	-	-	-	4,250	-	-	-	-	-	-	-	8,500
RTA Regional Capital Project Reserves	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250
JSIF Reserves	114	114	114	114	114	114	114	114	114	114	114	114	-	-	-	-	-	-	2,900
RTA Other Revenue	114	114	114	114	114	114	114	114	114	114	114	114	-	-	-	-	-	-	1,374
<b>Total Cash Receipts</b>	<b>\$364</b>	<b>\$114</b>	<b>\$114</b>	<b>\$86,019</b>	<b>\$88,634</b>	<b>\$101,809</b>	<b>\$151,067</b>	<b>\$163,339</b>	<b>\$171,507</b>	<b>\$155,730</b>	<b>\$169,779</b>	<b>\$166,525</b>	<b>\$132,970</b>	<b>\$134,452</b>	<b>\$154,089</b>	<b>\$30,990</b>	<b>\$31,964</b>	<b>\$31,676</b>	<b>\$1,781,142</b>
<b>CTA</b>																			
RTA Sales Tax (Part I)	-	-	-	\$26,501	\$27,308	\$31,372	\$30,462	\$32,872	\$33,655	\$32,068	\$33,076	\$32,778	\$31,933	\$31,678	\$37,502	-	-	-	\$381,224
RTA Sales Tax (Part II)	-	-	-	997	-	2,733	2,416	3,268	3,547	2,981	3,341	3,234	11,295	11,204	13,260	-	-	-	59,580
RTA PTF (Part II)	-	-	-	-	-	-	5,462	5,419	4,533	4,671	5,366	5,214	5,623	5,757	5,485	5,485	5,698	5,607	65,212
RTA PTF from RETT (Part II)	-	-	-	-	-	-	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	16,658
State Reduced Fare Reimbursement	-	-	-	-	-	-	14,161	-	-	-	14,161	-	-	-	-	-	-	-	28,322
RTA Non-Statutory Funding (PTF I)	-	-	-	-	-	-	17,723	17,581	20,813	14,708	15,156	17,411	16,917	18,244	18,678	17,797	18,357	18,192	211,577
Innovation, Coordination, and Enhancement Funding	-	-	-	420	432	497	483	521	533	508	524	519	506	502	594	-	-	-	6,037
<b>Total CTA Disbursements</b>	-	-	-	<b>\$27,918</b>	<b>\$29,025</b>	<b>\$34,602</b>	<b>\$72,114</b>	<b>\$61,048</b>	<b>\$66,351</b>	<b>\$56,186</b>	<b>\$58,155</b>	<b>\$74,858</b>	<b>\$67,253</b>	<b>\$68,639</b>	<b>\$77,200</b>	<b>\$24,671</b>	<b>\$25,403</b>	<b>\$25,187</b>	<b>\$768,610</b>
<b>Metra</b>																			
RTA Sales Tax (Part I)	-	-	-	\$20,924	\$21,561	\$24,770	\$24,067	\$25,954	\$26,573	\$25,319	\$26,116	\$25,880	\$25,213	\$25,012	\$29,610	-	-	-	\$301,000
RTA Sales Tax (Part II)	-	-	-	810	1,044	2,221	1,963	2,655	2,882	2,422	2,714	2,628	9,177	9,104	10,790	-	-	-	48,409
RTA PTF (Part II)	-	-	-	-	-	-	4,436	4,403	5,212	3,683	3,795	4,360	4,236	4,569	4,678	4,457	4,597	4,556	52,984
State Reduced Fare Reimbursement	-	-	-	-	-	-	1,569	-	-	-	1,569	-	-	-	-	-	-	-	3,138
Innovation, Coordination, and Enhancement Funding	-	-	-	341	351	404	392	423	433	413	426	422	411	408	483	-	-	-	4,905
JSIF Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500
<b>Total Metra Disbursements</b>	-	-	-	<b>\$22,075</b>	<b>\$22,956</b>	<b>\$27,395</b>	<b>\$32,429</b>	<b>\$33,435</b>	<b>\$35,100</b>	<b>\$31,837</b>	<b>\$33,051</b>	<b>\$37,359</b>	<b>\$39,038</b>	<b>\$39,091</b>	<b>\$45,561</b>	<b>\$4,457</b>	<b>\$4,597</b>	<b>\$4,556</b>	<b>\$412,936</b>
<b>Pace Suburban Service</b>																			
RTA Sales Tax (Part I)	-	-	-	\$6,636	\$6,838	\$7,856	\$7,633	\$8,232	\$8,428	\$8,030	\$8,283	\$8,208	\$7,997	\$7,933	\$9,391	-	-	-	\$95,466
RTA Sales Tax (Part II)	-	-	-	270	348	740	654	895	961	807	905	876	3,059	3,035	3,597	-	-	-	16,136
RTA PTF (Part II)	-	-	-	-	-	-	1,479	1,468	1,737	1,228	1,265	1,453	1,412	1,523	1,559	1,486	1,532	1,519	17,661
RTA Suburban Community Mobility Fund (SCMF)	-	-	-	1,749	1,802	2,070	2,011	2,169	2,221	2,116	2,182	2,163	2,107	2,090	2,474	-	-	-	25,154
RTA South Suburban Job Access (SSJA) Fund	-	-	-	-	-	-	-	-	-	-	-	7,500	-	-	-	-	-	-	7,500
State Reduced Fare Reimbursement	-	-	-	-	-	-	1,305	-	-	-	-	1,305	-	-	-	-	-	-	2,610
RTA Non-Statutory Funding (PTF I)	-	-	-	-	-	-	362	359	425	300	309	355	345	372	381	363	375	371	4,318
Innovation, Coordination, and Enhancement Funding	-	-	-	114	117	135	131	141	144	138	142	141	137	136	161	-	-	-	1,635
<b>Total Pace Suburban Service Disbursements</b>	-	-	-	<b>\$8,769</b>	<b>\$9,105</b>	<b>\$10,801</b>	<b>\$13,575</b>	<b>\$13,253</b>	<b>\$13,916</b>	<b>\$12,619</b>	<b>\$13,086</b>	<b>\$22,001</b>	<b>\$15,057</b>	<b>\$15,089</b>	<b>\$17,564</b>	<b>\$1,249</b>	<b>\$1,907</b>	<b>\$1,890</b>	<b>\$170,480</b>
<b>Pace ADA Paratransit</b>																			
RTA Sales Tax and PTF (Part II)	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	\$13,066	-	-	-	-	-	-	\$156,791
State Funding for ADA	-	-	-	-	-	-	8,500	-	-	-	-	-	-	-	-	-	-	-	8,500
<b>Total Pace ADA Paratransit Disbursements</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$21,566</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$13,066</b>	<b>\$13,066</b>	-	-	-	-	-	-	<b>\$165,291</b>
<b>RTA Operations, Debt Service, Capital, JSIF</b>																			
Principal and Interest for Service Board Capital Programs	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	\$19,127	-	-	-	-	-	-	\$229,519
Agency Operations <sup>2</sup>	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	-	-	-	-	-	-	34,264
RTA Agency Regional Capital Program	21	21	21	21	21	21	21	21	21	21	21	21	-	-	-	-	-	-	250
Joint Self Insurance Fund	-	-	-	-	-	5,469	-	-	-	-	-	-	-	-	-	-	-	-	5,469
<b>Total RTA Disbursements</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$27,502</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$22,003</b>	<b>\$22,003</b>	-	-	-	-	-	-	<b>\$289,532</b>
<b>Total Cash Disbursements</b>	<b>\$35,069</b>	<b>\$35,069</b>	<b>\$35,069</b>	<b>\$93,830</b>	<b>\$96,154</b>	<b>\$113,366</b>	<b>\$161,688</b>	<b>\$142,804</b>	<b>\$150,435</b>	<b>\$135,711</b>	<b>\$139,361</b>	<b>\$169,287</b>	<b>\$121,349</b>	<b>\$122,818</b>	<b>\$140,324</b>	<b>\$30,977</b>	<b>\$31,907</b>	<b>\$31,632</b>	<b>\$1,786,849</b>
<b>Cash Balance <sup>3</sup></b>																			<b>Change</b>
Beginning	\$150,000	\$115,296	\$80,342	\$45,387	\$37,576	\$30,056	\$18,499	\$7,878	\$28,413	\$49,484	\$69,504	\$89,921	\$107,159	\$118,780	\$130,414	\$144,179	\$144,192	\$144,249	\$144,249
Ending	\$115,296	\$80,342	\$45,387	\$37,576	\$30,056	\$18,499	\$7,878	\$28,413	\$49,484	\$69,504	\$89,921	\$107,159	\$118,780	\$130,414	\$144,179	\$144,192	\$144,249	\$144,293	(\$5,707)

<sup>1</sup> Cash disbursements are subject to actual cash availability. <sup>2</sup> Agency Administration and Regional Services & Programs. <sup>3</sup> Restricted and unrestricted cash.

Schedule I-F

**Uses of Innovation, Coordination, and Enhancement (ICE) Funding**  
(dollars in thousands)

		<b>2018 Budget</b>
<b>CTA</b>	<b><u>Operating Project</u></b>	
	South Side Service Improvements	3,553
	Quality of Life K9 Security Patrols	2,484
	<b>Total CTA ICE Funding</b>	<b>6,037</b>
<b>Metra</b>	<b><u>Capital Projects</u></b>	
	Train Tracking and Passenger Counting System	3,000
	Downtown Terminal Information Displays	953
	LED Lights on Commuter Cars	952
	<b>Total Metra ICE Funding</b>	<b>4,905</b>
<b>Pace</b>	<b><u>Capital Project</u></b>	
	Intelligent Bus System (IBS) Equipment Replacement	1,635
	<b>Total Pace ICE Funding</b>	<b>1,635</b>
	<b>Total ICE Funding</b>	<b>12,577</b>

2018-2022 CAPITAL PROGRAM REVENUES						Schedule II-A	
	2018	2019	2020	2021	2022	TOTAL	
<b>CTA</b>							
<b>FTA</b>							
\$5307/\$5340 Urbanized Area Formula	\$ 128,530,665	\$ 129,960,839	\$ 131,406,873	\$ 132,868,942	\$ 134,347,223	\$ 657,114,542	
\$5337 State of Good Repair Formula	152,671,973	154,221,628	155,787,013	157,368,286	158,965,610	779,014,510	
\$5339 Bus and Bus Facilities	11,638,925	11,941,093	12,251,106	12,569,167	12,895,486	61,295,777	
<b>Subtotal FTA</b>	<b>\$ 292,841,563</b>	<b>\$ 296,123,560</b>	<b>\$ 299,444,992</b>	<b>\$ 302,806,395</b>	<b>\$ 306,208,319</b>	<b>\$ 1,497,424,829</b>	
<b>Federal-Flexible/Discretionary</b>							
CMAQ	25,000,000	8,890,857	100,000,000	0	0	133,890,857	
Low or No-Emission Bus Program	0	0	0	0	0	0	
Department of Homeland Security	10,221,237	3,000,000	3,000,000	3,000,000	3,000,000	22,221,237	
TIGER	0	0	0	0	0	0	
TIFIA	0	0	0	0	0	0	
\$5310 Funds	380,350	0	0	0	0	380,350	
New Starts/Core Capacity	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	500,000,000	
Other Federal	0	0	0	0	0	0	
<b>Subtotal Fed Flexible</b>	<b>135,601,587</b>	<b>111,890,857</b>	<b>203,000,000</b>	<b>103,000,000</b>	<b>103,000,000</b>	<b>656,492,444</b>	
<b>Subtotal All Federal</b>	<b>\$ 428,443,150</b>	<b>\$ 408,014,417</b>	<b>\$ 502,444,992</b>	<b>\$ 405,806,395</b>	<b>\$ 409,208,319</b>	<b>\$ 2,153,917,273</b>	
<b>State</b>							
State Bond Funds	0	0	0	0	0	0	
<b>RTA</b>							
RTA ICE Funds	0	0	0	0	0	0	
RTA Bonds	0	0	79,000,000	0	0	79,000,000	
<b>Subtotal RTA</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 79,000,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 79,000,000</b>	
<b>Service Board</b>							
Positive Budget Variance	0	0	0	0	0	0	
Other Service Board Funds	2,360,087	0	0	0	0	2,360,087	
Other Local Funds	235,000	0	0	0	0	235,000	
Deobligated/Reprogrammed Funds	0	0	0	0	0	0	
CTA Bond - Ground Transportation Tax	179,000,000	0	0	0	0	179,000,000	
Service Board Bond Proceeds	287,249,193	0	0	0	0	287,249,193	
<b>Subtotal SB/Local</b>	<b>\$ 468,844,280</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 468,844,280</b>	
<b>Subtotal State/RTA/Local</b>	<b>\$ 468,844,280</b>	<b>\$ 0</b>	<b>\$ 79,000,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 547,844,280</b>	
<b>TOTAL CTA FUNDING</b>	<b>\$ 897,287,430</b>	<b>\$ 408,014,417</b>	<b>\$ 581,444,992</b>	<b>\$ 405,806,395</b>	<b>\$ 409,208,319</b>	<b>\$ 2,701,761,553</b>	
<b>Debt Repayment</b>							
CTA Debt Repayment Principal (\$5307/\$5340 )	(31,275,000)	(31,585,000)	(41,410,000)	(22,980,000)	(24,125,000)	(151,375,000)	
CTA Debt Repayment Principal (\$5337)	(29,390,000)	(30,650,000)	(32,230,000)	(47,940,000)	(50,365,000)	(190,575,000)	
<b>Subtotal Debt Repayment Principal</b>	<b>(60,665,000)</b>	<b>(62,235,000)</b>	<b>(73,640,000)</b>	<b>(70,920,000)</b>	<b>(74,490,000)</b>	<b>(341,950,000)</b>	
CTA Debt Repayment Interest (\$5307/\$5340)	(15,799,775)	(14,236,025)	(12,656,775)	(10,586,275)	(9,437,275)	(62,716,125)	
CTA Debt Repayment Interest (\$5337)	(66,684,564)	(65,405,414)	(63,859,010)	(61,863,302)	(59,396,090)	(317,208,380)	
<b>Subtotal Debt Repayment Interest</b>	<b>(82,484,339)</b>	<b>(79,641,439)</b>	<b>(76,515,785)</b>	<b>(72,449,577)</b>	<b>(68,833,365)</b>	<b>(379,924,505)</b>	
<b>Subtotal Debt Repayment</b>	<b>(143,149,339)</b>	<b>(141,876,439)</b>	<b>(150,155,785)</b>	<b>(143,369,577)</b>	<b>(143,323,365)</b>	<b>(721,874,505)</b>	
<b>TOTAL CTA AVAILABLE</b>	<b>\$ 754,138,091</b>	<b>\$ 266,137,978</b>	<b>\$ 431,289,207</b>	<b>\$ 262,436,818</b>	<b>\$ 265,884,954</b>	<b>\$ 1,979,887,048</b>	

2018-2022 CAPITAL PROGRAM REVENUES						Schedule II-A	
	2018	2019	2020	2021	2022	TOTAL	
<b>METRA</b>							
<b>FTA</b>							
\$5307/\$5340 Urbanized Area Formula	\$ 82,167,065	\$ 83,179,882	\$ 84,205,148	\$ 85,243,017	\$ 86,293,642	\$ 421,088,754	
\$5337 State of Good Repair Formula	89,497,364	90,405,782	91,323,421	92,250,375	93,186,737	456,663,679	
<b>Subtotal FTA</b>	<b>\$ 171,664,429</b>	<b>\$ 173,585,664</b>	<b>\$ 175,528,569</b>	<b>\$ 177,493,392</b>	<b>\$ 179,480,379</b>	<b>\$ 877,752,433</b>	
<b>Federal-Flexible/Discretionary</b>							
CMAQ	0	0	22,706,000	22,400,000	0	45,106,000	
TIFIA	0	0	0	0	0	0	
Department of Homeland Security	0	0	0	0	0	0	
TIGER	0	0	0	0	0	0	
New Starts/Core Capacity	0	0	0	0	0	0	
Other Federal	0	0	0	0	0	0	
<b>Subtotal Fed Flexible</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 22,706,000</b>	<b>\$ 22,400,000</b>	<b>\$ 0</b>	<b>\$ 45,106,000</b>	
<b>Subtotal Federal</b>	<b>\$ 171,664,429</b>	<b>\$ 173,585,664</b>	<b>\$ 198,234,569</b>	<b>\$ 199,893,392</b>	<b>\$ 179,480,379</b>	<b>\$ 922,858,433</b>	
<b>State</b>							
State Bond Funds	0	0	0	0	0	0	
<b>Subtotal State</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>RTA</b>							
RTA ICE Funds	4,905,000	5,052,000	5,204,000	0	0	15,161,000	
RTA Bonds	0	0	71,100,000	0	0	71,100,000	
<b>Subtotal RTA</b>	<b>\$ 4,905,000</b>	<b>\$ 5,052,000</b>	<b>\$ 76,304,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 86,261,000</b>	
<b>Service Board Funds</b>							
Positive Budget Variance	0	0	0	0	0	0	
Other Service Board Funds	20,300,000	32,100,000	32,100,000	32,100,000	32,100,000	148,700,000	
Other Local Funds	0	0	0	0	0	0	
Deobligated/Reprogrammed Funds	0	0	0	0	0	0	
Service Board Bond Proceeds	0	0	0	0	0	0	
<b>Subtotal SB/Local</b>	<b>\$ 20,300,000</b>	<b>\$ 32,100,000</b>	<b>\$ 32,100,000</b>	<b>\$ 32,100,000</b>	<b>\$ 32,100,000</b>	<b>\$ 148,700,000</b>	
<b>Subtotal State/RTA/Local</b>	<b>\$ 25,205,000</b>	<b>\$ 37,152,000</b>	<b>\$ 108,404,000</b>	<b>\$ 32,100,000</b>	<b>\$ 32,100,000</b>	<b>\$ 234,961,000</b>	
<b>Subtotal State/RTA/Local</b>	<b>\$ 196,869,429</b>	<b>\$ 210,737,664</b>	<b>\$ 306,638,569</b>	<b>\$ 231,993,392</b>	<b>\$ 211,580,379</b>	<b>\$ 1,157,819,433</b>	
<b>TOTAL METRA FUNDING</b>							
<b>DEBT REPAYMENT</b>							
Metra Debt Repayment Principal	0	0	0	0	0	0	
Metra Debt Repayment Interest	0	0	0	0	0	0	
<b>Subtotal Debt Repayment</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>TOTAL METRA AVAILABLE</b>	<b>\$ 196,869,429</b>	<b>\$ 210,737,664</b>	<b>\$ 306,638,569</b>	<b>\$ 231,993,392</b>	<b>\$ 211,580,379</b>	<b>\$ 1,157,819,433</b>	

2018-2022 CAPITAL PROGRAM REVENUES						Schedule II-A	
PACE							
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL</u>
FTA	\$5307/\$5340 Urbanized Area Formula	\$ 38,786,554	\$ 39,197,530	\$ 39,612,844	\$ 40,032,542	\$ 40,456,670	\$ 198,086,141
	\$5339 Bus and Bus Facilities	1,605,368	1,647,046	1,689,806	1,733,675	1,778,684	8,454,579
	<b>Subtotal FTA</b>	<b>\$ 40,391,922</b>	<b>\$ 40,844,576</b>	<b>\$ 41,302,650</b>	<b>\$ 41,766,217</b>	<b>\$ 42,235,354</b>	<b>\$ 206,540,719</b>
Federal-Flexible/Discretionary	CMAQ	4,096,000	7,520,000	0	0	0	11,616,000
	TIFIA	0	0	0	0	0	0
	Department of Homeland Security	0	0	0	0	0	0
	TIGER	0	0	0	0	0	0
	New Starts/Core Capacity	0	0	0	0	0	0
	Other Federal	0	0	0	0	0	0
	<b>Subtotal Fed Flexible</b>	<b>\$ 4,096,000</b>	<b>\$ 7,520,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,616,000</b>
State	<b>Subtotal Federal</b>	<b>\$ 44,487,922</b>	<b>\$ 48,364,576</b>	<b>\$ 41,302,650</b>	<b>\$ 41,766,217</b>	<b>\$ 42,235,354</b>	<b>\$ 218,156,719</b>
	State Bond Funds	0	0	0	0	0	0
	<b>Subtotal State</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
RTA	RTA ICE Funds	1,635,000	1,684,000	1,735,000	0	0	5,054,000
	RTA Bonds	0	0	7,900,000	0	0	7,900,000
	<b>Subtotal RTA</b>	<b>\$ 1,635,000</b>	<b>\$ 1,684,000</b>	<b>\$ 9,635,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 12,954,000</b>
Service Board Funds	Positive Budget Variance	250,000	250,000	250,000	250,000	250,000	1,250,000
	Other Service Board Funds	0	0	0	0	0	0
	Other Local Funds	0	0	0	0	0	0
	Deobligated/Reprogrammed Funds	0	0	0	0	0	0
	Service Board Bond Proceeds	15,500,000	0	30,500,000	20,200,000	0	66,200,000
	<b>Subtotal SB/Local</b>	<b>\$ 15,750,000</b>	<b>\$ 250,000</b>	<b>\$ 30,750,000</b>	<b>\$ 20,450,000</b>	<b>\$ 250,000</b>	<b>\$ 67,450,000</b>
	<b>Subtotal State/RTA/Local</b>	<b>\$ 17,385,000</b>	<b>\$ 1,934,000</b>	<b>\$ 40,385,000</b>	<b>\$ 20,450,000</b>	<b>\$ 250,000</b>	<b>\$ 80,404,000</b>
TOTAL PACE FUNDING	<b>Subtotal Debt Repayment</b>	<b>\$ 61,872,922</b>	<b>\$ 50,298,576</b>	<b>\$ 81,687,650</b>	<b>\$ 62,216,217</b>	<b>\$ 42,485,354</b>	<b>\$ 298,560,719</b>
	Specify Funding Source (s)	0	0	0	0	0	0
	Specify Funding Source (s)	0	0	0	0	0	0
TOTAL PACE AVAILABLE	<b>Subtotal Debt Repayment</b>	<b>\$ 61,872,922</b>	<b>\$ 50,298,576</b>	<b>\$ 81,687,650</b>	<b>\$ 62,216,217</b>	<b>\$ 42,485,354</b>	<b>\$ 298,560,719</b>
	Specify Funding Source (s)	0	0	0	0	0	0
	Specify Funding Source (s)	0	0	0	0	0	0

2018-2022 CAPITAL PROGRAM REVENUES						Schedule II-A
RTA	2018	2019	2020	2021	2022	TOTAL
FTA						
\$5307/\$5340 Urbanized Area Formula	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$5339 Bus and Bus Facilities	0	0	0	0	0	0
Subtotal FTA	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal-Flexible/Discretionary						
RTA						
RTA Funds	250,000	0	0	0	0	250,000
TOTAL RTA FUNDING	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000
TOTAL RTA AVAILABLE	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000



REGIONAL TOTAL						
FTA						
\$5307/\$5340 Urbanized Area Formula	\$ 249,484,284	\$ 252,338,251	\$ 255,224,865	\$ 258,144,501	\$ 261,097,536	\$ 1,276,289,436
\$5337 State of Good Repair Formula	242,169,337	244,627,410	247,110,434	249,618,661	252,152,347	1,235,678,189
\$5339 Bus and Bus Facilities	13,244,293	13,588,139	13,940,912	14,302,842	14,674,170	69,750,356
Subtotal FTA	\$ 504,897,914	\$ 510,553,799	\$ 516,276,211	\$ 522,066,004	\$ 527,924,053	\$ 2,581,717,981
Federal-Flexible/Discretionary						
CMAQ	29,096,000	16,410,857	122,706,000	22,400,000	0	190,612,857
TIFIA	0	0	0	0	0	0
Department of Homeland Security	10,221,237	3,000,000	3,000,000	3,000,000	3,000,000	22,221,237
TIGER	0	0	0	0	0	0
New Starts/Core Capacity	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	500,000,000
\$5310 Funds	380,350	0	0	0	0	380,350
Low or No-Emission Bus Program	0	0	0	0	0	0
Other Federal	0	0	0	0	0	0
Subtotal Fed Flexible	\$ 139,697,587	\$ 119,410,857	\$ 225,706,000	\$ 125,400,000	\$ 103,000,000	\$ 713,214,444
SUBTOTAL FEDERAL	\$ 644,595,501	\$ 629,964,656	\$ 741,982,211	\$ 647,466,004	\$ 630,924,053	\$ 3,294,932,425
State						
State Bond Funds	0	0	0	0	0	0
Subtotal State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RTA						
RTA ICE Funds	6,540,000	6,736,000	6,939,000	0	0	20,215,000
RTA Funds	250,000	0	0	0	0	250,000
RTA Bonds	0	0	158,000,000	0	0	158,000,000
Subtotal RTA Funding	\$ 6,790,000	\$ 6,736,000	\$ 164,939,000	\$ 0	\$ 0	\$ 178,465,000
Service Board Funds						
Positive Budget Variance	250,000	250,000	250,000	250,000	250,000	1,250,000
Other Service Board Funds	22,660,087	32,100,000	32,100,000	32,100,000	32,100,000	151,060,087
Other Local Funds	235,000	0	0	0	0	235,000
Deobligated/Reprogrammed Funds	0	0	0	0	0	0
CTA Bond - Ground Transportation Tax	179,000,000	0	0	0	0	179,000,000
Service Board Bond Proceeds	302,749,193	0	30,500,000	20,200,000	0	353,449,193
Subtotal SB/Local	\$ 504,894,280	\$ 32,350,000	\$ 62,850,000	\$ 52,550,000	\$ 32,350,000	\$ 684,994,280
SUBTOTAL State/RTA/Local	\$ 511,684,280	\$ 39,086,000	\$ 227,789,000	\$ 52,550,000	\$ 32,350,000	\$ 863,459,280
TOTAL REGIONAL FUNDING	\$1,156,279,781	\$ 669,050,656	\$ 969,771,211	\$ 700,016,004	\$ 663,274,053	\$ 4,158,391,705
CTA Debt Repayment Principal (\$5307/\$5340 )	(31,275,000)	(31,585,000)	(41,410,000)	(22,980,000)	(24,125,000)	(151,375,000)
CTA Debt Repayment Principal (\$5337)	(29,390,000)	(30,650,000)	(32,230,000)	(47,940,000)	(50,365,000)	(190,575,000)
Metra Debt Repayment Principal	0	0	0	0	0	0
Pace Debt Repayment Principal	0	0	0	0	0	0
Subtotal Debt Repayment Principal	(60,665,000)	(62,235,000)	(73,640,000)	(70,920,000)	(74,490,000)	(341,950,000)
CTA Debt Repayment Interest (\$5307/\$5340)	(15,799,775)	(14,236,025)	(12,656,775)	(10,586,275)	(9,437,275)	(62,716,125)
CTA Debt Repayment Interest (\$5337)	(66,684,564)	(65,405,414)	(63,859,010)	(61,863,302)	(59,396,090)	(317,208,380)
Metra Debt Repayment Interest	0	0	0	0	0	0
Pace Debt Repayment Interest	0	0	0	0	0	0
Subtotal Debt Repayment Interest	(82,484,339)	(79,641,439)	(76,515,785)	(72,449,577)	(68,833,365)	(379,924,505)
Subtotal Debt Service	\$ (143,149,339)	\$ (141,876,439)	\$ (150,155,785)	\$ (143,369,577)	\$ (143,323,365)	(721,874,505)
TOTAL REGIONAL AVAILABLE	\$1,013,130,442	\$ 527,174,217	\$ 819,615,426	\$ 556,646,427	\$ 519,950,688	\$ 3,436,517,200

# Five-Year Capital Program

## Schedule II-B December 14, 2017

	2018	2019	2020	2021	2022	Total
<b>CTA</b>						
<b>Bus</b>						
<b>1 Rolling Stock</b>						
021.803 Perform Bus Maintenance Activities	0	2,000,000	0	0	0	2,000,000
021.803 Perform Bus Maintenance Activities (P1)	0	0	2,500,000	2,500,000	2,500,000	7,500,000
021.806 Life Extending Overhaul - 430 Standard (1000 Series)	0	15,776,179	18,147,719	7,975,302	0	41,899,200
021.806 Mid-Life Bus Overhaul - 100 Artic (4300/4333 Series)	0	3,000,000	1,000,000	13,479,466	16,015,534	33,495,000
031.054 Replace Buses - Artic Hybrid - Lease Interest	243,511	105,440	0	0	0	348,951
031.054 Replace Buses - Artic Hybrid - Lease Principal	6,299,202	6,437,273	0	0	0	12,736,475
031.054 Replace Buses - Future Order (Replace New Flyers)	0	0	0	0	19,227,960	19,227,960
031.054 Replace Buses - NF Option 4 - Lease Interest	471,460	265,417	53,664	0	0	790,541
031.054 Replace Buses - NF Option 4 - Lease Principal	7,440,240	7,646,283	3,902,186	0	0	18,988,709
031.054 Replace Buses - Option 1 Nova remaining 25 buses	13,799,279	2,500,000	0	0	0	16,299,279
<b>Total: 1 Rolling Stock</b>	<b>\$28,253,692</b>	<b>\$37,730,592</b>	<b>\$25,603,569</b>	<b>\$23,954,768</b>	<b>\$37,743,494</b>	<b>\$153,286,115</b>
<b>Total: Bus</b>	<b>\$28,253,692</b>	<b>\$37,730,592</b>	<b>\$25,603,569</b>	<b>\$23,954,768</b>	<b>\$37,743,494</b>	<b>\$153,286,115</b>
<b>Rail</b>						
<b>1 Rolling Stock</b>						
022.903 5000 Series Qtr Overhaul	18,929,590	7,992,518	33,459,830	33,814,113	0	94,196,051
022.906 Perform Rail Car Maintenance Activities (P1)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
132.056 Purchase Rail Cars - 7000' Series (Base Order 400) - 5307	7,878,101	17,969,405	29,924,720	48,064,260	60,339,984	164,176,470
132.056 Purchase Rail Cars - 7000' Series (Base Order 400) - 5337	20,824,856	17,780,589	31,581,353	2,713,889	13,704,520	86,605,207
<b>Total: 1 Rolling Stock</b>	<b>\$50,132,547</b>	<b>\$46,242,512</b>	<b>\$97,465,903</b>	<b>\$87,092,262</b>	<b>\$76,544,504</b>	<b>\$357,477,728</b>
<b>11 Modernization</b>						
304.004 NML - Red/Purple Modernization	258,549,193	0	100,000,000	0	0	358,549,193
304.004 NML - Red/Purple Modernization (FTA Core Capacity)	153,700,000	100,000,000	100,000,000	100,000,000	100,000,000	553,700,000
<b>Total: 11 Modernization</b>	<b>\$412,249,193</b>	<b>\$100,000,000</b>	<b>\$200,000,000</b>	<b>\$100,000,000</b>	<b>\$100,000,000</b>	<b>\$912,249,193</b>
<b>2 Track &amp; Structure</b>						
181.500 Blue Line Track Improvements (P1)	4,000,000	0	0	0	0	4,000,000
181.500 Brown Line Track Improvements	18,000,000	0	0	0	0	18,000,000
181.500 Elevated Track and Structure Systemwide	16,944,903	15,000,000	15,000,000	15,000,000	15,000,000	76,944,903
181.500 Green and Pink Line West Track Improvements	30,000,000	0	0	0	0	30,000,000
181.500 Green Line South Track Improvements	44,000,000	0	0	0	0	44,000,000
181.500 Red and Blue Line Subway Track Improvements	25,000,000	0	0	0	0	25,000,000
195.027 Rehabilitate Blue Line - Contingencies	0	0	4,718,530	0	0	4,718,530
195.027 Rehabilitate Blue Line - Grand, Chicago and Division Station Renovation (Phase 4)	0	0	4,028,880	0	0	4,028,880
195.027 Rehabilitate Blue Line - Kimball Subway Waterproofing and Track includes TOD	0	0	2,000,000	0	0	2,000,000
195.027 Rehabilitate Blue Line -(Jeff Park to ORD) Signals (Phase 5)	0	11,474,308	0	0	0	11,474,308
195.027 Rehabilitate Blue Line- Harlem Station Bus Bridge	0	0	10,000,000	0	0	10,000,000
<b>Total: 2 Track &amp; Structure</b>	<b>\$137,944,903</b>	<b>\$26,474,308</b>	<b>\$35,747,410</b>	<b>\$15,000,000</b>	<b>\$15,000,000</b>	<b>\$230,166,621</b>
<b>3 Electrical, Signal, &amp; Communications</b>						
121.500 Blue Line O'Hare Branch Traction Power Improvements	25,000,000	0	0	0	0	25,000,000

		2018	2019	2020	2021	2022	Total
121.500	Tactical Traction Power (Equipment/Cable/Enclosures)	8,500,000	8,500,000	0	0	0	17,000,000
402.004	Blue Line Traction Study	625,000	0	0	0	0	625,000
<b>Total: 3 Electrical, Signal, &amp; Communication</b>		<b>\$34,125,000</b>	<b>\$8,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,625,000</b>
<b>5 Stations &amp; Passenger Facilities</b>							
141.273	Rehabilitate Rail Stations - Systemwide	3,019,710	2,000,000	2,000,000	6,000,000	6,000,000	19,019,710
141.273	Station Security Enhancements	15,000,000	0	0	0	0	15,000,000
141.273c	Belmont Station - Gateway	2,000,000	0	0	0	0	2,000,000
<b>Total: 5 Stations &amp; Passenger Facilities</b>		<b>\$20,019,710</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>	<b>\$36,019,710</b>
<b>7 Extensions</b>							
254.001	Red Line Extension - Planning, Preliminary Engineering	2,975,814	0	0	0	0	2,975,814
<b>Total: 7 Extensions</b>		<b>\$2,975,814</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,975,814</b>
<b>Total: Rail</b>		<b>\$657,447,167</b>	<b>\$183,216,820</b>	<b>\$335,213,313</b>	<b>\$208,092,262</b>	<b>\$197,544,504</b>	<b>\$1,581,514,066</b>
<b>System</b>							
<b>3 Electrical, Signal, &amp; Communications</b>							
150.028	Implement Security Projects - HLS Program	0	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
150.028	Systemwide Security Cameras Improvements	18,000,000	0	0	0	0	18,000,000
<b>Total: 3 Electrical, Signal, &amp; Communication</b>		<b>\$18,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$30,000,000</b>
<b>4 Support Facilities &amp; Equipment</b>							
061.059	Upgrade Office Computer Systems	1,583,645	1,742,010	1,913,636	2,105,000	2,315,500	9,659,791
061.059	Upgrade/Support IT & Communication Systems	405,000	405,000	405,000	405,000	405,000	2,025,000
073.500	Facilities (Critical Needs) - SOGR II	0	2,500,000	2,467,738	0	0	4,967,738
073.500	Facilities Maintenance	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	40,000,000
073.500	Office Building - Interest	3,271,913	3,122,413	2,965,163	2,799,788	2,621,456	14,780,733
073.500	Office Building - Principal	2,915,000	3,065,000	3,225,000	3,390,000	3,565,000	16,160,000
073.500	Rail Facilities (Yards) - SOGR II	5,000,000	5,000,000	8,081,074	4,000,000	4,000,000	26,081,074
073.500	Replace Non-Revenue 61st Rail Shop	10,000,000	0	30,000,000	0	0	40,000,000
086.500	Equipment and Non-Revenue Vehicles	1,875,000	0	0	0	0	1,875,000
086.500	Equipment and Non-Revenue Vehicles (Diesel Locomotives)	0	3,375,286	3,724,714	0	0	7,100,000
092.001	Tactile Signage at CTA Bus Stops	475,437	0	0	0	0	475,437
150.028	Cyber and Physical Security of CTA Critical Infrastructure	6,492,677	0	0	0	0	6,492,677
<b>Total: 4 Support Facilities &amp; Equipment</b>		<b>\$40,018,672</b>	<b>\$27,209,709</b>	<b>\$60,782,325</b>	<b>\$20,699,788</b>	<b>\$20,906,956</b>	<b>\$169,617,450</b>
<b>6 Miscellaneous</b>							
150.028	Transit O-Pack Teams Sustainment Project - CPD	3,728,560	0	0	0	0	3,728,560
404.502	Ashland Avenue Transit Signal Priority and Signal Modernization (Irving to Cermak)	0	8,890,857	0	0	0	8,890,857
<b>Total: 6 Miscellaneous</b>		<b>\$3,728,560</b>	<b>\$8,890,857</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,619,417</b>
<b>8 Contingencies &amp; Administration</b>							
306.001	Program Management	6,690,000	6,090,000	6,690,000	6,690,000	6,690,000	32,850,000
<b>Total: 8 Contingencies &amp; Administration</b>		<b>\$6,690,000</b>	<b>\$6,090,000</b>	<b>\$6,690,000</b>	<b>\$6,690,000</b>	<b>\$6,690,000</b>	<b>\$32,850,000</b>
<b>Total: System</b>		<b>\$68,437,232</b>	<b>\$45,190,566</b>	<b>\$70,472,325</b>	<b>\$30,389,788</b>	<b>\$30,596,956</b>	<b>\$245,086,867</b>
<b>Total: for Service Board: CTA</b>		<b>\$754,138,091</b>	<b>\$266,137,978</b>	<b>\$431,289,207</b>	<b>\$262,436,818</b>	<b>\$265,884,954</b>	<b>\$1,979,887,048</b>

**Metra****Rail****1 Rolling Stock**

4904	Locomotive Rehabilitation	0	0	0	35,000,000	0	35,000,000
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		2018	2019	2020	2021	2022	Total
5006	New Gallery Cars Purchase	23,700,000	26,700,000	26,700,000	15,520,000	30,000,000	122,620,000
5007	Car Rehabilitation (Nippon Sharyo P-2)	5,925,000	0	0	0	0	5,925,000
5009	Car Rehabilitation (Nippon Sharyo Highlighners)	0	0	21,050,000	0	0	21,050,000
5010	Car and Locomotive Cameras	2,500,000	2,500,000	2,500,000	2,500,000	2,000,000	12,000,000
5109	Locomotive Purchase	0	21,750,000	26,864,800	26,880,000	25,012,000	100,506,800
5201	Traction Motors	1,600,000	2,000,000	2,000,000	1,800,000	1,800,000	9,200,000
5202	Locomotive and Rail Car Improvements	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	8,000,000
5203	Wheel Replacement	3,000,000	4,000,000	4,000,000	3,000,000	3,000,000	17,000,000
5204	Locomotive Rehabilitation	500,000	0	25,050,000	25,000,000	0	50,550,000
5205	Locomotive Mid-Life Rehabilitation	20,000,000	18,500,000	21,225,000	25,749,000	25,400,000	110,874,000
5207	Car Rehabilitation (Nippon Sharyo P-3)	12,605,000	7,100,000	4,375,000	0	0	24,080,000
5208	LED Conversion (Amrail)	952,500	0	0	0	0	952,500
AE103	Car Rehab - Nippon Sharyo - P-4	0	0	8,724,000	12,326,000	8,000,000	29,050,000
AE104	Car Rehab - Nippon Sharyo - P-5	0	0	12,652,000	4,648,000	12,500,000	29,800,000
AE105	Rail Car Rehabilitation	0	0	0	0	26,550,000	26,550,000
<b>Total: 1 Rolling Stock</b>		<b>\$71,782,500</b>	<b>\$83,550,000</b>	<b>\$157,140,800</b>	<b>\$154,423,000</b>	<b>\$136,262,000</b>	<b>\$603,158,300</b>
<b>2 Track &amp; Structure</b>							
2112	North Line Bridges	3,000,000	1,000,000	15,000,000	0	0	19,000,000
4840	North Line Bridges	0	0	20,400,000	3,000,000	3,000,000	26,400,000
5048	Right of Way Fencing	0	100,000	100,000	100,000	100,000	400,000
5211	Ties, Ballast, and SW Heaters	3,000,000	1,250,000	1,500,000	1,000,000	1,500,000	8,250,000
5212	Ties and Ballast	2,500,000	1,000,000	1,000,000	1,000,000	1,000,000	6,500,000
5213	Ties and Ballast	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000
5214	Ties and Ballast	2,500,000	1,500,000	1,500,000	1,500,000	1,500,000	8,500,000
5215	Ties and Ballast	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	8,500,000
5220	NCS Improvements	865,000	995,000	1,145,000	1,317,000	1,500,000	5,822,000
5222	Undercutting and Surfacing	100,000	0	0	0	0	100,000
5223	Undercutting and Surfacing (50/50)	300,000	0	0	0	0	300,000
5224	Undercutting and Surfacing	200,000	750,000	750,000	750,000	750,000	3,200,000
5225	Undercutting and Surfacing	400,000	500,000	750,000	500,000	500,000	2,650,000
5226	Undercutting and Surfacing	0	250,000	500,000	0	0	750,000
5227	Rail Replacement	2,400,000	1,000,000	1,000,000	1,000,000	650,000	6,050,000
5228	Rail Replacement	2,000,000	500,000	500,000	0	500,000	3,500,000
5229	Rail Replacement	0	1,000,000	1,000,000	0	500,000	2,500,000
5230	Rail Replacement	1,000,000	500,000	1,500,000	0	0	3,000,000
5231	Rail Replacement	1,500,000	2,000,000	2,500,000	2,500,000	2,500,000	11,000,000
5232	Rail Replacement	1,000,000	1,000,000	1,500,000	1,000,000	1,000,000	5,500,000
5234	Crossings (Road and Track)	2,000,000	1,000,000	0	0	0	3,000,000
5235		0	1,000,000	1,000,000	825,000	825,000	3,650,000
5236	Crossings (Road and Track)	1,000,000	2,000,000	1,000,000	1,000,000	0	5,000,000
5237	Crossings (Road and Track)	1,000,000	1,000,000	1,000,000	1,000,000	0	4,000,000
5238	Crossings (Road and Track)	500,000	1,500,000	2,000,000	750,000	750,000	5,500,000
5239	Bridges and Retaining Walls	3,000,000	1,000,000	700,000	700,000	700,000	6,100,000
5240	Bridge A-32	6,000,000	0	0	0	0	6,000,000
5241	Root/43rd Street Bridges	0	4,000,000	0	0	0	4,000,000
5244	Catenary Structure Rehabilitation	750,000	850,000	850,000	750,000	750,000	3,950,000
5247	Right of Way Fencing	100,000	100,000	100,000	100,000	100,000	500,000
BL104	Western Avenue Bridge	0	3,000,000	0	0	0	3,000,000
BL105	Hickory Creek Bridge #377	0	0	1,500,000	0	0	1,500,000
<b>Total: 2 Track &amp; Structure</b>		<b>\$39,615,000</b>	<b>\$31,295,000</b>	<b>\$61,295,000</b>	<b>\$21,792,000</b>	<b>\$21,125,000</b>	<b>\$175,122,000</b>
<b>3 Electrical, Signal, &amp; Communications</b>							
4254	Traction Power Sub-Stations	500,000	0	0	0	0	500,000

		2018	2019	2020	2021	2022	Total
4343	Positive Train Control	30,000,000	19,500,000	0	0	0	49,500,000
4744	Protective Relay Replacement	0	400,000	400,000	400,000	400,000	1,600,000
4746	Impedance Bonds	250,000	300,000	300,000	100,000	100,000	1,050,000
4842	16th Street Signal	1,500,000	0	0	0	0	1,500,000
5050	Rectifier Replacement	0	400,000	400,000	400,000	400,000	1,600,000
5148	Signal System Improvements	0	1,000,000	500,000	500,000	500,000	2,500,000
5149	Lake Street Interlocker	1,500,000	2,300,000	5,100,000	6,300,000	4,300,000	19,500,000
5253	Signal System Upgrades	500,000	500,000	500,000	500,000	500,000	2,500,000
5254	Signal System Upgrades	500,000	500,000	500,000	500,000	500,000	2,500,000
5255	Signal System Upgrades	500,000	500,000	500,000	500,000	500,000	2,500,000
5256	Signal System Upgrades	500,000	0	0	0	0	500,000
5285	Downtown Terminal Information Display	952,500	0	0	0	0	952,500
5456	Rondout Interlocking Renewal	3,000,000	2,000,000	0	0	0	5,000,000
CC102	Morgan Interlocking	0	3,000,000	3,000,000	0	0	6,000,000
CC103	Western Avenue Interlocking	0	3,000,000	3,000,000	0	0	6,000,000
CC104	Bi-Directional Signaling 47th to 65th	0	4,000,000	5,000,000	0	0	9,000,000
CC105	Bi-Directional Signaling 11th-47th	0	0	0	9,000,000	10,000,000	19,000,000
CC106	A-20 Interlocking	0	0	4,000,000	4,000,000	0	8,000,000
<b>Total: 3 Electrical, Signal, &amp; Communication</b>		<b>\$39,702,500</b>	<b>\$37,400,000</b>	<b>\$23,200,000</b>	<b>\$22,200,000</b>	<b>\$17,200,000</b>	<b>\$139,702,500</b>
<b>4 Support Facilities &amp; Equipment</b>							
4852	Financial System Replacement	4,900,000	2,500,000	2,500,000	2,500,000	5,000,000	17,400,000
5171	GPS/Train Tracking	7,000,000	0	0	0	0	7,000,000
5195	Engineering Asset Management	0	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
5260	Yard Improvements	2,400,000	1,250,000	1,349,000	1,353,000	1,353,000	7,705,000
5261	Yard Improvements	900,000	1,000,000	1,000,000	1,000,000	1,000,000	4,900,000
5262	Yard Improvements	1,000,000	2,000,000	1,000,000	1,000,000	1,000,000	6,000,000
5263	Yard Improvements	0	5,000,000	2,000,000	0	1,500,000	8,500,000
5264	Yard Improvements	750,000	2,000,000	0	0	0	2,750,000
5265	Yard Improvements	750,000	1,500,000	2,000,000	2,000,000	2,000,000	8,250,000
5266	Crew Facility	500,000	0	0	0	0	500,000
5267	547 Building Improvements	200,000	200,000	200,000	500,000	500,000	1,600,000
5268	Police Vehicles	500,000	500,000	500,000	500,000	500,000	2,500,000
5269	Right of Way Equipment	1,500,000	1,000,000	3,000,000	1,000,000	1,000,000	7,500,000
5270	Office Equipment	275,000	275,000	275,000	275,000	275,000	1,375,000
5271	Equipment and Vehicle Maintenance	1,000,000	2,000,000	1,000,000	1,000,000	1,000,000	6,000,000
5272	IT Components and Services	2,185,000	2,200,000	1,200,000	2,000,000	1,315,000	8,900,000
5273	Police Disaster and Security Center	500,000	0	0	0	0	500,000
<b>Total: 4 Support Facilities &amp; Equipment</b>		<b>\$24,360,000</b>	<b>\$22,425,000</b>	<b>\$17,024,000</b>	<b>\$14,128,000</b>	<b>\$17,443,000</b>	<b>\$95,380,000</b>
<b>5 Stations &amp; Passenger Facilities</b>							
4479	59th Street Station	0	4,000,000	0	0	0	4,000,000
4784	Van Buren Station	0	5,000,000	16,350,000	0	0	21,350,000
5280	ADA Improvements	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
5281	Systemwide Station Improvements	1,000,000	2,750,000	5,100,000	2,000,000	3,000,000	13,850,000
5282	Station Facility Improvements	1,500,000	2,000,000	2,050,000	1,250,000	1,250,000	8,050,000
EA100	Bicycle Parking	0	0	382,400	0	0	382,400
<b>Total: 5 Stations &amp; Passenger Facilities</b>		<b>\$5,500,000</b>	<b>\$16,750,000</b>	<b>\$26,882,400</b>	<b>\$6,250,000</b>	<b>\$7,250,000</b>	<b>\$62,632,400</b>
<b>6 Miscellaneous</b>							
5290	Infrastructure Engineering	1,000,000	0	1,000,000	0	0	2,000,000
5291	Infrastructure Engineering	1,000,000	1,150,000	2,000,000	1,000,000	2,000,000	7,150,000
5292	Infrastructure Engineering	2,000,000	1,600,000	2,300,000	1,000,000	1,000,000	7,900,000
5293	Infrastructure Engineering	3,000,000	1,200,000	2,000,000	1,000,000	2,000,000	9,200,000
5294	Infrastructure Engineering	1,000,000	0	1,000,000	0	0	2,000,000

		2018	2019	2020	2021	2022	Total
5296	Unanticipated Capital	1,600,000	2,000,000	888,000	2,000,000	800,000	7,288,000
ICE19	RTA ICE Funded Projects - TBD	0	5,052,000	0	0	0	5,052,000
ICE20	RTA 2020 ICE Funded Projects	0	0	5,204,000	0	0	5,204,000
	<b>Total: 6 Miscellaneous</b>	<b>\$9,600,000</b>	<b>\$11,002,000</b>	<b>\$14,392,000</b>	<b>\$5,000,000</b>	<b>\$5,800,000</b>	<b>\$45,794,000</b>
	<b>8 Contingencies &amp; Administration</b>						
5095	Metra Capital Funding	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	12,000,000
5297	Locally Funded Projects/Match	1,000,000	2,955,000	999,800	1,683,000	1,035,000	7,672,800
5298	Project Administration	1,500,000	1,000,000	1,700,000	1,000,000	1,000,000	6,200,000
5299	Contingencies	1,409,429	1,960,664	1,604,569	3,117,392	2,065,379	10,157,433
	<b>Total: 8 Contingencies &amp; Administration</b>	<b>\$6,309,429</b>	<b>\$8,315,664</b>	<b>\$6,704,369</b>	<b>\$8,200,392</b>	<b>\$6,500,379</b>	<b>\$36,030,233</b>
	<b>Total: Rail</b>	<b>\$196,869,429</b>	<b>\$210,737,664</b>	<b>\$306,638,569</b>	<b>\$231,993,392</b>	<b>\$211,580,379</b>	<b>\$1,157,819,433</b>
<b>Total: for Service Board: Metra</b>		<b>\$196,869,429</b>	<b>\$210,737,664</b>	<b>\$306,638,569</b>	<b>\$231,993,392</b>	<b>\$211,580,379</b>	<b>\$1,157,819,433</b>

***Pace******Bus***

	<b>1 Rolling Stock</b>						
5301	Purchase Fixed Route Buses	11,625,000	16,875,000	16,500,000	16,500,000	14,625,000	76,125,000
5302	Purchase Paratransit vehicles	4,615,000	3,900,000	3,835,000	3,835,000	6,565,000	22,750,000
5303	Purchase Community Call-n-Ride Vehicles	2,955,368	1,425,000	1,350,000	2,100,000	2,100,000	9,930,368
5304	Purchase Vanpool Vehicles	4,096,000	7,520,000	0	0	0	11,616,000
5305	Engine/Transmission Retrofits	4,468,954	1,744,576	1,717,650	1,831,217	1,745,354	11,507,751
	<b>Total: 1 Rolling Stock</b>	<b>\$27,760,322</b>	<b>\$31,464,576</b>	<b>\$23,402,650</b>	<b>\$24,266,217</b>	<b>\$25,035,354</b>	<b>\$131,929,119</b>
	<b>3 Electrical, Signal, &amp; Communications</b>						
5109	Intelligent Bus System (IBS) Equipment Replacement	1,635,000	1,684,000	1,735,000	0	0	5,054,000
	<b>Total: 3 Electrical, Signal, &amp; Communication</b>	<b>\$1,635,000</b>	<b>\$1,684,000</b>	<b>\$1,735,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,054,000</b>
	<b>4 Support Facilities &amp; Equipment</b>						
5307	Improve Support Facilities - various	4,102,000	6,000,000	11,300,000	7,000,000	3,700,000	32,102,000
5310	Computer Systems/Hardware & Software	1,350,000	1,000,000	1,000,000	1,000,000	1,000,000	5,350,000
5311	Support Equipment/Non-Revenue Vehicles	2,575,600	1,700,000	1,000,000	1,000,000	1,000,000	7,275,600
5312	Farebox System	0	0	5,000,000	5,000,000	6,000,000	16,000,000
5313	New Northwest Division Garage	15,500,000	0	30,500,000	20,200,000	0	66,200,000
5314	Office Equipment/Furniture	0	500,000	500,000	500,000	500,000	2,000,000
5315	Associated Capital	8,200,000	0	0	0	0	8,200,000
	<b>Total: 4 Support Facilities &amp; Equipment</b>	<b>\$31,727,600</b>	<b>\$9,200,000</b>	<b>\$49,300,000</b>	<b>\$34,700,000</b>	<b>\$12,200,000</b>	<b>\$137,127,600</b>
	<b>5 Stations &amp; Passenger Facilities</b>						
4828	Posted Stops Only Conversion	0	1,700,000	1,300,000	0	0	3,000,000
5316	Improve Passenger Facilities	0	5,000,000	4,700,000	2,000,000	4,000,000	15,700,000
5321	Bus Stop Shelters/Signs	500,000	1,000,000	1,000,000	1,000,000	1,000,000	4,500,000
	<b>Total: 5 Stations &amp; Passenger Facilities</b>	<b>\$500,000</b>	<b>\$7,700,000</b>	<b>\$7,000,000</b>	<b>\$3,000,000</b>	<b>\$5,000,000</b>	<b>\$23,200,000</b>
	<b>6 Miscellaneous</b>						
5322	Unanticipated Capital	250,000	250,000	250,000	250,000	250,000	1,250,000
	<b>Total: 6 Miscellaneous</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$1,250,000</b>
	<b>Total: Bus</b>	<b>\$61,872,922</b>	<b>\$50,298,576</b>	<b>\$81,687,650</b>	<b>\$62,216,217</b>	<b>\$42,485,354</b>	<b>\$298,560,719</b>
<b>Total: for Service Board: Pace</b>		<b>\$61,872,922</b>	<b>\$50,298,576</b>	<b>\$81,687,650</b>	<b>\$62,216,217</b>	<b>\$42,485,354</b>	<b>\$298,560,719</b>

***RTA******System***



		2018	2019	2020	2021	2022	Total
<b>6 Miscellaneous</b>							
9999	Access to Transit Program	250,000	0	0	0	0	250,000
	<b>Total: 6 Miscellaneous</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>
	<b>Total: System</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>
	<b>Total: for Service Board: RTA</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>
<b>Grand Total</b>							
RTA 2018-2022 CAPITAL IMPROVEMENT PROGRAM		\$1,013,130,442	\$527,174,218	\$819,615,426	\$556,646,427	\$519,950,687	\$3,436,517,200

## 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 pre-arranged 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 (AFA) are provided for reimbursement of SCIP bond debt service (see SCIP bonds).

**Balanced Budget**—A budget in which projected revenues equal projected 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 and seniors 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 re-issuance 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 surrounding 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.

**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.

**Farebox Revenue**—Revenue obtained from passengers.

**Fares**—The amount charged to passengers for use of various services.

**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.

**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 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 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 strate-

gies in an integrated manner to increase the safety and efficiency of the surface transportation system. ITS 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.

**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.

**Net Result**—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.”

**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.

**Real Estate Transfer Tax (RETT)**—Imposed on property transfers within the City of Chicago at the rate of \$5.25 per \$500 of property value. \$1.50 of the \$5.25 rate is allocated to directly fund CTA operations, while the balance of the RETT is revenue for the City government.

**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.

**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**—1.25% in Cook County, 0.5% in the collar counties of DuPage, Kane, Lake, McHenry and Will. The tax is imposed on both general merchandise and food, drugs, and medical devices.

**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.

**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 and Undesignated (“unassigned”) 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.

**Vehicle Revenue Mile**—Vehicle mile during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).



The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to Regional Transportation Authority, Illinois for its annual budget for the fiscal year beginning January 1, 2017. This represents the 21st consecutive year the RTA has received this award.

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 communications 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 GFOA to determine its eligibility for another award.





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