

2019 OPERATING BUDGET TWO-YEAR FINANCIAL PLAN AND FIVE-YEAR CAPITAL PROGRAM



Regional
Transportation
Authority

MOVING YOU

Northeastern Illinois
April 2019



RTA Board of Directors



**Chairman
Kirk Dillard**
Appointing Authority:
RTA Board of Directors



Ryan S. Higgins
Appointing Authority:
Suburban Cook County



Sarah Pang
Appointing Authority:
City of Chicago



William R. Coulson
Appointing Authority:
Suburban Cook County



Alexandra Holt
Appointing Authority:
City of Chicago



J.D. Ross
Appointing Authority:
Will County



Patrick J. Durante
Appointing Authority:
DuPage County



Thomas J. Kotel
Appointing Authority:
City of Chicago



Brian Sager
Appointing Authority:
McHenry County



John V. Frega
Appointing Authority:
Suburban Cook
County



Michael W. Lewis
Appointing Authority:
Suburban Cook County



Douglas M. Troiani
Appointing Authority:
Suburban Cook County



Phil Fuentes
Appointing Authority:
City of Chicago



Dwight A. Magalis
Appointing Authority:
Lake County



Leanne P. Redden
Executive Director



Christopher J. Groven
Appointing Authority:
Kane County



**Christopher C.
Melvin, Jr.**
Appointing Authority:
City of Chicago

Letter from the Executive Director

I'll begin with the good news. In an environment of limited financial resources, the RTA and Service Boards (CTA, Metra and Pace) have again developed a responsible and balanced operating budget, totaling \$3.082 billion, focused on cost discipline and efficiency. The CTA and Metra expect to maintain existing service levels in 2019, while, in a bit of unwelcome news for some customers, Pace plans to reduce service on twelve poor-performing routes in order to focus efforts on successful express bus services. Pace will also introduce its innovative Pulse arterial rapid transit (ART) service along Milwaukee Avenue in 2019.

However, while this year's operating budget is balanced, the region's proposed 2019 capital program is significantly underfunded with available projected capital revenue far below the annual capital investment needed to ensure that the system is maintained in its current condition. Unfortunately, this year's underinvestment in our regional transit system is not an isolated event. We have seen a continuous underfunding of our region's transit infrastructure for many years. The RTA's 2018-2023 Regional Transit Strategic Plan, "Invest in Transit," highlights \$30 billion of projects that are needed to maintain and modernize the region's transit network. This year's \$841 million capital program comes nowhere near the level of funding required to meet the capital infrastructure needs of the region. Additionally, the lack of sufficient capital funding projected to be available in fiscal year 2019 will serve to increase the region's overall capital backlog of replacement and maintenance projects.

One particular aspect of the 2019 regional capital program that cannot be ignored is that it is comprised almost entirely of federal funding and revenue from future Service Board bond issuances. Once again, as has been the case since fiscal year 2015, there are no state capital funds programmed in the region's five year capital program. In recent years, the Service Boards have been almost entirely reliant on federal funding to maintain capital assets.

Despite the lack of sufficient capital funding, the Service Boards are planning for important projects within the five-year capital program that will improve the transit experience for our customers. CTA will continue to invest in rail line and station improvements including the Red-Purple Modernization (RPM) and Your New Blue initiatives, and will move forward with planning efforts for the south Red Line extension. Metra's investments will prioritize the purchase of new railcars and locomotives, the targeted rehabilitation of Metra's existing fleet, and upgrades to track, bridges, and rail yards. Pace plans to replace older buses, paratransit vehicles, and vanpool vans in addition to constructing a new Northwest Cook bus garage.

The RTA, CTA, Metra, and Pace are focused on effectively serving the 8.5 million residents of northeastern Illinois. I am thankful for our many loyal riders, up to 2 million each day, who use the network and recognize the fundamental benefits of public transportation: time savings, access to jobs, reduced road congestion, cleaner air, and affordable mobility for individuals with disabilities and those who cannot or choose not to drive. A safe, reliable, and efficient transit system is critical to the Chicago metropolitan area's ability to attract and retain world-class employers and a dynamic local workforce.

Let's invest in the future prosperity of our region. Let's Invest in Transit.

Sincerely,



Leanne P. Redden
Executive Director

Table of Contents

1 Executive Summary

Introduction.....	3
Overview.....	3
Service Characteristics.....	5
Environmental Outlook.....	5
Strategic Plan and Goals.....	6
Key Budget Issues.....	7
Budget and Financial Plan.....	8
Five-Year Capital Program.....	15
Sources and Uses of Funds.....	15

2 RTA Operating Plan

<u>RTA Operating Plan</u>	
Overview.....	19
Budget and Financial Plan.....	19
Fund Accounting.....	27
Basis of Budgeting.....	31

<u>Agency Operating Plan</u>	
Budget and Financial Plan.....	33
Organizational Structure.....	36

3 CTA Operating Plan

Overview.....	47
Service Characteristics.....	47
Budget and Financial Plan.....	49
Statutory Compliance.....	53
Fare Structure.....	54
Organizational Structure.....	54

4 Metra Operating Plan

Overview.....	59
Service Characteristics.....	59
Budget and Financial Plan.....	61
Statutory Compliance.....	66
Fare Structure.....	66
Organizational Structure.....	66

5 Pace Suburban Service Operating Plan

Overview.....	71
Service Characteristics.....	71
Budget and Financial Plan.....	73
Statutory Compliance.....	79
Fare Structure.....	79
Organizational Structure.....	79

6 Pace ADA Paratransit Service Operating Plan

Overview.....	85
Service Characteristics.....	85
Budget and Financial Plan.....	88
Statutory Compliance.....	91
Fare Structure.....	92

7 Performance Measures

Goals and Performance Measures.....	95
Goals and Objectives.....	95
Regional and Sub-Regional Performance Measures.....	95
RTA Performance Measures.....	99

8 Capital Program and Bonds

Regional Overview.....	107
Source of Funds.....	107
Use of Funds.....	108
CTA Overview.....	109
Metra Overview.....	110
Pace Overview.....	112
RTA Overview.....	113
Ten-Year Capital Plan.....	113
Impact of 2019 Capital Expenditures.....	114
RTA Bonds.....	116

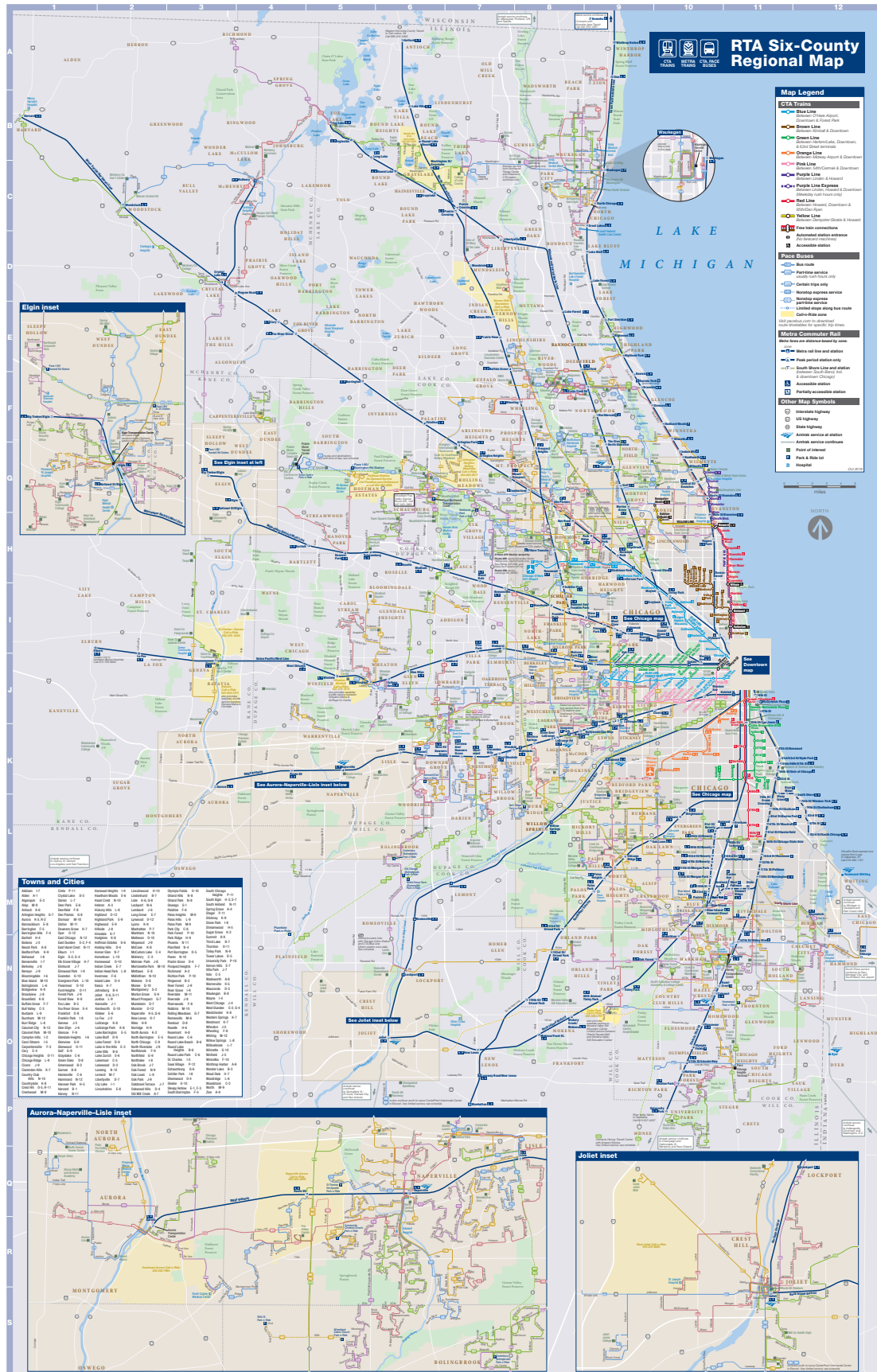
9 Appendices

National Economic Projections.....	123
RTA Region.....	123
Governance.....	128
Financial Policies.....	130
Budget Process.....	132
Public Hearing Schedule.....	136
RTA Ordinance No. 2018-68.....	137
Glossary.....	168
The GFOA Award.....	175

1 EXECUTIVE SUMMARY



**Regional
Transportation
Authority**



Introduction

The Regional Transportation Authority (RTA) 2019 Budget, Two-Year (2020-2021) Financial Plan, and Five-Year (2019-2023) Capital Program comprise the consolidated budget for 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 2018-68 on December 13, 2018, which approved the 2019 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 budget. 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 2019 adopted budget and capital program ordinance; and a glossary.

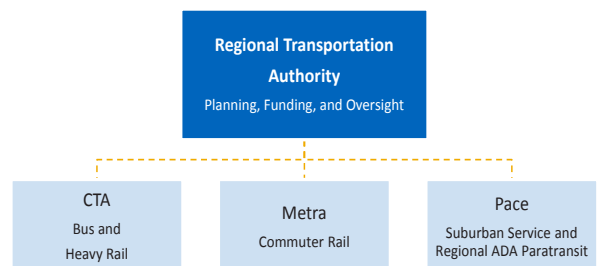
Overview

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 utilizing approximately 380 rail stations, as shown by the map in Exhibit 1-2. 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 2018 at 578.0 million trips, a decrease of 2.6% from 2017. In the 2019 budget, RTA system ridership is projected to decrease by 1.1% to 571.6 million (Exhibit 1-3). On a percentage basis, CTA expects the largest ridership loss at 1.3%, while Metra and Pace ridership is projected to decline by 0.4%, driven by relatively low gas prices, the growth of Transportation Network Companies (TNCs), and changing consumer habits. ADA Paratransit ridership is projected to grow by 1.0%, maintaining essentially the same growth rate as the 2018 estimate.

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

	2017 Actual	2018 Estimate	2019 Budget	2019 Growth
CTA	479.4	467.3	461.3	-1.3%
Metra	78.6	75.9	75.6	-0.4%
Pace	31.4	30.5	30.4	-0.4%
ADA Paratransit	4.3	4.3	4.3	+1.0%
Region	593.7	578.0	571.6	-1.1%

The Service Boards continue to address the ongoing national decline in transit ridership by introducing innovative services such as CTA's Loop Link buses and Ashland/Western express routes, Metra's new reverse commute frequencies to Lake County, and Pace's I-90 express routes and Pulse arterial rapid transit (ART) along Milwaukee Avenue. 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

After six years of sales tax collections exceeding prior year by at least 4%, 2016 sales tax grew by 1.4%, and 2017 receipts by 1.3%. After those two weak years, 2018 sales tax is projected to rebound somewhat with 3.5% growth prior to the State surcharge. While overall sales tax projections are increasing, the State of Illinois continues to assess a fee on sales tax and state matching funds (1.5% of sales tax, and 5% of State matching funds), impacting funding for the RTA and Service Boards.

In the wake of the 2008 financial crisis and recession, regional unemployment reached a high of 11.3% in the first quarter of 2010. The unemployment rate has improved steadily over the subsequent years, and stood at 3.9% in the fourth quarter of 2018. The availability of jobs in the Chicago region also fell dramatically during the recession, but has since rebounded. In the fourth quarter of 2018, there were 3.6 million regional jobs, slightly more than the first quarter 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 plays a significant role in the demand for public transportation services, and lower fuel prices have contributed to system ridership losses since 2014. 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 again in late 2014. Gasoline prices averaged \$2.62 in 2017 and \$2.91 in 2018, and are expected to remain below \$3.00 per gallon in 2019, 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 2019, as shown in Exhibit 1-4.

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

	2017 Actual	2018 Estimate	2019 Budget	2019 Growth
CTA	125.9	125.9	126.2	+0.2%
Metra	43.7	43.6	43.6	+0.1%
Pace	39.0	38.3	38.5	+0.5%
ADA Paratransit	28.7	27.7	28.0	+1.1%
Region	237.2	235.5	236.3	+0.3%

CTA and Metra anticipate that vehicle revenue miles will remain essentially flat with 2018 levels. Although Pace will be reducing or eliminating service on 12 underperforming routes, Pace Suburban Service vehicle revenue miles are expected to increase by 0.5% in 2019 due to the start-up of the Milwaukee Avenue Pulse Arterial Rapid Transit (ART) service. Pace Regional ADA Paratransit will increase existing service as necessary to meet customer demand, projected at 1.1% growth. In total, these service level changes are projected to

increase RTA system vehicle revenue miles by 0.3% in 2019.

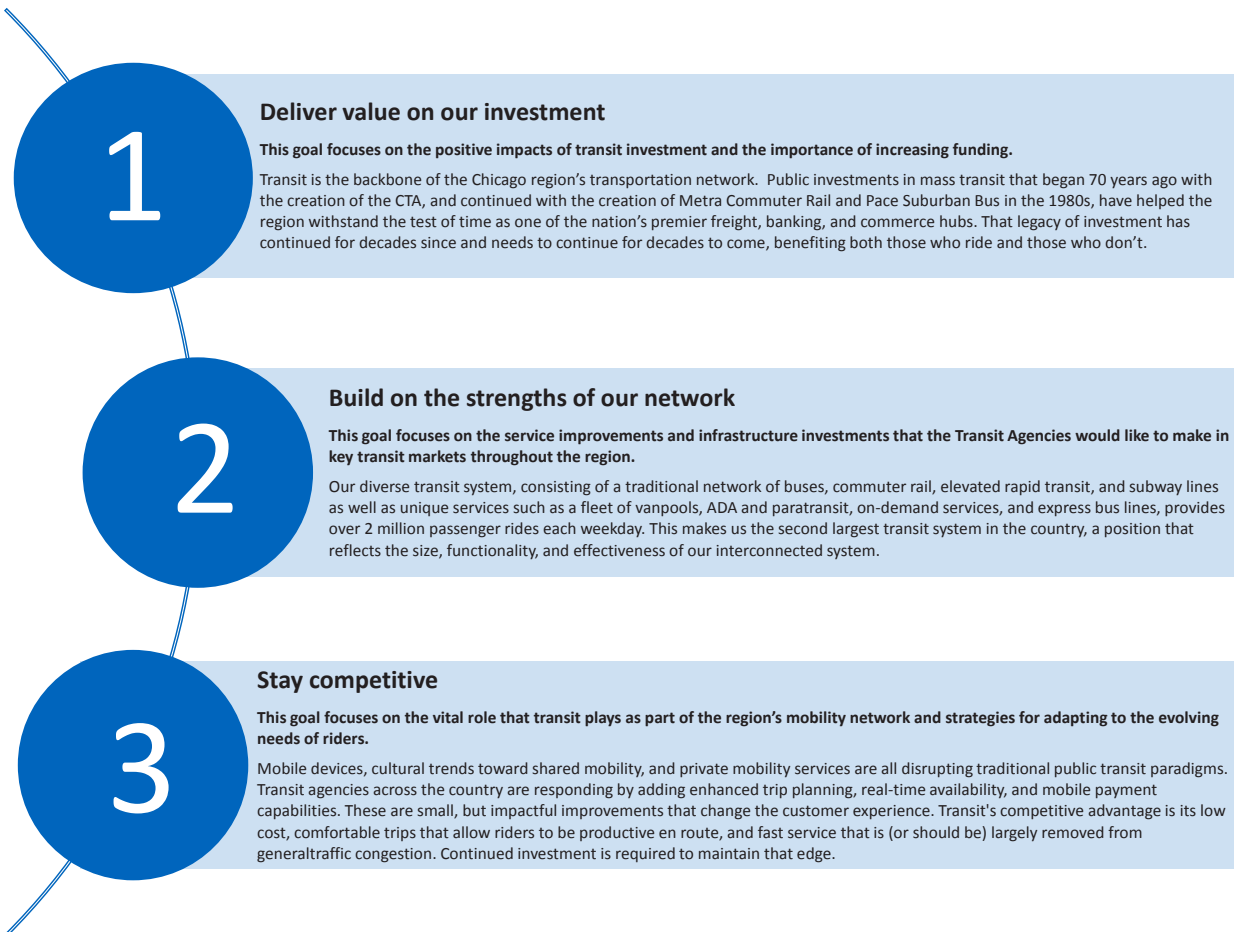
Strategic Plan and Goals

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

Reduced support for transit was implemented with the State of Illinois' 2018 budget, and continued, with some improvement, in the 2019 State budget. Ongoing funding cuts include a permanent 1.5% surcharge on RTA sales tax receipts, a temporary 5% 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 2019 regional operating budget and two-year financial plan. State funding to the RTA and Service Boards totals \$569 million, or about 18% of regional revenue for 2019 operations. The RTA and Service Boards have assumed that the PTF reduction is indeed temporary, and that the RFR and ADA Paratran-

sit 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 re-

tired, new bonds will be sold including a planned \$158 million issuance in 2020. CTA and Pace also plan to issue bonds to support their five-year capital programs. Together, these financing strategies provide over \$900 million of regional capital funding for 2019-2023, 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 2019 RTA regional operating budget and two-year financial plan adopted by the RTA Board on December 13, 2018. Actual and estimated results for 2017 and 2018 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 2019 total \$3.082 billion. The RTA expects combined 2019 revenue and public funding to exceed operating expenses by about \$1 million, before planned transfers by Metra to the capital program, and transfers from RTA reserves.

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 2019 regional recovery ratio is budgeted at 50.6%, 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 2019 ADA Paratransit operating budget.

OPERATING REVENUE

Service Board operating revenue comprises 38.7% of total regional revenues for 2019 (Exhibit 1-6), with public funding providing the balance of required revenue for the system. Operating revenue of \$1.192 billion is expected in 2019, an increase of 2.0% from the 2018 estimate. Operating revenue is subsequently projected to grow by 4.1% and 2.6% in 2020 and 2021, respectively, exceeding ridership growth due primarily to potential fare increases.

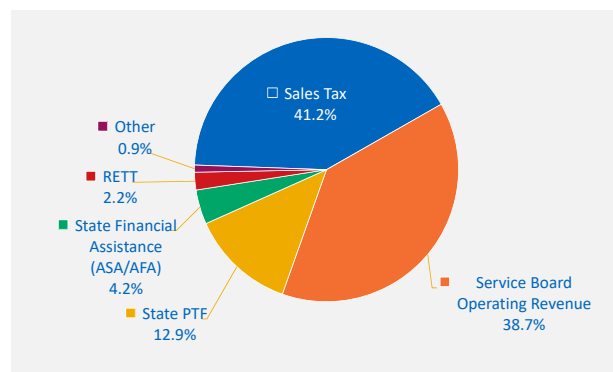
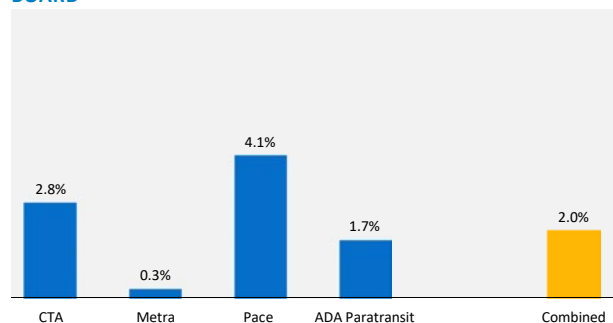
About 85% of the system operating revenue comes from passenger fares, but significant amounts are also generated by Service Board advertising, leasing, and concessions, and by a State subsidy to the Service Boards to partially offset the cost of providing mandated free ride and reduced fare programs. 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 2019. CTA anticipates 2.8% growth in operating revenue due to ancillary revenue including advertising and investment income, as well as the assumed restoration of reduced fare funding from the State. Metra expects minimal revenue growth of 0.3%, while Pace Suburban Service projects 4.1% operating revenue growth driven by higher advertising revenue, increased local government contributions for specific services, and the assumed restoration of the State Reduced Fare Reimbursement. Finally, ADA Paratransit's operating revenue growth of 1.7% is consistent with the projected ridership growth, and an increase in reimbursements from the RTA for certification trips.

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

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Revenues					
<u>Service Board Revenues</u> ¹					
CTA	649,878	688,616	707,747	719,941	734,397
Metra	396,625	410,537	411,688	442,878	461,818
Pace	54,431	56,391	58,729	63,712	62,843
ADA Paratransit	13,053	13,978	14,215	14,449	14,676
Total Operating Revenues	\$1,113,987	\$1,169,522	\$1,192,379	\$1,240,980	\$1,273,735
<u>Public Funding</u>					
RTA Sales Tax	1,185,987	1,222,216	1,270,272	1,295,678	1,321,591
Public Transportation Fund (PTF)	362,647	363,258	396,702	415,212	423,722
Real Estate Transfer Tax (RETT)	62,021	66,631	66,631	68,630	70,689
State Financial Assistance (ASA/AFA)	130,222	130,283	130,300	130,300	130,300
State Funding for ADA Paratransit	3,825	7,975	8,395	8,500	8,500
Federal Funds	10,965	6,180	6,439	6,650	6,666
RTA ADA Paratransit Reserve ²	5,328	-	-	-	-
RTA Capital Project Reserves	500	250	250	-	-
JSIF Reserves	2,500	2,500	2,500	-	-
ICE Carryover (2015) ³	2,400	-	-	-	-
Other RTA Revenue ⁴	14,666	2,460	9,187	5,726	5,852
Total Public Funding	\$1,781,062	\$1,801,753	\$1,890,677	\$1,930,695	\$1,967,320
Total Revenues	\$2,895,049	\$2,971,275	\$3,083,057	\$3,171,676	\$3,241,055
Expenses					
<u>Service Board Expenses</u>					
CTA	1,450,840	1,490,170	1,552,114	1,587,511	1,620,097
Metra	761,593	782,600	822,215	845,900	873,100
Pace	226,466	226,488	236,037	244,519	247,009
ADA Paratransit	174,292	175,211	187,241	196,284	204,793
Total Service Board Expenses	\$2,613,191	\$2,674,469	\$2,797,607	\$2,874,214	\$2,944,999
<u>Region/Agency Expenses</u>					
Debt Service	225,214	231,519	236,798	227,151	224,181
RTA Agency and Regional Programs	43,554	34,150	41,873	39,437	40,620
RTA Agency Regional Capital Program	500	250	250	-	-
Joint Self-Insurance Fund (JSIF)	6,556	5,499	5,664	5,834	6,009
Total Region/Agency Expenses	\$275,824	\$271,418	\$284,585	\$272,423	\$270,810
Total Expenses	\$2,889,015	\$2,945,887	\$3,082,192	\$3,146,636	\$3,215,809
ICE funding not used for operations - transfer to capital ⁵	(6,568)	(6,468)	(5,042)	(5,143)	(5,246)
Other transfers ⁶	(37,140)	(17,296)	4,178	(19,897)	(20,002)
Net Result	(\$37,674)	\$1,624	-	-	-
Regional Recovery Ratio	51.2%	51.9%	50.6%	51.0%	51.1%

¹ Service Board operating revenues include State reduced fare reimbursement funding.² Use of ADA Paratransit reserve in 2017 to offset State ADA Paratransit funding reductions was authorized by RTA Ordinance 2017-36.³ Metra carried forward \$2.4 million of 2015 ICE funding for approved Mobile Ticketing project completed in 2017.⁴ Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.⁵ As authorized by RTA Ordinance 2018-44, ICE amounts not required for operating funding may be redesignated for capital projects.⁶ Includes Metra farebox capital program and transfers to and from RTA reserves.

EXHIBIT 1-6: 2019 RTA SYSTEM REVENUE - \$3.083 BILLION**EXHIBIT 1-7: 2019 OPERATING REVENUE GROWTH BY SERVICE BOARD**

PUBLIC FUNDING

Public funding, comprising the remaining 61.3% of total regional revenues, is projected at \$1.891 billion in 2019, an increase of 4.9% over the 2018 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 41.2% of total regional revenues for 2019. Sales tax receipts are projected at \$1.270 billion in 2019, an increase of 3.9% from the 2018 estimate.

The second largest source of public funding for 2019, budgeted at \$396.7 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 2019 PTF level reflects a temporary 5% reduction in PTF funds through State fiscal year 2019. The State is also expected to provide additional financial assistance of \$130.3 million to support RTA debt service payments, and \$8.4 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 2019, 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 2019 are projected at \$3.082 billion, an increase of 4.6% over the 2018 estimate. Regional expenses are then projected to increase by 2.1% and 2.2% in 2020 and 2021, respectively. Service Board operating expenses of \$2.798 billion comprise 91% of total 2019 regional expenses, followed by debt service at 7.7%, RTA Agency and Regional Programs at 1.4%, and the Joint Self-Insurance Fund and other expenses at 0.2% (Exhibit 1-9).

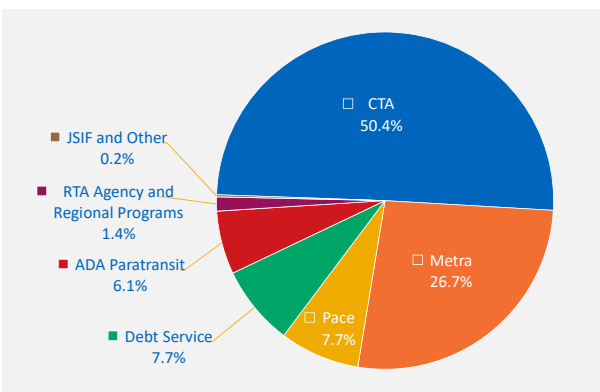
Combined 2019 Service Board operating expenses are budgeted to increase by 4.6% versus the 2018 estimate, as shown in Exhibit 1-10. CTA's operating expense growth is projected at 4.2% due to increases in labor, fuel, power, security services, and other expenses. Metra anticipates expense growth of 5.1%, with increases expected in all expense categories. Pace Suburban Service's expense growth of 4.2% is due to service additions, fuel, insurance, and additional debt service. ADA Paratransit expense growth of 6.9% 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 and RTA. For the region as a whole, the number of positions is expected to increase by 0.2% in 2019. CTA's headcount is expected to increase slightly, while Metra plans to decrease headcount by 25.

EXHIBIT 1-8: PRIMARY RTA PUBLIC FUNDING SOURCES

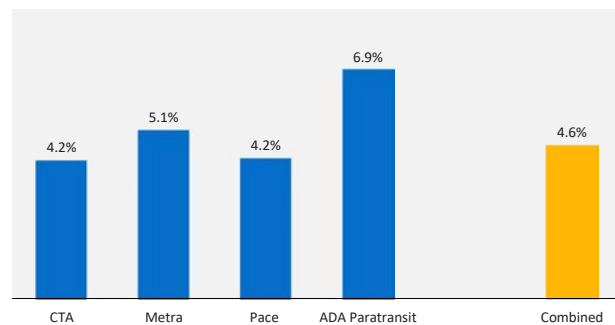
RTA Sales Tax Part I	<ul style="list-style-type: none"> The original RTA sales tax, levied at 1.0% in Cook County and 0.25% in the collar counties of DuPage, Kane, Lake, McHenry, and Will. 85% of Sales Tax I receipts are distributed to the Service Boards according to a statutory formula. The remaining 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.
RTA Sales Tax Part II	<ul style="list-style-type: none"> 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%.
Real Estate Transfer Tax (RETT)	<ul style="list-style-type: none"> The 2008 funding reform also increased the City of Chicago RETT by \$1.50 per \$500 of property transferred, and dedicated this additional tax revenue to directly fund CTA operating expenses.
Public Transportation Fund (PTF) Part I	<ul style="list-style-type: none"> 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.
Public Transportation Fund (PTF) Part II	<ul style="list-style-type: none"> 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.
State Financial Assistance	<ul style="list-style-type: none"> State-provided assistance to reimburse the RTA's debt service on Strategic Capital Improvement Program (SCIP) bonds. It consists of two components; Additional State Assistance (ASA) and Additional Financial Assistance (AFA).
State Reduced Fare Reimbursement	<ul style="list-style-type: none"> 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.

EXHIBIT 1-9: 2019 RTA SYSTEM EXPENSES - \$3.082 BILLION



Pace positions are budgeted to increase by 0.7% due to added express bus service requiring additional operators. The RTA Agency headcount is assumed at 113 in 2019, one position less than the 2018 budget.

EXHIBIT 1-10: 2019 OPERATING EXPENSE GROWTH BY SERVICE BOARD



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

	2017 Budget	2018 Budget	2019 Budget	2019 Growth
CTA	9,939	9,897	9,928	+0.3%
Metra	4,827	4,870	4,845	-0.5%
Pace	1,758	1,797	1,810	+0.7%
RTA Agency	114	114	113	-0.9%
Region Total	16,638	16,678	16,696	+0.1%

ICE PROJECTS

The 2019 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 2019, 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 \$12.9 million of ICE funding is projected for 2019. In 2020 and 2021, the available ICE funding amounts increase to \$13.2 million and \$13.5 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 2019, CTA and Pace opted to use all ICE funding for operating projects, and Metra allocated all ICE funding for capital projects. As authorized by RTA funding ordinance 2018-44, operating expenditures on ICE-funded projects are excludable from the Service Board's and the RTA region's recovery ratio calculation.

RECOVERY RATIO

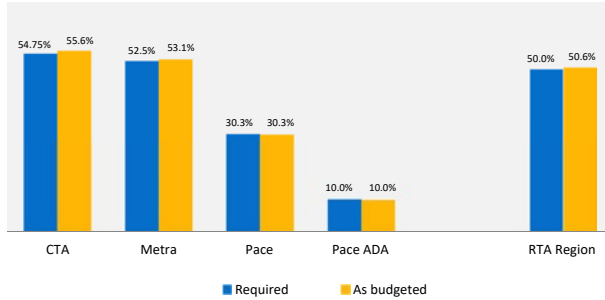
The RTA Act requires the RTA Board to set a system-generated revenue recovery ratio requirement for each Service Board for the upcoming fiscal year. This recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenses, with statutory and approved adjustments. The RTA Act further requires that, excluding ADA Paratransit revenue and expense, the combined system revenue from RTA operations, with statutory

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

	2019	2020	2021
CTA			
<u>Operating</u>			
South Side Bus Service Improvements	6,205		
Projects To Be Determined		6,330	6,456
CTA Total	\$6,205	\$6,330	\$6,456
Metra			
<u>Capital</u>			
GPS Train Tracking and Passenger Counting System	5,042		
Projects To Be Determined		5,143	5,246
Metra Total	\$5,042	\$5,143	\$5,246
Pace			
<u>Operating</u>			
Pulse Arterial Rapid Transit - Milwaukee Ave	1,681	1,714	1,749
Pace Total	\$1,681	\$1,714	\$1,749
Total ICE Funding	\$12,928	\$13,187	\$13,450

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 2019 recovery ratio requirements of 54.75%, 52.5%, and 30.3%, respectively (Exhibit 1-13).

EXHIBIT 1-13: 2019 SERVICE BOARD AND RTA RECOVERY RATIOS



Each Service Board's 2019 budgeted recovery ratio meets or exceeds its required ratio, and as a result the regional system-generated revenue recovery ratio for 2019 is projected at 50.6%, exceeding the statutory 50% requirement. The detailed regional recovery ratio calculation is shown in Exhibit 1-14.

EXHIBIT 1-14: 2019 RECOVERY RATIOS¹ (DOLLARS IN THOUSANDS)

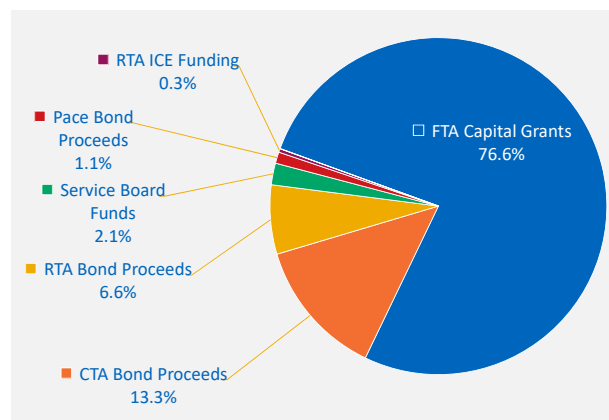
	2019 Budget
CTA	
Operating Revenue	707,747
Adjustments ²	50,455
Total Revenue	\$758,202
Operating Expenses	1,552,114
Adjustments ²	(187,656)
Total Expenses	\$1,364,458
CTA Budgetary Recovery Ratio	55.6%
Metra	
Operating Revenue	411,688
Adjustments ³	2,100
Total Revenue	\$413,788
Operating Expenses	822,215
Adjustments ³	(42,983)
Total Expenses	\$779,232
Metra Budgetary Recovery Ratio	53.1%
Pace Suburban Service	
Operating Revenue	58,729
Adjustments ⁴	13,092
Total Revenue	\$71,821
Operating Expenses	236,037
Adjustments ⁴	996
Total Expenses	237,033
Pace Suburban Service Budgetary Recovery Ratio	30.3%
Regional Recovery Ratio	
Total Service Board Revenue	1,243,811
RTA Agency and Other Revenue	11,188
Adjustments ⁵	(31,950)
Total Revenue	\$1,223,049
Total Service Board Expenses	2,380,723
RTA Agency ⁶	35,373
Total Expenses	\$2,416,096
Regional Statutory Recovery Ratio (excluding ADA Paratransit)	50.6%
ADA Paratransit	
Operating Revenue	14,215
Operating Expenses	187,241
Adjustments ⁷	(45,087)
Total Expenses	142,154
ADA Paratransit Statutory Recovery Ratio	10.0%

¹The 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. ²CTA 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. ³Metra revenue adjustments include credit for free ride programs. Expense adjustments include exclusions for security expenses, depreciation, and transportation facility leases. ⁴Pace revenue and expense adjustments include a credit for free ride programs, in-kind Advantage program charges and exclusion of ICE operating expenditures and debt service expense. ⁵Regional revenue adjustments include disallowance of the Service Board free ride program credits. ⁶Excludes ADA Paratransit Department expense. ⁷ADA Paratransit expense adjustments include exclusion for capital costs of contracted services (capital cost of contracting).

Five-Year Capital Program

The 2019-2023 capital program adopted by the RTA Board on December 13, 2018 incorporates \$4.339 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 76.6%, CTA bond proceeds 13.3%, RTA bond proceeds 6.6%, Service Board funds 2.1%, Pace bond proceeds 1.1%, and RTA ICE funding 0.4%.

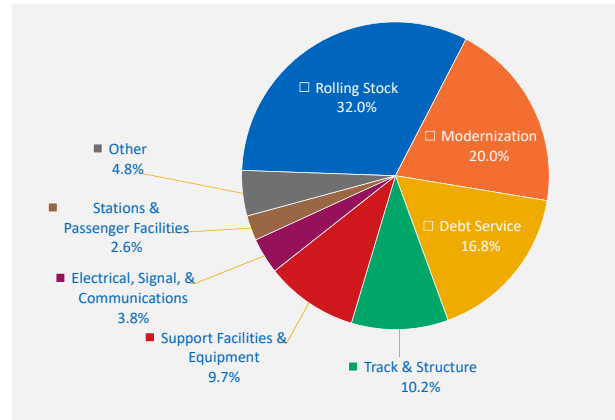
EXHIBIT 1-15: 2019-2023 CAPITAL FUNDING - \$4.339 BILLION



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 \$1.390 billion or 32.0% of five-year expenditures. The other expenditure categories and their share of the total program are as follows: modernization \$868 million or 20.0%, track and structure \$442 million or 10.2%, support facilities and equipment \$423 million or 9.7%, electrical, signal, and communications \$163.7 million or 3.8%, stations and passenger facilities \$114.3 million or 2.6%, and other uses \$207.0 million or 4.8%. Payment of debt service accounts for the remaining \$730.5 million or 16.8%.

A total of \$840.7 million, or 19.4%, of the \$4.339 billion five-year program is planned for expenditure in 2019. Further details on the five-year capital program and how it may impact region-wide operations can be found in the Capital Program chapter.

EXHIBIT 1-16: 2019-2023 CAPITAL USES - \$4.339 BILLION



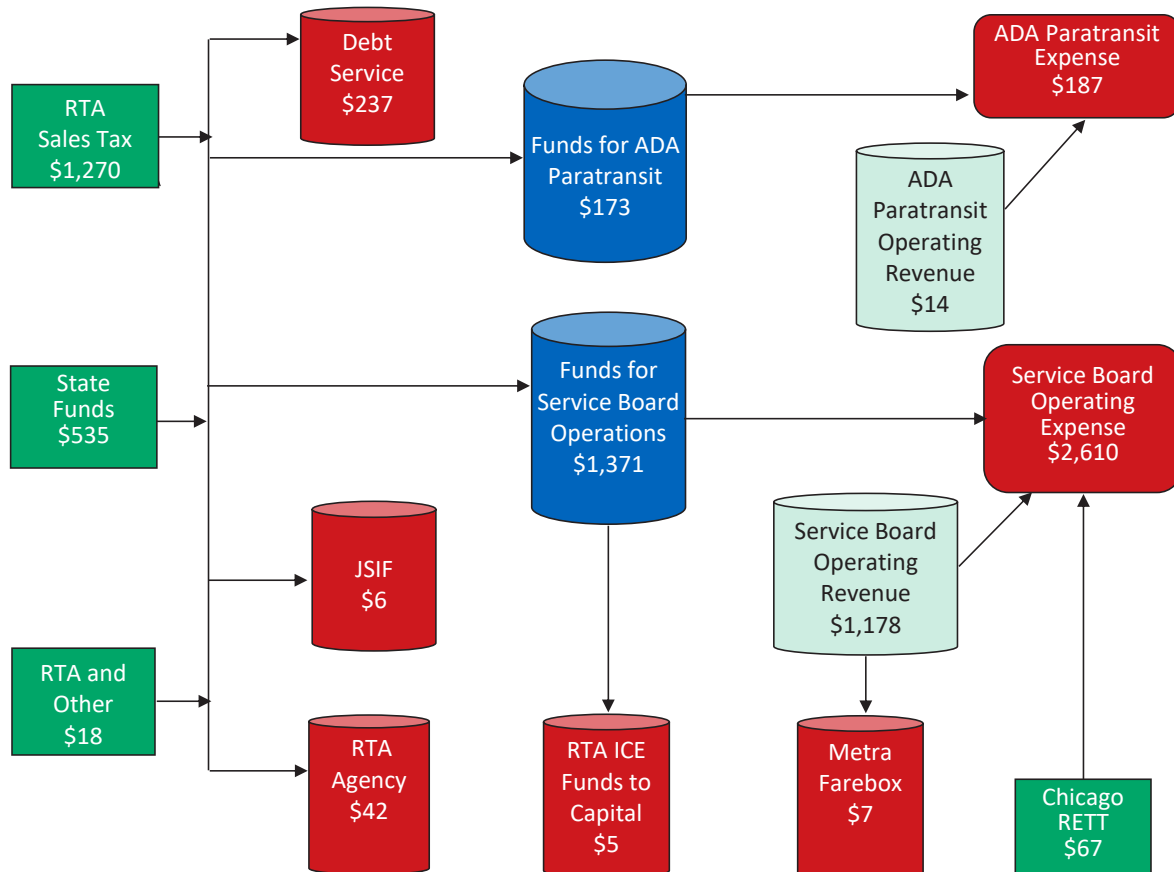
Sources and Uses of Funds

Exhibit 1-17 summarizes the flow of the RTA system's 2019 operating and capital funds. To fund operations, public funding of \$1.891 billion, shown in dark green, and operating revenue of \$1.192 billion, shown in light green, exceed Service Board and ADA Paratransit operating expenses, and other regional expenses, shown in red. The resulting operating surplus, comprised of Metra farebox and ICE funding, is shown in red transferring to the 2019 capital program.

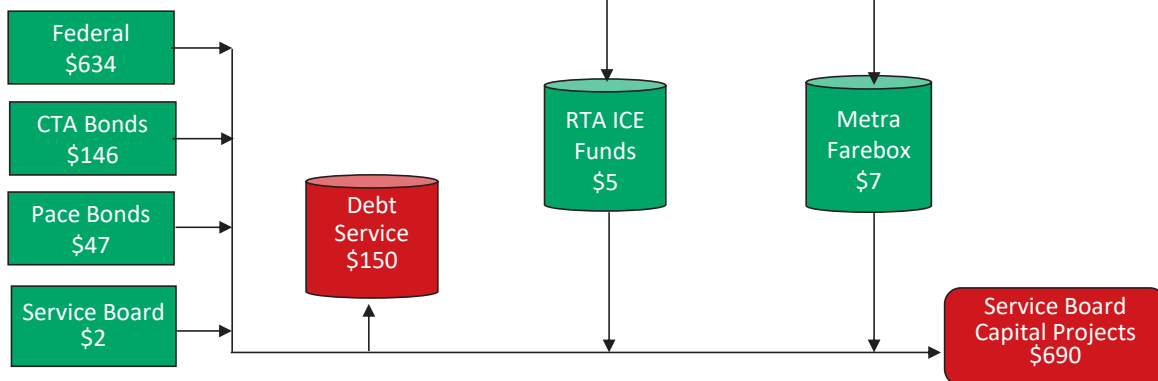
In addition to the aforementioned transfers from the operating budget, the 2019 capital program is funded by \$634 million of federal grants, \$146 million of CTA bond proceeds, \$47 million of Pace bond proceeds, and \$2 million of Service Board funds, all shown in dark green. Shown in red, debt service on previous bond issues will consume \$150 million of the total funding, leaving \$690 million of funding available for Service Board capital projects in 2019.

EXHIBIT 1-17: 2019 SOURCES AND USES OF FUNDS (IN MILLIONS)

Operations - \$3.083 billion



Capital - \$840.7 million



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 and Bonds chapter.

Budget and Financial Plan

Exhibit 2-1 displays a five-year view of the RTA's operating funding and expenses. The 2019 budget and 2020-2021 two-year financial plans are presented, and 2017 actual and 2018 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 2019 budget anticipates \$1.852 billion of funding for RTA operations, an increase of 6.1% over the 2018 estimate.

discussion of the individual RTA funding sources for 2019 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 2% surcharge on RTA and other sales tax jurisdictions as an administrative and processing fee. Effective with the April 2018 results, the surcharge was reduced to 1.5%. This level of surcharge reduces the funding levels of the RTA and Service Boards by approximately \$18 million per year.

RTA FUNDING SOURCES

The 2019 budget anticipates \$1.852 billion of funding for RTA operations, an increase of 6.1% over the 2018 estimate. Funding is then projected to increase to \$1.881 billion in 2020 and \$1.908 billion in 2021. A regional sales tax supplies almost 70% 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 of which directly funds CTA operations. A detailed

Following an estimated increase of 3.5% in 2018, pre-surcharge RTA Sales Tax revenues are projected to increase by 3.8% in 2019. After the surcharge, \$1.270 billion is expected to be available for 2019 regional transit funding (Exhibit 2-3). This expectation of higher growth in 2019 was based on public and private forecasting sources, which all suggested that economic activity and price inflation would increase versus 2018. In 2020 and 2021, RTA Sales Tax revenues are estimated to increase by 2.0% annually, consistent with projections of slowing economic growth, and are forecast to reach \$1.322 billion in 2021.

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

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

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
RTA Revenues					
RTA Sales Tax I	878,594	904,905	941,034	959,854	979,051
RTA Sales Tax II	307,393	317,311	329,239	335,823	342,540
Public Transportation Fund (PTF - Part I)	212,644	212,716	232,870	243,618	248,490
PTF (Part II)	150,004	150,542	163,832	171,594	175,232
State Financial Assistance (ASA/AFA)	130,222	130,283	130,300	130,300	130,300
State Reduced Fare Reimbursement ¹	17,570	16,692	34,070	25,820	17,570
State Funding for ADA Paratransit	3,825	7,975	8,395	8,500	8,500
RTA ADA Paratransit Reserve ²	5,328	-	-	-	-
RTA Capital Project Reserves	500	250	250	-	-
JSIF Reserves	2,500	2,500	2,500	-	-
ICE Carryover (2015) ³	2,400	-	-	-	-
Other RTA Revenue ⁴	14,666	2,460	9,187	5,726	5,852
Total RTA Revenues	\$1,725,645	\$1,745,634	\$1,851,677	\$1,881,235	\$1,907,536
RTA Expenses					
<u>Expenses for Operations</u>					
RTA Total Funds for CTA Operations	716,441	734,923	777,735	798,939	815,011
RTA Total Funds for Metra Operations	399,865	402,899	421,085	426,562	435,029
RTA Total Funds for Pace Suburban Service Operations	162,866	165,125	172,369	175,657	178,999
RTA Total Funds for Pace ADA Paratransit Operations	161,239	164,766	173,026	181,835	190,117
State Reduced Fare Reimbursement	17,570	16,692	34,070	25,820	17,570
RTA Agency and Regional Programs	43,554	34,150	41,873	39,437	40,620
Total Expenses for Operations	\$1,501,534	\$1,518,555	\$1,620,158	\$1,648,250	\$1,677,346
Debt Service, Capital & JSIF Expenses					
Debt Service	225,214	231,519	236,798	227,151	224,181
RTA Agency Regional Capital Program	500	250	250	-	-
Joint Self-Insurance Fund (JSIF)	6,556	5,499	5,664	5,834	6,009
Total Debt Service, Capital & JSIF Expenses	\$232,270	\$237,268	\$242,712	\$232,985	\$230,190
Total RTA Expenses	\$1,733,804	\$1,755,823	\$1,862,870	\$1,881,235	\$1,907,535
Fund Balance (unreserved/undesignated)					
Beginning Balance	7,569	(5,330)	(5,330)	(5,330)	(5,330)
Change in Fund Balance	(8,159)	(10,189)	(11,193)	0	0
Transfers ^{5,6}	(2,778)	10,189	11,193	0	0
Reconciliation to Budgetary Basis	(1,962)	-	-	-	-
Ending Balance	(\$5,330)	(\$5,330)	(\$5,330)	(\$5,330)	(\$5,330)

¹ Amount for 2019 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY19-20 budgets.² Use of ADA Paratransit reserve in 2017 to offset State ADA Paratransit funding reductions was authorized by RTA Ordinance 2017-36.³ Metra carried forward \$2.4 million of 2015 ICE funding for approved Mobile Ticketing project completed in 2017.⁴ Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.⁵ 2017 transfers include swap settlements and DSDA revenue.⁶ Contingent transfers from RTA reserves in 2018 and 2019 to offset lower sales tax for debt service and increased short-term debt service.

EXHIBIT 2-2: 2019 RTA FUNDING SOURCES - \$1.852 BILLION

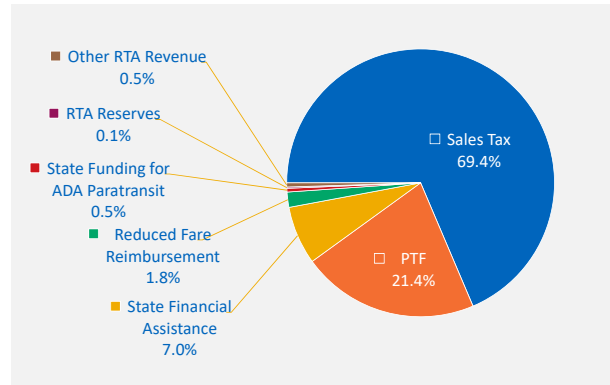


EXHIBIT 2-3: RTA SALES TAX REVENUE (DOLLARS IN MILLIONS)

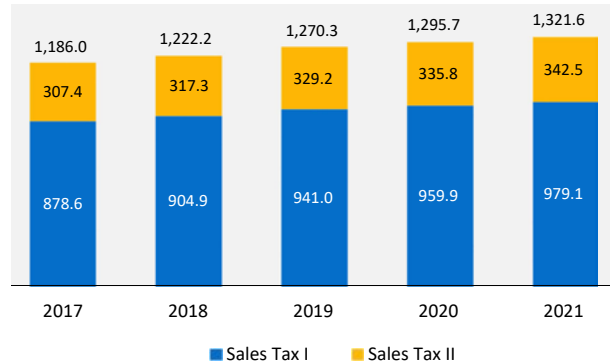
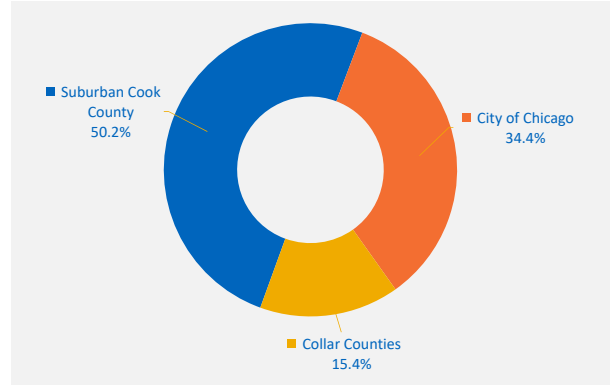


EXHIBIT 2-4: 2019 RTA SALES TAX I BY SOURCE - \$941.0 MILLION



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 2019 are projected at \$941.0 million. Actual sales tax receipts for 2017 were used as the basis of forecasting the geographic source of projected Sales Tax I collections in 2019. Suburban Cook County is expected to produce the largest share of Sales Tax I at 50.2%, followed by the City of Chicago at

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

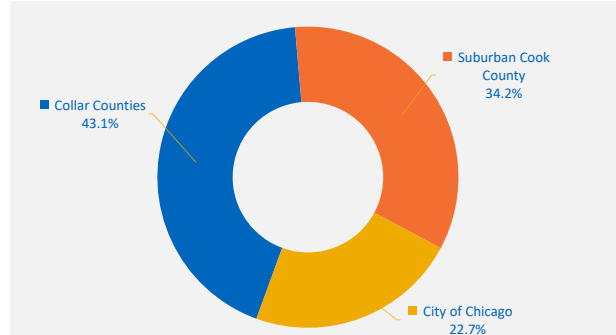
Collected in	Distributed to			
	CTA	Metra	Pace	Total
City of Chicago	100%	0%	0%	100%
Suburban Cook County	30%	55%	15%	100%
Collar Counties	0%	70%	30%	100%

34.4%, and finally the collar counties at 15.4% (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 2019 are projected at \$329.2 million. Sales Tax I represents 74.1% of total sales tax revenue and Sales Tax II, 25.9%.

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

EXHIBIT 2-6: 2019 RTA SALES TAX II BY SOURCE - \$329.2 MILLION



at 43.1%, 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 2019 budget, \$164.6 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 2019, the SCMF is projected at \$25.8 million and the ICE fund at \$12.9 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 2009. A severe shortfall was experienced in 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

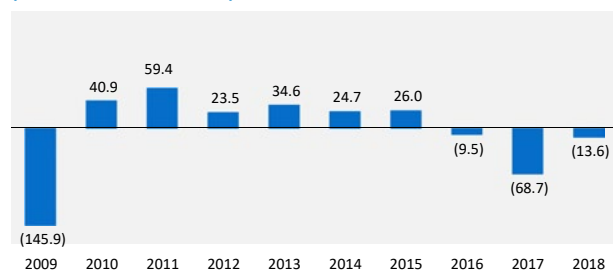
balance led to conservative sales tax forecasts for 2010 through 2015, producing positive variances when sales tax receipts came in higher than forecasted. Positive variances in both Sales Tax I and II are distributed to the Service Boards in accordance with the statutory formulas of the RTA Act. In 2017, sales tax receipts finished \$69 million under budget due to slowing sales tax growth and the new State surcharge. For 2018, sales tax receipts are expected to finish \$14 million under budget. The shortfall will also be borne by the Service Boards according to formula, but is expected to be generally offset by favorable 2018 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. Effective with the July 2018 PTF results, this funding cut was reduced to 5%, or approximately \$20 million per year. The RTA and Service Board budgets have assumed that the PTF cut will end with the State FY 2020 budget, restoring PTF to full funding beginning in July 2019.

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 \$232.9 million for 2019, an increase of 9.5% from the

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



2018 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 to the Service Boards, at the direction of the RTA Board, 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 2019, unchanged from 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 \$163.8 million for 2019, an increase of 8.8% from the 2018 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 2018-68 (found in the Appendices) contains a detailed accounting of the source and distribution of all Part I and Part II funding components for the 2019 budget and 2020-2021 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 2019 budget and the 2020 and 2021 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 2019 budget appropriated \$17.6 million of reduced fare reimbursement. The RTA's 2019 budget and 2020-2021 financial plans assume restoration of this critical funding to its previous level of \$34.1 million for State FY 2020, with a subsequent decrease to \$17.6 million by 2021.

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 increased it to \$8.0 million. The RTA's 2019 budget assumes State ADA funding of \$8.4 million, and the 2020-2021 financial plans assume 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 2019.

Joint Self-Insurance Fund Reserves

In accordance with RTA funding amounts ordinance 2018-44, \$2.5 million of operating funding for 2019 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

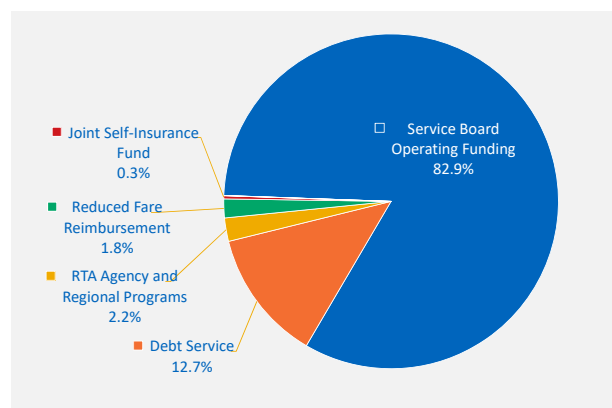
Other RTA revenue of \$9.2 million is anticipated for the 2019 budget. This funding source consists of income from financial transactions and investments, sales tax interest, and Agency revenue, comprised of both Agency operating revenue and grants for regional projects. The State of Illinois pays interest 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 2019 budget projects that RTA expenses will increase by 6.1% over the 2018 estimate to \$1.863 billion, exceeding total 2019 RTA funding by \$11.2 million. Expenses are then projected to increase to \$1.881 billion in 2020 and \$1.908 billion in 2021.

Funding of Service Board operations represents the largest category of 2019 RTA expenses at 82.9%,

EXHIBIT 2-8: 2019 RTA EXPENSES - \$1.863 BILLION



followed by regional debt service at 12.7%, RTA Agency and Regional Programs at 2.2%, pass through of the State Reduced Fare Reimbursement at 1.8%, 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 2019 follows.

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 from 2017 to 2021. Total RTA expense for Service Board operating funding in 2019 is projected at \$1.544 billion and is expected to reach \$1.619 billion in 2021. The compound annual growth rate of RTA's expenses for Service Board operations across the five-year period is 3.0%.

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

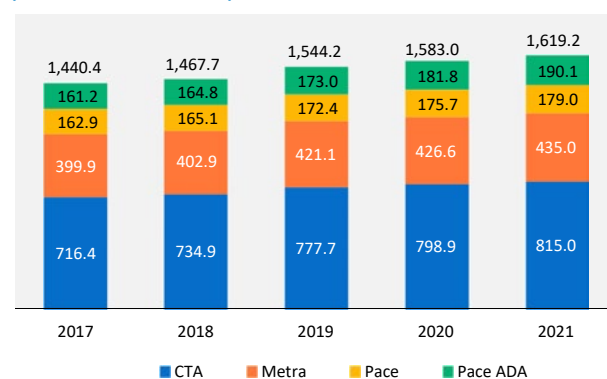


Exhibit 2-10 shows how the 2019 RTA funding for operations relates to each Service Board's projected operating deficit. A detailed discussion of each Service Board's operating revenues and expenses is provided in the CTA, Metra, Pace, and Pace ADA Paratransit chapters. The approved 2019 funding amounts again included

EXHIBIT 2-10: 2019 SERVICE BOARD OPERATING FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace Suburban Service	Pace ADA Paratransit	Total
Operating Deficit					
Operating Revenue	707,747	411,688	58,729	14,215	1,192,379
Operating Expense	1,552,114	822,215	236,037	187,241	2,797,607
Operating Deficit	\$844,367	\$410,527	\$177,308	\$173,026	\$1,605,228
RTA Funding					
RTA Sales Tax (Part I)	395,620	307,073	97,185	-	799,878
RTA Sales Tax (Part II) and PTF (Part II)	147,697	106,469	35,490	164,631	454,287
RTA Non-Statutory Funding - PTF I	228,213	-	4,657	-	232,870
Innovation, Coordination, and Enhancement (ICE) ¹	6,205	-	1,681	-	7,886
JSIF Reserve	-	2,500	-	-	2,500
State Funding for ADA Paratransit	-	-	-	8,395	8,395
RTA SCMF and SSJA Funding	-	-	33,356	-	33,356
Total RTA Funding	\$777,735	\$416,042	\$172,369	\$173,026	\$1,539,172
Other Funding					
RETT	66,631	-	-	-	66,631
Federal Funds	-	1,500	4,939	-	6,439
Total Funding for Operations	\$844,367	\$417,543	\$177,308	\$173,026	\$1,612,242

¹Excludes ICE funding transferred to capital program.

allocation of all PTF I to CTA and Pace Suburban Service in shares of 98% and 2%, respectively.

CTA will require \$844.4 million of public funding to balance the 2019 operating budget, of which \$777.7 million will be provided by the RTA. In addition to statutory sales tax and PTF, CTA will receive \$228.2 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.

Metra will require \$410.5 million of public funding to balance the 2019 operating budget, and \$416.0 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 \$7.0 million, representing a planned fare revenue surplus to be used for Metra's capital program.

Pace Suburban Service will require \$177.3 million of public funding to balance the 2019 operating budget, and \$172.4 million will be provided by the RTA. In addition to statutory sales tax and PTF, Pace will receive \$4.7 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 2019 is projected at \$25.9 million, while SSJA is a fixed amount of \$7.5 million. Federal funding of \$4.9 million rounds out Pace's deficit funding, resulting in a balanced budget.

Finally, Pace Regional ADA Paratransit will require \$173.0 million of public funding to balance the 2019 budget, with \$164.6 million sourced from Sales Tax II and \$8.4 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 2.3% from the 2018 estimate to \$236.8 million, due to a mid-2018 \$150 million RTA bond issuance and increased short-term borrowing costs. Additional information on RTA bonds is provided in the Capital and Bonds chapter.

RTA Agency and Regional Programs

Expenses for Agency and Regional Programs are projected at \$41.9 million, representing 2.2% of total 2019 RTA expenses. This category is subdivided into Agency administrative expenses of \$17.7 million, Regional Services expenses of \$17.0 million, and Regional Projects expenses of \$7.2 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 2019 as the RTA and Service Boards anticipate that the State will restore this critical funding to its traditional level.

RTA Agency Regional Capital Program

The 2019 Agency Regional Capital Program includes \$250 thousand for the Access to Transit project, which involves small-scale pedestrian infrastructure improvements such as sidewalks and crosswalks.

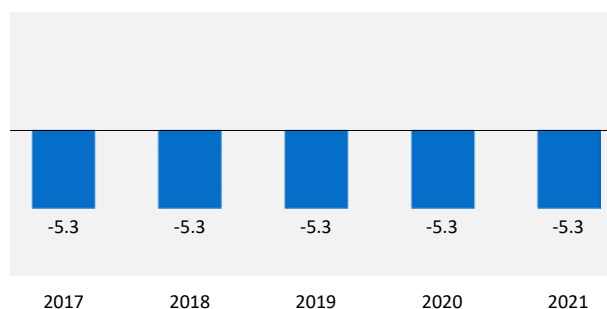
Joint Self-Insurance Fund

The RTA provides excess liability insurance to protect the Service Boards. Premium payments for the Joint Self-Insurance Fund (JSIF) in 2019 are budgeted at \$5.7 million, an increase of 3% from the 2018 estimate. Premiums are projected to continue to increase by 3.0% in both 2020 and 2021. 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 2017 through 2021. A negative fund balance does not imply an inability to meet ongoing obligations, but rather is an indication that all available funds are being provided to the Service Boards for transit operations.

**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 2019 is projected at negative \$5.3 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 2017, the fund balance decreased to negative \$5.3 million as RTA actual expenses exceeded revenues due to increased short term debt service and unfavorable sales tax results. The fund balance is projected to remain at negative \$5.3 million in 2018 after contingent transfers from reserves are made to offset unfavorable sales tax and debt service. In the funding amounts approved on August 23, 2018, the RTA Board allocated all available 2019 PTF I and Sales Tax I to RTA expenses and the Service Boards, which is expected to result in an unchanged fund balance of negative \$5.3 million, after transfers, at the end of 2019. The RTA fund balance is projected to be unchanged through 2020 and 2021, 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 a 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 2017 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 fiduciary Agency Fund are the only two funds that have annual budgets. Exhibit 2-13 displays the 2019 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 reimburse-

EXHIBIT 2-12: RTA 2017 COMBINED STATEMENT OF REVENUES & EXPENDITURES BY FUND (DOLLARS IN MILLIONS)

Fund Types:	General	Debt Svc	Capital	JSIF	Agency	Pension	Combined
Revenues							
Sales Taxes	\$131.8	-	-	-	\$1,042.1	-	\$1,173.9
Interest on Sales Taxes	0.4	-	-	-	0.6	-	1.0
Public Transportation Fund	212.6	-	-	-	150.0	-	362.6
General State Revenue	222.6	-	-	-	-	-	222.6
Innovation, Coordination & Enhancement (ICE)	12.1	-	-	-	-	-	12.1
IDOT Grant - ADA Paratransit	3.8	-	-	-	-	-	3.8
Pace ADA Surplus Refund	5.3	-	-	-	-	-	5.3
State Assistance	130.2	-	-	-	-	-	130.2
Reduced Fare Reimbursement	-	-	-	-	17.6	-	17.6
Investment Income	3.8	3.7	0.8	-	-	-	8.3
Other Revenues	14.2	-	-	0.2	-	40.8	55.1
Contributions to JSIF and Pension	-	-	-	4.1	-	11.9	15.9
Total Revenues	\$736.9	\$3.7	\$0.8	\$4.2	\$1,210.3	\$52.7	\$2,008.6
Expenditures							
<u>Current</u>							
Financial Assistance to Service Boards	\$216.5	-	-	-	\$865.9	-	\$970.5
Administrative	15.5	-	-	5.6	-	17.5	38.5
Intergovernmental:							
Capital Grants--Discretionary	0.6	-	-	-	-	-	0.6
South Suburban Job Access Program (Pace)	7.5	-	-	-	-	-	7.5
Capital Grants - State Bonds	223.1	-	21.7	-	-	-	244.8
RTA Capital Grants - Metra	1.2	-	-	-	-	-	1.2
Innovation, Coordination, & Enhancement (ICE)	12.8	-	-	-	-	-	12.8
State General Revenue MOU	0.7	-	-	-	-	-	0.7
IDOT Cap Grant - PACE (ADA)	3.8	-	-	-	-	-	3.8
Suburban Community Mobility Fund	-	-	-	-	24.1	-	24.1
PACE ADA Surplus	5.3	-	-	-	-	-	5.3
Regional	25.1	-	-	-	-	-	25.1
Distributions to JSIF	4.1	-	-	-	-	-	4.1
Capital Outlay	0.3	-	-	-	-	-	0.3
<u>Debt Service</u>							
Principal	-	413.9	-	-	-	-	413.9
Interest	-	108.0	-	-	-	-	108.0
Debt Related Costs	-	1.5	-	-	-	-	1.5
Debt Proceeds	-	(441.2)	-	-	-	-	(441.2)
Debt Service Operating Transfer	69.8	(100.6)	0.6	-	-	-	(30.3)
Paratransit Funding (Pace)	-	-	-	-	152.1	-	152.1
PTF (New Sales Tax/RETT)	-	-	-	-	150.0	-	150.0
Reduced Fare Reimbursement	-	-	-	-	17.6	-	17.6
Interest on Sales Taxes to Service Board	-	-	-	-	0.6	-	0.6
Total Expenditures	\$586.1	(\$18.5)	\$22.3	\$5.6	\$1,210.3	\$17.5	\$1,823.2
Revenues less Expenses ¹	\$150.8	\$22.2	(\$21.5)	(\$1.3)	-	\$35.2	\$185.4
Fund Balance - Beginning of the year	\$210.5	\$122.9	\$120.4	\$26.5	-	\$261.7	\$742.1
Fund Balance - End of the year ²	\$361.3	\$145.2	\$99.0	\$25.2	-	\$296.9	\$927.5

¹ Reconciliation of budgetary basis to GAAP basis.² Before reserves and designations.

**EXHIBIT 2-13: RTA STATEMENT OF REVENUES AND EXPENSES, 2019 BUDGET, GENERAL AND AGENCY FUND
(DOLLARS IN THOUSANDS)**

	General Fund	Agency Fund	Total Budget
RTA Revenues			
RTA Sales Tax (Part I)	141,155	799,879	941,034
RTA Public Transportation Fund (Part I)	232,870	-	232,870
RTA Sales Tax and PTF (Part II)	12,928	480,143	493,071
State Financial Assistance	138,695	-	138,695
State Reduced Fare Reimbursement	-	34,070	34,070
RTA Regional Capital Project Reserves	250	-	250
JSIF Reserves	2,500	-	2,500
Other Revenue	9,187	-	9,187
Total RTA Revenues	\$537,584	\$1,314,092	\$1,851,677
RTA Expenses			
<u>Expenses for Operations</u>			
RTA Operations Funding - CTA (Includes PTF on RETT)	234,418	543,317	777,735
RTA Operations Funding - Metra	7,542	413,543	421,085
RTA Operations Funding - Pace Suburban Service	6,338	132,675	139,013
RTA Suburban Community Mobility Funding for Pace	-	25,856	25,856
RTA South Suburban Job Access Funding for Pace	7,500	-	7,500
RTA Operations Funding - ADA Paratransit Service	8,395	164,631	173,026
State Reduced Fare Reimbursement	-	34,070	34,070
Agency Administration	17,657	-	17,657
RTA Regional Services and Programs	24,216	-	24,216
Total Expenses for Operations	\$306,066	1,314,092	\$1,620,158
<u>Debt Service, Capital & JSIF Expenses</u>			
Principal and Interest for Service Board Capital Programs	236,798	-	236,798
RTA Agency Regional Capital Program	250	-	250
Joint Self-Insurance Fund	5,664	-	5,664
Total Debt Service, Capital, & JSIF Expenses	\$242,712	-	\$242,712
Total RTA Expenses	\$548,778	\$1,314,092	\$1,862,870
Fund Balance (unreserved/undesignated)			
Beginning Balance	(5,330)	-	(5,330)
Change in Fund Balance	(11,194)	-	(11,194)
Transfers ¹	11,194	-	11,194
Ending Unreserved/Undesignated Fund Balance	(\$5,330)	-	(\$5,330)

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

ments 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 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.

EXHIBIT 2-14: 2017 RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS ACCOUNTING (DOLLARS IN THOUSANDS)

	General Fund
Excess of expenditures over revenues and other financing use-budgetary basis	223,709
Adjustments	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(582)
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	(261)
Capital grant activity and debt related costs not in the budget	(2,298)
Net transfers in and out between the General Fund and Debt Service Fund not in the budget	(69,792)
Budgetary basis to GAAP basis adjustment	(\$72,933)
Net Change in Fund Balance - GAAP basis	150,776
Net Changes in Reserves	(163,675)
Net Change in Unreserved, Undesignated Fund Balance	(\$12,899)
2016 ending unreserved, undesignated fund balance	7,569
2017 ending unreserved, undesignated fund balance	(\$5,330)

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 and expenditures are budgeted for on a project basis, which normally exceeds one year. Debt service payments are budgeted as transfers from the General Fund.

Although appropriations are adopted for individual line items, the legal level of control is restricted to total appropriations/expenditures and total administration

(statutory cap) appropriations/expenditures. Management has the authority to exceed any line appropriation without Board approval, provided it does not exceed the legal levels of control (\$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, 2017 ACTUAL AND BUDGET, GENERAL AND AGENCY FUNDS
(DOLLARS IN THOUSANDS)**

	2017 Budget	2017 Actual	Variance
RTA Revenues			
Sales Tax (Part I)	928,858	878,594	(50,264)
Public Transportation Fund (Part I)	232,215	212,644	(19,571)
Sales Tax and PTF (Part II)	489,442	457,397	(32,045)
State Financial Assistance	138,783	134,047	(4,736)
State Reduced Fare Reimbursement	34,070	17,570	(16,500)
RTA Reserves	3,000	8,328	5,328
ICE Carryover (2015)	988	2,400	
Other Revenue	6,134	14,666	8,532
Total RTA Revenues	\$1,833,490	\$1,725,646	(\$107,844)
RTA Expenses			
<u>Expenses for Operations</u>			
RTA Operations Funding - CTA (includes PTF on RETT)	773,201	716,441	56,760
RTA Operations Funding - Metra	425,043	399,865	25,178
RTA Operations Funding - Pace Suburban Service	173,156	162,866	10,290
RTA Operations Funding - ADA Paratransit Service	160,586	161,239	(653)
State Reduced Fare Reimbursement	34,070	17,570	16,500
Agency Administration, Regional Services & Programs	40,914	43,554	(2,640)
Total Expenses for Operations	\$1,606,970	\$1,501,535	\$105,435
<u>Debt Service, Capital, & JSIF Expenses</u>			
Principal and Interest for Service Board Capital Programs	219,463	225,214	(5,751)
RTA Agency Regional Capital Program	500	500	-
Joint Self-Insurance Fund	6,556	6,556	-
Total Debt Service, Capital, & JSIF Expenses	\$226,519	\$232,270	(\$5,751)
Total RTA Expenses	\$1,833,490	\$1,733,805	\$99,685
Fund Balance (unreserved/undesignated)			
Beginning Balance	4,752	7,569	2,817
Change in Fund Balance	-	(8,159)	(8,159)
Transfers ¹	-	(2,778)	(2,778)
Reconciliation to Budgetary Basis	-	(1,962)	(1,962)
Ending Balance	\$4,752	(\$5,330)	(\$10,082)
Ending Balance as % of Total Expenses for Operations	0.3%	-0.4%	-0.7%

¹ Includes swap settlements and DSDA revenue.

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 2019 RTA Agency Operating Budget totals \$41.9 million. The RTA Agency budget and financial plan presented in Exhibits 2-16 and 2-17 is balanced to the funding amounts set by the RTA Board on August 23, 2018. 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 2019 operating budget includes operating revenue of \$7.7 million from the transit benefit program, reduced fare and free ride program, and grant-funded programs. This amount is \$6.7 million higher than the 2018 estimate because no Section 5310 federal projects were programmed in 2018. Regional Programs revenues in 2020 and 2021 are projected at \$4.2 million and \$4.4 million, respectively (Exhibit 2-18).

RTA Agency Administrative Operating Revenue

In 2019, total Agency Administrative operating revenue from sales tax litigation settlement fee is projected to be \$0.3 million.

Regional Services Revenue

Total Regional Services revenue of \$0.8 million represents 1.9% 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 \$0.6 million.

Regional Programs Grant Revenue

Total Regional Programs grant revenue of \$6.7 million represents 15.9% of the total revenue. It includes grants of \$6.6 million of Section 5310 funds, and grants from IDOT for the Construction Quality Assurance Program. The 2019 budgeted grant revenue of \$6.6 million is \$6.4 million higher than the 2018 estimate of \$0.2 million because no Section 5310 federal projects were programmed in 2018.

PUBLIC FUNDING

Public funding accounts for 81.6% of the total revenue, or \$34.2 million, a 3.0% increase from the 2018 estimate (Exhibit 2-19).

The combination of operating revenue of \$1.0 million, grants of \$6.7 million, and regional public funding of \$34.2 million comprise total Agency revenue and together balance the overall RTA Agency operating budget expenses of \$41.9 million. (Exhibit 2-20).

OPERATING EXPENSES

The 2019 RTA Agency Operating Budget of \$41.9 million consists of two parts: (1) the RTA Agency Administrative budget and (2) the Regional Programs budget. The RTA Agency Administrative budget includes core agency expenses for staff, facilities, information technology, office services, and professional services and accounts for 42.2% of RTA Agency expenses or \$17.7 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 57.8% of the operating budget expenses or \$24.2 million.

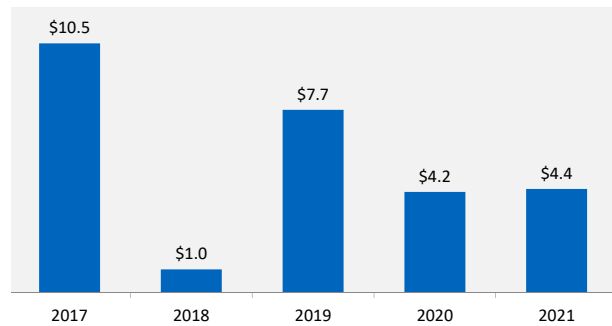
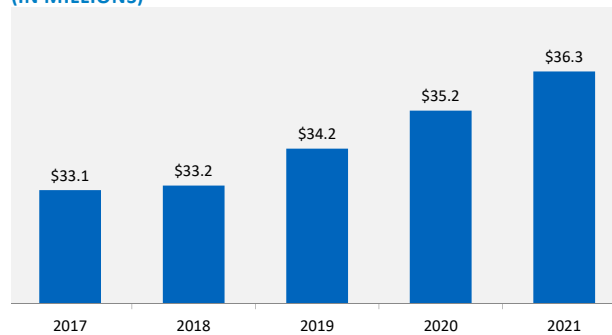
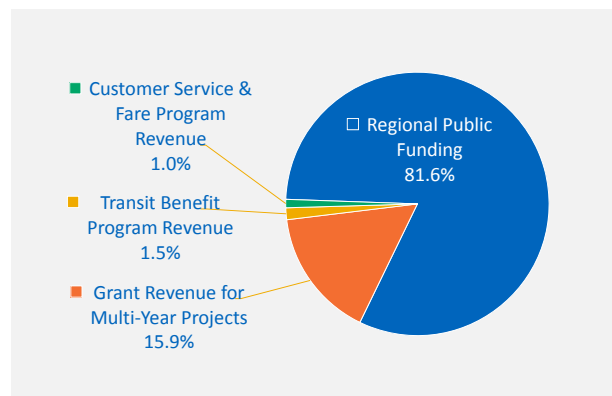
**EXHIBIT 2-16: AGENCY 2019 BUDGET SUMMARY AND 2020-2021 FINANCIAL PLAN BY MAJOR CATEGORIES
(DOLLARS IN THOUSANDS)**

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Revenues					
Administrative Operating Revenue	4,700	-	260	-	-
Regional Services Operating Revenue	853	760	778	801	825
Total Agency Generated Revenue	\$5,553	\$760	\$1,038	\$801	\$825
Federal Grants	4,933	200	6,650	3,425	3,527
Sales Tax I	33,068	33,190	34,186	35,212	36,268
Total Public Funding	\$38,001	\$33,390	\$40,836	\$38,636	\$39,795
Total Revenue	\$43,554	\$34,150	\$41,873	\$39,437	\$40,620
Expenses					
Administrative Operating Expenses	19,964	16,596	17,657	18,187	18,733
Regional Services Operating Expenses	17,120	16,325	17,029	17,540	18,066
Grant and RTA Funded Multi Year Project Expense	6,470	1,230	7,187	3,710	3,822
Total Expenses	\$43,554	\$34,150	\$41,873	\$39,437	\$40,620
Net Result	-	-	-	-	-

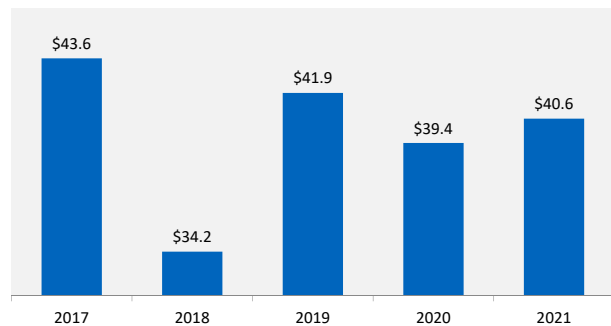
**EXHIBIT 2-17: AGENCY 2019 BUDGET DETAIL AND 2020-2021 FINANCIAL PLAN BY OPERATING REVENUE AND EXPENSE TYPE
(DOLLARS IN THOUSANDS)**

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Revenues					
Miscellaneous Revenue	4,870	166	430	175	180
Fare Check Revenue	683	594	608	626	645
Regional Programs Revenue	4,933	200	6,650	3,425	3,527
Total Operating Revenue	\$10,486	\$960	\$7,687	\$4,226	\$4,352
Expenses					
Personnel	13,585	14,426	15,521	15,987	16,466
Professional Services ¹	9,068	4,005	2,291	2,360	2,431
Purchased Service	8,893	9,503	12,170	12,535	12,911
Office Services	4,176	4,410	3,837	3,952	4,071
Agency Capital Programs	1,362	577	867	893	920
Regional Programs	6,470	1,230	7,187	3,710	3,822
Total Operating Expense	\$43,554	\$34,150	\$41,873	\$39,437	\$40,620
Total Agency Operations (Net Expense)	\$33,068	\$33,190	\$34,186	\$35,212	\$36,268
Total Agency Regional Public Funding	\$33,068	\$33,190	\$34,186	\$35,212	\$36,268

¹ 2017 Actual and 2018 Estimate include settlement fee from the sales tax litigation.

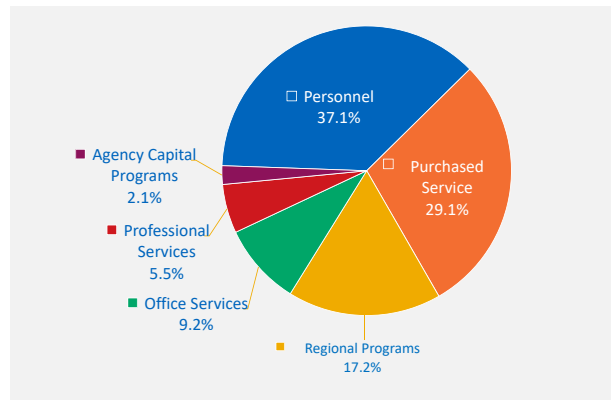
EXHIBIT 2-18: RTA AGENCY OPERATING REVENUE (IN MILLIONS)**EXHIBIT 2-19: RTA AGENCY REGIONAL PUBLIC FUNDING (IN MILLIONS)****EXHIBIT 2-20: 2019 RTA AGENCY REVENUE - \$41.9 MILLION**

Total 2019 agency expenses represent an increase of \$7.7 million or 22.6% from the 2018 estimate (Exhibit 2-21), reflecting a 6.4% increase in the RTA Agency Administrative budget due to an information technology infrastructure upgrade and a 37.9% increase in the Regional Programs budget. The reason for the increase is that no Section 5310 federal projects were programmed in 2018 in the Regional Programs budget.

EXHIBIT 2-21: RTA AGENCY OPERATING EXPENSES (IN MILLIONS)

Expense Categories

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

EXHIBIT 2-22: 2019 RTA AGENCY OPERATING EXPENSES - \$41.9 MILLION

Personnel

Personnel related costs, such as salaries, pension, health care, and training, of \$15.5 million represent 37.1% of the total expense budget. This amount increases by 7.6% compared to the 2018 estimate primarily due to the inclusion of an average merit increase of 3% for salaries in 2019, and the filling of some vacant positions.

Professional Services

Professional services of \$2.3 million, which include audit fees, financial advisory services, Project Management Oversight (PMO) contracts, legal and legislative-

consulting fees, IT project management, cybersecurity, tech advisory, professional services for ADA Certification Program and the ADA Appeals program, and interpreter services for customer focused regional services, represent 5.5% of the total expense budget. In 2019 this category decreased by 1.7 million compared to the 2018 estimate due to the inclusion of additional amounts that were set aside for professional services.

Purchased Service

Purchased Service expenses of \$12.2 million represent 29.1% of the total expense budget and are projected to increase by \$2.7 million versus 2018. In the 2019 Information Technology (IT) Division's budget some of the professional and office services expenses got restructured to the Purchased Service expenses resulting in an increase in this category. In addition, this category also includes the Mobility Assessment Centers operations, 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.

Office Services

Rent, utilities, maintenance, telecommunications, IT, and other office related expenses account for \$3.8 million or 9.2% of the total operating costs, a decrease of 13.0% in 2019 compared to the 2018 estimate, due to 2018 being a renewal year for the Reduced Fare Program and as a result of restructuring some of the IT office expenses to the Professional and Purchased Service categories.

RTA Agency Capital Programs

Projected costs for new IT capital initiatives of \$0.9 million under the Agency Capital Programs category represent 2.1% of the 2019 Agency budget expense. This amount includes projects to enhance the current network system as well as some costs associated with

the new ERP system. The ERP system is scheduled to be fully implemented by the third quarter of 2020.

Regional Programs

This category includes Grant and RTA funded multi-year project expenses of \$7.2 million and represents 17.2% of the overall operating expense budget. Projects in this category include RTA funded Regional Consumer Marketing, Customer Satisfaction Survey, RTA and UWP funded Community Planning projects, IDOT funded Quality Assurance Program, and Section 5310 funded programs. The regional program expenses increase by \$6.0 million in 2019 compared to the 2018 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 2019 cap on Agency administrative expenses is \$26.3 million. The 2019 RTA Agency budget, with administrative expenses of \$17.7 million, is 32.8% below this cap.

NET RESULT

RTA Agency net results are zero for 2019 through 2021 indicating revenues are equal to expenses (Exhibit 2-16).

Organizational Structure

The proposed staffing plan for 2019 includes 113 positions, one position less than the 2018 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.

EXHIBIT 2-23: 2019 AGENCY BUDGET STAFFING BY DEPARTMENT

Departments	2018 Budget	2019 Budget	Change
Executive Office	2	2	-
Human Resources	4	4	-
Marketing and Communications ⁽¹⁾	4	4	-
Government Affairs	3	3	-
Legal & Compliance ⁽²⁾	16	15	(1)
Finance, Innovation and Technology ⁽³⁾	28	28	-
Capital Programming and Planning ⁽⁴⁾	27	27	-
Total Admin Staffing Plan	84	83	(1)
Mobility Services ⁽⁵⁾	30	30	-
Total Regional Staffing Plan	30	30	-
Total RTA Staffing Plan	114	113	(1)

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

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

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

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

⁽⁵⁾ Mobility Services Department contains the following regional services: Customer Programs, ADA Paratransit Certification Program, Mobility Management, Travel Information Center, and Regional Accessibility.

DEPARTMENTS

Executive Director's Office

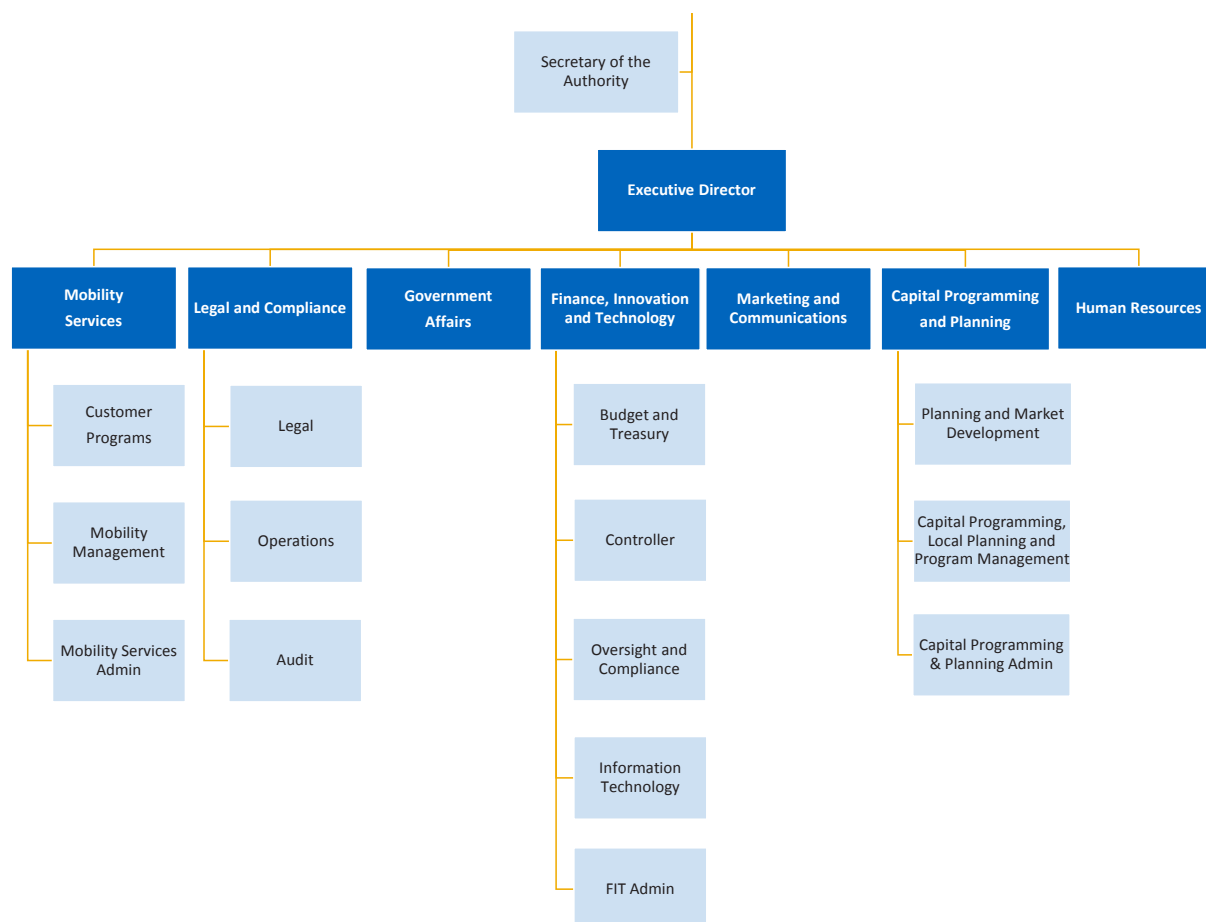
This department includes the RTA Board of Directors, the Executive Director, and the Secretary to the Authority. The Executive Director's Office oversees and directs day-to-day agency activities.

The RTA Board of Directors consists of 15 members and a chairman. The RTA Board has the statutory authority 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 of 1990, 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, 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,

EXHIBIT 2-24: RTA AGENCY ORGANIZATIONAL CHART



documentation, and logistical needs of the RTA Board and the Executive Director.

The 2019 departmental budget of \$1.4 million represents 3.3% of the total Agency operating expenses. The budgeted headcount is two, unchanged from 2018.

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 management, 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 2019, 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.

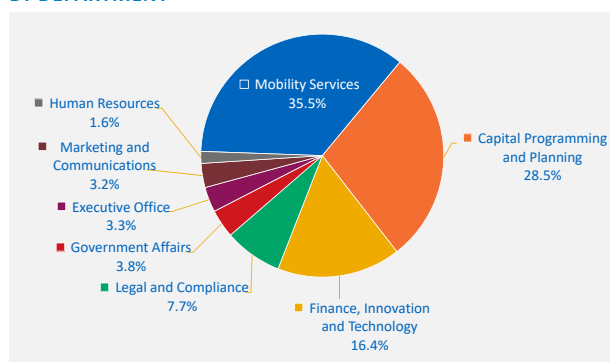
The 2019 departmental budget of \$0.7 million represents 1.6% of the total Agency operating expenses. To assist with an increase in workload, Human Resources is currently recruiting to fill a vacancy in the department. Once filled, the total headcount in Human Resources will be four.

Marketing and Communications

The Marketing and Communications Department handles internal and external communications, includ-

EXHIBIT 2-25: 2019 AGENCY OPERATING BUDGET BY DEPARTMENT (IN DOLLARS)

	Expense	Operating & Grant Revenue	Regional Public Funding
Executive Office	1,397,019		1,397,019
Human Resources	660,688		660,688
Marketing and Communications	1,344,932		1,344,932
Government Affairs	1,579,681		1,579,681
Legal and Compliance	3,234,571		3,234,571
Finance, Innovation and Technology	6,887,384	307,500	6,579,884
Capital Programming and Planning	11,913,108	7,209,926	4,703,182
Mobility Services	14,856,043	170,000	14,686,043
TOTAL	\$41,873,426	\$7,687,426	\$34,186,000

EXHIBIT 2-26: 2019 RTA AGENCY OPERATING BUDGET BY DEPARTMENT

ing 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 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 2019, the Department will develop and execute marketing and public relations strategies and promotion plans that positively influence public opinion of the RTA and Service Boards as well as promote transit ridership. The Department will continue to position the RTA as a thought leader in regional transit and transportation.

The Department will use a variety of communications tools, including social media posts for the Agency, executive director and chairman, press releases, media relations, blog posts, website content, advertising, sponsorships, collateral materials, video productions, regional marketing and special events, and leadership presentations. The Department will continue to oversee agency branding and marketing coordination and partnerships, including consumer and business to business marketing.

In 2019, the Department will continue to focus on educating riders, non-riders and stakeholders about the Regional Transit Strategic Plan and regional operating and capital funding needs. The Department will continue to align with the government relations department to respond to any state or federal policy changes that may occur. The Department will also work with government relations to further engage local government stakeholders in the work of the Agency.



The 2019 departmental budget of \$1.3 million represents 3.2% of the total Agency operating expenses. The budgeted headcount is four, which is the same as in 2018.

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.

The Department will monitor all federal and state legislative and relevant administrative activities, as well as promote positions and policies that benefit the RTA, the Service Boards, and public transit in our region. The Department will also continue to develop ways in which the RTA can further its interests through civic partnerships, as well as develop new ways to build upon local government coalitions within the region.

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 Congressional appropriations of existing transit formula funding and discretionary programs. The focus at the state level will continue to be on pursuing a new state capital program.

The departmental budget in 2019 of \$1.6 million represents 3.8% of the total Agency operating expenses. The budgeted headcount is three, which is the same as in 2018.

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 2019, 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, Loss Financing Plan, and Joint Self-Insurance Fund. In 2018 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 2019, 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 Division will also perform ERP implementation testing.

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 2019, the Division will continue the office's space planning project.

The 2019 departmental budget of \$3.2 million represents 7.7% of the total Agency operating expenses. The budgeted headcount is 15, one fewer than in 2018.

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 2019, the FIT Department will continue with the implementation of a new Enterprise Resource Planning (ERP) system that will replace various software and shadow systems currently used to conduct RTA business processes. The project includes the procurement of an ERP solution, implementation of software, data migration, training, and establishing long-term operations and maintenance structure. In 2019, 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. IT staff 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 2020 operating budget, two-year (2021-2022) financial plan, and five-year (2020-2024) 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 2019 departmental budget of \$6.9 million represents 16.4% of the total Agency operating expenses. The Department also receives operating revenue of \$0.3 million associated with the Construction Quality Assurance Program, which helps offset expenses. The budgeted headcount is 28, which is the same as in 2018.

Capital Programming and Planning

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.

In 2018, the RTA Board adopted Invest in Transit, the 2018 – 2023 Regional Transit Strategic Plan, to make the case for pursuing dependable funding streams that will enable the region's transit agencies to provide vital service well into the future. The plan will lay the groundwork for the policies, priorities, and projects that should be the focus for the five year period. Working with the Service Boards, staff will continue to develop and release performance analyses as well as align performance reporting with the Strategic Plan. The RTA's role in strategic asset management will be in conjunction with the Service Boards and CMAP. Staff will work to enhance and support the RTAMS website through a newly procured contract. Staff will continue to install signage and wayfinding throughout the region via 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.

Staff will continue 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 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. Staff will continue to administer and oversee the projects and funding for the Federal Section 5310 Enhanced Mobility



of Seniors and Individuals with Disabilities Program on behalf of the region, as well as the region's Innovation, Coordination, and Enhancement (ICE) program.

The 2019 departmental budget of \$11.9 million represents 28.5% of the total Agency operating expenses. The Department also receives operating revenue associated with the Transit Benefit Program of \$0.6 million and federal 5310 grants of \$6.6 million, which help offset expenses. The budgeted headcount is 27, which is the same as in 2018.

Mobility Services

The RTA Mobility Services Department's primary role is to serve customers with disabilities and older adults through a variety of programs that help expand their transportation options. 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, the RTA Reduced Fare Programs, and the State mandated RTA Ride Free program. The Division utilizes two Mobility Assessment Centers to interview and determine 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 2019, 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 implement and monitor the process to index, scan and upload hard copy ADA Paratransit application files to the MTM Access database that houses ADA Paratransit case records

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 helps customers register for programs offered by the RTA and educates 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, On Demand service, and county-based paratransit services. In addition, this division manages the RTA Travel Training Program, which provides one-on-one training with customers to learn how to use the RTA transit system.



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. The RTA Travel Information Center provides phone based customer support to assist customers with transit trip planning and with questions related to the RTA fare programs. The ADA Paratransit Certification Appeals program is responsible for holding hearings for individuals who request an appeal of their ADA Paratransit Certification decision in cases where eligibility determination limits paratransit eligibility. In addition, this division ensures continuity of services across the department.

The 2019 departmental budget of \$14.9 million represents 35.5% 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 2018.

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

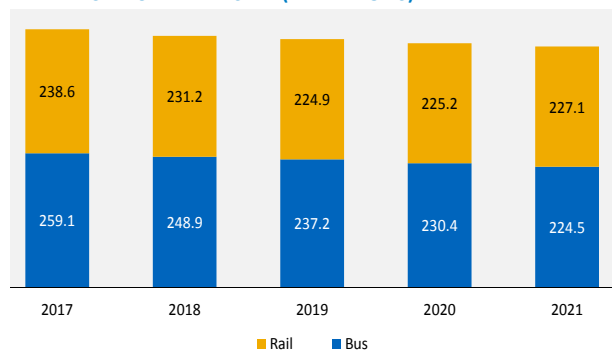
CTA operates the second largest public transportation system, by ridership, in the United States with average weekday ridership of 1.6 million on its bus and rail system. The CTA's service area encompasses 234 square miles in the City of Chicago and 35 surrounding suburbs. Bus operations provide 1,864 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.

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.

RIDERSHIP

Total ridership for 2019 is budgeted at 462.1 million trips, 1.3% or 6 million fewer trips than 2018 estimated ridership (Exhibit 3-1). CTA bus ridership is budgeted at 237.2 million trips in 2019, 1.7% or 4.6 million fewer than the 2018 estimate. Rail ridership is budgeted at 224.9 million trips in 2019, 0.7% or 1.5 million trips lower than the 2018 estimate. CTA ridership declined by an estimated 2.5% in 2018, the result of unfavorable bus and rail ridership.

EXHIBIT 3-1: CTA RIDERSHIP (IN MILLIONS)



CTA anticipates declining bus and rail ridership will persist in 2019 and that bus ridership will decline through 2021. Rail ridership is slated to decline through 2020, but grow in 2021 when it will overtake bus ridership. Total CTA ridership is expected to be 451.6 million in 2021, with ridership declining at a compound annual rate of 1.7% over the five year period. These ridership declines are consistent with current trends being reported by other public transit properties across the country.

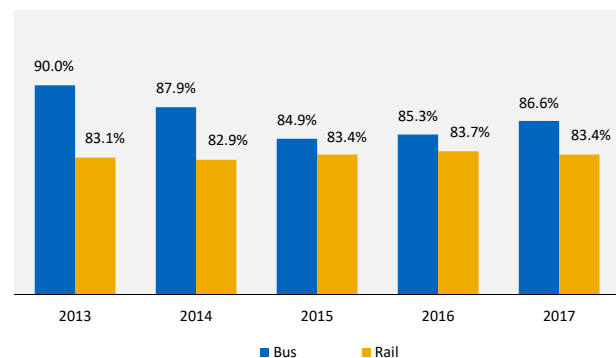
SERVICE QUALITY

On-time performance is a key measure of service quality and is shown in Exhibit 3-2. For CTA rail,

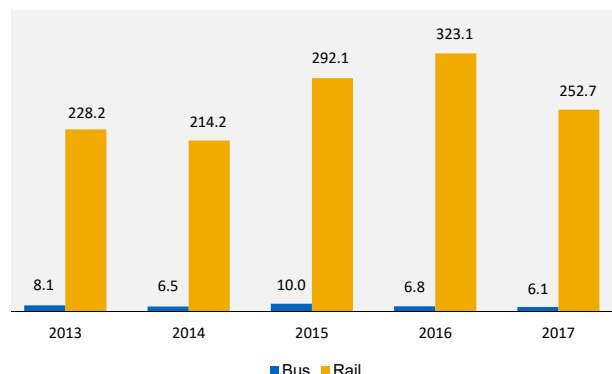
on-time performance is measured as arriving within one minute of the scheduled headway. For bus, on-time performance is measured as leaving the terminal no more than one minute early and arriving no more than five minutes later than scheduled. Since 2013, CTA's on-time performance levels have hovered around 83%

for rail service. On-time performance for bus service declined between 2013 and 2015, but improved in 2017 to 86.6%.

EXHIBIT 3-2: CTA ON-TIME PERFORMANCE

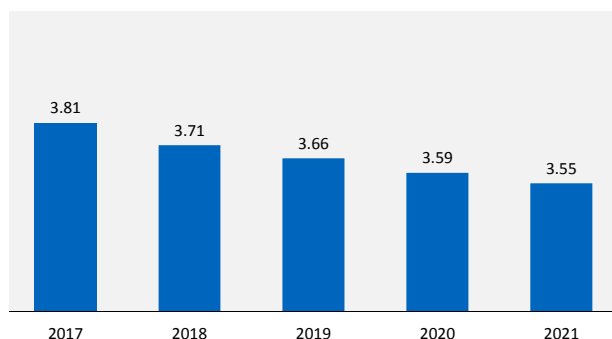
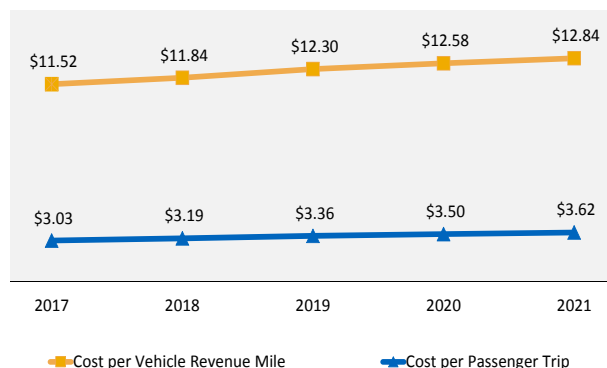


The maintenance, rehabilitation, and replacement of buses and rail cars helps improve service reliability and on-time performance by reducing mechanical failures. Exhibit 3-3 illustrates the miles between major mechanical failures for CTA bus and rail. Miles between mechanical failures decreased by 9.9% for CTA bus in 2017 and decreased by 21.8% for CTA rail. CTA

EXHIBIT 3-3: CTA MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)

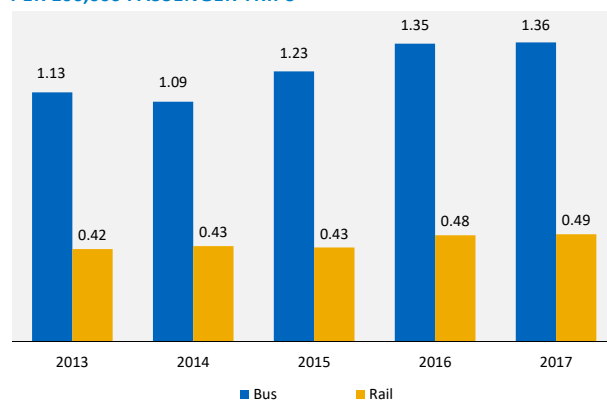
established an aggressive fleet modernization program in 2017, overhauling buses and putting new 5000-series rail cars into service, which helped mitigate mechanical failures.

Service effectiveness, shown in Exhibit 3-4 by the metric passenger trips per vehicle revenue mile, is expected to decrease to 3.66 in 2019, and continue to decrease in 2020 and 2021, 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 as CTA's operating costs grow at a greater rate than projected service and ridership.

EXHIBIT 3-4: CTA PASSENGER TRIPS PER VEHICLE REVENUE MILE**EXHIBIT 3-5: CTA COST EFFICIENCY & EFFECTIVENESS**

SAFETY AND SECURITY

CTA has set the benchmark for national transit safety management. The agency has an inventory of over 33,000 security cameras on their bus and rail system. Exhibit 3-6 shows that CTA's reported safety and security incidents increased on bus and rail in 2017, the latest year of data available. CTA will increase its security presence on the rail system in 2018.

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. By issuing its own debt, the CTA has worked to bring the system into the modern era despite the lack of State funding. Since 2011, the CTA has embarked on \$8 billion in projects. However, CTA is nearing the limits on its debt portfolio and will not be able to maintain the current pace of its infrastructure investments without a capital bill.

The State's poor financial situation also negatively impacts CTA's funding for operations. The State's FY 2019 budget reduced support for transit by imposing a 1.5% surcharge on sales tax collections and implementing a 5% cut in State Public Transportation Funds (PTF). CTA anticipates it will receive \$15 million less in funding in 2019 as a result of these cuts. CTA has worked hard in recent years to control its expenses by eliminating management positions, freezing hiring, locking in fuel and energy costs, and proactively overhauling its older bus and rail fleets to prevent more costly repairs.

Budget and Financial Plan

CTA's 2019 budget and two-year financial plan presented in Exhibit 3-7 match the funding amounts set by the RTA Board in August 2018. The budget reflects a recovery ratio of 55.6%, exceeding the required recovery ratio of 54.8% adopted by the RTA Board. CTA's 2019 budget and two-year financial plan were approved by the RTA Board on December 13, 2018. 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 2.8% to \$707.7 million in 2019, followed by increases of 1.7% in 2020 and 2% in 2021 (Exhibit 3-8). Growth is fueled by more riders using passes, increased advertising sales and investment income, additional revenue from the City of Chicago ride hailing fee, and contingent on the reinstatement of previous levels of funding for free and reduced fare rides.

Passenger Revenue

Passenger revenue comprises 83% of CTA's total operating revenue. Passenger revenue is estimated to increase 0.7% in 2019 to \$588 million, followed by increases of 2.2% in 2020 and 2.3% in 2021. Growth in 2019 is expected as more riders shift from pay-per-use to passes. Passenger revenue growth in the planning years is driven by the increased pass use and moderate increases in ridership on CTA rail, which yields higher average fares than bus. Exhibit 3-9 details the average fare paid by CTA customers, budgeted at \$1.27 in 2019 and forecasted to increase to \$1.37 by 2021.

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 \$13.9 million in reduced fare reimbursement funding from the State in 2018 after the State's 2019 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 2020 budget, bringing CTA's share back up to \$28.3 million for 2019. Reduced fare funding is anticipated to decrease to \$21.5 million in 2020 and \$14.6 million in 2021.

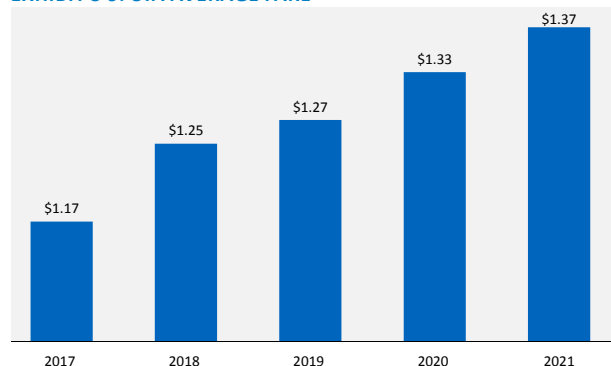
Other Revenue

Other revenue comprises 13% of CTA's total operating revenue. Non-capital grant revenue, parking charges, and revenue from rentals and property sales are included in Other Revenue. This category is projected to increase by 0.8% in 2019 due to growth in advertising and concessions revenue, investment income, and to a lesser degree, increased fees from filming and rental properties. CTA will also receive revenue from the City of Chicago's ride-hailing fee established in 2018. Exhibit 3-10 illustrates the components of the other revenue category.

EXHIBIT 3-7: CTA 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (IN THOUSANDS)

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	559,495	584,037	588,012	601,014	614,847
State Reduced Fare Reimbursement ¹	14,606	13,876	28,322	21,464	14,606
Other Revenue	75,777	90,702	91,413	97,463	104,944
Total Operating Revenues	\$649,878	\$688,616	\$707,747	\$719,941	\$734,397
<u>Public Funding</u>					
Sales Tax I	364,280	380,431	395,620	403,532	411,603
Sales Tax II and PTF II	121,928	123,402	131,039	133,135	133,503
25% PTF on RETT	15,083	16,658	16,658	17,158	17,672
Non-Statutory Funding - PTF I	208,391	208,462	228,213	238,745	243,520
Non-Statutory Funding - ST I	630	-	-	39	2,256
Innovation, Coordination, and Enhancement Funding ²	6,129	5,971	6,205	6,330	6,456
City of Chicago RETT	62,021	66,631	66,631	68,630	70,689
Total Public Funding	\$778,462	\$801,554	\$844,366	\$867,569	\$885,700
Total Revenues	\$1,428,340	\$1,490,170	\$1,552,114	\$1,587,511	\$1,620,097
Expenses					
Labor	1,044,859	1,068,296	1,084,100	1,100,362	1,116,867
Material	83,783	84,325	80,064	83,241	87,350
Fuel	28,757	33,482	44,084	47,543	46,457
Power	27,373	30,660	34,372	34,965	35,545
Insurance & Claims	3,167	5,000	7,500	8,500	10,000
Purchase of Security Services	17,041	17,804	19,307	19,693	20,087
Other Expenses	245,860	250,603	282,685	293,208	303,791
Total Expenses	\$1,450,840	\$1,490,170	\$1,552,114	\$1,587,511	\$1,620,097
ICE funding not used for operations - transfer to capital ³	-	-	-	-	-
Net Result ⁴	(\$22,500)	-	-	-	-
Recovery Ratio	55.5%	56.7%	55.6%	55.1%	54.8%

¹ Amount for 2019 contingent upon restoration of reduced fare funding to \$34.070 million in State FY19-20 budgets.² ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.³ As authorized by RTA Ordinance 2018-44, ICE amounts not required for operating funding may be redesignated for capital projects.⁴ CTA addressed the unfavorable net result in 2017 by issuing short-term debt to cover the additional expenses. CTA retired this debt in 2018.

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

PUBLIC FUNDING

Total public funding for CTA is budgeted at \$844.4 million in 2019, 5.3% higher than the 2018 estimate. Public funding for CTA is anticipated to increase to \$867.6 million in 2020 and \$885.5 million in 2021. These amounts include Chicago Real Estate Transfer Tax (RETT) funding projected at \$66.6 million in 2019, \$68.6 million in 2020, and \$70.7 million in 2021. 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 2019 totals \$6.3 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 \$1.552 billion for 2019, a 4.2% increase compared to the 2018 estimate. Revenue increases of 2.3% in 2020 and 2% in 2021 are expected. Exhibit 3-11 illustrates the breakdown of CTA's total revenue.

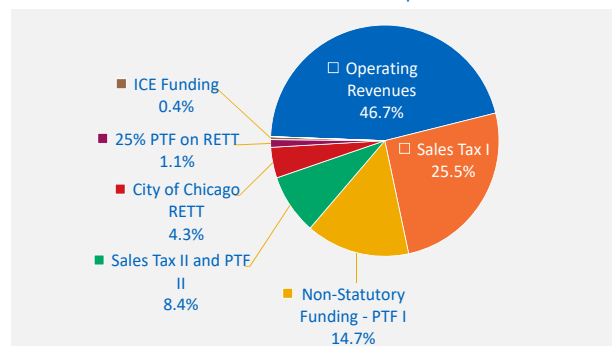
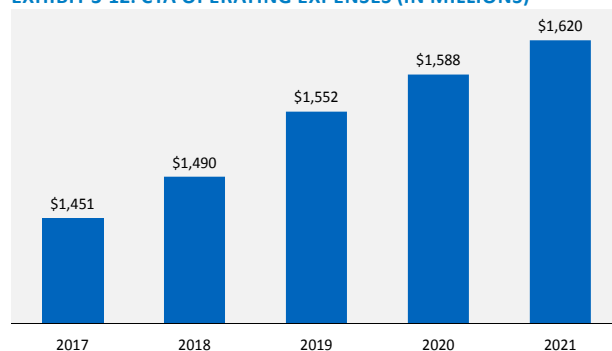
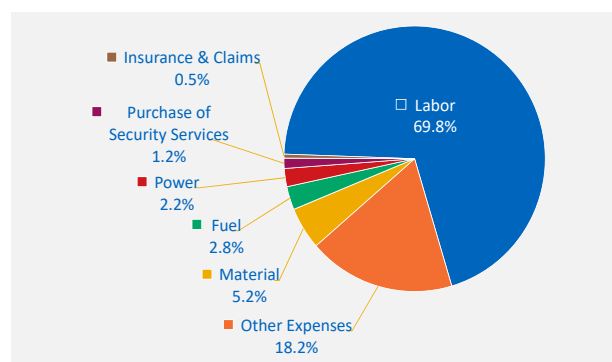
OPERATING EXPENSES

CTA's total operating expenses of \$1.552 billion in 2019 are projected to grow by 4.2% over the 2018 estimate. In 2019 and 2020, expenses are expected to increase by 2.3% and 2.1%, 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.

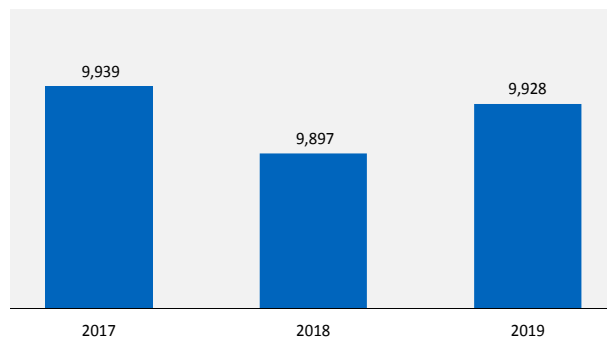
EXHIBIT 3-10: CTA OTHER REVENUE COMPONENTS (IN THOUSANDS)

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Other Revenue					
Advertising, Charter, & Concessions	34,379	37,966	38,758	40,308	42,324
Investment Income	3,119	2,500	2,100	2,500	3,000
Contributions from Local Govt. Units	5,000	5,000	5,000	5,000	5,000
Miscellaneous Revenue	33,279	45,236	45,555	49,655	54,620
Total Other Revenue	\$75,777	\$90,702	\$91,413	\$97,463	\$104,944

EXHIBIT 3-11: CTA 2019 TOTAL REVENUE - \$1.552 BILLION**EXHIBIT 3-12: CTA OPERATING EXPENSES (IN MILLIONS)****EXHIBIT 3-13: CTA 2019 TOTAL OPERATING EXPENSES - \$1.552 BILLION**

Labor

Labor expenses for 2019 are estimated at \$1.084 billion, \$15.8 million or 1.5% more than the 2018 estimate. CTA will hire new training and workforce development staff in 2019, in addition to expanding its Second Chance Program. The Second Chance Program provides jobs, education, and mentoring opportunities to nonviolent ex-offenders, victims of abuse, and others who face barriers to employment. CTA budgeted for 9,928 positions in 2019, an increase of 0.3% from the 2018 budgeted

EXHIBIT 3-14: CTA BUDGETED POSITIONS

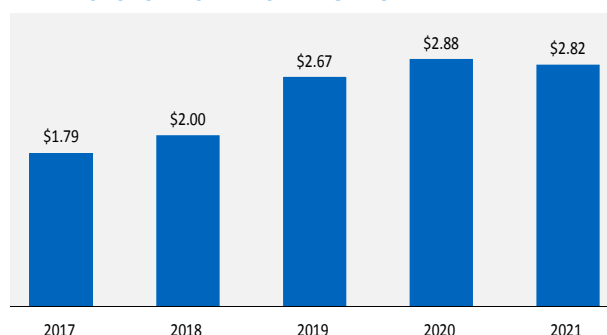
amount (Exhibit 3-14). Labor expenses are expected to increase by 2% in 2020 and 2021.

Material

Material expenses for 2019 are estimated at \$80.1 million, 5.1% lower than the 2018 estimate. CTA has avoided cost growth in this category by initiating a capital campaign to perform targeted preventative maintenance on rail cars and buses. Expenses are expected to grow 4.0% in 2020 and 4.5% in 2021 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 \$2.67 per gallon for a total budgeted cost of \$44.1 million in 2019, \$10.6 million more than the 2018 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 2019 to mitigate against further fluctuations in price. CTA has budgeted for fuel prices

EXHIBIT 3-15: CTA FUEL PRICE PER GALLON

to increase again in 2020, growing 7.8% to \$2.88 per gallon, and then to decrease 2.3% in 2021 to \$2.82 per gallon (Exhibit 3-15).

Power

Power is budgeted at \$34.4 million in 2019, 12.1% greater than the 2018 estimate. The increase in expenses expected in 2019 is due to increased rates for power capacity, transmission, and renewable energy charges. CTA uses a fixed price purchasing strategy to protect against consumption and cost spikes in extreme weather. Power expenses are budgeted to increase by only 1.7% in both 2020 and 2021.

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 \$7.5 million in 2019 which is 50% above the 2018 estimate. CTA pays into the fund at the level advised by its actuaries. Proposed expenses for 2020 and 2021 are \$8.5 million and \$10 million, respectively.

Purchase of Security Services

Expenses for security services are estimated at \$19.3 million in 2019, 8.4% more than the 2018 estimate. Expense growth in this category in 2019 is due to wage increases for contracted security services. Expenses are projected to grow by 2% in both 2020 and 2021.

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 \$282.7 million in 2019, 12.8% more than the 2018 estimate. This increase is largely due to increased debt service payments. Other expenses are slated to increase by 3.7% in 2020 and 3.6% in 2021, 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 2019 recovery ratio of 55.6% 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 2020 and 2021, CTA anticipates recovery ratios of 55.1% and 54.8%, respectively.

Statutory Compliance

CTA's 2019 budget and 2020-2021 financial plans comply with the operations funding amounts adopted by the RTA Board on August 23, 2018. 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 \$777.8 million in 2019, \$798.9 million in 2020, and \$815 million in 2021. CTA's 2019 budgeted recovery ratio of 55.6% exceeds the requirement adopted by the RTA Board.

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 2019 budget and 2020-2021 financial plans.

Fare Structure

CTA's current 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 ¹
Current Fares		
Regular Fare Types ²		
Full Fare Bus	\$2.25	\$1.10
Full Fare Rail	\$2.50	\$1.25
Full Fare Cash (Bus only)	\$2.50	\$1.25
Transfer ³	\$0.25	\$0.15
Ventra Ticket ⁴	\$3.00	
Passes		
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
Student Fares⁵		
Bus and Rail with Student Permit	\$0.75	None
Transfer ³	\$0.15	None
Student Fare Cash (Bus only)	\$0.75	None
O'Hare Station Fare ⁶	\$5.00	\$1.10
#128 Soldier Field Express ⁷	\$5.00	\$2.50

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

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

³ The second transfer is free.

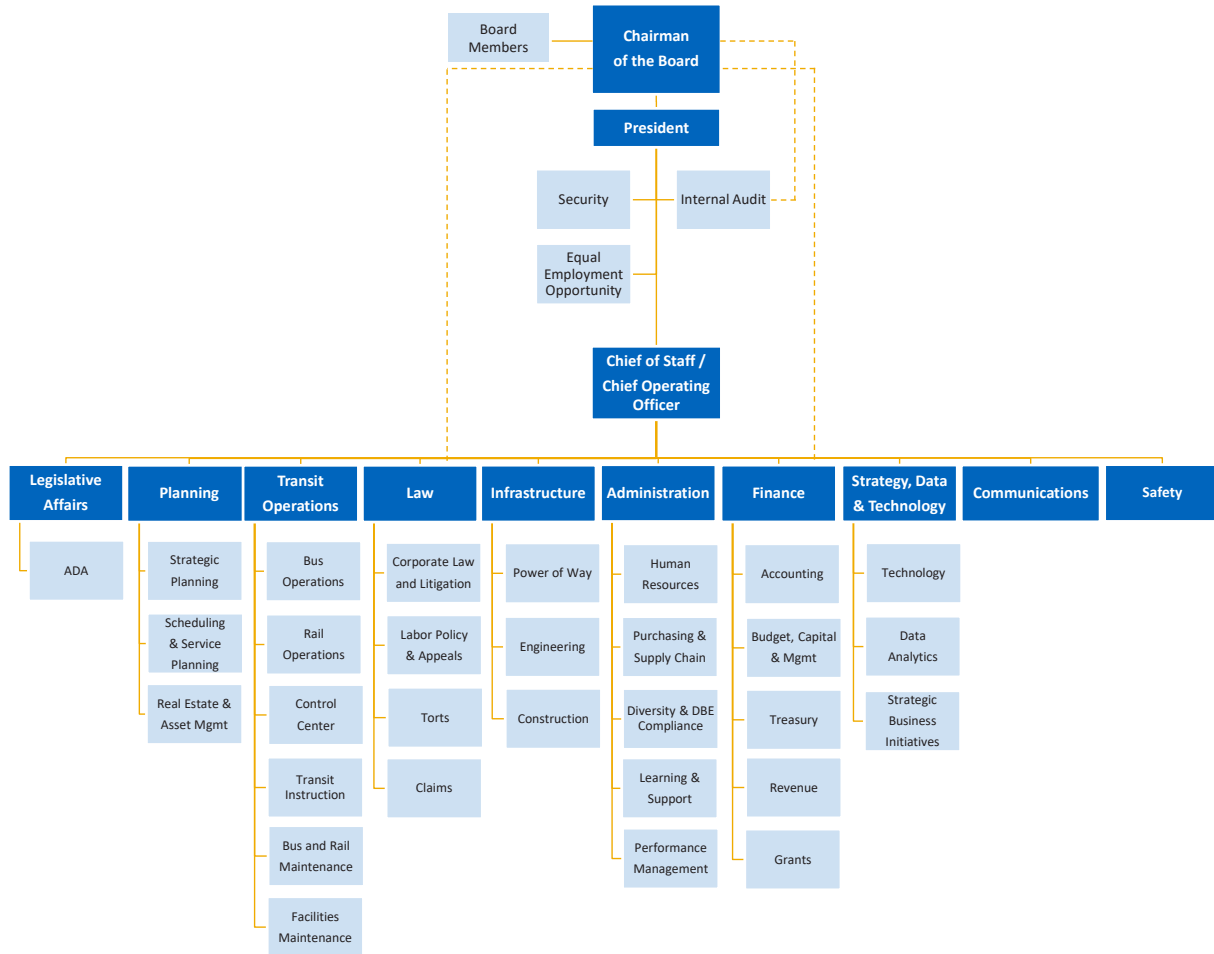
⁴ Customers will be charged an additional \$0.50 for a limited time use Ventra ticket.

⁵ 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.

⁶ 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.

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

EXHIBIT 3-17: CTA ORGANIZATIONAL STRUCTURE



4 METRA OPERATING PLAN





Overview

Metra, 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 242 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 242 local rail stations in more than 100 communities. Metra's network is comprised of over 1,200 revenue vehicles, 847 bridges, 566 grade crossings, 24 rail yards, and 91,000 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. 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 686 weekday trains, 260 Saturday trains, and 173 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.

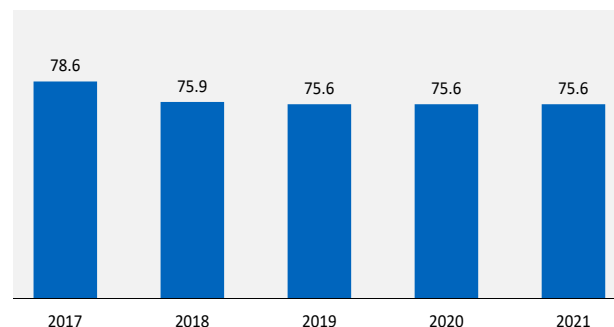
For 2019, Metra has proposed a balanced projection of revenues and expenses that follow the guidelines set forth in the RTA Act.

RIDERSHIP

Metra's primary customer base is city and suburban residents who travel to and from downtown Chicago. After several years of historical high ridership, surpassing 80 million annual trips each year from 2007 to 2016, ridership declined in 2017 to 78.6 million, with 2018 projected to finish at 75.9 million, a 3.5% decrease from 2017. The decrease is primarily due to the 2018 fare increase, lower gas prices, and increased telecommuting.

In 2019, Metra anticipates a further ridership decrease of 0.4% to 75.6 million, due to the lagging effects of the 2018 fare increases, improvements in technology making it easier to work from home, order a ride or park, and other external factors. Metra projects stable ridership levels in 2020 and 2021 [Exhibit 4-1].

EXHIBIT 4-1: METRA RIDERSHIP (IN MILLIONS)



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 entering in to a public-private partnership pilot to increase reverse commuting ridership.

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 95.8% in 2017 exceeded the five-year average of 95.6% and was down just slightly from 2016.

EXHIBIT 4-2: METRA ON-TIME PERFORMANCE

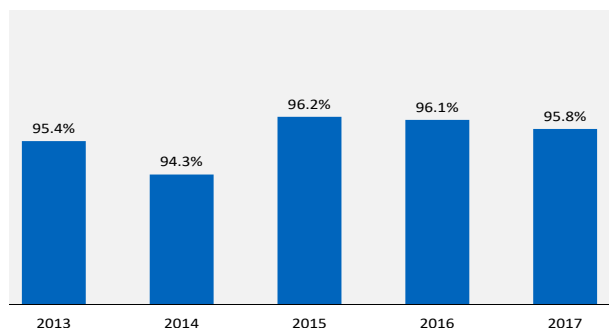


Exhibit 4-3 illustrates the miles between major mechanical failures over the past five years, reflecting a fluctuating trend. In 2014, the significant decline was due to the "Polar Vortex" events during the months of January and February. This metric improved in 2015 as replacement and major rehabilitations 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 slightly decrease in 2019 as sight service level increases are offset by a decline in ridership. Metra is anticipating no ridership growth and slight service increases until 2021. The cost efficiency and effectiveness illustration

EXHIBIT 4-3: METRA MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)

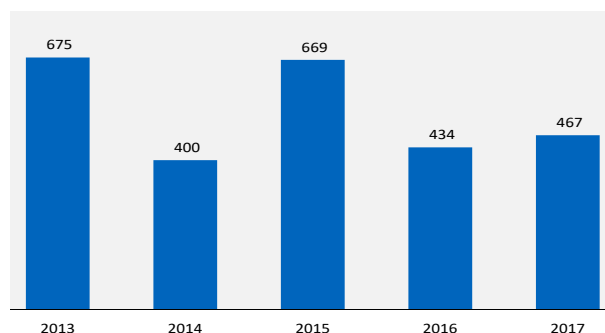


EXHIBIT 4-4: METRA PASSENGER TRIPS PER VEHICLE REVENUE MILE

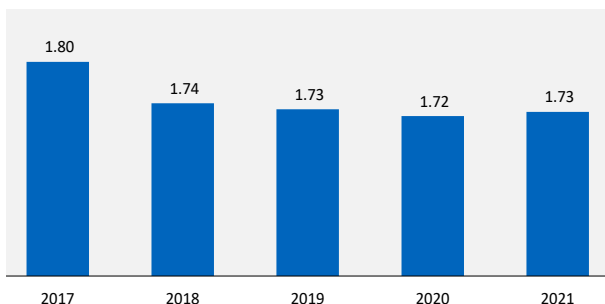
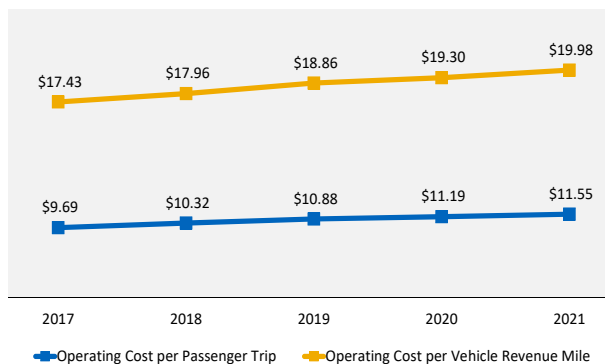


EXHIBIT 4-5: METRA COST EFFICIENCY AND EFFECTIVENESS



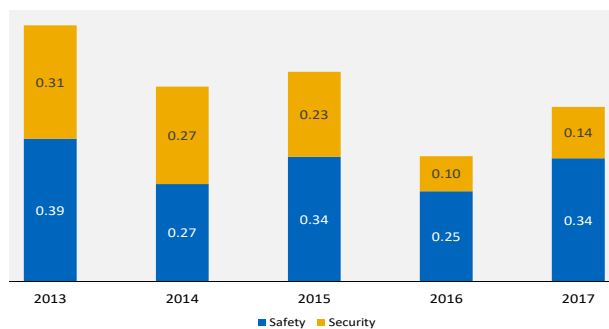
in Exhibit 4-5 shows operating cost per passenger trip and per vehicle revenue mile steadily increasing over the next few years, as operating cost increases outpace the service level increases and stagnant ridership.

SAFETY AND SECURITY

Safety of employees, passengers, and the public remains Metra's number one priority. Metra's Safety Department oversees numerous programs to incorpo-

rate 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 2019, 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 after experiencing a jump in 2013.

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



¹ Commuter rail (Metra) reportable incident data are submitted to the Federal Railroad Association (FRA) and have been restated for prior years to conform to a definition which will allow comparisons to peer data reported in the annual Sub-Regional Peer Review.

CHALLENGES

Throughout 2019, Metra will be taking a hard look at its funding sources. Metra has an economic model built on macroeconomic factors that existed over 40 years ago and are no longer sustainable in today's economic climate. Absent adequate and long-term sustained funding – both operating and capital – Metra cannot survive in its present form. Metra will be asking their stakeholders, passengers, mayors and managers, county officials, planning agencies, economic development and business leadership groups to assist Metra in educating the state legislators about the critical need for more funding. About 40% of Metra's assets are classified as in marginal or worn condition. Half of their bridges are more than 100 years old, their diesel cars have an average age of 30 years, the oldest in the nation, and the oldest cars in daily service are 65 years old. Without sustained funding, the system will continue to deteriorate, and drastic changes in service levels may

be needed to shrink the system to a size that existing resources can sustain. Metra's focus will be on lobbying for a sustained capital program and sustained operating funding indexed to inflation to maintain service levels in the 2020s, and a capital program of \$5 billion over the next 5-7 years.

Budget and Financial Plan

The Metra 2019 budget and two-year financial plan presented in Exhibit 4-7 complies with the funding amounts set by the RTA Board in August 2018. The budgeted recovery ratio of 53.1% exceeds the required recovery ratio of 52.5% for 2019. The RTA Board approved Metra's 2019 budget and two-year financial plan on December 13, 2018. 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 2019 total operating revenues will increase by 0.3% to \$411.7 million, followed by increases of 7.6% in 2020 and 4.3% in 2021, 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. After adopting higher fares across most ticket types in 2018, there will be no changes to passenger fares in 2019. As a result, fare revenue is expected to decrease by 0.3%, driven by increased telecommuting and other external factors. Metra anticipates passenger revenue increases of 8.4% in 2020 and 4.7% in 2021. Exhibit 4-9 shows the average fare paid by Metra customers, budgeted to increase by 0.1% to \$4.91 in 2019 and forecasted to increase to \$5.57 by 2021.

EXHIBIT 4-7 : METRA 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	355,260	372,000	371,000	402,000	421,000
State Reduced Fare Reimbursement ¹	1,483	1,537	3,138	2,378	1,618
Other Revenue	39,881	37,000	37,550	38,500	39,200
Total Operating Revenues	\$396,625	\$410,537	\$411,688	\$442,878	\$461,818
<u>Public Funding</u>					
Sales Tax I	290,406	295,284	307,073	313,215	319,479
Sales Tax II and PTF II	99,066	100,264	106,469	108,172	108,471
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	512	-	-	32	1,833
Innovation, Coordination, and Enhancement Funding ^{2,3}	7,380	4,851	5,042	5,143	5,246
Joint Self Insurance Fund (JSIF) Reserve	2,500	2,500	2,500	-	-
Homeland Security Grant	2,400	1,500	1,500	1,500	1,500
Total Public Funding	\$402,265	\$404,399	\$422,585	\$428,062	\$436,529
Total Revenues	\$798,889	\$814,937	\$834,273	\$870,940	\$898,347
Expenses					
Transportation	249,483	272,900	283,800	292,100	301,600
Maintenance of Way (Engineering)	149,819	143,900	157,336	162,000	167,500
Maintenance of Equipment (Mechanical)	174,260	184,200	190,351	196,000	202,500
Claims & Insurance	25,370	14,500	15,607	15,600	15,600
Administration	98,838	101,900	107,093	110,000	113,500
Downtown Stations ⁴	14,337	-	-	-	-
Diesel Fuel	45,321	60,000	62,480	64,500	66,500
Electricity	4,166	5,200	5,549	5,700	5,900
Total Expenses	\$761,593	\$782,600	\$822,215	\$845,900	\$873,100
ICE funding not used for operations - transfer to capital ⁵	(4,980)	(4,851)	(5,042)	(5,143)	(5,246)
Farebox capital program	(32,400)	(27,485)	(7,015)	(19,897)	(20,002)
Net Result	(\$84)	-	-	-	-
Recovery Ratio	55.5%	55.7%	53.1%	55.5%	56.0%

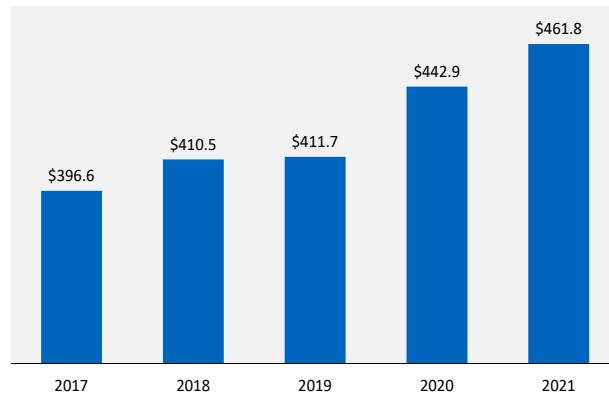
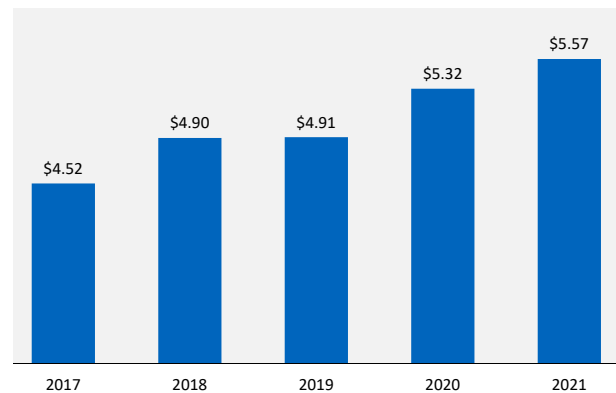
¹ Amount for 2019 contingent upon restoration of reduced fare funding to \$34.070 million in State FY19-20 budgets.

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

³ 2017 ICE amount includes carryover of \$2.4 million of 2015 ICE funding for mobile application development.

⁴ Effective with the 2019 budget, and in the 2018 estimate, the Downtown Stations category has been incorporated into Transportation.

⁵ As authorized by RTA Ordinance 2018-44, ICE amounts not required for operating funding may be redesignated for capital projects.

EXHIBIT 4-8: METRA OPERATING REVENUE (IN MILLIONS)**EXHIBIT 4-9: METRA 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 classify this funding as operating revenue. The State's fiscal year 2019 budget appropriated \$17.6 million of reduced fare reimbursement for the Service Boards. With the RTA's concurrence, Metra's budget assumes that the State's FY 2020 budget will restore the reduced fare reimbursement (RFR) to its previous level of \$34.1 million, bringing Metra's share back up to \$3.1 million for 2019. For the planning years, it is assumed that the funding will revert to the \$17.6 million level in the State FY 2021 and 2022 budgets, resulting in a step-down of the RFR to \$1.6 million by 2021.

Other Revenue

Other revenue for Metra, comprising 9.0% of its 2019 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 increase by 1.5% in 2019, followed by increases of 2.5% and 1.8% in 2020 and 2021, 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 \$422.6 million in 2019, an increase of \$18.2 million or 4.5% from the 2018 estimate, due to assumed 3.8% sales tax growth and reduced state funding cuts. Of that total, RTA funding totals \$421.0 million, which includes statutory Sales Tax and PTF, ICE funding of \$5.0 million, and JSIF Reserve funding of \$2.5 million. The

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

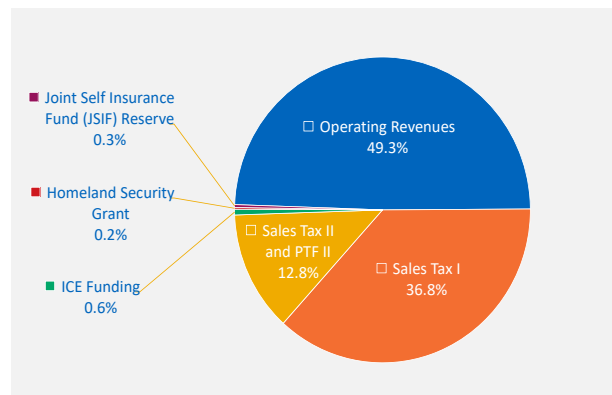
	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Other Revenue					
Leases	22,411	23,099	21,500	21,800	22,000
Advertising	3,827	3,947	3,850	3,900	4,000
Other ¹	13,684	18,311	12,200	12,800	13,200
Total Other Revenue	\$39,923	\$45,357	\$37,550	\$38,500	\$39,200

¹ Includes investment income, crossing work for other entities, and other miscellaneous accounts.

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 2019. 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 \$834.3 million for 2019, a 2.4% increase from the 2018 estimate. Additional increases of 4.4% and 3.1% are projected for 2020 and 2021, respectively. Exhibit 4-11 illustrates the breakdown of Metra's total 2019 revenue.

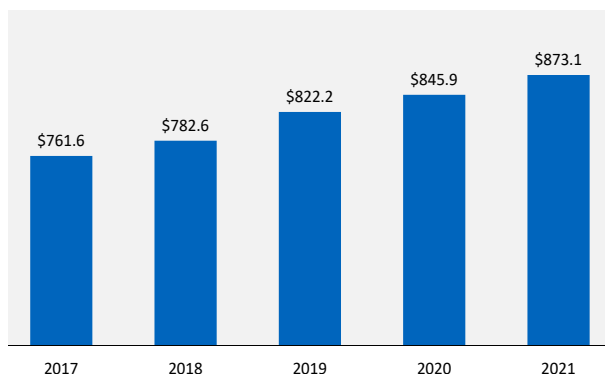
EXHIBIT 4-11: METRA 2019 TOTAL REVENUE - \$834.3 MILLION



OPERATING EXPENSES

Metra projects that 2019 total operating expenses will increase by 5.1% or \$39.6 million over the 2018 estimate to \$822.2 million. Service levels are expected to be relatively flat with a 0.1% increase, with expense growth reflecting cost increases in labor, benefits, rents, materials, POS agreements, and other costs associated with operating train service. In 2020 and 2021, expenses are estimated to increase by 2.9% and 3.2%, respectively, 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

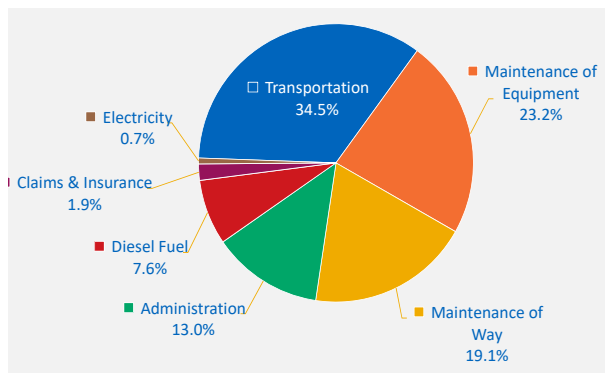
EXHIBIT 4-12: METRA OPERATING EXPENSE (IN MILLIONS)



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, Diesel Fuel, and Electricity. Exhibit 4-13 shows each category of operating expense and its proportion of the overall operating budget.

EXHIBIT 4-13: METRA 2019 TOTAL OPERATING EXPENSES - \$822.2 MILLION



Transportation

The transportation category includes the operation of 686 weekday trains across the system and supporting customers with ticket and station services, the Chicago Union Station, Ogilvie Transportation Center and LaSalle Street downtown stations as well as the Metra police. Transportation expenditures comprise 34.5% of the total expense budget and are expected to total \$283.8

million in 2019, an increase of 4.0% from the 2018 estimate. By 2021, transportation costs are projected to reach \$301.6 million, representing a compound annual growth rate of 3.1%.

Maintenance

Maintenance of Way activities includes the inspection and upkeep of 1,155 miles of track, 847 bridges, 2,000 signals, 242 stations, and other infrastructure. Maintenance of Way expenses of \$157.3 million comprise 19.1% of the annual budget for 2019. 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 \$190.4 million, 23.2% of the 2019 budget, and are projected to increase to \$202.5 million by 2021, representing a compound annual growth rate of 3.1%.

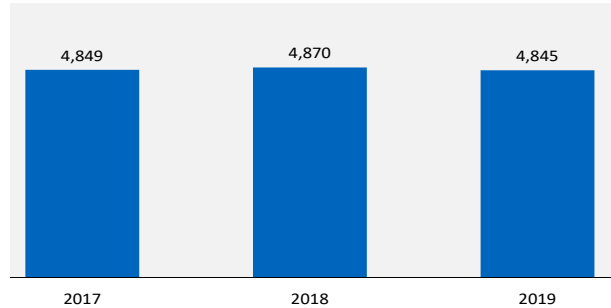
Claims and Insurance

Claims and insurance expense comprises 1.9% of Metra's budget. For 2019, claims and insurance are budgeted at \$15.6 million, an increase of 7.6% over the 2018 estimate. For 2020 and 2021, expenses for this category are projected to remain flat.

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 13.0% of Metra's 2019 budget at \$107.1 million, an increase of 5.1% from the 2018 estimate. As shown in Exhibit 4-14, Metra has projected a decrease of 25 budgeted positions for the 2019 budget year, primarily due to vacancy control. For 2020 and 2021, administration expenses are expected to increase by 2.7% and 3.2%, respectively.

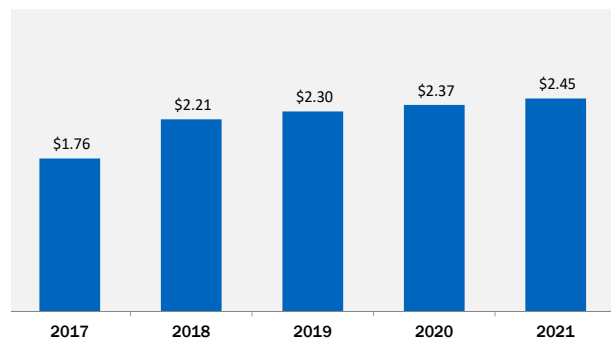
EXHIBIT 4-14: METRA BUDGETED POSITIONS & LABOR GROWTH



Diesel Fuel and Electricity

Diesel fuel expenditures of \$62.5 million comprise 7.6% of Metra's operating budget for 2019. Diesel fuel is budgeted at \$2.30 per gallon, representing a \$0.09 increase from the 2018 estimate. Metra has entered into supply contracts for a portion of the 2019 budget year fuel requirements. For 2020 and 2021, diesel fuel is budgeted at \$2.37 and \$2.45 per gallon, respectively. Exhibit 4-15 shows anticipated fuel price trends. Electricity expense comprises 0.7% of Metra's budget. For 2019, \$5.5 million is budgeted for electricity, a 6.7% increase from the 2018 estimate. For 2020 and 2021, Metra has projected this expense category to increase by 2.7% and 3.5%, respectively.

EXHIBIT 4-15: METRA FUEL PRICE PER GALLON



NET RESULT

Metra's 2019 operating budget is balanced, with a net result of zero after the transfer of \$5.0 million of ICE funds and \$7.0 million of Farebox Capital Program funds to the capital program. In both 2020 and 2021, Metra anticipates transferring an additional \$19.9 million and

\$20.0 million of Farebox Capital to the capital program, respectively.

RECOVERY RATIO

Metra's 2019 recovery ratio of 53.1% 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 2020 and 2021, Metra anticipates the recovery ratio to increase further and exceed 55%.

Statutory Compliance

Metra's 2019 budget and 2010–2021 financial plans adhere to the operations funding amounts adopted by the RTA Board on August 23, 2018. 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 \$411.7 million in 2019, \$442.8 million in 2020, and \$461.8 million in 2021. Metra's budgeted recovery ratio of 53.1% 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 2019 budget and 2020–2021 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). Metra has elected not to raise fares in 2019. As part of a one-year fare pilot program, Zones K and M



have been consolidated into Zone J (see Exhibit 4-16). Passengers who pay for their ticket on the train when a Metra agent or vending machine 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, 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

EXHIBIT 4-16: METRA FARE STRUCTURE

METRA FULL FARE SCHEDULE									
Effective February 1, 2018					Effective January 1, 2019				
Zone ¹	One-Way	Ten-Ride	Monthly	Weekend	Zone ^{1,2}	One-Way	Ten-Ride	Monthly	Weekend
A	\$4.00	\$38.00	\$116.00	\$10.00	A	\$4.00	\$38.00	\$116.00	\$10.00
B	\$4.25	\$40.50	\$123.25	\$10.00	B	\$4.25	\$40.50	\$123.25	\$10.00
C	\$5.50	\$52.25	\$159.50	\$10.00	C	\$5.50	\$52.25	\$159.50	\$10.00
D	\$6.25	\$59.50	\$181.25	\$10.00	D	\$6.25	\$59.50	\$181.25	\$10.00
E	\$6.75	\$64.25	\$195.75	\$10.00	E	\$6.75	\$64.25	\$195.75	\$10.00
F	\$7.25	\$69.00	\$210.25	\$10.00	F	\$7.75	\$69.00	\$210.25	\$10.00
G	\$7.75	\$73.75	\$224.75	\$10.00	G	\$7.75	\$73.75	\$224.75	\$10.00
H	\$8.25	\$78.50	\$239.25	\$10.00	H	\$8.25	\$78.50	\$239.25	\$10.00
I	\$9.00	\$85.50	\$261.00	\$10.00	I	\$9.00	\$85.50	\$261.00	\$10.00
J	\$9.50	\$90.25	\$275.50	\$10.00	J	\$9.50	\$90.25	\$275.50	\$10.00
K	\$10.00	\$95.00	\$290.00	\$10.00					
M	\$11.00	\$104.50	\$319.00	\$10.00					

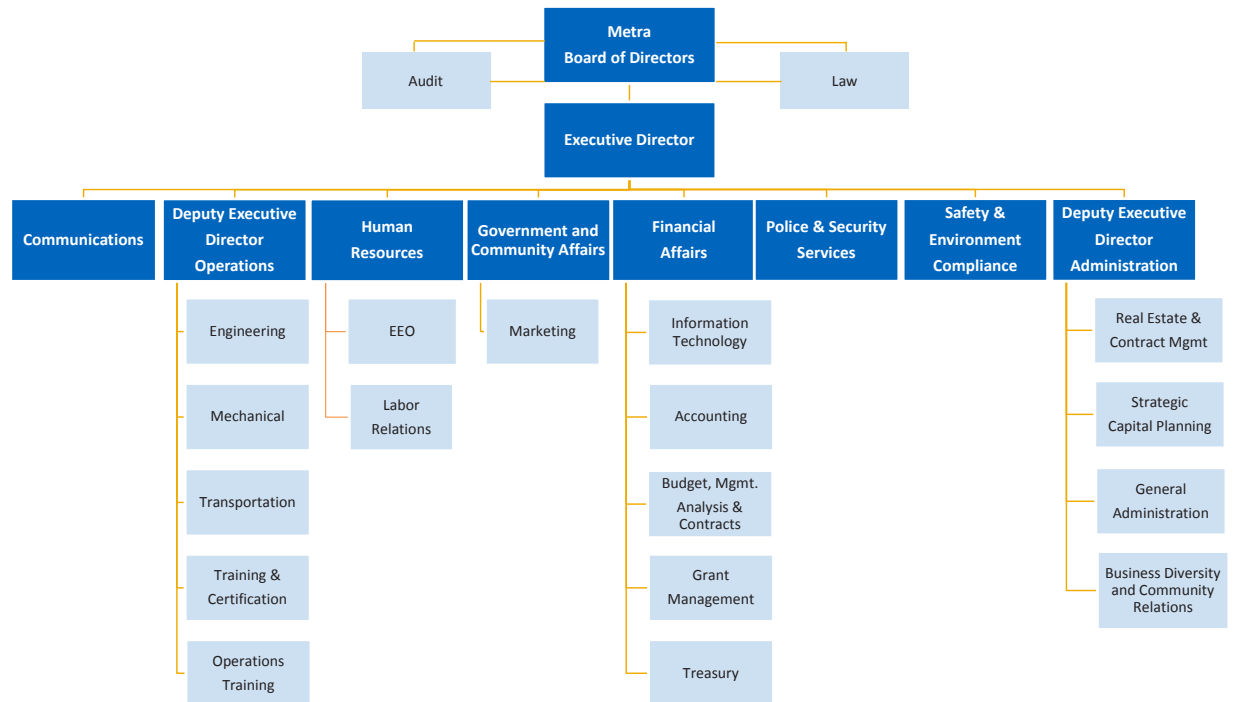
¹ Fares based on traveling to/from Zone A (downtown stations)

² Zones K and M have been consolidated into Zone J as part of a one-year fare pilot program

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, Government and Community Affairs, Human Resources, Financial Affairs, Administration, Police & Security Services, Communications, and Safety & Environment Compliance (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, and 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.

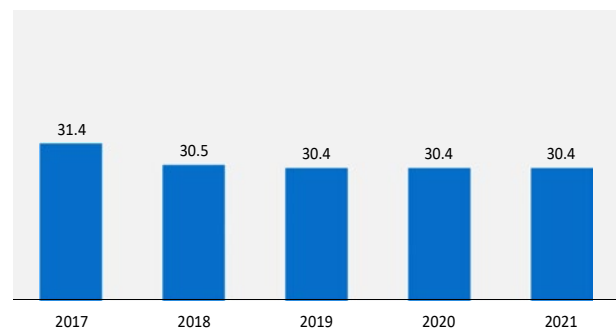
Pace Suburban Service features distinct fixed-route, paratransit, and vanpool services. Fixed-route operations comprise 162 regular routes, 43 feeder routes, 20 shuttle routes, and numerous seasonal routes serving a total of 210 communities. Pace's non-ADA paratransit services include 57 local Dial-a-Ride arrangements as

well as eleven of the newer concept On Demand 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 30 million annual rides with a fleet of 780 buses, 552 paratransit vehicles, and 657 vanpool vehicles.

RIDERSHIP

In 2017, the addition of significant new services in the I-90 corridor contributed to overall Pace ridership growth of 0.6%. As a result of the 25 cent fare increase implemented in January 2018, Suburban Service ridership is expected to decrease by 2.8% in 2018 and finish the year at 30.5 million. While Pace fares will not increase for the 2019 budget year, Pace projects that ridership will decrease by another 0.4% to 30.4 million, reflecting a continuation of recent national trends. Pace's forecast for 2020 and 2021 anticipates stable ridership of 30.4 million annual rides (Exhibit 5-1).

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



Fixed-route ridership is projected to decrease by 0.4% in 2019, to 27.8 million. Pace will increase fixed-route service in 2019 by adjusting frequency on its successful I-55 Bus-on-Shoulder routes and starting up its first Arterial Rapid Transit (ART) service on Milwaukee Avenue. However, twelve under-performing bus routes have been identified for reduction or elimination in

2019: 209, 304, 326, 348, 362, 504, 532, 540, 546, 661, 809, and 824. Dial-a-Ride ridership is expected to be unchanged from 2018, with just over 1 million rides projected. Vanpool ridership is also projected to be flat in 2019 with 1.5 million rides provided using 553 active vans.

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, fell in 2014 and 2015 due to severe winter weather events, before increasing in 2016 and 2017. On-time performance finished the five-year period at 84.4%, just short of Pace's performance standard of 85%. Miles between major mechanical failures, a measure of the frequency of breakdowns, had been on a steadily declining (worsening) trend since 2012, impacted by severe cold and an aging vehicle fleet, but improved sharply to 26,000 miles between failures in 2017.

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

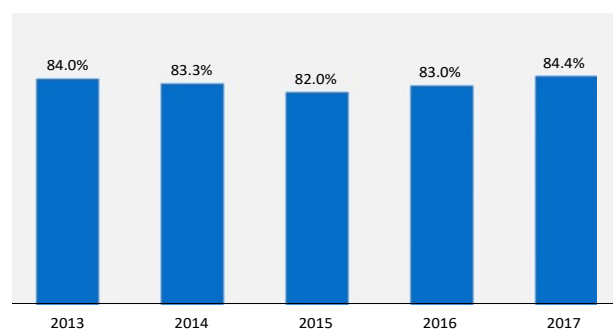
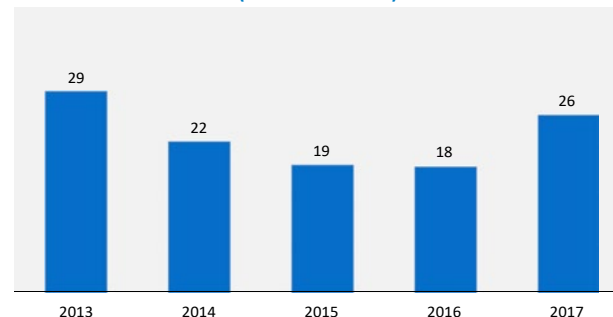


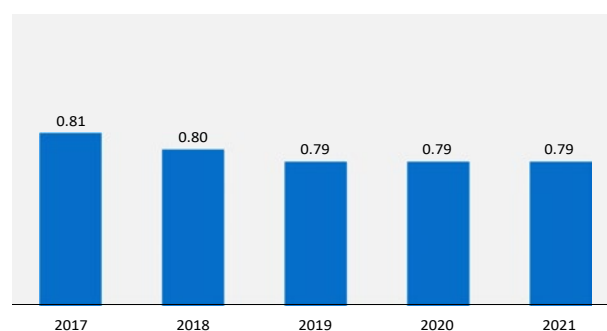
EXHIBIT 5-3: PACE SUBURBAN SERVICE MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)



Matching the amount of service provided to demand is fundamental to achieving system effectiveness.

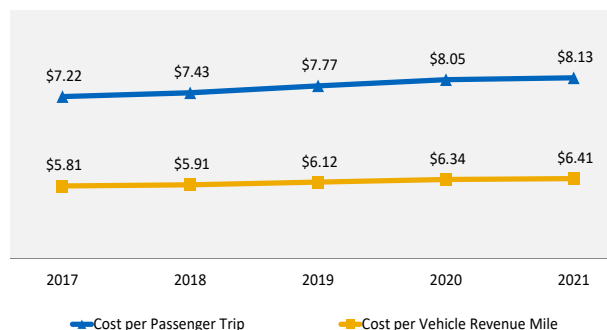
One way to measure this balance is to relate the total number of passengers served to the total number of vehicle revenue miles operated. After decreasing to 0.80 in 2018 due to lower ridership, Pace's passengers per vehicle revenue mile ratio for Suburban Service is expected to decrease further to 0.79 in 2019 and then hold steady in 2020 and 2021 (Exhibit 5-4) as ridership is projected to stabilize.

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



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 \$5.81 in 2017 to \$6.41 in 2021, corresponding to a compound annual growth rate of 2.5%. Pace's cost per passenger trip is projected to increase at a compound annual growth rate of 3.0% over the same period, reaching \$8.13 in 2021. 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.

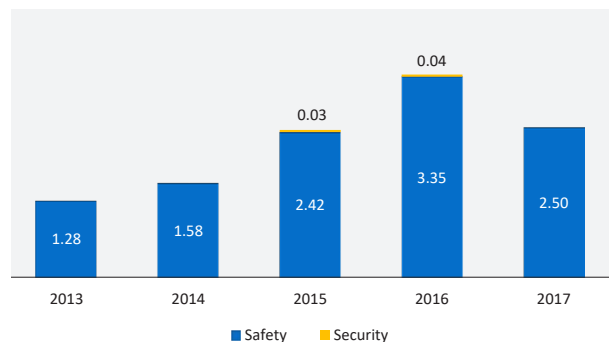
EXHIBIT 5-5: PACE SUBURBAN SERVICE COST EFFICIENCY AND EFFECTIVENESS



SAFETY AND SECURITY

Pace's primary metric in this area, reportable safety and security incidents, has increased in recent years but dropped in 2017 to a rate of about 2.5 incidents per million trips (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 support better on-time performance by speeding up Pace fixed-route service.

EXHIBIT 5-6: PACE SUBURBAN SERVICE REPORTABLE INCIDENTS PER MILLION 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 \$14.2 million of bonds in late 2018 to acquire land for a new Northwest Division garage, followed by a larger \$46.8 million bond issuance in 2019 to fund construction of the Northwest garage. Debt service on these bonds will collectively add about \$3 million of interest per year to Pace's operating expenses.

The State's FY 2018 budget reduced support for transit by imposing a 2% surcharge on sales tax collections and implementing a temporary 10% cut in State Public Transportation Funds (PTF) provided to the RTA system. This State action led Pace to increase passenger fares for 2018 in order to compensate for the lower public funding, which in turn impacted ridership levels. Although the State FY 2019 budget reduced the sales tax surcharge to 1.5% and PTF cut to 5%, Pace has identified a \$9 million budget gap in its 2020 plan, expected to be resolved by a combination of fare revenue increases and/or operating expense reductions.

Budget and Financial Plan

The Pace Suburban Service 2019 budget and two-year financial plan presented in Exhibit 5-7 adheres to the funding amounts set by the RTA Board on August 23, 2018. 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 2019 budget and two-year financial plan were approved by the RTA Board on December 13, 2018. A detailed discussion of Pace's outlook for operating revenue, public funding, and operating expenses follows.

OPERATING REVENUE

Exhibit 5-8 shows that 2019 operating revenue of \$58.7 million is budgeted to increase by 4.1% from 2018 due to an assumed increase in State funding for reduced fares and improvements in ancillary revenue. However, operating revenue will account for only 25% of total Suburban Service revenue in 2019, with the remainder provided by public funding sources.

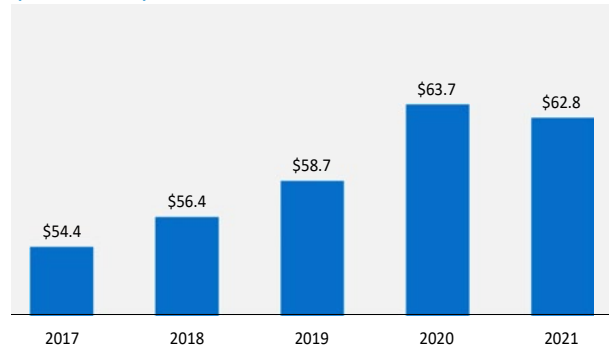
Passenger Revenue

Revenue from passenger fares accounts for the majority of Pace's operating revenue and is projected to decrease by 0.2% in 2019 to \$38.0 million, consistent with the anticipated ridership loss. Passenger revenue includes fixed-route fares (using cash, passes, and fare cards) and payments for vanpool, Dial-a-Ride, and

EXHIBIT 5-7: PACE SUBURBAN SERVICE 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

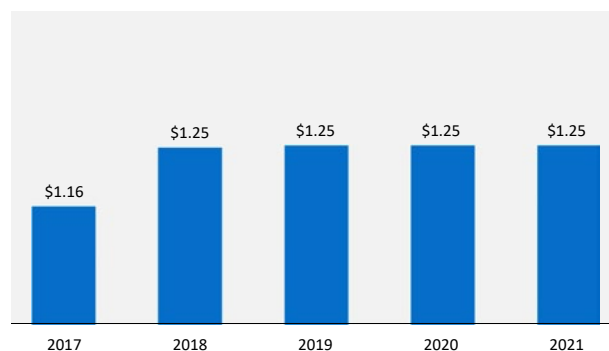
	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	36,541	38,008	37,950	37,950	37,950
State Reduced Fare Reimbursement ¹	1,346	1,279	2,610	1,978	1,346
Other Revenue ²	16,544	17,104	18,169	23,784	23,547
Total Operating Revenues	\$54,431	\$56,391	\$58,729	\$63,712	\$62,843
<u>Public Funding</u>					
Sales Tax I	92,119	93,454	97,185	99,129	101,112
Sales Tax II and PTF II	33,022	33,421	35,490	36,057	36,157
Suburban Community Mobility Fund	24,141	24,878	25,856	26,373	26,901
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	4,253	4,254	4,657	4,872	4,970
Non-Statutory Funding - ST I	171	-	-	11	611
Innovation, Coordination, and Enhancement Funding ³	1,660	1,617	1,681	1,714	1,749
CMAQ / JARC / New Freedom	8,565	4,680	4,939	5,150	5,166
Total Public Funding	\$171,431	\$169,805	\$177,308	\$180,807	\$184,165
Total Revenues	\$225,862	\$226,196	\$236,037	\$244,519	\$247,008
Expenses					
Labor/Fringes	125,021	133,601	140,093	143,963	147,941
Health Insurance	23,979	25,768	26,092	28,754	31,198
Parts/Supplies	7,676	7,490	7,662	8,196	8,766
Purchased Transportation	24,039	16,275	25,176	25,874	26,598
Fuel	11,901	13,747	14,606	16,892	18,110
Utilities	2,016	2,171	2,264	2,392	2,526
Insurance	12,602	9,300	10,733	11,482	12,285
Other Expenses	19,232	18,136	9,411	10,492	11,556
Budget Balancing Actions ⁴	-	-	-	(3,526)	(11,971)
Total Expenses	\$226,466	\$226,488	\$236,037	\$244,519	\$247,009
ICE funding not used for operations - transfer to capital ⁵	(1,587)	(1,617)	-	-	-
Net Result	(\$2,191)	(\$1,909)	-	-	-
Recovery Ratio	28.9%	30.3%	30.3%	30.3%	30.3%

¹ Amount for 2019 contingent upon restoration of reduced fare funding to \$34.070 million in State FY19-20 budgets.² In 2020 and 2021, includes \$5.5 million of additional revenue required for budget balancing, potentially in the form of a fare increase.³ ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.⁴ TBD but may include service and/or other expense reductions.⁵ As authorized by RTA Ordinance 2018-44, ICE amounts not required for operating funding may be redesignated for approved capital projects.

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

other services. In 2020 and 2021, passenger revenue is expected to remain flat since ridership is assumed to be unchanged in those years.

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 9 cents to \$1.25 in 2018 due to the January fare increase, and then remain flat through the two-year financial planning period. The 2019 budget does not contain any fare adjustments.

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 classify this funding

as operating revenue. The State's fiscal year 2019 budget appropriated \$17.6 million of reduced fare reimbursement for the Service Boards. With the RTA's concurrence, Pace's budget assumes that the State's FY 2020 budget will restore the reduced fare reimbursement (RFR) to its previous level of \$34.1 million, bringing Pace's share back up to \$2.6 million for 2019. For the planning years, it is assumed that the funding will revert to the \$17.6 million level in the State FY 2021 and 2022 budgets, resulting in a step-down of the RFR to \$1.3 million by 2021.

Other Revenue

Pace's Other Revenue category is projected at \$18.2 million for 2019 and includes local government contributions to support specific services, advertising revenue, and investment income (Exhibit 5-10). Local contributions account for almost 80% of this category, amounting to \$14.2 million in 2019 before growing by 3.8% in 2020 and then decreasing by 2.8% in 2021. Advertising revenue is expected to decrease from \$3.0 million in 2019 to \$2.9 million in 2020, while investment income, the smallest component of Other Revenue, is expected to decrease from \$940 thousand in 2019 to \$610 thousand in 2020 before increasing to \$1.1 million in 2021. Finally, additional revenue of \$5.5 million has been identified by Pace as required for budget balancing in 2020 and 2021 and has been included in Other Revenue. The source of this additional revenue is to be determined, but may be generated by a future fare increase.

PUBLIC FUNDING

Public funding for Pace is projected at \$177.3 million for 2019, representing 75% of total Suburban Service revenue. Public funding is then forecast to grow to \$184.2 million by 2021. 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

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

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Other Revenue					
Local Contributions	12,981	13,158	14,189	14,729	14,322
Advertising	2,833	2,865	3,040	2,910	2,610
Investment Income	730	1,081	940	610	1,080
Additional Revenue	-	-	-	5,535	5,535
Total Other Revenue	\$16,544	\$17,104	\$18,169	\$23,784	\$23,547

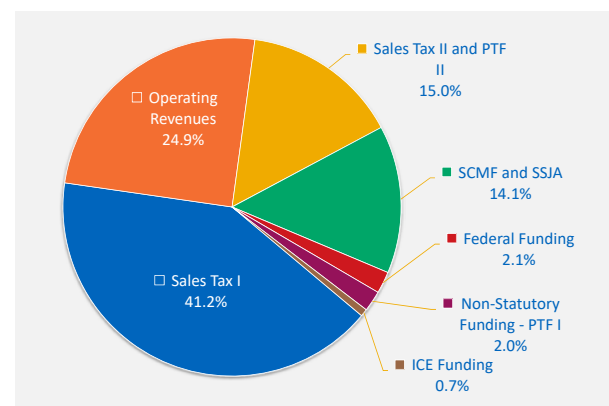
funds among the Service Boards is contained in chapter 2.

Pace's share of RTA Sales Tax I is projected at \$97.2 million for 2019, net of the State 1.5% surcharge, an increase of 4.0% from the 2018 estimate. This funding source is then forecast to increase by 2.0% in both 2020 and 2021, consistent with forecasts of slowing economic growth. Pace's allocation of RTA Sales Tax II & PTF II is expected to increase from \$35.5 million in 2019 to \$36.2 million in 2021. 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 \$25.9 million to \$26.9 million for 2019 through 2021. 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 \$4.7 million for Suburban Service operations in 2019. 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 2019 is \$1.7 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 \$4.9 million in 2019, increasing to \$5.2 million in 2021.

When public funding is combined with operating revenue, a total of \$236.0 million is budgeted to support Pace Suburban Service operations in 2019, as shown in Exhibit 5-11.

EXHIBIT 5-11: PACE SUBURBAN SERVICE 2019 TOTAL REVENUE - \$236.0 MILLION**OPERATING EXPENSES**

Pace Suburban Service operating expenses are budgeted to increase by 4.2% in 2019 to \$236.0 million. Higher labor expenses, modest service expansions, and technological improvements are driving the expense increase. In the planning years, Pace has identified required budget balancing actions of \$3.5 million to \$12.0 million, which could include service reductions, in order to maintain a balanced operating budget. As a result, Pace projects that overall operating expense

growth must slow to 1.0% by 2021 in order to maintain a balanced budget. The total operating expense trend over the five year period from 2017 to 2021 corresponds to a compound annual growth rate of 2.2% (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).

EXHIBIT 5-12: PACE SUBURBAN SERVICE OPERATING EXPENSES (IN MILLIONS)

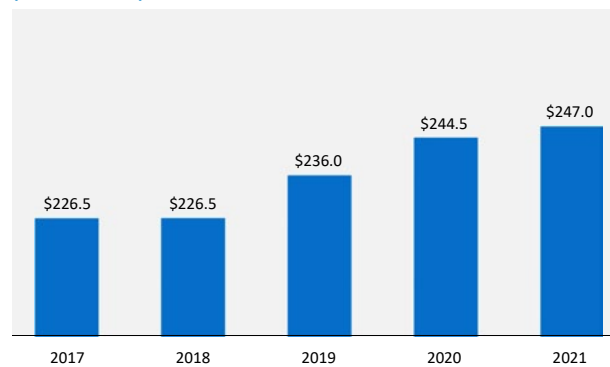
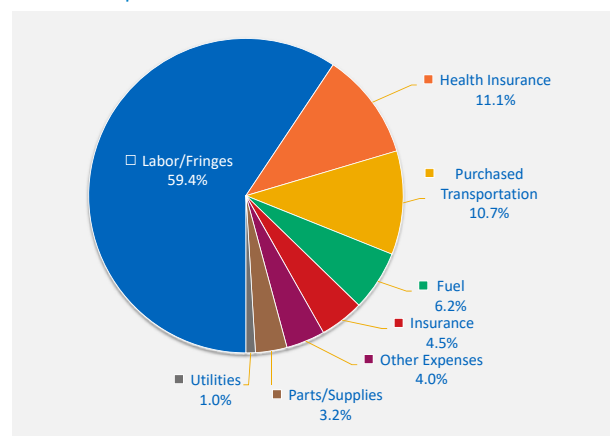


EXHIBIT 5-13: PACE SUBURBAN SERVICE 2019 TOTAL OPERATING EXPENSES - \$236.0 MILLION

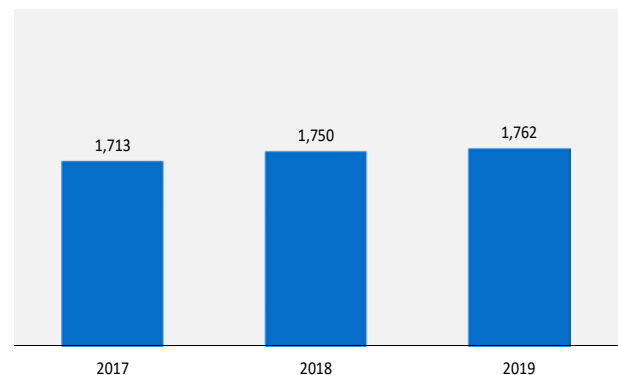


Labor/Fringes

Projected 2019 labor/fringes expenses of \$140.1 million will account for almost 60% of total Suburban Service operating expenses. This amount represents an increase of 4.9% over the 2018 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 1,762 in 2019, a 0.7% increase over the 2018 budget (Exhibit

5-14). Labor/fringes expenses are projected to grow at 2.8% in both 2020 and 2021, ending the period at \$147.9 million. Over the five-year period from 2017 through 2021, this largest expense category is projected to experience a 4.3% compound annual growth rate.

EXHIBIT 5-14: PACE SUBURBAN SERVICE BUDGETED POSITIONS



Health Insurance

Health insurance expenses are projected at \$26.1 million for 2019, accounting for 11.1% of total Suburban Service operating expenses. This amount is 1.3% higher than the 2018 estimate. Health insurance expenses are then projected to continue to grow by about 10% in 2020 and 2021, ending the period at \$31.2 million and resulting in a 6.8% compound annual growth rate over the five-year period.

Parts/Supplies

Parts/supplies expenses for 2019 account for 3.2% of total expense and are projected at \$7.7 million, an increase of 2.3% from 2018. These expenses are then projected to grow by about 7% in both 2020 and 2021, reaching \$8.8 million by the end of the planning period. Over the five years from 2017 through 2021, this category is projected to increase at a 3.4% compound annual growth rate.

Purchased Transportation

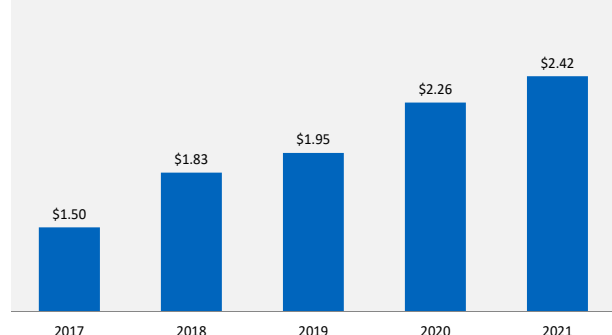
Purchased transportation costs of \$25.2 million for 2019 comprise Pace's third largest expense category at

10.7% of total expenses. These expenses are projected to grow at 2.8% in both 2020 and 2021, ending the planning period at \$26.6 million. The resulting five-year compound annual growth rate for Pace's third largest expense category is 2.6%.

Fuel

Fuel expense is expected to increase by 6.2% to \$14.6 million in 2019, representing 6.2% of total Suburban Service expense. The projected increase in 2019 fuel expenses, which include both fixed-route and vanpool, is being driven by a 12 cent increase in assumed fuel price, as well as higher consumption. Fuel consumption in 2019 is projected to increase by 0.2% to 7.3 million gallons, consistent with planned service levels. Pace has assumed an average diesel fuel price of \$1.95 per gallon for 2019, up from the estimated 2018 level of \$1.83 per gallon. As shown in Exhibit 5-15, Pace has assumed further fuel price increases for 2020 and 2021.

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



Utilities

Utilities expenses are projected to increase by 4.3% in 2019 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 2020 and 2021, resulting in a 5.8% compound annual growth rate over the five-year period from 2017 through 2021.



Insurance

Insurance expenses of \$10.7 million are projected to increase by 15.4% in 2019 and account for 4.5% of total Suburban Service operating expenses. These expenses are then forecast to increase by 7.0% in 2020 and 2021.

Other Expenses

Other expenses in 2019 are projected to total \$9.4 million and account for 4.0% of total Suburban Service operating expenses, representing a decrease of 48.1% over 2018 due to the reclassification of eligible preventive maintenance expenses to the capital program. Debt service on existing and planned bond issuances is included in this category.

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 2019, this amount will increase by 18.2% to \$9.1 million. This expense credit is included as an offset within the Other Expense category. Pace anticipates that the amount of this credit will continue to increase, reaching \$9.6 million in 2021.

NET RESULT

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses and transfers. The Suburban Service 2019 budget is balanced, producing a net result of zero. In 2020 and 2021, Pace anticipates a balanced Suburban Service budget with net results of zero. However, the 2020 and 2021 expense levels include unspecified reductions of \$3.5 million and \$12.0 million identified by Pace as required budget balancing actions.

RECOVERY RATIO

Pace's 2019 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 2019 comprise a revenue credit of \$2.2 million for senior and disabled free rides, an in-kind revenue and expense inclusion of \$10.8 million for the Advantage vanpool program, and a \$0.9 million expense exclusion for debt service on Pace bonds. Pace has also deducted \$7.3 million of expense for SSJA-funded services and \$1.7 million of ICE-funded operating expense for recovery ratio purposes, as allowed by the RTA Act. For 2020 and 2021, Pace anticipates the Suburban Service recovery ratio to remain constant at 30.3%.

Statutory Compliance

Pace's 2019 budget and 2020-2021 financial plans adhere to the operations funding amounts adopted by the RTA Board on August 23, 2018. 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 \$172.4 million in 2019, \$175.7 million in 2020, and \$179.0 million in 2021, excluding federal funding. Pace's budgeted Suburban Service recovery ratio of 30.3% matches the 2019 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

Pace's last general fare increase was in January 2018, and no additional fare increases have been incorporated into the 2019 budget. 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 2019 FARE STRUCTURE

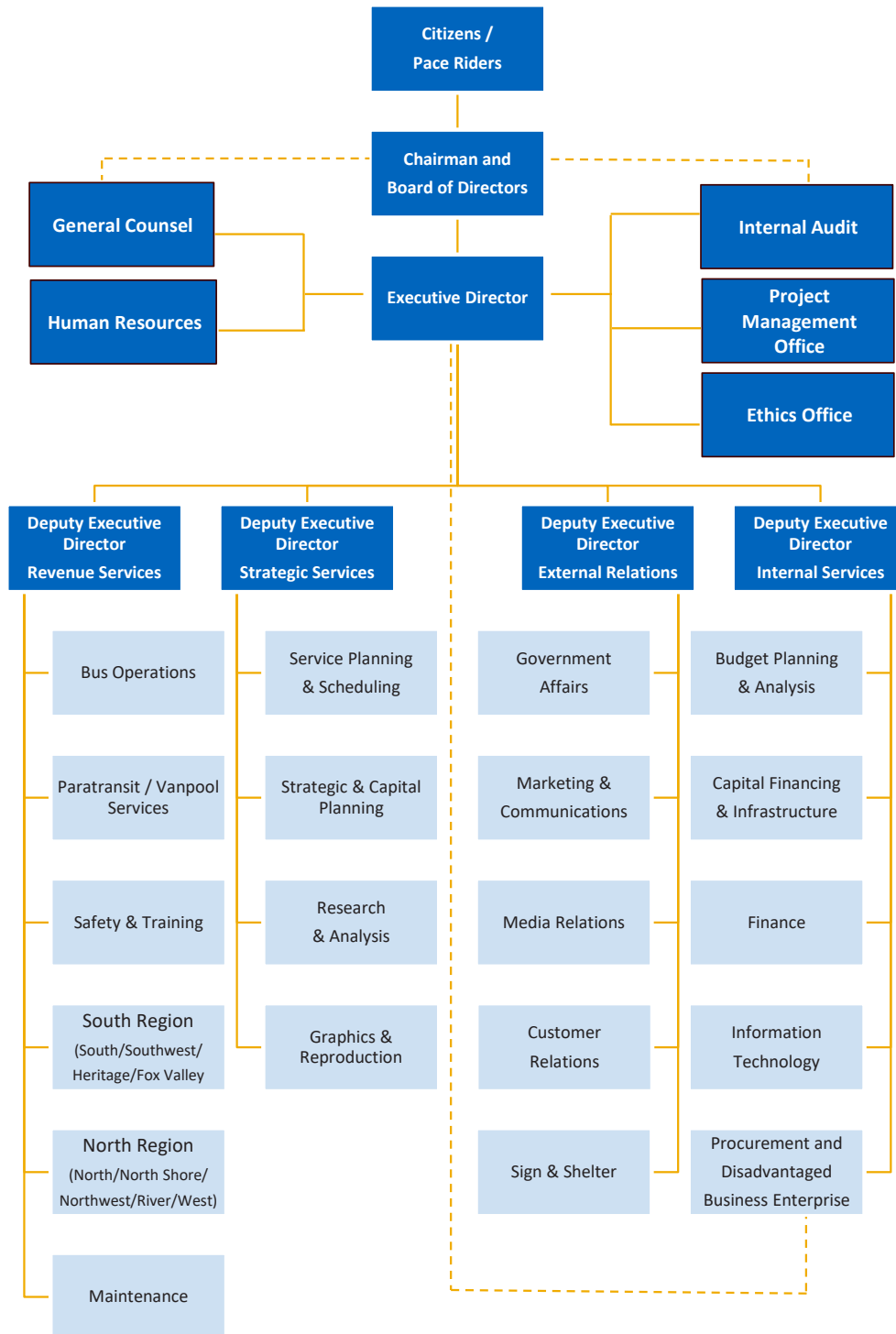
	Full Fare	Reduced Fare
REGULAR FARES		
Cash Fare	\$2.25	\$1.10
Ventra Fare	\$2.00	\$1.00
Transfer to Pace (with Ventra transit value only)	\$0.30	\$0.20
TRANSIT PASSES		
Pace/CTA 30-day Pass	\$105.00	\$50.00
Pace/CTA 7-day Pass	\$33.00	N/A
Pace 30-day Pass	\$60.00	\$30.00
Link-Up Pass	\$55.00	N/A
PlusBus	\$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 ¹	\$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.

¹ 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





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 313 Pace-owned, lift-equipped vehicles.

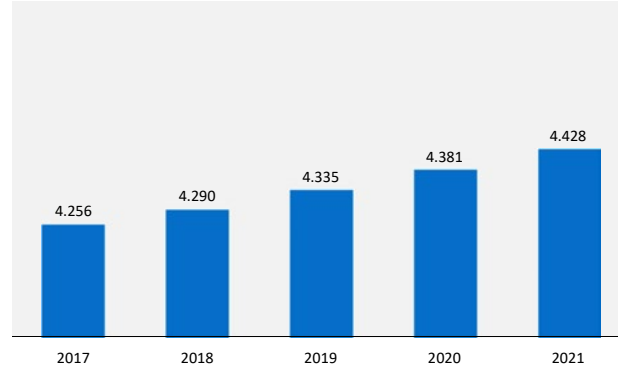
In the CTA service area, Pace contracts with four private operators to provide ADA Paratransit service in the entire City of Chicago and the suburbs serviced by the CTA. These contractors operate 775 contractor-owned vehicles to provide service to approximately 238,000 riders each month. Pace also administers 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 2018 to finish with a 0.8% rider-

Pace expects 2018 to finish with a 0.8% ridership increase over 2017, and the 2019 ADA Paratransit budget incorporates similar ridership growth of 1.0%, with 4.3 million rides anticipated.

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



ship increase over 2017, and the 2019 ADA Paratransit budget incorporates similar ridership growth of 1.0%, with 4.335 million rides anticipated. In 2020 and 2021, Pace has assumed that ADA Paratransit ridership will

continue to increase by about 1% per year, reaching 4.428 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 had been steadily decreasing since 2013 due to severe winter weather and increasing congestion, but rebounded to 92% in 2017. On the other hand, miles between major

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

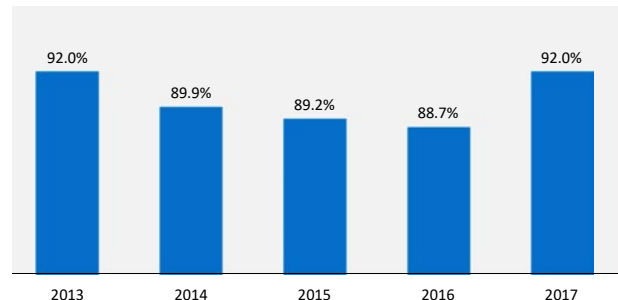
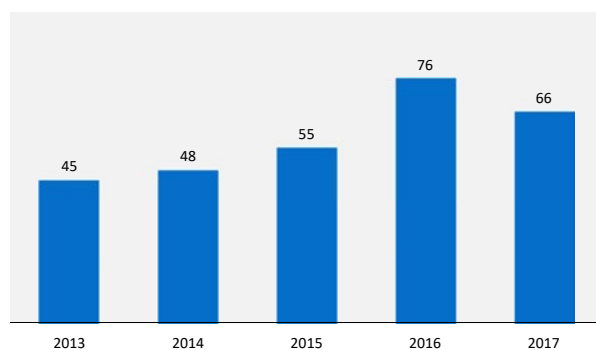
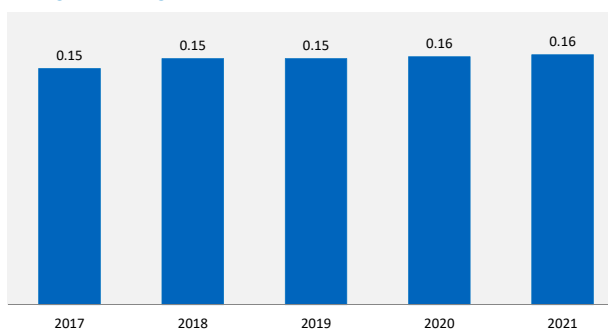


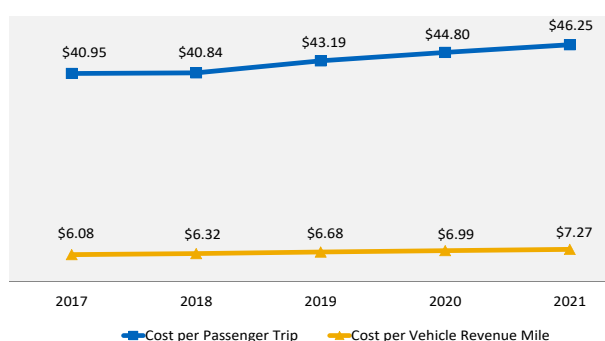
EXHIBIT 6-3: PACE ADA PARATRANSIT MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)

mechanical failures had been steadily increasing (improving) over the same period, but dropped somewhat in 2017. There were about 66,000 miles between major mechanical failures in 2017, a 13% worsening versus 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, this measure is expected to improve from 0.15 passengers per mile in 2019 to 0.16 in 2020 and 2021, as vehicle miles are projected to grow at a slower

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

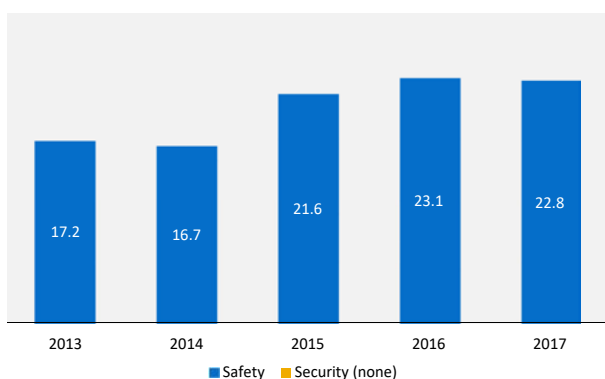
rate than ridership. Pace's continuing efforts to consolidate rides could drive this metric higher in future years. Relative to other transit modes, ADA Paratransit is inherently expensive due to service that is frequently provided on an individual basis. Pace's cost per passenger trip is expected to increase by \$2.35 to \$43.19 in 2019 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 36 cents to \$6.68

EXHIBIT 6-5: PACE ADA PARATRANSIT COST EFFICIENCY

in 2019, with subsequent increases of around 4% in 2020 and 2021. These metrics are being driven higher 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 million passenger trips was stable in 2017 at about 23 incidents per million trips (exhibit 6-6). All of the incidents were safety related; there were no security incidents reported across the five-year period.

EXHIBIT 6-6: PACE ADA PARATRANSIT REPORTABLE INCIDENTS PER MILLION 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

EXHIBIT 6-7: PACE REGIONAL ADA PARATRANSIT 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	10,933	11,984	12,109	12,235	12,364
Other Revenue ¹	2,120	1,994	2,106	2,214	2,312
Total Operating Revenues	\$13,053	\$13,978	\$14,215	\$14,449	\$14,676
<u>Public Funding</u>					
Sales Tax II and PTF II	152,086	156,791	164,631	173,335	181,617
RTA ADA Paratransit Reserve	5,328	-	-	-	-
Additional State Funding	3,825	7,975	8,395	8,500	8,500
Total Public Funding	\$161,239	\$164,766	\$173,026	\$181,835	\$190,117
Total Revenues	\$174,292	\$178,744	\$187,241	\$196,284	\$204,793
Expenses					
Labor/Fringes	3,546	3,931	4,251	4,378	4,508
Health Insurance	572	846	889	934	982
Admin Expenses	2,674	3,175	4,190	3,496	3,582
Fuel	2,177	2,543	2,759	3,262	3,580
Insurance	195	267	350	358	367
RTA Certification Trips	1,740	1,688	1,790	1,889	1,979
Purchased Transportation	156,680	155,075	163,927	172,609	180,156
Regional ADA Support Allocation ²	6,708	7,686	9,085	9,358	9,639
Total Expenses	\$174,292	\$175,211	\$187,241	\$196,284	\$204,793
Net Result	-	\$3,533	-	-	-
Recovery Ratio	10.0%	10.0%	10.0%	10.0%	10.0%

¹ Includes reimbursements for RTA certification trips and investment income.

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

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 1% per year and the latter at 3% to 4% per year. These two factors combine to produce an expected annual expense growth rate of 4% to 5%. Since ADA Paratransit passenger revenue contributes a relatively small portion of total revenue, even after the 2018 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 funds to be allocated to ADA Paratransit services.

From 2010 through 2015, the State of Illinois 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. The State FY 2018 budget restored the funding level to \$8.395 million, but it was subsequently reduced by 5% to \$7.975 million. The State FY 2019 budget again appropriated ADA Paratransit funding at \$8.395 million, which Pace has reflected in the 2019 ADA Paratransit budget. With the RTA's concurrence, Pace's 2020 and 2021 financial plan has assumed that this important State funding will stabilize at the original level of \$8.5 million per year.

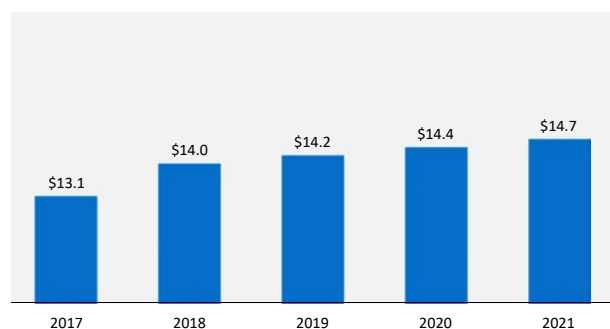
Budget and Financial Plan

The Pace Regional ADA Paratransit 2019 budget and two-year financial plan presented in Exhibit 6-7 adheres to the funding levels adopted by the RTA Board on August 23, 2018. In compliance with the RTA Act, the RTA Board set the ADA Paratransit recovery ratio for 2019 at 10.0%, a level which Pace's 2019 budget has met. Pace's 2019 ADA Paratransit budget and two-year financial plan were approved by the RTA Board on December 13, 2018. 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 in 2018, Pace's system-generated revenue from ADA Paratransit operations jumped by 7.1% to \$14.0 million. For 2019, operating revenue is expected to grow by 1.7%, to \$14.2 million (Exhibit 6-8). Operating revenue is then expected to increase by 1.6% in both 2020 and 2021. Operating revenue will account for only 7.6% of total revenue for ADA Paratransit in 2019, 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 and investment income.

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

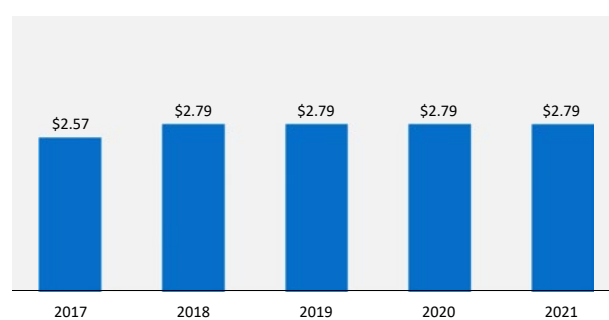


Passenger Revenue

Revenue from passenger fares, which accounts for 85% of ADA Paratransit's operating revenue, is projected at

\$12.1 million in 2019, an increase of 1.0%. This level is consistent with the assumed ridership growth. Passenger revenue is expected to continue to grow by about 1% in both 2020 and 2021, consistent with the assumed ridership growth for those years. ADA Paratransit and Taxi Access Program fares are budgeted to be unchanged in 2019, at \$3.25 and \$3.00, respectively. ADA Paratransit fares remain below the maximum allowable level of twice the fixed-route base fare. The average fare per passenger is expected to hold steady at \$2.79 through 2021 (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 2019 is projected to increase by 5.6% to \$2.1 million, followed by increases of 5.1% and 4.4% in 2020 and 2021, respectively. Other revenue for ADA Paratransit comes from two sources (Exhibit 6-10). Over 90% comes 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 investment income, which is projected to be constant at \$155 thousand per year.

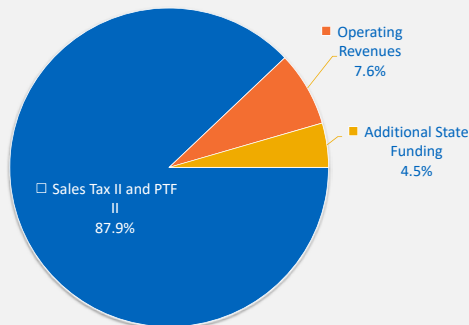
PUBLIC FUNDING

The required level of public funding for Pace ADA Paratransit in 2019 is projected at \$173.0 million, an increase of 5.0% over the 2018 estimate. Public funding

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

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Other Revenue					
Certification Revenue	2,055	1,839	1,951	2,059	2,157
Investment Income	66	155	155	155	155
Total Other Revenue	2,121	1,994	2,106	2,214	2,312

for 2019 consists of two components: \$164.6 million of Sales Tax II / PTF II and \$8.395 million of additional funding provided by the State of Illinois FY 2019 budget. Public funding accounts for 92.4% 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 2019 (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.

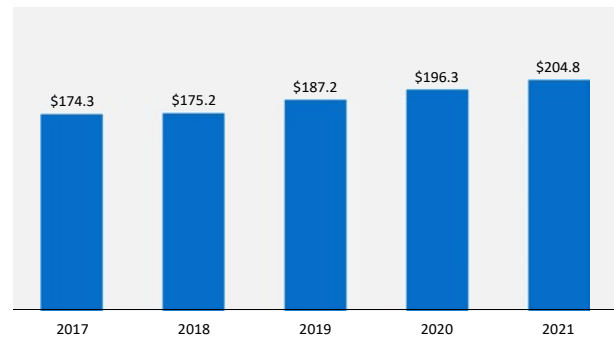
EXHIBIT 6-11: PACE ADA PARATRANSIT 2019 TOTAL REVENUE - \$187.2 MILLION

In 2020 and 2021, Sales Tax II / PTF II funding for ADA Paratransit is projected to increase by 5.3% and 4.8%, respectively, while the additional State funding is assumed to be restored to the traditional level of \$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 1% as assumed.

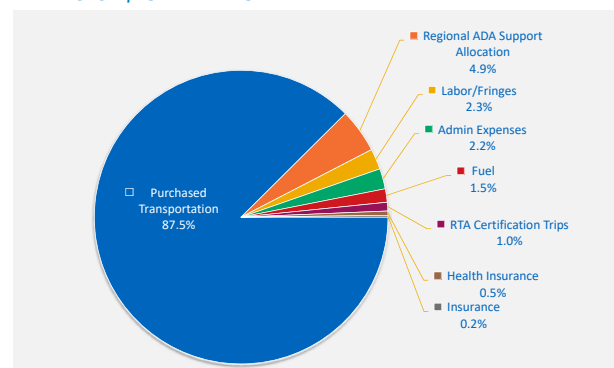
OPERATING EXPENSES

Pace ADA Paratransit operating expenses are budgeted to increase by 6.9% in 2019 to \$187.2 million. ADA

Paratransit expenses continue to be driven higher by a combination of ridership growth and contractual price increases. Pace anticipates expense growth of 4.8% and 4.3% in 2020 and 2021, respectively, with total operating expenses expected to exceed \$200 million by the end of the planning period (Exhibit 6-12). The expense trend over the five-year period from 2017 to 2021 corresponds to a compound annual growth rate of 4.1%.

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

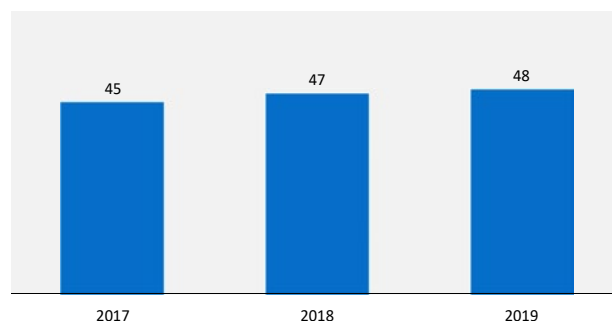
Operating expense elements include labor/fringe benefits, health insurance, administrative expenses, fuel, liability insurance, RTA certification trip costs, purchased transportation, and the Regional ADA Paratransit support allocation (Exhibit 6-13).

EXHIBIT 6-13: PACE ADA PARATRANSIT 2019 TOTAL OPERATING EXPENSES - \$187.2 MILLION

Labor/Fringes

Labor/fringe benefits for Pace's dedicated ADA Paratransit staff are expected to total \$4.3 million in 2019, an increase of 8.1% over the 2018 estimate. This amount represents 2.3% of total regional ADA Paratransit operating expenses. Pace has budgeted for a staffing increase of 1 position in 2019 (Exhibit 6-14). Labor/fringe expenses are projected to grow by 3.0% in 2020 and 2021. The resulting compound annual growth rate over the five-year period from 2017 to 2021 is 6.2%.

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 \$889,000 for 2019. Health insurance expenses are then expected to continue to grow by 5.1% in 2020 and 2021, reaching \$982,000 by the end of the planning period.

Administration

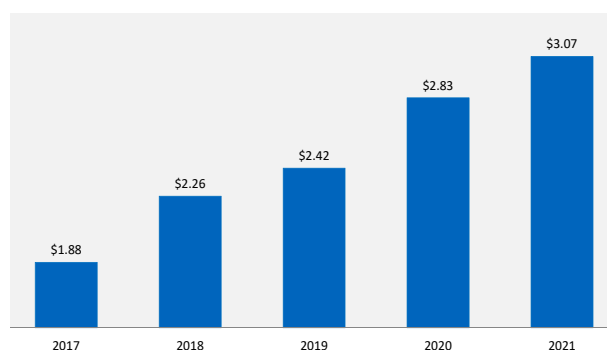
Administration expenses for 2019 are projected to total \$4.2 million, an increase of 32.0% from the 2018 estimate, due to higher lease payments and software maintenance costs. The largest component of this category is facility lease expense, as Pace leases its operations center for ADA Paratransit services in Metra's downtown Chicago headquarters at 547 W. Jackson Blvd. Administrative expenses are projected to decrease in 2020, but the resulting compound annual

growth rate over the five-year period from 2017 to 2021 is 7.6%.

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 17% in 2018, fuel expense is projected to grow by 8.5% in 2019 to \$2.8 million. The assumed price for diesel fuel in 2019 is \$2.42 per gallon, up 16 cents from 2018 (Exhibit 6-15). Fuel expenses represent 1.5% of total ADA Paratransit expenses and are expected to reach \$3.6 million by the end of the two-year planning period. The resulting compound annual growth rate over the five-year period from 2017 to 2021 is 13.2%.

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



Liability Insurance

Liability insurance expenses are projected to increase by 31.1% from 2018, to \$350,000, accounting for 0.2% of 2019 regional ADA Paratransit service operating expenses. The increase is due to higher employee liability coverage. This expense category is then expected to grow by 2.3% and 2.5% in 2020 and 2021, 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 \$1.8 million are projected to account for 1.0% of total

2019 operating expenses. RTA certification expenses are then expected to increase by 5.5% and 4.8% in 2020 and 2021, 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 5.7% to \$163.9 million in 2019, and continue to increase by around 5% annually in 2020 and 2021, driven by both annual ridership growth of 1.1% and annual contractor price increases. The resulting compound annual growth rate of this predominant expense category over the five-year period from 2017 to 2021 is 3.6%.

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. This allocation is budgeted to increase by 18.2% to \$9.1 million in 2019, due to a revised calculation of the ADA overhead rate. The support allocation represents 4.9% of total operating expenses and is expected to increase by 3.0% in both 2020 and 2021, ending the period at \$9.6 million.

NET RESULT

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses and transfers. The 2019 regional ADA Paratransit budget is balanced, producing a net result of zero. In 2020 and 2021, 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 2019, 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 2020 and 2021, Pace anticipates the regional ADA Paratransit recovery ratio to remain constant at 10.0%.

Statutory Compliance

Pace's 2019 budget and 2020-2021 financial plans for regional ADA Paratransit comply with the operations funding amounts adopted by the RTA Board on August 23, 2018. 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 \$173.0 million in 2019, \$181.8 million in 2020, and \$190.1 million in 2021. Pace's 2019 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.

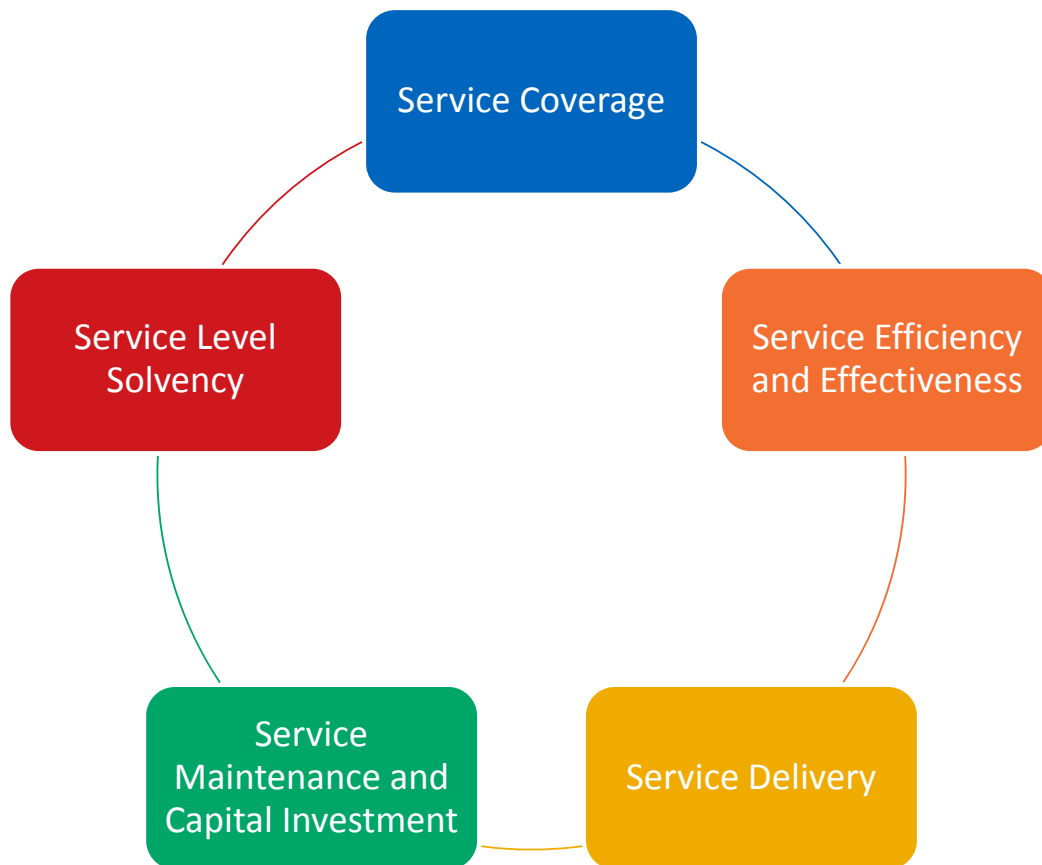
Fare Structure

In 2018, Pace implemented ADA Paratransit's first fare increase since 2009. One-way fares increased by 25 cents, to \$3.25, in both the City of Chicago and suburban service areas. Mobility Direct and Taxi Access Program fares were left unchanged at \$3.00. The 2019 budget does not contain any additional fare increase. 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.

EXHIBIT 6-16: ADA PARATRANSIT 2019 FARE STRUCTURE

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

7 PERFORMANCE MEASURES





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

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 2013 - 2017 using NTD data published in October 2018.

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, 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 2019 and financial plan years 2020 and 2021, based on the assumptions used to develop the Service Boards' 2019 operating budgets.

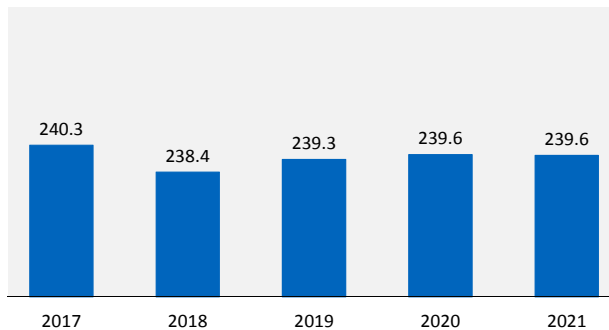
SERVICE COVERAGE

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 2019 regional vehicle revenue miles are anticipated to increase 0.4% to 239.3 million miles (Exhibit 7-1). An increase of 0.1% is anticipated in the financial plan year 2020, and no change is anticipated for 2021.

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

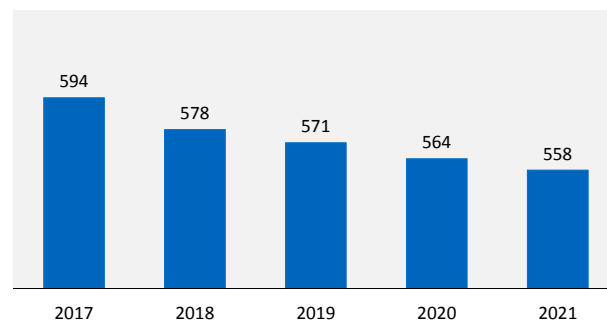


Unlinked Passenger Trips

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 1.1% in 2019,

following 2018's estimated decline of 2.6%. Following a projected 2.5% decrease for 2018, CTA projects another 1.3% decrease in 2019. Metra projects a 0.4% decrease for 2019, its first year without a fare increase following four consecutive years with fare increases. Pace Suburban Service also projects a decrease of 0.4% for 2019, while Pace ADA Paratransit trips are projected to continue their growth trend and increase by 1.0% in 2019.

EXHIBIT 7-2: UNLINKED PASSENGER TRIPS (IN MILLIONS)



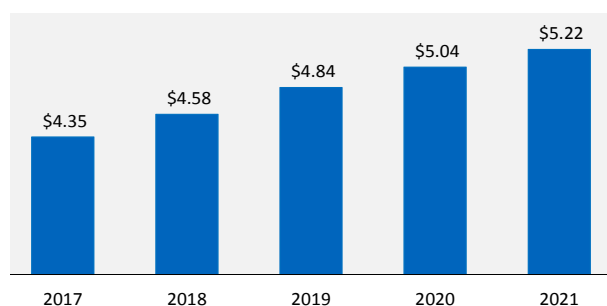
SERVICE EFFICIENCY AND EFFECTIVENESS

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 26 cents, or 5.8%, in 2019.

EXHIBIT 7-3: OPERATING COST PER PASSENGER TRIP

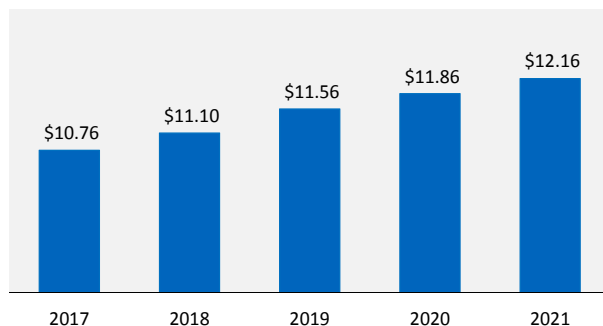


For 2019, each Service Board is anticipating operating cost per passenger trip increases: CTA 5.5%, Metra 5.5%, Pace Suburban Service 4.6%, and Pace ADA Paratransit 5.8%. Looking forward, the region-wide projected operating cost per passenger trip is expected to increase 4.1% in 2020 and 3.5% in 2021.

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 \$11.56 in 2019, a 4.1% increase from the 2018 estimate.

EXHIBIT 7-4: OPERATING COST PER VEHICLE REVENUE MILE



For 2019, each Service Board is anticipating minor increases in service levels with operating costs increasing at a steeper rate, resulting in higher operating costs per vehicle revenue mile: CTA 3.9%, Metra 5.0%, Pace Suburban Service 3.7%, and Pace ADA Paratransit 5.7%. On a system-wide basis, further operating cost per vehicle revenue mile increases are expected in 2020 and 2021, at 2.6% and 2.5%, respectively, with service levels held mostly constant for the fixed-route services.

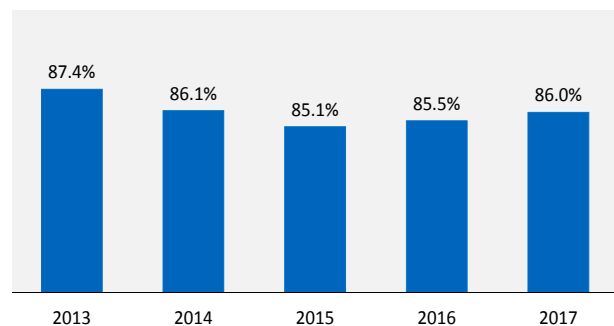
SERVICE DELIVERY

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

On-Time Performance

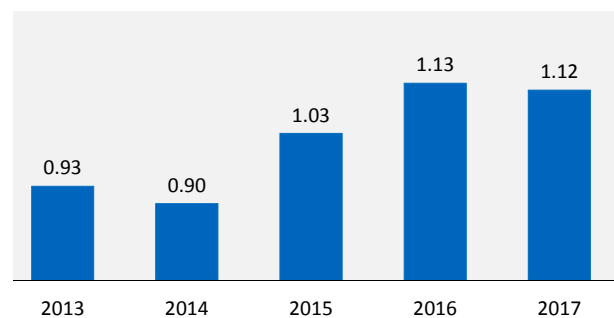
Each Service Board defines on-time performance differently but it is generally understood to represent the percentage of times a transit vehicle departs from and/or arrives at a location within a certain number of minutes before or after the scheduled time. The data presented in Exhibit 7-5 reflects actual past performance rather than projections. Regional on-time performance has remained relatively stable over the past five years, fluctuating less than 1.5 percentage points.

EXHIBIT 7-5: ON-TIME PERFORMANCE



Reportable Safety and Security Incidents per Million Passenger Trips

EXHIBIT 7-6: REPORTABLE SAFETY AND SECURITY INCIDENTS PER MILLION PASSENGER TRIPS



This performance measure demonstrates the rate of reportable safety and security incidents per million 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, followed by a decrease in 2017 to 1.12 incidents per million passenger trips.

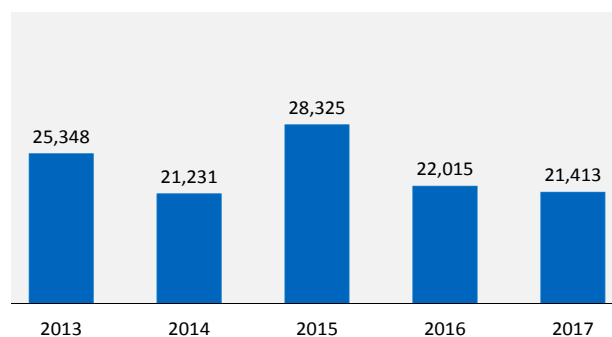
SERVICE MAINTENANCE AND CAPITAL INVESTMENT

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 dips in 2016 and 2017.

EXHIBIT 7-7: MILES BETWEEN MAJOR MECHANICAL FAILURES

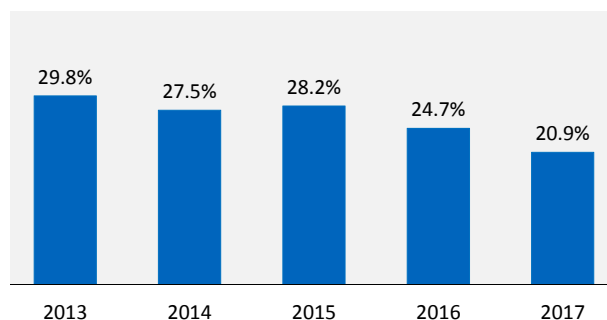


Percent of Vehicles beyond Useful Life

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 2017, as all three Service Boards were replacing rolling stock in their active fleets over the five-year period shown. At year-end 2017, there were 1,521 vehicles in service beyond useful life, a decrease of 3.8 percentage points, or 20.9% of the active fleet.

EXHIBIT 7-8: PERCENT OF VEHICLES BEYOND USEFUL LIFE

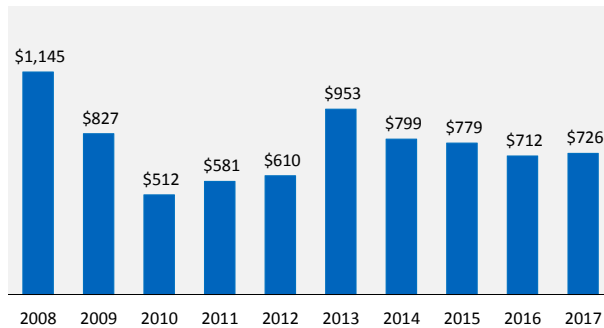


SERVICE LEVEL SOLVENCY

These measures assess financial condition to ensure that there are sufficient resources to meet current and ongoing financial needs (both operating and capital).

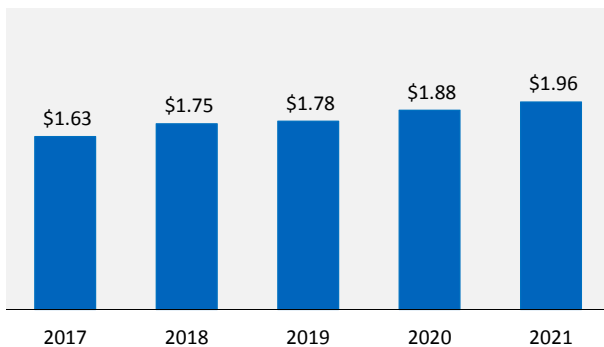
Capital Program Expenditures

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 need to continue to issue bonds to pay for capital projects. Following three consecutive years of decreased capital program expenditures, 2017 saw an uptick of 1.9%.

EXHIBIT 7-9: CAPITAL EXPENDITURES (MILLIONS)

Fare Revenue per Passenger Trip

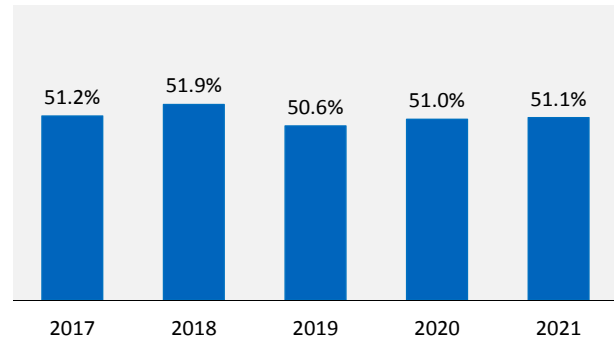
Fare Revenue per Passenger Trip is the total fare revenue divided by the total number of passenger trips, providing the average fare that a passenger pays. Exhibit 7-10 indicates that system-wide fare revenue per trip is expected to increase by \$0.03 in 2019, a year without any fare increase implemented by the Service Boards. Average fare is expected to increase in subsequent years, by \$0.10 in 2020 and \$0.08 in 2021, although ridership is anticipated to decrease each year.

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 2019 operating budgets. As shown in their individual budgets, each Service Board anticipates meeting or exceeding these requirements. The RTA regional recovery ratio for 2019 is projected at 50.6% 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 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 schedule during the two most recent periods of review: June and December 2018.

EXHIBIT 7-12: STATE-FUNDED PROJECT BUDGET PERFORMANCE

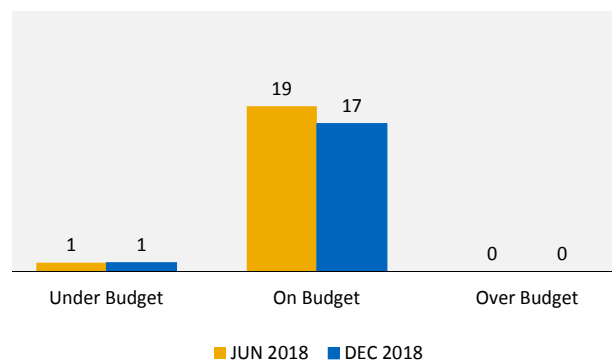
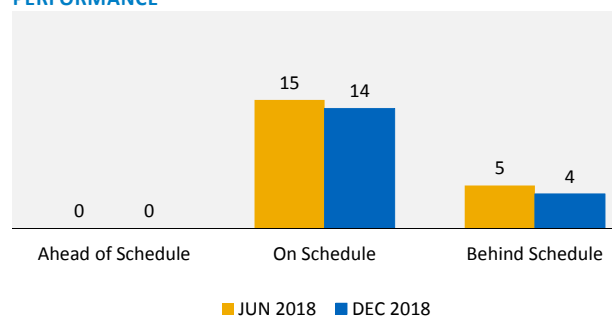


EXHIBIT 7-13: STATE-FUNDED PROJECT SCHEDULE PERFORMANCE



RTA FUNDING PROGRAMS

The Funding Programs administered by the RTA provide value to the region by offering planning, plan implementation, operating, and capital grants for a variety of projects. The programs are consistent with the RTA's legislative mandates and Strategic Plan and are coordinated with the annual budget process.

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). Three ICE projects totaling \$12.9 million were awarded for 2019:

- CTA: South Side Bus Service Improvements, \$6,205,487
- Metra: GPS Train Tracking and Passenger Counting System, \$5,041,958
- Pace: Pulse Arterial Rapid Transit – Milwaukee Avenue, \$1,680,653

EXHIBIT 7-14: ICE FUNDING PROJECTS PROGRAMMED BY YEAR

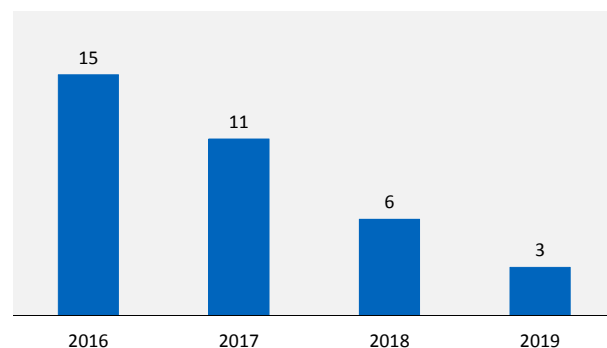
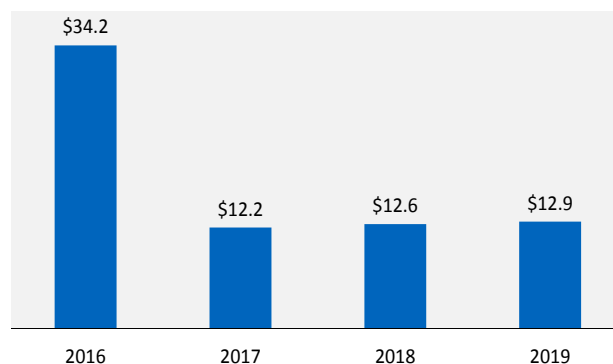
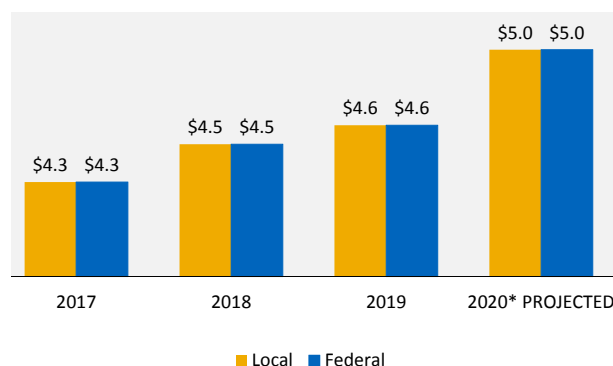


EXHIBIT 7-15: TOTAL ICE FUNDING (MILLIONS)

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 disabilities. The RTA will issue a call for projects for the 2018-2019 funding in early 2019. An estimated \$10 million in federal funds will be used to fund new, existing, or expansion projects for 2020 (Exhibit 7-16).

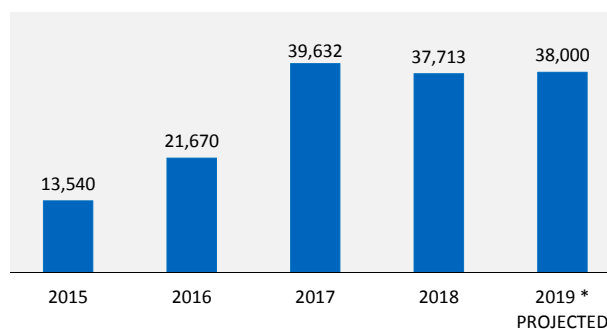
EXHIBIT 7-16: SECTION 5310 PROGRAM (MILLIONS)

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 generally seen significant increases in each aspect of the program due to an increase in Mobility Management staff. In 2018, the RTA Mobility Management Program served 37,713 individuals with disabilities and older adults, a 5% decrease from 2017. Projections indicate that the number of individuals served by the program will grow in 2019, increasing by 1% to 38,000 individuals served (Exhibit 7-17).

EXHIBIT 7-17: RTA MOBILITY MANAGEMENT PROGRAM, TOTAL INDIVIDUALS SERVED

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 evaluate an individual inability 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. As a result, assessments and customer service functions are now performed by a single vendor, with significant oversight by the RTA.

Following two years of decreases, the total number of eligible riders increased 4.1% in 2018 to 66,334; in 2019, the number of eligible riders is expected to grow another 6.0% to 70,300 (Exhibit 7-18). In 2019, new applications for ADA Paratransit are projected

EXHIBIT 7-18: ADA PARATRANSIT ELIGIBLE RIDERS

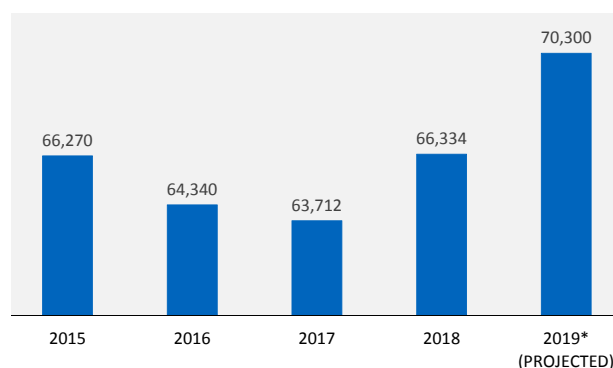
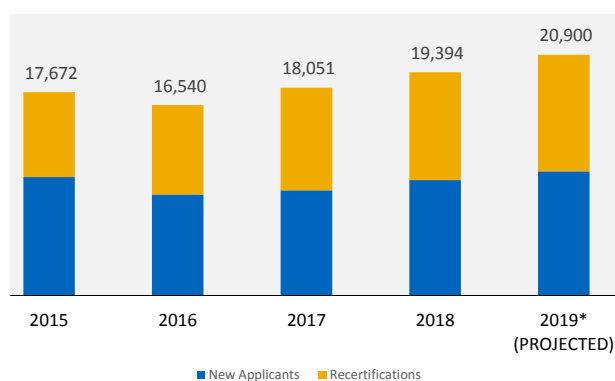


EXHIBIT 7-19: ADA PARATRANSIT CERTIFICATION APPLICATIONS



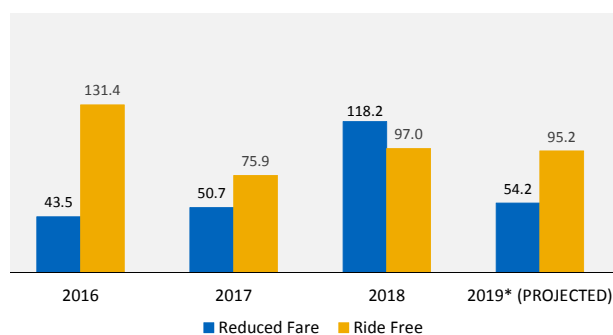
to increase for the third consecutive year, by 7.8%, to 20,900 (Exhibit 7-19).

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 2018, the RTA issued 118,176 Reduced Fare cards, resulting from a large number of cards that expired and were up for renewal. In 2019, the RTA expects to issue about 54,200 (Exhibit 7-20).

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

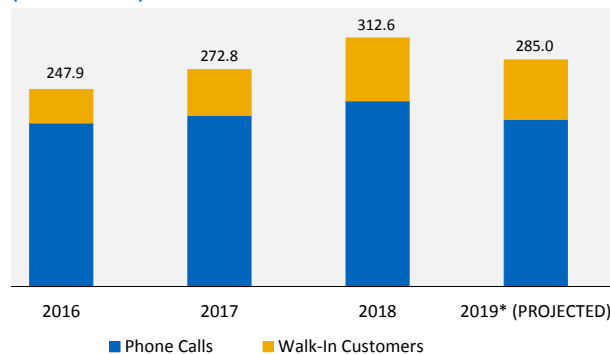
EXHIBIT 7-20: REDUCED FARE AND RIDE FREE CARDS ISSUED (THOUSANDS)



two-person household, and \$45,657 for a household of three or more people. In 2018, the RTA issued 96,989 Ride Free Cards and expects to issue 95,185 cards in 2019 (Exhibit 7-20).

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 233,375 phone calls and 79,227 walk-ins in 2018. Customer Service Center call volumes are expected to decrease 10% to 210,000 in 2019, and walk-ins are expected to decrease by 5% to 75,000 (Exhibit 7-21).

EXHIBIT 7-21: 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 2018, the IRS announced the cost of living adjustment (COLA) for 2019, increasing the pre-tax limit to \$265 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.

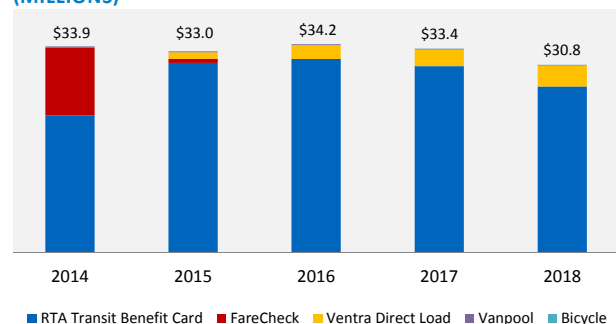
The RTA TBFP is a one-stop shop for more than 1,350 employers throughout Chicagoland, offering multiple product choices for commuting on the Chicago Transit Authority (CTA), Metra, Pace, Northern Indiana Commuter Transportation District (NICTD), Amtrak, and

Chicago Water Taxi, as well as other public transportation providers. Approximately 99% of companies 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. Regionally, the RTA Transit Benefit Card can be used as a payment source for Metra's mobile ticketing on the Ventra app or to directly load payments to customers' Ventra accounts for use on CTA and Pace.

The RTA Transit Benefit Program has seen four consecutive years of declining volume of sales as well as decreasing value of transit benefit fare media sold for the past two years. 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 savings account (HSA). For 2018, the value of the fare media sold decreased by 7.9% to \$30.8 million (Exhibits 7-22). With no new products or services planned for the near future, sales are expected to remain unchanged in 2019.

EXHIBIT 7-22: VALUE OF TRANSIT BENEFIT FARE MEDIA SOLD (MILLIONS)



8 CAPITAL PROGRAM AND BONDS





Regional Overview

The RTA Act requires that capital expenditures of the CTA, Metra, and Pace be subjected for continual review so that the RTA may budget and expend funds available to the region with maximum efficiency. The RTA Board is required to 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. RTA held public hearings on November 28, 2018, 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. Once adopted by the RTA Board, the capital program is amended on a quarterly basis as appropriate.

The RTA emphasizes the need to maintain and preserve the existing system, keep the current State of Good Repair (SGR) backlog of capital projects from growing, and provide limited enhancement and expansion, but this 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.

The RTA Board is required 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.

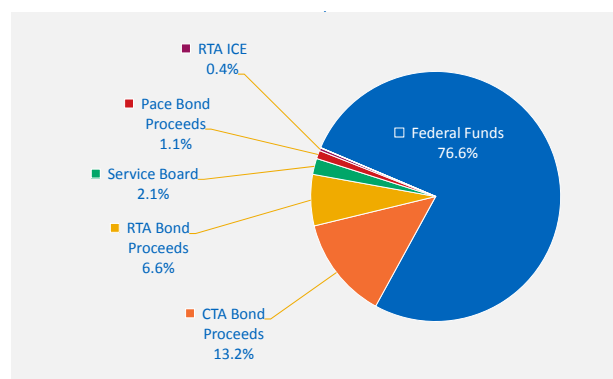
Source of Funds

On August 23, 2018, the RTA Board adopted preliminary federal capital funding amounts for the 2019-2023 Capital Program. Subsequently, the RTA received proposals for funds controlled by the Service Boards and adopted the 2019 RTA regional budget and capital program on December 13, 2018. 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 fifth consecutive year, the capital program does not include any new sources of state funds. Of the estimated \$4.339 billion of capital funding for 2019-2023, federal funds account for \$3.323 billion or 76.6%, CTA bond proceeds account for \$574.8 million (including \$390.2M reprogrammed from the previous year) or 13.2%, RTA bond proceeds account for \$287.9 million or 6.6%, Pace bond proceeds account for \$46.8 million or 1.1%, RTA ICE funds account for \$15.4 million or 0.4%, Service Board funds account for \$89.8 million or 2.1%, and RTA funds account for \$0.3 million or less than 0.1% (Exhibit 8-2). After taking into account the payment of \$730.5 million in debt service

EXHIBIT 8-1: 2019-2023 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	RTA	Total
Funding Sources					
Federal Funds	2,163,552	932,684	226,419	-	3,322,656
RTA Innovation, Coordination, & Enhancement (ICE)	-	15,430	-	-	15,430
RTA Funds	-	-	-	250	250
Service Board	949	87,000	1,850	-	89,799
Other Local Funds	1,368	-	-	-	1,368
Total New Capital Funding	\$2,165,869	\$1,035,114	\$228,269	\$250	\$3,429,503
RTA Bond Proceeds	144,000	129,500	14,400	-	287,900
CTA Bond Proceeds	574,796	-	-	-	574,796
Pace Bond Proceeds	-	-	46,800	-	46,800
Sub-Total Bond Funds	\$718,796	\$129,500	\$61,200	-	\$909,496
Total Capital Funding	\$2,884,665	\$1,164,614	\$289,469	\$250	\$4,338,998
Debt Service (Federal)	(730,540)	-	-	-	(730,540)
Total Capital Funding Available	\$2,154,125	\$1,164,614	\$289,469	\$250	\$3,608,459

EXHIBIT 8-2: 2019-2023 CAPITAL FUNDING - \$4.339 BILLION

on previously issued CTA bonds, an estimated \$3.608 billion is available for 2019-2023 capital investment.

The total estimated funds for capital projects in RTA fiscal year 2019 are \$840.7 million. Federal funds account for \$633.7 million or 75.4%, CTA bond proceeds account for \$146.0 million or 17.3%, Pace bond proceeds account for \$46.8 million or 5.6%, Service Board funds account for \$8.2 million or 1.0%, RTA ICE funds account for \$5.0 million or 0.6% and Other local funds and RTA funds account for \$1.0 million or 0.1%. After deducting \$150.4 million of CTA debt service on previously issued bonds, an estimated amount of \$690.3 million of funding is available for 2019 (Exhibits 8-3 and 8-4).

The absence of new State of Illinois transit capital funding, as well as the reduction of funding for many projects in the Illinois Jobs Now and Jump Start programs included in the last State capital bill, passed in 2009, has slowed the advancement of capital projects. The continued lack of State funds has hampered progress in reducing the system-wide SGR backlog.

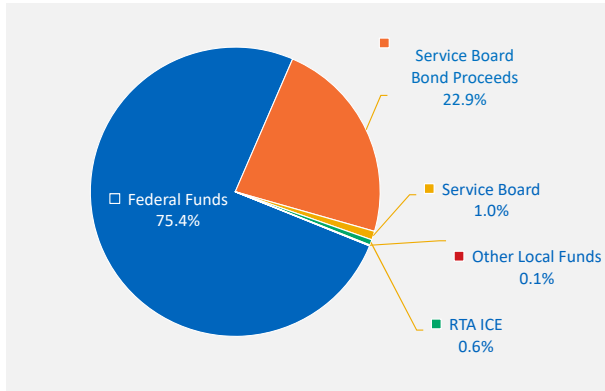
Use of Funds

The primary emphasis of the 2019-2023 Five-Year Capital Program continues to be bringing the system's transit assets to a SGR and increasing 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.

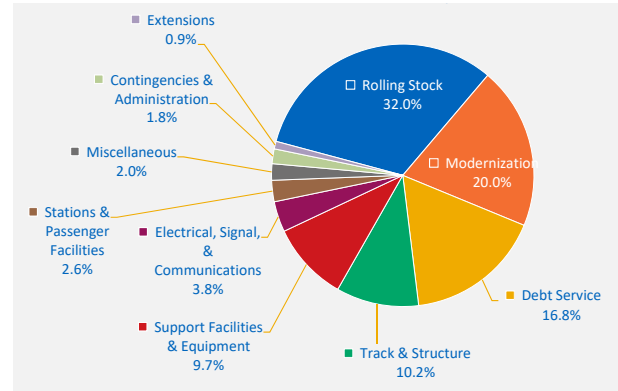
For the 2019-2023 Capital Program, a significant amount of the budget is allocated to capital projects that maintain the existing system. However, the current funding level does not satisfy the backlog or current SGR capital needs for the region.

EXHIBIT 8-3: 2019 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	RTA	Total
Funding Sources					
Federal Funds	411,761	173,586	48,365	-	633,711
RTA Innovation, Coordination, & Enhancement (ICE)	-	5,042	-	-	5,042
RTA Funds	-	-	-	250	250
Service Board	368	7,000	850	-	8,218
Other Local Funds	726	-	-	-	726
Total New Capital Funding	\$412,856	\$185,628	\$49,215	\$250	\$647,948
Service Board Bond Proceeds	145,954	-	46,800	-	192,754
Sub-Total Bond Funds	\$145,954	-	\$46,800	-	\$192,754
Total Capital Funding	\$558,810	\$185,628	\$96,015	\$250	\$840,702
Debt Service	(150,429)	-	-	-	(150,429)
Total Capital Funding Available	\$408,381	\$185,628	\$96,015	\$250	\$690,273

EXHIBIT 8-4: 2019 CAPITAL FUNDING: \$840.7 MILLION


Investments in the 2019-2023 Capital Program can be broken down by various asset categories. Exhibits 8-5 and 8-6 show program expenditures of \$1.390 billion or 32.0% for rolling stock, \$868.3 million or 20.0% for rail line modernization and improvements, \$442.0 million or 10.2% for track and structure, \$423.0 million or 9.7% for support facilities and equipment, \$163.6 million or 3.8% for electrical, signal, and communications, \$114.3 million or 2.6% for stations and passenger facilities, \$87.7 million or 2.0% for miscellaneous capital needs, \$78.8 million or 1.8% for contingencies and administration, and \$40.2 million or 0.9% for extensions. In addition, \$730.5 million or 16.8% will be expended on existing CTA debt service.

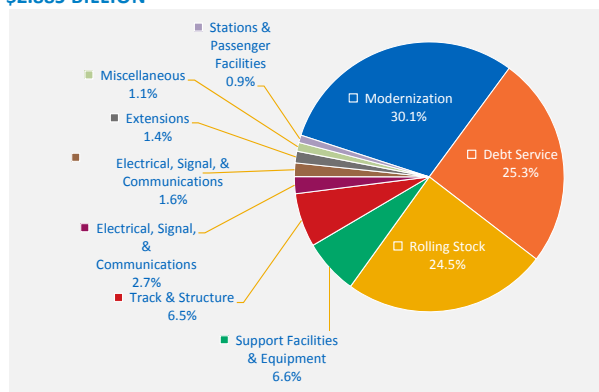
EXHIBIT 8-6: 2019-2023 CAPITAL PROGRAM USES - \$4.339 BILLION


CTA Overview

The proposed projects in the CTA's portion of the 2019-2023 Capital Program total \$2.885 billion (including payment of debt service on bonds) and include investments to modernize and upgrade existing assets as well as to add capacity to the existing system. The percentages for the general categories of capital improvements of the total program are 30.1% for modernization projects, 25.3% for debt service, 24.5% for rolling stock, 6.6% for support facilities and equipment, 6.5% for track and structure, 2.0% for contingencies and administration, 1.6% for electrical, signal, and communications, 1.4% for extensions, 1.1% for miscellaneous, and 0.9% for stations and passenger facilities. The general categories of capital improvements comprising the CTA's portion of the Capital Program are illustrated in Exhibit 8-7.

EXHIBIT 8-5: 2019-2023 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	RTA	Total
Rolling Stock	706,619	577,731	106,086	-	1,390,436
Track & Structure	186,413	255,628	-	-	442,042
Electrical, Signal, & Communications	46,978	116,688	-	-	163,666
Support Facilities & Equipment	190,829	89,269	142,884	-	422,982
Stations & Passenger Facilities	25,698	49,112	39,250	250	114,310
Miscellaneous	30,376	56,084	1,250	-	87,710
Modernization	868,279	-	-	-	868,279
Contingencies & Administration	58,685	20,102	-	-	78,787
Extensions	40,247	-	-	-	40,247
Total Capital Funding Available	\$2,154,125	\$1,164,614	\$289,469	\$250	\$3,608,459
Debt Service (Federal)	730,540	-	-	-	730,540
Total Capital Funding	\$2,884,665	\$1,164,614	\$289,469	\$250	\$4,338,998

EXHIBIT 8-7: CTA 2019-2023 CAPITAL PROGRAM USES: \$2.885 BILLION

Highlights of projects included in the CTA's proposed 2019-2023 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 \$827.7 million 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. Work began in 2018 in preparation for the initial construction phase, which is expected to move forward in 2019.
- Rail Car Overhaul Program and Replacement Rail Cars** - CTA's investment of \$430.7 million for rolling stock enhancements includes \$192.0 million to purchase new 7000-Series rail cars to replace the 2600-Series cars that are well beyond their useful life, and \$238.7 million to perform overhaul programs on the 5000-Series rail cars. Funding for these projects will improve service reliability, improve passenger comfort and amenities, positively impact maintenance and operating costs, and contribute to a greener, more sustainable environment.
- Bus Maintenance, Overhaul Program and New Bus Purchases** – CTA plans to invest \$276.0 million in maintenance and overhaul activities on buses

as well as the purchase of new electric and diesel buses. Continuing to overhaul and maintain buses allows CTA to maximize assets that are already in the fleet and extend their life, while purchases of new vehicles allows for older models that are beyond their useful life to be retired and for cleaner, more fuel efficient and reliable vehicles to take their place.

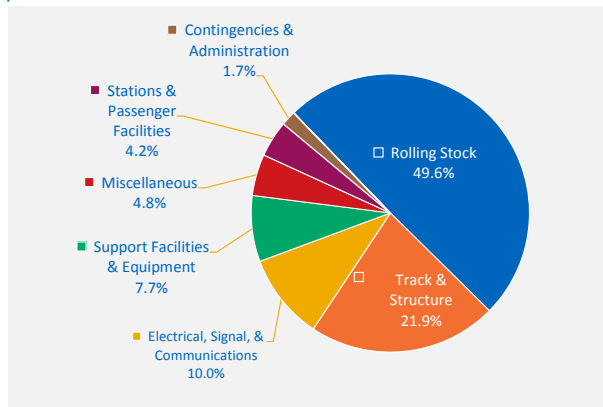
- Facility Improvements** - an investment of \$216.5 million is proposed to upgrade and rehabilitate a number of facilities that are beyond their useful life and costly to maintain. The plan includes replacing the 61st Street Rail Shop, ADA and security improvements to stations, and other upgrades and rehabilitations around the system.



Metra Overview

Metra's portion of the proposed 2019-2023 Capital Program totals \$1.165 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 49.6% for rolling stock, 21.9% for track and structure, 10.0% for electrical, signal, and communications, 7.7% for support facilities and equipment, 4.8% for miscellaneous, 4.2% for stations and passenger facilities and 1.7% for contingencies and administration. The general categories of capital

EXHIBIT 8-8: METRA 2019-2023 CAPITAL PROGRAM USES: \$1.165 BILLION



improvements comprising Metra's portion of the Capital Program are illustrated in Exhibit 8-8.

Highlights of projects included in Metra's proposed 2019-2023 Capital Program are listed below.

- Fleet Modernization** - Metra's investment of \$577.7 million, 50% of their capital plan, is to modernize its fleet. Plans include \$155.8 million towards Metra's in-house rebuilding program of rolling stock, which has allowed Metra to continue to maintain a reliable fleet of older rail cars while waiting to obtain capital funds to purchase new rail cars. Metra has also programmed \$175.7 million toward purchasing new rail cars. In addition, Metra plans \$200.4 million towards purchasing new locomotives and rebuilding and maintaining existing locomotives. Overall, these initiatives will help Metra to provide a more reliable service and offer a more modern product for riders.

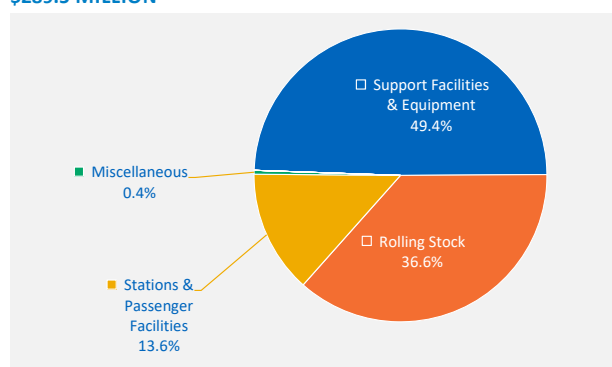


- Track and Structure Improvements** - an investment of \$255.6 million has been proposed for projects that will improve the ride quality and speed of trains and reduce the need for slow zone orders. Major projects include \$115.5 million allocated to rebuilding bridges and improving structures associated with the rail system, replacing rail ties and other rail renewal with an investment of \$110.6 million, and improving rail crossings with \$29.5 million.
- Electrical, Signal, & Communications** - an investment of \$116.7 million has been proposed that will improve the speed of trains and system reliability, as well as increase system safety and reduce maintenance costs. The plan has \$100.7 million budgeted for signal upgrades, improvements to interlockers and switches, and electrical upgrades, all of which are expected to lead to improvements in system reliability. Another \$16.0 million is budgeted for PTC in 2019 with the project expected to be complete by the end of the year.
- Support Facilities & Equipment** - an investment of \$89.3 million has been proposed to upgrade, improve, and replace support facilities and equipment that are beyond their useful life. Projects include \$38.9 million for rail yard improvements, \$34.7 million for new equipment and non-revenue vehicles, \$12.7 million to fund a new financial system, and \$3.0 million for building improvements. These projects support the backbone of the system and allow Metra operations to run efficiently.
- Stations & Passenger Facilities** - an investment of \$49.1 million has been proposed to improve the customer waiting experience at various stations and continue ADA improvement system-wide. Station improvements, funded at \$34.1 million, are planned at Hubbard Woods, Elmhurst, New Lenox, West Chicago, 147th Street, and other stations system-wide. In addition, \$15.0 million is budgeted to provide ADA enhancements around the system.

Pace Suburban Service Overview

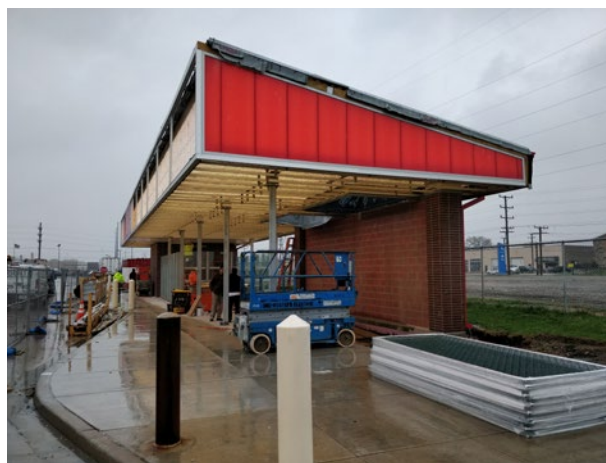
Pace's portion of the proposed 2019-2023 Capital Program totals \$289.5 million. The majority of funding will be used for state of good repair projects that focus on acquiring new rolling stock, updating and improving support facilities and equipment, and renovating and improving the passenger experience at stations and facilities. The percentages for the general categories of capital improvements of the total program are 49.4% for support facilities and equipment, 36.6% for rolling stock, 13.6% for stations and passenger facilities, 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.

EXHIBIT 8-9: PACE 2019-2023 CAPITAL PROGRAM USES: \$289.5 MILLION



Highlights of projects included in Pace's proposed 2019-2023 Capital Program are listed below

- Support Facilities and Equipment Improvements** - proposed facilities and equipment improvements total \$142.9 million. The largest investment of \$46.8 million will go toward a new Northwest Division garage that will be more environmentally friendly, utilizing compressed natural gas buses, which will save an estimated \$1.3 million in annual fuel cost. \$30.7 million is dedicated to preventive maintenance, and the remaining funds are dedicated to IT projects, farebox equipment, non-revenue vehicles, and other associated capital.
- Bus and Vehicle Replacement** - an investment of \$106.1 is planned for vehicle purchases. This includes \$98.1 million for the purchase of new buses, paratransit vehicles, and vanpool vans. Over the five year plan, Pace projects to acquire 159 new buses, including special buses for the new Pace Pulse route on Milwaukee Avenue, 305 new paratransit vehicles, 69 community vehicles, and 187 vanpool vans. The remaining \$8.0 million in rolling stock investment is for engine and transmission retrofits during midlife bus overhauls. Vehicle replacements help reduce maintenance and operating costs, provide a better customer experience, and increase service reliability.
- Improve and Create New Passenger Facilities** - \$39.3 million is programmed for passenger facilities. \$23.3 million will fund renovations at Homewood, Gurnee Mills, the Harvey Transportation Center, and the second Pace Pulse line facilities on Dempster Avenue. A new bus station will be created at the Joliet Gateway Transportation Center for \$7.5 million, and at the Orland Square Mall for \$0.6 million. The remaining \$8.0 million will be used for additional passenger improvements including bus stop signs and shelters, bus tracker installation, and conversion to posted stops along the Pace bus network.



Regional Transportation Authority Overview

The RTA Agency portion of the proposed 2019-2023 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 2019-2028

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. 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 continued 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 \$31.257 billion over the ten-year period, or an additional \$3.126 billion per year (Exhibit 8-10). As noted above, the five-year capital plan only has identi-



fied \$4.339 billion, or 13.9% of the needed funds over the next 10 years.

The track and structure asset category represents the largest funding need at \$9.128 billion or 29.2% 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 second largest category is for rail line modernization at \$8.721 billion or 27.9% 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

EXHIBIT 8-10: 2019-2028 UNFUNDED CAPITAL PRIORITIES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	Pace ADA	Total	% of Total
Rolling Stock	2,408,725	2,140,000	463,394	130,000	5,142,119	16.5%
Track & Structure	3,266,557	5,861,000	-	-	9,127,557	29.2%
Electrical, Signal, & Communications	234,900	1,566,000	21,054	6,000	1,827,954	5.8%
Support Facilities & Equipment	1,120,432	1,353,000	242,525	48,000	2,763,957	8.8%
Stations & Passenger Facilities	600,000	664,000	132,529	3,000	1,399,529	4.5%
Extensions	2,274,847	-	-	-	2,274,847	7.3%
Modernization	8,721,000	-	-	-	8,721,000	27.9%
Total Unfunded Capital Priorities	\$18,626,461	\$11,584,000	\$859,502	\$187,000	\$31,256,963	100.0%

to determine construction phasing, environmental analysis, and preliminary engineering.

The third largest need is for the funding of rolling stock projects at \$5.142 billion or 16.5% of the total need.

Projects in this category include:

- **CTA** – purchase of additional new 7000-Series rail cars, overhaul of the 5000-Series rail cars, purchase of additional replacement buses, completion of the life-extending overhauls for the 1000-Series buses, and mid-life overhaul of the 4300-Series buses.
- **Metra** – purchase of new locomotives and rail cars, along with continued rehabilitation of commuter cars and locomotives as part of their fleet modernization plan.
- **Pace** – purchase of new fixed-route buses, paratransit, community / On-Demand vehicles, and vanpool vehicles.

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

Pace's \$187.0 million in project cost priorities is based on changing the current ADA program delivery business model, which utilizes private contracts to provide vehicles and service. Pace's plan is to purchase fleet and facilities and bid out only the operational services to private contractors. This plan will reduce the costs associated with contracts and increase competition from private contractors because bidding will be for operational hourly service rates only.

Impact of 2019 Capital Expenditures

The Service Boards' proposed allocation of capital investment funds as presented below was found to be

consistent with the RTA's 2018-2023 Regional Transit Strategic Plan, Invest in Transit. 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 2019 Capital Program for CTA totals \$558.8 million. This amount includes required debt service of \$150.4 million. Remaining funds are divided among the following components: \$182.3 million for modernization projects, \$110.6 million for rolling stock rehabilitation and new vehicle purchases, \$50.0 million for rail track and structure improvements, \$36.6 million for support facilities and equipment, \$9.5 million for electrical, signal and communications, \$2.9 million for stations and passenger facilities, and \$16.5 million for miscellaneous, contingencies, and administration. 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 the line's useful life by 60 to 80 years. The purchase of new rail cars to replace older cars will create savings of \$8 million to \$10 million annually in maintenance and power costs. Continued overhauls of rail and bus vehicles will enable the rolling stock to continue to provide reliable services throughout its lifetime. All of



these initiatives will improve the customer's experience, mitigate the increases in operating and maintenance costs, improve operating efficiency, and contribute to a greener and more sustainable environment.

Metra



The proposed 2019 Capital Program for Metra totals \$185.6 million. This amount includes \$54.5 million for track and structure, \$40.3 million for rolling stock, \$32.6 million for support facilities and equipment, \$31.8 million for electrical, signal and communications, \$13.0 million for stations and passenger facilities, and \$13.4 million for miscellaneous, contingencies and administration. On-going rail car and locomotive rehabilitation and replacement programs will modernize Metra's rolling stock fleet. Locomotive improvements include micro-processor control system, remanufactured engines upgraded to EPA Tier 0+ emissions standards, rebuilt traction motors, and research into alternative fuel vehicles that could offer cost savings and greener operations. Rail car improvements include modernization to seating, lighting, climate control, bathroom facilities and electrical 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. Investments in rail yards around the system will increase operation efficiently and provide additional

capacity for train storage as needed. Metra has also budgeted funds for improvements to the Elmhurst, New Lenox, and 147th Street stations as well as a project to provide additional bicycle storage around the system. 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 2019 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.



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

General Obligation	Original Issue	January 1, 2017	New Issues	Retirements	December 31, 2017
1990A	100,000	27,610	-	6,200	21,410
1991A	100,000	32,355	-	5,660	26,695
1994A* and 1994B	275,000	12,670	-	12,670	-
1994C* and 1994D	192,000	31,455	-	8,600	22,855
1997 Refunding	98,000	33,160	-	4,230	28,930
1999 Refunding*	299,000	178,290	-	11,045	167,245
2000A*	260,000	178,160	-	8,345	169,815
2001A*	100,000	69,350	-	3,060	66,290
2001B Refunding*	38,000	22,520	-	2,710	19,810
2002A*	160,000	115,920	-	4,600	111,320
2003A*	260,000	196,015	-	7,320	188,695
2003B	150,000	112,995	-	4,225	108,770
2004A*	260,000	201,960	-	6,920	195,040
2005B Refunding	148,000	90,140	-	720	89,420
2006A*	250,000	211,130	-	205,160	5,970
2010A	62,200	35,030	-	5,150	29,880
2010B	112,925	112,925	-	-	112,925
2011A Refunding	95,550	44,475	-	14,165	30,310
2014A	99,295	96,200	-	1,640	94,560
2016A	95,470	95,470	-	1,450	94,020
2017A**	-	-	191,205	-	191,205
Total	3,155,440	1,897,830	191,205	313,870	1,775,165

* Strategic Capital Improvement Program (SCIP) Bonds.

** 2017A refunded 2006A Strategic Capital Improvement Program (SCIP) Bonds.

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 to 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 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 2018 CAFR is not yet available, the most recent financial data, through 2017, is presented.

RTA's most recent bond issue, 2017 A, was rated "AA" by Standard & Poor's and "AA" by 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 \$1.775 billion as of December 31,

EXHIBIT 8-12: RTA LONG-TERM DEBT ¹ (DOLLARS IN THOUSANDS)

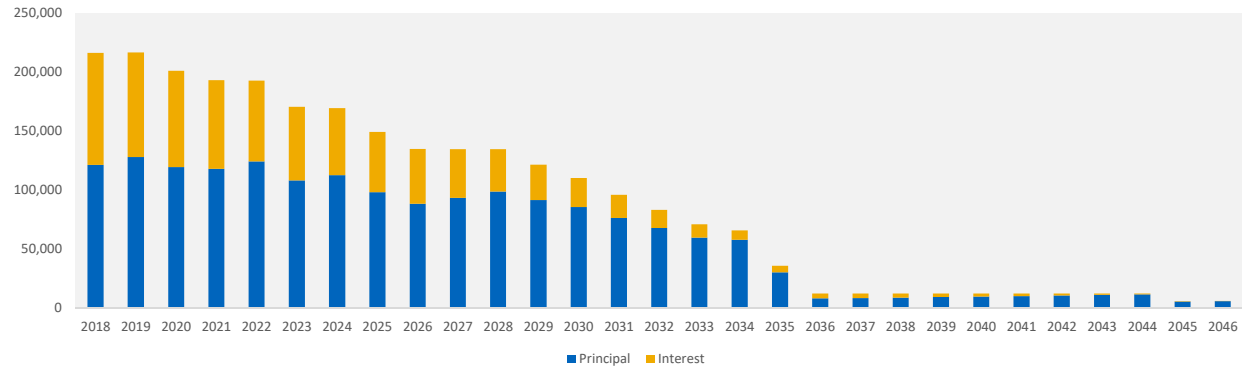
	As of January 1, 2017	As of December 31, 2017
RTA Non-SCIP Debt Cap	800,000	800,000
RTA Non-SCIP Principal Outstanding	702,920	649,985
Unused RTA Non-SCIP Debt Capacity	97,080	150,015
Total SCIP Principal Outstanding	1,194,910	1,125,180
Total Outstanding Long-Term Debt	\$1,897,830	\$1,775,165

¹Excludes bank borrowing and short-term notes

2017, include \$1.125 billion in SCIP bonds and \$650.0 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.
- **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 May 2003**, the RTA issued \$260 million in General Obligation Bonds, Series 2003A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.
- **In January 2003**, the RTA issued \$150 million in General Obligation Bonds, Series 2003B, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.
- **In October 2004**, the RTA issued \$260 million in General Obligation Bonds, Series 2004A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.
- **In May 2005**, the RTA issued \$148 million in General Obligation Bonds, Series 2005B, to provide funds to refund in advance of maturity the RTA's outstanding Series 1996A Bonds, maturing June 1 in the years 2005-2025, in the aggregate amount of \$147 million.
- **In October 2006**, the RTA issued \$250 million in General Obligation Bonds, Series 2006A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.
- **In January 2010**, the RTA issued \$62.2 million in General Obligation Bonds, Series 2010A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.
- **In January 2010**, the RTA issued \$112.9 million in General Obligation Bonds, Series 2010B, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.
- **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.
- **In August 2017**, RTA issued \$191.2 million in General Obligation Bonds, Series 2017A, to refund

EXHIBIT 8-14: FUTURE RTA DEBT SERVICE REQUIREMENTS (DOLLARS IN THOUSANDS)**EXHIBIT 8-13: FUTURE RTA DEBT SERVICE REQUIREMENTS (DOLLARS IN THOUSANDS)**

Year	Principal	Interest	Total
2018	121,295	94,936	216,231
2019	127,985	88,818	216,803
2020	119,280	81,880	201,160
2021	118,055	75,134	193,189
2022	124,185	68,617	192,802
2023	108,115	62,407	170,522
2024	112,625	56,800	169,425
2025	98,055	51,273	149,328
2026	88,410	46,268	134,678
2027	93,385	41,212	134,597
2028	98,680	35,838	134,518
2029	91,435	30,128	121,563
2030	85,450	24,728	110,178
2031	76,230	19,581	95,811
2032	67,845	15,252	83,097
2033	59,495	11,276	70,771
2034	57,605	8,087	65,692
2035	29,970	5,685	35,655
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
Total	1,775,165	841,106	2,616,271

the RTA's Outstanding General Obligation Bonds, Series 2006A maturing in the years 2019 through 2035 and to pay Costs of Issuance of the Series 2017A Bonds.

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 8-15: 2008-2017 RTA DEBT SERVICE REQUIREMENTS
(DOLLARS IN THOUSANDS)**

Year	Principal	Interest	Total
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
2017	313,870	107,965	421,835

**EXHIBIT 8-16: 2008-2017 DEBT SERVICE REQUIREMENT TEST
(DOLLARS IN THOUSANDS)**

Year	Debt Service Requirement	2.5 Times Debt Service	Sales Tax Revenue
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	1,071,225
2014	208,985	522,463	1,123,997
2015	211,041	527,603	1,169,267
2016	214,984	537,460	1,185,182
2017	421,835	1,054,588	1,185,986

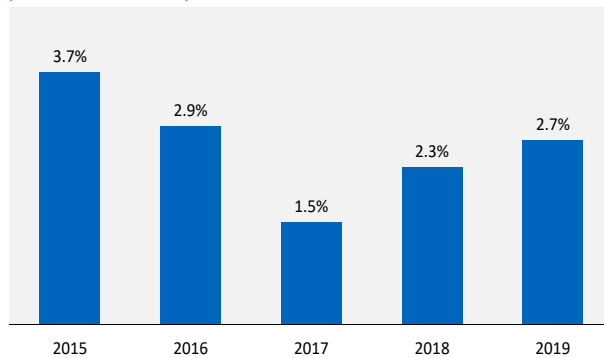
9 APPENDICES



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 2015 through 2019 (projected). GDP growth slowed in 2017 but rebounded to 2.3% in 2018. The Congressional Budget Office (CBO) expects GDP to grow by 2.7% in 2019.

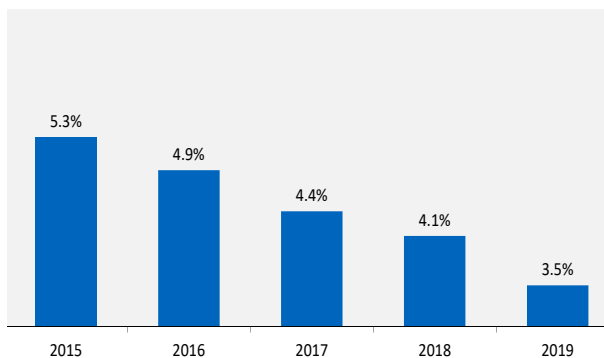
EXHIBIT 9-1: U.S. REAL GROSS DOMESTIC PRODUCT (PERCENT CHANGE)



Source: U.S. Bureau of Economic Analysis

Exhibit 9-2 shows the U.S. annual unemployment rate from 2015 through 2019 (projected). The unemployment rate has steadily declined each year since the last recession and is expected to decrease to 3.5% in 2019, which is lower than pre-recession unemployment levels.

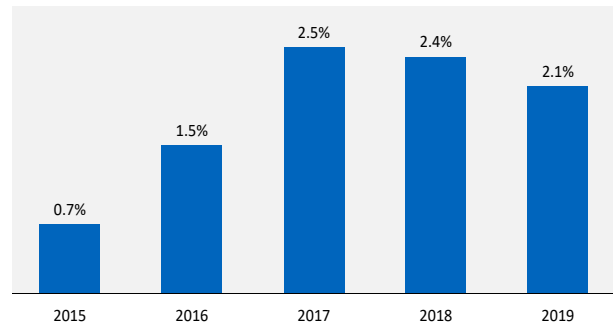
EXHIBIT 9-2: U.S. UNEMPLOYMENT RATE



U.S. Department of Labor

Exhibit 9-3 shows the annual growth of the U.S. Consumer Price Index (CPI) from 2015 to 2019 (projected). CPI is a measure of the average change in the price of goods and services over time. CPI growth has

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



Source: U.S. Department of Commerce

accelerated in recent years and the CBO anticipates it will be 2.1% in 2019 as price pressure develops because of excess demand in the economy.

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

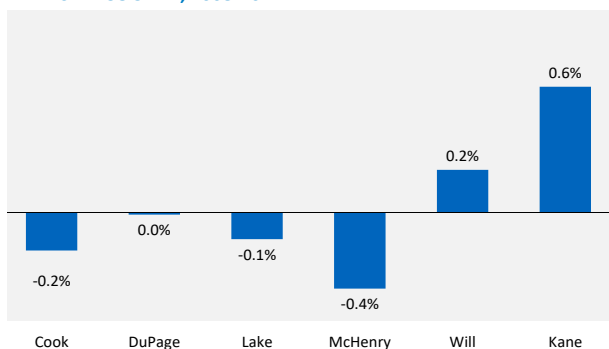
The population of the RTA region declined by 0.8% between 2008 and 2017 (Exhibit 9-4). Exhibit 9-5 illustrates the annualized population growth rates for each of the region's six counties between 2008 and 2017. During the 10-year period, population growth decreased at an annualized rate of 0.1%. Kane and Will Counties experienced positive growth, with Will County's population increasing by 0.2% and Kane County increasing by 0.6% annually. In contrast, the populations of Lake, Cook, and McHenry Counties declined at annual rates of 0.1%, 0.2%, and 0.4%, respectively. DuPage County's population held steady.

Population distribution by county is illustrated in Exhibit 9-6. In 2017, 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. In 2017, DuPage County's population comprised 11.1% of the region's population, followed by Lake County (8.4%),

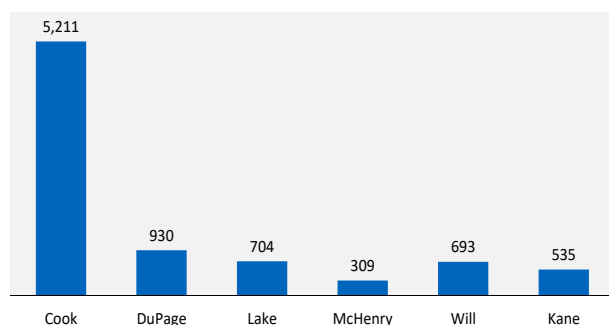
EXHIBIT 9-4: POPULATION BY COUNTY (IN THOUSANDS)

	2008	2017	% Change
Cook	5,295	5,211	-1.6%
DuPage	931	930	-0.1%
Lake	712	704	-1.1%
McHenry	319	309	-3.1%
Will	681	693	1.8%
Kane	508	535	5.3%
Total	8,446	8,382	-0.8%

Source: U.S. Census Bureau

EXHIBIT 9-5: RTA REGION ANNUALIZED POPULATION GROWTH RATES BY COUNTY, 2008-2017

Source: U.S. Census Bureau

EXHIBIT 9-6: RTA REGION 2017 POPULATION DISTRIBUTION BY COUNTY (IN THOUSANDS)

Source: U.S. Census Bureau

Will County (8.3%), Kane County (6.4%), and McHenry County (3.7%).

EMPLOYMENT

The RTA region's labor force contracted by 0.4% between 2008 and 2017, driven by decreases in all counties except Lake. McHenry County experienced

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

	2008	% of Total	2017	% of Total
Cook	2,617	60.4	2,514	60.2
DuPage	529	12.2	495	11.9
Kane	272	6.3	268	6.4
Lake	371	8.6	371	8.9
McHenry	181	4.2	167	4.0
Will	365	8.4	362	8.7
Total	4,335	100.0	4,177	100.0

Source: Illinois Department of Employment Security

the largest percentage drop at 7.7%, while Lake County remained flat (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 2017; however, their share of overall regional employment decreased during this period. Cook County, Advocate Health Care, Northwestern Memorial Healthcare, University of Chicago, and JP Morgan Chase & Co. continue to be among the top ten employers in the region.

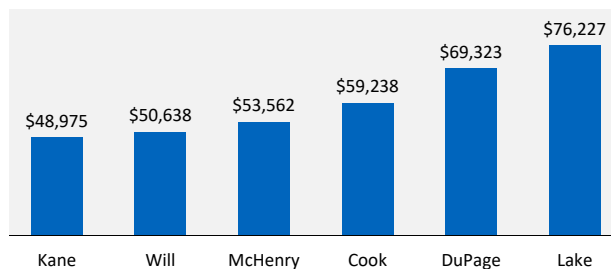
The RTA region has experienced steady growth in per capita personal income. Cook, DuPage, Lake and McHenry Counties recorded per capita personal income higher than the U.S. average of \$51,640 in 2017, the most recent data available. Lake and DuPage had the highest levels of per capita personal income in the six-county region, while Kane and Will had the lowest (Exhibit 9-9).

Unemployment in Illinois (not seasonally adjusted) improved to 4.3% in 2018, down 0.5 percentage points from 2017. Still, state unemployment lags the national rate of 3.9% (not seasonally adjusted) by 0.4 percentage points. At 2.9%, DuPage continues to have the lowest rate of unemployment in the region (Exhibit 9-10).

EXHIBIT 9-8: TOP REGIONAL EMPLOYERS

2008			2017		
Employer	Employees	% of Total Regional Employment	Employer	Employees	% of Total Regional Employment
United States Government	78,000	2.0%	United States Government	41,500	1.0%
Chicago Public Schools	43,910	1.1%	Chicago Public Schools	35,447	0.8%
City of Chicago	35,570	0.9%	City of Chicago	31,160	0.7%
Cook County	23,453	0.6%	Cook County	21,316	0.5%
Advocate Health Care	22,142	0.6%	Advocate Health Care	19,049	0.4%
Northwestern Memorial Healthcare	15,660	0.4%	Northwestern Memorial Healthcare	16,667	0.4%
University of Chicago	15,660	0.4%	University of Chicago	16,583	0.4%
JP Morgan Chase & Co.	14,287	0.4%	JP Morgan Chase & Co.	15,701	0.4%
State of Illinois	14,254	0.4%	State of Illinois	14,690	0.3%
Amazon.com Inc	14,000	0.4%	Amazon.com Inc	13,240	0.3%
Total	276,936	7.1%	Total	225,353	5.2%

Source: Crain's Chicago Business

EXHIBIT 9-9: PER CAPITA PERSONAL INCOME BY COUNTY - 2017

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

EXHIBIT 9-10: UNEMPLOYMENT RATES 2015-2018

	2015	2016	2017	2018
United States	5.0%	4.5%	4.4%	3.9%
Illinois	5.8%	5.6%	4.8%	4.3%
RTA Counties				
Cook	5.5%	5.6%	5.0%	3.8%
DuPage	4.2%	4.3%	3.8%	2.9%
Kane	6.1%	5.8%	4.7%	5.9%
Lake	5.9%	5.6%	4.4%	5.3%
McHenry	4.6%	5.1%	4.5%	3.5%
Will	5.2%	5.6%	5.0%	3.9%

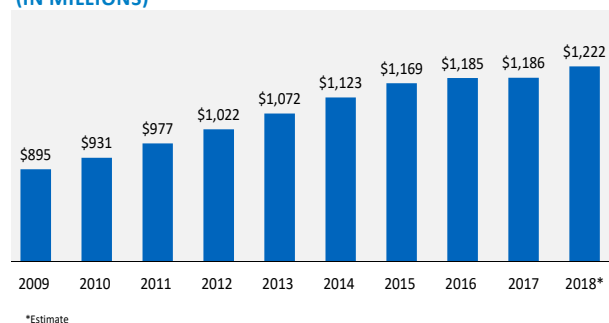
Source: Illinois Department of Employment Security (IDES)

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 \$895 million in 2009 to over \$1.2 billion in 2018. 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 on RTA collections. The surcharge was subsequently decreased to 1.5% in the State FY 2019 budget. Regional sales tax receipts are expected to increase by 3.1% in 2018 (Exhibits 9-11 and 9-12).

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ¹
Cook County										
Chicago	268	278	296	313	328	344	363	369	365	384
Suburban Cook	419	438	454	474	498	522	541	546	549	562
Total Cook	\$687	\$716	\$750	\$787	\$826	\$865	\$904	\$915	\$914	\$947
Collar Counties										
DuPage	79	82	86	89	94	98	101	103	103	105
Kane	27	28	30	31	32	33	34	35	36	37
Lake	50	51	53	56	58	62	63	64	63	64
McHenry	17	17	18	18	19	20	20	21	21	21
Will	35	37	40	41	43	45	47	47	48	49
Total Collar	\$208	\$215	\$227	\$235	\$246	\$258	\$265	\$270	\$272	\$275
Total RTA Region	\$895	\$931	\$977	\$1,022	\$1,072	\$1,123	\$1,169	\$1,185	\$1,186	\$1,222
Percent Change	(3.0%)	4.0%	4.9%	4.6%	4.9%	4.8%	4.1%	1.4%	0.1%	3.1%

¹ Estimate**EXHIBIT 9-12: RTA SALES TAX COLLECTIONS 2009-2018 (IN MILLIONS)****RIDERSHIP TRENDS**

RTA system ridership declined at a compound annual rate of 1.1% during the 10-year period from 2009 to 2018. CTA, Metra, and Pace lost ridership during this period while Pace ADA Paratransit's annual compound growth was 4.9%.

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, necessary fare increases, falling gas prices, and the rise of bike and car-sharing services have contributed to declining rider-

ship. In 2019, system ridership is expected to decline by 1.1% to 571.6 million passenger trips.

An analysis of the 12-month moving average number of jobs versus the 12-month moving average of ridership indicates that ridership growth and job growth historically were positively correlated, as shown in Exhibit 9-15. This relationship 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 2009 to 2018. Expenditures increased at a compound annual growth rate of 2.6% during this period.

Service Board fare revenues increased at a compound annual growth rate of 2.8% between 2009 and 2018, slightly above expense growth (Exhibits 9-19 and 9-20). In 2018, fare revenue is expected to exceed \$1 billion for the first time as a result of necessary fare increases implemented at each Service Board.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ¹
CTA Bus	318.7	306.0	310.4	314.4	300.1	276.1	274.3	259.1	249.2	242.5
CTA Rail ¹	202.6	210.9	221.6	231.2	229.1	238.1	241.7	238.6	230.2	224.8
Total CTA	521.3	516.9	532.0	545.6	529.2	514.2	516.0	497.7	479.4	467.3
Metra	82.3	81.4	82.7	81.3	82.3	83.4	81.6	80.1	78.6	75.9
Pace Suburban	32.3	32.3	33.7	35.4	35.9	34.8	33.1	31.3	31.4	30.5
Pace ADA	2.8	2.8	3.4	3.8	4.0	4.1	4.2	4.1	4.1	4.3
Total RTA	638.7	633.4	651.8	666.1	651.4	636.5	634.9	613.2	593.5	578.0
% Increase	(2.3%)	(0.8%)	2.9%	2.2%	(2.2%)	(2.3%)	(0.3%)	(3.4%)	(3.2%)	(2.6%)

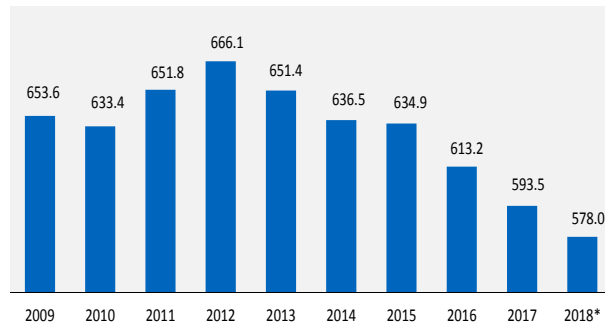
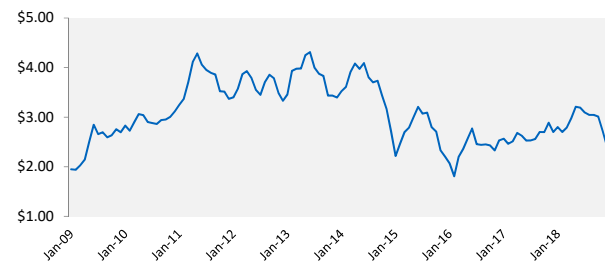
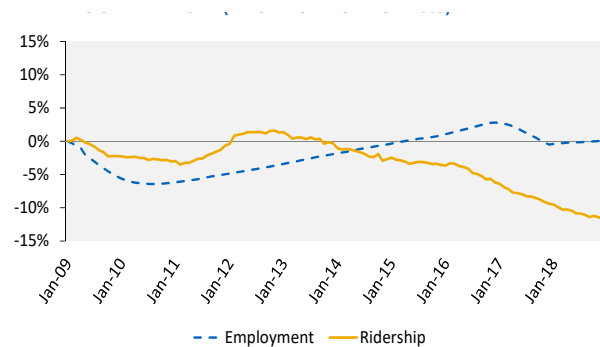
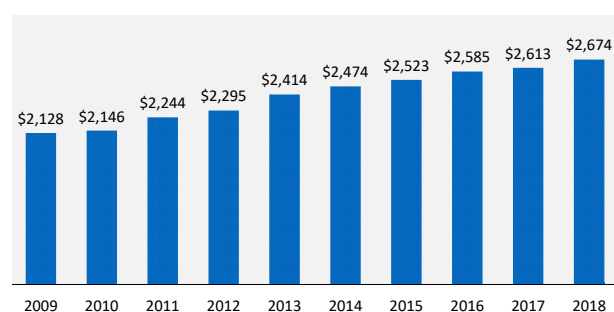
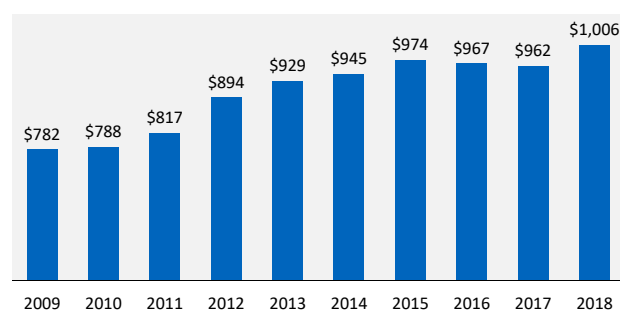
¹ Projected**EXHIBIT 9-14: RTA SYSTEM RIDERSHIP (IN MILLIONS)****EXHIBIT 9-16: REGIONAL FUEL PRICES****EXHIBIT 9-15: 12-MONTH MOVING AVERAGE - REGIONAL EMPLOYMENT VERSUS REGIONAL RIDERSHIP (PERCENT CHANGE FROM 2009)**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CTA	1,262	1,239	1,292	1,292	1,366	1,400	1,444	1,464	1,451	1,490
Metra	577	616	644	676	704	707	726	742	762	783
Pace	174	176	180	190	196	210	198	218	226	226
ADA Paratransit	115	115	128	137	148	157	155	161	174	175
Total	\$2,128	\$2,146	\$2,244	\$2,295	\$2,414	\$2,474	\$2,523	\$2,585	\$2,613	\$2,674
% Change	1.9%	0.8%	4.6%	2.3%	5.2%	2.5%	2.0%	2.5%	1.1%	2.3%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CTA	506	509	528	549	574	583	587	577	559	584
Metra	236	239	245	301	309	312	337	341	355	372
Pace	33	32	35	35	36	40	39	38	37	38
ADA Paratransit	7	8	9	9	10	10	11	11	11	12
Total	\$782	\$788	\$817	\$894	\$929	\$945	\$974	\$967	\$962	\$1,006
% Change	3.1%	0.8%	3.7%	9.4%	3.9%	1.7%	3.1%	(0.7%)	(0.5%)	4.6%

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 a vote of 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.

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:

1. A five-year program for capital improvements is updated annually. Each capital improvement to be undertaken by or on behalf of a Service Board should meet the criteria set in the Strategic Plan

and be consistent with any sub-regional or corridor plan adopted by the RTA.

2. 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).
3. 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 during the year are considered acquired at the beginning of that year for the purpose of computing depreciation.

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

GENERAL OBLIGATION BONDS

Pursuant to the Note General Ordinance (Ordinance 85-39), adopted August 8, 1985, bonds should be payable from all revenue and all other funds received or held by the RTA that lawfully may be used for retiring the debt. Exceptions to this are amounts in the Joint Self-Insurance Fund (JSIF) and amounts required to be held or used with respect to separate ordinance obligations. The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State of Illinois. 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.

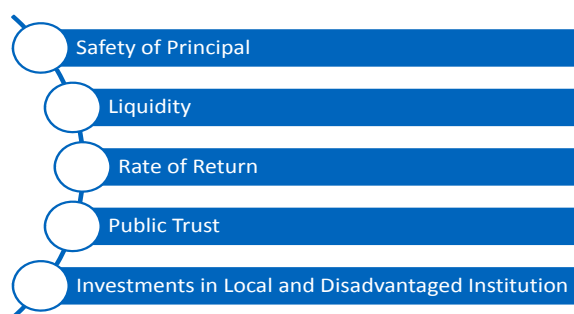
INVESTMENT

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 January 1, 2018 the funded ratio of the RTA pension plan was 90.4%. 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 Budget 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 submit to the RTA a proposed annual budget, two-year financial plan, and 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 least one public hear-

EXHIBIT 9-21: 2019 BUDGET CALENDAR

Date	Requirements
2018	
17-May	Budget Call Released: RTA releases the requirements that the Service Boards use to develop the 2019 Budget, which includes the Annual Budget, Two-Year (2020-2021) Financial Plan, and Five-Year (2019-2023) Capital Program. The 2019 Budget 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 2019 Budget. RTA Board action required.
1-Jun	Preliminary Federal Funding: Preliminary federal funds for region as a whole posted on RTA website.
16-Jun	Capital Program Process Presentation: RTA Capital Programming staff presents Capital Program Development Process before Chicago Metropolitan Agency for Planning (CMAP) Transportation Committee.
July	Preparatory Funding Amounts Released: 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	Preparatory Funding Amounts Working Session(s): RTA Staff will convene with the Service Boards to advance the baseline estimates established in the preparatory funding amounts.
21-Jul	Preliminary Capital Funding Amounts: 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	Preliminary Capital Funding Amounts Released: Preliminary capital funding amounts released and posted on RTA website.
23-Aug	Funding Amounts Presentation: 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	Statutorily Required Date for Adoption of Funding Amounts and Recovery Ratios: 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.
11-Oct	Service Board Proposed Budget Submittal and Public Hearing Schedule: Service Boards provide their proposed Budget, Reserve Plan, and information requirements to the RTA. If proposed Budget is not complete, a draft Budget 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	Consolidated Budget Summary: 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 Budget's to the public.
Oct - Nov	Preliminary Service Board and RTA Business Plan Presentations: 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	Statutorily Required Date for Service Board Adopted Budget Submissions: 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.
28-Nov	RTA Finance Committee Review: Service Boards present final Budget's to the RTA Board Finance Committee and discuss critical issues and key assumptions of budgets, financial plans, and capital programs during a special meeting.
28-Nov	Final RTA Public Hearing: RTA staff holds a final public hearing on the consolidated regional budget, financial plan, and capital program at the RTA offices.
13-Dec	2019 Budget Adoption: RTA Board votes to approve and adopt the regional Budget, Financial Plan, and Five-Year Capital Program.
2019	
March	Regional Input on Capital Program Development: 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	Ten-Year Financial Plan: RTA produces a consolidated ten-year financial plan based on the adopted 2019 Budget. The Service Boards and RTA work collaboratively to produce a coordinated, regional financial plan.

ing 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 2019 budget and five-year capital program, with a central public hearing at RTA headquarters live-streamed to seven RTA-staffed locations throughout the six-county region. 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 CTA, Metra and Pace Boards voted to adopt their Budgets at their November board meetings. A special meeting of the Finance Committee of the RTA Board was held on November 28th to provide an opportunity to discuss the proposed 2019 budgets with the Service Boards. The RTA Board voted to approve the 2019 regional transit system budget at its December 13th, 2018 meeting. The 2019 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 - Wednesday, November 28th

9:00 am – 12:00 pm

DuPage County Government Center

421 N. County Farm Road, Wheaton, IL

Cook County (North) - Wednesday, November 28th

9:00 am – 12:00 pm

Arlington Heights Village Hall

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

Cook County (South) - Wednesday, November 28th

9:00 am – 12:00 pm

Flossmoor Village Hall

2800 Flossmoor Rd., Flossmoor, IL

City of Chicago - Wednesday, November 28th

9:00 am – 12:00 pm

RTA Headquarters

175 W. Jackson Blvd., Chicago, IL

Will County - Wednesday, November 28th

9:00 am – 12:00 pm

Will County Office Building

302 N. Chicago St., Joliet, IL

McHenry County - Wednesday, November 28th

9:00 am – 12:00 pm

Woodstock City Hall

121 West Calhoun St., Woodstock, IL

Lake County - Wednesday, November 28th

9:00 am – 12:00 pm

Mundelein Village Hall

300 Plaza Cr., Mundelein, IL

Kane County - Wednesday, November 28th

9:00 am – 12:00 pm

St. Charles City Hall

2 East Main St., St. Charles, IL

EXHIBIT 9-23: 2019 BUDGET ORDINANCE AND SCHEDULES

ORDINANCE NO. 2018-68**APPROVING THE 2019 BUDGETS AND 2020-2021 FINANCIAL PLANS OF THE SERVICE BOARDS, ADOPTING THE 2019 BUDGET AND PROGRAM OF THE AUTHORITY, APPROPRIATING FUNDS FOR THE 2019 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 2019**

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 2018-44 on August 23, 2018, identifying the amounts of funds estimated to be available to each Service Board for operations during fiscal year 2019 and the two following fiscal years;

WHEREAS, pursuant to Section 4.11 of the Act, each Service Board has submitted its proposed fiscal year 2019 budget and proposed 2020–2021 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 28, 2018 and met with the county board or its designee of each of the several counties in the metropolitan region, with respect to its proposed annual budget and two-year financial plan, and considered the proposed budgets and financial plans of the Service Boards and the public comments with respect to those budgets and financial plans;

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

ADOPTED DECEMBER 13, 2018

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

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

WHEREAS, Section 4.10 of the Act prohibits the RTA from releasing funds, other than those allocated 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 2019 through 2021 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 2018-44 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 2019 budget submissions to the RTA;

WHEREAS, pursuant to Section 2.01d of the Act, the RTA has established public funding levels in 2019 through 2021 for the ADA Paratransit Fund;

WHEREAS, pursuant to Section 4.11(a) of the Act, the RTA Board shall review the interim 2019 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, 2019, and shall amend the 2019 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 and Joint Self Insurance Fund to provide system protection against catastrophic loss;

WHEREAS, 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 2019 funding levels adopted by RTA ordinance 2018-44;

WHEREAS, on January 18, 2018 and pursuant to Section 2.01a of the Act, the RTA Board adopted Ordinance 2018-02 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 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 2019 Budget 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 28, 2018 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 2019 and financial plans for 2020 and 2021, 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 2019 budgets and 2020-2021 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 40 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 2019 Budget and Financial Plan of the Authority as summarized in Schedule I-A. The 2019 Budget and Financial Plan are hereby approved and the RTA Board finds as follows:

- (a) The 2019 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 2019 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 2019 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 2019, apart from ADA Paratransit services, to equal at least fifty percent (50%) of the aggregate cost of providing such public transportation in 2019, and at least ten percent (10%) for ADA Paratransit service in 2019, as required by the Act, and as summarized in Schedule I-C.

(d) The 2019 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 2019, as defined in Section 4.01 (c) of the Act, do not exceed the maximum administrative expenses permitted.

(f) The 2019 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 2019 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 2019-2023 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 in RTA bond proceeds programmed for 2020 and \$130 million in RTA bond proceeds programmed for 2023 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 2019 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 2019 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 2019 operating deficit of ADA Paratransit service and (ii) the total amount of funding from all sources estimated to be available for 2019 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, 2019 by examining the ADA Paratransit service year-to-date operating results through the second quarter of 2019, 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 2019 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 2019 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 2019 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 2019 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 2018-44, approving the operations funding amounts for the 2019 operating budget and the 2020 - 2021 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 2019 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 2019 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 2019 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 2019 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 2019 Budget approved in Article II, from other receipts and revenues of the RTA.

In 2019 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 2019 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 2019 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, consistent with the Local Government Travel Expense Control Act.

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 2019 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)

	2019 Budget	2020 Plan	2021 Plan
RTA Funding Sources			
RTA Sales Tax (Part I)	941,034	959,854	979,051
RTA Sales Tax (Part II)	329,239	335,823	342,540
RTA Public Transportation Fund (PTF - Part I)	232,870	243,618	248,490
RTA Public Transportation Fund (PTF - Part II)	163,832	171,594	175,232
State Financial Assistance (ASA/AFA)	130,300	130,300	130,300
State Reduced Fare Reimbursement ¹	34,070	25,820	17,570
State Funding for ADA Paratransit	8,395	8,500	8,500
RTA Regional Capital Project Reserves	250	-	-
JSIF Reserve	2,500	-	-
Other RTA Revenue ²	9,187	5,726	5,852
Total RTA Funding Sources	1,851,677	1,881,235	1,907,536
Operating Expenditures			
RTA Total Funds for CTA Operations	777,735	798,939	815,011
RTA Total Funds for Metra Operations	421,085	426,562	435,029
RTA Total Funds for Pace Suburban Service Operations	172,369	175,657	178,999
RTA Total Funds for Pace ADA Paratransit Operations	173,026	181,835	190,117
State Reduced Fare Reimbursement ¹	34,070	25,820	17,570
Agency Administration	17,657	18,187	18,733
RTA Regional Services and Programs	24,216	21,250	21,888
Total Operating Expenditures	1,620,158	1,648,250	1,677,346
Debt Service, Capital & JSIF Expenditures			
Principal and Interest	236,798	227,151	224,181
RTA Agency Regional Capital Program	250	-	-
RTA Joint Self-Insurance Fund (JSIF) Funding	5,664	5,834	6,009
Total Debt Service & JSIF Expenditures	242,712	232,985	230,190
Total Expenditures	1,862,870	1,881,236	1,907,536
Beginning Unreserved/Undesignated Fund Balance	(5,330)	(5,330)	(5,330)
Change in Fund Balance	(11,193)	(0)	(0)
Transfers ³	11,193	0	0
Ending Unreserved/Undesignated Fund Balance	(5,330)	(5,330)	(5,330)

¹ Amounts for 2019 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY 19-20 budgets.

² Includes income from investments, sales tax interest, and revenue from RTA programs and projects.

³ Contingent transfers from RTA reserves in 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)			
	2019 Budget	2020 Plan	2021 Plan
CTA			
Total System-Generated Revenue	707,747	719,941	734,397
Total Operating Expenses	1,552,114	1,587,511	1,620,097
Operating Deficit	844,366	867,569	885,700
RTA Sales Tax (Part I)	395,620	403,532	411,603
RTA Sales Tax and PTF (Part II)	131,039	133,135	133,503
RTA 25% PTF on RETT (Part II) ¹	16,658	17,158	17,672
RTA Non-Statutory Funding - PTF I ²	228,213	238,745	243,520
RTA Non-Statutory Funding - Sales Tax I ²	-	39	2,256
Innovation, Coordination, and Enhancement Funding ³	6,205	6,330	6,456
Total RTA Funding for Operations	777,735	798,939	815,011
City of Chicago RETT (Part II) ¹	66,631	68,630	70,689
Total Funding for Operations	844,366	867,569	885,700
ICE funding not used for operations - transfer to capital ³	-	-	-
Net Result	0	0	0
Metra			
Total System-Generated Revenue	411,688	442,878	461,818
Total Operating Expenses	822,215	845,900	873,100
Operating Deficit	410,527	403,022	411,282
RTA Sales Tax (Part I)	307,073	313,215	319,479
RTA Sales Tax and PTF (Part II)	106,469	108,172	108,471
RTA Non-Statutory Funding - Sales Tax I ²	-	32	1,833
Innovation, Coordination, and Enhancement Funding ³	5,042	5,143	5,246
JSIF Reserve	2,500	-	-
Total RTA Funding for Operations	421,085	426,562	435,029
Homeland Security Operating Grant	1,500	1,500	1,500
Total Funding for Operations	422,585	428,062	436,529
ICE funding not used for operations - transfer to capital ³	(5,042)	(5,143)	(5,246)
Farebox capital program	(7,015)	(19,897)	(20,002)
Net Result	0	0	0
Pace Suburban Service			
Total System-Generated Revenue	58,729	63,712	62,843
Total Operating Expenses	236,037	244,519	247,009
Operating Deficit	177,308	180,807	184,166
RTA Sales Tax (Part I)	97,185	99,129	101,112
RTA Sales Tax and PTF (Part II)	35,490	36,057	36,157
Suburban Community Mobility Funds	25,856	26,373	26,901
South Suburban Job Access Funds	7,500	7,500	7,500
RTA Non-Statutory Funding - PTF I ²	4,657	4,872	4,970
RTA Non-Statutory Funding - Sales Tax I ²	-	11	611
Innovation, Coordination, and Enhancement Funding ³	1,681	1,714	1,749
Total RTA Funding for Operations	172,369	175,657	178,999
Federal CMAQ/JARC/New Freedom Funds	4,939	5,150	5,166
Total Funding for Operations	177,308	180,807	184,165
ICE funding not used for operations - transfer to capital ³	-	-	-
Net Result	0	0	0
Pace ADA Paratransit Service			
Total System-Generated Revenue	14,215	14,449	14,676
Total Operating Expenses	187,241	196,284	204,793
Operating Deficit	173,026	181,835	190,117
RTA Sales Tax and PTF (Part II)	164,631	173,335	181,617
State Funding for ADA Paratransit	8,395	8,500	8,500
Total RTA Funding for Operations	173,026	181,835	190,117
Net Result	0	0	0
Total System-Generated Revenue Recovery Ratio	50.6%	51.0%	51.1%

¹ Assumes 2019 RETT receipts are unchanged from 2018 budget, then grow by 3% in 2020 and 2021.² For clarification, "non-statutory funding" refers to funding which is not statutorily allocated.³ As authorized by RTA Ordinance 2018-44, ICE funding may alternatively be used by the Service Boards for capital purposes.

Schedule I-C

System-Generated Revenue Recovery Ratios

	2019 Requirement	2019 As Budgeted
CTA	54.75%	55.6%
Metra	52.5%	53.1%
Pace Suburban Service	30.3%	30.3%
Regional System-Generated Revenue Recovery Ratio	50.0%	50.6%
Pace ADA Paratransit	10.0%	10.0%

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)

	2019 Budget	2020 Plan	2021 Plan
Source of Funds			
Part I Sales Tax ("85% Sales Tax") ¹			
City of Chicago	323,716	330,190	336,794
Suburban Cook County	472,399	481,847	491,484
Collar Counties	144,919	147,818	150,774
Total Part I Sales Tax	941,034	959,854	979,051
Part I Public Transportation Funds (PTF) (25% of Sales Tax I)	232,870	243,618	248,490
Total Part I Sales Tax and PTF	1,173,904	1,203,472	1,227,542
Part II Sales Tax, RETT, and PTF			
City of Chicago	74,881	76,379	77,906
Suburban Cook	112,534	114,785	117,080
Collar Counties	141,824	144,660	147,554
Total Part II Sales Tax	329,239	335,823	342,540
Part II Real Estate Transfer Tax (RETT) ²	66,631	68,630	70,689
Total Part II Sales Tax and RETT	395,870	404,453	413,229
Part II Public Transportation Funds			
5% of Sales Tax I	46,574	48,724	49,698
30% of Sales Tax II and RETT	117,258	122,870	125,534
Total Part II PTF	163,832	171,594	175,232
Total Part II - Sales Tax, PTF and RETT	559,702	576,047	588,460
Total Source of Funds	1,733,606	1,779,519	1,816,002
Distribution of Funds			
Part I Sales Tax Allocation ("85% Sales Tax") ¹			
RTA - 15% of Part I Sales Tax	141,155	143,978	146,858
CTA	395,620	403,532	411,603
Metra	307,073	313,215	319,479
Pace	97,185	99,129	101,112
Total Part I Sales Tax	941,034	959,854	979,051
RTA - 100% of Part I PTF	232,870	243,618	248,490
Total Part I Sales Tax & PTF	1,173,904	1,203,472	1,227,542
Part II Allocation (Sales Tax, PTF and RETT)			
RTA Total for ADA Paratransit Service	164,631	173,335	181,617
RTA Innovation, Coordination & Enhancement (ICE)	12,928	13,187	13,450
RTA Suburban Community Mobility Fund (SCMF) to Pace	25,856	26,373	26,901
RETT to CTA ²	66,631	68,630	70,689
PTF - 25% of RETT to CTA	16,658	17,158	17,672
Total Part II Allocation before Service Board Distribution	286,704	298,683	310,329
Remaining Balance to Service Boards			
CTA - 48%	131,039	133,135	133,503
Metra - 39%	106,469	108,172	108,471
Pace - 13%	35,490	36,057	36,157
Total Part II Funds to Service Boards	272,998	277,365	278,131
Total Part II Funds Allocated (Sales Tax, PTF and RETT)	559,702	576,047	588,460
Total Distribution of Funds	1,733,606	1,779,519	1,816,002
Part I Sales Tax - Service Board Allocation Formula ¹			
	City of Chicago	Suburban Cook	Collar Counties
CTA	100%	30%	-
Metra	-	55%	70%
Pace	-	15%	30%
Total	100%	100%	100%

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

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

Schedule H-E

Cash Flow Estimates for Distribution of FY 2019 RTA Funds to the Service Boards¹

(dollars in thousands)

	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020	2019 Operations
Cash Receipts																			
RTA Sales Tax (Part I)	-	-	-	\$65,741	\$66,333	\$76,977	\$75,342	\$83,289	\$79,290	\$81,789	\$81,049	\$78,871	\$78,310	\$92,717	-	-	-	-	\$941,034
RTA Public Transportation Fund (PTF - Part I)	-	-	-	-	-	-	19,518	19,379	22,944	16,269	16,415	19,049	18,644	20,130	20,606	19,621	20,240	20,057	232,870
RTA Sales Tax (Part II)	-	-	-	23,001	23,208	26,932	26,360	28,460	29,133	27,741	28,915	28,356	27,595	27,398	32,439	-	-	-	329,239
RTA PTF (Part II)	-	-	-	-	-	-	13,731	13,634	16,142	11,445	11,548	13,402	13,117	14,162	14,497	13,804	14,239	14,110	163,832
State Financial Assistance (ASAF/AFA)	-	-	-	-	-	-	17,035	26,060	26,060	26,060	26,060	26,060	-	-	-	-	-	-	130,300
State Reduced Fare Reimbursement	-	-	-	-	-	-	8,395	-	-	-	-	-	-	-	-	-	-	-	34,070
State Funding for ADA Paratransit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,395
RTA Regional Capital Project Reserves	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250
JSIF Reserves	766	766	766	766	766	766	766	766	766	766	766	766	-	-	-	-	-	-	9,187
Total Cash Receipts	\$1,016	\$766	\$766	\$88,508	\$90,306	\$104,675	\$161,147	\$189,642	\$178,314	\$165,193	\$188,216	\$138,227	\$140,000	\$160,260	\$33,425	\$34,479	\$34,167	\$34,167	\$1,881,677
CTA																			
RTA Sales Tax (Part I)	-	-	-	\$27,638	\$27,887	\$32,362	\$31,675	\$34,198	\$35,007	\$33,334	\$34,385	\$34,074	\$33,158	\$32,922	\$38,979	-	-	-	\$395,620
RTA Sales Tax (Part II)	-	-	-	960	1,047	2,624	2,382	3,271	3,556	2,967	3,337	3,227	11,685	11,602	13,736	-	-	-	60,395
RTA PTF (Part II)	-	-	-	-	-	-	5,921	5,879	6,960	4,935	4,980	5,779	5,656	6,107	6,251	5,952	6,140	6,064	70,644
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)	-	-	-	-	-	-	19,127	18,891	22,465	15,943	16,087	16,688	18,271	19,727	20,194	19,229	19,835	19,655	228,213
Innovation, Coordination, and Enhancement Funding	-	-	-	434	437	508	497	536	549	523	538	534	520	516	611	-	-	-	6,205
Total CTA Disbursements	-	-	-	\$29,031	\$29,372	\$35,494	\$75,151	\$84,264	\$89,946	\$89,090	\$90,716	\$77,832	\$70,679	\$72,262	\$81,160	\$28,569	\$27,363	\$27,128	\$906,057
Metra																			
RTA Sales Tax (Part I)	-	-	-	\$21,452	\$21,645	\$25,119	\$24,585	\$26,544	\$27,172	\$25,873	\$26,689	\$26,447	\$25,737	\$25,554	\$30,255	-	-	-	\$307,073
RTA Sales Tax (Part II)	-	-	-	780	851	2,132	1,935	2,658	2,890	2,411	2,711	2,622	9,484	9,427	11,161	-	-	-	49,071
RTA PTF (Part II)	-	-	-	-	-	-	4,811	4,776	5,655	4,010	4,046	4,695	4,965	4,962	5,079	4,836	4,989	4,944	57,398
State Reduced Fare Reimbursement	-	-	-	-	-	-	1,569	-	-	-	-	1,569	-	-	-	-	-	-	3,138
Innovation, Coordination, and Enhancement Funding	-	-	-	352	355	412	404	436	446	425	438	434	423	420	497	-	-	-	5,042
JSIF Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500
Total Metra Disbursements	-	-	-	\$22,584	\$22,862	\$27,663	\$33,304	\$34,414	\$36,163	\$32,719	\$33,884	\$38,268	\$40,249	\$40,381	\$46,962	\$4,836	\$4,989	\$4,944	\$424,223
Pace Suburban Service																			
RTA Sales Tax (Part I)	-	-	-	\$6,769	\$6,851	\$7,950	\$7,781	\$8,401	\$8,600	\$8,189	\$8,447	\$8,370	\$8,145	\$8,087	\$9,575	-	-	-	\$97,185
RTA Sales Tax (Part II)	-	-	-	260	284	711	645	886	963	804	904	874	3,165	3,142	3,720	-	-	-	16,357
RTA PTF (Part II)	-	-	-	-	-	-	1,604	1,592	1,885	1,337	1,349	1,565	1,532	1,654	1,693	1,612	1,663	1,648	19,133
RTA Suburban Community Mobility Fund (SCMF)	-	-	-	1,806	1,823	2,115	2,070	2,235	2,288	2,179	2,247	2,227	2,167	2,152	2,548	-	-	-	25,896
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)	-	-	-	-	-	-	390	388	459	325	328	381	373	403	412	392	405	401	4,657
Innovation, Coordination, and Enhancement Funding	-	-	-	117	118	137	135	145	149	142	146	145	141	140	166	-	-	-	1,681
Total Pace Suburban Service Disbursements	-	-	-	\$8,973	\$9,075	\$10,913	\$13,930	\$13,647	\$14,343	\$12,974	\$13,421	\$22,367	\$16,523	\$16,578	\$18,114	\$2,005	\$2,068	\$2,049	\$174,979
Pace ADA Paratransit																			
RTA Sales Tax and PTF (Part II)	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	-	-	-	-	-	-	\$164,631
State Funding for ADA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,395
Total Pace ADA Paratransit Disbursements	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	\$13,719	-	-	-	-	-	-	\$173,026
RTA Operations, Debt Service, Capital, JSIF																			
Principal and Interest for Service Board Capital Programs	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	\$19,733	-	-	-	-	-	-	\$236,798
Agency Operations ²	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	-	-	-	-	-	-	41,873
RTA Agency Regional Capital Program	21	21	21	21	21	21	21	21	21	21	21	21	-	-	-	-	-	-	250
Joint Self Insurance Fund	-	-	-	-	-	-	5,664	-	-	-	-	-	-	-	-	-	-	-	5,664
Total RTA Disbursements	\$23,243	\$23,243	\$23,243	\$23,243	\$23,243	\$28,907	\$23,243	\$23,243	\$23,243	\$23,243	\$23,243	\$23,243	-	-	-	-	-	-	\$284,585
Total Cash Disbursements	\$36,963	\$36,963	\$36,963	\$97,551	\$98,261	\$116,697	\$167,742	\$149,287	\$157,416	\$141,746	\$144,983	\$175,429	\$126,451	\$126,201	\$146,266	\$33,410	\$34,419	\$34,120	\$1,862,870
Cash Balance³																			Change
Beginning	\$150,000	\$114,053	\$77,856	\$41,659	\$33,615	\$25,661	\$13,639	\$7,043	\$27,398	\$48,297	\$68,121	\$98,331	\$101,118	\$112,894	\$124,692	\$138,686	\$138,701	\$138,761	
Ending	\$114,053	\$77,856	\$41,659	\$33,615	\$25,661	\$13,639	\$7,043	\$27,398	\$48,297	\$68,121	\$98,331	\$101,118	\$112,894	\$124,692	\$138,686	\$138,701	\$138,761	\$138,807	(\$11,190)

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

Schedule I-F

Uses of Innovation, Coordination, and Enhancement (ICE) Funding
(dollars in thousands)

		2019 Budget
CTA	<u>Operating Project</u>	
	South Side Bus Service Improvements - Year III Funding	6,205
	Total CTA ICE Funding	6,205
Metra	<u>Capital Projects</u>	
	GPS/Train Tracking and Passenger Counting System	5,042
	Total Metra ICE Funding	5,042
Pace	<u>Operating Project</u>	
	Milwaukee Ave Pulse ART Line	1,681
	Total Pace ICE Funding	1,681
	Total ICE Funding	12,928

2019-2023 CAPITAL PROGRAM REVENUES						Schedule I-A December 13, 2018	
	2019	2020	2021	2022	2023	TOTAL	
CTA							
FTA							
\$5307/\$5340 Urbanized Area Formula	\$ 129,960,839	\$ 131,406,873	\$ 132,868,942	\$ 134,347,223	\$ 135,841,951	\$	\$ 664,425,828
\$5337 State of Good Repair Formula	154,221,628	155,787,013	157,368,286	158,965,610	160,579,147		786,921,685
\$5339 Bus and Bus Facilities	11,941,093	12,251,106	12,569,167	12,895,486	13,230,277		62,887,129
Subtotal FTA	\$ 296,123,561	\$ 299,444,992	\$ 302,806,395	\$ 306,208,319	\$ 309,651,375	\$	\$ 1,514,234,642
Federal/Flexible/Discretionary							
CMAQ	8,890,857	100,000,000	8,000,000	0	0	0	116,890,857
Sec. 5303 UWP Planning	746,800	420,000	420,000	420,000	420,000		2,426,800
Department of Homeland Security	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000		30,000,000
New Starts/Core Capacity	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000		500,000,000
Subtotal Fed Flexible	115,637,657	206,420,000	114,420,000	106,420,000	106,420,000	\$	\$ 649,317,657
Subtotal All Federal	\$ 411,761,218	\$ 505,864,992	\$ 417,226,395	\$ 412,628,319	\$ 416,071,375	\$	\$ 2,163,552,299
State							
State Bond Funds	0	0	0	0	0	0	0
Subtotal State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	\$ 0
RTA							
RTA Bonds	0	79,000,000	0	0	0	65,000,000	144,000,000
Subtotal RTA	\$ 0	\$ 79,000,000	\$ 0	\$ 0	\$ 0	\$ 65,000,000	\$ 144,000,000
Service Board							
Other Service Board Funds	368,300	265,400	105,000	105,000	105,000	105,000	948,700
Illinois Long Range Transportation Funds	726,400	641,600	0	0	0	0	1,368,000
Service Board Bond Proceeds	26,329,064	86,727,776	71,489,615	0	0	0	184,546,495
Reprogrammed CTA Bond - Ground Transportation Tax	46,542,160	86,536,311	22,706,701	7,214,828	0	0	163,000,000
Reprogrammed CTA Bond Proceeds (RPM)	73,082,895	107,173,482	46,992,816	0	0	0	227,249,193
Subtotal SB/Local	\$ 147,048,819	\$ 281,344,569	\$ 141,294,132	\$ 7,319,828	\$ 105,000	\$	\$ 577,112,348
Subtotal State/RTA/Local	\$ 147,048,819	\$ 360,344,569	\$ 141,294,132	\$ 7,319,828	\$ 65,105,000	\$	\$ 721,112,348
Subtotal State/RTA/Local	\$ 558,810,037	\$ 866,209,561	\$ 558,520,527	\$ 419,948,147	\$ 481,176,375	\$	\$ 2,884,664,647
TOTAL CTA FUNDING							
Debt Repayment							
CTA Ground Transportation Tax Repayment (Short Term)	(8,552,999)	0	0	0	0	0	(8,552,999)
Subtotal Ground Transportation Tax Repayment	\$ (8,552,999)	\$ 0	\$ 0	\$ 0	\$ 0	\$	\$ (8,552,999)
CTA Debt Repayment Principal (\$5307/\$5340)	(31,585,000)	(41,410,000)	(22,980,000)	(24,125,000)	(25,350,000)	(145,450,000)	
CTA Debt Repayment Principal (\$5309)	(30,650,000)	(32,230,000)	(47,940,000)	(50,365,000)	(52,930,000)	(214,115,000)	
Subtotal Debt Repayment Principal	(62,235,000)	(73,640,000)	(70,920,000)	(74,490,000)	(78,280,000)	\$	(359,565,000)
CTA Debt Repayment Interest (\$5307/\$5340)	(14,236,025)	(12,656,775)	(10,586,275)	(9,437,275)	(8,213,725)	(55,130,075)	
CTA Debt Repayment Interest (\$5309)	(65,405,414)	(63,859,010)	(61,863,302)	(59,396,090)	(56,767,757)	(307,291,573)	
Subtotal Debt Repayment Interest	(79,641,439)	(76,515,785)	(72,449,577)	(68,833,365)	(64,981,482)	\$	(362,421,648)
Subtotal Debt Repayment	(141,876,439)	(150,155,785)	(143,369,577)	(143,323,365)	(143,261,482)	\$	(730,539,647)
TOTAL CTA AVAILABLE	\$ 408,380,599	\$ 716,053,776	\$ 415,150,950	\$ 276,624,782	\$ 337,914,893	\$	\$ 2,154,125,000

2019-2023 CAPITAL PROGRAM REVENUES						Schedule II-A December 13, 2018
	2019	2020	2021	2022	2023	TOTAL
METRA						
FTA						
§5307/§5340 Urbanized Area Formula	\$ 83,179,882	\$ 84,205,148	\$ 85,243,017	\$ 86,293,642	\$ 87,357,217	\$ 426,278,906
§5337 State of Good Repair Formula	90,405,782	91,323,421	92,250,375	93,186,737	94,132,607	461,298,922
Subtotal FTA	\$ 173,585,664	\$ 175,528,569	\$ 177,493,392	\$ 179,480,379	\$ 181,489,824	\$ 887,577,828
Federal-Flexible/Discretionary						
CMAQ	0	0	45,106,000	0	0	45,106,000
Subtotal Fed Flexible	\$ 0	\$ 0	\$ 45,106,000	\$ 0	\$ 0	\$ 45,106,000
Subtotal Federal	\$ 173,585,664	\$ 175,528,569	\$ 222,599,392	\$ 179,480,379	\$ 181,489,824	\$ 932,683,828
State						
State Bond Funds	0	0	0	0	0	0
Subtotal State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RTA						
RTA ICE Funds	5,041,958	5,142,798	5,245,654	0	0	15,430,410
RTA Bonds	0	71,000,000	0	0	58,500,000	129,500,000
Subtotal RTA	\$ 5,041,958	\$ 76,142,798	\$ 5,245,654	\$ 0	\$ 58,500,000	\$ 144,930,410
Service Board Funds						
Other Service Board Funds	7,000,000	20,000,000	20,000,000	20,000,000	20,000,000	87,000,000
Subtotal SB/Local	\$ 7,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 87,000,000
Subtotal State/RTA/Local	\$ 12,041,958	\$ 96,142,798	\$ 25,245,654	\$ 20,000,000	\$ 78,500,000	\$ 231,930,410
Subtotal State/RTA/Local	\$ 185,627,622	\$ 271,671,367	\$ 247,845,046	\$ 199,480,379	\$ 259,989,824	\$ 1,164,614,238
TOTAL METRA AVAILABLE						

	2019-2023 CAPITAL PROGRAM REVENUES					Schedule II-A	
	2019	2020	2021	2022	2023	December 13, 2018	TOTAL
PACE							
§5307/§5340 Urbanized Area Formula	\$ 39,197,530	\$ 39,612,844	\$ 40,032,542	\$ 40,456,670	\$ 40,885,292	\$	200,184,878
§5339 Bus and Bus Facilities	1,647,046	1,689,806	1,739,675	1,778,684	1,824,861		8,674,072
	<u>\$ 40,844,576</u>	<u>\$ 41,302,650</u>	<u>\$ 41,766,217</u>	<u>\$ 42,235,354</u>	<u>\$ 42,710,153</u>	<u>\$</u>	<u>208,858,950</u>
Federal-Flexible/Discretionary							
CMAQ	7,520,000	0	10,040,512	0	0		17,560,512
	<u>\$ 7,520,000</u>	<u>\$ 0</u>	<u>\$ 10,040,512</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>17,560,512</u>
Subtotal Fed Flexible							
Subtotal Federal	<u>\$ 48,364,576</u>	<u>\$ 41,302,650</u>	<u>\$ 51,806,729</u>	<u>\$ 42,235,354</u>	<u>\$ 42,710,153</u>	<u>\$</u>	<u>226,419,462</u>
State							
State Bond Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	0
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>0</u>
Subtotal State							
RTA							
RTA Bonds	0	7,900,000	0	0	6,500,000		14,400,000
	<u>\$ 0</u>	<u>\$ 7,900,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,500,000</u>	<u>\$</u>	<u>14,400,000</u>
Subtotal RTA							
Service Board Funds							
Positive Budget Variance	850,000	250,000	250,000	250,000	250,000		1,850,000
Service Board Bond Proceeds	46,800,000	0	0	0	0		46,800,000
	<u>\$ 47,650,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$</u>	<u>48,650,000</u>
Subtotal SB/Local							
Subtotal State/RTA/Local	<u>\$ 47,650,000</u>	<u>\$ 8,150,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 6,750,000</u>	<u>\$</u>	<u>63,050,000</u>
	<u>\$ 96,014,576</u>	<u>\$ 49,452,650</u>	<u>\$ 52,056,729</u>	<u>\$ 42,485,354</u>	<u>\$ 49,460,153</u>	<u>\$</u>	<u>289,469,462</u>
TOTAL PACE AVAILABLE							

2019-2023 CAPITAL PROGRAM REVENUES						Schedule II-A December 13, 2018
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL</u>
RTA						
RTA Funds						
	250,000	0	0	0	0	250,000
Subtotal RTA	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000
TOTAL RTA AVAILABLE	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000

2019-2023 CAPITAL PROGRAM REVENUES						Schedule I-A December 13, 2018
REGIONAL TOTAL	2019	2020	2021	2022	2023	TOTAL
FTA						
\$5307/\$5340 Urbanized Area Formula	\$ 252,338,251	\$ 255,224,865	\$ 258,144,501	\$ 261,097,535	\$ 264,084,460	\$ 1,290,889,612
\$5337 State of Good Repair Formula	244,627,410	247,110,434	249,618,661	252,152,347	254,711,754	1,248,220,606
\$5339 Bus and Bus Facilities	13,588,139	13,940,911	14,302,843	14,674,170	15,055,138	71,561,201
Subtotal FTA	\$ 510,553,800	\$ 516,276,211	\$ 522,066,004	\$ 527,924,053	\$ 533,851,351	\$ 2,610,671,419
Federal-Flexible/Discretionary						
CMAQ	16,410,857	100,000,000	63,146,512	0	0	179,557,369
Sec. 5303 UWP Planning	746,800	420,000	420,000	420,000	420,000	2,426,800
Department of Homeland Security	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	30,000,000
New Starts/Core Capacity	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	500,000,000
Subtotal Fed Flexible	\$ 123,157,657	\$ 206,420,000	\$ 169,566,512	\$ 106,420,000	\$ 106,420,000	\$ 711,984,169
SUBTOTAL FEDERAL	\$ 633,711,457	\$ 722,696,211	\$ 691,632,516	\$ 634,344,053	\$ 640,271,351	\$ 3,322,655,588
State						
State Bond Funds	0	0	0	0	0	0
Subtotal State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RTA						
RTA ICE Funds	5,041,958	5,142,798	5,245,654	0	0	15,430,410
RTA Funds	250,000	0	0	0	0	250,000
RTA Bonds	0	157,900,000	0	0	130,000,000	287,900,000
Subtotal RTA Funding	\$ 5,291,958	\$ 163,042,798	\$ 5,245,654	\$ 0	\$ 130,000,000	\$ 303,580,410
Service Board Funds						
Positive Budget Variance	850,000	250,000	250,000	250,000	250,000	1,850,000
Other Service Board Funds	7,368,300	20,265,400	20,105,000	20,105,000	20,105,000	87,948,700
Illinois Long Range Transportation Funds	726,400	641,600	0	0	0	1,368,000
Service Board Bond Proceeds	73,129,064	86,727,776	71,489,615	0	0	231,346,455
Reprogrammed CTA Bond - Ground Transportation Tax	46,542,160	86,536,311	22,706,701	7,214,828	0	163,000,000
Reprogrammed CTA Bond Proceeds (RPM)	73,082,895	107,173,482	46,992,816	0	0	227,249,193
Subtotal SB/Local	\$ 201,698,819	\$ 301,594,569	\$ 161,544,132	\$ 27,569,828	\$ 20,355,000	\$ 712,762,348
SUBTOTAL STATE/RTA/Local	\$ 206,990,777	\$ 464,637,367	\$ 166,789,786	\$ 27,569,828	\$ 150,355,000	\$ 1,016,342,758
TOTAL REGIONAL FUNDING	\$ 840,702,234	\$ 1,187,333,578	\$ 858,422,302	\$ 661,913,881	\$ 790,626,351	\$ 4,338,998,346
Debt Repayment						
CTA Ground Transportation Tax Repayment (Short Term)	(8,552,999)	0	0	0	0	(8,552,999)
Subtotal Ground Transportation Tax Repayment	\$ (8,552,999)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (8,552,999)
CTA Debt Repayment Principal (\$5307/\$5340)	(31,585,000)	(41,410,000)	(22,980,000)	(24,125,000)	(25,350,000)	(145,450,000)
CTA Debt Repayment Principal (\$5309)	(30,650,000)	(32,230,000)	(47,940,000)	(50,365,000)	(52,930,000)	(214,115,000)
Subtotal Debt Repayment Principal	(62,235,000)	(73,640,000)	(70,920,000)	(74,490,000)	(78,280,000)	(359,565,000)
CTA Debt Repayment Interest (\$5307/\$5340)	(14,236,025)	(12,656,025)	(10,586,275)	(9,437,275)	(8,213,725)	(55,130,075)
CTA Debt Repayment Interest (\$5309)	(65,405,414)	(63,859,010)	(61,863,302)	(59,396,090)	(56,767,757)	(307,291,573)
Subtotal Debt Repayment Interest	(79,641,439)	(76,515,785)	(72,449,577)	(68,833,365)	(64,981,482)	(362,421,648)
Subtotal Debt Service	(150,429,438)	(150,155,785)	(143,369,577)	(143,323,365)	(143,261,482)	(730,539,647)
TOTAL REGIONAL AVAILABLE	\$ 690,272,796	\$ 1,037,177,793	\$ 715,052,725	\$ 518,590,516	\$ 647,364,869	\$ 3,608,458,699

Five-Year Capital Program

Schedule II-B

		2019	2020	2021	2022	2023	Total
CTA							
Bus							
1 Rolling Stock							
021.500	Perform Bus Maintenance Activities (P1)	40,000,000	2,300,000	2,300,000	2,300,000	2,200,000	49,100,000
021.503	Life Extending Overhaul - 430 Standard (1000 Series)	0	0	21,338,993	15,815,340	16,097,908	53,252,241
021.504	Mid-Life Bus Overhaul - 100 Artic (4300/4333 Series)	0	19,107,750	0	0	0	19,107,750
031.502	Replace Buses - Electric (20 Base_25 Option) w Charger (5 Base_8 Option)	0	0	7,889,600	0	0	7,889,600
031.503	Replace Buses - (150 of 1,030 New Flyers)	0	0	0	19,139,596	72,449,804	91,589,400
031.504	Replace Buses - Artic Hybrid - Lease Interest	105,440	0	0	0	0	105,440
031.504	Replace Buses - Artic Hybrid - Lease Principal	6,437,273	0	0	0	0	6,437,273
031.504	Replace Buses - NF Option 4 - Lease Interest	265,417	53,664	0	0	0	319,081
031.504	Replace Buses - NF Option 4 - Lease Principal	7,646,283	3,902,186	0	0	0	11,548,469
031.504	Replace Buses - Nova Option 2 (remaining 25 buses)	1,000,000	0	0	0	0	1,000,000
031.505	Replace Remaining (6400 Series) 50 Base/Plus 50 Option - Standard	0	35,604,546	0	0	0	35,604,546
Total: 1 Rolling Stock		\$55,454,413	\$60,968,146	\$31,528,593	\$37,254,936	\$90,747,712	\$275,953,800
11 Modernization							
404.502	Ashland Av Transit Signal Priority and Signal Modernization-Irving Park Rd to Cermak Rd - CMAQ	8,806,395	0	0	0	0	8,806,395
Total: 11 Modernization		\$8,806,395	\$0	\$0	\$0	\$0	\$8,806,395
Total: Bus		\$64,260,808	\$60,968,146	\$31,528,593	\$37,254,936	\$90,747,712	\$284,760,195
Rail							
1 Rolling Stock							
022.503	Perform Rail Car Maintenance Activities (P1)	40,000,000	2,200,000	2,200,000	2,200,000	2,200,000	48,800,000
022.504	5000 Series Qtr Overhaul - Base of 283 cars	0	50,980,105	33,391,438	0	74,250,641	158,622,184
022.505	5000 Series Qtr Overhaul - Critical Needs	14,316,801	3,527,389	5,400,000	0	0	23,244,190
022.506	Rail Car Activities - Traction Motor & Armatures Phase II	800,836	7,207,519	0	0	0	8,008,355
132.501	Purchase Rail Cars - 7000' Series (Base Order 400)	0	66,753,288	53,113,604	72,124,012	0	191,990,904
Total: 1 Rolling Stock		\$55,117,637	\$130,668,301	\$94,105,042	\$74,324,012	\$76,450,641	\$430,665,633
11 Modernization							
079.502	Rehabilitate Blue Line - Kimball Subway Waterproofing and Track includes TOD	0	1,975,000	0	0	0	1,975,000
121.509	Rehabilitate Blue Line -(Jeff Park to ORD) Signals (Phase 5)	0	0	11,330,879	0	0	11,330,879
141.273	Rehabilitate Blue Line - Contingencies	0	4,659,548	0	0	0	4,659,548
141.273	Rehabilitate Blue Line - Grand, Chicago and Division Station Renovation (Phase 4)	0	3,978,519	0	0	0	3,978,519
170.501	Rehabilitate Blue Line- Harlem Station Bus Bridge	0	9,875,000	0	0	0	9,875,000
302.901	NML - Red/Purple Modernization - Support Service CMAQ	0	612,500	0	0	0	612,500
302.901	NML - Red/Purple Modernization (FTA Core Capacity) - Support Service	612,500	612,500	612,500	612,500	612,500	3,062,500
302.901	NML - Red/Purple Modernization -Support Service CTA Bond RPM	447,633	656,438	287,831	0	0	1,391,902
304.004	NML - Red/Purple Modernization	72,635,262	205,904,544	46,704,985	0	0	325,244,791

Friday, November 30, 2018

Page 1 of 7

		2019	2020	2021	2022	2023	Total
304.004	NML - Red/Purple Modernization (FTA Core Capacity)	99,387,500	99,387,500	99,387,500	99,387,500	99,387,500	496,937,500
406.029	Next Phases of Red Purple Modernization Core Capacity Expansion Program- UWP	404,619	0	0	0	0	404,619
Total: 11 Modernization		\$173,487,514	\$327,661,549	\$158,323,695	\$100,000,000	\$100,000,000	\$859,472,758
2 Track & Structure							
184.500	Elevated Track and Structure Systemwide	24,812,500	14,812,500	14,812,500	14,812,500	14,812,500	84,062,500
184.512	Green Line South - Track Improvements	9,866,131	22,462,923	5,871,536	1,865,622	0	40,066,212
184.513	Green & Pink Line West - Track Improvements	4,981,982	11,342,834	2,964,879	942,061	0	20,231,756
184.514	Red & Blue Line Subway - Track Improvements	5,237,854	11,925,396	3,117,154	990,445	0	21,270,849
184.515	Brown Line - Track Improvements	4,142,872	9,432,371	2,465,508	783,390	0	16,824,141
184.516	Congress Blue Line - P1 Track	974,572	2,218,878	579,988	184,285	0	3,957,723
Total: 2 Track & Structure		\$50,015,911	\$72,194,901	\$29,811,565	\$19,578,303	\$14,812,500	\$186,413,180
3 Electrical, Signal, & Communications							
121.506	Tactical Traction Power (Equipment/Cable/Enclosures)	0	4,196,875	4,196,875	0	0	8,393,750
121.510	Blue Line O'Hare Branch Traction Power Improvements	5,994,182	13,647,382	3,567,260	1,133,461	0	24,342,286
Total: 3 Electrical, Signal, & Communicatio		\$5,994,182	\$17,844,257	\$7,764,135	\$1,133,461	\$0	\$32,736,036
4 Support Facilities & Equipment							
070.504	Replace Non-Revenue 61st Rail Shop	0	29,625,000	9,875,000	0	26,625,000	66,125,000
070.510	Rail Facilities (Yards) - SOGR II	3,579,189	14,275,371	3,950,000	3,950,000	3,950,000	29,704,560
Total: 4 Support Facilities & Equipment		\$3,579,189	\$43,900,371	\$13,825,000	\$3,950,000	\$30,575,000	\$95,829,560
5 Stations & Passenger Facilities							
143.500	Rehabilitate Rail Stations - Systemwide	0	1,975,000	5,925,000	5,925,000	0	13,825,000
143.514	Station Security Enhancements	2,923,716	6,656,633	1,739,963	552,856	0	11,873,168
Total: 5 Stations & Passenger Facilities		\$2,923,716	\$8,631,633	\$7,664,963	\$6,477,856	\$0	\$25,698,168
6 Miscellaneous							
406.024	Blue Line Core Capacity Study	404,124	323,730	0	0	0	727,854
Total: 6 Miscellaneous		\$404,124	\$323,730	\$0	\$0	\$0	\$727,854
7 Extensions							
254.001	Red Line Extension - Planning, Preliminary Engineering	0	8,049,400	32,197,602	0	0	40,247,002
Total: 7 Extensions		\$0	\$8,049,400	\$32,197,602	\$0	\$0	\$40,247,002
8 Contingencies & Administration							
302.287	Support Services for Fast Tracks Program - Long Term	360,897	865,363	313,352	99,565	0	1,639,177
Total: 8 Contingencies & Administration		\$360,897	\$865,363	\$313,352	\$99,565	\$0	\$1,639,177
Total: Rail		\$291,883,170	\$610,139,506	\$344,005,355	\$205,563,197	\$221,838,141	\$1,673,429,369

System

3 Electrical, Signal, & Communications							
150.502	Systemwide Security Cameras Improvements (Safe & Secure)	3,506,954	7,984,532	2,087,060	663,142	0	14,241,689
Total: 3 Electrical, Signal, & Communicatio		\$3,506,954	\$7,984,532	\$2,087,060	\$663,142	\$0	\$14,241,689
4 Support Facilities & Equipment							
061.500	Upgrade Office Computer Systems	0	1,300,000	1,300,000	1,300,000	1,300,000	5,200,000
061.501	Upgrade/Support IT & Communication Systems	0	400,000	400,000	400,000	400,000	1,600,000
062.029	Asset Management System Enhancements	495,250	470,250	0	0	0	965,500
070.500	Office Building - Interest	3,122,413	2,965,163	2,799,788	2,621,456	2,429,175	13,937,995
070.500	Office Building - Principal	3,065,000	3,225,000	3,390,000	3,565,000	3,760,000	17,005,000

		2019	2020	2021	2022	2023	Total
070.503	Facilities Maintenance	18,965,747	7,900,000	7,900,000	7,900,000	0	42,665,747
070.505	Facilities Maintenance	4,913,362	0	0	0	0	4,913,362
070.511	Facilities (Critical Needs) - SOGR II	2,468,750	2,436,891	0	0	0	4,905,641
086.503	Equipment and Non-Revenue Vehicles (Diesel Locomotives)	0	473,165	3,333,095	0	0	3,806,260
Total: 4 Support Facilities & Equipment		\$33,030,522	\$19,170,469	\$19,122,883	\$15,786,456	\$7,889,175	\$94,999,505
6 Miscellaneous							
150.500	Implement Security Projects - HLS Program	5,943,000	5,940,000	5,917,200	5,917,200	5,931,000	29,648,400
Total: 6 Miscellaneous		\$5,943,000	\$5,940,000	\$5,917,200	\$5,917,200	\$5,931,000	\$29,648,400
8 Contingencies & Administration							
302.088	Support Service for 5307	1,234,628	1,314,069	1,833,591	1,853,992	1,562,182	7,798,462
302.089	Support Service for 5337	1,465,105	1,557,870	2,171,682	2,193,725	1,846,660	9,235,042
302.090	Support Service for 5339	113,440	122,511	173,455	177,958	152,148	739,512
302.092	Support Service for CMAQ	84,463	0	110,400	0	0	194,863
302.093	Support Service for HLS	57,000	60,000	82,800	82,800	69,000	351,600
302.095	Support Service for RTA Bonds	0	790,000	0	0	747,500	1,537,500
302.096	Support Services for CTA Bond	250,126	867,278	986,556	0	0	2,103,960
302.097	Support Service for UWP	3,881	0	0	0	0	3,881
302.098	Support Service for ILRTP	8,626	8,020	0	0	0	16,646
306.001	Program Management	6,013,875	6,606,375	6,606,375	6,606,375	6,606,375	32,439,375
406.003	Program Development - UWP	525,000	525,000	525,000	525,000	525,000	2,625,000
Total: 8 Contingencies & Administration		\$9,756,144	\$11,851,123	\$12,489,859	\$11,439,850	\$11,508,865	\$57,045,841
Total: System		\$52,236,620	\$44,946,124	\$39,617,002	\$33,806,648	\$25,329,040	\$195,935,435
Total: for Service Board: CTA		\$408,380,598	\$716,053,776	\$415,150,950	\$276,624,782	\$337,914,893	\$2,154,124,999
Proposed use of Funds:							

Metra**Rail**

1 Rolling Stock							
5006	NEW GALLERY CARS PURCHASE	2,700,000	34,000,000	36,500,000	20,600,000	81,900,000	175,700,000
5009	CAR REHAB (NIPPON SHARYO HIGHLINERS)	0	16,164,000	10,614,000	14,000,000	10,850,000	51,628,000
5010	CAR AND LOCOMOTIVE CAMERAS	2,500,000	2,500,000	2,500,000	2,000,000	2,000,000	11,500,000
5109	LOCOMOTIVE PURCHASE	8,000,000	21,000,000	56,000,000	49,139,000	35,380,000	169,519,000
5204	LOCOMOTIVE REBUILD 100-149,215,216	8,000,000	10,150,000	7,635,000	5,050,000	0	30,835,000
5207	CAR REHAB (NIPPON SHARYO P-3)	12,100,000	4,375,000	0	15,000,000	0	31,475,000
5301	TRACTION MOTORS	2,000,000	2,000,000	1,800,000	1,800,000	1,800,000	9,400,000
5302	LOCOMOTIVE AND CAR IMPROVEMENTS	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
5303	WHEEL REPLACEMENT	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
5307	CAR REHAB (NIPPON SHARYO P-4)	0	10,000,000	12,850,000	3,000,000	0	25,850,000
AE-104	CAR REHAB (NIPPON SHARYO P-5)	0	13,000,000	6,324,000	0	0	19,324,000
AE-105	CAR REHAB (NIPPON SHARYO P-6)	0	0	0	500,000	15,000,000	15,500,000
AE-106	CAR REHAB (NIPPON SHARYO P-7)	0	0	0	0	12,000,000	12,000,000
Total: 1 Rolling Stock		\$40,300,000	\$118,189,000	\$139,223,000	\$116,089,000	\$163,930,000	\$577,731,000
2 Track & Structure							
4840	NORTH LINE BRIDGES (PHASED)	6,000,000	37,400,000	5,000,000	7,000,000	18,009,442	73,409,442
5240	BRIDGE A-32	12,000,000	0	0	0	0	12,000,000
5311	TIES, BALLAST, & SW HEATERS	2,500,000	1,500,000	2,500,000	1,500,000	1,500,000	9,500,000
5312	TIES AND BALLAST	2,500,000	2,000,000	2,000,000	2,000,000	2,500,000	11,000,000
5313	TIES AND BALLAST (50/50)	2,500,000	2,500,000	2,000,000	2,000,000	2,500,000	11,500,000

		2019	2020	2021	2022	2023	Total
5314	TIES AND BALLAST (50/50)	2,500,000	250,000	250,000	250,000	250,000	3,500,000
5315	TIES AND BALLAST	0	1,500,000	2,000,000	2,000,000	2,000,000	7,500,000
5316	TIES AND BALLAST	1,500,000	0	0	0	0	1,500,000
5320	NCS IMPROVEMENTS	798,000	878,000	965,000	1,061,000	1,167,000	4,869,000
5321	UNDERCUTTING & SURFACING	250,000	250,000	250,000	250,000	250,000	1,250,000
5322	UNDERCUTTING & SURFACING	500,000	500,000	250,000	250,000	250,000	1,750,000
5323	UNDERCUTTING & SURFACING	400,000	300,000	300,000	250,000	250,000	1,500,000
5324	UNDERCUTTING & SURFACING	500,000	0	500,000	0	500,000	1,500,000
5325	RAIL REPLACEMENT	2,600,000	1,000,000	1,000,000	1,000,000	1,000,000	6,600,000
5326	RAIL REPLACEMENT	250,000	500,000	500,000	500,000	500,000	2,250,000
5327	RAIL REPLACEMENT	500,000	1,500,000	1,500,000	1,300,000	1,500,000	6,300,000
5328	RAIL REPLACEMENT	250,000	2,500,000	2,500,000	2,100,000	2,500,000	9,850,000
5329	RAIL REPLACEMENT	250,000	1,500,000	1,500,000	1,500,000	1,500,000	6,250,000
5330	CREATE-P2	2,000,000	15,000,000	6,000,000	1,000,000	0	24,000,000
5331	CROSSINGS (ROAD & TRACK)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
5332	CROSSINGS (ROAD & TRACK - 50/50)	1,250,000	1,500,000	1,500,000	1,500,000	1,500,000	7,250,000
5333	CROSSINGS (ROAD & TRACK)	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	7,000,000
5334	CROSSINGS (ROAD & TRACK)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
5335	CROSSINGS (ROAD & TRACK)	500,000	750,000	1,000,000	1,500,000	1,500,000	5,250,000
5336	BRIDGES & RETAINING WALLS	2,500,000	1,000,000	1,000,000	1,000,000	1,000,000	6,500,000
5337	BRIDGES	400,000	400,000	400,000	400,000	400,000	2,000,000
5338	BRIDGES	250,000	250,000	250,000	250,000	250,000	1,250,000
5340	ROOT/43rd STREET BRIDGES	8,000,000	0	0	0	0	8,000,000
5344	CATENARY STRUCTURE REHAB	750,000	850,000	750,000	750,000	750,000	3,850,000
5347	RIGHT OF WAY FENCING	33,000	33,000	33,000	33,000	33,000	165,000
5348	RIGHT OF WAY FENCING	34,000	34,000	34,000	34,000	34,000	170,000
5349	RIGHT OF WAY FENCING	33,000	33,000	33,000	33,000	33,000	165,000
BL-104	WESTERN AVENUE BRIDGE	0	0	4,000,000	0	0	4,000,000
BL-105	HICKORY CREEK BRIDGE	0	0	0	4,000,000	0	4,000,000
Total: 2 Track & Structure		\$54,548,000	\$77,428,000	\$41,515,000	\$36,961,000	\$45,176,442	\$255,628,442
3 Electrical, Signal, & Communications							
4343	POSITIVE TRAIN CONTROL	15,978,000	0	0	0	0	15,978,000
4746	IMPEDANCE BONDS	0	200,000	200,000	100,000	200,000	700,000
4841	CUS SOUTH INTERLOCKERS	2,000,000	0	0	0	0	2,000,000
4842	16TH STREET INTERLOCKER	200,000	0	0	0	0	200,000
5149	LAKE STREET INTERLOCKER	2,300,000	5,100,000	6,300,000	4,300,000	7,000,000	25,000,000
5254	SIGNAL SYSTEM UPGRADES	0	250,000	250,000	250,000	250,000	1,000,000
5257	RONDOUT INTERLOCKING RENEWAL	3,000,000	0	0	0	0	3,000,000
5353	SIGNAL SYSTEM UPGRADES	250,000	0	300,000	0	0	550,000
5355	SIGNAL SYSTEM UPGRADES	100,000	250,000	100,000	100,000	250,000	800,000
5356	YARD IMPROVEMENTS- ELEC	900,000	750,000	900,000	900,000	900,000	4,350,000
5357	YARD IMPROVEMENTS - ELEC	440,000	440,000	440,000	440,000	440,000	2,200,000
5358	YARD IMPROVEMENTS - ELEC	750,000	750,000	1,000,000	1,500,000	900,000	4,900,000
5359	YARD IMPROVEMENTS _ ELEC	1,320,000	820,000	1,000,000	450,000	820,000	4,410,000
5360	HVAC REPLACEMENTS	1,000,000	0	0	0	0	1,000,000
5361	MORGAN INTERLOCKING	600,000	3,000,000	3,000,000	0	0	6,600,000
5362	WESTERN INTERLOCKING	500,000	3,000,000	3,000,000	0	0	6,500,000
5363	RECTIFIER REPLACEMENT	500,000	500,000	500,000	500,000	500,000	2,500,000
5364	VIDEO SYS STORAGE	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000
CC-104	BI-DIR SIGNAL (47TH TO 65TH)	0	2,000,000	5,000,000	0	0	7,000,000
CC-105	BI-DIR SIGNAL (11TH TO 47TH)	0	0	0	5,000,000	5,000,000	10,000,000
CC-106	A-20 INTERLOCKING	0	6,000,000	6,000,000	0	0	12,000,000

	2019	2020	2021	2022	2023	Total
Total: 3 Electrical, Signal, & Communicatio	\$31,838,000	\$24,060,000	\$28,990,000	\$14,540,000	\$17,260,000	\$116,688,000
4 Support Facilities & Equipment						
4757 MILLENIUM STATION EXITS	1,300,000	0	0	0	0	1,300,000
4852 FINANCIAL SYSTEM REPLACEMENT	0	2,100,000	0	1,900,000	1,000,000	5,000,000
4972 47th/49th STREET YARD FACILITY	10,000,000	0	0	0	0	10,000,000
5171 GPS/TRAIN TRACKING	7,764,181	6,438,798	0	0	0	14,202,979
5265 YARD IMPROVEMENTS	0	1,000,000	0	1,300,000	1,300,000	3,600,000
5365 YARD IMPROVEMENTS	3,000,000	2,000,000	3,000,000	2,500,000	2,500,000	13,000,000
5366 YARD IMPROVEMENTS	1,500,000	1,000,000	1,000,000	1,000,000	800,000	5,300,000
5367 YARD IMPROVEMENTS	1,000,000	500,000	1,000,000	1,000,000	1,000,000	4,500,000
5368 YARD IMPROVEMENTS	500,000	500,000	500,000	500,000	500,000	2,500,000
5369 RIGHT OF WAY EQUIPMENT	2,000,000	2,000,000	2,000,000	1,500,000	2,000,000	9,500,000
5370 OFFICE EQUIPMENT	275,000	275,000	275,000	275,000	275,000	1,375,000
5371 EQUIPMENT & VEHIC MECH	1,500,000	2,000,000	1,000,000	1,000,000	1,000,000	6,500,000
5372 IT COMPONENTS & SERVICES	1,850,000	1,000,000	1,823,000	1,000,000	1,998,000	7,671,000
5373 POLICE VEHICLES	500,000	500,000	500,000	500,000	500,000	2,500,000
5374 STORAGE EQUIPMENT	600,000	0	0	0	0	600,000
5375 547 BUILDING SYS IMPROVEMENTS	250,000	200,000	250,000	250,000	250,000	1,200,000
5376 LASALLE FIRE PROTECTION	520,000	0	0	0	0	520,000
Total: 4 Support Facilities & Equipment	\$32,559,181	\$19,513,798	\$11,348,000	\$12,725,000	\$13,123,000	\$89,268,979
5 Stations & Passenger Facilities						
4782 HUBBARD WOODS STATION	5,530,000	0	0	0	0	5,530,000
4878 WEST CHICAGO STATION	0	5,000,000	0	0	0	5,000,000
5077 STATION SIGNS	0	500,000	0	0	250,000	750,000
5380 ADA IMPROVEMENTS	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
5381 SYSTEMWIDE STATION IMPS	500,000	700,000	1,000,000	500,000	500,000	3,200,000
5382 STATION FAC IMPROVEMENTS	1,500,000	1,500,000	1,250,000	1,500,000	2,000,000	7,750,000
5383 PARKING LOT IMPROVEMENTS	500,000	500,000	500,000	500,000	500,000	2,500,000
5384 ELMHURST	1,000,000	1,000,000	0	0	0	2,000,000
5385 NEW LENOX	1,000,000	1,000,000	0	0	0	2,000,000
EA-100 BICYCLE PARKING	0	0	382,400	0	0	382,400
EC-00 147TH STREET STATION	0	5,000,000	0	0	0	5,000,000
Total: 5 Stations & Passenger Facilities	\$13,030,000	\$18,200,000	\$6,132,400	\$5,500,000	\$6,250,000	\$49,112,400
6 Miscellaneous						
5195 ENGINEERING ASSET MANAGEMENT	750,000	500,000	1,000,000	0	0	2,250,000
5390 INFRASTRUCTURE ENGINEERING	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
5391 INFRASTRUCTURE ENGINEERING	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
5392 INFRASTRUCTURE ENGINEERING	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
5393 INFRASTRUCTURE ENGINEERING	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	9,000,000
5394 INFRASTRUCTURE ENGINEERING	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
5395 INFRASTRUCTURE ENGINEERING	2,000,000	2,000,000	2,000,000	2,000,000	2,500,000	10,500,000
5396 UNANTICIPATED CAPITAL	600,000	888,000	1,000,000	800,000	800,000	4,088,000
ICE2021 RTA ICE FUNDED PROJECTS - TBD	0	0	5,245,654	0	0	5,245,654
Total: 6 Miscellaneous	\$9,850,000	\$9,888,000	\$16,245,654	\$9,800,000	\$10,300,000	\$56,083,654
8 Contingencies & Administration						
5397 LOCALLY FUNDED PROJECTS / MATCH	602,000	1,234,000	758,600	1,000,000	1,035,000	4,629,600
5398 PROJECT ADMINISTRATION	1,000,000	1,600,000	1,000,000	1,000,000	1,000,000	5,600,000
5399 CONTINGENCIES	1,900,441	1,558,569	2,632,392	1,865,379	1,915,382	9,872,163
Total: 8 Contingencies & Administration	\$3,502,441	\$4,392,569	\$4,390,992	\$3,865,379	\$3,950,382	\$20,101,763
Total: Rail	\$185,627,622	\$271,671,367	\$247,845,046	\$199,480,379	\$259,989,824	\$1,164,614,238

	2019	2020	2021	2022	2023	Total
Total: for Service Board: Metra	\$185,627,622	\$271,671,367	\$247,845,046	\$199,480,379	\$259,989,824	\$1,164,614,238

Proposed use of Funds:***Pace******Bus*****1 Rolling Stock**

5400	Purchase approximately 18 40' Fixed Route Buses	0	0	0	9,000,000	0	9,000,000
5401	Purchase approximately 141 30' Fixed Route Buses	14,000,000	13,200,000	11,200,000	8,000,000	10,000,000	56,400,000
5402	Purchase approximately 305 Paratransit Vehicles	4,832,046	4,160,000	4,225,000	3,380,000	3,250,000	19,847,046
5403	Purchase approximately 69 Community/On-Demand Vehicles	0	1,689,806	0	1,778,684	1,824,861	5,293,351
5404	Purchase approximately 187 Vanpool Vehicles	7,520,000	0	0	0	0	7,520,000
5405	Engine/Transmission Retrofits	0	2,002,844	2,001,729	2,018,670	2,002,292	8,025,535
Total: 1 Rolling Stock		\$26,352,046	\$21,052,650	\$17,426,729	\$24,177,354	\$17,077,153	\$106,085,932

4 Support Facilities & Equipment

5313	New Northwest Division Garage	46,800,000	0	0	0	0	46,800,000
5410	Improve Support Facilities	2,062,530	7,900,000	2,000,000	0	6,500,000	18,462,530
5411	Computer Systems Hardware & Software	500,000	1,000,000	1,000,000	1,000,000	1,000,000	4,500,000
5412	Support Equipment/Non-Revenue Vehicles	600,000	1,000,000	1,000,000	1,000,000	1,000,000	4,600,000
5413	Farebox System	250,000	5,000,000	5,000,000	5,000,000	2,500,000	17,750,000
5414	Associated Capital	6,000,000	4,000,000	3,000,000	0	5,000,000	18,000,000
5415	Preventive Maintenance	3,000,000	7,250,000	6,980,000	6,808,000	6,633,000	30,671,000
5416	Office Equipment/Furniture	100,000	500,000	500,000	500,000	500,000	2,100,000
Total: 4 Support Facilities & Equipment		\$59,312,530	\$26,650,000	\$19,480,000	\$14,308,000	\$23,133,000	\$142,883,530

5 Stations & Passenger Facilities

5420	Improve Passenger Facilities	0	0	13,400,000	2,250,000	7,500,000	23,150,000
5421	Bus Stop Shelters/Signs	750,000	1,000,000	1,000,000	1,000,000	1,000,000	4,750,000
5422	Bus Tracker Sign Deployment	500,000	0	0	0	0	500,000
5423	Posted Stops Only Conversion	750,000	500,000	500,000	500,000	500,000	2,750,000
5424	Joliet Transit Center	7,500,000	0	0	0	0	7,500,000
5425	Orland Square Mall Passenger Facility	600,000	0	0	0	0	600,000
Total: 5 Stations & Passenger Facilities		\$10,100,000	\$1,500,000	\$14,900,000	\$3,750,000	\$9,000,000	\$39,250,000

6 Miscellaneous

5430	Unanticipated Capital	250,000	250,000	250,000	250,000	250,000	1,250,000
Total: 6 Miscellaneous		\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,250,000
Total: Bus		\$96,014,576	\$49,452,650	\$52,056,729	\$42,485,354	\$49,460,153	\$289,469,462

Total: for Service Board: Pace**Proposed use of Funds:*****RTA******System*****6 Miscellaneous**

9999	Access to Transit Program	250,000	0	0	0	0	250,000
Total: 6 Miscellaneous		\$250,000	\$0	\$0	\$0	\$0	\$250,000
Total: System		\$250,000	\$0	\$0	\$0	\$0	\$250,000

	2019	2020	2021	2022	2023	Total
Total: for Service Board: RTA	\$250,000	\$0	\$0	\$0	\$0	\$250,000
Proposed use of Funds:						
Grand Total						
RTA 2019-2023 CAPITAL IMPROVEMENT PROGRAM	\$690,272,796	\$1,037,177,793	\$715,052,725	\$518,590,515	\$647,364,870	\$3,608,458,699
Proposed use of Funds:						

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 (ASA) 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.

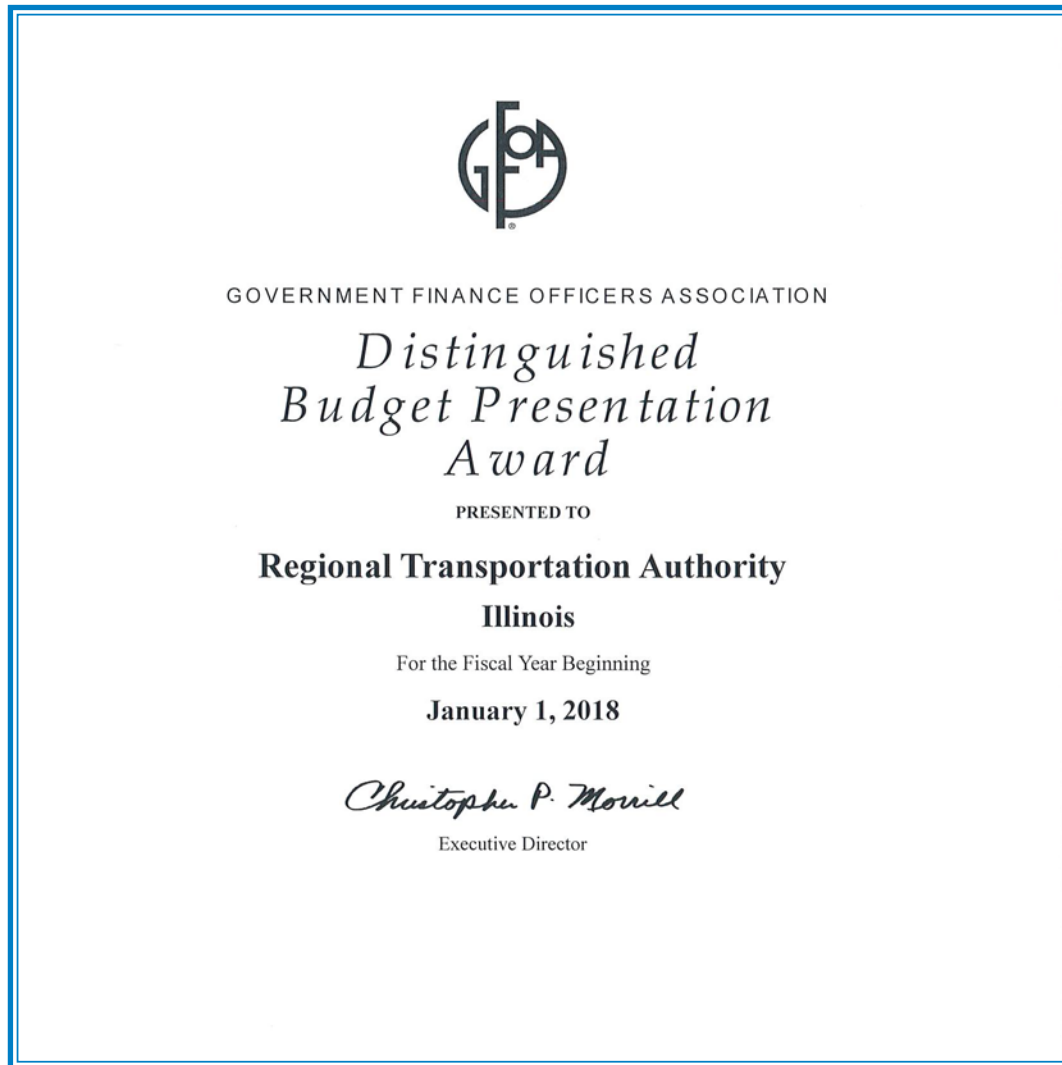
Total Vehicle Miles—The sum of all miles operated by passenger vehicles, including mileage when no passengers were carried.

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, 2018. This represents the 22nd 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.



175 West Jackson Boulevard, Suite 1650
Chicago, Illinois 60604

Phone: 312-913-3200

RTAChicago.org

Follow us on



Chicago Transit Authority
567 W. Lake St.
Chicago, IL 60661
888-968-7282
www.transitchicago.com



Metra
547 W. Jackson Blvd.
Chicago, IL 60661
312-322-6777
www.metrotransit.com



Pace
550 W. Algonquin Rd.
Arlington Heights, IL 60005
847-364-7223
www.pacebus.com