

**MINUTES OF THE VIRTUAL MEETING OF THE BOARD OF DIRECTORS
OF THE REGIONAL TRANSPORTATION AUTHORITY**

The Board of Directors of the Regional Transportation Authority met in virtual session on Thursday, December 17, 2020 pursuant to notice.

Chairman Dillard called the meeting to order at 9:00 a.m.

The pledge of allegiance was recited by the Chairman.

ROLL CALL

Board members present (16): Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Approval of minutes from the meetings held on November 19, 2020

Director Melvin moved, and Director Kotel seconded that the minutes from the public meeting and Executive Session held on November 19, 2020 be approved as submitted. The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Public Comment

There were no public comments submitted for this meeting.

Executive Director's Report

Ms. Leanne Redden said the day's agenda centers on the Board's impending vote regarding adoption of the Regional Operating Budget, Two-Year Financial Plan, and Five-Year Capital Program. During the public comment period, the RTA held a virtual public hearing on December 3rd. Feedback submitted at that event and via web, email, and U.S. mail was provided to the Board, becoming part of the public record.

She cited the potential for positive news to end 2020. It appears that Congress is close to approving a \$900 billion emergency COVID relief package that a bi-partisan coalition of legislators began negotiating last week. Within the bill is roughly \$45 billion for transportation, she said \$15 billion of which would provide emergency relief funding for public transit nationwide. The bill contains a complex formula that would distribute approximately \$13 billion to transit agencies across the country.

Very early estimates indicate that the RTA region could receive approximately \$450 million under the formula with the possibility that additional allocations could be made depending on funding availability. Currently, the bill caps the amount of funding any one region can receive by limiting the total received under this legislation combined with the amount received in the CARES Act to 75% of the region's total 2018 operating budget. If additional money remains after all allocations have been made, a region may be reallocated funds above its 75% cap.

While the current agreement includes funding for mass transit, it does not include any assistance for state and local governments, even though earlier versions of this legislation did include state and local government relief funding.

It is believed that Congress will attach the proposed coronavirus relief bill to the larger \$1.4 trillion FY2021 omnibus spending bill and vote to approve the package prior to leaving Washington for the December holiday. She stressed that while this is positive news, it is not finalized yet and staff will continue monitor developments.

Ms. Redden stated the Board would be asked for its approval of the 2021 regional transit budget and five-year capital program while acknowledging a potential operating shortfall of more than \$500 million without additional COVID relief dollars. The 2021 operations budget is \$3.02 billion, a 5% reduction of \$157.4 million compared to the pre-COVID plan. The 2021-2025 capital program of \$6.351 billion dollars is 23.5% or nearly \$2 billion less than the previous five-year program. The 2021 portion of that five-year program is \$1.492 billion.

She described the following factors: As the pandemic has decimated ridership and farebox revenues, the CTA, Metra, and Pace have been able to continue operations due to a \$1.4 billion infusion from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act that was passed last March. The 2021-2025 Capital Program is \$6.351 billion. Capital programming is central to the RTA, which has been continually refining its regional planning processes, building on adoption in 2018 of the Invest in Transit strategic regional plan. For increased transparency and accountability, the capital program includes a new level of analysis from the RTA and the Service Boards about how each project supports Invest in Transit goals and core responsibilities of the four agencies.

Because those federal CARES Act funds will begin to run out in the first half of 2021, the RTA and all three Service Boards have continued working with the American Public Transportation Association (APTA) to call on Congress to provide additional funds. We support APTA's estimate of \$32 billion for transit nationwide. These efforts reached a crescendo this week with the #SavePublicTransit campaign.

She said staff believe some but not all of that needed funding may come soon. But rather than take a “wait and see” approach, we will continue planning aggressively for difficult choices that could ensue without further relief. Adoption of the budget completes Step 1 in the RTA’s three-step strategy for COVID recovery. As a system, she said, we will use the next six months to plan carefully so transit can be sustained during this very difficult period and so it can drive the economy when people return to their workplaces in larger numbers.

Even with additional relief, Ms. Redden said we may have to amend the regional budget in 2021. Therefore, Step 2 will be a collaborative, transparent planning process to ensure that changes, if necessary, by mid-2021 would minimize disruption, especially to the most transit-reliant riders.

The October memo outlining the three-step recovery strategy indicated that beginning in January, staff would bring presentations and discussion to the Board for consideration on three key areas: identifying immediate funding solutions; sustaining critical transit services; and taking as transparent and collaborative an approach as possible to communicating throughout this crisis with stakeholders and the public.

She said staff have already begun the analysis to help guide these critical conversations. Beginning in January, discussions with the Board will remain focused on the regional perspective, including identifying criteria for determining critical services that must be maintained, create a roadmap to the funding options available to us in the event federal funding does not materialize or is insufficient, and gather the data needed to determine the allocation of available dollars to maintain critical service. These discussions will also provide the information needed to distribute federal money when and if it does come in the most transparent and accountable way possible.

Ms. Redden said we were encouraged to see these priorities echoed in the public comment we have received, and we look forward to continuing to work with all interested stakeholders throughout this process. Beginning in May 2021, Step 3 will take a view toward 2023 and beyond.

Ms. Redden said the RTA Community Planning program will be opening a Call for Projects from January 20 through February 3, partnering again with the CMAP Local Technical Assistance program for a joint application process. The RTA Community Planning program has worked on more than 200 projects since 1998, offering technical assistance and funding to local governments to address local planning needs that intersect the issues of public transportation and land use.

Aside from its impacts on transit, the COVID-19 pandemic has strained the capacity of local governments around the region like never before. The RTA and CMAP are taking these conditions into consideration with the 2021 Call for Projects. The focus this year will be to provide technical assistance to municipalities of high and very high need, based on data or factors such as population, income, and tax base per capita. She would provide more details about this project solicitation at the January Board meeting.

Presenting the state delinquency figures through the end of October, Ms. Redden said the State owes the RTA \$193.3 million of ASA, AFA, and PTF. The State is paid up through the end of the state fiscal year that ended on June 30, so the delinquency is 5 months behind for ASA, AFA, and PTF. The YTD cost of short-term debt is \$4.6 million, concluding her report.

Chairman Dillard stated that the RTA's federal relations consulting firm gave positive feedback about the appointment of South Bend mayor Pete Buttigieg as incoming U.S. Secretary of Transportation bodes well for our region. He noted that Mayor Lori Lightfoot of Chicago has a strong relationship with Mayor Buttigieg, who is highly regarded by other RTA partners as well.

Update on the activities of the RTA Transit Access Citizens' Advisory Board

Mr. Michael VanDekreke provided an update on the activities of the RTA Transit Access Citizens Advisory Board (RTACAB). RTACAB's bylaws require that quarterly reports be made to the RTA Board of Directors regarding the progress of the Committee's work. Mr. VanDekreke indicated that the RTACAB last met on October 5, 2020. Several topics were highlighted at the meeting, including an update on the activities of RTA Government Affairs, a presentation on the revised 2020 budget and proposed 2021 budget marks, a discussion on the committee's expiring membership terms, an update on the RTA ADA Innovations study and a presentation on RTA's COVID-19 recovery scenario planning work. Lastly, the RTACAB set its meeting dates for 2021.

As part of the update on the RTACAB's expiring membership terms, Mr. VanDekreke highlighted that as a part of the recruitment process for new members to replace outgoing members, RTA Board members will be asked to approve recommended candidates for positions representing the same service area that they represent on the Board. He also indicated that the RTACAB has a new Chairwoman, Jackie Forbes. Chairman Dillard requested that staff provide information on the new Chairwoman to members of the RTA Board.

Presentations of the Quarterly Performance Report – Third Quarter 2020

Ms. Jill Leary presented to the Board the 3rd Quarter Performance Report. This report uses the three goals from *Invest in Transit*. This quarterly report covers the first three quarters of 2020, that includes 2.5 "normal" months and 6.5 COVID-19 impacted months. The first strategic goal, "Deliver Value on Our Investment", focuses on two key questions: "Did we get more funding?" and "Are we efficient stewards of the funds that we have?"

- Annual *capital funding* increased by over \$1 billion from 2019 – this is as a result of Rebuild IL Bond funds getting shifted from the outyears (2021-2024) to 2020. *Capital expenditures* increased 3% from 2019.
- The systemwide operating cost per passenger trip has been significantly higher throughout 2020 as ridership has decreased by 54%, although operating cost had a 1.9% decrease through the 3rd quarter.
- The fare revenue per passenger trip was down 12.2% to \$1.59. We don't see such a significant jump for this metric since both parts of the equation – fare revenue and ridership – trended downward in tandem.

The first goal spotlight looks at the monthly performance through 3rd quarter for systemwide operating cost and fare revenue per passenger trip and the impact of significant ridership losses impacted both metrics, the operating cost per trip shows a more dramatic increase because operating costs remain generally level whether people ride or not, whereas fare revenue and ridership decrease in tandem. We can see that over the course of the year, as ridership has improved, the operating cost per passenger trip has come down.

Second goal is Build on the Strengths of Our Network, where we ask the questions: “Did the region become more transit-friendly” and “Are we focusing our limited resources wisely?” For this goal, we have been measuring vehicle revenue miles, or the amount of service available to our riders, over the past ten years. Before the pandemic, the trend had been generally upward over the last decade. However, Metra and Pace and have had reduced service plans in place since March in order to maintain operations for essential service providers, limit exposure for our front-line workers, and to reflect decreased demand on the system. Vehicle Revenue Miles for the 3rd quarter of 2020 was **18%** lower compared to 2019. The second goal spotlight looks at how our service reductions compared to our peer regions across the country; Chicago region kept a significant portion of its service intact and we reduced service to a lesser extent than our peers compared to the first half of 2019, in 2020.

- CTA reduced its service hours by 8.3%, primarily driven by the shutdowns of CTA service during the social unrest events in early June and August, and also reflecting staff shortages that caused missed runs.
 - Metra reduced its service hours by 29% as a significant portion of its riders had the ability to telecommute.
 - Pace Suburban Services were reduced by 21.5%, affecting 100 of its routes.
 - ADA Paratransit service hours were down 38.4%. Although shared rides were eliminated to ensure the safety of ADA riders, COVID reduced the demand for trips (down by 48%).
- Third goal is Stay Competitive, which asks: “Are we providing the kind of services that people want to ride?” and “And are people satisfied with it when they do?”

For this goal, we track ridership as well as metrics related to speed and reliability, which influence whether people use transit.

- Systemwide ridership through the 3rd quarter of the year was 189.5 million, a decrease of 54% compared to 2019.
- The system-wide average speed was 14.6 miles per hour, down from 14.9 mph in 2019.
- CTA's on-time performance averaged 83.5% for bus through the 3rd quarter of 2020. Rail stats are not available at this time.
- Metra's on-time performance averaged 94.2% through the 3rd quarter of 2020, roughly equal to 2019 performance.
- Pace's average on-time performance through the second quarter was 84%, less than one percentage point lower compared to 2019.

The third goal spotlight is an update on Transit Ridership and movement around the region updated through November 27. Preliminary ridership data reported by CTA, Metra and Pace to determine the extent to which ridership has changed compared to early March. There were sudden and significant drop-off the second week of March, followed by sustained low levels of ridership with only slight improvement for CTA and Pace bus with little change for CTA rail, and almost no change for Metra through November. November 27 systemwide ridership was down 84% compared to early March. There is a new strategic performance measures dashboard went live this week.

- The dashboard will allow for regular updating of the eight measures that we've traditionally presented to you on quarterly basis.
- The data is displayed by month where possible, whereas the quarterly reports have always been presented on a year-to-date basis. This feature of the dashboard allows viewers to get a better feel for how these metrics change in the quickly changing environment that we've experienced this year.
- The dashboard contains systemwide, aggregated data from our Service Boards, but we are looking to enhance the dashboard in the coming year to show each agency's data individually.

In summary, performance through the third quarter of 2020 shows the ongoing impacts of COVID-19. Capital work has continued but operations have been affected, both locally and nationally. People have increased movement throughout the region but have not returned to transit use; rail in particular has not seen the same recovery levels as bus.

Presentations of the Monthly Financial Report – October 2020

Ms. Sarah Rubino covered the year-to-date financial results through October 2020. Please keep in mind that the results are being compared to the somewhat outdated August budgets of the mainline Service Boards. Later in the meeting, Mr. Doug Anderson will present the third budget amendment of the year, which contains revised budgets of the CTA, Metra, and Pace Suburban Service. If approved by the Board, next month's report will compare actual results to those amended budgets, which should get rid of some of the red you'll see on today's dashboard.

System ridership through October was 56.2% below prior year, but 1.1% higher than the amended budget. CTA and Pace reported favorable to budget results in excess of 3%, while Metra was unfavorable by 23.7%, highlighted in red, as October commuter rail ridership was only 10% of normal levels. ADA Paratransit ridership was favorable to budget by 12.5% through October, highlighted in light blue, which is driving expense higher as you'll see on the expense slide.

Total operating revenue of \$897.9 million was \$71.2 million, or 7.3%, unfavorable to budget and highlighted in red. Each Service Board, including ADA Paratransit, reported unfavorable operating revenue in excess of 3% through October. Some of this unfavorable variance is due to the timing of CARES Act funding requisitions. The Service Boards included in their operating revenue \$462.2 million of CARES Act funding requisitioned for fare revenue losses through October, as authorized by RTA Ordinance 2020-20, the May funding amendment.

Next, we have the public funding results. Sales tax performance has been better than expected, which was recognized with the funding amendment adopted at the September meeting. The Real Estate Transfer Tax also outperformed the amended budget through October, however CTA finished 0.1% unfavorable to budget due to a lag in CARES Act requests. Metra's 3.6% unfavorable variance is attributed to the repurposing of CARES Act funding to revenue recovery. We also see unfavorable results of 2.2% at Pace, again due to the timing of CARES Act requisitions. ADA Paratransit funding was adjusted to the level contained in the September funding amendment beginning with October's payment to Pace, resulting in a zero year-to-date variance. Total regional public funding through October is expected to fall short of budget by \$15.4 million, or 1.2%.

Expenses continue to be the bright spot on our dashboard. System-wide operating expenses through October were \$115.8 million, or 5%, favorable to the amended budget and highlighted in light blue. Through October, CTA's expenses were less favorable to budget than those of Metra and Pace as CTA continues to operate a full schedule. Metra and Pace are operating reduced schedules, and as a result have significantly favorable expense variances. Importantly,

this good expense performance is limiting the amount of CARES Act funding that can be requisitioned. ADA Paratransit expense finished 4.6% unfavorable to budget due to the extension of COVID-19 mitigation efforts and better than expected ridership. As a result, ADA is beginning to develop an additional funding need on top of the \$31.4 million of reserve funding that was approved by the Board in September.

The system YTD net result was \$29.2 million favorable to budget. Significant cost savings at Metra and Pace resulted in favorable net results of \$13.0 million and \$25.0 million, respectively. As we move toward the end of the year, the net result should show a diminishing surplus as the CARES Act requisitions are trued up. Due to ADA Paratransit's unfavorable expense performance, that net result finished with a \$8.0 million deficit. This is also saying to us that ADA may need additional funding as we near year end and we will keep the Board apprised of that situation.

With \$462.2 million of CARES Act funding included, the regional recovery ratio, shown in the right-hand section of the table, was 50.1% through October, now 0.5 percentage points below budget. With CARES Act funding, CTA and Metra reported slightly unfavorable recovery ratios, while Pace's finished 1.9 points favorable to budget. The ADA Paratransit recovery ratio fell short of budget by 1.9 points with credits applied due to their unfavorable expense performance. On the left side of the table, you can see that in the absence of CARES Act funding, the regional revenue recovery ratio would be 25%.

Presentations of the Semi-Annual Project Management Oversight (PMO) Report

Ms. Violet Gunka presented the current report on Project Management Oversight. The RTA implements the PMO program pursuant to Section 2.01(b) of the RTA Act. The RTA is required to oversee the Service Boards capital programs and expenditures. PMO is a part of RTA's fulfillment of this requirement. The focus of the PMO program is implementation, delivery and completion of projects. The PMO program supports the RTA's "Invest in Transit" Strategic Plan as we focus on ensuring that we are efficient stewards of the capital funding that we have.

The PMO program currently includes oversight of all state-funded transit projects, regardless of budget, and all other projects with budgets of \$10 million or more, regardless of funding source. Specific involvement includes direct reports and meetings with Service Board project teams, attendance at other project meetings, project site visits, and periodic reporting to the Illinois Department of Transportation. RTA PMO staff is augmented by engineering and project management consultants, who provide necessary expertise as well as additional staff resources. Investing in and improving the transit infrastructure as well as the service is necessary to maintain our transit network. The PMO report that you have received provides an inside look and highlights the investments that the Service Boards are making into the system. The report details the currently ongoing projects in the region. You can easily see progress, issues, and risks for the transit capital projects.

This report for the first time includes 13 Rebuild Illinois projects that represent \$655 million worth of Rebuild Illinois funding. New projects enter our PMO program after they complete the procurement process, there is a signed agreement with a contractor and project scope activities have commenced. At this time, there are many more Rebuild Illinois projects in the procurement process therefore they are not yet included in the PMO report, but we will be reporting on those in the future.

The PMO report includes 22 ongoing projects that have over \$962 million of state bond funding. The state funding more than tripled the amount previously reported in June by including the 13 Rebuild Illinois projects that I mentioned earlier. This amount also includes some funding from the prior years' programs as the Service Boards are still wrapping up some older projects and using up any remaining funds. The 46 current projects with budgets of \$10 million or more represented in this report show an investment of almost \$5.7 billion into our system. This funding includes what has already been expended and what is obligated for these projects. Some of these projects span over multiple years.

We briefly touched on the state funded project budgets on the last slide. All of the state funded projects are on budget. With respect to scope, there was 1 change order executed this reporting period for the Positive Train Control project. Most of the total change orders were for added value to the project and represent less than 1% of the total budget for all the state funded projects. All change order justifications were reviewed and concurred on by the RTA. The schedule performance for the state funded projects is strong. 20 of the 22 state funded projects are on schedule. The projects that are behind schedule are CTA's 98th St Rail Shop Bridge Replacement and Metra's Union Pacific North Line Bridges and Ravenswood Station. The construction projects continued with work during COVID 19 implementing social distancing and other CDC recommendations at the job sites without major schedule impacts at this time. Some of the bus procurement and rail procurement projects have experienced delays related to COVID 19 due to plant closures, however those projects are moving forward at this time.

In the PMO report we break down the projects into three categories which include construction, maintenance & rehabilitation and procurements. On this slide you can see the graphical representation of the investments in these categories at each of the Service Boards. Construction includes all projects related to design or improvements to stations, bridges and other transit facilities. The maintenance and rehabilitation include projects like track, signal and substation upgrades and improvements, as well as rehabilitation of rolling stock. The last category includes procurement of rolling stock and technology like cameras and PTC components.

As part of the RTA Strategic Plan process, each of the Service Boards identify their 10 year need to fund the priority projects. The numbers are updated on an annual basis. This slide shows how much funding is currently allocated to the active projects included in the PMO report. The CTA identified a \$21 billion need to complete the projects included on their priority list. The CTA's current projects included in the PMO report show a \$3.5 billion investment into the system. Metra identified almost \$11.5 billion need to complete their priority projects. Currently the active PMO projects represent a \$1.7 billion investment into their system. Similarly, Pace identified a \$1 billion need for their priority projects to be completed. The ongoing projects in the PMO report show an investment of \$515 million.

Please note that many of these projects span over multiple years. Project budgets include funding that is already expended and funding that is obligated for these projects. While more funding is needed to fully fund the priority projects identified by each of the Service Boards, this report provides some insight on the progress being made and provides details on the currently ongoing projects.

Ms. Gunka then highlighted some of the new Rebuild Illinois projects. The CTA has awarded a contract in October to purchase material kits for the 5000 series rail car rehabilitation project. This project will provide for the quarter-life overhaul of the 5000-Series rail cars. The maintenance will include major component rebuilds and needed repairs to the car bodies. Metra awarded a design contract for the rehabilitation of 5 stations on the Electric Line. The project includes the following stations: 79th St, 87th St, 95th St, 103rd St and 111th St. The project elements may include the replacement and/or rehabilitation of station platforms, new lighting, head house rehabilitation, replacement of leaking roofs, installation of new warming shelters, new platform amenities, and other related work. The new stations will also be fully accessible and meet ADA requirements. Pace is moving forward with the design and construction of a new Northwest Division Garage in Wheeling. The new facility will replace the Northwest Division build in 1962. It will be a full service, fully furnished and equipped, heavy duty bus repair, maintenance, and storage garage. It will also be a fully equipped CNG facility. These are just a few highlights. Details on other Rebuild Illinois projects are included in the PMO report. Also, updates on many more projects from the Service Board's priority list are included in the report.

Ms. Gunka then covered state-funded projects that were completed in this reporting period. Metra completed the Rolling Stock Rehabilitation project. 69 locomotives and 176 rail cars have completed the rehabilitation process as part of this project. Pace has purchased a total of 108 CNG buses and Pace has also completed the relocation and improvements to the Orland Square Mall Bus Stop.

In summary, our PMO program focuses on project implementation and delivery. Our team provides detailed information on the progress of ongoing projects. The PMO work supports the goals of the Strategic Plan. Through this program we work with the RTA Capital team and the Service Boards to ensure that capital funding is spent efficiently and effectively. The projects presented in the PMO report show how we deliver value on our investments, build upon the strong transit network that we have, and help us stay competitive. The RTA and the Service Boards have been working on improving the transparency in capital investments. Providing details on the current projects in the region supports this initiative.

Ordinance authorizing the quarterly amendment to the 2020-2024 Capital Program

Mr. Brian Lowenberg presented an amendment to the 2020-2024 Capital program incorporating changes in program revenues and expenses for CTA and Metra. The amendment approved a total net funding increase to the five-year Capital Program of \$61.05 million that affects both current and out-years. The total net increase is \$59.7 million for CTA and \$1.35 million for Metra.

The CTA's \$59.7 million increase consisted of: shifting of CTA Bond Issuances to future years that will reduce Debt Repayment Costs by just under \$66 million; an increase in Federal Discretionary Funds amounting to \$10.75 million from the Department of Homeland Security, and the Volkswagen Clean Air Settlement; an increase of \$600 thousand in CTA funding to Match the Volkswagen Clean Air Settlement; and a decrease of \$17.5 million in CTA bond issuances.

Metra's \$1.35 million increase consists of: an \$850 thousand increase in Invest in Cook County Grant Funds and a \$500 thousand increase in City of Chicago TIF Funds.

Director Melvin moved, and Director Ross seconded the adoption of the following ordinance:

The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Ordinance amending the 2020 Regional and Service Board Operating Budgets

Mr. Doug Anderson presented an ordinance amending the 2020 regional operating budget for a third time and said that frequent funding amendments and budget amendments are going to be the norm as we continue to navigate through the changing financial landscape brought on by the pandemic and recovery. Revised Service Board budgets are required after any RTA funding amendment, in this case the September funding amendment, which increased RTA regional funding by an estimated \$199 million compared to the May funding amendment, due

to improved sales tax and Real Estate Transfer Tax results. The September ordinance allowed CTA, Metra, and Pace Suburban Service to meet this requirement by incorporating the revised funding levels into the 2020 financial estimates included with their proposed 2021 operating budgets in October. Those updated 2020 forecasts provide the basis for this budget amendment.

Pace's latest operating budget for ADA Paratransit was already incorporated into the regional operating budget by the October budget amendment. Therefore, this ordinance proposes no change to the ADA Paratransit budget. However, as Sarah mentioned in the October financial results, ADA has begun to develop an additional funding need which may necessitate a future budget amendment, but that is not under consideration today. Similarly, the RTA Agency's 2020 operating budget was already reduced by 10% with the August budget amendment, so RTA Agency revenues and expenses are also unchanged in the proposed ordinance.

The most significant ridership change with this amendment is Metra assuming a decrease of 10 million rides compared to their previous estimate. As you heard Mr. Derwinski state last month, Metra now expects ridership to recover to no more than 20% of normal by the end of the year, resulting in a full year decline of about 73% from 2019. The CTA, Pace Suburban Service, and ADA Paratransit ridership forecasts are essentially unchanged from previous estimates, and overall regional ridership of 231 million, shown on the far right, represents a decrease of nearly 60% from 2019, producing corresponding losses of fare revenue.

With this amendment, each mainline Service Board decreased their expense projections from their previous estimates. CTA reduced their budgeted expenses by \$29.4 million, or nearly 2%, a recognition of ongoing cost reduction efforts. Both Metra and Pace Suburban Service have included expense reductions of about 8% with this budget amendment as they now expect to maintain reduced service levels through the end of 2020 and in fact into 2021 and perhaps beyond. As I mentioned earlier, RTA Agency and ADA Paratransit expense levels are unchanged with this amendment since reductions for both were incorporated in the August and October amendments, respectively. Total proposed Service Board and RTA Agency expenses of \$2.7 billion reflect a decrease of \$108.4 million or almost 4% from the prior budget amendment. This reduction will increase the amount of CARES Act funding able to be carried forward.

Mr. Anderson reviewed the recovery ratios in the proposed budget. The inclusion of \$623.7 million of projected CARES Act funding as operating revenue has allowed each of the Service Boards to achieve or exceed their RTA requirement. The projected regional recovery ratio of 50.7% is 0.1 percentage points lower than the October amendment, but still meets the 50% statutory requirement. He then summarized the amount of CARES Act funding anticipated to be consumed in 2020, and in turn the amount expected to be carried over to 2021. The

proposed budgets expect to utilize \$819 million of CARES Act funding. This is about \$280 million less than the previous budgets expected to utilize (shown in italics), due to the improved sales tax levels of the September funding amendment and the lower Service Board expense levels we showed in that earlier slide. As a result, \$619 million of CARES Act funding is projected to be carried into 2021, which Bill Lachman will revisit in the next agenda item.

Mr. Anderson closed by requesting board adoption of the ordinance amending the 2020 operating budgets of the CTA, Metra, and Pace Suburban Service to produce an amended Regional Operating Budget. If approved, we will compare to this amended budget in the dashboard for our final two Service Board financial results presentations of this extraordinary budget year.

Director Andalcio moved, and Director Groven seconded the adoption of the following ordinance:

The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Ordinance adopting the 2021 Regional and Service Board Budgets

Mr. William Lachman began with a quick recap of the 7-month process that has led up to the proposed budget ordinance. In May, the RTA Board approved and released the 2021 Budget Call. During the summer, funding levels were presented to, and deliberated with, the Service Board Finance Teams. On October 15th, the RTA Board adopted the operating and capital funding amounts. The Service Boards each submitted their budgets and capital programs to the RTA in October. The CTA, Metra, and Pace Boards adopted their individual 2021 budgets and capital programs at their November Board meetings.

The proposed 2021 Regional Budget and Capital Program has been available for review and comment on the home page of the RTA website since November 9th. As required by the RTA Act, Leanne and Bea presented the proposed budget and capital program to each of the County Boards during November and December, finishing with Will County a week ago today. Two weeks ago, on December 3rd, Chairman Dillard presided over the RTA's budget public hearing virtually via Zoom and a live stream on YouTube. Directors Canty, Carey, Coulson, Gathing, Lewis, and Sager also attended virtually. Four members of the public provided testimony at the budget hearing. In addition, we received some public input via email. All of these comments were summarized in the Board memo. Topics included Pace route cancellations, track safety, electrification of CTA and Pace buses, and satisfaction with RTA's recovery plan for transit.

These public comments are available in the Board Meetings section of RTA website by clicking on the Public Comments link under item 8. New Business of this meeting agenda. He expressed appreciation to the many Board members who participated in the County Board presentations and/or the budget public hearing.

Last month the RTA Board heard the Service Board Executive Directors and CFOs present, and provide context for, their proposed budgets and capital programs. Therefore, Mr. Lachman focused on the consolidated regional operating budget before handing the presentation over to Ms. Jill Leary for a discussion of the capital program. The proposed 2021 budget totals \$3.0 billion, a decrease of \$157 million or about 5% from the 2021 expense level we had planned before COVID-19 changed almost everything. At 18%, Service Board operating revenue comprises a much smaller share of total revenue than normal due to ongoing ridership and fare revenue losses. The sales tax and PTF slices are also smaller than in previous years due to the impact of the pandemic on employment and the regional economy. These revenue shortfalls have been replaced by CARES Act funding and an assumption of additional relief funding yet to be identified, which Mr. Lachman covered later. As the RTA Board heard from the Service Boards last month, the proposed Metra and Pace Suburban Service budgets continue the significant service reductions implemented in the second quarter of 2020. CTA's proposed budget assumes the continued operation of a full-service schedule to allow for social distancing on busses and trains, and thus CTA operating expense comprises 55% of the regional expense, a larger share than in prior years. The zero-growth RTA Agency budget that Bea presented last month represents 1.3% of regional expenses and is also included in the proposed ordinance for approval, alongside the Service Board budgets.

Each of the Service Boards' 2021 budgeted recovery ratios meets or exceeds the required level adopted by the RTA Board in October. As a result, the regional recovery ratio for 2021 is budgeted at 50.7%, meeting the 50% statutory requirement. Each Service Board has properly included some CARES Act funding as operating revenue for purposes of meeting its required 2021 recovery ratio. Importantly, the CTA and Pace Suburban Service 2021 budgets and/or 2022-2023 financial plans also assume that some of the additional relief funding, once identified, will count as operating revenue for recovery ratio purposes. Therefore, the proposed budget ordinance includes RTA Board authorization to include additional relief funding as operating revenue. This is similar to the authorization for CARES Act funding provided by the May funding amendment.

The proposed Service Board budgets and two-year financial plans balance and meet recovery ratios by including CARES Act and additional relief funding as shown in this table. As Mr. Anderson mentioned in his presentation, \$819 million of CARES Act funding is expected to be consumed in 2020. The proposed 2021 budgets exhaust most of the rest, with the remainder programmed in 2022. The Service Board Executive Directors and CFOs mentioned in their presentations last month that all three agencies will face serious challenges without additional

federal relief funding. These challenges include both large-scale service cuts and layoffs. Such measures will most seriously impact our transit-reliant passengers who have continued to ride CTA, Metra, and Pace throughout the pandemic. The proposed CTA and Pace budgets and plans rely on \$1.2 billion of additional relief funding which has not yet been appropriated. If such funding fails to materialize, operating expenses will need to be reduced significantly to achieve balance with the remaining revenue. Mr. Lachman acknowledged that staff was asking the Board to approve what some may characterize as an unbalanced budget. To add some clarity, he referred to the RTA Act criteria for budget adoption. One criterion requires the budgets to achieve balance by including “anticipated revenues from all sources” while another requires budgets to be based on “reasonable and prudent” assumptions. With respect to meeting those two criteria, staff considered if it is reasonable for the Service Boards to anticipate additional relief funding in their budgets and concluded that it is, given the recent progress in Washington toward a follow-on to the CARES Act. Accordingly, staff offer that the proposed budgets and financial plans are indeed balanced. However, the proposed ordinance does incorporate a back-up plan.

The ordinance treats March 1st as a decision point. This date should provide enough time for Congress to act, but it is also early enough in the budget year to initiate expense reductions efforts if necessary. Staff hopes that it does not come to that because, as the RTA Board heard from the Service Board leadership last month, such reductions would likely be catastrophic to our transit system. The March Board agenda would include a funding amendment to update the RTA funding forecast. The Service Boards would in turn be required to submit revised budgets that achieve balance without relying on additional relief funding. In the meantime, as Leanne mentioned earlier, in January the RTA will begin Step 2 of the RTA’s three-step COVID recovery strategy. Step 2 will be a collaborative, transparent planning process to ensure that mid-2021 cuts, if necessary, will minimize disruption, especially to the most transit-reliant passengers. With that sobering thought, Mr. Lachman turned over the presentation to Jill Leary for a look at the capital program.

Ms. Jill Leary presented the 2021-2024 capital program. For the last several years, based on the vision and goals of our strategic plan, Invest in Transit, the RTA and the Service Boards have been working together to articulate and advance a regional transit capital strategy. The enactment of Rebuild Illinois, the state’s first large-scale transportation bill in more than 10 years, in June 2019 provided the RTA system with 2.6 billion dollars over five years in state bond funding and an estimated 227 million dollars annually in gas tax revenue, referred to as “PAYGO” dollars.

Throughout 2020, the RTA and the Service Boards have worked toward executing that capital program. The Service Boards continued robust construction programs despite many pandemic impacts to their operations and workforce. In 2020, about half of the Rebuild Illinois Bond

funds and the first 227 million dollars were granted to the Service Boards, so those projects are getting started. Those projects include ongoing capital maintenance projects and enhancements that will contribute to maintaining the system.

As a reminder that due to the continued development of performance-based programming guidelines and the discussions around the draft Investment Framework, the decision was made to allocate 2025 State PAYGO and Federal Funding in a regional set-aside pending the establishment of a new process for allocating these funds within the context of a recovery strategy in collaboration with the Service Boards and adopted by the board.

The RTA and the Service Boards have also been working to increase the transparency of capital programming and the use of data to understand the impacts of the program on strategic priorities. New this year, the five-year capital program is also presented in three new ways: By the core requirements the transit agencies must fulfill; by Invest in Transit's three strategic goals for the five-year timeframe; and by a set of specific priority projects identified in Invest in Transit that will be advanced with additional funding. Ms. Leary presented the five-year capital program in this new framework for the region and by each Service Board.

The presentation of the capital program concluded with the continued work that needs to be done with the state on advocating sustainable funds to support capital investments in the region. Last year's Rebuild Illinois bond funds and the sustainable PAYGO funding are a good start, but when Rebuild Illinois funds are drawn down, new funding sources will be needed to continue to invest in the system.

Mr. Lachman concluded by saying that staff recommends Board adoption of the proposed operating budget and five-year capital program as outlined in the presentation. The budget proposals and capital programs that are detailed in the ordinance are balanced, based on reasonable assumptions, and meet the statutory regional recovery ratio of 50%. The proposed ordinance also provides authorization to include additional relief funding as operating revenue for recovery ratio purposes, similar to the CARES Act funding, and a contingency plan if such funding does not materialize by March 1st.

Director Coulson noted that the 2021 operating budgets contain very significant holes of \$70 million and \$372 million for Metra and CTA, respectively, and he appreciated the assurance of staff on the reasonable and prudent assumptions criteria. He said that the assumption of \$450 million of new federal funding creates a pretty close call in these extraordinary times. He assumes that we'll be revisiting the budgets frequently and said that this is the best we can do given the current environment, but that we'll need to monitor the situation closely. Ms. Redden responded by agreeing and noting that staff is very conscious of the shortfall and has

already begun work on what information will need to be shared with the Board with respect to a contingency plan. After budget approval, staff will pivot to begin step 2 of the recovery plan in January. RTA must be prepared to deal with the worst-case scenario of no additional federal relief, and also must begin to think about how any additional relief should be allocated.

Director Ross stated that he has been on the Board for a long time and that this budget is unprecedented with respect to its shortfall. He complimented the staff for doing an outstanding job on the RTA Agency budget and regional budget. Additionally, he finds it very useful that there are now criteria in place for the capital program that will help the Board make value judgments. He believes that new Board members should now be able to see how critical the Board's role is to balance responsible fiscal decisions with the continued provision of transit service to the region's residents, especially those who are the most transit dependent.

Director Groven praised the RTA staff for leading the collaborative budget process with the Service Boards. He stressed that we need to underpin the contingency plan with both identification of alternate funding sources and prioritization of potential service cuts.

Director Carey thanked the Service Boards and RTA staff. She noted that while the budget is technically balanced it is unlike any that preceded it. In pivoting to step 2 harder work is ahead as we make critical decisions. She implored her colleagues to be regionally minded when evaluating the critical needs of residents. She hopes that the region receives additional federal funds and looks forward to the development of the framework for allocating current and future capital funds. She thanked everyone for getting us this far.

Director Canty reiterated the need to maintain transparency with the public if we are going to make changes to the level of service we provide.

Director Sager thanked the professional staff of the RTA and the Service Boards who have done a monumental job during these unprecedented, uncertain times. He stressed to his colleagues that they are responsible for the big picture and that their responsibility is to consider and support the budget. He noted that the next step is going to be the distribution of federal relief funds based on the needs of the ridership that we serve.

Director Pang noted the great job that the Service Boards and RTA staff done to bring the budget together and that the job is going to get harder as we move forward. She also expressed her support for the 2020 budget amendment that Doug Anderson presented earlier in the meeting.

Director Melvin stated that RTA staff did a terrific job dealing with the cross currents of this budget season and communicating the results to the Board. Furthermore, he noted that the Board gets so used to staff doing such a good job that they sometimes forget how hard the staff works.

Chairman Dillard said that he will be very interested to see what the new state of good repair number looks like on the capital side with respect to Rebuild Illinois and future federal funding, as things return to normal.

Director Carey moved, and Director Pang seconded the adoption of the following ordinance:

The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Travel Expense Reimbursements

Director Ross moved, and Director Kotel seconded the travel expenses be approved as submitted.

The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

ADJOURNMENT

There being no further business to come before the public portion of Board of Directors meeting, Director Pang moved, and Director Canty seconded that the meeting adjourn. The motion carried on the following voice vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

The Board meeting ended at 10:55 a.m.

AUDREY MACLENNAN
Secretary of the Authority