Regional Transportation Authority

175 West Jackson Blvd.
Suite 1650
Chicago, Illinois 60604
312-913-3200
rtachicago.org

Board Agenda

Finance Committee

Thursday, November 21, 2019

LOCATION CHANGE - CMAP Board Room, Suite 800, 233 S. Wacker Drive, Chicago, Illinois

9:00 a.m.

1. Roll Call

2. Approval of Minutes

2.a. From the meeting held on October 17, 2019

3. Information Items

3.a. Presentation and discussion of the 2020 agency budgets with the CTA, Metra, Pace and the RTA

Description: At the November 21, 2019 RTA Finance Committee meeting, each Service Board, along with the RTA, will present a summary of their proposed 2020 Operating Budget for discussion purposes.

3.b. 2020 Budget and Capital Program Public Comment

Description: This portion of the meeting is designated for public comment on the Proposed 2020 Budget and Capitgal Program.

3.c. Presentation of the Quarterly Performance Report - Third Quarter 2019

Description: This item is a presentation of regional performance metrics for the third quarter of 2019. This quarterly report is presented in conjunction with the Board's review of the operating budgets of the Service Boards for substantial accordance with budget.

4. Action Items

4.a. Resolutions certifying finanial results - Third Quarter 2019

Description: These resolutions certify he operating financial results of each Service Board and the region as a whole, through the third quarter of 2019, are substantially in accordance with budget.

ADJOURNMENT

MINUTES OF A PUBLIC MEETING OF THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY

The Finance Committee of the Board of Directors of the Regional Transportation Authority met in public session on **Thursday, October 17, 2019** at 8:40 a.m., in Suite 1650, 175 W. Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Melvin presided.

ROLL CALL

Committee members present (8): Coulson, Groven, Holt, Lewis, Melvin, Ross, Sager, Troiani
Committee members absent (1): Kotel
Other Board members present: Andalcio, Carey, Frega, Fuentes, Higgins, Pang, Chairman Dillard

Approval of minutes from the meeting held on September 12, 2019

Director Sager moved, and Director Lewis seconded that the minutes from the meeting held on September 12, 2019 be approved as submitted. The motion carried on the following roll call vote:

8 Ayes: Coulson, Groven, Holt, Lewis, Melvin, Ross, Sager, Troiani
1 Absent: Kotel

Presentation of Monthly Financial Results – August 2019

Mr. Doug Anderson, Manager of Budgets and Analysis, opened by stating that while ridership and revenue are still unfavorable to budget, very good expense performance has further improved the regional recovery ratio to 50.9%, or 0.7 points favorable to budget.

RTA system ridership through August was 2.0% unfavorable to budget, and 3.1% lower than prior year. Pace had the largest ridership shortfall, at 5.9%, with ridership declines in each mode; fixed route, dial-a-ride, and vanpool. Operating revenue was $13.7 million, or 1.7%, unfavorable to budget, with about 80% of the variance attributable to the lower level of reduced fare reimbursement (RFR) funding from the State. Pace Suburban Service had the largest operating revenue shortfall percentage, 4.9%, due to unfavorable fare revenue, while CTA was the most heavily impacted by the reduction in RFR funding.

Mr. Anderson stated that the public funding section of the dashboard shows a result that is 2.3% unfavorable to budget but improved from last month due to strong July sales tax receipts. Sales tax, PTF, and Real Estate Transfer Tax (RETT) results all remain below budget, although it is known that the RETT will have some stronger results in the coming months which are not yet reflected in the dashboard. CTA had the most unfavorable public funding variance at $19.3 million, or 3.6%. System-wide operating expenses were $51.7 million or 2.8% favorable to budget after notably good results for the month of August. Metra and Pace had the most favorable expense results, at 3.5% and 4.3%, respectively.

The good expense performance offset the unfavorable public funding and operating revenue, and the year-to-date system net result was $14.7 million favorable to budget, a $9.3 million improvement from last month's result. The regional recovery ratio of 50.9% through August was 0.7 points favorable to budget and has shown steady improvement since January. Each Service Board's recovery ratio was essentially at, or favorable to, budget.

Director Lewis asked if we are nearing a point where the Service Boards have cut expenses as much as possible, and as a result, will revenues have to be increased to keep the recovery ratio above 50%. Mr. Anderson responded that in 2018 each of the Service Boards increased fares, which in turn boosted the regional recovery ratio. There were no fare increases in 2019, and none are expected for 2020, so the budgeted recovery ratio will have less of a cushion above 50%. Bea interjected that staff maintains a 10-year model which demonstrates that regular fare increases are necessary to continue to meet the recovery ratio requirement. Bea said that an analysis would be provided to the Board as part of the 2020 budget review.

Director Melvin asked for clarification on the information received from CTA which indicated improving results for the rest of the year. Mr. Anderson said that he had specifically been referring to RETT results, which staff has been closely monitoring due to underperformance. RETT receipts average about $5 million per month, but CTA has given RTA advance notice that the August results will be around $8.3 million, which will reduce the current $5 million shortfall from budget.

Director Groven noted that on a year-over-year basis expenses are increasing, and that what is displayed in the dashboard is the variance from budget. Ms. Reyna-Hickey agreed, and Mr. Anderson stated that Service Board expenses through August are 1.6% higher than 2018, which is typical. Once the budget is adopted, what becomes relevant

ADJOURNMENT

There being no further business to come before the meeting of the Finance Committee, Director Groven moved, and Director Troiani seconded that the meeting adjourn. The motion carried on the following roll call vote.

8 Ayes: Coulson, Groven, Holt, Lewis, Melvin, Ross, Sager, Troiani
1 Absent: Kotel

The meeting ended at 8:50 a.m.

AUDREY MACLENNAN
Secretary of the Authority

To: **Finance Committee**

From: **Leanne P. Redden, Executive Director**

Date: **November 14, 2019**

Re: **Presentation and discussion of the 2020 agency budgets with the CTA, Metra, Pace and the RTA**

Regional Transportation Authority

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Service Board leadership will present their proposed 2020 operating budgets and five-year capital programs, discussing operating revenues, fare adjustments, service levels, operating expenses, and capital priorities including planned bond issuances. The Service Boards will then field questions from the RTA Board. RTA staff will also present a summary of the proposed 2020 RTA Agency operating budget for discussion purposes. Subsequently, at the December 19, 2019 RTA Board meeting, the Finance Committee will consider the proposed RTA Agency operating budget for adoption as part of the ordinance for the consolidated 2020 RTA and Service Board Regional Budget and Five-Year Capital Program. The 2020 budget booklet, which provides a detailed summary of the proposed Service Board, regional, and Agency budgets and capital programs, is attached.

Background

After nearly a decade without a State capital program, Rebuild Illinois was passed by the General Assembly and signed by Governor Pritzker in June 2019. It provides a needed infusion of capital funds for transit in the RTA region, with $2.6 billion in new State bonding over five years and an estimated $227 million annually in sustainable State revenue, referred to as "PAYGO" funding. The new State funding nearly doubles our previous five-year regional capital program of $4.3 billion, to $8.3 billion.

The proposed Service Board budgets exhibit responsible expense growth, with no fare increases planned for 2020. CTA and Metra expect to maintain existing service levels, while Pace has proposed to reduce service on eight under-performing routes and increase frequency on successful express bus services.

CTA

CTA's 2020 proposed operating budget is balanced at $1.570 billion, an increase of 1.2% from the 2019 budget, with a recovery ratio of 55.3%, exceeding the RTA requirement of 54.75%. CTA does not plan to increase fares or change service levels. Ridership is budgeted to decline by 1.8% in 2020, following a projected decrease of 2.5% in 2019, consistent with regional and national trends observed over the last few years. In order to contain operating expense growth, CTA has employed advanced purchasing strategies to lock in pricing for diesel fuel and electric power.

CTA's 2020-2024 capital program totals $5.155 billion of which Rebuild Illinois contributes $1.948 billion. The capital program includes one new proposed CTA bond issuance, expected to yield $381 million in proceeds for CTA system enhancements including facilities improvements and bus and rail car purchases. Other planned CTA bond issuances, totaling $651 million of proceeds related to the Red-Purple Modernization (RPM) project, Ground Transportation Tax-funded track and station improvements, and general bonds for O'Hare Blue Line projects, the Red Line extension, and rail cars, were previously approved in the 2019 program, but have been delayed.

CTA's capital program focuses on state of good repair projects that improve service reliability and customers' transit experience. The program includes $1.639 billion in new rail cars purchases, 5000 series rail car overhauls, replacements of older buses, and updating of newer ones. Rail line modernizations, renewals, and expansions, as well as bus modernizations, total $1.174 billion. The focus includes work on the Red-Purple Modernization, the Your New Blue modernization project, design for the Red Line extension to 130th Street, and the Ashland Avenue transit signal priority project. CTA will also program $353 million for other station improvements, upgrades to power and signal systems and safety and infrastructure improvements. Key projects include making stations accessible, rehabilitating the Cottage Grove Green Line Station, and improving the power system for the Blue Line to allow additional train service.

Metra

Metra's 2020 operating budget totals $827.4 million, an increase of 0.6% from the 2019 budget, and results in a recovery ratio of 52.5%, matching the RTA requirement. Ridership is budgeted to decline by 0.9% in 2020, following a projected decrease of 2.2% in 2019. Metra's budgeted expenses reflect $6.0 million of identified efficiencies and $2.1 million in savings directly related to the popularity of mobile ticketing. Moreover, the purchase of newer, more efficient locomotives has enabled fuel savings of $2.5 million. Additionally, Metra further expects to lower operating costs by $7.0 million through a fixed-price agreement for a majority of its 2020 fuel purchases. No service reductions are planned, and the Lake County reverse commute pilot will continue in 2020.

Metra's five-year capital program of $2.584 billion does not include any planned Metra bond issuances. The program includes $1.446 billion provided by Rebuild Illinois. With many older rail cars and locomotives, Metra continues to concentrate its capital budget on working toward a state of good repair to provide riders with a positive, reliable transit experience. Metra plans to invest $1.190 billion in its fleet, including to purchase new rail cars and locomotives and to overhaul newer existing rail cars and locomotives. Metra will program $365 million for stations and parking lots. More than 30 stations are slated for rehabilitation during the five-year program as well as the construction of 2 new stations in Chicago (Auburn Park and Peterson Ridge). Metra will also invest $409 million in track and structure renewal which includes work on bridges long overdue for improvement or replacement.

Pace and ADA Paratransit

Pace's proposed Suburban Service operating budget is balanced and totals $239.9 million, an increase of 1.7% from the 2019 budget, resulting in a recovery ratio of 30.3%, matching the RTA requirement. Ridership is budgeted to decline by 1.7%, following an estimated decrease of 5.7% in 2019. Pace has proposed the reduction or elimination of eight under-performing routes in 2020, but overall vehicle revenue miles will increase due to additional frequency on express bus routes and the first full year of Milwaukee Avenue Pulse ART service. While the 2020 budget is balanced, Pace has identified budget balancing actions required for 2021 and 2022 of $2.7 million and $10.1 million, respectively, with specific actions to be determined.

Pace's proposed ADA Paratransit operating budget totals $195.3 million, an increase of 4.3% from the 2019 budget, and results in a recovery ratio of 10.0%, matching the RTA requirement. Ridership is budgeted to increase by 0.8%, driven by increased utilization of the Taxi Access Program. The overall expense increase is due to volume and price increases in Purchased Transportation, by far the largest expense category, and the regional ADA support allocation, which accounts for work performed by various Pace departments in support of the ADA Paratransit operation.

Pace's 2020-2024 capital program, including Pace ADA, totals $568 million, of which $341 million is provided by Rebuild Illinois. Pace ADA Paratransit will get all $20 million of its capital funding from Rebuild Illinois. Pace's capital program does not include any planned bond issuances. Pace plans to spend $142 million on new garages in Wheeling and along I-55 that will support Bus on Shoulder routes, as well as expansions of the River, North Shore and Southwest Division garages. Pace will also spend $208 million on rolling stock investments, including new buses, paratransit, on-demand and vanpool vehicles and bus rehabs. Pace will direct $76 million to stations and passenger facilities. Major projects include I-55 and I-294 stations and Park-n-Rides, improvements at Harvey Transportation Center, and a new Joliet Transit Center. Pace plans improved ADA-related technology, including upgrades of its Trapeze software to enhance TripCheck features, add notifications, and integrate Ventra. In addition, Pace plans to build transfer facilities for ADA Paratransit riders.

RTA Agency

The RTA Agency Operating Budget emphasizes the goals and recommendations outlined by the 2018-2023 Regional Transit Strategic Plan *Invest in Transit,* adopted by the RTA Board in January of 2018. The $40.7 million proposed 2020 RTA Agency Operating Budget consists of two parts: (1) the RTA Agency Administrative Budget and (2) the Regional Programs Budget.

The RTA Agency Administrative Budget, which includes the core agency expenses for staff, facilities, information technology, office services, and professional services, comprises 42.7% of the total proposed Budget or $17.4 million. In 1985, a statutory cap for administrative spending was set at $5 million, with a growth rate of 5% per year. Consequently, the 2020 cap on agency administrative expenses is set at $27.6 million. The proposed 2020 RTA Agency Administrative Budget falls 37.0% below this cap.

The RTA Regional Programs Budget, which includes Regional Services provided directly to the public by the RTA such as ADA Certification, Mobility Management, Travel Information Center, Customer Service Center, and Reduced Fare and Transit Benefit Programs comprises 57.3% of the total proposed budget, or $23.3 million. The RTA Regional Programs Budget also includes all of the RTA's grant funded programs and regional capital programs, as well as RTA-funded regional studies and initiatives.

Total 2020 agency expenses represent a decrease of $1.2 million, or 2.8% from the 2019 Budget, reflecting a decrease of 1.6% in the RTA Agency Administrative Budget and a 3.8% decrease in the Regional Programs Budget. The Regional Services (customer focused operations) component of the Regional Programs Budget will increase by 1.2% due to increases in the Purchased Service category for the ADA Paratransit Certification Program, Reduced Fare Program, and the Combined Free Ride Programs. RTA and Grant Funded Program Expenses, the other component of the Regional Programs Budget, will decrease by $1.1 million as a result of lower annual Section 5310 funds, which are awarded biennially.

Revenues to support the Agency Budget come primarily from projected regional sales tax funding of $35.2 million, which has increased by 3.0% from 2019 and accounts for 86.5% of the Agency Budget's total revenue. Grant funding programs, including Section 5310, provide an additional $4.8 million, which supports mobility for seniors and individuals with disabilities. Also part of the Regional Programs Budget are RTA-funded projects, including the RTA Mapping and Statistics, Connected and Automated Vehicles Activity pilot program, Last Mile Activity, Customer Satisfaction Survey, Community Planning Programs, and Access to Transit Program. Finally, the Agency Budget is also supported by $0.7 million of operating revenues, most of which are from the RTA transit benefit program.

The attached table provides a summary of the 2020 Agency Budget compared to the 2019 Budget.

Prepared by: Finance, Innovation and Technology

LR/BRH/WDL/LN/TJ/DKA
Attachment.

2020 RTA Agency Budget

(dollars in thousands)

	2019 Budget	2020 Budget	% Change
Administration			
Operating Revenues	260	-	
Operating Expenses	17,657	17,379	
Administration Net Expense	**$17,397**	**$17,379**	**-0.1%**
Regional Programs			
Regional Services			
Operating Revenues	778	676	
Operating Expenses	17,029	17,238	
Net Expense	$16,251	$16,562	1.9%
Grant and RTA Funded Regional Projects			
Grant Reimbursements	6,650	4,800	
Project Expenses	7,187	6,070	
Net Expense	$537	$1,270	136.5%
Regional Programs Net Expense	**$16,789**	**$17,832**	**6.2%**
RTA Agency Public Funding Requirement (Administration Net Expense plus Regional Programs Net Expense)	**$34,186**	**$35,211**	**3.0%**
RTA Agency Total Expense	**$41,873**	**$40,687**	**-2.8%**

2020

PROPOSED 2020 OPERATING BUDGET
TWO-YEAR FINANCIAL PLAN AND
FIVE-YEAR CAPITAL PROGRAM

Regional Capital Program: $8.307 Billion

New State Capital Funding: $3.735 Billion

Regional Operating Budget: $3.097 Billion

Regional Transportation Authority

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Northeastern Illinois
November 2019

Regional Transportation Authority

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Leanne P. Redden
Executive Director

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Letter from the RTA Executive Director

Public transportation is essential to the RTA region's prosperity. By providing almost two million rides per day for work, school, appointments, and many other purposes, transit is a key driver of our economy. Operations are funded by rider fares, the RTA sales tax, and funding from the State of Illinois — revenue sources that, despite some ups and downs, have been fairly reliable since 2009. Capital funding, on the other hand, has been unpredictable and chronically insufficient, and our assets (such as vehicles, track, stations, and support facilities) have been aging faster than we could replace them. The RTA has long advocated for reliable capital funding to address transit infrastructure needs of $30 billion projected over the next ten years.

Ending nearly a decade without a State capital program, Rebuild Illinois was passed by the General Assembly and signed by Governor Pritzker in June 2019. It provides a needed infusion of capital funds for transit in the RTA region, with $2.6 billion over five years in new bonding authority and an estimated $227 million annually in sustainable State revenue, referred to as "PAYGO" funding. The Rebuild Illinois capital funding will expedite overdue repair and replacement projects, reduce the backlog of deferred improvements, and move the system toward a state of good repair. Our new region-wide program addresses two major priorities of the region's *Invest in Transit* strategic plan, which was adopted in 2018: It will "Build on Our Strengths" and help transit to "Stay Competitive" relative to other modes of mobility.

The new State funding nearly doubles our previous five-year regional capital program of $4.3 billion. Even at $8.3 billion for 2020-2024, this falls well short of the region's projected $30 billion in transit capital needs over the next decade. But make no mistake: It is a significant step forward. With the additional Rebuild Illinois PAYGO funding and bond proceeds of more than $3.7 billion — 45% of total capital funding — over the next five years, we can begin to address our over-reliance on federal capital funds. *Invest in Transit* confirmed that over 31% of assets are beyond their useful life; if not for the new capital bill, that would have exceeded 37% by 2035. The new funds enable real progress on the state of good repair, by allowing us to improve and in some cases replace aging system assets. And yet, without a permanent solution to replace the Rebuild Illinois bonding when it expires in five years, asset condition will begin to deteriorate again in 2024. For that reason, we must work to ensure that the current level of State funding continues well into the future, while also pursuing other sources of capital funding to meet our system's projected needs.

This State funding was a long time coming, and with it comes an important responsibility to spend the money efficiently and wisely. Accordingly, the RTA and the Service Boards have created the following five principles to allocate funds in the 2020-2024 program:

- Begin decreasing the region-wide backlog of deferred projects.
- Focus spending on projects that can be completed in a timely manner.
- Provide near-term programming and planning certainty.
- Allow for long-term adaptability and transparency of future transportation priorities.
- Continue conducting transparent, data-driven project selection through our annual budgeting process.

In this 2020-2024 capital program, thanks to Rebuild Illinois, the Service Boards are able to plan important regional projects that will improve customers' transit experience. For example, CTA will move closer to a state of good repair with $768 million for rolling stock overhauls and purchases. CTA's plan also includes $274 million for Blue Line improvements to both the O'Hare and Forest Park Branches, along with $255 million for Green Line improvements. By programming $78 million for the All Stations Accessibility Project, the CTA will advance its plan to make all stations vertically accessible. Metra has programmed $792 million of State funds for new rail cars and

locomotives and other rolling stock rehabilitation. Metra also plans to program $311 million in Rebuild Illinois funding for bridges, crossings, and signals. Metra's plan includes another $342 million for station and facilities improvements. The Pace five-year program uses the Rebuild Illinois funds for projects that include $84 million for new garages in Wheeling and along I-55 to support Bus on Shoulder routes. It also invests $58 million for garage expansions in Kane, Northern Cook, and Will Counties. Pace further plans to invest $65 million for rolling stock purchases and retrofits, $16 million for transit centers in Harvey and Joliet, and $42 million for Park-n-Ride stations.

For programming the PAYGO capital funding in future years, the RTA and the Service Boards will use *Invest in Transit* goals and the five newly stated principles to continue refining our increasingly collaborative and transparent annual budget process. Additionally, we will closely monitor and report expenditures on a quarterly basis, with the spend rate and amount of unspent dollars factoring in future budget cycles during the initial five years and beyond. Following this 2020-2024 budget cycle, the RTA and the Service Boards will work collectively on the details — including the timeline and scope — for refining this budget process.

On the operations side, the RTA and Service Boards have again developed a comprehensive and balanced regional operating budget of $3.1 billion. The proposed Service Board budgets exhibit responsible expense growth, with no fare increases anticipated for 2020. CTA and Metra expect to maintain existing service levels, and Pace plans to reduce service on eight under-performing routes, while increasing frequency on successful express bus services.

The RTA, CTA, Metra, and Pace are committed to providing attractive, innovative, and cost-effective travel options that increase mobility while reducing congestion and pollution in the region. As we deliver on our *Invest in Transit* promises, I applaud the Governor and the General Assembly for delivering capital funding that will allow us to make an already great transit system even better. We owe them our sincere thanks, and we also owe you, the riding public, our gratitude for your continued loyalty to public transportation.

Sincerely,

Leanne P. Redden
Executive Director

Capital Program

The RTA Act requires that the capital expenditures of CTA, Metra and Pace be subjected for continual review so that the RTA may budget and ensure that funds available to the region are spent with maximum efficiency. The RTA Board must adopt a five-year capital program every year which describes the nature, location, budget, and funding source by project and fiscal year of all anticipated Service Board and RTA capital projects. The five-year capital program is amended on a quarterly basis as needed to include new funds, updated projects and other changes to the capital program. Prior to formal RTA Board approval of the five-year capital program, public hearings are held in each county of the northeastern Illinois region that RTA serves to inform the public and government officials of the RTA's regional capital program.

The RTA strategic goals are the founding basis for determining projects that are included in the capital program. The goals are:

- Deliver value on our investment
- Build on strengths of our network
- Stay competitive

The capital program emphasizes the need to preserve and enhance the level of State of Good Repair (SGR) of RTA's assets and extending or expanding service when demand is justified, and funding is available. To maintain and preserve the existing system in a SGR, as well as address the backlog of deferred SGR projects, a capital investment of $2 billion to $3 billion per year is required to prevent an increase in the backlog of assets not in a SGR.

Rebuild Illinois Funding 2020-2024

The RTA's five-year capital program for 2020-2024 has seen a significant infusion of new funds from the State of Illinois. The Rebuild Illinois capital bill provides our regional transit system with $2.6 billion over five years in new bonding authority and an estimated $227 million annually ($1.135 billion over 5 years) in sustainable revenue, referred to as "PAYGO" funding. This $3.735 billion in new State funding represents 45% of the overall five-year capital program. State funds help the capital program get closer to the required annual investment, with an average of $1.661 billion in funding per year.

RTA worked with the Service Boards to determine principles that would be used to lead the prioritization and programming of the infusion of capital from the State. Those principles are as follows:

- Begin decreasing the region-wide backlog of deferred projects.
- Focus spending on projects that can be completed in a timely manner.
- Provide near-term programming and planning certainty.
- Allow for long-term adaptability and transparency of future transportation priorities.
- Continue conducting transparent, data-driven project selection through our annual budgeting process.

With the guiding principles in mind, the Service Boards are using their allocated State Bond funding to replace and restore rail cars and buses and improve passenger travel experiences by renovating track and structure, stations and passenger facilities. They are investing 45.6% in rolling stock, 19.9% in track and structure and 17.1% in stations and passenger facilities. The majority of PAYGO funding is being used for rolling stock at 38.7%, track and structure at 12.7%, and for support facilities and equipment at 12.4%. Since capital funding has been chronically insufficient in the last years and capital assets have been aging faster than they could be replaced, the Service Boards issued bonds to compensate for the lack of capital resources. As a result, 22% of the PAYGO funding will be used to pay debt service on those bonds. The details of the Rebuild Illinois and new sustainable State revenue, PAYGO funding, are included in Tables 1 and 2 on the following pages.

The Service Boards outlined the following major projects that they will fund with the new State capital:

CTA

- Purchase new buses
- Purchase new 7000 series rail cars
- Overhaul 5000 series rail cars
- Rehab and upgrades of the Blue Line Forest Park Branch
- Rehab, upgrade and improve Green Line stations, track and signals, including Cottage Grove Station
- Blue Line Improvements, including power improvements to increase capacity and upgrades to station canopies
- CTA's All Stations Accessibility Program (ASAP) to create additional accessible rail stations.

Metra

- Purchase new locomotives
- Rehab existing locomotives
- Purchase new rail cars
- Upgrade and rehab rail bridges including North Line bridges,
- Rehab rail stations including Van Buren Station, 59th/60th Street Station, Olympia Fields, 87th St, 95th St, 147th St, Davis St and Pullman/11th St.
- Improve signals
- Build new platform shelters at key stations systemwide

Pace

- Construct New Northwest garage
- New I-55 Garage to support bus on shoulder service on I-55
- New Joliet Transportation Center
- Rehab Harvey Transit Center
- Expansion to River Division, North Shore and Southwest Division Garages
- Build I-294 bus on shoulder stations and Park-n-Rides
- Build new I-55 Park-n-Rides
- Purchase new buses
- Purchase new Paratransit Vehicles
- Purchase Community / On-Demand Vehicles
- Purchase Vanpool Vehicles

TABLE 1: 2020-2024 REBUILD ILLINOIS BOND FUND USES (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Pace-ADA	RTA	Total	% of Total
Asset Category							
Rolling Stock	562,595	558,105	64,505	-	-	1,185,205	45.6%
Track & Structure	300,675	217,400	-	-	-	518,075	19.9%
Electrical, Signal, & Communications	-	60,000	-	-	-	60,000	2.3%
Support Facilities & Equipment	68,144	70,000	40,753	20,000	-	198,897	7.6%
Stations & Passenger Facilities	215,816	171,826	57,253	-	-	444,895	17.1%
Miscellaneous	-	-	-	-	-	-	0.0%
Extensions and Expansions	-	-	101,253	-	-	101,253	3.9%
Modernization	85,479	-	-	-	-	85,479	3.3%
Contingencies & Administration	6,197	-	-	-	-	6,197	0.2%
Total Capital Funding Available	**$1,238,906**	**$1,077,332**	**$263,763**	**$20,000**	**-**	**$2,600,000**	**100.0%**
Debt Service	-	-	-	-	-	-	0.0%
Total Capital Funding	**$1,238,906**	**$1,077,332**	**$263,763**	**$20,000**	**-**	**$2,600,000**	**100.0%**

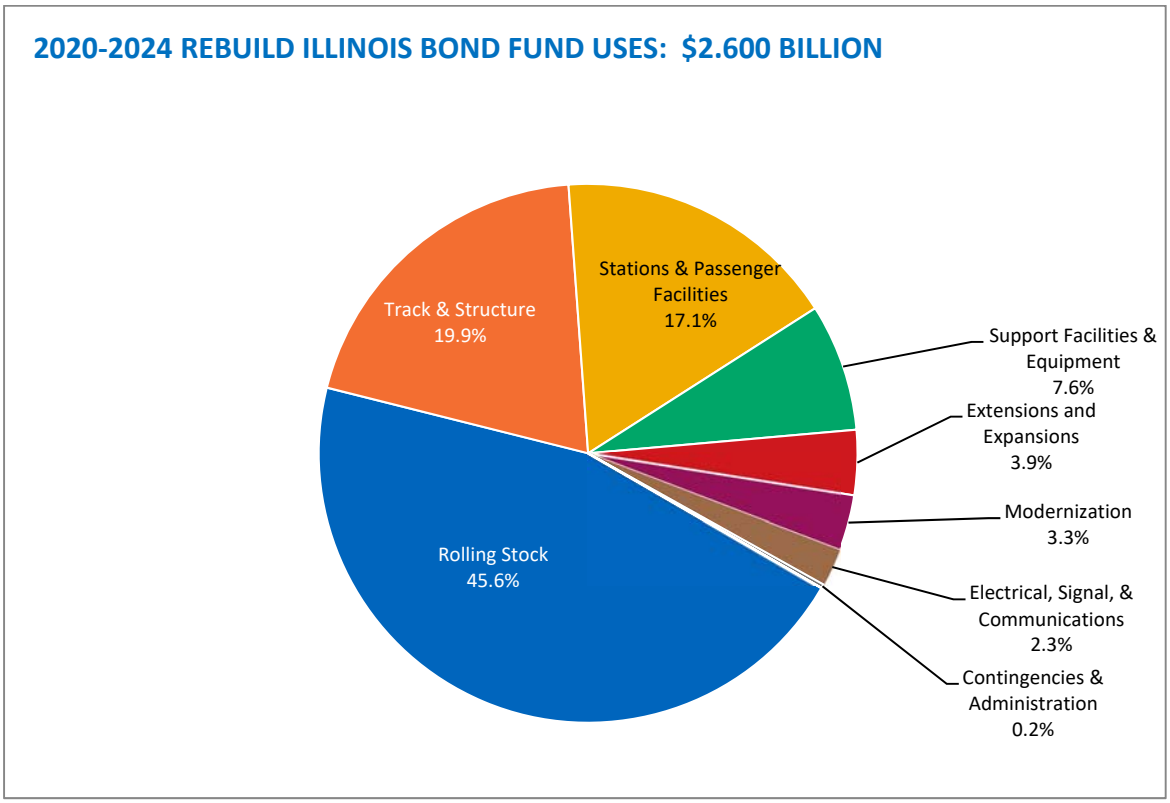
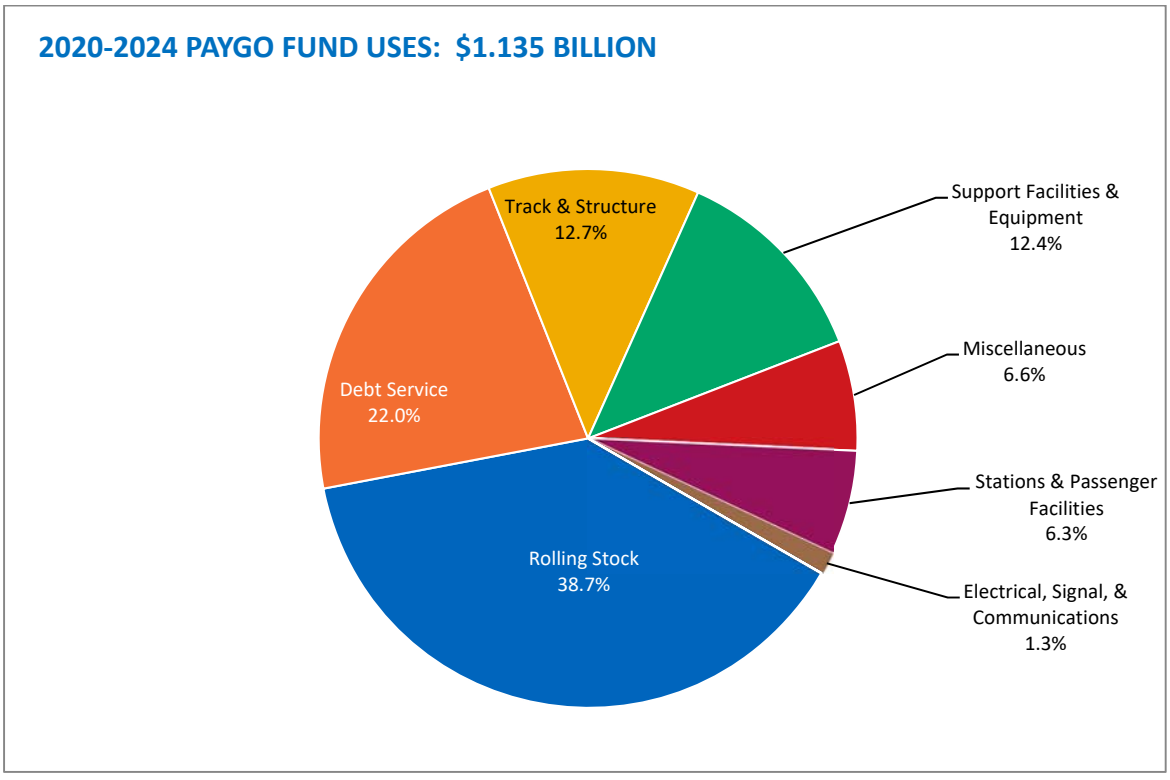


TABLE 2: 2020-2024 PAYGO FUND USES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	Pace-ADA	RTA	Total	% of Total
Rolling Stock	205,000	234,025		-	-	439,025	38.7%
Track & Structure	120,000	24,300		-	-	144,300	12.7%
Electrical, Signal, & Communications	-	10,000	5,125	-	-	15,125	1.3%
Support Facilities & Equipment	60,000	48,000	33,025	-	-	141,025	12.4%
Stations & Passenger Facilities	-	52,550	18,600	-	-	71,150	6.3%
Miscellaneous	75,000	-		-	-	75,000	6.6%
Extensions and Expansions	-	-		-	-	-	0.0%
Modernization	-	-		-	-	-	0.0%
Contingencies & Administration	-	-		-	-	-	0.0%
Total Capital Funding Available	**$460,000**	**$368,875**	**$56,750**	**-**	**-**	**$885,625**	**78.0%**
Debt Service	249,375	-	-	-	-	249,375	22.0%
Total Capital Funding	**$709,375**	**$368,875**	**$56,750**	**-**	**-**	**$1,135,000**	**100.0%**



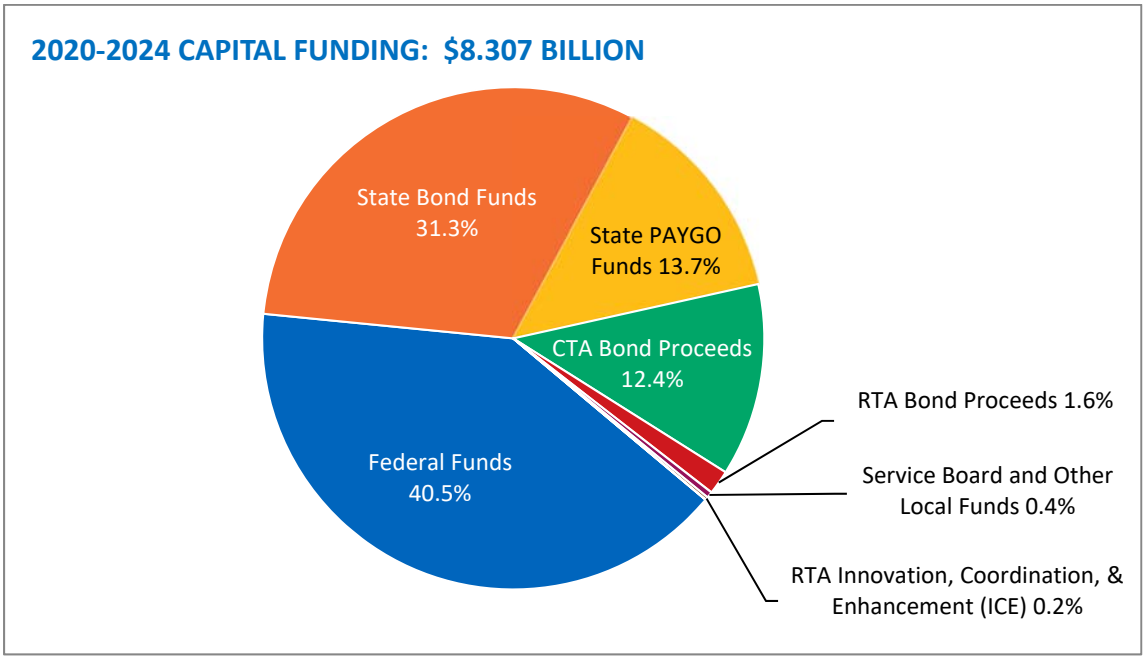
Other Sources of Funds 2020-2024

In addition to the State funds, the capital program relies on Federal Funds, RTA Funds, and Local Funds to reach a total five-year capital infusion of $8.307 billion. After accounting for debt service, $7.186 billion is available for capital projects over the next five years. Table 3 shows the specific sources of funding by service board over the five-year capital program.

Federal Funds account for 40.5% of the program, State Bond Funds are 31.3%, State PAYGO funds are 13.7%, RTA bond and Innovation, Coordination and Enhancement (ICE) funds are 1.8% and other local sources including Service Board Bond Issuances, Service Board Capital Funds, and other Local Funds amount to 12.8% of the plan. This allocation is a more balanced approach to funding the region's transportation needs compared to past years when State funds were unavailable.

TABLE 3: 2020-2024 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Pace-ADA	RTA	Total	% of Total
Funding Sources							
Federal Funds	2,172,109	962,230	226,296	-	-	3,360,635	40.5%
State Bond Funds	1,238,906	1,077,332	263,763	20,000	-	2,600,000	31.3%
PAYGO Funds	709,375	368,875	56,750	-	-	1,135,000	13.7%
RTA Funds	-	-	-	-	120	120	0.0%
RTA Innovation, Coordination, & Enhancement (ICE)	-	15,908	-	-	-	15,908	0.2%
Service Board and Other Local Funds	2,327	29,600	1,250	-	-	33,177	0.4%
Total New Capital Funding	**$4,122,717**	**$2,453,944**	**$548,058**	**$20,000**	**$120**	**$7,144,840**	**86.0%**
RTA Bond Proceeds	-	130,000	-	-	-	130,000	1.6%
CTA Bond Proceeds	1,032,225	-	-	-	-	1,032,225	12.4%
Pace Bond Proceeds	-	-	-	-	-	-	0.0%
Sub-Total Bond Funds	**$1,032,225**	**$130,000**	**-**	**-**	**-**	**$1,162,225**	**14.0%**
Total Capital Funding	**$5,154,942**	**$2,583,944**	**$548,058**	**$20,000**	**$120**	**$8,307,064**	**100.0%**
Debt Service	(1,121,217)	-	-	-	-	(1,121,217)	
Total Capital Funding Available	**$4,033,725**	**$2,583,944**	**$548,058**	**$20,000**	**$120**	**$7,185,848**	



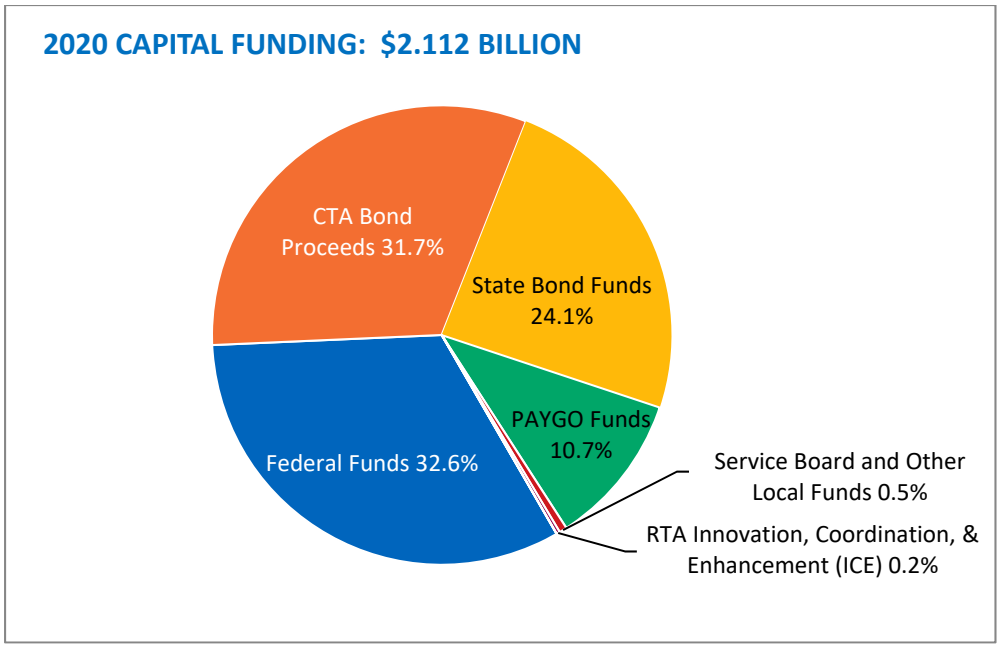
2020 Funding

Table 4 shows funding by service board and source in 2020. An estimated total of $2.112 billion is available for capital projects in 2020. State funds of $736.7 million account for 34.8% of the capital program in 2020. Of that, $509.7 million comes from State bonds and $227.0 million comes from PAYGO funding. Federal funds account for $689.3 million or 32.6%; bond proceeds from CTA issuances account for $668.8 million or 31.7%; Service Board Capital Funds account for $11.5 million or 0.5%; RTA ICE Funds account for $5.2 million of 0.2%; and RTA Funds account for $0.1 million or less than 0.1% of funds.

After deducting $348.6 million of CTA debt service on previously issued bonds, an estimated amount of $1.763 billion is available for 2020. With a balanced funding mix between Federal, State and Local sources, 2020 will be an excellent opportunity for the region to fund important projects to maintain and enhance the critical transportation network in the RTA region.

TABLE 4: 2020 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Pace-ADA	RTA	Total	% of Total
Funding Sources							
Federal Funds	458,742	186,667	43,922	-	-	689,330	32.64%
State Bond Funds	247,781	205,166	52,753	4,000	-	509,700	24.14%
PAYGO Funds	141,875	73,775	11,350	-	-	227,000	10.75%
RTA Funds	-	-	-	-	120	120	0.01%
RTA Innovation, Coordination, & Enhancement (ICE)	-	5,198	-	-	-	5,198	0.25%
Service Board and Other Local Funds	1,632	9,600	250	-	-	11,482	0.54%
Total New Capital Funding	**$850,030**	**$480,406**	**$108,274**		**$120**	**$1,442,830**	**68.33%**
RTA Bond Proceeds	-	-	-	-	-	-	0.00%
CTA Bond Proceeds	668,798	-	-	-	-	668,798	31.67%
Pace Bond Proceeds	-	-	-		-	-	0.00%
Sub-Total Bond Funds	**$668,798**	**-**	**-**		**-**	**$668,798**	**31.67%**
Total Capital Funding	**$1,518,828**	**$480,406**	**$108,274**		**$120**	**$2,111,628**	**100.00%**
Debt Service	(348,602)	-	-	-	-	(348,602)	
Total Capital Funding Available	**$1,170,226**	**$480,406**	**$108,274**		**$120**	**$1,763,026**	



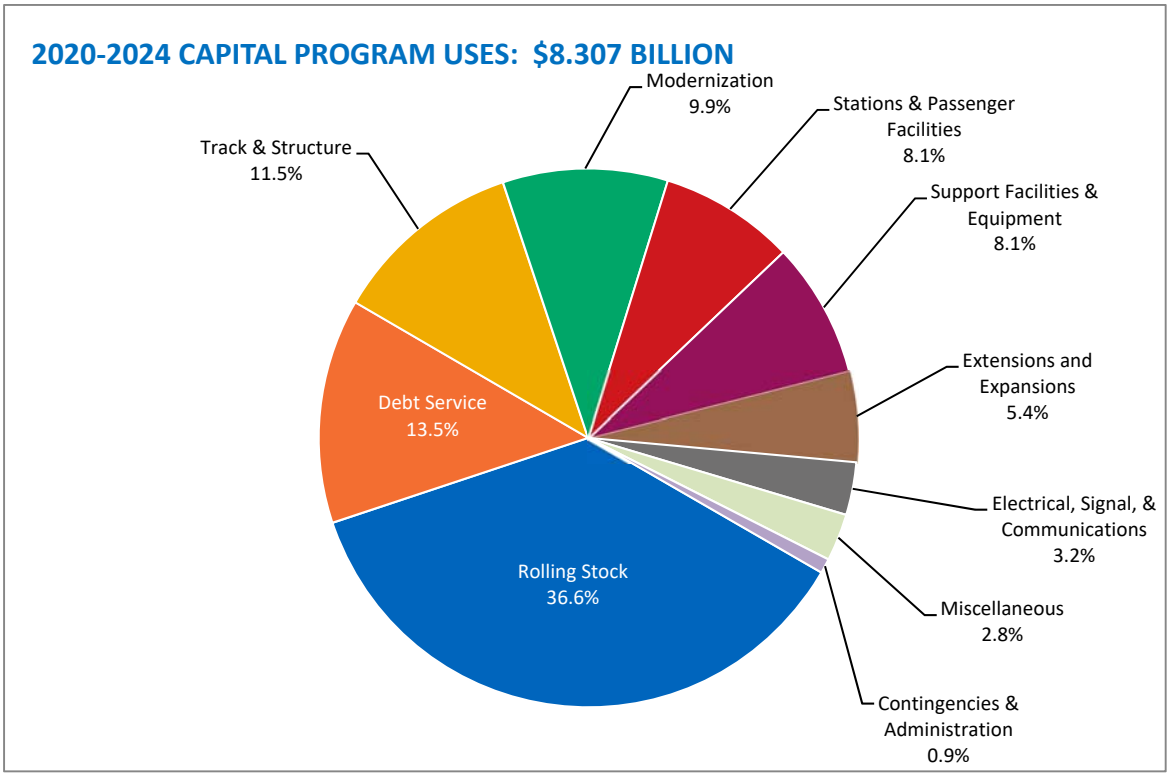
Use of Funds 2020-2024

The primary emphasis of the 2020-2024 Capital Program is to continue efforts to bring the system's assets into a state of good repair and increase capacity in markets with growing ridership, while using a performance-based approach to programming funding throughout the region. The 2020-2024 Capital Program totals $8.307 billion, nearly double the 2019-2023 Capital Program, thanks to an injection of State capital funds.

In order to provide reporting consistency among the Service Boards, the proposed capital investments have been broken down by a set of asset categories as shown in Table 5. This table shows program expenditures of $3.037 billion or 36.6% on rolling stock, $954.0 million or 11.5% on track and structure, $823.3 million or 9.9% on CTA rail and bus modernization initiatives, $673.8 million or 8.1% on stations and passenger facilities, $673.5 million or 8.1% on support facilities and equipment, $451.5 million or 5.4% on extensions and expansions, $263.8 million or 3.2% on electric, signal and communications, and $308.7 million or 3.7% on miscellaneous and contingencies. In addition, $1.121 billion or 13.5% will be expended on existing CTA debt service.

TABLE 5: 2020-2024 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Pace-ADA	RTA	Total	% of Total
Asset Category							
Rolling Stock	1,639,330	1,189,551	208,406	-	-	3,037,288	36.6%
Track & Structure	545,107	408,866	-	-	-	953,973	11.5%
Electrical, Signal, & Communications	20,207	238,500	5,125	-	-	263,832	3.2%
Support Facilities & Equipment	236,754	263,031	153,672	20,000	-	673,457	8.1%
Stations & Passenger Facilities	232,610	365,199	75,853	-	120	673,781	8.1%
Miscellaneous	126,990	105,067	3,750	-	-	235,806	2.8%
Extensions and Expansions	350,247	-	101,253	-	-	451,500	5.4%
Modernization	823,337	-	-	-	-	823,337	9.9%
Contingencies & Administration	59,144	13,732	-	-	-	72,876	0.9%
Total Capital Funding Available	**$4,033,725**	**$2,583,946**	**$548,058**	**$20,000**	**$120**	**$7,185,848**	**86.5%**
Debt Service	1,121,217	-	-	-	-	1,121,217	13.5%
Total Capital Funding	**$5,154,941**	**$2,583,946**	**$548,058**	**$20,000**	**$120**	**$8,307,065**	**100.0%**

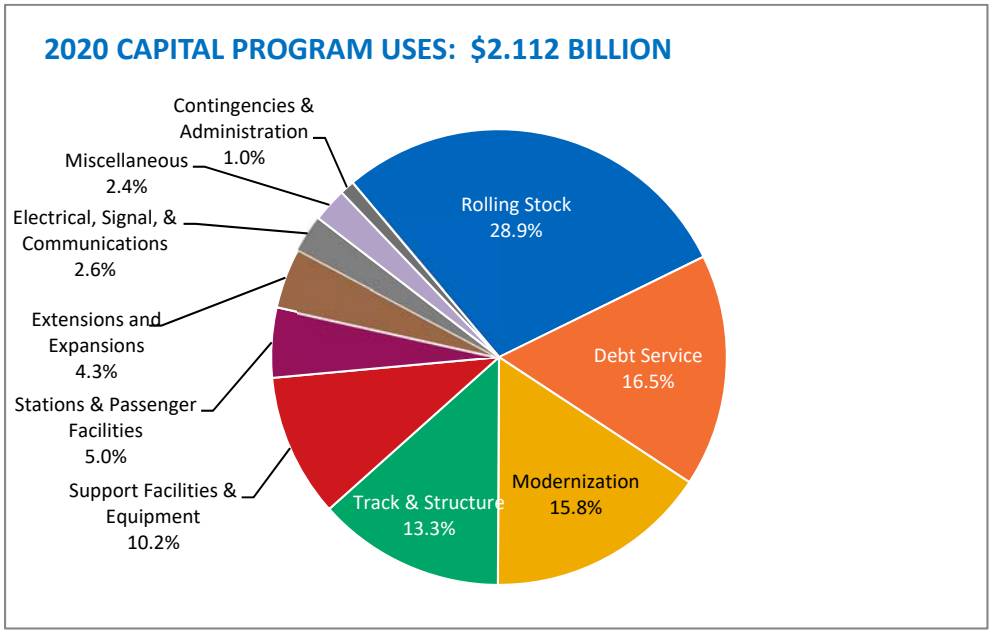


Use of Funds 2020

The 2020 Capital Program can also be viewed by the same asset categories. Table 6 shows that of the $2.112 billion of proposed capital funding, $609.3 million or 28.9% of the program is allocated to rolling stock, $334.3 million or 15.8% is for CTA bus and rail modernization initiatives, $281.0 million or 13.3% on track and structure, $214.4 million or 10.2% on support facilities and equipment, $105.0 million or 5.0% on stations and passenger facilities, $91.0 million or 4.3% on extensions and expansions, $55.0 million or 2.6% on electric, signal, and communications, and $73.1 million or 3.4% on miscellaneous and contingencies. In addition, $348.6 million or 16.5% is programmed for existing CTA debt service.

TABLE 6: 2020 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Pace-ADA	RTA	Total	% of Total
Asset Category							
Rolling Stock	345,691	239,334	24,302	-	-	609,327	28.9%
Track & Structure	212,283	68,688	-	-	-	280,971	13.3%
Electrical, Signal, & Communications	20,207	34,200	625	-	-	55,032	2.6%
Support Facilities & Equipment	82,319	63,273	64,847	4,000	-	214,439	10.2%
Stations & Passenger Facilities	42,414	51,190	11,250	-	120	104,974	5.0%
Miscellaneous	28,425	21,200	1,750	-	-	51,375	2.4%
Modernization	334,337	-	-	-	-	334,337	15.8%
Extensions and Expansions	85,549	-	5,500	-	-	91,049	4.3%
Contingencies & Administration	19,000	2,689	-	-	-	21,689	1.0%
Total Capital Funding Available	**$1,170,225**	**$480,574**	**$108,274**	**$4,000**	**$120**	**$1,763,193**	**83.5%**
Debt Service	348,602	-	-		-	348,602	16.5%
Total Capital Funding	**$1,518,827**	**$480,574**	**$108,274**	**$4,000**	**$120**	**$2,111,795**	**100.0%**



Ten-Year Unfunded Capital Priorities: 2020-2029

In the 2018-2023 Regional Transit Strategic Plan adopted by the RTA Board in January 2018, *Invest in Transit*, the RTA and the Service Boards presented a list of priority projects that the Service Boards would advance over the next ten years if additional funding became available. These priority projects are key initiatives that the Service Boards had not been able to complete at past capital funding levels. The priority projects are largely focused on bringing the regional transportation system nearer to a state of good repair as well as advancing limited expansions in growing markets. In the last 10-years when capital funding was especially limited, due to a lack of State funds, investments were barely able to keep the backlog of unfunded projects from growing. Each year the cost to replace outdated rolling stock, rehabilitate stations and purchase needed equipment would increase while the amount of funds coming in did not meet the increasing list of items that were no longer in a state of good repair.

With the Rebuild Illinois State funding program, as well as the new PAYGO funds, supported by the Motor Fuel Tax, a more significant amount of progress can be made against the list of unfunded projects. In the 2019-2023 capital program, RTA reported that 13% of the 10-year needs were funded, but with the additional injection of State funding, 19% of needs are funded in the 2020-2024 program. This shows that the region still faces a difficult task in funding all the needs of the transit riders in the region, but each bit of funding helps reduce the backlog.

The Service Boards are making efforts to use the funding toward these priorities, with over 85% of available funds (after bond repayments) being used for projects within the priority list and the majority of the remaining monies being used for routine maintenance, which is not included in the priority list.

The proposed five-year capital improvement program identifies $8.307 billion in available funding for these priority projects. The service boards have placed an emphasis on programming the available funds towards projects that will have the greatest impacts on improving the regional transportation system following the five principles (previously referenced). The chart on the next page shows the amount of need by asset category. Table 7 shows the amount of need by asset category as well as what percentage is funded in the 5-year program.

Rolling stock is receiving the largest infusion of capital funds during the 2020-2024 program. The Service Boards have allocated $2.682 billion to new rail cars, locomotives, buses and rehabs. This funds nearly 50% of the needs on the system. If the Service Boards have this level of funding to continue investing in rolling stock over the 10-year period, the entire backlog of rolling stock needs could be met within the 10-year time horizon.

Another area with a great need in the region is track and structure. The current plan funds $990 million toward needed projects, but this only accounts for 10% of the requirements.

Stations and passenger facilities are receiving $581 million in the 2020-2024 plan, which is equal to 28% of the 10-year funding need. These funds will help to improve stations systemwide, provide limited new stations, and improve customer amenities at existing facilities. These examples reflect the challenges the RTA and service boards face in securing adequate funding to maintain a system that has components that in some cases are over 100 years old. While Rebuild Illinois funding helps the region get closer to the annual investment needed to preserve and enhance the level of SGR of the regional transportation system, more funding is needed. RTA and Service Boards will continue to work to find funding to meet the needs of the region and ensure we achieve our goals:

- Deliver value on our investment
- Build on strengths of our network
- Stay competitive

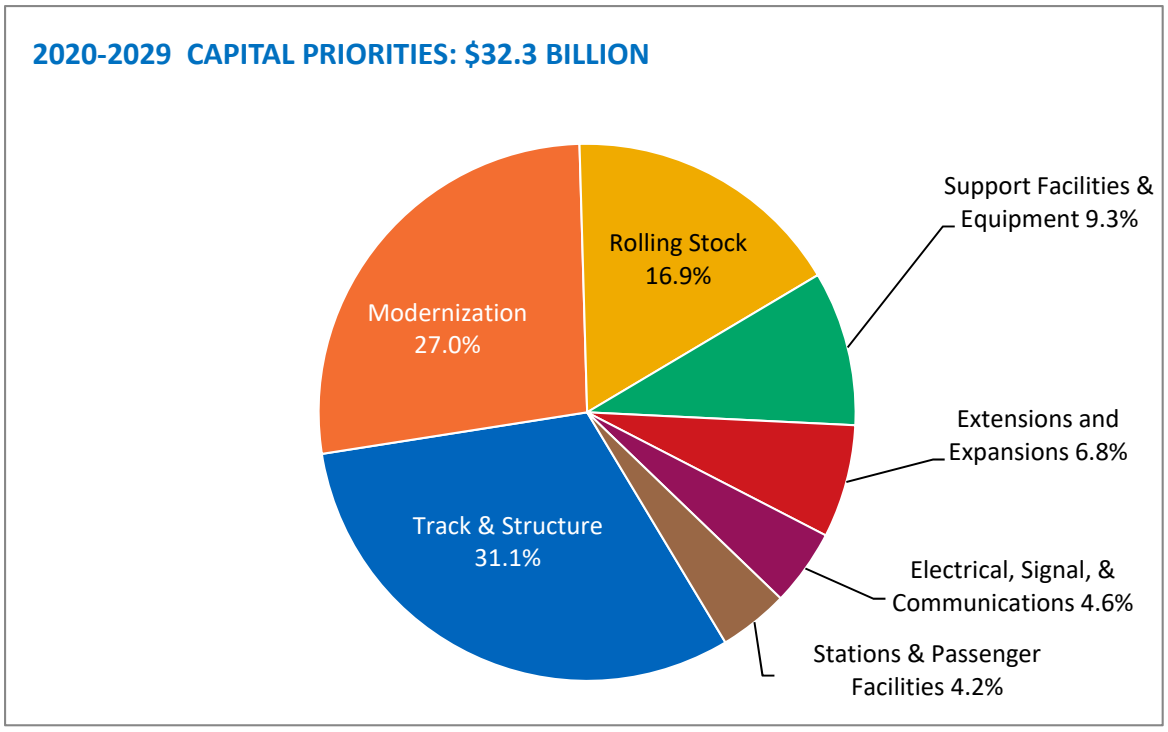


TABLE 7: 2020-2029 TEN-YEAR PLAN (DOLLARS IN THOUSANDS)

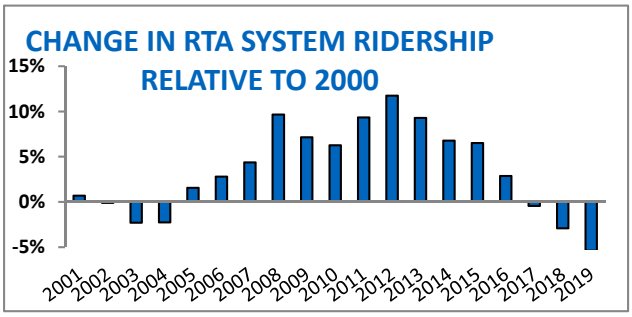
Asset Category	10-Year Funding Need	5-Year Capital Program Funding (2020-2024)	10-Year Unfunded Need	Percent of Needs Met in 5-Year Program*
Rolling Stock	5,466	2,682	2,654	49%
Stations & Passenger Facilities	2,058	581	1,478	28%
Support Facilities & Equipment	2,327	473	1,817	20%
Electrical, Signal & Communications	1,496	258	1,238	17%
Extension	2,187	350	1,836	16%
Track & Structure	10,046	990	9,056	10%
Modernization	8,721	778	7,943	9%
Total	**32,301**	**6,112**	**26,022**	**19%**

* 50% of needs should be in 5-year program

Environmental Outlook

Ridership

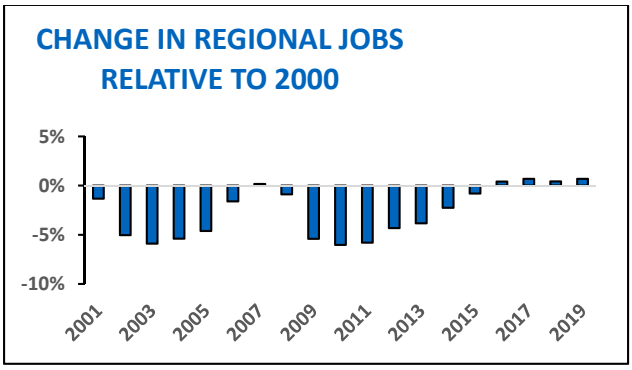
Regional ridership for 2019 is estimated to end the year at 563.4 million, 2.5% lower than 2018. Ridership has declined each year since it peaked in 2012 at 666.1 million. Ridership losses in 2019 were driven by a polar vortex in the beginning of the year, low gas prices, the popularity of ride-sharing services like Uber and Lyft, and changing consumer habits. Ridership is expected to end the year 5.4% below year 2000 levels, as shown in the chart below.



Regional Economy

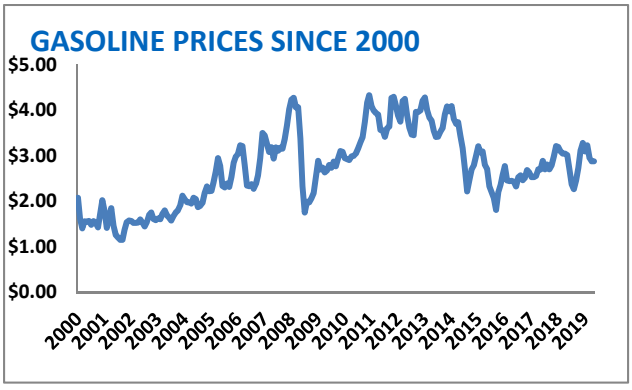
Employment in the RTA region is on track to grow by 9,000 jobs in 2019, after holding essentially steady in 2018. As of September 2019 the unemployment rate was historically low at 3.6%.

The chart in the next column illustrates that regional jobs have been steadily increasing since 2010 and the number of available jobs in the Chicago region is now greater than year 2000 levels.



Gasoline

Transit ridership and gas prices are linked; when gas prices are high so is transit ridership. We saw this in 2008 when regional ridership and gas prices peaked. The inverse is also true – when prices are low, transit ridership also dips. Now, after more than three years of consistently low gas prices, system ridership continues to decline. Gas prices bottomed out at $1.81 per gallon in February 2016 and have remained below $3.00 for most of 2018 and 2019. Prices continue to track just below $3.00 per gallon, a critical level with respect to transit usage.



Regional Operating Budget

This report summarizes the proposed 2020 Service Board and RTA Agency operating budgets and capital programs, as released for public hearing, subject to review and approval by the RTA Board.

Overview

The 2019 budgets of the Service Boards and RTA were impacted by a $56 million reduction in State support for transit operations, comprised of a 1.5% sales tax surcharge, a 5% cut to Public Transportation Fund (PTF) funding, and a reduction in State funding for mandatory reduced fare and ride free programs. Actual 2019 operating revenues have generally lagged budget due to ridership shortfalls and the lower level of reduced fare funding. However, the Service Boards have thus far effectively controlled operating costs and reported favorable to budget expense performance through September. The RTA system is currently forecast to end fiscal year 2019 within budgeted levels.

State cuts to transit funding will also impact the 2020 budget year, but by a lesser amount of $46 million, provided that PTF funding is fully restored in the SFY 2021 budget. The Service Boards have responded to the reality of lower funding by proposing balanced 2020 operating budgets with measured expense growth. As in 2019, no fare increases are included in the proposed 2020 budgets. CTA and Metra plan to maintain existing service levels, while Pace Suburban Service has proposed the reduction or elimination of 8 poor-performing routes. Pace will also strengthen its successful express bus routes and Pulse arterial rapid transit (ART) service along Milwaukee Avenue between Niles and Jefferson Park in Chicago.

Ridership

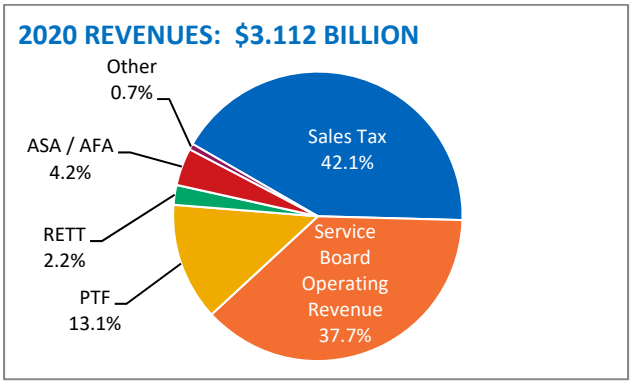
RTA system ridership is projected to finish 2019 at 564.0 million, a 2.5% decrease from 2018. Regional transit ridership for 2020 is budgeted at 554.8 million rides, a further decrease of 1.6%. Each Service Board is anticipating a ridership decline in 2020, consistent with recent national trends, although ADA Paratransit ridership is expected to increase by 0.8%. CTA, which continues to provide over 80% of the region's rides, forecasts a 1.8% ridership decrease, with both rail and bus ridership projected to decline, while Metra and Pace Suburban Service expect ridership decreases of 0.9% and 1.7%, respectively.

Ridership (in millions)	**2019 Estimate**	**2020 Budget**	**Change**
CTA	456.9	448.7	-1.8%
Metra	74.4	73.8	-0.9%
Pace	28.5	28.0	-1.7%
ADA Paratransit	4.2	4.3	+0.8%
Region	**564.0**	**554.8**	**-1.6%**

Operating Revenue

In 2020, the Service Boards are projected to produce $1.173 billion of operating revenue, an increase of $6.3 million, or 0.5%, despite the expected ridership decrease. Operating revenue consists of system-generated revenue from passenger fares as well as ancillary revenue from sources such as lease of

space, advertising, and investment income. It also includes the State reduced fare reimbursement (RFR), which partially compensates the Service Boards for free and reduced fare programs. While the majority of operating revenue comes from passenger fares, each Service Board has budgeted for an increase in ancillary revenue for 2020. Operating revenue accounts for 37.7% of total revenue for operations, as shown below.



Public Funding

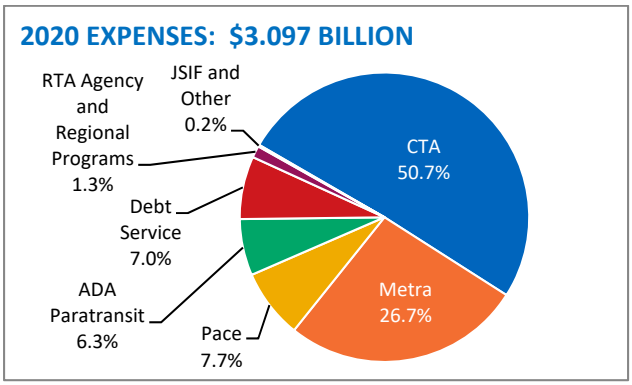
Overall public funding in 2020 is projected at $1.938 billion, an increase of 3.1% or $58.2 million over the 2019 estimate. Over 40% of the region's revenue for operations comes from a regional sales tax imposed at 1.25% in Cook County and 0.5% in the collar counties. RTA sales tax receipts are expected to finish 2019 at the budgeted level of $1.270 billion and then grow by 3.1% to $1.310 billion in 2020, followed by slower growth of 2.0% in 2021 and 2022. A State surcharge of 1.5% on RTA sales tax collections is assumed to remain in place indefinitely, reducing RTA and Service Board funding by approximately $20 million per year.

The State Public Transportation Fund (PTF), based on a 30% match of sales tax and Real Estate Transfer Tax (RETT) receipts, is expected to provide $409.0 million for 2020 operations. The PTF level reflects a known 5% funding cut during State FY 2020, with no cut assumed for State FY 2021 and beyond. RETT receipts are expected to grow by 3.0% in 2020 to $68.6 million. Continued State Financial Assistance (ASA/AFA) of $130.3 million for reimbursement of debt service on RTA Strategic Capital Improvement Program (SCIP) bonds is budgeted for 2020, as is $8.4 million of State funding for Pace ADA Paratransit service. Other revenue sources comprise less than 1% of total revenue.

When public funding is combined with operating revenue, resulting total revenue of $3.112 billion is projected to be available for 2020 RTA system operations.

Expenses

Service Board 2020 operating expenses, which comprise about 91% of RTA system expenses, are projected to grow by 3.0% over the 2019 estimate, to $2.833 billion. However, much of the indicated growth is due to favorable expense performance in 2019, and the Service Board expense growth relative to their 2019 budgets is much lower, at 1.3%. Expense growth of 3.1% and 2.6% is projected in 2021 and 2022, respectively.



Relative to their 2019 estimates, CTA projects a 2.9% increase in operating expenses for 2020, driven primarily by labor, fuel, and insurance and claims. Metra operating costs are expected to grow by 2.4% as labor, insurance, and administrative expenses increase. Pace Suburban Service anticipates 2.8% growth in operating expenses due to net service additions and increases in labor, fuel, and other

expenses. ADA Paratransit expenses are projected to increase by 7.4% due to ridership growth coupled with contractual price increases.

RTA Agency and Regional Programs expenses are budgeted to decrease by 3.2% in 2020 to $40.7 million, driven primarily by lower grant-funded program expense as federal grant revenue is expected to decline from 2019. The RTA Agency budget represents 1.3% of RTA system expenses. Other regional expenses, which include debt service on bonds issued for Service Board capital funding and Joint Self Insurance Fund (JSIF) premiums, comprise the remaining 7.2% of system expenses. The RTA debt service total of $217.6 million for 2020 includes principal and interest expense on existing long-term bonds and on short-term borrowing to manage delays in payments from the State.

When RTA and regional expenses are combined with Service Board operating expenses, total 2020 expenses for the RTA system are projected at $3.097 billion, an increase of 2.2% over the 2019 estimate, but a lesser increase of 0.5% from the 2019 budget. Total regional operating expenses are subsequently projected to increase by 2.6% and 2.4% in 2021 and 2022, respectively.

ICE Funding and Proposed Projects

Innovation, Coordination, and Enhancement (ICE) funding of $13.3 million to $13.9 million was allocated to the Service Boards in the adopted 2020-2022 funding amounts, contingent upon RTA Board approval of proposed ICE projects. Table 8 summarizes the proposed uses and amounts of these ICE funds by the Service Boards. Only the 2020 proposed uses are currently subject to approval by the RTA Board. CTA and Pace intend to use ICE funding for operating projects, and Metra for capital projects. The proposed uses have been reviewed for ICE suitability by RTA Planning staff.

TABLE 8: PROPOSED USES OF ICE FUNDING (DOLLARS IN THOUSANDS)

	2020	2021	2022
CTA			
Operating:			
South Side Bus Service Improvements	6,398		
Projects To Be Determined		6,526	6,656
CTA Total	**$6,398**	**$6,526**	**$6,656**
Metra			
Capital:			
GPS Train Tracking and Passenger Counting System	3,855		
Hybrid and Alternative Fuel Support Vehicles	1,343	3,000	
Projects To Be Determined		2,302	5,408
Metra Total	**$5,198**	**$5,302**	**$5,408**
Pace			
Operating:			
Pulse Arterial Rapid Transit - Milwaukee Ave	1,733	1,767	1,803
Pace Total	**$1,733**	**$1,767**	**$1,803**
Total ICE Funding	**$13,329**	**$13,595**	**$13,867**

Net Result and Recovery Ratios

As shown in Table 9 on the following page, the regional operating budget and financial plan is balanced in 2020, 2021, and 2022, with a slightly positive system-level net result after accounting for transfers to the capital program. In addition to ICE funding for approved capital projects, the proposed Metra budget continues to include fare revenue which is programmed for capital expenditure.

The RTA Act requires the RTA Board to set a system-generated revenue recovery ratio for each Service Board, as well as requiring that the combined revenues from RTA operations cover at least 50% of system operating expenses, with approved adjustments. This requirement excludes ADA Paratransit service, for which the Act mandates a 10% recovery ratio.

The CTA, Metra, and Pace Suburban Service proposed 2019 operating budgets meet or exceed their individual RTA-specified recovery ratios of 54.75%, 52.5%, and 30.3%, respectively. As a result, the RTA regional recovery ratio for 2020 is projected at 50.2%, in compliance with the RTA Act. The ADA Paratransit budget also meets its required recovery ratio of 10%.

Primary RTA Public Funding Sources

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

RTA Sales Tax Part II: Authorized by the 2008 funding reform, an additional sales tax of 0.25% in all six counties of the RTA region. Sales Tax II is distributed to the Service Boards according to a statutory formula after deducting 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): The 2008 funding reform also increased the City of Chicago RETT by $1.50 per $500 of property transferred, and dedicated this additional tax revenue to directly fund CTA operating expenses.

Public Transportation Fund (PTF) Part I: PTF Part I is State-provided funding comprised of a 25% match of Sales Tax I receipts. 100% of PTF I is retained by the RTA and combined with 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: 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: State-provided assistance to reimburse the RTA's debt service on Strategic Capital Improvement Program (SCIP) bonds. It consists of two components; Additional State Assistance (ASA) and Additional Financial Assistance (AFA).

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

TABLE 9: STATEMENT OF REGIONAL REVENUES AND EXPENSES (DOLLARS IN THOUSANDS)

	2018 Actual	2019 Estimate	2020 Budget	2021 Plan	2022 Plan
Revenues					
Service Board Revenues [1]					
CTA	697,333	689,919	695,657	708,558	726,478
Metra	417,057	407,218	407,118	421,118	442,118
Pace	57,560	55,536	56,581	58,889	59,247
ADA Paratransit	14,360	14,436	14,058	14,293	14,523
Total Operating Revenues	**$1,186,310**	**$1,167,109**	**$1,173,414**	**$1,202,858**	**$1,242,366**
Public Funding					
RTA Sales Tax	1,232,011	1,270,272	1,309,650	1,335,843	1,362,560
Public Transportation Fund (PTF)	368,367	386,530	408,980	428,062	436,836
Real Estate Transfer Tax (RETT)	71,518	66,631	68,630	70,689	72,810
State Financial Assistance (ASA/AFA)	130,283	130,300	130,300	130,300	130,300
State Funding for ADA Paratransit	7,975	8,395	8,395	8,395	8,395
Federal Funds	7,670	8,960	5,099	5,269	4,286
RTA Capital Project Reserves	250	250	120	-	-
JSIF Reserves	2,500	2,500	-	-	-
Other RTA Revenue [2]	5,564	9,335	6,976	7,140	7,310
Total Public Funding	**$1,826,138**	**$1,883,173**	**$1,938,151**	**$1,985,699**	**$2,022,496**
Total Revenues	**$3,012,448**	**$3,050,282**	**$3,111,564**	**$3,188,557**	**$3,264,862**
Expenses					
Service Board Expenses					
CTA	1,498,210	1,525,984	1,570,464	1,610,590	1,644,815
Metra	778,579	808,300	827,400	854,842	883,326
Pace	218,921	233,343	239,941	246,573	248,738
ADA Paratransit	172,669	181,777	195,315	207,593	218,555
Total Service Board Expenses	**$2,668,379**	**$2,749,404**	**$2,833,120**	**$2,919,598**	**$2,995,434**
Region/Agency Expenses					
Debt Service	224,700	234,214	217,569	209,601	209,210
RTA Agency and Regional Programs	34,168	42,020	40,687	41,907	43,164
RTA Agency Regional Capital Program	250	250	120	-	-
Joint Self-Insurance Fund (JSIF)	5,499	5,664	5,947	6,245	6,557
Total Region/Agency Expenses	**$264,617**	**$282,149**	**$264,323**	**$257,752**	**$258,932**
Total Expenses	**$2,932,996**	**$3,031,552**	**$3,097,443**	**$3,177,350**	**$3,254,365**
ICE funding not used for operations - transfer to capital [3]	(6,520)	(5,042)	(5,198)	(5,302)	(5,408)
Other transfers [4]	(15,457)	1,609	(6,000)	(5,000)	(5,000)
Net Result	**$57,475**	**$15,296**	**$2,923**	**$905**	**$89**
Regional Recovery Ratio	**52.6%**	**50.7%**	**50.2%**	**50.0%**	**50.3%**

[1] *Service Board operating revenues include State reduced fare reimbursement funding.*

[2] *Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.*

[3] *As authorized by RTA Ordinance 2019-49, ICE amounts not required for operating funding may be redesignated for capital projects.*

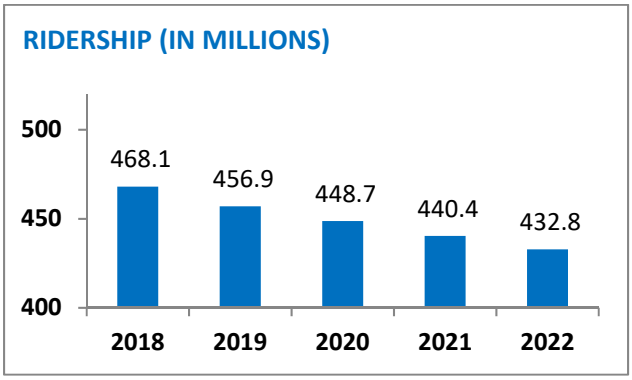
[4] *Includes Metra farebox capital program and transfers to and from RTA reserves.*

CTA

OPERATING BUDGET

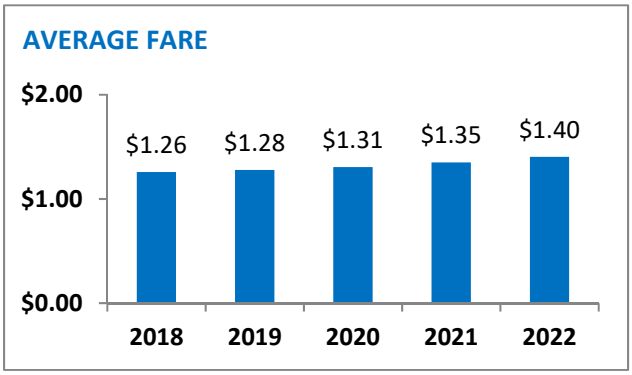
Ridership

CTA's 2019 ridership is projected to end the year 2.4% below 2018 levels, with both bus and rail ridership decreasing. Losses are expected in 2020 also, with ridership declining by 1.8% from the 2019 estimate to 448.7 million passenger trips. CTA has seen steady ridership loss in recent years, for both bus and, to a lesser degree, rail, and this trend is forecast to continue into 2022.



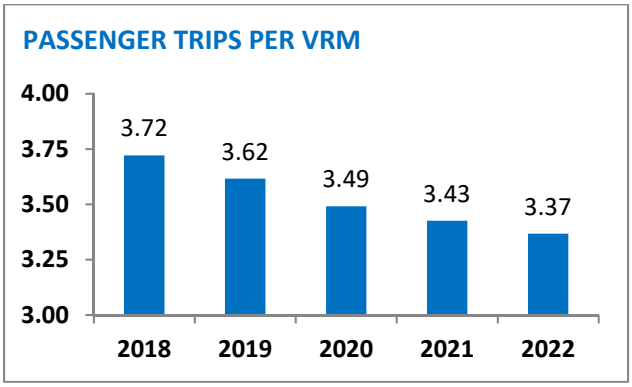
Fares

There are no fare increases in the proposed CTA 2020 budget. CTA's average fare is projected to be $1.28 in 2019, a two-cent increase from 2018. The average fare is expected to continue to rise in 2020 and in the financial planning years as more riders shift from pay-per-use to pass products.



Service Levels

Vehicle revenue miles (VRM), a measure of the total miles CTA bus and rail vehicles travel while in revenue service, increased by 0.5% in 2019 and are expected to grow by 1.7% in 2020 due to an extra day for leap year, and additional shuttle bus service during rail construction projects.

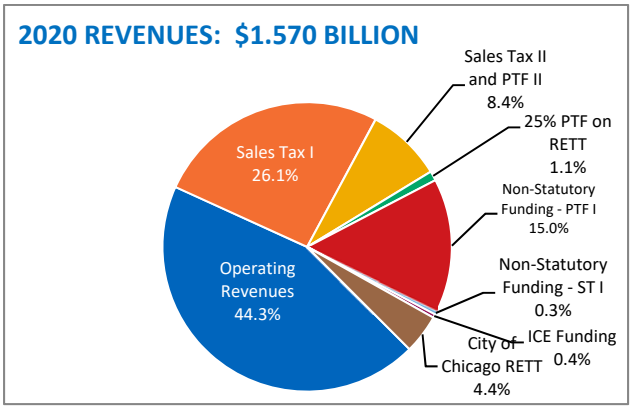


Service effectiveness, as measured by passenger trips per vehicle revenue mile, is expected to

decrease across the five-year period due to ridership declines and static service levels.

Operating Revenue

Total operating revenue is projected to decrease by 1.1% in 2019 to $689.9 million due to lower ridership and less ancillary revenue. In 2020, revenue is budgeted to increase by 0.8% over the 2019 estimate to $695.7 million. Revenue is expected to continue to grow in 2021 and 2022. CTA's share of the State reduced fare reimbursement subsidy is set at $14.6 million in 2020 and the planning years. CTA's Other Revenue category is expected to grow as advertising and investment revenues increase.

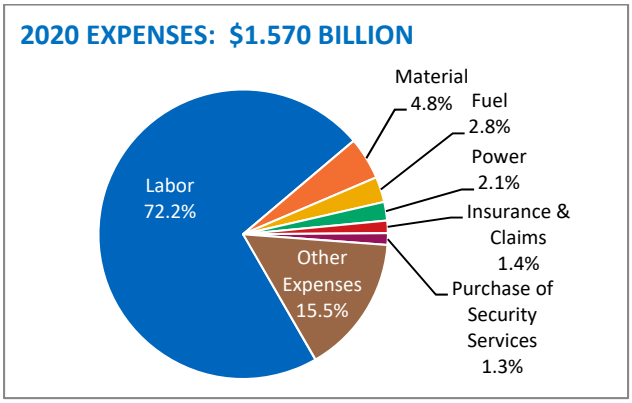


Public Funding

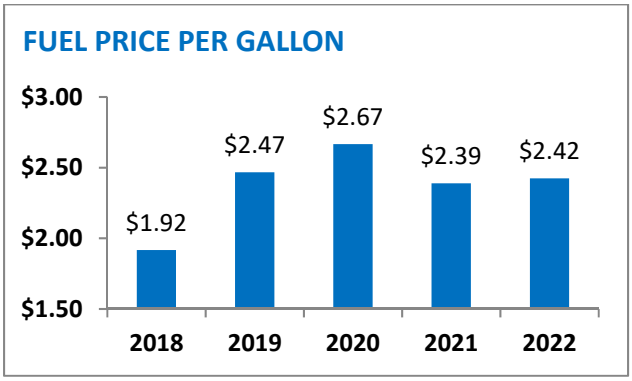
Total public funding for CTA operations in 2020 is projected at $874.8 million, 4.6% higher than the 2019 estimate. CTA's assumptions match the RTA Board adopted marks for sales tax, Public Transportation Funds, RTA non-statutory funding, and ICE funding. Public funding is projected at $902.0 million in 2021 and $918.3 million in 2022, increases of 3.1% and 1.8%, respectively. These amounts include Chicago Real Estate Transfer Tax (RETT) funding projected at $68.6 million to $72.8 million. ICE funding for 2020 totals $6.4 million and will be used for operations, with proposed uses shown in Table 6 of the Regional Budget section.

Expenses

CTA's expenses are on track to grow by 1.9% in 2019 to $1.526 billion. In 2020, expenses are budgeted to increase by 2.9% over the 2019 estimate to $1.570 billion due to increases in labor, fuel, insurance, and security. Total expenses are forecast to grow by 2.6% and 2.1% in 2021 and 2022, respectively.

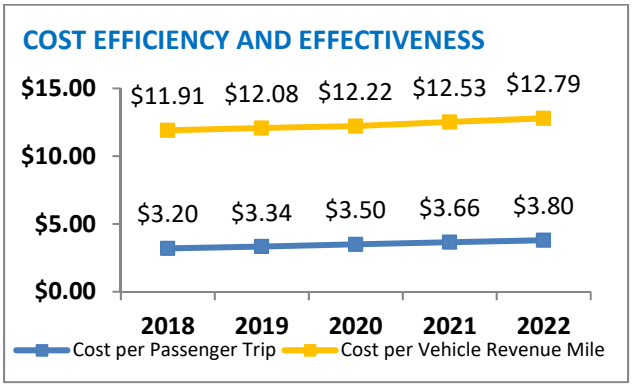


Other expenses are expected to decrease by 8.7% in 2020 as CTA has relocated approximately $50 million in annual debt service on existing bonds to the capital program. Preventive maintenance on rail cars and buses and a favorable fixed-price electricity contract has resulted in decreases in both the material and power expense categories. CTA has locked most of its 2020 fuel needs in advance. Fuel for 2020 is budgeted at $2.67 per gallon, 20 cents higher than the 2019 estimate. CTA projects lower average fuel prices in 2021 and 2022.



Cost efficiency is shown next by the measure cost per vehicle revenue mile, which is projected to increase by 1.4% in 2019 and 1.2% in 2020 as expenses increase while service levels remain essentially flat.

Cost effectiveness is also measured by evaluating the cost per passenger trip which is projected to increase by 4.3% in 2019 to $3.34 and 4.8% to $3.50 in 2020 as ridership decreases and expenses increase.



Net Result and Recovery Ratio

As shown in Table 10, CTA's proposed operating budget is balanced in 2020, with revenues covering expenses and producing a net result of zero. CTA also anticipates a balanced budget in 2021 and 2022.

CTA's 2020 recovery ratio of 55.3%, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exceeds the RTA Board adopted requirement of 54.75%.

TABLE 10: CTA 2020 BUDGET AND 2021-2022 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2018 Actual	2019 Estimate	2020 Budget	2021 Plan	2022 Plan
Revenues					
Operating Revenues					
Passenger Revenue	588,791	583,500	585,660	594,042	607,216
State Reduced Fare Reimbursement	13,876	14,606	14,606	14,606	14,606
Other Revenue	94,666	91,813	95,391	99,910	104,656
Total Operating Revenues	**$697,333**	**$689,919**	**$695,657**	**$708,558**	**$726,478**
Public Funding					
Sales Tax I	379,617	395,620	409,156	417,339	425,686
Sales Tax II and PTF II	124,644	129,423	132,698	133,152	132,456
25% PTF on RETT	16,130	15,825	16,729	17,672	18,202
Non-Statutory Funding - PTF I	211,425	222,361	235,735	246,615	251,547
Non-Statutory Funding - ST I	-	-	5,463	10,038	10,981
Innovation, Coordination, and Enhancement Funding [1]	6,019	6,205	6,398	6,526	6,656
City of Chicago RETT	71,518	66,631	68,630	70,689	72,810
Total Public Funding	**$809,352**	**$836,065**	**$874,809**	**$902,031**	**$918,338**
Total Revenues	**$1,506,685**	**$1,525,984**	**$1,570,464**	**$1,610,590**	**$1,644,815**
Expenses					
Labor	1,070,458	1,081,500	1,133,285	1,167,285	1,196,467
Material	90,474	77,064	74,686	77,600	79,651
Fuel	32,079	41,152	44,376	39,752	40,339
Power	31,162	33,321	32,639	33,498	33,875
Insurance & Claims	5,000	7,500	22,000	22,000	22,000
Purchase of Security Services	17,502	19,307	20,445	21,161	21,690
Other Expenses	251,535	266,139	243,032	249,293	250,794
Total Expenses	**$1,498,210**	**$1,525,984**	**1,570,464**	**1,610,590**	**1,644,815**
ICE funding not used for operations - transfer to capital [2]	-	-	-	-	-
Net Result	**$8,475**	**$0**	**$0**	**$0**	**$0**
Recovery Ratio	**57.1%**	**55.5%**	**55.3%**	**54.8%**	**54.8%**

[1] *ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.*
[2] *As authorized by RTA Ordinance 2019-49, ICE amounts not required for operating funding may be redesignated for capital projects.*

CAPITAL PROGRAM

CTA's five-year capital program budgets $5.155 billion for capital expenditures in the 2020-2024, nearly a doubling of last year's five-year capital program. CTA's capital projects are largely focused on moving the system toward a state of good repair with limited expansion activities. Major projects include repairs and replacement of rail cars and buses, modernization and upgrades to the rail system, upgrades to stations and other system-wide projects that support CTA's activities. The program uses approximately 61.0% of funds on rail projects, 10.8% of funds on bus projects, and the remaining funds on system-wide projects as well as bond repayment. The State's capital infusion allows several projects to proceed that would have remained unfunded without the Rebuild Illinois funding. Some of these projects are the purchase of additional rail cars and buses, improvements to the Blue and Green Lines, rail car and bus overhauls, and more.

- Modernizations and extensions represent the largest category funded by CTA with $1.174 billion going toward work on the Red-Purple Modernization, the Your New Blue modernization project, project design for the Red Line Extension to 130th Street, and the Ashland Avenue transit signal priority project.

- Replacement and renewal of rail rolling stock is an important part of CTA's program to move to a state of good repair with the new funding. $1.093 billion will be spent on the purchase of new 7000 series rail cars which will replace CTA's oldest rail cars, as well as the overhaul of CTA's 5000 series rail cars which require a quarter-life overhaul to continue running reliably.

- Bus rolling stock is another important investment that CTA programmed over the next five years. $546.2 million dollars is programmed for replacing the oldest buses in CTA's fleet and for performing mid-life overhauls and routine maintenance on the current fleet. This work will allow CTA to offer better service with fewer breakdowns.

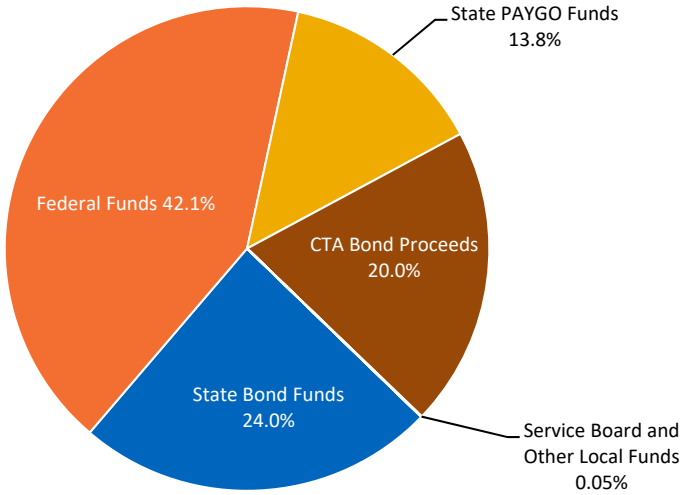
- Track and structure improvements totaling $545.1 million are planned for the Red and Blue Line subways, Brown Line tracks, and the elevated tracks. Additionally, CTA's program includes the State funding for the renewal of the Forest Park Branch of the Blue Line and upgrades and rehab to the Green Line.

- An additional $352.5 million is programmed for systemwide station improvements, upgrades to the power and signal systems and rail support facilities and equipment. Important parts of the program include making additional rail stations accessible, rehabilitating the Cottage Grove Green Line station, and improving the power system on the Blue Line – O'Hare branch to allow for more train service.

- Assorted other systemwide projects, including IT improvements, non-revenue equipment and vehicle purchases, security and communication projects, improvements to facilities, planning studies, contingencies, and administration amount to a further $323.2 million in investment.

- Finally, $1.121 billion has been programmed for bond repayments which includes interest and principal largely associated with bonds that CTA has used while State funds were unavailable.

CTA 2020-2024 PROGRAM FUNDING SOURCES: $5.155 BILLION



CTA 2020-2024 PROGRAM USES: $5.155 BILLION

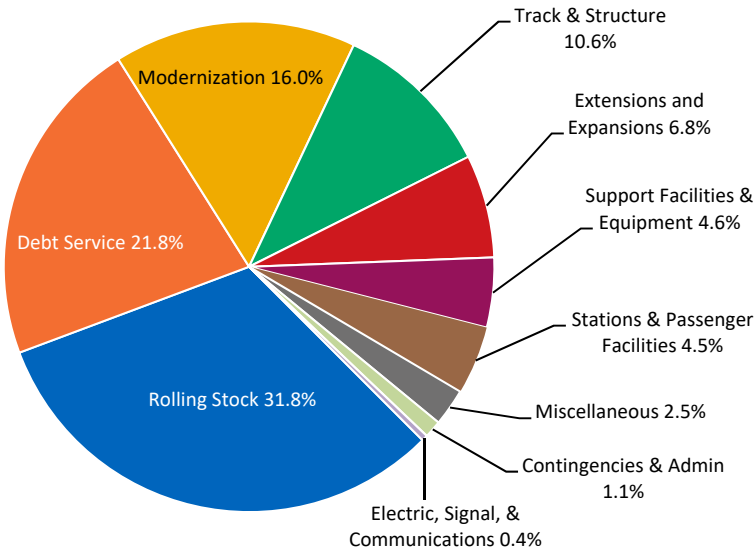


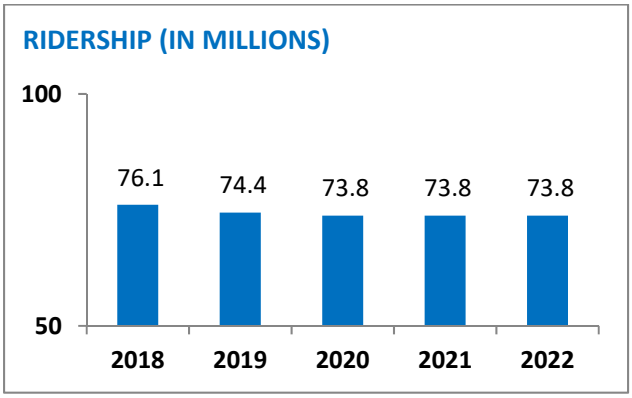
TABLE 11: CTA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)						
Project & Title	**2020**	**2021**	**2022**	**2023**	**2024**	**TOTAL**
Rolling Stock - Bus						
Perform Bus Maintenance Activities	36,000	36,000	36,000	36,000	36,000	180,000
Perform Mid-Life/Life-Extending Bus Overhaul	19,108	21,339	15,815	16,098	666	73,026
Purchase Replacement Buses	77,995	56,699	26,823	88,560	43,056	293,133
Subtotal Rolling Stock	**133,103**	**114,038**	**78,638**	**140,658**	**79,722**	**546,159**
Modernization - Bus						
Ashland Avenue Transit Signal Priority	8,802	0	0	0	0	8,802
Subtotal Modernization	**8,802**	**0**	**0**	**0**	**0**	**8,802**
Miscellaneous - Bus						
Bus Priority Zone Study	371	123	0	0	0	495
Subtotal Miscellaneous	**371**	**123**	**0**	**0**	**0**	**495**
Bus Total	**142,276**	**114,161**	**78,638**	**140,658**	**79,722**	**555,455**
Rolling Stock - Rail						
Perform Quarter-Life Rail Car Overhaul (5000 Series)	115,835	46,430	47,871	101,845	59,013	370,993
Perform Rail Car Maintenance Activities	30,000	30,000	30,000	30,000	30,000	150,000
Purchase Replacement Rail Cars (7000 Series)	66,753	53,114	120,475	90,446	241,391	572,178
Subtotal Rolling Stock	**212,588**	**129,544**	**198,345**	**222,291**	**330,403**	**1,093,172**
Track & Structure - Rail						
Traction Improvements	4,197	4,197	0	0	0	8,394
Green Line Improvements	78,413	88,195	0	0	0	166,608
Red and Blue Line Subway Track Improvements	16,983	2,432	0	0	0	19,414
Brown Line Track Improvements	7,347	0	0	0	0	7,347
Blue Line Track Improvements - Forest Park Branch	56,000	0	86,000	0	0	142,000
Elevated Track and Structure	49,343	38,000	38,000	38,000	38,000	201,343
Subtotal Track & Structure	**212,283**	**132,823**	**124,000**	**38,000**	**38,000**	**545,107**
Electrical, Signal, & Communications - Rail						
Blue Line Power Improvements	20,207	0	0	0	0	20,207
Subtotal Electrical, Signal & Communications	**20,207**	**0**	**0**	**0**	**0**	**20,207**
Support Facilities & Equipment - Rail						
Replace 61st Street Rail Shop	29,625	3,333	0	26,625	0	59,583
Non-Revenue Vehicles	473	0	0	0	0	473
Rail Facilities	17,855	13,825	3,950	3,950	0	39,580
Subtotal Support Facilities & Equipment	**47,953**	**17,158**	**3,950**	**30,575**	**0**	**99,636**
Stations & Passenger Facilities - Rail						
Rehabilitate Rail Stations	1,974	52,206	21,660	0	0	75,840
All Stations Accessible Program (ASAP)	15,600	15,600	15,600	15,600	15,600	78,000
Cottage Grove Green Line Station Improvements	12,000	12,000	12,000	12,000	12,000	60,000
Station Security Enhancements	2,965	2,965	2,965	0	0	8,895
Subtotal Stations & Passenger Facilities	**32,539**	**82,771**	**52,225**	**27,600**	**27,600**	**222,735**
Extensions and Expansions - Rail						0
Red Line Extension	85,549	109,698	77,500	77,500	0	350,247
Subtotal Extensions and Expansions	**85,549**	**109,698**	**77,500**	**77,500**	**0**	**350,247**
Modernization - Rail						
North Main Line - RPM	305,256	146,993	100,000	100,000	65,476	717,725
Blue Line O'Hare Branch - YNB	20,279	27,631	16,300	16,300	16,300	96,809
Subtotal Modernization	**325,535**	**174,624**	**116,300**	**116,300**	**81,776**	**814,535**
Miscellaneous - Rail						
Blue Line Core Capacity Study	324	0	0	0	0	324
Subtotal Miscellaneous	**324**	**0**	**0**	**0**	**0**	**324**
Contingencies & Administration - Rail						
Support Services - Fast Tracks Program	847	120	91	0	0	1,058
Subtotal Contingencies & Administration	**847**	**120**	**91**	**0**	**0**	**1,058**
Rail Total	**937,824**	**646,737**	**572,411**	**512,266**	**477,780**	**3,147,019**
Support Facilities & Equipment - System						
Asset Management	470	0	0	0	0	470
Improve Facilities	24,906	20,000	20,000	20,000	20,000	104,906
Improve Office Building	6,190	6,190	6,186	6,189	4,187	28,942
Purchase Equipment and Non-Revenue Vehicles	2,800	0	0	0	0	2,800
Subtotal Support Facilities & Equipment	**34,366**	**26,190**	**26,186**	**26,189**	**24,187**	**137,118**
Stations & Passenger Facilities - System						
Harlem Station Bus Bridge	9,875	0	0	0	0	9,875
Subtotal Stations & Passenger Facilities	**9,875**	**0**	**0**	**0**	**0**	**9,875**
Miscellaneous						
Upgrade Computer and IT Systems	1,700	1,700	1,700	1,700	0	6,800
Open Fare System Equipment	15,000	15,000	15,000	15,000	15,000	75,000
Transit System Design Study	347	148	0	0	0	494
Implement Security Projects	10,684	10,661	10,661	5,931	5,940	43,877
Subtotal Miscellaneous	**27,730**	**27,509**	**27,361**	**22,631**	**20,940**	**126,171**
Contingencies & Administration - System						
Blue Line Contingencies	4,660	0	0	0	0	4,660
Provide for Support Services	6,363	5,318	4,610	4,646	3,440	24,376
Provide for Program Development	525	525	525	525	525	2,625
Provide for Program Management	6,606	6,606	6,606	6,606	0	26,426
Subtotal Contingencies & Administration	**18,154**	**12,449**	**11,741**	**11,777**	**3,965**	**58,086**
System Total	**90,125**	**66,148**	**65,289**	**60,597**	**49,092**	**331,250**
CTA Total	**1,170,225**	**827,046**	**716,339**	**713,521**	**606,593**	**4,033,725**
CTA Debt Service	**348,602**	**193,245**	**193,198**	**193,136**	**193,035**	**1,121,217**
CTA Total with Debt Service	**1,518,827**	**1,020,291**	**909,537**	**906,658**	**799,629**	**5,154,941**

Metra

OPERATING BUDGET

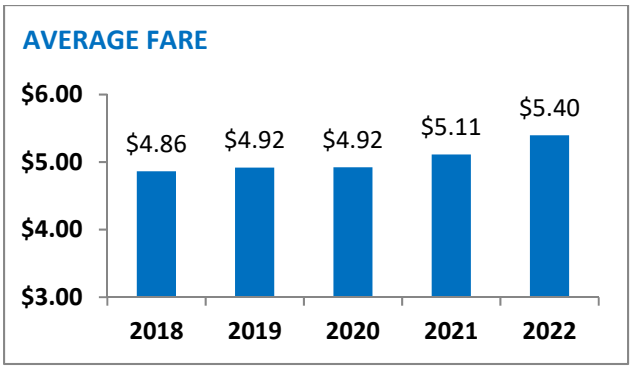
Ridership

Metra's 2019 ridership is projected to end the year down 2.2% from 2018. The 2020 budget anticipates ridership of 73.8 million, a further decrease of 0.9% from 2019, followed by no change in 2021 and 2022. This 2020 decline is expected due to the lagging effects of the 2018 fare increase, continued low gas prices, and changing consumer behavior enabled by technology improvements such as telecommuting, ride hailing, and cheaper parking.



Fares

There are no fare changes proposed for 2020. As part of a fare structure study, the following initiatives were introduced in 2018 as pilot programs: consolidating Zones K through M into Zone J, and reassigning some stations to closer-in zones. Based on preliminary ridership results, both pilot programs have been carried forward another year. Metra will launch the new Round Trip Plus one-day pass for unlimited travel between any two zones in 2020, which will be priced at twice the price of a one-way ticket and will only be available through the Ventra App. Metra's average fare is budgeted at $4.92 in 2020, unchanged from 2019. Although Metra's two-year financial plan reflects potential fare increases in 2021 and 2022, the Board has not approved an increase. Metra will look to increasing ridership and other revenue sources in conjunction with any fare increase.

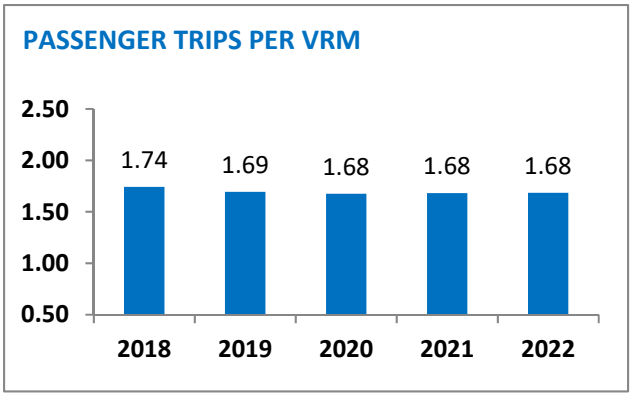


Service Levels

No service reductions are planned for 2020. Metra anticipates a 0.2% increase in vehicle revenue miles (VRM) in 2020 due to leap year effects, followed by slight decreases in 2021 and 2022. In January 2019, Metra started a two-year pilot program to increase

reverse commute service on the Milwaukee District North Line. This pilot added service in the morning and afternoon between Union Station and Lake County.

Service effectiveness can be shown as the ratio of ridership to service provided and is illustrated below. Metra's effectiveness is relatively flat across the period as both ridership and service levels are expected to remain stable.



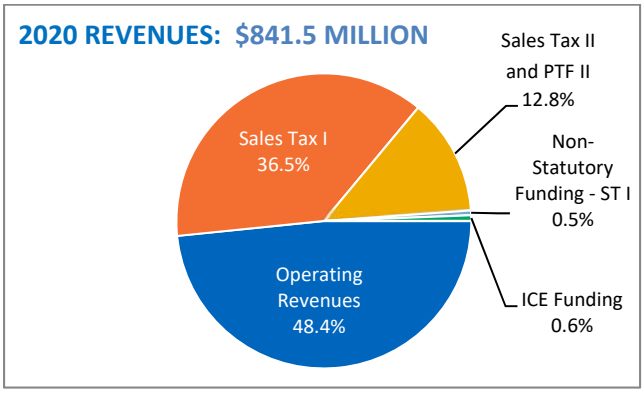
Operating Revenue

Metra projects that total operating revenues will be essentially unchanged in 2020 at $407.1 million, followed by increases of 3.4% in 2021 and 5.0% in 2022. Passenger revenue is estimated to decrease by 0.8% in 2020, consistent with the projected ridership decline. Metra's share of the State reduced fare reimbursement is budgeted at $1.6 million for 2020 and the planning years. Other revenue is projected to increase by 7.3% in 2020 to $42.5 million, reflecting anticipated increases in lease income and track and crossing project work done on behalf of the State.

Public Funding

Total public funding for Metra operations in 2020 is $434.4 million, 2.7% higher than the 2019 estimate, due to assumed 3.1% sales tax growth and assumed elimination of the Public Transportation Fund 5% cut in state fiscal year 2021. Metra public funding assumptions match the RTA Board adopted marks for sales tax, PTF, RTA non-statutory funding, and ICE funding. Public funding is projected at $444.9 million in 2021 and $451.7 million in 2022.

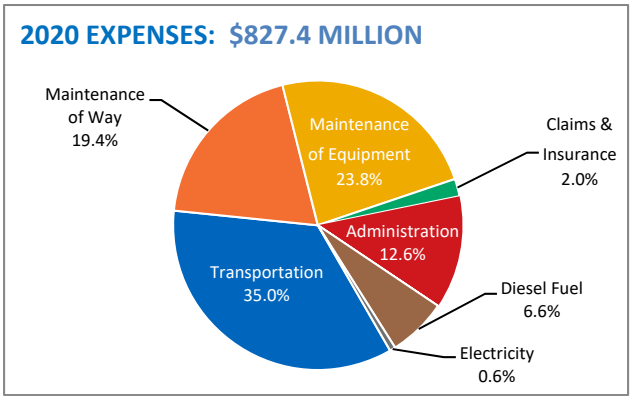
Metra's 2020 ICE funding is programmed to be used entirely for capital purposes, with proposed uses shown in Table 6 of the Regional Budget section. When public funding is combined with operating revenue, total revenue of $841.5 million is projected to be available for 2020 operations.



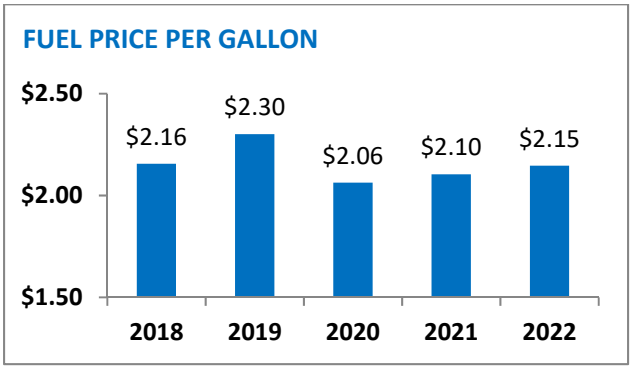
Expenses

Metra projects that 2020 total expenses will increase by 2.4% over the 2019 estimate, but by a lesser amount of 0.6% over the 2019 budget, to $827.4 million. Metra's expense growth reflects projected increases in each operating category except fuel and electricity. Transportation, Maintenance of Way, and Maintenance of Equipment expenses are projected to increase by 2.0%, 3.8%, and 3.0%, respectively, reflecting the steadily increasing costs of safely operating and maintaining aging equipment and infrastructure, as well as operating the Positive Train Control (PTC) system. Administration expenses

are projected to increase by 9.4% from the 2019 estimate. The Downtown Stations expense category was incorporated into the Transportation category effective with the 2019 budget.

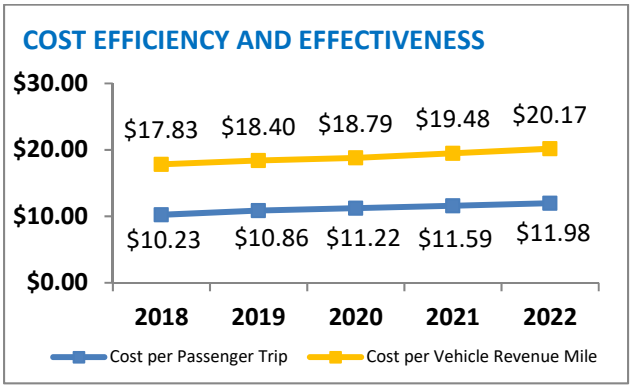


Diesel fuel expenditures, comprising 6.6% of Metra's total operating expenses, are expected to decrease by 12.3% to $54.8 million due to savings related to both locking in 2020 fuel purchases at favorable rates and operating recently acquired, fuel efficient locomotives. Fuel price is budgeted at $2.06 per gallon, representing a 24-cent decrease from the 2019 estimate.



Electricity expense for the Metra Electric District line is budgeted to decrease by 3.6% in 2020, to $5.3 million. For 2021 and 2022, expenses in this category are projected to increase by 2.0% each year.

Cost efficiency is shown by the measure cost per vehicle revenue mile, which is projected to increase across the period as expense growth continues and service levels remain largely unchanged. Cost effectiveness is shown by cost per passenger trip, which stands at $11.22 in 2020 and is projected to increase by 3.3% in 2021 and 2022, as ridership remains flat and expenses steadily increase.



Net Result and Recovery Ratio

As shown in Table 12, Metra's operating budget is balanced in 2020 through 2022. The net result of $2.9 million in 2020 reflects Metra's choice to leave some funding unprogrammed to provide a buffer against sales tax underperformance. Metra reduced its transfer of operating revenue to capital from $7 million in 2019 to $6 million in order to balance the 2020 operating budget. In 2021 and 2022, Metra anticipates a transfer of $5 million each year from farebox to capital.

Metra's 2020 recovery ratio of 52.5%, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exactly meets the RTA Board adopted requirement.

TABLE 12: METRA 2020 BUDGET AND 2021-2022 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2018 Actual	2019 Estimate	2020 Budget	2021 Plan	2022 Plan
Revenues					
Operating Revenues					
Passenger Revenue	370,028	366,000	363,000	377,000	398,000
State Reduced Fare Reimbursement	1,672	1,618	1,618	1,618	1,618
Other Revenue	45,357	39,600	42,500	42,500	42,500
Total Operating Revenues	**$417,057**	**$407,218**	**$407,118**	**$421,118**	**$442,118**
Public Funding					
Sales Tax I	301,963	307,073	316,947	323,286	329,752
Sales Tax II and PTF II	101,273	105,156	107,817	108,186	107,620
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	-	-	4,439	8,156	8,922
Innovation, Coordination, and Enhancement Funding [1]	4,890	5,042	5,198	5,302	5,408
Joint Self Insurance Fund (JSIF) Reserve	2,500	2,500	-	-	-
Homeland Security Grant	1,200	3,100	-	-	-
Total Public Funding	**$411,826**	**$422,871**	**$434,402**	**$444,930**	**$451,702**
Total Revenues	**$828,883**	**$830,089**	**$841,520**	**$866,048**	**$893,821**
Expenses					
Transportation	248,778	283,400	289,200	297,153	305,325
Maintenance of Way (Engineering)	137,605	155,000	160,900	170,325	180,309
Maintenance of Equipment (Mechanical)	179,672	190,900	196,600	202,007	207,562
Claims & Insurance	28,787	15,600	16,200	16,524	16,854
Administration	106,085	95,400	104,400	107,532	110,748
Downtown Stations [2]	14,645	-	-	-	-
Diesel Fuel	57,834	62,500	54,800	55,896	57,014
Electricity	5,173	5,500	5,300	5,406	5,514
Total Expenses	**$778,579**	**$808,300**	**$827,400**	**$854,842**	**$883,326**
ICE funding not used for operations - transfer to capital [3]	(4,890)	(5,042)	(5,198)	(5,302)	(5,408)
Farebox capital program	(20,300)	(7,000)	(6,000)	(5,000)	(5,000)
Net Result	**$25,114**	**$9,747**	**$2,922**	**$905**	**$87**
Recovery Ratio	**57.0%**	**53.6%**	**52.5%**	**52.5%**	**53.3%**

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

[2] *Effective with the 2019 budget, the Downtown Stations category has been incorporated into Transportation.*

[3] *As authorized by RTA Ordinance 2019-49, ICE amounts not required for operating funding may be redesignated for capital projects.*

CAPITAL PROGRAM

Metra has budgeted $2.584 billion to the 2020-2024 capital program, which is an increase of $1.4 billion from the 2019-2023 program. With many older rail cars and locomotives, Metra continues to concentrate its capital budget on working toward a state of good repair. Major projects are centered on rolling stock, track and structure repairs, signal, electrical and communications, support facilities and equipment, stations and parking, and support activities.

- Over the next five years, Metra plans to invest $1.190 billion (46%) of its capital program funds to improve its fleet of locomotives and rail cars. An in-house rebuilding program of current rail cars and locomotives has been successful in keeping older vehicles running well. However, the infusion of additional capital dollars from the State's Rebuild Illinois funding will enable Metra to program a significant amount of funding towards purchasing new rail cars and locomotive. New rolling stock will improve reliability, increase capacity, and provide environmental benefits.

- Metra plans to invest $408.9 million in track and structural repairs. Over half of this investment is programmed for much-needed bridge repair and replacement.

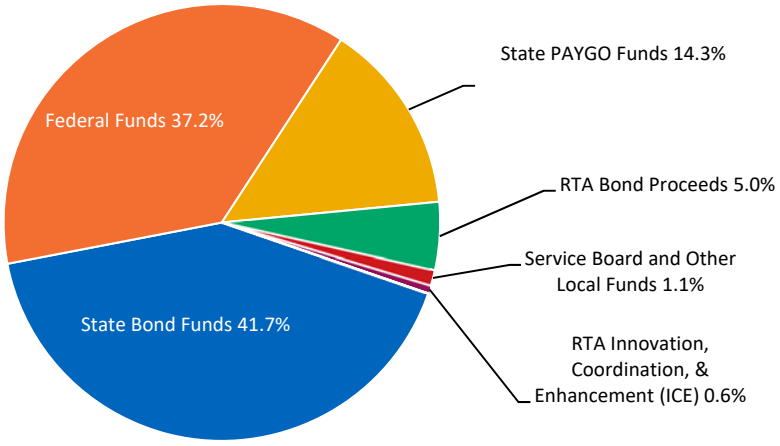
- Stations and parking improvements are a key area in Metra's capital program. Many of the system's stations and parking lots are in poor state of repair. An amount of $365.2 million is allocated to station rehabilitations at over 30 stations around the system. Furthermore, two new stations in Chicago (Auburn Park and Peterson Ridge) are programmed to be constructed in the2020-2024 capital program.

- Metra's focus remains on moving facilities and other equipment toward a state of good repair. The capital program includes $263.0 million for projects that include improving rail yards, purchasing non-revenue vehicles, adding safety features, and improving Information Technology systemwide. These projects will help increase capacity, create better reliability, and improve the customer experience.

- Signaling, electrical and communications are important in running a safe, on-time and reliable rail system. Metra has programmed $238.5 million toward projects that include improving interlocking and switches, renewing rail crossings and upgrading signaling and communication systems.

- Finally, $118.8 million is programmed for miscellaneous projects that include engineering, program management, contingencies, and program development.

METRA 2020-2024 CAPITAL PROGRAM FUNDING SOURCES: $2.584 BILLION



METRA 2020-2024 CAPITAL PROGRAM USES: $2.584 BILLION

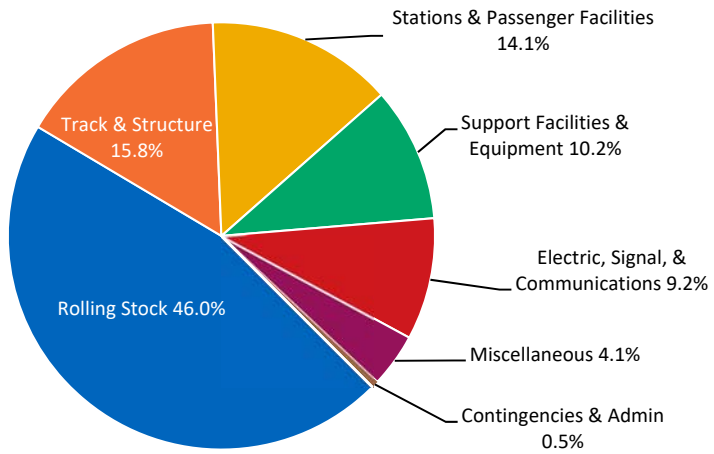


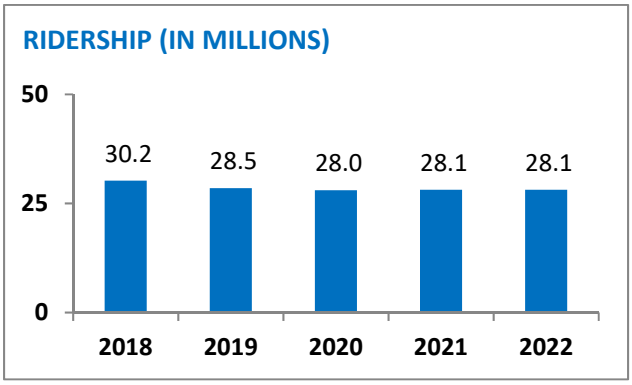
TABLE 13: METRA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)						
Project & Title	**2020**	**2021**	**2022**	**2023**	**2024**	**TOTAL**
Rolling Stock						
Locomotive Improvements	66,250	71,385	52,050	0	0	189,685
Rehabilitate Rail Cars	29,193	22,324	23,650	39,860	39,859	154,886
Purchase New Cars	90,666	63,716	109,525	207,430	117,426	588,764
Purchase New Locomotives	48,225	46,825	53,175	67,541	0	215,766
Fleet Components	5,000	9,050	8,800	8,800	8,800	40,450
Subtotal Rolling Stock	**239,334**	**213,300**	**247,200**	**323,631**	**166,086**	**1,189,551**
Track & Structure - Rail						
Provide for Ties, Ballast	9,810	9,776	8,762	6,840	8,570	43,758
Upgrade Crossings (Road and Track)	5,750	6,000	6,500	6,500	6,500	31,250
Provide for Rail Renewal	24,950	15,680	8,118	9,315	9,417	67,480
Rehabilitate or Replace Bridges	22,678	12,900	27,250	91,250	99,800	253,878
Rehabilitate Retaining Walls	4,500	1,000	1,000	1,000	1,000	8,500
Provide for Other Structural Improvements	1,000	750	750	750	750	4,000
Subtotal Track & Structure	**68,688**	**46,106**	**52,380**	**115,655**	**126,037**	**408,866**
Electrical, Signal, & Communications						
Upgrade Signal System	4,600	10,450	15,350	36,400	30,500	97,300
Upgrade Interlockers and Crossovers	15,150	16,000	13,300	7,000	7,000	58,450
Improve Electrical Equipment and Systems	14,450	19,640	6,390	27,510	14,760	82,750
Subtotal Electrical, Signal & Communications	**34,200**	**46,090**	**35,040**	**70,910**	**52,260**	**238,500**
Support Facilities & Equipment						
Improve Yards, Shops and Facilities	23,200	14,500	25,300	16,100	20,100	99,200
Building Improvements	13,000	10,000	25,000	10,000	5,000	63,000
Purchase Equipment and Non-Revenue Vehicles	24,973	23,748	18,214	16,273	14,523	97,731
Replace Financial System	2,100	0	0	0	1,000	3,100
Subtotal Support Facilities & Equipment	**63,273**	**48,248**	**68,514**	**42,373**	**40,623**	**263,031**
Stations & Passenger Facilities						
Improve Stations and Parking	41,190	97,932	86,876	72,450	56,750	355,199
New Auburn Park Station	10,000	0	0	0	0	10,000
Subtotal Stations & Passenger Facilities	**51,190**	**97,932**	**86,876**	**72,450**	**56,750**	**365,199**
Miscellaneous						
Infrastructure Engineering and Project Development	3,500	2,900	2,600	2,750	3,000	14,750
Transit Asset Management	5,000	3,698	2,000	3,000	4,000	17,698
Provide for Program Management	10,000	10,000	10,000	10,000	10,000	50,000
ICE Projects - TBD	0	3,802	5,408	0	0	9,210
Provide for Unanticipated Capital	1,000	1,285	893	1,437	800	5,415
Provide for Locally Funded Projects/Match	1,700	1,759	1,000	1,500	2,035	7,994
Subtotal Miscellaneous	**21,200**	**23,444**	**21,901**	**18,687**	**19,835**	**105,067**
Contingencies & Administration						
Provide for Contingencies	1,689	1,696	1,682	1,978	1,937	8,982
Provide for Project Administration	1,000	1,000	1,000	750	1,000	4,750
Subtotal Contingencies & Administration	**2,689**	**2,696**	**2,682**	**2,728**	**2,937**	**13,732**
Metra Total	**480,574**	**477,816**	**514,593**	**646,434**	**464,528**	**2,583,946**

Pace Suburban Service

OPERATING BUDGET

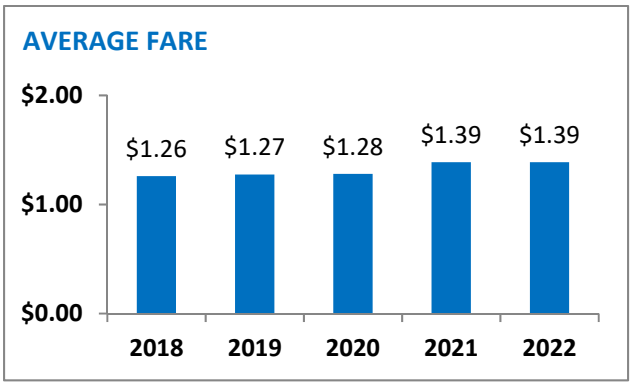
Ridership

Pace ridership is estimated to finish 2019 at 28.5 million, 5.7% lower than prior year. Pace has cited competition from ride-hailing companies, increased telecommuting, and relatively low gas prices as reasons for the continuing ridership decline. Combined ridership for Pace's three Suburban Service modes is budgeted to decline further in 2020, by 1.7%, to 28.0 million. The decrease is anticipated to be primarily in fixed-route route bus ridership. Pace is forecasting essentially flat Suburban Service ridership of 28.1 million for 2021 and 2022.



Fares

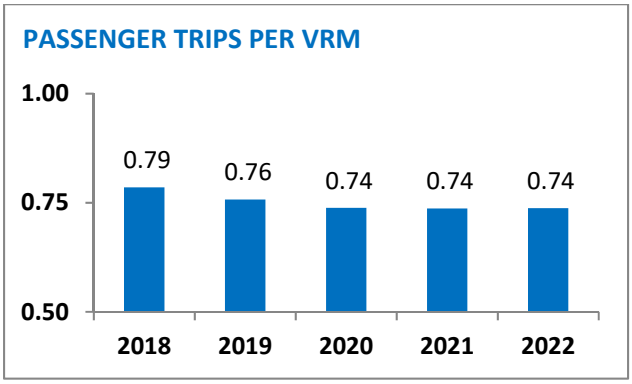
Pace's 2020 budget does not contain any proposed fare adjustments. Pace last implemented a general 25 cent fare increase in January 2018. Pace's two-year financial plan does reflect increased fare revenue associated with a potential fare increase in 2021. After rising by 9 cents in 2018, Pace's average fare across all fare and pass types is projected at $1.28 in 2021 and then increases to $1.39 in 2021 and 2022.



Service Levels

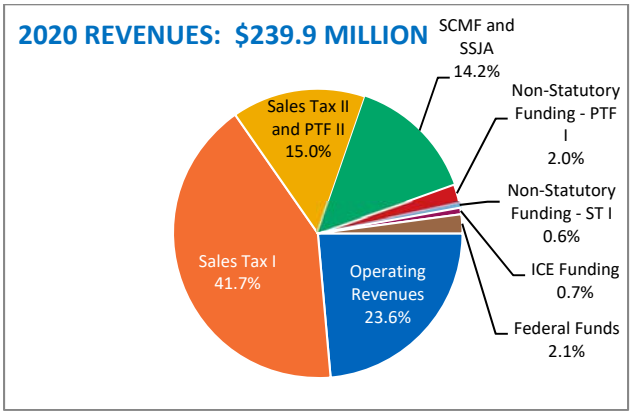
Overall Pace service levels, as measured by vehicle revenue miles (VRM), are projected to increase by 0.9% in 2020 due to additional I-55 Bus-on-Shoulder frequency and the first full year of Milwaukee Avenue Pulse Arterial Rapid Transit (ART) service. Due to underperformance, Pace is proposing the reduction of Saturday service on three routes and the complete elimination of five routes in 2020.

Service effectiveness, as measured by passenger trips per vehicle revenue mile (VRM), is constant at 0.74 in 2020-2022, indicating that service is being added at an appropriate rate.



Operating Revenue

Pace projects that total 2020 operating revenues will increase by 1.9% to $56.6 million. Passenger fare revenue is forecast to decrease by 1.3%, consistent with the projected ridership assumption. Pace's share of the State reduced fare reimbursement is assumed at $1.3 million in 2020, subject to appropriation by the legislature. Other revenue is projected to increase by 8.4% to $19.4 million, driven by higher investment income and increased local government contributions for specific services. Operating revenue comprises less than 25% of Pace's total revenue for operations, with the balance provided by public funding sources.



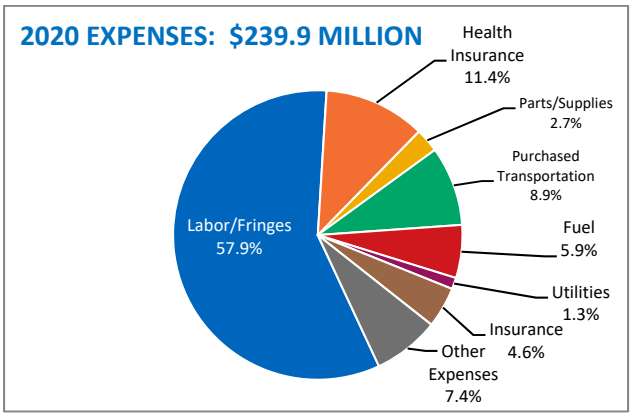
Public Funding

Pace's total 2020 public funding is projected to increase by 2.9% from the 2019 estimate to $183.4 million, driven by assumed sales tax growth of 3.1% and an expectation that the State's 5% cut to Public Transportation Fund (PTF) revenue will be eliminated in the SFY 21 budget.

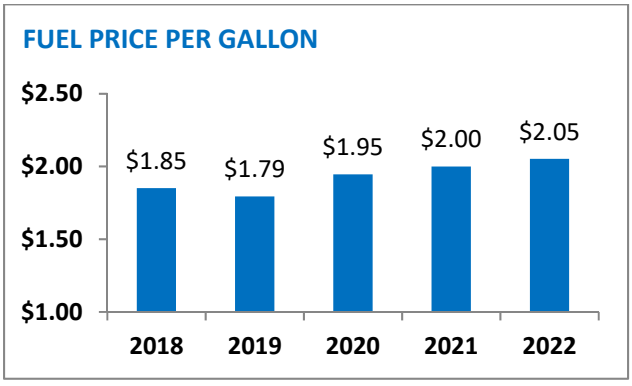
Pace's public funding assumptions match the RTA Board adopted marks for sales tax, PTF, Suburban Community Mobility Funds, South Suburban Job Access Funds, RTA non-statutory funding, and ICE funding. Pace's share of the 2020-2022 ICE funding is programmed to be used entirely for operating purposes, with proposed uses shown in Table 6 of the Regional section. In addition to RTA funding, Pace anticipates $5.1 million of federal CMAQ/ Enhanced Mobility funding for operations in 2020.

Expenses

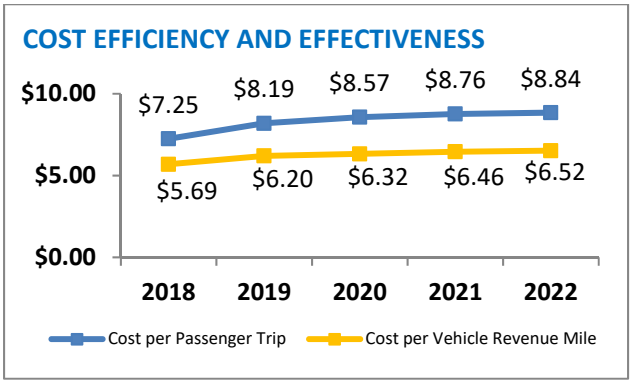
Pace projects that 2020 total expenditures will increase from the 2019 estimate by 2.8%, to $239.9 million. However, it should be noted that Pace's proposed 2020 expenditures are only 1.7% higher than Pace's 2019 operating budget. Expense growth is being driven by increased service levels, fuel expense, and higher health care costs. Labor, Pace's largest expense category, is expected to increase by 6.0% to $139.0 million.



Pace's fuel expense is projected to grow by 8.1% as consumption increases with service levels and Pace's fuel price assumption rises to $1.95 per gallon.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 3.5% per year. Cost effectiveness is shown as cost per passenger trip, which is forecast to increase by 5.1% per year as ridership is expected to decrease across the period while operating expenses continue to grow.



Net Result and Recovery Ratio

As shown in Table 14, Pace's operating budget is balanced in 2020 through 2022, with revenues equal to expenditures, producing a net result of zero. However, the 2021 and 2022 expense levels include reductions of $2.7 million and $10.1 million, respectively, identified by Pace as required budget balancing actions.

Pace's 2020 through 2022 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exactly meet the RTA Board adopted requirement of 30.3%, contingent upon implementation of the budget balancing actions in 2021 and 2022.

TABLE 14: PACE SUBURBAN SERVICE 2020 BUDGET AND 2021-2022 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2018 Actual	2019 Estimate	2020 Budget	2021 Plan	2022 Plan
Revenues					
Operating Revenues					
Passenger Revenue	38,054	36,297	35,833	39,006	38,987
State Reduced Fare Reimbursement	1,279	1,346	1,346	1,346	1,346
Other Revenue	18,227	17,893	19,402	18,537	18,914
Total Operating Revenues	**$57,560**	**$55,536**	**$56,581**	**$58,889**	**$59,247**
Public Funding					
Sales Tax I	95,683	97,185	100,141	102,144	104,187
Sales Tax II and PTF II	33,758	35,052	35,939	36,062	35,873
Suburban Community Mobility Fund	25,077	25,856	26,658	27,191	27,735
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	4,315	4,538	4,811	5,033	5,134
Non-Statutory Funding - ST I	-	-	1,480	2,719	2,974
Innovation, Coordination, and Enhancement Funding [1]	1,630	1,681	1,733	1,767	1,803
CMAQ / Enhanced Mobility	6,470	5,860	5,099	5,269	4,286
Total Public Funding	**$174,433**	**$177,672**	**$183,360**	**$187,684**	**$189,491**
Total Revenues	**$231,993**	**$233,208**	**$239,941**	**$246,573**	**$248,738**
Expenses					
Labor/Fringes	128,345	131,057	138,981	143,205	147,491
Health Insurance	26,181	26,184	27,235	29,632	32,150
Parts/Supplies	7,466	6,427	6,376	6,823	7,292
Purchased Transportation	18,241	25,973	21,332	21,998	22,681
Fuel	13,973	13,166	14,227	14,758	15,142
Utilities	2,238	2,680	3,051	3,205	3,389
Insurance	7,247	11,973	10,937	11,718	12,539
Other Expenses	15,230	15,883	17,802	17,928	18,183
Budget Balancing Actions [2]	-	-	-	(2,693)	(10,129)
Total Expenses	**$218,921**	**$233,343**	**$239,941**	**246,573**	**$248,738**
ICE funding not used for operations - transfer to capital [3]	(1,630)	-	-	-	-
Net Result	**$11,442**	**($135)**	**$0**	**$0**	**$0**
Recovery Ratio	**31.1%**	**30.3%**	**30.3%**	**30.3%**	**30.3%**

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

[2] *TBD but may include service reductions and/or other expense reductions.*

[3] *As authorized by RTA Ordinance 2019-49, ICE amounts not required for operating funding may be redesignated for approved capital projects.*

CAPITAL PROGRAM

Pace's 2020-2024 Capital Program totals $548.1 million. More than half (58%) of Pace's program is comprised of the State's Rebuild Illinois funding. 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 targeted expansions focused on successful Bus-on-Shoulder and Pulse routes.

- Pace has budgeted $142.0 million to work on new and existing garages. Projects include a new Northwest and a new I-55 garage, as well as renovations and expansions at the River, North Shore, and Southwest Division garages.

- An additional $112.9 million is budgeted toward support facilities and equipment that includes a farebox system replacement and rehab of existing facilities.

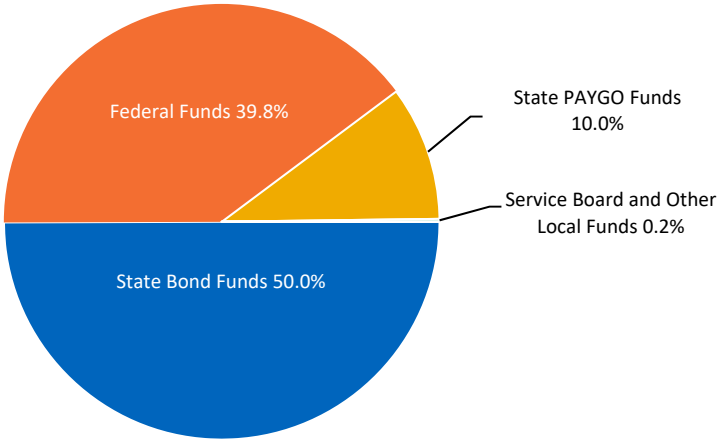
- Pace's program includes investing $208.4 million in rolling stock. This includes $103.2 million for the purchase of new buses, $47.1 million for the purchase of paratransit, on-demand, and vanpool vans, and a $58.1 million for rehab of current rolling stock. Over the five-year program, Pace plans to purchase a total of 1,048 vehicles.

- Pace also has programmed $75.9 million for stations and passenger facilities. Major projects include I-55 and I-294 Stations and Park-n-Rides, improvements at the Harvey Transportation Center, and a new Joliet Transit Center. Further, passenger facilities around the system will be improved with better signage and shelters.

- The remaining programmed funds of $8.9 million account for Intelligent Bus System upgrades, unanticipated capital, and transit studies.

- The 2020-2024 Pace ADA plan includes a capital investment of $20.0 million, funded from the Rebuild Illinois program. Pace plans to improve ADA-related technology including upgrading its Trapeze software, enhancing its TripCheck features, adding notification features, and integrating Ventra. In addition, funding will be used to purchase land, build facilities, and provide amenities for riders at new transfer locations.

PACE AND PACE ADA 2020-2024 CAPITAL PROGRAM FUNDING SOURCES: $568.1 MILLION



PACE AND PACE ADA 2020-2024 CAPITAL PROGRAM USES: $568.1 MILLION

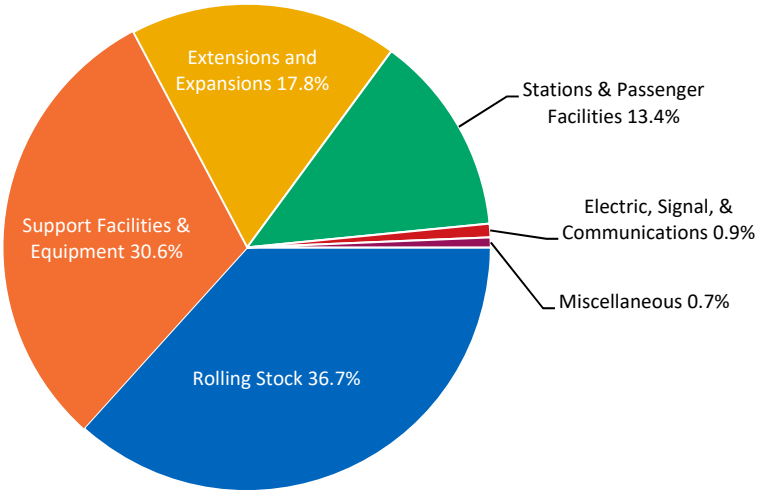


TABLE 15: PACE FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)						
Project & Title	**2020**	**2021**	**2022**	**2023**	**2024**	**TOTAL**
Rolling Stock						
Fixed Route Diesel Replacement Buses	14,000	0	0	0	16,000	30,000
Fixed Route CNG Replacement Buses	0	18,150	8,800	36,300	0	63,250
Fixed Route CNG Expansion Buses	0	0	9,900	0	0	9,900
Paratransit Vehicles	1,954	1,560	2,600	6,890	13,195	26,199
Community Transit/On-Demand Vehicles	1,350	1,125	1,125	2,400	3,525	9,525
Vanpool Vehicles	0	0	0	9,905	1,470	11,375
Engine/Transmission Retrofits	6,998	7,423	7,371	18,185	18,179	58,157
Subtotal Rolling Stock	**24,302**	**28,258**	**29,796**	**73,680**	**52,369**	**208,406**
Electrical, Signal, & Communications						
Intelligent Bus System Upgrades	625	500	1,000	1,500	1,500	5,125
Subtotal Electrical, Signal & Communications	**625**	**500**	**1,000**	**1,500**	**1,500**	**5,125**
Support Facilities & Equipment - Bus						
Improve Support Facilities	1,500	500	1,000	1,500	1,500	6,000
Purchase Computer Hardware and Software Systems	900	500	1,000	1,500	1,500	5,400
Purchase Maintenance/Support Equipment and Vehicles	1,000	350	1,000	1,500	1,500	5,350
Purchase Replacement Farebox System	7,500	5,000	5,000	0	0	17,500
Capital Cost of Contracting	6,195	6,322	6,453	6,500	6,500	31,970
Preventive Maintenance	9,000	9,000	9,000	9,000	9,000	45,000
New Northwest Division Garage	38,753	2,000	0	0	0	40,753
Purchase New Office Equipment/Furniture	0	0	0	850	850	1,700
Subtotal Support Facilities & Equipment	**64,847**	**23,672**	**23,453**	**20,850**	**20,850**	**153,672**
Stations & Passenger Facilities - Bus						
Provide for Passenger Facilities Improvements	0	3,500	350	1,500	1,500	6,850
Provide for Bus Stop Shelters and Sign Improvements	1,550	500	1,000	1,500	1,500	6,050
Bus Tracker Sign Deployment	750	500	1,000	1,500	1,500	5,250
Posted Stops Only Conversion	450	0	0	0	0	450
Joliet Transit Center	7,500	0	0	0	0	7,500
Harvey Transportation Center Renovation	1,000	7,000	0	0	0	8,000
I-55 Park-n-Rides	0	0	753	6,000	0	6,753
i-294 Stations and Park-n-Rides	0	0	0	3,500	31,500	35,000
Subtotal Stations & Passenger Facilities	**11,250**	**11,500**	**3,103**	**14,000**	**36,000**	**75,853**
Miscellaneous - Bus						
Vision Plan Implementation Study	1,500	1,000	0	0	0	2,500
Provide for Unanticipated Capital – Systemwide	250	250	250	250	250	1,250
Subtotal Miscellaneous	**1,750**	**1,250**	**250**	**250**	**250**	**3,750**
Extensions and Expansions - Bus						
New I-55 Garage	3,500	39,753	0	0	0	43,253
River Division Expansion	2,000	0	18,000	0	0	20,000
North Shore Division Expansion	0	2,000	18,000	0	0	20,000
Southwest Division Expansion	0	2,000	16,000	0	0	18,000
Subtotal Extensions and Expansions	**5,500**	**43,753**	**52,000**	**0**	**0**	**101,253**
Pace Total	**108,274**	**108,933**	**109,602**	**110,280**	**110,969**	**548,058**

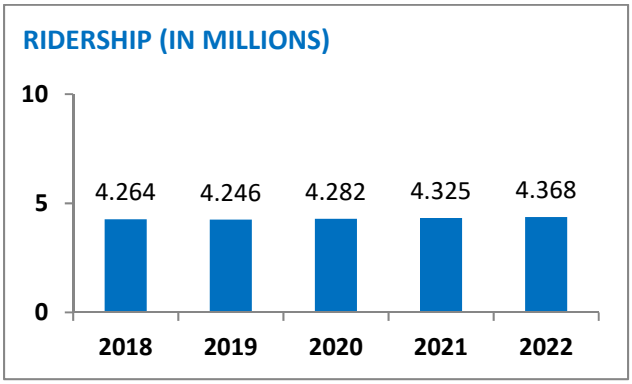
TABLE 16: Pace ADA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)						
Project & Title	**2020**	**2021**	**2022**	**2023**	**2024**	**TOTAL**
Support Facilities & Equipment						
Regional ADA Paratransit Technology Upgrades and Transfer Locations	4,000	4,000	4,000	4,000	4,000	20,000
Subtotal Support Facilities & Equipment	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**20,000**
Pace ADA Total	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**20,000**

Pace ADA Paratransit

OPERATING BUDGET

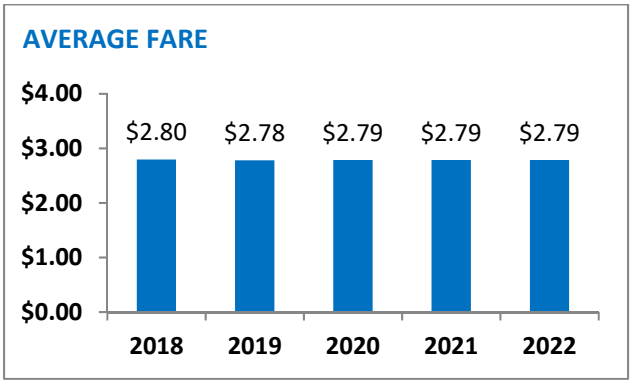
Ridership

Pace's budget projects that ADA Paratransit ridership, including companions, will increase by 0.8% in 2020 to 4.282 million. This follows an estimated 0.4% ridership decrease in 2019. Ridership in the suburban service area is expected to grow by 0.9%, while ridership in the City of Chicago service area is expected to decrease by 3.0%. Taxi Access Program (TAP) ridership is forecast to increase by almost 60% to 315,000 as customers continue to respond positively to the changes made to TAP in 2017. In the planning years of 2021 and 2022, region-wide ADA Paratransit ridership is expected to grow by 1% annually.



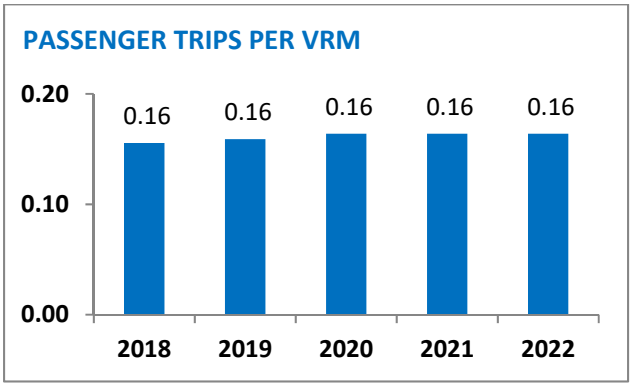
Fares

No fare increase has been proposed by Pace for 2020, so the base ADA Paratransit fare will remain at $3.25. The TAP fare was reduced from $5.00 to $3.00 in 2017 and will also be unchanged for 2020. Because personal care attendants of ADA Paratransit riders are included in ridership totals but do not pay a separate fare, the average fare across all riders is less than the base fare, and is projected to remain constant at $2.79 through 2022 after rising with the 25 cent fare increase of 2018.



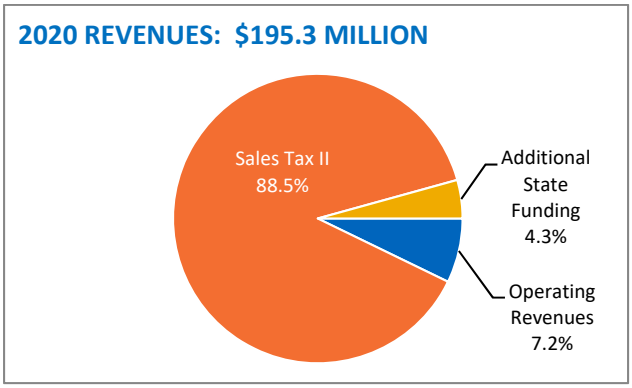
Service Levels

ADA Paratransit service levels are driven by customer demand. Pace projects that ADA Paratransit vehicle revenue miles will decrease by 2.2% in 2020, in line with the projected non-TAP ridership decline. As a result, service effectiveness, as measured by passenger trips per vehicle revenue mile, tends to be flat over time since service is changing at the same rate as ridership.



Operating Revenue

Pace projects that 2020 ADA Paratransit operating revenues will decrease by 2.6% to $14.1 million. Fare revenue is expected to increase by 1.0%, consistent with ridership growth, while Other revenue, consisting of payments for RTA certification trips and a small amount of investment income, is projected to decrease by 19.0% to $2.1 million. Operating revenue comprises about 7% of Pace's total revenue for operations, with the balance provided by public funding sources.



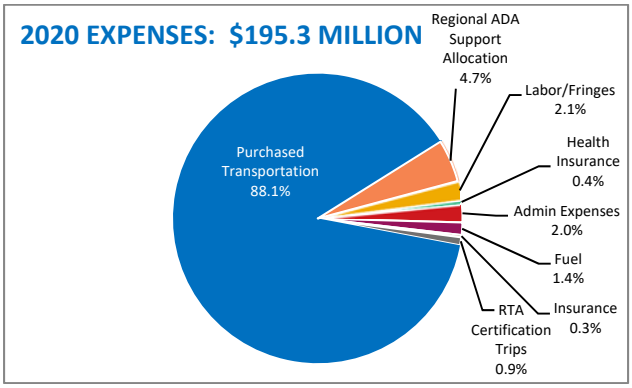
Public Funding

The RTA Act was amended in 2011 to ensure that ADA Paratransit operations are fully funded each year. Pace expects ADA Paratransit to finish 2019 with a surplus of approximately $5.7 million, to be retained by the RTA in a reserve fund for future ADA Paratransit use.

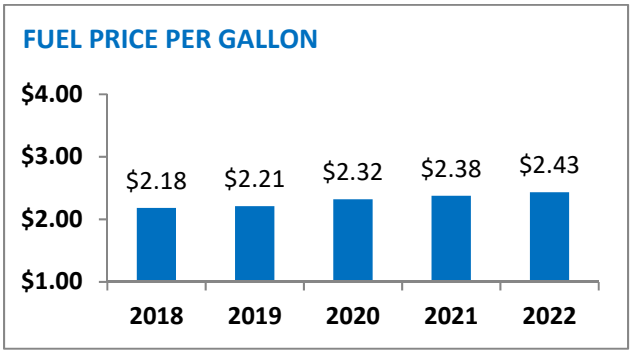
In the 2020 budget, Pace projects an ADA Paratransit funding need of $181.3 million, satisfied by Sales Tax II funds of $172.9 million and additional state funding of $8.4 million. Due to the scheduled re-bidding of provider contracts in the City of Chicago service area, there is considerable uncertainty in the 2020 funding requirement. If additional funding is needed, the RTA Board may be asked to approve use of ADA Paratransit reserve funds. Pace's two-year financial plan indicates that adopted RTA funding levels should be sufficient for 2021 and 2022, provided that ridership growth remains around 1% and State funding for ADA Paratransit continues.

Expenses

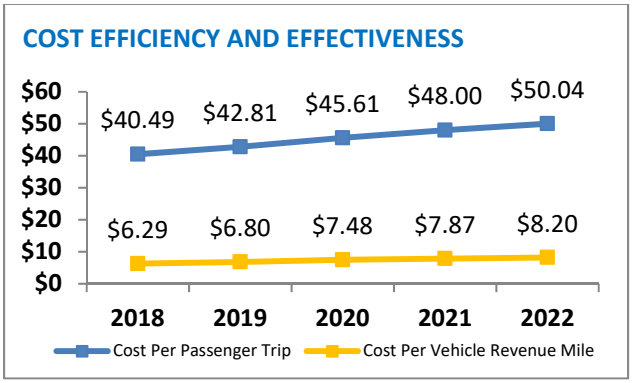
Pace projects that 2020 operating expenditures for ADA Paratransit will increase by 7.4% to $195.3 million, balanced with revenue, followed by increases of 6.3% and 5.3% in 2021 and 2022, respectively. Purchased transportation, which accounts for almost 90% of total ADA Paratransit expenses, is projected to increase by 7.2% in 2020 due to ridership growth and rate increases in the new City provider contracts. The regional ADA support allocation, which accounts for work done by other Pace departments in support of ADA Paratransit, is projected to increase by 12.4% to $9.2 million.



While the contracts in the City of Chicago service area include fuel expense, Pace does purchase fuel for the contractors that provide ADA Paratransit service using Pace-owned vehicles in the suburban service area. These fuel expenses are projected to grow by 6.1% to $2.7 million in 2020 due to ridership growth and an assumed increase in fuel price to $2.32 per gallon, as shown by the chart on the following page.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 6.8% per year from 2018 to 2022 as contractor price increases occur on top of growth in service to meet demand. Cost effectiveness, shown below as cost per passenger trip, is projected to increase by an average of 5.4% per year as expenses grow faster than ridership.



Net Result and Recovery Ratio

As shown in Table 17, the Regional ADA Paratransit operating budget is balanced in 2020 through 2022, with revenues equal to expenditures, producing a net result of zero in each year.

Pace's 2020 through 2022 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, meet the statutory requirement of 10%. Pace's capital cost of contracting expense exclusion of $54.7 million in 2020 recognizes that a portion of Pace's purchased transportation expense represents payment to ADA Paratransit contractors for their capital investments, rather than operating expenses.

TABLE 17: PACE REGIONAL ADA PARATRANSIT 2020 BUDGET AND 2021-2022 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2018 Actual	2019 Estimate	2020 Budget	2021 Plan	2022 Plan
Revenues					
Operating Revenues					
Passenger Revenue	11,922	11,806	11,928	12,048	12,168
Other Revenue [1]	2,438	2,630	2,130	2,245	2,355
Total Operating Revenues	**$14,360**	**$14,436**	**$14,058**	**$14,293**	**$14,523**
Public Funding					
Sales Tax II	156,791	164,631	172,862	184,905	195,637
Additional State Funding	7,975	8,395	8,395	8,395	8,395
Total Public Funding	**$164,766**	**$173,026**	**$181,257**	**$193,300**	**$204,032**
Total Revenues	**$179,126**	**$187,462**	**$195,315**	**$207,593**	**$218,555**
Expenses					
Labor/Fringes	3,503	4,074	4,148	4,293	4,443
Health Insurance	813	834	875	896	917
Admin Expenses	3,486	3,507	3,988	4,084	4,181
Fuel	2,644	2,539	2,694	2,787	2,881
Insurance	418	360	489	501	513
RTA Certification Trips	1,558	1,613	1,735	1,851	1,907
Purchased Transportation	153,173	160,625	172,137	183,824	194,075
Regional ADA Support Allocation [2]	7,073	8,226	9,249	9,358	9,639
Total Expenses	**$172,669**	**181,777**	**$195,315**	**207,593**	**218,555**
Net Result	**$6,458**	**$5,685**	**$0**	**$0**	**$0**
Recovery Ratio	**10.4%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**

[1] *Includes investment income and reimbursements for RTA certification trips, and also Medicaid reimbursements in 2018 and 2019.*

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

RTA Agency

OPERATING BUDGET

Overview

The Regional Transportation Authority (RTA) is the oversight, funding and regional planning agency for the three Service Boards: Chicago Transit Authority (CTA) bus and rail, Metra Commuter Rail, and Pace Suburban Service and Regional ADA Paratransit.

The RTA's primary source of operating funding is a regional sales tax which is matched by the State of Illinois via the Public Transportation Fund (PTF). Most of the RTA sales tax collections and PTF pass directly through the RTA to the CTA, Metra, and Pace according to pre-determined, statutory formulas. The remainder of the sales tax and PTF is distributed at the direction of the RTA Board. A portion of this funding covers the RTA agency administrative costs, regional services and programs, and regional debt service expense.

The 2020 Agency operating budget was developed in two parts in order to continue the RTA's support of regional programs and services. First is the RTA Agency Administration Budget, which includes the core agency expenses for staff, facilities, information technology, office services, and professional services to support the funding, planning, and oversight mission of the RTA.

Second is the RTA Regional Programs Budget, which includes Regional Services provided directly to the public by the RTA, such as ADA Certification, Mobility Management Services, Travel Information, Customer Service, and the Reduced Fare and Transit Benefit Programs. The Regional Programs Budget also includes all of the RTA's grant-funded projects, RTA-funded regional studies and initiatives, and regional capital programs.

RTA Agency Administration Budget

In 2020, total Agency Administration operating expenses of $17.4 million are 8.8% lower than the 2019 estimate due mostly to an inclusion of additional amounts set aside in 2019 for pension contributions, infrastructure and leasehold improvements.

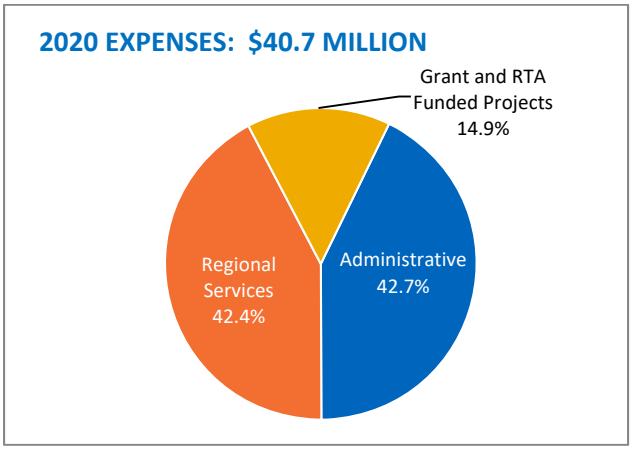
The 2020 Administration Budget of $17.4 million accounts for 42.7% of RTA Agency expenses and is 37.0% below the 2020 administrative expense cap of $27.6 million set by the RTA Act. Administration expenses are expected to grow by 3.0% in both 2021 and 2022.

RTA Regional Programs Budget

In 2020, total Regional Programs revenue of $5.5 million is comprised of Regional Services Operating Revenue of $0.7 million and federal grants for Regional Projects totaling $4.8 million. The revenue for Regional Projects is $2.4 million lower than the 2019 estimate. In 2020, the new Section 5310 federal projects funding level reflects only the annual portion of the two-year funding total, resulting in a lower budgeted amount.

Total Regional Programs expenses of $23.3 million, the sum of the Regional Services Operating Expense and the Grant and RTA Funded Project Expenses, comprise the remaining 57.3% of total RTA Agency expenses. This amount is 1.5% higher than the 2019 estimate due primarily to increased Purchased Service expense of the mostly outsourced Mobility Services Programs. Overall Regional Services expenses are projected to be $1.5 million or 9.3% higher than the 2019 estimate, while Regional Programs are budgeted $1.1 million or 15.6% lower as a result of the lower Section 5310 federal projects.

The overall RTA Agency operating expense of $40.7 million is projected to be 3.2% lower than the 2019 estimate, primarily due to a decrease in administrative operating expense and grant-funded program expense. In 2021 and 2022, overall Agency expenses are projected to grow by 3.0% in each year.



Public Funding

As shown in Table 18, the combination of operating revenue of $0.7 million, grants of $4.8 million, and regional public funding of $35.2 million comprise total Agency revenue, and together balance the overall RTA Agency operating budget expenses of $40.7 million. In 2020, the total budgeted public funding from regional sales tax is $35.2 million, 3.0% higher than the 2019 forecast. Regional public funding in 2020 represents 86.5% of total Agency revenue.

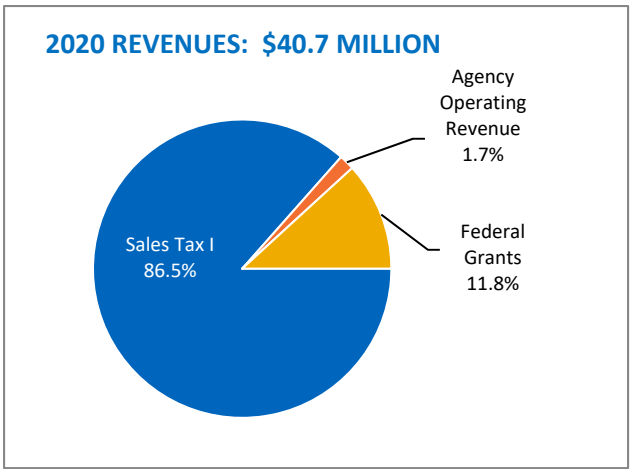


TABLE 18: RTA AGENCY 2020 BUDGET AND 2021-2022 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2018 Actual	2019 Estimate	2020 Budget	2021 Plan	2022 Plan
Revenues					
Operating Revenue					
Administrative Operating Revenue	25	557	-	-	-
Regional Services Operating Revenue	753	629	676	696	717
Total Operating Revenue	**$778**	**$1,186**	**$676**	**$696**	**$717**
Public Funding					
Federal Grants	200	6,650	4,800	4,944	5,092
Sales Tax I	33,190	34,185	35,211	36,267	37,355
Total Public Funding	**$33,390**	**$40,835**	**$40,011**	**$41,211**	**$42,447**
Total Revenues	**$34,168**	**$42,020**	**$40,687**	**$41,907**	**$43,164**
Expenses					
Administrative Operating Expenses [1]	17,957	19,057	17,379	17,901	18,438
Regional Services Operating Expenses [2]	14,982	15,777	17,238	17,755	18,288
Grant and RTA Funded Multi Year Project Expenses	1,230	7,187	6,070	6,252	6,439
Total Expenses	**$34,168**	**$42,020**	**$40,687**	**$41,907**	**$43,164**
Net Result	**$0**	**$0**	**$0**	**$0**	**$0**

[1] *2018 includes additional amounts that were set aside for operations. 2019 includes additional amounts that were set aside for pension contributions, IT infrastructure and network related items, and leasehold improvement.*

[2] *2019 includes additional amounts that were set aside for regional services operations.*

CAPITAL PROGRAM

The RTA's portion of the proposed 2020-2024 Capital Program totals $120 thousand and includes the following initiative to renew the system and improve service:

- In 2020 RTA Planning staff will continue to oversee the Access to Transit Program. RTA funding of $120 thousand will support small pedestrian and bicycle infrastructure improvement projects such as sidewalks and crosswalks. RTA funding will leverage federal CMAQ funding.

TABLE 19: RTA AGENCY FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)

Project & Title	2020	2021	2022	2023	2024	TOTAL
Stations & Passenger Facilities						
Access to Transit Program	120	0	0	0	0	120
Subtotal Stations & Passenger Facilities	**120**	**0**	**0**	**0**	**0**	**120**
RTA Total	**120**	**0**	**0**	**0**	**0**	**120**

Regional Transportation Authority

175 West Jackson Boulevard, Suite 1650
Chicago, Illinois 60604

Phone: 312-913-3200

RTAChicago.org

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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.metrarail.com

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

To: **Finance Committee**

From: **Leanne P. Redden, Executive Director**

Date: **November 7, 2019**

Re: **Presentation of Quarterly Performance Report - Third Quarter 2019**

Regional Transportation Authority

175 W. Jackson Blvd,
Suite 1650
Chicago, IL 60604
312-913-3200
rtachicago.org

Staff will make a presentation of regional performance metrics for the third quarter of 2019 compared to 2018. This quarterly report is presented at the same Board meeting at which the Board is being asked to review the operating budgets of the Service Boards for substantial accordance with budget. Complete performance results are not yet available and, therefore, are not included with this memo.

Prepared by: Capital Programming & Planning

LPR/JL/JHH/PF

To: **Finance Committee**

From: **Leanne P. Redden, Executive Director**

Date: **November 14, 2019**

Re: **Resolutions Certifying Financial Results - Third Quarter 2019**

Regional Transportation Authority

175 W. Jackson Blvd,
Suite 1650
Chicago, IL 60604
312-913-3200
rtachicago.org

Staff is requesting Board adoption of resolutions certifying that the operating financial results of each Service Board and the region as a whole, through the third quarter of 2019, are substantially in accordance with budget. The system-wide operating deficit of the Service Boards, including Pace ADA Paratransit, was $1.156 billion. This result is $42.6 million, or 3.6%, favorable to the adopted budget. The regional system-generated revenue recovery ratio of 51.2%, which excludes ADA Paratransit, was 0.7 percentage points favorable to budget.

The attached documents include the proposed resolutions that find each of the Service Boards and the region as a whole, through the third quarter of 2019, in substantial accordance with the budget established on December 13, 2018.

Summary of Financial Results

CTA

The CTA's operating deficit of $621.5 million was $11.1 million, or 1.8%, favorable to budget, and its recovery ratio of 55.5% was 0.1 percentage points favorable to budget. Operating revenues of $511.5 million were $16.6 million unfavorable to budget and operating expenses of $1.133 billion were $27.7 million favorable to budget.

Metra

Metra's operating deficit of $282.6 million was $21.7 million, or 7.1%, favorable to budget, and its recovery ratio of 56.1% was 2.5 percentage points favorable to budget. Operating revenues of $312.6 million were $1.4 million favorable to budget and operating expenses of $595.2 million were $20.2 million favorable to budget.

Pace Suburban Service

Pace's operating deficit of $126.2 million was $5.5 million, or 4.2%, favorable to budget, and its recovery ratio of 30.1% was 0.3 percentage points unfavorable to budget. Operating revenues of $41.2 million were $2.6 million unfavorable to budget and operating expenses of $167.5 million were $8.0 million favorable to budget.

Regional ADA Paratransit

ADA Paratransit's operating deficit of $125.4 million was $4.3 million, or 3.3%, favorable to budget, and its recovery ratio of 10.5% was 0.5 percentage points favorable to budget. Operating revenues of $11.4 million were $0.8 million favorable to budget and operating expenses of $136.8 million were $3.5 million favorable to budget.

Region as a Whole

The regional operating deficit of $1.156 billion was $42.6 million, or 3.6%, favorable to budget. Operating revenues of $876.8 million were $16.9 million unfavorable to budget and operating expenses of $2.033 billion were $59.5 million favorable to budget. The regional recovery ratio of 51.2% was 0.7 percentage points favorable to budget.

Prepared by: Finance, Innovation, and Technology

LPR/BRH/WDL/DKA
Attachments

RESOLUTION NO.

WHEREAS, pursuant to section 4.11(c)(2) of the Regional Transportation Authority Act (the "RTA Act") the Board of Directors of the Regional Transportation Authority (the "RTA") determines whether the quarterly financial condition and results of operations of the public transportation services subject to the jurisdiction of the Chicago Transit Authority (the "CTA") are substantially in accordance with the CTA's approved budget for that period, not by way of audit but rather through the assessment of data compiled from the financial statements and reports required by section 4.11(c)(2) to be provided by the CTA for such purpose;

WHEREAS, the RTA Board adopted the 2019 operating budget of the Service Boards on December 13, 2018;

WHEREAS, the adopted budget for the CTA includes a budgeted operating deficit and a budgeted system-generated revenue recovery ratio, which reflect and measure the financial condition and results of operations of the public transportation services subject to the jurisdiction of the CTA; and

WHEREAS, the year-to-date operating results of the CTA, through the third quarter of 2019, were:

	YTD
Operating Deficit (in millions)	
Actual	$621.5
Budget	$632.6
System-Generated Revenue Recovery Ratio	
Actual	55.5%
Budget	55.4%

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the RTA hereby finds that the year-to-date financial condition and results of operations of the public transportation services subject to the jurisdiction of the CTA, through the third quarter of 2019, are substantially in accordance with CTA's budget as adopted by the RTA Board on December 13, 2018.

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to the Governor, the Mayor of Chicago, and the Auditor General of Illinois in accordance with Section 4.11(e) of the RTA Act.

RESOLUTION NO.

WHEREAS, pursuant to section 4.11(c)(2) of the Regional Transportation Authority Act (the "RTA Act") the Board of Directors of the Regional Transportation Authority (the "RTA") determines whether the quarterly financial condition and results of operations of the public transportation services subject to the jurisdiction of the Commuter Rail Division of the RTA ("Metra") are substantially in accordance with Metra's approved budget for that period, not by way of audit but rather through the assessment of data compiled from the financial statements and reports required by section 4.11(c)(2) to be provided by Metra for such purpose;

WHEREAS, the RTA Board adopted the 2019 operating budget of the Service Boards on December 13, 2018;

WHEREAS, the adopted budget for Metra includes a budgeted operating deficit and a budgeted system-generated revenue recovery ratio, which reflect and measure the financial condition and results of operations of the public transportation services subject to the jurisdiction of Metra; and

WHEREAS, the year-to-date operating results of Metra, through the third quarter of 2019, were:

	YTD
Operating Deficit (in millions)	
Actual	$282.6
Budget	$304.3
System-Generated Revenue Recovery Ratio	
Actual	56.1%
Budget	53.6%

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the RTA hereby finds that the year-to-date financial condition and results of operations of the public transportation services subject to the jurisdiction of Metra, through the third quarter of 2019, are substantially in accordance with Metra's budget as adopted by the RTA Board on December 13, 2018.

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to the Governor and the Auditor General of Illinois in accordance with Section 4.11(e) of the RTA Act.

RESOLUTION NO.

WHEREAS, pursuant to section 4.11(c)(2) of the Regional Transportation Authority Act (the "RTA Act") the Board of Directors of the Regional Transportation Authority (the "RTA") determines whether the quarterly financial condition and results of operations of the public transportation services subject to the jurisdiction of the Suburban Bus Division of the RTA ("Pace") are substantially in accordance with Pace's approved budget for that period, not by way of audit but rather through the assessment of data compiled from the financial statements and reports required by section 4.11(c)(2) to be provided by Pace for such purpose;

WHEREAS, the RTA Board adopted the 2019 operating budget of the Service Boards on December 13, 2018;

WHEREAS, the adopted budget for Pace Suburban Service includes a budgeted operating deficit and a budgeted system-generated revenue recovery ratio, which reflect and measure the financial condition and results of operations of the public transportation services subject to the jurisdiction of Pace; and

WHEREAS, the year-to-date operating results of Pace Suburban Service, through the third quarter of 2019, were:

	YTD
Operating Deficit (in millions)	
Actual	$126.2
Budget	$131.7
System-Generated Revenue Recovery Ratio	
Actual	30.1%
Budget	30.4%

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the RTA hereby finds that the year-to-date financial condition and results of operations of the public transportation services subject to the jurisdiction of Pace Suburban Service, through the third quarter of 2019, are substantially in accordance with Pace's budget as adopted by the RTA Board on December 13, 2018.

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to the Governor and the Auditor General of Illinois in accordance with Section 4.11(e) of the RTA Act.

RESOLUTION NO.

WHEREAS, pursuant to section 4.11(c)(2) of the Regional Transportation Authority Act (the "RTA Act") the Board of Directors of the Regional Transportation Authority (the "RTA") determines whether the quarterly financial condition and results of operations of the public transportation services subject to the jurisdiction of the Suburban Bus Division of the RTA ("Pace") are substantially in accordance with Pace's approved budget for that period, not by way of audit but rather through the assessment of data compiled from the financial statements and reports required by section 4.11(c)(2) to be provided by Pace for such purpose;

WHEREAS, the RTA Board adopted the 2019 operating budget of the Service Boards on December 13, 2018;

WHEREAS, the adopted budget for Pace Regional ADA Paratransit includes a budgeted operating deficit and a budgeted system-generated revenue recovery ratio, which reflect and measure the financial condition and results of operations of the public transportation services subject to the jurisdiction of Pace; and

WHEREAS, the year-to-date operating results of Pace Regional ADA Paratransit, through the third quarter of 2019, were:

	YTD
Operating Deficit (in millions)	
Actual	$125.4
Budget	$129.7
System-Generated Revenue Recovery Ratio	
Actual	10.5%
Budget	10.0%

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the RTA hereby finds that the year-to-date financial condition and results of operations of the public transportation services subject to the jurisdiction of Pace Regional ADA Paratransit, through the third quarter of 2019, are substantially in accordance with Pace's Regional ADA Paratransit budget as adopted by the RTA Board on December 13, 2018.

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to the Governor and the Auditor General of Illinois in accordance with Section 4.11(e) of the RTA Act.

RESOLUTION NO.

WHEREAS, section 4.01(b) of the Regional Transportation Authority Act (the "RTA Act") requires the Board of Directors of the Regional Transportation Authority (the "RTA") to prepare an annual budget and financial plan that show that the level of fares and charges for mass transportation provided by, or under grant or purchase of service contracts of the Service Boards, is sufficient to cause the aggregate of all projected revenues from such fares and charges received in each fiscal year to equal at least 50% of the aggregate costs of providing such public transportation in such fiscal year;

WHEREAS, pursuant to section 4.11(c)(2) of the RTA Act, the Board of the RTA determines whether the quarterly financial condition and results of operations of the public transportation services subject to the jurisdiction of its Service Boards - the Chicago Transit Authority, the Commuter Rail Division, and the Suburban Bus Division - are substantially in accordance with the RTA's approved budgets for the Service Boards for that period, not by way of audit but rather through the assessment of data compiled from the financial statements and reports required by section 4.11(c)(2) to be provided by the Service Boards for such purpose;

WHEREAS, the RTA Board adopted the 2019 operating budget of the Service Boards on December 13, 2018;

WHEREAS, the budgets approved by the RTA for the Service Boards include a budgeted operating deficit and a budgeted system-generated revenue recovery ratio, which reflect and measure the financial condition and results of operations of the public transportation services subject to the jurisdiction of the Service Boards;

WHEREAS, the year-to-date combined operating deficit of the Service Boards, including Pace Regional ADA Paratransit, through the third quarter of 2019, was:

	YTD	
Operating Deficit (in millions)		
Actual	$1,155.7	
Budget	$1,198.3	; and

WHEREAS, the system-generated revenue recovery ratio of the entire regional public transportation system, apart from ADA Paratransit services, through the third quarter of 2019, was:

	YTD
System-Generated Revenue Recovery Ratio	
Actual	51.2%
Budget	50.5%

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the RTA hereby finds that the operating results of the entire regional public transportation system, through the third quarter of 2019, are substantially in accordance with the budget as adopted by the RTA Board on December 13, 2018.

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to the Governor, the Mayor of Chicago, and the Auditor General of Illinois, in accordance with Section 4.11(e) of the RTA Act.