

**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, November 17, 2016 at 8:35 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Magalis presided.

ROLL CALL

Committee members present (7): Buchanan (phone), Coulson, DeWitte, Lewis, Melvin, Troiani (phone), and Magalis

Committee members absent (1): Anderson

Other Board members present: Durante, Frega, Fuentes, Higgins, Pang (@ #3), Ross, and Chairman Dillard

Approval of minutes from the meeting held on October 20, 2016

Director Melvin moved, and Director DeWitte seconded that the minutes from the meeting held on October 20, 2016 be approved as submitted. The motion carried on the following roll call vote:

7 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, Melvin, Troiani and Magalis

1 Absent: Director Anderson

Presentation of the Quarterly Performance Report

Ms. Jill Leary provided a summary report on system-wide 2016 performance compared to 2015. Ms. Leary first reported on year-to-date ridership for each of the past 15 years. Ridership was lowest in 2003 following a recessionary period after 9/11/01, continued to rise through 2008, and then declined with the financial crisis. Ridership peaked in 2012, the highest annual ridership year since 1990, followed by four years of decline. Year-to-date 2016 ridership is down 2.7% from 2015. Looking at system ridership by mode, CTA bus is down 5.1% and was slightly worse than the peer average. CTA rail ridership is down 0.6%, but performed better than the peer average. Metra ridership was up 0.3%, irrespective of a fare increase on February 1. Pace bus ridership was down 4.9%, slightly better than the peer average. Vanpool ridership was down 10.2%, steeper than the peer average but discussions are underway at Pace for new marketing initiatives. ADA Paratransit ridership was up 1.3%, lower than its peer average. Peer regional ridership through the third quarter was shown, and the RTA region ranked fifth, with the decline of 2.7%. Year-to-date performance overall is mixed for the RTA system. There were increases in service, as shown by vehicle revenue hours and vehicle revenue miles, which were up by 0.6% and 0.1% respectively.

Operating costs increased by 1.1%, after being adjusted for inflation, resulting in a higher operating cost per vehicle revenue hour, an unfavorable result. Operating cost per passenger trip was higher at \$4.24, resulting from two unfavorable inputs – higher cost and lower ridership. Fare revenue per passenger trip was up 2.5%, an increase of \$0.04, mostly due to Metra’s fare increase. The fare recovery ratio, shown without credits or exclusions, was 37.6%, which was 0.6 percentage points lower compared to 2015.

Resolutions Certifying Financial Results – Third Quarter 2016

Ms. Bea Reyna-Hickey provided a summary of the Service Board financial results through the third quarter of 2016. Ms. Reyna-Hickey stated that regional unemployment decreased to 5.3% in September, which was 0.3 percentage points higher than the national average. RTA system ridership through September was 3.6% unfavorable to budget, impacted by low gasoline prices and ride-sharing services. System operating revenue was 0.8% unfavorable to budget due primarily to lower accrual of the State reduced fare reimbursement and unfavorable fare revenue. Public funding was unfavorable for Metra and Pace; however, system-wide public funding was favorable to budget by 1.7%, driven by strong RETT results. Ms. Reyna-Hickey noted that RTA sales tax performance has weakened in 2016, with 1.5% growth over 2015, and requires careful monitoring. Regional operating expenses were 2.5% favorable to budget through September, with fuel savings of \$18.4 million realized through the third quarter. The system net result was \$61.3 million favorable to budget, a \$14.4 million improvement from the second quarter report, due to good expense performance by each Service Board and favorable public funding. The regional recovery ratio of 51.4% was 1.1 percentage points favorable to budget due primarily to Metra’s strong performance in operating revenue and system-wide favorable operating expenses. Each Service Board’s operating deficit was favorable to budget through the third quarter, and Ms. Reyna-Hickey recommended that the operating results be found in substantial accordance with the 2016 budget.

Director Coulson recalled that Pace uses only enough credits to get to a 30% recovery ratio for Suburban Service and a 10% recovery ratio for ADA Paratransit. He asked if staff could get Pace to report their full credits, which would help the regional recovery ratio with respect to the 50% statutory requirement. Ms. Reyna-Hickey replied that we have discussed this issue with Pace previously, and that if we get into a situation where the 50% requirement is in jeopardy, having Pace report results using their full credits would be the first action we would take. She also reiterated that each of the Service Boards agreed to a marginally higher recovery ratio for 2017.

Director Melvin moved, and Director Lewis seconded that the resolutions be approved as submitted. The motion carried on the following roll call vote:

7 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, Melvin, Troiani and Magalis
1 Absent: Director Anderson

Presentation of the 2017 RTA Agency Budget

Mr. Bill Lachman presented an overview of the proposed 2017 RTA Agency budget. On December 15th, the Finance Committee will consider the 2017 RTA Agency budget as part of the proposed 2017 RTA consolidated regional business plan.

Mr. Lachman explained that the proposed budget was developed in two parts: Administration and Regional Programs. The administrative budget includes expenses for staff, facilities, information technology, and professional services that support the funding, planning, and oversight mission of the RTA. In 2017, the proposed Administrative budget accounts for 44.3% of Agency expenses or \$18.1 million. This amount is 24.0% below the 2017 statutory administrative cap of \$23.8 million allowed by the RTA Act. The proposed Regional Programs budget supports services provided to the public. Regional services include ADA Paratransit Certification, Mobility Management and Travel Training, the Travel Information Center, the RTA Customer Service Centers, Free and Reduced Fare Programs, and the RTA Transit Benefit Program. Regional Programs also include the RTA's grant-funded projects and RTA-funded regional studies and initiatives. The proposed Regional Programs budget accounts for the remaining 55.7% or \$22.8 million of 2017 Agency expenses.

In 2017, budgeted funding and revenue total \$40.9 million. Of that amount, 87.7% or \$35.1 million represents regional public funding from the RTA sales tax. The remaining 14.3% or \$5.8 million includes federal and state grants and other revenue. Agency expenses also total \$40.9 million. Administrative costs account for 44.3% or \$18.1 million. Regional services account for 39.8% or \$16.3 million. Grant- and RTA-funded projects account for the remaining 15.9% or \$6.5 million. For many of these projects, the RTA acts as an advocate and granting agency, receiving funds for the region and then administering grants to the Service Boards, municipalities, and counties for planning projects.

Mr. Lachman compared the proposed 2017 administrative and regional programs budgets to the 2016 adopted budget. The 2017 Administrative budget increases by 2.1% or \$0.4 million. The 2017 Regional Programs budget increases by 16.5% or \$2.4 million. Thus, the total proposed RTA Agency net operating budget of \$35.1 million is expected to increase by 8.6% or \$2.8 million. Total Agency headcount is budgeted to decline from 119 in 2016 to 114 in 2017. The proposed 2017 budget also reflects a merit-based salary increase for RTA staff that averages 3%.

Finally, Mr. Lachman highlighted some of the programs and projects included in the proposed 2017 RTA Agency budget:

- Develop the 2018 through 2022 Regional Transit Strategic Plan;
- Devise the 10-year capital program vision and funding plan to address long-term capital and operating funding needs;
- Issue a \$150 million capital bond to support the Service Board capital programs; and
- Adapt the RTA's role in transit asset management (TAM) and reporting of asset condition as required by recent federal regulations. Issue a call for projects for Community Planning and Section 5310 programs;

- Complete on-going projects in the Access to Transit Improvement Program;
- Seek additional Congestion Mitigation and Air Quality (or CMAQ) funds to expand the program to more communities;
- Develop a new training program to assist our growing population of Older Adults in learning how to ride fixed route transit as option to ADA paratransit service; and
- Improve access to RTA services at community-based locations.

ADJOURNMENT

There being no further business to come before the meeting of the Finance Committee, Director Melvin moved, and Director Lewis seconded that the meeting adjourn. The motion carried on the following voice vote.

7 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, Melvin, Troiani and Magalis

1 Absent: Director Anderson

The meeting ended at 9:05 p.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority