

RTA Regional Transit Strategic Plan

10-Year Financial Plan Technical Group

Meeting #1—Notes

ATTENDEES

First	Last	Organization	Present
Doug	Anderson	RTA	x
Sarah	Rubino	RTA	x
Peter	Kersten	RTA	x
Jeremy	Fine	CTA	x
Lisa	Smith	CTA	x
Michael	Connelly	CTA	
Michelle	Curran	CTA	
Lynnette	Ciavarella	Metra	x
Alan	Ochab	Metra	x
Jeffrey	Morris	Metra	
Brian	Stepp	Metra	
Lorri	Newson	Pace	x
Erik	Llewellyn	Pace	x
Melanie	Castle	Pace	x
David	Tomzik	Pace	
Daniel	Comeaux	CMAP	
Elizabeth	Scott	CMAP	
Matt	Orenchuk	SSE	x
Alex	Hanson	SSE	x
David	Baumgartner	CS	x
Baird	Bream	CS	x
Emma	Winston	CS	x

AGENDA

Team administration and meeting schedule

- Technical working group team composition includes finance and planning representatives from the following agencies: CTA, Metra, Pace, RTA, CMAP, and Cambridge Systematics & Sam Schwartz (RTA consultants). CMAP is simultaneously involved in a Mobility Recovery effort, which includes transit. As regional partners, they need to be in the loop with RTA's strategic plan efforts.
- Technical working group meeting will be held every two weeks, the off weeks of the stakeholder groups, for a total of around ten meetings. Tentatively planned for Friday mornings – RTA will follow up with an email for scheduling.
- RTA has retained consultant Sam Schwartz for the broader Strategic Plan effort. Cambridge Systematics is technical sub-contractor for model work. Model enhancements include post pandemic fare elasticities, inflation projections/incorporation, effect of mode shift on expense, and electrification impact.

Context within broader strategic plan effort

- Withing the broader RTA strategic planning efforts, there are three Stakeholder Groups: Transit Service, Infrastructure Investment, and Financial Responsibility. Many participants in this Technical Group are also members of the Stakeholder Groups. There are two Technical Groups: 10-year Financial Plan and Capital Priority Projects.
- There will be interaction between the Stakeholder Groups and Technical Groups. This group is responsible for providing quantification and technical backup to the policy ideas produced by the Stakeholder Groups. We will be sharing some of the outputs of the financial model as we move through the process.

Necessity of 10-Year Financial Plan

- 10-Year Financial Plan is an RTA Act requirement included within the RTA Strategic Plan. It will be developed through the summer and into the fall of 2022 and eventually will incorporate the adopted 2023 regional budget.
- Also, it is important and necessary to model the usage of federal relief funding and the recovery ratio as we emerge from the pandemic.
- Looking back on the RTA 2012-2021 Ten-Year Financial Plan, the 2019 projected regional operating expenses were 5% higher than the actual regional operating expenses (pre-pandemic). Evidence that this effort can be done and can serve us well over the next ten years.



Work Plan and timeline

- Work plan goals: predict longevity of federal relief funding, establish “official” post-relief funding shortfall, produce menu of options for re-achieving balance, and recommendations for permanent recovery ratio reform.
- Work plan timeline: May – establish baseline scenario, define additional scenarios, socialize revenue shortfall to Stakeholder Groups. June – develop scenarios using model. July – develop policy recommendations. August – wrap up and produce Technical Memo/Report.
- Scenarios to be defined by varying these “levers”: ridership recovery profile, expanding existing funding sources, identifying new funding sources, and expense growth.

Review current model

- Will become baseline scenario after retirement.
- Incorporated April funding amendment – increased RTA funding by \$130 million per year and relief funding now lasts into 2025.
- Budgeted 2022-2024 expense growth rates stretched through 2031.
- Gradual ridership recovery to 75% by 2031
- No fare increases/decreases

Homework for next meeting

- All: think about scenarios we want to include.
- RTA/Consultant: meet to further discuss model functionality
- Service Boards: explore and validate tabs of the model – expense growth rates and ridership recovery levels (doesn’t have to be perfect).
- Peter will coordinate to pull together state of practice around menu options to get started on that work.

Q+A/Close-out

- **Q1:** To what extent is there going to be discussion with the Stakeholder Groups regarding policy decisions? Policy decisions could have an impact on levers and scenarios. Are we doing this in a vacuum? The planning participants in this Technical Group that are also in the Stakeholder Groups are responsible for making sure the scenarios tie back to the policy ideas, correct?

A1: Yes, there will be interaction between the groups particularly with the Financial Responsibility Stakeholder Group. This group is here to provide quantitative backup and analytical ability to the Stakeholder Groups’ policy ideas, which may or may not differ from the scenarios that this group generates. For example, a Stakeholder Group goal may be keeping the system affordable for riders and a strategy within that goal may be expanding fare products. Relating that to model inputs and how that impacts operating revenue would be the work of this Ten-Year Financial Plan Technical Group. Getting into the weeds of expenses and different model levers will not be the work of the Stakeholder Groups, which will be focused on the regional level.



- **Q2:** Determine the level of revenue first to then determine level of service/expense, or determine expense levels first then determine how we are going to fund that level of service? What direction are we taking?
A2: The “baseline” scenario will be expense driven. What service level and what kind of transit system do we want to offer? We are asking the Service Boards to input the service levels they want to provide over the next ten years, which will provide a funding shortfall. Then we can explore a menu of funding options (expansion of existing funding and new funding sources) to fill the gap. The Strategic Plan will convey the message of what we need to provide the service we want to provide.
- Project management update: RTA will set up a website for sharing (likely a SharePoint site) to compile work such as the menu items. This group will have some opportunity for public products which will be shared on the same website as the Stakeholder Groups’. Peter will circulate that link.
- Confidentiality – keep funding shortfalls within the team for now.