

RTAChicago.org

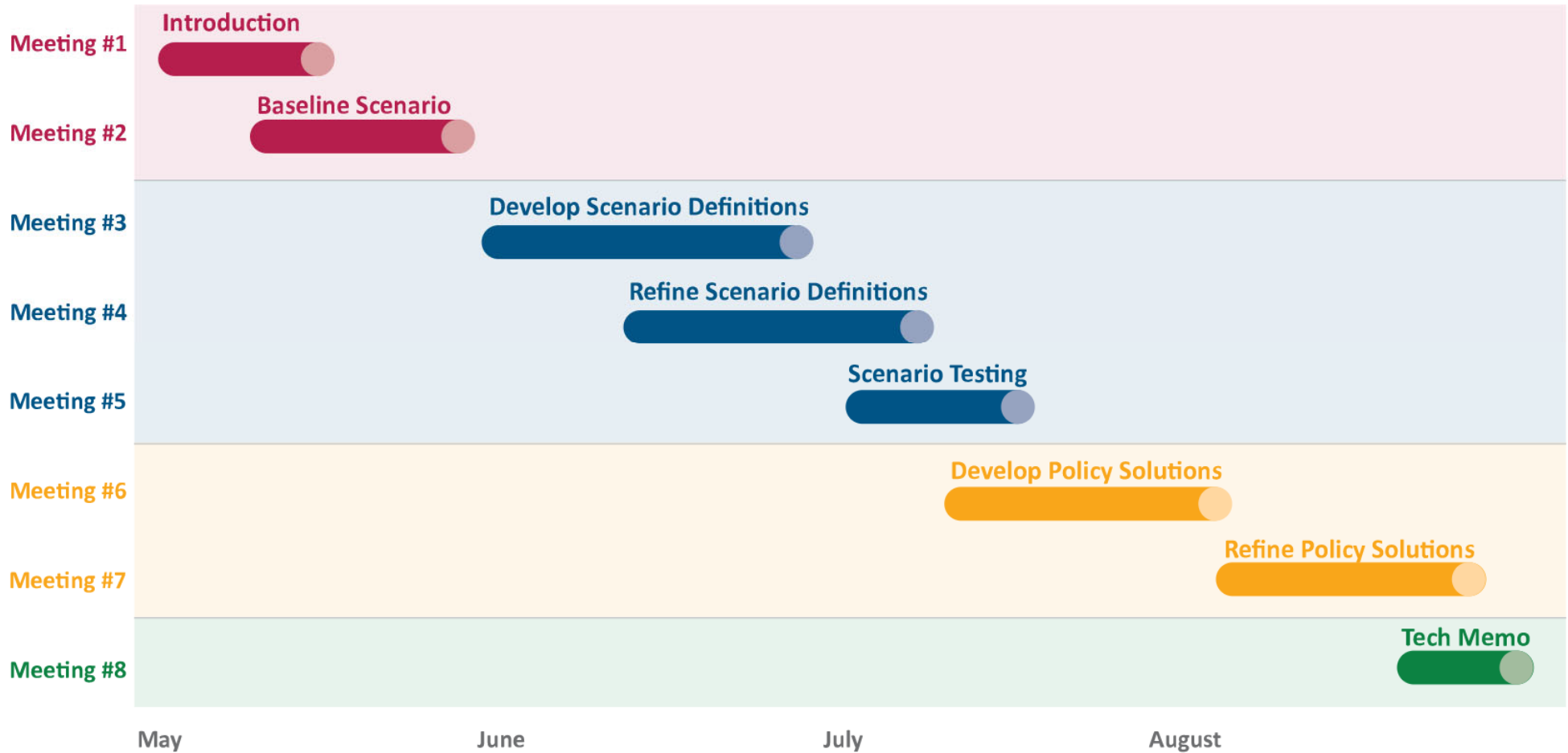
MEETING 4: 10-YEAR FINANCIAL PLAN TECHNICAL WORKING GROUP

JUNE 23, 2022



MOVING YOU

10-YEAR FINANCIAL PLAN WORKING GROUP PROCESS



AGENDA

- Recap of June 16 presentation to RTA Board
- Definition of additional scenarios
- Funding evaluation framework
- Recovery ratio discussion

BASELINE SCENARIO – 2026 VS 2022

	<u>2022 Budget</u>	<u>2026 Projection</u>
Ridership (% of 2019)	51%	68%
Operating Revenue	\$550M	\$780M
+ Public Funding	\$2,190M	\$2,400M
- Operating Expense	\$3,380M	\$3,910M
= Budget Shortfall	(\$640M)	(\$730M)
Shortfall as % of Total Operating Expense:		18.7%



Scenario Overview

➤ 5 scenarios

Positive – Downtown Recovery

Positive – Strong Economy

Baseline

Negative – Uneven Recovery

Negative – Economic Slowdown

➤ Scenarios defined by 4 levers

1. Ridership recovery, %
2. Service Board average \$ fares
3. Sales tax growth % rates
4. Service Board Operating Expenses %, independent of service level changes

Positive Outcomes



Downtown Recovery

Strong Economy

Baseline Scenario

Uneven Recovery

Economic Slowdown



Negative Outcomes

PROPOSED SCENARIOS

Scenario	Ridership (2026)	Ridership (2031)	Fare Increase	Sales Tax Growth	SB Expense Growth
Downtown Recovery	80%	100%	Flat thru 2024 then 3%	4.5%	+1.0% from baseline
Stronger Economy	75%	80%	Flat thru 2024 then 2%	3.75%	+0.5% from baseline
Baseline (most likely)	68%	74%	No adjustment after 2024	3.0%	3.9%
Uneven Recovery	65%	70%	Flat thru 2024 then 2%	2.25%	-0.5% from baseline
Economic Slowdown	87%	92%	Free fares in 2025	1.5%	-1% from baseline

5/27/2022

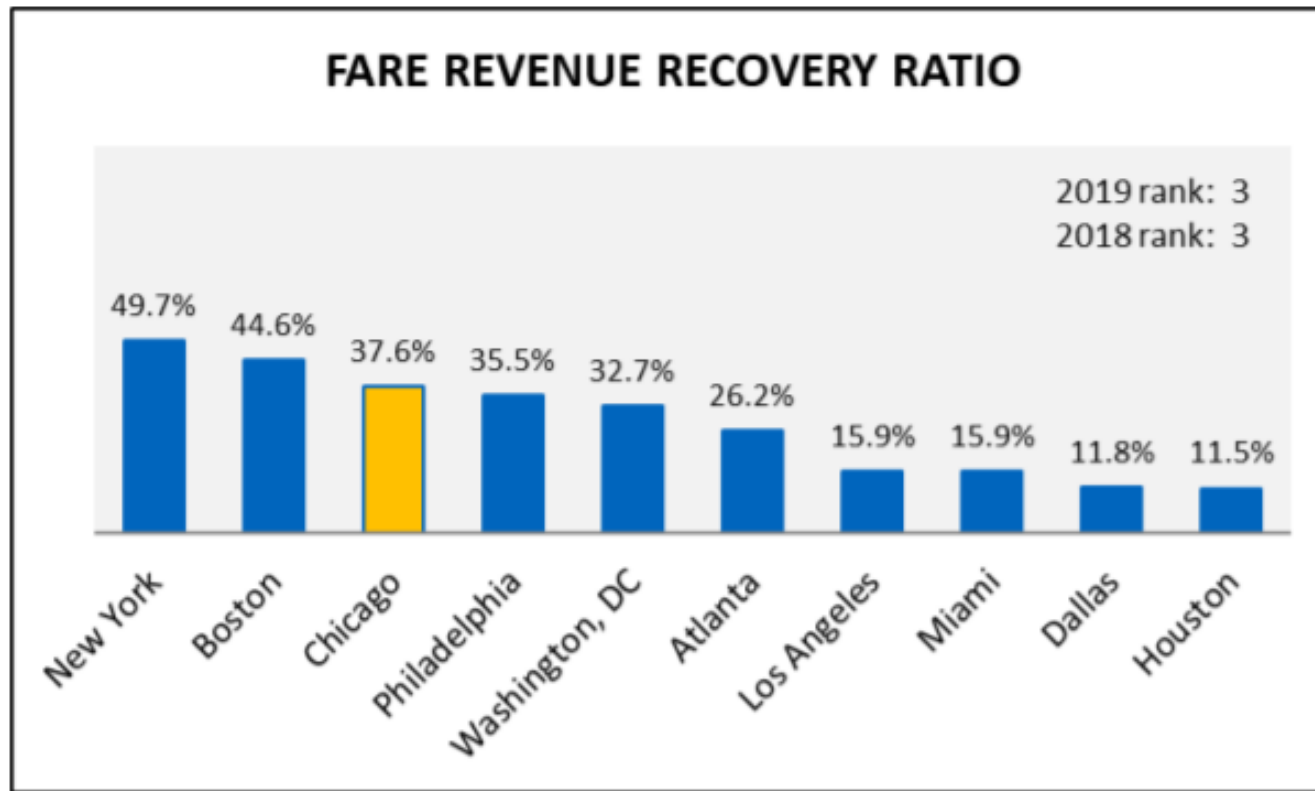
FUNDING EVALUATION FRAMEWORK

- Proposed criteria for organizing and evaluating list of funding ideas
- Attached to meeting invite. Will be shared and explained. Feedback welcome.

RECOVERY RATIO - BACKGROUND

- Ensure that users pay fair share (fares) versus non-users (sales tax)
- Force transit providers to increase system-generated revenue (fares) as expenses rise
- 50% budget requirement and penalty for actual result under 50% waived through 2023

2019 FARE RECOVERY RATIO VS PEERS



RECOVERY RATIO – POLICY OPTIONS

<u>Option</u>	2026 <u>(Est.)</u>	<u>Characteristics</u>
Fare revenue	17%	NTD, simplest, transparent
All revenue	21%	Transparent, includes ADA
Statutory	26%	Flexible but not transparent
None	-----	Require balanced budget only



NEXT MEETING DATES

Thursdays at 1pm, opposite the weeks of the Stakeholder Group Meetings

July 7, 21

August 4, 18

September 1?

