



# Regional Transportation Authority

The six-county public  
transportation system  
serving northeastern Illinois

# 2009

Operating Budget, Two-Year Financial Plan  
and Five-Year Capital Program



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# 1 Introduction





**RTA Board of Directors**



**Jim Reilly, Chairman**  
*Appointing Authority:*  
RTA Board of Directors



**Phil Fuentes**  
*Appointing Authority:*  
Mayor, City of Chicago



**Michael Scott**  
*Appointing Authority:*  
Mayor, City of Chicago



**James Buchanan**  
*Appointing Authority:*  
Mayor, City of Chicago



**Al Jourdan**  
*Appointing Authority:*  
Chairman, McHenry County



**Horace E. Smith, M.D.**  
*Appointing Authority:*  
Mayor, City of Chicago



**Jan Carlson**  
*Appointing Authority:*  
Chairman, Kane County



**Dwight A. Magalis**  
*Appointing Authority:*  
Chairman, Lake County



**Judy Baar Topinka**  
*Appointing Authority:*  
Suburban Cook County



**William R. Coulson**  
*Appointing Authority:*  
Suburban Cook County



**Patrick V. Riley, Jr.**  
*Appointing Authority:*  
Suburban Cook County



**Douglas M. Troiani**  
*Appointing Authority:*  
Suburban Cook County



**L. Tyrone Crider, Sr.**  
*Appointing Authority:*  
President,  
Cook County Board



**Michael Rosenberg**  
*Appointing Authority:*  
Mayor, City of Chicago



**Stephen E. Schlickman**  
Executive Director



**Patrick J. Durante**  
*Appointing Authority:*  
Chairman, DuPage  
County



**JD Ross**  
*Appointing Authority:*  
Executive, Will County

## Letter from the Executive Director

Enclosed is a copy of the 2009 Budget and Two-Year (2010-2011) Financial Plan from the Regional Transportation Authority (RTA), which includes the budgets for the Chicago Transit Authority (CTA), Metra and Pace. In January 2008, the General Assembly and the Governor enacted landmark reform and operating funding legislation that allowed the cancellation of massive service cuts, fare increases and layoffs. This 2009 budget reflects the first full year of the implementation of that legislation. It is a compilation of individual budgets of the CTA, Metra, Pace and the RTA (Agency), that still requires approval by the RTA Board in December. It is our collective intent to improve transparency and increase accountability in our budgets, and improve public understanding of the costs and benefits of transit to the region.

In response to unstable gas prices and severe traffic congestion choking our region, transit ridership is at historic highs. Despite this, the financial challenges facing the transit agencies in 2009 are significant due to a slowed economy, reduced tax revenues, high fuel prices and deteriorating capital infrastructure.

While advocating for the funding and reform bill, we always knew that small, periodic fare increases would be necessary. Since 1983, the RTA Act has required that 50% of our funding come from fares and other system generated revenue. Mass transit still remains a tremendous bargain compared with driving. Metra implemented a fare increase earlier this year and the CTA and Pace have to implement increases in 2009.

The regional transit system still faces a serious shortfall in capital funding. The State has not approved a capital infrastructure funding plan since 1999, and we have not received any state capital dollars since 2004. Aged trains and buses, deteriorating tracks and stations, and equipment that has exceeded its useful lifespan all result in higher operating costs. There is a dire need to make capital investments to maintain, enhance, and expand the transit system. With high gas prices, a struggling economy, record-high ridership, and a desire to better protect our environment, the need to invest in transit has never been greater than it is today. The RTA joins with others across Illinois to urge the General Assembly to pass a comprehensive capital plan that addresses not only transit infrastructure, but roads, bridges, schools and other critical needs.

Thank you once again for your continued support of transit and your partnership in implementing important management and fiscal reforms designed to enhance the coordination and efficiency of the regional transit system. For more information, visit [www.MovingBeyondCongestion.org](http://www.MovingBeyondCongestion.org), and consider joining as a Partner for Transit so we can continue to provide you with updates.

Sincerely,



Stephen E. Schlickman

Executive Director, Regional Transportation Authority

## Guide

The RTA 2009 Budget, Two-Year Financial Plan, and Five-Year Capital Plan consists of the Regional Transportation Authority (RTA/Agency), Chicago Transit Authority (CTA), Metra commuter rail, and Pace Suburban Bus Service and ADA Paratransit Service budget plan and data.

The outline below is presented as a guide to the organization of the RTA 2009 Budget, Two-Year (2010-2011) Financial Plan, and Five-Year (2009-2013) Capital Plan. The book is divided into the following eight sections.

1. **Introduction** provides a list of RTA Board of Directors, a letter from the RTA Executive Director explaining the key points of the 2009 budget, a guide to the overall structure of this document, a brief legislative update, key budget issues, RTA's vision and goals, the Strategic Plan outline, Governance including the 2009 budget ordinance (2008-83), and the 2008 GFOA Distinguished Budget Presentation Award.
2. **Budget in Brief** provides a snapshot of the RTA's role and summarizes the key elements of the 2009 budget.
3. **RTA** section is divided into four major categories: Region Operating Plan (RTA, CTA, Metra, and Pace consolidated budget and financial plan); Agency Operating Plan (budget and financial plan); Goals and Performance Measures (Estimates vs. Plan); and Reference (RTA bonds and fund types).
4. **CTA** information includes service characteristics, operating plans, budget and financial plan details, and organizational structure.
5. **Metra** section includes service characteristics, operating plans, budget and financial plan details, and organizational structure.
6. **Pace** information is divided into two operations – Suburban Bus Service and ADA Paratransit Service. Information about both operations includes service characteristics, operating plan, budget and financial plan details, and organizational structure.
7. **Capital** provides an overview and details about the capital program of each of the Service Boards (CTA, Metra, and Pace) and issues concerning bringing the system into the state of good repair.
8. **Appendices** include the Budget Call Calendar, Budget Hearing Schedule, Glossary, and Supplemental Ridership and Sales tax data.

## Legislative Update

On January 18, 2008, Illinois lawmakers approved and the Governor signed into law, through an amendatory veto process House Bill 656 (Public Law 95-0708), an estimated \$530 million (based on economic conditions at that time) in new annual operating funds to the region's public transportation system. The new law also includes reforms recommended by the Illinois Auditor General to enhance coordination and efficiency and reforms the CTA pension and retiree health care plans. The Governor's amendatory veto provides free rides to seniors 65 and older living in the RTA's service area, which began, March 17, 2008. Other provisions of the bill include:

- A one-quarter percent increase in sales tax across the region
- An additional one-quarter percent increase in sales tax in the collar counties (DuPage, Kane, Lake, McHenry, and Will) controlled by each county board and used for public safety and transportation projects (roads and public transit)
- Authorizes the City of Chicago to increase the real estate transfer tax which provides additional funding for the CTA
- Expands the RTA Board from 13 to 16 members
- Expands Metra's Board from 7 to 11 members

While the new law addressed transit's operating needs across the region, the General Assembly is still considering a state capital funding plan that would address the system's infrastructure needs across the region. For a summary of the mass transit reform legislation, log on to [www.rtachicago.com](http://www.rtachicago.com).

## Budget Issues

In reading this document, it is important to note that the information provided reflects the Region's funding and service conditions when the RTA Board adopted Ordinance 2008-83 on December 18, 2008,

which approved the 2009 budgets and 2010-2011 financial plans of the Service Boards, the Agency, and Region as a whole. It is also important to note that the funding marks (public funds to cover operating deficits) for each Service Board were set on September 15, 2008, prior to the severe decline in the economy. In the planning cycles the region is faced with two overriding issues: capital funding, which has been a growing concern over the past four years, and the more recent impact of the economy.

### Capital Funding

While obtaining operating funding and reform, the legislative passage of P.A. 95-0708 was a critical step in remaking our transit. We cannot fully achieve our goal of having a world-class transit system unless there is an adequate capital investment to maintain, enhance and expand the system.

It has been nine years (1999) since the state of Illinois last addressed capital funding. Illinois FIRST provided urgently needed funds for roads, bridges, transit and other public infrastructure. The money allowed our state to address maintenance backlogs and build critical expansions to our road and transit system. However, Illinois FIRST funds expired in 2004, and for more than four years, no state infrastructure funding has been dedicated to transit.

Our transit system is the second largest in the nation. Collectively, the Service Boards infrastructure includes more than 3,800 buses and vans, 2,300 train cars, 1,490 miles of train track, 915 bridges and over 300 rail stations with an asset value of \$35 billion. Just to maintain current levels of service and infrastructure, we should be investing over \$1 billion each year and that does not include any funding for system expansions. Since funding has not been available, major overhauls have been delayed and replacement of aging vehicles has been put off. This has resulted in: slow zones creating less reliable service, less fuel efficient vehicles in the face of

volatile fuel prices, and delayed replacement of aging vehicles that have significantly increased operating costs (fuel, labor, and materials). A more in-depth account of our rolling stock identifies the percentage of each fleet type that is beyond its useful life.

| Fleet Type         | Useful Life | Current Age            |
|--------------------|-------------|------------------------|
| Bus                | 12 years    | 50% more than 12 years |
| Heavy Rail Cars    | 25 years    | 40% more than 25 years |
| Commuter Rail Cars | 35 years    | 24% more than 35 years |

## Economic Decline

As discussed earlier, funding for the Service Boards was established in September 2009, which at that time reflected a moderate downturn in anticipated public funding from Sales Tax and the Public Transportation Fund (PTF). However, since that time, the economy has continued its downward spiral with the floor still undetermined.

Looking ahead in 2007 for 2009, when legislative reform was emerging and the economy progressively on the rise, public funding subsidies from sales tax, public transportation funds, and the City of Chicago's real estate transfer tax were projected to add more than \$530 million for bus, rail and ADA Paratransit services. Current estimates show figures that are down over 26% for revenues provided by new legislation and down nearly 14% for sales tax and PTF in place before legislative reform enacted by P.A. 95-0708, an overall decline of more than 18% or \$276 million.

These results, coupled with an unfunded mandate to provide free rides on mainline service to seniors and disabled riders, and the impact of rising operating costs due to the lack of capital funds, point to an overall decline in 2009 in excess of \$360 million.

## Service Boards

The CTA's 2009 budget reflects a fare increase and decreases in administrative and support

positions. Without these measures CTA will not be able to balance its budget. The CTA's 2009 budget reflects a new fare structure and 396 eliminated positions.

Metra's 2009 budget includes a need for new State capital program without which, Metra will continue to fall behind in its efforts to purchase new or rehab old rail cars and locomotives, replace aging bridges, and renew rail and track.

Pace's suburban service budget was accompanied by a general fare increase of 25 cents effective January 1, 2009. The first fixed route fare increase since 2001. Since then rising costs, inflation and other factors have undermined the contribution to the budget from farebox receipts.

## Vision Statement & Strategic Plan

In 2007, the Regional Transportation Authority released its five-year strategic plan, Moving Beyond Congestion which presented the RTA's 30-year vision for maintaining, enhancing, and expanding public transit system in northeastern Illinois. With assets valued at \$35 billion, the system provides two million rides each weekday and hundreds of thousands more on weekends.

## Vision

The RTA, CTA, Metra, and Pace vision for the region is a world-class public transportation system that is convenient, affordable, reliable and safe, and is the keystone of the region's growing business opportunities, thriving job market, clean air and livable communities.

## Goals

- I. Provide Transportation Option
- II. Ensure Financial Viability
- III. Enhance Livability and Economic Vitality
- IV. Demonstrate Value

## Governance

### Overview

The RTA was established in 1974 upon approval of a referendum in its six-county northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision and Municipal Corporation of the State of Illinois

As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services as well as a planning and funding agency. However, in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA. The reorganization placed all operating responsibilities with three Service Boards—the Chicago Transit Authority (CTA) and two operating divisions of the RTA, a Commuter Rail Division (Metra) and a Suburban Bus Division (Pace)—each having its own independent board of directors. These divisions conduct operations and deal with subsidized carriers. The RTA became exclusively responsible for financial oversight and regional planning issues.

The Service Boards operate within the RTA's region, but are separate legal entities. The Board of Directors of each Service Board is completely independent of the RTA Board. The RTA Board does not control the selection or in the appointment of any Service Board director or its management. Further, directors of the CTA, Metra and Pace are excluded from serving on more than one entity's board of directors, including that of the RTA.

The corporate authority and governing body of the RTA is the 16-member RTA Board of Directors. Fifteen directors are appointed from within the six-county region: five directors by the Mayor of the City of Chicago, one director by the president of the Cook County Board; four directors by the suburban members of the Cook County Board; and one director each from DuPage, Kane, Lake, McHenry and Will

appointed by the Chairman or Executive of the Board; its 16th member is elected by at least 12 of the 15 appointed members.

To administer the Agency's statutory requirements, the Board hires officers and staff. One of its officers, who must be approved by the Board, is the Executive Director. The Executive Director executes the Board's policy decisions and staffs the Agency to carry out its mission and goals.

The RTA Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole achieves an annual "system-generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50 percent of the cost of the operation of

transportation services. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required proportion of their proposed expenditures. The RTA is responsible for supervising the budgets and financial performance of the CTA, Metra, and Pace.

The Service Boards are considered fiscally independent of the RTA. Although the RTA reviews the budgets of the CTA, Metra and Pace, approval of the budgets is mandated by State statute if such budgets meet specified recovery ratios.

The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including ownership of assets, relations with federal and state transportation funding agencies, and the preparation of their operating budgets. They are also responsible for the purchase of services and approval of contracts relating to their operations.

The CTA, Metra and Pace provide services to different geographic areas within the six-county region. The CTA provides rail and bus service to the

*The Service Boards maintain separate management, exercise control over all operations including the passenger fare structure*

City of Chicago and 38 neighboring suburbs within Cook County. Metra provides transit service to the six-county area, with the majority of the transit riders residing in the suburbs and commuting to the City of Chicago. Pace's primary bus service area is suburbs in the six-county region, with service to areas within the City of Chicago. Pace is also responsible for region-wide ADA paratransit service.

The RTA Act establishes the RTA as the primary public body with authority to apply for and receive grants, loans and other funds from the state or the federal government for public transportation programs in Cook, DuPage, Kane, Lake, McHenry and Will counties ("northeastern Illinois"). The RTA is responsible for the allocation of certain federal, state and local funds to finance both the operating and capital needs of public transit in the six-county region.

The Act confers upon the RTA Board powers to prescribe regulations requiring that the Service Boards submit to the RTA such information as the RTA may require. The Board has statutory authority to establish by rule or regulation financial, budgetary, or fiscal requirements for the system.

In addition to its annual budget and financial plan responsibilities, the RTA, each year, is required to prepare and adopt a five-year capital program. The RTA also conducts market research and coordinates planning for public transportation in northeastern Illinois. The RTA funds the development of new types of service, both in the suburbs and in the City of Chicago, on a demonstration basis.

## Budget Process

As previously discussed, the Act requires that the RTA Board of Directors approve an annual budget, a two-year financial plan, and a five-year capital program. The budget calendar and statutory oversight and amendment requirements govern this process. The essential aspects of the budget calendar are outlined below. A detailed calendar is provided in the Appendices (Exhibit 8-1).

## Budget Calendar

By July 1 of each year, the Office of Management and Budget (OMB) is to submit to the RTA an estimate of revenue to be collected from taxes for the next fiscal year.

Based upon this information and its own economic assessments, the RTA estimates tax receipts and revenue from other sources, and "the Board shall, not later than September 15, prior to the beginning of the Authority's next fiscal year, advise each Service Board of the amounts estimated to be available during the upcoming fiscal year and following two years. The Board is also required to advise the Service Boards of the times when the amounts will be available and the next year's cost recovery ratio.

Between September 15 and November 15, each Service Board must prepare and publish a comprehensive annual budget, program document and a two-year financial plan. "The proposed budget and financial plan shall be based on the RTA's estimate of funds to be available to the Service Boards, by or through the Authority, and shall conform in all respects to the requirements established by the Authority." Before submitting the budget to the RTA, the Service Boards must hold at least one public hearing in each of the counties in which it provides service and must hold at least one meeting with the affiliated county boards. After considering the comments from these meetings, it must formally adopt the budget prior to submitting it to the RTA on November 15. The RTA Act requires that the budgets submitted by each Service Board not project or assume receipt of revenue greater than that set in the estimates provided by the RTA.

The RTA Board must then hold at least one public hearing in the metropolitan region and one meeting with each county board on the proposed budget. At least 20 days prior notice is required for the public hearing. The public hearing notice for the 2009 budget may be reviewed in the Appendices Section (Exhibit 8-2).

After conducting these hearings and taking into consideration the comments, the RTA Board must adopt a budget (by 12 votes) that meets the statutory criteria. If the RTA does not find that a Service Board budget meets the criteria set forth under the RTA Act, the Board shall, five working days after the start of the Service Board's fiscal year, adopt a budget and financial plan meeting these criteria. The RTA, CTA, Metra, and Pace all report on a calendar-year basis.

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### **Statutory Requirements**

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. These seven criteria are:

#### ***Balanced Budget***

Such budget and plan shall show a balance between (a) anticipated revenue from all sources, including operating subsidies, and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.

#### ***Cash Flow***

Such budget and plan shall show cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenditures as incurred.

#### ***Recovery Ratio***

Such budget and plan shall provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of such Service Board which allow the Service Board to meet its required recovery ratio.

#### ***Assumptions***

Such budget and plan are based upon and use assumptions and projections, which are reasonable and prudent.

#### ***Financial Practices***

Such budget and plan shall be prepared in accordance with sound financial practices as determined by the RTA Board.

#### ***Strategic Plan***

Such budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

#### ***Other Requirements***

Such budget and plan shall meet such other financial, budgetary, or fiscal requirements that the RTA Board may by rule or regulation establish.

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### **Oversight**

After adoption of the operating budget, the RTA Board has continuing oversight powers concerning the budget and financial condition of each Service Board and region as a whole. The RTA monitors the budgetary and operations performance of the Service Boards on a monthly basis to ensure compliance with their budget and recovery ratio. On a quarterly basis, the following oversight is conducted:

- After the end of each fiscal quarter, each Service Board must report to the RTA "its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction" for that quarter. If in compliance, the RTA Board so states and approves each Service Board's compliance by adopted resolution.
- If "in the judgment of the Board" these results are not substantially in accordance with the Service Board's budget for that period, "the Board shall so advise the Service Board" and it "shall, within the period specified by the Board, submit a revised budget incorporating such results."
- Once a Service Board submits the revised budget plan, the RTA must determine if it meets the seven statutory budget criteria necessary to pass an annual budget. If not, the RTA does

not release any moneys to the Service Board(s), except for the statutory allocation of taxes.

- If a Service Board submits a revised budget and plan which shows that the statutory budget criteria will be met “within a four quarter period,” the RTA “shall continue to release funds to the Service Board.” The RTA may require the Service Board to submit a revised budget and plan that shows that the budget criteria “will be met in a time period less than four quarters.”

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### Amendment

When prudent, the operating budget is amended due to shifts in the economic climate, governmental funding programs or new projects. Depending on the type of request, the proposed amendment may be presented to one or more of the RTA Board Committees for approval. However, the Board’s Finance Committee must approve all proposed amendments before they are recommended to the RTA Board. The RTA Board ultimately approves or disapproves all proposals. If approved, the RTA and Service Board budgets are amended to include all changes and actual results and are then monitored against the amended budget.

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### Operations Funding

The RTA provides operating funds to each Service Board equivalent to its budgeted deficit for the year, as opposed to funding the actual deficit. This policy encourages cost efficiencies by the Service Boards and allows them to retain any budgeted funds that are not expended. Such funds are generally referred to as a positive budget variance or PBV.

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### Fund balance

In 1998, the RTA Board adopted an ordinance establishing a minimum level on the unreserved and undesignated fund balance. The ordinance affirms that the annual budget adopted by the RTA each year will reflect a year-end unreserved and undesignated fund balance of its general fund equal to or greater

than five percent of the RTA’s total operating expenditures for that year. If actual sales tax receipts or other RTA revenue falls short of the amounts reflected in the annual budget, then the succeeding year’s annual budget and two-year financial plan will provide for the replacement of any shortfall in the unreserved and undesignated balance of the RTA general fund, by no later than the end of the three-year planning period.

The RTA established this policy to maintain financial stability in order to carry out the RTA’s legislative mandates to plan, fund and oversee public transportation in the region. The purpose of the ordinance was to formalize a practice of maintaining a level of financial resources available for funding during unfavorable economic periods.

## Financial Policies

### Capital Expenditure

The RTA Five-Year Capital Program is adopted by the RTA after an affirmative vote of at least 12 RTA Directors, after consultation with the Service Boards, and after holding a minimum of three public hearings in Cook County and one public hearing in each of the other counties in the metropolitan region. Preparation of the RTA’s capital budget is guided by the following policies found in the RTA Act.

A five-year program for capital improvements is updated annually.

Each capital improvement to be undertaken or on behalf of a Service Board should meet the criteria set in the Strategic Plan, and is not inconsistent with any subregional or corridor plan adopted by the RTA.

In reviewing proposals for improvements to be included in a Five Year Capital Program, the RTA may give priority to improvements that are intended to bring public transportation facilities into a state of good repair.

The Five Year Capital Program shall also identify capital improvements to be undertaken by a Service Board, a transportation agency, or a unit of local gov-

ernment and funded by the Authority from amounts in the Innovation, Coordination, and Enhancement Fund, provided that no improvement that is included in the Five Year Capital Program, as of the effective date of this amendatory Act of the 95th General Assembly, may receive funding from the Innovation, Coordination, and Enhancement Fund.

**Fixed Assets**

The RTA sets a fixed asset capitalization threshold of no less than \$5,000 for any capital item(s). Capital assets are recorded at historical cost (or fair market value at the time of donation, if donated) and have a useful life of at least two years following the date of acquisition. Any acquisitions during the year are considered acquired at the beginning of that year for the purpose of computing depreciation.

| Description             | Useful life       |
|-------------------------|-------------------|
| Furniture and Equipment | 5 years           |
| Computer Equipment      | 5 years           |
| Leasehold improvements  | Life of the lease |

**General Obligation Bonds**

The RTA's policy states that bonds should be payable from all revenue and all other funds received or held by the RTA that lawfully may be used for retiring the debt. Exceptions to this are amounts in the Joint Self-Insurance Fund (JSIF) and amounts required to be held or used with respect to separate ordinance obligations. The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State of Illinois. In addition, RTA Sales Tax must be 2.5 times greater than the debt service requirement. If, for any reason, the RTA has not made the required monthly debt service payment, the trustee is to deduct it from the receipts. If all payments have been made, the funds are made available to the RTA for regular use. Under the Act, the CTA, Metra and Pace fare box receipts and funds on hand will not be used for payment of debt service.

**Investment**

The RTA's policy complies with Illinois law, addresses safety of principal, liquidity of funds, rate of return, public trust, and investments in local and disadvantaged institutions. It further permits investments and prescribes safekeeping, collateralization, and reporting requirements.

The RTA policy establishes the following objectives:

- Safety of Principal – Every investment will be made with safety as the primary and overriding concern. Each investment transaction shall ensure that loss of capital, whether from credit or market risk, is minimized.
- Liquidity – Maturity and marketability aspects of investments should be coordinated with the anticipated cash flow needs of the RTA
- Rate of Return – A secondary objective is to seek the highest return on investments consistent with preservation of principal and prudent investment principles.
- Public Trust – The RTA and its officers should avoid any investment transaction or practice which in appearance may impair public confidence in its stewardship of public funds.
- Investments in Local and Disadvantaged Institutions – Locally owned and disadvantaged business financial institutions contribute to economic development of the RTA service area. The RTA recognizes its interest in the vitality of the local economy by investing in local, minority, and female (if any) owned financial institutions.

**Operating Budget**

The RTA operating budget and two-year financial plan follows the guidelines below:

- Adoption requires an affirmative vote of at least 12 RTA Directors and hold at least one public hearing in the metropolitan region, and meet with the county board or its designee of each of the several counties in the metropolitan region.
- The Service Boards (CTA, Metra, and PACE)

prepare and publish, for public hearing and comment, a comprehensive budget document that is to conform to the RTA “marks”. RTA marks include the recovery ratio for the annual budget, operations funding for the annual budget and two-year financial plan, and the five-year capital program.

- All funds are required to balance. The total budgeted revenues must equal the sum of budgeted expenditures for each fund. Revenue sources include sales tax, state funds (e.g. PTF, SFA, and reduced Fare) and other revenue.
- The adopted budget should reflect a year-end unreserved and undesignated fund balance of its general fund equal to or greater than five percent of the RTA’s total operating expenditures for the year. If the amount is below five percent, the financial plan must show full replenishment by the end of the current planning cycle.
- The combined revenue from RTA operations should cover at least 50% of the system operating costs.

## **Pension Funding**

The RTA, Metra, and Pace are required to contribute the amounts necessary to fund the benefits of their respective employees in the Plan using the projected unit credit actuarial method. Employer contribution and the income it earns through investments are used to operate the Plan and pay benefits. Assets are valued recognizing a portion of both realized and unrealized gains and losses in order to avoid wide swings in actuarially determined funding requirements from year-to-year.

**ORDINANCE NO. 2008-83**

APPROVING THE 2009 BUDGETS AND 2010 - 2011 FINANCIAL PLANS OF THE SERVICE BOARDS,  
ADOPTING THE 2009 BUDGET AND PROGRAM OF THE AUTHORITY,  
APPROPRIATING FUNDS FOR THE 2009 BUDGETS, ADOPTING THE FIVE-YEAR CAPITAL PROGRAM,  
ALLOCATING CERTAIN REVENUES OF THE RTA TO THE RESPECTIVE SERVICE BOARDS, AND TAKING  
CERTAIN OTHER ACTIONS WITH RESPECT TO THE BUDGET AND PROGRAM FOR FISCAL YEAR 2009

**WHEREAS**, Section 4.01 of the Regional Transportation Authority Act (the "Act") directs the Board of Directors of the Regional Transportation Authority (the "RTA") to appropriate money for the expenses and obligations of the RTA, including payment of certain public funds to the Service Boards, and to prepare and adopt a comprehensive budget and program document for fiscal year 2009; and

**WHEREAS**, Section 4.02 of the Act establishes certain requirements with respect to the allocation and payment of funds appropriated by the RTA to the Service Boards; and

**WHEREAS**, pursuant to Section 2.01b the Authority shall each year adopt a Five-Year Capital Program that shall include each capital improvement to be undertaken by or on behalf of a Service Board provided that the Authority finds that the improvement meets any criteria for capital improvements contained in the Strategic Plan, is not inconsistent with any sub-regional or corridor plan adopted by the Authority, and can be funded within amounts available with respect to the capital and operating costs of such improvement; and

**WHEREAS**, Section 4.11 of the Act authorizes and directs the RTA to review the budgets and financial plans of the Service Boards; and

**WHEREAS**, pursuant to Sections 4.01(a) and 4.11(d) of the Act the budget and financial plans shall contain estimated expenses for contributions to be made with respect to pension and other employee benefits, and the Service Boards are required to present to the Authority sufficient detail that fairly presents the condition of any pension plan or trust for health care benefits with respect to retirees

established by the Service Board and describes the plans of the Service Boards to meet the requirements of Sections 4.02a and 4.02b; and

**WHEREAS**, pursuant to Sections 4.02a and 4.02b of the Act, the Authority shall continually review the payment of the required employer contributions to affected pension plans and beginning January 1, 2009, if at any time the Authority determines that the Service Boards payment of any portion of the required contributions to an affected pension plan is more than one month overdue, it shall as soon as possible pay the amount of those overdue contributions to the trustee of the affected pension plan on behalf of that Service Board out of moneys otherwise payable to that Service Board under Section 4.03.3, and the Authority shall thereafter have no liability to the Service Board for amounts paid to the trustee of the affected pension plan, and if the Authority's payment of such contributions is similarly overdue it shall pay such overdue amount out of its administrative expenses; and

**WHEREAS**, pursuant to Section 4.11 of the Act, the RTA has taken certain actions by ordinance identifying the amounts estimated to be available for expenditure by each Service Board during fiscal year 2009 and the two following fiscal years; and

**WHEREAS**, pursuant to Section 4.11 of the Act, each Service Board has presented its proposed fiscal year 2009 budget and proposed 2010-2011 financial plan to the RTA for its review and the RTA has conducted public hearings with respect to its Proposed Annual Budget and Five-Year Capital Program, and considered the proposed budgets and financial plans of the Service Boards and the

public comments with respect to those budgets and financial plans; and

**WHEREAS**, the amounts available to the Service Boards for 2009-2011 are predicated on the RTA continuing to receive from the State of Illinois funding as reimbursement for revenue losses from providing free or reduced fare rides; and

**WHEREAS**, pursuant to the RTA's policy regarding Service Board Financing Transactions ("Funding Policy") the RTA Board must approve the Service Boards' use of the proceeds from any Financing Transaction, as such term is defined in the Funding Policy, before such proceeds are used, and the primary use of such proceeds should be for capital programs; and further, such proceeds are excluded from the Service Boards' System-Generated Revenues Recovery Ratios; and

**WHEREAS**, the Five-Year Capital Program included with this Ordinance is based on capital program submittals from the Service Boards, and after the RTA Board makes any amendments to the estimates of capital funding available based on subsequent Federal or State action, the Service Boards will be required to adjust their capital programs to reflect such revised estimates; and

**WHEREAS**, the RTA will reimburse the purchase of excess liability and terrorism insurance by the RTA system's Loss Financing Plan to provide system protection against catastrophic loss; and

**WHEREAS**, the CTA will continue to receive \$20.353 million of discretionary funds from the RTA available for operations but appropriated in this ordinance for the Capital Program; and

**WHEREAS**, Metra's capital farebox programs are considered as operating revenue for funding their operating deficit and in calculating the recovery ratio; and

**WHEREAS**, the financial plan submitted by the CTA presumes the receipt of public subsidies in excess of the amounts identified by RTA Ordinance 2008-58 for 2010 and 2011, and also presumes the receipt of public subsidies in excess of the amount

of public subsidies provided by this Ordinance, and therefore does not meet the criteria set forth in Section 4.11 of the RTA Act; and

**WHEREAS**, the financial plan in this ordinance for the CTA reduces the presumed public subsidy to the amounts identified as available by the RTA, and the CTA must take deficit reduction actions to adjust their 2010 and 2011 financial plans to comply with the terms of this ordinances; and

**WHEREAS**, the financial plan submitted by Pace for Suburban Service presumes the receipt of public subsidies in excess of the amounts identified by RTA Ordinance 2008-58 for 2010 and 2011 and therefore does not meet the criteria set forth in Section 4.11 of the RTA Act; and

**WHEREAS**, the financial plan in this ordinance for Pace Suburban Service reduces the presumed public subsidy to the amounts identified as available by the RTA, and Pace must take deficit reduction actions to adjust their 2010 and 2011 financial plans to comply with the terms of this ordinances; and

**WHEREAS**, the budget and financial plan submitted by Pace for ADA Paratransit Service presumes the receipt of public subsidies in excess of the amounts identified by RTA Ordinance 2008-58, including the availability of ADA paratransit reserves, for 2011 and therefore does not meet the criteria set forth in Section 4.11 of the RTA Act; and

**WHEREAS**, the financial plan in this ordinance for Pace ADA paratransit service reduces the presumed public subsidy to the amounts identified as available by the RTA, and Pace must take deficit reduction actions to adjust their 2010 and 2011 financial plans to comply with the terms of this ordinances; and

**WHEREAS**, pursuant to Section 4.03.3 of the Act, the RTA has established public funding levels in 2009 through 2011 for ADA Paratransit, Suburban Community Mobility and Innovation, Coordination, and Enhancement (ICE) that change proportionately with the percentage change in RTA tax receipts; and

**WHEREAS**, the amount of public funding

estimated to be available to the Service Boards for the 2009 budget and 2010-2011 financial plan is contingent on compliance with Section 4.02a and 4.02b of the Act; and

**WHEREAS**, in 2008 the RTA issued working cash notes and loaned \$16 million to the CTA to increase its public funding amount for operations to offset the shortfall in real estate transfer taxes and \$40 million to Pace for ADA Paratransit service to make up for the interruption in public funding resulting from the transition from additional state assistance to new sales tax receipts enacted by P.A. 95-0708; and

**WHEREAS**, pursuant to Section 4.09 of the Act, such notes must be repaid within 24 months and constitute a reduction in funds that would otherwise have been allocated to CTA or Pace, respectively, by the RTA; and

**WHEREAS**, pursuant to Section 2.01c of the Act any grantee that receives funds from the Innovation, Coordination, and Enhancement Fund for the operation of eligible programs must implement such programs within one year of receipt of such funds and within two years following commencement of any program utilizing such funds, determine whether it is desirable to continue the program, and upon such a determination, either incorporate such program into its annual operating budget and capital program or discontinue such program; and

**WHEREAS**, unfavorable economic conditions have created the need to waive, for purposes of the adoption of the 2009 Budget and 2010-2011 Financial Plan, the provision of the RTA Funding Policy adopted by Ordinance No. 98-15 that requires that the RTA Annual Budget and Two-Year Financial Plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period (“the 5% fund balance policy”), but such policy will be in effect for the development and adoption of the 2010 Budget and 2011-2012 Financial Plan unless further action is taken by the RTA Board to extend such waiver; and

**WHEREAS**, unfavorable economic conditions have required the RTA to allocate, rather than reserve, financial resources in an effort to preserve operating stability for the 2009 budget and 2010-2011 financial planning period; and

**WHEREAS**, the waiver of the 5% fund balance policy removes the ability of the RTA to fund the operating budgets of the Service Boards at the levels established in the operating marks, pursuant to the provisions of the RTA Funding Policy adopted by Ordinance No. 91-9 (the “funding to budget policy”), and therefore the funding to budget policy must be waived for purposes of the adoption of the 2009 Budget and 2010-2011 Financial Plan, but such policy will be in effect for the development and adoption of the 2010 Budget and 2011-2012 Financial Plan unless further action is taken by the RTA Board to extend such waiver; and

**WHEREAS**, the RTA Board has determined that it is in the best interest of the RTA to take the following actions in order to carry out its powers and duties under the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY that:

## **ARTICLE I - APPROVAL OF BUDGETS AND PROGRAMS**

### **Section One:**

#### **Service Board Budgets and Financial Plans**

1.1 In compliance with the Act, the RTA has received and reviewed proposed budgets for 2009, and financial plans for 2010 and 2011, of the Chicago Transit Authority (the “CTA”), the Commuter Rail Division (“Metra”), the Suburban Bus Division (“Pace”) (each a “Service Board”).

1.2 With respect to the proposed budget and financial plans of Metra (as summarized in Schedule I-B), the RTA finds as follows:

(a) Each such budget and plan shows a balance between (A) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (B) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) Each such budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) Each such budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Metra sufficient to allow Metra to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) Each such budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) Each such budget and plan has been prepared in accordance with sound financial practices;

(f) Each such budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) Each such budget and plan is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

1.3 With respect to the proposed budget and financial plan submitted by the CTA, the RTA finds as follows:

(a) The budget and financial plans submitted by the CTA presumed a receipt of public subsidies in 2010 and 2011 higher than the public funding identified as available by the RTA, and therefore does not meet the criteria established in Section 4.11 of the Act.

(b) The CTA must take deficit reduction actions to bring their financial plans into conformity with Schedule I-B.

With respect to the proposed 2009 budget for the CTA and the financial plans for 2010 and 2011 as summarized on Schedule I-B, the RTA finds as follows:

(a) Each such budget and plan shows a balance between (A) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (B) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) Each such budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) Each such budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of CTA sufficient to allow CTA to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) Each such budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) Each such budget and plan has been prepared in accordance with sound financial practices;

(f) Each such budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) Each such budget and plan is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

1.4 With respect to the proposed budget and financial plan submitted by Pace for suburban service, the RTA finds as follows:

(a) The budget and financial plans submitted by Pace presumed a receipt of public subsidies in 2010 and 2011 higher than the public funding identified as available by the RTA, and therefore does not meet the criteria established in Section 4.11 of the Act.

(b) Pace must take deficit reduction actions

to bring their financial plans into conformity with Schedule I-B.

With respect to the proposed 2009 budget for Pace and the financial plans for 2010 and 2011 as summarized on Schedule I-B, the RTA finds as follows:

(a) Each such budget and plan shows a balance between (A) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (B) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) Each such budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) Each such budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) Each such budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) Each such budget and plan has been prepared in accordance with sound financial practices;

(f) Each such budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) Each such budget and plan is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

1.5 With respect to the proposed budget and financial plan submitted by Pace for ADA paratransit service, the RTA finds as follows:

(a) The budget and financial plans submitted by Pace presumed a receipt of public subsidies in 2010 and 2011 higher than the public funding identified as available by the RTA, and therefore does not meet

the criteria established in Section 4.11 of the Act.

(b) Pace must take deficit reduction actions to bring their financial plans into conformity with Schedule I-B.

With respect to the proposed 2009 budget for Pace and the financial plans for 2010 and 2011 as summarized on Schedule I-B, the RTA finds as follows:

(a) Each such budget and plan shows a balance between (A) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (B) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) Each such budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) Each such budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) Each such budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) Each such budget and plan has been prepared in accordance with sound financial practices;

(f) Each such budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) Each such budget and plan is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

1.6 Pursuant to Section 4.11 of the Act, the budgets for 2009 and financial plans for 2010 and 2011, for the Service Boards, as presented in the attached Schedule I-B, are hereby approved provided, however, in the event that a budget or financial plan

is inconsistent with the provisions of this Ordinance, the provisions of this Ordinance shall govern.

1.7 Pursuant to Section 4.11 of the Act, no more than 30 days after each fiscal quarter, each Service Board is directed to report to the RTA its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction, as of the end of and for such quarter, for review by the RTA for conformity with the approved budget for such period.

Section Two:

### **RTA Annual Budget and Program**

2.1 The RTA has received and reviewed the 2009 Annual Budget and Program of the Regional Transportation Authority as summarized in Schedule I-A. The 2009 Annual Budget and Program is hereby approved and the Board finds as follows:

(a) The 2009 Annual Budget and Program shows a balance between anticipated revenues from all sources and anticipated expenses, including the funding of operating deficits and the discharge of encumbrances incurred in prior periods and payment of principal and interest on outstanding indebtedness when due, as summarized in Schedule I-A.

(b) The 2009 Annual Budget and Program shows cash balances sufficient to pay with reasonable promptness all obligations and expenses as incurred, as summarized in Schedule I-F.

(c) The 2009 Annual Budget and Program shows that the level of fares and charges for public transportation provided by, or under grant or purchase of service contracts of, the Service Boards is sufficient to cause the aggregate of all projected system-generated revenues from such fares and charges received in 2009 apart from ADA paratransit services to equal at least 50 percent of the aggregate cost of providing such public transportation in 2009, and at least 10 percent for ADA paratransit service in 2009, as required by the Act, and as summarized in

Schedule I-C.

(d) The 2009 Annual Budget and Program is based on and employs assumptions and projections which are reasonable and prudent.

(e) The budgeted "administrative expenses" of the RTA for 2009, as defined in Section 4.01(c) of the Act, do not exceed the maximum administrative expenses (Statutory Cap) permitted for 2009 of \$16,125,371.

(g) The 2009 annual budget and program is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

Section Three:

### **Five-Year Capital Program**

3.1 The Five-Year Capital Program of the RTA for the fiscal years beginning January 1, 2009, and ending December 31, 2013, has been the subject of public hearings in each county in the metropolitan region as required by Section 2.01b of the Act. The RTA has considered public comments on the proposed Five-Year Capital Program. The RTA hereby adopts the Five-Year Capital Program attached as Schedule II, subject to continuing review by the RTA. In accordance with Section 2.01b and Section 4.02(b) of the Act, no Service Board shall apply for or receive any capital grant or loan unless it is identified in the RTA Five-Year Program and is consistent with the RTA Strategic Plan.

Section Four

### **RTA 5% Fund Balance and Funding to Budget Policy**

4.1 The provisions of the RTA Funding Policy adopted by Ordinance No. 98-15 that require that the RTA Annual Budget and Two-Year Financial Plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period ("the 5% fund balance policy"), are hereby waived for purposes

|              | Collected Within Chicago | Collected Within Suburban Cook County | Collected in DuPage, Kane, Lake, McHenry and Will Counties |
|--------------|--------------------------|---------------------------------------|--|
| CTA          | 100 %                    | 30 %                                  | 0 %  |
| Metra        | 0 %                      | 55 %                                  | 70 %   |
| Pace         | 0 %                      | 15 %                                  | 30 %   |
| <b>Total</b> | <b>100%</b>              | <b>100%</b>                           | <b>100%</b>  |

of the adoption of the 2009 Budget and 2010-2011 Financial Plan, but such policy will be in effect for the development and adoption of the 2010 Budget and 2011-2012 Financial Plan unless further action is taken by the RTA Board to extend such waiver.

4.2 The provisions of the RTA Funding Policy adopted by Ordinance No. 91-9 that establish that the RTA funds the operating budgets of the Service Boards at the levels established in the operating marks (the “funding to budget policy”), are hereby waived for purposes of the adoption of the 2009 Budget and 2010-2011 Financial Plan, but such policy will be in effect for the development and adoption of the 2010 Budget and 2011-2012 Financial Plan unless further action is taken by the RTA Board to extend such waiver.

## ARTICLE II - APPROPRIATION OF FUNDS AND CERTAIN OTHER ACTIONS

### Section One:

#### Appropriation for each Service Board

The following amounts for 2009 are appropriated for payment to each Service Board from the enumerated sources of funds and for the specified objects and purposes. The total appropriations as shown for each Service Board and on Schedule I-A for RTA Total for CTA Operations, RTA Total for Metra Operations, RTA Total for Pace Suburban Service, RTA Suburban Community Mobility Funding for Pace, RTA South Suburban Job Access Funding for Pace, and RTA Total for ADA Paratransit Service represents the legal level of budgetary control.

### 1.1 Statutory RTA Taxes

There is appropriated, for expenditure by each Service Board pursuant to the 2009 Budget approved in Article I, 85% of the RTA receipts from taxes imposed pursuant to Section 4.03 of the Act and allocated according to the percentages shown above and specified in Section 4.03.3 (a) of the Act, and from the Regional Transportation Authority Occupation and Use Tax Replacement Fund and the State and Local Sales Tax Reform Fund pursuant to Section 4.03.3(b) of the Act. The estimated amount of the appropriation is specified as Part I Allocation – “85% Sales Tax” on Schedule I-E.

After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified proportionate share of such proceeds.

### 1.2 Statutory RTA Sales Taxes and Public Transportation Funds

(a) There is appropriated for expenditure by Pace for ADA paratransit Services receipts from taxes imposed pursuant to Section 4.03 of the Act and public transportation fund receipts pursuant to Section 4.09 of the Act. The amount of the appropriation is specified as Part II Allocation; RTA Total for ADA Paratransit Funding on Schedule I-E;

(b) There is appropriated for expenditure by the Service Boards pursuant to the Budget approved in Article I, RTA receipts from taxes imposed pursuant to Section 4.03 of the Act, and public transportation fund receipts pursuant to Section 4.09 of the Act. The amount of the appropriation is specified

as Remaining Balance to Service Boards in Part II Allocation on Schedule I-E, and allocated to each Service Board according to the percentages specified under Remaining Balance to Service Boards in Part II on Schedule I-E; and

(c) There is appropriated for expenditure by Pace's Suburban Bus Service funds for Suburban Community Mobility pursuant to the Budget approved in Article I, RTA receipts from taxes imposed pursuant to Section 4.03 of the Act, and public transportation fund receipts pursuant to Section 4.09 of the Act. The amount of the appropriation is specified as RTA Suburban Community Mobility Funding to Pace in Part II Allocation on Schedule I-E.

After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, and Public Transportation Fund receipts pursuant to Section 4.09 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified share of such proceeds pursuant to Section 4.03.3 of the Act.

### **1.3 Free and Reduced Fare Reimbursement**

(a) There is appropriated, for expenditure by each Service Board pursuant to the 2009 Budget approved in Article I, amounts received from the State of Illinois for reimbursement of revenues lost from providing free or reduced fare rides.

After receipt by the RTA of such funds from the State of Illinois, the Executive Director shall provide for the payment to each Service Board its proportionate share of the proceeds estimated to be received from the State as identified on Schedule I-A.

### **1.4 Discretionary Funds of the RTA – Public Transportation Fund, 15% Sales Tax,**

#### **Other RTA Revenues**

(a) There is appropriated, for expenditure by each Service Board pursuant to the 2009 Budget approved in Article I, the amounts specified as "RTA Discretionary Funds to CTA", and "RTA Discretionary

Funds to Pace" on Schedule I-B from other receipts and revenues of the RTA; and

(b) There is appropriated, for expenditure by Pace pursuant to the amount specified as RTA South Suburban Community Job Access Funds on Schedule I-B from other receipts and revenues of the RTA, or so much as may be necessary such that the actual amounts appropriated for Pace equal the amount specified as "RTA South Suburban Community Job Access Funds" on Schedule I-B.

The Executive Director is hereby directed to provide for the payment of such funds as soon as may be practicable upon their receipt provided that each Service Board is in compliance with the requirements of Section 4.11 of the Act and this Ordinance.

(c) Capital Programs: There is appropriated, for expenditure by the Service Boards for projects, as specified on Schedule II, and pursuant to the first year of the Five-Year Capital Program approved in Article I, the amounts specified as Transfer Capital – RTA Funds on Schedule I-D from other receipts and revenues of the RTA.

(d) ICE Programs for Operating Projects: There is appropriated, for expenditure by the Service Boards and Other Grantees for projects, the amounts specified as RTA 2008 ICE Funds for 2009 Projects on Schedule I-D from RTA Statutory Sales Taxes and Public Transportation Funds. The appropriation and associated operating costs of the projects are excluded from the Service Boards' recovery ratio calculation.

The Executive Director is hereby directed to provide for payment of such funds pursuant to grant or intergovernmental agreements with each Service Board.

Section Two:

### **Appropriation to the Regional Transportation Authority**

In 2009 there is appropriated, for expenditure for the operating purposes of the RTA (the "Agency")

the amounts specified on Schedule I-A as Agency Administration, RTA Regional Services and Programs, and Regional Technology and Agency Capital, pursuant to the 2009 Budget approved in Article I, from other receipts and revenues of the RTA.

In 2009 there is appropriated, for regional expenditure the amounts specified on Schedule I-A as RTA Funding for Innovation, Coordination, and Enhancement, pursuant to the 2009 Budget approved in Article I, from RTA Statutory Sales Taxes and Public Transportation Funds of the RTA the amount of the appropriation is specified as RTA Innovation, Coordination, and Enhancement (ICE) Funding in Part II Allocation on Schedule I-E.

In 2009 there is appropriated for reserve, funds for ADA paratransit service, the amount as specified on Schedule I-A as RTA Funds Reserved for ADA Paratransit, pursuant to the 2009 Budget provisions in Article I, from RTA Statutory Sales Taxes and Public Transportation Funds of the RTA, the estimated amount of the appropriation is specified as RTA Funds Reserved for ADA Paratransit on Schedule I-B.

In 2009 there is appropriated for transfer from the RTA's Fund Balance to the Joint Self Insurance Fund (JSIF), funds to reimburse the insurance premium and associated fees for liability and terrorism insurance for the RTA System's Loss Financing Plan the amount specified on Schedule I-A as RTA JSIF Funding.

The total appropriations as shown in Schedule I-A for 2009 Agency Administration, RTA Regional Services and Programs, and Regional Technology and Agency Capital, represent the legal level of budgetary control. The Executive Director is authorized to transfer up to 10% from and among each of these items.

### **ARTICLE III - IMPLEMENTATION**

The Executive Director is authorized and directed to take appropriate action to implement and enforce

this Ordinance and to prepare and disseminate the 2009 Annual Budget and Program of the RTA in accordance with the Act and the policies established herein.

The Executive Director shall organize the staff of the Authority, shall allocate their functions and duties, and shall fix compensation and conditions of employment. The Executive Director shall develop, and modify as may be necessary, Agency policies regarding travel, business and relocation expenses.

Nothing in this Ordinance estimating amounts available to the Service Boards is intended to or shall have the effect of waiving any discretion the RTA may have under law to appropriate amounts available to the Service Boards, subject to compliance by the Service Boards with terms and conditions established by the RTA. Furthermore, nothing in this Ordinance is intended to or shall have the effect of waiving any discretion the RTA may have under law to subject to review the determinations made in this Ordinance, including, but not limited to, setting recovery ratios for the Service Boards, establishing exclusions or inclusions of certain revenues or expenditures from the calculation of such recovery ratios, or determining the allowable uses of federal, state or local funds.

The Executive Director is authorized and directed to execute and file applications on behalf of the RTA with the United States Department of Transportation (USDOT), Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), and any other funding agency (collectively the "funding agencies") for any monies available for funding of the RTA Annual Budget and Five-Year Capital Program. The Executive Director is authorized to furnish such additional information, assurances, certifications and amendments as the funding agencies may require in connection with such applications or the projects. The Executive Director is authorized and directed on behalf of the RTA to execute and deliver grant agreements and all subsequent amendments thereto between the RTA and the funding agencies. Further, the Executive Director is authorized and directed to

take such action as the Executive Director deems necessary or appropriate to implement, administer, and enforce said agreements and all subsequent amendments thereto on behalf of the RTA.

The Executive Director is authorized and directed to file the 2008 Budget and Program and a copy

of this Ordinance with the Governor of Illinois, the Illinois General Assembly, the Comptroller of the State of Illinois, the Mayor of the City of Chicago and the Auditor General of the State of Illinois, along with an appropriate certification that this budget and program meet the requirements of the Act.

Schedule 1-A: RTA Statement of Revenues and Expenditures - General and Agency Funds (dollars in thousands)

|   | 2009             | 2010             | 2011             |
|---|------------------|------------------|------------------|
|   | Budget           | Plan             | Plan             |
| <b>System-Generated Revenue</b>                                   |                  |                  |                  |
| RTA Sales Tax (Part I)  | 758,400          | 768,639          | 789,392          |
| RTA Public Transportation Fund (Part I)                           | 189,600          | 192,160          | 197,348          |
| RTA Sales Tax (Part II)   | 281,746          | 285,549          | 293,259          |
| RTA PTF (Part II subtotal)  | 126,651          | 128,361          | 131,827          |
| RTA RETT PTF for CTA (Part II)                                    | 21,000           | 21,275           | 21,850           |
| State Financial Assistance  | 116,500          | 116,500          | 116,500          |
| State Free Rides & Reduced Fare Reimbursement (1)                 | 36,600           | 36,600           | 36,600           |
| Other Revenue   | 18,500           | 18,500           | 18,500           |
| <b>Total Revenue</b>  | <b>1,548,997</b> | <b>1,567,584</b> | <b>1,605,276</b> |
| <b>Operating Expenditures</b>                                     |                  |                  |                  |
| RTA Total for CTA operations (2)                                  | 634,716          | 623,013          | 642,770          |
| RTA RETT PTF for CTA (Part II)                                    | 21,000           | 21,275           | 21,850           |
| RTA Total for Metra Operations                                    | 315,860          | 327,200          | 338,810          |
| RTA Total for Pace Suburban Service                               | 121,807          | 120,251          | 123,498          |
| RTA Suburban Community Mobility Funding for Pace                  | 19,800           | 20,067           | 20,609           |
| RTA South Suburban Job Access Funding for Pace                    | 7,500            | 7,500            | 7,500            |
| RTA Total for ADA Paratransit Service                             | 98,595           | 108,076          | 110,078          |
| RTA Funding for Innovation, Coordination, and Enhancement         | 3,812            | 3,912            | 4,019            |
| State Free Rides, Reduced Fare Reimbursement & Sales Tax Interest | 38,300           | 38,300           | 38,300           |
| Agency Administration   | 8,784            | 9,100            | 9,500            |
| RTA Regional Services and Programs (3)                            | 23,375           | 24,200           | 25,100           |
| <b>Total Operating Expenditures</b>                               | <b>1,293,548</b> | <b>1,302,894</b> | <b>1,342,033</b> |
| Debt Service & Capital Expenditures                               |                  |                  |                  |
| Principal and Interest for Service Board Capital Programs         | 183,300          | 183,300          | 183,300          |
| Regional Technology and Agency Capital (3)                        | 4,566            | 4,600            | 4,500            |
| RTA Funding for Innovation, Coordination, and Enhancement         | 6,088            | 6,121            | 6,285            |
| Transfer Capital - Metra Funds                                    | 53,174           | 46,816           | 45,304           |
| Transfer Capital - Discretionary RTA Funds to CTA                 | 20,353           | 20,353           | 20,353           |
| <b>Total Debt Service and Capital Expenditures</b>                | <b>267,481</b>   | <b>261,190</b>   | <b>259,742</b>   |
| <b>Total Expenditures</b>   | <b>1,561,029</b> | <b>1,564,084</b> | <b>1,601,775</b> |
| <b>Fund Balance (undesignated/unreserved)</b>                     |                  |                  |                  |
| Beginning Balance   | 22,642           | 6,707            | 6,706            |
| Change in Fund Balance  | (12,032)         | 3,500            | 3,501            |
| RTA Funds Reserved for ADA Paratransit                            | (403)            | -                | -                |
| RTA JSIF Funding  | (3,500)          | (3,500)          | (3,500)          |
| <b>Ending Unreserved/Undesignated Fund Balance</b>                | <b>6,707</b>     | <b>6,706</b>     | <b>6,707</b>     |
| % of Total Operating Expenditures                                 | 0.5%             | 0.5%             | 0.5%             |
| Total System-Generated Revenue Recovery Ratio %                   | 54.7%            | -                | -                |
| ADA Paratransit Recovery Ratio %                                  | 10.0%            | -                | -                |

(1) The State appropriated \$37.3 million; the figure shown reflects a State administrative fee of \$.7 million yielding net RTA receipts of \$36.6 million. (2) Operations funding to the CTA in 2010 and 2011 has been increased over the RTA funding marks by the respective amounts of \$27.7 million and \$31.7 million. However, the CTA deficit for the 2010-2011 Financial Plan still exceeds available funding by \$20.4 million in 2010 and by \$36.1 million in 2011. (3) Appropriated funds for long-term regional initiatives that remain unspent at the end of each year continue to be available for this purpose without subsequent appropriation action.

## Schedule 1-B: Deficit Funding for Service Board Operations (dollars in thousands)

|  | Budget 2009    | Plan 2010      | Plan 2011      |
|--|----------------|----------------|----------------|
| <b>CTA</b>                                       |                |                |                |
| Total System-Generated Revenue                   | 601,113        | 638,947        | 688,680        |
| Total Operating Expenses                         | 1,324,413      | 1,388,738      | 1,476,770      |
| Total Deficit Reduction Actions (1)              | -              | (20,403)       | (36,070)       |
| Total Deficit                                    | 723,300        | 729,388        | 752,020        |
| RTA Sales Tax (Old - Part I)                     | 302,401        | 306,483        | 314,757        |
| RTA Sales Tax and PTF (New - Part II) (2)        | 134,256        | 136,068        | 139,742        |
| RTA Discretionary Funds to CTA                   | 198,059        | 180,462        | 188,270        |
| RTA Total for CTA Operations                     | 634,716        | 623,013        | 642,770        |
| RETT - City of Chicago (COC); (New Part II) (3)  | 84,000         | 85,100         | 87,400         |
| RETT PTF (New Part II) (4)                       | 21,000         | 21,275         | 21,850         |
| <b>Total Funding</b>                             | <b>739,716</b> | <b>729,388</b> | <b>752,020</b> |
| Less RETT & RETT PTF (3)                         | (16,416)       | -              | -              |
| <b>Net Funding</b>                               | <b>723,300</b> | <b>729,388</b> | <b>752,020</b> |
| <b>Metra</b>                                     |                |                |                |
| Total System-Generated Revenue                   | 315,800        | 331,400        | 343,300        |
| Total Operating Expenses                         | 631,660        | 658,600        | 682,110        |
| Total Deficit                                    | 315,860        | 327,200        | 338,810        |
| RTA Sales Tax (Old - Part I)                     | 259,951        | 263,460        | 270,573        |
| RTA Sales Tax and PTF (New - Part II)            | 109,083        | 110,556        | 113,541        |
| Total RTA Funds                                  | 369,034        | 374,016        | 384,114        |
| Less Service Board Retained Funds (5)            | (53,174)       | (46,816)       | (45,304)       |
| <b>RTA Total for Metra Operations</b>            | <b>315,860</b> | <b>327,200</b> | <b>338,810</b> |
| <b>Pace Suburban Service</b>                     |                |                |                |
| Total System-Generated Revenue                   | 54,248         | 56,037         | 58,937         |
| Total Operating Expenses                         | 204,597        | 213,513        | 223,715        |
| Use of Service Board Funds (5)                   | -              | (1,153)        | -              |
| Total Deficit Reduction Actions (1)              | -              | (6,848)        | (12,640)       |
| Total Deficit                                    | 150,349        | 149,475        | 152,138        |
| RTA Sales Tax (Old - Part I)                     | 82,288         | 83,399         | 85,651         |
| RTA Sales Tax and PTF (New - Part II)            | 36,361         | 36,852         | 37,847         |
| RTA Discretionary Funds to Pace                  | 3,158          | -              | -              |
| RTA Total for Pace Suburban Service Operations   | 121,807        | 120,251        | 123,498        |
| RTA Suburban Community Mobility                  | 19,800         | 20,067         | 20,609         |
| RTA South Suburban Community Job Access Funds    | 7,500          | 7,500          | 7,500          |
| Total RTA Funds                                  | 149,107        | 147,818        | 151,607        |
| CMAQ/JARC Funds                                  | 2,395          | 1,657          | 531            |
| <b>Total Funding</b>                             | <b>151,502</b> | <b>149,475</b> | <b>152,138</b> |
| Less Service Board Retained Funds (5)            | (1,153)        | -              | -              |
| <b>Total Funds for Operations</b>                | <b>150,349</b> | <b>149,475</b> | <b>152,138</b> |
| <b>Pace ADA Paratransit Service</b>              |                |                |                |
| Total System-Generated Revenue                   | 8,558          | 9,042          | 9,554          |
| Total Operating Expenses                         | 107,153        | 117,118        | 127,176        |
| Total Deficit Reduction Actions (1)              | -              | (7,339)        | (14,579)       |
| Total Deficit                                    | 98,595         | 100,737        | 103,043        |
| Total RTA Sales Tax and PTF (PA 95-0708)         | 98,998         | 100,334        | 103,043        |
| Use of RTA Reserves for ADA Paratransit          | -              | 403            | -              |
| <b>Total Funding</b>                             | <b>98,998</b>  | <b>100,737</b> | <b>103,043</b> |
| RTA Funds Reserved for ADA Paratransit (6)       | (403)          | -              | -              |
| <b>RTA Total for ADA Paratransit Service (6)</b> | <b>98,595</b>  | <b>100,737</b> | <b>103,043</b> |

(1) The 2010 and 2011 financial plans submitted by the CTA, Pace Suburban Service, and Pace ADA Paratransit Service presumed the receipt of public funds in excess of the funding marks set by the RTA Board as required by the RTA Act. The financial plans adopted by this ordinance reduced public subsidies to the levels set by the marks for Pace Suburban Service and Pace ADA Paratransit Service. Pace must adjust their financial plans to reduce their deficits. The RTA increased CTA's discretionary funds in 2010 and 2011 by the respective amounts of \$27.7 million and \$31.1 million. However, the CTA deficit for the 2010-2011 financial plan still exceeds available funding by \$20.4 million and \$36.1 million. To achieve the statutory requirements the CTA must adjust their financial plans to reduce their deficits. (2) Excludes the 25% PTF on RETT. (3) The RETT figures represent RTA's "marks"; the CTA balanced its 2009 budget by using a lower RETT amount. The net impact of this change reduced CTA's funding by \$16.4 million. In 2010 and 2011 the CTA estimated RETT to be \$75 million and \$90 million respectively. (4) The PTF on RETT equals 25% of the COC RETT figures. (5) Funds that exceed the operating deficit of a Service Board (except for ADA Paratransit service) are retained by the Service Board and reserved for their capital program unless approved for operating use by the RTA Board. (6) Public funding that exceeds the operating deficit for ADA Paratransit service, by statute, is held in reserve by the RTA to cover future operating needs.

## Schedule I-C: Recovery Ratio %

|  | 2009 Budget  |
|--|--------------|
| <b>CTA</b>   |              |
| Recovery Ratio %                                       | 52.0%        |
| <b>Metra</b>   |              |
| Recovery Ratio %                                       | 55.0%        |
| <b>Pace Suburban Service</b>                           |              |
| Recovery Ratio %                                       | 36.0%        |
| <b>Total System-Generated Revenue Recovery Ratio %</b> | <b>54.7%</b> |
| Pace ADA Paratransit                                   |              |
| Recovery Ratio %                                       | 10.0%        |

The RTA Act allows certain expenditures to be excluded from the recovery ratio calculation including security, depreciation, CTA's pension obligation bonds, and facility leases. Metra's calculation includes capital farebox revenue. The total system-generated revenue recovery ratio includes a statutory expense credit of \$160 million.

## Schedule I-D: Service Board and RTA Capital Funding and ICE Funds for Operating Projects (dollars in thousands)

## 2009 Capital Program Budget

| Service Board Capital Funding  | CTA            | Metra          | Pace          | Other    |              | Total          |
|--|----------------|----------------|---------------|----------|--------------|----------------|
|  |                |                |               | RTA      | Grantees     |                |
| FTA Capital Grants   | 279,774        | 151,585        | 39,704        | -        | -            | 471,063        |
| IDOT Grants  | -              | -              | -             | -        | -            | -              |
| Transfer Capital - RTA Funds (1)                                     | 20,353         | 51,114         | -             | -        | -            | 71,467         |
| Service Board Funds  | 8,394          | -              | 1,387         | -        | -            | 9,781          |
| Local Communities/Other Funds  | 688            | 660            | -             | -        | -            | 1,348          |
| Carryover RTA 2008 ICE funds   | 3,177          | -              | -             | -        | -            | 3,177          |
| <b>Total Service Board Capital Funding</b>                           | <b>312,386</b> | <b>203,359</b> | <b>41,091</b> | <b>-</b> | <b>-</b>     | <b>556,836</b> |
| CTA Debt Repayment   | (74,702)       | -              | -             | -        | -            | (74,702)       |
| Net Service Board Capital Funding                                    | 237,684        | 203,359        | 41,091        | -        | -            | 482,134        |
| Other Grantees Capital Funding                                       |                |                |               |          |              |                |
| Carryover RTA 2008 ICE funds   | -              | -              | -             | -        | 2,898        | 2,898          |
| Local Communities/Other Funds  | -              | -              | -             | -        | 732          | 732            |
| Total Other Grantees Capital Funding                                 | -              | -              | -             | -        | 3,630        | 3,630          |
| <b>Total RTA Capital Program</b>                                     | <b>237,684</b> | <b>203,359</b> | <b>41,091</b> | <b>-</b> | <b>3,630</b> | <b>485,764</b> |
| RTA Regional Technology and Agency Programs                          | -              | -              | -             | 4,566    | -            | 4,566          |
| <b>ICE Funds for Operating Projects</b>                              |                |                |               |          |              |                |
|  | CTA            | Metra          | Pace          | Other    |              | Total          |
|  | RTA            |                |               | RTA      | Grantees     |                |
| RTA 2008 ICE Funds for 2009 Projects                                 | -              | 340            | 1,500         | -        | 1,965        | 3,805          |
| RTA 2008 ICE Funds reserved for future Projects (2)                  | -              | -              | -             | -        | -            | 120            |
| <b>Total RTA 2008 ICE funding for Capital and Operating Projects</b> |                |                |               |          |              | <b>10,000</b>  |

1) The CTA funds are allocated from RTA discretionary funds available for region-wide operating expenditures. Metra funds are statutory funds allocated to Metra (i.e. Service Board Funds) available for operations but may be transferred to their capital program. (2) Funds not programmed will be reserved and carried over for use in future

Schedule I-E: RTA Statutory Sales Tax, Public Transportation Funds, and RETT Source and Distribution of Funds  
(dollars in thousands)

| Source of Funds                                    | 2009 Budget      | 2010 Plan        | 2011 Plan        |
|--|------------------|------------------|------------------|
| <b>Part I</b>                                      |                  |                  |                  |
| <b>Sales Tax (85% Sales Tax)</b>                   |                  |                  |                  |
| City of Chicago (COC)                              | 235,862          | 239,047          | 245,501          |
| Suburban Cook County                               | 399,677          | 405,073          | 416,010          |
| Collar Counties                                    | 122,861          | 124,519          | 127,881          |
| <b>Total Part I - Sales Tax (1)</b>                | <b>758,400</b>   | <b>768,639</b>   | <b>789,392</b>   |
| <b>Part II - Sales Tax, PTF &amp; RETT</b>         |                  |                  |                  |
| City of Chicago (COC)                              | 58,966           | 59,762           | 61,375           |
| Suburban Cook                                      | 99,919           | 101,268          | 104,002          |
| Collar Counties                                    | 122,861          | 124,519          | 127,882          |
| Total Part II - Sales Tax                          | 281,746          | 285,549          | 293,259          |
| Part II - COC Real Estate Transfer Tax (RETT)      | 84,000           | 85,100           | 87,400           |
| <b>Total Part II - Sales Tax &amp; RETT</b>        | <b>365,746</b>   | <b>370,649</b>   | <b>380,659</b>   |
| <b>Part II - Public Transportation Funds (PTF)</b> |                  |                  |                  |
| 25% of Part II Sales Tax                           | 70,436           | 71,387           | 73,315           |
| 5% Part I & Part II Taxes                          | 56,215           | 56,974           | 58,512           |
| Subtotal Part II PTF                               | 126,651          | 128,361          | 131,827          |
| 25% of RETT - to CTA                               | 21,000           | 21,275           | 21,850           |
| <b>Total Part II - Sales Tax, PTF &amp; RETT</b>   | <b>513,397</b>   | <b>520,285</b>   | <b>534,336</b>   |
| <b>Total Source of Funds</b>                       | <b>1,271,797</b> | <b>1,288,924</b> | <b>1,323,728</b> |
| <b>Distribution of Funds</b>                       |                  |                  |                  |
| <b>Part I Allocation (85% Sales Tax)</b>           |                  |                  |                  |
| RTA - 15% of Part I                                | 113,759          | 115,297          | 118,411          |
| CTA  | 302,401          | 306,483          | 314,757          |
| Metra  | 259,951          | 263,460          | 270,573          |
| Pace   | 82,288           | 83,399           | 85,651           |
| <b>Total Part I</b>                                | <b>758,400</b>   | <b>768,639</b>   | <b>789,392</b>   |
| <b>Part II Allocation</b>                          |                  |                  |                  |
| RTA Total for ADA Paratransit Service              | 98,998           | 100,334          | 103,043          |
| RTA Suburban Community Mobility Funding to Pace    | 19,800           | 20,067           | 20,609           |
| RTA Innovation, Coordination & Enhancement (ICE)   | 9,900            | 10,033           | 10,304           |
| 25% of RETT - to CTA                               | 21,000           | 21,275           | 21,850           |
| RETT to CTA  | 84,000           | 85,100           | 87,400           |
| Subtotal   | 233,698          | 236,809          | 243,206          |
| Remaining Balance to Service Boards                |                  |                  |                  |
| CTA - 48%  | 134,256          | 136,068          | 139,742          |
| Metra - 39%  | 109,083          | 110,556          | 113,541          |
| Pace - 13%   | 36,361           | 36,852           | 37,847           |
| <b>Total Part II</b>                               | <b>513,397</b>   | <b>520,285</b>   | <b>534,336</b>   |
| <b>Total Distribution of Funds</b>                 | <b>1,271,797</b> | <b>1,288,924</b> | <b>1,323,728</b> |
| <b>Part I Service Board Allocation Formula (1)</b> |                  |                  |                  |
| CTA  | 100%             | 30%              | -                |
| Metra  | -                | 55%              | 70%              |
| Pace   | -                | 15%              | 30%              |
| <b>Total</b>                                       | <b>100%</b>      | <b>100%</b>      | <b>100%</b>      |

(1) The RTA Act directs 85% of these sales tax revenues to the Service Boards based on the allocation formula shown on this schedule.

## Schedule I-F: RTA Monthly Cash Flow Projection of 2009 Operations, General and Agency Funds (1) (dollars in thousands)

|   | January<br>2009 | February<br>2009 | March<br>2009   | April<br>2009    | May<br>2009      | June<br>2009     |
|---|-----------------|------------------|-----------------|------------------|------------------|------------------|
| <b>Cash Receipts</b>  |                 |                  |                 |                  |                  |                  |
| Sales Tax (Part I)  | -               | -                | -               | \$63,200         | \$63,200         | \$63,200         |
| Public Transportation Fund (Part I) (2)                     | 15,800          | 15,800           | 15,800          | 15,800           | 15,800           | 15,800           |
| Sales Tax (Part II)   | -               | -                | -               | 23,479           | 23,479           | 23,479           |
| PTF (Part II) on Sales Tax and 5% PTF (Part II) on RETT (2) | 10,554          | 10,554           | 10,554          | 10,554           | 10,554           | 10,554           |
| 25% PTF on RETT (Part II) (2)                               | 1,750           | 1,750            | 1,750           | 1,750            | 1,750            | 1,750            |
| State Financial Assistance (2)                              | -               | -                | -               | 9,708            | 9,708            | 9,708            |
| State Free Rides and Reduced Fare Reimbursement             | -               | -                | -               | -                | 9,150            | -                |
| Other Revenue   | 1,542           | 1,542            | 1,542           | 1,542            | 1,542            | 1,542            |
| <b>Total Cash Receipts</b>                                  | <b>\$29,646</b> | <b>\$29,646</b>  | <b>\$29,646</b> | <b>\$126,033</b> | <b>\$135,183</b> | <b>\$126,033</b> |
| <b>Cash Disbursements</b>                                   |                 |                  |                 |                  |                  |                  |
| <b>CTA</b>  |                 |                  |                 |                  |                  |                  |
| Sales Tax (Part I)  | -               | -                | -               | \$25,200         | \$25,200         | \$25,200         |
| Sales Tax and PTF (Part II)                                 | 330             | 330              | 330             | 11,600           | 11,600           | 11,600           |
| 25% PTF on RETT (Part II)                                   | 1,750           | 1,750            | 1,750           | 1,750            | 1,750            | 1,750            |
| Discretionary Funds   | -               | -                | -               | 16,505           | 16,505           | 16,505           |
| State Free Rides and Reduced Fare Reimbursement             | -               | -                | -               | -                | 7,639            | -                |
| Transfer Capital - Discretionary RTA Funds to CTA           | 1,696           | 1,696            | 1,696           | 1,696            | 1,696            | 1,696            |
| RTA Total CTA Disbursements                                 | \$3,776         | \$3,776          | \$3,776         | \$56,751         | \$64,390         | \$56,751         |
| <b>Metra</b>  |                 |                  |                 |                  |                  |                  |
| Sales Tax (Part I)  | -               | -                | -               | \$21,663         | \$21,663         | \$21,663         |
| Sales Tax and PTF (Part II)                                 | 268             | 268              | 268             | 9,425            | 9,425            | 9,425            |
| State Free Rides and Reduced Fare Reimbursement             | -               | -                | -               | -                | 891              | -                |
| RTA Total for Metra Disbursements                           | \$268           | \$268            | \$268           | \$31,088         | \$31,978         | \$31,088         |
| <b>Pace Suburban Service</b>                                |                 |                  |                 |                  |                  |                  |
| Sales Tax (Part I)  | -               | -                | -               | \$6,857          | \$6,857          | \$6,857          |
| Sales Tax and PTF (Part II)                                 | 89              | 89               | 89              | 3,142            | 3,142            | 3,142            |
| Discretionary Funds   | -               | -                | -               | 263              | 263              | 263              |
| Suburban Community Mobility Funding for Pace                | 1,650           | 1,650            | 1,650           | 1,650            | 1,650            | 1,650            |
| South Suburban Job Access Funding for Pace                  | 625             | 625              | 625             | 625              | 625              | 625              |
| State Free Rides and Reduced Fare Reimbursement             | -               | -                | -               | -                | 620              | -                |
| Total Pace Suburban Service Disbursements                   | \$2,364         | \$2,364          | \$2,364         | \$12,537         | \$13,157         | \$12,537         |
| Pace ADA Paratransit Service 2009                           | \$8,216         | \$8,216          | \$8,216         | \$8,216          | \$8,216          | \$8,216          |
| <b>RTA Operations, Debt Service and Capital</b>             |                 |                  |                 |                  |                  |                  |
| Sales Tax Interest  | -               | -                | \$142           | \$142            | \$142            | \$142            |
| Principal and Interest for Service Board Capital Programs   | 15,275          | 15,275           | 15,275          | 15,275           | 15,275           | 15,275           |
| Agency Operations (3)                                       | 3,060           | 3,060            | 3,060           | 3,060            | 3,060            | 3,060            |
| 2008 Funding for Innovation, Coordination, and Enhancement  | -               | -                | -               | 833              | 833              | 833              |
| Total RTA Disbursements                                     | \$18,335        | \$18,335         | \$18,477        | \$19,310         | \$19,310         | \$19,310         |
| Joint Self Insurance Fund                                   | -               | -                | -               | -                | -                | -                |
| <b>Total Cash Disbursements</b>                             | <b>\$32,961</b> | <b>\$32,961</b>  | <b>\$33,103</b> | <b>\$127,903</b> | <b>\$137,053</b> | <b>\$127,903</b> |
| <b>Cash Balance (4)</b>                                     |                 |                  |                 |                  |                  |                  |
| Beginning   | \$80,000        | \$76,685         | \$73,370        | \$69,914         | \$68,044         | \$66,175         |
| <b>Ending</b>   | <b>\$76,685</b> | <b>\$73,370</b>  | <b>\$69,914</b> | <b>\$68,044</b>  | <b>\$66,175</b>  | <b>\$64,305</b>  |

(1) Cash disbursements are subject to actual cash availability. (2) Assumes prompt payment from the State Public Transportation Fund (Part I and Part II) and a three month delay in State Financial Assistance payments. (3) Agency Administration, Regional Services and Programs, Regional Technology and Agency Capital. (4) Restricted and unrestricted cash.

Schedule I-F: RTA Monthly Cash Flow Projection of 2009 Operations, General and Agency Funds (1) (dollars in thousands) - *continued*

| July<br>2009     | August<br>2009   | September<br>2009 | October<br>2009  | November<br>2009 | December<br>2009 | January<br>2010 | February<br>2010 | March<br>2010   | 2009<br>Operations |
|------------------|------------------|-------------------|------------------|------------------|------------------|-----------------|------------------|-----------------|--------------------|
| \$63,200         | \$63,200         | \$63,200          | \$63,200         | \$63,200         | \$63,200         | \$63,200        | \$63,200         | \$63,200        | \$758,400          |
| 15,800           | 15,800           | 15,800            | 15,800           | 15,800           | 15,800           |                 |                  |                 | 189,600            |
| 23,479           | 23,479           | 23,479            | 23,479           | 23,479           | 23,479           | 23,479          | 23,479           | 23,479          | 281,746            |
| 10,554           | 10,554           | 10,554            | 10,554           | 10,554           | 10,554           | -               | -                | -               | 126,651            |
| 1,750            | 1,750            | 1,750             | 1,750            | 1,750            | 1,749            | -               | -                | -               | 21,000             |
| 9,708            | 9,708            | 9,708             | 9,708            | 9,708            | 9,708            | 9,708           | 9,708            | 9,708           | 116,500            |
| -                | 9,150            | -                 | -                | 9,150            | -                | -               | 9,150            | -               | 36,600             |
| 1,542            | 1,542            | 1,542             | 1,542            | 1,542            | 1,542            | -               | -                | -               | 18,500             |
| <b>\$126,033</b> | <b>\$135,183</b> | <b>\$126,033</b>  | <b>\$126,033</b> | <b>\$135,183</b> | <b>\$126,032</b> | <b>\$96,387</b> | <b>\$105,537</b> | <b>\$96,387</b> | <b>\$1,548,997</b> |
| \$25,200         | \$25,200         | \$25,200          | \$25,200         | \$25,200         | \$25,200         | \$25,200        | \$25,200         | \$25,200        | \$302,401          |
| 11,600           | 11,600           | 11,600            | 11,600           | 11,600           | 6,655            | 11,270          | 11,270           | 11,270          | 134,256            |
| 1,750            | 1,750            | 1,750             | 1,750            | 1,750            | 1,749            | -               | -                | -               | 21,000             |
| 16,505           | 16,505           | 16,505            | 16,505           | 16,505           | 16,505           | 16,505          | 16,505           | 16,505          | 198,059            |
| -                | 7,639            | -                 | -                | 7,639            | -                | -               | 7,639            | -               | 30,556             |
| 1,696            | 1,696            | 1,696             | 1,696            | 1,696            | 1,696            | -               | -                | -               | 20,353             |
| \$56,751         | \$64,390         | \$56,751          | \$56,751         | \$64,390         | \$51,805         | \$52,975        | \$60,614         | \$52,975        | \$706,625          |
| \$21,663         | \$21,663         | \$21,663          | \$21,663         | \$21,663         | \$21,663         | \$21,663        | \$21,663         | \$21,663        | \$259,951          |
| 9,425            | 9,425            | 9,425             | 9,425            | 9,425            | 5,407            | 9,157           | 9,157            | 9,157           | 109,083            |
|                  | 891              |                   |                  | 891              |                  |                 | 891              |                 | 3,563              |
| \$31,088         | \$31,978         | \$31,088          | \$31,088         | \$31,978         | \$27,069         | \$30,819        | \$31,710         | \$30,819        | \$372,597          |
| \$6,857          | \$6,857          | \$6,857           | \$6,857          | \$6,857          | \$6,857          | \$6,857         | \$6,857          | \$6,857         | \$82,288           |
| 3,142            | 3,142            | 3,142             | 3,142            | 3,142            | 1,802            | 3,052           | 3,052            | 3,052           | 36,361             |
| 263              | 263              | 263               | 263              | 263              | 263              | 263             | 263              | 263             | 3,158              |
| 1,650            | 1,650            | 1,650             | 1,650            | 1,650            | 1,650            | -               | -                | -               | 19,800             |
| 625              | 625              | 625               | 625              | 625              | 625              | -               | -                | -               | 7,500              |
| -                | 620              | -                 | -                | 620              | -                | -               | 620              | -               | 2,481              |
| \$12,537         | \$13,157         | \$12,537          | \$12,537         | \$13,157         | \$11,198         | \$10,173        | \$10,793         | \$10,173        | \$151,587          |
| \$8,216          | \$8,216          | \$8,216           | \$8,216          | \$8,216          | \$8,216          | -               | -                | -               | \$98,595           |
| \$142            | \$142            | \$142             | \$142            | \$142            | \$142            | \$142           | \$142            | -               | \$1,700            |
| 15,275           | 15,275           | 15,275            | 15,275           | 15,275           | 15,275           | -               | -                | -               | 183,300            |
| 3,060            | 3,060            | 3,060             | 3,060            | 3,060            | 3,060            | -               | -                | -               | 36,72              |
| 833              | 833              | 833               | 833              | 833              | 833              | 833             | 833              | 833             | 10,000             |
| \$19,310         | \$19,310         | \$19,310          | \$19,310         | \$19,310         | \$19,310         | \$975           | \$975            | \$833           | \$231,725          |
| -                | -                | -                 | -                | -                | \$3,500          |                 |                  |                 | \$3,500            |
| <b>\$127,903</b> | <b>\$137,053</b> | <b>\$127,903</b>  | <b>\$127,903</b> | <b>\$137,053</b> | <b>\$121,099</b> | <b>\$94,942</b> | <b>\$104,092</b> | <b>\$94,800</b> | <b>\$1,564,629</b> |
| \$64,305         | \$62,436         | \$60,566          | \$58,697         | \$56,827         | \$54,957         | \$59,891        | \$61,336         | \$62,781        |                    |
| <b>\$62,436</b>  | <b>\$60,566</b>  | <b>\$58,697</b>   | <b>\$56,827</b>  | <b>\$54,957</b>  | <b>\$59,891</b>  | <b>\$61,336</b> | <b>\$62,781</b>  | <b>\$64,368</b> |                    |

(1) Cash disbursements are subject to actual cash availability. (2) Assumes prompt payment from the State Public Transportation Fund (Part I and Part II) and a three month delay in State Financial Assistance payments. (3) Agency Administration, Regional Services and Programs, Regional Technology and Agency Capital. (4) Restricted and unrestricted cash.

## The GFOA Distinguished Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) present an award of Distinguished Presentation to the Regional Transportation Authority, Illinois for its annual budget for the fiscal year beginning January 1, 2008.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget book continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.



**The Government Finance Officers Association  
of the United States and Canada**

*presents this*

### **CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION**

*to*

**Financial Planning & Analysis Division  
Regional Transportation Authority, Illinois**



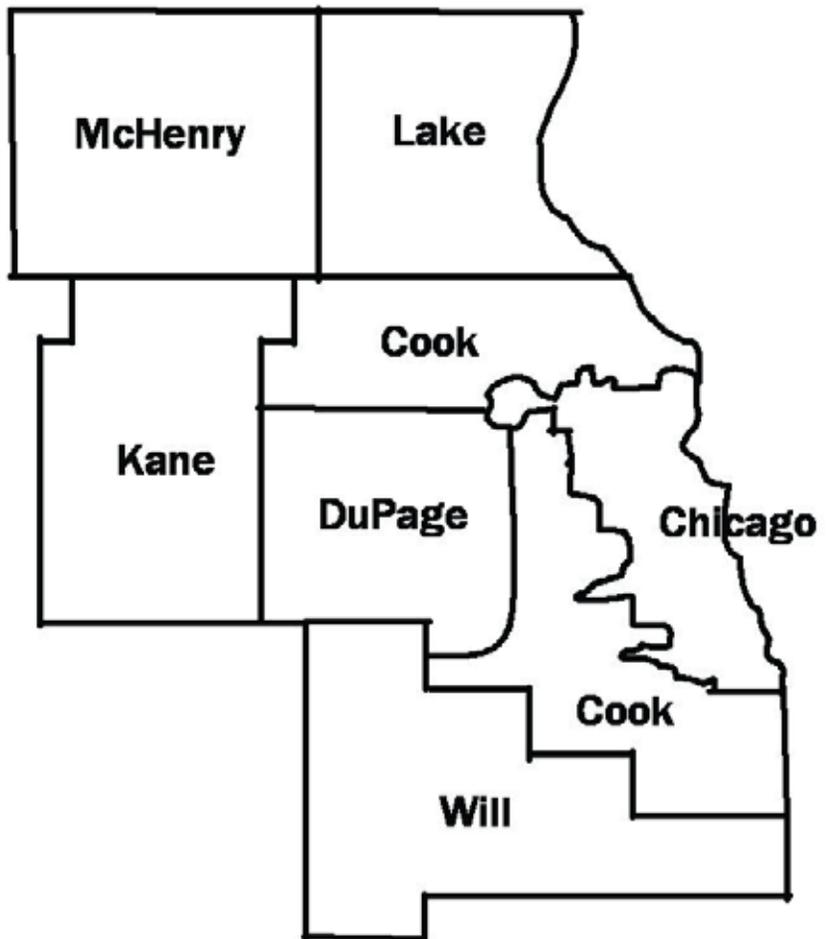
*The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.*

Executive Director

Date **July 21, 2008**

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## 2 Budget in Brief





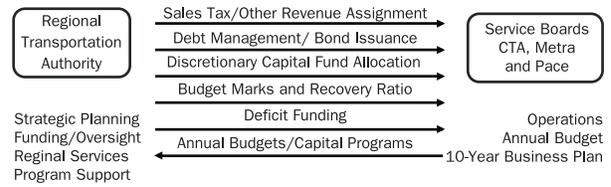
**System Overview**

The Regional Transportation Authority (RTA) provides funding, planning and fiscal oversight for regional bus and rail operations in the six-county northeastern Illinois region as set forth by the RTA Act. The Act designates the Agency as the primary public body in the region to secure funds for public transportation. The Agency is authorized to impose taxes in the region, issue debt, and is responsible for the allocation of federal, state and local funds to finance both the operating and capital needs of public transportation in the region.

The RTA Board of Directors governs the Agency. Three independent Service Boards, the Chicago Transit Authority (CTA), Metra Commuter Rail and Pace Bus, have operational responsibility for public transportation within the six-county region and are governed by their own boards of directors. The CTA provides bus and rapid transit rail service in the City of Chicago and neighboring suburbs. Metra provides commuter rail service throughout the six-county region. Pace provides bus service in the suburbs and between the suburbs and the City of Chicago, and Pace provides ADA Paratransit service for the entire region (Exhibit 2-1).

Yearly, the RTA Board must adopt an annual budget, two-year financial plan and a five-year capital program for each Service Board. The principal features of this process are outlined in the following paragraphs. In September, the RTA Board approves the “marks” for each Service Board. The “marks”

**Exhibit 2-2: Financial Relationship and Responsibilities of the RTA and Service Boards**



include the recovery ratio for the annual budget, operations funding for the annual budget and two-year financial plan, and the five-year capital program.

The “marks” guide the Service Boards’ budgetary process. Each Service Board prepares and publishes, for public hearing and comment, a comprehensive budget document that is to conform to the RTA marks. After considering public comment, the CTA, Metra and Pace board members adopt their respective budgets.

In November, those budgets are forwarded to the RTA, which consolidates the Agency and the Service Board budgets into a proposed RTA budget document. The RTA Board distributes this document for public hearing and comment before adoption in December.

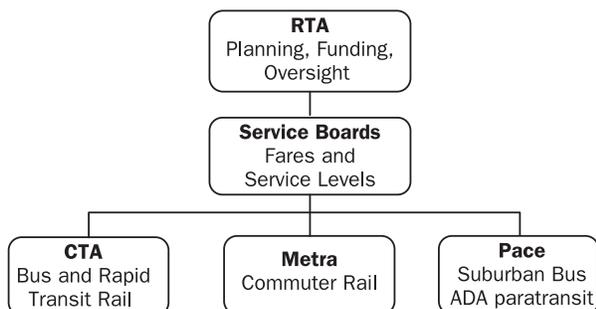
Exhibit 2-2 illustrates the principal responsibilities and interactions between the Authority and Service Boards in the annual budget and capital program process.

**Service Characteristics**

There are more than eight million residents in the six-county northeastern Illinois region, an area that covers 3,749 square miles. The RTA system deploys over 5,000 bus and rail cars on more than 400 routes to service its customers. In 2007, the regional public transportation system provided nearly 623 million trips.

The system has a replacement value of almost \$35 billion (i.e., the asset value of the system’s existing infrastructures). With an average asset life of over 20 years, the RTA system needs more than \$1 billion

**Exhibit 2-1: RTA Organization Structure**



**Exhibit 2-3: RTA Statement of Revenues and Expenditures - General and Agency Funds** (dollars in millions)

|   | 2008 Estimate | 2009 Budget  |
|---|---------------|--------------|
| <b>System-Generated Revenue</b>                             |               |              |
| Sales Tax (Part I)  | 758           | 758          |
| Public Transportation Funds - Part I (PTF)                  | 190           | 190          |
| Sales Tax & PTF (Part II)                                   | 249           | 429          |
| State Financial Assistance                                  | 116           | 117          |
| Reduced Fare Reimbursement                                  | 37            | 37           |
| Other Revenue   | 18            | 19           |
| <b>Total Revenue</b>  | <b>1,367</b>  | <b>1,549</b> |
| <b>Operating Expenditures</b>                               |               |              |
| RTA Total for CTA   | 559           | 635          |
| PTF from RETT for CTA (Part II)                             | -             | 21           |
| RTA Total for Metra   | 280           | 316          |
| RTA Total for Pace Suburban Service                         | 102           | 122          |
| Suburban Community Mobility Funds for Pace                  | 20            | 20           |
| South Suburban Job Access for Pace                          | 4             | 8            |
| RTA Total for ADA Paratransit Service                       | 100           | 99           |
| Funding for Innovation, Coordination, and Enhancement (ICE) | 10            | 4            |
| State Ridership Programs & Sales Tax Interest               | 38            | 38           |
| Agency Administration, Regional Services/Programs           | 34            | 32           |
| <b>Total Operating Expenditures</b>                         | <b>1,146</b>  | <b>1,294</b> |
| <b>Debt Service &amp; Capital Expenditures</b>              |               |              |
| Principal and Interest                                      | 186           | 183          |
| Regional Technology and Agency Capital                      | 2             | 5            |
| Funding for Innovation, Coordination, and Enhancement (ICE) | -             | 6            |
| Transfer Capital - Metra                                    | 31            | 53           |
| Transfer Capital - CTA                                      | 20            | 20           |
| <b>Total Debt Service and Capital Expenditures</b>          | <b>239</b>    | <b>267</b>   |
| <b>Total Expenditures</b>                                   | <b>1,386</b>  | <b>1,561</b> |
| <b>Fund Balance</b> (undesignated/unreserved)               |               |              |
| Beginning Balance   | 26            | 23           |
| Change in Fund Balance                                      | (18)          | (12)         |
| Funds Reserved for ADA Paratransit                          | -             | (0)          |
| RTA Funds for JSIF  | (4)           | (4)          |
| <b>Ending Unreserved/Undesignated Fund Balance</b>          | <b>4</b>      | <b>7</b>     |
| Total Operating Expenditures %                              | 0.3%          | 0.4%         |
| System-Generated Revenue Recovery Ratio %                   | 55.0%         | 54.7%        |
| ADA Paratransit Recovery Ratio                              | 10.0%         | 10.0%        |

in capital funds each year just to keep the existing infrastructure in good repair.

### Operating Budget

A statement of revenues and expenditures for the 2008 estimate and the 2009 budget is presented in Exhibit 2-3, and subsequent paragraphs

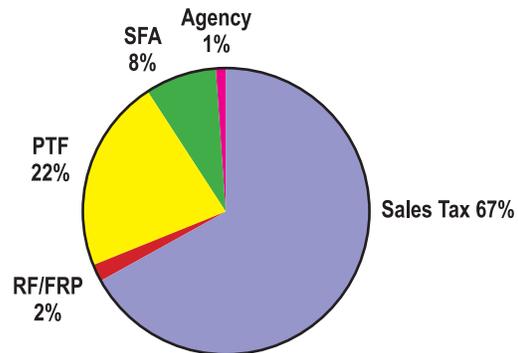
summarize line item information. The statement of RTA revenues and expenditures from 2007 through 2011 is shown in the Region section.

### Total Revenues

In 2009, total RTA revenues are projected at \$1,549 million. This represents an increase of \$182 million or 13% over the 2008 estimate of \$1,367 mil-

lion. \$1,040 million, or 67%, of these revenues will be generated from RTA Sales Tax; Public Transportation Fund (PTF) receipts of \$337 million are 22% of the total. State financial assistance (SFA) of \$116 million provides eight percent of revenues. State reduced fare reimbursement and free ride programs (RF/FRP) equal two percent of total revenues, or \$37 million, and other RTA/Agency revenues account for the remaining balance of \$19 million, or one percent. Exhibit 2-4 illustrates this distribution.

Exhibit 2-4: 2009 RTA Revenue - \$1,549 million



**Sales Tax**

Sales tax is the primary source of revenue for the RTA. The tax is authorized by Illinois statute, imposed by the RTA in the six-county region of northeastern Illinois and collected by the State.

**RTA Sales Tax (Part I) and Public Transportation Funds (PTF)**

The traditional RTA sales tax (identified in this document as “Old” or “Part I” Sales Tax) has been the major source of funding for public transportation in northeastern Illinois for nearly three decades. As much as 85 percent of the RTA sales tax receipts are apportioned to the Service Boards by statutory formula. Details of this apportionment can be found in the Region section of this document.

The 2008 sales tax estimate and the 2009 budget year sales tax projections were developed in August 2008, and were established after assessing state and regional economic data and national forecasts. Based on this information, the RTA estimated sales tax receipts for 2008 and 2009 to be \$758 million. The estimate for 2008 in August was 1% below the RTA’s initial budget figure of \$766 million.

State Public Transportation Funds (PTF) from Part I sales taxes are based on a formula tied to Part I sales tax results. The fund provides the RTA with a 25% match of its sales tax proceeds, which means that for every \$4 collected in old sales tax the RTA receives an additional \$1 in PTF. The budgeted receipts for 2009 are \$190 million.

**RTA Sales Tax, Real Estate Transfer Tax (RETT), and PTF – (Part II)**

In January 2008, Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region, increased the real estate transfer tax (RETT) in the City of Chicago, and raised the portion of RTA sales tax revenues matched by PTF (identified in this document as “New” or “Part II” Sales Tax). The RTA sales tax rate was increased 0.25% in Cook County and 0.50% in the Collar Counties effective April 1, 2008. Proceeds of the sales tax increase in the collar counties are divided evenly between the RTA and the county where the tax is collected. Effective April 1, 2008, the RETT in the City of Chicago was increased by 0.3% (e.g. for every \$1,000 in sales price \$3.00 in tax is collected).

In February 2008, the PTF match of the old RTA sales tax increased from 25% to 30%. In April 2008, the 5% PTF match was applied to the RETT and the RTA portion of the sales tax increase. Beginning in January 2009, the PTF match of both the RETT and the RTA portion of the sales tax increase will rise from 5% to 30%.

While RETT and the 25% PTF match of RETT funds only the CTA, the largest part of P.A. 95-0708 revenue provides funding for CTA, Metra, Pace and ADA Paratransit operations, as well as regional Innovation, Coordination, and Enhancement (ICE) and Suburban Community Mobility Funds (SCMF) initiatives. Funds for ADA Paratransit, ICE and SCMF are by statute set aside before distributions to the

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**Exhibit 2-5: Funds Provided by P.A. 95-0708**  
 2009 Budget (dollars in millions)

| Source                    | Funds      | %           |
|---------------------------|------------|-------------|
| Sales Tax                 | 282        | 57%         |
| PTF                       | 148        | 30%         |
| RETT                      | 67         | 13%         |
| <b>Total Source</b>       | <b>496</b> | <b>100%</b> |
| <b>Distribution</b>       |            |             |
| CTA                       | 222        | 45%         |
| Metra                     | 109        | 22%         |
| Pace (includes SCMF)      | 56         | 11%         |
| ADA Paratransit           | 99         | 20%         |
| ICE                       | 10         | 2%          |
| <b>Total Distribution</b> | <b>496</b> | <b>100%</b> |

CTA, Metra and Pace. Of this remaining balance, the CTA receives 48%, Metra 39% and Pace 13% (reference the Region section for additional information). In 2009, the budget for the additional funds provided by P.A. 95-0708 total \$496 million (Exhibit 2-5).

#### State Financial Assistance

This revenue source is state-authorized assistance to reimburse the debt service expenses for RTA Strategic Capital Improvement Program (SCIP) bonds. Subject to the appropriation of funds by the state, the RTA will continue to be eligible to receive State Financial Assistance (SFA) payments. Projected receipts for 2008 are \$116 million.

#### Reduced Fare/Free Ride Programs

This operating assistance is partial reimbursement from the State to the Service Boards for discounts and free ride programs mandated by law. This includes discounts to students, elderly, and disabled riders as well as free ride programs for seniors 65 and older, and any disabled person who qualifies for the State's Circuit Breaker Program. The funds are distributed by the state through the RTA and then to the Service Boards. Receipts for 2009 are budgeted at \$37 million, an amount equal to the 2008 funding level.

#### Other Revenue

This RTA revenue category includes sales tax interest, investment income, transit benefit program

revenue, and grant funds from state and local agencies for regional coordination and technology initiatives which help defray the cost of these Agency sponsored programs. Total receipts in 2009 are budgeted at \$19 million.

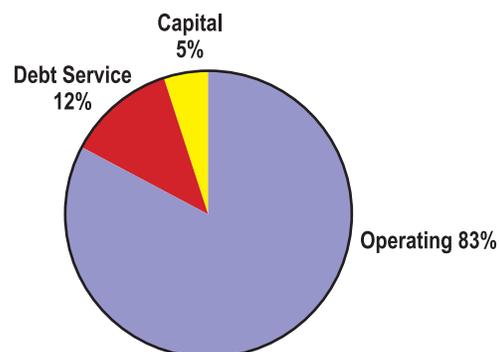
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#### Total Expenditures

Total RTA expenditures (operating, debt service and capital) for 2009 are budgeted at \$1,561 million. This amount is \$175 million or 13% higher than the 2008 estimate of \$1,386 million. Operating expenses account for 83% of the expenditures, 12% is used to cover the debt service on RTA bonds, and 5% is used to funds capital programs (Exhibit 2-6 illustrates this distribution).

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Exhibit 2-6: 2009 RTA Expenditures - \$1,561 million




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#### Operations Funding

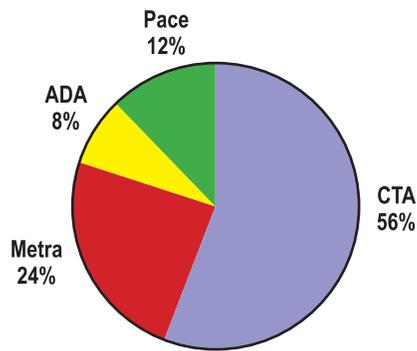
The RTA's primary expenditure is the funding of Service Board operating deficits.

The RTA Board establishes "marks" for each Service Board to use in its proposed budget and program. The marks are set in September for the next fiscal (calendar year) period. Operating marks include a recovery ratio for the next budget year and operating funds for the budget and following two-year financial planning period.

Operating deficits are primarily sourced from RTA sales tax, the State's PTF, and the City of Chicago's RETT. Secondary sources include program funds, and intermittent use of fund balances.

In 2009 funds for operations are budgeted at

Exhibit 2-7: Funds for Service Operations - \$1,290 million



\$1,290 million. The CTA will use 56%, Metra 24%, and Pace 20 % (12% for suburban bus service and 8% for regional ADA Paratransit service (Exhibit 2-7). The source of funds and amount of funds (Exhibit 2-8) used for each Service Board’s operation are identified in more detail in subsequent paragraphs.

**CTA**

The CTA’s operations funding level (deficit) in 2009 is budgeted at \$723 million. This figure includes statutory sales tax (sales tax based on formulas set by state law) totaling \$437 million, \$198 million from discretionary RTA funds (sales tax and PTF funds the RTA receives for operating and capital expenditures as set forth by state law), and \$88 million from City of Chicago RETT and corresponding 25% statutory PTF. (Note: City of Chicago RETT funds

flow directly from the City to the CTA and therefore are not included in the revenue or funding figures on Exhibit 2-3).

**Metra**

Metra’s funding in 2009 is budgeted at \$369 million with all funds provided by statutory formula. \$316 million is appropriated for operations with the remaining balance of \$53 million retained by Metra and set aside for capital programs (in this document statutory funds that exceed Metra’s operating needs may be referenced as Transfer Capital or Retained Earnings).

**Pace Suburban Service**

Pace’s funding for operations in 2009 is budgeted at \$150 million. Pace will receive statutory sales tax from the old sales tax and new sales tax formulas totaling \$119 million. The RTA will provide \$3 million in discretionary funds; Suburban Community Mobility and South Suburban Job Access funding (provided by P.A. 95-0708 and discussed in more detail in the region section) total \$27 million, and Federal Job Access Reverse Commute (JARC) and Congestion Mitigation Air Quality (CMAQ) funds total \$2 million. The remaining balance of \$1 million will be retained by Pace for future operating and/or capital expenditure.

Exhibit 2-8 2009 Service Board Deficit Funding (dollars in millions)

| Service Board                          | 2009       |            |                  |            | Total        |
|--|------------|------------|------------------|------------|--------------|
|  | CTA        | Metra      | Pace             |            |              |
|  |            |            | Suburban Service | ADA        |              |
| Operating Revenue                      | 601        | 316        | 54               | -          | 971          |
| Operating Expense                      | 1,324      | 632        | 205              | -          | 2,161        |
| <b>Operating Deficit</b>               | <b>723</b> | <b>316</b> | <b>150</b>       | <b>100</b> | <b>1,290</b> |
| <b>Funding</b>                         |            |            |                  |            |              |
| RTA Sales Tax - old                    | 303        | 260        | 83               | -          | 646          |
| RTA Sales Tax - new                    | 134        | 109        | 36               | 100        | 380          |
| RTA Discretionary Funds                | 198        | -          | 3                | -          | 201          |
| RETT/PTF                               | 88         | -          | -                | -          | 88           |
| RTA Community Mobility and Job Access) | -          | -          | 27               | -          | 27           |
| Other (1)                              | -          | (53)       | 1                | -          | (52)         |
| <b>Total Funding for Operations</b>    | <b>723</b> | <b>316</b> | <b>151</b>       | <b>100</b> | <b>1,290</b> |

(1) Metra’s amount (\$53 million) represents funds retained for Capital initiatives. Pace’s amount is the net of Federal CMAQ/JARC funds (\$2 million) less funds retained by Pace totaling \$1 million..

***Pace ADA Paratransit Service***

Funding for ADA Paratransit service in 2009 is budgeted close to \$100 million. All funds are statutorily provided by P.A. 95-0708 and increase or decrease each year by the percentage change in sales tax revenue. Statutory funds that exceed the operating deficit are by statute retained by the RTA and reserved to fund future ADA Paratransit service; in 2009 less than \$1 million is to be retained by the RTA.

***Innovation, Coordination and Enhancement (ICE) Funding***

Included in P. A. 95-0708 legislation was a provision that set aside \$10 million in 2008 for operating or capital programs for use by the Service Boards or units of local government that advance the goals and objectives identified by the RTA in its Strategic Plan. The funds may only be used to enhance the coordination and integration of public transportation and develop and implement innovations to improve the quality and delivery of public transportation in the region. The \$10 million set aside in 2008 was captured as an operating expense pending development of a program and grantee process. In the fourth quarter of 2008 the RTA adopted the use of funds for operations (38%) and capital (62%). The 2009 budget based the distribution of funds on these same percentages and calls for operating funds totaling nearly \$4 million with the balance of \$6 million allocated to capital programs.

***Reduced Fare/Free Ride Programs and Sales Tax Interest***

State reduced fare/free ride reimbursements are received as revenue by the RTA, as previously described, and flow directly to the Service Boards to help defray program costs. The 2009 budgeted reimbursement level of \$37 million remains at par with the 2008 funding amount.

There is a lag in time between when the State collects RTA sales tax and when it distributes the funds to the RTA. The RTA receives interest on this

sales tax, and then disburses earnings on Part I sales tax to the Service Boards using the same formula as the Part I sales tax distribution formula. Payments in 2009 are budgeted at \$1 million.

***Agency Administration and Regional Initiatives***

Agency administration represents on-going RTA functions to execute its funding and financial oversight responsibilities. Budgeted 2009 administrative expenses totaling \$9 million are significantly below the 2009 statutory cap of \$16 million permitted by the RTA Act.

The RTA coordinates and funds several region-wide initiatives that bring together public transportation services. These programs include system maps, local advertising, the transit benefit program, the Travel Information Center (TIC), ADA certification, Reduced Fare, and the Customer Service Center. In addition, the RTA supports continued demands for technical assistance initiatives and coordination programs that encourage transit oriented improvements in the region. Programs supported include various community planning and sub-regional programs.

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***Debt Service and Capital Expenditures***

Total expenditures in this category are projected to increase from \$239 million in 2008 to \$267 million in 2009, an increase of 11.8 %. This change basically reflects the increase of statutory funds Metra has available for capital expenditure.

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***Principal and Interest***

Principal and interest (debt service) expenditures in the 2009 budget total \$183 million. Payments cover the debt incurred on bonds (authorized by the state), which help pay for Service Board capital projects, and pay for the occasional issuance of working cash notes to cover extended accounts receivable cycles from the State. The State's financial assistance for SCIP bond programs covers roughly 62% of the RTA's debt service costs with the remaining balance paid from RTA funds.

**Regional Technology/Agency Programs and ICE**

The 2009 budget continues the RTA’s commitment to fund region-wide capital driven technology initiatives and Agency programs. The 2009 Agency budget of \$5 million for these initiatives includes funds for new TIC telephone equipment, leasehold improvements for the RTA board room, a condition assessment of Service Board assets, an improved Agency information system, and regional technology initiatives such as multi-modal information kiosks. As previously discussed, ICE funds for capital initiatives in the 2009 Budget total \$6 million.

*Total RTA revenues less total RTA expenses produce an annual change to the fund balance.*

**Transfer Capital**

Since 1995, the RTA has transferred a portion of its discretionary funds, available for region-wide capital or operating initiatives, to the CTA for capital investment. Annual funding for this program during the next three-year financial planning period continues at over \$20 million. In addition, the statutory apportionment of sales tax to a Service Board can exceed its operating needs. When this occurs, the Service Board retains the funds for their capital program. Over the years Metra has been the only Service Board that has been able to retain such funds for capital investment. The budget for 2009 includes \$53 million available for Metra’s capital program.

**Fund Balance**

In 1998, the RTA Board adopted an ordinance establishing a 5% minimum level in the unreserved and undesignated fund balance. If the amount is below 5% the financial plan must show full replenishment by the end of the current three-year planning cycle. The percentage is based on total operating expenditures for the year (as shown on Exhibit 2-3). The purpose of the ordinance was to formalize a practice of maintaining a level of available financial resources for funding during unfavorable economic periods. The policy proved its value as sluggish

economic conditions over the past several years’ limited growth of sales tax receipts.

However, continued unfavorable economic conditions have created the need to waive, the provision for the 2009-2011 planning period. This waiver also removes RTA’s ability to fund the operating budgets of the Service Boards at the levels established in the operating marks, (a provision of the RTA Funding Policy) and therefore the funding to budget policy must be waived for purposes of the adoption of the 2009 Budget and 2010-2011 Financial Plan. The ending fund balance for 2009 is estimated to be \$7 million or 0.5% of total operating costs of \$1.6 billion.

**Beginning Balance**

The beginning fund balance is the amount of funds in the undesignated and unreserved (General Fund) fund balance after the previous year’s results have been audited and the accounting records are closed. All statements in this document reflect 2007 actual results for the 2008 beginning balance.

**Change in Fund Balance**

Total RTA revenues less total RTA expenses produce an annual change to the fund balance. When revenue exceeds expense, the remainder or surplus is added to the fund balance. If expenses exceed revenues, the fund balance is reduced by the deficit amount. Projections indicate that expenses will exceed revenues in 2008 by \$22 million which includes \$4 million to fund the regions Joint Self Insurance Fund (JSIF).

**Recovery Ratio**

The RTA Act requires the RTA Board to set a recovery ratio for the next fiscal (calendar) year for each Service Board. The RTA Act further requires that the combined revenues from RTA operations cover at least 50% (apart from ADA Paratransit service) of the system operating cost. The RTA’s system-generated

revenue recovery ratio for 2009 is nearly 55%. A detailed breakdown of this calculation is provided in the Region section.

In meeting the 50% recovery ratio, the RTA Act requires that the revenue figures include all receipts consistent with generally accepted accounting principles with certain specified exceptions. Therefore, the revenue figure used to determine whether the RTA system meets this 50% requirement includes not only all of the items contained in the recovery ratio for the Service Board budgets, but also the net gain on lease/leaseback transactions. The Act further requires a recovery ratio for ADA Paratransit service of 10%, the 2009 budget for this service meets this stipulation.

**Statutory Compliance**

The RTA Act requires that the CTA, Metra and Pace each have a balanced budget; the region's recovery ratio is at least 50% (apart from ADA Paratransit that requires a recovery ratio of 10%); and the RTA's (Agency's) administrative expenses do not exceed an established statutory cap (CAP). The CAP is over \$16 million, and the Agency's administrative expenses of slightly less than \$9 million are well below the statutory amount. The Act also requires that prudent fiscal practice be followed such as proper cash management, use of reasonable assumptions, and sound accounting and financial practices. Each Service Board, the Agency and the region as a whole have budgets presented in this document that comply with these stipulations.

**Source and Use of Funds**

Each section of the 2009 Program and Budget Book presents the source of funds (public funding and/or operating revenues) and the use (expenditure) of funds for the respective operation. The subsequent paragraphs and exhibits summarize the source and use of these funds for the 2009 budget.

In 2009, total revenue estimates of \$2,579 million include: \$1,040 million in receipts from RTA sales tax; State funding totaling \$490 million from PTF, financial assistance, reduced fare reimbursement/free ride programs, and \$35 million from Other

Exhibit 2-9: 2009 Source and Use of Funds (dollars in millions)

| Source of Funds                | Total        |
|--------------------------------|--------------|
| RTA Sales Tax                  | 1,040        |
| State Funds                    | 490          |
| RTA Revenue & Fund Balance     | 35           |
| Chicago RETT                   | 67           |
| Service Board (bus, rail, van) | 938          |
| ADA Paratransit                | 9            |
| <b>Total Source</b>            | <b>2,579</b> |

| Use of Funds                   | Total        |
|--------------------------------|--------------|
| Service Board (bus, rail, van) | 2,158        |
| ADA Paratransit                | 107          |
| ICE & Job Access               | 12           |
| Agency & JSIF                  | 35           |
| Debt Service                   | 183          |
| Capital (includes ICE funds)   | 84           |
| <b>Total Use</b>               | <b>2,579</b> |

Exhibit 2-10: 2009 Source of Funds - \$2,579 million

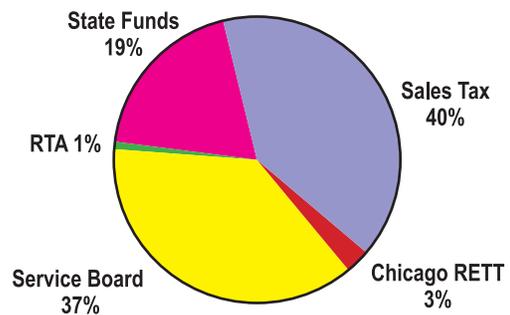


Exhibit 2-11: 2009 Use of Funds - \$2,579 million

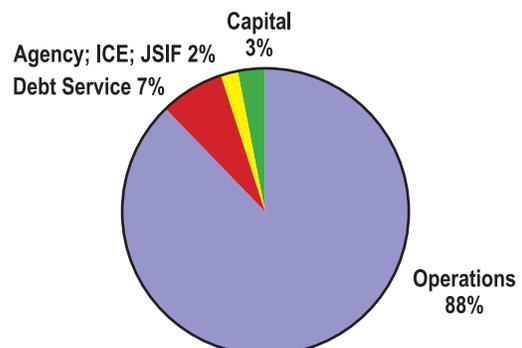
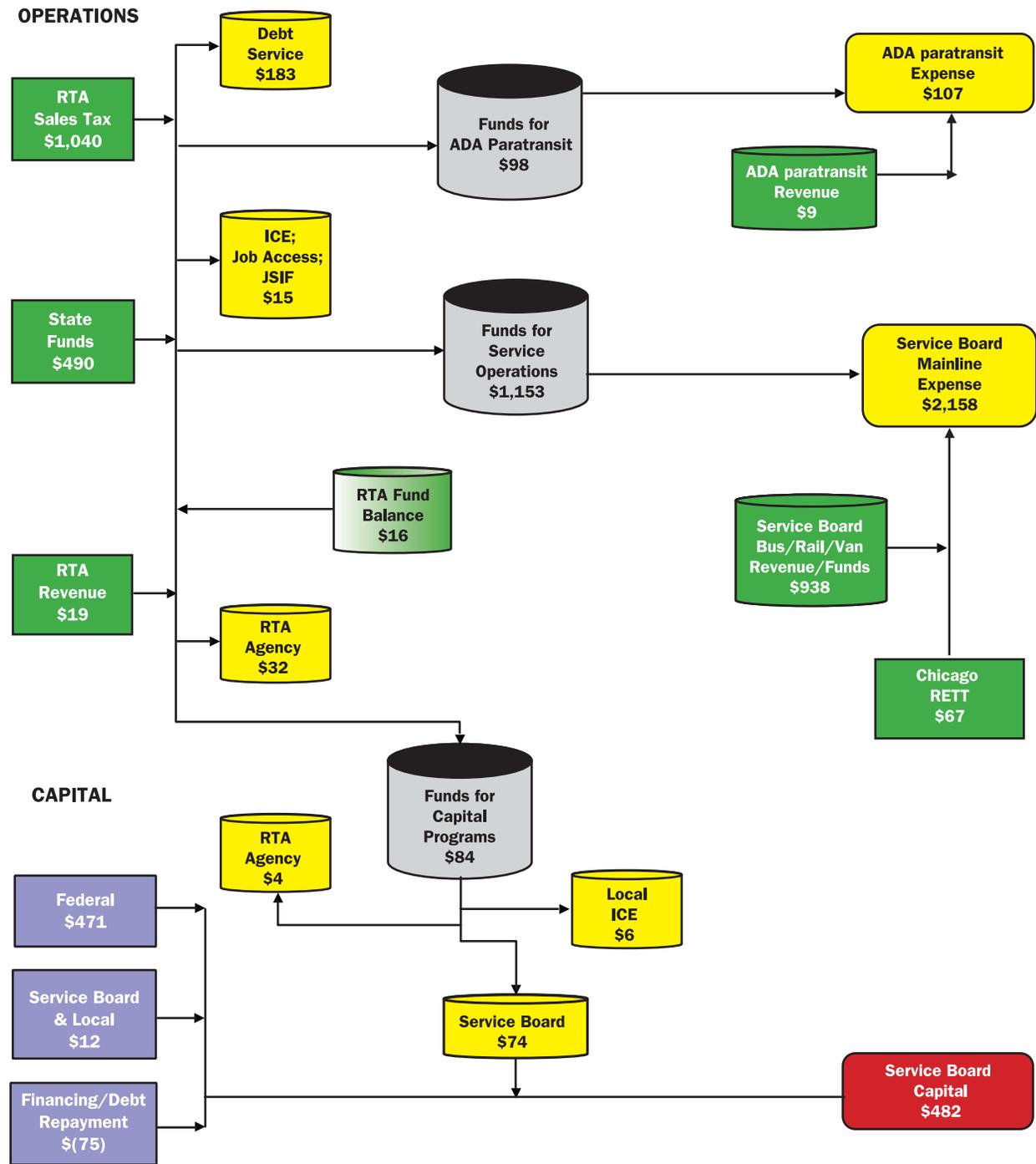


Exhibit 2-12: 2009 Source of Funds -\$2,579 - in millions



RTA revenues and the use of its fund balance; \$67 million from RETT, CTA, Metra and Pace mainline operating receipts of \$938 million; and \$9 million in ADA operating revenue.

The use of \$2,579 million in funds includes \$2,265 for service operations (ADA paratransit

\$107 million, and mainline CTA, Metra and Pace Suburban Bus service \$2,158 million); \$183 million for debt service; \$84 million for capital programs, and \$47 million for agency administration and regional initiatives (including ICE, South Suburban Job Access and JSIF funding). (Exhibits 2-9 though 2-12).

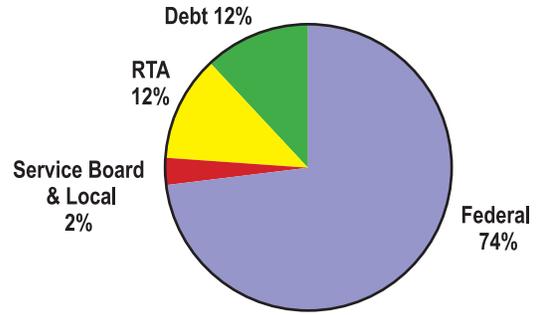
**Capital Program**

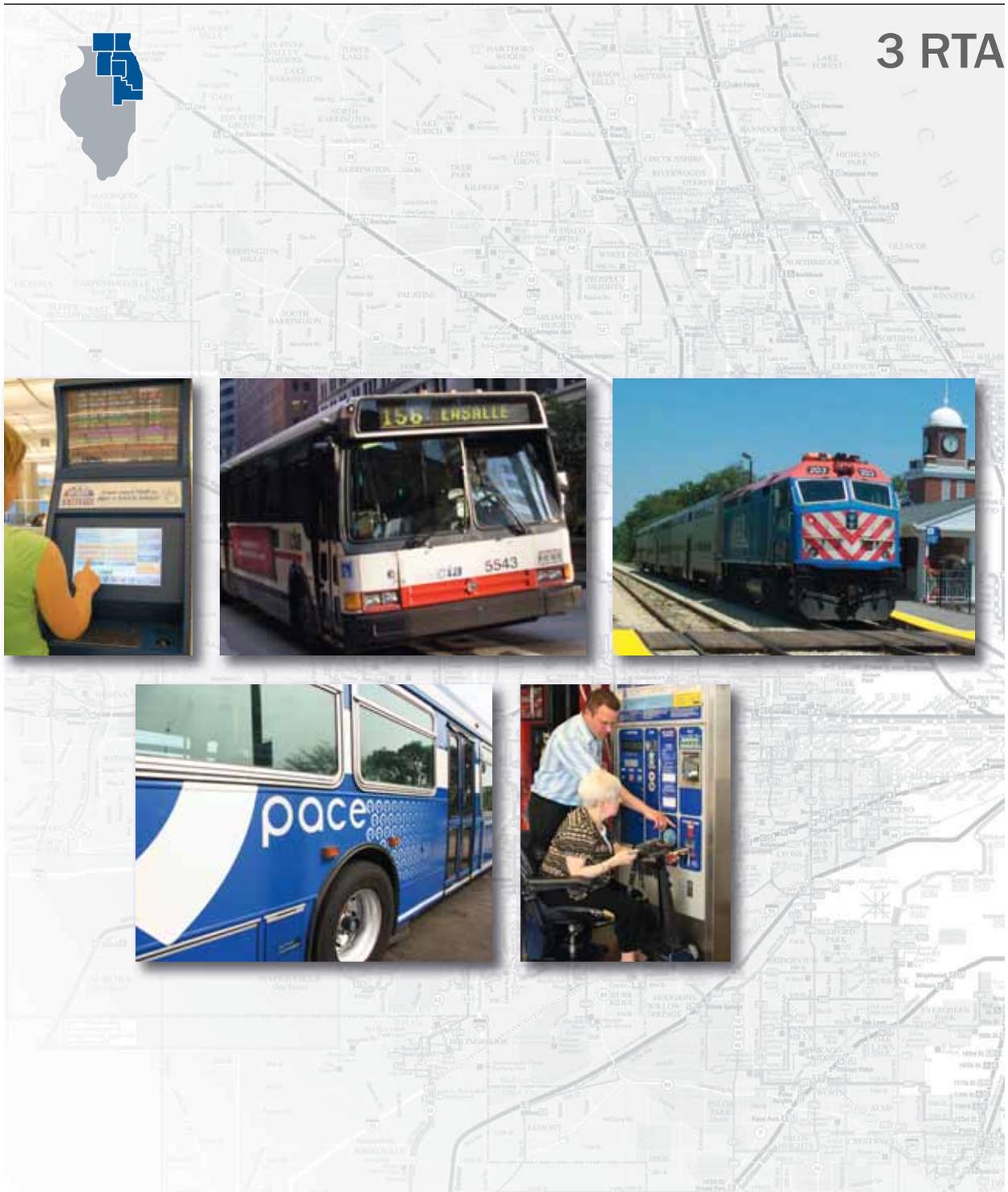
The capital program “marks” set by the RTA Board in September include estimated figures that the Service Boards use in the budget and program documents that they present for public hearing. When final federal appropriations numbers are determined and local funds revised, the RTA Board will consider ordinances that incorporate all changes and bring the marks and program in balance. The five-year program currently totals more than \$4 billion with 2009 totaling \$482 million (Exhibits 2-13 and 2-14). Details on their current programs are provided in the Capital section of this document.

Exhibit 2-13: 2009 Capital Program Funds (dollars in millions)

|                               |            |
|-------------------------------|------------|
| <b>Service Boards</b>         |            |
| FTA (Federal) Capital Grants  | 471        |
| Service Board and Local Funds | 12         |
| RTA Funds for Capital         | 74         |
| Debt Financing                | (75)       |
| <b>Total Service Board</b>    | <b>482</b> |

Exhibit 2-14: 2009 Service Board Capital Program - \$482 million





### 3 RTA



## Region Operating Plan

### Budget and Financial Plan

The RTA must prepare and publish a document every year that includes a one-year operating budget, a two-year financial plan, and a five-year capital program that meets specific statutory requirements.

This document fulfills the responsibility. Exhibit 3-1 provides a summary of the RTA's statement of revenue and expenditures for 2007-2011. Throughout this document, 2007 is actual data, 2008 is the estimate of year-end results, 2009 is the operating budget, and 2010-2011 is the two-year financial plan.

### Revenue

Total revenue is projected to grow from \$1,173.7 million in 2007 to \$1,605.3 million in 2011 (Exhibit 3-1). This is an increase of \$431.6 million over the four-year period, or an 8.1 percent compound annual growth rate. This increase is primarily the direct result of new legislation passed in 2008 by the State of Illinois (P.A. 95-0708).

The RTA Sales Tax is the primary source of revenue for the RTA. In 2007, traditional RTA Sales Tax (Old or Part I) receipts of \$752.9 million comprised 64 percent of the RTA's total revenue. Public Transportation Funds (PTF – Part I), State Financial Assistance (SFA), State Reduced Fare (RF), and other revenue, which includes state funds totaling \$54.3 million for ADA Paratransit service, provided the balance of RTA revenue totaling \$420.8 million, or 36 percent (Exhibit 3-2).

### Sales Tax

The RTA Sales Tax is authorized by Illinois statute and imposed by the RTA in the six-county northeastern Illinois region. The RTA Sales Tax is collected by the Illinois Department of Revenue, paid to the Treasurer of the State of Illinois and held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are paid directly to the RTA on a

monthly basis, without appropriation, by the State Treasury on the order of the State Comptroller.

The traditional (Old) sales tax is the equivalent of 1 percent on sales in Cook County and 0.25 percent on sales in DuPage, Kane, Lake, McHenry and Will counties. The 1 percent sales tax in Cook County is comprised of 1 percent on food and drugs and 0.75 percent from all other sales, with the State then providing a "replacement" amount to the RTA equivalent to 0.25 percent of all other sales. The RTA retains 15 percent of the total sales tax and distributes the remaining 85 percent to the Service Boards according to the formula specified in the RTA Act (Exhibit 3-3).

Exhibit 3-4 breaks out the 2007 sales tax distribution by Service Board. In 2007, the \$752.9 million in sales tax was broken out in the following manner;

*The RTA retains 15 percent of Part I sales tax and distributes the remaining 85 percent to the Service Boards*

CTA 40 percent, Metra 34 percent, Pace 11 percent, and RTA 15 percent. Sales tax is projected to increase from \$752.9 million in 2007 to \$789.4 million in 2011, a compound growth rate of 1.2 percent.

Sales tax (New or Part II) from legislation passed in January 2008 (P.A. 95-0708) is projected to increase from \$281.7 million in 2009 (the first full year receipts are collected) to \$293.3 million in 2011, an increase of \$11.5 million or 2.0% annually (Exhibit 3-5). The legislation increased RTA sales tax from 1% in Cook County to 1.25%, and increased the sales tax in the collar counties (DuPage, Kane, Lake, McHenry and Will) from .25% to .75%. The collar county tax increase is divided evenly between the RTA and the county where the tax is collected, which means the sales tax the RTA receives in the collar counties doubled (to .50% from 0.25%).

The 2009 sales tax budget was developed mid-year 2008 after assessing state and local economic trends. After reviewing this data, the RTA decreased its original 2008 budget figure of \$766.1 million for old sales tax to \$758.4 million (a 1% decrease) and carried this estimate forward for the 2009 budget.

Exhibit 3-1: RTA Statement of Revenue and Expenditures - General and Agency Funds (dollars in thousands)

|  | 2007<br>Actual   | 2008<br>Estimate | 2009<br>Budget   | 2010<br>Plan     | 2011<br>Plan     |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>System-Generated Revenue</b>                              |                  |                  |                  |                  |                  |
| RTA Sales Tax (Part I)                                       | 752,922          | 758,400          | 758,400          | 768,639          | 789,392          |
| RTA Public Transportation Fund (Part I)                      | 188,931          | 189,600          | 189,600          | 192,160          | 197,348          |
| RTA Sales Tax (Part II)                                      | -                | 207,900          | 281,746          | 285,549          | 293,259          |
| RTA PTF (Part II subtotal)                                   | -                | 40,657           | 126,651          | 128,361          | 131,827          |
| RTA RETT PTF for CTA (Part II)                               | -                | -                | 21,000           | 21,275           | 21,850           |
| State Financial Assistance                                   | 117,807          | 116,477          | 116,500          | 116,500          | 116,500          |
| State Reduced Fare/Free Ride Programs                        | 36,678           | 36,800           | 36,600           | 36,600           | 36,600           |
| Other Revenue  | 77,356           | 33,500           | 18,500           | 18,500           | 18,500           |
| <b>Total Revenue</b>   | <b>1,173,694</b> | <b>1,383,334</b> | <b>1,548,997</b> | <b>1,567,584</b> | <b>1,605,276</b> |
| <b>Operating Expenditures</b>                                |                  |                  |                  |                  |                  |
| RTA Operations Funding - CTA (includes rett ptf)             | 464,349          | 558,832          | 655,715          | 644,288          | 664,619          |
| RTA Operations Funding - Metra                               | 256,629          | 280,100          | 315,860          | 327,200          | 338,810          |
| RTA Operations Funding - Pace Suburban Service               | 92,192           | 102,441          | 121,807          | 120,251          | 123,498          |
| RTA Suburban Community Mobility Funding for Pace             | -                | 20,000           | 19,800           | 20,067           | 20,609           |
| RTA South Suburban Job Access Funding for Pace               | -                | 3,750            | 7,500            | 7,500            | 7,500            |
| RTA Total for ADA Paratransit Service                        | 76,010           | 100,000          | 98,595           | 108,076          | 110,078          |
| RTA Funding for Innovation, Coordination, and Enhancement    | -                | 3,851            | 3,812            | 3,912            | 4,019            |
| State Reduced Fare/Free Ride Programs and Sales Tax Interest | 39,183           | 37,700           | 38,300           | 38,300           | 38,300           |
| Agency Administration, Regional Services & Programs (1)      | 32,712           | 33,613           | 32,159           | 33,300           | 34,600           |
| <b>Total Operating Expenditures</b>                          | <b>961,075</b>   | <b>1,140,287</b> | <b>1,293,548</b> | <b>1,302,894</b> | <b>1,342,033</b> |
| <b>Debt Service &amp; Capital Expenditures</b>               |                  |                  |                  |                  |                  |
| Principal and Interest for Service Board Capital Programs    | 179,116          | 186,318          | 183,300          | 183,300          | 183,300          |
| Regional Technology and Agency Capital (1)                   | 5,709            | 1,870            | 4,566            | 4,600            | 4,500            |
| RTA Funding for Innovation, Coordination, and Enhancement    | -                | 6,029            | 6,088            | 6,121            | 6,285            |
| Transfer Capital - Metra Funds                               | 745              | 30,661           | 53,174           | 46,816           | 45,304           |
| Transfer Capital - Discretionary RTA Funds to CTA            | 20,353           | 20,353           | 20,353           | 20,353           | 20,353           |
| <b>Total Debt Service and Capital Expenditures</b>           | <b>205,923</b>   | <b>245,231</b>   | <b>267,481</b>   | <b>261,190</b>   | <b>259,742</b>   |
| <b>Total Expenditures</b>                                    | <b>1,166,998</b> | <b>1,385,518</b> | <b>1,561,029</b> | <b>1,564,084</b> | <b>1,601,775</b> |
| <b>Fund Balance (undesignated/unreserved)</b>                |                  |                  |                  |                  |                  |
| Beginning Balance  | 8,510            | 25,648           | 19,424           | 3,490            | 3,489            |
| Change in Fund Balance                                       | 17,138           | (2,184)          | (12,032)         | 3,500            | 3,501            |
| RTA Funds Reserved   | -                | (120)            | (403)            | -                | -                |
| RTA JSIF Funding   | -                | (3,920)          | (3,500)          | (3,500)          | (3,500)          |
| <b>Ending Unreserved/Undesignated Fund Balance</b>           | <b>25,648</b>    | <b>19,424</b>    | <b>3,490</b>     | <b>3,489</b>     | <b>3,491</b>     |
| % of Total Operating Expenditures                            | 2.7%             | 1.7%             | 0.3%             | 0.3%             | 0.3%             |

(1) Appropriated funds for long-term regional initiatives that remain unspent at the end of each year continue to be available for this purpose without subsequent appropriation action. (2) Includes \$10.4 million designations/reserves in 2007.

From a geographic standpoint, the City of Chicago accounted for 31 percent of the Part I sales tax collected in 2007, suburban Cook 53 percent, and the collar counties 16 percent (Exhibit 3-6). In 2009, combining the estimate for new and old sales tax the distribution is as follows: the City of Chicago 28%, suburban Cook 48% and the collar counties 24% (Exhibit 3-7). RTA Ordinance 2008-83 Schedule I-E (Introduction Section) illustrates the source and distribution of funds provided by the new legislation.

#### **Public Transportation Funds (PTF)**

Revenue from this special fund may be paid to the RTA only upon state appropriation. In accordance with the RTA Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund an amount equal to 25 percent of net revenue realized from Part I sales taxes. These receipts are based on a formula tied to sales tax results and are, therefore, projected to increase at the sales tax growth rate. For every four dollars

Exhibit 3-2: 2007 RTA Revenue - \$1,174 million

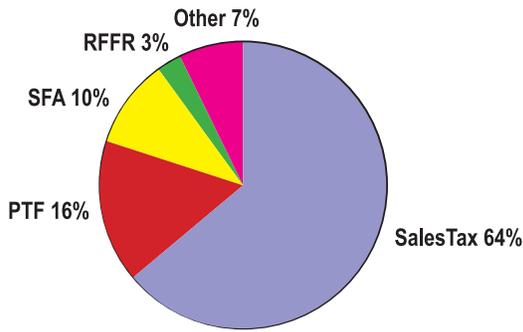


Exhibit 3-5: RTA Sales Tax (dollars in millions)

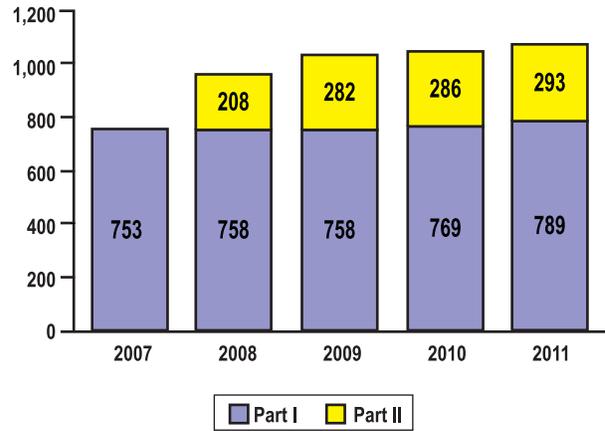
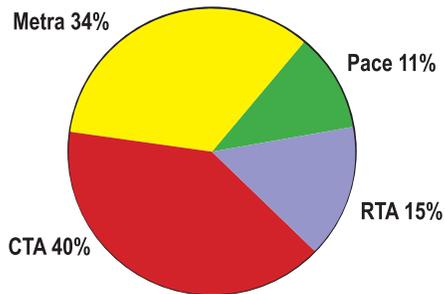


Exhibit 3-3: RTA Sales Tax (Part 1) Collected (in percent)

|                 | CTA | Metra | Pace | Total |
|-----------------|-----|-------|------|-------|
| Chicago         | 100 | 0     | 0    | 100   |
| Suburban Cook   | 30  | 55    | 15   | 100   |
| Collar Counties | -   | 70    | 30   | 100   |

Exhibit 3-4: RTA Sales Tax (Part I) Distribution - \$753 million



that is collected in sales tax, the RTA receives an additional dollar in PTF. The 2009 estimated amount is \$189.6 million (Exhibit 3-1). The amount of funds that each Service Board receives through the RTA from the PTF is allocated at the discretion of the RTA Board upon the review and approval of each Service Board’s annual or revised budget.

In 2009 revenues from this special fund provided by P.A 95-0708 (Part II receipts of \$147.7 million) are combined with the new sales tax generated by P.A. 95-0708 and designated for certain operations and programs before formula allocation to the Service Boards. Money set aside before allocations include funding for ADA Paratransit operations, Suburban Community Mobility (SCMF), and Innovation, Coordination and Enhancement (ICE) initiatives. Funding

for these initiatives, as set by statute, increase or decrease with the annual change in sales tax with 2008 set as the base year. The 2008 appropriation for ADA Paratransit was \$100 million, SCMF \$20 million and ICE \$10 million. The remaining balance is allocated as follows: CTA 48%, Metra 39% and Pace suburban service 13%.

In 2009, the new legislation increases PTF on old sales tax to 30% with 5% becoming part of the group of funds just described. The new legislation also increased the real estate transfer tax (RETT) in the City of Chicago by 0.3%, which yields \$3 in public funding for the CTA for every \$1,000 paid for the property. This funding flows directly from the City to the CTA and is not included in the RTA schedule of revenues and expenditures (Exhibit 3-1). However, PTF funds associated with RETT (i.e. 25% of RETT) transactions flow through the RTA and by statute become part of the CTA’s funding as illustrated in the Introduction Section (Ordinance 2008-83 – Schedule I-B)

None of the PTF revenue is payable to the RTA until it certifies to the Governor, State Comptroller and Mayor of the City of Chicago that it has adopted a budget and financial plan as called for by the RTA Act.

**State Financial Assistance (SFA)**

This revenue source is state-authorized assistance to reimburse the debt service expenses for the RTA’s Strategic Capital Improvement Program (SCIP)

Exhibit 3-6: 2009 Part I Sales Tax by Area - \$753 million

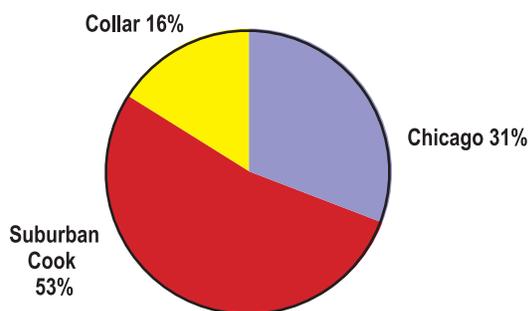
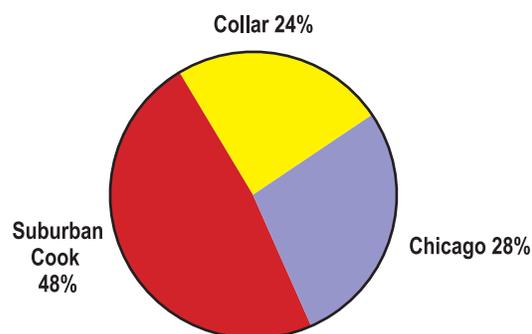


Exhibit 3-7: 2009 Part I &amp; Part II Sales Tax by Area - \$1,040 million



bonds. Subject to the appropriation of funds by the State, the RTA will continue to be eligible to receive State Financial Assistance (SFA) payments. The RTA received \$117.8 million in 2007 and estimates \$116.5 million from 2008 through 2011.

#### **Reduced Fare/Free Ride Programs**

This operating assistance is partial reimbursement from the State to the Service Boards for discounts mandated by law. This includes discounts to students, elderly, and disabled individuals who qualify for the State Circuit Breaker Program. For more information regarding this program please access the State of Illinois web page ([www.state.il.us](http://www.state.il.us)).

The reduced fare/free ride funds are distributed by the State through the RTA and then to the Service Boards. Funding in 2007 was \$36.7 million and is expected to average \$36.6 million from 2009 through 2011.

#### **Other Revenue**

The other revenue category generally consists of sales tax interest, investment income, and Agency revenue. From 2005 through 2007 the State of Illinois appropriated funds totaling \$54.3 million for ADA Paratransit Service and other costs and services. This amount is included in the \$77.4 million figure on Exhibit 3-1. This separate source of funds was superseded by P.A. 95-0708. The amount in 2008 includes \$16 million representing continued working cash needs.

The State pays interest on sales tax receipts to the RTA from the time of collection until it is disbursed to the RTA. The RTA then disburses the interest on Part I sales tax receipts to the Service Boards based on the same formula used to allocate the Part I sales tax receipts. In 2009 the interest is budgeted at \$1.7 million. RTA investment income is dependent on available cash balances and prevailing market rates. The RTA's cash balance is primarily composed of funds reserved in prior years for various Service Board capital projects and associated RTA financial transaction proceeds. Additional revenue in this category includes fees charged to employers for RTA Fare Checks that help offset the costs of administering the program. Also included in Agency revenue are matching funds obtained under federal, state and local programs for regional planning, development and new technology efforts. The sum of investment earnings, transit check fees and matching funds is estimated to average \$16.8 million; combined with interest on sales tax yields a total of \$18.5 million during the current (2009-2011) planning cycle.

#### **Operating Expenditures**

Exhibit 3-1 provides a summary of the RTA's operating expenditures from 2007 through 2011. Total operating expenditures are projected to grow from \$961.1 million in 2007 to \$1,342.0 million in 2011. This is an increase of \$381 million over the four-year period, or an 8.7 percent compound annual growth rate.

**Operations Funding**

The RTA's primary expenditure is the funding of the Service Boards' operating deficits. An operating deficit is the difference between a Service Board's system-generated revenue (fare box and other revenue) and system operating expenditures. Exhibit 3-8 presents the operations funding level for the three Service Boards. From 2007-2011, Service Board operations funding from the RTA is expected to increase from \$813.1 million to \$1,127 million. This \$313.9 million increase represents a compound annual growth rate of 8.5 percent.

RTA operations funding to the Service Boards in 2007 compared to 2011 is as follows: The CTA's funding (including PTF from RETT) increases from \$464.3 million in 2007 to \$664.7 million in 2011, an annual increase of 9.4%. Metra's amount increases from \$256.6 million in 2007 to \$338.8 million in 2011, a compound growth of 7.2%, and Pace's suburban service amount (excluding Suburban Community Mobility Funds and South Suburban Job Access funds) increase from \$92.2 million in 2007 to \$123.5 million in 2011, annual increase of 7.6% (Exhibit 3-1). With Suburban Community Mobility and South Suburban Job Access Pace's funding for suburban operations increase at a growth rate of 13.2% through the three-year planning compared to the level of funding received in 2007. Total funding for the 2009 budget and 2010-2011 financial plan is provided in the Introduction Section (Ordinance 2008-83,

Schedule I-B). A detailed discussion of each Service Board's revenues and expenditures is provided in the CTA, Metra and Pace sections of this document.

**Suburban Community Mobility Funding**

Each year, as provided by P.A. 95-0708, the RTA shall deposit into this fund an amount that increases or decreases with the percentage change in sales tax receipts. This change is indexed from the 2008 statutory base year amount of \$20 million. As shown on Exhibit 3-1 the amount declines to \$19.8 million in 2009. Funding from 2009 through 2011 increases from \$19.8 million to \$20.6 million an annual growth rate of 2%.

The amount on deposit including interest and earnings shall be used by the RTA to make grants to Pace for operating transit services, other than traditional fixed route services, that enhance suburban mobility, including, but not limited to, demand-response services, ride sharing, van pooling, service coordination, centralized dispatching and call taking, reverse commuting, service restructuring and bus rapid transit (BRT).

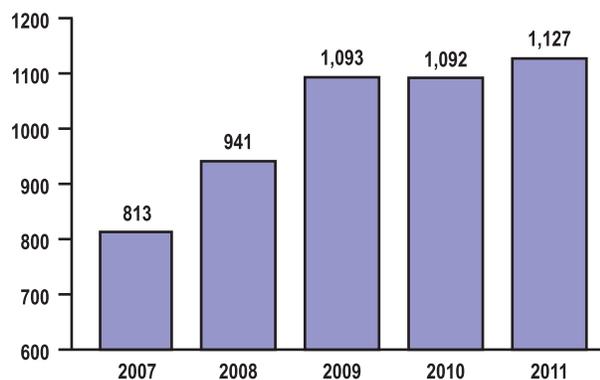
**South Suburban Job Access Funding**

Another provision of P.A. 95-0708 is the establishment of a fund that provides financial resources to Pace, in cooperation with the RTA, for the development of operating programs that enhance access to job markets for residents in south suburban Cook County. Funding was set at \$3.75 million for 2008 increasing to \$7.5 million annually going forward, however, an additional source of funds is not provided by P.A. 95-0708.

**ADA Paratransit Service**

As previously discussed, the State of Illinois appropriated additional funds to the RTA in the amount of \$54.3 million for ADA paratransit service and other costs and services in 2005, 2006, and 2007. In 2005, the CTA received the full appropriation. In 2006 the CTA and Pace shared the appropriation because

Exhibit 3-8: RTA Operations Funding - Excludes ADA (dollars in millions)



Pace acquired responsibility for all ADA paratransit service in the RTA region effective July 1, 2006. In 2007, Pace received the full appropriation from the State. Because of growing service demands and increased operating costs, Pace also received \$19.8 million of RTA Discretionary Funds producing a total funding for ADA Paratransit in 2007 of \$76.1 million.

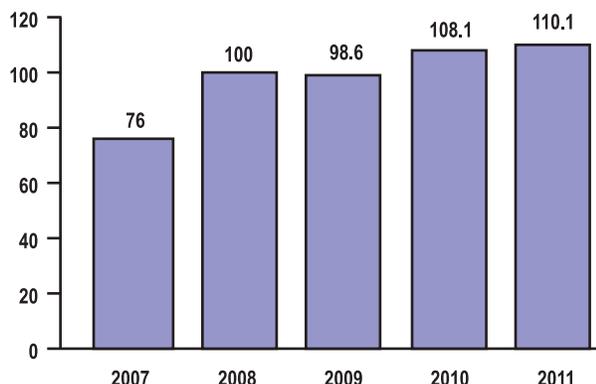
In 2008 the additional state funding for ADA paratransit service (\$54.3 million) was terminated with the passage of P.A. 95-0708. Provisions in the ACT set aside a base amount of \$100 million for 2008 operations that changes annually with the annual percentage change in sales tax receipts. During the three-year (2009-2011) planning period funding is estimated to increase from \$98.6 million in 2009 to \$110.1 million in 2011 (Exhibit 3-9), an annual growth rate of 5.7%.

#### ***Innovation, Coordination and Enhancement (ICE) Funding***

The new legislation also established a fund for innovation, coordination, and enhancement. In 2008, as the initial amount was set at \$10 million, which then changes annually with the amount of regional sales tax receipts. The distributions of funds from 2008 through 2011 are apportioned respectively to operations and capital on ratio of 39% and 61% (Exhibit 3-1).

With the affirmative vote of 12 directors, and after a public participation process, service boards, transportation agencies, or units of local government

Exhibit 3-9: ADA Paratransit Funding - (dollars in millions)



may receive ICE operating on capital grants or loans to advance the goals and objectives of the RTA's Strategic Plan, provided that an improvement is not in a five-year capital program as of the effective date of the new legislation. However, if the RTA Board determines that an emergency exists, by an affirmative vote of 12 members, funds may then be used for urgent operating or capital needs.

#### ***Reduced Fare/Free Ride Programs, and Sales Tax Interest***

State reduced fare/free ride programs reimbursements are received as revenue by the RTA and flow directly to the Service Boards to help defray program costs. In 2007, the State's Reimbursement was \$36.7 million. During the three-year planning period (2009-2011), the reimbursement is estimated to be \$36.6 million, which is not expected to fully cover the cost of the program.

There is a lag between when the State collects the RTA Sales Tax and when the State transfers it to the RTA. The RTA receives interest on this sales tax, and then disburses 85 percent of the interest on Part 1 sales tax receipts to the Service Boards according to the same formula used for sales tax distribution. In 2007 receipts were \$2.7 million compared to an estimate of \$0.9 million in 2008. From 2009 through 2011 the amount is projected to hold at an annual amount of \$1.7 million.

#### ***Agency Administration, Regional Services and Programs***

Spending for Agency administration, regional services and regional programs is discussed further in the Agency portion of this section. Expenditures in 2007 were \$32.7 million and are projected to increase to \$34.6 million in 2011, an increase of \$1.9 million, or an annual increase of 1.4%.

#### ***Debt Service and Capital Expenditures***

Exhibit 3-1 provides a summary of the RTA's debt service and capital expenditures from 2007-2011.

Total expenditures in this category are projected to increase from \$205.9 million in 2007 to \$259.7 million in 2011. The increase is the direct result of increased statutory funds that Metra receives.

### ***Principal and Interest***

Principal and interest payments reflect the RTA's expenditures and projected expenditures from 2007 through 2011. Payments are expected average \$183.3 million during the three-year planning period with State Financial Assistance (SFA) for the SCIP bond program expected to defray about 63 percent of the total Principal and Interest expenditures during this timeframe. Additional bond information is provided at the end of this section.

### ***Regional Technology, Agency Capital and ICE***

The 2009 budget continues to fund region-wide capital-driven technology enhancements. Like regional technical assistance programs, the regional technology programs are coordinated efforts with other state and local agencies, reducing RTA funding. At the end of the year, any funds that have not been spent are reserved. Included in this category are expenditures for the Agency's capital needs. The funds are used to enhance various information technology programs and preserve the office environment.

The budget for 2009 totals \$4.6 million, primarily a level amount though the planning period. More details are spelled out in the Agency's share of this section. ICE funding details were previously discussed; the amount budgeted for 2009 is \$6 million.

### ***Transfer Capital***

Two funding sources cover this category of expenditure, statutory and RTA discretionary. The statutory apportionment of sales tax to a Service Board can exceed its operating marks, when this occurs a Service Board can transfer these funds to its capital program. During the planning period Metra continues to be the only Service Board that can assign funds that could be used for operating purposes

to its capital program. From 2009 through 2011, Metra's plans to average a transfer of statutory funds to its capital program totaling \$48.4 million annually.

Since 1995, the RTA has transferred a portion of its discretionary funds, available for operations, to the CTA for capital investment. From 1995 through 1997 the program was funded at an annual level of \$11.0 million. In 1998, CTA's funding for this program was increased to \$16.5 million. The CTA transfer capital program was funded at \$19.2 million in 1999 and increased to \$20.4 million in 2000 and remains at this level through the 2011 planning period.

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### **Total Expenditures**

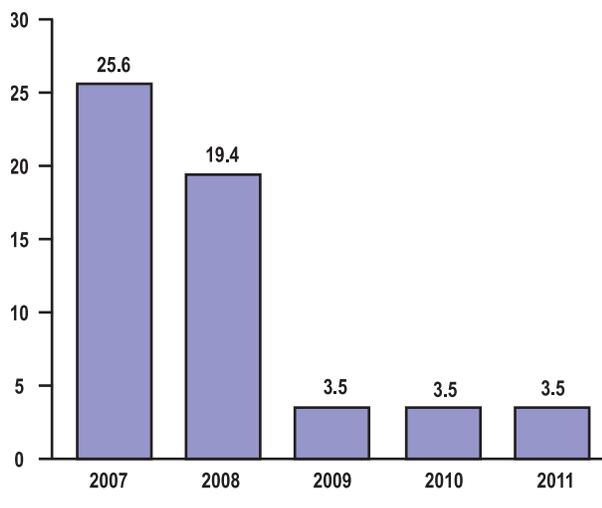
Total RTA expenditures include all operating, debt service and capital program costs. From 2007 through 2011, these expenses are projected to increase from \$1,167 million to \$1,601.8 million. This \$434.8 million increase represents a compound growth rate of 8.2 percent driven by the increase for service operations.

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### **Fund Balance**

In 1998, the RTA Board adopted an ordinance establishing a minimum level in the unreserved and undesignated fund balance of 5 percent of total operating expenditures. (Fund balance policy details are outlined in the Introduction Section.) The purpose of the ordinance was to formalize a practice of maintaining a level of financial resources available for funding during unfavorable economic periods. Unfortunately, unfavorable economic conditions have created the need to waive, for purposes of the adoption of the 2009 Budget and 2010-2011 Financial Plan, the provision of the ordinance that requires the RTA to show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund by no later than the end of the three-year planning period. However, this policy will be in effect for the development and adoption of the 2010 Budget and 2011-2012 Financial Plan unless further action is taken by the RTA Board to extend such waiver.

Exhibit 3-10 Fund Balance - (dollars in millions)



The 2007 ending balance was \$25.6 million. The estimated ending balance for 2008 is \$19.4 million. The ending balance for the 2009 budget and two-year financial plan (2010 to 2011) remains at \$3.5 million (Exhibit 3-10).

### **Beginning Balance**

The beginning balance is the amount of funds in the undesignated and unreserved fund balance after the previous year's results have been audited and the accounting books are closed. All statements in this document reflect 2007 actual results of \$25.6 million as the 2008 beginning balance.

### **Change In Fund Balance/Ending Fund Balance**

Total RTA revenue less total RTA expenditures produces a change to the fund balance. When revenue exceeds expenditures, the gain is added to the fund balance. If expenditures exceed revenue, the deficit reduces the fund balance. In 2007, total revenues exceeded total expenditures on a budgetary basis by \$6.7 million.

Funding provided by P.A. 95-0708 that exceeds the operating needs of ADA Paratransit operations is by statute reserved by the RTA for future needs. The amount reserved in 2009 is \$403 thousand. Funds reserved in 2008 reflect the remaining balance of

ICE funds not programmed from the total appropriation of \$10 million. The funds will be reserved until allocated to future programs. Also expended from RTA's fund balance is the payment of the premium for the Joint Self Insurance Fund (JSIF). The RTA provides excess liability insurance to protect the self-insurance programs maintained by the Service Boards. The Service Boards are obligated to reimburse the fund for any damages paid plus interest. The 2009-2011 Budget and Financial Plan provides for an annual payment of premium totaling \$3.5 million

At year end changes in revenue over expenditures, other financing uses, and capital grant expenditures are reconciled on a GAAP versus budgetary basis with the balance in the general fund then reflecting a GAAP based undesignated/unreserved balance. The year-end unreserved/undesignated fund balance in 2007 was \$25.6 million (Exhibit 3-1).

### **Recovery Ratio**

The RTA Act requires the RTA Board to set a recovery ratio for the next fiscal year for each Service Board. The RTA Act further requires that the combined revenue from RTA operations cover at least 50 percent of the system operating cost. The RTA's system-generated revenue recovery ratio in 2009 is 54.7 percent. This statutory calculation computes to 4.7 percentage points above the mandated 50 percent.

In meeting the 50 percent recovery ratio, the RTA Act requires that the revenue figures include all receipts consistent with generally accepted accounting principles with certain specified exceptions. Therefore, the revenue figure used to determine whether the RTA system meets this 50 percent requirement includes not only all of the items contained in the recovery ratio for the Service Board budgets, but also the net gain on lease/lease-back transactions, and Metra's 2008 fare increase—which was restricted for capital investment. A detailed breakout of this calculation is provided in Exhibit 3-34 at the end of this section.

## 2008 Budget versus 2008 Estimate

Total RTA revenue of \$1,383.3 million is projected to be \$200.7 million more than the 2008 budget of \$1,182.6 million set before the passage of P.A. 95-0708 (Exhibit 3-11).

Total expenditures of 1,385.5 million increased \$224.9 over an original budget of \$1,160.7 million reflecting the benefit of the additional funds provided by P.A. 95-0708. Without the additional funds provided by this statute the Service Boards were faced with the need to significantly raise fare, decrease service and curtail infrastructure improvements by shifting capital funds to operations.

## Capital Program

At the present time, the 2009-2013 capital program funding marks total \$2.575 billion. When federal, state or local appropriation figures change, the Service Boards' capital programs may not match the program marks.

When this occurs, the RTA Board considers ordinances that incorporate all changes and bring the Service Board programs in balance with the marks. Detailed Service Board program information is provided in the Capital Section of this publication.

Exhibit 3-11: RTA Statement of Revenues and Expenditures - General & Agency Fund (dollars in thousands)

|   | 2008 Budget (1)  | 2008 Estimate (2) | Change         |
|---|------------------|-------------------|----------------|
| <b>System-Generated Revenue</b>                                   |                  |                   |                |
| RTA Sales Tax (Part I)  | 766,077          | 758,400           | (7,677)        |
| RTA Public Transportation Fund (Part I)                           | 191,519          | 189,600           | (1,919)        |
| RTA Sales Tax (Part II)   | -                | 207,900           | 207,900        |
| RTA PTF (Part II)   | -                | 40,657            | 40,657         |
| State Financial Assistance  | 116,477          | 116,477           | -              |
| State Free Rides & Reduced Fare Reimbursement                     | 36,800           | 36,800            | -              |
| Other Revenue (3)   | 71,752           | 33,500            | (38,252)       |
| <b>Total Revenue</b>  | <b>1,182,625</b> | <b>1,383,334</b>  | <b>200,709</b> |
| <b>Operating Expenditures</b>                                     |                  |                   |                |
| RTA Total for CTA operations                                      | 471,828          | 558,832           | 87,004         |
| RTA Total for Metra Operations                                    | 264,097          | 280,100           | 16,003         |
| RTA Total for Pace Suburban Service                               | 84,596           | 102,441           | 17,845         |
| RTA Suburban Community Mobility Funding for Pace                  | -                | 20,000            | 20,000         |
| RTA South Suburban Job Access Funding for Pace                    | -                | 3,750             | 3,750          |
| RTA Total for ADA Paratransit Service (4)                         | 65,922           | 100,000           | 34,078         |
| RTA Funding for Innovation, Coordination, and Enhancement         | -                | 3,851             | 3,851          |
| State Free Rides, Reduced Fare Reimbursement & Sales Tax Interest | 37,700           | 37,700            | -              |
| Agency Administration and Regional Initiatives (5)                | 29,952           | 33,613            | 3,661          |
| <b>Total Operating Expenditures</b>                               | <b>954,095</b>   | <b>1,140,287</b>  | <b>186,192</b> |
| <b>Debt Service &amp; Capital Expenditures</b>                    |                  |                   |                |
| Principal and Interest for Service Board Capital Programs (6)     | 184,318          | 186,318           | 2,000          |
| Regional Technology and Agency Capital (5)                        | 1,900            | 1,870             | (30)           |
| RTA Funding for Innovation, Coordination, and Enhancement         | -                | 6,029             | 6,029          |
| Transfer Capital - Metra Funds                                    | -                | 30,661            | 30,661         |
| Transfer Capital - Discretionary RTA Funds to CTA                 | 20,353           | 20,353            | -              |
| <b>Total Debt Service and Capital Expenditures</b>                | <b>206,571</b>   | <b>245,231</b>    | <b>38,660</b>  |
| <b>Total Expenditures</b>   | <b>1,160,666</b> | <b>1,385,518</b>  | <b>224,852</b> |
| Fund Balance (undesignated/unreserved)                            |                  |                   |                |
| Beginning Balance   | 227              | 25,648            | 25,421         |
| Change in Fund Balance (7)  | 21,959           | (6,224)           | (28,183)       |
| <b>Ending Unreserved/Undesignated Fund Balance</b>                | <b>22,186</b>    | <b>19,424</b>     | <b>(2,762)</b> |
| % of Total Operating Expenditures                                 | 2.3%             | 1.7%              | (0.6%)         |

1) Budget Ordinance 2007-63 (adopted December 2007). (2) August estimate to meet 2009 budget and two-year financial planning cycle (Marks set by September 15, and Budget adoption by year-end) as set by state statute. (3) Includes State funding for ADA Paratransit service and other costs and services totaling \$54.3 million. (4) Includes \$11.7 million of RTA discretionary funds. (5) Appropriated funds for long-term regional initiatives that remain unspent at the end of each year continue to be available for this purpose without subsequent appropriation action. (6) Additional interest for working cash loan. (7) Estimate includes loss of \$2.2 million as total expenses exceed total revenue, \$3.9 million to fund the JSIF, an ICE reserve of \$120 thousand for balance of funds not programmed and available for future year funding.



# Agency Operating Plan

## Budget and Financial Plan

The RTA (the Agency) performs planning, coordination, oversight, and funding responsibilities for the RTA public transportation system. Recent recommendations from the Illinois Office of the Auditor General (OAG), as well as changes to the state laws governing the RTA, enhanced the role of the RTA. Planning-related responsibilities include the following:

- Develop a regional Strategic Plan and update it to meet changing conditions
- Improve planning and coordination within the RTA system
- Implement new regional programs
- Advance bus rapid transit and universal fare card initiatives

Oversight-related responsibilities include the following:

- Review system performance and establish performance measures
- Improve the capital programming process
- Increase ADA Paratransit service oversight
- Improve the annual budgeting process to ensure consistency with the Strategic Plan

In addition, the Agency operates regional programs such as the Travel Information Center (TIC), Customer Service Center, ADA certification, and the senior and disabled free ride programs.

The Agency budget is constructed in alignment with these responsibilities – representing the resources needed in 2009 implement these responsibilities. These responsibilities are the agency program priorities – described more fully later in this section, including details on staff and costs by department, along with an organization chart.

In 2009, Agency expenditures total \$36.7 million, which is a 3.5% increase over the 2008 budget of \$35.5 million. The increase reflects resources – staff and outside expertise – to implement the responsibilities of the new legislation and OAG recommendations.

The budget in 2008 of \$35.5 million reflects the increased resources needed to implement the recommendations from the Illinois Auditor General's audit – many of which were included in the state legislation enacted on January 18, 2008.

Overall, the amendments to the RTA Act looked to achieve a better coordinated and more efficient regional transit system, including implementation of many of the recommendations of the Illinois Office of the Auditor General (OAG), by enhancing the RTA's responsibilities and accountability with respect to regional planning, fiscal oversight, and fare and service coordination.

In the last couple of years, the Agency shifted to a performance-based budgeting approach. Rather than using a formula-based approach, the budget is developed by identifying the performance objectives for the upcoming year and assessing the resources needed to accomplish those objectives.

Based on this approach, the next section outlines each department's expenditures and program priorities in 2009, followed by a general description of each department.

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## Agency Departments and Staffing

In 2007, the RTA began to chart a new course for the agency and started to re-organize the RTA staff to improve planning, coordination, and oversight focus. We have added positions directed towards those efforts, as well as the ride free programs.

The staffing plan for 2008 was 113 positions, and as we continue our efforts, we continue to assess our staffing needs. The 2009 budget contemplates five additional positions for a total of 118.

The RTA organization chart (Exhibit 3-12) illustrates the agency departments and their divisions or functional units.

Exhibits 3-13 and 3-14 show the staffing plan by department. The department breakdown reflects that 46% of our efforts provide various regional services and planning programs and that 32% of our efforts

Exhibit 3-12: RTA Organization Chart

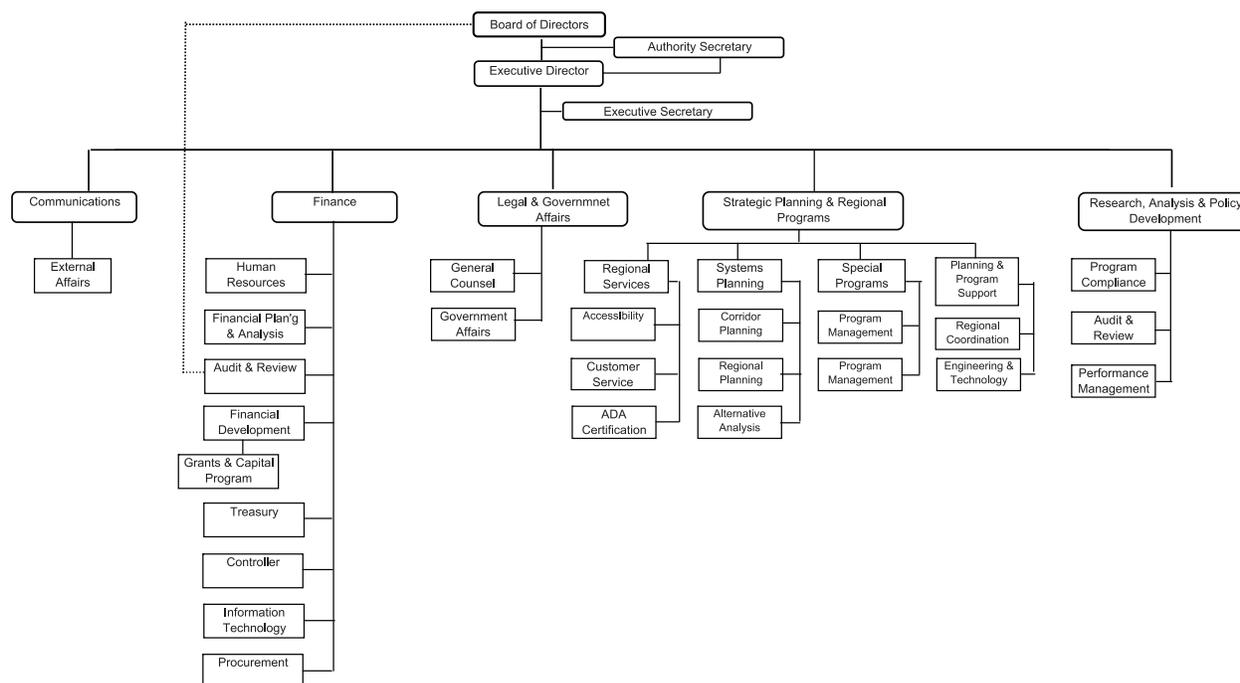


Exhibit 3-13: Agency Staffing by Department - budgeted positions

|   | 2008       | 2009       | Change   |
|---|------------|------------|----------|
| Executive Office                              | 3          | 3          | -        |
| Communications                                | 5          | 6          | 1        |
| Legal & Governmental Affairs                  | 6          | 6          | -        |
| Finance & Administration                      | 37         | 38         | 1        |
| Planning                                      | 22         | 25         | 3        |
| Regional Services                             | 29         | 29         | -        |
| Research, Analysis & Policy Development (RAP) | 11         | 11         | -        |
| <b>Total RTA Staffing Plan</b>                | <b>113</b> | <b>118</b> | <b>5</b> |

are for finance and administration initiatives. The remaining 22% is dedicated for various management services such as executive services, communications, legal & governmental affairs, and research, analysis and policy development.

Exhibits 3-15 and 3-16 show agency expenses by department. As previously discussed, the total 2009 agency budget is \$36.7 million. Since the Research, Analysis & Policy Development department was formed in 2007, it reflects only a partial year of expenditures for that year; the organization's first full year of operation occurred in 2008.

The following sections outline each department's organizational structure, program priorities, and analyze their expenditures in more detail.

Exhibit 3-14: Agency Staffing by Department - budgeted positions

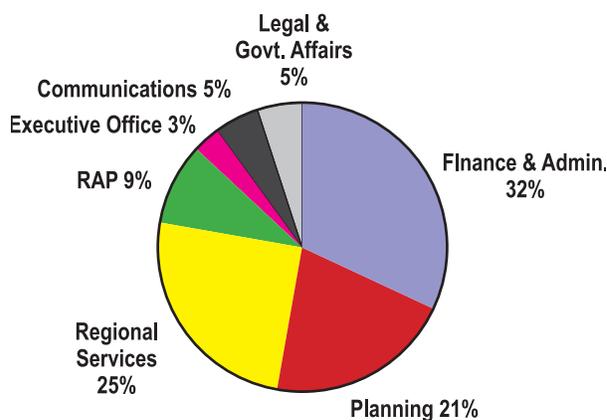
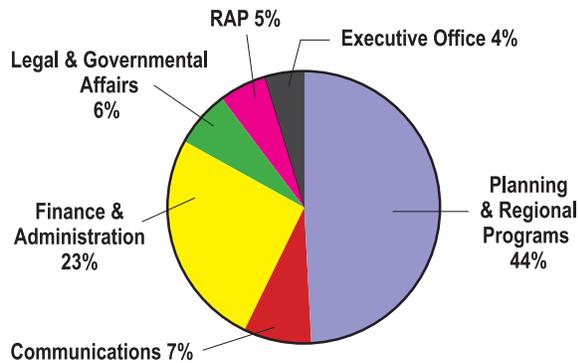


Exhibit 3-15: Agency Expense by Department - (in dollars)

|   | 2007 Actual       | 2008 Budget       | 2009 Budget       |
|---|-------------------|-------------------|-------------------|
| Executive Office                        | 1,269,607         | 1,617,973         | 1,466,700         |
| Planning & Regional Programs            | 25,536,267        | 21,757,341        | 19,951,326        |
| Research, Analysis & Policy Development | 124,481           | 1,366,829         | 1,834,542         |
| Finance & Administration                | 7,043,234         | 6,083,433         | 8,597,362         |
| Legal & Governmental Affairs            | 2,203,615         | 2,136,927         | 2,333,293         |
| Communications                          | 1,796,443         | 2,520,509         | 2,541,437         |
| <b>Total</b>                            | <b>37,973,648</b> | <b>35,483,012</b> | <b>36,724,660</b> |

Exhibit 3-16: Agency Expense by Department - (in dollars)



**Executive Office**

This structure includes the RTA Board of Directors and organizations that support the RTA Chairman and Board of Directors, and administer day-to-day agency activities.

The RTA Board of Directors consists of 15 members and a chairman. The RTA Board has the statutory authority to establish, by rule or regulation, financial, budgetary, or fiscal requirements for the region’s public transit system. The RTA Board and its committees set policy, consider matters relating to RTA operations and compliance with the ADA Act, supervise audits, and consider planning studies and capital program investments. The Board has six standing committees that review and recommend policy to the entire Board.

The Executive Director executes the policy decisions of the RTA Board and staffs the agency to administer its statutory mission and implement Board policy. The Executive Director informs and

assists the RTA Chairman and the Board in the development of policy, and is the principal contact with executive staffs of the CTA, Metra, and Pace to ensure effective administration of the RTA’s regional planning and oversight responsibilities.

The Secretary to the Authority provides Board support functions by assisting with the information, documentation, and logistical needs of the RTA Board. The Secretary works with staff to supply Board members with the information and documentation needed to fulfill their statutory role and to obtain quorums for meetings of the Board and its six standing committees.

**Program priorities:**

- Manage the departments continued implementation of the RTA Act mandates and Illinois Auditor General recommendations
- Oversee the departments achievement of their 2009 program goals
- Work closely with the RTA Board to obtain the necessary Board direction for the achievement of the over-all 2009 program

2009 expenditures of \$1.5 million represent 4% of the total agency budget, which include personnel related expenses for the board and the executive area. There will be no change in the budgeted positions in 2009. The total executive office staff of 3 - without the board members - will remain the same.

**Planning and Regional Programs**

The department consists of four principal organizational areas. Three areas, Strategic & Long

Exhibit 3-17: 2009 Program Expenses (in dollars)

| Agency Programs                                 | 2009 Budget       |
|---|-------------------|
| <b>Communications</b>                           |                   |
| RTA Map   | 150,000           |
| Advertising                                     | 100,000           |
| Production                                      | 50,000            |
| Marketing                                       | 200,000           |
| Outreach  | 187,500           |
| Transit card delivery fees                      | 15,000            |
| <b>Total Communications Programs</b>            | <b>702,500</b>    |
| <b>Legal &amp; Governmental Affairs</b>         |                   |
| Regional Diversity                              | 70,000            |
| Legislative Consulting                          | 426,500           |
| <b>Total Legal &amp; Gov't Affairs Programs</b> | <b>496,500</b>    |
| <b>Regional Services</b>                        |                   |
| ADA Travel Training                             | 10,000            |
| Paratransit trips                               | 900,000           |
| Applicant Appeals                               | 10,000            |
| <b>Total Regional Services Programs</b>         | <b>920,000</b>    |
| <b>Total Agency Programs</b>                    | <b>2,119,000</b>  |
| <b>Regional Technical Assistance Programs</b>   |                   |
| Community Planning Programs                     | 967,200           |
| Subregional Planning                            | 481,900           |
| Other Regional Technical Asst. Program          | 1,086,500         |
| Capital Asset Condition Assessment              | 1,000,000         |
| <b>Total Regional Technical Asst Program</b>    | <b>3,535,600</b>  |
| <b>Agency Capital Programs</b>                  |                   |
| Integrated Management System                    | 1,126,000         |
| TIC Relocation - lower cost facility            | 312,500           |
| Office Renovation                               | 900,000           |
| Other computer software and hardware            | 255,999           |
| Contingency                                     | 51,000            |
| <b>Total Agency Capital Program</b>             | <b>2,645,499</b>  |
| <b>Regional Technology Programs</b>             |                   |
| Universal Fare Card Study                       | 150,000           |
| Regional System Analysis                        | 500,000           |
| Transit Hub Program                             | 100,000           |
| RTA Multi-Modal Info Kiosk                      | 150,000           |
| Regional Transit Data Exchange Standards        | 285,000           |
| Regional Transit Incidents Reporting System     | 385,000           |
| Regional Green Transit Plan                     | 350,000           |
| <b>Total Regional Technology Programs</b>       | <b>1,920,000</b>  |
| <b>Coordination Program Expenses</b>            |                   |
| Strategic Plan Update                           | 150,000           |
| Rail Safety Oversight / Project Mgmt Oversight  | 150,000           |
| Trustee Fee / Rebate Calculation                | 201,000           |
| APTA dues                                       | 150,000           |
| Other   | 98,500            |
| <b>Total Coordination Program Expenses</b>      | <b>749,500</b>    |
| <b>Grand Total</b>                              | <b>10,969,599</b> |

Range Planning, Special Programs, and Regional Coordination, provide strategic, regional, sub-regional and corridor planning, and coordination between Service Boards. The fourth area, Regional Services is responsible for the following RTA-operated regional services and programs: the RTA Travel Information Center, Accessibility, ADA Paratransit Certification program, RTA reduced fare program, senior and disabled ride free program, and the RTA Customer Service Center.

#### **Program priorities:**

- Develop Amendments to the Strategic Plan
- Market Analysis: Produce a regional analysis of travel markets with rider and non-rider surveys; a detailed regional perspective not available anywhere else.
- Regional/Corridor Planning Process: Define the regional planning process and relevant work such as corridor planning, local area planning and how it relates to project prioritization.
- Regional System Analysis: Review the performance of the existing system and develop guidance for RTA selection of Enhance and Expand projects in the business plan and capital program processes.
- Improve Planning & Operating Coordination Between RTA, CTA, Metra, & Pace
  - Multimodal Trip planner: Launch and manage the state-of-the-art multimodal regional information system; implement new features such as incident reporting and real time next bus/train.
  - Improve Service Planning Coordination initiatives.
- Refine Grant Management of RTA's Regional Funding Programs
 

This initiative includes Sub-regional Planning, Community Planning and Transit Oriented Development (TOD) coordination for the region; Job Access Reverse Commute/New Freedom (JARC/NF) programs; Innovation Coordination & Enhancement (ICE) funding for Service Boards



and local community initiatives; Suburban Community Mobility Funding, South Suburban Job Access Funding; and the 2010 Call for Projects.

- Advance Bus Rapid Transit (BRT) Initiative
  - Develop and Implement two to four BRT demonstration projects.
- Advance Universal Fare Card Initiative
  - Define goals and criteria for implementing a seamless fare system that ensures open architecture and region-wide applicability with appropriate fare policy. Identify the short and long term goals and begin implementation with the Service Boards.
- Travel Information Center Relocation
  - Relocation of space to the Metra building.
- Administer New Free Rides
  - Senior Ride Free and Disabled Ride Free Programs.

Planning and regional programs represent more than half, 55%, of the total agency budget. Most of the expenditures are for regional services initiatives such as TIC operations, the ADA certification program, and the ride free programs. The 2009 expenses reflect an 8% decrease from the 2008 budget due to a lower TIC operations fee and a more careful selection of planning programs. The TIC operation will be managed by a new vendor resulting in a \$1.3 million savings over the 2008 budget.

To meet all of the legislative requirements, the planning department is adding three new staff positions to its existing 22 positions. There are no

changes planned for the regional services area that totals 29 budgeted positions in 2009.

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## Research, Analysis and Policy Development (RAP)

The RAP organization was created in 2007 to better meet the RTA's oversight responsibilities and address the recommendations of the Auditor General. It is responsible for coordinating interdepartmental resources to perform this mission. Departmental divisions include Program Compliance, External Audit, and Performance Management. The department will ensure RTA staff has adequate finance, administration, and operations information, as well as the resources to lead the development of policies for a more effective and efficient regional mass transit system. The department is also responsible for the CTA Rail Safety Oversight and Capital Project Management Oversight (PMO) for each Service Board. As the designated oversight agency for safety and security on the CTA's rapid transit system, the RTA assures compliance with the Federal State Safety Oversight Rule for Rail Fixed Guideway Systems.

### **Program priorities:**

- Expand Review & Assessment of Performance of All Transit Agencies and Establish and Implement Agency Specific & Sub-Regional Measures and Standards
  - Measure, analyze, and critique performance of all transit agencies. Conduct and analyze performance utilizing measures and peer analysis to ensure consistency with and support of the Moving Beyond Congestion (MBC) Strategic Plan.
- Continue to Establish and Implement Regional Performance Measures and Standards
  - Implement methodologies to measure and monitor.
- Manage ADA Paratransit Oversight
  - Perform ADA Paratransit oversight as required by the FTA and State.

- Report on ADA Legislative Compliance Review
  - Report and present policy and financial issues to the RTA Board for discussion and resolution with the goal of maintaining ADA service standards with cost effective and efficient service.
- Develop and Implement a New Regional Capital Programming Process
  - Improve the regional capital program process to reflect RTA reform legislation mandates and OAG recommendations. Perform Project Management Oversight of the Service Boards' capital improvement plans and capital project developments. Establish a capital evaluation process that will provide an estimate of capital needs for each of the Service Boards based on a complete assessment of the current asset inventory and the age and condition of those assets and then develop a prioritization process for the selection of capital improvement projects.
- Coordinate Cross-Department Integration
  - Manage interdepartmental task forces to address priority matters that cross departmental lines.

Department expenses of \$1.8 million in 2009 represent 5% of the total agency budget. This is an increase of 34% over the 2008 budget. The increase reflects a budget of \$1.0 million for the capital condition assessment of Service Board assets. The total costs for this assessment is \$1.2 million; \$200,000 was budgeted in 2008. Other program expenses such as rail safety oversight and program management oversight are listed in Exhibit 3-17. The department's 11 budgeted positions in 2009 does not change from the level set in 2008.

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## Finance and Administration

The Finance office executes the funding and oversight responsibilities of the RTA. It works to maintain financial stability in the region and ensures that the agency and Service Boards execute their

statutory requirements for fiscal responsibility. The finance department includes the following divisions: Controller, Financial Planning and Analysis, Audit and Review, Financial Development/Grants and Capital Program, and Treasury. Administrative offices include Human Resources, Procurement, and Information Technology. These areas are responsible for compensation and benefits, purchasing, and information systems management.

### **Program priorities:**

- Improve the Regional Operating Budget Program, and Mitigate and Seek to Resolve Threats to the Financial Stability of the System
  - Develop assumptions for ongoing operations and "baselines" for the 10-year business plan data and related projections.
  - Perform analysis of obligations including pension, leasing, borrowing (capacity, debt service coverage/affordability, and interest earnings), injury and damages/joint self-insurance fund. Develop strategy for financial documents released for public review: short term "business plan" documents, and public relations information.
- Implement an Improved Integrated Management System
  - Recent legislation strengthened the RTA planning and oversight responsibility. The OAG also recommended that the RTA prepare and adopt annually a ten-year financial plan that includes the agency's cash position and all known obligations for the region. In order to accomplish these recommendations, an improved integrated management system is planned to be implemented in 2009. The new system will enhance our ability to provide information to the Board, and we will be able to respond quicker to requests for Ad-Hoc analysis.
- Develop and Implement a More Robust Capital Program Analysis, Monitoring, and Reporting Process

- Adapt the capital program management process to new parameters developed with the Research, Analysis and Policy Development and Planning & Regional Programs departments regarding project selection and funding distribution. Implement new procedures for grant management associated with new RTA programs related to new legislation.
- Improve Administrative Support for All Departments
  - Develop a vision for agency human resources, information technology, and procurement operations that support the RTA's strategic plan positions the RTA as a valued partner with its Service Boards, and provides the RTA with the tools it needs to maximize its effectiveness.

The 2009 expenditures of \$8.6 million reflect a \$2.5 million increase over the 2008 budget primarily due to the implementation of a new integrated management system of \$1.1 million and office renovation and board room relocation of \$0.9 million. The department's capital programs are listed in Exhibit 3-17. Increased cost of health benefits and a modest increase in personnel and office services contributed to the other \$0.5 million growth over the 2008 budget. The department's expenses represent 23% of the Agency's total budget.

In order to respond quicker to various ad-hoc analyses to the RTA Board and management, the department is adding an Analyst position in 2009 to the existing 37 positions.

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### Legal and Governmental Affairs

The Legal and Governmental Affairs Department provides legal advice and counsel to the RTA Board, Executive Director, and staff regarding the statutory and regulatory provisions governing the Authority, as well as overseeing all RTA contracts and litigation. The Department also develops and promotes the RTA's federal, state and local government affairs agenda in coordination with the Service Boards.

### **Program priorities:**

- Enact and implement comprehensive, long-term capital funding legislation in Springfield
  - With the passage of the reform and operating funding legislation in 2008, our focus in Springfield in 2009 will be on passing a state capital bill. Our capital program is significantly underfunded, and our ability to advance our other priorities depends on securing capital funds. We are developing coalitions, drafting legislation, and advocating with the Legislature. The 2009 budget contains funding for lobbyists to help advance this objective.
- Increase the region's transit funding in the federal authorization of surface transportation programs
  - In the short-term, we are working with our Congressional delegation and with the Obama transition team to develop economic recovery legislation that provides funding to invest in ready to go transit infrastructure projects. In the longer term, the authorization for federal transportation funding will expire in 2009, and the federal transportation programs are expected to undergo the most significant reform in decades. We have developed and are leading a national coalition of large transit systems, working with industry associations such as APTA, advising legislators with policy and program design, and advocating directly with Congress and the Obama Administration. The 2009 budget contains funding for lobbyists to help advance this objective.
- Enhance the RTA's Disadvantaged Business Enterprise and Regional Title VI Programs
  - The RTA will continue to work to enhance the opportunities for diverse firms to participate in its procurement processes, both as prime contractors and as sub-contractors. The RTA will also work with the Service Boards to evaluate the regional application of Title VI equity principles in the Strategic Plan and capital program development.

Departmental expenses for 2009 represent 6% of the total agency budget. Budgeted expenses of \$2.3 million are 9% higher than the 2008 budget reflecting increased legislative and legal expenses for capital program funding as well as CTA pension oversight. The department's staffing plan of 6 people will remain the same in 2009.

## Communications

Communications assists management in the formulation and execution of communications and marketing initiatives. The department manages the RTA's internal and external production of reports, speeches, video presentations, advertising, and publications that explain and promote agency initiatives and goals. The department also leads public outreach and hearings, media relation efforts, marketing and sales information, advertising initiatives, and efforts to coordinate marketing opportunities with the Service Boards. Starting in 2009, the transit benefit program will be supervised by the department.

### Program priorities:

- Advance Joint Regional Marketing Programs
  - As a follow up to the 2008 marketing summit, manage and implement coordinated sales, marketing, advertising and public information programs in conjunction with the Service Boards. Programs include the Transit Benefit program, the Drive Less/Live More campaign, the Congestion Mitigation campaign, BRT, the new generation Multi-Modal Trip Planner, and initiatives stemming from the Fall 2008 Marketing Summit with the Service Boards.

- Develop Marketing rules & regulations
  - Develop rules and regulations in conjunction with the Service Boards to be adopted by the RTA board that will serve as guidelines to present a coordinated marketing effort.
- Continue and Expand Outreach to the General Public and Partners for Transit
  - Conduct public hearings and factor in feedback obtained in efforts to secure a capital investment campaign;
  - Help obtain input and support for the comprehensive strategic plan being adopted by the Board in 2009;
  - Broaden outreach to obtain input, involvement, and support for Planning and Regional Program's management of RTA Funding Programs;
  - Continue to enhance efforts to obtain public input into the budget planning process;
  - Demonstrate transparency and accountability by publicizing and obtaining input and support for capital program management and performance measures;
  - Obtain input and feedback on Pace service and operations that relate to the audit of ADA Paratransit being conducted by the RTA.

Expenses of \$2.5 million in 2009 are 7% of the total agency budget and remain at the 2008 budget level. Major communications program initiatives are listed in Exhibit 3-17. In order to meet increased outreach program needs, the department is adding one new position in 2009, an Outreach Specialist, to its existing base of five positions.

## Agency Expenses by Expense Type

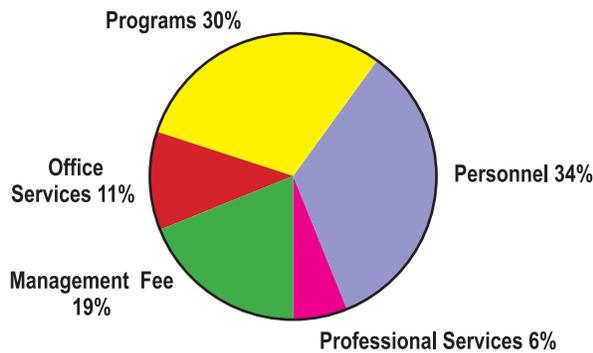
Exhibit 3-18 shows an Agency summary by major expense type from 2007 to 2009. The 2009 budget of \$36.7 million reflects a 3.3% reduction compared to 2007 actual results, and a 3.5% modest increase to the 2008 budget.

Exhibit 3-19 shows the 2009 Agency expense by type. \$12.6 million or 34% of the total expenses

Exhibit 3-18: Agency Expense by Type - (in dollars)

|                                     | 2007 Actual       | 2008 Budget       | 2009 Budget       |
|-------------------------------------|-------------------|-------------------|-------------------|
| Compensation/<br>Benefits/Personnel | 9,852,755         | 11,625,655        | 12,630,104        |
| Professional Services               | 1,357,036         | 1,934,400         | 2,110,350         |
| Management Fee                      | 8,061,802         | 8,203,000         | 6,870,000         |
| Office Services                     | 3,259,044         | 5,255,621         | 4,144,607         |
| Program Expenses                    | 15,443,011        | 8,464,336         | 10,969,599        |
| <b>Total Agency</b>                 | <b>37,973,648</b> | <b>35,483,012</b> | <b>36,724,660</b> |

Exhibit 3-19: Agency Expense by Type - (in dollars)



represent personnel related expenditures, such as compensations, benefits, recruitment, training, and travel expenses. This is an 8.6% increase over the 2008 budget, reflecting the five proposed new positions, higher health insurance costs, and increased pension contributions. Eleven million or 30% of the total Agency budget is used to fund various program expenses. Nineteen percent or \$6.9 million of our budget is dedicated to operate the Travel Information Center, the ADA certification program, senior and disabled ride free programs, and the transit benefit program. \$4.1 million or 11% is projected for office services including rent and utilities, and the CTA card stock for the ride free programs. The remaining balance of \$2.1 million or 6% will cover various legal and consulting fees that are necessary for the CTA pension oversight, internal, external, and task order audits, and legal fees for capital program funding and other legal matters.

Exhibit 3-20 also shows the Agency expenses by type but at a more detailed (category) level. The Program Expense category represents the largest level of expenditure.

As illustrated on Exhibit 3-20 the cost of temporaries has increased for 2008 and 2009 reflecting the temporary staff needed for the senior and disabled free ride programs. Office and equipment maintenance increases for 2009 reflect planned office renovating services as well as normal maintenance on fax, AV room and other equipment. Card stock for the reduced fare programs is included in the office services expense category. Other office services include office supplies, graphic design, data services, furniture, bank charges, public meetings, leased auto expenses, property and liability insurance, security and other miscellaneous items.

In 1985, a statutory cap for administrative spending was set at \$5 million, with a growth rate of 5 percent per year. The proposed 2009 administrative expenditures of \$8.8 million are 45.5% below the cap allowance of \$16.1 million as it shown on Exhibit 3-21.

### Major Mandates

The 2009 budget was developed to reflect legislative mandates enacted by Public Act 95-0708 on January 18, 2008. Exhibit 3-22 shows budget expenditures corresponding with this legislation. The following list describes the major mandates and how they align with 2009 agency initiatives.

#### 1) Strategic Plan development and improved coordination of fares and service

The RTA Act requires the RTA Board to adopt a comprehensive, long-term Strategic Plan for regional transit, to be reviewed and updated periodically and develop amendments to the Strategic Plan such as market analysis and regional system analysis. For these efforts our 2009 budget includes a total amount of \$905,000. The RTA is authorized to adopt sub-regional and corridor plans, and the 2009 budget includes \$481,900 for these initiatives. In addition, the plan must include a 10-year assessment of the transit system's financial condition.

The Agency is authorized to make recommenda-

Exhibit 3-20 Agency Expense by Type by Category (in dollars)

| Expense Category                                 | 2007 Actual       | 2008 Budget       | 2009 Budget       |
|--|-------------------|-------------------|-------------------|
| Salaries and Other Pay                           | 6,619,196         | 7,527,705         | 8,210,242         |
| Temporaries                                      | 50,465            | 69,000            | 214,650           |
| Interns  | 23,683            | 8,000             | 72,500            |
| <b>Total Compensation/Salaries</b>               | <b>6,693,345</b>  | <b>7,604,705</b>  | <b>8,497,392</b>  |
| Vacation Pay Expense                             | 42,278            | 45,000            | 65,000            |
| FICA Employer Share & SUTA Unemployment Comp.    | 496,644           | 585,000           | 576,000           |
| Insurance-Group Life & Medical and Workman Comp. | 1,203,337         | 1,640,000         | 1,706,000         |
| Pension Expense                                  | 999,916           | 1,100,000         | 1,228,547         |
| RTA Employee Transit Benefit Prg                 | 81,458            | 105,000           | 123,000           |
| Other Employee Benefits                          | 116,769           | 190,000           | 75,000            |
| <b>Total Benefits</b>                            | <b>2,940,402</b>  | <b>3,665,000</b>  | <b>3,773,547</b>  |
| Recruitment                                      | 14,684            | 75,000            | 65,000            |
| Membership                                       | 41,327            | 58,950            | 52,165            |
| Training & Employee Recognition                  | 34,342            | 70,000            | 58,000            |
| Travel & Business Expense                        | 128,656           | 152,000           | 184,000           |
| <b>Total Other Personnel</b>                     | <b>219,008</b>    | <b>355,950</b>    | <b>359,165</b>    |
| Legal Fees                                       | 646,776           | 400,000           | 455,000           |
| Consulting                                       | 710,261           | 1,534,400         | 1,655,350         |
| <b>Total Professional Services</b>               | <b>1,357,036</b>  | <b>1,934,400</b>  | <b>2,110,350</b>  |
| Transit Benefit Program                          | 749,611           | 843,000           | 750,000           |
| ADA Paratransit                                  | 1,327,984         | 1,300,000         | 1,400,000         |
| Reduced Fare                                     | 294,990           | 160,000           | 60,000            |
| TIC  | 5,689,217         | 5,250,000         | 4,000,000         |
| Seniors Ride Free Program                        | -                 | 650,000           | 440,000           |
| Disabled Ride Free Program                       | -                 | -                 | 220,000           |
| <b>Total Management Fee</b>                      | <b>8,061,802</b>  | <b>8,203,000</b>  | <b>6,870,000</b>  |
| Printing, Postage & Mailing                      | 290,500           | 369,500           | 359,900           |
| Rent   | 1,796,937         | 1,804,770         | 1,854,161         |
| Utility and Office & Equipment Maintenance       | 119,480           | 136,800           | 199,335           |
| Computer Expenses                                | 233,000           | 299,500           | 351,900           |
| Telephone & Internet                             | 323,484           | 375,000           | 457,000           |
| Publications & Media Services                    | 64,301            | 77,000            | 64,000            |
| Card Stock (ride free programs)                  | -                 | 1,875,000         | 500,000           |
| Other Office Services                            | 431,341           | 318,051           | 358,311           |
| <b>Total Office Services</b>                     | <b>3,259,044</b>  | <b>5,255,621</b>  | <b>4,144,607</b>  |
| Total Agency Programs                            | 1,444,652         | 1,933,500         | 2,119,000         |
| Total Regional Technical Asst Prg                | 4,821,650         | 3,894,189         | 3,535,600         |
| Agency Capital Prg                               | 2,400,200         | 397,500           | 2,645,499         |
| Regional Technology Prg                          | 5,099,000         | 1,472,647         | 1,920,000         |
| Coordination Prg Exp                             | 1,677,508         | 766,500           | 749,500           |
| <b>Total Program Expenses</b>                    | <b>15,443,011</b> | <b>8,464,336</b>  | <b>10,969,599</b> |
| <b>Total Expenses</b>                            | <b>37,973,648</b> | <b>35,483,012</b> | <b>36,724,660</b> |

tions to the RTA Board regarding fare coordination, transfers, service coordination, and duplication of service and to evaluate the feasibility of implementing new bus rapid transit services using expressway and tollway systems in the metropolitan region. For the bus rapid transit and the universal fare card stud-

ies our budget includes \$412,500 and \$150,000, respectively.

## 2) Improved oversight

The recent legislation further empowered the RTA with stronger business planning and oversight

Exhibit 3-21: 2009 Administrative Expense/Statutory Cap  
(in dollars)

|                                | 2009 Budget       |
|--------------------------------|-------------------|
| <b>Administration Expenses</b> | <b>8,783,985</b>  |
| Regional Expenses              | 23,375,176        |
| Capital Expenses               | 4,565,499         |
| <b>Total RTA</b>               | <b>36,724,660</b> |
| Statutory Cap Allowance        | 16,125,371        |
| <b>Percent under Cap</b>       | <b>(45.5)%</b>    |

responsibility of the region’s public transportation system. However, given the stand-alone features of RTA and Service Board systems, our ability to meet these requirements is hampered because our current systems:

- Lack significant integration of RTA and Service Board financial systems (Treasury, Budget, Accounting, Grants, and Capital).
- Lack significant integration of RTA and Service Board operational data (service plans, ridership, and performance data).
- Experience significant redundancies in processing, storing, analyzing and reporting data throughout the RTA, which represents a significant investment in staff time and sets up opportunities for conflicting analysis and reporting.
- Lack efficient approval processes. The current process flow is time-consuming, primarily because each division checks/approves invoices against its own set of records.
- Do not provide efficient methods to retrieve and analyze information that is stored in multiple single source (silo) data systems.

The integrated system solution will provide single source data for business planning and analysis, and will be the central repository for core data system-wide. The system will provide the following benefits:

- Enhanced functionality to support all divisions and departments
- Single data entry at point of origin
- Electronic interface with the Service Boards for financial, operational, and capital project data

- Flexible ad-hoc reporting, and analytical and decision support capabilities
- Effective and efficient workflow management (on-line routing and approval)
- Data warehouse and business intelligence modules for management information
- Adaptability to address RTA’s evolving business requirements

To implement the new Integrated Management System will cost \$1.8 million for the 3-year project period. For 2009 we budgeted \$1.1 million for implementation of the core system. In 2010 will plan to complete the management information/business intelligence phase, and in 2011 we will take care of any final work to ensure proper functioning of the system.

The RTA is required to ensure ongoing financial oversight to stabilize the long-term financial health of the CTA pension and retiree health care system. The RTA staff also must ensure that annual Service Board budgets are consistent with the Strategic Plan and that budgets include details of long-term obligations. The RTA is required to audit the Service Boards no less than every five years; such audits may include management, performance, financial and infrastructure condition audits. The RTA is also required to audit ADA Paratransit costs every three years. For these efforts we budgeted \$1.5 million.

An additional initiative is the relocation of the RTA board room. We have added additional public hearings for adopting the Strategic Plan and for adopting the annual Budget/Two-Year Financial Plan and Five-Year Capital Program. In order to provide more space for the public and to improve access to people with disabilities for RTA board meetings and public hearings, due to increased interest, we are planning to move the board room to the 2nd floor. The relocation is budgeted at \$900,000.

**3) Capital Program**

A top priority in 2009 will be to enact and implement comprehensive, long-term capital funding

legislation in Springfield that will enable us to maintain, enhance and expand the region's transit system. (Capital projects can only be in the RTA Five-Year Capital Program if they meet the criteria in the Strategic Plan.) To assist this effort we budgeted \$881,000 for various legislative consulting and legal fees.

To establish a capital evaluation process that will provide an estimate of capital needs for each of the Service Boards, based on a complete assessment of the current asset inventory and the age and condition of those assets, we budgeted \$1 million for 2009.

#### **4) Coordinated sales and marketing**

In order to develop and adopt a coordinated sales, marketing, advertising and public information program for all transit in the region, meet increased outreach needs, assist efforts with the capital campaign, and update the strategic plan, we budgeted \$687,500. Administration of the transit benefit program, which will be coordinated by the RTA, is budgeted at \$815,000.

#### **5) Senior and disabled ride free programs**

The RTA is required to provide free rides for seniors as well as the disabled who are eligible for the Circuit Breaker Program. The costs for this program will be \$3.5 million, which includes \$1.2 million to manage the initiatives and issue new reduced fare cards and \$2.3 million to meet the increased demand for the ADA Paratransit certification program (represents transportation costs to the certification centers and the operations costs of the certification site).

#### **6) Other agency and planning programs and the Travel Information Center**

From a regional perspective the Agency coordinates and funds several initiatives that bring together public transportation services across the region. One of the region-wide programs includes the operation of the Travel Information Center (TIC). The TIC operations and the proposed TIC relocation to Metra's

headquarters building will cost \$4.5 million in 2009. The TIC operation, which will be managed by a new firm, will result in a \$1.3 million savings over our 2008 budget of \$5.3. The budget for this operation in 2009 is \$4.0 million.

The RTA plans to continue to support strategic planning and coordination initiatives which develop transit options in the region such as sub-regional and community planning programs. The 2009 budget also continues to fund region-wide capital-driven technology initiatives and agency programs. The 2009 budget for these other regional programs (regional technical assistance, regional technology, coordination, and other regional programs) is \$3.6 million.

Exhibit 3-22 shows these direct expenditures allocated by legislative mandate in a total amount of \$20.4 million. Out of the total 2009 Agency budget of \$36.7 million, the remaining of \$16.3 million represents personnel and office services expenditures. Exhibits 3-23 and 3-24 show our staffing plan by legislative initiative. Out of the 118 positions 40% are dedicated for improved oversight, while 30% of our efforts go to the strategic plan, coordination of fares, and services initiatives. 19% of our staff is focused on the senior and disabled ride free programs as well as the ADA Paratransit certification program. 6% of our staff will work to enact and implement comprehensive, long-term transit capital funding legislation, and to establish a capital evaluation process. The remaining 5% of staff will work on coordinated sales and marketing initiatives.

Exhibit 3-22: 2009 Expense by Major Legislative Mandate (in dollars)

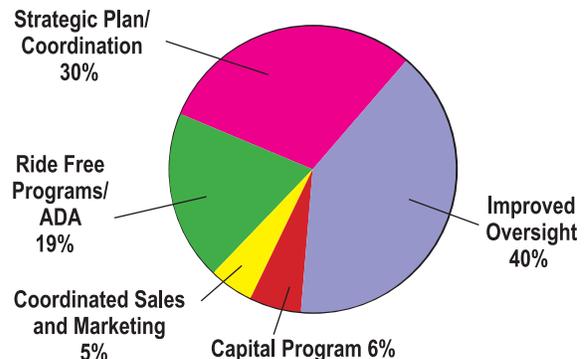
|  |                    |
|--|--------------------|
| <b>Strategic plan development &amp; Improved Coordination (fares/services)</b> | <b>2009 Budget</b> |
| Strategic Plan Update  | 150,000            |
| Travel Markets   | 255,000            |
| Sub-regional and corridor plans  | 481,900            |
| Regional System Analysis   | 500,000            |
| Bus Rapid Transit (BRT)  | 412,500            |
| Universal Fare Card Study  | 150,000            |
| <b>Total Strategic Plan / Coordination of Fares and Services</b>               | <b>1,949,400</b>   |
| <b>Improved Oversight</b>  |                    |
| Integrated Management System   | 1,126,000          |
| Board room relocation / Office renovation                                      | 900,000            |
| Professional Services for CTA pension, Service Board, and RTA                  | 1,483,350          |
| <b>Total Improved Oversight</b>  | <b>3,509,350</b>   |
| <b>Capital Program</b>   |                    |
| Legislative consulting and legal fees to seek capital funding                  | 881,000            |
| Capital Asset Condition Assessment   | 1,000,000          |
| <b>Total Capital Program</b>   | <b>1,881,000</b>   |
| <b>Coordinated Sales and Marketing</b>   |                    |
| Communications Programs (RTA Map, Marketing, Advertising, Outreach)            | 687,500            |
| Transit Benefit Program  | 815,000            |
| <b>Total Coordinated Sales and Marketing</b>                                   | <b>1,502,500</b>   |
| <b>Agency and Planning Programs / Travel Information Center</b>                |                    |
| Regional Technology Programs *   | 1,420,000          |
| Regional Technical Assistance Programs *                                       | 1,236,200          |
| Other Regional Programs  | 409,499            |
| Coordination Programs (in addition to strategic plan update)                   | 599,500            |
| TIC Operations and relocation  | 4,462,500          |
| <b>Total Agency and Planning Programs / TIC</b>                                | <b>8,127,699</b>   |
| <b>Seniors and Disabled Ride Free Programs / ADA Paratransit Programs</b>      |                    |
| Senior Ride Free Programs  | 940,000            |
| Disabled Ride Free Programs  | 220,000            |
| ADA Paratransit Certification Program  | 2,320,000          |
| <b>Total Ride Free Programs and ADA Paratransit Programs</b>                   | <b>3,480,000</b>   |
| <b>Total before Personnel and Office Services - Direct Costs</b>               | <b>20,449,949</b>  |
| <b>Personnel and Office Services</b>   |                    |
| Compensations / Benefits / Personnel   | 12,630,104         |
| Office Services  | 3,644,607          |
| <b>Total Personnel and Office Services</b>                                     | <b>16,274,711</b>  |
| <b>Grand Total</b>   | <b>36,724,660</b>  |

(\*in addition to the programs listed above at the Strategic Plan category)

Exhibit 3-23: Agency Staffing by Legislative Initiative

|                                 | 2008 Budget | 2009 Budget | Change   |
|---------------------------------|-------------|-------------|----------|
| Strategic Plan / Coordination   | 31          | 35          | 4        |
| Improved Oversight              | 48          | 48          | -        |
| Capital Program                 | 7           | 7           | -        |
| Coordinated Sales and Marketing | 5           | 6           | 1        |
| Ride Free Programs / ADA        | 22          | 22          | -        |
| <b>Total RTA Staffing Plan</b>  | <b>113</b>  | <b>118</b>  | <b>5</b> |

Exhibit 3-24: Agency Staffing by Legislative Initiative



**Goals and Performance Plan (1)**

| Strategic Goals   | Short-Term Goals  | Departments   |
|---|---|---|
| <p>I. Provide Transportation Option</p> <p>Provide public transportation choices that link to jobs and deliver cost-effective, dependable and on-time commutes.</p>   | <p>Update the Strategic Plan to incorporate the mandates of the RTA reform legislation</p> <p>Revise and adopt Planning and Coordination Requirements, Policy, and Process</p>  | <p>Planning and Regional Programs</p>   |
| <p>II. Ensure Financial Viability</p> <p>Ensure the sustained financial viability of public transportation as intrinsic to the region's multimodal transportation system.</p>   | <p>Improve the regional operating budget program to reflect the RTA reform legislation mandates and OAG recommendations.</p> <p>Improve the capital program to reflect RTA reform legislation mandates and OAG recommendations</p> <p>Measure, analyze, and critique performance of all transit agencies. Seek enactment of a state transit operating and capital funding and reform</p> <p>Protect and increase the region's transit funding share in the federal reauthorization of the surface transportation programs.</p> <p>Support the implementation of the RTA reform legislation mandates</p> | <p>Finance and Administration</p> <p>Research, Analysis, and Policy Development (RAP)</p> <p>Legal &amp; Government Affairs</p> |
| <p>III. Enhance Livability and Economic Vitality</p> <p>Provide a public transportation system that protects the environment and supports the livability and economic vitality of the region.</p>   | <p>Establish the Innovation, Coordination and Enhancement (ICE) fund policy and criteria.</p> <p>Strongly manage ADA paratransit oversight of the Service Boards.</p>   | <p>Planning and Regional Programs</p>   |
| <p>IV. Demonstrate Value</p> <p>Create and sustain public understanding of the benefits of public transportation to individual health and well-being, regional economic vitality and sustainability, and as a catalyst for new opportunities for users and non-users alike.</p> | <p>Develop framework for more effective oversight of the Service Boards.</p> <p>Create an integrated marketing program.</p> <p>Develop and manage an on-going public participation on the Partners for Transit Program.</p> <p>Manage departments' implementation of new RTA Act mandates</p> <p>Oversee departments' achievement of their 2009 Program Goals</p> <p>Ensure effective Board involvement in the program.</p>   | <p>Research, Analysis, and Policy Development (RAP)</p> <p>Communications</p> <p>Executive Director</p>                         |

(1) Reference Agency Operating Plan on page 53-64 and Goals and Performance Measures on page 67-70.

## Goals and Performance Measures

In 2007, Regional Transportation Authority released its five-year strategic plan, Moving Beyond Congestion that presented our 30-year vision for maintaining, enhancing and expanding our public system now valued at \$35 billion dollars and provides two million rides each weekday and thousands more on weekends. It also addresses several major issues across the region which includes congestion and mobility, changing travel markets, service coordination and integration, capital and operations funding, and the risks without additional funding. Formal process for goals and performance measures will be presented to the RTA board for adoption in 2009. Some of the informal processes are summarized below.

### Vision

The RTA, Metra, CTA and Pace vision for the region is a world-class public transportation system that is convenient, affordable, reliable and safe, and is the keystone of the region’s growing business opportunities, thriving job market, clean air and livable communities.

### Goals

- I. Provide Transportation Option
  - Provide public transportation choices that link to jobs and deliver cost-effective, dependable and on-time commutes.
- II. Ensure Financial Viability
  - Ensure the sustained financial viability of public transportation as intrinsic to the region’s multimodal transportation system.
- III. Enhance Livability and Economic Vitality
  - Provide a public transportation system that protects the environment and supports the livability and economic vitality of the region.
- IV. Demonstrate Value
  - Create and sustain public understanding of the benefits of public transportation to individual health and well-being, regional

economic vitality and sustainability, and as a catalyst for new opportunities for users and non-users alike.

### Objectives and Specific Performance Measures

The specific objectives and performance measures will be presented to the Board of Directors for adoption in 2009. In the interim, some of the temporary measures placed by the Service Boards are as follows:

#### I. Provide Transportation Options

##### Objectives:

1. Improve on-time performance
2. Provide seamless public transportation
3. Increase ridership

##### Performance Measures

1. Improve on-time performance (96.6%–5 year average) (METRA)

| Year | % On-Time | Goal (%) |
|------|-----------|----------|
| 2004 | 96.9%     | >0.3     |
| 2005 | 96.3%     | <0.3     |
| 2006 | 96.3%     | <0.3     |
| 2007 | 95.7%     | <0.9     |
| 2008 | 96.0%     | <0.6     |



## 2. Provide Seamless public transportation (January-November) (in thousands)

| Options   | 2006    | 2007    | 2008    | '07 vs. '08 |
|---|---------|---------|---------|-------------|
| Link-up (issued by Metra—use on peak period for CTA & most Pace services)                 | 80,222  | 87,472  | 87,329  | 143         |
| PlusBus (issued by Metra— unlimited use on most Pace Routes)                              | 13,962  | 13,213  | 12,756  | 457         |
| Pass (e.g. 7-day pass, UPass, 1,2,3,5 day pass issued by CTA—unlimited use on CTA & Pace) | 152,716 | 168,944 | 178,689 | 9,745       |

## 3. Increase Ridership

| Service Boards | 2007 Actual | 2008 Estimate | 2009 Plan   | '08 vs. '09 |
|----------------|-------------|---------------|-------------|-------------|
| CTA            | 499,540,000 | 524,304,000   | 517,860,000 | <1.2        |
| Metra          | 83,346,000  | 87,736,000    | 89,082,000  | >1.5        |
| Pace           | 38,000,000  | 38,900,000    | 40,772,000  | <4.8        |

## II. Ensure Financial Viability

**Objectives:**

1. Demonstrate measurable achievement in the provision of clean, attractive, affordable, safe, reliable and convenient public transportation services.



| Metric                                     | 2009 Goal (%) |
|--|---------------|
| CTA Major Delays, Rail Transportation      | ≤11/mo.       |
| CTA Major Delays, Rail Vehicle Maintenance | ≤22/mo.       |
| CTA General Cleans: % of Fleet Past Due    | 0%            |

2. Continually enhance efficiencies through effective management, innovation, and technology.

1. Provide a public transportation system that protects the environment and supports the livability and economic vitality of the region.

| Options   | 2007 Actual | 2008 Estimate | 2008 Plan | 2009 Goal (%) |
|---|-------------|---------------|-----------|---------------|
| Travel Information Center Call Capture Rate (%) | 92.2        | 93.6          | 94.0      | >0.4          |
| Automated CTA Bus announcement                  | 2,033       | 2,175         | 2,175     | 0             |



| Options (in thousands)   | 2007 Actual | 2008 Estimate | 2008 Plan | Est. vs. Plan (%) |
|--|-------------|---------------|-----------|-------------------|
| ADA Ridership  | 2,799,000   | 2,658,000     | 3,253,000 | <22               |
| CTA Bus Lifts  | 2,033       | 2,175         | 2,175     | 0                 |
| Pace Fixed Route Accessible stations                           | 232         | 240           | 240       | 0                 |
| RTA Reduced Fare Permit (used by senior & ADA for fixed route) | 320,000     | 320,000       | 320,000   | 0                 |
| RTA ADA Certification (used by seniors & ADA paratransit)      | 10,428      | 13,130        | 10,000    | >31               |

- 2. Provide mobility to aging populations and people with disabilities.

IV. Demonstrate Value

- 1. Increase public outreach
- 2. Develop public-private partnerships

| Options         | 2007 Actual | 2008 Estimate | 2009 Plan |
|-----------------|-------------|---------------|-----------|
| Public Hearings | 35          | 37            | 37        |



2008 Public Hearing with RTA Executive Director, Stephen E. Schlickman

In the future, specific performance measures will follow the matrix below

| Measure   | MBC Goals                         |
|---|-----------------------------------|
| <b>Service Supplied (the amount of service scheduled and/or actually operated)</b>  |                                   |
| <b>Vehicle revenue hours</b> (hours that vehicles travel while in revenue service, including layover/recovery time, but excluding deadhead time) <ul style="list-style-type: none"> <li>• Per capita (population for the Chicago UZA &amp;/or six county service area—US Census)</li> </ul>   | I. Provide Transportation Options |
| <b>Vehicle revenue miles</b> (Miles that vehicles travel while in revenue service, including layover/recovery time, but excluding deadhead time) <ul style="list-style-type: none"> <li>• Per capita (population for the Chicago UZA &amp;/or six county service area—US Census).</li> <li>• Per service area/square miles (square miles within geographic boundary for the Chicago UZA &amp;/or 6 county service area—US Census).</li> </ul>   | I. Provide Transportation Options |
| <b>Transit Capacity</b> (total person space miles: seating capacity (plus standees based on loading standards) multiplied by vehicle revenue miles. <ul style="list-style-type: none"> <li>• Per capita (population for the Chicago UZA &amp;/or six county service area (US Census)</li> </ul>   | I. Provide Transportation Options |
| <b>Service Consumed (the amount of service actually used by passengers)</b>   |                                   |
| <b>Passenger trips</b> (Unlinked passenger trips: The number of passengers who board public transportation vehicles and are counted each time they board a vehicle used to travel from their origin to their destination). <ul style="list-style-type: none"> <li>• Per capita (population for the Chicago UZA &amp;/or six county service area (US Census).</li> </ul>   | IV. Demonstrate Value             |
| <b>Passenger miles</b> (Cumulative sum of the distances ridden by each passenger: average trip length multiplied by total passenger trips). <ul style="list-style-type: none"> <li>• Per capita (population for the Chicago UZA &amp;/or six county service area (US Census)</li> </ul>   | I. Provide Transportation Options |
| <b>Transit capacity utilization</b> (Percent of transit capacity that is actually used: Passenger miles divided by transit capacity).   | IV. Demonstrate Value             |
| <b>Service Efficiency (Achieving the desired result (service delivery) with the minimum use of resources)</b>   |                                   |
| <b>Operating cost</b> (The expenses associated with the operation of the transit agency) <ul style="list-style-type: none"> <li>• Per vehicle revenue hour (Hours that vehicles travel while in revenue service, including layover/recovery time, but excluding deadhead time)</li> <li>• Per vehicle revenue mile (Miles that vehicles travel while in revenue service, including layover/recovery time, but excluding deadhead time)</li> <li>• Per unit of transit capacity (Total person space miles: seating capacity (plus standees based on loading standards) multiplied by vehicle revenue miles)</li> </ul>   | II. Ensure Financial Viability    |
| <b>Service Effectiveness (The extent to which passengers are using public transit service in relation to the amount of service available).</b>  |                                   |
| <b>Passenger trips</b> (Unlinked passenger trips: The number of passengers who board public transportation vehicles and are counted each time they board a vehicle used to travel from their origin to their destination) <ul style="list-style-type: none"> <li>• Per vehicle revenue hour (Hours that vehicles travel while in revenue service, including layover/recovery time, but excluding deadhead time)</li> <li>• Per vehicle revenue mile (Miles that vehicles travel while in revenue service, including layover/recovery time, but excluding deadhead time)</li> <li>• Passenger miles (Cumulative sum of the distances ridden by each passenger: average trip length multiplied by total passenger trips)</li> </ul> | I. Provide Transportation Options |

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**Cost Effectiveness (Economically worthwhile in terms of what is achieved for the amount of money spent).**

**Operating Cost** (The expense associated with the operation of the transit agency)

- Per passenger mile (Cumulative sum of the distances ridden by each passenger: average trip length multiplied by total passenger trips) II. Ensure Financial Viability
  - Per passenger trip (Unlinked passenger trips: The number of passengers who board public transportation vehicles and are counted each time they board a vehicle used to travel from their origin to their destination.)
- 

**Service Delivery – Customer Service (The provision of service to customers before, during and after a purchase that is designed to enhance the customer experience and level of satisfaction)**

- On-time Performance (Percentage of the times a transit vehicle departs a location within a certain number of minutes after and/or before the scheduled time and/or interval maintenance for frequent service) II. Ensure Financial Viability
  - Customer satisfaction index score (A market research tool, administered through a survey, that identifies criteria and establishes a rating system for the measurement of customer satisfaction) II. Ensure Financial Viability
- 

**Service Delivery – Safety (Protection from the risk of harm or injury)**

**Major Security Incidents** (Occurrences of bomb threats, robbery, larceny, burglary or arrests/citations for fare evasion, trespassing, vandalism, and assault) II. Ensure Financial Viability

- Per passenger trip (Unlinked passenger trips: The number of passengers who board public transportation vehicles and are counted each time they board a vehicle used to travel from their origin to their destination.)

**Major Safety Incidents** (Any event involving the operation of a transit system if, as a result, one or more of the following occurs: an individual dies either at the time of the event or within 30 days of the event; one or more persons suffer bodily damage as a result of the event requiring immediate medical attention away from the scene; property damage in excess of \$25,000.)

- Per passenger trip (Unlinked passenger trips: The number of passengers who board public transportation vehicles and are counted each time they board a vehicle used to travel from their origin to their destination.)
- 

**Service Level Solvency – Operations (The operating budget)**

**Short-term financial viability** (The ability to fund operations over a three year period so as not adversely impact service delivery) II. Ensure Financial Viability

- Operating reserves (the amount of unallocated unreserved fund balance).

**Fare Revenue** (All income received directly from passengers, either paid in cash or through pre-paid tickets, passes, etc. and the reduced fares paid by passengers in a user-side subsidy arrangement) II. Ensure Financial Viability

- Per passenger trip (Unlinked passenger trips: The number of passengers who board public transportation vehicles that are counted each time they board a vehicle used to travel from their origin to their destination)

**Subsidy** (Government financial assistance) II. Ensure Financial Viability

- Per passenger trip (Unlinked passenger trips: The number of passengers who board public transportation vehicles that are counted each time they board a vehicle used to travel from their origin to their destination)

**Recovery ratio** II. Ensure Financial Viability

- Percentage of the actual operating cost of service delivery that is covered by passenger fare revenue (NTD)
  - Total system-generated revenue recovery ratio as required by the RTA Act
-

## Reference

### RTA Bonds

The bonds issued by the RTA carry a rating of “AAA” from Standard & Poor’s and Fitch IBCA and “Aaa” from Moody’s Investors Service, Inc., based on the RTA having the principal and interest guaranteed by an insurance policy. These rating agencies have indicated that they would have rated the bonds “AA”, “AA”, and “A1”, respectively, without such insurance. These represent strong investment grade ratings. The RTA has the distinction of being one of the highest rated public transportation agencies in the United States.

All bonds are general obligations of the RTA to which the full faith and credit of the RTA are pledged. These general obligation bonds, with a balance of \$2,351.4 million as of December 31, 2006, are divided into two types: \$1,646.3 million in Strategic Capital Improvement Program (SCIP) bonds and \$705.1 million in RTA bonds (Exhibit 3-25 and Exhibit 3-26).

On June 21, 1993, the RTA issued an advance refunding of a portion of its 1990A Series general

obligation bonds. The RTA issued \$23,265,000 of general obligation refunding bonds (1993C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

On January 30, 1996, the RTA also issued an advance refunding of a portion of its 1994B and 1994D Series general obligation bond issues. The RTA issued \$151,235,000 of general obligation refunding bonds (1996 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

On September 18, 1997, the RTA issued an advance refunding of a portion of its 1990A, 1991A, 1992B and 1993B Series general obligation bond issues. The RTA issued \$98,385,000 of general obligation refunding bonds (1997 Series). Proceeds from the issuance amounted to \$105,570,935, in-

Exhibit 3-25: RTA General Obligation Bonds Payable (dollars in thousands)

| General Obligation | January 1, 2007    | New Issues | Retirements     | December 31, 2007  |
|--------------------|--------------------|------------|-----------------|--------------------|
| 1990A              | 60,795             | -          | -               | 60,795             |
| 1991A              | 55,745             | -          | -               | 55,745             |
| 1992A* and 1992B   | 46,435             | -          | 6,250           | 40,185             |
| 1994A* and 1994B   | 24,395             | -          | -               | 24,395             |
| 1994C* and 1994D   | 66,300             | -          | 4,095           | 62,205             |
| 1997 Refunding     | 75,455             | -          | 4,625           | 70,830             |
| 1999 Refunding*    | 285,505            | -          | 5,395           | 280,110            |
| 2000A*             | 239,790            | -          | 4,730           | 235,060            |
| 2001A*             | 92,295             | -          | 1,785           | 90,510             |
| 2001B Refunding*   | 32,985             | -          | 1,555           | 31,430             |
| 2002A*             | 150,450            | -          | 2,690           | 147,760            |
| 2002B              | 163,855            | -          | 9,710           | 154,145            |
| 2003A*             | 251,310            | -          | 4,335           | 246,975            |
| 2003B              | 145,210            | -          | 2,545           | 142,665            |
| 2003C Refunding    | 10,200             | -          | 3,240           | 6,960              |
| 2004A              | 255,005            | -          | 4,190           | 250,815            |
| 2005B Refunding    | 145,315            | -          | 2,940           | 142,375            |
| 2006A*             | 250,350            | -          | 1,050           | 249,300            |
| <b>Total</b>       | <b>\$2,351,395</b> | <b>-</b>   | <b>\$59,135</b> | <b>\$2,292,260</b> |

Note: \*Strategic Capital Improvement Program (SCIP) Bonds.

Exhibit 3-26: RTA Debt Outstanding (dollars in thousands)

|  | As of December 31, 2007 | As of December 31, 2008 |
|--|-------------------------|-------------------------|
| RTA Non-SCIP Debt Cap                      | 800,000                 | 800,000                 |
| Authorized But Unissued RTA Debt           | 121,595                 | 149,650                 |
| Total Non-SCIP (RTA) Principal Outstanding | 678,405                 | 650,350                 |
| Total SCIP Principal Outstanding           | 1,613,855               | 1,577,225               |
| <b>Total Debt Outstanding</b>              | <b>\$2,292,260</b>      | <b>\$2,227,575</b>      |

Exhibit 3-27: 1998-2007 Debt Service Requirement Test (dollars in thousands)

| Year | Sales Tax Revenue | Debt Service Requirement | 2.5 Times Debt Serv. Req. |
|------|-------------------|--------------------------|---------------------------|
| 1998 | 576,704           | 77,883                   | 194,708                   |
| 1999 | 613,514           | 77,866                   | 194,665                   |
| 2000 | 650,284           | 81,676                   | 204,190                   |
| 2001 | 653,522           | 95,187                   | 237,968                   |
| 2002 | 647,685           | 113,526                  | 283,815                   |
| 2003 | 654,985           | 140,607                  | 351,518                   |
| 2004 | 675,628           | 159,702                  | 399,255                   |
| 2005 | 700,395           | 179,536                  | 448,840                   |
| 2006 | 746,829           | 178,086                  | 445,215                   |
| 2007 | 752,922           | 188,551                  | 471,378                   |

Exhibit 3-28: RTA Debt Service Requirements (dollars in thousands)

| Year | Principal | Interest | Total   |
|------|-----------|----------|---------|
| 1998 | 16,124    | 61,759   | 77,883  |
| 1999 | 16,988    | 60,878   | 77,866  |
| 2000 | 22,949    | 58,727   | 81,676  |
| 2001 | 19,805    | 75,382   | 95,187  |
| 2002 | 27,262    | 86,264   | 113,526 |
| 2003 | 37,940    | 102,667  | 140,607 |
| 2004 | 40,430    | 119,272  | 159,702 |
| 2005 | 49,570    | 129,966  | 179,536 |
| 2006 | 55,110    | 122,976  | 178,086 |
| 2007 | 59,135    | 129,416  | 188,551 |

cluding a premium of \$7,185,935. The proceeds are to fund an irrevocable trust for generating resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

On August 10, 1999, the RTA made an advance refunding of a portion of its 1992A, 1993A, 1994A, and 1994C Series general obligation bond issues. The RTA issued \$298,725,000 of general obligation (1999) bonds to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and

the liability has been removed from the financial statements. The refunded bonds are as follows:

\$113,895 of the 1992A Series, \$9,720,000 1993A, \$142,615,000 1994A, and \$21,955,000 1994C.

The refunding was undertaken to reduce debt service over the next 26 years by \$22 million, an economic gain of \$11.4 million, which represents a 3.9 percent savings on the previous debt service.

Effective January 1, 2000, the RTA Act was amended to authorize the issuance of an additional \$260 million of SCIP Bonds in each year for the period of 2000 to 2004. In March 2001, the RTA issued \$100 million in SCIP bonds.

During 2002, the RTA issued two bond offerings. The first issue was a \$160 million SCIP bond offering. The second issue was a \$200 million non-SCIP issue.

During 2003, the RTA issued three bond offerings. On January 1, the RTA issued \$150,000,000 of general obligation (2003B) bonds to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments. The second issue was a \$260 million SCIP bond offering on April 1. On the same day, RTA currently refunded the remaining portion (\$19,055,000) of its 1993C Series general obligation bond issue. As a result the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The refunding was undertaken to reduce debt service through 2009 by \$ 1.6 million (an economic gain of \$ 1.6 million) which is a 6.9 percent savings on the previous debt service.

On October 13, 2004, the RTA issued one bond offering (Series 2004A) for \$260 million in SCIP bonds. The Series 2004A Bonds are also secured by the Series 2004A debt service reserve account.

**Exhibit 3-29 Recent Bond Projects with Project-to-Date Expenditures** (dollars in thousands)

|              |       |  |                 |
|--------------|-------|--|-----------------|
| 2003 B       | CTA   | Replace Track and Structure                                  | \$1,769         |
| 2003 B       | CTA   | Replace Ties on North Main Line/Red & Brown Lines            | 920             |
| 2003 B       | CTA   | Replace/Upgrade Power Distribution and Signals               | 364             |
| 2003 B       | Pace  | Construct Headquarters Facility                              | 1,617           |
| <b>Total</b> |       |  | <b>\$4,670</b>  |
| 2004 A       | CTA   | Purchase 117 Replacement Buses                               | \$8,034         |
| 2004 A       | CTA   | Replace/Upgrade Power Distribution and Signals-Elevated Loop | 3,068           |
| 2004 A       | Metra | Upgrade Crossings (Road and Track)                           | 1,167           |
| <b>Total</b> |       |  | <b>\$12,269</b> |
| 2006 A       | CTA   | Purchase Replacement Buses                                   | \$28,446        |
| 2006 A       | CTA   | Replace/Upgrade Power Distribution and Signals               | 15,132          |
| 2006 A       | CTA   | Upgrade Communication System                                 | 2,821           |
| 2006 A       | CTA   | Upgrade Rail Stations and Facilities                         | 2,254           |
| 2006 A       | CTA   | Replace/Upgrade Elevators and Escalators                     | 1,686           |
| 2006 A       | Metra | Install Passenger Information Display Systems                | 2,607           |
| 2006 A       | Metra | Replace Ties and Ballast                                     | 1,841           |
| 2006 A       | Metra | Improve 47th Street Shops -- RID                             | 1,237           |
| 2006 A       | Pace  | Purchase Fixed Route Buses                                   | 2,835           |
| 2006 A       | Pace  | Purchase Paratransit Vehicles                                | 1,059           |
| 2006 A       | Pace  | Purchase/Install Enterprise Resource Planning System         | 781             |
| <b>Total</b> |       |  | <b>\$60,699</b> |

On May 2, 2005, the RTA issued \$148,110,000 of general obligation bonds (2005B) to defease the remaining balance of the 1996 refunding. As a result, the 1996 refunding bonds have been removed from the financial statement.

On September 13, 2006, the RTA issued a general obligation bond for \$250,350,000 (2006A) to be used to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

RTA Sales Tax must be 2.5 times greater than the debt service requirement. As shown over the last ten years (Exhibit 3-27 and 3-28), the RTA meets this test. Any differences between debt service amounts presented and amounts shown in general purpose financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

The RTA and its Service Boards have put an emphasis on making sure that the bond proceeds are spent in a timely and efficient manner. Exhibit

3-29 highlights recent bond issues with the largest project-to-date expenditures.

### Fund Accounting

The accounts of the RTA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are separated in its own set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. RTA resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be utilized and the means by which spending activities are controlled.

### Governmental Fund Types

The RTA's governmental fund types are the General Fund, Debt Service Fund and Capital Projects Fund (Exhibit 3-30).

#### General Fund

The General Fund is the general operating fund of the RTA. It is used to account for all financial

Exhibit 3-30: RTA 2007 Combined Fund Statement of Revenues &amp; Expenditures by Fund (dollars in millions)

|   | General        | Agency         | Debt          | Capital        | JSIF          | Pension        | Combined         |
|---|----------------|----------------|---------------|----------------|---------------|----------------|------------------|
| <b>Revenues</b>                           |                |                |               |                |               |                |                  |
| Sales Tax                                 | \$112.9        | \$640.0        | -             | -              | -             | -              | \$752.9          |
| Public Transportation Funds               | 188.9          | -              | -             | -              | -             | -              | 188.9            |
| State Financial Assistance                | 117.8          | -              | -             | -              | -             | -              | 117.8            |
| Operating Assistance-CTA/PACE (ADA)       | 54.3           | -              | -             | -              | -             | -              | 54.3             |
| Advanced Reduced Fare Reimbursements      | -              | 15.6           | -             | -              | -             | -              | 15.6             |
| Reduced Fare Reimbursements               | -              | 36.7           | -             | -              | -             | -              | 36.7             |
| Other Revenue                             | 20.9           | 2.1            | 14.1          | -              | 1.4           | 5.4            | 43.9             |
| Pension Contribution                      | -              | -              | -             | -              | -             | 9.1            | 9.1              |
| <b>Total Revenues</b>                     | <b>\$494.8</b> | <b>\$694.4</b> | <b>\$14.1</b> | <b>\$0.0</b>   | <b>\$1.4</b>  | <b>\$14.5</b>  | <b>\$1,219.2</b> |
| <b>Expenditures</b>                       |                |                |               |                |               |                |                  |
| Operations Funding                        | 209.9          | 640.0          | -             | -              | -             | -              | 849.9            |
| Sales Tax Interest to Service Boards      | -              | 2.1            | -             | -              | -             | -              | 2.1              |
| Reduced Fare Reimbursements               | -              | 36.7           | -             | -              | -             | -              | 36.7             |
| Advanced Reduced Fare Reimbursements      | -              | 15.6           | -             | -              | -             | -              | 15.6             |
| Agency Operations                         | 30.0           | -              | -             | -              | 4.9           | 7.4            | 42.3             |
| Capital Grants                            | 25.3           | -              | -             | 88.1           | -             | -              | 113.4            |
| CTA/PACE Operating Assistance Grant       | 40.0           | -              | -             | -              | -             | -              | 40.0             |
| Debt Service Operating Transfer           | 179.1          | -              | (179.1)       | -              | -             | -              | 0.0              |
| Joint Self-Insurance                      | -              | -              | -             | -              | -             | -              | 0.0              |
| P&I Bondholder Payment                    | -              | -              | 188.5         | -              | -             | -              | 188.5            |
| Debt Issuance Costs                       | 3.0            | -              | 0.3           | 0.0            | -             | -              | 3.3              |
| Other                                     | -              | -              | -             | -              | -             | -              | 0.0              |
| <b>Total Expenditures</b>                 | <b>\$487.3</b> | <b>\$694.4</b> | <b>\$9.7</b>  | <b>\$88.1</b>  | <b>\$4.9</b>  | <b>\$7.4</b>   | <b>\$1,291.8</b> |
| Revenues less Expenses (1)                | \$7.5          | -              | \$4.4         | (\$88.1)       | (\$3.5)       | \$7.1          | (\$72.6)         |
| <b>Fund Balance beginning of the year</b> | <b>\$141.6</b> | <b>-</b>       | <b>\$72.7</b> | <b>\$360.3</b> | <b>\$31.8</b> | <b>\$116.4</b> | <b>\$722.8</b>   |
| <b>Fund Balance end of the year (2)</b>   | <b>\$149.1</b> | <b>-</b>       | <b>\$77.1</b> | <b>\$272.2</b> | <b>\$28.3</b> | <b>\$123.5</b> | <b>\$650.2</b>   |

(1) Reconciliation of Budgetary basis to GAAP basis.

(2) Before reserves and designations. General Fund reserves and designation totalled \$123.5 in 2007 leaving an unreserved/undesigned fund balance of \$25.6 million.

transactions that are not specifically required to be accounted for in another fund such as the Agency Fund. Exhibit 3-1 shows the balance in the General Fund from 2007 through 2011. The General and the Agency Funds are the only two funds that have annual budgets. Exhibit 3-31 highlights the 2009 budget for these funds.

#### **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The interest earned is generated from the funds being held for payment to the bondholders. The difference between the transfer and payment

expenditures reflects the year-over-year timing variance.

#### **Capital Projects Fund**

In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of \$500 million of SCIP bonds, and to have a maximum of \$500 million RTA bonds outstanding. Capital Projects Fund is utilized for the receipt and disbursement of the proceeds of the bond issues. The first Capital Projects Fund was established in 1990 with the issue of \$100 million of RTA bonds to fund capital projects at the Service Boards. The RTA allocated the proceeds from the bonds issued under the General Assembly's authorization as follows: 50 percent for CTA capital

Exhibit 3-31: RTA Statement of Revenues and Expenditures 2009 Budget by Fund - General and Agency Fund (dollars in thousands)

|   | General Fund   | Agency Fund      | Total Budget     |
|---|----------------|------------------|------------------|
| <b>System-Generated Revenue</b>                                   |                |                  |                  |
| RTA Sales Tax (Part I)  | 113,759        | 644,641          | 758,400          |
| RTA Public Transportation Fund (Part I)                           | 189,600        | -                | 189,600          |
| RTA Sales Tax (Part II)   | 10,303         | 271,443          | 281,746          |
| RTA PTF (Part II excludes RETT portion)                           | -              | 126,651          | 126,651          |
| RTA RETT PTF for CTA (Part II)                                    | -              | 21,000           | 21,000           |
| State Financial Assistance  | 116,500        | -                | 116,500          |
| State Free Rides & Reduced Fare Reimbursement (1)                 | -              | 36,600           | 36,600           |
| Other Revenue   | 16,800         | 1,700            | 18,500           |
| <b>Total Revenue</b>  | <b>446,962</b> | <b>1,102,035</b> | <b>1,548,997</b> |
| <b>Operating Expenditures</b>                                     |                |                  |                  |
| RTA Operations Funding - CTA (Includes RETT PTF)                  | 198,059        | 457,657          | 655,716          |
| RTA Operations Funding - Metra                                    | -              | 315,860          | 315,860          |
| RTA Operations Funding - Pace Suburban Service                    | 3,158          | 118,649          | 121,807          |
| RTA Suburban Community Mobility Funding for Pace                  | -              | 19,800           | 19,800           |
| RTA South Suburban Job Access Funding for Pace                    | 7,500          | -                | 7,500            |
| RTA Total for ADA Paratransit Service                             | -              | 98,595           | 98,595           |
| RTA Funding for Innovation, Coordination, and Enhancement         | 3,812          | -                | 3,812            |
| State Free Rides, Reduced Fare Reimbursement & Sales Tax Interest | -              | 38,300           | 38,300           |
| Agency Administration, Regional Services & Programs               | 32,158         | -                | 32,158           |
| <b>Total Operating Expenditures</b>                               | <b>244,687</b> | <b>1,048,861</b> | <b>1,293,548</b> |
| <b>Debt Service &amp; Capital Expenditures</b>                    |                |                  |                  |
| Principal and Interest for Service Board Capital Programs         | 183,300        | -                | 183,300          |
| Regional Technology and Agency Capital (3)                        | 4,566          | -                | 4,566            |
| RTA Funding for Innovation, Coordination, and Enhancement         | 6,088          | -                | 6,088            |
| Transfer Capital - Metra Funds                                    | -              | 53,174           | 53,174           |
| Transfer Capital - Discretionary RTA Funds to CTA                 | 20,353         | -                | 20,353           |
| <b>Total Debt Service and Capital Expenditures</b>                | <b>214,307</b> | <b>53,174</b>    | <b>267,481</b>   |
| <b>Total Expenditures</b>   | <b>458,994</b> | <b>1,102,035</b> | <b>1,561,029</b> |
| <b>Fund Balance (undesignated/unreserved)</b>                     |                |                  |                  |
| Beginning Balance   | 19,424         | -                | 19,424           |
| Change in Fund Balance  | (12,032)       | -                | (12,032)         |
| RTA Funds Reserved  | (403)          | -                | (403)            |
| RTA JSIF Funding  | (3,500)        | -                | (3,500)          |
| <b>Ending Unreserved/Undesignated Fund Balance</b>                | <b>3,490</b>   | <b>-</b>         | <b>3,490</b>     |
| % of Total Operating Expenditures                                 |                |                  | 0.3%             |

projects; 45 percent for Metra capital projects; and 5 percent for Pace capital projects. Projects included in approved five-year capital programs will be eligible for reimbursements from these proceeds by the RTA without further review or action by the RTA Board of Directors.

Effective January 1, 2000, the RTA Act was amended to authorize the issuance of an additional \$260 million of SCIP Bonds in each year for the period of 2000 through

2004 and to issue and have outstanding an additional \$300 million of non-SCIP Bonds. These amounts have been issued.

### Proprietary Fund

Proprietary Funds are used for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other

**Exhibit 3-32: 2007 Reconciliation of Budgetary Basis to GAAP Basis Accounting** (dollars in thousands)

|  | <b>General Fund</b> |
|--|---------------------|
| Excess of revenues over expenditures and other financing use-budgetary basis                                     | <b>8,408</b>        |
| <b>Adjustments</b>   |                     |
| Capital grant expenditures incurred in current year but considered in prior years' budgets                       | (8,529)             |
| Capital grant expenditures expected to be incurred in future years but considered in current year budget         | 7,059               |
| RTA capital expenditures expected to be incurred in future years but considered in current year operating budget | 637                 |
| <b>Budgetary basis to GAAP basis adjustment</b>  | <b>(833)</b>        |
| Net Change in Fund Balance - GAAP basis  | 7,575               |
| Net Changes in Reserves  | (879)               |
| <b>Net Change in Unreserved, Undesignated Fund Balance</b>   | <b>6,696</b>        |

governmental units on a cost-reimbursement basis. The RTA has one Proprietary (Enterprise) Fund—the Joint Self-Insurance Fund.

**Joint Self-Insurance Fund**

The Joint Self-Insurance Fund is used to finance claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. This fund is reported as an enterprise fund since the predominant participants are outside of the RTA.

**Fiduciary Fund Types**

Fiduciary Funds account for assets held by a governmental entity in a trustee capacity or as an agent for others. The RTA's Fiduciary Funds consist of an Agency Fund and a Pension Trust Fund.

**Agency Fund**

The Agency Fund records the receipt and disbursement of amounts due to the CTA, Metra and Pace, including Retailers' Occupation and Use Tax (sales tax), interest on this tax, reduced fare reimbursement grants and federal operating assistance grants. Sales tax revenues are recorded in the fund and are equally offset by expenditures recording the pass through to the Service Boards.

**Pension Trust Fund**

The Pension Trust Fund is used to account for all accumulation of resources for and payments of, retirement benefits to employees participating in the RTA Pension Plan and Trust.

**Basis of Budgeting**

The basis of budgeting refers to the conventions for the recognition of costs and revenues in budget development and in establishing and reporting appropriations. The RTA's annual budget and related appropriations are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles except for capital grants/expenditures and debt service payments. Capital grants/expenditures are budgeted for on a project basis, which normally exceed one year. Debt service payments are budgeted as transfers from the General Fund.

Although appropriations are adopted for individual line items, the legal level of control is restricted to total appropriations/expenditures and total administration (statutory cap) appropriations/expenditures. Management has the authority to exceed any line appropriation without Board approval, provided it does not exceed the legal levels of control. It has been the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the Budget Ordinance. However due to unfavorable economic conditions and the waiver of the 5% fund balance policy, this policy is also waived.

Budgetary reporting is balanced with accounting records on a monthly basis and is fully reconciled to the accounting system on an annual basis in the Comprehensive Annual Financial Report and for the annual Municipal Bond Disclosure Reports required by the Securities and Exchange Commission (Exhibit 3-32 and 3-33).

## Exhibit 3-33: RTA 2007 Statement of Revenues and Expenditures General and Agency Fund (dollars in thousands)

|  | 2007 Budget      | 2007 Actual      | Change         |
|--|------------------|------------------|----------------|
| <b>Revenue</b>   |                  |                  |                |
| Sales Tax  | 745,937          | 752,922          | 6,985          |
| Public Transportation Fund                                   | 186,484          | 188,931          | 2,447          |
| State Financial Assistance                                   | 122,836          | 117,807          | (5,029)        |
| Reduced Fare Reimbursement                                   | 36,275           | 36,678           | 403            |
| Additional State Funding for ADA Paratransit                 | 54,252           | 54,252           | -              |
| Other Revenue  | 14,722           | 23,104           | 8,382          |
| <b>Total Revenue</b>   | <b>1,160,506</b> | <b>1,173,694</b> | <b>13,188</b>  |
| <b>Operating Expenditures</b>                                |                  |                  |                |
| Operations Funding -CTA, Metra, Pace                         | 813,915          | 813,17           | (745)          |
| Operations Funding -ADA                                      | 76,01            | 76,01            | -              |
| Reduced Fare Reimbursement/Sales Tax Interest                | 37,125           | 39,183           | 2,058          |
| Agency Administration, Regional Services & Regional Programs | 27,769           | 32,712           | 4,943          |
| <b>Total Operating Expenditures</b>                          | <b>954,819</b>   | <b>961,075</b>   | <b>6,256</b>   |
| <b>Debt Service &amp; Capital Expenditures</b>               |                  |                  |                |
| Principal and Interest                                       | 186,218          | 179,116          | (7,102)        |
| Regional Technology & Agency Capital                         | 3,975            | 5,709            | 1,734          |
| Transfer Capital   | 23,802           | 21,098           | (2,704)        |
| <b>Total Debt Service and Capital Expenditures</b>           | <b>213,995</b>   | <b>205,923</b>   | <b>(8,072)</b> |
| <b>Total Expenditures</b>                                    | <b>1,168,814</b> | <b>1,166,998</b> | <b>(1,816)</b> |
| <b>Fund Balance (undesignated/unreserved)</b>                |                  |                  |                |
| Beginning Balance (1)  | 8,512            | 8,510            | (2)            |
| Designations/Reserves  | -                | 10,442           | 10,442         |
| Change in Fund Balance                                       | (8,308)          | 6,696            | 15,004         |
| <b>Ending Balance</b>  | <b>204</b>       | <b>25,648</b>    | <b>25,444</b>  |
| % of Total Operating Expenditures                            | 0.0%             | 2.7%             | 2.6%           |

Exhibit 3-34: **Exhibit 3-34: Recovery Ratio** (dollars in thousands)

|  | <b>2009</b>      |
|--|------------------|
| <b>CTA</b>   |                  |
| Operating Revenue                                      | 601,113          |
| In-Kind Revenue  | 56,600           |
| <b>Total Revenue</b>                                   | <b>657,713</b>   |
| Operating Expenses                                     | 1,324,413        |
| In-Kind Expenses                                       | 22,000           |
| Less Security and Pension Obligation Bond              | (80,540)         |
| <b>Total Expenses</b>                                  | <b>1,265,873</b> |
| <b>CTA Recovery Ratio</b>                              | <b>52.0%</b>     |
| <b>Metra</b>   |                  |
| <b>Total Revenue</b>                                   | <b>325,800</b>   |
| Operating Expenses                                     | 631,660          |
| Less Security, Depreciation, Facility Lease Exemption  | (39,400)         |
| <b>Total Expenses</b>                                  | <b>592,260</b>   |
| <b>Metra Recovery Ratio</b>                            | <b>55.0%</b>     |
| <b>Pace</b>  |                  |
| Operating Revenue                                      | 54,248           |
| In-kind Revenue  | 22,400           |
| <b>Total Revenue</b>                                   | <b>76,648</b>    |
| Operating Expenses                                     | 204,597          |
| In-kind Expenses                                       | 8,400            |
| <b>Total Expenses</b>                                  | <b>212,997</b>   |
| <b>Pace Recovery Ratio</b>                             | <b>36.0%</b>     |
| <b>System-Generated Revenue Recovery Ratio Revenue</b> |                  |
| Total Service Board Revenue                            | 1,060,161        |
| CTA Lease Transaction                                  | 4,260            |
| Less Service Board In Kind                             | (79,000)         |
| Agency   | 16,800           |
| <b>Total Revenue</b>                                   | <b>1,002,221</b> |
| <b>Expense</b>   |                  |
| Total Service Board Expenses                           | 1,959,130        |
| Less Regional Exemption (statutory)                    | (160,000)        |
| Agency   | 32,159           |
| <b>Total Expenses</b>                                  | <b>1,831,289</b> |
| <b>Recovery Ratio (apart from ADA Paratransit)</b>     | <b>54.7%</b>     |
| <b>ADA Paratransit</b>                                 |                  |
| Operating Revenue                                      | 8,558            |
| Operating Expense                                      | 107,153          |
| Less Provision for CCC                                 | (21,600)         |
| <b>Total Expense</b>                                   | <b>85,553</b>    |
| <b>Recovery Ratio</b>                                  | <b>10.0%</b>     |

(1) As set by RTA marks in September 2008.

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## 4 CTA Operating Plan





**Overview**

The Chicago Transit Authority (CTA) was created by the Illinois State legislature in 1945 and began operations in 1947. It became the sole operator of Chicago transit in 1952 when it purchased the Chicago Motor Coach System. The CTA is the region's largest transit operator providing service on 153 bus routes and eight rapid transit routes. A seven-member Chicago Transit Board governs the CTA.

**Service Characteristics**

The CTA operates the second largest public transportation system in the United States. Average weekday ridership on its bus and rail system is 1.8 million. The CTA's service area encompasses 220 square miles in the City of Chicago and 40 surrounding suburbs.

Bus operations provide 2,100 buses traveling over 153 routes covering 2,529 miles, with approximately 11,833 bus stops. Rail service on eight routes has 1,190 train cars traveling over 224.1 miles of track. The CTA transferred all paratransit service to Pace in July 2006. During the first half of 2006, CTA provided more than 1.2 million rides at a cost of about \$26 per ride.

**Ridership**

Ridership is estimated at 524.3 million trips by the end of 2008 (Exhibit 4-1). This is 4.9 percent or 24.8 million trips higher than 2007 ridership. Bus ridership is forecasted at 327.8 million trips in 2008, which is 18.5 million trips or 5.8 percent higher than 2007. Rail ridership is projected at 196.5 million in

Exhibit 4-1: CTA Ridership (in millions)

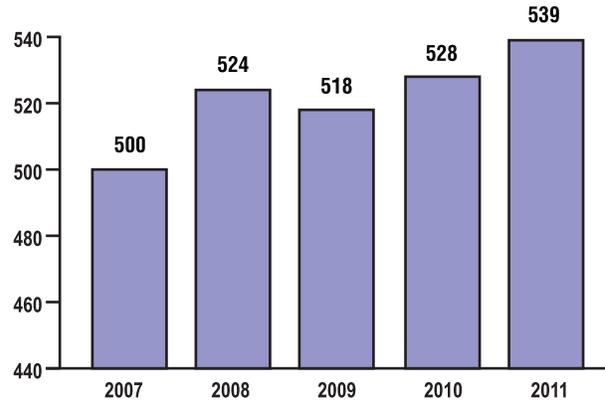


Exhibit 4-2: CTA Annual Ridership by Mode (in millions)

|                        | 2005         | 2006         | 2007         | 2008         | 2009         |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| Bus                    | 303.2        | 298.4        | 309.3        | 327.8        | 309.5        |
| Rail                   | 186.8        | 195.2        | 190.3        | 196.5        | 208.3        |
| Paratransit/Taxi       | 2.4          | 1.2          | -            | -            | -            |
| <b>Total Ridership</b> | <b>492.4</b> | <b>494.8</b> | <b>499.6</b> | <b>524.3</b> | <b>517.8</b> |

Exhibit 4-3: CTA Average Daily Ridership (in thousands)

|          | 2005  | 2006  | 2007 | 2008  | 2009 |
|----------|-------|-------|------|-------|------|
| Weekday  | 1,482 | 1,596 | 1606 | 1,644 | 1630 |
| Saturday | 899   | 966   | 977  | 988   | 973  |
| Sunday   | 621   | 662   | 675  | 812   | 807  |

2008 and is higher than the prior year by 6.2 million or 3.3 percent (Exhibit 4-2).

Average weekday ridership on the CTA is 1.6 million, while Saturday and Sunday average ridership is at 988,000 and 812,000, respectively (Exhibit 4-3). The CTA expects its ridership levels to increase by a compound growth rate of 1.9 percent from 2007 through 2011. Total vehicle miles in 2009 are expected to experience a slight increase due to bus service enhancements such as extension of several existing routes, increased frequency, and additional service supporting rail temporary station closure and then remain flat from 2010 through 2011 (Exhibit 4-4).

Exhibit 4-4: CTA Ridership and Miles (Riders and Miles in thousands)

|                     | 2007<br>Actual | 2008<br>Estimate | 2009<br>Budget | 2010<br>Plan | 2011<br>Plan |
|---------------------|----------------|------------------|----------------|--------------|--------------|
| Ridership           | 499,540        | 524,304          | 517,860        | 528,217      | 538,782      |
| Vehicle Miles       | 135,244        | 133,013          | 135,784        | 135,784      | 135,784      |
| Passengers Per Mile | 3.7            | 3.9              | 3.8            | 3.9          | 4.0          |

## Service Quality

The CTA has continued to work on improving the core components of its business that impact its customers directly. Some of its efforts include the implementation of performance management initiatives that ensure the delivery of safe, clean, on-time, courteous and efficient service; the restructuring and consolidating of customer service and customer communications providing timely and accurate information to the riders; and concrete repairs made to improve the safety of bus turnarounds and rail stations.

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## Challenges

In 2008, after months of a dedicated effort to create fiscal stability, the Illinois General Assembly in January passed a landmark funding package (P.A. 95-0708) for mass transit in Northeastern Illinois, increasing financial support for the region's public transit providers and creating long-term financial stability to CTA's pension and retiree health plans. The funding package provide financial assurance that led CTA to embark upon a series of initiative that improves customer experience and ensures that benefits provided to its 10,500 employees are viable and affordable for the long term. Although the state legislation brought welcome funding to the region, the CTA 2009 budget was pressured by a sluggish economy, higher fuel prices, increase power, higher material costs, and the impact of the unanticipated free ride programs. To alleviate the pressure, 2009 budget includes fare increases, 396 eliminated positions, and additional belt tightening measures.

## Capital Investments

The CTA spent \$731 million on capital programs in 2007. The CTA is expected to spend \$1.3 billion on capital projects in 2008 and 2009 (Exhibit 4-5).

The Brown Line Capacity Expansion project of \$529.9 million began in 2004 and continued to progress throughout 2008. In August 2006, the fully renovated Kedzie and Rockwell stations were re-opened to customers for service. The station boasts a new glass station houses, new platforms, brighter lighting and accessible features including ramps, tactile edging and accessible gates. The station is also ADA accessible which brings the total number of accessible CTA rail stations to 85 out of 144, or 59% of the system. In addition, at Fullerton and Belmont stations, the most complex station rehabilitations on the Brown Line, northbound trains are operating on newly constructed rail bed and passengers board from new platforms even as structural work is proceeding to create new track and platforms for the southbound station areas. The project is expected to be completed in December, 2009, on time and within budget.

## Bus System

The CTA continues to upgrade its bus fleet. Through September 2008, CTA received 850 standard 40 foot New Flyer buses equipped with air-conditioner, low-floor, and fully ADA accessible. In fall 2008, an order was placed for the new 150 air-conditioned, articulated hybrid buses that will be used in the heavily trafficked routes. Delivery completion is set in summer, 2009.

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Exhibit 4-5: CTA Capital Statistics (dollars in thousands)

|                                     | 2005      | 2006      | 2007      | 2008      | 2009      |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| CTA Total Capital Expenditures      | \$402,951 | \$640,447 | \$730,819 | \$793,400 | \$498,559 |
| CTA Bus Vehicles                    | 2,033     | 2,089     | 2,175     | 2,110     | 2,087     |
| Average Age of Buses (in years)     | 9.4       | 9.4       | 9.3       | 5.6       | 5.6       |
| CTA Rail Cars                       | 1,190     | 1,190     | 1,190     | 1,190     | 1,190     |
| Average Age of Rail Cars (in years) | 22.0      | 23.0      | 24.0      | 25.0      | 26.0      |
| Bus Routes Offering Lift Service    | 150       | 154       | 154       | 154       | 154       |
| ADA Accessible Stations             | 72        | 76        | 82        | 85        | 85        |

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The bus vehicle overhaul program continues to improve service through regular replacement of major mechanical components subject to extensive wear. In 2008, the Flexible 600 Series buses were completed and the overhaul of the Nova 6400 series began. Bus mid-life overhaul activities are programmed for \$10.5 million in 2009 and \$160 million during the period 2010-2013. With overhauls, the fleet will demonstrate increased reliability and fewer instances of expensive breakdown-based repair.

The Bus tracker project has improved data communication between buses and the Control Center and on-street supervision. The project tracks CTA buses in real time and provides estimated bus arrival times for customer. Global positioning satellite (GPS) technology is used to identify bus locations and provides that information via a dedicated web site [www.ctabustracker.com](http://www.ctabustracker.com) and can also be accessed in any mobile devices.

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## Rail System

The CTA has committed to an aggressive slow zone rehabilitation schedule. As of October 2008 slow zones on CTA's rail system have been reduced to 9.1 percent. A total of 141,577 feet of slow zones have been removed from a high point of 22.3 percent (263,526 feet).

Work continues on the signal upgrade and replacement for the Blue Line. This project, which began in 2006, will replace the entire signal system in the Dearborn Subway, on the Congress (Forest Park) Branch and a portion of the O'Hare Branch. This will result a smoother train operation, reduced travel times and greater reliability.

The CTA has 406 railcars currently on order with an expected delivery between 2010 and 2012. These railcars will replace the aging 2200 and 2400-Series fleet placed into service in 1969 and 1978. Both series have already exceeded their expected service life of 38.3 years and 30.3 years respectively.




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## System-Wide Improvements

The CTA continued to invest in new technology to further improve service and safety. Through technology, CTA was able to complete the installation of the infrastructure necessary to enhance communication capability on the Red and Blue Line subway system. In addition, stations are also being outfitted with cameras to provide a comprehensive view of the transit system to the CTA Control Center, and through redundant fiber optic links to Chicago's 911 Center. Other systems improvements include better lighting, rehabilitation of station escalators and elevators, replacement of station roofs and canopies, and upgraded passenger public address systems.

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## Partnerships

The CTA works to maintain partnerships with many groups. The CTA's efforts to strengthen its relationship with its riders have been illustrated in previous sections. The CTA also works to create partnerships with its workforce, vendors, the mobility impaired, the city of Chicago, the legislature and its security agencies.

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## Vendors

The CTA Purchasing Department pursues an aggressive Disadvantaged Business Enterprise Program (DBE) to encourage minority participation in CTA contracts. The CTA has set a minimum level of 30 percent for minority participation for projects requiring outside vendors.

The CTA has also pursued cost savings in its purchasing practices by finding the best prices for the good and services procured. These efforts have saved the CTA several million dollars over the past few years.

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## City of Chicago

The CTA maintains a strong working relationship with the City of Chicago and various suburban entities. It continues to work with law enforcement agencies in both Chicago and the suburbs to reduce crime on its bus and rail systems. The CTA has also worked with the City of Chicago on various real estate matters, especially rail station construction. And it has worked with Chicago's Health and Human Services Department to reduce the number of homeless individuals using trains for shelter.

Over the past decade, the City of Chicago has provided the CTA \$828.5 million in capital improvements. This substantial investment in the CTA's infrastructure includes the Roosevelt Connector project, replacement of the elevated span at Wacker Drive and Wells Street, the renovated Chicago Avenue station on the Red Line, the elevated Library-State/Van Buren station, and the rehabilitation of the underground transfer tunnel that provides a pedway connection between the Red and Blue Line platforms at Jackson.

In 2007, the Chicago Department of Transportation (CDOT) will begin renovation work on the Grand Station on the Red Line. The renovation includes mezzanine expansion, platform with glazed ceramic tile, and vaulted ceiling panels, additional turnstiles, and installation of new exit-only rotogates.

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## Legislators

State and federal funding has been crucial to the CTA's ability to rebuild its system. Specifically, Chicago Mayor Richard M. Daley, U.S. House Speaker Dennis Hastert, Governor Rod R. Blagojevich, the Illinois Congressional delegation, and the Illinois General Assembly have supported efforts to maintain



and improve the infrastructure of CTA bus and rail systems. While federal legislators have made a financial commitment to the future of public transit, state and local legislators must identify the matching funds required to secure the federal funds. In 1999, the State established Illinois FIRST, a \$12 billion matching program to improve the State's infrastructure, which included \$2.1 billion for transit. The CTA received more than \$1 billion of Illinois FIRST funding over four years for capital improvements to its rail and bus systems.

## Budget and Financial Plan

The 2009 budget as submitted by the CTA conforms to the 2009 marks however, 2010 and 2011 financial plan exceeded the marks set by the RTA on September 15, 2008. The CTA's operating funding marks were set at \$723.3 million for 2009, \$729.4 million for 2010, and \$752.0 million for 2011. The CTA's recovery ratio was set at 52.0 percent for 2009 by the RTA, which the CTA has exceeded. The CTA's statement of revenue and expenditures, which includes the recovery ratio, is presented in Exhibit 4-6. The following portrays the outlook for the 2009-2011 planning period.

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## System-Generated Revenue

Total system-generated revenue is expected to increase from \$546 million in 2007 to \$689 million in 2011. This is an increase of \$143 million over

Exhibit 4-6: CTA 2009 Budget and 2010-2011 Financial Plan (1) (dollars in thousands)

|   | 2007 Actual        | 2008 Estimate      | 2009 Budget        | 2010 Plan          | 2011 Plan          |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>System-Generated Revenues:</b>         |                    |                    |                    |                    |                    |
| Passenger Revenue                         | \$457,299          | \$466,707          | \$519,213          | \$533,812          | \$565,841          |
| Reduced Fare Subsidy                      | 33,308             | 32,000             | 16,100             | 32,300             | 32,300             |
| Other Revenue                             | 55,313             | 49,400             | 65,800             | 72,835             | 90,539             |
| <b>Total Revenues</b>                     | <b>545,920</b>     | <b>548,107</b>     | <b>601,113</b>     | <b>638,947</b>     | <b>688,680</b>     |
| <b>Operating Expenses:</b>                |                    |                    |                    |                    |                    |
| Labor                                     | \$784,841          | \$884,683          | \$890,623          | \$926,248          | \$1,003,000        |
| Material                                  | 84,178             | 89,469             | 94,763             | 96,658             | 98,591             |
| Fuel                                      | 71,181             | 91,095             | 102,852            | 112,109            | 115,472            |
| Power                                     | 28,141             | 38,326             | 39,944             | 41,941             | 42,780             |
| Insurance & Claims                        | 25,000             | 14,000             | 30,000             | 30,600             | 31,212             |
| Purchase of Security Services             | 31,363             | 32,442             | 33,441             | 35,113             | 35,815             |
| All Other                                 | 69,465             | 59,625             | 132,790            | 146,069            | 149,900            |
| <b>Total Operating Expenses</b>           | <b>\$1,094,169</b> | <b>\$1,209,640</b> | <b>\$1,324,413</b> | <b>\$1,388,738</b> | <b>\$1,476,770</b> |
| Total Deficit Reduction Actions (2)       | -                  | -                  | -                  | (20,403)           | (36,070)           |
| <b>Operating Deficit</b>                  | <b>\$548,249</b>   | <b>\$661,533</b>   | <b>\$723,300</b>   | <b>\$729,388</b>   | <b>\$752,020</b>   |
| <b>Deficit Funding</b>                    |                    |                    |                    |                    |                    |
| RTA Sales Tax                             | 295,098            | 357,208            | 457,697            | 442,551            | 454,500            |
| RTA Discretionary Funds                   | 169,251            | 201,624            | 198,059            | 180,462            | 188,270            |
| Use of Service Board Funds                | -                  | 20,000             | -                  | -                  | -                  |
| Federal Capital Funds used for Operations | 83,900             | 20,000             | -                  | -                  | -                  |
| Real Estate Transfer Tax                  | -                  | 62,701             | 67,544             | 106,375            | 109,250            |
| <b>Total Deficit Funding</b>              | <b>\$548,249</b>   | <b>\$661,533</b>   | <b>\$723,300</b>   | <b>\$729,388</b>   | <b>\$752,020</b>   |
| Recovery Ratio % (3)                      | 53.1%              | 49.0%              | 52.7%              | 53.1%              | 53.4%              |

(1) As released by the CTA with exceptions noted. (2) Public funding that exceeds the marks set by the RTA Board. (3) Items excluded from expenses are for security and POB debt service. Grant revenue and In kind revenues and expenditures from the CPD of \$22,000 are included in the recovery ratio.

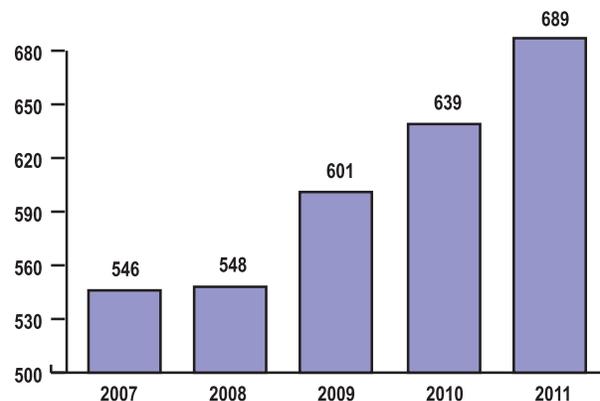
the four-year period, or a compound annual growth rate of 6.0 percent (Exhibit 4-7). System-generated revenue includes passenger revenue, reduced fare reimbursement, and other revenue. Passenger revenue comprises 86 percent of the CTA's total operating revenue. The reduced fare subsidy and other revenue account for the remaining 14 percent (Exhibit 4-8).

**Passenger Revenue**

Passenger revenue is expected to increase from \$457 million in 2007 to \$566 million by 2011, a \$109 million increase or an average increase rate of 5.5 percent (Exhibit 4-9) due to higher average fare as a result of the proposed fare increase and increased in ridership.

Fare revenue is estimated at \$519.2 million in 2009, \$52.0 million higher than the 2008 forecast. The CTA fare structure is shown in Exhibit 4-10.

Exhibit 4-7: CTA System-Generated Revenue (dollars in millions)



### Reduced Fare Subsidy

The Illinois General Assembly passed legislation in 1989 that provided funds to reimburse the CTA for the cost of providing reduced fares for the elderly, students, and the disabled. Fare reimbursement is included as revenue and became available in July 1989. However in 2009, State eliminated half of the funding for this program thereby leaving CTA estimating its share at \$16.1 million in 2009. For 2010 and 2011, CTA assumed that the program will be fully restored to \$32.3 million.

Exhibit 4-8: 2009 CTA Revenue - \$601 million

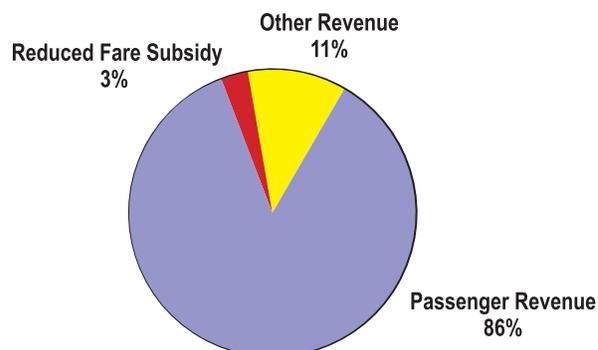


Exhibit 4-9: CTA Average Fare Calculation (revenue and ridership in thousands)

|                   | 2007      | 2008      | 2009      | 2010      | 2011      |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| Passenger Revenue | \$457,299 | \$466,707 | \$519,213 | \$533,812 | \$565,841 |
| System Ridership  | 499,540   | 524,304   | 517,860   | 528,217   | 538,781   |
| Average Fare      | \$0.92    | \$0.89    | \$1.00    | \$1.01    | \$1.05    |

Exhibit 4-10: CTA Fare Structure

|   | Full          | Reduced(1)    | Comments  |
|---|---------------|---------------|---|
| <b>Basic Cash Fare (Bus &amp; Rail)- No transfers allowed</b> | <b>\$2.00</b> | <b>\$1.00</b> | <b>No transfers allowed</b>                         |
| Transit Card (Rail)   | \$2.25        | \$0.85        |   |
| Chicago Card (Rail)   | \$2.25        | None          |   |
| Chicago Card (Bus)  | \$2.00        | None          |   |
| Transit Card (Bus)  | \$2.00        | \$0.85        |   |
| University Pass   | \$0.84        | None          | 20% increase; price change effective 2009 Fall term |
| First Transfer W/Fare Card                                    | \$0.25        | \$0.15        | Allow two add'l rides within two hours of issue.    |
| <b>Passes</b>   |               |               |   |
| 1-day   | \$6.00        | None          |   |
| 7-day   | \$24.00       | None          |   |
| 30-day  | \$90.00       | \$35.00       |   |
| <b>Visitor Passes</b>   |               |               |   |
| 1-day   | \$6.00        | None          |   |
| 2-day   | -             | None          | Eliminated  |
| 3-day   | \$15.00       | None          |   |
| 5-day   | -             | None          | Eliminated  |
| Link-up Pass  | \$39.00       | None          | Sold by Metra; use with Metra monthly ticket.       |
| Express Surcharge   | \$0.25        | \$0.25        | Downtown on bus routes 2, 6, 14, and 147.           |
| Rush Shuttle Fares  | \$1.00        | None          | To/from downtown Metra stations during rush hour.   |
| 128 Soldier Field Express                                     | \$1.00        | \$0.50        |   |
| 154 Wrigley Field Express                                     | \$5.00        |               | Per carload.  |

Note: (1) Reduced fares are for children 7 through 11 years old. Grade and high school students with CTA riding permit. Seniors age 65+ and riders with disabilities with RTA reduced fare riding permit.

Exhibit 4-11: All Other Revenue (dollars in thousands)

|                                     | 2007 Actual     | 2008 Estimate   | 2009 Budget     | 2010 Plan       | 2011 Plan       |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>All Other Revenues:</b>          |                 |                 |                 |                 |                 |
| Advertising, Charter, & Concessions | \$23,164        | \$28,200        | \$40,500        | \$41,715        | \$58,401        |
| Investment Income                   | 10,495          | 5,600           | 6,300           | 11,700          | 12,285          |
| Contribution from Local Govt. Units | 5,000           | 5,000           | 5,000           | 5,000           | 5,000           |
| All Other Revenue                   | 16,654          | 10,600          | 14,000          | 14,420          | 14,853          |
| <b>Total All Other Revenues</b>     | <b>\$55,313</b> | <b>\$49,400</b> | <b>\$65,800</b> | <b>\$72,835</b> | <b>\$90,539</b> |

### Other Revenue

This category includes advertising, charters, concessions, contributions from local governments, investment income, and other revenue (Exhibit 4-11). Also included are essential contributions from the City of Chicago and Cook County. Annual funds provided by the City are \$3 million and the County contributes an additional \$2 million. Revenue for this category was approximately \$55 million in 2007 and is expected at \$91 million in 2011. Reasons for this increase include additional revenue from sale of excess property, increase in advertisements placed on buses, trains, and in stations, as well as income from concessions and charters.

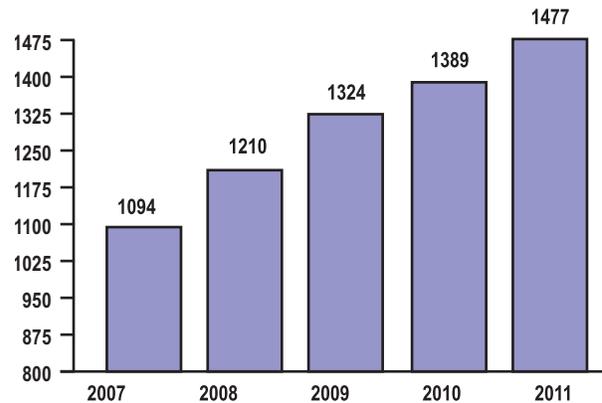
### Operating Expenditures

Total operating expenditures are forecasted to increase from \$1,094 million in 2007 to \$1,477 million in 2011. This \$383 million increase represents a 7.8 percent compound growth rate from 2007 through 2011 (Exhibit 4-12).

For 2008, operating expenditures are estimated at \$1,209.6 million. This is 10.6 percent higher than 2007 actual expenditures of \$1,094.2 million. The increase is due mainly to higher labor and pension costs, fuel, security and all other costs.

Budgeted 2009 expenditures of \$1,324.4 million are 9.4 percent higher than 2008 projections. The projections for 2010 and 2011 show operating expenditures of \$1,388.7 million and \$1,476.8 million, respectively. The 2010 projection represents an increase of 4.8 percent over the 2009 operating budget. The 2011 projection represents an increase of 6.3 percent over the 2010 financial plan.

Exhibit 4-12: CTA Total Operating Expenditures (dollars in millions)



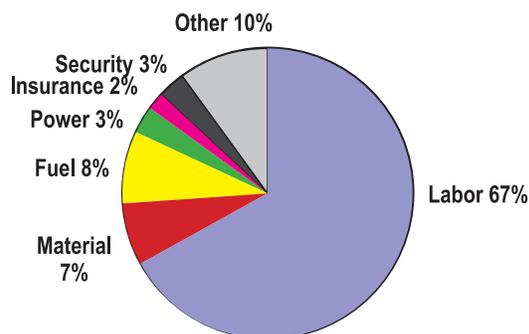
### Expenditure Elements

The 2009 operating expenditure elements include labor, material, fuel, power, insurance and claims, security, paratransit services, and other costs. Labor expenditures, including fringe benefits, represent 67 percent of the CTA's total expenditures. Base wages represent about two thirds of that total, while fringe benefits, which are primarily medical insurance and pension costs, represent the remaining one third. Materials, used primarily for maintenance, are 7 percent of total expenditures. Fuel and power represent 11 percent of the CTA's expenditures. Security, insurance and claims represent 5 percent of total spending. Other expenditures comprise the remaining 10 percent. The other expenditure category includes items such as lease, utility, and contractual services (Exhibit 4-13).

### Labor Costs

Labor expenditures are expected to increase from \$784 million in 2007 to \$1,003 million in 2011.

Exhibit 4-13: CTA Operating Expenditures - \$1,324 million



This is a \$219 million increase, or an average growth rate of 5.9 percent annually (Exhibit 4-14). Labor expenditures for 2008 are estimated at \$884.7 million, which is \$99.9 million more, or 12.7 percent higher, than last year. This increase is due to the rising costs of healthcare, workers compensation, and wages. Labor expenditures are forecasted to be \$890.6 million in 2009, an increase of \$5.9 million or 0.7 percent higher than 2008. This modest increase is due to a five-year labor union agreement between CTA and labor union. The numbers of budgeted positions for 2009 is lower than 2008 (Exhibit 4-15). Overall, labor expenditures of \$926.2 million are projected to rise by 4.0 percent in 2010 and then increase to \$1,003 million in 2011, an 8.3 percent change.

#### **Material**

The material category covers all repair parts for buses, trains, track, structure and signals in the system. Material expenditures are forecasted at approximately \$89.5 million in 2008, \$94.8 million in 2009, \$96.7 million in 2010, and \$98.6 million in 2011. The increase in material expenditures is mainly due to the higher replacement costs for major fleet components such as doors, brakes, and wheels of the aging fleet.

#### **Fuel**

Assuming 25.5 million gallons at \$3.57 per gallon, the CTA estimates fuel expenditures at \$91.1 million for 2008 (Exhibit 4-16). The cost per gallon is higher than 2007 actual results.

The CTA forecasts the need for 25.5 million gallons of diesel fuel in the 2009 budget. Due to the uncertainty surrounding energy prices, the CTA estimates that the cost of fuel will be about \$4.03 per gallon. The 2010 and 2011 financial projections hold diesel fuel costs at \$4.39 per gallon and \$4.52 per gallon respectively.

#### **Power**

Electric power expenditures for the rail system are forecasted at \$38.3 million in 2008. This increase is due to unusually cold weather experienced during winter. Expenditures for power increase by \$1.6 million in 2009, higher by \$2.0 million in 2010 and higher by \$0.9 million in 2011.

#### **Insurance and Claims**

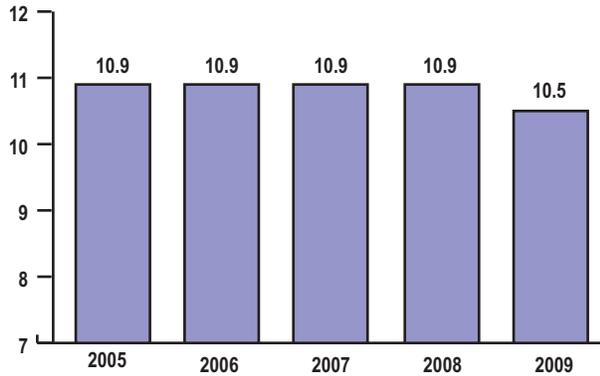
The Provision for Injuries and Damages represents the expenditure for claims and litigation for injuries and damages that occur on CTA property, or with CTA vehicles.

The CTA 2008 forecast is \$14.0 million and is \$11.0 million lower than the prior year. The CTA utilized increased fare revenues to fully fund the reserve for injuries and damages as projected by the 2006 actuarial analysis. The 2009 funding is \$30.0 million versus an estimate of \$14.0 million for 2008. In 2010 and 2011, the CTA projects these expenditures to be \$30.6 million and \$31.2 million respectively.

Exhibit 4-14: CTA Labor Expense Growth (in thousands)

|                          | 2007      | 2008      | 2009      | 2010      | 2011        |      |
|--------------------------|-----------|-----------|-----------|-----------|-------------|------|
| Labor Expense            | \$784,841 | \$884,683 | \$890,623 | \$926,248 | \$1,003,000 |      |
| % Change from Prior Year |           | 3.2%      | 12.7%     | 0.7%      | 4.0%        | 8.3% |

Exhibit 4-15: CTA Budgeted Positions (in thousands)



**Purchase of Security Services**

Security is strategically deployed throughout the CTA system to provide 24-hour coverage, seven days a week. Security services are provided by Chicago, Evanston and Oak Park Police departments, Wells Fargo Guard Service and National K-9 Security.

Expenditures are forecasted at \$32.4 million in 2008, which is a slight increase from prior year (Exhibit 4-17). The 2009 budget is \$33.4 million and for 2010 and 2011, expenditures are expected to increase \$1.7 million and \$0.7 million. These modest increases are due to investments made in new surveillance cameras and sensors for the rail system.

**All Other Expenditures**

All other expenditures include utilities, rents, maintenance and repair, advertising, commissions, consulting, insurance, and other general expenditures. For 2008, \$59.6 million is forecasted, which is \$9.9 million or 1.7 percent lower than the prior year.

The 2009 budget is \$132.8 million, which is higher than the 2008 estimate by \$72.9 million. The increase is primarily due to inflation, increases in contractual services, and the inclusion of Pension

Obligation Bond (POB) interest required by the 2008 legislation that enabled the CTA to issue bonds to regain long-term solvency in its pension funds. Expenditures are forecasted to increase from 2009 levels in 2010 and 2011 due to increase in the POB debt service requirement.

**Deficit**

System-generated revenue (fares and other revenue) total more than half of the CTA's operating budget, with the remainder (operating deficit) covered by public funding. The operating deficits are derived from total system generated revenue minus total operating expenditures. The deficit for the budget and two-year financial plan is \$723 million, \$729 million and \$752 million, respectively (Exhibit 4-6).

**Funding**

RTA Sales Tax and RTA discretionary funding represent the major sources of public funds to the CTA and are usually less than half of the CTA's operating budget. The RTA Sales Tax is a primary source of the CTA's operating funding. The RTA retains 15 percent of the Part I sales tax revenue, and distributes the remaining 85 percent to the Service Boards. The CTA receives 100 percent of the RTA Sales Tax collected in Chicago and 30 percent of the sales tax collected in suburban Cook County. RTA discretionary funds for the CTA are expected to range between \$198 million and \$188 million from 2009 to 2011. Apportionments from the RTA's 15 percent share of the sales tax revenue and the State's public transportation fund (PTF) are the source of the RTA's discretionary funds. The Region Section provides the details for this funding calculation.

Exhibit 4-16: CTA Fuel Cost per Gallon (cost and gallons in thousands)

|                 | 2007     | 2008     | 2009      | 2010      | 2011      |
|-----------------|----------|----------|-----------|-----------|-----------|
| Fuel Cost       | \$71,181 | \$91,095 | \$102,852 | \$112,109 | \$115,472 |
| Gallons         | 25,225   | 25,545   | 25,545    | 25,545    | 25,545    |
| Cost Per Gallon | \$2.822  | \$3.566  | \$4.026   | \$4.389   | \$4.520   |

## Recovery Ratio

The CTA's recovery ratio equals total system-generated revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. In 2009, the CTA's recovery ratio estimate is 52.7 percent and exceeds the mark of 52 percent set by the RTA. The Region Section provides the detailed recovery ratio calculation.

The following factors affect the recovery ratio for the 2008 estimate and 2009-2011 plans. First is the inclusion of \$22 million of in-kind security services provided by the Chicago Police Department, which is included as both revenue and expenditure in the recovery ratio calculation. Second is the exclusion of additional security expenditures from the recovery ratio. The CTA's recovery ratio was 53.1 percent in 2007 and is expected to be at 49.0 percent in 2008 (Exhibit 4-6).

### 2008 Budget versus 2008 Estimate

The CTA expects a balanced budget in 2008 based on an amended budget.

## Revenue

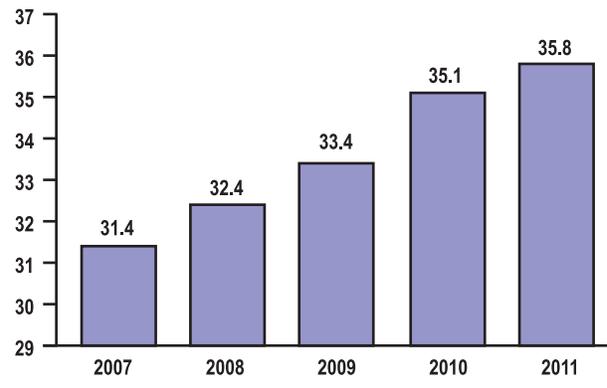
Revenue from fares is forecasted at \$466.7 which is higher than budget by \$3.2 million, or 0.7 percent (Exhibit 4-18). The higher fare revenue is due to higher average fare and higher ridership.

The reduced fare subsidy is the State's reimbursement to the CTA for providing discounted fares to the disabled, the elderly, and students. The reduced fare reimbursement is even with budget.

Other revenue is expected to be \$2.9 million unfavorable to plan. The categories listed below reflect this line item.

Contributions from local governments of \$5 million are on par with budget. The RTA Act requires the City of Chicago to contribute \$3 million and Cook County to contribute \$2 million annually to the operations of CTA.

Exhibit 4-17: CTA Purchase of Security Service (dollars in millions)



All other revenues which include parking fees, sale of real estate, and rentals are projected to be \$2.2 million lower than budget.

Investment income is estimated at \$5.6 million, which is \$0.7 million lower than budget. The CTA benchmarks its investments against the rates for the 90-day Treasury bond.

## Expenditures

Calendar year 2008 operating expenditures are estimated at \$1,209.6 million and are projected to be unfavorable to budget by \$20.0 million or 1.7 percent. Expenditures for labor, fuel, power and all other costs are expected to be over budget for the year, while material and security costs are forecasted to finish under budget.

Labor expenditures are projected at \$884.7 million, which is \$8.3 million or 9.5 percent over budget. The increase is due to higher wage rates, increased pension contributions and higher health care expenses.



Material expenditures are forecasted at \$89.5 million, which is lower than budget by \$3.0 million. The decrease in material expenditures is due to lower prices on building materials, vehicle replacement parts and other materials CTA uses in day-to-day system maintenance.

Fuel expenditures for revenue equipment are expected to be \$91.1 million at the end of 2008. This is \$1.2 million or 1.3 percent higher than budget. The 2008 budget assumed an average price of \$3.52 per gallon for 25.2 million gallons. Fuel prices have been running above budget and are estimated to end the year at an average price of \$3.57.

Electric power expenditures for the rail system are forecasted at \$38.3 million or \$3.0 million higher than budget. The increase can be attributed to unusually cold weather during winter.

Expenditures for insurance, claims and litigation for injuries and damages that occur on CTA property or with CTA vehicles are forecasted at \$14.0 million for 2008 which is par to budget.

Security is deployed strategically throughout the system to provide 24-hour coverage, seven days a week. These services are provided by the Chicago, Evanston, and Oak Park Police departments and contracts with private security firms. Full year expenditures are estimated at \$32.4 million, which is lower than budget. This lower spending level reflects the CTA's decision to utilize alternative security measures, such as increasing the number of CTA employees deployed to rail stations and the installation of additional surveillance cameras, to maintain a safe environment to riders. In addition to the services contracted by CTA, the Mass Transit Unit of Chicago Police Department (CPD) continues to provide services to CTA at an estimated cost of \$22 million.

All other costs are forecasted at \$59.6 million, which is \$11.6 million higher than budget. The increase is primarily due to higher contractual services for Oracle, facilities, and equipment maintenance service.

## Statutory Compliance

The RTA Act requires that each Service Board meet the six criteria detailed in the Region Section for their budgets to be approved. The CTA budget, as submitted, meets all criteria.

## Organizational Structure

The CTA organization chart is shown in Exhibit 4-19 and consists of the following divisions.

### **CTA Board**

The CTA's governing arm is the Chicago Transit Board, consisting of seven board members. The Mayor of Chicago appoints four board members who are subject to the approval of the City Council and the Governor. The Governor appoints three board members who are subject to the approval of the State Senate and the Mayor of Chicago.

The Citizens Advisory Board, the CTA Board Members, the Chief of Staff to the Chairman, and the Secretary of the CTA Board report to the Chairman of the Board.

### **General Counsel**

The General Counsel handles appellate matters, claims and tort litigation, and workers compensation matters.

### **Office of Inspector General**

The Office of Inspector General reviews and analyzes the integrity of financial, operating, and computer system activities and any other organizational activity that management requires. This office is also responsible for financial and general investigations.

### **Treasurer**

The Treasurer manages cash and handles investment.

### **Office of the President**

The CTA President is the agency's chief executive and is charged with executing the policy decisions made by the CTA Board of Directors and providing direction to the CTA staff as they work to fulfill the mission and goals of the Service Board.

### **Revenue and Marketing**

Revenue and Marketing includes two departments: Planning and Development, and Customer Communications. The Planning and Development department oversees route scheduling and strategic service planning for the Agency. The Customer Communications department is responsible in providing accurate, consistent and timely information to the general public via maps, brochures, fliers, news releases, and a cable television show.

### **Security and System Safety**

Security and System Safety administers the Destination Safety program with aims to reduce employee and third party accidents and injuries.

### **Facilities**

Facilities Maintenance includes system maintenance support, power and way maintenance, rail station appearance, and facility maintenance.



### **Performance Management**

Performance management includes developing strategic goal for each business unit that focuses on five goals namely, safety, on-time, cleanliness, efficiency, and courtesy.

### **Transit Operations**

Transit Operations, which represents the largest percentage of CTA employees, is responsible for bus and train operations, customer and paratransit services (prior to July 1, 2006), planning, security, control center, and training.

Bus and Rail Operations manages a fleet of 2,100 buses and 1,190 rail cars that cover 690,000 bus miles and 225,400 rail miles driven every day. They employ approximately 4,700 full-time equivalent

Exhibit 4-18: CTA 2008 Amended Budget versus 2008 Estimate (dollars in thousands)

|                                     | 2008 Amended Budget | 2008 Estimate      | Variance          |
|-------------------------------------|---------------------|--------------------|-------------------|
| <b>System-Generated Revenues</b>    |                     |                    |                   |
| Passenger Revenues                  | \$463,466           | \$466,707          | \$3,241           |
| Reduced Fare Subsidy                | 32,000              | 32,000             | 0                 |
| Other Revenue                       | 52,340              | 49,400             | (2,940)           |
| <b>Total Revenues</b>               | <b>\$547,806</b>    | <b>\$548,107</b>   | <b>\$301</b>      |
| <b>Operating Expenditures</b>       |                     |                    |                   |
| Labor                               | \$876,350           | \$884,683          | (\$8,333)         |
| Material                            | 92,435              | 89,469             | 2,966             |
| Fuel                                | 89,918              | 91,095             | (1,177)           |
| Power                               | 35,335              | 38,326             | (2,991)           |
| Insurance & Claims                  | 14,000              | 14,000             | 0                 |
| Purchase of Security Services       | 33,600              | 32,442             | 1,158             |
| All Other                           | 48,000              | 59,625             | (11,625)          |
| <b>Total Operating Expenditures</b> | <b>\$1,189,638</b>  | <b>\$1,209,640</b> | <b>(\$20,002)</b> |
| <b>Operating Deficit</b>            | <b>\$641,832</b>    | <b>\$661,533</b>   | <b>(\$19,701)</b> |
| Recovery Ratio %                    | 54.8%               | 53.2%              | (1.6) pts.)       |

bus operators and 1,500 rail operators that provide service to the customers.

The Control Center monitors passenger and facility security and maintains accident statistics and monitors environmental affairs. The Control Center operates 24 hours per day, 7 days a week.

### ***Operations Support***

Public Affairs department is responsible for marketing, media relations, identity development, and publications.

Finance is responsible for budgeting, general accounting, investment support, program development, and the management and control of property, grants, and funding.

The Government Affairs and Affirmative Action department monitors transit legislation that affects the CTA on both regional and national levels.

The Human Resources department includes recruiting, hiring, benefit services, medical services, and program compliance.

The Purchasing/Warehousing department includes inventory management.

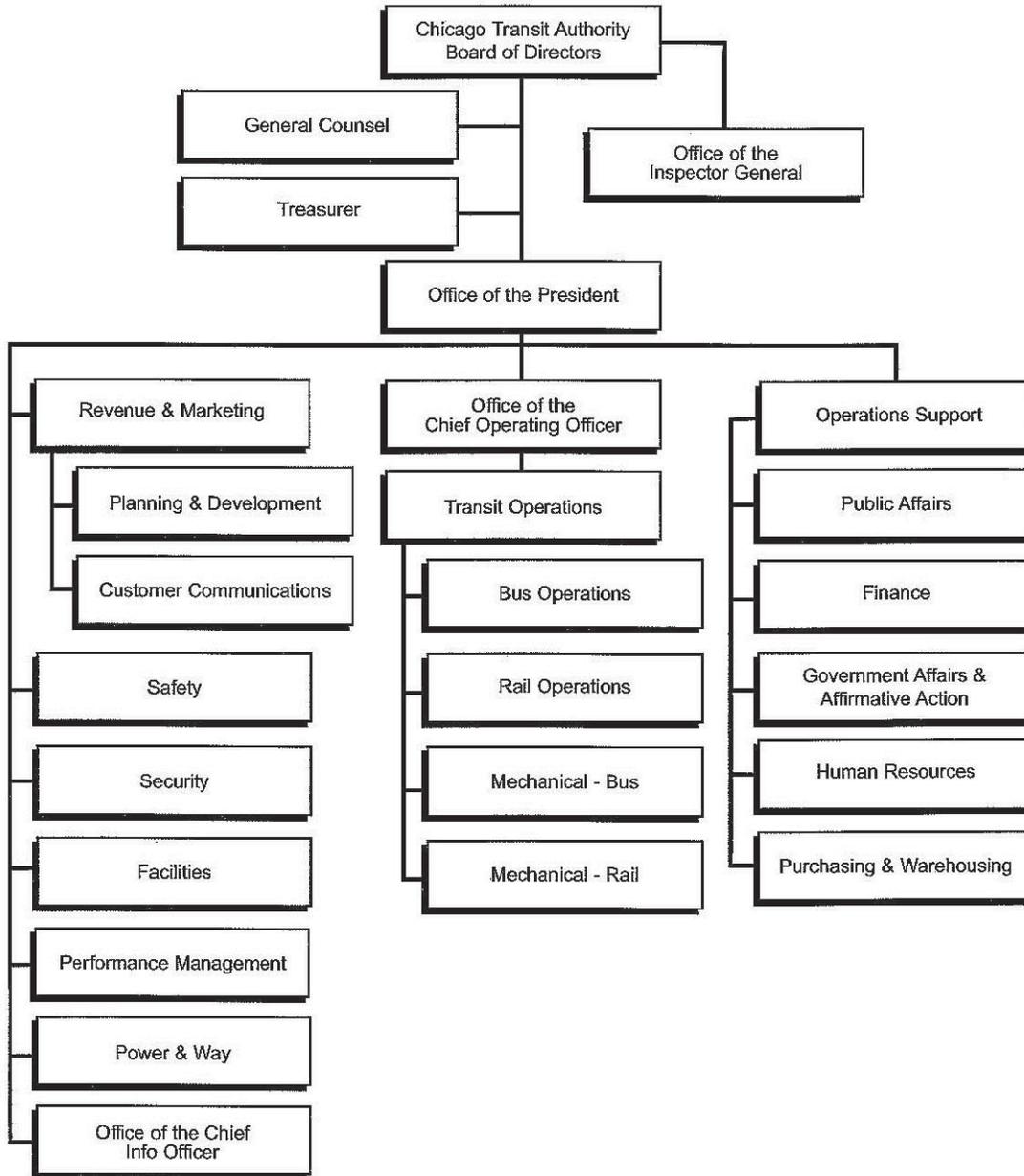


CTA Brown Line Francisco Station

### ***Office of the Chief Info Center***

Office of the Chief Info Center Department includes maintenance and upgrades of all CTA technology infrastructure and management information systems.

Exhibit 4-19: CTA Organization Chart



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## 5 Metra Operating Plan





**Overview**

Metra was formed in November 1983 as part of the reorganization of the RTA by the State of Illinois. Metra (the commuter rail division) is responsible for the day-to-day operations of the region’s commuter rail system including fare and service levels, capital improvements, finances, passenger services, safety, and systems planning. Service is operated by private carriers under contract to Metra and by Metra directly.

Metra is governed by an eleven-member board of directors. Four of the directors are appointed by the suburban members of the Cook County Board. The chairman or executive of the County Boards of Cook, DuPage, Kane, Lake, McHenry and Will counties each appoint one director, and the Mayor of the City of Chicago also appoints one director. The Chairman of Metra’s board of directors must be one of the eleven directors, and is appointed by the concurrence of eight directors.

**Service Characteristics**

The Metra rail system is comprised of eleven separate lines, which run north, west, and south of the Chicago central business district. The system extends 488 route-miles to the limits of the six-county area and serves 238 local rail stations in more than 100 communities. The network itself is made up of more than 1,100 pieces of rolling stock, 800 bridges, more than 2,000 signals, 18 rail storage yards, and seven major maintenance facilities. Geographically, the Metra system is the largest in the United States; and its operational interface with extensive freight network makes it arguably the nation’s most complex. A system of such magnitude requires continual maintenance and renewal in order to preserve operational performance, safety, and service efficiency.

Metra provides safe, reliable commuter rail service with an average weekday ridership of 317,200.

Peak period ridership represents 76 percent of the total average weekday trips.

Metra operates 61 percent of its trains on weekdays, 25 percent on Saturdays and 14 percent on Sundays and holidays. Average scheduled train operating speeds are 5 percent higher during the weekday peak period than during off-peak hours and weekend/holiday periods.

Metra serves the region on routes owned by Metra or freight carriers and through purchase of service agreements with Union Pacific and Burlington Northern Santa Fe, the two largest freight carriers in the nation. The South Shore Line, operated by the Northern Indiana Commuter Transportation District (NICTD), is another Metra partner, providing service between Chicago and South Bend, Indiana.

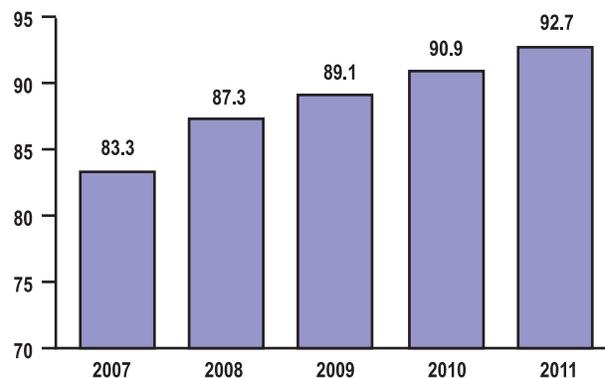
Metra’s hub is the downtown Chicago business district. Four downtown terminals serve Metra’s eleven lines. Approximately one-half of all commuter trips from the suburbs to downtown Chicago are made on Metra.

*Metra operates 61 percent of its trains on weekdays, 25 percent on Saturdays and 14 percent on Sundays and holidays.*

**Ridership**

In 2007, Metra’s ridership, excluding South Shore service, totaled 83.3 million passenger trips (Exhibit 5-1), representing a 4.3 percent increase from the corresponding 2006 ridership of 79.9 mil-

Exhibit 5-1: **Metra Ridership** (in millions) (1)



(1) Based on ticket sales. Includes free senior rides. Excludes South Shore (NICTD) service.

Exhibit 5-2: **Riders and Miles** (in millions) (1)

|                     | 2007 Actual | 2008 Estimate | 2009 Budget | 2010 Plan | 2011 Plan |
|---------------------|-------------|---------------|-------------|-----------|-----------|
| Ridership (2)       | 83.3        | 87.3          | 89.1        | 90.9      | 92.7      |
| Revenue Car Miles   | 34.1        | 34.3          | 34.3        | 34.3      | 34.3      |
| Passenger Miles (3) | 1,877.2     | 1,956.8       | 1,995.9     | 2,035.8   | 2,076.6   |

(1) Ridership, Revenue Car Miles, and Passenger Miles exclude South Shore (NICTD) service. (2) Based on ticket sales. Includes free Senior rides.

(3) Based on ticket sales. Excludes Senior free rides.

lion. Metra's ridership is expected to continue to grow with 87.3 million passenger trips in 2008 and 89.1 million in 2009. (Exhibit 5-2)

Metra's primary customer base remains providing work trips for the downtown Chicago market. Passenger loads on peak period, peak direction trains have realized an increase of 6.1 percent compared to five years earlier. Surveys indicate that although an increased number of riders are using Metra for non-work-related purposes, work trips still account for more than 90 percent of all trips.

Metra has successfully marketed off-peak and reverse commute trips. Compared to five years earlier, reverse peak travel has increased 56.1 percent, while midday and evening travel has increased 25.5 percent and 34.5 percent, respectively (Exhibit 5-3). These gains are attributable to Metra's efforts to broaden its ridership base, including the weekend ticket, enhanced off-peak service, targeted promotion of service to suburban employers, marketing travel to cultural and entertainment attractions, and Metra's Bikes on Train program. Metra's Bike on Train program was implemented on June 1, 2005.

Exhibit 5-3: **Average Daily passenger Loads by Service Period** (in thousands)

|                      | July 2002-<br>June 2003<br>(1) | July 2007-<br>June 2008<br>(1) | Change      | %<br>Change |
|----------------------|--------------------------------|--------------------------------|-------------|-------------|
| Peak Direction       | 227.5                          | 241.3                          | 13.8        | 6.1         |
| Reverse Peak         | 13.2                           | 20.6                           | 7.4         | 56.1        |
| Midday               | 28.2                           | 35.4                           | 7.2         | 25.5        |
| Evening              | 14.8                           | 19.9                           | 5.1         | 34.5        |
| <b>Total Weekday</b> | <b>283.7</b>                   | <b>317.2</b>                   | <b>33.5</b> | <b>11.8</b> |
| Saturday             | 48.4                           | 71.1                           | 22.7        | 46.9        |
| Sunday               | 27.3                           | 42.0                           | 14.7        | 53.8        |

(1) Excludes South Shore (NICTD) service.

In 2006, the program was expanded to allow three bikes in each diesel rail accessible car and two in each electric rail car.

### Service Quality

To deliver on its objective to provide customer-driven, flexible and personalized service Metra must understand the needs and interests of its customers. Metra periodically conducts on-board surveys to measure various service attributes. Metra not only measures general rider satisfaction, but also collects information on the service attributes that are most effective at attracting and retaining riders. This data provides direction for planning, scheduling and marketing activities. For example, Metra's goal to provide safe, reliable, clean and on-time service is derived directly from the most important service characteristics identified through these customer surveys.

Metra measures service reliability using on-time performance. A delay is recorded if the train arrives at its final destination more than five minutes later than scheduled. Exhibit 5-4 presents system-wide annual on-time performance since 2003. Metra's on-time performance in 2007 was 95.7 percent.

To be responsive to changing customer needs, Metra continuously looks for ways to expand and improve its service within financial constraints.

Matching the supply of service to the demand is one means of maintaining system efficiency. Metra measures capacity utilization train-by-train, which allows it to track average daily passenger load by service period by line and to analyze trends. In addition, Metra monitors and reports trains with occupancy rates exceeding 95 percent. This information is valuable support for service change decisions.

Another more general measurement of system-wide effectiveness is made by relating the number of passengers to the number of miles of service, thereby calculating passengers per revenue car mile. Metra’s ratio of passengers per revenue car mile is projected to increase from 2.44 in 2007 to 2.71 in 2011 (Exhibit 5-5). In the case of a new service, the number of miles increases faster than ridership, thereby decreasing the passenger per mile ratio.

Another measurement used to evaluate whether costs are being contained and efficiency maintained, is cost per revenue car mile. This measure recognizes that costs tend to vary with the amount of service provided. As seen in Exhibit 5-6, Metra projects that its cost per revenue car mile will increase from \$15.84 in 2007 to \$19.18 in 2011, corresponding to compound annual growth rate of 5.5 percent.

The cost per passenger ratio measures cost effectiveness and is designed to examine how well vehicles are deployed to serve riders. As Exhibit 5-6 illustrates, Metra projects that its cost per passenger ratio will increase from \$6.58 in 2007 to \$7.36 in 2011, corresponding to a compound annual growth rate of 2.8 percent. Historically, the Consumer

Exhibit 5-5: Passengers Per Revenue Car Mile (in millions)

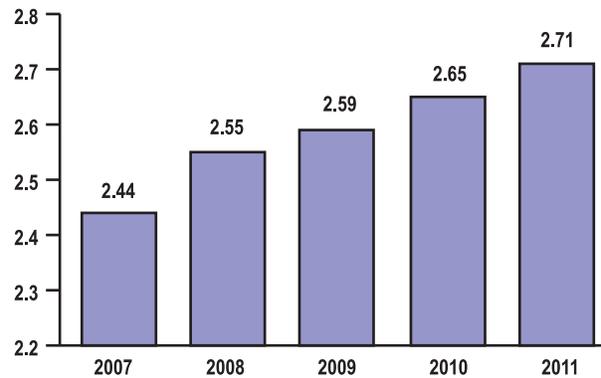
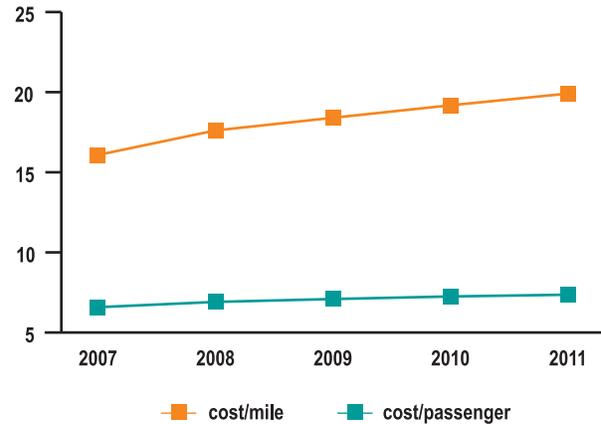


Exhibit 5-6: Metra Cost Efficiency



Price Index (CPI) has increased slightly more than 3 percent per year.

### Maintenance and Modernization

Since Metra was formed in 1984, Metra has overseen a comprehensive program to improve and grow the regional commuter rail network in support of the twin objectives of core system maintenance and strategic service expansion. Metra has expended more than \$5 billion to overhaul and modernize the system and to create a cyclical program of preventive maintenance and renewal. Such investment has led to the emergence of one of the nation’s premier commuter rail operations, with Metra enjoying a near unparalleled record of sustained ridership growth and operational excellence.

Exhibit 5-4: On-time Performance

| Year | % On-Time |
|------|-----------|
| 2003 | 97.1      |
| 2004 | 96.9      |
| 2005 | 96.3      |
| 2006 | 96.3      |
| 2007 | 95.7      |

State legislation passed in January 2008 increased public funding for the public transit operations in Northeastern Illinois providing much needed funding to maintain Metra's current level of operations. However, without legislation that addresses capital funding, Metra does not possess adequate resources to maintain, upgrade or expand the commuter rail system. During the previous three years, Metra bridged shortages of operations funding through a variety of cost containment strategies and by shifting capital resources to operations. The diversion of \$134.7 million in capital funding to cover operating expenses made it more difficult for Metra to maintain existing service levels because of delays in completing required infrastructure projects, equipment overhauls, and new rolling stock purchases.

### Safety and Security

Metra provides employee incentives to those regularly meeting goals. Key among these goals is workplace safety. A safe workplace correlates into a safe environment for Metra employees and passengers.

Metra's investments in staff training programs and incentive plans have resulted in substantial dividends, including commuter satisfaction and industry recognition.

In addition to routine workplace safety training, Metra employees have also been trained to recognize and observe potential safety hazards in and around trains, stations and tracks. Metra is the only railroad



organization in the nation to train all of its 4,000 employees in terrorism awareness and emergency procedures. As part of these investments, security cameras are being installed at several downtown train stations. Metra is also installing emergency signage involving LED technology in strategic locations throughout Metra's downtown terminals. The signs will alert passengers to emergency situations and can display pre-programmed or free form messages to assist Metra in communicating with customers.

In addition, Metra installed a train tracking system using Global Positioning System (GPS) technology in 2001. GPS monitors the real time position and movement of all trains on Metra's routes.

GPS offers Metra's operations professionals a snapshot that details the performance of every train during an operational day. The real-time information supports and delivers a more effective response to any service disruptions or emergencies and leads to enhanced overall safety.

Metra also encourages and provides safety training and education opportunities within the community.



### Budget and Financial Plan

The Metra budget and financial plan presented in Exhibit 5-7 meets the 2009, 2010, and 2011 funding marks set by the RTA Board on September 15, 2008. The RTA Board set Metra's 2009 recovery ratio mark at 55.0 percent and adopted this mark on December 18, 2008. Metra's 2009 budget reflects a recovery ratio of 55.0 percent.

## System-Generated Revenue

Total system-generated revenue is expected to increase from \$291.8 million in 2007 to \$353.3 million in 2010. This represents an increase of \$61.5 million or a compound annual growth rate of 4.9 percent (Exhibits 5-7 and 5-8).

Metra's system-generated revenue has three major components: passenger revenue, reduced fare subsidy, and other revenue. In 2009, passenger revenue of \$262.0 million comprises 81 percent of the total revenue budget (Exhibit 5-9).

### Passenger Revenue

Passenger revenue or farebox revenue is estimated to increase from \$227.2 million in 2007 to \$272.5 million by 2011. This increase of \$45.3 million represents a 4.7 percent compound annual

growth rate. Metra's passenger revenue increase results from projected ridership growth and a 10% fare increase effective February 1, 2008.

The strength of the local economy and higher of gasoline prices earlier in 2008, as well as continued major road reconstruction projects and the 2006 service expansions or extensions of the North Central Service, Union Pacific West, and SouthWest Service Lines also contributed to higher ridership and therefore higher passenger revenue.

Changing rider and ticket trends, such as longer trip length and increased one-way conductor and weekend ticket sales (Exhibit 5-10) also contributed to the higher passenger revenue.

Metra's fare structure is presented at the end of this section (Exhibit 5-14).

Exhibit 5-7: Metra 2009 Budget and 2010-2011 Financial Plan (dollars in thousands)

|   | 2007 Actual      | 2008 Estimate    | 2009 Budget      | 2010 Plan        | 2011 Plan        |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>System-Generated Revenue</b>         |                  |                  |                  |                  |                  |
| Passenger Revenue                       | \$227,185        | \$254,400        | \$262,000        | \$267,200        | \$272,500        |
| Reduced Fare Subsidy                    | 3,884            | 1,700            | 1,700            | 3,400            | 3,400            |
| Other Revenue                           | 60,772           | 61,400           | 62,100           | 70,800           | 77,400           |
| <b>Total Revenues</b>                   | <b>\$291,841</b> | <b>\$317,500</b> | <b>\$325,800</b> | <b>\$341,400</b> | <b>\$353,300</b> |
| <b>Operating Expenditures</b>           |                  |                  |                  |                  |                  |
| Transportation and Maintenance          | \$342,143        | \$363,900        | \$376,500        | \$391,040        | \$405,940        |
| Administration                          | 24,249           | 22,800           | 21,950           | 22,710           | 23,400           |
| Risk Mgmt. & Claims                     | 18,967           | 10,800           | 15,800           | 19,500           | 20,200           |
| Regional Services and Downtown Stations | 23,437           | 26,300           | 27,150           | 28,050           | 28,950           |
| Diesel Fuel                             | 53,706           | 87,400           | 92,560           | 95,100           | 96,320           |
| Security                                | 14,773           | 15,300           | 16,000           | 17,000           | 18,000           |
| Health Insurance                        | 53,622           | 56,000           | 59,360           | 62,300           | 65,800           |
| Pension                                 | 4,840            | 4,800            | 4,740            | 4,900            | 5,200            |
| Electricity                             | 12,733           | 16,200           | 17,600           | 18,000           | 18,300           |
| <b>Total Expenditures</b>               | <b>\$548,470</b> | <b>\$603,500</b> | <b>\$631,660</b> | <b>\$658,600</b> | <b>\$682,110</b> |
| <b>Operating Deficit</b>                | <b>\$256,629</b> | <b>\$286,000</b> | <b>\$305,860</b> | <b>\$317,200</b> | <b>\$328,810</b> |
| <b>Deficit Funding</b>                  |                  |                  |                  |                  |                  |
| RTA Sales Tax                           | 257,374          | 261,450          | 259,951          | 263,460          | 270,573          |
| RTA Sales Tax & PTF (PA95-0708)         | -                | 46,237           | 109,083          | 110,556          | 113,541          |
| RTA Discretionary                       | -                | 3,074            | -                | -                | -                |
| Funds Available for Capital (1)         | 58,156           | (24,761)         | (63,174)         | (56,816)         | (55,304)         |
| <b>Total Deficit Funding</b>            | <b>315,530</b>   | <b>286,000</b>   | <b>305,860</b>   | <b>317,200</b>   | <b>328,810</b>   |
| Recovery Ratio % (1)                    | 56.6%            | 55.9%            | 55.0%            | N/A              | N/A              |

(1) Recovery ratio revenue includes credits for Senior free rides in 2008 - 2011, half year of reduced fare reimbursement not funded by the State of Illinois in 2008 and 2009, and \$10 million of capital farebox revenue in 2007 - 2011. Recovery ratio expenditures exclude costs related to the acquisition and use of transportation facilities, security and depreciation.

### Reduced Fare Subsidy

The Illinois General Assembly passed legislation in 1989 providing funds to reimburse Metra for the cost of providing reduced fares for the elderly, students, and persons with disabilities. The fare reimbursement is included in revenue and is contingent upon annual approval by the State. In 1999, the Assembly passed new reduced fare legislation, which doubled the reimbursement level of previous years. In 2008, the State of Illinois eliminated funding for the reduced fare reimbursement program in the State Fiscal Year ending June 30, 2009, an annual reduction for Metra of \$3.4 million. Assuming this program will be restored for the State Fiscal Year beginning July 1, 2009, Metra budgeted \$1.7 million in 2009 and \$3.4 million in 2010 and 2011.

### Other Revenue

The other revenue category represents 19 percent of Metra's total revenue for 2009. The components of this category are investment income, joint facility and lease revenue, advertising income, capital credits, and miscellaneous non fare-generated income. Other revenue is expected to increase from \$60.8 million in 2007 to \$77.4 million in 2011, due mostly to increased capital credits.

### Operating Expenditures

Total operating expenditures are forecast to increase from \$548.5 million in 2007 to \$682.1 million in 2011.

Exhibit 5-8: Metra System-Generated Revenue (dollars in millions)

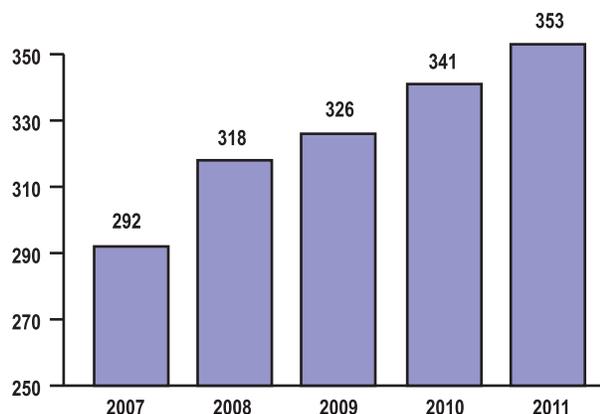


Exhibit 5-9: 2009 Metra Revenues - \$326 million

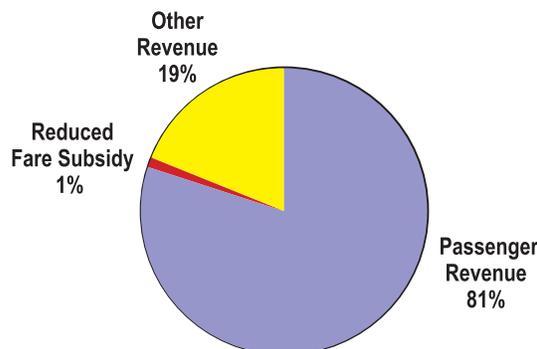


Exhibit 5-10: Ticket Sales by Ticket Type (in thousands)

|                 | July 2006-<br>June 2007 | July 2007-<br>June 2008 | Change | %<br>Change |
|-----------------|-------------------------|-------------------------|--------|-------------|
| Monthly         | 1,153.0                 | 1,180.9                 | 27.9   | 2.4%        |
| Ten-Ride        | 1,800.5                 | 1,933.3                 | 132.8  | 7.4%        |
| Regular One-Way | 5,923.2                 | 5,917.7                 | (5.5)  | (0.1%)      |
| Conductor       | 4,050.3                 | 4,332.1                 | 281.8  | 7.0%        |
| Weekend         | 1,566.9                 | 1,752.1                 | 185.2  | 11.8%       |
| Link-Up         | 92.8                    | 94.5                    | 1.7    | 1.8%        |
| PlusBus         | 15.3                    | 13.5                    | (1.8)  | (11.8%)     |

\*Excludes South Shore (NICTD) service.

lion in 2011. This \$133.6 million increase represents a 5.6 percent compound annual growth rate (Exhibit 5-11).

Metra's 2009 operating expenditures of \$631.7 million are projected to grow by \$28.2 million or 4.7 percent from the 2008 estimate.

In 2009 and 2010, total expenditures will increase by 4.3 percent and 3.6 percent respectively, compared to the previous year (Exhibit 5-7). Higher maintenance expense due to lack of capital funding is the major contributing factor.

### Expenditure Elements

The components of operating expenditures are transportation and maintenance, administration and pension, diesel fuel and electricity, security, health insurance and all other, including claims and risk management, regional services and downtown stations. In the 2009 budget, Metra's expenditures

comprise transportation and maintenance 59 percent, administration and pension 5 percent, fuel and electricity 17 percent, security 3 percent, health insurance 9 percent, and all other 7 percent (Exhibit 5-12).

**Transportation and Maintenance**

Transportation includes the functions and activities directly responsible for the operation of the commuter trains. The major functions include train and engine crew work, dispatching, tower operations, ticket sales, police and security services, employee safety, and supervisory support. The main objective of this area is to run service consistent with the published train schedules in a safe and efficient manner and in accordance with federal and state regulations.

Maintenance includes two types of activities: maintenance of way and maintenance of equipment. Maintenance of way activities include the maintenance of track, structures, communications and facilities to preserve operational safety, reduce travel times and service interruptions, and increase passenger comfort. Maintenance work is concentrated on safety inspections and short-term projects to safeguard overall track and structure conditions.

Maintenance of equipment activities includes regular repairs, inspection and preventive maintenance on passenger train equipment to ensure that this equipment is safe and in good working order to meet train schedules and passenger demand for seating.

Transportation and maintenance expenditures are expected to increase from \$342.1 million in 2007 to \$405.9 million in 2011. This \$63.8 million increase represents a compound annual growth rate of 4.4 percent (Exhibit 5-7).

**Administration and Pension**

Administration activities include general support functions for the organization to ensure overall corporate goals and regulations are met. Administrative

Exhibit 5-11: Metra Operating Expenditures (dollars in millions)

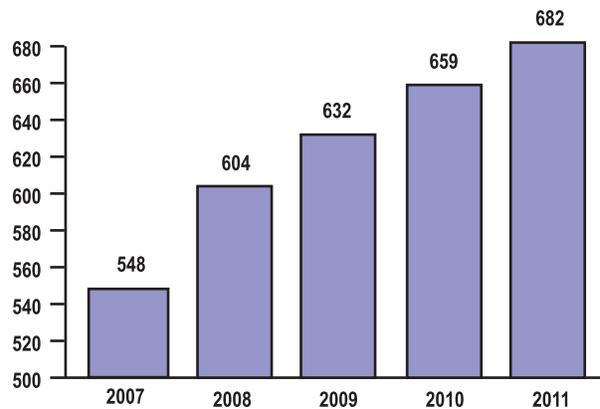
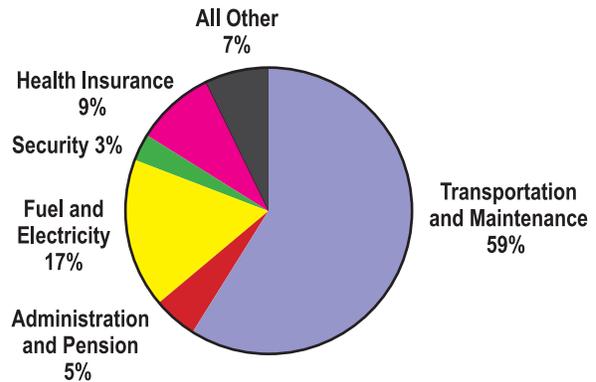


Exhibit 5-12: Metra Operating Expenditures - \$573.3 million



activities include human resources, labor management committee, information systems, training, accounting and other support areas. Management of the Metra owned and operated rail services are also included in this category.

Administration and pension expenditures are projected to decrease \$0.5 million or 0.4% from \$29.1 million in 2007 to \$28.6 million in 2011 (Exhibit 5-7).

**Diesel Fuel and Electricity**

Diesel fuel is one of the most volatile components of the operating expenditures. Diesel fuel was budgeted at \$2.65 per gallon for 2008 but is expected to average \$3.41 per gallon for a total of \$87.4 million, an increase of \$33.7 million or 62.7% over 2007. Metra is estimating an average price of \$3.60 per gallon in 2009 for a total cost of \$92.6

million, \$5.2 million or 5.9% more than the 2008 estimate. Metra is projecting an average fuel price of \$3.70 and \$3.75 per gallon for 2009 and 2010, respectively.

Rates for Metra electric motive power and power at Metra's large yards are under contract until May 2009. For 2009, Metra budgeted motive power and electric utility costs to increase \$1.4 million or 8.6% from the 2008 estimate.

Combined fuel and electric power is projected to increase from \$66.4 million in 2007 to \$114.6 million in 2011. This \$48.2 million increase represents a compound annual growth of 14.6 percent (Exhibit 5-7).

### **Security**

Security has become a significant concern for Metra as it seeks to safeguard riders and employees alike. This expense category includes police and contract security services as well as planning, coordination, and training with other agencies. For 2009, the budget is \$16.0 million, which is 4.6 percent above the 2008 estimate of \$15.3 million. Security expenses are expected to increase by \$1.0 million per year in 2009 and 2010 (Exhibit 5-7).

### **Health Insurance**

Health insurance costs for 2009 of \$59.4 million are assumed to increase by 6.0% over the 2008 estimate of \$56.0 million, with annual growth rates of 5.0 percent and 5.6 percent in 2010 and 2011, respectively (Exhibit 5-7).



### **All Other**

Expenditures for risk management and claims are expected to decrease from \$19.0 million in 2007 to \$10.8 million in 2008 before increasing to \$20.2 million in 2011.

Metra is also responsible for setting fares and service levels, capital improvement planning and oversight, and service planning. Expenditures for these functions are included in the regional services and downtown stations category.

Expenditures in this category are expected to increase from \$23.3 million in 2007 to \$29.0 million by 2011. This \$5.7 million increase represents a compound annual growth rate of 5.6 percent (Exhibit 5-7).

### **Deficit**

The operating deficit is derived from total system-generated revenue minus total operating expenditures. Metra's 2009 budget deficit is \$305.9 million (Exhibit 5-7). This deficit is offset by public funding to reach a balanced budget.

### **Funding**

The operating deficit is offset by public funding to reach a balanced budget. Metra projects a funding surplus of \$63.2 million in 2009, \$56.8 million in 2010, and \$55.3 million in 2011, which will be transferred to the capital program.

RTA Sales Tax (enacted by 1983 legislation) is the major source of public funds used to cover the budgeted operating deficit. By statute, the RTA re-

tains 15 percent of the sales tax receipts and passes the remaining balance of 85 percent to the Service Boards. Of this remaining amount, Metra receives 55 percent of the RTA Sales Tax dollars collected in suburban Cook County, and 70 percent of the RTA Sales Tax collected in the collar counties.

Illinois Public Act 95-0708, increased the RTA sales tax rate throughout the region, effective April 1, 2008, created a real estate transfer tax in the City of Chicago to fund the CTA, and raised from 25% to 30% the portion of RTA tax revenues matched by the State Public Transfer Fund (PTF). With this new funding source Metra’s budgeted statutory sales tax receipts are \$369.0 million in 2009, \$374.0 million in 2010, and \$384.1 million in 2011.

**Recovery Ratio**

Metra’s recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. In 2009 Metra’s recovery ratio is 55.0 percent, matching the mark set by the RTA. The RTA Region section provides a detailed recovery ratio calculation.

**Statutory Compliance**

The RTA Act requires that each Service Board meet six criteria, which are detailed in the RTA Region section, for Board approval of its budget. The Metra budget meets each of these criteria

**2008 Budget versus 2008 Estimate**

Total revenue is expected to finish \$11.2 million favorable to budget for 2008. Passenger revenue is projected to be favorable to budget by \$11.6 million or 4.8 percent due to higher ridership. Reduced fare subsidy is projected to be unfavorable to budget by \$1.7 million or 49.6% because the State of Illinois eliminated funding for the reduced fare reimbursement program in the State Fiscal Year beginning July 1, 2008. Other revenue is expected to exceed budget by \$1.2 million.

Expenditures are forecast to finish \$17.1 million or 2.9 percent unfavorable to budget for 2008. Transportation and diesel fuel are expected to finish the year \$13.4 million (3.8 percent) and \$20.0 million (29.7 percent) unfavorable to budget. The

Exhibit 5-13: Metra 2008 Budget versus 2008 Estimate (dollars in thousands)

|   | 2008 Budget      | 2008 Estimate    | Variance          |
|---|------------------|------------------|-------------------|
| <b>System-Generated Revenue</b>         |                  |                  |                   |
| Passenger Revenue                       | \$242,770        | \$254,400        | \$11,630          |
| Reduced Fare Subsidy                    | 3,370            | 1,700            | (1,670)           |
| Other Revenue                           | 60,160           | 61,400           | 1,240             |
| <b>Total Revenue</b>                    | <b>\$306,300</b> | <b>\$317,500</b> | <b>\$11,200</b>   |
| <b>Operating Expenditures</b>           |                  |                  |                   |
| Transportation and Maintenance          | \$350,525        | \$363,900        | (13,375)          |
| Administration                          | 29,175           | 22,800           | 6,375             |
| Risk Mgmt. & Claims                     | 19,930           | 10,800           | 9,130             |
| Regional Services and Downtown Stations | 26,380           | 26,300           | 80                |
| Diesel Fuel                             | 67,380           | 87,400           | (20,020)          |
| Security                                | 17,000           | 15,300           | 1,700             |
| Health Insurance                        | 55,980           | 56,000           | (20)              |
| Pension                                 | 4,840            | 4,800            | 40                |
| Electricity                             | 15,190           | 16,200           | (1,010)           |
| <b>Total Expenditures</b>               | <b>\$586,400</b> | <b>\$603,500</b> | <b>(\$17,100)</b> |
| <b>Operating Deficit</b>                | <b>\$280,100</b> | <b>\$286,000</b> | <b>(\$5,900)</b>  |
| <b>Recovery Ratio %</b>                 | <b>55.6%</b>     | <b>55.9%</b>     | <b>0.3%</b>       |

2008 budget assumed an average fuel cost of \$2.65 per gallon, significantly lower than the 2008 estimate of \$3.41 per gallon. Administration and risk management & claims are expected to finish the year \$6.4 million and \$9.1 million favorable to budget, respectively. Exhibit 5-13 details the variance between the 2007 budget and 2007 estimate.

**Fare Structure**

Commuter rail fares are based upon travel between designated fare zones. These zones are set at five-mile intervals beginning at each rail line’s downtown Chicago station. The zone system does not apply to the South Shore fares set by the Northern Indiana Commuter Transportation District (NICTD).

A uniform base fare is charged for travel within a zone and increments are added to this base fare as fare zone boundaries are crossed. Effective February 1, 2008, the base fare is \$2.15 for a one-way trip. The incremental charge is 40¢ or 45¢ for additional zones (Exhibit 5-14). Metra’s administrative organization chart is presented in Exhibit 5-15

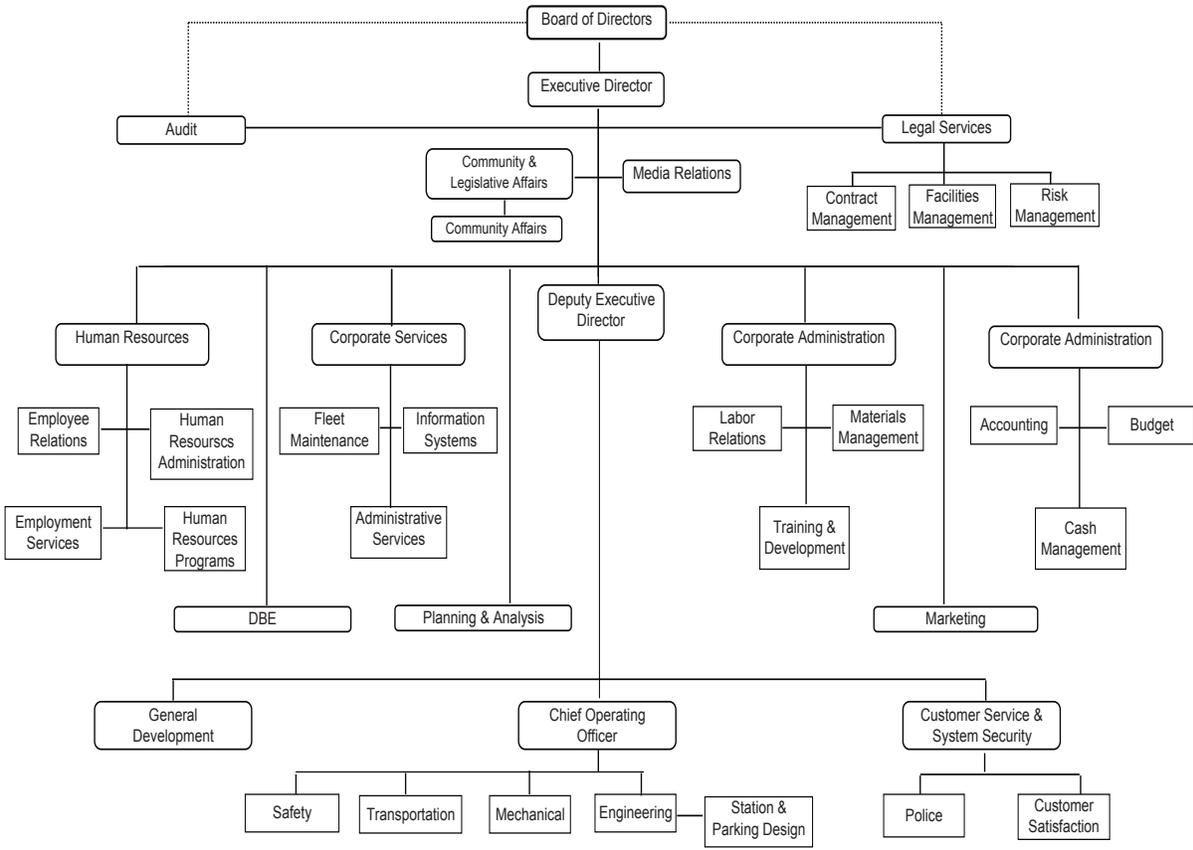
Exhibit 5-14: Metra Ticket Pricing Formula

| Ticket Type    | Period of Validity | Number of Rides | Pricing Basis             |
|----------------|--------------------|-----------------|---------------------------|
| Monthly (2)    | Calendar Month     | Unlimited       | 27 times one-way fare     |
| 10-Ride (2)    | One Year           | Ten             | 8.5 times one-way fare    |
| One-Way(2) (3) | One Year           | One             | Base fare plus increments |
| Weekend        | Saturday/Sunday    | Unlimited       | Flat rate \$7/day         |

(1) Effective March 17, 2008, seniors citizens age 65 or older living in the six-county RTA region are eligible to ride free. Effective October 24, 2008, people with disabilities enrolled in the Illinois Circuit Breaker program are eligible to ride free. (2) These ticket types are offered at a reduced rate to senior citizens, persons with disabilities, children, and students through high school traveling to and from school. Military personnel in uniform are entitled to reduced one-way ticket rates. (3) Effective February 1, 2008, the base fare for a one-way trip is \$2.15.

**Organizational Structure**

Exhibit 5-15: Metra Organization Chart





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## 6 Pace Operating Plan





## Suburban Service

### Overview

Pace was formed in 1983 as part of the reorganization of the Regional Transportation Authority (RTA), and began service in 1984. A 12-member board of directors made up of current and former village presidents and mayors governs Pace.

Beginning July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the RTA region. Pace's regional ADA paratransit service is discussed separately later in this section.

### Service Characteristics

Pace's mission is to provide efficient well-integrated transportation services that meet the travel needs of the suburban Chicago area. Effective suburban mobility supplies line-haul and community-based services that provide access between both nearby and distant origins and destinations. To attract riders in an automobile-oriented market requires coordination of infrastructure, service, information, and travel demand. Achieving this mission will also require the continued restructuring of Pace's current fixed-route service.

Pace's suburban service area measures 3,446 square miles. The suburban area is divided among the six counties and incorporates 284 municipalities. Transportation needs in this broad area are as unique as the individual communities Pace serves. Pace service includes approximately 147 regular routes, 51 feeder routes, 18 shuttle routes, 696 van-pool vehicles, 158 Pace-owned Dial-A-Ride vehicles, and 182 Pace-owned ADA paratransit vehicles. The suburb-to-suburb travel market is the largest service area in the region and is primarily served by the automobile.

Employment and residential shifts outward from central business districts have resulted in longer commutes, greater single-occupant automobile use,

increased traffic congestion, and declining air quality. Changing travel needs are the result of the growing suburban job market, welfare-to-work initiatives, and greater work-hour, workday, and work-location flexibility. However, increased support for smart growth, transit-oriented development, and environmental concerns has accompanied these trends. In light of these factors, Pace is working to better serve various suburban travel markets.

To attract more riders, Pace will need to gain consensus among a diverse group of stakeholders, communities, and organizations interested in transportation and smart growth; create viable community and regional partnerships; develop service plans for specific communities and groups of communities; and gain funding from local, regional, state and federal sources.

*Pace suburban service includes 143 regular routes, 65 feeder routes, 23 shuttle routes, and 767 vanpool vehicles.*

In April 2002, Pace unveiled a new long range comprehensive operating plan called Vision 2020. The plan outlines the goals and overall direction for Pace for the 21st century and a strategy to create a true suburban transportation network through route restructuring. Vision 2020 also includes plans for transit signal priority, bus-only lanes, localized flexible transit services and regional transportation centers that provide coordinated links between the region's transit services.

Pace already works with 210 communities to plan, design, and deliver services. Vision 2020 identifies nearly 100 service areas for further study in partnership with communities. To better support a service area that spans walkable suburban neighborhoods, satellite cities, and rural communities, Pace will expand its current offerings (e.g., fixed-route, commuter rail feeder, employer shuttle, and route-deviation services) and further customize the mix of tailored, flexible community-based services (e.g., demand response, curb-to-curb van service, and subscription routes) based on detailed studies of travel markets and local interests and conditions. Vision

2020 addresses three service levels—low, medium, and high—which reflect the spectrum of population and employment density found in Pace’s service area. To achieve high service levels at low cost, Pace will apply Bus Rapid Transit (BRT) features, limited stops, simple routes, frequent service, off-board fare payment, electronic next-stop announcements, traffic signal priority, and bus lanes on expressway/tollway and arterial line haul routes.

To develop an effective regional arterial and community-based transit system, Pace began route-restructuring initiatives in 2000. Consistent with Vision 2020, the goals of route restructuring include faster, more efficient, and more effective service, as well as an enhanced image of transit as an alternative to the automobile. Pace restructured routes in Elgin, along the Halsted Corridor, and in the vicinity of Orland Square Mall. In 2005, Pace completed its restructuring of eleven routes in North Shore communities to serve new trip generators, reduce transfers, and eliminate unproductive segments and route duplication.

Late in 2005, Pace implemented an initial round of service changes in the Aurora area as part of its restructuring efforts in the Fox Valley/Southwest DuPage region. After Metra increased service on its North Central Line, Pace added three new Shuttle Bug routes for employees of several nearby companies. Pace has completed most of the planning for the redesign of service in southern and southwestern Cook County and all of Will County. Initially, service changes will improve service coverage and reliability, strengthen connections between major destinations, introduce innovative types of service, and expand service hours. In the next few years, Pace plans restructuring initiatives in the Waukegan area and in western Cook County.

Pace is seeking to implement a regional Transit Signal Priority (TSP) program along major arterial routes. Implementation of the Harvey Transportation Center TSP initiative will improve the operation of the transit terminal and increase the reliability of Pace

routes traveling along nearby 154th Street, 159th Street, and Halsted Street. Initially focusing on expanding Pace’s existing express bus service and new express bus service between southern Cook County and the Rosemont/O’Hare area, implementation of a suburban expressway/tollway service express bus network will connect major regional activity centers and park-n-ride lots. Pace’s Bus Rapid Transit (BRT) Corridor Implementation will develop Pace’s Arterial Rapid Transit Network for the Region (PARTNER) Program. Integrated with Pace’s express bus service, the PARTNER Program will operate on major arterials and utilize TSP and queue jump lanes to increase travel speed and route reliability.

## Ridership

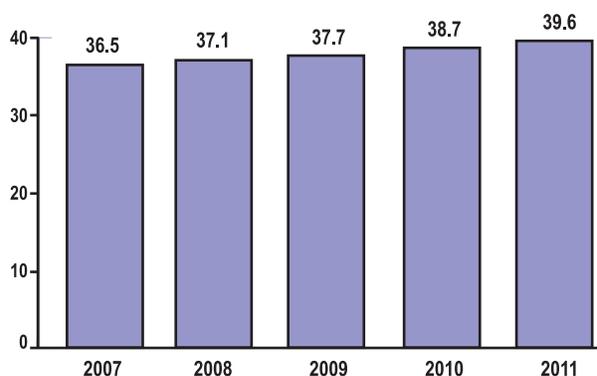
In 2007, Pace ridership of 39.2 million included suburban service ridership of 36.5 million. Pace estimates 2008 suburban service ridership of 37.1 million.

Pace projects suburban service ridership of 37.7 million in 2009. Pace projects suburban service ridership to increase 2.5 percent annually to 38.7 million in 2010 and 39.6 million in 2011 (Exhibit 6-1).

## Marketing Strategies

Pace’s 2009 marketing strategy implementation will emphasize work commute trips, which comprise 80 percent of Pace’s customer base, and encourage non-riders to try Pace service. Pace plans to augment

Exhibit 6-1: Pace Suburban Service Ridership (in millions) (1)



(1) Ridership in 2010 and 2011 assumes no deficit reduction actions.

existing successful tactical route marketing campaigns and to promote extensively express routes to popular destinations. Pace's 2009 marketing efforts will also emphasize outreach to the disabled and Latino communities and support of the South Cook restructuring project, the ride share program, and special projects.

**Cost Efficiency**

Matching the service supply to demand is one means of achieving system effectiveness. One way to measure supply versus demand is to relate the number of passengers to the number of miles serviced. Pace's passengers per mile ratio for suburban service is projected to continue to decline from 0.91 in 2008 to 0.89 in 2009 (Exhibit 6-2). Part of this decline results from route restructuring that reduces transfers.

The cost per mile measurement recognizes that expenditures tend to vary with the amount of service provided (Exhibit 6-3). Suburban service cost per mile is expected to increase from \$4.06 in 2007 to \$4.52 in 2008. Pace projects the cost per mile for suburban service to rise to \$4.81 in 2009.

Exhibit 6-2: Pace Suburban Service Passengers Per Mile (in millions)

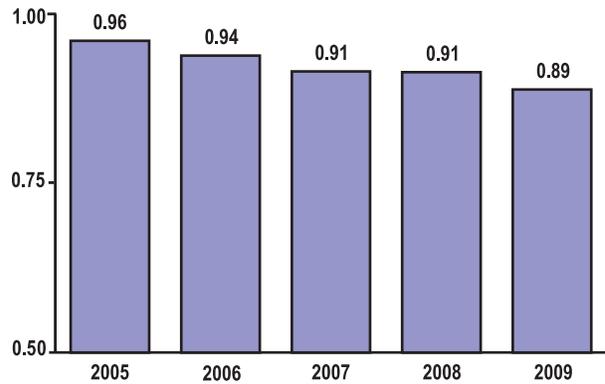
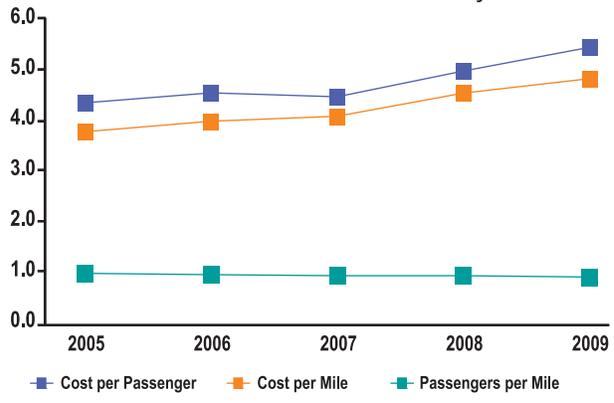


Exhibit 6-3: Pace Suburban Service Cost Efficiency



**Capital Investment**

The capital program funds the purchase and maintenance of rolling stock, support facilities and equipment (including new technologies), and project management.

**Rolling Stock**

In 2009, Pace intends to replace 37 fixed-route buses which have exceeded their useful life. The new vehicles will be 30-foot vehicles. Pace will also purchase buses for local municipal service in the Village of Oak Park.

Pace plans to replace 128 paratransit replacement vehicles which have exceeded their useful life. The new vehicles, a combination of buses and vans, will be operated to provide dial-a-ride services in Pace's suburban service area.

Pace plans to retrofit bus engines with mechanical components and software upgrades, and install diesel multi-state filters that will reduce engine emissions.

**Electrical, Signal & Communications**

The capital program contains funds to for the continued development and purchase of transit signal priority (TSP) systems in major corridors.

**Support Facilities & Equipment**

The capital program includes continued funding of the HPe3000 computer system replacement project and the routine replacement of computer hardware and software. The program also contains funds to make critical repairs and improvements to

garages and facilities, purchase garage equipment and replace non-revenue vehicles, and to implement the first of three region-wide paratransit call centers to coordinate transportation services for people with disabilities, the elderly, and low income individuals.

### Budget and Financial Plan

The Pace suburban service budget and financial plan presented in Exhibit 6-4 meets the funding marks set by the RTA Board on September 15, 2008. To meet these funding levels, Pace will need to implement deficit reduction actions that will increase revenues and/or decrease expenditures by \$6.8 million in 2010 and \$12.6 million in 2011. The RTA Board set Pace's 2009 recovery ratio mark for suburban service operations at 36.0 percent and adopted this mark on December 18, 2008. Pace's 2009 budget reflects a recovery ratio of 36.0 percent.

From 2004 to 2007, the RTA provided additional funding to Pace to accept the CTA 7-Day Pass, U-Pass, and Visitor Fun Passes. In 2008, the RTA has not included additional funding for Pace to accept these passes. Pace has decided not to honor these passes effective January 1, 2009.

### System-Generated Revenue

In 2007, Pace's system-generated revenue from suburban service totaled \$52.2 million. Pace estimates 2008 suburban service system-generated revenue will decline to \$52.1 million. Pace projects suburban service system-generated revenue of \$54.2 million in 2009, \$56.0 million in 2010, and \$58.9 million in 2011, corresponding to a compound annual growth rate of 4.2 percent from 2009 through 2011 (Exhibit 6-5). These revenue figures do not incorporate required deficit reduction actions in 2010 and 2011. In 2009, passenger revenue is projected to account for 55 percent, local share/other 30 percent, advertising 9 percent, investment income 2 percent, and new initiatives/fare change 3 percent of total suburban service revenue (Exhibit 6-6).



### Passenger Revenue and Local Share

In 2007, Pace suburban service passenger revenue totaled \$28.2 million. Pace expects that in 2008 suburban service will result in passenger revenue of \$29.0 million. In 2008, fare box revenue is expected to increase 2.6 percent from fixed route ridership growth and the expansion of Pace's van pool programs. Pace expects this trend to continue in 2009 with passenger revenue growth of 2.5 percent from existing service plus revenue of \$1.9 million from new or expanded service. Pace projects suburban service passenger revenue of \$29.7 million in 2009 will grow to \$31.6 million in 2011, a \$1.9 million increase corresponding to a compound annual growth rate of 3.2 percent (Exhibit 6-7). Passenger revenue includes fixed route farebox deposits (using cash, passes, and cards) and payments for vanpool, dial-a-ride, and other services.

Along with its budget, Pace took to public hearing

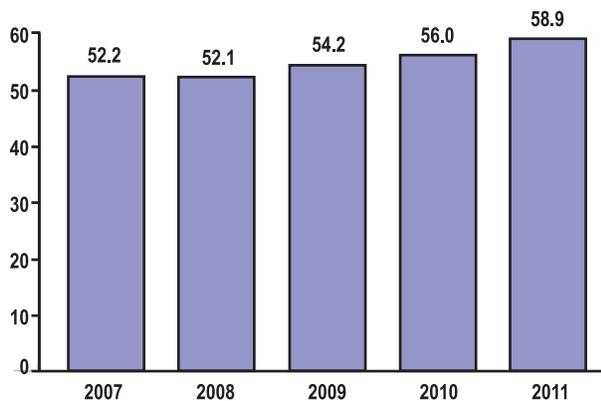


Exhibit 6-4: Pace Suburban Service 2009 Budget and 2010-2011 Financial Plan (dollars in thousands)

|  | 2007 Actual      | 2008 Estimate    | 2009 Budget      | 2010 Plan        | 2011 Plan        |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>System-Generated Revenue</b>              |                  |                  |                  |                  |                  |
| Passenger Revenue (1)                        | \$28,249         | \$28,973         | \$29,689         | \$30,640         | \$31,628         |
| Local Share/Other                            | 14,397           | 15,744           | 16,476           | 17,441           | 19,287           |
| Advertising Revenue                          | 4,572            | 4,713            | 5,015            | 5,316            | 5,645            |
| Investment Income                            | 2,230            | 1,361            | 1,193            | 682              | 330              |
| Reduced Fare Reimbursement                   | 2,704            | 1,291            | -                | -                | -                |
| New Initiatives/Fare Changes                 | -                | -                | 1,875            | 1,959            | 2,048            |
| <b>Total Revenues (2)</b>                    | <b>\$52,152</b>  | <b>\$52,082</b>  | <b>\$54,248</b>  | <b>\$56,037</b>  | <b>\$58,937</b>  |
| <b>Operating Expenditures</b>                |                  |                  |                  |                  |                  |
| Labor/Fringe Benefits                        | \$80,895         | \$84,769         | \$88,429         | \$91,257         | \$94,412         |
| Health Insurance                             | 14,737           | 14,780           | 16,412           | 18,267           | 20,331           |
| Parts/Supplies                               | 5,481            | 6,541            | 6,796            | 6,945            | 7,098            |
| Purchased Transportation                     | 23,627           | 26,462           | 28,295           | 29,902           | 31,459           |
| Fuel   | 16,108           | 26,319           | 29,545           | 29,601           | 30,197           |
| Utilities                                    | 2,376            | 2,693            | 2,992            | 3,145            | 3,293            |
| Insurance/Claims                             | 7,923            | 11,422           | 12,459           | 13,942           | 15,632           |
| Other  | 12,704           | 14,588           | 15,728           | 16,318           | 16,952           |
| New Initiatives                              | -                | -                | 7,500            | 7,838            | 8,190            |
| Regional ADA Support Credit                  | (1,340)          | (3,422)          | (3,559)          | (3,701)          | (3,849)          |
| <b>Total Expenditures</b>                    | <b>\$162,511</b> | <b>\$184,152</b> | <b>\$204,597</b> | <b>\$213,513</b> | <b>\$223,715</b> |
| Deficit Reduction Actions                    |                  |                  |                  | \$6,848          | \$12,640         |
| <b>Operating Deficit</b>                     | <b>\$110,359</b> | <b>\$132,070</b> | <b>\$150,349</b> | <b>\$150,628</b> | <b>\$152,138</b> |
| <b>Deficit Funding</b>                       |                  |                  |                  |                  |                  |
| RTA Sales Tax                                | \$81,232         | \$82,889         | \$82,288         | \$83,399         | \$85,651         |
| RTA Sales Tax & PTF (PA95-0708)              | -                | 15,413           | 36,361           | 36,852           | 37,847           |
| RTA Discretionary Funds                      | 6,960            | 4,139            | 3,158            | -                | -                |
| RTA Suburban Community Mobility Funds (SCMF) | -                | 20,000           | 19,800           | 20,067           | 20,609           |
| RTA South Suburban Job Access Funds          | -                | 3,750            | 7,500            | 7,500            | 7,500            |
| RTA Pass Reimbursement (3)                   | 4,000            | -                | -                | -                | -                |
| CMAQ/JARC/New Freedom                        | 1,645            | 2,459            | 2,395            | 1,657            | 531              |
| Federal 5307 Funds (4)                       | 22,585           | -                | -                | -                | -                |
| <b>Total Deficit Funding</b>                 | <b>\$116,422</b> | <b>\$128,650</b> | <b>\$151,502</b> | <b>\$149,475</b> | <b>\$152,138</b> |
| <b>Funding Surplus/Deficit</b>               | <b>\$6,063</b>   | <b>\$(3,420)</b> | <b>\$1,153</b>   | <b>\$(1,153)</b> | <b>-</b>         |
| <b>Recovery Ratio (5)</b>                    | <b>36.0%</b>     | <b>36.0%</b>     | <b>36.0%</b>     |                  |                  |

(1) Passenger revenue includes fixed route, vanpool, Dial-A-Ride, Ride DuPage, Ride in Kane, and other services. (2) Excludes ADvAntage Program-in-kind revenue and expense (of equal amount) that are included in Pace's recovery ratio calculation. (3) Pass reimbursement is considered revenue for Pace's recovery ratio calculation. (4) Federal Section 5307 funding (preventive maintenance) transferred from the capital program tarations. (5) The recovery ratio in 2007 includes ADvAntage program-in-kind revenue and expense credits (of equal amount). The recovery ratio in 2008 includes ADvAntage program-in-kind revenue and expense credits (of equal amount), as well as revenue credits for lost revenue from the Seniors Ride Free program and for accepting the CTA 7-Day Pass, U-Pass, and Visitor/Fun Passes. The recovery ratio in 2009-2011 includes ADvAntage program-in-kind revenue and expense credits (of equal amount), as well as revenue credits for lost revenue from the Seniors Ride Free program. The recovery ratio in 2009 meets the 36% mark set for Pace by the RTA Board on September 15, 2008.

Exhibit 6-5: Pace Suburban Service System-Generated Revenue (dollars in millions) (1)



(1) In 2007, Revenue excludes RTA pass reimbursement. In 2009 through 2011, revenue reflects fare increases and new initiatives. In 2010 and 2011, revenue does not reflect deficit reduction actions.

a proposal to increase bus, Dial-A-Ride, and vanpool fares. Pace has also decided to stop accepting CTA 7-Day Passes, U-Passes, and Visitor/Fun Passes effective January 1, 2009. A new Pace/CTA 7-Day Pass sold at a \$5 premium will be valid on Pace and CTA. However, no fare increases or pass acceptance changes were assumed in Pace’s revenue or ridership projections.

In 2007, Pace’s local share contributions and other revenue totaled \$14.4 million. Pace expects that in 2008 suburban service will result in local share contributions and other revenue of \$15.7 million. Suburban service local share contributions and other revenue are projected to grow from \$16.5 million in 2009 to \$19.3 million in 2011, a \$2.8 million increase that corresponds to an 8.2 percent compound annual growth rate.

Pace’s suburban service fare structure is presented at the end of this section (Exhibit 6-10). Pace raised its base fare from \$1.50 to \$1.75, its monthly pass from \$75.00 to \$86.00, and its van pool fares by 10 percent. Pace also raised the price of its other full-fare and reduced fare single-ride fares, ten-ride tickets, and passes.

**Reduced Fare Subsidy**

With uncertainty looming in the State’s reduced fare reimbursement program, Pace excluded this

Exhibit 6-6: 2009 Pace Suburban Service Revenue \$54.2 million

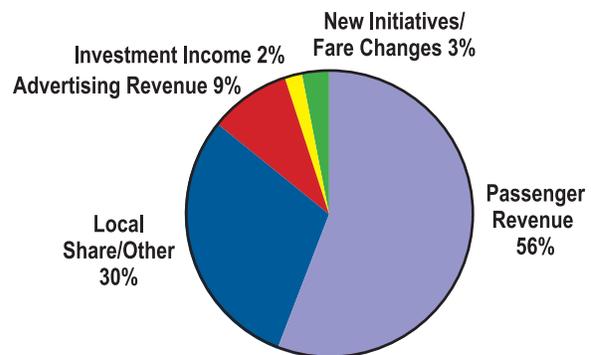
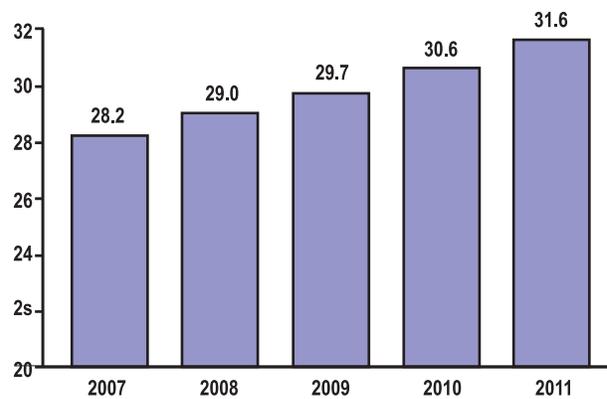


Exhibit 6-7: Pace Suburban Service Farebox Revenue (dollar in millions) (1)



(1) In 2009 through 2011, revenue reflects fare increases and new initiatives. In 2010 and 2011, revenue does not reflect deficit reduction actions.

source of revenue during the 2009-2011 planning period. Pace also reduced its estimate of its 2008 reduced fare reimbursement to the amount advanced by the State in the fall of 2007. The State 2009 budget has since been amended to include funds for reduced fare reimbursement.

**Advertising**

Advertising revenue is expected to increase from \$4.6 million in 2007 to \$4.7 million in 2008. Pace projects that advertising revenue will grow from \$5.0 million in 2009 to \$5.6 million in 2011, a \$0.6 million increase corresponding to a 6.1 percent compound annual growth rate.

### Investment

Investment income is expected to decrease from \$2.2 million in 2007 to \$1.4 million in 2008 resulting from smaller cash balances and declining interest rates. Pace projects that advertising revenue will continue to decline from \$1.2 million in 2009 to \$0.3 million in 2011.

### Operating Expenditures

Pace suburban service operating expenditures totaled \$162.5 million in 2007. In 2008, Pace expects suburban service operating expenditures of \$184.2 million. Pace projects suburban service operating expenditures of \$204.6 million in 2009 to grow to \$223.7 million in 2011, an increase of \$19.1 million corresponding to a compound annual growth rate of 4.6 percent (Exhibit 6-8). These expenditure totals include a regional ADA support credit of approximately \$3.7 million annually that reflects many of the administrative and overhead costs to be incurred throughout Pace in support of ADA paratransit. Growth of labor/fringe benefits and health care costs is the primary factor behind the increases in suburban service operating expenditures. Figures for individual expenditure elements do not incorporate required deficit reduction actions in 2010 and 2011.

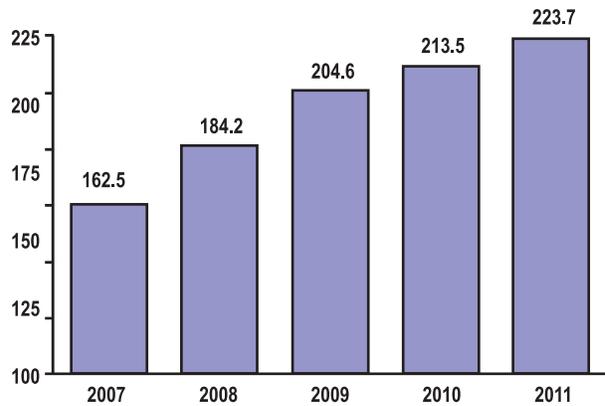
### Expenditure Elements

Operating expenditure elements include labor/fringe benefits, health insurance, parts/supplies, purchased transportation, fuel, utilities, insurance/claims, other, new initiatives, and ADA indirect overhead credit (Exhibit 6-4).

#### Labor/Fringe Benefits and Health Insurance Costs

Labor/fringe and health insurance expenditures are projected to account for 51.2 percent of total suburban service operating expenditures in 2009. Combined labor/fringe benefits and health insurance expenditures for suburban service are projected to grow from \$104.8 million in 2009 to \$114.7 million

Exhibit 6-8: Pace Suburban Service Operating Expenditures (dollars in millions) (1)



(1) In 2010 and 2011, expenditures do not reflect deficit reduction actions.

in 2011, a \$9.9 million increase that corresponds to a 4.6 percent compound annual growth rate.

#### Parts/Supplies

Parts/supplies expenditures are projected to account for 3.3 percent and of total suburban service operating expenditures in 2009. These expenditures are projected to grow from \$6.8 million in 2009 to \$7.1 million in 2011, a \$0.3 million increase that corresponds to a 2.2 percent compound annual growth rate.

#### Purchased Transportation

Expenditures for purchased transportation are projected to account for 13.8 percent of total suburban service operating expenditures in 2009. These expenditures are projected to grow from \$28.3 million in 2009 to \$31.5 million in 2011, a \$3.2 million increase that corresponds to a 5.4 percent compound annual growth rate.

#### Fuel

Fuel expenditures are projected to account for 14.4 percent of total suburban service expenditures in 2009. These expenditures are projected to grow from \$29.5 million in 2009 to \$30.2 million in 2011, a \$0.7 million increase that corresponds to a 1.1 percent compound annual growth rate.

**Utilities**

Utilities expenditures are projected to account for 1.5 percent of total suburban service operating expenditures in 2009. These expenditures are projected to grow from \$3.0 million in 2009 to \$3.3 million in 2011, a \$0.3 million increase that corresponds to a 4.9 percent compound annual growth rate.

**Insurance/Claims**

Insurance/claims expenditures are projected to account for 6.1 percent of total suburban service operating expenditures in 2009. These expenditures are projected to grow from \$12.5 million in 2009 to \$15.6 million in 2011, a \$3.2 million increase that corresponds to a 12.0 percent compound annual growth rate.

**Other**

Other expenditures are projected to account for 7.7 percent of total suburban service operating expenditures in 2009. These expenditures are projected to grow from \$15.7 million in 2009 to \$17.0 million in 2010, a \$1.2 million increase corresponding to a 3.8 percent compound annual growth rate.

**New Initiatives**

The 2008 funding legislation was expected to provide an opportunity for Pace to implement new or expanded service. Pace planned to spend \$7.5 million to implement new initiatives in 2009. By 2011, this amount is projected to grow by \$0.7 million, corresponding to a 4.5 percent compound annual growth rate.

**Regional ADA Support Credit**

In 2007, Pace charged \$1.3 million of administrative and overhead expenses to the regional ADA paratransit budget and expects to charge \$3.4 million in 2008. Pace projects that this amount will increase from \$3.6 million in 2009 to \$3.8 million in 2011.

**Deficit**

The operating deficits are derived from total system-generated revenue minus total operating expenditures. Although Pace suburban service achieved a funding surplus of \$6.1 million in 2007, Pace expects a suburban service funding deficit of \$3.4 million in 2008. Pace projects a funding surplus of \$1.2 million in 2009. In 2010, a deficit reduction action of \$6.8 million is projected to result in a funding deficit of \$1.2 million. In 2011, a deficit reduction action of \$12.6 million is projected to result in deficit funding matching the operating deficit.

**Funding**

The traditional RTA sales tax is the primary source of funding for Pace suburban service. The RTA retains 15 percent of these sales tax funds for discretionary funding and allocates the remainder to the Service Boards by statutory formula. Of this remaining amount, Pace receives 15 percent of the sales tax collected within suburban Cook County and 30 percent of the sales tax collected in the collar counties. Pace's portion of the traditional RTA sales tax is expected to increase 2.0 percent from \$81.2 million in 2007 to \$82.9 million in 2008. This amount is projected to decline 0.7 percent to \$82.3 million in 2009 before increasing 1.4 percent to \$83.4 million in 2010 and 2.7 percent to \$85.7 million in 2011. In 2007, Pace also received from the RTA \$7.0 million of discretionary funding and \$4 million to reimburse Pace for accepting the CTA's 7-Day Pass, U-Pass, and Visitor Fun Passes. The RTA does

not plan to fund Pace to accept these CTA passes after 2007. The RTA expects to provide Pace with discretionary funds in the amount of \$4.1 million in 2008 and \$3.2 million in 2009. The RTA does not plan to provide discretionary funding to Pace after 2009. In 2007, federal funding for Pace suburban service operations included \$22.6 million of Section 5307 funds transferred from Pace's capital program and \$1.6 million of combined Congestion Mitigation Air Quality (CMAQ), Job Access Reverse Commute (JARC) and New Freedom funds. Combined CMAQ, JARC, and New Freedom funds for Pace suburban service are expected to increase to \$2.5 million in 2008 before declining to \$0.5 million by 2011.

Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region beginning on April 1, 2008, created a real estate transfer tax in the City of Chicago to fund the CTA, and raised from 25 percent to 30 percent the portion of RTA tax revenues matched by the State Public Transfer Fund (PTF). From this new funding source, RTA sales tax & PTF (PA95-0708) and RTA Suburban Community Mobility Funds (SCMF) will increase support for Pace suburban service operations beginning in 2008. RTA sales tax & PTF (PA95-0708) is projected to increase from \$15.4 million in 2008 to \$37.8 million in 2011. SCMF of approximately \$20 million are projected for 2008 through 2011. The legislation also required that the RTA provide Pace suburban service with RTA South Suburban Job Access Funds in the amount of \$3.8 million in 2008 and \$7.5 million annually thereafter.

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## Recovery Ratio

The recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. With the inclusion of reimbursement from the RTA to accept the CTA 7-Day Pass, U-Pass, and Visitor Fun Passes and ADvAntage Program in-kind revenue and expense credits, Pace achieved a recovery ratio of 36.0

percent in 2007. With the inclusion of ADvAntage program in-kind revenue and expense credits, as well as revenue credits for lost revenue from the Seniors Ride Free program and for accepting the CTA 7-Day Pass, U-Pass, and Visitor Fun Passes, Pace expects to achieve a recovery ratio for suburban service of 36.0 percent in 2008. With the inclusion of ADvAntage program in-kind revenue and expense credits, as well as revenue credits for lost revenue from the Seniors Ride Free program and the People with Disabilities Ride Free program, Pace projects a recovery ratio for suburban service of 36.0 percent in 2009 which matches the 36 percent recovery ratio mark set by the RTA Board on September 15, 2008. Exhibit 6-4 provides the detail used in these calculations.

## 2008 Budget versus 2008 Estimate

Pace expects 2008 operating revenue for suburban service to finish the year \$1.1 million or 2.1 percent unfavorable to budget. Passenger revenue is expected to finish the year \$0.8 million or 2.8 percent favorable, while local share/other revenue is expected to be \$0.4 million or 2.4 percent unfavorable. Advertising revenue is projected to finish the year at budget, while investment income is expected to be \$0.2 million or 12.5 percent unfavorable. The reduced fare reimbursement was projected to finish the year \$1.3 million or 50.0 percent unfavorable to budget. However, the State 2009 budget has since been amended to include funds for reduced fare reimbursement.

Total expenditures are expected to finish the year \$8.7 million or 5.0 percent unfavorable to budget. Expenditures for labor/fringe benefits, health insurance, other, and the regional ADA support credit are each expected to be \$0.5, \$0.3, \$6.2, \$0.8 million favorable to budget, respectively, while expenditures for parts/supplies, purchased transportation, fuel, utilities, and insurance/claims are expected to be \$0.7, \$4.2, \$10.6, \$0.2, and \$0.7 million unfavorable to budget, respectively.

From a funding perspective, Pace expects a favorable variance of \$0.3 million in 2008 because of higher than budgeted federal CMAQ & JARC funding (Exhibit 6-9).

Exhibit 6-9: Pace 2008 Budget vs. 2008 Estimate (dollars in thousands)

|  | Amended 2008 Budget (1) | 2008 Estimate    | Variance          |
|--|-------------------------|------------------|-------------------|
| <b>System-Generated Revenue</b>                |                         |                  |                   |
| Passenger Revenue (2)                          | \$28,183                | \$28,973         | \$ 790            |
| Local Share/Other                              | 16,139                  | 15,744           | (395)             |
| Advertising Revenue                            | 4,713                   | 4,713            | -                 |
| Investment Income                              | 1,556                   | 1,361            | (195)             |
| Reduced Fare Reimbursement                     | 2,582                   | 1,291            | (1,291)           |
| <b>Total Revenues (3)</b>                      | <b>\$53,172</b>         | <b>\$ 52,082</b> | <b>\$ (1,090)</b> |
| <b>Operating Expenditures</b>                  |                         |                  |                   |
| Labor/Fringe Benefits                          | \$85,298                | \$84,769         | \$529             |
| Health Insurance                               | 15,034                  | 14,780           | 254               |
| Parts/Supplies                                 | 5,840                   | 6,541            | (701)             |
| Purchased Transportation                       | 22,297                  | 26,462           | (4,165)           |
| Fuel   | 15,695                  | 26,319           | (10,624)          |
| Utilities                                      | 2,463                   | 2,693            | (230)             |
| Insurance/Claims                               | 10,716                  | 11,422           | (706)             |
| Other  | 20,764                  | 14,588           | 6,176             |
| Regional ADA Support Credit                    | (2,655)                 | (3,422)          | 767               |
| <b>Total Expenditures</b>                      | <b>\$175,450</b>        | <b>\$184,152</b> | <b>\$(8,702)</b>  |
| <b>Operating Deficit</b>                       | <b>\$122,278</b>        | <b>\$132,070</b> | <b>\$(9,792)</b>  |
| <b>Deficit Funding</b>                         |                         |                  |                   |
| RTA Sales Tax                                  | \$82,889                | \$82,889         | -                 |
| RTA Sales Tax & PTF (PA95-0708)                | 15,413                  | 15,413           | -                 |
| RTA Discretionary Funds                        | 4,139                   | 4,139            | -                 |
| RTA Suburban Community Mobility Funds (SCMF)   | 20,000                  | 20,000           | -                 |
| RTA South Suburban Job Access Funds            | 3,750                   | 3,750            | -                 |
| CMAQ/JARC/New Freedom                          | 2,146                   | 2,459            | 313               |
| <b>Total Deficit Funding</b>                   | <b>\$128,337</b>        | <b>\$128,650</b> | <b>\$313</b>      |
| Funding Surplus/Deficit (Revenue less Expense) | \$6,059                 | \$(3,420)        | \$(9,479)         |
| ADvAntage Program - In-Kind (4)                | \$5,250                 | \$7,702          | \$2,452           |
| <b>Recovery Ratio (5)</b>                      | <b>36.0%</b>            | <b>36.0%</b>     | <b>0.0%</b>       |

(1) Pace Regional ADA Paratransit Service 2008 Budget approved by the RTA Board on September 15, 2008. (2) Passenger revenue includes Fixed Route, Van Pool, Dial-A-Ride, Ride DuPage, Ride in Kane, and Other Services. (3) Excludes ADvAntage Program-in-kind revenue and expense (of equal amount) that are included in Pace's recovery ratio calculation. (4) The ADvAntage Program - in-kind revenue and expense (of equal amount) is included in the recovery ratio calculation. (5) The recovery ratio calculation includes ADvAntage program-in-kind revenue and expense credits (of equal amount), as well as revenue credits for lost revenue from the Seniors Ride Free program and for accepting the CTA 7-Day Pass, U-Pass, and Visitor/Fun Passes.

Exhibit 6-10: Pace Suburban Service Fare Structure

|   | Current Fares       |              | New Fares           |              |
|---|---------------------|--------------|---------------------|--------------|
|   | Full Fare           | Reduced Fare | Full Fare           | Reduced Fare |
| <b>Regular Fares</b>                      |                     |              |                     |              |
| Full Fare                                 | \$1.50              | \$0.75       | \$1.75              | \$0.85       |
| Transfer to Pace/CTA*                     | 0.25                | 0.10         | 0.25                | 0.15         |
| <b>Local Fares</b>                        |                     |              |                     |              |
| Full Fare                                 | \$1.25              | \$0.60       | \$1.75              | \$0.85       |
| Transfer to Pace/CTA*                     | 0.50                | 0.25         | 0.25                | 0.15         |
| Local Transfer                            | Free Local Transfer |              | Free Local Transfer |              |
| Local 10 Ride Plus Ticket                 | 12.50               | 6.00         | Eliminated          |              |
| <b>Passes</b>                             |                     |              |                     |              |
| Pace/CTA (30-Day)                         | \$75.00             | \$35.00      | \$86.00             | \$35.00      |
| Pace/CTA (7-Day)                          |                     |              |                     | \$28.00      |
| Commuter Club Card (CCC)(Pace Only)       | 50.00               | 25.00        | 60.00               | 30.00        |
| Link-Up Ticket                            | 36.00               |              | 36.00               |              |
| Plus Bus                                  | 30.00               |              | 30.00               |              |
| Regular 10 Ride Plus Ticket               | 15.00               | 7.50         | 17.50               | 8.50         |
| Student (Haul Pass)                       |                     | 25.00        |                     | 30.00        |
| Student Summer Pass                       |                     | 40.00        |                     | 45.00        |
| Subscription Bus (Monthly)                | 110.00              |              | 125.00              |              |
| CTA 7-Day/U-Pass/Visitor Fun Passes       | Accepted            |              | Not Accepted        |              |
| <b>Express Fares/Other Fares</b>          |                     |              |                     |              |
| Premium Routes                            | \$3.00              | \$1.50       | \$4.00              | \$2.00       |
| Premium 10 Ride Plus Ticket (355 and 855) | 30.00               | 15.00        | 40.00               | 20.00        |
| <b>Other</b>                              |                     |              |                     |              |
| Dial-a-Ride                               | \$1.60              | \$0.80       | \$2.00              | \$0.80       |
| Shuttle Routes (No Reduced Fares)         | 1.00                |              | 1.75                |              |
| Shuttle Routes 535                        | 0.50                |              | 1.75                |              |

**Vanpool**

New monthly VIP and other van pool services fares range from \$73 to \$174 depending on the daily round trip van miles and the number of passengers. This range represents a 10% increase from 2008.

\*Effective January 1, 2006, the CTA discontinued issuing or accepting cash transfers.

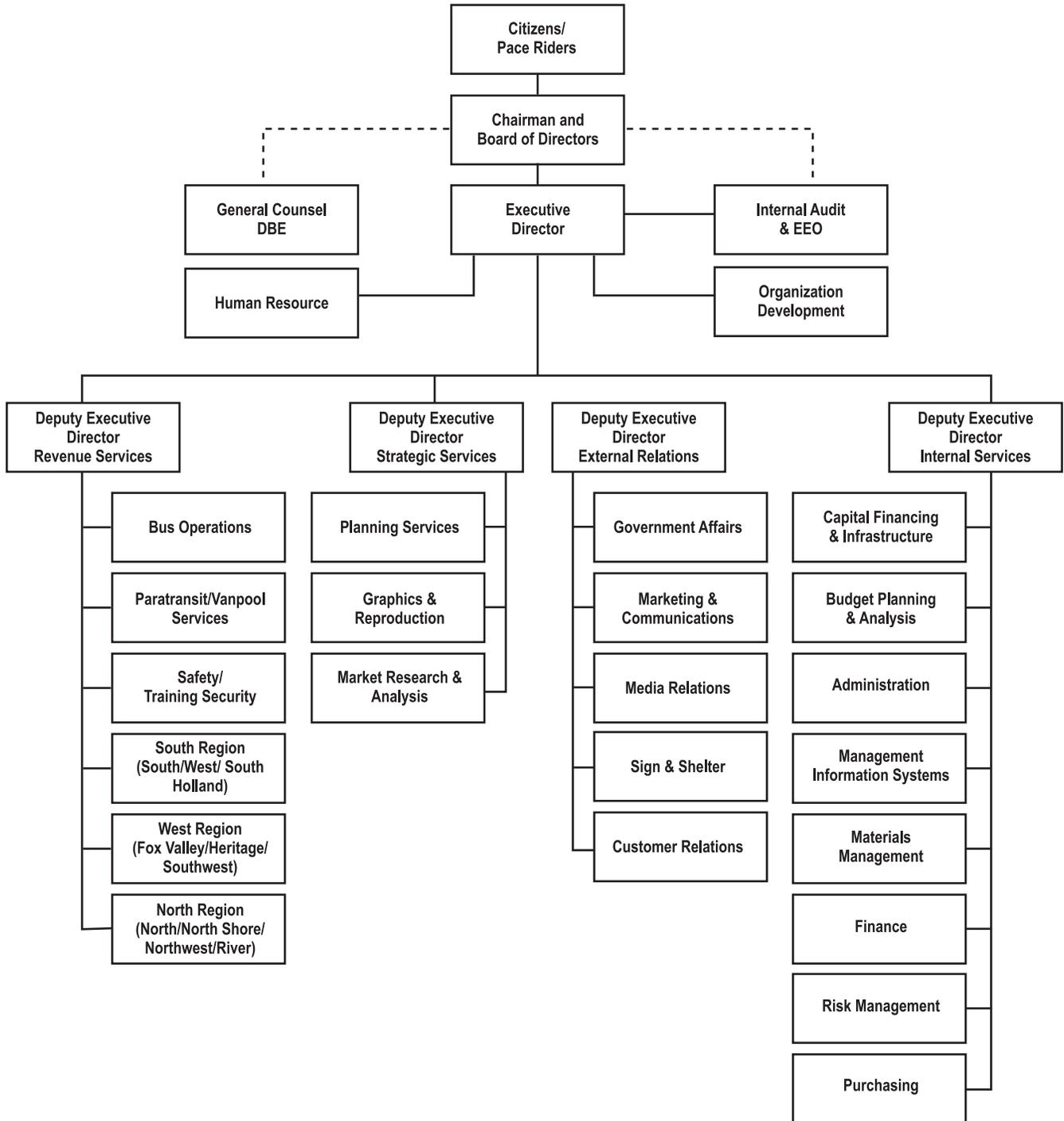
**Statutory Compliance**

Pace’s proposed 2009 budget and 2009 recovery ratio submitted to the RTA comply with the operating marks set by the RTA Board on September 15, 2008. Pace’s 2010 and 2011 financial plan exceeded the operating marks by \$6.8 million and \$12.6 million, respectively. To meet the operating marks, Pace will need to implement deficit reduction actions that will increase revenues and/or decrease expenditures by \$6.8 million in 2010 and \$12.6 million in 2011. Effective January 1, 2009, Pace increased bus, Dial-A-Ride, and vanpool fares (Exhibit 6-10).

**Organizational Structure**

Pace is organized into four main areas: Revenue Services, Strategic Services, External Relations, and Internal Services (Exhibit 6-11). Pace’s organizational structure comprises four primary elements: administration, central support, Pace-owned divisions, and regional ADA paratransit services. Within each element, employees are classified into four areas: operations, maintenance, non-vehicle maintenance and administration. These activity areas are defined by the National Transit Database reporting requirements, which apply to all public transit operators.

Exhibit 6-11: Pace Organization Chart



# ADA Paratransit

## Overview

Effective July 1, 2006, Pace has provided all ADA paratransit service in the RTA region. Beginning in 2007, Pace’s revenue and expenditures are separated into suburban service and regional ADA paratransit service.

## Service Characteristics

The RTA administers a regional certification program that determines if individuals with physical or cognitive disabilities are eligible for ADA paratransit service. If eligible, passengers can arrange for travel within three quarters of a mile of Pace or CTA bus routes or CTA or Metra rail stations, as described in the Americans with Disabilities Act (ADA).

In the suburban area where Pace provides fixed route service, Pace contracts with private operators to provide ADA paratransit service. These operators use Pace-owned lift-equipped vehicles to provide curb-to-curb service to ADA-certified passengers within a portion of the suburban area of the RTA region.

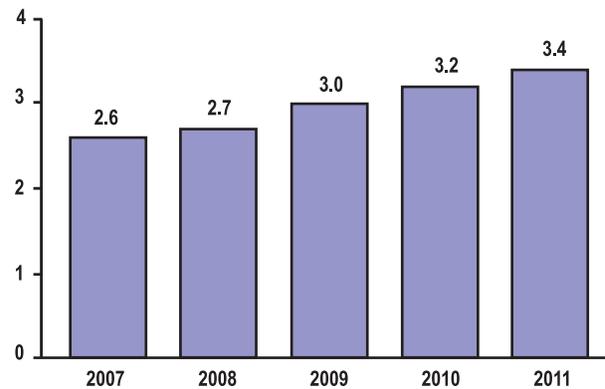
In the CTA service area, Pace contracts with private operators to provide ADA paratransit service. The operators use contractor-owned vehicles to provide service to ADA-certified passengers throughout the City of Chicago and the suburban communities served by CTA bus and rail operations. Pace also administers two subsidized taxi programs in the City of Chicago (the Taxi Access Program (TAP) and the Mobility Direct program) for ADA-certified passengers, although these programs are not required by the Americans with Disabilities Act.

The CTA and Pace fixed route services are described earlier in this document.

## Ridership

In 2007, Pace’s regional ADA paratransit ridership totaled 2.6 million. In 2008, Pace expects regional ADA paratransit ridership of 2.7 million. Pace projects that in 2009, ADA paratransit rider-

Exhibit 6-12: Pace Regional ADA Paratransit Ridership (in millions)



ship will grow 10.8 percent (11.7 percent in the CTA service area and 6.8 percent in the suburban service area) to 3.0 million and then 5.8 percent annually (6.0 percent in the CTA service area and 5.0 percent in the suburban service area) to 3.2 million in 2010 and 3.4 million in 2011. (Exhibit 6-12)

## Cost Efficiency

The cost per passenger measurement recognizes that expenditures tend to vary with the amount of service provided (Exhibit 6-13). Cost per passenger for Regional ADA paratransit service is projected to increase from \$35.32 in 2009 to \$37.44 in 2011. This \$2.12 increase corresponds to a compound annual growth rate of 3.0 percent. Pace projects that during this period contractor costs will grow 8.5 percent and 14.3 percent annually in the CTA service area and suburban service area, respectively.

Exhibit 6-13: Pace ADA Paratransit Cost Efficiency

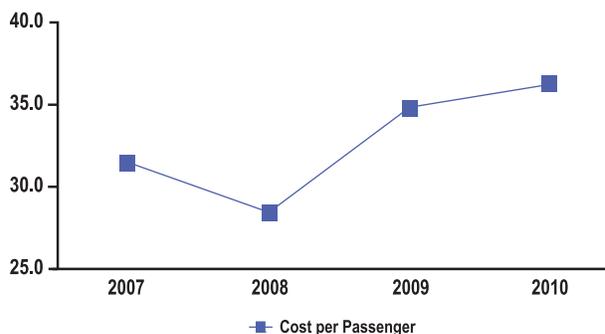


Exhibit 6-14: Pace Regional ADA Paratransit Service 2008 Budget and 2009-2010 Financial Plan (dollars in thousands)

|   | 2007 Actual      | 2008 Estimate     | 2009 Budget      | 2010 Plan         | 2011 Plan         |
|---|------------------|-------------------|------------------|-------------------|-------------------|
| <b>System-Generated Revenues</b>              |                  |                   |                  |                   |                   |
| Passenger Revenue                             | \$ 6,182         | \$ 6,814          | \$ 8,010         | \$ 8,465          | \$ 8,946          |
| RTA Certification Trips                       | 834              | 889               | 548              | 577               | 607               |
| <b>Total Revenues</b>                         | <b>\$ 7,016</b>  | <b>\$ 7,703</b>   | <b>\$ 8,558</b>  | <b>\$ 9,042</b>   | <b>\$ 9,553</b>   |
| <b>Operating Expenditures</b>                 |                  |                   |                  |                   |                   |
| Labor/Fringe Benefits                         | \$ 2,007         | \$ 2,107          | \$ 2,382         | \$ 2,472          | \$ 2,566          |
| Health Insurance                              | 280              | 266               | 294              | 327               | 364               |
| Administrative Expense                        | 779              | 1,555             | 1,782            | 1,820             | 1,867             |
| Fuel  | 1,498            | 2,269             | 2,644            | 2,614             | 2,631             |
| Insurance/Claims                              | 428              | 337               | 366              | 409               | 459               |
| RTA Certification                             | 464              | 500               | 548              | 577               | 607               |
| Suburban ADA Purchased Transportation         | 13,678           | 15,411            | 17,866           | 20,420            | 23,340            |
| CTA Service Area ADA Purchased Transportation | 63,230           | 83,684            | 77,713           | 84,777            | 91,492            |
| Regional ADA Support Allocation               | 1,340            | 3,422             | 3,559            | 3,701             | 3,849             |
| <b>Total Expenditures</b>                     | <b>\$83,704</b>  | <b>\$109,551</b>  | <b>\$107,153</b> | <b>\$117,118</b>  | <b>\$127,175</b>  |
| Deficit Reduction Actions (1)                 | -                | \$ 1,848          | -                | \$ 7,339          | \$ 14,579         |
| <b>Operating Deficit</b>                      | <b>\$ 76,688</b> | <b>\$ 100,000</b> | <b>\$ 98,595</b> | <b>\$ 100,737</b> | <b>\$ 103,043</b> |
| <b>Deficit Funding</b>                        |                  |                   |                  |                   |                   |
| State ADA Paratransit Funding                 | \$ 54,252        | -                 | -                | -                 | -                 |
| RTA Paratransit Funding                       | 21,758           | -                 | -                | -                 | -                 |
| Sales Tax and PTF (PA 95-0708)                | -                | 100,000           | 98,998           | 100,334           | 103,043           |
| RTA Funds (Reserved)/Used for ADA Service     | -                | -                 | (403)            | 403               | -                 |
| <b>Total Deficit Funding</b>                  | <b>\$ 76,010</b> | <b>\$ 100,000</b> | <b>\$ 98,595</b> | <b>\$ 100,737</b> | <b>\$ 103,043</b> |
| Funding Surplus/(Deficit)                     | \$ (678)         | -                 | -                | -                 | -                 |
| <b>Recovery Ratio % (2)</b>                   | <b>8.4%</b>      | <b>10.0%</b>      | <b>10.0%</b>     | -                 | -                 |

(1) Pace must take actions to achieve a deficit of no more than \$100.0 million in 2008, \$100.7 million in 2010, and \$103.0 million in 2011. (2) On August 26, 2008, the Governor signed Senate Bill 1920 that allows the RTA Board to exempt from the farebox recovery ratio formula a portion of costs incurred in paying ADA paratransit contractors for their capital expenses.

## Budget and Financial Plan

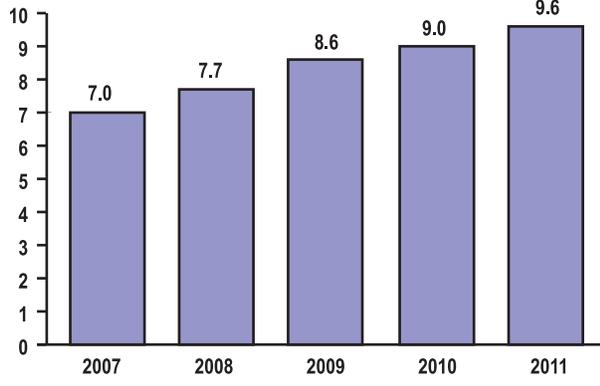
The Pace ADA paratransit service budget and financial plan presented in Exhibit 6-14 meets the 2009 recovery ratio mark set by the RTA on September 15, 2008, and the three year funding levels as amended by the RTA on December 18, 2008. In compliance with the RTA Act, the RTA set the ADA paratransit recovery ratio for 2009 at 10.0 percent. The RTA set the funding for ADA paratransit at \$98.6 million for 2009, \$100.7 million for 2010, and \$103.0 million for 2011. To meet these funding levels, Pace will need to implement deficit reduction actions that will increase revenues and/or decrease expenditures by \$7.3 million in 2010 and \$14.6

million in 2011.

## System-Generated Revenue

In 2007, regional ADA paratransit revenue of \$7.0 million comprised passenger revenue of \$6.2 million and reimbursements from the RTA for transporting paratransit applicants to assessment sites of \$0.8 million (Exhibit 6-15 and Exhibit 6-16). In 2008, Pace expects total regional ADA paratransit revenue to reach \$7.7 million with passenger revenue accounting for \$6.8 million of this amount. Pace projects that Passenger revenue will account for 94 percent of total revenue in 2009 (Exhibit 6-17). Pace projects total ADA paratransit system-generated revenue of \$8.6 million in 2009, \$9.0 million in 2010,

Exhibit 6-15: Pace ADA Paratransit Service System-Generated Revenue (dollars in millions)



and \$9.6 million in 2011. These revenue figures do not incorporate required deficit reduction actions in 2008, 2010, and 2011. Pace’s regional ADA paratransit fare structure is presented at the end of this section (Exhibit 6-20). No fare increases were assumed in Pace’s revenue or ridership projections.

**Operating Expenditures**

In 2007, regional ADA paratransit service operating expenditures totaled \$83.7 million. In 2008, Pace expects total regional ADA paratransit operating expenditures to reach \$109.6 million. Pace projects total operating expenditures of \$107.2 million in 2009, \$117.1 million in 2010, and \$127.2 million in 2011. Growth in purchased transportation costs is the primary factor behind these increases in operating expenditures (Exhibit 6-18).

**Expenditure Elements**

Operating expenditure elements include labor/fringe benefits, health insurance, administrative expense, fuel, insurance/claims, RTA certification, suburban ADA purchased transportation, CTA service area ADA purchased transportation, and an indirect overhead allocation (Exhibit 6-14). Figures for individual expenditure elements do not incorporate required deficit reduction actions in 2008, 2010, and 2011.

**Labor/Fringe and Health Insurance Costs**

Exhibit 6-16: Pace ADA Paratransit Farebox Revenue (dollars in millions)

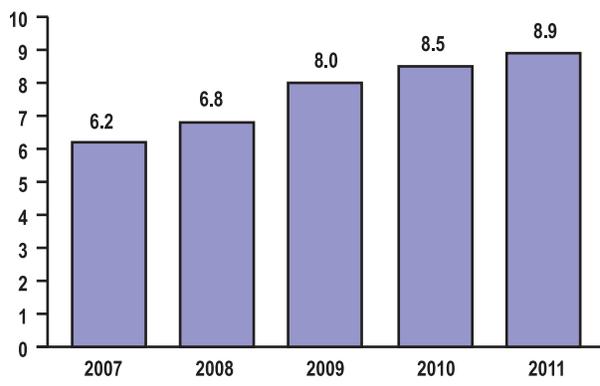


Exhibit 6-17: 2009 Pace ADA Paratransit Revenue--\$8.6 million

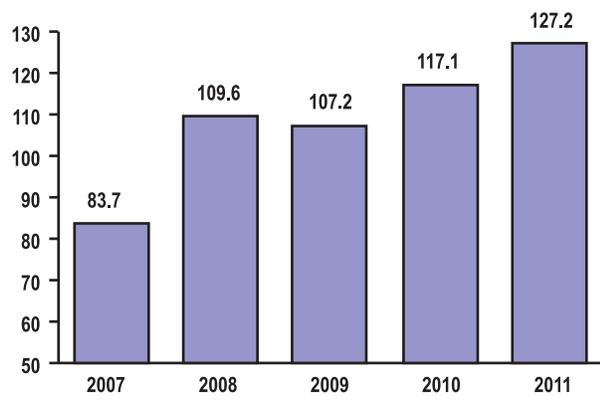


Labor/fringe benefits and health insurance expenditures are expected to account for 2.5 percent of regional ADA paratransit service operating expenditures in 2009. Labor/fringe benefits and health insurance expenditures are projected to grow from \$2.7 million in 2009 to \$2.9 million in 2011, corresponding to a 4.6 percent compound annual growth rate.

**Administration**

Administration expenditures are projected to account for 1.7 percent of regional ADA paratransit service operating expenditures in 2009. Pace leases its operations center for ADA paratransit services in Metra’s downtown Chicago headquarters at 547 W. Jackson Blvd. Administrative expenditures are projected to grow from \$1.8 million in 2009 to \$1.9 million in 2010 at a 2.4 percent compound annual

Exhibit 6-18: Pace Total Operating Expenditures  
(dollars in millions)



growth rate.

#### **Fuel**

Pace purchases fuel for the private operators who provide ADA paratransit service using Pace-owned vehicles in Pace's suburban service area. Fuel expenditures are projected to account for 2.5 percent of regional ADA paratransit service operating expenditures in 2009. Fuel expenditures are projected remain at \$2.6 million from 2009 to 2011, declining from 2.5 percent to 2.1 percent of regional ADA paratransit operating expenditures.

#### **Insurance and Claims**

Insurance/claims expenditures are projected to account for 0.3 percent of regional ADA paratransit service operating expenditures in 2009. Insurance/claims expenditures are projected to remain near \$0.4 million from 2009 to 2011.



#### **RTA Certification**

RTA certification expenditures comprise the cost of transporting applicants for ADA certification to and from assessment centers. These expenditures are projected to account for 0.6 percent of regional ADA paratransit service operating expenditures in 2009. RTA certification expenditures are projected remain near \$0.6 million from 2009 to 2011.

#### **Suburban ADA purchased transportation**

Suburban ADA purchased transportation expenditures are projected to account for 16.7 percent of regional ADA paratransit service operating expenditures in 2009. These expenditures are projected to increase from \$17.9 million in 2009 to \$23.3 million in 2011, a \$5.5 million increase that corresponds to a 14.3 percent compound annual growth rate. Pace assumes that demand for suburban ADA paratransit service will increase 5.0 percent in both 2010 and 2011.

#### **CTA service area ADA purchased transportation**

CTA service area ADA purchased transportation expenditures are projected to account for 72.5 percent of regional ADA paratransit service operating expenditures in 2009. These expenditures are projected to increase from \$77.7 million in 2009 to \$91.5 million in 2011, a \$13.8 million increase that corresponds to an 8.5 percent compound annual growth rate. Pace assumes that demand for CTA service area ADA paratransit service will increase 6.0 percent in both 2010 and 2011.

#### **Regional ADA support allocation**

In 2007, Pace charged \$1.3 million of administrative and overhead expenses to the regional ADA paratransit budget and expects to charge \$3.4 million in 2008. Pace projects that this amount will increase from \$3.6 million in 2009 to \$3.8 million in 2011.

## Deficit and Funding

The operating deficits are derived from total system-generated revenue minus total operating expenditures. In 2007, funding for regional ADA paratransit service consisted of State funding of \$54.3 million and RTA funding of \$21.8 million, resulting in a shortfall of \$0.7 million. In 2008, Illinois Public Act 95-0708 allocated to the funding of ADA paratransit service \$100 million of the revenue from the increase in the RTA sales tax rate and the increase in the portion of RTA tax revenues matched by the State Public Transfer Fund (PTF). According to the legislation, this amount will vary in future years in proportion to annual RTA sales tax collections, and funding not required for the current year deficit will be applied to regional ADA paratransit operating deficits in future years. In 2008, all of the \$100.0 million allocated for public transit is expected to fund the 2008 regional ADA paratransit service deficit. Based on the projections of sales tax collections in 2009, 2010, and 2011, the amounts to be allocated to the funding of ADA paratransit service are \$99.0 million, \$100.3 million, and \$103.0 million, respectively.

RTA paratransit funding is projected to increase from \$98.6 million in 2009 to \$103.0 million in 2011, an increase of \$4.4 million corresponding to a compound annual growth rate of 2.2 percent. In each year, the funding level is projected to match the corresponding operating deficit, contingent on deficit reduction actions in the amount of \$7.3 million in 2010 and \$14.6 million in 2011.

The budget and financial plan for regional ADA

paratransit service presented in Exhibit 2-4 meet the 2009 through 2011 funding levels as amended by the RTA on December 18, 2008. The levels set annual funding for regional ADA paratransit funding at \$98.6 million for 2009, \$100.7 million for 2010, and \$103.0 million for 2011.

## Recovery Ratio

The recovery ratio equals total system-generated revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. The RTA Act requires that regional ADA paratransit service meet a recovery ratio of 10 percent. In 2008 and 2009,

Pace's projected recovery ratio for regional ADA paratransit service is 10 percent. These recovery ratios are reached by exempting from the recovery ratio calculation a portion of costs incurred in paying ADA paratransit contractors for their capital expenses.

*Suburban service area and CTA service area purchased transportation expenses account for 16.4% and 74.4%, respectively, of total regional ADA paratransit expenditures.*

## 2008 Budget versus 2008 Estimate

Pace projects 2008 regional ADA paratransit service operating revenue that will be \$0.6 million or 7.6 percent unfavorable to budget. Passenger revenue is expected to finish the year \$0.7 million or 8.7 percent unfavorable.

Total expenditures are expected to finish the year \$15.6 million or 16.6 percent unfavorable to budget. Expenditures for CTA service area purchased transportation are expected to be unfavorable to budget by \$15.3 million (22.5 percent), and expenditures for fuel for suburban service area purchased transportation are expected to be unfavorable to budget by \$0.6 million (33.7 percent).

From a funding perspective, Pace expects an unfavorable variance of \$14.4 million in 2008 because of higher than expected expenditures (Exhibit 6-19). Funding for 2008 regional ADA paratransit service

Exhibit 6-19: Pace Regional ADA Paratransit Service 2008 Budget vs. 2008 Estimate (dollars in thousands)

|   | Amended 2008<br>Budget (1) | 2008 Estimate     | Variance           |
|---|----------------------------|-------------------|--------------------|
| <b>System Generated Revenue</b>               |                            |                   |                    |
| Passenger Revenue                             | \$ 7,465                   | \$ 6,814          | \$ (651)           |
| RTA Certification Trips                       | 869                        | 889               | 20                 |
| <b>Total Revenue</b>                          | <b>\$ 8,334</b>            | <b>\$ 7,703</b>   | <b>\$ (631)</b>    |
| <b>Operating Expenditures</b>                 |                            |                   |                    |
| Labor/Fringe Benefits                         | \$ 2,237                   | \$ 2,107          | \$ 130             |
| Health Insurance                              | 244                        | 266               | (22)               |
| Administrative Expense                        | 1,555                      | 1,555             | 0                  |
| Fuel  | 1,697                      | 2,269             | (572)              |
| Insurance/Claims                              | 504                        | 337               | 167                |
| RTA Certification                             | 848                        | 500               | 348                |
| Suburban ADA Purchased Transportation         | 15,881                     | 15,411            | 470                |
| CTA Service Area ADA Purchased Transportation | 68,339                     | 83,684            | (15,345)           |
| Regional ADA Support Allocation               | 2,655                      | 3,422             | (767)              |
| <b>Total Expenditures</b>                     | <b>\$ 93,960</b>           | <b>\$ 109,551</b> | <b>\$ (15,591)</b> |
| Deficit Reduction Actions (1)                 | -                          | 1,848             | (1,848)            |
| <b>Operating Deficit</b>                      | <b>\$ 85,626</b>           | <b>\$ 100,000</b> | <b>\$ (14,374)</b> |
| <b>Deficit Funding</b>                        |                            |                   |                    |
| State ADA Paratransit Funding                 | -                          | -                 | -                  |
| RTA Paratransit Funding                       | -                          | -                 | -                  |
| Sales Tax and PTF (PA 95-0708)                | 100,000                    | 100,000           | -                  |
| RTA Funds (Reserved)/Used for ADA Service     | (14,374)                   | -                 | (14,374)           |
| <b>Total Deficit Funding</b>                  | <b>\$ 85,626</b>           | <b>\$ 100,000</b> | <b>\$ 14,374</b>   |
| Funding Surplus/Deficit                       | -                          | -                 | -                  |
| <b>Recovery Ratio (2)</b>                     | <b>8.9%</b>                | <b>10.0%</b>      | <b>1.1%</b>        |

(1) Pace Regional ADA Paratransit Service 2008 Budget approved by the RTA Board on April 17, 2008, following enactment of PA 95-0708

(3) On August 26, 2008, the Governor signed Senate Bill 1920 that allows the RTA Board to exempt from the farebox recovery ratio formula a portion of costs incurred in paying ADA paratransit contractors for their capital expenses.

was subsequently increased to \$100.0 million, still requiring deficit reduction actions in the amount of \$1.8 million.

### Statutory Compliance

Pace's proposed 2009 budget and 2010 plan met the regional ADA paratransit operating funding marks set by the RTA Board on September 15, 2008,

but Pace's proposed 2011 plan did not. These marks set the total funding levels at \$98.6 million in 2009, \$108.1 million in 2010 and \$110.1 million in 2011. After the RTA revised the 2010 and 2011 funding level for regional ADA paratransit service, neither Pace's 2010 plan nor the 2011 plan met the required funding level. The revised regional ADA paratransit service funding levels for 2010 and 2011 were \$100.3 million and \$103.0 million, respectively.

To meet the 2010 and 2011 required funding levels, Pace's deficit projections were reduced \$7.3 million and \$14.6 million, respectively. Pace's projected recovery ratio of 10 percent in 2009 complies with the recovery ratio marks set by the RTA Board on September 15, 2008.

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Exhibit 6-20: **Fare Structure**

**2008 - 2009 Fares**

***CTA Service Area***

|   |        |
|---|--------|
| ADA Paratransit                         | \$2.25 |
| Taxi Access Program and Mobility Direct | \$5.00 |

***Pace Service Area***

|                      |        |
|----------------------|--------|
| Regular Route analog | \$3.00 |
| Local Route analog   | \$2.50 |

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# 7 Capital Program





## Regional Overview

The RTA Act requires that the capital expenditures of the CTA, Metra and Pace be subjected to continuing review so that the RTA may budget and expend funds available to the region with maximum efficiency. The RTA Board must adopt a five-year capital program every year. The RTA's five-year capital program describes the nature, location, and budget by project and by fiscal year of all anticipated Service Board capital improvements. Public hearings are held in each county in the northeastern Illinois region to inform the public and government officials of the Authority's capital development plans.

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure. This includes bringing the system's \$34.7 billion in assets (as measured in terms of replacement value) to good condition and extending or expanding service when demand is justified and funding available. This translates into a need over \$1 billion per year just to maintain and preserve the existing system. In 2005, Congress passed a reauthorization of federal funding for transportation projects. Although this legislation provided an increase over previous levels of funding, it stills leave a substantial shortfall.

In January 2008, the Illinois State Legislature passed legislation which amended the RTA Act. This amendment increased funding for public transit operations, but it did not address capital funding for public transportation in northeastern Illinois. Without a state-sponsored capital program, the Service Boards do not have the resources to maintain, enhance or expand the RTA system.

With funding needs for capital improvements and rehabilitation greatly exceeding expected resources, the RTA and the Service Boards must actively pursue additional funding opportunities to preserve and enhance the economic viability of the RTA system. It is critical that the RTA allocate our available capital resources consistent with long-range plans and short-range needs.

Continued financial support for public transit is

vital to the region's economic health. However, the region's current transit needs, based upon bringing the entire system to a state of good repair, continue to outpace projected funding levels. The \$34.7 billion asset of trains, buses, vans and stations and tracks belongs to the people of northeastern Illinois.

On April 17, 2008, the RTA approved the 2009 Business Plan Call that included a request for information regarding the Five-Year (2009-2013) Capital Program and Ten-Year (2009-2018) Capital Plan. The Business Plan Call established forms and schedules, assumptions and projections, and information that the RTA requires from the Service Boards in order to execute its responsibilities and authority under the RTA Act. In addition, the Five-Year Capital Program will be developed in concert with RTA Resolution 2008-46 adopted on July 17th that endorsed the work done by the RTA and Service Boards' task forces on the interim capital evaluation process for the 2009 budget. On July 17th, the RTA Board amended the previously adopted Business Plan Call (RTA Ordinance 2008-17) to include a uniform capital process and criteria to use in the 2009 RTA capital plan development.

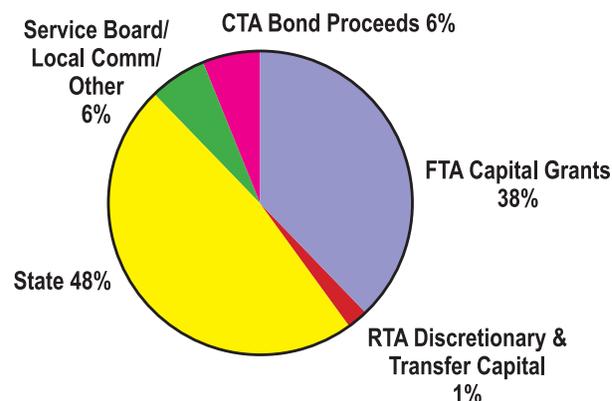
Consistent with the amended RTA Act, the Moving Beyond Congestion Strategic Plan and the recommendations of the management and performance audit by the Illinois Auditor General, the Business Plan Call has been enhanced to provide a more comprehensive evaluation of longer-term operating and capital program trends. The RTA is also developing a comprehensive set of performance measurements that will track and report at a frequency appropriate for each measurement. The Service Boards are to incorporate these measurements in the proposed business plan and capital program documents they provide for public hearing and submit to the RTA in November. As required by the amended RTA Act, the RTA is working with the Service Boards on the development of a new system for prioritizing projects based on regional goals that is intended eventually to replace fixed allocation percentages. The Capital Evaluation task force is reviewing existing processes

at the individual Service Boards and selecting and prioritizing common criteria. The use of these common capital criteria represents an interim evaluation process for the development in 2008 of the 2009 Capital Plan – which the RTA Ordinance 2008-44 incorporated into the Business Plan Call for this year. To begin to institute these capital criteria, the Service Boards will evaluate projects for this Capital Program in a review process based on customers' needs. Evaluation criteria included customer and employee safety, reductions to travel time, increased comfort and convenience, system security, impact on system reliability, compliance with regulations and community impact. The development of a regional criteria-based capital investment evaluation process is currently underway as part of the development of a comprehensive update to the Strategic Plan.

### Sources of Funds

The funding sources for the RTA Capital Program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the RTA, and the Service Boards. The total estimated new capital funds available for 2009 are projected at \$551.3 million. After deducting \$74.7 million to provide for the CTA's repayment of principal and interest on borrowed funds, \$476.6 million is available for capital projects. At this time, the final federal appropriation figures for 2009 have not been determined. Once this amount is established, the capital program will

Exhibit 7-1: RTA 2009-2013 Capital Program Marks — \$5 billion



be adjusted to reflect the available funding.

On September 15, 2008, the RTA adopted preliminary capital funding marks for 2009-2013. When the RTA adopts its budget on December 18, 2008, these marks will be revised to update various federal and local funding sources based on the latest information from the Service Boards and the RTA. (Exhibits 3-1 and 3-2). Of the estimated \$476.6 million of new funding sources for 2009, federal funding accounts for \$396.4 million or 83 percent, RTA funds account for \$20.3 million or 4 percent, and Service Board and other funds account for \$59.9 million or 13 percent (Exhibits 3-3 and 3-4).

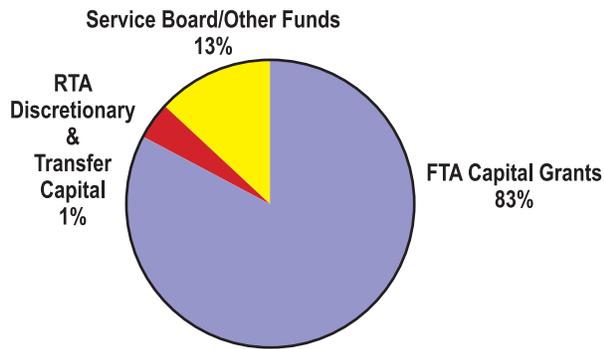
### Federal

The RTA receives federal funds authorized under federal sections 5307, 5340 and 5309 of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

Exhibit 7-2: RTA 2009-2013 Capital Program Marks (dollars in thousands)

| Service Board Capital Funding                  | CTA            | Metra          | Pace         | Total          | Adjusted total for CTA Principal and Interest |
|--|----------------|----------------|--------------|----------------|---|
| FTA Capital Grants                             | 1,376          | 800            | 213          | 2,389          | 1,891   |
| RTA Discretionary & Transfer Capital           | 102            | -              | -            | 102            | 102   |
| State  | 1,200          | 1,080          | 120          | 2,400          | 2,400   |
| Service Board/ Local Comm/ Other               | 33             | 283            | 2            | 318            | 318   |
| <b>Total New Service Board Capital Funding</b> | <b>\$2,711</b> | <b>\$2,163</b> | <b>\$335</b> | <b>\$5,209</b> | <b>\$4,711</b>                                |
| De-obligations                                 | -              | -              | -            | -              | -   |
| CTA Principal and Interest                     | (498)          | -              | -            | (498)          | -   |
| CTA Bond Proceeds                              | 325            | -              | -            | 325            | 325   |
| <b>Total Service Board Available</b>           | <b>\$2,538</b> | <b>\$2,163</b> | <b>\$335</b> | <b>\$5,036</b> | <b>\$5,036</b>                                |

Exhibit 7-3: Capital Funding in 2009—\$477 million



SAFETEA-LU provides funding for federal surface transportation programs, including transit through federal fiscal year (FFY) 2009. For planning purposes, the RTA preliminary marks assume the continued availability of federal funds in 2010 through 2013. Note, because of reduced balances in the federal Highway Trust Fund, which is the source of money for federal transit funding, and general budget shortfalls, the RTA is cautious regarding future rates of growth. Therefore, the RTA is using the historic annual average growth rate of 4% beyond 2009 for federal formula funds.

On September 30, 2008, President Bush signed into law a Continuing Resolution (CR) to fund federal agencies until March 6, 2009. The CR funds the Department of Transportation at FFY 2008 levels until the new Congress convenes next year. The CR includes the full FFY 2009 appropriation bill for

Homeland Security.

Certain federal funding programs are allocated to urbanized areas based on statutory defined formulas. The RTA region receives federal Section 5307 Urbanized Area Formula funds and federal Section 5309 (m)(2)(B) Fixed Guideway Modernization funds in this fashion. SAFETEA-LU included a new program, federal Section 5340 Growing and High Density States, also distributed by formula that will provide funds to northeastern Illinois. All of these formula-based funds are allocated by the RTA to the Service Boards according to the historical distribution of 58 percent to the CTA, 34 percent to Metra, and 8 percent to Pace. However, while the RTA is using these distribution percentages for the 2009-2013 Capital Program, these amounts may be adjusted based on regional priorities for future programs.

Funds from federal discretionary programs are made available on a competitive basis nationally. The RTA traditionally receives funding from the Section 5309 Discretionary Bus program. The region is expected to receive all funds earmarked for the Service Boards in SAFETEA-LU for this program. The Service Boards will develop projects in the future to compete for additional federal resources.

At this time, with insufficient capital funding, the region must concentrate the Capital Program on the preservation of existing facilities and equipment. Therefore, no New Starts funding for construction will be allocated for the Five-Year programming period. In the event federal funds are available for plan-

Exhibit 7-4: Capital Funding in 2009 (dollars in thousands)

| Service Board Capital Funding                  | CTA              | Metra            | Pace            | Total            | Adjusted total for CTA Principal and Interest |
|--|------------------|------------------|-----------------|------------------|---|
| FTA Capital Grants                             | 279,775          | 151,584          | 39,704          | 471,063          | 396,361                                       |
| IDOT Grants                                    | -                | -                | -               | -                | -   |
| RTA Discretionary & Transfer Capital           | 20,353           | -                | -               | 20,353           | 20,353  |
| Service Board/Other Funds                      | 6,718            | 51,774           | 1,387           | 59,879           | 59,879  |
| <b>Total New Service Board Capital Funding</b> | <b>\$308,846</b> | <b>\$203,358</b> | <b>\$41,091</b> | <b>\$551,295</b> | <b>\$476,593</b>                              |
| De-obligations                                 | -                | -                | -               | -                | -   |
| CTA Principal and Interest                     | (74,702)         | -                | -               | (74,702)         | -   |
| <b>Total Service Board Available</b>           | <b>\$225,426</b> | <b>\$203,358</b> | <b>\$41,091</b> | <b>\$476,593</b> | <b>\$476,593</b>                              |

ning purposes, including Alternatives Analysis and Preliminary Engineering, the marks may need to be revised.

Other Federal Flexible funds, such as the Congestion Mitigation and Air Quality (CMAQ) and Surface Transportation Program (STP) funds, are sought by the Service Boards through a regional competitive process.

In addition, the CTA and Metra have requested to program \$6.5 million and \$5 million, respectively for each year in the RTA's Five-Year funding marks from the Department of Homeland Security based on amounts they have received in the past for security projects.

Finally, other federal funds will be made available to the region by formula but may be allocated among a variety of agencies, including but not limited to transit operators, on a competitive basis. These programs include the Section 5316 Job Access and Reverse Commute (JARC) Program and Section 5317 New Freedom Program (for services supplemental to ADA requirements). Since projects using funds for these programs will be selected in 2009 based on a competitive selection process led by the RTA, in cooperation with the MPO Policy Committee, no funding marks have been proposed at this time. In 2009, the RTA Capital Program marks will be amended to include JARC and New Freedom funding for capital projects only.

In summary, the 2009 RTA preliminary federal estimates reflecting the SAFETEA-LU legislation are \$167.1 million for federal Section 5309 (m)(2)(B) Fixed Guideway Modernization funds, \$244.6 million for federal Section 5307 Urbanized Area Formula funds combined with Section 5340 Growing and High Density States, \$30.5 million for federal Section 5309 (m)(2)(A) New Start funds, \$5.2 million for federal Section 5309 (m)(2)(C) Bus and Bus Facility funds, \$12.2 million for federal flexible including CMAQ and other funds, and \$11.5 million for Department of Homeland Security funds for systemwide security projects for the CTA and Metra. Furthermore, the CTA requested to reduce their federal funding by \$74.7 million for the payment of debt principal and

interest for 2009 and \$423.7 million for this purpose in the out years.

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## State

State funds historically are awarded to the Service Boards by the Illinois Department of Transportation (IDOT) on a discretionary basis and are used primarily for federal match purposes to ensure that sufficient local funds are made available for critical transit projects in the region. The State of Illinois has historically provided capital support of public transportation in northeastern Illinois. This funding was provided through IDOT's Series B Bond program and RTA's Strategic Capital Improvement Program (SCIP) Bonds. As background, in 1999, the RTA Act was amended as part of Illinois FIRST legislation. The legislation increased the RTA borrowing authority by \$1.6 billion for capital infrastructure improvements. This amount included \$1.3 billion in authorization for SCIP Bonds. The State of Illinois reimburses the RTA for the principal and interest expense on these bonds. The remaining \$300 million represented RTA Bonds for which the RTA does not receive State reimbursement. All of these funds (SCIP and RTA bonds) have been programmed to the Service Boards since 2004. Also, there has been no commitment on the part of the State to fund a major new capital program for public transportation. This means no State Series B Bonds, the traditional source of local match for federal funds, and no successor to the successful SCIP Bond programs. However, the RTA, CTA, Metra and Pace, as well as other supportive partners, are working with members of the General Assembly and the Governor's Administration to secure funding to support this level of investment.

The marks assume \$3 billion in state funding will become available beginning with the 2010 budget year, therefore, the 2009-2013 Capital Program includes \$2.4 billion in state funding. This amount maintains the same value in today's dollars as the Illinois FIRST program in 1999. These funds are distributed among the Service Boards in the same proportion as has been historically used for RTA bond

programs: 50% to the CTA, 45% to Metra and 5% to Pace. This allocation represents a distribution for planning purposes at this time and not a commitment for the future. It must be noted that even the \$3 billion of new state funding is unlikely to bring the assets of the region's public transportation system to a state of good repair much less allow investment in capacity improvements to meet market demands.

However, without an adequate State capital program, the transit system will have insufficient funds to maintain, let alone enhance and expand the transit system. The RTA had shown in its Regional Transportation Strategic Plan that \$10 billion is needed in order to fully fund all needed system maintenance and to initiate all authorized system expansion projects.

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## RTA

Since 1995, the RTA has funded a Transfer Capital (TC) program. Transfer Capital are funds that can be used for operations but have, through cost containment, been reallocated for use on capital improvement projects. A total of \$20.4 million has been allocated to transfer capital for the CTA for 2009. The 2010-2013 out-year Capital Program includes \$81.4 million for the CTA from Transfer Capital funds.

The RTA discretionary funds are yet another source of capital funding. Discretionary funds, which are the portion of the 15 percent of the RTA Sales Tax receipts that remain after funding RTA Agency operations, can be used to match federal funds or to fully fund Service Board projects. In the past, the RTA has used these discretionary funds to address the backlog of unfunded capital needs. In the last several years, due to limited RTA Sales Tax receipts, the RTA deferred an allocation of any discretionary funds to the Service Boards for capital projects and the funds have been used primarily to fund operations.

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## Service Boards

Five-Year funding for this category includes Service Boards' own funds, local community and other non-traditional funding from state and federal

agencies based on information supplied by the Service Boards. Historically, the Service Boards have occasionally transferred monies from current revenues or fund balances to the Capital Programs. These marks contain estimates provided by the Service Boards of funds that will be available from these sources.

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## CTA Financing

The CTA is proposing to borrow funds of \$150 million in 2010 and \$175 million in 2011 from the proceeds of bonds which would be repaid with future federal formula funds. The CTA will secure all funds and pay for all borrowings from their federal Section 5307 formula funds and federal Section 5309 Fixed Guideway Modernization funds.

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## Tollway Revenue Credits

Without the needed new state funds discussed previously, the Service Boards will not have sufficient

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Exhibit 7-5: RTA Capital Program Obligations  
(dollars in millions)

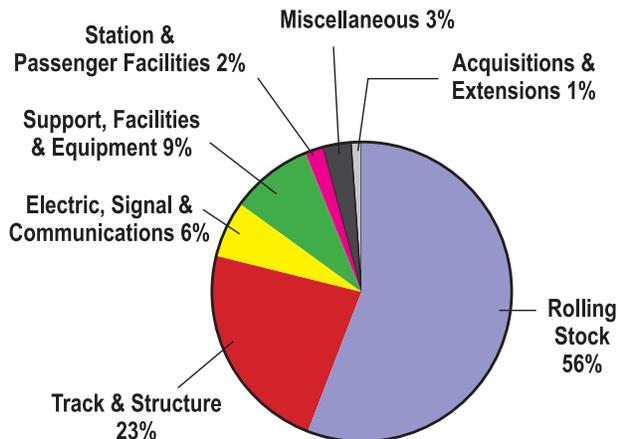
|                | CTA | Metra | Pace | Total |
|----------------|-----|-------|------|-------|
| Ave. 1995-1999 | 240 | 154   | 24   | 418   |
| 2000           | 320 | 202   | 55   | 577   |
| 2001           | 322 | 500   | 61   | 883   |
| 2002           | 489 | 473   | 53   | 1,015 |
| 2003           | 599 | 365   | 25   | 989   |
| 2004           | 414 | 351   | 41   | 806   |
| 2005           | 494 | 216   | 37   | 747   |
| 2006           | 536 | 202   | 24   | 762   |
| 2007           | 489 | 109   | 38   | 636   |
| 2008 Estimate  | 650 | 180   | 10   | 840   |

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Exhibit 7-6: RTA Capital Program Expenditures  
(dollars in millions)

|                | CTA | Metra | Pace | Total |
|----------------|-----|-------|------|-------|
| Ave. 1995-1999 | 234 | 166   | 20   | 420   |
| 2000           | 277 | 182   | 31   | 490   |
| 2001           | 351 | 316   | 55   | 722   |
| 2002           | 486 | 340   | 35   | 861   |
| 2003           | 477 | 468   | 81   | 1,026 |
| 2004           | 450 | 402   | 26   | 878   |
| 2005           | 351 | 354   | 33   | 738   |
| 2006           | 570 | 257   | 27   | 854   |
| 2007           | 612 | 166   | 35   | 813   |
| 2008 Estimate  | 650 | 150   | 25   | 825   |

Exhibit 7-7: 2009-2013 Capital Program Uses—\$5 billion



funds available to provide the entire local match for federal funding in 2009. Therefore, the Service Boards may exercise the toll revenue credit provision that was established in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), incorporated in TEA-21 and continued in SAFETEA-LU. The toll revenue credit provision permits states to use certain expenditures of toll revenue as a “credit” toward the required local match for certain highway and transit programs. These credits are not actually funds that can be used; rather they are a mechanism to count toll revenues already spent for tollway capital projects as local matching dollars for federal capital funds for transit.

**Use of Funds**

The RTA Capital Program increased dramatically in 2000 primarily as a result of the increased funding included in the Illinois FIRST program. The 1999 program totaled \$552.7 million. The average funding level from 2000 through the 2004 program was \$918.8 million, a 60 percent increase. The CTA, Metra and Pace have responded by significantly increasing their project implementation performance. An average of \$418 million was obligated annually by the Service Boards from 1995 through 1999. From 2000 through 2008 (estimated), the Service Boards have awarded an annual average of \$806 million

Exhibit 7-8: 2009-2013 Capital Program Uses (dollars in thousands)

| Asset Category                    | CTA            | Metra          | Pace         | Total          |
|-----------------------------------|----------------|----------------|--------------|----------------|
| Rolling Stock                     | \$1,630        | \$1,020        | \$183        | \$2,833        |
| Track & Structure                 | 594            | 537            |              | 1,131          |
| Electric, Signal & Communications | 119            | 176            | 26           | 321            |
| Support Facilities & Equipment    | 133            | 208            | 101          | 442            |
| Stations & Passenger Facilities   | -              | 76             | 20           | 96             |
| Miscellaneous                     | 20             | 139            | 2            | 161            |
| Acquisitions & Extensions         | 42             | -              | -            | 42             |
| Contingencies & Administration    | -              | 7              | 3            | 10             |
| <b>Totals</b>                     | <b>\$2,538</b> | <b>\$2,163</b> | <b>\$335</b> | <b>\$5,036</b> |

in contracts. Project spending has also increased substantially, from an average of \$420 million per year from 1995 through 1999 to \$801 million from 2000 through 2008 (estimated). Exhibits 3-5 and 3-6 illustrate these trends. These results show that the Service Boards are putting the monies available to good use, providing benefits to public transportation riders. Obligations and expenditures for Metra in recent years are showing the effects of the elimination of state funding since 2004 and the diversion of federal monies to operations in 2005 through 2007. The CTA has been able to ameliorate these trends through the issuance of a substantial amount of debt to fund capital projects which must be repaid with future federal funds.

The primary emphasis of the 2009 Capital Program is to continue efforts to bring the system’s assets to a state of good repair. When replacing worn out items, it is imperative to utilize modern technologies that often result in improved functionalities of equipment, facilities and rolling stock. In addition, a balanced capital program is responsive to customer needs and shifting markets by including investment in system expansion. For the 2009 Capital Program, the percent of the budget for capital projects to maintain the system is 89 percent. While the current funding level does not satisfy all needs, an appropriate balance of investment is achieved in light of the current condition of the RTA system.

Investments in the Capital Program can also be broken down by various asset categories. Exhibits 3-7 and 3-8 show that \$2.8 billion or 56 percent of the program is spent on rolling stock and \$1.1 billion or 23 percent for track and structure which are considered to have the greatest direct impact on transit users. Substantial investment in other infrastructure is also critical to maintaining safe, reliable transportation services.

The 2009-2013 Capital Programs for the CTA, Metra, and Pace are presented by major asset categories in Exhibits 3-9–3-12. Some of the more significant projects included in the proposed 2009-2013 capital program are:

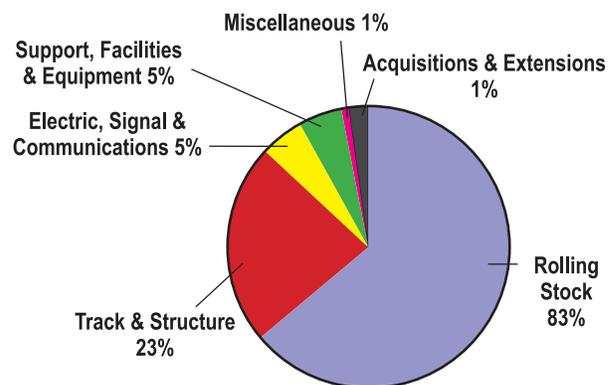
- \$593.4 million for the repair of CTA track and structure;
- \$543.4 million for the purchase of 406 CTA rail cars;
- \$488.2 million for the rehabilitation and overhaul of CTA rail cars;
- \$364.3 million for the continuation of the purchase of CTA buses;
- \$200 million for the rehabilitation and overhaul of CTA buses;
- \$133 million for the improvement of CTA facilities;
- \$42.3 million for the expansion of the CTA Ravenswood Brown Line;
- \$540.5 million to purchase 160 bi-level cars for the Metra Electric District;
- \$349.7 million for Metra bridge rehabilitation and renewal;
- \$177.1 million for the rehabilitation of Metra commuter rail cars;
- \$146.6 million for the construction and renewal of Metra yards, shops and facilities;
- \$127 million for the rehabilitation and improvement of Metra locomotives;
- \$80 million to purchase 50 bi-level commuter cars;
- \$74.6 million for the upgrade of Metra signal systems;
- \$86.3 million for the purchase of 261 Pace fixed route buses;

- \$42.6 million for the purchase of Pace vans and community vehicles;
- \$42 million for improvements to Pace garages and facilities;
- \$32.4 million for the purchase of 376 Pace paratransit vehicles;
- \$30.5 million for the purchase of a replacement Pace farebox system;
- \$20 million for the purchase of a replacement of Pace’s fixed route radio system;
- \$16.8 million for the construction of Pace passenger and transfer facilities;
- \$10.2 million for the purchase of the replacement for the HPe3000 computer system; and
- \$4.5 million for the implementation of Transit Signal Priority projects.

**CTA Overview**

The proposed projects in the CTA’s portion of the 2009-2013 capital program total \$2.5 billion. The CTA’s portion of the capital program continues the rehabilitation and replacement of their capital assets. The percentage for the general categories of capital improvements of the total program are: rolling stock at 64 percent, track and structure at 23 percent, electric, signal and communications at 5 percent, support facilities and equipment at 5 percent, acquisitions and extensions at 2 percent and miscellaneous at 1 percent. The general categories of capital improvements comprising the CTA’s portion

Exhibit 7-9: CTA Five-Year Assets by Category—\$2,538 million



of the capital program are illustrated in Exhibit 7-9.

Highlights of the CTA's portion of the 2009-2013 Capital Program are as follows:

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### Rolling Stock

The CTA's portion of the 2009-2013 Capital Program includes \$564.3 million in the bus rolling stock category. The CTA's bus fleet consists of approximately 2,100 vehicles. The CTA's portion of the 2009-2013 capital program contains \$364.3 million for replacement of overage buses with low-floor, fully accessible and air-conditioned buses. The buses that will be replaced will have reached the industry standard retirement age of 12 years by the end of the five-year program. Continued operation of these buses imposes unnecessarily high maintenance and operating costs and reduces service reliability for the CTA's customers.

In addition, \$200 million is budgeted for capital-eligible bus maintenance activities and life extending overhauls over the five-year program with \$19.8 million planned in 2009. The CTA will continue its aggressive Bus Capital Maintenance Program to schedule the replacement of parts nearing the end of their useful life. This program will improve the comfort, quality and reliability of the CTA's bus service and will reduce operating expenses by avoiding service disruptions and unscheduled maintenance of buses. Buses placed into service in 1999 through 2004 will be overhauled and returned to a state of good repair.

The rail rolling stock category includes over \$1 billion in 2009-2013 to rehabilitate or purchase CTA rail cars. The CTA's rail fleet consists of approximately 1,190 rail cars. The average car in the CTA rail fleet is over 24 years of age in 2008 and approximately 46% of the fleet exceeds the 25-year FTA standard life.

The five-year program includes \$543.4 million for the replacement of aging 2200 and 2400 Series rail cars and the purchase of additional cars to meet the service requirements associated with the Brown Line capacity expansion. The CTA is proposing \$78.5 million towards the purchase of new rail cars in

2009. Also, the 2009-2013 capital program contains \$522.9 million for the CTA systematic maintenance and upgrade of rapid transit rolling stock including the overhaul and mid-life rehabilitation for rail cars. The CTA anticipates new rail cars will be delivered between 2010 and 2012. Until this occurs, the CTA must continue to use the 2200 and 2400 Series cars. The 2200 Series cars have been in service for more than 38 years and the 2400 Series cars have been in service for more than 30 years; both have already exceeded their expected service life. Funding is provided in the proposed program to complete life extending overhauls for the 2200 and 2400 Series cars to permit the CTA to keep them in service until they will be replaced.

In addition, the CTA plans to perform quarter life overhauls for the 2600 Series rail cars and mid-life overhauls of the 3200 rail cars as a part of the program for rail car overhaul and rehabilitation. By performing these scheduled maintenance activities and replacing rail cars at the appropriate time, generally at 25 years of age, the CTA will improve the comfort, quality and service reliability of the rail cars while reducing operating maintenance costs.

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### Track and Structure

The track and structure category includes \$593.4 million in 2009-2013 to rehabilitate and expand existing rail lines with \$9.8 million programmed in 2009 to continue the systematic rehabilitation of the CTA right-of-way, ties, track and structure to reduce slow zone restrictions. The CTA rail system contains over 287.8 total track miles, including yard track. The rail system provides 620,000 rides each weekday; customers depend on the CTA's rail system to deliver them to their destinations quickly and safely. The CTA has committed to an aggressive slow zone rehabilitation schedule. As of October 2008, slow zones on the CTA's system have been reduced to 9.1 percent. While these are considerable achievements, the rest of the CTA's rails and ties are continuing to age. Many of the remaining ties in the subways are past their useful life and will need replacement soon.

## Electrical, Signal, and Communications

The electrical, signal, and communications category totals \$119.1 million for the CTA's portion of the proposed five-year program, with \$26.1 million programmed in 2009. The CTA's five-year program includes \$86.6 million for systemwide replacement and upgrade of signals and power distribution and \$32.5 million for systemwide security and communication enhancements. The CTA is proposing \$19.6 million for upgrading and replacing the signal system for the entire Dearborn Subway, the Congress Branch and a portion of the O'Hare Branch on the Blue Line, and \$6.5 million for security and communication enhancements in 2009.

## Support Facilities and Equipment

The CTA's portion of the 2009-2013 capital program includes \$133 million in the support facilities and equipment category with 2009 funding of \$13.3 million. During this capital program period, the CTA will make significant progress in increasing rail station accessibility.

The CTA's five-year program includes upgrades and improvements to various CTA facilities that need repair and require security enhancements. A significant number of rail stations and bus turnarounds have not been improved or enhanced in many years and are in need of upgrades that will improve appearance and give customers a greater sense of security. Many roofs and canopies are nearing or are at the end of their service life and require replacement in order to avoid safety hazards and prevent damage to building interiors and roof structures.

## Acquisitions & Extensions

The CTA's portion of the 2009-2013 capital program includes \$42.3 million in the acquisition and extensions category in 2009 to complete the funding for the capacity expansion of the Ravenswood Brown Line from Kimball Terminal to Tower 18 in the Loop by extending platforms to accommodate eight-car trains.

## Metra Overview

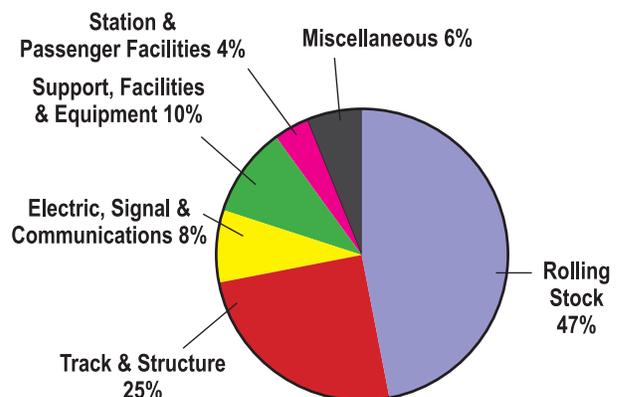
Metra's portion of the proposed 2009-2013 capital program totals \$2.2 billion. During this five-year period, Metra will continue to renew its extensive commuter rail infrastructure and replace aging rolling stock. The percentage for the general categories of capital improvements of the total program are: rolling stock at 47 percent; track and structure at 25 percent; electric, signal, and communications at 8 percent; support facilities and equipment at 10 percent; stations and passenger facilities at 4 percent; and contingencies, administration and miscellaneous at 6 percent (Exhibit 7-10).

Highlights of Metra's portion of the 2009-2013 Capital Program are as follows:

## Rolling Stock

The five-year rolling stock program totals \$1 billion, with \$26.4 million planned for 2009. Metra's fleet includes 144 locomotives, 818 non-electric bi-level cars and 171 electric-propelled highliner cars. In order for Metra to maintain a state of good repair, rail cars must undergo rehabilitation every 15 years, meaning that 50 rail cars per year must go through our rehab program. Without a state capital program, Metra has been able to rehab 23 cars per year since 2005, resulting in an 18 to 19-year rehabilitation cycle. Metra's locomotives must be rehabbed every ten years to maintain a state of good repair. Cur-

Exhibit 7-10: Metra Five-Year Assets by Category – \$2,163 million



rently, that cycle has been extended from 10 to 12 years.

Most pressing is Metra's need to replace 160 highliner cars used on the Metra Electric District. These cars are nearly 40 years old and must be replaced. Replacement costs are currently estimated at \$585 million.

In addition to the highliner cars, Metra's five-year capital program calls for the replacement of 50 bi-level gallery cars at \$80 million, ten new locomotives at \$40 million, the rehab/remanufacture of 130 locomotives at \$127 million and the rehab of 213 bi-level cars at \$177 million.

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## Track and Structure

The track and structure category totals \$537.1 million over the five years of the program, with \$85.1 million planned for 2009.

Track and structure are the foundation of the Metra system. Without the continual renewal of track components, retaining walls and bridges, Metra's reliable on-time service would decline and the wear and tear on our rail cars and locomotives would increase.

To maintain a state of good repair, Metra has established a continual cycle of inspection and renewal for its track and structures. Metra currently replaces 80,000 ties and 45 rail crossings per year. Ballast and track resurfacing is performed on a 4-year cycle, and since 1980, 82 bridges on the Metra system have been replaced.

Track and structure projects includes \$350 million for the replacement of bridges, including 29 on the Union Pacific-North Line that are more than 100 years old. Tie and ballast replacement is set at \$48 million, railroad crossing replacement is set at \$17 million, rail renewal at \$28 million, structural upgrades at \$30 million and other improvements at \$65 million.

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## Electrical, Signal and Communications

A total of \$176.4 million is planned for the five-year program for electric, signal and communications

projects that include upgrades and improvements to existing facilities such as interlockers, switches, signal systems, and electrical power control facilities. The 2009 program provides \$25 million for numerous projects throughout the system.

Signals and communications systems are vital to safe railroad operations. These signal systems are aging and replacement parts are limited in availability. Although the five-year capital program includes \$39.6 million to upgrade our signal systems, without a new state program Metra will be unable to sufficiently fund these necessary upgrades.

The Metra system has 534 at-grade crossings, including 148 that are interconnected with traffic signals. Maintaining and upgrading crossing signal systems is also critical for safety. The 2009-2013 program includes \$13 million for crossing signal improvements.

The 2009-2013 program also includes \$34 million to upgrade interlockings, which will improve operations efficiency and enable increased capacity on the Metra system; \$11 million to upgrade electrical substations on the Metra Electric District; and \$35 million for the installation of a communications based train control on the Metra Electric District, Milwaukee District and SouthWest Service Lines. Communications-based train control will provide an added level of safety for their train crews and passengers. In addition, \$9 million is allocated for passenger communications improvements, including upgrades to the GPS-based train monitoring system.

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## Support Facilities and Equipment

The support facilities and equipment category totals \$208.7 million for the 2009-2013 planning period, with \$17.9 million in the 2009 capital program. Support facilities and equipment includes rail car and locomotive maintenance buildings, storage yards, work crew headquarters, maintenance vehicles and equipment, office buildings, and associated computer hardware and software.

Metra has 18 rail yards and seven maintenance facilities. When Metra took over commuter rail opera-

tions in northeastern Illinois in 1984, most of these facilities were out of date and inefficient. Additional capital investments must be made so that Metra can efficiently repair track, service their rail cars and locomotives and respond to failures such as a signal problem or a broken crossing gate. Equipment and vehicles have reached the end of their useful life and must be replaced

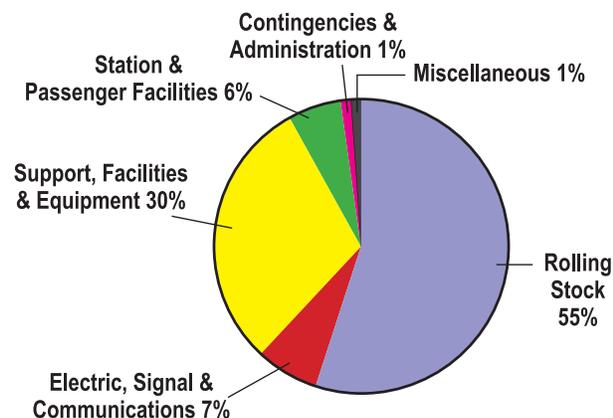
Upgrades and expansions are also necessary to accommodate system expansion. The five-year program includes upgrades to the Weldon Yard on the Electric District. These projects can have an immediate impact on Metra’s operating budget since operational costs increase when equipment doesn’t run at optimum efficiency.

### Stations and Passenger Facilities

Station and parking improvements are some of the most visible capital improvements to our customers. The 2009-2013 Capital Program allocates \$75.7 million for station and parking improvements. Due to constraints in capital funding, station improvements are being limited to necessary rehabilitation to maintain the integrity of the facilities and upgrades that meet the requirements of the Americans with Disabilities Act (ADA). Parking improvements will be limited to areas where Metra currently owns property that will enable expansion.

### Miscellaneous, Contingencies and

Exhibit 7-11: Pace Capital Program by Category – \$335 million



### Administration

Metra’s portion of the 2009-2013 capital program includes \$138.7 million for station studies, project management and oversight, security improvements, advertising, material additives, insurance, support engineering, unanticipated capital, administration and contingencies, with \$26 million programmed in 2009.

### Pace Overview

Pace’s portion of the proposed 2009-2013 capital program totals \$335 million. A majority of the funding is provided for the replacement and expansion of rolling stock. The percentage for the general categories of capital improvements of the total program are: rolling stock at 55 percent; electric, signal and communications at 7 percent; support facilities and equipment at 30 percent; stations and passenger facilities at 6 percent, miscellaneous, contingencies and administration at 2 percent. These allocations are illustrated in Exhibit 7-11.

Highlights of Pace’s portion of the 2009-2013 capital program are as follows:

### Rolling Stock

In the five-year capital program, Pace plans to purchase up to 1,664 transit vehicles for replacement and expansion at a cost of \$161.3 million. Pace’s fleet consists of 702 fully accessible fixed-route buses, 355 fully accessible paratransit vehicles and 789 vanpool vehicles. Pace’s 2009 fixed route bus purchase budget of \$11.5 million includes the replacement of 37 fixed route buses. The new 30 foot vehicles will replace buses that have exceeded their useful life.

In 2012 and 2013, Pace also plans to spend \$22.1 million to purchase up to 248 paratransit vehicles. In 2009, Pace plans to spend \$10.2 million to purchase up to 128 paratransit buses to replace vehicles that have exceeded four years of useful lives or 100,000 miles of service. These vehicles will replace 112 Eldorado buses and add 16 vehicles

to the spare fleet to bring the spare fleet ratio up to 20 percent which is within FTA guidelines. These vehicles will be a combination of buses and vans.

In addition, Pace's portion of 2009-2013 capital program includes \$39.9 million for the purchase of vanpool vans. The vanpool program includes 656 vans for the replacement of the vanpool vehicles which have exceeded their useful life and 341 vans for the expansion of service. Pace's vanpool program is comprised of four elements: the Vanpool Incentive Program (VIP), the Corporate Shuttle, the Advantage Program and the Community Transit Program.

Furthermore, this program contains \$5.7 million in 2009 to retrofit Detroit Diesel Series 50 engines in existing buses with improved mechanical components and software upgrades that reduce engine exhaust emission through the installation of a diesel multi-stage filter (DMF).

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### **Electrical, Signal and Communications**

Pace's portion of the five-year capital program includes \$20 million for the purchase and installation of a new systemwide radio system to replace Pace's existing radio system. The existing system is 13 years old, has exceeded its useful life, and parts are becoming difficult to find. The new radio system will not only save operating money, the technology will provide Pace with better communication coverage.

### **Support Facilities and Equipment**

Pace proposes to program \$101.2 million over five years for support facilities and equipment. Pace's portion of the capital program includes \$42 million for critical improvements to facilities such as the replacement of overhead doors and concrete and upgrade of underground storage tanks. The replacement of facility systems and equipment must be addressed based on a life cycle cost approach, otherwise system failures will result in using operating funds for these repairs which will have a negative impact on the operating budget. Pace's proposed out-year capital program includes \$30.5 million for the purchase of a replacement farebox system and \$1.7 million for the purchase of bus safety equip-

ment. Pace installed the current farebox system in 1994. Parts for the system are now obsolete. Pace is finding that it is becoming more difficult to find replacement parts due to the age of the system. In addition, the proposed capital program includes \$6.1 million in 2010-2012 for the continuation of funding for the purchase and installation of a computer system to replace the existing HPe3000 system with \$4.1 million proposed for 2009. Phase IV of this project involves implementing the Human Resources module which will replace the legacy human resources system and the legacy safety sub-system. The HPe3000 technology is no longer supported by Hewlett Packard.

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### **Stations & Passenger Facilities**

The five-year program includes \$19.8 million for Pace stations and passenger facilities. This funding will provide for improvement to transportation centers and transfer facilities, expansion of the Homewood Park-n-Ride facility and construction of a new Park-n-Ride facility in Plainfield, as well as the purchase of bus stop signs, shelters and other passenger amenities.

### **Miscellaneous and Project Administration**

The 2009-2013 capital program contains Congestion Mitigation and Air Quality (CMAQ) funding of \$1 million for the I-GO Car Share Program. The CMAQ committee has authorized Pace to apply for \$1 million to launch an I-Go Car Share Program in the suburbs. Pace will work with the Center for Neighborhood Technology (CNT) in the development of this program. The City of Chicago has a similar program in place since 2002. Pace's CMAQ grant will allow 75 cars to be leased for use in the suburbs. This program has no operating cost impact.

Exhibit 7.12: CTA Five-Year Capital Program—(dollars in thousands)

| Project & Title   | Classification | 2009           | 2010-2013        | TOTAL            |
|---|----------------|----------------|------------------|------------------|
| <b>Rolling Stock—Bus</b>  |                |                |                  |                  |
| 021.803 Perform Bus Overhaul and Maintenance Activities-- Systemwide  | Maintain       | 9,274          | 20,353           | 29,627           |
| 021.806 Perform Mid-Life Bus Overhaul -- Systemwide   | Maintain       | 10,500         | 159,833          | 170,333          |
| 031.054 Purchase Replacement Buses (Partial \$)-- Systemwide  | Maintain       | 6,718          | 357,628          | 364,346          |
| <b>Subtotal Rolling Stock</b>   |                | <b>26,492</b>  | <b>537,814</b>   | <b>564,306</b>   |
| <b>Total Bus</b>  |                | <b>26,492</b>  | <b>537,814</b>   | <b>564,306</b>   |
| <b>Rolling Stock—Rail</b>   |                |                |                  |                  |
| 022.903 Perform Rail Car Overhaul and Mid-Life Rehabilitation (2200, 2400, 2600, and 3200 Series, Partial \$) -- Systemwide | Maintain       | 20,669         | 467,547          | 488,216          |
| 022.906 Perform Rail Car Overhaul Activities -- Systemwide  | Maintain       | 10,863         | 23,839           | 34,701           |
| 132.056 Replace a Minimum of 406 Rail Cars (2200 and 2400 Series, Partial \$) -- Systemwide                                 | Maintain       | 78,527         | 464,880          | 543,407          |
| <b>Subtotal Rolling Stock</b>   |                | <b>110,059</b> | <b>956,266</b>   | <b>1,066,325</b> |
| <b>Track &amp; Structure—Rail</b>   |                |                |                  |                  |
| 171.133 Repair Track and Structure Defects -- Systemwide  | Maintain       | 9,844          | 21,603           | 31,447           |
| 181.500 Repair Track and Structure -- Systemwide  | Maintain       | 0              | 561,915          | 561,915          |
| <b>Subtotal Track &amp; Structure</b>   |                | <b>9,844</b>   | <b>583,518</b>   | <b>593,362</b>   |
| <b>Electrical, Signal, &amp; Communications—Rail</b>  |                |                |                  |                  |
| 121.500 Replace/Upgrade Power Distribution and Signals -- Systemwide  | Maintain       | 19,603         | 67,000           | 86,603           |
| <b>Subtotal Electrical, Signal, &amp; Communications</b>  |                | <b>19,603</b>  | <b>67,000</b>    | <b>86,603</b>    |
| <b>Acquisitions &amp; Extensions—Rail</b>   |                |                |                  |                  |
| 194.115 Expand CTA Ravenswood Line/ Design, Land Acquisition, and Construction/ Ravenswood (Partial \$) -- Brown Line       | Expand         | 42,339         | 0                | 42,339           |
| <b>Subtotal Acquisitions &amp; Extensions</b>   |                | <b>42,339</b>  | <b>0</b>         | <b>42,339</b>    |
| <b>Rail Total</b>   |                | <b>181,845</b> | <b>1,606,784</b> | <b>1,788,629</b> |
| <b>Electrical, Signal, &amp; Communications—System</b>  |                |                |                  |                  |
| 150.028 Implement Security & Communication Projects -- Systemwide   | Maintain       | 6,500          | 26,000           | 32,500           |
| <b>Subtotal Electrical, Signal, &amp; Communications</b>  |                | <b>6,500</b>   | <b>26,000</b>    | <b>32,500</b>    |
| <b>Support Facilities &amp; Equipment—System</b>  |                |                |                  |                  |
| 073.500 Improve Facilities -- Systemwide  | Maintain       | 7,116          | 94,971           | 102,087          |
| 073.500 Provide for Headquarter Lease   | Maintain       | 6,190          | 24,753           | 30,944           |
| <b>Subtotal Support Facilities &amp; Equipment</b>  |                | <b>13,307</b>  | <b>119,724</b>   | <b>133,031</b>   |
| <b>Miscellaneous—System</b>   |                |                |                  |                  |
| 404.500 Implement CMAQ Projects -- Systemwide   | Maintain       | 4,000          | 16,000           | 20,000           |
| <b>Subtotal Miscellaneous</b>   |                | <b>4,000</b>   | <b>16,000</b>    | <b>20,000</b>    |
| <b>System Total</b>   |                | <b>23,807</b>  | <b>161,724</b>   | <b>185,531</b>   |
| <b>CTA Total</b>  |                | <b>232,144</b> | <b>2,306,322</b> | <b>2,538,465</b> |

## Exhibit 7-12: METRA Five-Year Capital Program—(dollars in thousands)

| Project & Title   | Classification | 2009          | 2010-2013      | TOTAL            |
|---|----------------|---------------|----------------|------------------|
| <b>Rolling Stock—Rail</b>   |                |               |                |                  |
| P-121 Provide Miscellaneous Locomotive Improvements – MET   | Maintain       | 3,300         | 3,674          | 6,974            |
| P-112 Rehabilitate a Minimum of 130 Locomotives – MET   | Maintain       | 0             | 127,000        | 127,000          |
| P-104 Purchase up to 10 Diesel Locomotives – MET  | Maintain       | 0             | 40,000         | 40,000           |
| P-141 Purchase a Minimum of 50 Accessible Bi-Level Commuter Cars (Expansion) - MET  | Enhance        | 0             | 80,000         | 80,000           |
| P-151 Rehabilitate Bi-level Commuter Cars –BNSF, MET  | Maintain       | 14,500        | 162,558        | 177,058          |
| P-161 Provide for Miscellaneous Rolling Stock Improvements – MET  | Maintain       | 842           | 1,952          | 2,794            |
| P-181 Purchase a Minimum of 160 Accessible Bi-Level Electric Multi-Unit Commuter Cars (Repl., Partial \$) – MED                   | Maintain       | 0             | 540,500        | 540,500          |
| P-183 Rehabilitate and Improve MU Electric Cars – MED   | Maintain       | 750           | 3,445          | 4,195            |
| P-191 Overhaul Rolling Stock Fleet Components – MET   | Maintain       | 7,036         | 34,218         | 41,254           |
| <b>Subtotal Rolling Stock Total</b>   |                | <b>26,428</b> | <b>993,347</b> | <b>1,019,775</b> |
| <b>Track &amp; Structure—Rail</b>   |                |               |                |                  |
| P-203 Provide for Rail, Ties, Ballast & Surfacing – BNSF, MWD, UPR, MET   | Maintain       | 12,550        | 35,662         | 48,212           |
| P-211 Provide for Track Improvements – MET  | Maintain       | 415           | 6,889          | 7,304            |
| P-215 Upgrade Crossings (Road and Track) – MET  | Maintain       | 3,000         | 13,779         | 16,779           |
| P-221 Provide for Rail, Ties, Ballast & Surfacing – UPR, MET  | Maintain       | 500           | 5,512          | 6,012            |
| P-233 Provide for Rail Renewal – BNSF, MED, MWD, RID, SWS, UPR, MET   | Maintain       | 5,550         | 22,045         | 27,595           |
| P-234 Improve North Central Service – NCS   | Maintain       | 624           | 2,756          | 3,380            |
| P-240 Provide for Right-of-Way Improvements – MET   | Maintain       | 500           | 0              | 500              |
| 3837 Perform Engineering and Construction for Chicago Regional Environmental and Transportation Efficiency (CREATE) Project – MET | Enhance        | 0             | 20,000         | 20,000           |
| P-250 Rehabilitate or Replace Bridges – BNSF, MED, MWD, RID, SWS, UPR, MET  | Maintain       | 50,100        | 299,581        | 349,681          |
| P-271 Provide for Structural Improvements – BNSF, MWD, RID, UPR, MET  | Maintain       | 9,300         | 12,890         | 22,190           |
| P-281 Provide for Miscellaneous Right-of-Way Work – MET   | Maintain       | 200           | 1,378          | 1,578            |
| P-294 Rehabilitate Catenary Structure – MED   | Maintain       | 400           | 3,445          | 3,845            |
| P-296 Provide for Station Structural Improvements – MET   | Maintain       | 0             | 27,558         | 27,558           |
| P-298 Provide for Structural Improvements – MED   | Maintain       | 2,000         | 459            | 2,459            |
| <b>Subtotal Track &amp; Structure</b>   |                | <b>85,139</b> | <b>451,954</b> | <b>537,093</b>   |
| <b>Electrical, Signal &amp; Communications—Rail</b>   |                |               |                |                  |
| P-301 Upgrade Signal System – BNSF, MED, MWD, UPR, MET  | Maintain       | 10,600        | 28,983         | 39,583           |
| P-301 Install Communications-Based Train Control (ETMS) – MED, MWD, SWS   | Enhance        | 0             | 35,000         | 35,000           |
| P-311 Upgrade Signal System – MWD, UPR, MET   | Maintain       | 1,600         | 11,484         | 13,084           |
| P-321 Upgrade Interlockers and Crossovers – RID, UPR, MET   | Maintain       | 7,200         | 26,766         | 33,966           |
| P-331 Upgrade Signal System – BNSF, UPR, MET  | Maintain       | 500           | 3,215          | 3,715            |
| P-341 Upgrade Electric Equipment – MET  | Maintain       | 0             | 22,244         | 22,244           |
| P-351 Provide for Electrical System Improvements – MED, MET   | Maintain       | 1,500         | 5,278          | 6,778            |
| P-361 Upgrade Backup and Standby Power – MET  | Maintain       | 0             | 3,650          | 3,650            |
| P-371 Improve Electrical Equipment – MED, MET   | Maintain       | 0             | 4,593          | 4,593            |
| P-381 Purchase Communication Equipment – MET  | Maintain       | 2,800         | 6,283          | 9,083            |
| P-391 Replace Switch Heaters – UPR, MET   | Maintain       | 150           | 3,674          | 3,824            |
| P-395 Replace Signal Batteries and Rectifiers – MET   | Maintain       | 150           | 689            | 839              |
| <b>Subtotal Electrical, Signal, &amp; Communications</b>  |                | <b>24,500</b> | <b>151,858</b> | <b>176,358</b>   |
| <b>Support Facilities &amp; Equipment—Rail</b>  |                |               |                |                  |
| P-411 Improve Yards, Shops and Facilities – BNSF, MED, MWD, RID, UPR, MET   | Maintain       | 6,050         | 140,519        | 146,569          |
| P-421 Upgrade Buildings – MED, RID, MET   | Maintain       | 3,100         | 8,070          | 11,170           |
| P-431 Improve Support Facilities – MET  | Maintain       | 500           | 2,296          | 2,796            |
| P-441 Purchase Equipment and Vehicles – MET   | Maintain       | 5,000         | 22,294         | 27,294           |
| P-451 Purchase Office Support Equipment – MET   | Maintain       | 1,270         | 7,429          | 8,699            |
| P-472 Upgrade Revenue Accounting Systems – MET  | Maintain       | 2,000         | 10,129         | 12,129           |
| <b>Subtotal Support Facilities &amp; Equipment</b>  |                | <b>17,920</b> | <b>190,738</b> | <b>208,658</b>   |

(continued on next page)

Exhibit 7-12: METRA Five-Year Capital Program continued—(dollars in thousands)

| Project & Title   | Classification | 2009           | 2010-2013        | TOTAL            |
|---|----------------|----------------|------------------|------------------|
| <b>Stations &amp; Passenger Facilities—Rail</b>                                 |                |                |                  |                  |
| P-511 Rehabilitate/Improve Stations – RID, UPR, MET                             | Maintain       | 11,831         | 0                | 11,831           |
| P-520 Improve Stations and Parking – MET  | Maintain       | 0              | 55,161           | 55,161           |
| P-521 Construct 35th Street Intermodal Station – RID                            | Enhance        | 1,129          | 0                | 1,129            |
| P-550 Expand Commuter Parking – RID, UPR, MET                                   | Enhance        | 2,908          | 0                | 2,908            |
| P-550 Expand Commuter Parking – RID, UPR, MET                                   | Maintain       | 4,660          | 0                | 4,660            |
| <b>Subtotal Stations &amp; Passenger Facilities</b>                             |                | <b>20,527</b>  | <b>55,161</b>    | <b>75,688</b>    |
| <b>Miscellaneous—Rail</b>   |                |                |                  |                  |
| P-741 Provide Support Activities – MET  | Maintain       | 700            | 3,215            | 3,915            |
| P-748 Conduct Feasibility Study for Kennedy-King and Auburn Park Stations – RID | Enhance        | 68             | 0                | 68               |
| P-766 Provide for Material Handling – MET                                       | Maintain       | 1,560          | 6,889            | 8,449            |
| P-789 Improve Metra System Security – MET                                       | Maintain       | 5,000          | 20,000           | 25,000           |
| P-790 Provide for Project Management – MET                                      | Maintain       | 7,384          | 32,610           | 39,994           |
| P-794 Provide for Program Support Engineering – MET                             | Maintain       | 10,000         | 44,490           | 54,490           |
| P-796 Provide for Unanticipated Capital – MET                                   | Maintain       | 1,248          | 5,512            | 6,760            |
| <b>Subtotal Miscellaneous</b>   |                | <b>25,960</b>  | <b>112,716</b>   | <b>138,676</b>   |
| <b>Contingencies &amp; Administration—Rail</b>                                  |                |                |                  |                  |
| P-797 Provide for Project & Grant Administration – MET                          | Maintain       | 800            | 3,674            | 4,474            |
| P-799 Provide for Contingencies – MET   | Maintain       | 2,085          | 0                | 2,085            |
| <b>Subtotal Contingencies &amp; Administration</b>                              |                | <b>2,885</b>   | <b>3,674</b>     | <b>6,559</b>     |
| <b>TOTAL Rail</b>   |                | <b>203,358</b> | <b>1,959,448</b> | <b>2,162,806</b> |
| <b>Total METRA</b>  |                | <b>203,358</b> | <b>1,959,448</b> | <b>2,162,806</b> |

Exhibit 7-12: Pace Five-Year Capital Program—(dollars in thousands)

| Project & Title  | Classification | 2009           | 2010-2013        | TOTAL            |
|--|----------------|----------------|------------------|------------------|
| <b>Rolling Stock—Bus</b>   |                |                |                  |                  |
| 4401 Purchase a Minimum of 261 Fixed Route Accessible Buses - Systemwide               | Maintain       | 11,470         | 74,830           | 86,300           |
| 4402 Purchase a Minimum of 376 Paratransit Vehicles – Systemwide                       | Maintain       | 10,240         | 22,110           | 32,350           |
| 4403 Purchase a Minimum of 2 Community Vehicles – Systemwide                           | Enhance        | 226            | 0                | 226              |
| 4403 Purchase a Minimum of 28 Community Vehicles – Systemwide                          | Maintain       | 0              | 2,520            | 2,520            |
| 4404 Purchase a Minimum of 656 Vanpool Vans (Replacement) – Systemwide                 | Maintain       | 0              | 13,640           | 13,640           |
| 4404 Purchase a Minimum of 341 Vanpool Vans (Expansion) – Systemwide                   | Enhance        | 0              | 26,240           | 26,240           |
| 4406 Provide for Associated Capital Items – Systemwide                                 | Maintain       | 1,500          | 4,000            | 5,500            |
| 4407 Provide for Bus Overhaul – Systemwide   | Maintain       | 2,000          | 8,000            | 10,000           |
| 4408 Provide for Diesel Engine Retrofit – Systemwide                                   | Maintain       | 5,685          | 0                | 5,685            |
| <b>Subtotal Rolling Stock</b>  |                | <b>31,121</b>  | <b>151,340</b>   | <b>182,461</b>   |
| <b>Electrical, Signal, &amp; Communications—Bus</b>                                    |                |                |                  |                  |
| 4126 Implement Transit Signal Priority Project – Cermak Road                           | Enhance        | 500            | 0                | 500              |
| 4127 Implement Transit Signal Priority Project – Rand Road                             | Enhance        | 181            | 400              | 581              |
| 4128 Implement Transit Signal Priority Project – Cicero Avenue                         | Enhance        | 226            | 0                | 226              |
| 4129 Implement Transit Signal Priority Projects – South Suburbs                        | Enhance        | 113            | 0                | 113              |
| 4309 Purchase Replacement Radio System – Systemwide                                    | Maintain       | 0              | 20,000           | 20,000           |
| 4410 Replace Intelligent Bus System (IBS) and Mobile Data Terminals (MDT) – Systemwide | Maintain       | 0              | 1,000            | 1,000            |
| 4411 Implement Transit Signal Priority Projects – Systemwide                           | Enhance        | 0              | 3,500            | 3,500            |
| <b>Subtotal Electrical, Signal &amp; Communications</b>                                |                | <b>1,019</b>   | <b>24,900</b>    | <b>25,919</b>    |
| <b>Support Facilities &amp; Equipment—Bus</b>  |                |                |                  |                  |
| 3614 Purchase and Installation of Replacement for HPe3000 Computer System – Systemwide | Maintain       | 4,100          | 6,100            | 10,200           |
| 4317 Purchase Bus Equipment – Systemwide   | Maintain       | 11             | 0                | 11               |
| 4414 Purchase Maintenance/ Support Equipment and Vehicles – Systemwide                 | Maintain       | 840            | 3,120            | 3,960            |
| 4415 Purchase Bus Safety System – Systemwide   | Maintain       | 0              | 1,650            | 1,650            |
| 4416 Purchase Computer Hardware and Software Systems – Systemwide                      | Maintain       | 1,000          | 11,400           | 12,400           |
| 4417 Purchase Office Equipment – Systemwide  | Maintain       | 0              | 400              | 400              |
| 4418 Improve Garages & Facilities – Systemwide   | Maintain       | 800            | 41,247           | 42,047           |
| 4420 Purchase Replacement Farebox System – Systemwide                                  | Enhance        | 0              | 30,500           | 30,500           |
| <b>Subtotal Support Facilities &amp; Equipment</b>                                     | Maintain       | <b>6,751</b>   | <b>94,417</b>    | <b>101,168</b>   |
| <b>Stations &amp; Passenger Facilities—Bus</b>   |                |                |                  |                  |
| 4318 Construct Park-N-Ride – Plainfield  | Enhance        | 0              | 595              | 595              |
| 4422 Expand Park-N-Ride – Homewood   | Enhance        | 500            | 0                | 500              |
| 4423 Improve Transportation Centers and Transfer Facilities – Systemwide               | Maintain       | 0              | 16,838           | 16,838           |
| 4424 Install Shelters/ Signs/ Passenger Amenities – Systemwide                         | Maintain       | 100            | 1,800            | 1,900            |
| <b>Subtotal Stations &amp; Passenger Facilities</b>                                    |                | <b>600</b>     | <b>19,233</b>    | <b>19,833</b>    |
| <b>Miscellaneous—Bus</b>   |                |                |                  |                  |
| 4426 Lease Cars for I-GO Car Sharing Program – Systemwide                              | Enhance        | 1,000          | 0                | 1,000            |
| 4427 Provide for Unanticipated Capital – Systemwide                                    | Maintain       | 250            | 1,000            | 1,250            |
| <b>Subtotal Miscellaneous</b>  |                | <b>1,250</b>   | <b>1,000</b>     | <b>2,250</b>     |
| <b>Contingencies &amp; Administration—Bus</b>  |                |                |                  |                  |
| 4428 Provide for Project Administration  | Maintain       | 350            | 3,010            | 3,360            |
| <b>Subtotal Contingencies &amp; Administration</b>                                     |                | <b>350</b>     | <b>3,010</b>     | <b>3,360</b>     |
| <b>Total Bus</b>   |                | <b>41,091</b>  | <b>293,900</b>   | <b>334,991</b>   |
| <b>Total Pace</b>  |                | <b>41,091</b>  | <b>293,900</b>   | <b>334,991</b>   |
| <b>Grand Total</b>   |                | <b>476,593</b> | <b>4,559,669</b> | <b>5,036,262</b> |

## Addendum

On October 23, 2008, the RTA Board approved the RTA 2009 Programs of Projects consistent with legislative mandates and RTA's updated Strategic Plan. Innovation, Coordination and Enhancement (ICE) Program is available to units of local government, transportation agencies and the RTA Service Boards for operating and capital projects that enhance the coordination and integration of public transportation, or that develop and implement

innovations to improve the quality and delivery of public transportation. Funding for the program was provided through \$10 million from the regional 2008 budget as mandated by the new RTA Act amendments, matched by the project sponsor 50/50% for operating projects and 80/20% for capital projects. This Addendum adds seven capital projects totaling \$7.6 million to the previously published Exhibit 7-13, Five-Year Capital Program.

Exhibit 7-13 (Addendum): **CTA Five-Year Capital Program/ICE Projects**—(dollars in thousands)

| Project & Title                                    |   | Classification | 2009  |
|--|---|----------------|-------|
| <b>Electrical, Signal &amp; Communications—Bus</b> |   |                |       |
| 073.171  | Purchase/Install Automatic Bay Reading System for Bus Garages -- Systemwide | Enhance        | 1,600 |
| 110.014  | Install up to 100 Bus Arrival Signs -- Systemwide                           | Enhance        | 2,371 |
|  | Subtotal Electrical, Signal & Communications-Bus                            |                | 3,971 |
|  | Total for CTA ICE Projects  |                | 3,971 |

Exhibit 7-12 (Addendum): **Non-Service Board Five-Year Capital Program/ICE Projects** – (dollars in thousands)

|   |  |         |       |
|---|--|---------|-------|
| <b>Support Facilities &amp; Equipment-Bus</b>   |  |         |       |
|   | Provide for Improvements to Bus Facilities for Circulator Routes – DuPage County | Enhance | 778   |
|   | Purchase Dispatching System for Paratransit Service – Rich Township              | Enhance | 190   |
|   | Subtotal Support Facilities & Equipment-Bus                                      |         | 968   |
| <b>Stations &amp; Passenger Facilities-Rail</b> |  |         |       |
|   | Provide for Access Improvements at Metra Station – Village of Riverside          | Enhance | 665   |
|   | Provide for Station Area Improvements at Oakton Station – Village of Skokie      | Enhance | 1,622 |
|   | Provide for Sheltered Bike Parking at CTA and Metra Stations – City of Chicago   | Enhance | 375   |
|   | Subtotal Stations & Passenger Facilities-Rail                                    |         | 2,662 |
|   | Total for Non-Service Board ICE Projects   |         | 3,630 |
|   | Grand Total for ICE Projects   |         | 7,601 |

## Capital Impact on Operations

Capital investments by the three Service Boards are intended to improve public transit service while reducing operating costs. Procurement of replacement vehicles for bus and rail fleets will improve service reliability, while reducing maintenance costs and fuel consumption. Similarly, investment in vehicle overhaul and preventive maintenance programs will reduce service failures and vehicle down time. Rail line expansion and infrastructure improvements will increase passenger capacity and travel speed, as well as improve safety. System-wide improvements, including upgrades in passenger and maintenance facilities, communications and computer equipment, and security systems will improve employee productivity, operating efficiency, and passenger safety (Exhibits 7-14, 7-15, and 7-16).

The RTA public transit network has faced significant operating and capital funding challenges in

recent years. Insufficient operating and capital funding in recent years have forced the RTA and the CTA, Metra, and Pace to make tough spending decisions in order to maintain vital transportation services for millions of passengers throughout northeastern Illinois. Despite these challenges, the system was able to fulfill its critical responsibilities to the people, businesses, and institutions of the nation's third largest metropolitan region.

### CTA

The proposed 2009 Capital Program for CTA totals \$232.1 million divided among the following: Rolling Stock \$136.5 million; Track & Structure \$9.8 million; Electrical, Signal & Communications \$26.1 million; Acquisition and Extension \$42.3 million; Support Facilities and Equipment \$13.3 million; and Miscellaneous \$4 million. CTA's 2009 Capital Program also includes \$4 million of RTA Innovation, Coordination & Enhancement funds for Electrical, Signal & Communications projects.

Exhibit 7-14: **CTA Capital Impact on Operations** (includes some of the major programs only)

#### **Rolling Stock**

Replacement of Buses (\$6.7 million)

- Improve service reliability
- Increase customer satisfaction
- Reduce maintenance and operating costs

Replacement Rail Cars (\$78.5 million)

- Enhance safety
- Increase fleet reliability (Rail cars to be replaced exceed the 25-year FTA standard life of a rapid transit car by at least 5 years.)
- Reduce maintenance costs

#### **Track & Structure**

Rehabilitation of existing rail lines (\$9.8 million)

- Raise travel speed by reducing slow zone restrictions
- Enhance safety
- Improve on-time performance
- Increase customer satisfaction

#### **Support Facilities & Equipment**

Upgrade rail stations and bus turnarounds (\$7.1 million)

- Prevent damage and reduce maintenance costs
- Enhance safety and customer satisfaction

#### **Acquisitions & Extensions**

Brown Line capacity expansion (\$42.3 million)

- Increase ridership by extending platforms to accommodate eight-car trains
- Improve accessibility

## Metra

The proposed 2008 Capital Program for Metra totals \$166.0 million which is divided among the following: Rolling Stock for \$24.4 million; Track & Structure for \$63.5 million; Electrical/Signal/Communications for \$24.7 million; Support Facilities & Equipment for \$22.5 million; Stations & Passenger Facilities for \$12.7 million; and Miscellaneous for \$18.2 million.



Ballast, track, and signal upgrade at Metra's Milwaukee West line

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Exhibit 7-15: **Metra Capital Impact on Operations** (includes some of the major programs only) Rolling Stock

Rehabilitation of Commuter Bi-level cars (\$14.5 million)

- Maintain on-time performance
- Reduce maintenance cost
- Enhance safety
- Increase customer satisfaction

**Track & Structure**

Rehabilitation of Bridges (\$50.1 million)

- Preserve uninterrupted service – higher on-time performance
- Improve vertical clearances
- Improve traffic flow and pedestrian safety

**Electrical Signal & Communication**

Signal system upgrade (\$10.5 million)

- Improve travel times resulting in higher on-time performance
- Enhance safety

**Stations and Passenger Facilities**

Rehabilitate/improve/construct stations (\$13.0 million)

- Increase other revenue by providing more commercial and retail space

Expand commuter parking (\$7.7 million)

- Increase ridership
-

**Pace**

The proposed 2009 Capital Program for Pace totals \$43.3 million divided among the following: Rolling Stock \$31.1 million; Electrical, Signal & communications \$1.0 million; Support Facilities & Equipment \$6.8 million; Stations & Passenger Facilities \$0.6 million; and Miscellaneous, Contingencies & Administration \$1.6 million.



NABI bus - Pace Rapid Transit project

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**Exhibit 7-16: Pace Capital Impact on Operations** (includes some of the major programs only)

**Rolling Stock**

Purchase of 37 fixed route accessible buses (\$11.5 million)

- Reduce maintenance costs
- Improve travel time
- Enhance safety
- Lower fuel consumption

Diesel engine retrofit with improved mechanical components, software upgrades, and diesel multi-stage filters (\$5.7 million) and Bus Overhaul Maintenance (\$2.0 million)

- Reduce operating expenses
- Lower maintenance costs
- Reduce engine exhaust emissions

Purchase of 128 paratransit Dial-A-Ride buses and vans (\$11.5 million)

- Increase ridership
- Reduce maintenance costs
- Improve travel time
- Enhance safety
- Lower fuel consumption

**Electrical, Signal & Communication**

Transit Signal Priority projects (\$1.0 million)

- Shorten travel time
- Improve schedule reliability
- Increase customer satisfaction
- Reduce vehicle requirement to operate service while maintaining headway

**Support Facilities and Equipment**

Computer Systems (\$5.1 million)

- Operating labor investment of \$1.1 million, primarily staff time associated with implementation of new system

Regional Call Center (\$2.2 million)

- Improve access to transportation services for disabled individuals
  - Integrate and coordinate services for individuals with disabilities, older adults, and individuals with low incomes.
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## 8 Appendices



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**Exhibit 8-1: 2009 Business Plan Calendar (dates listed are in 2008)**

|                   |   |
|-------------------|---|
| <b>Apr 17</b>     | RTA Finance Committee meets for Business Plan Call release.   |
| <b>May-Jul</b>    | RTA holds Community and County outreach meeting to review legislative actions and collect suggestions for consideration in business plan development.   |
| <b>Jul 11</b>     | Service Boards submit environment assessments to the RTA for review and discussion.   |
| <b>Aug 1 - 15</b> | Service Boards submit ten-year business plan documents (budget, two-year financial plan, seven-year view, and capital program plans) to the RTA.  |
| <b>Aug 21</b>     | The RTA Executive Director submits a report to the RTA Board regarding the adequacy of the Service Boards' Business Plan submittals for its review and discussion at the August 21, 2008 RTA Board meeting.   |
| <b>Aug-Sep</b>    | The RTA Executive Director prepares the finance and ordinance information required to: (1) establish the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years for each Service Board, (2) set the budget recovery ratio for the upcoming year for each Service Board, (3) set the preliminary capital program amounts for the upcoming five years, and (4) set the preliminary ten-year capital plan funding marks. |
| <b>Sep 15</b>     | RTA Finance Committee and Board meet to discuss and consider adoption of ordinances which (1) establish the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years for each Service Board, (2) set the budget recovery ratio for the upcoming year for each Service Board, and (3) set the preliminary capital program amounts for the upcoming ten years.  |
| <b>Sep-Oct</b>    | RTA evaluates Service Boards' current year performance for consistency with the adopted budget and the Strategic Plan, and provides guidance to the Service Boards to use in preparing their Business Plan Documents (defined below).   |
| <b>Sep-Oct</b>    | Based on RTA Board action, Service Boards develop the following materials (going forward referenced as Business Plan Documents): <ul style="list-style-type: none"> <li>• detailed annual operating budgets,</li> <li>• two-year financial plans,</li> <li>• seven-year long-term financial view,</li> <li>• preliminary five-year capital programs, and</li> <li>• preliminary ten-year capital plan.</li> </ul>   |
| <b>Oct-Nov</b>    | Service Boards release proposed Business Plan Documents to the RTA, the public, and present to the Counties in the region.<br><br>RTA Executive Director analyzes Service Board Business Plan Documents and provides comments to Service Boards.  |
| <b>Oct 23</b>     | RTA Board Committees and the RTA Board review the RTA Agency Budget.  |
| <b>Nov 15</b>     | Service Boards adopt Business Plan Documents and submit them to the RTA no later than November 15.  |
| <b>Nov 20</b>     | RTA prepares consolidated Business Plan Documents and the Chairman and of the RTA Board and/or the Chairman of the RTA Board Finance Committee approve the release of such documents.   |
| <b>Nov 28</b>     | RTA proposed consolidated Business Plan Documents are made available for public inspection.   |
| <b>Nov-Dec</b>    | RTA presents operating and capital program information to the Counties in the region in November and December.<br><br>RTA holds public hearings in December on the proposed consolidated Business Plan Documents.   |
| <b>Dec 18</b>     | RTA Finance Committee meets to review and approve consolidated Business Plan Documents, and the Board will review and consider concurrence with the 2012-2018 long-term financial view and the 2014-2018 Capital Plan.<br><br>RTA Board meets to review and approve consolidated Budget, Financial Plan and Capital Program Documents, and the Board will review and consider concurrence with the 2012-2018 long-term financial view and the 2014-2018 Capital Plan.             |

**Exhibit 8-2.1: RTA August Community Meetings/Budget Hearings Schedule**

The RTA is seeking public input regarding the 2009 budget and summarizing the new transit legislation and RTA governance reforms. Input will also be invited on the strategic plan update of how transit projects will be assessed and prioritized as well as the status of capital investment needs to fund transit projects.

**CHICAGO**

**Central - Monday, August 4th**

6:00 pm  
Regional Transportation Authority  
175 W. Jackson Boulevard, Suite 1550

**South - Monday, August 4th**

6:00 pm  
Mount Calvary Baptist Church  
1259 W. 111th Street

**Southwest - Wednesday, August 6th**

6:00 pm  
Toman Public Library  
2708 S. Pulaski Road

**North- Thursday, August 7th**

6:00 pm  
Loyola University - Water Tower Campus  
25 E. Pearson Street,  
Rubloff Auditorium, First Floor of the Law School

**West - Tuesday, August 12th**

6:00 pm  
Chinese Community Center  
250 W. 22nd Place

**SUBURBAN COOK COUNTY**

**North - Tuesday, August 12th**

6:00 pm  
Pace Headquarters, Board Room  
550 W. Algonquin Road, Arlington Heights

**South - Monday, August 11th**

6:00 pm  
South Suburban Mayors and Managers Association  
Meeting Room C  
1904 W. 174th Street East, Hazel Crest

**West - Wednesday, August 13th**

6:00 pm  
Village of Westchester Court Room  
10300 Roosevelt Road., Westchester

**DUPAGE COUNTY**

**Wednesday, August 6th**

6:00 pm  
DuPage County Building Auditorium  
421 N. County Farm Road, Wheaton

**KANE COUNTY**

**Thursday, August 14th**

6:00 pm  
The Centre of Elgin  
100 Symphony Way, Elgin

**LAKE COUNTY**

**Thursday, August 14th**

6:00 pm  
University Center of Lake County  
1200 University Center Drive, Grayslake  
Enter at Main Entrance off Washington St. at Lancer  
Lane, 2nd Floor - Room 241

**McHENRY COUNTY**

**Wednesday, August 13th**

6:00 pm  
Woodstock Admin. Building  
2nd Floor Conference Room  
667 Ware Road, Woodstock

**WILL COUNTY**

**Tuesday, December 11th**

6:00 pm  
Joliet Historical Museum  
204 N. Ottawa Street, Joliet

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Meetings are open to the general public. All locations are ADA accessible. For questions, call the RTA at 312-913-3153.

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**Exhibit 8-2.2: : RTA November 2009 Budget Hearings Schedule**

The Regional Transportation Authority (RTA) is holding a second round series of public hearings to discuss the regional mass transit budget for 2009. The hearings will also address the capital investment needs of the regional transit system.

**CHICAGO****North - Monday, November 17, 2008**

6:00 pm

Truman College (Room 1176/Faculty Dining Room)  
1145 W. Wilson Avenue

**South - Tuesday, November 18, 2008**

6:00 pm

Carter G. Woodson Public Library (Auditorium)  
9625 S. Halsted, Chicago

**Southwest - Tuesday, November 18, 2008**

6:00 pm

National Museum of Mexican Art  
(2nd Floor. Board Room)  
1852 W. 19th Street, Chicago

**West - Wednesday, November 19, 2008**

6:00 pm

Malcolm X College  
2nd Floor, Room 2418  
1900 W. Van Buren, Chicago

**SUBURBAN COOK COUNTY****North - Thursday, November 13, 2008**

6:00 pm

Pace Headquarters, Board Room  
550 W. Algonquin Road, Arlington Heights

**West - Thursday, November 13, 2008**

6:00 pm

Hillside Village Hall, Board/Court Room  
425 Hillside Avenue, Hillside

**South - Monday, November 17, 2008**

6:00 pm

South Suburban Mayors and Managers Association  
Meeting Room C  
1904 W. 174th Street East, Hazel Crest

**McHENRY COUNTY****Monday, November 10, 2008**

6:00 p.m

Woodstock Administration Building  
2nd Floor Conference Room  
667 Ware Road, Woodstock

**LAKE COUNTY****Wednesday, November 12, 2008**

6:00 pm

University Center of Lake County  
1200 University Center Drive, Grayslake  
2nd Floor - Room 212  
Enter at Main Entrance off Washington Street  
at Lancer Lane

**WILL COUNTY****Monday, November 17, 2008**

6:00 pm

Joliet Historical Museum, Caterpillar Auditorium  
204 N. Ottawa Street, Joliet

**KANE COUNTY****Tuesday, November 18, 2008**

6:00 pm

The Centre of Elgin, Heritage Ballroom  
100 Symphony Way, Elgin

**DUPAGE COUNTY****Wednesday, November 19, 2008**

6:00 pm

DuPage County Building, Auditorium  
421 N. County Farm Road Wheaton

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Meetings are open to the general public and are ADA accessible. If you require a reasonable accommodation in order to attend a meeting or have questions, please call 312-913-3153 (TTY - 312-913-3111) at least 2 business days before the meeting. For more information, visit [www.MovingBeyondCongestion.org](http://www.MovingBeyondCongestion.org).

### **Exhibit 8-2.3: RTA 2009 Final Budget Hearing**

The Regional Transportation Authority (RTA) is holding a final public hearing to discuss the regional mass transit budget for 2009. The hearing will also address the capital investment needs of the regional transit system.

#### **CHICAGO**

**Monday, December 15, 2008**

9:00 am

The Loop/River Room, 2nd Floor,  
University Center  
525 S. State Street, Chicago  
Entrance near State and Congress

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The meeting is open to the general public and is ADA accessible. If you require a reasonable accommodation in order to attend a meeting or have questions, please call 312-913-3153 (TTY - 312-913-3111) at least 2 business days before the meeting. For more information, visit [www.MovingBeyondCongestion.org](http://www.MovingBeyondCongestion.org).

## Public Hearing Overview

Section 4.01 of the RTA Act directs the RTA to hold public hearings on its annual consolidated budget and financial plan prior to Board consideration of the ordinance adopting the budget and plan. In 2008, the RTA held thirteen public hearings from August 4 through August 14, twelve from November 10 through November 19 and one on December 15. The hearings in August as well as the hearings in November/December took place as follows: five in the City of Chicago (north, east, south, west and central), three in suburban Cook (north, south and west), and one each in Lake, Will, DuPage, Kane and McHenry counties. The meetings were publicized in press releases issued to the media, paid half-page ads in newspapers across the region, e-mails and calls to Moving Beyond Congestion Partners for Transit, the RTA's InTransit newsletter, a special communication to elected officials, as well as through the Service Boards, at reduced fare presentations, and on MovingBeyondCongestion, RTA, all service boards and many Partners For Transit websites. Additionally, we conducted over a dozen radio interviews, had three television mentions and one cable TV show interview (in Spanish and English). The hearing schedules are detailed in Exhibit 8-2.

At these meetings, the RTA briefed the public on the proposed RTA 2009 Budget, provided an update on the Moving Beyond Congestion strategic plan, briefed the public on the new transit legislation, underscored the need for capital investment, provided an overview of the RTA Funding Program grant awards and responded to over 750 comments and questions. Presenters included Executive Director Steve Schlickman and RTA senior management who were joined by RTA board members at all the hearings as well as 19 staff volunteers. The approximately 380 attendees included members of the general public, representatives of municipalities, Partners for Transit organizations, and State and local elected officials.

The majority of comments on record were supportive of State legislation that calls for additional transit funding, a call for more effective RTA oversight, requests for new services and an appreciation for Funding Programs awards. Strong opposition to fare increases was also expressed along with concerns about paratransit service. Court reporters were present to take testimony, and transcripts of this testimony are on file at the RTA.

## Glossary

**Accessible**—As defined by FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered, and used by persons with disabilities.

**Accessible Service**—A term used to describe service that is accessible to non-ambulatory riders with disabilities. This includes fixed-route bus service with wheelchair-lifts or dial-a-ride service with wheelchair lift-equipped vehicles.

**ADA** (The Americans with Disabilities Act of 1990)—This federal act requires many changes to transit vehicles, operations and facilities to ensure that people with disabilities have access to jobs, public accommodations, telecommunications, and public services, including public transit.

**ADA Paratransit Service**—Non-fixed-route paratransit service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the service area to certified participants in the program.

**Administration Expenditure**—Expenditures for labor, materials and fees associated with general office functions, insurance, safety, legal services, and customer services.

**Agency Fund**—This fiduciary fund accounts for the assets held by the RTA in a trustee capacity or as an agent for the CTA, Metra, and Pace, rather than for the RTA's own programs. (Of the four types of fiduciary funds [Agency funds, pension (and other employee benefit) funds, investment trust funds, and private-

purpose funds), the RTA uses only the first two.)

**Ambulatory Disabled**—A person with a disability that does not require the use of a wheelchair. This would describe individuals who use a mobility aid other than a wheelchair or have a visual or hearing impairment.

**Appropriation**—A legal procedure that permits a specified amount of funds for a given operating or capital purpose to be expended; the RTA appropriates funds for expenditures.

**Balanced Budget**—A budget in which expected revenues equal expected expenses during a fiscal period.

**Bond Refinancing/Refunding**—is the payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions which results the defeasance of the old debt.

**Budget**—Funds allocated by the RTA Board for a particular purpose; each year the RTA Board approves a budget document for the following year. Funds are allocated either by “programming” them or by “appropriating” them.

**Budget Marks**—The Regional Transportation Authority Act, as amended in 1983, requires the RTA to advise each of its Service Boards by September 15 of each year of its required revenue recovery ratio for the subsequent year, and the public funding estimated to be available for the next three years. These figures are referred to as budget marks.

**Bus Bunching**—A traffic scenario in which more than one bus arrives at the same time. This phenomenon is a subject of several CTA initiatives aimed at reducing service problems through improved field management of traffic and schedules.

**Bus Rapid Transit (BRT)**—BRT combines the quality of rail transit and the flexibility of buses. It can operate on exclusive transitways, High Occupancy Vehicle (HOV) lanes, expressways, or ordinary streets. A BRT system combines intelligent transportation systems technologies, priority for transit, cleaner and quieter vehicles, rapid and convenient fare collection, and integration with land use policies.

**Capacity Utilization**—The percentage of seats occupied in a train or bus at a given point in time.

**Capital**—Funds that finance construction, renovation, and major repair projects or the purchase of machinery, equipment, buildings, and land.

**Capital Expenditure**—Expenditures that acquire, improve, or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000, e.g., rolling stock, track and structure, support facilities and equipment, and stations and passenger facilities.

**Car Mile or Vehicle Mile**—A single bus, rapid transit car, or commuter rail car traveling one mile.

**Circuit Breaker Program**—The Illinois Department on Aging’s Circuit Breaker program provides assistance to low-income senior citizens and persons with disabilities. Illinois residents with a qualifying disability who meet the income eligibility requirements of the Circuit Breaker program are eligible for free rides on regularly scheduled fixed-route public transit service.

**CMAP** (The Chicago Metropolitan Agency for Planning)—Formed in 2005, CMAP integrates planning for land use and transportation in northeastern Illinois. The new organization combined the region’s two previously separate transportation and land-use planning organizations – Chicago Area Transportation Study (CATS) and the Northeastern Illinois Planning Commission (NIPC) – into a single agency.

**CMAQ (Congestion Mitigation/Air Quality) Grant**—A federal grant program designed to support transportation projects that reduce traffic congestion.

**Cost Per Mile**—Operating expense divided by vehicle miles for a particular program or in total.

**Cost Per Passenger**—Operating expense divided by ridership for a particular program or in total.

**CTA (Chicago Transit Authority)**—The CTA operates bus and rapid transit service in the City of Chicago and several suburbs. The CTA was created by state legislation and began operations in 1947.

**Dead-Head**—The time when a transit vehicle is traveling toward a yard, shop, or the start of a run but

is not in revenue service. Car miles include dead-head miles.

**Debt Service**—The payment of interest on and the repayment of principal on long-term borrowed funds according to a predetermined payment schedule.

**Defeasance of Bonds**—a technique used to discharge older high-rate debt prior to maturity with new securities bearing lower interest rates.

**Deficit**—For a particular Service Board, the difference between system-generated revenues and system operating expenses. The deficit is sometimes referred to as the “public funding requirement.” The RTA’s current practice is to provide operating funds to each Service Board equivalent to their budgeted deficit for the year as opposed to the actual deficit. For the RTA, its deficit or surplus equals total revenues (sales tax, PTF, interest, and other income) less operating funding, debt service, technology, and capital funding (RTA capital and RTA discretionary funding of Service Board capital).

**Depreciation**—Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. The portion of the cost of a fixed asset, other than a wasting asset, charged to expense during a particular period.

**Dial-A-Ride Service**—Paratransit service that requires the user to call ahead and schedule service.

**Discretionary Funds**—Funds that the RTA allocates, at its discretion, to the Service Boards. These funds include the PTF and a portion of the 15 percent of the RTA Sales Tax.

**Elderly**—A term used to describe individuals who are 65 years of age or older. This age is used to qualify for the RTA Senior Citizen Reduced Fare Card. Note that some paratransit services define elderly individuals at an age other than 65.

**Express Bus (or route)**—A suburban or intercity bus that operates a portion of its route without stops or with a limited number of stops.

**Favorable Performance**—In a comparison of

actual results to budgeted levels, favorable performance describes the situation in which expenditures are less than budget or revenue exceeds budget.

**Farebox Revenue**—Revenue obtained from passengers and other fare subsidies except the state reduced fare subsidy program. Also referred to as “system-generated” revenue.

**Fares**—The amount charged to passengers for use of various services.

**Feeder Bus Services**—Pace bus routes that serve Metra stations.

**Financial Plan**—In addition to an annual budget, the RTA Act, as amended in 1983, requires the RTA and its Service Boards to develop a financial plan for the two years subsequent to the upcoming budget year. In combination with the annual budget, this provides a three-year projection of expenses, revenues, and public funding requirements.

**Fiscal Year**—The calendar year is the fiscal year for the RTA, CTA, Metra, and Pace. The fiscal year of the State of Illinois extends from July 1 through June 30 of the following year. The fiscal year of the federal government extends from October 1 through September 30 of the following year.

**Fixed-Route Service**—Buses that operate according to fixed schedules and routes.

**Flexible Funds**—Federal funds made available by TEA-21 that can be used for various transportation projects, including both highway and mass transit projects. Allocation of these funds is at the discretion of state and local agencies.

**Fringes (Fringe Benefit Expenditures)**—Pay or expenditures to or on behalf of employees in addition to salaries and wages, including sick pay, vacation pay, pension contributions, life and health insurance, unemployment and workers’ compensation, social security costs, and other programs.

**FTA (Federal Transit Administration)**—The FTA is the federal agency that helps cities and communities provide mobility to their citizens. Through its grant programs, FTA provides financial and planning assistance to help plan, build, and operate rail, bus,

and paratransit systems. Since 1988, the only FTA funding available to the RTA has been for capital projects.

**Full Funding Grant Agreement (FFGA)**—The FTA is required to use a FFGA to prove financial assistance for new start projects. The FTA also has the discretion to use an FFGA in awarding federal assistance for other major capital projects. The FFGA defines the project, including cost and schedule; commits to a maximum level of federal financial assistance (subject to appropriation); establishes the terms and conditions of federal financial participation; covers the period of time for completion of the project; and helps to manage the project in accordance with federal law. The FFGA assures the grantee of predictable federal financial support for the project (subject to appropriation) while placing a ceiling on the amount of that federal support.

**Full-Time Equivalent Position (FTE)**—A measurement equal to one staff person working a full-time work schedule for one year.

**Fund Balance**—The cumulative difference between revenues and expenses over the life of a fund. The excess of funding over deficit for a given period of time. In this document, the fund balance refers to the unreserved/undesignated funds in the Agency and general fund.

**Funding Formula**—A specific formula used to determine a subsidy level.

**General Long Term Debt Account Group (GLTDAG)**—This account group is not a fund but a separate list of certain long-term liabilities of the general government. Debt normally is recorded at its face value, without premium or discount. Additions to and deletions from GLTDAG are disclosed in the notes to the financial statements.

**Bond Refinancing/Refunding**—is the payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions which results the defeasance of the old debt.

**General Fund**—The operating fund that is used to account for all financial resources and normal

recurring activities except for those required to be accounted for in another fund.

**General Obligation Bonds (GO Bonds)**—are bonds that are legally backed by the full faith, and credit of the issuing government. The government is legally obligated to use its full taxing power, if necessary, to repay the debt.

**Gross Domestic Product (GDP)**—Reported by the Bureau of Economic Analysis, this measure of economic activity is the sum of the market values of all of the final goods and services produced in the United States in a year.

**Grants**—Moneys received from local, federal, and state governments to provide capital or operating assistance.

**Headway**—The time span between service vehicles (bus or rail) on a specified route.

**Illinois FIRST**—A group of legislation passed by the Illinois Legislature to fund capital improvements for the state's infrastructure, roads, schools and transit.

**Infrastructure**—The physical assets of the RTA system, e.g., rail lines and yards, power distribution, signaling, switching, and communications equipment, passenger stations, information systems, and roadways, upon which the continuance and growth of transit depend.

**In-Kind Service**—These services are provided at no cost to a Service Board.

For example, the City of Chicago provides free of charge dedicated security forces to the CTA.

**Innovation, Coordination and Enhancement (ICE) Fund**—A new fund created to award grants to the Service Boards, transportation agencies, and local governments, for short-term, lower-cost projects and service enhancements.

**Intelligent Bus System (IBS)**—A bus communications system that uses advanced technology to monitor and improve performance on various levels. Pace's new bus communications system includes radio voice and data communications, Computer-Aided Dispatching (CAD) and Global Positioning

Satellite (GPS)-based Automatic Vehicle Location (AVL) functions.

**Intelligent Transportation Systems (ITS)**—The application of advanced sensor, computer, electronics, and communication technologies and management strategies in an integrated manner to increase the safety and efficiency of the surface transportation system. ITS is a national effort designed to promote the use of advanced technologies in multimodal transportation.

**Interest**—The charge for borrowing money, typically expressed as an annual percentage rate.

**ISTEA (Intermodal Surface Transportation Efficiency Act of 1991)**—ISTEA amended the Federal Transit Act introducing new sources of flexible funds and increasing the funding authorized for public transit.

**Joint Self Insurance Fund (JSIF)**—The RTA provides excess liability insurance to protect the self-insurance programs maintained by the CTA, Metra, and Pace. The service boards are obligated to reimburse the JSIF for any damages paid plus a floating interest rate.

**Labor Expenditure**—The cost of wages and salaries (including overtime) to employees for the performance of their work.

**Line Item**—An appropriation that is itemized on a separate line in a budget.

**Linked Trip**—A single, one-way trip without regard for the number of vehicles boarded to make the trip (i.e., a home-to-work trip taken by boarding a bus, to a train, to another bus represents one linked trip or three unlinked trips)

**Maintenance Expenditure**—Expenditures for labor, materials, services, and equipment used to repair and service transit and service vehicles and facilities.

**Metra**—The Commuter Rail Division of the RTA responsible for all rail public transit service with the exception of those services provided by the CTA. Metra was created in 1983 by an amendment to the RTA Act.

**Mobility Limited**—An individual who has a

physical impairment, including impaired sensory, manual, or speaking abilities that result in functional limitations.

**Modified Accrual Basis**—A type of accounting whereby revenue and other financial resource increments (e.g., bond issue proceeds) is recognized when they become both “measurable” and “available” for finance expenditures of the current period. “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Similarly, expenditures (e.g., debt service payments and a number of specific accrued liabilities) are only recognized when payment is due because it is only at that time that they normally are liquidated with expendable available financial resources.

**Moving Beyond Congestion**—Jointly with the Chicago Transit Authority, Metra and Pace, the Regional Transportation Authority is leading a strategic planning effort to maintain, enhance and expand the northwestern Illinois region’s transit system and to solve the current transit funding challenge, ensure financial viability and accountability, and meet the region’s growing and changing transportation needs.

**New Initiative**—A new program or service that the RTA may approve separately from the Agency’s or a Service Board’s regular budget. The RTA may attach special criteria to measure the success of a new initiative.

**Non-Ambulatory Disabled**—A person who has a disability that requires use of a wheelchair.

**Operating Assistance**—Financial assistance for transit operations (as opposed to capital) expenditures. Such aid may originate with federal, state, or local governments.

**Operating Budget**—The planning of revenue and expenditures for a given period of time to maintain daily operations.

**Off-Peak**—Non-rush hour time periods.

**Pace**—The Suburban Bus Division of the RTA responsible for all non-rail suburban public transit service with the exception of those services provided

by the CTA. On July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the RTA region. Pace was created in 1983 by an amendment to the RTA Act.

**Paratransit Service**—Any transit service that is not conventional fixed-route bus or rail service, including Dial-A-Ride, fixed-route deviation, shared-ride taxicab, and vanpool services.

**Passenger Mile**—A single passenger traveling one mile.

**Peak Period**—Morning or evening rush hour.

**Principal**—The amount borrowed or the amount still owed on a loan, separate from the interest.

**Positive Budget Variance (PBV)**—Calculated as the difference between a Service Board’s budgeted and actual deficit, a positive budget variance results when the actual deficit is less than budgeted. Since the RTA funds the budgeted deficit, a PBV represents available funds for the Service Boards.

**Program (verb)**—To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure. When the RTA Board passes its official budget document, certain funds are “programmed” so that they may be obligated (i.e., contracts signed) during the upcoming year; these funds may be expended during the upcoming or subsequent years.

**Program (noun)**—Groupings of expenditure accounts with related expenditures (i.e., operations, maintenance, administration, and capital program).

**Public Transportation Fund(s) (PTF)**—Each month the state transfers from its General Revenue Fund into the Public Transportation Fund an amount equal to 25 percent of the RTA Sales Tax collected in the previous month. All funds deposited in the Public Transportation Fund are allocated to the RTA to be used at its discretion for the benefit of the Service Boards.

**Public Funding**—Funding received from the RTA. Generally refers to funding for operating expenditures.

**Purchase of Paratransit Service**—The amount of money paid to contractors to provide door-to-door

transportation to certified participants in the ADA paratransit Service program.

**Recovery Ratio**—System-generated revenues divided by system operating expenditures as allowed by the RTA Act. This ratio is calculated for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region attain an annual recovery ratio of at least 50 percent for mainline service. For ADA paratransit service, the Act requires a 10% recovery ratio in 2008 and 12% thereafter.

**Reduced Fares**—Discounted fares for children age 7-11, grade and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID) except paratransit riders.

**Revenue Car Mile**—Car mile during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

**Reverse Commute**—City-to-suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

**Ridership (unlinked passenger trips)**—Each passenger counted each time that person boards a vehicle.

**Rolling Stock**—Public transportation vehicles including commuter rail cars, locomotives, rapid transit cars, buses, and vans.

**RTA Sales Tax**—1 percent in Cook County, 0.25 percent in the collar counties of DuPage, Kane, Lake, McHenry and Will. 85 percent of the sales tax is fully distributed to the Service Boards by the RTA according to formulas established by the RTA Act. Fifteen percent of the sales tax is retained by the RTA, a portion of which is distributed to the Service Boards at the RTA’s discretion.

**SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users)**—Signed into law on August 10, 2005, this legislation provides \$286.4 billion in guaranteed funding for federal surface transportation programs through federal fiscal year (FFY) 2009 of which \$52.6 billion is for federal transit programs over six years.

**Sales Tax Designated for Capital or Transfer**

**Capital-Statutory**—The difference between a Service Board's entitlement (from the 85 percent of the RTA sales tax) and its budgeted or actual deficit, whichever is greater. These funds, which are over and above operating needs, are generally used for capital purposes. Metra is the only Service Board that has generated by statute sales tax for capital in more than a decade.

**SCIP (Strategic Capital Improvement Program) Bonds**—The RTA was authorized under the RTA Act to issue \$500 million of bonds for public transportation projects approved by the Governor of the State as part of the RTA's Strategic Capital Improvement Program (SCIP). Effective January 1, 2000, the Act was amended to authorize the RTA to issue an additional \$260 million of SCIP bonds in each year for the period of 2000 through 2004.

**Series B Bonds**—State Transportation Bonds used as all or a portion of the local share required to match federal funds for public transportation capital projects.

**Service Boards**—The term refers to the region's three transit operators: CTA, Metra and Pace.

**Signal Priority**—Transit signal priority either gives or extends a green signal to transit buses under certain circumstances to reduce passenger travel times, improve bus schedule adherence, and reduce bus operating costs.

**Special Service**—A transportation service, as defined by the FTA, specifically designed to serve the needs of persons who, by reason of disability, are unable to use mass transit systems designed for the use of the general public.

**State Financial Assistance (SFA)**—Subject to appropriation by the State, this assistance reimburses the debt service expenses of the RTA's Strategic Capital Improvement Program (SCIP) bonds.

**Subscription Service**—Special services for users who ride on a frequent and regular basis and follow a prescribed schedule (a minimum of three times per week between the same origin and destination).

**Subsidy**—Funds received from another source that are used to cover the cost of a service or program that is not self-supporting.

**System-Generated Revenue (Total Operating Revenue)**—Total revenue generated from operations includes farebox revenue, local subsidies, state fare subsidies, advertising, interest and all other income (excludes RTA and federal subsidies).

**Taxi Access Program (TAP)**—Certified participants in the ADA paratransit service program can purchase taxi vouchers valued at up to \$13.50 at a reduced price to pay for one-way taxi rides that originate within the City of Chicago.

**TEA-21 (The Transportation Equity Act for the 21st Century)**—Signed into law on June 9, 1998, this legislation provided a six-year reauthorization of the federal transit program and the necessary contract authority needed to fully fund the fiscal year 1998 obligation limitations contained in the fiscal year 1998 Department of Transportation Appropriations Act.

**T-FLEx (Transit Finance Learning Exchange)**—A strategic alliance of transit agencies formed to leverage mutual strengths and continuously improve transit finance leadership, development, training practices, and information sharing. Its purpose is to transform the finance function into a value-added business partner within each transit authority. Members meet twice annually in a facilitated workshop environment to develop and share best practices in active roundtable work sessions.

**TOD (Transit-Oriented Development or Transit-Oriented Design)**—Mixed use development of residential, office and retail uses within walking distance of a transit station or bus route.

**Total Vehicle Miles**—The sum of all miles operating by passenger vehicles, including mileage when no passengers are carried.

**Unreserved Fund Balance**—The balance of funds that have not been reserved, designated or programmed into the budget, financial plan, or capital program.

**Vanpool**—Pace’s VIP (Vanpool Incentive Program) is a service where a group of 5 to 15 people commute to and from work together in a Pace-owned van.

## Supplemental Data

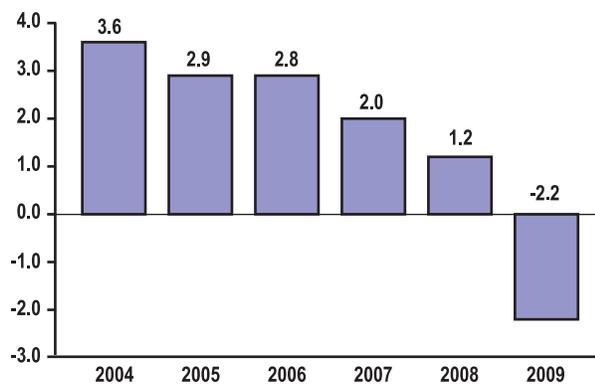
### National Economic Projections

During the third quarter of 2008, the Gross Domestic Product (GDP) contracted at an annual rate of 0.5 percent, following 0.9 percent and 2.8 percent annual growth rates during the first and second quarters of 2008, respectively. The GDP is the value of the output of goods and services produced by labor and property located in the United States. Exhibit 8-3 highlights the annual real GDP growth from 2004 through 2009. GDP growth declined from 3.6 percent in 2004 to 2.0 percent in 2007. The GDP is expected to grow 1.2 percent in 2008 and then contract 2.2 percent in 2009.

In 2008, the national unemployment rose from 6.8 percent in November to 7.2 percent in December. Exhibit 8-4 shows the U.S. annual unemployment rate from 2004 through 2009. The annual average unemployment rate declined from 5.5 percent in 2004 to 4.6 percent in 2006, remained at 4.6% in 2007, and then rebounded to 5.7 percent in 2008. The national unemployment rate is expected to climb to 8.3 percent in 2009.

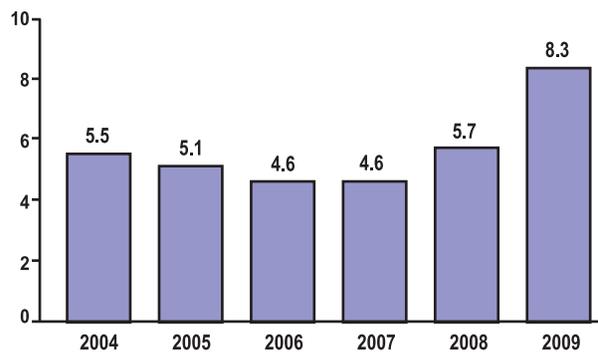
Exhibit 8-5 shows the annual growth of the U.S. Consumer Price Index (CPI) from 2004 through 2009. The CPI annual growth rate increased from 2.7 percent in 2004 to 3.4 percent in 2005, before declining to 2.8 percent in 2007. CPI annual growth is expected to jump to 4.1 percent in 2008 before falling to 0.1 percent in 2009.

Exhibit 8-3: U.S. Real Gross Domestic Product (percent change)



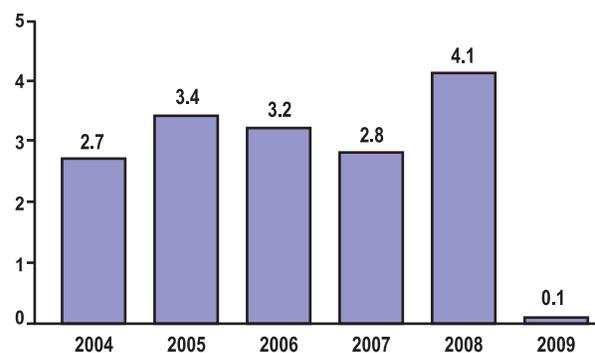
Source: US Department of Commerce, Congressional Budget Office

Exhibit 8-4: U.S. Unemployment Rate (in percent)



Source: US Department of Labor, Congressional Budget Office

Exhibit 8-5: U.S. Consumer Price Index Percent Change



Source: US Department of Labor, Congressional Budget Office

### RTA Region

The following sections summarize population and employment trends in the six-county RTA region. These trends have a significant impact on public transportation ridership, as well as sales tax revenue.

#### Population

As shown in Exhibit 8-6, the population of the RTA region grew by 4.0 percent (from 8.1 million to 8.4 million) between 2000 and 2007. Population growth in the RTA region grew at slower pace than the overall population of the United States, which increased by 6.7 percent during this period.

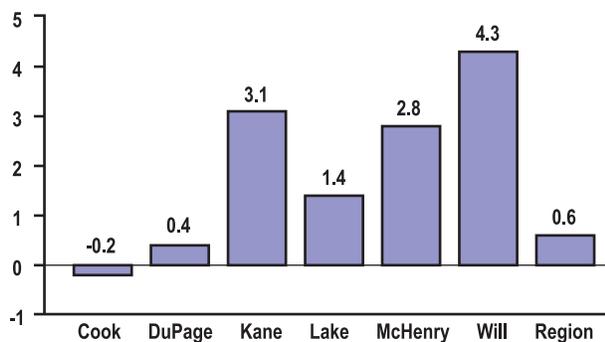
Since 1990, most of the region's population growth has occurred in the suburbs. Exhibit 8-7 illustrates the annualized population growth rates for each of the region's six counties between 2000 and 2007. The highest growth rate occurred in Will

Exhibit 8-6: Population Trend by County (in thousands)

|              | 1990         | 2000         | 2007         | % Change    |
|--------------|--------------|--------------|--------------|-------------|
| Cook         | 5,105        | 5,377        | 5,285        | -1.7%       |
| DuPage       | 782          | 904          | 929          | 2.8%        |
| Kane         | 317          | 404          | 501          | 24.0%       |
| Lake         | 516          | 644          | 710          | 10.2%       |
| McHenry      | 183          | 260          | 316          | 21.5%       |
| Will         | 357          | 502          | 674          | 34.1%       |
| <b>Total</b> | <b>7,261</b> | <b>8,092</b> | <b>8,415</b> | <b>4.0%</b> |

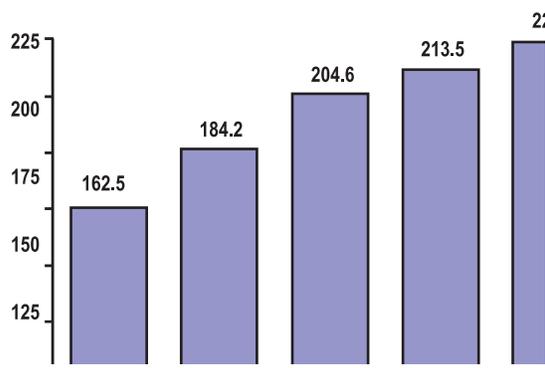
Source: United States Census Bureau

Exhibit 8-7: RTA Region Population Annualized Growth Rates 2000-2007 (in percent)



Source: United States Census Bureau

Exhibit 8-8: RTA Region Population Distribution by County - 2007



Source: United States Census Bureau

County, where the population increased at annual rate of 4.3 percent. The population of Kane and McHenry counties grew at annual rates of 3.1 percent and 2.8 percent, respectively, while the population of Lake and DuPage counties increased at annual rates of 1.4 percent and 0.4 percent, respectively. Cook County experienced a population decline at an annual rate of 0.2 percent. During this 7-year period, the population of the entire RTA region grew at an annual rate of 0.6 percent.

In 2007, Cook County accounted for 63 percent of the 8.4 million people living in the RTA region. DuPage County's population comprised 11 percent of the region, followed by Lake County and Will County (8 percent each), Kane County (6 percent), and McHenry County (4 percent). The population distribution for 2007 is illustrated in Exhibit 8-8.

## Employment

Exhibit 8-9 provides a comparison of the national unemployment rate, the unemployment rate in the State of Illinois, and the unemployment rates in each of the counties of the RTA region from 2004 to 2008. Between 2004 and 2006, the national unemployment rate declined from 5.5 percent to 4.6 percent, remaining at that rate in 2007. Between 2004 and 2006, the unemployment rate in Illinois fell from 6.2 percent to 4.5 percent before rebounding to 5.0 percent in 2007. In November 2008, the State-wide unemployment rate of 7.3 percent was 0.6 percentage points higher than the national unemployment rate of 6.7 percent.

Between 2004 and 2008, the Illinois state-wide unemployment rate exceeded those of most of the counties of the RTA region except Cook. Among the six counties in the RTA region, DuPage County's November 2008 unemployment rate of 5.0 percent was the lowest in the region, while Lake County's rate of 7.7 percent was the highest in the region.

Suburban jurisdictions have led the region in employment growth since 1980. In 2000, employment

Exhibit 8-9: Unemployment Rates (in percent)

|               | 2004 | 2005 | 2006 | 2007 | Nov. 2008* |
|---------------|------|------|------|------|------------|
| United States | 5.5  | 5.1  | 4.6  | 4.6  | 6.7        |
| Illinois      | 6.2  | 5.7  | 4.5  | 5.0  | 7.3        |
| <u>County</u> |      |      |      |      |            |
| Cook          | 6.7  | 6.4  | 4.7  | 5.1  | 6.6        |
| DuPage        | 5.0  | 4.7  | 3.4  | 3.8  | 5.0        |
| Kane          | 6.1  | 5.8  | 4.3  | 4.8  | 6.3        |
| Lake          | 5.4  | 4.7  | 4.2  | 5.0  | 7.7        |
| McHenry       | 5.2  | 5.1  | 3.7  | 4.3  | 6.0        |
| Will          | 6.2  | 5.8  | 4.3  | 4.7  | 6.2        |

Source: United States Census Bureau

Exhibit 8-10: Employment Trends by County (in thousands)

| Area         | 1980         | % of Total   | 1990         | % of Total   | 2000         | % of Total   |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cook         | 2,913        | 78.6         | 3,135        | 72.5         | 3,350        | 66.7         |
| DuPage       | 289          | 7.8          | 509          | 11.8         | 709          | 14.1         |
| Kane         | 134          | 3.6          | 175          | 4.0          | 242          | 4.8          |
| Lake         | 211          | 5.7          | 299          | 6.9          | 419          | 8.3          |
| McHenry      | 57           | 1.5          | 84           | 1.9          | 118          | 2.3          |
| Will         | 102          | 2.8          | 125          | 2.9          | 185          | 3.7          |
| <b>Total</b> | <b>3,706</b> | <b>100.0</b> | <b>4,327</b> | <b>100.0</b> | <b>5,023</b> | <b>100.0</b> |

Source: U.S. Department of Commerce-Bureau of Economic Analysis

Exhibit 8-11: Employment Distribution by Industry (in thousands)

|                                     | 1980         | % of Total   | 1990         | % of Total   | 2000         | % of Total   |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Services                            | 862          | 23.3         | 1,273        | 29.4         | 1,694        | 34.4         |
| Retail                              | 573          | 15.5         | 666          | 15.4         | 715          | 14.5         |
| Manufacturing                       | 812          | 21.9         | 667          | 15.4         | 639          | 13.0         |
| Government                          | 477          | 12.9         | 501          | 11.6         | 529          | 10.7         |
| Finance, Insurance & Real Estate    | 334          | 9.0          | 437          | 10.1         | 492          | 10.0         |
| Wholesale                           | 268          | 7.2          | 297          | 6.9          | 290          | 5.9          |
| Transportation and Public Utilities | 205          | 5.5          | 246          | 5.7          | 285          | 5.8          |
| Construction                        | 144          | 3.9          | 204          | 4.7          | 234          | 4.8          |
| Other                               | 31           | 0.8          | 36           | 0.8          | 43           | 0.9          |
| <b>Total</b>                        | <b>3,706</b> | <b>100.0</b> | <b>4,327</b> | <b>100.0</b> | <b>4,921</b> | <b>100.0</b> |

Source: U.S. Department of Commerce-Bureau of Economic Analysis

in the five collar counties accounted for one-third of the RTA region's total. Cook County, which in 1980 accounted for 79 percent of the region's employment, accounted for only two-thirds of employment in 2000. Regional employment has increased from 3.7 million in 1980 to 4.3 million in 1990 and to 5.0 million in 2000 (Exhibit 8-10).

The trends in employment by economic sector in the RTA region are illustrated in Exhibit 8-11. Between 1980 and 2000, the most growth has occurred in the service sector. The manufacturing sector experienced the greatest loss during this period. In 2000, services comprised 34 percent of employment, retail trade 15 percent, manufacturing 13 percent, government 11 percent, and finance, insurance, and real estate 10 percent. Combined, wholesale, transportation and public utilities, construction, and other comprised the remaining 17 percent.

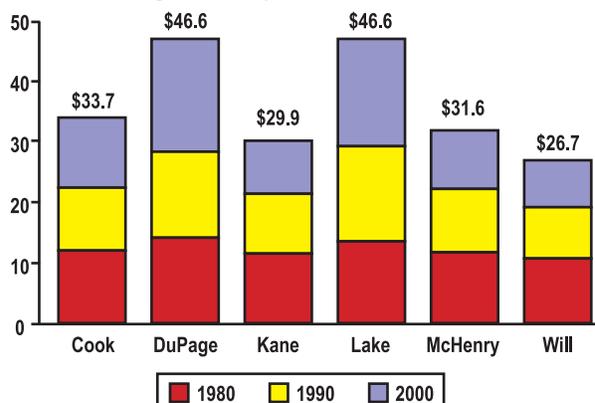
The RTA region experienced steady growth in per capita income from 1980 to 2000. Within the

region, per capita income was highest in DuPage and Lake Counties in 2000 and lowest in Kane and Will counties, as illustrated in Exhibit 8-12.

### Sales Tax Trends

In April 2008, the RTA sales tax increased from the equivalent of one percent on retail sales in Cook County and one quarter percent on retail sales in

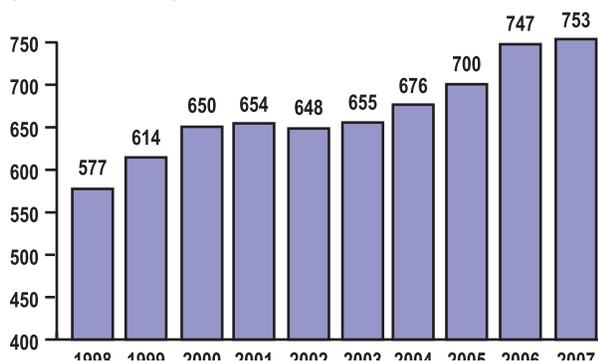
Exhibit 8-12: Region Per Capita Income (dollars in thousands)



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Exhibit 8-13: Sales Tax Collections by County (dollars in thousands)

|                         | 1998         | 1999         | 2000         | 2001         | 2002          | 2003         | 2004         | 2005         | 2006         | 2007         |
|-------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Chicago                 | \$177        | \$188        | \$199        | \$197        | \$195         | \$198        | \$205        | \$214        | \$231        | \$237        |
| Suburban Cook           | 315          | 334          | 354          | 358          | 354           | 356          | 364          | 373          | 396          | 395          |
| <b>Total Cook</b>       | <b>\$492</b> | <b>\$521</b> | <b>\$553</b> | <b>\$555</b> | <b>\$549</b>  | <b>\$555</b> | <b>\$569</b> | <b>\$587</b> | <b>\$627</b> | <b>\$632</b> |
| DuPage                  | \$39         | \$42         | \$43         | \$42         | \$41          | \$41         | \$43         | \$44         | \$47         | \$47         |
| Kane                    | 10           | 11           | 12           | 12           | 12            | 13           | 14           | 15           | 16           | 16           |
| Lake                    | 20           | 22           | 24           | 25           | 25            | 25           | 26           | 27           | 29           | 29           |
| McHenry                 | 6            | 7            | 7            | 7            | 7             | 8            | 8            | 9            | 9            | 9            |
| Will                    | 10           | 11           | 12           | 12           | 13            | 14           | 15           | 17           | 19           | 20           |
| <b>Total Collar</b>     | <b>\$85</b>  | <b>\$92</b>  | <b>\$97</b>  | <b>\$99</b>  | <b>\$98</b>   | <b>\$100</b> | <b>\$106</b> | <b>\$113</b> | <b>\$120</b> | <b>\$121</b> |
| <b>Total RTA Region</b> | <b>\$577</b> | <b>\$614</b> | <b>\$650</b> | <b>\$654</b> | <b>\$648</b>  | <b>\$655</b> | <b>\$676</b> | <b>\$700</b> | <b>\$747</b> | <b>\$753</b> |
| <b>Percent Change</b>   | <b>3.8%</b>  | <b>6.4%</b>  | <b>6.0%</b>  | <b>0.5%</b>  | <b>(0.9%)</b> | <b>1.1%</b>  | <b>3.2%</b>  | <b>3.7%</b>  | <b>6.6%</b>  | <b>0.8%</b>  |

Exhibit 8-14: Sales Tax Collections 1997-2006  
(dollars in millions)

the collar counties to the equivalent of one and one quarter percent on retail sales in Cook County and one half percent on retail sales in the collar counties. Also in 2008, a real estate transfer tax of three tenths of one percent was imposed in the City of Chicago to fund the CTA.

Sales tax collections grew at a healthy pace from \$577 million in 1998 to \$650 million in 2000. However, between 2000 and 2003, sales tax collections fluctuated between \$648 and \$655 million. From 2004 to 2006, sales tax collections increased from \$676 million and \$747 million. In 2007, sales tax collections increased only 0.8% to \$753 million. Over the ten-year period, the rate of sales tax growth has been greatest in the collar counties followed by the City of Chicago and Suburban Cook County. However, more recently, the rate of sales tax growth in the City of Chicago has exceeded that of the collar counties. Collections in Suburban Cook County continue to account for more than half of total collections, while

collections in the City of Chicago account for slightly less than one third of the total. (Exhibit 8-13).

## Ridership Trends

Total RTA ridership increased annually from 1998 to 2001 despite a decline in Pace ridership during this period. Reflecting the overall downturn in the economy, total RTA ridership declined in both 2002 and 2003. Metra and Pace lost riders in 2002, while all three Service Boards lost riders in 2003. Regional ridership changed little from 2003 to 2004 reflecting stagnant ridership on all three Service Boards. In 2005, however, all three Service Boards achieved significant ridership gains as the economy rebounded and gas prices climbed. Albeit at a slower rate, regional ridership continued to grow in 2007 and 2008. On July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the region. Regional paratransit ridership is shown separately beginning in 2007 (Exhibit 8-14).

Exhibit 8-15: RTA Ridership (in millions)

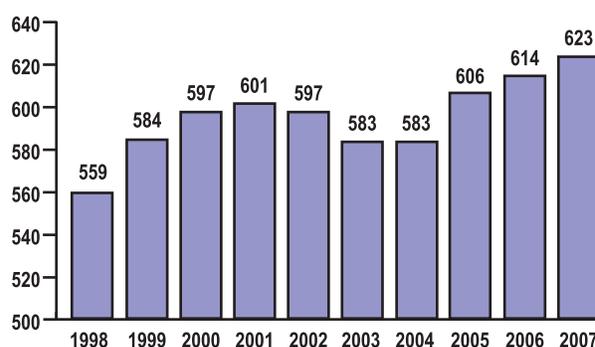


Exhibit 8-16: Service Board Ridership 1998-2007 (millions)

|                             | 1998         | 1999         | 2000         | 2001         | 2002          | 2003          | 2004         | 2005         | 2006         | 2007         |
|-----------------------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|
| CTA Bus                     | 291.7        | 300.2        | 303.3        | 303.1        | 304.8         | 293.7         | 296.2        | 305.6        | 299.6        | 309.3        |
| CTA Rail*                   | 153.6        | 166.5        | 176.2        | 181.7        | 180.4         | 181.1         | 178.7        | 186.8        | 195.2        | 190.3        |
| <b>Total CTA</b>            | <b>445.3</b> | <b>466.7</b> | <b>479.5</b> | <b>484.8</b> | <b>485.2</b>  | <b>474.8</b>  | <b>474.9</b> | <b>492.4</b> | <b>494.8</b> | <b>499.5</b> |
| Metra                       | 74.5         | 76.6         | 78.8         | 79.2         | 76.8          | 74.8          | 74.4         | 77.0         | 80.8         | 84.0         |
| Pace                        | 39.3         | 40.2         | 38.6         | 37.0         | 34.8          | 33.7          | 34.1         | 36.9         | 38.0         | 36.6         |
| Regional ADA Paratransit ** |              |              |              |              |               |               |              |              |              | 2.5          |
| <b>Total RTA</b>            | <b>559.1</b> | <b>583.5</b> | <b>596.9</b> | <b>601.0</b> | <b>596.8</b>  | <b>583.3</b>  | <b>583.4</b> | <b>606.3</b> | <b>613.6</b> | <b>622.6</b> |
| <b>% Increase</b>           | <b>1.6%</b>  | <b>4.4%</b>  | <b>2.3%</b>  | <b>0.7%</b>  | <b>(0.7%)</b> | <b>(2.3%)</b> | <b>0.0%</b>  | <b>3.9%</b>  | <b>1.2%</b>  | <b>1.5%</b>  |

\* CTA rail ridership includes cross-platform transfers.

\*\*Prior to 2007, ADA Paratransit ridership is included in CTA Bus and Pace figures.

Exhibit 8-17: Service Board Operating Expenditures (dollars in millions)

|                           | 1998           | 1999           | 2000           | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           | 2007           |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| CTA                       | \$808          | \$805          | \$851          | \$884          | \$920          | \$897          | \$938          | \$1,021        | \$1,076        | \$1,094        |
| Metra                     | 379            | 397            | 416            | 431            | 445            | 455            | 466            | 504            | 525            | 548            |
| Pace                      | 111            | 114            | 122            | 127            | 131            | 139            | 147            | 160            | 199            | 163            |
| Regional ADA Paratransit* |                |                |                |                |                |                |                |                |                | 84             |
| <b>Total</b>              | <b>\$1,297</b> | <b>\$1,316</b> | <b>\$1,389</b> | <b>\$1,442</b> | <b>\$1,496</b> | <b>\$1,491</b> | <b>\$1,552</b> | <b>\$1,685</b> | <b>\$1,801</b> | <b>\$1,890</b> |
| <b>% Change</b>           | <b>1.1%</b>    | <b>1.4%</b>    | <b>5.6%</b>    | <b>3.8%</b>    | <b>3.7%</b>    | <b>(0.3%)</b>  | <b>4.1%</b>    | <b>8.6%</b>    | <b>6.9%</b>    | <b>4.9%</b>    |

\* Prior to 2007, ADA Paratransit expenditures are included in CTA Bus and Pace figures.

Exhibit 8-19: Service Board Farebox Revenue (dollars in millions)

|                           | 1998         | 1999         | 2000         | 2001         | 2002         | 2003          | 2004         | 2005         | 2006         | 2007         |
|---------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| CTA                       | \$364        | \$366        | \$369        | \$374        | \$384        | \$368         | \$403        | \$417        | \$462        | \$457        |
| Metra                     | 181          | 186          | 192          | 192          | 190          | 191           | 192          | 198          | 218          | 227          |
| Pace                      | 36           | 35           | 37           | 41           | 34           | 32            | 32           | 32           | 31           | 28           |
| Regional ADA Paratransit* |              |              |              |              |              |               |              |              |              | 6            |
| <b>Total</b>              | <b>\$580</b> | <b>\$587</b> | <b>\$598</b> | <b>\$607</b> | <b>\$608</b> | <b>\$591</b>  | <b>\$627</b> | <b>\$648</b> | <b>\$711</b> | <b>\$719</b> |
| <b>% Change</b>           | <b>1.7%</b>  | <b>1.3%</b>  | <b>1.8%</b>  | <b>1.4%</b>  | <b>0.2%</b>  | <b>(2.7%)</b> | <b>6.0%</b>  | <b>3.3%</b>  | <b>9.8%</b>  | <b>1.1%</b>  |

\*Prior to 2007, ADA Paratransit farebox revenue is included in CTA Bus and Pace figures.

Exhibit 8-18: Service Board Operating Expenditures (dollars in millions)

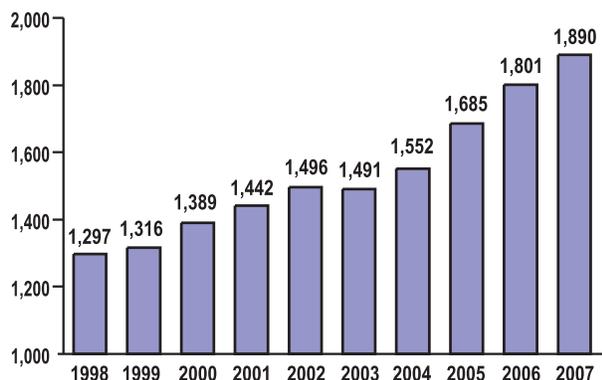


Exhibit 8-20: Service Board Farebox Revenue (dollars in millions)

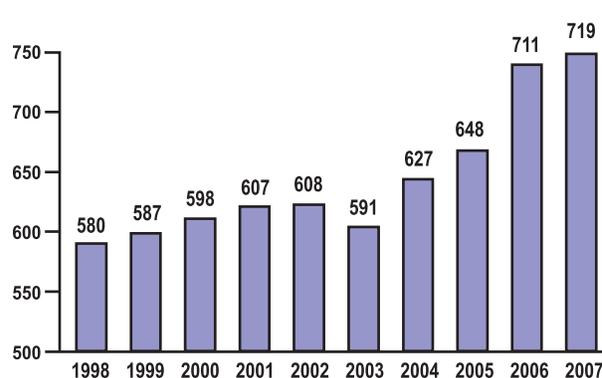
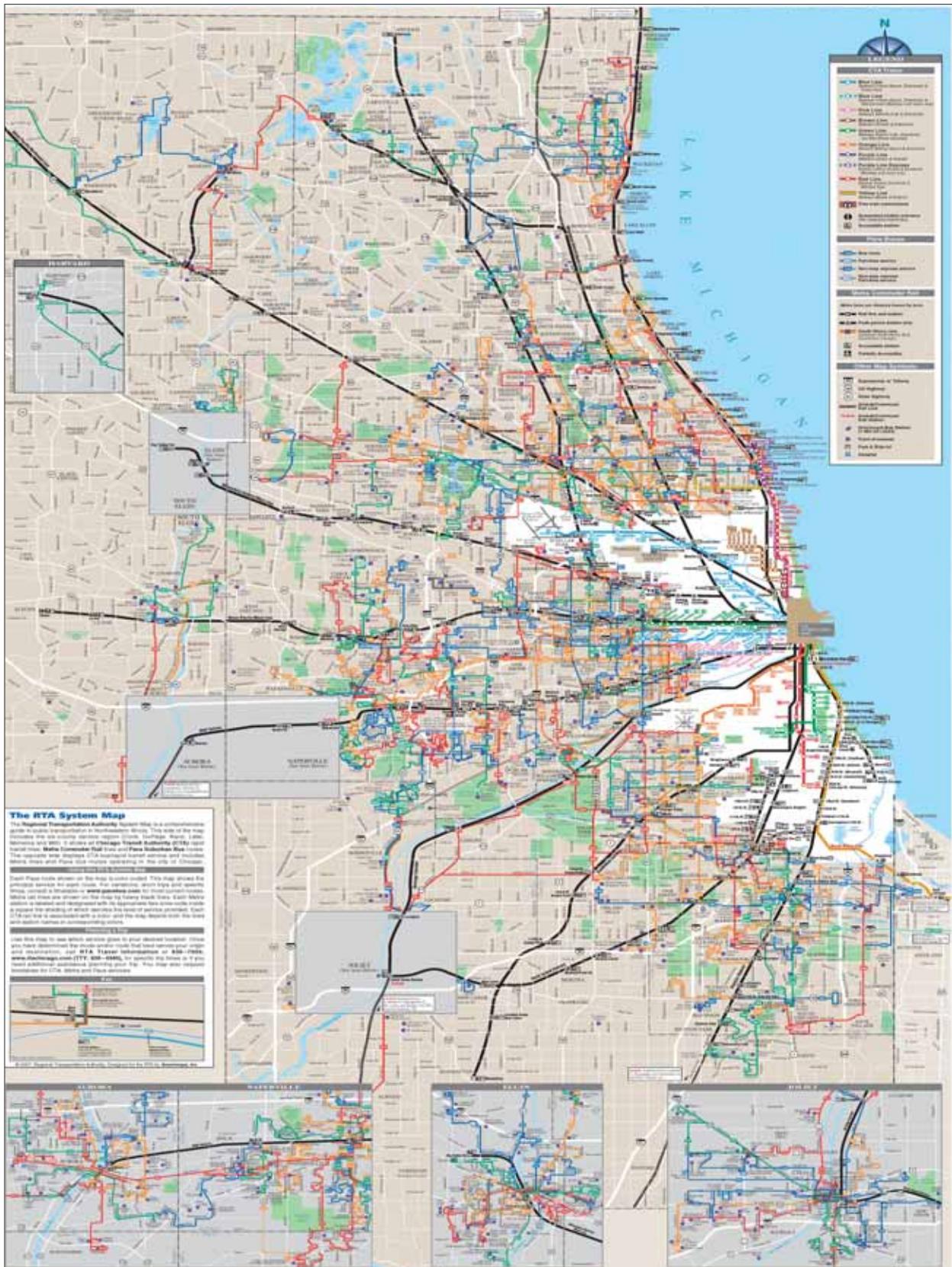


Exhibit 8-21: System Characteristics

| Asset Value (2008)       |                       | Regional Statistics (2007) |                    | Vehicles & Routes (2007) |           |
|--------------------------|-----------------------|----------------------------|--------------------|--------------------------|-----------|
| CTA                      | \$22.3 billion        | Regional Population        | 8.4 million        | Buses                    | 2,806     |
| Metra                    | \$11.8 billion        | Service Area               | 3,749 sq. miles    | Cars & Locomotives       | 2,325     |
| Pace                     | \$ 0.6 billion        | Passenger Miles            | 3.9 billion        | Vanpools Operated        | 678       |
| <b>Total Asset Value</b> | <b>\$34.7 billion</b> | <b>Vehicle Miles</b>       | <b>190 million</b> | <b>Rail Routes</b>       | <b>20</b> |
|                          |                       | Stations Served            | 383                | Bus Routes               | 382       |

All data excludes NICTD South Shore.

RTA System Map



**The RTA System Map**  
 The Regional Transportation Authority System Map is a comprehensive guide to public transportation in Northwestern Illinois. This map of the RTA system shows all existing service regions (Metra, Chicago, Pace, 120th Avenue and more), a directory of Chicago's Regional Authority (RTA) local transit lines, Metra's commuter rail lines and Pace's suburban bus routes. The separate map displays the historical local service and includes Metra lines and Pace's bus routes operating in the city of Chicago.

Each Page looks at one or two lines in detail. This map shows the physical service for each route. For each route, you'll find the route's name, color and number, and the route's operating hours. Each Metra station is marked and described with its appropriate fare and service type. A legend at the bottom of each page lists the route's name, color and number, and the route's operating hours.

Use this map to see which service goes to your desired location. If you have determined the route, you'll find that route's name, color and number, and the RTA's phone number at the bottom of the page. For more information, please call RTA at (773) 624-6246, or visit our website at [www.chicagoregional.gov](http://www.chicagoregional.gov).



## Regional Transportation Authority

### RTA Main Office

175 West Jackson Boulevard, Suite 1550  
Chicago, Illinois 60604  
(312) 913-3200  
[www.rtachicago.com](http://www.rtachicago.com)

### RTA Customer Service

165 North Jefferson Street  
Chicago, Illinois 60661  
(312) 913-3110

### RTA ADA Certification Helpline

Voice (312) 663-4357  
TTY (312) 913-3122

### Travel Information Center and RTA Reduced Fare Card

Call 836-7000 from any local area code  
in the six-county region  
TTY (312) 836-4949  
[www.rtachicago.com](http://www.rtachicago.com)

### RTA Transit Benefit Fare Program

(800) 531-2828

### Chicago Transit Authority

567 West Lake Street  
Chicago, Illinois 60661  
1-888-968-7282  
[www.transitchicago.com](http://www.transitchicago.com)



### Metra

547 West Jackson Boulevard  
Chicago, Illinois 60661  
(312) 322-6777  
[www.metrarail.com](http://www.metrarail.com)



### Pace

550 West Algonquin Road  
Arlington Heights, Illinois 60005  
(847) 364-7223  
[www.pacebus.com](http://www.pacebus.com)



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