

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

The Finance Committee of the Board of Directors of the Regional Transportation Authority met in public session on **Thursday, January 22, 2015** at 8:45 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Magalis presided.

ROLL CALL

Committee members present (6): Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani (phone)

Committee members absent (1): Anderson

Other Board members present: Durante, Frega, Fuentes, Hobson, Melvin, Pang, Totten, Ross, and Chairman Dillard

Approval of minutes from the meetings November 19, 2014 held on December 3, 2014

Director Buchanan moved, and Director Lewis seconded that the minutes from the meeting held on November 19, 2014 held on December 3, 2014 be approved as submitted. The motion carried on the following roll call vote:

6 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani (phone)

1 Absent: Director Anderson

Presentation of the monthly financial results -

Ms. Reyna-Hickey provided an overview of the region's 2014 financial performance through the month of November. Financial results continue to improve, but ridership is still an area of concern. The regional economy added 14,000 jobs in November, decreasing the unemployment rate to 6.1%. November ridership was 4% lower than prior year, but this November was unusually cold and snowy, with the average temperature almost 7 degrees below normal. Gasoline prices continued to fall during November and are also having a negative influence on ridership. Despite the unfavorable ridership results, operating revenue was \$22 million, or 2.2%, favorable to budget through November due to the reinstatement of SFY 2014 Reduced Fare Reimbursement funding and favorable Other Revenue results. Public funding was \$24.2 million, or 2.0%, favorable to budget due to strong sales tax and RETT performance. October sales tax, the most recent month available, is projected to exceed prior year by a very robust 7.9%. System-wide expenses through November were 0.5% favorable, with each Service Board reporting favorable results except CTA, where expenses are essentially flat to budget. At the regional level, favorable operating revenue and public funding combined with favorable operating expense to produce a net result, which was \$56.7 million favorable to budget. The regional recovery ratio of 54.0% was 1.1 percentage points favorable to budget.

Director Lewis asked if any studies had been done to look at the correlation between gasoline prices and ridership. Ms. Reyna-Hickey advised him that staff would check with the Service Boards to see what they had on the topic, and that would be shared with the Board.

Director Coulson asked staff to break out and report on fuel expense for each Service Board to quantify the savings being realized while prices are down. Ms. Reyna-Hickey told him that we would begin to do this with the December 2014 results.

Presentation on the Capital Asset Condition Assessment Report for 2104

Ms. Escobar presented the RTA Capital Asset Condition Assessment 2014 Update Report (the Update), whose goal was to quantify the current physical condition and 10-year capital reinvestment needs for the region's transit capital assets owned and operated by the RTA, CTA, Metra and Pace as of December 31, 2013. The 10-year capital need is based on the dollar value estimate for total backlog, normal replacement, rehabilitation, and annual capital maintenance for assets of the three Service Boards. Each of these activities is required to maintain a State of Good Repair (SGR). This information provides background on the shortfall of available funds and will assist RTA in advocating for capital funding.

Ms. Escobar outlined the exemplary commitment of transit agency personnel for each of the Service Boards during the Update process and discussed the findings. The region's total needs include the Backlog, totaling \$19.5 billion, which is more than half of the \$36.1 billion in total needs. Going forward, the 10 year capital needs is \$16.6 Billion or \$1.6 billion a year, which includes the 10-year normal replacement, rehabilitation, and capital maintenance needs.

Ms. Escobar presented the condition of the major capital asset categories: Guideway, Stations, Vehicles, Facilities, and Systems, consistent with the five-level scale pioneered by the Federal Transit Administration (Excellent, Good, Adequate, Marginal and Worn). RTA assigned a predictive condition value based on age and other factors. The total value of all transit capital assets in the region is \$158.4 billion.

For **CTA**, the total 10-year capital program need is \$22.2 billion, which includes a Backlog of \$12.9 billion, a Normal Replacement cost of \$5.6 billion, a Rehab cost of \$3.2 billion, and a Capital Maintenance cost of half a billion (\$0.5). These totals represent nearly 62% of the total RTA system need. For **Metra**, the total 10- year capital program needs is \$11.7 billion, which includes a Backlog cost of \$6.1 billion, while the Normal Replacement cost is \$4.4 billion, the rehab cost is \$1.1 billion and the Capital Maintenance cost is \$0.1 billion. Metra's needs are equivalent to 32.4% of the total RTA system needs. For **Pace**, the 10-year capital program need is \$2.2 billion, which represents slightly over 6% of the total RTA system need, including a Backlog of half a billion (%0.5), a Normal Replacement cost of \$1.1 billion, Rehab of half a billion (\$0.5 billion), and a Capital Maintenance cost of \$0.1 billion.

Ms. Escobar explained that one of the uses of this report is to predict the region's capital funding needs and the projected funding available to cover those needs. The future based on those projections is not optimistic. Capital funding projections are not near what the region needs with estimates between \$563 million and \$765 million. Most recently, the Service Boards have supplemented much needed federal and state funds with loans under the Transportation Infrastructure and Innovate Act (TIFIA) program, issuance of State of Illinois bonds, and local funding. While federal formula funding sources are relatively predictable and stable, the availability of federal discretionary, state of Illinois, and local funding sources is not reliable for capital programming purposes. Based on these projected annual average capital funding levels the current backlog will grow over time, potentially increasing from \$19.5 billion in 2013 to over \$25 billion in 2030.

Director Magalis indicated the immediate need to establish a task force to look for stable funding sources to provide for much needed infrastructure funding in the region. This proposal was echoed by other members of the RTA Board, as well as Ms. Redden.

Ordinance amending administrative authority with financial institutions

Ms. Reyna-Hickey explained that this ordinance amended a 2012 ordinance by adding new authority and updating position titles within the RTA that may affect fund transfers and enter agreements with financial institutions for banking/and financial services.

Director DeWitte moved, and Director Buchanan seconded that the proposed ordinance be approved as submitted. The motion carried on the following leave for last unanimous roll call vote:

6 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani (phone)

1 Absent: Director Anderson

Ordinance approving Pace's Revenue Bond Issuance

Ms. Reyna-Hickey explained that Pace is requesting the RTA Board approve a \$12,000,000 bond issuance for the purpose of converting a bus garage into a compressed natural gas facility. This is the first time that Pace plans to borrow pursuant to the authority of the RTA Act. Pace therefore does not have any currently outstanding indebtedness. The approved 2015 regional budget incorporated this anticipated indebtedness.

Director Buchanan moved, and Director DeWitte seconded that the proposed ordinance be approved as submitted. The motion carried on the following roll call vote:

6 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani (phone)

1 Absent: Director Anderson

ADJOURNMENT

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

6 Ayes: Directors Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani (phone)

1 Absent: Director Anderson

The meeting ended at 9:40 p.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority