

**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, June 25, 2015 at 9:10 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Magalis presided.

ROLL CALL

Committee members present (4): Anderson, Buchanan, Coulson, DeWitte, Lewis, Magalis and Troiani

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

Approval of minutes from the meeting May 21, 2015

Director DeWitte moved, and Director Buchanan seconded that the minutes from the meeting held on May 21, 2015 be approved as submitted. The motion carried on the following roll call vote:

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

Semi-annual report on Project Management Oversight (PMO)

Mr. Jim Hickey presented the Semi-Annual Report on Project Management Oversight. The 48 projects reported upon constitute a total of \$4.01 billion in transit capital projects. Two projects are over budget, one project is under budget, and the remaining projects, comprising 89%, are within budget. For the two projects that are over budget, the Service Boards have requested budget revisions. As to schedule adherence, 60% of projects remain on schedule with one project ahead of schedule. Ten projects are behind schedule for various reasons, including weather issues, operational constraints, and permit delays. Many of these delays are beyond the project management team's control. Four currently ongoing projects have change orders executed; however, 96% of the added cost was for added value to the project and no change orders were executed due to errors or omissions. Specific details regarding budget, schedule, and scope are included in the PMO Report.

Selected highlighted projects include the CTA Ravenswood-Loop Track Renewal, which will renew track components to remove 2.5 miles of slow zone between Merchandise Mart and Armitage Stations on the Brown and Purple Lines. Metra's highlighted project is Positive Train Control, on which Metra has made considerable progress with signal upgrades and onboard equipment installation. An extension to the federally-mandated deadline of December 2015 will be necessary for nearly all railroads in the U.S., including Metra. Finally, Pace continues to successfully purchase Paratransit vehicles. Previous purchases of similar vehicles were delivered under budget, which may again be the case with the current procurement.

**APPROVED BY THE FINANCE COMMITTEE
AUGUST 20, 2015**

Director Lewis asked if the RTA has a breakdown of total spending per contractor or vendor for projects, including DBE information. Mr. Hickey responded that the RTA PMO has typically not collected information regarding which contractors the Service Boards are selecting or any DBE information. Ms. Reyna-Hickey added that this information is something that the Service Boards maintain and that the RTA is only able to ask. Director Buchanan later followed up stating that it would be worthwhile to see how much work is being contracted with Illinois businesses versus those from out-of-state.

Director Magalis asked if the RTA is seeing a downward trend in project performance regarding the number of projects that are over budget and behind schedule. Mr. Hickey replied that this observation was correct. The Service Boards have two projects over budget and ten behind schedule, whereas, at the time of the previous PMO Report, zero projects were over budget and six were behind schedule. This is a result of the Service Boards' awareness that if any project control should be allowed to slip, schedule is the least unacceptable due to the urgent need to maintain budgets.

Director Frega then asked what work does the \$20 million in change orders represent. Mr. Hickey responded that the bulk of the added value change orders are represented by the addition of Positive Train Control capability to rail cars being delivered under Metra's Highliner procurement. Director Frega followed up by asking what percentage that represents, and Mr. Hickey stated that the PTC change order was for approximately \$16 million out of \$585 million.

Report on monthly financial results for April 2015

Ms. Reyna-Hickey provided a summary of the Service Board financial results for the year-to-date through April 2015. Ms. Reyna-Hickey stated that regional employment worsened in April for the third straight month, with the local unemployment rate increasing to 6.4%. The RTA system ridership through April was 2.3% unfavorable to budget and 2% lower than prior year. Pace Suburban Service ridership was down the most due to lower gas prices, severe winter weather, and the discontinuation of cash transfers in 2014. Operating revenue was 1.5% unfavorable to budget, and Ms. Reyna-Hickey noted that the potential loss of reduced fare funding from the State was beginning to impact both operating revenue and the Service Board recovery ratios. Operating expenses were 2.1% favorable to budget, with fuel savings representing about one-third of the variance. The system net result was \$13.8 million favorable to budget mainly due to expense performance, an improvement of \$4 million from last month's report. The regional recovery ratio of 48.5% was 0.3 percentage points unfavorable to budget, a variance which worsened somewhat from prior month due to the lower level of reduced fare funding.

Director Durante asked why we continue to see ridership loss and is our marketing campaign having any positive effect. Ms. Reyna-Hickey responded that it takes time for marketing campaigns to achieve results. Bus ridership is down nationally, and RTA ridership actually compares favorably to most of our peers. Lower gas prices have also caused some of the ridership loss.

Director Totten asked what ridership was doing the last time that gas prices were this low. Ms. Reyna-Hickey responded that staff would get this information to him.

Ordinance amending the 2015 Capital Program amendment - Second Quarter

Ms. Beth McCluskey reported that 2015 capital program revenues have increased by \$37.3 million in the second quarter, bringing the total program to \$1.189 billion. These increased revenues are attributed to CTA insurance settlement proceeds, CTA TIF funds, Pace positive budget variance (PBV) funds and previously programmed ICE funds. CTA added a project for improvements at the Grand and Jefferson Park stations on the Blue Line, components of the Your New Blue initiative. CTA also reprogrammed ICE funding toward the Material Management Information System (MMIS) and Enterprise Asset Management priority projects and increased funding for repairs to the North Main Branch of the Red Line. Pace added funding to the South Division CNG Facility construction initiative for project completion and contingency funding.

In addition to 2015 capital program revisions, the Board also approved State of Illinois funded project changes that had been programmed between 2010 and 2014 but are proposed for revision currently. These projects are approved to move forward at such time as State of Illinois funds become available for expenditure and include: CTA Peoria Street Station transfer of funds to allow for IDOT highway department to provide coordinated project management at this joint highway and transit site; CTA 95th Street Terminal project receiving unspent funds from the Dan Ryan Red Line track project; and, Metra: Healy Station receiving additional funding necessary from unspent funding on completed projects.

Director Lewis asked what is behind the change in Federal section 5307 and 5337 funding for Metra. Ms. McCluskey and Ms. Redden explained that this is just a revenue neutral housekeeping type adjustment to reflect funding in the correct way since the adopted budget contained an estimate for these sources.

Director Troiani moved, and Director Buchanan seconded that the proposed ordinance be recommended to the full Board for approval. The motion carried on the following roll call vote:

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

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.

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

The meeting ended at 9:35 p.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority