

**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 21, 2016 at 9:05 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, Ross, and Chairman Dillard

Approval of minutes from the meeting held on December 17, 2015

Director DeWitte moved, and Director Buchanan seconded that the minutes from the meeting held on December 17, 2015 be approved as submitted. The motion carried on the following roll call vote:

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

1 Absent: Director Anderson

Report on monthly financial results – November 2015

Ms. Reyna-Hickey provided a provided a summary of the Service Board financial results through November 2015. Ms. Reyna-Hickey stated that regional unemployment increased 0.1 percentage points to 5.4% in November, which was 0.4 percentage points higher than the national average. RTA system ridership through November was 1.5% unfavorable to budget and 0.1% lower than prior year, but November ridership was higher than prior year. Ms. Reyna-Hickey recapped the situation with the State Reduced Fare Reimbursement (RFR) funding and how it may impact 2015 and 2016 results. She stated that the State reduced funding to \$17.5 million for State fiscal year 2015 and the level of funding for State fiscal year 2016 is still unknown. As a result, the Service Boards have stopped accruing the RFR for the second half of RTA fiscal year 2015 and are reporting a shortfall relative to budget. System operating revenue was 1.5% unfavorable to budget due to lower accrual of the State reduced fare reimbursement. However, public funding results are strong, with sales tax through September tracking about 4.6% higher than 2014. Regional operating expenses were 2.2% favorable to budget through November, with fuel savings representing about 40% of the variance.

The system net result was \$83.0 million favorable to budget, a \$15.8 million improvement from last month's report, due to good Service Board expense performance and strong public funding results. The regional recovery ratio of 52.3% was 0.2 percentage points unfavorable to budget, but exceeded the statutory requirement by a significant margin, despite the operating revenue shortfall from budget.

Director DeWitte asked for a progress update on any potential legislative solution to mandated free and reduced fare rides (RFR), stating that providing this service places a significant burden on the Service Boards especially when the funding is reduced. Ms. Redden responded that she does not have a definite answer, but it continues to be something that she and the Service Board CEOs are working on to advance legislatively and also possibly administratively. Ms. Redden qualified that the legislation would only apply to free rides. Ms. Reyna-Hickey added that even though the RTA budgeted for \$34 million in RFR, providing the program actually costs the Service Boards \$80-\$100 million annually.

Director Frega stated that as a senior, he can afford to pay for his rides and he believes that anyone who can afford to do so should.

Director Buchanan commented that a news article stated the CTA is getting new buses. He asked where the funding for these buses is coming from. Ms. Redden responded that the Service Boards each have their own annual and 5-year capital program. She said that money is tight but there is still federal funding coming in. Ms. Reyna-Hickey added that she will have to look at the exact source but that it is likely federal.

Director Lewis asked what the ongoing impact of lower fuel prices is on ridership and expenses. Ms. Reyna-Hickey noted that the Finance staff produced an elasticity analysis for Director Hobson that she would share with him. The analysis looks at how low/high fuel prices need to go before they impact customers' travel decisions.

ADJOURNMENT

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

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

1 Absent: Director Anderson

The meeting ended at 9:20 p.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority