

**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, September 13, 2018** at 8:35 a.m., in Suite 1650, 175 W. Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Magalis presided.

ROLL CALL

Committee members present (5): Coulson, Kotel, Lewis, Maglis, Troiani

Committee members absent (2): Anderson, Melvin

Other Board members present: Durante, Frega, Fuentes, Higgins, Ross, Sager, Chairman Dillard (@ item 4a)

Approval of minutes from the meeting held on August 23, 2018

Director Troiani moved, and Director Lewis seconded that the minutes from the meeting held on August 23, 2018 be approved as submitted. The motion carried on the following roll call vote:

5 Ayes: Directors Coulson, Kotel, Lewis, Maglis, Troiani

2 Absent: Directors Anderson, Melvin

Report on Monthly Financial Results – July 2018

Mr. Tim McGowan, Senior Analyst, opened by stating that favorable ridership and expense performance combined to offset unfavorable operating revenue for a good month.

RTA system ridership though July was 0.4% higher than budget and 2.7% lower than prior year. CTA and Pace ADA reported year-to-date ridership results above budgeted levels, while Metra and Pace recorded ridership shortfalls of 1.6% and 2.6%, respectively, through July.

Operating revenue was \$9.5 million or 1.4% unfavorable to budget, primarily due to the lower level of reduced fare reimbursement funding from the State. Although their 2018 budgets assumed \$34 million of reduced fare funding, the Service Boards are accruing at half that level in order to reflect the State appropriated amount in their reported results and recovery ratios. Pace's operating revenue variance was 5.9% unfavorable, due to unfavorable fare revenue and reduced fare funding, while ADA Paratransit had a favorable operating revenue result, due to favorable fare revenue and ancillary revenue.

**APPROVED BY THE FINANCE COMMITTEE
OCTOBER 18, 2018**

Public funding was 0.1% unfavorable to budget, although June is looking to be a strong sales tax month with results projected to be 4.4% higher than 2017, prior to the 1.5% state surcharge. Despite the good sales tax results, public funding is currently \$0.8 million unfavorable to the 2018 budget. System-wide operating expenses through July were \$27.8 million or 1.8% favorable to budget, with all Service Boards favorable. Metra, Pace, and Pace ADA each had a significant unfavorable result in fuel expenses, due to both rising fuel prices and increased fuel consumption during the earlier part of the year. All three Service Boards have done a good job managing expense performance in other categories in light of higher fuel expenses. Metra, Pace, and Pace ADA each had favorable expense performance exceeding 3.0%.

At the regional level, favorable operating expenses more than offset the unfavorable operating revenue, producing a net result which was \$17.5 million favorable to budget, an improvement of \$6.5 million from last month's report. Only CTA's net result was unfavorable due to unfavorable PTF and the lower accrual of reduced fare funding. Through July, the regional recovery ratio of 51.2% continues to increase and is favorable to budget by 0.3 percentage points. The Fare Revenue recovery ratio of 36.9% and the All Revenue recovery ratio of 43.0% were significantly higher than prior year, reflecting the impact of the Service Board fare increases. CTA's recovery ratio lagged budget by 0.7 points due to their operating revenue shortfall, while Metra's recovery ratio was significantly higher than budget, driven by favorable expense performance.

In summary, July was a good month and to date, the Service Boards have done a good job controlling costs to offset the reduced fare and PTF funding shortfalls. The RTA will continue to monitor ridership, public funding, and fuel expense in particular in the coming months.

Director Magalis noted the importance of the Service Boards maintaining expenses during this period of decreased ridership and State funding cuts.

Ordinances authorizing the amendment to the 2018-2022 Capital Program and extending ICE funded projects

Ms. Tatiana Jane presented two ordinances authorizing the amending of the 2018-2022 Capital Program and extending ICE funded projects.

The first approves the amendment to the 2018-2022 Capital Program and incorporates changes in program revenue and expenditures for CTA and Pace. The funding increase for the 2018 Capital Program is \$25.36 million, which reflects reprogramming of State bond and RTA 2018B bond funds for CTA, revenue and expense increase associated with the release of the final 2018 federal formula funds, and increased Positive Budget Variance for Pace.

The second ordinance approves time extensions of 12 months for implementation of 11 ICE projects: 5 for the CTA, 4 for Metra and 2 for Pace. No additional funding is requested for this ordinance.

Director Lewis asked if there were additional funds available from the bond sources because the reprogramming would be reallocating the priorities versus a net increase. Ms. Jane responded that the \$21.35 million is reprogrammed old funds that were programmed in 2017, with some in 2015 that are state bond funds. This is a reprogramming from certain projects because of changing priorities. The \$4.1 million is new funding that consists mostly of federal formula funding and is additional funding for 2018. The CTA and Pace had already included in their previous capital program and Pace elected to do it this quarter.

Director Lewis then asked if there was new funding for Metra. Ms. Jane responded that the funding added to the 2018 capital program was reprogrammed from previous years.

Director Troiani moved, and Director Lewis seconded that the proposed ordinances be recommended for Board approval as submitted. The motion carried on the following roll call vote:

5 Ayes: Directors Coulson, Kotel, Lewis, Maglis, Troiani
2 Absent: Directors Anderson, Melvin

ADJOURNMENT

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

5 Ayes: Directors Coulson, Kotel, Lewis, Maglis, Troiani
2 Absent: Directors Anderson, Melvin

The meeting ended at 8:50 a.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority