

Meeting of the RTA Board of Directors

June 20, 2024

Welcome! Meeting Starts at 9 a.m.

Meeting Agenda: rtachicago.org



1. Call to order

Pledge of allegiance



RTA Board of Directors meeting

- Roll call
- Approval of minutes

4. Public comment



5. Executive Director's report



Legislative update



Community Planning Public Comment Period

- 122 total applications
 - 21 Community Planning program applications
- Priority given to applicants from High and Very High need communities
- Public comment period June 17 – 28
- rtachicago.org/cp



Update on Chicago/Halsted bus lanes

The screenshot shows the Chicago Transit Authority (CTA) website. The main headline is "CDOT and CTA Announce New Dedicated Bus-Only Lanes Along Chicago Avenue" dated May 28, 2024. The sub-headline reads "New Bus Lanes Will Improve Transit Efficiency on One of Chicago's Most Popular Routes". The article text states that CDOT and CTA announced new investments on Chicago Avenue to improve bus reliability for the #66 Chicago Avenue route. It mentions the installation of red bus-only lanes between Sangamon Street and Larrabee Street, and bus priority lanes between Grand Avenue and Campbell Avenue. A sidebar on the right contains "Quick links" for Schedules, Fares, Maps, Alerts, Trackers, and Ventra, as well as a "System status snapshot" showing all lines (Red, Blue, Brown, Green, Orange) in "Normal Service".

The screenshot shows a Streetsblog Chicago article. The title is "CDOT responds to previous criticisms of Chicago/Halsted plan with tweaks to make it more walk/bike/bus-friendly". The article is categorized under "BALLY'S CASINO PROJECT" and is written by Cameron Bolton. The text states that the new design includes recently installed bus lanes, raised bike lanes, and a relatively bike-friendly Chicago/Halsted intersection. Below the text is a photograph of a city street scene with a bus and pedestrians.



Today's agenda



6. Information items

6a. Presentation of the Semi- Annual Project Management Oversight Report



PMO Program

- RTA Requirement
- Project Implementation and Delivery
- Transparency
- RTA website and RTAMS



State Project Life Cycle



PMO Projects

Projects	Budget (\$ million)	Total Number of Projects
State Funded	\$4,201.9	81
\$10M or More	\$3,995.4	28
Total Projects	\$8,197.4	109

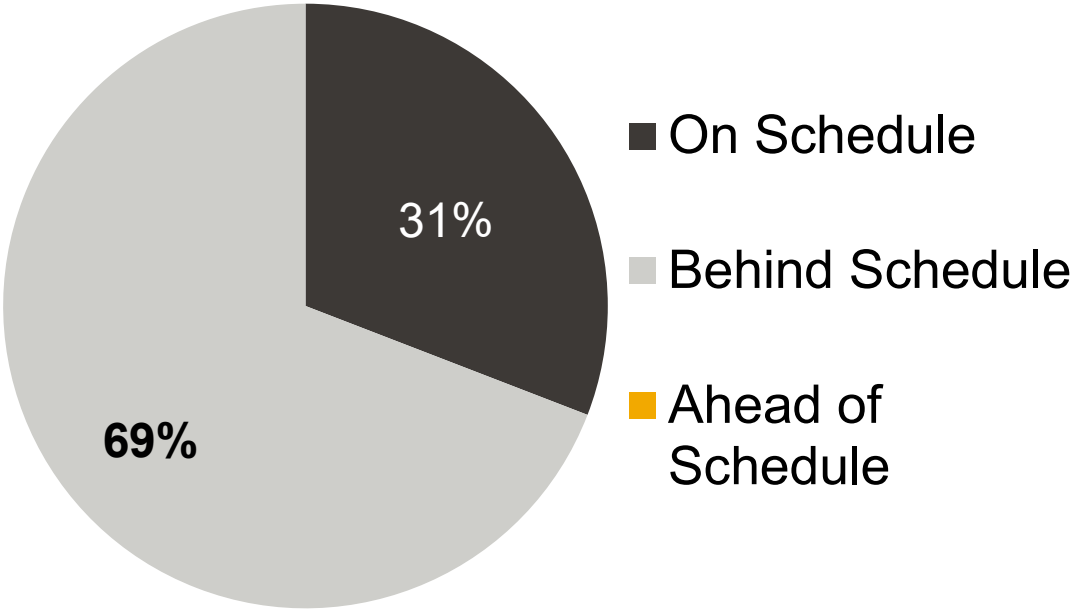


State Funded Program Expenditures

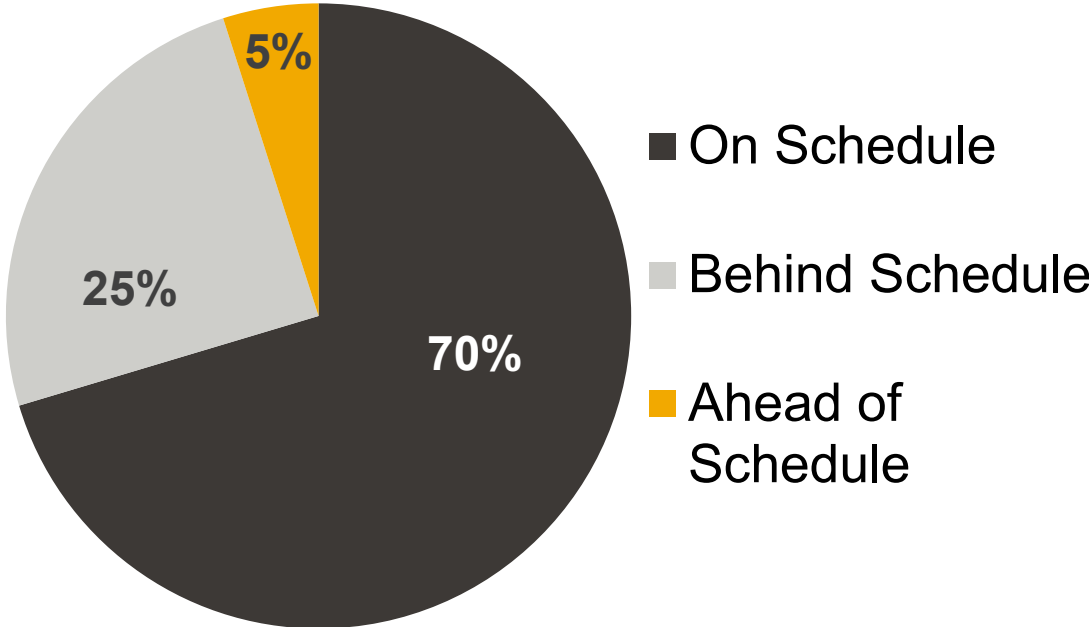
Funding Source	Total Awarded (\$ million)	Expended (\$ million)
Rebuild Illinois	\$2,603.0	\$738.6
PAYGO	\$1,135.0	\$619.0

Project Schedule Performance

Preliminary Schedule



Project Implementation Schedule



Project Highlights - CTA

- New Training and Control Center Operations
 - Modern state of the art technology
 - Heightened security and power redundancy
 - Centralized training facility
 - Budget \$240M
- Status
 - Design at 60%
 - Coordination with ComEd
 - Planned completion – March 2027



Project Highlights - Metra

- 79th Street, 87th Street, 103rd Street Station Rehabilitation
 - Metra's Electric Community Initiative
 - Accessible stations with elevators
 - Budget - \$61M
- Status
 - Staged construction
 - Masonry, electrical, and structural work in progress at 79th & 103rd Street Stations
 - Planned completion February 2025



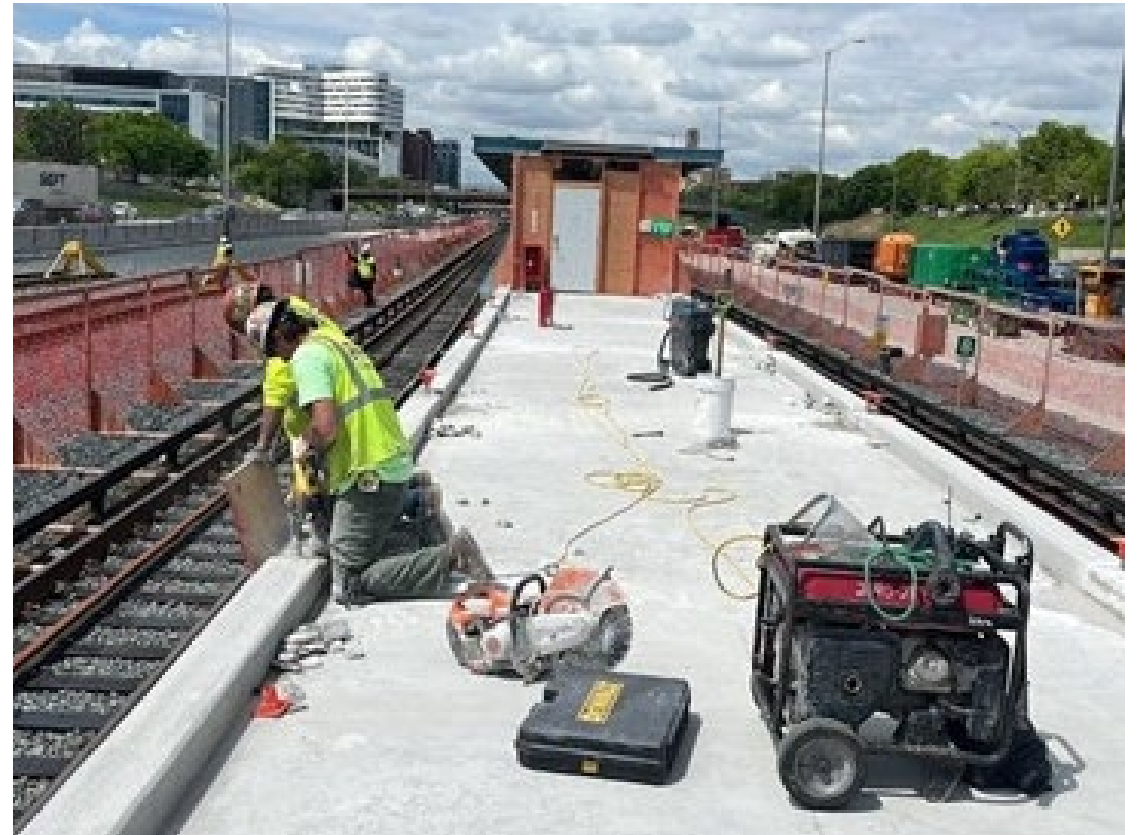
Project Highlights - Pace

- ADA Transfer Facility - Schaumburg
 - Indoor waiting area and restrooms
 - ADA and fixed route connections
 - Additional parking with EV charging stations
 - Budget \$6M
- Status
 - Foundation poured
 - Underground utility connections completed
 - Planned completion January 2025



Future Capital Needs

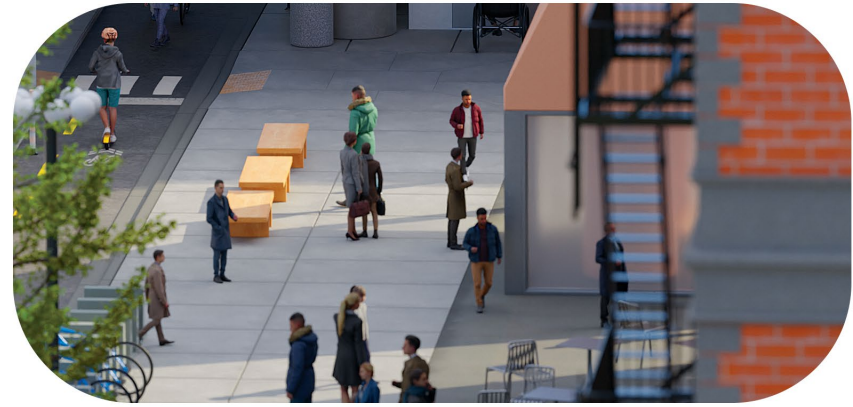
- Rebuild Illinois and PAYGO provided a helpful infusion of funding but it's not enough to address the long-term back log
- Transit is the Answer – annual investment of \$3.5 billion needed over the next 10 years



Questions?

6b. Transit is the Answer update





PROJECT UPDATE



Action Item 04

Make paying for transit more **seamless** and more **affordable**



Fare Innovation

- Affordable pass pricing
- CTA and Pace pass integration
- Metra zone restructure, \$3.75 outside of downtown fare
- Fair Transit South Cook Pilot completion
- Access Pilot
- Rideshare Access Program (RAP)
- Free fixed route rides for ADA customers on Pace, CTA to be added soon
- RTA modernizing and simplifying fare program administration

Regional Day Pass

- Single product for unlimited rides across the regional system
- Will be available in the Ventra app
- Will build on the monthly Regional Connect Pass, offering a lower cost option
- Will be funded by RTA
- Will launch later in 2024

Metra Zones	Full Fare/Reduced Fare RDP Weekday	Full Fare RDP Saturday or Sunday
1-1, 1-2, 2-3-4	\$10/\$6	\$10
1-3	\$13.50/\$8	\$10
1-4	\$16/\$9	\$10



Building a More Equitable Fare Structure

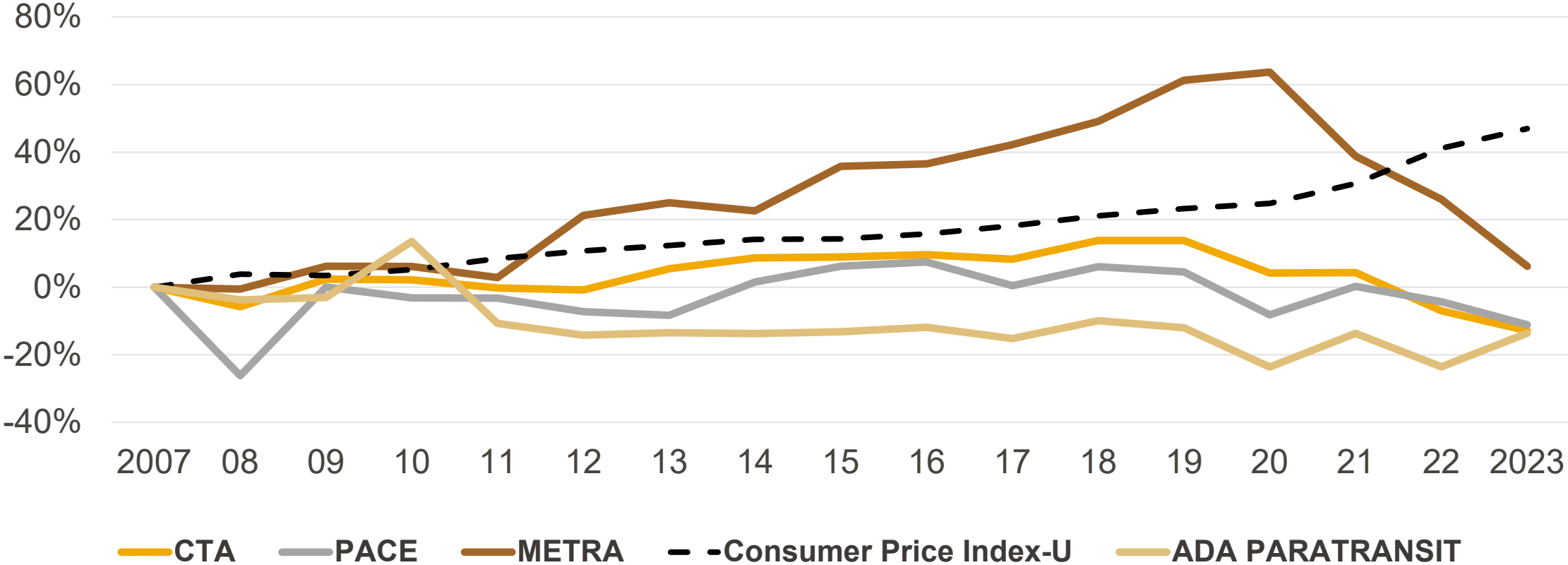
- Meets requirements of Public Act 103-0281

Summary Findings

- 14 specialized fare programs
- 2019 free and reduced fare programs totaled \$180 million in cost
- 317,000 individuals enrolled in the RTA programs
- State funds cover just a small portion of total cost
- Costs not covered by dedicated state funding are at the expense of service

Transit Affordability

Change in average fare and inflation, relative to 2007



Recommendations

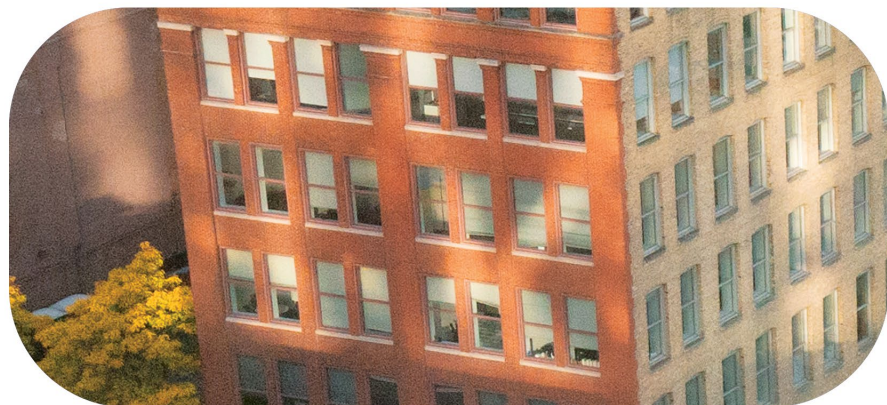
- Regional Access
 - Fully funded, consolidated income-based program that builds upon the existing programs
- Full funding of ADA Paratransit
- Funding for critical programs helps address the budget gap

Projected Costs of Fully Funding ADA Paratransit and Regional Access (in millions)

State Funded ADA Paratransit Operations	\$250
State Funded Regional Access	\$332
Existing Free and Reduced Programs	\$180
Expanded Income-Based Program	\$152



LEGISLATIVE



UPDATE

Illinois General Assembly Session Conclusion and SFY 25 Budget Overview

- \$53.1 billion state spending plan
 - New state revenues to support spending
 - Enhancements to the sales tax
- Veto session scheduled:
 - Tuesday, November 12 – Thursday, November 14
 - Tuesday, November 19 – Thursday, November 21

State Appropriations for Transit

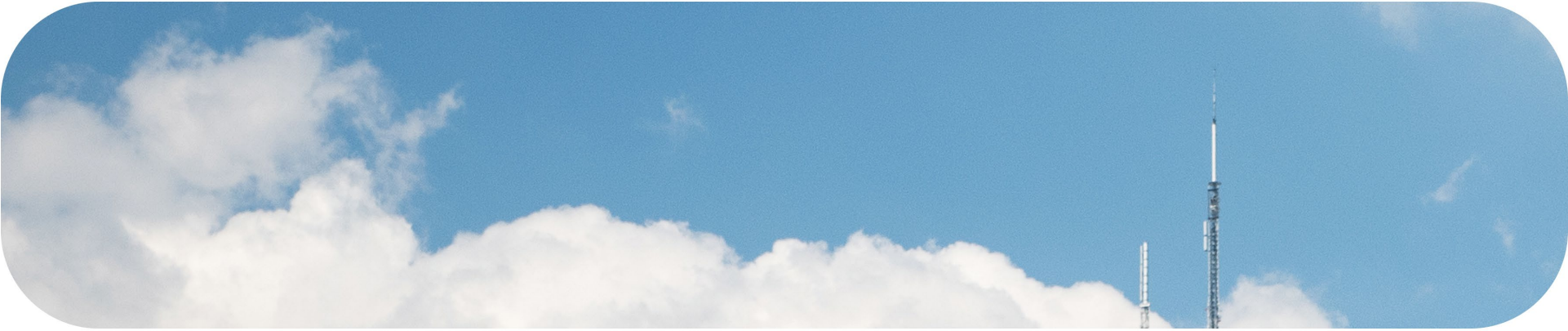
- Potential for enhanced sales tax revenues for transit
- Appropriations for Free and Reduced Fares, ADA Paratransit increased by \$3 million total
 - \$20.96 million for Free and Reduced fares
 - \$10.02 million for ADA
- SFY25 transit appropriations consistent with previous levels:
 - Public Transportation Fund (PTF)
 - Regional Transportation Capital Improvement Fund (PAYGO)



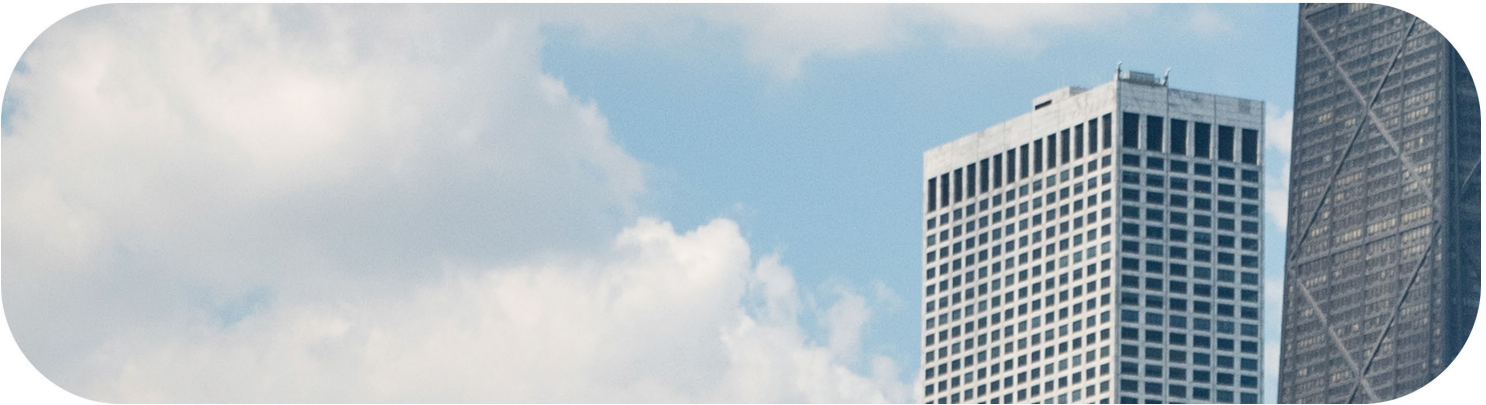
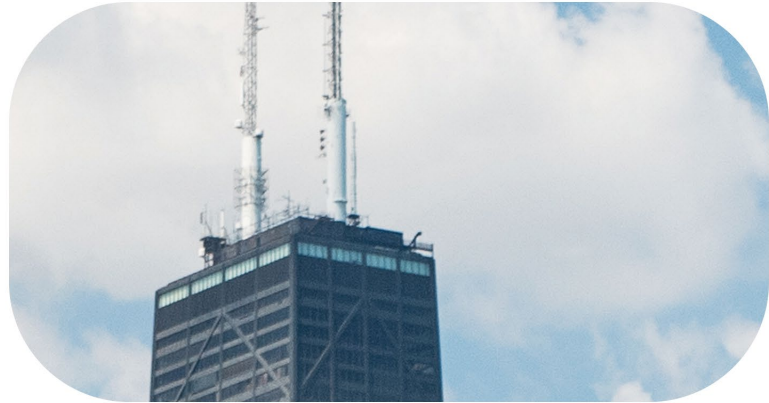
Other Legislative Measures and Next Steps

- Additional legislation passed:
 - Rolling stock donations
 - NTSB Safety Recommendations
- Potential series of legislative hearings ahead of the fiscal cliff
- Continued outreach to key legislators and legislative staffs

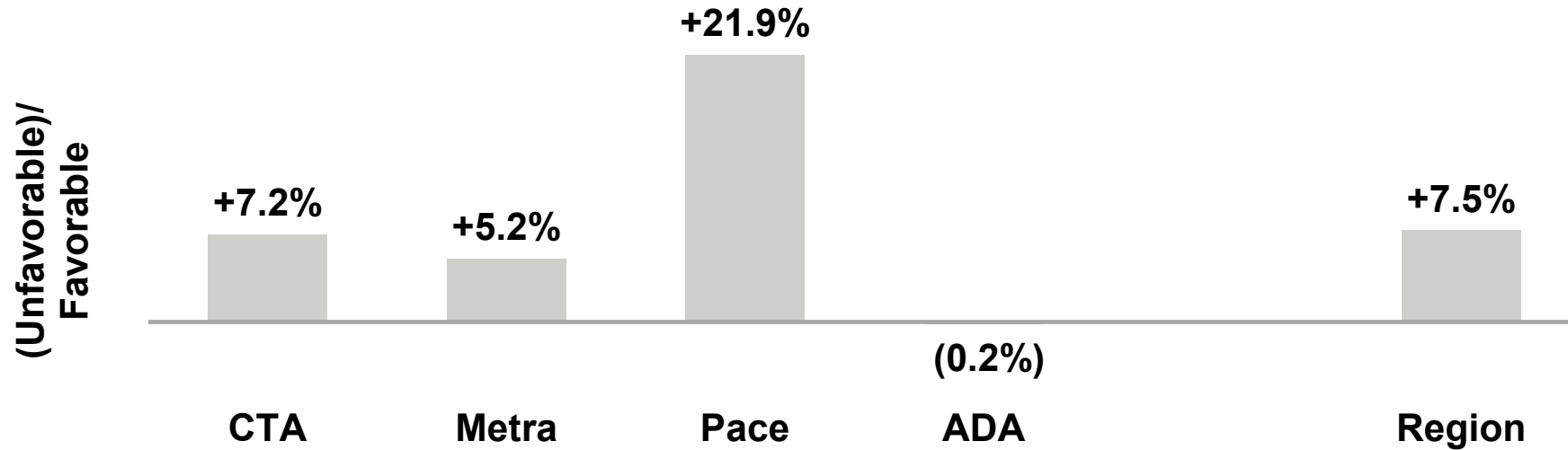




FINANCE



Operating deficit variances from budget YTD through April

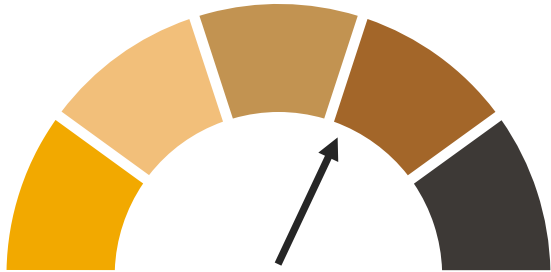
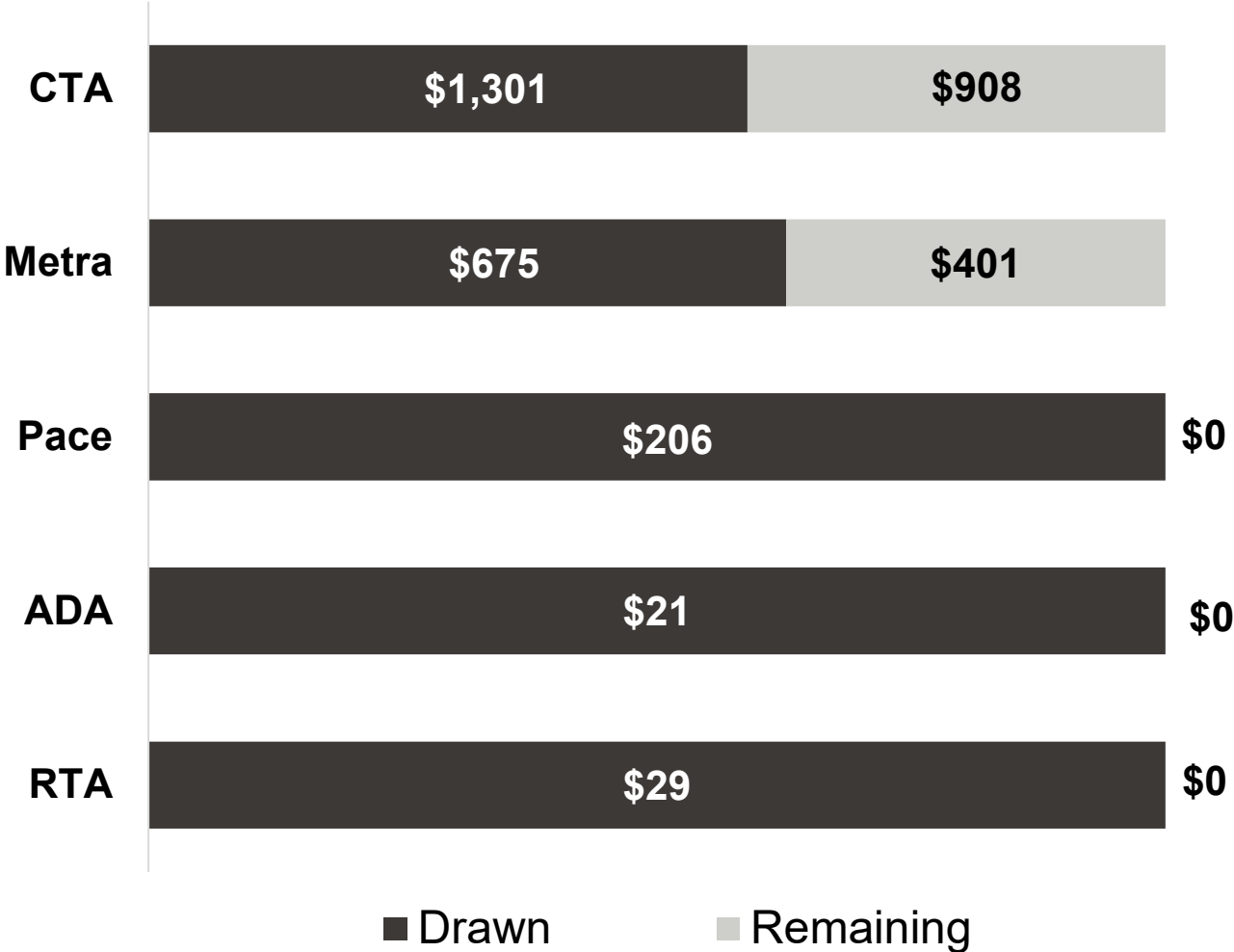


(in millions)

	CTA	Metra	Pace	ADA	Region
Budget	(\$531.6)	(\$269.8)	(\$97.2)	(\$76.4)	(\$974.9)
Actual	(\$493.6)	(\$255.7)	(\$75.9)	(\$76.5)	(\$901.7)
Variance	\$38.0	\$14.1	\$21.3	(\$0.2)	\$73.2



Relief funding drawn (in millions)



**Region Total
Drawn = 63.0%**

**\$2.231B
of
\$3.541B**



7. Action items

7a. Ordinance approving and releasing the RTA 2023 Annual Comprehensive Financial Report (ACFR)



Regional Transportation Authority

Presentation of Audit Results to the Board of Trustees

June 20, 2024



Agenda

- 1 Introductions
- 2 RSM Audit Scope
- 3 Audit Process and Methodology
- 4 Audit Results
- 5 ACFR, JSIF, Special Purpose and Pension
- 6 Federal Compliance Audit (Single Audit)
- 7 Required Communications and Conclusions

Presenting Today



Bill Sarb
Partner

Served as the overall audit team leader for all of the RTA engagements



Katie Rodriguez
Manager

Manager on the RTA engagements



Maria Prado
Partner – Prado and Renteria

DBE Firm Partner and leader of DBE staff assigned to RTA audits



DBE Partnership

- DBE goal for the contract is 12%
 - Currently on track
- Direct assistance provided by Prado and Renteria staffing resources performing work on the pension audit, ACFR financial statement audit and the federal compliance audit (single audit)
- RSM and Prado and Renteria are committed to our DBE partnership and are working on a goal to expand their role on the RTA 401k audits in the future

Scope of RTA's External Audit and Attestations

- Annual Comprehensive Financial Report (ACFR)
- Special Purpose Combining Financial Report
 - Statutory Basis Compilation of RTA and three service boards
- Joint Self-Insurance Fund (JSIF)
- RTA, Metra and Pace Pension Plan
 - Plan Financial Statements
 - Plan Allocation Schedules (GASB 68)
- Single Audit (Uniform Guidance Report)
- RTA 401k Plan

Responsibility of External Auditor

Our responsibilities under auditing standards generally accepted in the United States of America, have been described to you in our arrangement letters dated March 28, 2024:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the RTA and its environment, the applicable financial reporting framework, and the RTA's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Considered RTA's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of RTA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit;
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Concluded, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RTA's ability to continue as a going concern for a reasonable period of time.

Audit Process and Innovation

The external audit process is a significant effort which takes strong communication between all involved, we worked with management and internal audit to perform our audit by using out tools and technology to achieve our common goals.



Audit methodology



UNDERSTAND THE CLIENT

- Business objectives
- Financial performance
- Accounting policies
- Internal control




RISK ASSESSMENT

- Risk of material misstatement (error or fraud)
- Significant risks
- Control deficiencies




FURTHER AUDIT PROCEDURES

- Tests of controls
- Substantive analytical procedures
- Substantive tests of details



EVALUATION

- Audit evidence
- Uncorrected misstatements



DELIVERY

- Issue reports
- Governance communication

Audit Results

- We anticipate the issuance of or have issued an unmodified “clean” opinions over the following:
 - JSIF – Completed in March as required by Statute
 - RTA, Metra and Pace Pension Plan
 - Annual Comprehensive Financial Report
- No material weaknesses were identified during our audit
- Results associated with the audit team’s specifically identified audit risks – tested, no material exceptions noted
 - Management Override of Controls
 - Fraudulent Revenue Recognition
 - Actuarial valuation of net pension liability
 - Valuation of investments

Annual Comprehensive Financial Report

- Financial Highlights
 - RTA awarded GFOA Certificate for excellence in financial reporting for the 29th consecutive year
 - No new debt was issued in 2023
 - General Fund Budgetary Highlights
 - The actual change in revenues over expenditures of \$219 million, excluding other financing (Debt Service) use was \$33 million higher than the budget figure of \$186 million
 - Revenues and expenditures exceeded budget by \$571 million and \$547 million respectively, largely due to additional state grant funding passed through to the three service boards

Region-Wide Special Purpose Combining Financial Report Attestation

- Independent Accountant's Compilation Report
 - Report to be submitted to the State
 - Each Service Board received an independent audit and submit their audited financial statements to RTA
 - Each Service Board certified their final recovery ratio to the RTA
- Recovery Ratios for 2023
 - The financial penalties for not meeting the region-wide statutory requirements have been waived by P.A. 102-0678 in response to the pandemic
 - The region-wide recovery ratio of 42.80%
 - The ADA Paratransit recovery ratio of 10.27%

Additional Financial Audit Reports

- Joint Self-Insurance Fund (JSIF)
 - Net position of \$23.0 million
 - RTA distributed nearly \$10.5 million from the General Fund
 - Insurance premiums were \$9.3 million
- RTA, Metra and Pace Pension Plan
 - Includes non-union employees of RTA, Metra and Pace
 - Combined employer contributions of \$61.1 million were made during 2023
 - Financial market upturns had a positive impact in 2023, the return on plan investments yielded a \$38.2 million increase on plan assets.
 - Market funded ratio increased from 67.5 % in 2022 to 80.0% in 2023

Federal Compliance Audit

- Single Audit
 - The RTA reported total federal expenditures of \$2.4 million in 2023
 - Significant Federal Programs by Assistance Living Number
 - 20.507 – Federal Transit Formula Grants – Part of Federal Transit Cluster
 - 20.513 – Enhanced Mobility of Senior and Individuals with Disability – Transit Services Cluster
 - 20.516 – Job Access Reverse Commute (JARC) – Transit Services Cluster
 - Based on the results of the expenditures in 2023, we determined that the Transit Services Cluster was the only required major program needing to be tested
 - We performed detailed testing procedures over the major program and to date, we have not identified any instances of noncompliance, procedures are ongoing

Required Communications

Area	Comment
Significant or unusual transactions	We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Audit or Other Adjustments	There were no adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatement – Passed Adjustments	There were no uncorrected misstatements or passed adjustments noted.
Preferability of Accounting Policies and Practices	Under GAAP, in certain circumstances, management may elect among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.
Alternative Treatments Discussed With Management	We noted no alternative treatments within GAAP for accounting policies and practices related to material items that were discussed with management during the current period.

Required Communications (continued)

Area	Comment
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	Management did not have any consultations with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communications Between Management and Our Firm	<ul style="list-style-type: none"> • Arrangement Letter • Management Representation Letter

Concluding Thoughts

- We worked closely with Kevin Bueso, John Yu, Celestine Thornhill and the rest of the Finance team to work through our understandings and procedures over the financial statements
- Strong communication on both sides (including regular status meetings both in-person and via Microsoft Teams) proved to be key to getting to this point

Thank you for your time
and attention

Questions and Answers

THE POWER OF BEING UNDERSTOOD

ASSURANCE | TAX | CONSULTING

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**7b. Ordinance
approving the
Combining Financial
Report and certifying
compliance with the
RTA Act recovery ratio
requirement for 2023**



**7c. Ordinance
authorizing an
intergovernmental
agreement with
Service Boards to
fund a Regional Day
Pass (RDP) pilot**



7d. Ordinance authorizing a contract for 2025 Customer Satisfaction Survey



7e. Ordinance authorizing a contract for aerial photography



7f. Approval of travel expense reimbursement(s)



8. New business

9. Executive Session

IOMA Section 2(c)(3) - Personnel

Adjournment

The next meeting of the RTA Board of Directors is scheduled for Thursday, July 18.

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