

OPERATING BUDGET TWO-YEAR FINANCIAL PLAN AND FIVE-YEAR CAPITAL PROGRAM



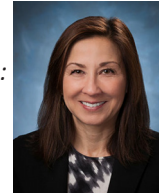
RTA Board of Directors



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Kirk Dillard**
Appointing Authority:
RTA Board of Directors



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Appointing Authority:
Suburban Cook
County



Sarah Pang
Appointing Authority:
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Christopher C. Melvin, Jr.
Appointing Authority:
City of Chicago

Letter from the Executive Director

The 2015 Operating and Capital Business Plan presented here represents the culmination of a comprehensive budget process and a commitment to renewing and enhancing the public transportation network for the residents of our region. The 2015 budget, undertaken by new regional transit leadership, aligns with our overall goals for the region: to work in a collaborative manner with the Service Boards focusing on a balanced budget, a regional capital program, and identifying efficiencies here at the RTA. Highlights of the 2015 budget process include:

- Reaching agreement on the operating funding levels for the Service Boards, ahead of the statutory deadline, through a collaborative process;
- Allocating all three Service Boards a share of the sales tax funds not allocated by formula, previously limited to CTA and Pace;
- Increasing funds for the Service Boards by directly programming state authorized Innovation, Coordination and Enhancement (ICE) funds through the budget process; and
- Bond issuances and CTA's federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan that bring more than a billion dollars in capital funding to the region.

The budgets also include new enhancements for riders. CTA will add service to address rail crowding, open the new Cermak/McCormick Place rail station, and implement new safety and security initiatives and an improved rail and bus cleaning program. Pace will increase off-peak services, restructure routes to improve coordination and schedule adherence, and continue development of Arterial Rapid Transit (ART) service on Milwaukee Avenue. Metra will provide a new mobile ticketing application, enhanced services for special events, and Rock Island service improvements. Additionally, the RTA will launch a consumer marketing campaign to attract new riders to the transit system during off peak hours where capacity exists.

In order to remain a world class region, we must seek an increase in capital investment for our transit system. The latest RTA Capital Asset Condition Report states our region needs to spend \$1.3 billion annually to maintain our existing capital infrastructure and keep our State of Good Repair backlog from growing. This amount is in addition to a \$20 billion backlog in past due projects. The financing programs pursued by the RTA and Service Boards take a step towards addressing chronic state and federal underinvestment in capital infrastructure. These local initiatives add \$1.2 billion to the five-year capital program with \$763 million available in 2015.

To that end, the RTA will again issue \$100 million in bonds for the Service Boards' capital programs, as it did in 2014. Similarly, Metra plans to issue bonds or alternative financing for the first time in its history to support a rail fleet modernization program. Pace will fund new bus facilities, including conversion of one garage to Compressed Natural Gas (CNG) technology, with its first bond issuance and CTA plans to use the TIFIA loan to purchase rail cars and continue the Blue Line O'Hare Branch rehabilitation.

The leaders of the RTA, CTA, Metra, and Pace are committed to working together to maintain balanced budgets and deliver the transit service our region's residents deserve. We will also continue to seek the capital funding needed to achieve the vision of our Strategic Plan to become "a world-class regional public transportation system providing a foundation to the region's prosperity, livability, and vitality."



Leanne P. Redden, Executive Director

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1 EXECUTIVE SUMMARY



**Regional
Transportation
Authority**

Introduction

The Regional Transportation Authority (RTA) 2015 Budget, Two-Year (2016-2017) Financial Plan, and Five-Year (2015-2019) Capital Program represents the consolidated business plan of the RTA system. The RTA Agency provides funding, planning, and financial oversight for regional bus and rail operations in Northeastern Illinois as set forth by the RTA Act and its subsequent amendments. Three independent Service Boards, the Chicago Transit Authority (CTA), Metra, and Pace, have operational responsibility for the provision of public transportation services in the region. In reviewing this document it is important to note that the Service Boards operate as separate legal entities with independent boards of directors. The Service Boards each have adopted an individual operating budget and capital program through their own Board processes. The information provided in this document reflects the Region’s funding and service conditions when the RTA Board adopted Ordinance 2014-68 on December 17, 2014, which approved the operating budgets and capital programs of the Service Boards, the RTA Agency, and the Region as a whole.

Chapter 1, the Executive Summary, provides a regional summary of the consolidated business plan. Chapters 2 – 6 provide detail on the operations, budgets, and financial plans for the RTA, CTA, Metra, Pace Suburban Service, and Pace ADA Paratransit. Chapter 7 provides an overview of regional performance measurement, and Chapter 8 reviews the capital program of the region. A set of appendices include supplemental ridership, sales tax, and demographic data; a description of the budget process; financial policies; the governance structure; and the 2015 adopted budget and capital program ordinance.

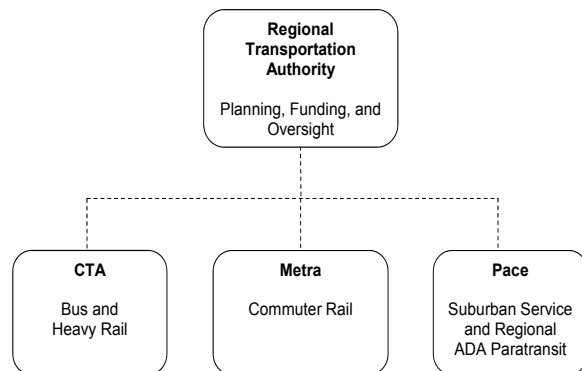
The RTA Act designates the RTA as the primary public body in the region to secure funds for public transportation.

Overview

The RTA’s six-county region encompasses the Illinois counties of Cook, DuPage, Kane, Lake, McHenry, and Will. The RTA Act designates the RTA as the primary public body in the region to secure funds for public transportation. The RTA is authorized to impose taxes, issue debt, and allocate federal, state, and local funds to finance the operating and capital needs of public transportation in the region.

The RTA Board of Directors governs the Agency. The CTA provides bus and heavy rail service in the City of Chicago and 35 adjoining suburbs. Metra provides commuter rail service throughout the six-county region. Pace provides bus service within the suburbs and between the suburbs and the City of Chicago, and also provides Dial-a-Ride, vanpool, and ADA Paratransit service for the entire region (Exhibit 1-1).

EXHIBIT 1-1: RTA & SERVICE BOARD STRUCTURE



Each year, the RTA Board must adopt an annual budget, two-year financial plan, and five-year capital program for each Service Board. The principal features of this process are as follows. The RTA Act requires the RTA Board to approve the funding amounts for each Service Board by September 15th. The funding amounts include the projected funding levels for the annual operating budget, two-year financial plan, and the five-year capital program, and also stipulate the required recovery ratio for each Service Board’s operation.

The approved funding amounts guide the development of the Service Boards’ budgets. Each Service Board prepares and publishes, for public hearing and comment, a proposed budget and capital program document that conforms to the RTA funding amounts. After considering public comment, the CTA, Metra, and Pace boards adopt their respective budgets. In November, the adopted budgets are submitted to the RTA, which consolidates the Agency and Service Board budgets into a proposed RTA regional budget and capital program document. The RTA Board releases this document for public hearing and comment before considering the regional budget for adoption in December.

Service Characteristics

The six-county Northeastern Illinois region has more than 8.3 million residents and spans 3,749 square miles. The RTA system includes more than 6,000 buses, rail cars, and locomotives, plus over 700 vanpool vehicles. The system provides an average of over two million rides per weekday on more than 350 routes through approximately 380 stations, as shown in Exhibit 1-15 at the end of this chapter. The combined assets of the RTA system, including the CTA subway tunnels, have a replacement value of over \$158 billion. With an average asset life of over 25 years, the RTA system requires about \$1.6 billion in capital funds each year to maintain and preserve the existing infrastructure.

Environmental Outlook

RIDERSHIP

In 2013, RTA system ridership declined by 2.2% to 651.4 million, due primarily to the five-month closure of the Dan Ryan branch of CTA’s Red Line for reconstruction. Ridership is expected to end 2014, a year which began with record cold temperatures, with a further decrease of 1.5%. In the 2015 budget, RTA system ridership is projected to increase by 0.5% to 645.3 million (Exhibit 1-2). On a percentage basis, Pace ADA Paratransit projects the largest ridership growth at 4.9% as demand for that service continues to increase, followed by Pace

EXHIBIT 1-2: RTA RIDERSHIP BY SERVICE BOARD (IN MILLIONS)

	2013 Actual	2014 Estimate	2015 Budget	2015 Growth
CTA	529	519	523	+1%
Metra	82	83	82	-1%
Pace	36	36	36	+1%
ADA Paratransit	4	4	4	+5%
Region	651	642	645	+1%

Suburban Service at 1.4%. CTA, which continues to provide over 80% of the region’s rides, anticipates a 0.7% ridership increase in 2015, with rail and bus ridership growing by 1.1% and 0.4%, respectively. Metra ridership is projected to decrease by 1.1% in 2015 as customers adjust to a fare increase.

REGIONAL ECONOMY

In the last several years the region’s economy and corresponding sales tax collected in the region have increased steadily. Sales tax results have been higher than the prior year’s results by over 4% for years 2010-2014 representing a period of consistently strong sales tax growth for the past five years. Sales tax growth has been aided by the RTA’s efforts to end sales tax rebate agreements that improperly divert sales taxes to municipalities outside the Northeastern Illinois region.

Since 2000, Chicago-area unemployment rates have ranged from a low of 4.2% in the fourth quarter of 2006 to a high of 11.3% in the fourth quarter of 2009. The unemployment rate hovered around 9.1% in 2013 before decreasing steeply in the second and third quarters of 2014 to 6.3%. Unemployment is projected to remain around 6.3% in the fourth quarter of 2014 and then improve to 5.9% in 2015, according to the Chicago Federal Reserve.

The availability of jobs in the Chicago region fell dramatically after the economic downturn in 2008, but has steadily increased since 2010. Regional employment improved in 2014, but still indicates 2.4% fewer jobs than at the beginning of the millennium. Also, the

underemployment rate is at 13.7% in 2014, indicating many workers are in part-time jobs due to a shortage of full-time opportunities.

The price of gasoline also plays a significant role in the demand for public transportation services, and lower fuel prices may have contributed to system ridership loss in 2014. Gas prices in the region reached an all-time high in 2008 before dropping sharply with the financial crisis. Prices rose steadily between 2009 and 2011 and have remained above an average of \$3.41 per gallon since. Prices declined somewhat in 2014 compared to prior year and are expected to remain relatively low through 2015.

The supplemental data section of the Appendices provides further detail on the demographic and economic trends of the region.

SERVICE LEVEL CHANGES

RTA service levels will grow modestly in 2015, with each Service Board projecting an increase in vehicle revenue miles, as shown in Exhibit 1-3. CTA will add peak period and weekend rail service to accommodate demand and reduce crowding. Metra projects a 0.6% increase in vehicle revenue miles due to increased service for special events and on the Rock Island line. Pace Suburban Service will expand by 0.8% in 2015 as mid-2014 I-55 Bus-on-Shoulder additions and two new Call-n-Ride operations will be in service for their first full calendar year. Pace Regional ADA Paratransit will increase existing service as necessary to meet customer demand. In total, these service level changes are

projected to increase RTA system vehicle revenue miles by 1.7% in 2015.

Strategic Plan, Vision, and Goals

The current regional strategic plan can be found on the RTA website:

<http://rtachicago.org/plans-programs/regional-transit-strategic-plan>

Following is an outline of the plans mission, vision, and goals.

OUR MISSION

The RTA will ensure financially sound, comprehensive, coordinated public transportation for the Northeastern Illinois Region.

OUR VISION

A world-class regional public transportation system providing a foundation to the region’s prosperity, livability, and vitality.

EXHIBIT 1-3: VEHICLE REVENUE MILES BY SERVICE BOARD (IN MILLIONS)

	2013 Actual	2014 Estimate	2015 Budget	2015 Growth
CTA	122	123	125	+1%
Metra	43	44	44	+1%
Pace	38	39	39	+1%
ADA Paratransit	32	33	34	+5%
Region	236	238	242	+2%

OUR GOALS AND OBJECTIVES



REGIONAL PRIORITIES

With limited resources and dire needs, the region's efforts must be both strategic and focused. The RTA and Service Boards identified five key continuing and emerging issues, along with strategies to address them:

I. Transit's significant capital backlog and insufficient capital funding

- Proactively seek stable, long-term funding solutions to support State of Good Repair
- Strategically invest limited capital funding
- Increase awareness of transit's capital needs and its impact on the region

II. Improve the customer experience through a modernized and integrated system

- Modernize the customer experience
- Develop marketing that better resonates with customers

III. Strike a balance between meeting current demand and developing new markets

- Manage and accommodate currently growing demand
- Thoughtfully increase ridership to better leverage existing capacity

IV. Balancing tight operating budgets

- Continue to manage costs and increase efficiencies
- Grow revenues

V. Reauthorization of the Federal Transportation Bill and the need to educate

- Proactively seek funding solutions for existing needs
- Reduce unfunded mandates and encourage initiatives that are transit supportive

Key Budget Issues

The greatest challenge confronting the RTA system at this time is insufficient capital funding to address investments for system infrastructure maintenance and renewal. In 2014, the RTA completed the third annual update of the Capital Asset Condition Assessment. The report finds that the state-of-good-repair (SGR) backlog for the region is \$19.5 billion and the ten-year capital need for normal capital reinvestment is \$16.6 billion. The level of capital investment the region will receive in state and federal funds is estimated to be between \$563 million and \$765 million annually over the next 20 years; this is half of what will be needed to ensure the region's capital backlog does not grow.

To address the shortfall in funding, the RTA and Service Boards are relying on borrowing to an increasing extent. The RTA plans to bond to the full capacity granted to the Agency by state law; as older bond issuances are retired, new bonds will be issued including a planned \$100 million issuance in 2015. Each of the Service

Boards also plans to issue bonds or enter into financing arrangements to support their capital programs. In addition, the CTA will use a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to further augment the capital funds available. Together these financing strategies provide \$1.2 billion to the five-year capital programs with \$763 million available in 2015. Borrowing to support the capital program creates an additional burden on the operating budget to pay the debt service on the borrowings. The Service Boards and RTA region each include debt related increases in their budgets and financial plans.

Despite capital shortfalls, it is imperative to address customers' desires for a modern transportation system. The Service Boards have made significant strides in enhancing the communications and fare technology interfaces with riders. The launch of the new Ventra open fare payment system in September 2013 is now complete. The 2015 operating and capital program includes an expansion of Ventra to a mobile ticketing application, which will also be available to Metra customers for commuter rail tickets.

Rising demand for CTA rail services has led to crowding and the need to budget for some increase in rail service. Measures to speed bus travel in an increasingly congested urban environment represent an on-going challenge for CTA and Pace. CTA has worked with the Chicago Department of Transportation (CDOT) to develop plans for the implementation of Bus Rapid Transit (BRT) for the Central Loop Corridor, which will include street enhancements that will speed the travel on six bus routes. Plans also continue for a proposed BRT on a 16-mile stretch of Ashland Avenue. Pace has developed plans for implementing a network of Arterial Rapid Transit (ART) routes and suburban expressway service. The capital program includes funding for improvements on Milwaukee Avenue in support of the ART project.

An ongoing challenge for the region is addressing rising demand for ADA Paratransit services. ADA Paratransit riders represent the fastest growing segment of the region's riders and ADA Paratransit trips are the most

EXHIBIT 1-4: REGIONAL STATEMENT OF REVENUES AND EXPENSES (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Revenues					
<u>Service Board Revenues</u>					
CTA	668,963	683,531	687,519	694,660	705,215
Metra	363,991	351,538	375,938	398,538	428,838
Pace	57,220	59,652	61,066	61,856	63,868
ADA Paratransit	13,634	15,767	14,013	14,629	15,275
Total Operating Revenues	\$1,103,808	\$1,110,487	\$1,138,536	\$1,169,683	\$1,213,195
<u>Public Funding</u>					
RTA Sales Tax	1,071,226	1,099,310	1,143,282	1,183,297	1,218,796
Public Transportation Fund (PTF)	339,188	347,961	362,067	374,925	386,369
Real Estate Transfer Tax (RETT)	56,909	60,559	63,607	66,454	69,101
State Financial Assistance (ASA/AFA)	130,185	130,167	130,167	130,283	130,300
State Funding for ADA Paratransit	8,500	8,500	8,500	8,500	8,500
Federal Funds	6,800	7,982	3,393	8,051	13,739
RTA Regional Capital Project Reserves ¹	22,921	2,921	-	-	-
ICE Reserves (2014)	-	-	11,188	-	-
ICE Reserves (2013)	-	-	11,356	-	-
Other RTA Revenue ²	25,198	23,963	21,992	22,233	22,447
Total Public Funding	\$1,660,927	\$1,681,362	\$1,755,552	\$1,793,744	\$1,849,253
Total Revenues	\$2,764,735	\$2,791,849	\$2,894,087	\$2,963,427	\$3,062,448
Expenses					
<u>Service Board Expenses</u>					
CTA	1,366,124	1,385,555	1,443,703	1,484,493	1,517,109
Metra	704,370	707,500	753,100	781,900	821,000
Pace	195,832	206,963	223,209	231,158	243,867
ADA Paratransit	148,129	160,984	172,216	184,697	198,100
Total Service Board Expenses	\$2,414,455	\$2,461,002	\$2,592,228	\$2,682,248	\$2,780,076
<u>Region/Agency Expenses</u>					
Debt Service	220,000	220,000	221,200	221,400	221,000
RTA Agency and Regional Programs	41,290	40,928	42,214	38,659	39,970
Transfer Capital	22,000	2,000	-	-	-
Grant Incentive Program	1,615	1,786	-	-	-
Innovation, Coordination, and Enhancement (ICE)	10,902	11,188	-	-	-
Joint Self-Insurance Fund (JSIF)	5,000	6,000	6,180	6,365	6,556
Total Region/Agency Expenses	\$300,808	\$281,902	\$269,594	\$266,425	\$267,526
Total Expenses	\$2,715,263	\$2,742,904	\$2,861,822	\$2,948,673	\$3,047,603
ICE funding not used for operations - transfer to capital ³	-	-	(28,227)	(4,697)	(4,838)
Net Result	\$49,472	\$48,946	\$4,038	\$10,057	\$10,008
Regional Recovery Ratio	54.1%	53.2%	52.0%	51.7%	51.9%

¹ Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and the RTA fund balance.

² Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.

³ As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.

costly service to provide on a per-ride basis. Strategies to improve the accessibility of the mainline system service, improve scheduling and service efficiencies of ADA Paratransit operations, as well as providing other transportation options such as Pace’s Taxi Access Program (TAP) are constantly explored.

Budget and Financial Plan

Exhibit 1-4 displays the consolidated 2015 RTA regional operating budget and two-year financial plan adopted by the RTA Board on December 17th, 2014. Actual and estimated results for 2013 and 2014 are included for comparison purposes. This comprehensive view of the RTA system operating budget includes all Service Board operating revenues and expenses, all RTA revenues and expenses, and all public funding for the region. Operating expenses for the region in 2015 total \$2.862 billion. The RTA expects combined 2015 operating revenues and public funding to exceed operating expenses by \$4 million. This positive net result comprises Metra’s farebox capital program of \$10 million, offset by \$6 million of 2015 operating funding being provided from the RTA fund balance. The regional financial plans for 2016 and 2017 are also projected to produce a positive regional net result of \$10 million, allocated to Metra’s farebox capital program in each year.

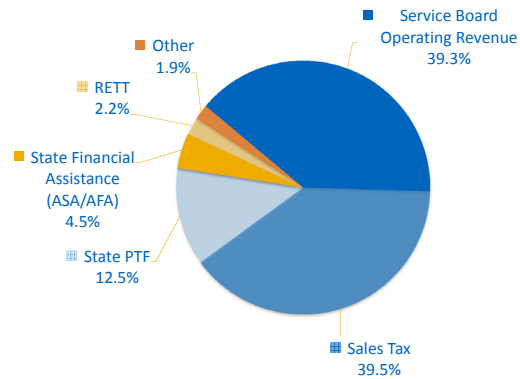
The regional system-generated revenue recovery ratio measures the percentage of RTA system expenses for operations, excluding ADA Paratransit, which are covered by RTA system operating revenues, excluding ADA Paratransit, and includes credits and exclusions allowed by the RTA Act. The 2015 budget reflects a regional recovery ratio of 52.0%, exceeding the statutorily required level of 50%.

OPERATING REVENUE

Service Board operating revenue comprises 39.3% of total regional revenues for 2015 (Exhibit 1-5), with public funding providing the balance of required revenue for the system. Operating revenue of \$1.139 billion is expected in 2015, an increase of 2.5% from

the 2014 estimate. Operating revenue is subsequently projected to grow by 2.7% and 3.7% in 2016 and 2017, respectively, exceeding ridership growth due primarily to planned Metra fare increases.

EXHIBIT 1-5: 2015 RTA SYSTEM REVENUE - \$2.894 BILLION



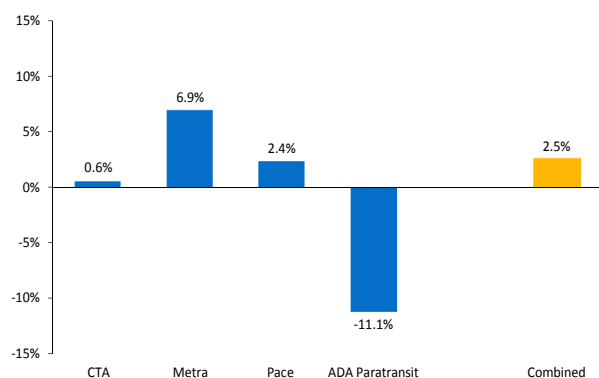
About 85% of operating revenue comes from passenger fares, but significant amounts are also generated by Service Board advertising and concessions, and by a State subsidy to the Service Boards to partially offset the cost of providing mandatory free ride and reduced fare programs. The State Reduced Fare Reimbursement, although a public funding source, is characterized as operating revenue because it represents a replacement of passenger fare revenue.

Exhibit 1-6 shows the growth in operating revenue by Service Board for 2015. Metra expects the largest growth in operating revenue due to a fare increase, while ADA Paratransit projects an 11% decrease in operating revenue as Medicaid reimbursements from the State return to more normal levels after being unusually high in 2014. In-depth discussions of operating revenue are contained in the RTA and Service Board chapters.

PUBLIC FUNDING

Public funding, comprising the remaining 60.7% of total regional revenues, is projected at \$1.756 billion in 2015, representing an increase of 4.4% over the 2014 estimate as the local economy continues to recover and generate strong sales tax receipts. A regional sales tax, imposed at a rate of 1.25% in Chicago and Suburban

EXHIBIT 1-6: 2015 OPERATING REVENUE GROWTH BY SERVICE BOARD



Cook County and at a rate of 0.5% in the five collar counties, is the RTA’s primary public funding source for transit, accounting for almost 40% of total regional revenue for operations. Sales tax receipts are projected to total \$1.143 billion in 2015, an increase of 4.0% from the 2014 estimate.

The second largest source of public funding is the Public Transportation Fund (PTF), generated by a 30% State of Illinois match of RTA sales tax and Chicago Real Estate Transfer Tax receipts. The State also provides additional financial assistance which is associated with RTA debt service, and additional funding for ADA Paratransit service. Additional public funding sources for operations are the Real Estate Transfer Tax (RETT) in the City of Chicago only, which directly funds CTA operations, a small amount of federal funding, and RTA-generated revenue from regional programs and investments. Innovation, Coordination, and Enhancement (ICE) funding reserves from 2013 and 2014 are also included as public funding due to a new allocation process for ICE funding in 2015, discussed later in this chapter.

The RTA’s primary public funding sources are summarized in Exhibit 1-7. An in-depth discussion of public funding, including details of the 2008 funding reform and the methods of allocation to the Service Boards, is included in the RTA chapter.

EXHIBIT 1-7: PRIMARY RTA PUBLIC FUNDING SOURCES

RTA Sales Tax Part I: The original RTA sales tax, levied at 1.0% in Cook County and 0.25% in the collar counties of DuPage, Kane, Lake, McHenry, and Will. 85% of Sales Tax I receipts are distributed to the Service Boards according to a statutory formula. The remaining 15% of Sales Tax I is initially retained by the RTA to fund regional and agency expenses before being allocated at the direction of the RTA Board.

RTA Sales Tax Part II: Authorized by the 2008 funding reform, an additional sales tax of 0.25% in all six counties of the RTA region. Sales Tax II is distributed to the Service Boards according to a statutory formula after deducting funds for ADA Paratransit, Pace Suburban Community Mobility (SCMF), and RTA Innovation, Coordination, and Enhancement (ICE). After these deductions, CTA receives 48%, Metra 39%, and Pace Suburban Service 13%.

Real Estate Transfer Tax (RETT): The 2008 funding reform also increased the City of Chicago RETT by \$1.50 per \$500 of property transferred, and dedicated this additional tax revenue to directly fund CTA operating expenses.

Public Transportation Fund (PTF) Part I: PTF Part I is State-provided funding comprised of a 25% match of Sales Tax I receipts. 100% of PTF I is retained by the RTA and combined with 15% of Sales Tax I to form the basis for funding to be allocated at the direction of the RTA Board.

Public Transportation Fund (PTF) Part II: PTF Part II, authorized by the 2008 funding reform, is State-provided funding equal to a 5% match of Sales Tax I receipts and a 30% match of Sales Tax II receipts and RETT receipts. PTF II is distributed to the Service Boards by the same statutory formula used to allocate Sales Tax II.

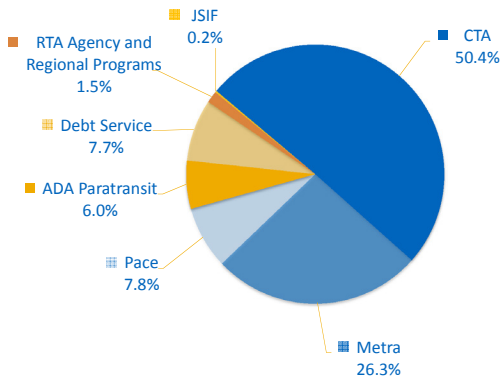
State Financial Assistance: State-provided assistance to reimburse the RTA’s debt service on Strategic Capital Improvement Program (SCIP) bonds. It consists of two components; Additional State Assistance (ASA) and Additional Financial Assistance (AFA).

State Reduced Fare Reimbursement: State-provided reimbursement to the Service Boards, via the RTA, to partially offset the cost of providing reduced fare and free ride programs mandated by law, including those for students, seniors, and disabled persons.

EXPENSES

Total regional expenses for 2015 are projected at \$2.862 billion, an increase of 4.3% over the 2014 estimate. Regional expenses are then projected to increase by 3.0% and 3.4% in 2016 and 2017, respectively. Service Board operating expenses of \$2.592 billion represent by far the largest component of total 2015 regional expenses at 90.6%, followed by debt service at 7.7%, RTA Agency and Regional Programs at 1.5%, and the Joint Self-Insurance Fund at 0.2% (Exhibit 1-8).

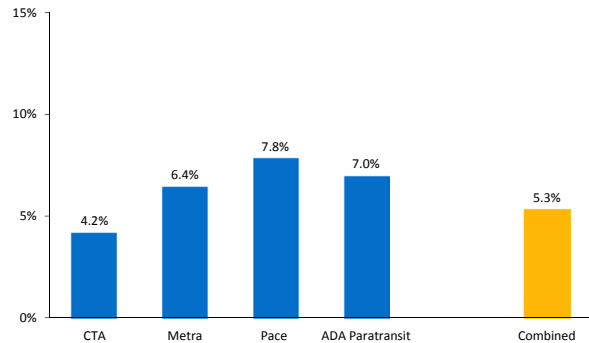
EXHIBIT 1-8: 2015 RTA SYSTEM EXPENSES - \$2.862 BILLION



Combined Service Board operating expenses are projected to increase by 5.3% in 2015, as shown in Exhibit 1-9. CTA’s operating expense growth of 4.2% will be driven primarily by contractual wage increases. Metra anticipates expense growth of 6.4% with significant increases in the transportation, maintenance, and administrative expense categories, as well as new debt service expense as Metra seeks to increase funding for capital with a bond issuance or alternative financing. Pace Suburban Service’s expense growth of 7.8% will be driven by its modest service increases, wage adjustments, new technology requirements, and debt service on Pace’s first-ever bond issuance. ADA Paratransit expense growth of 7.0% will result from continued strong demand for its service, coupled with contractor price increases.

Exhibit 1-10 displays the total budgeted positions for the Service Boards, RTA, and region as a whole,

EXHIBIT 1-9: 2015 OPERATING EXPENSE GROWTH BY SERVICE BOARD



which are expected to increase by 1.8% in 2015. CTA’s headcount increase is related to modest service expansion in 2015. Metra will keep headcount unchanged in 2015, as no new service is planned. Pace headcount is budgeted to increase by 3.5% due to mid-2014 service expansions, as well as the addition of 11 positions to the ADA Paratransit administrative staff. The RTA Agency headcount is budgeted to be unchanged at 121.

EXHIBIT 1-10: BUDGETED POSITIONS - RTA REGION

	2013 Budget	2014 Budget	2015 Budget	Change
CTA	9,381	9,661	9,887	+2%
Metra	4,440	4,560	4,560	+0%
Pace	1,549	1,584	1,639	+3%
RTA Agency	119	121	121	+0%
Region Total	15,489	15,926	16,207	+2%

In-depth discussions of operating expenses and all other regional expenses are included in the Service Board and RTA chapters.

ICE PROJECTS

The 2015 adopted funding levels included a new mechanism for the allocation of RTA Innovation, Coordination, and Enhancement (ICE) funding to expedite the schedule for implementation of selected projects. Previously, ICE funds were awarded via a separate, competitive grant process for projects that meet the requirements set out in the RTA Act and advance the

EXHIBIT 1-11: APPROVED USES OF ICE FUNDING (DOLLARS IN THOUSANDS)

	2015 ¹	2016	2017
CTA			
<u>Operating</u>			
Projects to be determined	-	5,781	5,954
<u>Capital</u>			
Ventra implementation improvements	2,378	-	-
Communications equipment and outreach	317	-	-
CTA video enhancement for bus & rail	8,007	-	-
Software and hardware enhancements	5,703	-	-
CTA Total	\$16,406	\$5,781	\$5,954
Metra			
<u>Operating</u>			
Mobile ticketing	330	-	-
Rock Island enhancement	679	-	-
Special event services	500	-	-
<u>Capital</u>			
Passenger information	2,726	-	-
Hybrid fuel vehicles	1,000	-	-
Automated field IT system	3,500	-	-
Electronic crew calling	1,750	-	-
Mobile ticketing	2,845	-	-
Projects to be determined	-	4,697	4,838
Metra Total	\$13,330	\$4,697	\$4,838
Pace			
<u>Operating</u>			
Ventra system development	2,310	-	-
Add off-peak and weekend service, restructure, or extend service on 14 routes	2,133	-	-
Projects to be determined	-	1,566	1,613
Pace Total	\$4,443	\$1,566	\$1,613
Total ICE Funding	\$34,179	\$12,044	\$12,405

¹ 2015 allocation includes all 2013, 2014, and 2015 ICE funds and \$453 thousand of unobligated 2012 ICE funds.

goals and objectives of the Regional Transit Strategic Plan. For 2015, ICE funding will be distributed to the Service Boards in the same statutory shares used for Sales Tax II and PTF II: 48% for CTA, 39% for Metra, and 13% for Pace. The funds may be used for operating or capital purposes consistent with the goals of the ICE program, with specific projects proposed by the Service Boards in their budget submissions and subject to the approval of the RTA Board. A total of \$34.2 million of ICE funding is available for 2015, comprised of \$11.6 million of 2015 funds and \$22.6 million of unobligated 2012, 2013, and 2014 ICE funds. In 2016 and 2017, the

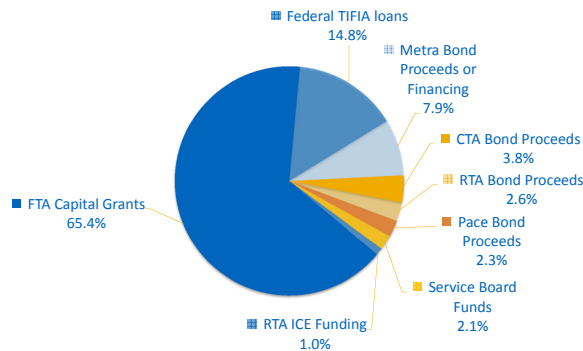
available ICE funding amounts drop to \$12.0 million and \$12.4 million, respectively, since no prior year funds are included.

The approved uses of ICE funding for each Service Board are shown in Exhibit 1-11. For 2015, CTA opted to use all of its ICE funding for capital projects, Metra used ICE funding for both capital and operating projects, and Pace used its share of ICE funding solely for operating projects.

Five-Year Capital Program

The 2015-2019 capital program adopted by the RTA Board on December 17th, 2014 contains \$3.775 billion of funding for capital projects. Funding sources as a percent of the total capital funding, shown in Exhibit 1-12, are as follows: Federal grants 65.4%, Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loans 14.8%, Metra bond proceeds or financing 7.9%, CTA bond proceeds 3.8%, RTA bond proceeds 2.6%, Pace bond proceeds 2.3%, Service Board funds 2.1%, and RTA ICE funding 1.0%.

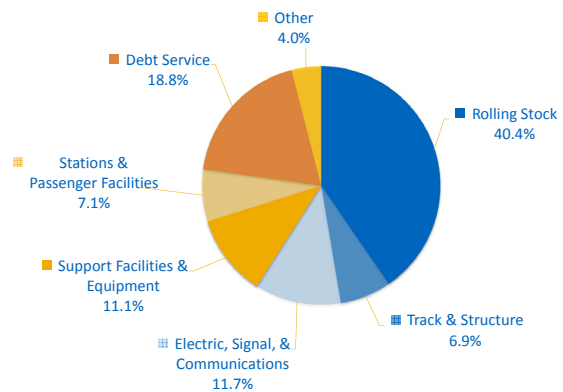
EXHIBIT 1-12: 2015-2019 CAPITAL FUNDING - \$3.775 BILLION



The planned uses of these funds by asset category are shown in Exhibit 1-13, with rolling stock representing the largest area of capital investment at \$1.525 billion or 40.4% of five-year expenditures. The other expenditure categories and their percent of the total program are as follows: electrical, signal, and communications \$442 million or 11.7%, support facilities and equipment \$419 million or 11.1%, stations and passenger facilities \$266 million or 7.1%, track and structure \$262 million or 6.9%, and other \$151 million or 4.0%. Payment of debt service accounts for the remaining \$709 million or 18.8%.

\$1.291 billion or 34.2% of the \$3.775 billion five-year program is planned for expenditure in 2015. Please reference the Capital chapter for further details on the

EXHIBIT 1-13: 2015-2019 CAPITAL USES - \$3.775 BILLION



2015 and five-year capital programs and how they may impact region-wide operations.

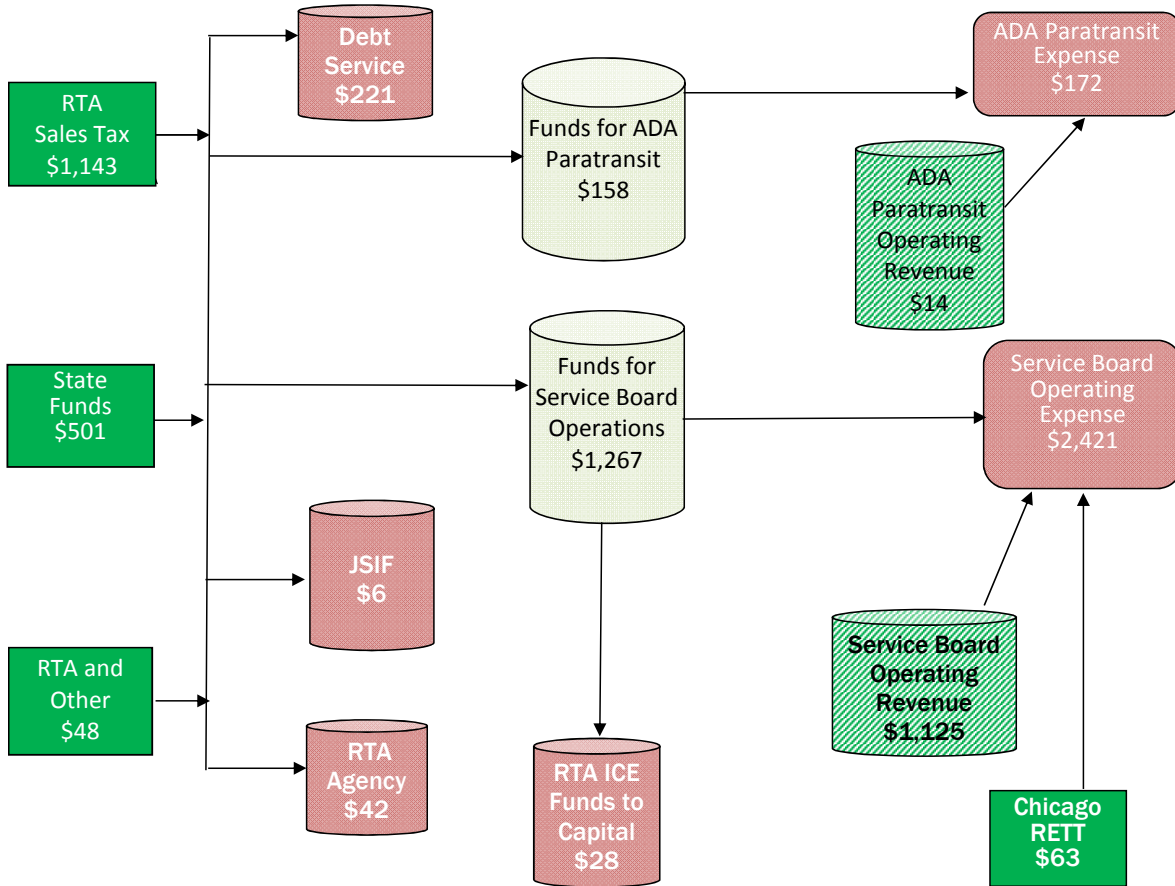
Sources and Uses of Funds

Exhibit 1-14 summarizes the flow of the RTA system's 2015 operating and capital funds. To fund operations, public funding of \$1.756 billion, shown in dark green, and operating revenue of \$1.139 billion, shown in striped green, combine to cover Service Board and ADA Paratransit operating expenses of \$2.592 billion and other regional expenses of \$270 million, shown in red. \$28 million of ICE funding that was not used for operations is shown transferring to the capital program.

In addition to this \$28 million of ICE funding from the RTA, the 2015 capital program is funded by \$486 million of federal grants, \$557 million of federal TIFIA loans, \$100 million of RTA bond proceeds, \$100 million of Metra bond proceeds or alternative financing, \$6 million of Pace bond proceeds, and \$14 million of Service Board funding, all shown in dark green. Debt service on previous bond issues will consume \$137 million of the total funding, leaving \$1.154 billion of funding available for Service Board capital projects in 2015.

EXHIBIT 1-14: 2015 SOURCES AND USES OF FUNDS - IN MILLIONS

Operations - \$2.894 billion



Capital - \$1.291 billion

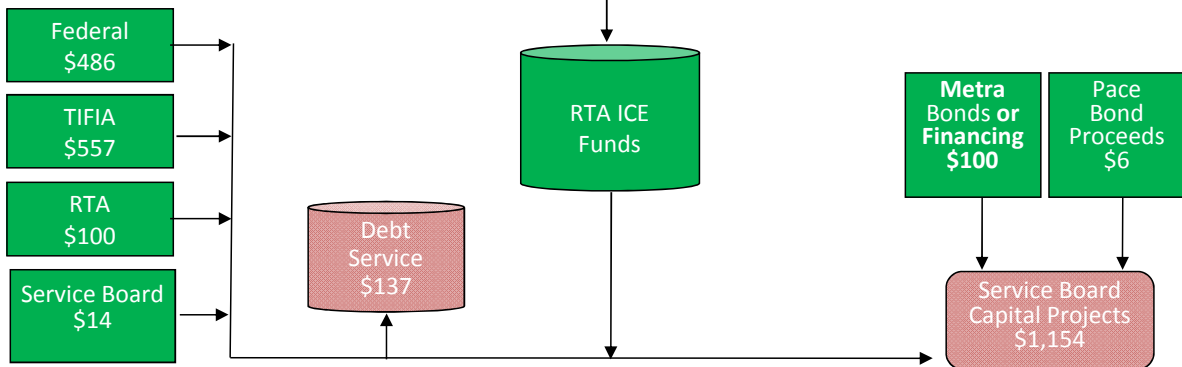
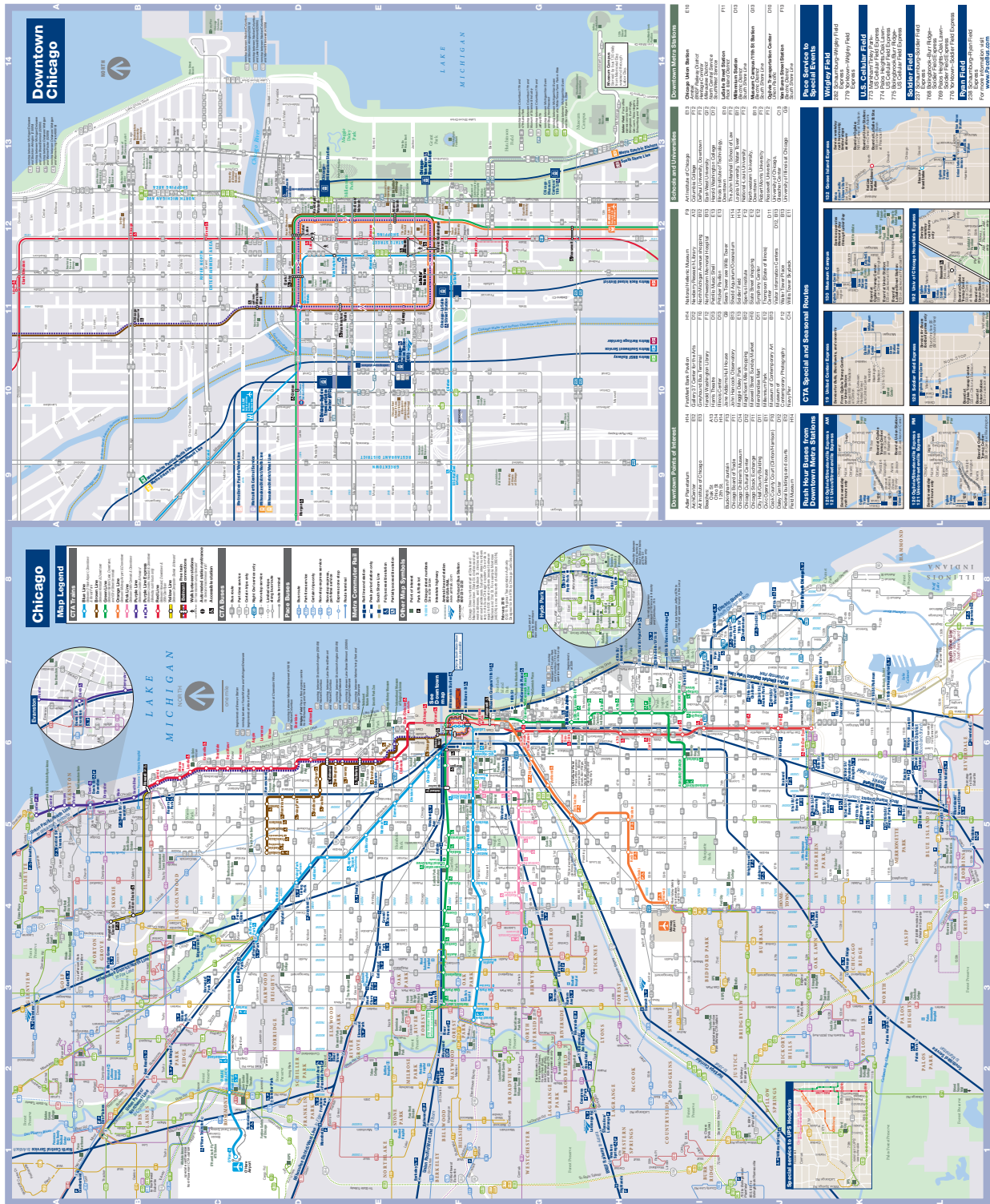
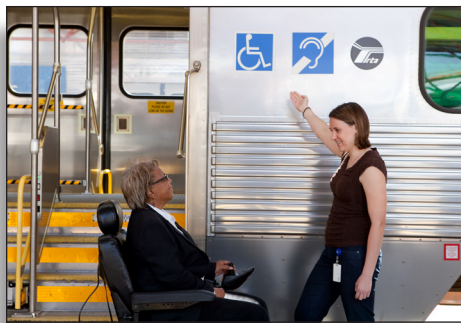


EXHIBIT 1-15: RTA SYSTEM MAP



2 RTA OPERATING PLAN



RTA OPERATING PLAN

Overview

This section focuses on the sources and uses of RTA operating funds. In addition to its planning and oversight roles, a critical function of the RTA is to receive and distribute operating funding to the three Service Boards which provide public transportation within the six-county Northeastern Illinois region: CTA, Metra, and Pace.

Budget and Financial Plan

Exhibit 2-1 displays a five-year view of the RTA's operating funding and expenses. The 2015 budget and 2016-2017 two-year financial plans are presented, and 2013 actual and 2014 estimated results are included for comparison purposes. Unlike Exhibit 1-4 in the Executive Summary chapter, this view of the RTA's finances excludes the Service Boards' operating revenues and operating expenses, and focuses solely on those funds which are handled by the RTA.

RTA FUNDING SOURCES

The 2015 budget anticipates \$1.723 billion of funding for RTA operations, an increase of 4.6% over the 2014 estimate. Funding is then projected to increase to \$1.753 billion in 2016 and \$1.800 billion in 2017. A regional sales tax produces about two-thirds of RTA operating funding and the State Public Transportation Fund (PTF), which is based on those sales tax receipts, represents another 21% of the funding (Exhibit 2-2). Accordingly, an accurate forecast of sales tax receipts is critical to the integrity of the RTA budget process.

Again, these projections only include funds handled by the RTA, and thus exclude some sources that fund the Service Boards directly, such as federal funding and Chicago's Real Estate Transfer Tax (RETT), a portion of which directly funds CTA operations. A detailed

discussion of the individual RTA funding sources for 2015 follows.

Sales Tax

The RTA Sales Tax (Part I and II) is authorized by Illinois statute and imposed by the RTA throughout the six-county Northeastern Illinois region, but at differing rates in order to recognize the differing levels of transit service provided. The RTA Sales Tax is collected by the Illinois Department of Revenue and paid to the Treasurer of the State of Illinois, to be held in trust for the RTA outside of the State treasury. Proceeds from the RTA Sales Tax are paid directly to the RTA monthly, without appropriation, by the State Treasurer on the order of the State Comptroller.

Following an estimated increase of 2.6% in 2014, total RTA Sales Tax revenues are projected to increase by 4.0% to \$1.143 billion in 2015 (Exhibit 2-3). This expectation of higher growth than 2014 was based on public and private forecasting sources, which all suggested that economic activity would increase in 2015. In 2016 and 2017, RTA Sales Tax revenues are estimated to increase by 3.5% and 3.0%, respectively, again consistent with economic projections, and are forecast to reach \$1.219 billion in 2017.

Part I of the RTA Sales Tax ("Sales Tax I") is the equivalent of 1% on sales in Cook County and 0.25% on sales in DuPage, Kane, Lake, McHenry, and Will Counties (the "collar counties"). More specifically, Sales Tax I in Cook County is 1% on food and drugs and 0.75% on general merchandise, with the State of Illinois then providing a replacement amount to the RTA, equivalent to 0.25% of general merchandise sales. Sales Tax I receipts for 2015 are projected at \$845.4 million. Actual sales tax receipts for 2013 were used to forecast the geographic source of projected Sales Tax I collections in 2015. Suburban Cook County is expected to produce the largest share of Sales Tax I at 50.8%, followed by the City of Chicago at 33.4%, and finally the collar counties

EXHIBIT 2-1: RTA STATEMENT OF REVENUES AND EXPENSES (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
RTA Funding Sources					
RTA Sales Tax I	792,112	811,985	845,394	874,982	901,232
RTA Sales Tax II	279,114	287,325	297,889	308,315	317,564
Public Transportation Fund (PTF - Part I)	198,640	202,996	211,348	218,746	225,308
PTF (Part II)	140,548	144,964	150,718	156,180	161,061
State Financial Assistance (ASA/AFA)	130,185	130,167	130,167	130,283	130,300
State Reduced Fare Reimbursement ¹	26,099	34,070	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500	8,500	8,500
RTA Regional Capital Project Reserves ²	22,921	2,921	-	-	-
ICE Reserves (2014)	-	-	11,188	-	-
ICE Reserves (2013)	-	-	11,356	-	-
Other RTA Revenue ³	25,198	23,963	21,992	22,233	22,447
Total Funding Sources	\$1,623,317	\$1,646,891	\$1,722,622	\$1,753,310	\$1,800,483
Expenses					
<u>RTA Expenses for Operations</u>					
RTA Total Funds for CTA Operations	640,252	657,643	708,983	723,379	742,794
RTA Total Funds for Metra Operations	358,155	364,899	397,021	396,115	406,008
RTA Total Funds for Pace Suburban Service Operations	148,085	151,062	160,750	163,251	167,260
RTA Total Funds for Pace ADA Paratransit Operations	134,495	147,166	158,203	170,069	182,824
Innovation, Coordination, and Enhancement (ICE)	10,902	11,188	-	-	-
State Reduced Fare Reimbursement	26,099	34,070	34,070	34,070	34,070
RTA Agency and Regional Programs	41,290	40,928	42,214	38,659	39,970
Total Expenses for Operations	\$1,359,278	\$1,406,956	\$1,501,241	\$1,525,544	\$1,572,927
<u>Debt Service, Capital & JSIF Expenses</u>					
Debt Service	220,000	220,000	221,200	221,400	221,000
Transfer Capital RTA Capital Reserve Funds to CTA	15,000	-	-	-	-
Transfer Capital RTA Capital Reserve Funds to Metra	7,000	2,000	-	-	-
Grant Incentive Program	1,615	1,786	-	-	-
Joint Self-Insurance Fund	5,000	6,000	6,180	6,365	6,556
Total Debt Service, Capital & JSIF Expenses	\$248,615	\$229,786	\$227,380	\$227,765	\$227,556
Total Expenses	\$1,607,893	\$1,636,742	\$1,728,622	\$1,753,310	\$1,800,483
Fund Balance (unreserved/undesignated)					
Beginning Balance	5,122	9,110	17,063	11,063	11,063
Change in Fund Balance	15,424	10,149	(6,000)	-	-
Transfers	(22,185)	(2,196)	-	-	-
Reconciliation to Budgetary Basis	10,749	-	-	-	-
Ending Balance	\$9,110	\$17,063	\$11,063	\$11,063	411,063
Ending Balance as % of Total Expenses for Operations	0.7%	1.2%	0.7%	0.7%	0.7%

¹ Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY 15-18 budgets.

² Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and the RTA fund balance.

³ Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.

EXHIBIT 2-2: 2015 RTA FUNDING SOURCES - \$1.723 BILLION

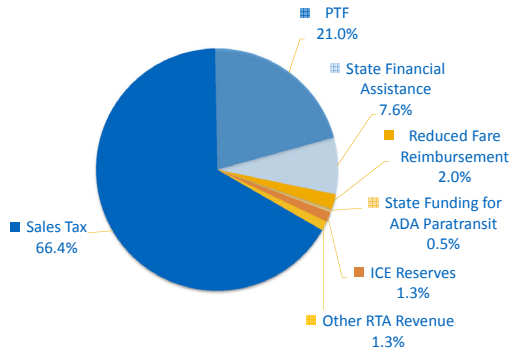


EXHIBIT 2-3: RTA SALES TAX REVENUE (DOLLARS IN MILLIONS)

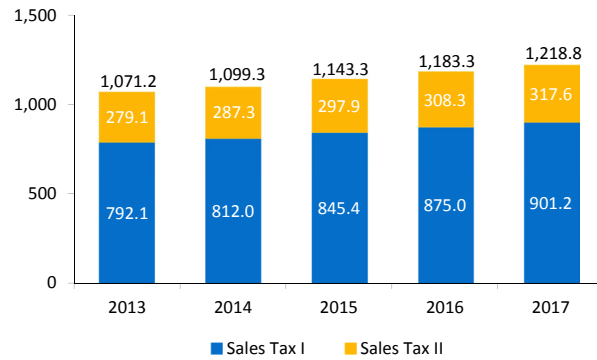
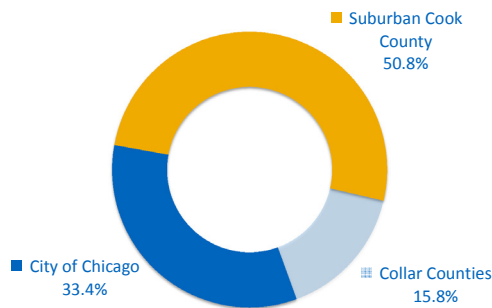


EXHIBIT 2-4: RTA SALES TAX I BY SOURCE - \$845.4 MILLION



at 15.8% (Exhibit 2-4). The share of Sales Tax I sourced from Chicago has been increasing steadily since 2002, when it was 30.2%. The RTA retains 15% of Sales Tax I and distributes the remaining 85% to the Service Boards according to a formula specified in the RTA Act (Exhibit 2-5) which ties the geographic source of the sales tax to the relevant service provider(s).

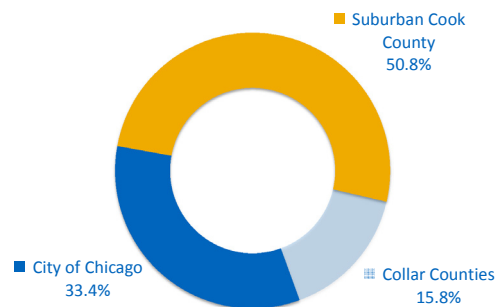
EXHIBIT 2-5: DISTRIBUTION OF 85% OF RTA PART I SALES TAX

Collected in	Distributed to			Total
	CTA	Metra	Pace	
City of Chicago	100%	0%	0%	100%
Suburban Cook County	30%	55%	15%	100%
Collar Counties	0%	70%	30%	100%

Public Act 95-0708 (P.A. 95-0708), enacted in January 2008 as an amendment to the RTA Act, established Part II of the RTA Sales Tax (“Sales Tax II”). This legislation increased the RTA sales tax rate from 1% in Cook County to 1.25% and the sales tax rate in the collar counties from 0.25% to 0.75%. The collar county tax increase is divided evenly between the RTA and the county government where the tax is collected. Thus, the rate of the sales tax that the RTA receives from the collar counties doubled (from 0.25% to 0.50%). Sales Tax II receipts for 2015 are projected at \$297.9 million. Sales Tax I represents 74% of total sales revenue and Sales Tax II, 26%.

From a geographic standpoint, the collar counties account for the largest share of Sales Tax II collections, at 43.1%, followed by suburban Cook County and the City of Chicago (Exhibit 2-6). Sales Tax II differs from Sales Tax I in that it is distributed to the Service Boards independent of where it was collected. However, prior to Service Board distribution, deductions are made from Sales Tax II to provide funding for ADA Paratransit, Pace’s Suburban Community Mobility Fund (SCMF), and the RTA’s Innovation, Coordination, and Enhancement (ICE) fund. Legislation passed in 2011 requires the

EXHIBIT 2-6: RTA SALES TAX II BY SOURCE - \$297.9 MILLION



RTA to fully fund the ADA Paratransit operating deficit each year. In the 2015 budget, \$149.7 million of Sales Tax II has been designated to fund ADA Paratransit. By statute, the SCMF (originally established at \$20 million) and the ICE fund (originally established at \$10 million) are indexed to the annual change in RTA Sales Tax collections, with 2008 set as the base year. For 2015, the SCMF is projected at \$23.3 million and the ICE fund at \$11.6 million. After these three deductions, the remaining balance of Sales Tax II is allocated to the Service Boards by statutory formula, with CTA receiving 48%, Metra 39%, and Pace Suburban Service 13%.

Exposure to Sales Tax Volatility

Since about 40% of total RTA revenue for operations comes from sales tax, an accurate forecast is critical to an effective budget process. Volatility of sales tax receipts caused by the 2008 financial crisis and ensuing recovery has complicated this effort in recent years. Exhibit 2-7 shows the variance of actual sales tax receipts from budgeted levels since 2007. Positive variances during strong economic growth in 2007 were followed by severe shortfalls in 2008 and 2009, addressed in part by liquidating the RTA fund balance, which served its purpose of providing a buffer against downturns. The financial downturn of 2009 and the resulting lack of adequate reserves in the RTA fund balance led to conservative sales tax forecasts for 2010 through 2013, producing positive variances once again when sales tax receipts came in higher than forecasted. 2014 sales tax receipts will also finish with a significant positive

variance from the original budget of around \$22 million. Any positive variance in both Sales Tax I and II for 2014 will be distributed to the Service Boards, as stipulated in the 2014 budget ordinance.

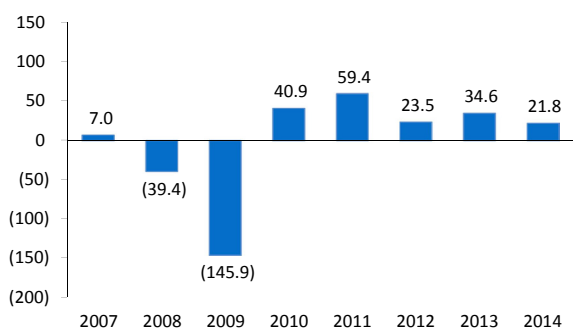
Public Transportation Fund

In accordance with the RTA Act, as amended in 2008, the State Treasurer is authorized and required to transfer from the State of Illinois’ General Revenue Fund an amount equal to 30% of the revenue realized from the RTA Sales Tax and 30% of the revenue realized from the CTA’s portion of the Real Estate Transfer Tax (RETT) in the City of Chicago. This matching arrangement causes the Public Transportation Fund (PTF) receipts to increase or decrease at a rate equal to the growth or decline of both sales tax and RETT. PTF revenues are payable to the RTA upon State appropriation. However, none of the PTF revenues are actually paid to the RTA until the Agency certifies to the Governor, the State Comptroller, and the Mayor of the City of Chicago that it has adopted a regional budget and two-year financial plan as called for by the RTA Act.

Like sales tax, PTF is characterized as Part I or Part II, with PTF Part II created by the 2008 funding reform. PTF I is the equivalent of 25% of Sales Tax I, and is projected at \$211.3 million for 2015, an increase of 4.1% from the 2014 estimate. 100% of PTF I, along with 15% of Sales Tax I, is initially retained by the RTA to cover expenses for regional debt service, the RTA Agency and Regional Programs, South Suburban Job Access (SSJA) funding for Pace, and Joint Self-Insurance Fund (JSIF) premiums. The remainder is then allocated at the direction of the RTA Board upon the review and approval of each Service Board’s annual budget.

P.A. 95-0708 also increased the Real Estate Transfer Tax (RETT) in the City of Chicago by 40%, yielding \$1.50 in CTA operating funding for every \$500 of property purchase price. The CTA’s portion of the RETT is projected at \$63.6 million for 2015. Since this funding flows directly from the City of Chicago to the CTA, it is not included as an RTA funding source in Exhibit 2-1.

EXHIBIT 2-7: VARIANCE OF ACTUAL SALES TAX FROM BUDGET (DOLLARS IN MILLIONS)



However, PTF funds associated with the RETT (i.e., 30% of the RETT) do flow through the RTA.

PTF II, comprised of a 5% match of Sales Tax I, a 30% match of Sales Tax II, and a 30% match of the RETT, is projected at \$150.7 million for 2015, an increase of 4.0% from the 2014 estimate. By statute, the CTA receives five-sixths (25 percentage points) of the 30% PTF II match on the RETT. The remaining PTF II receipts are distributed to the Service Boards in the same proportions as Sales Tax II.

Schedule I-D of RTA Budget Ordinance 2014-68 (found in the Appendices) contains a detailed accounting of the source and distribution of all Part I and Part II funding components for the 2015 budget and 2016-2017 financial plans.

State Financial Assistance

This RTA funding source is state-authorized assistance to reimburse the debt service expenses for the RTA's Strategic Capital Improvement Program (SCIP) bonds. State Financial Assistance has two components: Additional State Assistance (ASA) for SCIP I bonds and Additional Financial Assistance (AFA) for SCIP II bonds. Subject to the appropriation of funds by the State of Illinois, the RTA will continue to be eligible to receive these State Financial Assistance payments. The RTA expects to receive \$130.2 million of this funding from the State for the 2015 budget, and \$130.3 million for the 2016 and 2017 planning years.

State Reduced Fare Reimbursement

This funding source provides partial reimbursement from the State to the Service Boards for the fare discounts and free ride programs they provide which are mandated by law. These funds are provided by the State of Illinois and distributed through the RTA to the Service Boards. The State decreased this funding by a total of \$16.5 million in its fiscal year 2015 (July 2014-June 2015) budget. The RTA's 2015 budget assumes

restoration of this funding to its previous level of \$34.1 million.

State Funding for ADA Paratransit

Originally established by a Memorandum of Understanding (MOU) in November of 2009, this ADA Paratransit funding has been provided by the State of Illinois in the amount of \$8.5 million for each year since 2010. This funding is projected to continue at this same level in each year of the 2015 budget and two-year financial plan.

Innovation, Coordination, and Enhancement (ICE) Reserves

The 2015 funding levels approved by the RTA Board on September 12, 2014 included a new mechanism for the allocation of Innovation, Coordination, and Enhancement (ICE) funding. In addition to the 2015 budget year ICE funds, unobligated ICE funds from 2013 and 2014 are being allocated to the Service Boards for approved projects in their 2015 operating budgets or capital programs. Accordingly, \$11.2 million of 2014 ICE reserves and \$11.4 million of 2013 ICE reserves are included as a 2015 RTA funding source.

Other RTA Revenue

This funding source consists of income from financial transactions and investments, sales tax interest, and Agency revenue, comprised of both Agency operating revenue and grants for regional projects. The State of Illinois pays interest on RTA Sales Tax receipts from the time of collection until the funds are received by the RTA. The RTA then disburses 85% of the interest on Part I Sales Tax receipts to the Service Boards based on the same geographic formula used to allocate the Part I Sales Tax. Agency revenue includes advertising revenue from the RTA website, RTA fare card replacement fees, and administration fees charged to employers that utilize the RTA Transit Benefit program. Agency revenue also includes matching grants obtained under federal,

state and local programs for regional planning, development, and technology efforts.

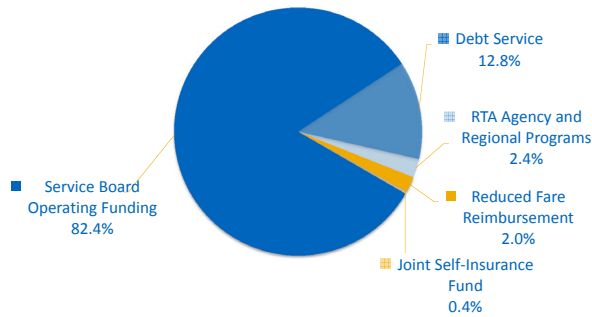
Other RTA revenue of \$22.0 million is anticipated for the 2015 budget, and this funding source is projected to increase by 1.0% in both 2016 and 2017.

EXPENSES

The 2015 budget projects that RTA expenses will increase by 5.6% over the 2014 estimate to \$1.729 billion, exceeding 2015 RTA funding sources by \$6 million. Expenses are then projected to increase to \$1.753 billion in 2016 and \$1.800 billion in 2017, in balance with anticipated funding in each of those years.

Funding of Service Board operations represents the largest category of RTA expenses at 82.4%, followed by regional debt service at 12.8%, RTA Agency and Regional Programs at 2.4%, pass through of the State Reduced Fare Reimbursement at 2.0%, and Joint Self-Insurance Fund (JSIF) premiums at 0.4% (Exhibit 2-8). A detailed discussion of the individual RTA expense categories for 2015 follows.

EXHIBIT 2-8: 2015 RTA EXPENSES - \$1.729 BILLION



Service Board Operating Funding

The RTA’s primary expense is the funding of the Service Boards’ operating deficits. The operating deficit is the difference between a Service Board’s operating revenue (fare revenue and other revenue sources such as advertising) and its operating expenses. It may also

be referred to as the funding requirement. Exhibit 2-9 displays the RTA expenses for Service Board operations for 2013 to 2017. Total RTA operating funding for the Service Boards in 2015 is projected at \$1.425 billion and is expected to reach \$1.499 billion in 2017. The compound annual growth rate of RTA’s expenses for Service Board operations across the five-year period is 4.0%.

EXHIBIT 2-9: RTA EXPENSES FOR SERVICE BOARD OPERATIONS (DOLLARS IN MILLIONS)

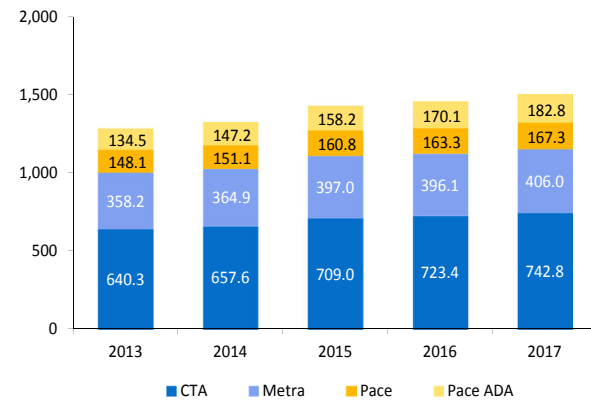


Exhibit 2-10 shows how the 2015 RTA funding for operations relates to each Service Board’s projected operating deficit. A detailed discussion of each Service Board’s operating revenues and expenses is provided in the CTA, Metra, Pace, and Pace ADA Paratransit chapters.

The approved 2015 funding amounts included allocation of all PTF I to CTA and Pace Suburban Service in shares of 98% and 2%, respectively. The adopted funding levels also provided each Service Board with a share of the RTA’s 15% portion of Sales Tax I. After covering regional expenses such as debt service, the \$1.9 million of remaining Sales Tax I was allocated to the Service Boards in the same proportions as Sales Tax II and PTF II: CTA 48%, Metra 39%, and Pace Suburban Service 13%. Additionally, \$6 million of 2015 operating funding was allocated to Metra from the RTA fund balance.

CTA will require \$756.2 million of public funding to balance their 2015 operating budget, of which \$692.6 million will be provided by the RTA. In addition to statutory sales tax and PTF, CTA will receive \$207.1 million of

EXHIBIT 2-10: 2015 SERVICE BOARD OPERATING FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace Suburban Service	Pace ADA Paratransit	Total
Operating Deficit					
Operating Revenue	687,519	375,938	61,066	14,013	1,138,536
Operating Expense	1,443,703	753,100	223,209	172,216	2,592,228
Operating Deficit	\$756,185	\$377,162	\$162,143	\$158,203	\$1,453,693
RTA Funding					
RTA Sales Tax (Part I)	349,569	280,203	88,813	-	718,585
RTA Sales Tax (Part II) and PTF (Part II)	134,988	96,757	32,252	149,703	413,700
RTA Non-Statutory Funding - PTF I	207,121	-	4,227	-	211,348
RTA Non-Statutory Funding - Sales Tax I	900	731	244	-	1,875
RTA Fund Balance Funding	-	6,000	-	-	6,000
Innovation, Coordination, and Enhancement (ICE) ¹	-	1,509	4,443	-	5,952
State Funding for ADA Paratransit	-	-	-	8,500	8,500
RTA Community Mobility and Job Access	-	-	30,771	-	30,771
Total RTA Funding	\$692,578	\$385,200	\$160,750	\$158,203	\$1,396,731
Other Funding					
RETT	63,607	-	-	-	63,607
Federal Funds	-	2,000	1,393	-	3,393
Total Funding for Operations	\$756,185	\$387,200	\$162,143	\$158,203	\$1,463,731

¹ Excludes ICE funding transferred to capital program.

PTF I and \$900 thousand of the RTA's portion of Sales Tax I. External to the RTA, the Real Estate Transfer Tax (RETT) rounds out CTA's deficit funding, resulting in a balanced budget.

Metra will require \$377.2 million of public funding to balance their 2015 operating budget, and \$385.2 million will be provided by the RTA. In addition to statutory sales tax and PTF, Metra will receive \$731 thousand of the RTA's portion of Sales Tax I and \$6 million from the RTA fund balance. Metra opted to use \$1.5 million of 2015 ICE funding for approved operating projects, and will also receive \$2 million of federal funding in the form of a Homeland Security Grant. Metra's total operating funding exceeds their operating deficit by about \$10 million, producing a surplus to be used for their farebox capital program.

Pace Suburban Service will require \$162.1 million of public funding to balance their 2015 operating budget, of which \$160.7 million will be provided by the RTA. In

addition to statutory sales tax and PTF, Pace will receive \$4.2 million of PTF I and \$244 thousand of the RTA's portion of Sales Tax I. Pace opted to use all \$4.4 million of 2015 ICE funding for approved operating projects. Pace also receives RTA funding from two dedicated funds established by P.A. 95-0708: the Suburban Community Mobility Fund (SCMF) and the South Suburban Job Access (SSJA) fund. The SCMF for 2015 is projected at \$23.3 million, while SSJA is a fixed amount of \$7.5 million. Federal funding of \$1.4 million rounds out Pace's deficit funding, resulting in a balanced budget.

Finally, Pace Regional ADA Paratransit will require \$158.2 million of public funding to balance the 2015 budget, with \$149.7 million sourced from Sales Tax II and PTF II and \$8.5 million provided by the State of Illinois via the RTA.

Debt Service

Principal and interest payments, the second largest category of RTA expenses, reflect expenses for debt service on RTA SCIP and non-SCIP bonds that finance Service Board capital projects. The amount also includes debt service costs for RTA working cash notes required because of delays in receipts of PTF and financial assistance from the State, which are running up to four months in arrears. RTA debt service is expected to increase by 0.6% from the 2014 estimate to \$221.2 million, as the RTA plans to issue \$100 million of new bonds in 2015 for Service Board capital projects. Additional information on RTA bonds is provided in the Reference section of this chapter.

RTA Agency and Regional Programs

Expenses for 2015 Agency and Regional Programs are projected at \$42.2 million, representing 2.4% of total RTA expenses. This category is further subdivided into Agency administrative expenses of \$18.7 million, Regional Services expenses of \$16.3 million, and Regional Projects expenses of \$7.2 million. A detailed discussion is contained in the Agency Operating Plan section of this chapter.

State Reduced Fare Reimbursement

State of Illinois funding for Reduced Fare Reimbursement is received as revenue by the RTA and passed through to the Service Boards to replace a portion of the operating revenue lost in providing mandated free and reduced fare programs. Annual expenses of \$34.1 million are projected for 2015 through 2017 as the RTA anticipates that the State will restore this funding to its previous level.

Joint Self-Insurance Fund

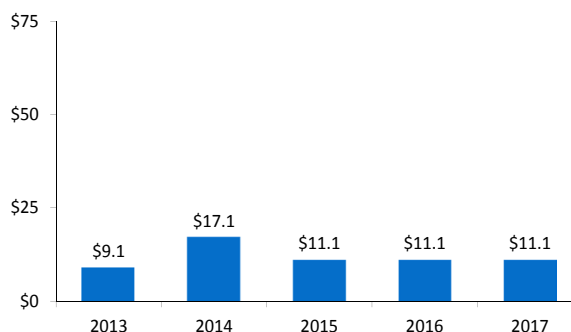
The RTA provides excess liability insurance to protect the self-insurance programs maintained by the Service Boards. The Service Boards are obligated to reimburse the fund for any damages paid, plus interest. Premium

payments for the Joint Self-Insurance Fund (JSIF) in 2015 are budgeted at \$6.2 million, an amount which is projected to increase by 3.0% in both 2016 and 2017.

FUND BALANCE

In 1998, the RTA Board adopted ordinance 98-15 establishing a minimum level to be kept in the unreserved and undesignated RTA fund balance, equal to 5% of total RTA operating expenses. The intent of the ordinance was to maintain a reasonable level of financial reserves to be utilized as supplemental operating funding during unfavorable economic periods. Specific details of this policy are contained in the Appendices chapter. Exhibit 2-11 shows the projected RTA fund balances for 2013 through 2017.

EXHIBIT 2-11: RTA ENDING FUND BALANCE (DOLLARS IN MILLIONS)



Beginning Balance

The beginning balance is the amount of funds in the unreserved and undesignated RTA fund balance after the previous year's financial results have been audited and the accounting books have been closed. The beginning balance for 2013 was \$5.1 million.

Change In Fund Balance / Ending Fund Balance

Total RTA revenues less total RTA expenses equal the annual change in fund balance. When revenues exceed expenses, the resulting surplus increases the fund balance. When expenses exceed revenues, the resulting deficit reduces the fund balance.

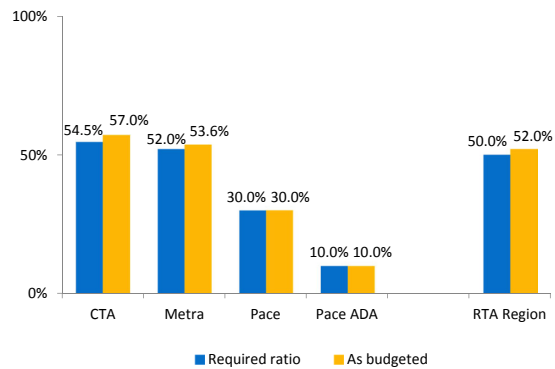
In 2013, the fund balance increased to \$9.1 million as other RTA revenue exceeded budget due to favorable investment income. The fund balance is projected to increase further to \$17.1 million in 2014. The RTA had budgeted \$8.25 million of funds from the fund balance in 2014 to offset the loss of State reduced fare reimbursement funding. That funding was subsequently reinstated to the State budget, obviating the need for this replacement funding.

In the funding amounts approved on September 12, 2014, the RTA Board allocated all available 2015 PTF I and Sales Tax I to the RTA and Service Boards and provided an additional \$6 million of operating funding to Metra, decreasing the projected fund balance to \$11.1 million at the end of 2015. The fund balance is expected to remain at that level, which represents 0.7% of operating expenses, through the end of the two-year planning period in 2017. The funding ordinance waived the provisions of ordinance 98-15, and called for the engagement of an independent public auditor to make recommendations regarding an RTA fund balance policy.

RECOVERY RATIO

The RTA Act requires the RTA Board to set a system-generated revenue recovery ratio requirement for each Service Board for the upcoming fiscal year. This recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenses, with statutory and approved adjustments. The RTA Act further requires that the combined system revenue from RTA operations equal at least 50% of the system operating expense, excluding Pace ADA Paratransit service. This 50% regional result is contingent upon the CTA, Metra, and Pace Suburban Service achieving their 2015 recovery ratio marks of 54.5%, 52%, and 30%, respectively (Exhibit 2-12). Each Service Board’s 2015 budgeted recovery ratio meets or exceeds their required ratio, and as a result the regional system-generated revenue recovery ratio for 2015 is projected at 52.0%, exceeding the statutory 50% requirement by a significant margin. The detailed

EXHIBIT 2-12: 2015 SERVICE BOARD AND RTA RECOVERY RATIOS



recovery ratio calculations are provided in Exhibit 2-35 at the end of this chapter.

2014 Budget versus 2014 Estimate

A comparison of the adopted 2014 RTA operating budget to the revised estimate of 2014 results is shown in Exhibit 2-13.

RTA FUNDING SOURCES

Total RTA funding sources of \$1.647 billion are favorable to the adopted budget by \$16.3 million. PTF II is favorable by \$3.8 million due to strong RETT performance driving the PTF on RETT higher. State reduced fare reimbursement is favorable by \$8.25 million due to the reinstatement of this funding in the State FY 2014 budget. Other RTA revenue is favorable by \$4.2 million due to higher than anticipated federal grant revenue for regional projects within the RTA Agency budget.

EXPENDITURES

Total 2014 RTA estimated expenses of \$1.637 billion are unfavorable to the adopted budget by \$6.1 million. RTA funding for Service Board operations is favorable by \$4.4 million due to the combined effect of lower reduced fare reimbursement replacement funding and higher PTF on RETT funding. The reinstatement of the reduced fare reimbursement itself produces an \$8.25 million unfavorable expense variance as those increased funds are distributed to the Service Boards. Finally, RTA

Agency and Regional programs expenses are projected to be \$2.3 million unfavorable to budget due to an increase in regional project expenses related to higher federal grant revenue. Estimated debt service, capital expenses, and JSIF premiums are unchanged from the adopted 2014 budget.

FUND BALANCE

When the 2013 books were closed, the beginning unreserved and undesignated fund balance for 2014 was restated higher to \$9.1 million, reflecting an increase of \$6.2 million from the adopted budget. The favorable variance in funding sources of \$16.3 million discussed above, offset by the unfavorable expense variance of \$6.1 million, results in an increase in the change in fund balance of \$10.1 million versus the adopted budget. However, transfers out of the fund balance increased by \$2.2 million in order to reflect the reallocation of RTA Agency positive budget variances from 2013 and 2014 for multi-year project and agency capital reserves. The net effect of these changes is a projected 2014 ending fund balance of \$17.1 million, favorable to the adopted budget by \$14.2 million.

EXHIBIT 2-13: RTA STATEMENT OF REVENUES AND EXPENSES - 2014 ESTIMATE VS. 2014 BUDGET (DOLLARS IN THOUSANDS)

	2014 Budget	2014 Estimate	Variance
RTA Funding Sources			
RTA Sales Tax I	811,985	811,985	-
RTA Sales Tax II	287,325	287,325	-
Public Transportation Fund (PTF - Part I)	202,996	202,996	-
PTF (Part II)	141,155	144,964	3,809
State Financial Assistance (ASA/AFA)	130,167	130,167	-
State Reduced Fare Reimbursement	25,820	34,070	8,250
State Funding for ADA Paratransit	8,500	8,500	-
RTA Regional Capital Project Reserves ¹	2,921	2,921	-
Other RTA Revenue ²	19,740	23,963	4,223
Total Funding Sources	\$1,630,609	\$1,646,891	\$16,282
Expenses			
<u>RTA Expenses for Operations</u>			
RTA Total Funds for CTA Operations	661,022	657,643	3,379
RTA Total Funds for Metra Operations	365,411	364,899	512
RTA Total Funds for Pace Suburban Service Operations	151,612	151,062	550
RTA Total Funds for Pace ADA Paratransit Operations	147,166	147,166	-
RTA Funding for Innovation, Coordination, and Enhancement	11,188	11,188	-
State Reduced Fare Reimbursement	25,820	34,070	(8,250)
RTA Agency and Regional Programs	38,603	40,928	(2,325)
Total Expenses for Operations	\$1,400,822	\$1,406,956	(\$6,134)
<u>Debt Service, Capital & JSIF Expenses</u>			
Debt Service	220,000	220,000	-
Transfer Capital RTA Capital Reserve Funds to Metra	2,000	2,000	-
Grant Incentive Program	1,787	1,787	-
Joint Self-Insurance Fund (JSIF)	6,000	6,000	-
Total Debt Service, Capital & JSIF Expenses	\$229,787	\$229,787	-
Total Expenses	\$1,630,609	\$1,636,743	(\$6,134)
Fund Balance (unreserved / undesignated)			
Beginning Balance	2,879	9,110	6,231
Change in Fund Balance	-	10,148	10,148
Transfers	-	(2,196)	(2,196)
Ending Balance	\$2,879	\$17,063	\$14,184
Ending Balance as % of Total Expenses for Operations	0.2%	1.2%	1.0%

¹ Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and the RTA fund balance.

² Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.

AGENCY OPERATING PLAN

Budget and Financial Plan

The 2015 budget represents our focus on grounding the agency's efforts in the mission and goals of the Regional Strategic Plan. The Strategic Plan addresses critical issues confronting our region such as the lack of capital funding required to maintain a state of good repair and the need to improve the overall customer experience through a more modernized and integrated transit system. Our goals in the upcoming year include working in cooperation with our partner agencies in the region including the Service Boards to advance the Strategic Plan, seeking a dedicated source of capital funds for system modernization, and looking internally to achieve efficiencies within RTA agency operations.

The 2015 budget represents our focus on grounding the agency's efforts in the mission and goals of the Regional Strategic Plan.

This section summarizes the agency's budget, which totals \$42.2 million. The budget was developed in two parts -- the Administrative budget and the Regional Programs budget. The Administrative budget includes the core agency expenses for staff, facilities, information technology, office services, and professional services. It comprises 44% of the total budget or \$18.7 million and falls below the cap on RTA administrative expenses set by the RTA Act. The Regional Programs budget includes Regional Services provided directly to the public by the RTA such as ADA Certification, Mobility Management/Travel Training, Travel Information Center, Customer Service Center, and the Reduced Fare and Transit Benefit Programs, and it is growing at a faster rate than the administrative budget because of the demand for these services. Regional Programs also includes all of the RTA's grant funded programs. The Regional Programs budget accounts for the remaining 56% of the budget or \$23.5 million.

In 2015, in support of the Service Board's capital programs, the RTA will once again issue \$100 million in bonds and continue to work with the Service Boards on the region's Capital Asset Assessment. We will continue to advocate for long-term, stable capital funding through the Getting America to Work coalition. We will

expand our successful interagency signage program, coordinating the services of CTA, Metra, and Pace at key transfer locations. To enhance access to transit, we will continue to partner with local communities to facilitate Transit Oriented Developments throughout the region. We will kick-off a new regional marketing campaign to encourage greater use of transit during off-peak hours and further enhance public awareness and perception of our region's transit system. We will also move forward in planning for mobility management sites that provide coordinated services to our customers

for ADA certification, travel training, and reduced fare programs. All this work advances the RTA's mission of providing regional financial oversight, funding, and planning.

Working together with the Service Boards we will ensure our work

benefits the residents of the region who take two million trips each weekday to reach their destinations throughout the RTA's six-county region.

The RTA Agency budget and financial plan presented in Exhibit 2-14 and 2-15 meet the funding amounts set by the RTA Board on September 12, 2014. Exhibit 2-14 shows a summary level budget by major categories, while Exhibit 2-15 shows a detailed level budget by Administration and Regional Programs.

OPERATING REVENUE

The 2015 operating budget includes operating revenue (Administrative and Regional Programs) of \$6.9 million from the transit benefit program, reduced fare and free ride program, Section 5310, Unified Work Program (UWP) federal funding programs and IDOT funded Construction Quality Assurance programs.

This amount is \$2.0 million or 22% lower than the 2014 estimate. At the time the 2014 budget was developed, the federal government was in a period of transition between grant funding programs. New Freedom and Job Access Reverse Commute (JARC) funding programs

**EXHIBIT 2-14: AGENCY 2015 BUDGET SUMMARY AND 2016-2017 FINANCIAL PLAN BY MAJOR CATEGORIES
(DOLLARS IN THOUSANDS)**

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Revenues					
Administrative Operating Revenue	32	56	50	52	53
Regional Services Operating Revenue	1,041	872	633	655	675
Total Operating Revenue	\$1,073	\$928	\$683	\$707	\$728
Federal Grants	7,541	7,935	6,209	6,427	6,619
Sales Tax I	32,974	33,963	35,322	31,526	32,623
Total Public Funding	\$40,515	\$41,899	\$41,531	\$37,953	\$39,242
Total Revenue	\$41,588	\$42,826	\$42,214	\$38,659	\$39,970
Expenses					
Administrative Operating Expenses	17,509	16,368	18,748	19,404	19,986
Regional Services Operating Expenses	15,082	15,353	16,269	11,807	12,312
Grant and RTA Funded Multi Year Project Expense	8,699	9,207	7,197	7,449	7,672
Total Expenses	\$41,290	\$40,928	\$42,214	\$38,659	\$39,970
Net Result	\$298	\$1,898	-	-	-

ended and funding for similar projects became available through Section 5310 of the federal Moving Ahead for Progress in the 21st Century (MAP 21) legislation. The RTA had not yet been appointed as the regional designated recipient of those funds at the time the 2014 budget was developed; therefore Section 5310 federal funded projects were not included in the 2014 Agency budget. However, following the adoption of the 2014 budget, the RTA was appointed the designated recipient and was awarded \$3.1 million in Section 5310 funds in 2014. In 2015, these funds are projected to decrease because of the inclusion of Illinois Department of Transportation (IDOT) as a recipient for some of these federal funds for the region. In 2016 and 2017, estimated revenues reflect an increase of 3.5% and 3.0% respectively. (Exhibit 2-16).

Agency Administrative Operating Revenue

In 2015, total Agency Administrative operating revenue from marketing and advertising is projected to be

\$50,000, a decrease of \$6,000 from the 2014 estimate in website advertising.

Regional Services Revenue

Total Regional Services revenue of \$0.6 million represents 2% of the total operating revenue. Customer Service and Fare Program revenue is projected to be \$105,000. Transit Benefit Program revenue of \$0.5 million is projected to be 29% lower than in 2014 due to transitioning from transit checks to the new debit card based system with quicker payment to customers.

Regional Programs Grant Revenue

Total Regional Programs grant revenue of \$6.2 million represents 15% of the total operating revenue. It includes grants from Section 5310, Unified Work Program (UWP) federal funding programs and IDOT funded Construction Quality Assurance programs. The RTA uses these grants to provide funding and planning assistance to units of local government for projects that benefit

**EXHIBIT 2-15: AGENCY 2015 BUDGET DETAIL AND 2016-2017 FINANCIAL PLAN BY ADMINISTRATION AND REGIONAL PROGRAMS
(DOLLARS IN THOUSANDS)**

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
RTA Agency Administration					
Personnel	11,590	10,888	12,142	12,567	12,944
Professional Services	2,976	2,536	3,419	3,539	3,645
Office Services	2,943	2,445	2,829	2,928	3,016
Agency Programs (IT Capital)	-	499	357	370	381
Total Administrative Expense	\$17,509	\$16,368	\$18,748	\$19,404	\$19,986
Marketing Revenue	32	56	50	52	53
Total Administrative Revenue	\$32	\$56	\$50	\$52	\$53
TOTAL ADMINISTRATION (Net Expense)	\$17,478	\$16,312	\$18,698	\$19,352	\$19,933
RTA Regional Programs					
Rail Safety Oversight	72	131	50	52	53
Transit Benefit Program	482	522	801	829	854
Customer Service & Fare Programs	7,242	6,828	6,652	6,885	7,091
ADA Paratransit Certification Program	6,104	6,595	7,335	7,591	7,819
Mobility Management & Regional Accessibility	1,182	1,278	1,432	1,482	1,526
Budget Balancing Actions ¹				(5,032)	(5,032)
Total Regional Services Expenses	\$15,082	\$15,353	\$16,269	\$11,807	\$12,312
Customer Service & Fare Program Revenue	177	133	105	109	112
Transit Benefit Program Revenue	864	739	528	546	563
Total Regional Services Revenue	\$1,041	\$872	\$633	\$655	\$675
Total Regional Services (Net Expense)	\$14,040	\$14,481	\$15,637	\$11,152	\$11,637
Grant and RTA Funded Multi-Year Project Expense	8,699	9,207	7,197	7,449	7,672
Grant Revenue for Multi-Year Projects	7,541	7,935	6,209	6,427	6,619
Total Grant and RTA Funded Programs	\$1,158	\$1,272	\$987	\$1,022	\$1,053
TOTAL REGIONAL PROGRAMS (Net Expense)	\$15,198	\$15,754	\$16,624	\$12,174	\$12,690
TOTAL RTA OPERATIONS (Net Expense)	\$32,676	\$32,065	\$35,322	\$31,526	\$32,623
Total Agency Regional Public Funding	\$32,974	\$33,963	\$35,322	\$31,526	\$32,623

¹ Regional services 2016 budget balancing actions to be identified jointly by the RTA and Service Boards including opportunities for shared services, consolidation, and expense reductions.

the community and the regional transportation system. Eligible projects for these funds include the creation of transit-oriented development (TOD) plans and projects to improve mobility for seniors and individuals with disabilities. The 2015 budgeted grant revenue of \$6.2 million is 22% lower than the 2014 estimate of \$7.9

million as a result of transitioning the New Freedom and JARC federal programs to the Section 5310 program.

EXHIBIT 2-16: RTA AGENCY REVENUE (IN MILLIONS)

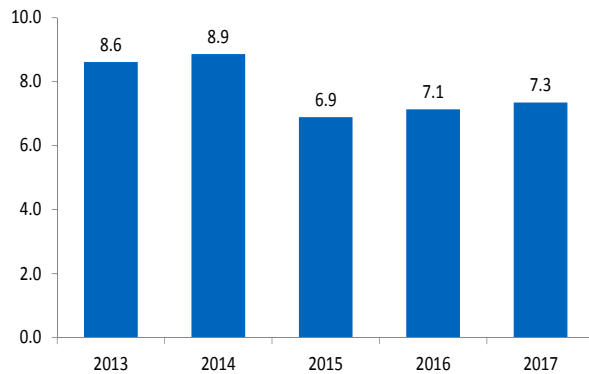


EXHIBIT 2-18: 2015 RTA AGENCY REVENUE - \$42.2 MILLION

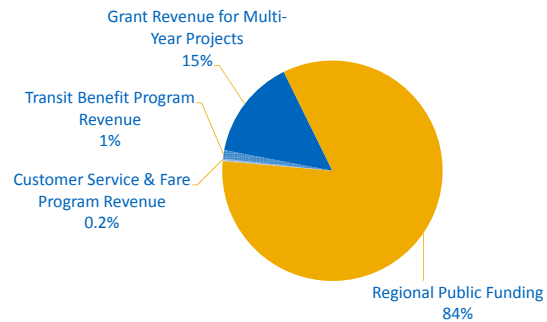
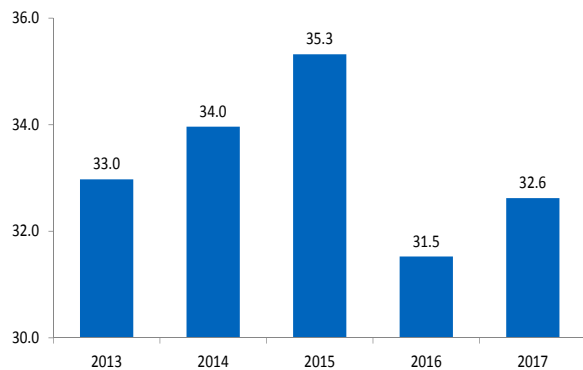


EXHIBIT 2-17: RTA AGENCY PUBLIC FUNDING FROM REGIONAL SALES TAX (IN MILLIONS)



OPERATING EXPENSES

The 2015 operating budget includes total operating expense (Administrative and Regional Programs) of \$42.2 million (Exhibit 2-19). The RTA Agency Administrative budget includes core agency expenses for staff, facilities, information technology, office services, and professional services and accounts for 44% of RTA Agency expenses or \$18.7 million. The RTA Regional Programs budget includes Regional Services provided directly to the public by the RTA such as the ADA Paratransit Certification Program, Mobility Management/Travel Training, Travel Information Center, Customer Service Center, Reduced Fare and Transit Benefit Programs, as well as the FTA and State required Rail Safety Oversight Program for CTA Rail. The Regional Programs budget also includes all of the RTA’s grant funded programs, as well as RTA funded regional studies and initiatives. The Regional Programs budget comprises the remaining 56% of the operating budget expenses or \$23.5 million (Exhibit 2-20).

PUBLIC FUNDING

The 2015 Agency budget includes a 4.0% growth over 2014 in public funding from regional sales tax. This increase is consistent with the projected growth in sales tax provided in the Service Board budgets. In 2015, the total budgeted public funding required for the RTA Agency is \$35.3 million. Public funding projections in 2016 includes a \$5.0 million reduction in the regional services budget. In 2017 regional sales tax funding increases by 3.0% (Exhibit 2-17).

The combination of operating revenue of \$0.7 million, grants of \$6.2 million, and regional public funding of \$35.3 million comprise total Agency revenue and together balance the overall RTA Agency Operating Budget expenses of \$42.2 million. Regional public funding accounts for 84% of the total revenue with the remaining 16% generated from operating and grant revenue (Exhibit 2-18).

EXHIBIT 2-19: RTA AGENCY OPERATING EXPENSE (IN MILLIONS)

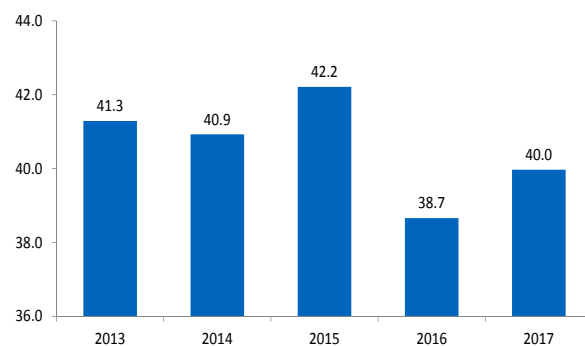
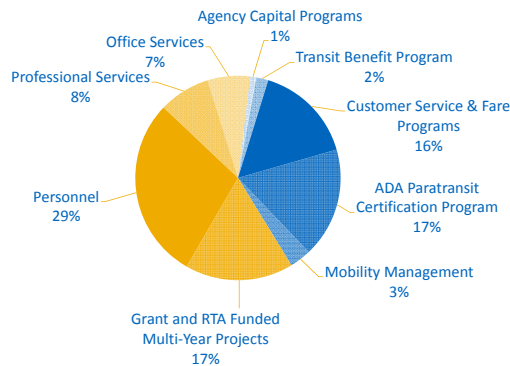


EXHIBIT 2-20: 2015 AGENCY OPERATING EXPENSE- \$42.2 MILLION



In developing the 2015 budget, the RTA Agency budget accounts for growing demand for ADA certifications and travel training services in the Regional Services budget.

The Regional Programs budget, net of grant revenue and operating revenue, increases by 5.5% compared to the 2014 estimate, while the Administrative budget increases 14.6% above the estimate due to unfilled positions and less spending in professional services in 2014. Compared to the 2014 budget, Administrative budget increases only by 1.9%.

Administrative Expenses

Personnel

Personnel related costs, such as salaries, pension, health care, training and other personnel items, of \$12.1 million represent 29% of the total expense budget. This amount increases by 11.5% compared to the 2014 estimate primarily due to budgeted but unfilled positions in 2014. However, compared to the 2014 budget, this amount increases only by 1.4% as the administrative staffing level in 2015 remains the same as in 2014. Salaries include an average 3% merit increase in 2015.

Professional Services

Professional Services of \$3.4 million, which include audit fees, financial advisory services, Project Management Oversight (PMO) contracts, legal and legislative

consulting fees, represent 8% of the total expense budget and reflect a 34.9% increase over the 2014 estimate as a result of higher consulting fees due to postponing a Disparity Study in the Legal Department’s 2014 budget to the 2015 budget and higher 2015 budgeted legal fees as the Agency continues pursuing litigation against businesses that have improperly diverted sales tax revenue out of the six-county region.

Office Services and IT Programs

Rent, utilities, maintenance, telephone and various general office and IT related expenses account for \$2.8 million or 7% of the total operating costs, which increase by 15.7% in 2015 compared to the 2014 estimate due to higher IT related software license, maintenance, and storage expenses. However, compared to the 2014 budget, expenses in this category remain stable in 2015.

Projected costs for new IT capital initiatives under the Agency Programs category represent \$0.4 million or 1% of the total Agency budget expense. Additional funding for the ongoing five-year IT strategic plan implementation is coming from the IT reserve, which had been budgeted in prior years.

Regional Programs Expenses

Regional Services

In the Agency budget, \$16.3 million or 39% of the overall operating expenses are programmed for Regional Services or customer focused operations including direct costs to run these programs as well as RTA staff personnel costs. In 2015, total Regional Services, net of the operating revenue, will experience a growth of 6% over the 2014 estimate. However, total 2016 expenses are estimated to decrease by 27.4% from a \$5.0 million reduction in the regional services budget. This savings is to be jointly identified by the RTA and Service Boards from opportunities for efficiencies from shared services.

Rail Safety Oversight

Rail Safety Oversight represents a small portion in the 2015 budget of \$50,000. This amount does not include Rail Safety Oversight staffing costs, which are included as part of the oversight budget in the Finance and Administration Department.

Transit Benefit Program

Transit Benefit Program related expenses represent 2% or \$0.8 million in the Agency budget reflecting a \$280,000 increase over the 2014 estimate due to a lower than anticipated Purchased Service amount in 2014. Compared to the 2014 budget, this category increases only by 1.4% in 2015.

Customer Service and Fare Programs

Customer service and fare programs of \$6.7 million represent 16% of the total operating expenses and include the Customer Service Center operation, the TIC operation, and the Reduced Fare and Free Ride Programs. This category reflects a 2.6% reduction in 2015 compared to the 2014 estimate.



Regional Accessibility

ADA Certification program and the Mobility Management (Travel Training) program represent 21% or \$8.8 million to cover direct operations costs as well as personnel related costs. This category combined shows an 11.4% increase reflecting an increase for the ADA Paratransit Certification program over the 2014 estimate due to a



higher number of applicants and increased demand for mobility management services in the region.

Grant and RTA Funded Programs

Grant and RTA funded multi-year project expenses of \$7.2 million represent 17% of the overall operating expense budget and reflect a decrease of 21.8% over the 2014 estimate due to an increase in the availability of Section 5310 federal grant funds in 2014 as the federal government transitioned between New Freedom, Job Access Reverse Commute (JARC) funding programs and Section 5310 of the federal Moving Ahead for Progress in the 21st Century (MAP 21) legislation.

Section 5310 Federal Funds

In 2015 Section 5310 awards are estimated to be \$5.4 million, which is 13% of total operating expenses.

Unified Work Program (UWP) Federal Funds

Unified Work Program (UWP) federally funded programs of \$0.8 million represent 2% of total operating expenses. This category includes community planning projects.

Illinois Department Of Transportation (IDOT) Funds

Construction Quality Assurance Program of \$0.5 million represents 1% of total operating expenses. This program was developed with IDOT for CTA Rail to ensure major IDOT funded projects, such as the Red Line reconstruction and Wilson Transfer Station, proceed within budget, according to project scope, and without delays in the grant concurrence process.

RTA Funds

RTA funded programs of \$0.4 million are 1% of total operating expenses. Expenses for the Regional Marketing Initiative, University Partnership Program, Capital Asset Condition Assessment, and for Rosemont Transit Center Study projects are included in this category.

EXHIBIT 2-21/A: RTA AGENCY 2014 BUDGET VERSUS 2014 ESTIMATE BY MAJOR CATEGORIES (DOLLARS IN THOUSANDS)

	2014 Budget	2014 Estimate	Variance
Revenues			
Administrative Operating Revenue	6	56	50
Regional Services Operating Revenue	1,296	872	(424)
Total Operating Revenue	\$1,302	\$928	(\$374)
Federal Grants	3,338	7,935	4,597
Sales Tax I / PTF I	33,963	33,963	-
Total Public Funding	\$37,301	\$41,899	\$4,597
Total Revenue	\$38,603	\$42,826	\$4,223
Expenses			
Administrative Operating Expenses	18,347	16,368	1,980
Regional Services Operating Expenses	15,646	15,353	293
Grant and RTA Funded Multi Year Project Expense	4,610	9,207	(4,597)
Total Expenses	\$38,603	\$40,928	(\$2,325)
Net Result	-	1,898	1,898

EXHIBIT 2-21/B: RTA AGENCY 2014 BUDGET VERSUS 2014 ESTIMATE BY ADMINISTRATION AND REGIONAL PROGRAMS (DOLLARS IN THOUSANDS)

	2014 Budget	2014 Estimate	Variance
RTA Agency Administration			
Personnel	11,972	10,888	1,085
Professional Services	3,071	2,536	535
Office Services and Agency Programs	3,304	2,944	360
Total Administrative Expense	\$18,347	\$16,368	\$1,980
Marketing Revenue	6	56	50
Total Administrative Revenue	\$6	\$56	\$50
TOTAL ADMINISTRATION (Net Expense)	\$18,341	\$16,312	\$2,030
RTA Regional Programs			
Rail Safety Oversight	50	131	(81)
Transit Benefit Program	790	522	268
Customer Service & Fare Programs	6,626	6,828	(201)
ADA Paratransit Certification Program	6,682	6,595	87
Mobility Management & Regional Accessibility	1,497	1,278	219
Total Regional Services Expenses	\$15,646	\$15,353	\$293
Customer Service & Fare Program Revenue	125	133	8
Transit Benefit Program Revenue	1,171	739	(432)
Total Regional Services Revenue	\$1,296	\$872	(\$424)
Total Regional Services (Net Expense)	\$14,350	\$14,481	(\$132)
Grant and RTA Funded Multi Year Project Expense	4,610	9,207	(4,597)
Grant Revenue for Multi Year Projects	3,338	7,935	4,597
Total Grant and RTA Funded Programs	\$1,272	\$1,272	-
TOTAL REGIONAL PROGRAMS (Net Expense)	\$15,622	\$15,754	(\$132)
TOTAL RTA OPERATIONS (Net Expense)	\$33,963	\$32,065	\$ 1,898
Total Agency Regional Public Funding	\$33,963	\$33,963	-

Agency Statutory Cap

In 1985, a statutory cap for administrative spending was set at \$5 million, with a growth rate of 5% per year. The 2015 cap on Agency administrative expenses is \$21.6 million. The 2015 RTA Agency budget is below this cap with expenses for Regional Programs, including Regional Services and grant-funded projects, totaling \$23.5 million. The remaining administrative expenses of \$18.7 million fall 13.2% below the statutory cap level.

NET RESULT

RTA Agency net results are zero for 2015 through 2017 indicating revenues are equal to expenses (Exhibit 2-14).

2014 Budget versus 2014 Estimate

In 2014, Agency expenditures (Administration and Regional Programs) were budgeted at \$38.6 million and are estimated to be \$2.3 million unfavorable to budget (Exhibit 2-21/A and B).

Total Administrative expenses is estimated to be \$2.0 million favorable to budget due to lower personnel, professional, and office expenses.

Total Regional Programs expenses are expected to be \$4.3 million over budget. Regional Services are expected to be \$293 thousand favorable to budget, while Grant and RTA Funded Prjects are expected to be \$4.6 million unfavorable to budget due to the awarded Section 5310 federal funded projects in 2014 that were not part of the 2014 budget (see page 31 for a more detailed explanation).

Total Operating Revenue in 2014 is estimated to be \$374 thousand unfavorable to budget due to lower Transit Benefit Program revenue.

Total Federal Grants are estimated to be \$4.6 million favorable due to the awarded Section 5310 federal

funded projects in 2014 that were not part of the 2014 budget.

RTA Agency net results are \$1.9 million for 2014 indicating the higher favorable budget variance in the Administrative Expenses category.

Organizational Structure

Departmental Agency Staffing in 2015 reflects organizational changes that occurred during the calendar year of 2014. The Agency's 2014 budget included a staffing plan of 121 positions. In July of 2014 the Agency restructured some divisions to improve Agency efficiencies and better align functions.

The proposed plan for 2015 is 121 positions, which is the same as the 2014 plan. Exhibit 2-22 shows the Agency budget staffing by department. The RTA Organization Chart (Exhibit 2-23) illustrates the Agency departments and their divisions or functional units. Exhibits 2-24 and 2-25 provide a breakdown of the Agency operating budget by department.

DEPARTMENTS

Executive Director's Office

This department includes the RTA Board of Directors and organizations that support the RTA Chairman and Board of Directors, and it oversees and directs day-to-day agency activities.

The RTA Board of Directors consists of 15 members and a chairman. The RTA Board has the statutory authority to establish, by rule or regulation, the financial, budgetary, or fiscal requirements for the region's public transit system. The RTA Board and its committees set policy, authorize funding levels for the Service Boards, approve operating budgets and capital programs, consider matters relating to RTA operations and compliance with the ADA Act, supervise audits, and consider planning studies and capital program investments. The Board has

EXHIBIT 2-22: 2015 AGENCY BUDGET STAFFING BY DEPARTMENT

	2014 Budget ¹	2015 Budget	Change
Departments			
Executive Director's Office	2	2	-
Audit	5	5	-
Communications	2	3	1
Finance and Administration ²	33	32	(1)
Government Affairs	3	2	(1)
Human Resources	3	3	-
Information Technology	9	10	1
Legal	4	4	-
Planning and Market Development	23	23	-
Total Admin Staffing Plan	84	84	-
Mobility Services ³	37	37	-
Total Regional Staffing Plan	37	37	-
Total RTA Staffing Plan	121	121	-

¹ 2014 budget headcounts are restated among departments to reflect organizational changes and to be comparable to the 2015 budget.

² Finance and Administration includes Operations (Facility and Procurement) functions.

³ Mobility Services Department staff all included as part of the regional staff and contains the following regional services: Customer Service, Travel Information Center, Mobility Management, and ADA Paratransit Certification Program.

four standing committees that review and recommend policy to the entire Board.

The Executive Director executes the policy decisions of the RTA Board and staffs the Agency to administer its statutory mission and implement Board policy. The Executive Director informs and assists the RTA Chairman and the Board in the development of policy, and is the principal contact with executive staffs of the CTA, Metra, and Pace to ensure effective administration of the RTA's regional planning and oversight responsibilities. The Secretary to the Authority provides Board and executive support functions by assisting with the information, documentation, and logistical needs of the RTA Board and the Executive Director.

The departmental budget in 2015 of \$1.4 million represents 3.0% of the total Agency operating expenses. The budgeted headcount is two, which is the same as last year.

Audit

The RTA's audit authority includes financial, operational, performance, management and safety audits within the Service Boards and the RTA. The department functions independently of all RTA and Service Board operations, which is essential to enable the audit function to accomplish its purpose. Over the past years, the exercise of this authority has included numerous audits, such as the CTA Rail System Safety Program, ADA Paratransit Service Changes, Executive Compensation reviews at each of the Service Boards and the RTA, and Metra's Severance Payment to its Executive Director. In 2014 the Audit Department completed various audits and reviews including Metra's performance during the 2014 polar vortex, Cash and Treasury Operations (system-wide review) and Inventory Management (CTA, Metra and Pace). In addition, a system-wide review of Revenue Recognition was initiated and will be completed in 2015.

The departmental budget in 2015 of \$1.2 million represents 3% of the total Agency operating expenses.

EXHIBIT 2-23: RTA ORGANIZATIONAL CHART

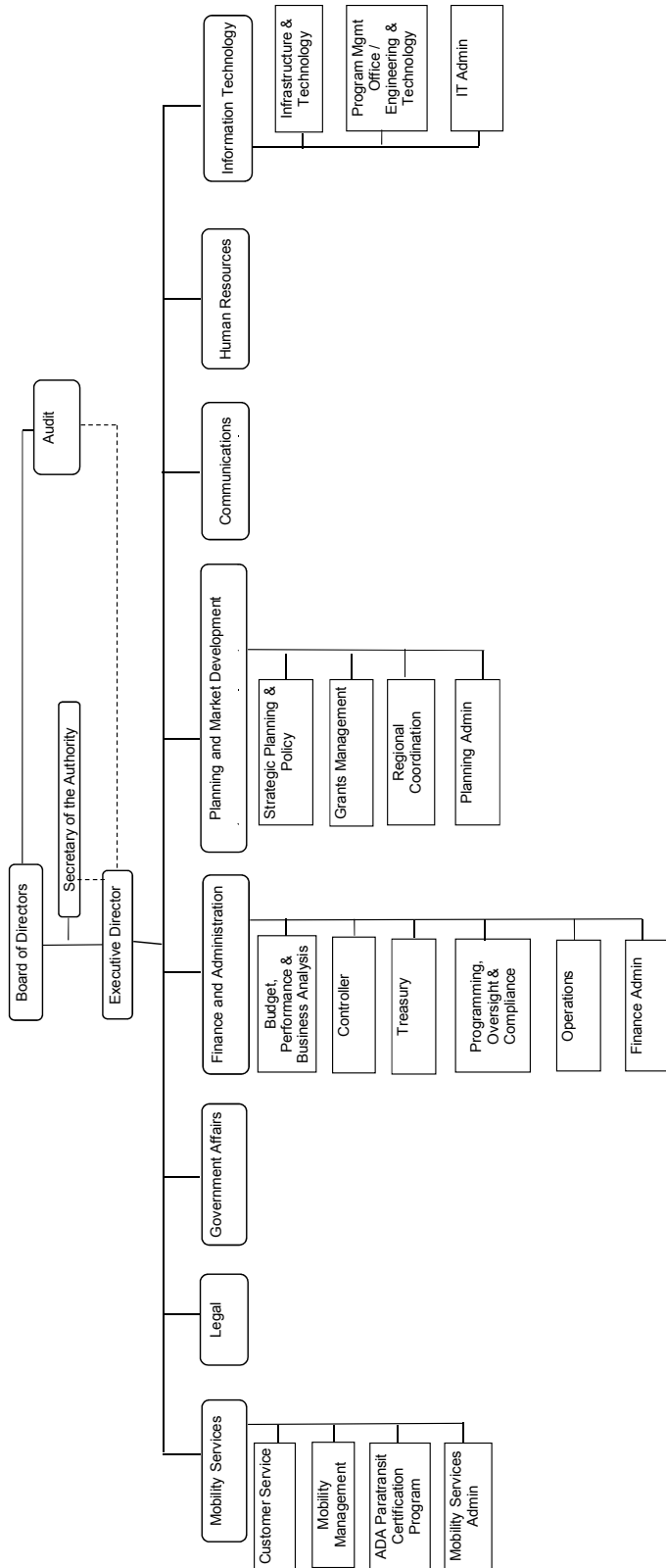
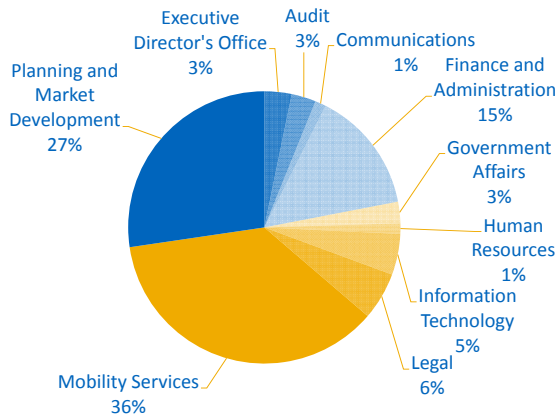


EXHIBIT 2-24: 2015 AGENCY OPERATING BUDGET BY DEPARTMENT (IN DOLLARS)

	Expense	Operating & Grant Revenue	Regional Public Funding
Executive Director's Office	1,363,963		1,363,963
Audit	1,225,129		1,225,129
Communications	543,054		543,054
Finance & Performance Management	6,142,777	265,000	5,877,777
Government Affairs	1,072,719		1,072,719
Human Resources	527,741		527,741
Information Technology	2,055,874		2,055,874
Legal	2,383,542		2,383,542
Mobility Services	15,362,390	105,000	15,257,390
Planning and Market Development	11,536,710	6,522,156	5,014,554
TOTAL	\$42,213,899	\$6,892,156	\$35,321,743

EXHIBIT 2-25: 2015 AGENCY OPERATING BUDGET BY DEPARTMENT - \$42.2 MILLION



The departmental budget in 2015 of \$0.5 million represents 1% of the total Agency operating expenses. The budgeted headcount is three, which is one position more than in 2014.

Finance and Administration

The Finance and Administration Department is responsible for regional and Agency budget development and analysis, performance measurement reporting, issuance of financial statements, development of comprehensive annual financial audits, financial systems management, capital program oversight, rail safety and program management oversight, and asset and debt management. Starting in 2015, agency operations activities, such as facility and procurement processes, will also belong to the Finance Department. The Department includes the following divisions: Budget, Performance & Business Analysis; Controller; Programming, Oversight & Compliance; Treasury, and Operations.

The departmental budget in 2015 of \$6.1 million represents 15% of the total Agency operating expenses. The budgeted headcount is 32, which is one position less than in 2014.

Government Affairs

The Government Affairs Department is responsible for developing and promoting the RTA's federal, state, and local government affairs agenda for transit in the region.

The budgeted headcount is five, which is the same as last year.

Communications

In 2014, the Chief of Staff Department was eliminated. The Communications Department is now a separate department that reports directly to the Executive Director. The Communications Department handles all internal and external communications, including media relations, for the agency; communicates and publicizes RTA programs, initiatives and successes; and collaborates with the Service Boards to promote their services and programs.

The departmental budget in 2015 of \$1.1 million represents 3% of the total Agency operating expenses. The budgeted headcount is two.

Mobility Services

The Mobility Services Department is the largest department within the Agency and is responsible for the management and operation of programs that directly serve regional customers. Services include ADA Paratransit Certification Program, Mobility Management/Travel Training, Travel Information Center (TIC), Customer Service Center, and the Reduced Fare and Free Ride programs.

The departmental budget in 2015 of \$15.4 million represents 36% of the total Agency operating expenses. The budgeted headcount is 37, which is the same as in 2014.

Human Resources

The Human Resources staff works to deliver high-quality, responsive services to ensure the agency has the necessary talent and resources to achieve its strategic goals. The Human Resources Department provides a variety of consulting services to employees, board members, and retirees such as: recruitment and retention, performance management, benefits and compensation, employee relations, wellness and employee morale activities, and organizational development.

The departmental budget in 2015 of \$0.5 million represents 1% of the total Agency operating expenses. The budgeted headcount is three, which is the same as last year.

Information Technology

The Information Technology Department is made up of the Infrastructure & Technology and Program Management Office/Engineering & Technology divisions. Infrastructure & Technology consists of network,

systems administration, and the help desk. The Program Management Office/Engineering & Technology division consists of business applications and program delivery. Together, the two divisions work to provide strategic planning and leadership on RTA technology investments and ensure the overall quality, reliability, availability, and security of RTA information systems for both employees and the traveling public.

The departmental budget in 2015 of \$2.1 million represents 5% of the total Agency operating expenses. The budgeted headcount is 10, which is one position more than in 2014.

Legal

The Legal Department provides legal advice and counsel to the RTA Board, Executive Director, and staff regarding the statutory and regulatory provisions governing the Authority. It also oversees all RTA transactions and litigation. Starting in 2015, the Procurement Division will no longer be part of the Legal Department. It will be transferred to the Operations Division under the Finance Department.

The departmental budget in 2015 of \$2.4 million represents 6% of the total Agency operating expenses. The budgeted headcount is four, which is the same as in 2014 for the legal functions, excluding Procurement.

Planning and Market Development

The Planning and Market Development Department consists of the Strategic Planning & Policy, Grants Management, and Regional Coordination divisions, which provide strategic, regional, sub-regional and corridor planning, in addition to coordination with the Service Boards. The department also oversees agency branding, regional marketing coordination, administration of the Transit Benefit Program, Fixed Route First Program, and management of the ADA appeals process.

The departmental budget in 2015 of \$11.5 million represents 27% of the total Agency operating expenses.

The department also receives revenues from federal grants of \$6.2 million and operating revenue associated with the Transit Benefit Program of \$0.5 million, which offset the overall expenses. The net budget amount for the department is \$5.0 million. The budgeted head-count is 23, which is the same as last year.

Agency Initiatives

The RTA Agency operating budget emphasizes the goals and recommendations outlined by the Regional Transit Strategic Plan adopted by the Board in August 2013. Using a priority based budgeting approach, Agency departments submitted key initiatives in advance of the budget development process that outlined the actions they would take to achieve the objectives and goals of the Regional Strategic Plan.

The four goals of the Regional Strategic Plan are:

- Provide Valuable, Reliable, Accessible, and Attractive Transportation Options
- Ensure Financial Viability
- Promote a Green, Livable, and Prosperous Region
- Continue to Advocate for and be a Trusted Steward of Public Transportation

These goals reflect the RTA's collaborative work with the Service Boards to increase ridership, increase accessibility, prioritize capital investments, reduce costs through operational efficiencies and effective management strategies, and increase transparency through improved oversight and information availability.

Following is a high-level summary of the key initiatives the Agency is undertaking in 2015 within the goal and objective areas defined by the Strategic Plan. These initiatives center on improving the customer experience, responding to the growing demand for more transit in the region, managing costs and efficiencies, and moving closer to achieving a State of Good Repair. In the outline below, under each goal, the bulleted items are the Strategic Plan objectives with agency key initiatives listed below them.

PROVIDE VALUABLE, RELIABLE, ACCESSIBLE, AND ATTRACTIVE TRANSPORTATION OPTIONS

- Provide public transportation options that link people to jobs, education, services, cultural activities and other life commitments
 - » Complete Visitor Market Survey
 - » Work with IDOT, CDOT, CTA, Metra, Pace and others to implement a regional Transit Demand Management program
 - » Perform program and project management of the JARC/NF, ICE, and 5310 programs
- Connect communities within the region through an enhanced and coordinated transit network that provides reliable and time competitive transportation services
 - » Design and start implementation of the new RTA mobility management sites
 - » Expand and maintain the interagency signage program
- Ensure that the transit system is more accessible and easier to use
 - » Continue to help communities implement small scale Access to Transit Improvements at the local level and fund more pedestrian infrastructure projects to make the system more accessible and easier to use
 - » Promote regional accessibility for older adults and people with disabilities through "Fixed Route First" market development projects
- Deliver safe, clean, reliable, and affordable transportation services
 - » Perform rail safety oversight for the Chicago Transit Authority's rail fixed guideway system in accordance with FTA Regulations
 - » Complete 2015 grants close-outs

- Provide a customer experience that offers modern amenities utilizing state of the art technology
 - » Grow the RTA’s travel training program and introduce new program videos to educate customers about the benefits of riding fixed-route transit
 - » Create efficiencies and provide better customer service experience by consolidating databases to enable the sharing of customer data among Mobility Services Department Divisions
 - » Ensure high availability and accuracy of the Trip Planner application to the travelling public as well as the RTA’s Travel Information Center
- » Continue implementation of the IT five-year strategic plan focusing on infrastructure and network optimization, program management, and enhancing applications
- » Manage implementation of the regional Transit Signal Priority program
- » Automate the “budget commitment” functionality
- » Perform accounts payable, accounts receivable, and payroll processing functions
- » Integrate agency budgeting and key initiative process through new software tool
- » Perform electronic content management by replacing existing paper-based business processes with electronic workflows and document management systems

ENSURE FINANCIAL VIABILITY

- Prioritize capital investments based on safety, State of Good Repair, reliability, ridership, and operating costs
 - » Assist in the prioritization of regional capital investment needs through management of Capital Asset Condition Assessment and Capital Optimization Support Tool projects
 - » Work with IDOT and the Service Boards to achieve efficient processing of capital grants and capital program revisions
 - » Monitor and manage the Agency’s investment assets and debt service levels
 - » Issue \$100 million in bonds to support the Service Boards’ capital programs
 - » Develop strategies to address long-term capital and operating funding needs
- Increase and stabilize revenue through existing and new funding sources in order to maintain reasonable fares
 - » Use ten-year financial plan forecasts to guide the RTA Board and Service Boards on fare levels
 - » Perform debt management by monitoring the RTA’s debt capacity and overseeing the Service Boards’ debt programs
 - » Extend the RTA’s short-term borrowing capacity
 - » Oversee the RTA’s pension and 401(k)
 - » Continue to prosecute RTA’s multiple cases against tax avoiders

PROMOTE A GREEN, LIVABLE, AND PROSPEROUS REGION

- Control costs through improved operational efficiencies, effective management, coordinated planning, innovation and technology
 - » Expand the RTA ADA Paratransit mail-in re-certification program and improve decision notifications to help customers better understand the decision and reduce staff time
- Promote transit, both alone and in combination with walking and cycling, as an alternative to motor vehicle use
 - » Execute a regional consumer marketing program to grow ridership in reverse commute, off-peak, and suburban markets where the transit system has excess capacity

- » Execute a county-wide transit marketing campaign in DuPage County
 - » Participate in marketing campaigns to promote transit including “Earth Day,” “International Car Free Day,” “National Dump the Pump Day,” and APTA’s “Where Public Transit Goes, Community Grows”
 - » Manage and expand the RTA Transit Benefit Program
- Reduce transit’s impact on the environment
 - » Develop recommendations from the Green Transit Plan
 - Encourage Transit-Oriented Development (TOD) by partnering with communities, employers and other stakeholders
 - » Engage in local dialogue about land-use through oversight of the Regional TOD Working Group and participation in the Cook County Land Bank Sustainability Committee and CMAP working committees
 - Connect employers to a broad and diverse workforce
 - » Implement shuttlebug service
 - Partner with communities to improve transportation infrastructure that adds lasting value to all users
 - » Provide ongoing outreach and support for the implementation of community planning/TOD programs;
- CONTINUE TO ADVOCATE FOR AND BE A TRUSTED STEWARD OF PUBLIC TRANSPORTATION**
- Elevate transit’s needs by educating elected officials and citizens on the benefits of public transportation such as its contribution to the region’s economic vitality, sustainability and individual health and wellbeing
 - » Advance the Getting America to Work campaign and increase funding for State of Good Repair work
 - » Engage in transit policy dialogue at agency, local, state, and federal levels and participate in CMAP committees
 - Engage the public in meaningful and constructive ways
 - » Produce targeted and unified RTA messaging for communication to public, media, and stakeholders
 - » Manage the ADA Paratransit Eligibility Review Board and Appeals Program
 - Increase transparency through improved oversight and information availability
 - » Develop the transparency and accountability portal required by new State legislation
 - » Install, test and implement recruitment module to enhance the online recruitment documentation and process
 - » Deliver efficient procurement services
 - » Effectively communicate regional budget to Board, stakeholders, and public
 - » Create greater synthesis between budget, strategic plan, and performance analysis
 - » Examine ridership patterns by mode and geographic area, relating trends to regional economic and demographic changes.
 - » Increase visibility of performance analysis and prepare annual regional, sub-regional, and peer performance reports for presentation to Board and posting on RTA website
 - » Provide ADA oversight and technical assistance to RTA and the Service Boards to ensure that the region’s transit system is compliant with USDOT ADA requirements for all modes and facilities

- Attract more riders to the system by promoting regional programs and services to businesses and residents
 - » Partner with regional attractions and others to increase the visibility of the RTA Trip Planner through widgets, links, and in-kind advertising opportunities
- Increase awareness of transit through coordinated marketing and promotion
 - » Work with marketing division to design a new branding concept for the new RTA Mobility Management Sites

These programs represent highlights of our key initiatives. The Agency will be reporting on the progress and achievements of these initiatives throughout the year of 2015.

REFERENCE

RTA Bonds

Much of the information in this section is sourced from the RTA's Comprehensive Annual Financial Report (CAFR). Since the 2014 CAFR is not yet available, the most recent financial data, through 2013, is presented.

The bonds issued by the RTA carry a rating of "AA" from Standard & Poor's, "AA" from Fitch IBCA, and "Aa3" from Moody's Investors Service, Inc. These represent solid investment-grade ratings. The RTA has the distinction of being one of the highest rated public transportation agencies in the United States.

All bonds are general obligations backed by the full faith and credit of the RTA. These general obligation bonds, with a balance of \$2.004 billion as of December 31, 2013, are divided into two types: \$1.359 billion in Strategic Capital Improvement Program (SCIP) bonds and \$645.0 million in general RTA bonds (Exhibits 2-26

and 2-27). The following paragraphs briefly discuss each outstanding bond issue in sequence.

In May 1990, the RTA issued \$100 million in General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source for paying costs of the Capital Program for the Service Boards.

In November 1991, the RTA issued \$100 million in General Obligation Bonds, Series 1991A, to replenish the Capital Projects Fund and to provide the source for paying costs of the Capital Program for the Service Boards.

In May 1994, the RTA issued \$195 million in General Obligation Bonds, Series 1994A, to pay the costs of purchasing and reconstructing railcars for Metra. Proceeds of Series 1994A Bonds may also be used to purchase new paratransit vehicles for Pace and for rehabilitation of railcars for the CTA. The RTA also issued \$80 million in General Obligation Bonds, Series 1994B, to pay the

EXHIBIT 2-26: RTA GENERAL OBLIGATION BONDS PAYABLE (DOLLARS IN THOUSANDS)

General Obligation	Original Issue	January 1, 2013	New Issues	Retirements	December 31, 2013
1990A	100,000	48,520	-	4,695	43,825
1991A	100,000	51,655	-	4,365	47,290
1994A* and 1994B	275,000	24,395	-	-	24,395
1994C* and 1994D	192,000	51,025	-	2,045	48,980
1997 Refunding	98,000	47,740	-	3,320	44,420
1999 Refunding*	299,000	241,160	-	17,990	223,170
2000A*	260,000	207,070	-	6,610	200,460
2001A*	100,000	80,035	-	2,455	77,580
2001B Refunding*	38,000	29,800	-	-	29,800
2002A*	160,000	131,980	-	3,690	128,290
2003A*	260,000	221,675	-	5,910	215,765
2003B	150,000	127,855	-	3,435	124,420
2004A*	260,000	226,400	-	5,660	220,740
2005B Refunding	148,000	111,120	-	7,960	103,160
2006A*	250,000	230,405	-	4,390	226,015
2010A	62,200	53,290	-	4,235	49,055
2010B	112,925	112,925	-	-	112,925
2011A Refunding	95,550	95,550	-	12,040	83,510
Total	\$2,960,675	\$2,092,600	-	\$88,800	\$2,003,800

* Strategic Capital Improvement Program (SCIP) Bonds.

EXHIBIT 2-27: RTA LONG-TERM DEBT ¹ (DOLLARS IN THOUSANDS)

	As of January 1, 2013	As of December 31, 2013
RTA Non-SCIP Debt Cap	800,000	800,000
RTA Non-SCIP Principal Outstanding	684,975	644,925
Unused RTA Non-SCIP Debt Capacity	115,025	155,075
Total SCIP Principal Outstanding	1,407,625	1,358,875
Total Outstanding Long-Term Debt	\$2,092,600	\$2,003,800

¹ Excludes bank borrowing and short-term notes

costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In December 1994, the RTA issued \$62 million in General Obligation Bonds, Series 1994C, to pay for capital projects of the Service Boards required by the ADA for vehicle rehabilitation and the construction or renewal of support facilities. The RTA also issued \$130 million in General Obligation Bonds, Series 1994D, to pay for portions of the CTA’s rehabilitation of the Green Line elevated structure, track replacement and repair or replacement of bus supporting services, and for Pace’s construction of bus garages and purchase of new buses and paratransit vehicles.

In September 1997, the RTA issued \$98 million in General Obligation Bonds, Series 1997, to provide funds to refund in advance of maturity the RTA’s outstanding Series 1990A Bonds, maturing November 1 in the years 2001-2002, in the aggregate amount of \$4 million, Series 1991A Bonds, maturing November 1 in the years 2002-2006, 2008 and 2011, in the aggregate amount of \$29 million, Series 1992B Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of \$18 million and Series 1993B Bonds, maturing June 1 in the years 2004-2009, 2013 and 2023, in the aggregate amount of \$47 million.

In August 1999, the RTA issued \$299 million in General Obligation Bonds, Series 1999, to provide funds to refund in advance of maturity the RTA’s outstanding Series 1992A Bonds, maturing June 1 in the years 2015 and

2022, in the aggregate amount of \$114 million, Series 1993A Bonds, maturing June 1 in the years 2009 and 2013, in the aggregate amount of \$10 million, Series 1994A Bonds, maturing June 1 in the years 2006-2009, 2012, 2015 and 2024, in the aggregate amount of \$143 million and Series 1994C Bonds, maturing June 1 in the year 2025, in the aggregate amount of \$22 million.

In June 2000, the RTA issued \$260 million in General Obligation Bonds, Series 2000A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In April 2001, the RTA issued \$100 million in General Obligation Bonds, Series 2001A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

In March 2001, the RTA issued \$38 million in General Obligation Bonds, Series 2001B, to provide funds to refund in advance of maturity the RTA’s outstanding series 1993A Bonds, maturing June 1 in the years 2004-2008, in the aggregate amount of \$38 million.

In March 2002, the RTA issued \$160 million in General Obligation Bonds, Series 2002A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In May 2003, the RTA issued \$260 million in General Obligation Bonds, Series 2003A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

In January 2003, the RTA issued \$150 million in General Obligation Bonds, Series 2003B, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

In October 2004, the RTA issued \$260 million in General Obligation Bonds, Series 2004A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

In May 2005, the RTA issued \$148 million in General Obligation Bonds, Series 2005B, to provide funds to refund in advance of maturity the RTA's outstanding Series 1996A Bonds, maturing June 1 in the years 2005-2025, in the aggregate amount of \$147 million.

In October 2006, the RTA issued \$250 million in General Obligation Bonds, Series 2006A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

In January 2010, the RTA issued \$62.2 million in General Obligation Bonds, Series 2010A, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

In January 2010, the RTA issued \$112.9 million in General Obligation Bonds, Series 2010B, to finance a portion of the costs incurred in connection with the construction, acquisition, repair and replacement of certain public transportation facilities.

In July 2011, the RTA issued \$95.6 million in General Obligation Bonds, Series 2011A, to pay when due, or

EXHIBIT 2-28: 2004-2013 RTA DEBT SERVICE REQUIREMENTS (DOLLARS IN THOUSANDS)

Year	Principal	Interest	Total
2004	40,430	119,272	159,702
2005	49,570	129,966	179,536
2006	55,110	122,976	178,086
2007	59,135	129,416	188,551
2008	64,685	127,870	192,555
2009	68,455	129,074	197,529
2010	74,060	127,934	201,994
2011*	919,110	133,331	1,052,441
2012*	999,375	124,337	1,123,712
2013	98,800	117,428	216,228

* Temporary increase due to bond refinancing activity in 2011 and 2012.

EXHIBIT 2-29: 2004-2013 DEBT SERVICE REQUIREMENT TEST (DOLLARS IN THOUSANDS)

Year	Sales Tax Revenue	Debt Service Requirement	2.5 Times Debt Service
2004	675,628	159,702	399,255
2005	700,395	179,536	448,840
2006	746,829	178,086	445,215
2007	752,922	188,551	471,378
2008	921,245	192,555	481,388
2009	894,238	197,529	493,823
2010	931,435	201,994	504,985
2011*	975,670	1,052,441	1,175,310
2012*	1,021,686	1,123,712	871,430
2013	1,071,226	216,228	540,570

* Temporary increase due to bond refinancing activity in 2011 and 2012.

** Calculation adjusted for short-term borrowings.

refund in advance of their maturities a portion of the RTA's outstanding General Obligation Bonds, Series 2002B maturing from 2013 through 2019 and to pay Costs of Issuance of the Series 2011A Bonds.

RTA ordinance 85-39 requires that annual RTA revenues equal or exceed two and one-half times the RTA's annual debt service requirement. Exhibit 2-28 displays RTA's annual debt service requirements over the last ten years, and Exhibit 2-29 compares those requirements to annual sales tax revenue, the primary RTA revenue source, over the same period. The large increase in principal due in 2011 and 2012 is related to bond refi-

EXHIBIT 2-30: RECENT BOND ISSUES WITH ASSOCIATED 2014 EXPENDITURES (DOLLARS IN THOUSANDS)

Bond Issue	Service Board	Capital Project	Expenditure
2003B	CTA	Implement systemwide communication upgrades	\$187
2003B	CTA	Replace ties on NML/Red Line and Brown Line	211
2003B	Pace	Design replacement radio and farebox system	269
Total			\$667
2006A	CTA	Replace/upgrade power distribution and signals	\$387
2006A	CTA	Upgrade communication system	563
2006A	Metra	Replace 22 UP North Line bridges	297
2006A	Metra	Purchase and install crossing recorders	271
2006A	Pace	Purchase buses	808
2006A	Pace	Implement BRT and TSP projects	778
Total			\$3,104
2010A	CTA	Perform mid-life bus overhauls	\$11,541
2010A	CTA	Perform rail car overhauls	2,082
Total			\$13,623
2010B	CTA	Provide for land acquisition	\$1,155
2010B	CTA	Rehabilitate rail stations	640
2010B	CTA	Repair track and structure	3,341
Total			\$5,136
2014A	CTA	Perform mid-life bus overhauls	\$14,087
2014A	CTA	Rehabilitate 95th Street station	267
2014A	Metra	Renew A5 interlocker facility - Milwaukee District	1,685
2014A	Metra	Install positive train control (PTC) system	569
Total			\$16,608

ancing, and does not reflect the true level of long-term debt service for those years. Any differences between debt service amounts presented and amounts shown in general purpose financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

The RTA and the Service Boards have put an emphasis on making sure that bond proceeds are spent in a timely and efficient manner. Exhibit 2-30 relates major 2014 capital project expenditures to their associated bond issue.

Fund Accounting

The accounts of the RTA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are separated into its own set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. RTA resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be utilized and the means by which spending activities are controlled.

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the

EXHIBIT 2-31: RTA 2013 COMBINED STATEMENT OF REVENUES & EXPENDITURES BY FUND (DOLLARS IN MILLIONS)

	General	Debt	Capital	JSIF	Agency	Pension	Combined
Revenues							
Sales Tax	119	-	-	-	942	-	1,060
Interest on Sales Taxes	-	-	-	-	-	-	-
Public Transportation Fund	199	-	-	-	-	-	199
General State Revenue	441	-	-	-	-	-	441
Innovation, Coordination & Enhancement (ICE)	11	-	-	-	-	-	11
PTF (New Sales Tax/RETT)	-	-	-	-	141	-	141
IDOT Grant - ADA Paratransit	9	-	-	-	-	-	9
Pace 2012 ADA Paratransit Surplus Refund	2	-	-	-	-	-	2
State Assistance	130	-	-	-	-	-	130
Reduced Fare Reimbursement	-	-	-	-	26	-	26
Investment Income	17	2	-	-	-	-	19
Other Revenues	6	-	-	-	-	22	28
Pension Contribution	-	-	-	-	-	22	22
Total Revenues	\$932	\$2	-	-	\$1,108	\$44	\$2,087
Expenditures							
Financial Assistance to Service Boards	196	-	-	-	792	-	971
Capital Grants--Discretionary	1	-	-	-	-	-	1
South Suburban Job Access Program (Pace)	8	-	-	-	-	-	8
Suburban Community Mobility Fund	-	-	-	-	22	-	22
ADA Paratransit Funding (Pace)	-	-	-	-	128	-	128
Innovation, Coordination, & Enhancement (ICE)	11	-	-	-	-	-	11
State General Revenue CTA	26	-	-	-	-	-	26
IDOT Grant - ADA Paratransit	9	-	-	-	-	-	9
PTF (New Sales Tax/RETT)	-	-	-	-	141	-	141
Capital Grants - State Bonds	414	-	46	-	-	-	460
RTA Capital Grants - CTA	12	-	-	-	-	-	12
RTA Capital Grants - Metra	-	-	-	-	-	-	-
Reduced Fare Reimbursement	-	-	-	-	26	-	26
Debt Service Operating Transfer	295	(290)	-	(5)	-	-	-
Administrative	18	-	-	6	-	14	37
Regional	22	-	-	-	-	-	22
Capital Outlay	2	-	-	-	-	-	2
Write off CTA loan receivable	-	56	-	-	-	-	56
Interest on Sales Taxes to Service Board	-	-	-	-	-	-	-
Debt Service:							
Principal	-	99	-	-	-	-	99
Interest	-	117	-	-	-	-	117
Debt Related Costs	5	1	-	-	-	-	6
Debt Proceeds	-	(10)	-	-	-	-	(10)
Total Expenditures	\$1,018	(\$27)	\$46	\$1	\$1,108	\$14	\$2,160
Revenues less Expenses ¹	(\$86)	\$30	(\$46)	(\$1)	-	\$31	(\$73)
Fund Balance - Beginning of the year	\$399	\$158	\$179	\$28	-	\$159	\$923
Fund Balance - End of the year ²	\$313	\$188	\$133	\$27	-	\$189	\$850

¹ Reconciliation of budgetary basis to GAAP basis.² Before reserves and designations.

**EXHIBIT 2-32: RTA STATEMENT OF REVENUES AND EXPENDITURES, 2015 BUDGET, GENERAL AND AGENCY FUND
(DOLLARS IN THOUSANDS)**

	General Fund	Agency Fund	Total Budget
RTA Funding Sources			
RTA Sales Tax (Part I)	126,809	718,585	845,394
RTA Public Transportation Fund (Part I)	211,348	-	211,348
RTA Sales Tax and PTF (Part II)	11,636	436,971	448,607
State Financial Assistance	130,167	8,500	138,667
State Free Rides & Reduced Fare Reimbursement	-	34,070	34,070
Innovation, Coordination, and Enhancement (ICE) Reserves	22,544	-	22,544
Other Revenue	21,992	-	21,992
Total Revenue	\$524,496	\$1,198,125	\$1,722,622
Expenditures			
<u>Operating Expenditures</u>			
RTA Operations Funding - CTA (Includes PTF on RETT)	224,427	484,556	708,983
RTA Operations Funding - Metra	20,061	376,960	397,021
RTA Operations Funding - Pace Suburban Service	8,914	121,065	129,979
RTA Suburban Community Mobility Funding for Pace	-	23,271	23,271
RTA South Suburban Job Access Funding for Pace	7,500	-	7,500
RTA Operations Funding - ADA Paratransit Service	-	158,203	158,203
State Free Rides and Reduced Fare Reimbursement	-	34,070	34,070
Agency Administration	18,748	-	18,748
RTA Regional Services and Programs	23,466	-	23,466
Total Operating Expenditures	\$303,116	\$1,198,125	\$1,501,241
<u>Debt Service and JSIF Expenditures</u>			
Principal and Interest for Service Board Capital Programs	221,200	-	221,200
Joint Self-Insurance Fund	6,180	-	6,180
Total Debt Service and JSIF Expenditures	\$227,380	-	\$227,380
Total Expenditures	\$530,496	\$1,198,125	\$1,728,621
Fund Balance (undesignated/unreserved)			
Beginning Balance	17,063	-	17,063
Change in Fund Balance	(6,000)	-	(6,000)
Ending Unreserved/Undesignated Fund Balance	\$11,063	-	\$11,063

aggregate amount for all governmental and enterprise funds.

The RTA reports three major governmental funds—the General Fund, the Debt Service Fund, and the Capital Projects Fund; one major proprietary fund—the Joint Self-Insurance Fund; and two major fiduciary funds—the Sales Tax Agency Fund and the Pension Trust Fund. The actual 2013 results for these six funds are shown in Exhibit 2-31.

GOVERNMENTAL FUNDS

The RTA's governmental funds are the General Fund, the Debt Service Fund, and the Capital Projects Fund.

General Fund

The General Fund is the general operating fund of the RTA. It is used to account for all financial transactions that are not specifically required to be accounted for in the other funds. The General Fund and the Agency

Fund are the only two funds that have annual budgets. Exhibit 2-32 displays the 2015 budget for these funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Revenues are generated from the funds being held for payment to the bondholders. The difference between the transfer and payment expenditures reflects year-over-year timing variances.

Capital Projects Fund

In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of \$500 million of SCIP bonds and to have a maximum of \$500 million of non-SCIP RTA bonds outstanding. The Capital Projects Fund is utilized for the receipt and disbursement of the proceeds of these RTA bond issues. The Capital Projects Fund was first established in 1990 with the issue of \$100 million of RTA bonds to fund capital projects at the Service Boards. The RTA allocated the proceeds from the bonds issued under the General Assembly's authorization as follows: 50% for CTA capital projects; 45% for Metra capital projects; and 5% for Pace capital projects. Projects included in approved five-year capital programs will be eligible for reimbursements from these proceeds by the RTA without further review or action by the RTA Board of Directors.

Effective January 1, 2000, the RTA Act was amended to authorize the issuance of an additional \$260 million of SCIP Bonds in each year for the period of 2000 through 2004 and to issue and have outstanding an additional \$300 million of non-SCIP Bonds. These amounts were subsequently issued.

PROPRIETARY FUNDS

Proprietary funds are used for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a depart-

ment or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has only one proprietary fund—the Joint Self-Insurance Fund.

Joint Self-Insurance Fund

The Joint Self-Insurance Fund (JSIF) is used to finance claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. This fund is reported as an enterprise fund since the predominant participants are outside of the RTA.

The JSIF distinguishes operating revenues and expenses from non-operating items. Operating revenues (interest charged to Service Boards) and expenses (administrative expenses including insurance premiums and professional services) generally result from providing services in connection with this proprietary fund's ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

FIDUCIARY FUNDS

Fiduciary funds account for assets held by a governmental entity in a trustee capacity or as an agent for others. The RTA's fiduciary funds consist of the Sales Tax Agency Fund and the Pension Trust Fund.

Sales Tax Agency Fund

The Sales Tax Agency Fund records the receipt and disbursement of amounts due to the CTA, Metra, and Pace agencies, including Retailers' Occupation and Use Tax (sales tax), interest on this tax, and reduced fare reimbursement grants. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. Sales tax revenues are recorded in the fund and are exactly balanced by expenditures passed through to the Service Boards.

Pension Trust Fund

The Pension Trust Fund is used to account for all accumulation of resources for, and the payment of, retirement benefits to employees participating in the RTA Pension Plan.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

RTA's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund (Joint Self-Insurance Fund) and the Pension Trust Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues if collected by the retailer before year-end. Grants and similar items are recognized as revenues when qualifying expenditures have been incurred and as soon as all eligibility requirements imposed by the grantors have been met. Prepaid expenses are recorded using the consumption method.

Governmental fund financial statements use the current financial resources measurement focus. The funds are accounted for using the modified accrual basis of accounting; i.e., revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or shortly thereafter to pay liabilities of the current period. Sales taxes are considered measurable and available if collected by the retailer by year-end and received by the RTA within 80 days after year-end. ASA/AFA is considered measurable and available if billed and received within 180 days after year-end. Sales taxes and ASA/AFA are susceptible to full accrual. Additionally, certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Basis of Budgeting

The basis of budgeting refers to the conventions for the recognition of costs and revenues in budget development and in establishing and reporting appropriations. The RTA's annual budget and related appropriations are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles, except for capital grants/expenditures and debt service payments. Modified accrual basis is a type of accounting whereby revenue and other financial resource increments (e.g., bond issue proceeds) are recognized when they become both measurable and available for finance expenditures of the current period. Capital grants/expenditures are budgeted for on a project basis, which normally exceeds one year. Debt service payments are budgeted as transfers from the General Fund.

Although appropriations are adopted for individual line items, the legal level of control is restricted to total appropriations/expenditures and total administration (statutory cap) appropriations/expenditures. Management has the authority to exceed any line appropriation without Board approval, provided it does not exceed the legal levels of control. It had been the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the Budget Ordinance. However, due to the unfavorable economic conditions in recent years and the depletion of funds in the undesignated / unreserved fund balance to preserve operating stability, the RTA again waived its fund to budget policy for the 2015 fiscal year.

Budgetary reporting is balanced with accounting records on a monthly basis and is fully reconciled to the accounting system on an annual basis in the Comprehensive Annual Financial Report and for the annual Municipal Bond Disclosure Reports required by the Securities and Exchange Commission (Exhibits 2-33 and 2-34).

EXHIBIT 2-33: 2013 RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS ACCOUNTING (DOLLARS IN THOUSANDS)

	General Fund
Excess of expenditures over revenues and other financing use-budgetary basis	221,575
Adjustments	
Capital grant expenditures incurred in current year but considered in prior years' budgets	(897)
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	(1,530)
Capital grant activity and debt related costs not in the budget	(14,712)
Net transfers in and out between the General Fund and Debt Service Fund not in the budget	(290,426)
Budgetary basis to GAAP basis adjustment	(\$307,565)
Net Change in Fund Balance - GAAP basis	(85,990)
Net Changes in Reserves	89,978
Net Change in Unreserved, Undesignated Fund Balance	\$3,988
2012 ending unreserved, undesignated fund balance	\$5,122
2013 ending unreserved, undesignated fund balance	\$9,110

**EXHIBIT 2-34: RTA STATEMENT OF REVENUES AND EXPENDITURES, 2013 ACTUAL AND BUDGET, GENERAL AND AGENCY FUNDS
(DOLLARS IN THOUSANDS)**

	2013 Budget	2013 Actual	Variance
RTA Funding Sources			
Sales Tax (Part I)	765,108	792,112	27,004
Public Transportation Fund (Part I)	191,277	198,640	7,363
Sales Tax and PTF (Part II)	402,091	419,662	17,571
State Financial Assistance	138,667	138,685	18
State Reduced Fare Reimbursement	34,070	26,099	(7,971)
Other Revenue	46,297	48,119	1,822
Total Revenue	\$1,577,510	\$1,623,317	\$45,807
Expenditures			
<u>Operating Expenditures</u>			
RTA Operations Funding - CTA (includes PTF on RETT)	616,844	640,252	(23,408)
RTA Operations Funding - Metra	345,940	358,155	(12,215)
RTA Operations Funding - Pace Suburban Service	143,534	148,085	(4,551)
RTA Operations Funding - ADA Paratransit Service	136,267	134,495	1,772
RTA Funds for Innovation, Coordination, and Enhancement	10,550	10,902	(352)
State Reduced Fare Reimbursement	34,070	26,099	7,971
Agency Administration, Regional Services & Programs	41,690	41,290	400
Total Operating Expenditures	\$1,328,895	\$1,359,278	(\$30,383)
<u>Debt Service, Capital, & JSIF Expenditures</u>			
Principal and Interest for Service Board Capital Programs	220,000	220,000	-
Transfer Capital - RTA Funds to CTA	15,000	15,000	-
Transfer Capital - RTA Funds to Metra	7,000	7,000	-
Grant Incentive Program	1,615	1,615	-
Joint Self-Insurance Fund	5,000	5,000	-
Total Debt Service, Capital, & JSIF Expenditures	\$248,615	\$248,615	-
Total Expenditures	\$1,577,510	\$1,607,893	(\$30,383)
Fund Balance (undesignated/unreserved)			
Beginning Balance	1,500	5,122	3,622
Change in Fund Balance	-	15,424	15,424
Transfers	-	(22,185)	(22,185)
Reconciliation to Budgetary Basis	-	10,749	10,749
Ending Balance	\$1,500	49,110	\$7,610
% of total operating expenditures	0.1%	0.7%	0.6%

EXHIBIT 2-35: 2015 RECOVERY RATIOS ¹ (DOLLARS IN THOUSANDS)

	2015 Budget
CTA	
Operating Revenue	687,519
Adjustments ²	50,070
Total Revenue	\$737,589
Operating Expenses	1,443,703
Adjustments ²	(149,001)
Total Expenses	1,294,702
CTA Budgetary Recovery Ratio	57.0%
Metra	
Operating Revenue	375,938
Adjustments ³	1,900
Total Revenue	\$377,838
Operating Expenses	753,100
Adjustments ³	(48,400)
Total Expenses	\$704,700
Metra Budgetary Recovery Ratio	53.6%
Pace Suburban Service	
Operating Revenue	61,066
Adjustments ⁴	8,425
Total Revenue	\$69,491
Operating Expenses	223,209
Adjustments ⁴	8,425
Total Expenses	231,634
Pace Suburban Service Budgetary Recovery Ratio	30.0%
Regional Recovery Ratio	
<u>Revenue</u>	
Total Service Board Revenue	1,184,918
RTA Agency and Other Revenue	21,992
Adjustments ⁵	(25,708)
Total Revenue	\$1,181,202
<u>Expenses</u>	
Total Service Board Expenses	2,231,036
RTA Agency & Regional Programs	42,214
Total Expenses	\$2,273,250
Regional Statutory Recovery Ratio (excluding ADA Paratransit)	52.0%
ADA Paratransit	
Operating Revenue	14,013
Operating Expenses	172,216
Adjustments ⁶	(32,086)
Total Expenses	140,130
ADA Paratransit Statutory Recovery Ratio	10.0%

¹ The RTA Act permits certain revenue and expense adjustments for the recovery ratio calculation. The RTA, by means of ordinance, allows supplementary adjustments for the Service Board budgetary recovery ratio, but such adjustments are disallowed in determining the system-generated revenue recovery ratio for the region, which by statute must be at least 50%. ² CTA revenue adjustments include in-kind revenue for security services provided by the Chicago Police Department (CPD) and credit for free ride programs. Expense adjustments include in-kind costs for the CPD equal to the revenue credit, and credit for security expenses and pension obligation bond debt service. ³ Metra revenue adjustments include credit for free ride programs. Expense adjustments include credits for security expenses, depreciation, and transportation facility leases. ⁴ Pace revenue and expense adjustments include in-kind Advantage program charges. ⁵ Regional revenue adjustments include a credit for a CTA lease transaction and exclusion of free ride program credits for CTA and Metra. ⁶ ADA Paratransit expense adjustments include credits for capital costs incurred in providing contracted services (capital cost of contracting).

3 CTA OPERATING PLAN



Overview

The Chicago Transit Authority (CTA) was created by the Illinois State legislature in 1945 and began operations in 1947. CTA became the sole operator of Chicago transit in 1952 when it purchased the Chicago Motor Coach System. State funding legislation ratified in 2008 increased the percentage of sales tax dedicated to mass transit and gave authority to the City of Chicago to increase the Real Estate Transfer Tax (RETT) to support the CTA.

CTA is the region's largest transit operator and is governed by a seven-member Chicago Transit Board, four of whom are appointed by the Mayor of the City of Chicago and must be confirmed by the Chicago City Council. The remaining three Board members are appointed by the Governor of Illinois and must be approved by the State Senate and the Mayor of Chicago.

The primary mission of CTA is to deliver quality, affordable transit services that link people, jobs, and communities.

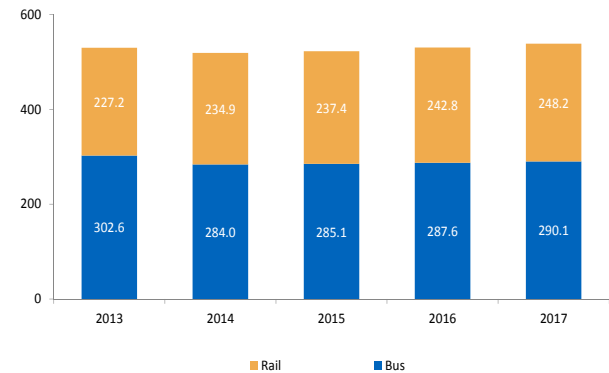
Service Characteristics

CTA operates the second largest public transportation system in the United States with average weekday ridership of 1.7 million on its bus and rail system. The CTA's service area encompasses 234 square miles in the City of Chicago and 35 surrounding suburbs. Bus operations provide 1,865 buses traveling over 128 routes covering 159,781 miles each weekday and serving 11,104 bus stops. Rail service spans eight lines with 1,356 rail cars traveling over 214,625 miles each weekday and serving 145 stations.

RIDERSHIP

Total ridership for 2015 is budgeted at 522.5 million trips, 0.7% or 3.6 million more trips than 2014 esti-

EXHIBIT 3-1: CTA RIDERSHIP (IN MILLIONS)



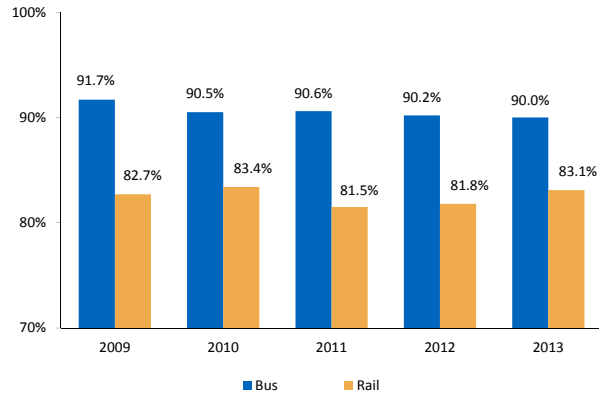
ated ridership (Exhibit 3-1). CTA bus ridership is budgeted at 285.1 million trips in 2015, 0.4% or 1.1 million greater than the 2014 estimate. Rail ridership is budgeted at 237.4 million trips in 2015, 1.1% or 2.5 million trips greater than the 2014 estimate. A ridership decline of 2.1% in 2014 was attributed to extreme winter weather in the first quarter, lower gas prices, customers' continued response to the 2013 fare increase, and, to a lesser extent, the growing popularity of alternative transportation options such as Divvy bike share and Uber and Lyft taxi services.

CTA anticipates moderate bus ridership gains from 2015 through 2017 after revising down the 2014 estimate. Bus ridership is projected to reach 290.1 million trips in 2017; which, despite budgeted growth in planning years, is equal to a five-year compound annual rate of decline of 1.1%. Rail ridership is anticipated to increase to 248.2 million in 2017, bringing total CTA ridership to 538.3 million. Rail ridership is expected to grow at a compound annual growth rate of 2.2% and total ridership is anticipated to remain relatively stable with a compound annual growth rate of 0.4% between 2013 and 2017.

SERVICE QUALITY

On-time performance is a key measure of service quality and is shown in Exhibit 3-2. For CTA rail, on-time performance is measured as arriving within one minute

EXHIBIT 3-2: CTA ON-TIME PERFORMANCE



of the scheduled headway. For bus, on-time performance is measured as leaving the terminal no more than one minute earlier and arriving no more than five minutes later than scheduled. Since 2009, CTA has maintained on-time performance levels above 80% for rail service and at or above 90% for bus service.

The maintenance, rehabilitation, and replacement of buses and rail cars helps improve service reliability and on-time performance by reducing mechanical failures. Exhibit 3-3 illustrates the miles between major mechanical failures for CTA bus and rail. Miles between mechanical failures declined by 13% for CTA bus in 2013, but improved by 0.6% for CTA rail. CTA began a major fleet modernization program in 2014 to replace rail cars and add new buses which should result in a corresponding improvement in performance.

EXHIBIT 3-3: CTA MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)

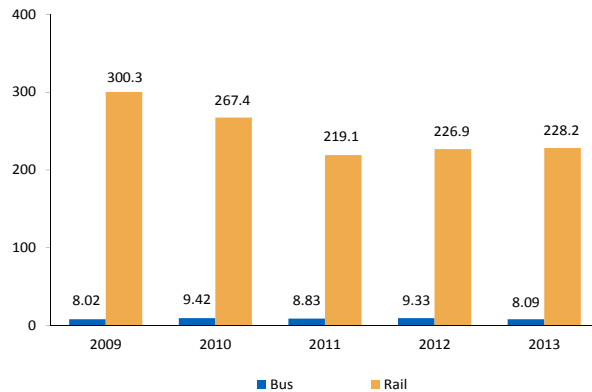


EXHIBIT 3-4: CTA PASSENGER TRIPS PER VEHICLE REVENUE MILE

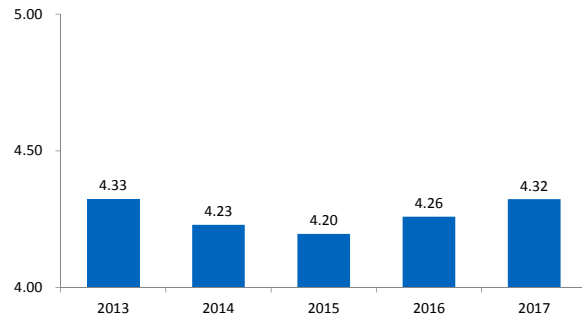
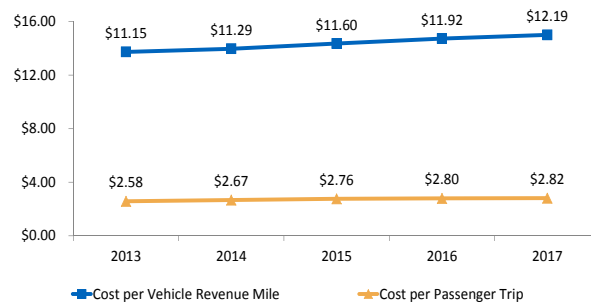


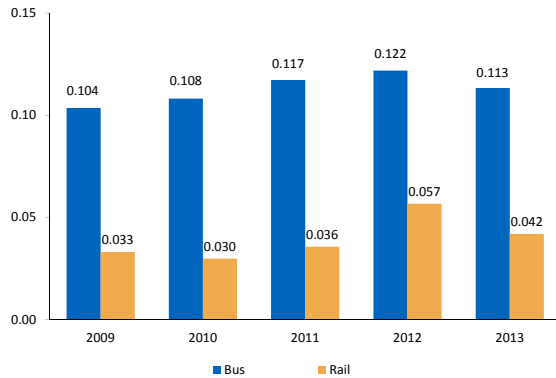
EXHIBIT 3-5: CTA COST EFFICIENCY



Service effectiveness, shown in Exhibit 3-4 by the metric passenger trips per vehicle revenue mile, is expected to decrease slightly in 2015 as CTA adds service to meet existing ridership demand. Adding service without a corresponding increase in ridership reduces the ratio of passenger trips per vehicle revenue mile. However, CTA projects higher ridership growth in 2016 and 2017, which will result in an improvement in service effectiveness. Cost effectiveness is illustrated in Exhibit 3-5, which shows that operating cost per passenger trip and per vehicle revenue mile are expected to steadily increase over the next few years as operating cost increases outpace projected service and ridership increases.

SAFETY AND SECURITY

CTA undertook a number of initiatives to improve safety and security for its passengers in 2014. These initiatives include increased police patrols and undercover operations and expansion of the bus and rail surveillance camera network by 28% to 23,000 cameras system-wide. These cameras have resulted in more arrests and convictions and have aided in reducing the number of

EXHIBIT 3-6: CTA REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS

violent crimes on buses, trains, stations, and platforms by more than 34%. In 2015, CTA's entire fleet will be equipped with security cameras. Exhibit 3-6 shows that CTA's reported safety and security incidents declined in 2013 for both bus and rail operations.

CHALLENGES

In recent years, CTA has faced a steep increase in the number of state-mandated free and reduced fare rides and a parallel cut in funding. Providing this benefit currently costs the CTA \$100 million annually. CTA anticipates receiving \$28.3 million in funding from the State in 2015; however, \$16.5 million of this amount is contingent on the funding being approved as part of the State fiscal year 2016 budget which starts July 1, 2015. CTA will continue to work with the RTA and the State to see this funding is secured for all of 2015.

Another ongoing challenge for the CTA continues to be bringing its aging infrastructure to a State of Good Repair. Projected capital funding is not sufficient to address the need. Prioritizing projects to maintain and modernize the system and working to secure additional funding sources represent key areas of focus for CTA management.

Budget and Financial Plan

CTA's 2015 budget and two-year financial plan presented in Exhibit 3-7 meet the funding amounts set by

the RTA Board in September 2014. The budget reflects a recovery ratio of 57.0%, using approved credits to exceed the required recovery ratio of 54.5% adopted by the RTA Board. CTA's 2015 budget and two-year financial plan were approved by the RTA Board on December 17, 2014. A detailed discussion of CTA's outlook for operating revenue, public funding, and operating expenses follows.

OPERATING REVENUE

CTA total budgeted operating revenue, comprised of passenger revenue, reduced fare reimbursement, and other revenue, is expected to increase by 0.6% to \$688 million in 2015, followed by increases of 1.0% in 2016 and 1.5% in 2017 (Exhibit 3-8).

Passenger Revenue

Passenger revenue comprises 86% of CTA's total operating revenue. Passenger revenue is estimated to increase 0.7% in 2015 to \$589.2 million, followed by increases of 1.0% in 2016 and 1.5% in 2017. With no budgeted fare increases, passenger revenue growth in these years is driven by moderate increases in ridership. Exhibit 3-9 details the average fare paid by CTA customers, budgeted at \$1.13 in 2015 and forecasted to decrease to \$1.12 by 2017.

Reduced Fare Reimbursement

The State of Illinois provides a subsidy to the Service Boards, via the RTA, to partially replace the revenue lost due to mandated free and reduced fare ride programs for the elderly, students, and disabled persons. The Service Boards are permitted to reflect this funding as operating revenue. The State decreased this funding by a total of \$16.5 million for its fiscal year 2015 (July 2014-June 2015). At the RTA's direction, CTA's budget assumes restoration of this funding to its previous level, bringing CTA's share back up to \$28.3 million for 2015 and each of the planning years 2016 and 2017.

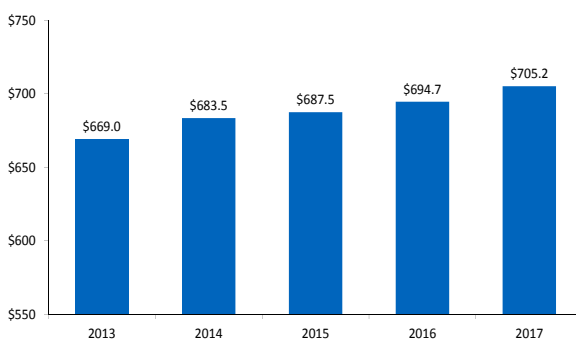
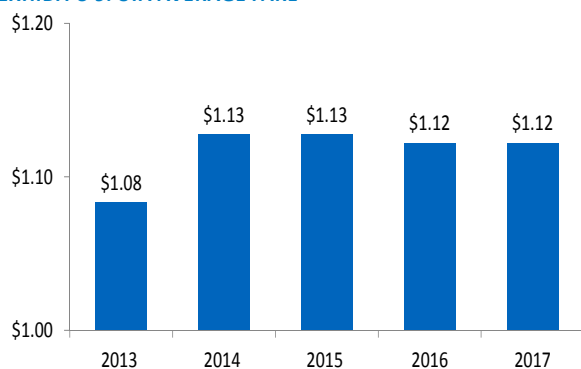
EXHIBIT 3-7: CTA 2015 BUDGET AND 2016-2017 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	574,029	585,117	589,212	595,104	604,030
State Reduced Fare Reimbursement ¹	21,948	28,322	28,322	28,322	28,322
Other Revenue	72,986	70,092	69,985	71,234	72,862
Total Operating Revenues	\$668,963	\$683,531	\$687,519	\$694,660	\$705,215
<u>Public Funding</u>					
RTA Sales Tax I	327,537	335,565	349,569	361,804	372,658
Sales Tax II and PTF II	117,676	117,561	119,086	120,088	119,911
25% PTF II on RETT	14,030	15,140	15,902	16,613	17,275
Non-Statutory Funding - PTF 1	181,009	188,059	207,121	214,371	220,802
Non-Statutory Funding - ST 1	-	-	900	4,723	6,195
Innovation, Coordination, and Enhancement Funding ²	-	-	16,406	5,781	5,954
Reduced Fare Reimbursement Replacement	-	1,318	-	-	-
City of Chicago RETT	56,909	60,559	63,607	66,454	69,101
Total Public Funding	\$697,161	\$718,202	\$772,590	\$789,833	\$811,895
Total Revenues	\$1,366,124	\$1,401,732	\$1,460,109	\$1,484,493	\$1,517,109
Expenses					
Labor	948,272	953,576	1,006,335	1,016,399	1,026,563
Material	60,353	73,160	73,331	76,265	77,790
Fuel	61,836	57,246	55,396	57,058	58,770
Power	26,174	33,431	29,320	28,597	29,455
Insurance & Claims	-	-	3,500	12,000	20,000
Purchase of Security Services	24,160	13,654	14,427	14,560	14,696
Other Expenses	245,329	254,487	261,394	279,615	289,835
Total Operating Expenses	\$1,366,124	\$1,385,555	\$1,443,703	\$1,484,493	\$1,517,109
ICE funding not used for operations - transfer to capital ³	-	-	(16,406)	-	-
Net Result	-	\$16,178	-	-	-
Recovery Ratio	59.2%	59.3%	57.0%	55.8%	55.2%

¹ Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY15-18 budgets.

² ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.

³ As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.

EXHIBIT 3-8: CTA OPERATING REVENUE (MILLIONS)

EXHIBIT 3-9: CTA AVERAGE FARE


Other Revenue

Other revenue comprises 10% of CTA's total operating revenue. Non-capital grant revenue, parking charges, and revenue from rentals and property sales are included in Other revenue. It is projected to decrease slightly in 2015, reflecting revenue from property sales that occurred in 2014 but will not take place in 2015, and then increase steadily in 2016 and 2017. Exhibit 3-10 illustrates the components of the other revenue category.

EXHIBIT 3-10: CTA OTHER REVENUE COMPONENTS (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Other Revenue					
Advertising, Charter, & Concessions	25,677	27,426	30,017	30,918	31,845
Investment Income	370	499	682	689	696
Contributions from Local Govt. Units	5,000	5,000	5,000	5,000	5,000
Miscellaneous Revenue	41,946	37,166	34,286	34,628	35,321
Total Other Revenue	\$72,993	\$70,092	\$69,985	\$71,234	\$72,862

PUBLIC FUNDING

RTA public funding (sales tax and Public Transportation Funds) for CTA is budgeted at \$708.9 million in 2015, \$723.4 million in 2016, and \$742.8 million in 2017. CTA also receives Chicago Real Estate Transfer Tax (RETT) funding projected at \$63.6 million in 2015, \$66.5 million in 2016, and \$69.1 million in 2017. Total public funding for CTA in 2015 is \$772.6 million, 7.6% higher than the 2014 estimate. Also beginning in 2015, the Service Boards will receive ICE funding for RTA Board approved operating or capital projects through the budget process. CTA's share of these ICE funds for 2015, which also includes unobligated 2013 and 2014 funds, is \$16.4 million. CTA's ICE funding decreases to \$5.8 million in 2016 and \$6 million in 2017 since 2015 included funds from prior years. The approved ICE-funded projects for each Service Board are shown in Exhibit 1-11 of the Executive Summary chapter.

CTA's total revenue, comprised of operating revenue and public funding, is budgeted at \$1.46 billion for 2015, a 4.2% increase compared to the 2014 estimate. More moderate increases of 1.7% and 2.2% are projected for 2016 and 2017. Exhibit 3-11 illustrates the breakdown of CTA's total revenue.

OPERATING EXPENSES

CTA's 2015 total operating expenses of \$1.444 billion are projected to grow by 4.2% over the 2014 estimate as a result of increases in labor, insurance and claims, purchase of security services, and other expenses. In 2016 and 2017, expenses are expected to increase by 2.8% and 2.2%, respectively. Exhibit 3-12 shows a trend of steady, incremental operating expense increases.

EXHIBIT 3-11: CTA 2015 TOTAL REVENUE - \$1,460.1 MILLION

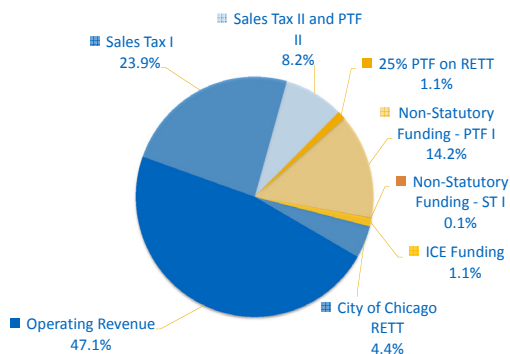


EXHIBIT 3-14: CTA BUDGETED POSITIONS

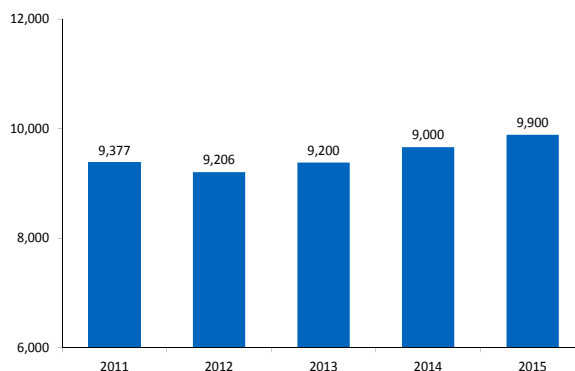
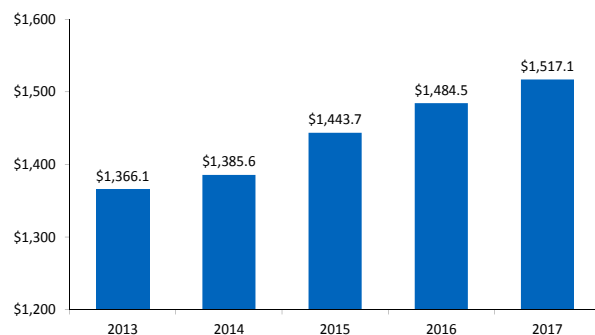
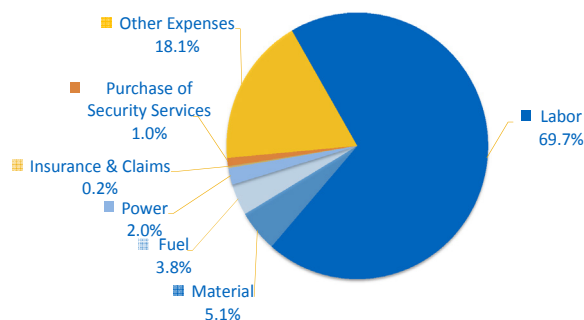


EXHIBIT 3-12: CTA OPERATING EXPENSES (IN MILLIONS)



The components of operating expenses include labor, material, fuel, power, insurance and claims, purchase of security services, and other. Included in the other category is interest on pension obligation bonds, utilities, maintenance and repair contracts, advertising, consulting, insurance, leases and rentals, and other general expenses. Exhibit 3-13 shows each category of operating expenses and their proportion of the overall expense budget.

EXHIBIT 3-13: CTA 2015 TOTAL OPERATING EXPENSES - \$1,443.7 MILLION



Labor

Labor expenses for 2015 are estimated at \$1.006 billion, \$52.8 million or 5.5% more than the 2014 estimate. This growth reflects increases in contractual wages, group insurance, and other fringe expenses, added bus and rail service levels, and an enhanced safety unit. Labor expenses are expected to increase by 1% in both 2016 and 2017.

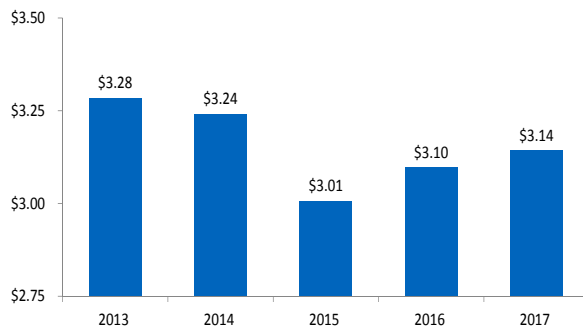
CTA budgeted for 9,887 positions in 2015, an increase of 2.3% over the 2014 estimate (Exhibit 3-14). This increase in staff is due to modest service expansion in 2015.

Material

Material expenses for 2015 are estimated at \$73.3 million, on par with the 2014 estimate, but \$11.5 million more than the 2014 budget. Material expenses in 2014 exceeded budget due to the added maintenance costs associated with running service during the Polar Vortex. Expenses will remain higher in 2015 due to increased service levels and improvements in facilities maintenance and are expected to grow 4% in 2016 and 2% in 2017.

Fuel

Fuel is budgeted at \$3.01 per gallon for a total budgeted cost of \$55.4 million in 2015, \$1.9 million less than the 2014 forecast. CTA was able to achieve cost savings through its strategic fixed price purchasing strategy

EXHIBIT 3-15: CTA FUEL PRICE PER GALLON

and has locked in 90% of its projected usage for 2015. CTA has budgeted for fuel prices to grow 3% in 2016 to \$3.10 per gallon and 1.5 % in 2017 to \$3.14 per gallon (Exhibit 3-15).

Power

Power is budgeted at \$29.3 million in 2015, 12.3% less than the 2014 estimate. CTA uses a block purchasing approach which allows it to purchase wholesale power for its base load electricity supply in advance. Any electricity purchased above the base load is bought at the current market price. CTA anticipates that the 2015 winter will be less severe than in 2014, which accounts for the decrease in costs. CTA has purchased 80% of its anticipated power needs in advance, which will protect it from high prices should the winter again be severe. Power expenses are budgeted to decrease by 2.5% in 2016 and then grow by 3% in 2017.

Insurance and Claims

The insurance and claims category, which includes claims and litigation expenses from injuries and damages that occur on CTA property or with CTA vehicles, was budgeted at \$3.5 million in 2015. CTA did not budget any funds for injuries and damages in 2014 at the advice of its actuaries, who determined that the value of the reserve fund was sufficient. Proposed expenses for 2016 and 2017 are \$12 and \$20 million, respectively.



Purchase of Security Services

Expenses for security services are estimated at \$14.4 million in 2015, 5.7% more than the 2014 estimate. CTA was able to achieve cost savings in this category in 2014 by reducing its contracted security personnel in favor of adding full-time customer service agents. Expenses will grow in 2015 due to an increase in police K-9 unit contract costs. Security services expenses are projected to grow by 0.9% in 2016 and 2017.

Other Expenses

Other expenses, which include interest on pension obligation bonds, utilities, maintenance and repair contracts, advertising, consulting, insurance, and leases and rentals, are estimated at \$261.4 million in 2015, 2.7% more than the 2014 estimate. This increase reflects the normal growth of contractual expenses, additional maintenance support for camera systems, and a new \$13 per hour minimum wage established for contractual services. Other expenses are slated to increase by 7% in 2016 and 3.7% in 2017 due to additional debt service payments.

NET RESULT

Net result equals total operating revenues and public funding minus total expenses. CTA's operating budget is balanced in 2015, with revenues covering expenses and producing a net result of zero after accounting for \$16.4 million in Innovation, Coordination, and Enhancement (ICE) funding that will be transferred to the capital

EXHIBIT 3-16: CTA 2014 BUDGET VS. 2014 ESTIMATE (DOLLARS IN THOUSANDS)

	2014 Budget	2014 Estimate	Variance
Revenues			
<u>Operating Revenues</u>			
Passenger Revenue	593,050	585,117	(7,933)
State Reduced Fare Reimbursement	21,464	28,322	6,858
Other Revenue	56,453	70,092	13,639
Total Operating Revenues	\$670,967	\$683,531	\$12,564
<u>Public Funding</u>			
Sales Tax I	335,565	335,565	-
Sales Tax II and PTF II	117,256	117,561	305
25% PTF II on RETT	11,965	15,140	3,175
Discretionary Funding	188,059	188,059	-
Reduced Fare Reimbursement Replacement	8,177	1,318	(6,859)
City of Chicago RETT	47,859	60,559	12,700
Local Contributions ¹	5,000	-	(5,000)
Total Public Funding	\$713,881	\$718,202	\$4,321
Total Revenues	\$1,384,848	\$1,401,732	\$16,884
Expenses			
Labor	973,700	953,576	20,124
Material	61,800	73,160	(11,360)
Fuel	60,246	57,246	3,000
Power	27,444	33,431	(5,987)
Insurance & Claims	-	-	-
Purchase of Security Services	14,087	13,654	433
Other Expenses	247,571	254,487	(6,916)
Total Expenses	\$1,384,848	\$1,385,555	(\$707)
Net Result	-	\$16,178	\$16,178
Recovery Ratio	58.0%	59.3%	1.3 points

¹ Local contributions included in "Other Revenue" in the 2014 Estimate.

program. In 2016 and 2017, CTA anticipates a balanced budget with net results equal to zero.

RECOVERY RATIO

CTA's recovery ratios through 2017, calculated by dividing total operating revenue by total operating expenses, with approved adjustments, exceed the RTA Board-adopted ratio of 54.5%. For 2015, CTA's recovery ratio is projected to reach 57%. For 2016 and 2017, CTA anticipates recovery ratios of 55.8% and 55.2%, respectively.

Statutory Compliance

The RTA Act requires that each Service Board meet seven criteria, which are detailed in the Appendices chapter, for Board approval of its budget. The CTA budget substantially meets each of these criteria for its proposed 2015 budget and 2016-2017 financial plans.

2014 Budget versus 2014 Estimate

CTA expects a balanced budget in 2014, with favorable operating revenue and public funding offsetting slightly unfavorable operating expenses (Exhibit 3-16).

EXHIBIT 3-17: CTA FARE STRUCTURE

	Full Fare	Reduced Fare ¹
Current Fares		
Regular Fare Types ²		
Full Fare Bus	\$2.00	\$1.00
Full Fare Rail	\$2.25	\$1.10
Full Fare Cash (Bus only)	\$2.25	\$1.10
Transfer ³	\$0.25	\$0.15
Ventra Ticket ⁴	\$2.50	
Passes		
1-day	\$10.00	None
3-day	\$20.00	None
7-day (CTA only)	\$28.00	None
7-day (CTA and Pace)	\$33.00	None
30-day	\$100.00	\$50.00
Metra Link-up Pass	\$55.00	None
Student Fares ⁵		
Bus and Rail with Student Permit	\$0.75	None
Transfer ³	\$0.15	None
Student Fare Cash (Bus only)	\$0.75	None
O'Hare Station Fare ⁶	\$5.00	\$1.10
#128 Soldier Field Express ⁷	\$5.00	\$2.50

¹ Reduced fares are for children 7 through 11 years old and people with RTA issued Reduced Fare Permits for seniors and/or persons with disabilities. The CTA also provides free rides to eligible seniors and persons with disabilities.

² Unless indicated, the fare is paid with a Ventra or registered contactless credit/debit card.

³ The second transfer is free.

⁴ Customers will be charged an additional \$0.50 for a limited time use Ventra ticket.

⁵ For elementary and high school students that present a Student Riding Permit on school days between the hours of 5:30 am and 8:30 pm.

⁶ The additional \$2.75 surcharge is not assessed on registered Ventra card users, cards using a purchased period-pass; registered contactless credit/debit cards using a purchased period pass; O'Hare Airport based employees using an employer issued Ventra Card; reduced fares; student fares; and U-Pass.

⁷ One-way fares were replaced with a \$5.00 round-trip fare.

OPERATING REVENUE

Calendar year 2014 operating revenues are estimated at \$683.5 million, \$12.6 million or 1.9% above budget. Favorable other and state reduced fare reimbursement revenue more than offset unfavorable fare revenue results. Fare revenue was unfavorable to budget for the year due to lower-than-budgeted ridership. Ridership loss was driven by extreme weather in the first quarter, lower gas prices, customers' continued response to the 2013 fare increase, and, to a lesser extent, the popular-

ity of alternative transportation options such as Divvy bike share and Uber and Lyft taxi services.

PUBLIC FUNDING

CTA's budgeted public funding for 2014 totaled \$713.9 million. CTA anticipates that Sales Tax I will come in at budget; Sales Tax II and PTF II are projected to come in \$0.3 million or 0.3% favorable to the budget; and City of Chicago Real Estate Transfer tax (RETT) is projected to come in \$12.7 million or 26.5% favorable to the budget.

OPERATING EXPENSES

CTA estimates its 2014 operating expenses at \$1,385.5 million, on par with budget. Expenses for labor, fuel, and security services were favorable to budget, while material, power, and other expenses were unfavorable to budget. CTA was able to achieve \$20 million in savings in its labor category in 2014 due to vacant positions and the restructuring of employee health care plans as part of a four-year labor agreement. Fuel expenses are estimated to be favorable to budget by \$3 million or 5% due to lower prices and consumption. Material and Power expenses are expected to be unfavorable to budget in 2014 by \$11.4 million and \$6 million, respectively, due to excess costs incurred during the extremely cold winter weather experienced in the first quarter of the year. Other expenses are expected to finish the year \$6.9 million or 2.8% unfavorable to budget due to an unanticipated pass-through grant which is offset by an equal amount of grant revenue.

NET RESULT

The net result for 2014 shows an expected \$16.2 million favorable variance, resulting in a recovery ratio of 59.3%, 1.3 percentage points favorable to budget.

Fare Structure

CTA did not institute a fare increase in 2014 and no fare increase is planned for 2015. CTA's current fare structure is illustrated in Exhibit 3-17.

Organizational Structure

CTA's organization chart is shown in Exhibit 3-18 and consists of the following departments and business units: Legislative Affairs, Planning, Transit Operations, Infrastructure, Administration, Finance, Law, Communications, and Safety.

CTA Board

The Chicago Transit Board consists of seven board members. The Mayor of Chicago appoints four board members who are subject to the approval of the City Council and the Governor. The Governor appoints three board members who are subject to the approval of the State Senate and the Mayor of Chicago.

CTA Board Members, and the President of the CTA, report directly to the Chairman of the Board. Functionally, the General Counsel of the CTA, the Department of Internal Audit, and the Chief Financial Officer also report to the Chairman of the Board.

Department of Internal Audit

The Department of Internal Audit reports directly to the Chairman of the Board.

President

The CTA President is the agency's chief executive and is charged with executing the policy decisions made by the CTA Board of Directors and providing direction to the CTA staff as they work to fulfill the mission and goals of the Board. The Chief of Staff of the President reports directly to the President, and the President reports directly to the Chairman of the Board.

Legislative Affairs

Legislative Affairs coordinates agency outreach and represents the CTA and its interests before the local, state, and federal government.

Planning

The Planning Department is responsible for developing routes and schedules that best meet customer demand. Planning ensures that the highest level of service is attained and includes the administrative units of Strategic Planning, Grants, Scheduling and Service Planning, and Real Estate and Asset Management.

Transit Operations

Transit Operations consists of Bus Operations, Rail Operations, Bus and Rail Maintenance, and Facilities Maintenance. The Bus Maintenance unit oversees the maintenance and regular cleaning of bus interiors and exteriors. The Rail Maintenance unit is responsible for maintaining the safe mechanical functioning of the CTA's trains as well as regular cleaning, heavy maintenance repairs, and rebuilds of train systems.

Infrastructure

Infrastructure includes the operating units of Engineering, Power and Way, and Construction. Engineering is responsible for the creation and maintenance of construction documents for CTA facilities, and reviewing and answering design requests. Power and Way inspects and maintains the rail track, including rail track circuits, switches, and vital signal relays. Power and Way is also responsible for power substations in the CTA system. The Construction unit performs maintenance and construction of rail stations, terminals, rail yards, and other CTA facilities.

Administration

Administration includes Human Resources and Employee Relations, Purchasing and Supply Chain, DBE/EEO/ADA Compliance and the Learning and Support unit. Human Resources is responsible for recruiting, hiring, benefit services, medical services, and program compliance. The Purchasing & Supply Chain management department performs inventory management.

Finance

Finance is responsible for general accounting, budgeting and capital planning, investment support, technology, cash management, program development, and the management and control of property, grants, investments, and funding. Technology maintains and upgrades all CTA technology infrastructure including computer hardware, application software, and com-

munications equipment. Finance functionally reports to the Chairman of the Board and administratively reports to the President.

Law

Law handles appellate matters, corporate law, claims and tort litigation, workers compensation matters, and labor policies and appeals. The Law Department functionally reports to the Chairman of the Board and administratively reports to the President.

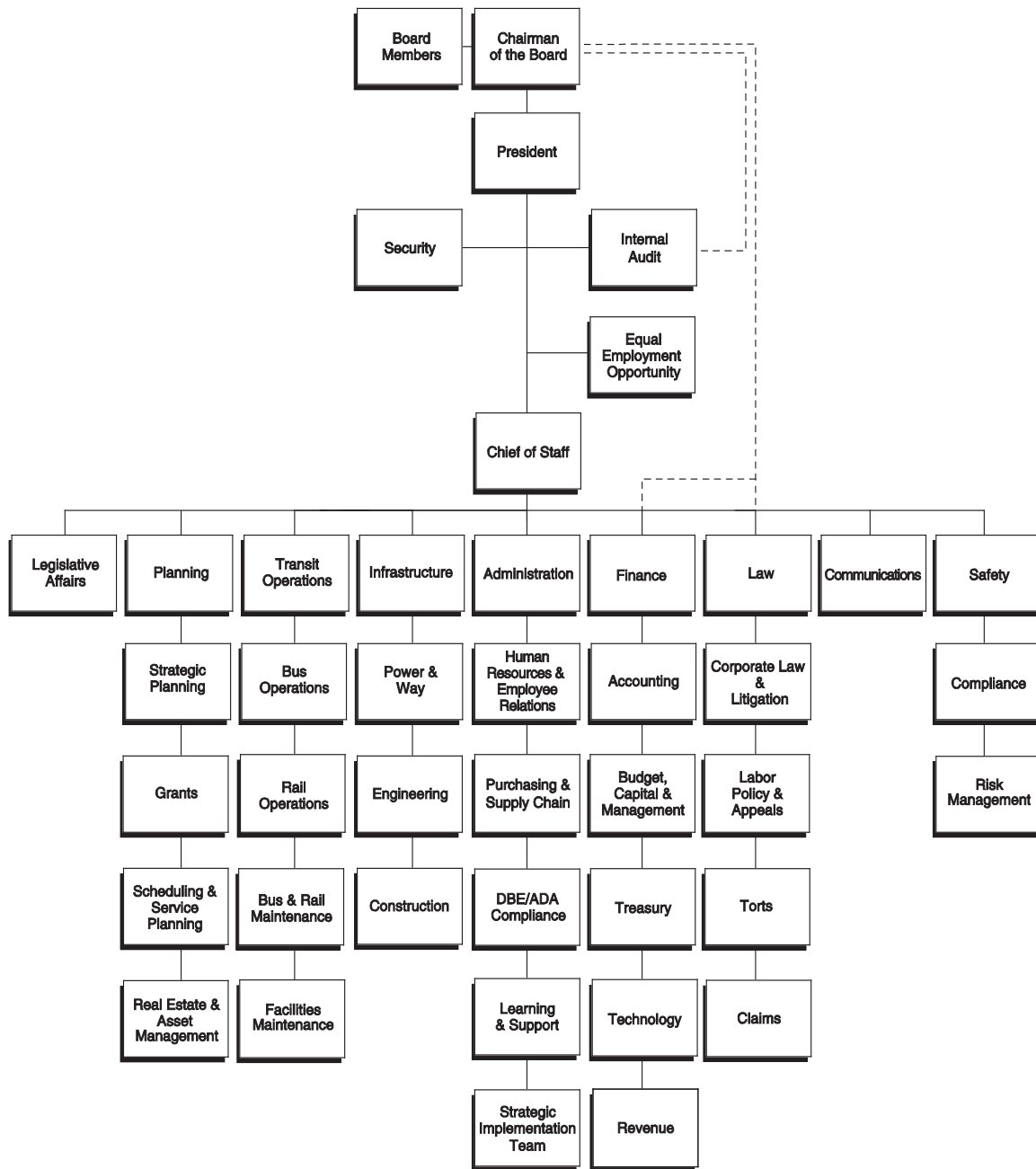
Communications

Communications is responsible for marketing, branding, media relations, and publications. Additionally, Communications is responsible for providing customer service functions such as travel information, maps, brochures, fare updates, refunds, and support for onsite public forums.

Safety

The mission of the Safety Department is to ensure the highest degree of safety for CTA customers, employees, and the public. This is achieved by identifying and eliminating safety hazards during the operation of transit service, construction, and maintenance. Safety also administers the Destination Safety program, which aims to reduce compliance issues including employee and third party accidents and injuries.

EXHIBIT 3-18: CTA ORGANIZATIONAL STRUCTURE



4 METRA OPERATING PLAN



Overview

Commuter rail service in the Chicago region has an extensive history, predating the inception of Metra in 1983. At that time, years of disinvestment in capital assets led to the formation of the RTA and Metra, which purchased and took over many existing assets and operations. Years of capital investments totaling over \$6 billion followed, resulting in new stations, rolling stock, and increased service, which positively impacted ridership. However, the lack of continued and adequate capital funding has again resulted in deferred investment in capital assets, and the cycle of underinvestment has led to increased maintenance costs and service disruptions that impact many areas of operating expense and negatively affect the system’s reliability, and ultimately, ridership. In preparing the 2015 budget, Metra announced a major turning point for the agency by revealing its first-ever, comprehensive 10-year fleet modernization effort to focus on rolling stock, critical rehabilitation and maintenance programs, and the implementation of a system-wide positive train control (PTC) system.

For 2015, Metra has proposed a balanced projection of revenues and expenses that follow the guidelines set forth in the RTA Act.

Service Characteristics

The Metra rail system is comprised of eleven separate lines, which run north, west, and south of the Chicago central business district. The system extends 488 route-miles to the limits of the six-county area and serves 241 local rail stations in more than 100 communities. The network itself is made up of over 1,400 revenue vehicles, 821 bridges, 571 grade crossings, 24 rail yards and over 90,000 parking spaces. Metra’s operational interface with extensive freight networks makes it one of the nation’s most complicated rail systems. A system of such magnitude requires continual maintenance and

The system extends 488 route-miles to the limits of the six-county area and serves 241 local rail stations in more than 100 communities.

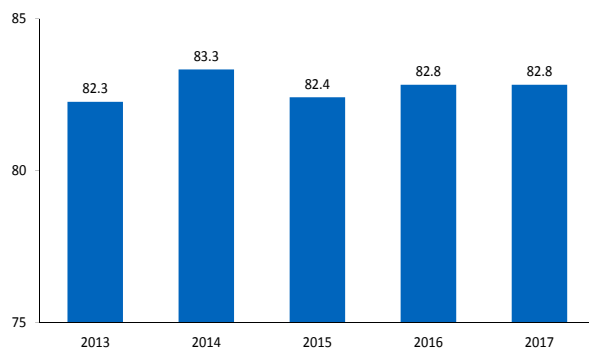
renewal in order to preserve operational performance, safety, and service efficiency.

Metra serves the region on routes owned by Metra or freight carriers and through purchase of service agreements with Union Pacific and Burlington Northern Santa Fe, two of the largest freight carriers in the nation. The South Shore Line, operated by the Northern Indiana Commuter Transportation District (NICTD), is another Metra partner, providing service between Chicago and South Bend. Together, in 2014 Metra and its carriers provided 703 weekday trains, 296 Saturday trains, and 163 Sunday trains. Metra provides safe, reliable commuter rail service with an average weekday ridership of nearly 300,000. Metra’s hub is located in the downtown Chicago business district. Four downtown terminals serve Metra’s eleven lines.

RIDERSHIP

Metra’s primary customer base is city and suburban residents who use its system to travel to downtown Chicago. Ridership remains at historically high levels, surpassing 80 million annual trips each year since 2007 (Exhibit 4-1). In 2012, Metra implemented a fare increase averaging 25%, and experienced a 1.7% decline in annual ridership. Nevertheless, ridership ended the year as the sixth-highest annual ridership in Metra

EXHIBIT 4-1: METRA RIDERSHIP (IN MILLIONS) (1)



(1) Based on ticket sales. Includes all free rides. Excludes South Shore (NICTD) service.

history. Ridership is estimated to reach 83.3 million by year-end 2014, a 1.3% increase over 2013, bolstered by rising employment levels, major highway construction projects, highway toll increases, and rising parking rates.

Metra is committed to growing ridership across all market segments by positioning its service as the preferred mode of travel in terms of reliability, efficiency and convenience. Metra’s proposed modernization program is designed to help Metra deliver on this strategy, by maintaining its infrastructure and ensuring extremely reliable service. In 2015, Metra anticipates a ridership decrease of 1.1% resulting from the scheduled fare increase, followed by growth of 0.5% in 2016 and stable ridership levels for 2017.

SERVICE QUALITY

On-time performance is a key measure of service quality and is shown in Exhibit 4-2. Metra has consistently met on-time performance levels of 95% with the exception of 2011, when it amended how this metric is calculated to more accurately reflect riders’ experiences. Exhibit 4-3 illustrates the miles between major mechanical failures, showing declining performance over the past five years coinciding with an increase in the average fleet age. This metric will show improvement as older rolling stock is replaced or rehabilitated. Service effectiveness, shown in Exhibit 4-4 by the metric passenger trips per vehicle revenue mile, is expected to decrease due to projected ridership losses occurring as a fare increase is implemented in early 2015, followed by improvement in each of the next two years. Cost

effectiveness is illustrated in Exhibit 4-5, which shows that operating cost per passenger trip and per vehicle revenue mile are expected to steadily increase over the next few years as operating cost increases outpace projected service and ridership increases.

EXHIBIT 4-2: ON-TIME PERFORMANCE

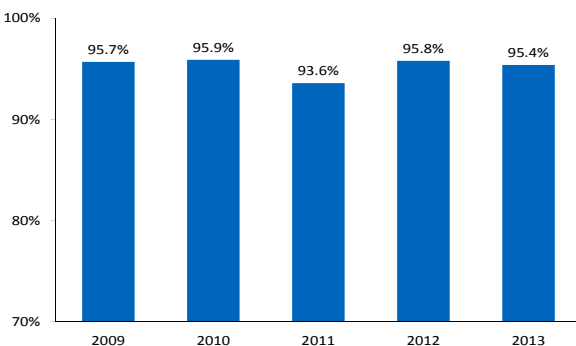


EXHIBIT 4-3: METRA MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)

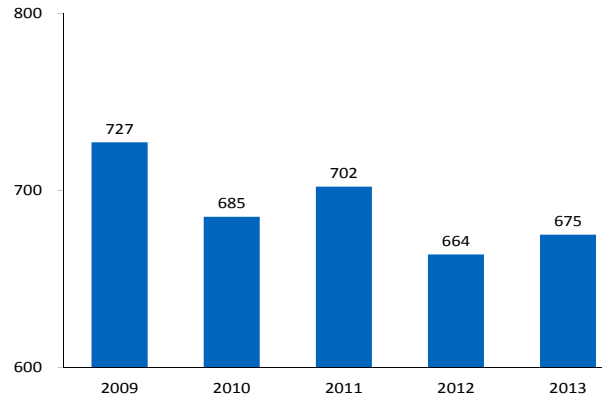


EXHIBIT 4-4: PASSENGER TRIPS PER VEHICLE REVENUE MILE

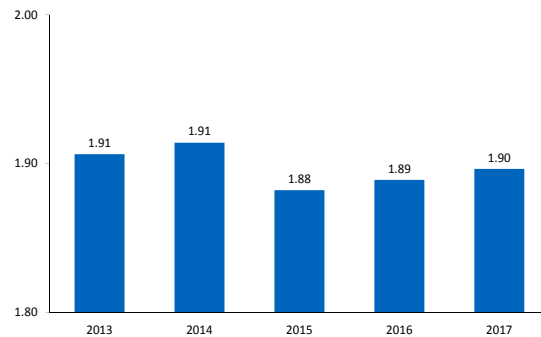
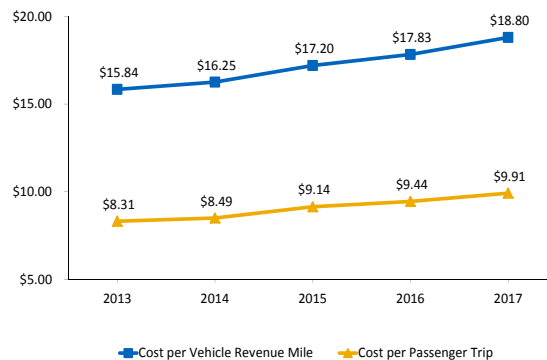


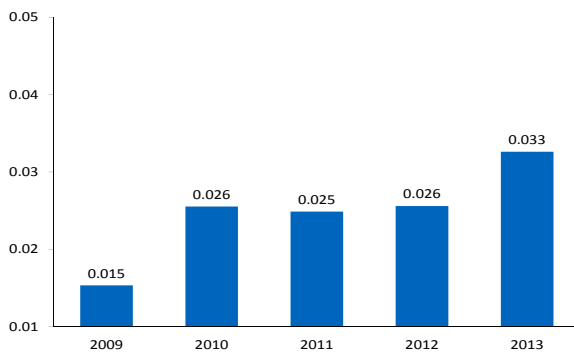
EXHIBIT 4-5: METRA COST EFFICIENCY



SAFETY AND SECURITY

Safety of employees, passengers, and the general public remains Metra's number one priority. Metra's Safety Department oversees numerous programs to incorporate education, engineering, and enforcement activities. Metra's partnership with Operation Lifesaver, ongoing from 1992, continues to offer train safety educational presentations and materials to various groups throughout the region. In 2015, Metra will be holding its ninth annual Safety Poster Contest, which engages more than 2,000 area schools. Exhibit 4-6 shows that over the past five years, Metra has experienced an increasing trend in its reportable incident rate, although it remains very low at 0.033 incidents per 100,000 passenger trips.

EXHIBIT 4-6: METRA REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS



CHALLENGES

Metra's main focus will be on modernizing its rolling stock fleet and the implementation of PTC by the federally-mandated deadline of December 2015. However, other significant challenges remain. Metra is moving forward with the Regional Fare Payment System mandated by the Illinois General Assembly, with participation in the CTA's open fare initiative scheduled to begin by the January 2015 deadline. To accomplish this goal, Metra is performing upgrades of its points of sale: contactless card readers are being installed along with the necessary system upgrades required for support. Metra's mobile ticketing program is moving forward, allowing for new, on-board payment options at a lower cost than alternatives such as ticket vending

machines, gated systems, or tap on/off systems. Metra is moving forward with the replacement of outdated financial systems at a cost of over \$25 million. Metra is also currently evaluating responses to an RFP to provide Wi-Fi service on its trains.

Budget and Financial Plan

The Metra 2015 budget and two-year financial plan presented in Exhibit 4-7 meet the funding amounts set by the RTA Board in September, 2014. The budget reflects a recovery ratio of 53.6%, using approved credits to exceed the recovery ratio mark adopted by the RTA Board. Metra's 2015 budget and two-year financial plan were approved by the RTA Board on December 17, 2014. A detailed discussion of Metra's outlook for operating revenue, public funding, and operating expenditures follows.

OPERATING REVENUE

Metra's operating revenue is comprised of passenger revenue, reduced fare reimbursement, and other revenue. Metra projects that 2015 total operating revenues will increase 6.9% to \$375.9 million, followed by increases of 6.0% in 2016 and 7.6% in 2017, with increases expected for each operating revenue category (Exhibit 4-8).

Passenger Revenue

Passenger revenue constitutes 90% of Metra's operating revenue. Metra has adopted several policies for 2015 that will have an overall positive impact on passenger revenue, as well as several policy changes aimed at improving customer relations and satisfaction:

- An overall fare increase of 10.8% across all ticket types
- An increase in the cost of weekend fares from \$7 to \$8
- An increase in the on-board purchase surcharge from \$3 to \$5
- A general no-refund policy, with exceptions to be determined in the future

EXHIBIT 4-7: METRA 2015 BUDGET AND 2016-2017 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	309,448	313,700	337,300	359,200	388,800
State Reduced Fare Reimbursement ¹	2,173	3,138	3,138	3,138	3,138
Capital Credits, Leases, etc. ²	31,400	34,700	35,500	36,200	36,900
Total Operating Revenues	\$343,021	\$351,538	\$375,938	\$398,538	\$428,838
<u>Public Funding</u>					
Sales Tax I	262,543	269,234	280,203	290,010	298,710
Sales Tax II and PTF II	95,612	95,518	96,757	97,572	97,427
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	-	-	731	3,837	5,033
RTA Fund Balance Funding	-	-	6,000	-	-
Innovation, Coordination, and Enhancement Funding ³	-	-	13,330	4,697	4,838
Reduced Fare Reimbursement Replacement	-	146	-	-	-
Homeland Security Grant	1,200	3,000	2,000	2,000	1,000
Total Public Funding	\$359,355	\$367,899	\$399,021	\$398,115	\$407,008
Total Revenues	\$702,376	\$719,437	\$774,959	\$796,653	\$835,846
Expenses					
Transportation	223,980	232,400	240,000	249,000	259,000
Maintenance of Way ²	115,500	121,000	130,000	136,000	142,000
Maintenance of Equipment ²	141,500	152,200	162,000	169,000	176,000
Claims & Insurance	18,077	16,900	15,800	16,300	16,800
Administration	86,677	84,000	92,000	95,000	98,500
Downtown Stations	13,966	14,500	16,000	16,500	17,000
Diesel Fuel	78,098	78,500	80,500	83,100	85,900
Electricity	5,588	8,000	8,400	8,800	9,300
Debt Service	-	-	8,400	8,200	16,500
Total Expenses	\$683,386	\$707,500	\$753,100	\$781,900	\$821,000
ICE funding not used for operations - transfer to capital ⁴	-	-	(11,821)	(4,697)	(4,838)
Net Result	18,990	11,937	10,038	10,056	10,009
Recovery Ratio	53.4%	52.9%	53.6%	54.6%	56.4%

¹ Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY15-18 budgets.

² The 2014 estimate for Capital Credits, Leases, etc. has been amended to reflect an accounting change for Crossing Project work on behalf of the State that is not considered a Metra asset. An equal offset has been applied to Maintenance of Way and Maintenance of Equipment lines. Accordingly, the 2015 budget and 2016 and 2017 plan years reflect the accounting change.

³ ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.

⁴ As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.

EXHIBIT 4-8: METRA OPERATING REVENUE (DOLLARS IN MILLIONS)

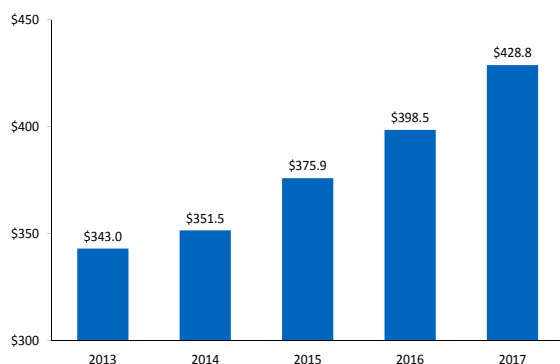
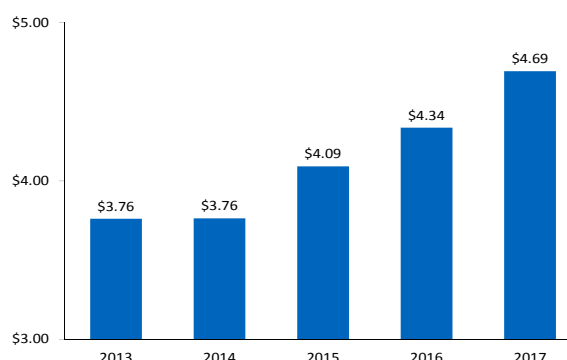


EXHIBIT 4-9: METRA AVERAGE FARE



- One-way tickets will be valid for 90 days (was 14)
- Reinstatement of a discount for 10-ride tickets so that the price will equal the price of nine one-way tickets
- Reinstatement of the policy to allow monthly tickets to be used until noon on the first business day of the following month

Following implementation of these policies, Metra’s passenger revenue component is estimated to increase by 7.5% in 2015, 6.5% in 2016, and 8.2% in 2017.

Exhibit 4-9 details the average fare paid by Metra customers, budgeted at \$4.09 in 2015 and forecasted to increase to \$4.69 by 2017.

Reduced Fare Reimbursement

The State of Illinois provides a subsidy to the Service Boards, via the RTA, to partially replace the revenue lost due to mandated free and reduced fare ride programs for the elderly, students, and disabled persons. The Service Boards are permitted to reflect this funding as

operating revenue. The State decreased this funding by a total of \$16.5 million for its fiscal year 2015 (July 2014-June 2015). At the RTA’s direction, Metra’s budget assumes restoration of this funding to its previous level, bringing Metra’s share back up to \$3.1 million for 2015 and each of the planning years 2016 and 2017.

Other Revenue

Other revenue for Metra, comprising 9% of its 2015 operating revenues, includes capital credits, advertising revenue, and joint facility and lease revenue. Other revenue is expected to increase 2.3% in 2015, followed by 2.0% and 1.9% increases in 2016 and 2017, respectively, reflecting higher capital credit billing rates and moderate growth in other items. Exhibit 4-10 illustrates projected growth in the other revenue category.

PUBLIC FUNDING

Metra’s public funding for operations is projected to total \$399.0 million in 2015, an increase of \$31.1 million compared to the 2014 estimate, largely due to

EXHIBIT 4-10: METRA OTHER REVENUE

	2013 Actual	2014 Budget	2015 Budget	2016 Plan	2017 Plan
All Other Revenue					
Leases	20,100	19,900	19,000	19,400	19,800
Advertising	3,500	2,800	3,061	3,120	3,180
Other	7,800	12,000	13,439	13,680	13,920
Total All Other Revenue	\$31,400	\$34,700	\$35,500	\$36,200	\$36,900

improved sales tax receipts. Of that total, RTA funding (sales tax and Public Transportation Funds) totals \$397.0 million and includes several new sources of public funding beginning in 2015 including non-statutory Sales Tax I totaling \$731 thousand in 2015, 3.8 million in 2016, and \$5.0 million in 2017. The RTA will contribute \$6 million from the RTA Fund Balance as a one-time addition to Metra’s 2015 budget. Also beginning in 2015, the Service Boards will receive ICE funding for RTA Board-approved operating or capital projects through the budget process. Metra’s share of these ICE funds for 2015, which also includes unobligated 2013 and 2014 funds, is \$13.3 million. Metra’s ICE funding decreases to \$4.7 million in 2016 and to \$4.8 million in 2017 since prior year funds were included for 2015 only. The approved ICE-funded projects for each Service Board are shown in Exhibit 1-11 of the Executive Summary chapter. In addition, Metra was awarded a Homeland Security Grant of \$2 million for each year 2015 and 2016, and \$1 million for 2017.

Metra’s total revenue, comprised of operating revenue and public funding, is budgeted at \$775.0 million for 2015, a 7.7% increase compared to the 2014 year-end estimate. Additional increases of 2.8% and 4.9% are projected for 2016 and 2017, respectively, reflecting optimistic outlooks for each component of revenue. Exhibit 4-11 illustrates the breakdown of Metra’s total revenue.

EXHIBIT 4-11: 2015 METRA TOTAL REVENUE - \$775.0 MILLION

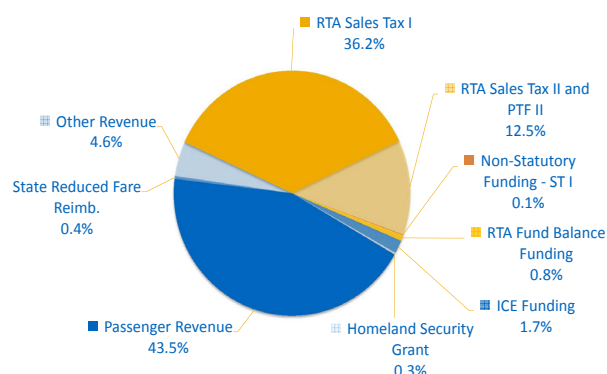
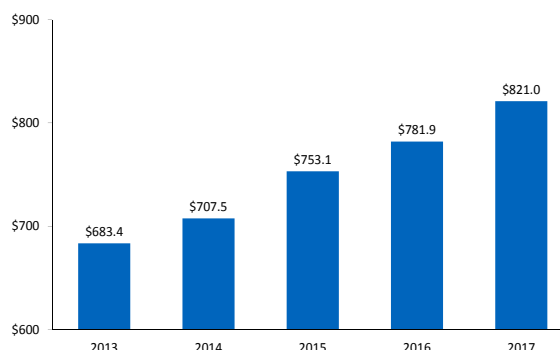


EXHIBIT 4-12: METRA TOTAL OPERATING EXPENSES (DOLLARS IN MILLIONS)



OPERATING EXPENSES

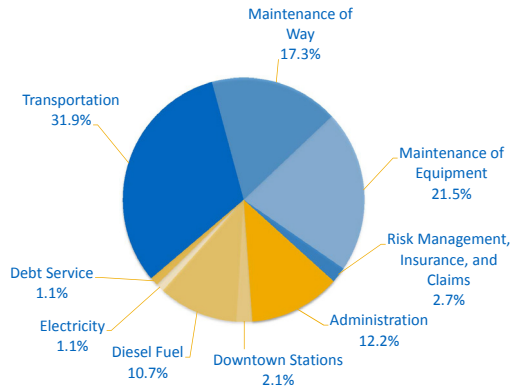
Metra’s 2015 total operating expenses of \$753.1 million are projected to grow by 6.4% over the 2014 estimate. Service levels are assumed to remain constant to 2014 levels; budgeted expense increases reflect projected price increases in labor, benefits, diesel fuel, rents, materials, and other costs associated with operating train service. Additionally, there are increases to operating cost correlated to meeting maintenance and inspection requirements related to equipment and infrastructure. In 2016 and 2017, costs are expected to increase 3.8% and 5.0%, respectively, reflecting the terms of current contracts and agreements or projections of market indices as applicable. Metra remains committed to identifying and implementing cost-cutting measures wherever possible, both in-house and with its contracted service. Exhibit 4-12 shows a trend of steady, incremental operating expense increases.

The components of operating expenses include transportation, maintenance of way, maintenance of equipment, risk management, insurance & claims, administration & regional services, downtown stations, diesel fuel, electricity, and debt service. Exhibit 4-13 shows each category of operating expense and its proportion of the overall expense budget.

Transportation

This category includes the functions and activities directly responsible for the operation of over 700

EXHIBIT 4-13: 2015 METRA EXPENSES - \$753.1 MILLION



commuter trains each weekday. Service provision is coordinated among train and engine crews, dispatching, tower operations, ticket sales, police and security services, employee safety, and supervisory support, all working to run service consistent with published schedules in a manner compliant with federal and state regulations. Transportation expenditures comprise 32% of the total expense budget and are expected to total \$240.0 million in 2015, an increase of 3.3% from the 2014 estimate. By 2017, transportation expenses are expected to reach \$259.0 million, an increase of \$26.6 million from the 2014 estimate, representing a compound annual growth rate of 3.7%.

Maintenance

Maintenance activities include the inspection and upkeep of 1,100 miles of track, 821 bridges, 2,000 signals, 241 stations, and other infrastructure. Maintenance of way expenses comprise 17.3% of the annual budget for 2015 and are expected to maintain this proportion of the budget through 2017, increasing at a compound annual growth rate of 5.3%. Maintenance of equipment includes regular inspection, repair, and preventive maintenance of all train equipment to ensure safe and reliable operation. Maintenance of equipment expenses total \$162.0 million, 21.5% of the 2015 budget and are projected to increase to \$176.0 million by 2017, representing a compound annual growth rate of 5.6%.

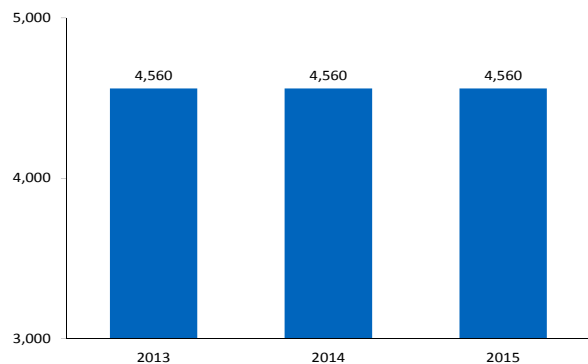
Risk Management, Insurance, and Claims

Claims and insurance comprises 2.1% of Metra’s budget. For 2015, claims and insurance is budgeted at \$15.8 million, which is 6.5% lower than the 2014 estimate due to re-allocation of risk management staff costs to the Administration category. For 2016 and 2017, expenses for this category are projected to be \$16.3 million and \$16.8 million, respectively, representing a five-year compound annual growth rate of -1.8%.

Administration and Regional Services

Administration activities include general support functions for the organization to ensure overall corporate goals and regulations are met. Administrative activities include human resources, labor management committee, information systems, training, accounting and other support areas. Regional Services include overhead costs as well as the costs of managing Metra-owned and operated rail services. Administration and regional services expenses represent 12.2% of Metra’s 2015 budget at \$92.0 million, an increase of 9.5% from the 2014 estimate. This increase is the result of incorporating Risk Management staff costs, additional fees related to the rollout of the Mobile Ticketing program, and higher expected credit card fees as more customers utilize this program. As shown in Exhibit 4-14, Metra has not projected any change in budgeted positions for the 2015 budget year. For 2016 and 2017, administration and regional service expenses are projected to increase

EXHIBIT 4-14: METRA BUDGETED POSITIONS & LABOR GROWTH



by 3.3% and 3.7%, respectively, reflecting a compound annual growth rate of 3.2%.

Downtown Stations

Metra pays station rents for three of its downtown stations: Union, Ogilvie, and LaSalle Street. These long-term leases have annual inflators and include a share of the maintenance and utility costs for the facilities, which is expected to increase in 2015 to \$16.0 million. For 2016 and 2017, the downtown stations expense is projected to increase to \$16.5 million and \$17.0 million, respectively, for a compound annual growth rate of 5.0%.

Diesel Fuel and Electricity

Diesel fuel expenditures of \$80.5 million constitute 10.7% of Metra’s operating budget for 2015. Diesel fuel is budgeted at \$3.10 per gallon in 2015, representing a \$0.12 reduction from the 2014 budget and a four-cent reduction from the 2014 estimate. With no price lock contracts in place, diesel fuel price volatility remains a risk for Metra, which continually looks for price locking opportunities. For 2016 and 2017, diesel fuel is budgeted at \$3.20 and \$3.30 per gallon, respectively, representing a compound annual growth rate of 2.4%. Exhibit 4-15 shows anticipated fuel price trends.

Motive electricity comprises 1.1% of Metra’s budget. For 2015, \$8.4 million was budgeted for electricity, a 5.0% increase over the 2014 estimate. Metra has projected higher expenses due to higher supply prices and



higher energy usage by the more powerful motors used by the new Metra Electric Highliner fleet. For 2016 and 2017, Metra has projected this expense category to increase by 4.8% and 5.7%, respectively.

NET RESULT

Net results are calculated by adding total operating revenues and public funding together and subtracting total expenses. Metra’s operating budget is balanced in 2015, with revenues covering expenses and producing a positive \$10.0 million net result that Metra has dedicated for capital purposes. In 2016 and 2017, Metra anticipates additional passenger revenues that will produce positive net results of \$10 million in each year, again to be transferred for capital purposes.

RECOVERY RATIO

Metra’s 2015 through 2017 recovery ratios, calculated by dividing total operating revenue by total operating expenses, with approved adjustments, exceed the RTA Board-adopted ratio of 52%. For 2015, Metra’s recovery ratio is projected to reach 53.6%. For 2016 and 2017, Metra anticipates recovery ratios of 54.6% and 56.4%, respectively.

Statutory Compliance

The RTA Act requires that each Service Board meet seven criteria, which are detailed in the Introduction chapter, for Board approval of its budget. The Metra budget substantially meets each of these criteria for

EXHIBIT 4-15: METRA FUEL PRICE PER GALLON

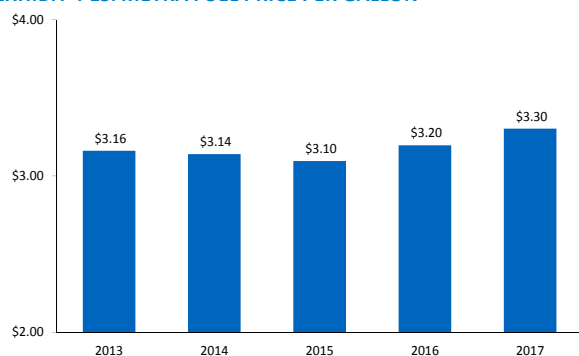


EXHIBIT 4-16: METRA 2014 BUDGET VS. 2014 ESTIMATE (DOLLARS IN THOUSANDS)

	2014 Budget	2014 Estimate	Variance
Revenue			
<u>Operating Revenue</u>			
Passenger Revenue	310,000	313,700	3,700
Reduced Fare Reimbursement	2,400	3,100	700
Other Revenue	30,800	34,700	3,900
Total Operating Revenue	\$343,200	\$351,500	\$8,300
<u>Public Funding</u>			
RTA Sales Tax I	269,200	269,200	-
RTA Sales Tax II and PTF II	95,300	95,500	200
Reduced Fare Reimbursement Replacement	900	100	(800)
Homeland Security	3,000	3,000	-
Total Public Funding	\$368,400	\$367,800	(\$600)
Total Revenues	\$711,600	\$719,300	\$7,700
Expenses			
Transportation	234,200	232,400	1,800
Maintenance of Way	118,500	121,000	(2,500)
Maintenance of Equipment	149,800	152,200	(2,400)
Risk Management, Insurance, and Claims	16,900	16,900	-
Administration	84,200	84,000	200
Downtown Stations	15,500	14,500	1,000
Diesel Fuel	80,500	78,500	2,000
Electricity	8,000	8,000	-
Unallocated Operations	-	-	-
Total Expenses	\$707,600	\$707,500	\$100
Net Result	\$4,000	\$11,800	\$7,800
Recovery Ratio	51.5%	52.8%	1.3%

its proposed 2015 budget and 2016-2017 financial plans. Metra's 2015 through 2017 recovery ratios, with approved adjustments, exceed the RTA mark of 52%.

2014 Budget versus 2014 Estimate

Each category of operating revenue is anticipated to show a positive variance in 2014. However, Maintenance of Way and Maintenance of Equipment expenses were negatively impacted by the severe cold weather in the first quarter of 2014, and never fully recovered throughout the rest of the year. The favorable variances for fuel, downtown stations, and administration

costs were enough to offset unfavorable maintenance expenditures; total operating expenses are anticipated to end the year \$0.1 million under budget. The 2014 projected recovery ratio of 52.8% is 1.3 percentage points favorable to the budgeted recovery ratio of 51.5% (Exhibit 4-16).

OPERATING REVENUE

Calendar year 2014 operating revenues are estimated at \$351.5 million, \$8.3 million or 2.4% above budget. Ridership and other revenue have exceeded budgeted

expectations, resulting in favorable operating revenues for the year.

PUBLIC FUNDING

The RTA funding amounts set for 2014 budgeted public funding for the year to total \$368.4 million to Metra. Sales tax revenues are projected to be slightly higher than what was projected in the budget. Metra anticipates that Sales Tax I will come in at budget; Sales Tax II and PTF II are projected to come in \$0.6 million or 0.2% favorable to the budget.

OPERATING EXPENSES

Total 2014 operating expenses are estimated to total \$707.5 million, on par with budget with a favorable variance of approximately \$0.1 million. Transportation expenses are expected to be favorable to budget by \$1.8 million or 0.8%. Maintenance of Way expenses are expected to be unfavorable to budget by \$2.5 million or 2.1%. Maintenance of Equipment expenses are anticipated to be unfavorable by \$2.4 million or 1.6%. Risk Management, Insurance, and Claims are expected to be on par with budget. Administration and Regional

Services are projected to come in at \$0.2 million or 0.2% favorable. Lower than expected diesel prices are projected to cause Fuel expenses come in \$2 million under budget, a 2.5% favorable result. Downtown Station expenses are expected to come in \$1.0 million under budget, and Electricity expenses are expected to be on par with budget.

NET RESULT

For 2014, the operating deficit is estimated to be \$356.0 million, 2.3% favorable to budget. Net results for 2014 show an expected \$7.8 million favorable variance. Estimated results show that Metra will end 2014 with a 52.8% recovery ratio, 1.3 percentage points favorable to its revised budget of 51.5% (the original budgeted recovery ratio was 53.1%; however, changes to how capital credits are counted resulted in a lower expected recovery ratio).

Fare Structure

Commuter rail fares are based upon travel between designated fare zones, with a uniform base fare charged for travel within a zone and increments added to this

EXHIBIT 4-17: METRA FARE STRUCTURE

Metra Full Fare Schedule									
Effective February 1, 2012					Effective February 1, 2015				
Zone ¹	One-Way	Ten-Ride ²	Monthly	Weekend	Zone ¹	One-Way ³	Ten-Ride ²	Monthly	Weekend ³
A	\$2.75	\$27.50	\$78.25	\$7.00	A	\$3.25	\$29.25	\$92.75	\$8.00
B	\$3.00	\$30.00	\$85.50	\$7.00	B	\$3.50	\$31.50	\$99.75	\$8.00
C	\$4.25	\$42.50	\$121.00	\$7.00	C	\$4.75	\$42.75	\$135.50	\$8.00
D	\$4.75	\$47.50	\$135.25	\$7.00	D	\$5.50	\$49.50	\$156.75	\$8.00
E	\$5.25	\$52.50	\$149.50	\$7.00	E	\$6.00	\$54.00	\$171.00	\$8.00
F	\$5.75	\$57.50	\$163.75	\$7.00	F	\$6.50	\$58.50	\$185.25	\$8.00
G	\$6.25	\$62.50	\$178.00	\$7.00	G	\$7.00	\$63.00	\$199.50	\$8.00
H	\$6.75	\$67.50	\$192.25	\$7.00	H	\$7.50	\$67.50	\$213.75	\$8.00
I	\$7.25	\$72.50	\$206.50	\$7.00	I	\$8.25	\$74.25	\$235.25	\$8.00
J	\$7.75	\$77.50	\$220.75	\$7.00	J	\$8.75	\$78.75	\$249.50	\$8.00
K	\$8.25	\$82.50	\$235.00	\$7.00	K	\$9.25	\$83.25	\$263.75	\$8.00
M	\$9.25	\$92.50	\$263.50	\$7.00	M	\$10.25	\$92.25	\$292.25	\$8.00

¹ Fares based on traveling to/from Zone A (downtown stations)

² The ten-ride ticket discount was discontinued on February 1, 2013 so that ten-ride tickets cost were equal to the cost of 10 individual rides. This policy will be reversed in 2015; the cost of ten-ride tickets now costs the equivalent of nine individual rides.

³ The on-board ticket surcharge will increase from \$3 to \$5 in 2015.

base fare as fare zone boundaries are crossed. These zones are set at five-mile intervals beginning at each rail line's downtown Chicago station. The zone system does not apply to the South Shore fares set by the Northern Indiana Commuter Transportation District (NICTD).

At its November 2014 board meeting, Metra adopted multiple fare policy changes to be effective on February 1, 2015 (see Exhibit 4-17). Overall fare increases average 10.8%; the cost of a weekend pass was raised from \$7.00 to \$8.00; 10-ride tickets are to be based on the price of 9 individual rides; passengers who pay for their ticket on the train when a Metra agent is available at their boarding station will now pay a \$5.00 surcharge. Metra has outlined fare increases for the 2016 and 2017 plan years, subject to projected revenue needs and in consideration of anticipated passenger, tax receipts, and other funding as it becomes available.

Organizational Structure

Metra's administrative organization chart is presented in Exhibit 4-18 and consists of the following divisions:

Metra Board

The 11-member Metra Board of Directors is comprised of members representing the six-county Chicago metropolitan area. Four of the directors are appointed by the suburban members of the Cook County Board. The chairman or executive of the County Boards of Cook, DuPage, Kane, Lake, McHenry, and Will counties each appoint one director, and the Mayor of the City of Chicago also appoints one director. The Chairman of Metra's Board of Directors must be one of the eleven directors, and is appointed by the concurrence of eight directors. The Board generally meets once per month to discuss and act on various matters.

Executive Director/Chief Executive Officer

Metra's Executive Director and Chief Executive Officer is charged with executing Board policy decisions and providing direction to Metra staff as they work to fulfill the

mission and goals of the agency. The Executive Director reports directly to the Metra Board of Directors.

Financial Affairs

Financial Affairs, headed by the Chief Financial Officer (CFO), is comprised of four groups: General Accounting, Budget and Contracts, Grant Management and Accounting, and Information Technology. The core mission of Financial Affairs is to provide accurate financial data so that Metra can run its operations efficiently.

Operations

The Operations Division consists of three departments: Engineering, Mechanical, and Transportation. The Engineering Department is responsible for building and maintaining the majority of Metra's fixed assets as well as the freight lines upon which Metra operates. The Mechanical Department is responsible for the inspection and maintenance of 1,209 rolling stock vehicles used in commuter service, as well as the hundreds of trucks and automobiles that comprise Metra's non-revenue fleet. The Transportation Department is responsible for providing safe, efficient, and reliable commuter transportation.

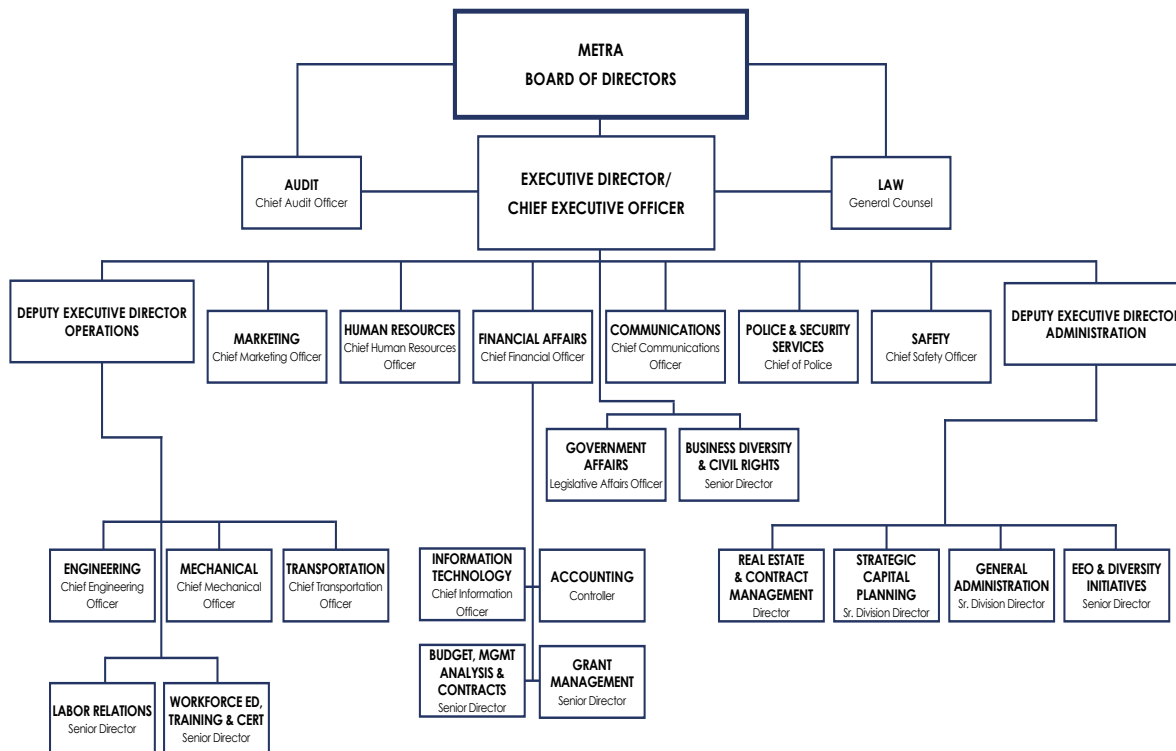
Law

Metra's Law Department provides legal guidance and support to the Board of Directors, the executive team, and every department within the organization.

Human Resources

The mission of Metra's Human Resources Department is to recruit and retain qualified employees in a diverse workforce that operates in a professional, fair, and respectful environment and in compliance with all employment laws as well as Metra policies and procedures.

EXHIBIT 4-18: METRA ORGANIZATIONAL STRUCTURE



Customer Service, Communications & Marketing

This area is comprised of six distinct groups that communicate directly to the public, the media, and various stakeholders through various channels and promotes the safety, usability, and comfort of the Metra system.

of federal regulatory agencies, and 200 communities within Metra’s service region.

Business Diversity & Civil Rights

The Office of Business Diversity and Civil Rights administers the Disadvantaged Business Enterprise (DBE) and Title VI programs.

Government Affairs and Community Affairs

This department develops, implements, and communicates Metra’s state and federal legislative programs and acts as a liaison between the Metra Board, Executive Director, and senior staff and the Illinois General Assembly, State of Illinois executive officers, Illinois Department of Transportation, US Congress, officials

5 PACE SUBURBAN SERVICE OPERATING PLAN



Overview

Pace was formed in 1983 as part of the reorganization of the Regional Transportation Authority (RTA), and began service in 1984. Pace is governed by a 13-member Board of Directors made up of current and former village presidents and mayors representing the different suburban areas of the RTA region.

Pace’s mission is to provide efficient and well-integrated transportation services that meet the travel needs of the suburban Chicago area. Effective suburban mobility comprises line-haul and community-based services that provide access between both nearby and distant origins and destinations. To attract riders in an automobile-oriented market requires coordination of infrastructure, service, information, and travel demand. To achieve this mission, Pace must maintain viable transit options for the 21st century suburban environment.

Beginning July 1, 2006, Pace also assumed operating responsibility for all ADA Paratransit service in the RTA region. Pace’s Regional ADA Paratransit operating plan is presented in chapter 7.

Service Characteristics

Pace operates in the largest suburban bus service area in North America, with a territory covering 3,519 square miles. Pace operates more vehicles than any other suburban bus service in the U.S. Pace’s service area spans six counties and serves a full spectrum of diverse communities comprised of walkable suburban neighborhoods, satellite cities, and rural towns.

Pace Suburban Service features distinct fixed-route, paratransit, and vanpool services. Fixed-route operations offer 144 regular routes, 38 feeder routes, 13 shuttle routes, and numerous seasonal routes. Pace’s non-ADA paratransit services include 68 local Dial-a-Ride arrangements as well as eight of the newer con-

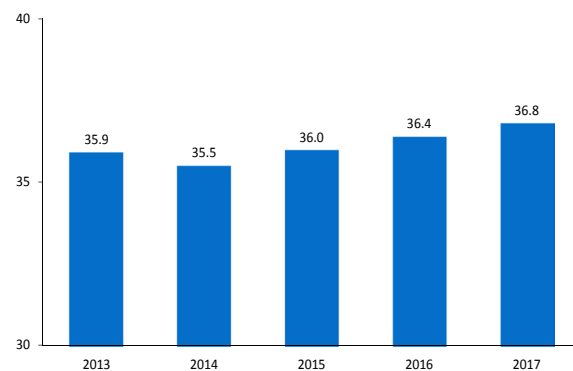
cept Call-n-Ride operations. Finally, Pace administers three types of vanpool programs; traditional vanpool, employer shuttle, and the Advantage program which is tailored to non-profit human service organizations. In total, Pace Suburban Service provides more than 35 million annual rides with a fleet of 734 buses, 455 paratransit vehicles, and 695 vanpool vehicles.

RIDERSHIP

Pace Suburban Service ridership has been increasing steadily over the last several years as the regional employment picture has continued to improve. In 2013, Pace Suburban Service ridership increased by 1.4% to 35.9 million and is expected to finish 2014 at 35.5 million, a decrease of about 1.1% due in part to the extremely cold and snowy first quarter. For the 2015 budget year, Pace projects that Suburban Service ridership will increase by 1.4% to 36.0 million. Pace’s ridership forecast for 2016 and 2017 predicts annual growth of around 1.5%, with 36.8 million rides expected by the end of the two-year planning period (Exhibit 5-1).

Pace Suburban Service provides more than 35 million annual rides with a fleet of 734 buses, 455 paratransit vehicles, and 695 vanpool vehicles.

EXHIBIT 5-1: PACE SUBURBAN SERVICE RIDERSHIP (IN MILLIONS)



By mode, vanpool is expected to see the largest ridership gains for 2015, growing by 2.7% with 2.1 million rides provided. By the end of the year, a total of 730 vans are projected to be in service for the three vanpool programs. A 2.2% ridership gain is projected for Pace’s Dial-a-Ride services in 2015, driven by the

addition of two new Call-n-Ride operations in late 2014. Dial-a-Ride ridership is projected at about 1.3 million for 2015. Pace’s fixed-route services represent by far its largest mode, with 32.6 million rides projected for 2015. This constitutes 1.2% growth over 2014, driven by the full-year impact of services which began in mid-2014 including expanded I-55 Bus-on-Shoulder service.

SERVICE QUALITY

The provision of reliable public transit service is critical to attracting and retaining Pace’s customers. Exhibits 5-2 and 5-3 display two important measures of reliability. Suburban Service’s on-time performance has risen steadily from 79.2% in 2009 to 84.0% in 2013, just short of Pace’s performance standard of 85%. Improvements in on-time performance have been aided by schedule adherence programs and the implementation of more limited-stop bus routes. Miles between major mechanical failures, a measure of the frequency of breakdowns, improved from 29,000 miles in 2009 to 34,000 miles in 2012 before falling back to 29,000 miles in 2013.

EXHIBIT 5-2: PACE SUBURBAN SERVICE ON-TIME PERFORMANCE

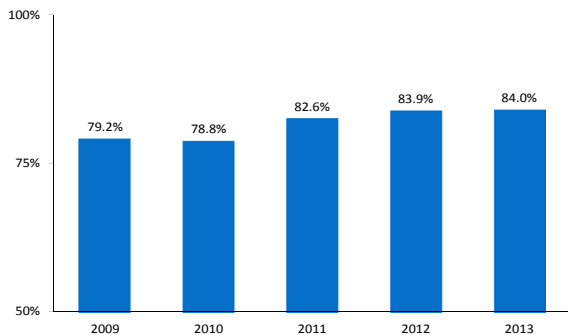


EXHIBIT 5-3: PACE SUBURBAN SERVICE MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)

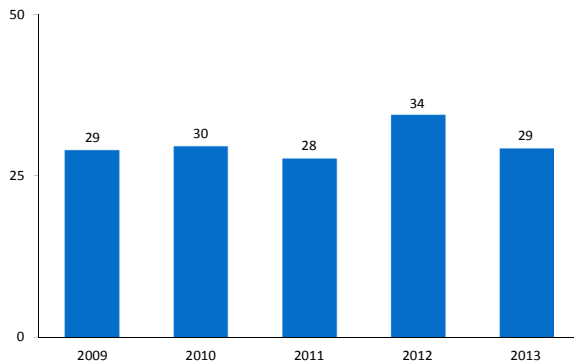
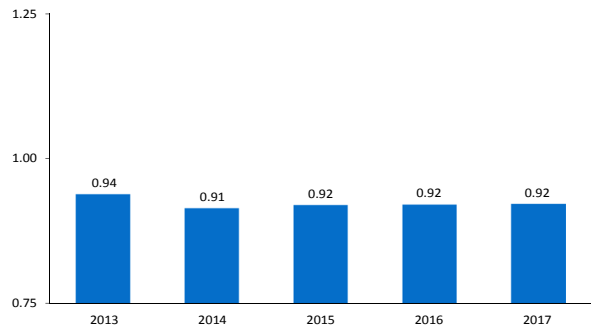


EXHIBIT 5-4: PACE SUBURBAN SERVICE PASSENGER TRIPS PER VEHICLE REVENUE MILE

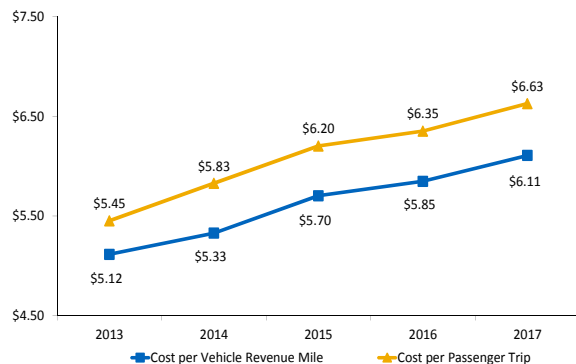


cal failures, a measure of the frequency of breakdowns, improved from 29,000 miles in 2009 to 34,000 miles in 2012 before falling back to 29,000 miles in 2013.

Matching the amount of service provided to demand is fundamental to achieving system effectiveness. One way to measure this balance is to relate the total number of passengers served to the total number of vehicle revenue miles operated. Pace’s passengers per vehicle revenue mile ratio for Suburban Service is estimated to remain flat at 0.92 from 2015 through 2017, after decreasing with the ridership loss of 2014 (Exhibit 5-4). This stable trend in the budget and planning years indicates that service is being added at an appropriate and measured rate, consistent with rising demand.

The cost per passenger trip and cost per vehicle revenue mile metrics (Exhibit 5-5) provide insight into the steadily rising expense of providing transit service. Suburban Service cost per vehicle revenue mile is

EXHIBIT 5-5: PACE SUBURBAN SERVICE COST EFFICIENCY

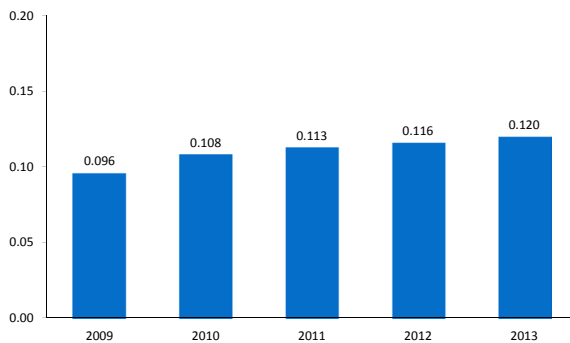


expected to increase from \$5.12 in 2013 to \$6.11 in 2017, corresponding to a compound annual growth rate of 4.5%. Pace’s cost per passenger trip increases at a compound annual growth rate of 5.6% over the same period, reaching \$6.63 in 2017. These metrics are being driven higher by steady increases in operating expenses such as labor, maintenance, material, and fuel, all of which are discussed in detail later in this chapter.

SAFETY AND SECURITY

Pace’s primary metric in this area, reportable safety and security incidents per 100,000 passenger trips, has increased in recent years but remains at a very low rate, 0.120 incidents per 100,000 trips (Exhibit 5-6). The continued implementation of the posted stop initiative, which will move Pace’s fixed bus routes away from the traditional flag-stop service, will enhance safety for both passengers and operators. This initiative will clearly communicate the location of each route’s designated bus stops, which will also be fitted with added customer amenities. In addition to improving safety, posted stops will also support better on-time performance by speeding up Pace fixed-route service.

EXHIBIT 5-6: PACE SUBURBAN SERVICE REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS



CHALLENGES

Pace will begin to integrate compressed natural gas (CNG) fueled buses into its fleet for the first time in 2015. Related to this, Pace will be issuing \$12 million of bonds in early 2015 to fund the conversion of the

South Garage in Markham to CNG capability. In 2016, Pace plans to issue \$9 million of bonds to acquire land for a new Northwest Garage, which is also planned to have CNG capability. Because the \$12 million issuance is amortized over a relatively short ten-year period, the combined debt service on these bonds will add over \$2 million per year to Pace’s operating expenses. Ventra operating fees will add about \$2.5 million per year to operating expenses beginning in 2015, the first full year of Ventra operation. These new expenses, coupled with normal and steady increases in labor, maintenance, materials, and fuel expenses, will contribute to an overall operating expense compound annual growth rate of 5.6% over the five-year period ending in 2017.

With ridership gains of less than 2% forecasted in the near future, Pace’s operating revenue growth is projected to significantly lag its operating expense growth. Although the RTA’s expectation of strong sales tax growth will help close this gap, Pace has balanced its three-year Suburban Service plan by utilizing increasing levels of federal Capital Cost of Contracting funds.

Budget and Financial Plan

The Pace Suburban Service 2015 budget and two-year financial plan presented in Exhibit 5-7 meet the funding amounts set by the RTA Board on September 12, 2014. The budget reflects a recovery ratio of 30.0% for Suburban Service operations, using approved credits to exactly meet the recovery ratio mark adopted by the RTA Board. Pace’s 2015 budget and two-year financial plan were approved by the RTA Board on December 17, 2014. A detailed discussion of Pace’s outlook for operating revenue, public funding, and operating expenses follows.

OPERATING REVENUE

Pace’s system-generated revenue from Suburban Service operations in 2015 is expected to total \$61.1 million. Exhibit 5-8 shows a steady increase in operating revenue from 2013 through 2017, representing a 2.8% compound annual growth rate. This increase is

EXHIBIT 5-7: PACE SUBURBAN SERVICE 2015 BUDGET AND 2016-2017 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	36,290	38,093	38,701	39,176	39,658
Reduced Fare Reimbursement ¹	1,978	2,610	2,610	2,610	2,610
Other Revenue	18,952	18,949	19,755	20,070	21,600
Total Operating Revenues	\$57,220	\$59,652	\$61,066	\$61,856	\$63,868
<u>Public Funding</u>					
RTA Sales Tax I	83,215	85,388	88,813	91,921	94,679
RTA Sales Tax II and PTF II	31,871	31,839	32,252	32,524	32,476
Suburban Community Mobility Fund	21,805	22,376	23,271	24,086	24,808
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	3,694	3,838	4,227	4,375	4,506
Non-Statutory Funding - ST I	-	-	244	1,279	1,678
Innovation, Coordination, and Enhancement Funding ²	-	-	4,443	1,566	1,613
Reduced Fare Reimbursement Replacement	-	121	-	-	-
Capital Cost of Contracting	2,778	2,851	250	4,860	6,000
CMAQ / JARC / New Freedom	2,822	2,131	1,143	1,191	6,739
Total Public Funding	\$153,685	\$156,044	\$162,143	\$169,302	\$179,999
Total Revenues	\$210,905	\$215,696	\$223,209	\$231,158	\$243,867
Expenses					
Labor/Fringes	102,048	106,730	111,255	115,316	119,565
Health Insurance	18,468	19,964	20,773	22,414	24,163
Parts/Supplies	5,617	7,015	7,304	7,749	8,244
Purchased Transportation	27,545	28,512	30,265	31,543	32,937
Fuel	20,925	21,836	22,849	22,141	22,216
Utilities	1,788	2,440	2,214	2,329	2,455
Insurance	7,059	7,881	8,341	8,859	9,435
Other Expenses	12,382	12,585	20,208	20,807	24,852
Total Expenses	\$195,832	\$206,963	\$223,209	\$231,158	\$243,867
ICE funding not used for operations - transfer to capital ³	-	-	-	-	-
Net Result	\$15,073	\$8,733	-	-	-
Recovery Ratio	30.0%	30.0%	30.0%	30.0%	30.0%

¹ Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY15-18 budgets.

² ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.

³ As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.

EXHIBIT 5-8: PACE SUBURBAN SERVICE OPERATING REVENUE (IN MILLIONS)

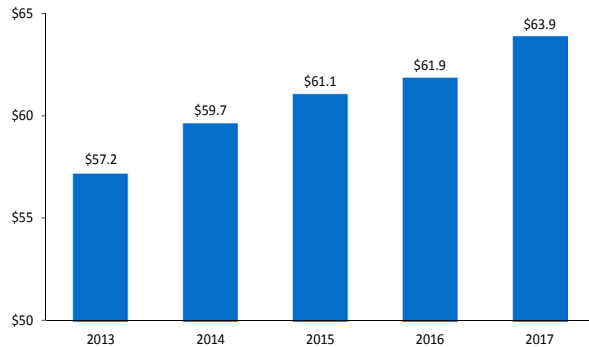
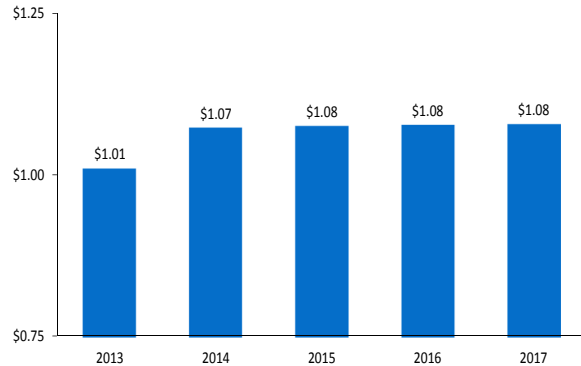


EXHIBIT 5-9: PACE SUBURBAN SERVICE AVERAGE FARE



driven by both a projected increase in ridership and an expected increase in local government contributions for specific services. However, operating revenue will account for only 27% of total Suburban Service revenue in 2015, with the remainder provided by public funding sources.

Passenger Revenue

Revenue from passenger fares accounts for the majority of Pace’s operating revenue and is projected to grow by 1.6% in 2015 to \$38.7 million. In 2016 and 2017, passenger revenue is expected to grow by 1.2% per year, consistent with the expected slowing of ridership growth. Passenger revenue includes fixed-route farebox deposits (using cash, passes, and cards) and payments for vanpool, Dial-a-Ride, and other services. No general fare increases are contained in the 2015 budget. However, Pace did realize an increase in fare revenue for 2014 as an intergovernmental agreement (IGA) with CTA took effect, providing Pace with a more equitable revenue share for CTA-sold passes used on Pace. Exhibit 5-9 shows the Suburban Service average passenger fare, which includes full fare, reduced fare, and free ridership, to be flat at around \$1.08 following the 2014 IGA-related increase. Pace’s last base fare increase for Suburban Service was in 2009.

Reduced Fare Reimbursement

The State of Illinois provides a subsidy to the Service Boards, via the RTA, to partially replace the revenue lost

due to mandated free and reduced fare ride programs for the elderly, students, and disabled persons. The Service Boards are permitted to reflect this funding as operating revenue. The State decreased this funding by a total of \$16.5 million for its fiscal year 2015 (July 2014-June 2015). At the RTA’s direction, Pace’s budget assumes restoration of this funding to its previous level, bringing Pace’s share back up to \$2.6 million for 2015 and each of the planning years 2016 and 2017.

Other Revenue

Pace’s Other Revenue category is projected at \$19.8 million for 2015 and includes local government contributions to support specific services, advertising revenue, and investment income (Exhibit 5-10). Local contributions account for more than 75% of this category, amounting to \$14.8 million in 2015 and growing by 1.8% thereafter. Advertising revenue is expected to remain steady at \$4.7 million across the three-year period from 2015 to 2017, while investment income, the smallest component of Other Revenue, is expected to increase from \$242 thousand in 2015 to \$582 thousand in 2017. The New Initiatives category represents new revenue associated with the onset of I-90 corridor service in 2017.

PUBLIC FUNDING

Public funding for Pace is projected at \$162.1 million for 2015, representing 73% of total Suburban Service revenue. Public funding is then forecast to grow

EXHIBIT 5-10: PACE SUBURBAN SERVICE OTHER REVENUE COMPONENTS (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Other Revenue					
Local Contributions	14,214	14,008	14,840	15,114	15,394
Advertising	4,503	4,667	4,673	4,694	4,699
Investment Income	235	274	242	262	582
New Initiatives	-	-	-	-	925
Total Other Revenue	\$18,952	\$18,949	\$19,755	\$20,070	\$21,600

to \$180.0 million by 2017. Public funding for Pace operations includes statutory allocations of RTA Sales Tax (I and II) and Public Transportation Funds (PTF II), RTA non-statutory funding, Innovation, Coordination, and Enhancement (ICE) funding, and federal sources. A thorough discussion of how the RTA allocates public funds among the Service Boards is contained in chapter 3.

Pace's share of RTA Sales Tax I is projected at \$88.8 million for 2015, an increase of 4.0% from the 2014 estimate. This funding source is then forecast to increase by 3.5% in 2016 and by 3.0% in 2017, consistent with RTA projections. Pace's allocation of RTA Sales Tax II & PTF II is expected to increase from \$32.3 million in 2015 to \$32.5 million in 2017, growing at a slower rate than Sales Tax I. Pace also receives funding from the RTA Suburban Community Mobility Fund (SCMF), which is indexed to sales tax growth and provides grants to Pace for operating transit services that enhance suburban mobility including, but not limited to: demand-response services, ride sharing, vanpool, service coordination, centralized dispatching, reservations, reverse commuting, service restructuring, and bus rapid transit (BRT). This source will provide \$23.3 million to \$24.8 million for 2015 through 2017. The RTA also provides South Suburban Job Access (SSJA) funds, which provide financial resources to Pace for the development of operating programs that enhance access to job markets for residents of southern Cook County, in a fixed amount of \$7.5 million annually, rounding out the statutory funding sources.

The RTA will provide Pace with non-statutory funding from PTF I of \$4.2 million for Suburban Service operations in 2015, a 10.1% increase from the previous budget year. Beginning in 2015, additional non-

statutory funding for operations is sourced from the RTA's 15% share of Sales Tax I, with Suburban Service receiving 13% of the total allocation, or \$244 thousand. Also beginning in 2015, the Service Boards will receive ICE funding for RTA Board approved operating or capital projects through the budget process. Suburban Service's share of these ICE funds for 2015, which also includes unobligated 2013 and 2014 funds, is \$4.4 million. Pace's ICE funding decreases to \$1.6 million in both 2016 and 2017 since 2015 included funds from prior years. The approved ICE-funded projects for each Service Board are shown in Exhibit 1-11 of the Executive Summary chapter.

In addition to funds from the RTA, Pace also receives federal funds for operations. Pace expects to receive combined Congestion Mitigation Air Quality (CMAQ), Job Access Reverse Commute (JARC), and New Freedom funds of \$1.1 million in 2015, a decrease of about 46% from 2014 levels. Pace will also use \$250 thousand of Federal 5307 Capital Cost of Contracting funds for operations in 2015, increasing to \$4.9 million and \$6.0 million in 2016 and 2017, respectively.

When public funding is combined with operating revenue, a total of \$223.2 million is budgeted to support Pace Suburban Service operations in 2015, as shown in Exhibit 5-11.

OPERATING EXPENSES

Pace Suburban Service operating expenses are expected to increase by 7.8% in 2015 to \$223.2 million. This significant increase is being driven by higher labor expenses, modest service expansions, new debt service, and technological improvements. In 2016 and 2017,

EXHIBIT 5-11: PACE SUBURBAN SERVICE 2015 TOTAL REVENUE - \$223.2 MILLION

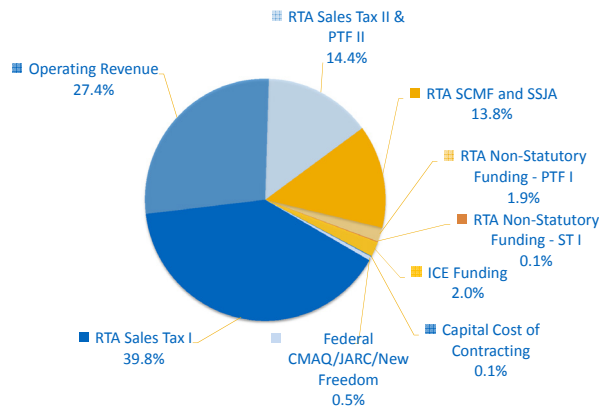
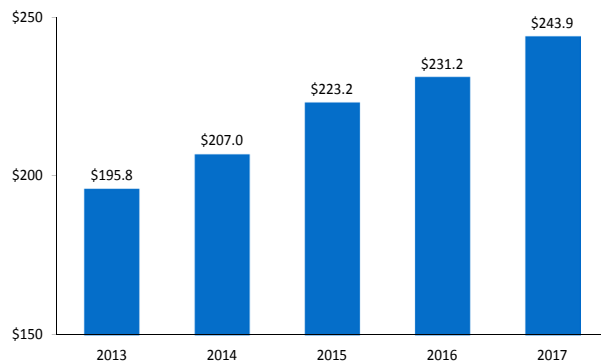


EXHIBIT 5-12: PACE SUBURBAN SERVICE OPERATING EXPENSES (IN MILLIONS)



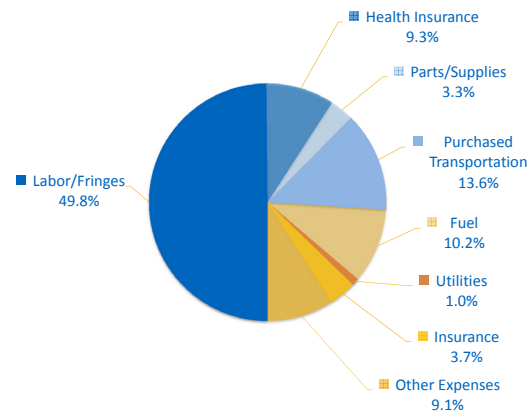
Pace projects that overall operating expense growth will slow to 3.6% and 5.5%, respectively. The total operating expense trend over the five year period from 2013 to 2017 corresponds to a compound annual growth rate of 5.6% (Exhibit 5-12).

Operating expense elements include labor/fringe benefits, health insurance, parts/supplies, purchased transportation, fuel, utilities, insurance/claims, and other expenses (Exhibit 5-13).

Labor/Fringes

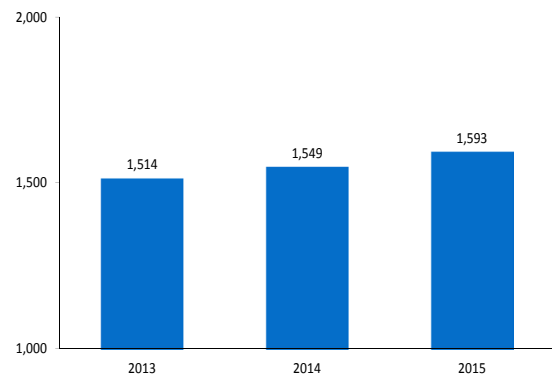
Projected 2015 labor/fringes expenses of \$111.3 million will account for almost 50% of total Suburban Service operating expenses. This amount represents an increase of 4.2% over the 2014 estimate, driven by both contractual wage increases and the hiring of additional full-time equivalents (FTEs) necessitated by modest

EXHIBIT 5-13: PACE SUBURBAN SERVICE 2015 TOTAL OPERATING EXPENSES - \$223.2 MILLION



service expansions. Pace’s total budgeted positions will increase to 1,593 in 2015, a 2.8% increase over the 2014 estimate (Exhibit 5-14). Labor/fringes expenses are projected to grow at about 3.7% in both 2016 and 2017, ending the period at \$119.6 million. Over the five-year period from 2013 through 2017, this large expense category is projected to experience a 4.0% compound annual growth rate.

EXHIBIT 5-14: PACE SUBURBAN SERVICE BUDGETED POSITIONS



Health Insurance

Health insurance expenses are projected at \$20.8 million for 2015, accounting for 9.3% of total Suburban Service operating expenses. This amount represents a 4.1% increase over 2014. Health insurance expenses are then projected to grow at close to 8% in 2016 and 2017, ending the period at \$24.2 million and resulting in a 7.0% compound annual growth rate over the five-year period.

Parts/Supplies

Parts/supplies expenses for 2015 account for 3.3% of total expense and are projected at \$7.3 million, an increase of 4.1% over 2014. These expenses are then projected to grow by more than 6% in both 2016 and 2017, reaching \$8.2 million by the end of the period. Over the five years from 2013 through 2017, this category is projected to increase at a 10.1% compound annual growth rate.



Purchased Transportation

Purchased transportation costs of \$30.3 million for 2015 comprise Pace’s second largest expense category at 13.6% of total expenses. This expense level represents an increase of 6.1% over the 2014 estimate, due to both service expansion and contractual price increases. These expenses are then projected to grow at 4.2% and 4.4% in 2016 and 2017, respectively, ending the period at \$32.9 million. The resulting five-year compound annual growth rate for this large expense category is 4.6%.

fuel price per gallon of \$3.21 for 2015, an increase of four cents over the 2014 estimate. As shown in Exhibit 5-15, Pace has assumed no increase in fuel price for 2016 and 2017, resulting in a five-year compound annual growth rate of 1.5% for fuel expense.

Fuel

Fuel, Pace’s third largest expense category, is expected to increase by 4.6% to \$22.8 million in 2015, representing 10.2% of total Suburban Service expense. The projected increase in 2015 fuel expenses, which include both fixed-route and vanpool, is being driven by modest increases in both consumption and price. Fuel consumption in 2015 is projected to increase by 3.5% to 7.1 million gallons. Pace has assumed an average diesel

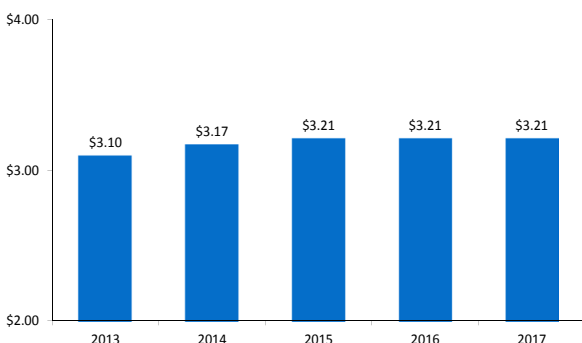
Utilities

After spiking in 2014 due to severe winter weather conditions, utilities expenses are projected to decrease by 9.2% in 2015 to \$2.2 million, accounting for 1.0% of total Suburban Service operating expenses. Utilities expenses are then forecast to increase by 5.2% and 5.4% in 2016 and 2017, respectively, resulting in an 8.2% compound annual growth rate over the five year period from 2013 through 2017.

Insurance

Insurance expenses of \$8.3 million are projected to increase by 5.8% in 2015 and account for 3.7% of total Suburban Service operating expenses. These expenses are then forecast to increase by over 6% in 2016 and 2017, contributing to a 7.5% compound annual growth rate over the five year period from 2013 through 2017.

EXHIBIT 5-15: PACE SUBURBAN SERVICE FUEL PRICE PER GALLON



Other Expenses

Other expenses are projected to total \$20.2 million and account for 9.1% of total Suburban Service operating expenses in 2015, representing a significant increase of 60.6% over 2014. This \$7.6 million increase is being driven by the impact of the first full year of operating

costs for the Ventra fare system, debt service on Pace's first-ever bond issuance for capital projects, new initiatives such as bus decals and drive cams for vanpool, and a decrease in the Regional ADA Paratransit support credit, discussed next.

Regional ADA Paratransit Support Credit

Pace allocates expenses to the ADA Paratransit budget in order to account for the work that departments such as MIS, budgeting, accounting, purchasing, human resources, and senior executives do in support of the ADA Paratransit program. For 2015, this amount will decrease by 12.4% to \$5.1 million, an expense credit which is included as an offset within the other expense category. Pace anticipates that the amount of this credit will increase by 3.6% to 3.7% in 2016 and 2017, reaching \$5.5 million by the end of the period.

NET RESULT

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses. In the Suburban Service 2015 budget, revenues and expenses are balanced, producing a net result of zero. A net result of zero is also anticipated for the 2016 and 2017 financial plan years, although Pace is projecting that it will require an increasing amount of federal capital cost of contracting funds in order to maintain a balanced Suburban Service budget.

RECOVERY RATIO

The system-generated revenue recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenses, with statutory and approved adjustments. Pace's adjustment for Suburban Service in 2015 comprises an in-kind revenue and expense inclusion of \$8.425 million for the Advantage vanpool program. Pace expects to achieve a recovery ratio of 30% in 2015, meeting the mark set by the RTA Board. A 30% recovery ratio is projected for 2016 and 2017 as well.

Statutory Compliance

Pace's 2015 budget and 2016-2017 financial plans comply with the operations funding amounts set by the RTA Board on September 12, 2014. These adopted funding amounts include sales tax, Public Transportation Fund, Suburban Community Mobility Funds, and South Suburban Job Access Funds provided by statutory formulas, as well as RTA non-statutory funds and ICE funding. The total RTA funding levels for Pace Suburban Service were set at \$160.7 million in 2015, \$163.3 million in 2016, and \$167.3 million in 2017. The 2015 recovery ratio was set at 30%.

The RTA Act requires each Service Board's budget to meet the seven criteria detailed in the Appendices chapter prior to approval by the RTA Board. The Pace Suburban Service budget, as submitted, substantially meets each of these criteria.

2014 Budget versus 2014 Estimate

The 2014 Suburban Service budget was adopted by the Pace Board of Directors on November 13, 2013 and by the RTA Board of Directors on December 18, 2013. While 2014 ridership has fallen short of budgeted levels, Pace expects overall favorable results relative to their adopted budget due to effective cost control (Exhibit 5-16).

OPERATING REVENUE

Pace's 2014 budget had anticipated a Suburban Service ridership increase of 2.7% over 2013, but ridership was negatively impacted by the severe winter weather in January and February, and is estimated to finish the year 1.1% lower than 2013. However, an intergovernmental agreement with CTA has provided Pace with a more equitable share of fare revenues when CTA-sold passes are used on Pace, and as a result passenger revenue is expected to finish 2014 favorable to budget by \$1.1 million, despite the ridership shortfall. The reduced fare reimbursement was restored to previous levels for State fiscal year 2014, resulting in a \$632

EXHIBIT 5-16: PACE SUBURBAN SERVICE 2014 ESTIMATE VS. 2014 BUDGET (DOLLARS IN THOUSANDS)

	2014 Budget	2014 Estimate	Variance
Revenues			
<u>Operating Revenues</u>			
Passenger Revenue	36,987	38,093	1,106
Reduced Fare Reimbursement	1,978	2,610	632
Other Revenue	19,512	18,949	(563)
Total Operating Revenues	\$58,477	\$59,652	\$1,175
<u>Public Funding</u>			
RTA Sales Tax I	85,388	85,388	-
RTA Sales Tax II and PTF II	31,757	31,839	82
Suburban Community Mobility Fund	22,376	22,376	-
South Suburban Job Access Fund	7,500	7,500	-
RTA Discretionary	3,838	3,838	-
Reduced Fare Reimbursement Replacement	753	121	(632)
Capital Cost of Contracting	2,851	2,851	-
CMAQ / JARC / New Freedom	1,820	2,131	311
Total Public Funding	\$156,283	\$156,044	(\$239)
Total Revenues	\$214,760	\$215,696	\$936
Expenses			
Labor/Fringes	108,749	106,730	2,019
Health Insurance	19,816	19,964	(148)
Parts/Supplies	6,826	7,015	(189)
Purchased Transportation	30,032	28,512	1,520
Fuel	22,288	21,836	452
Utilities	1,621	2,440	(819)
Insurance	8,327	7,881	446
Other Expenses	17,101	12,585	4,516
Total Expenses	\$214,760	\$206,963	\$7,797
Net Result	-	\$8,733	\$8,733
Advantage Program In-Kind Revenue / Expense	\$8,500	\$3,500	(\$5,000)
Recovery Ratio	30.0%	30.0%	-

thousand favorable variance. Other revenue, which includes local government contributions and sources such as advertising and investment income, is expected to be unfavorable to budget by \$563 thousand, or 2.9%. In total, 2014 operating revenue is expected to be \$1.2 million or 2.0% favorable to the adopted budget.

PUBLIC FUNDING

Pace expects an unfavorable public funding variance of \$239 thousand or 0.2% to the 2014 budget. A decrease in RTA replacement funding for the reduced fare reimbursement, enabled by the restoration of State funding, was partially offset by a favorable variance of 17% in federal CMAQ /JARC/New Freedom funding.

EXHIBIT 5-17: PACE SUBURBAN SERVICE FARE STRUCTURE

	Full Fare	Reduced Fare
REGULAR FARES		
Full Fare	\$1.75	\$0.85
Transfer to Pace (with Ventra transit value only)	\$0.25	\$0.15
TRANSIT PASSES		
Pace/CTA 30-day	\$100.00	\$50.00
Pace/CTA 7-day	\$33.00	N/A
Pace 30-day	\$60.00	\$30.00
Link-Up Ticket	\$55.00	N/A
Plus Bus	\$30.00	N/A
Pace Campus Connection (College Student Pass) Valid for one semester. Discounted if purchased after August/January	\$175.00	N/A
Campus Connection - Summer Pass	\$140.00	N/A
EXPRESS / OTHER FARES		
Premium Routes*	\$4.00	\$2.00
Pace transfer to Premium Routes	\$2.50	\$1.30
30-day Premium Pace/CTA Pass	\$140.00	\$70.00
Call-n-Ride	\$1.75	N/A
Dial-a-Ride	Fares based on community policy	
VANPOOL		

Monthly VIP and other vanpool services fares range from \$73 to \$174 depending on the daily round trip van miles and the number of passengers.

* Premium routes: 237, 282, 284, 755, 768, 769, 773, 774, 775, 776, 779, 850, 851, 855.

OPERATING EXPENSES

Total 2014 Suburban Service expenses are expected to finish the year \$7.8 million or 3.6% favorable to the adopted budget. Pace projects large favorable variances in labor/fringes (\$2.0 million), purchased transportation (\$1.5 million), fuel and insurance (\$0.5 million each), and other expenses (\$4.5 million). The large variance in other expenses is due to delays in service starts, a 6 month delay in the full implementation of the Ventra fare system, and deferral of Pace’s first bond issuance into 2015, obviating the need for debt service in 2014.

NET RESULT

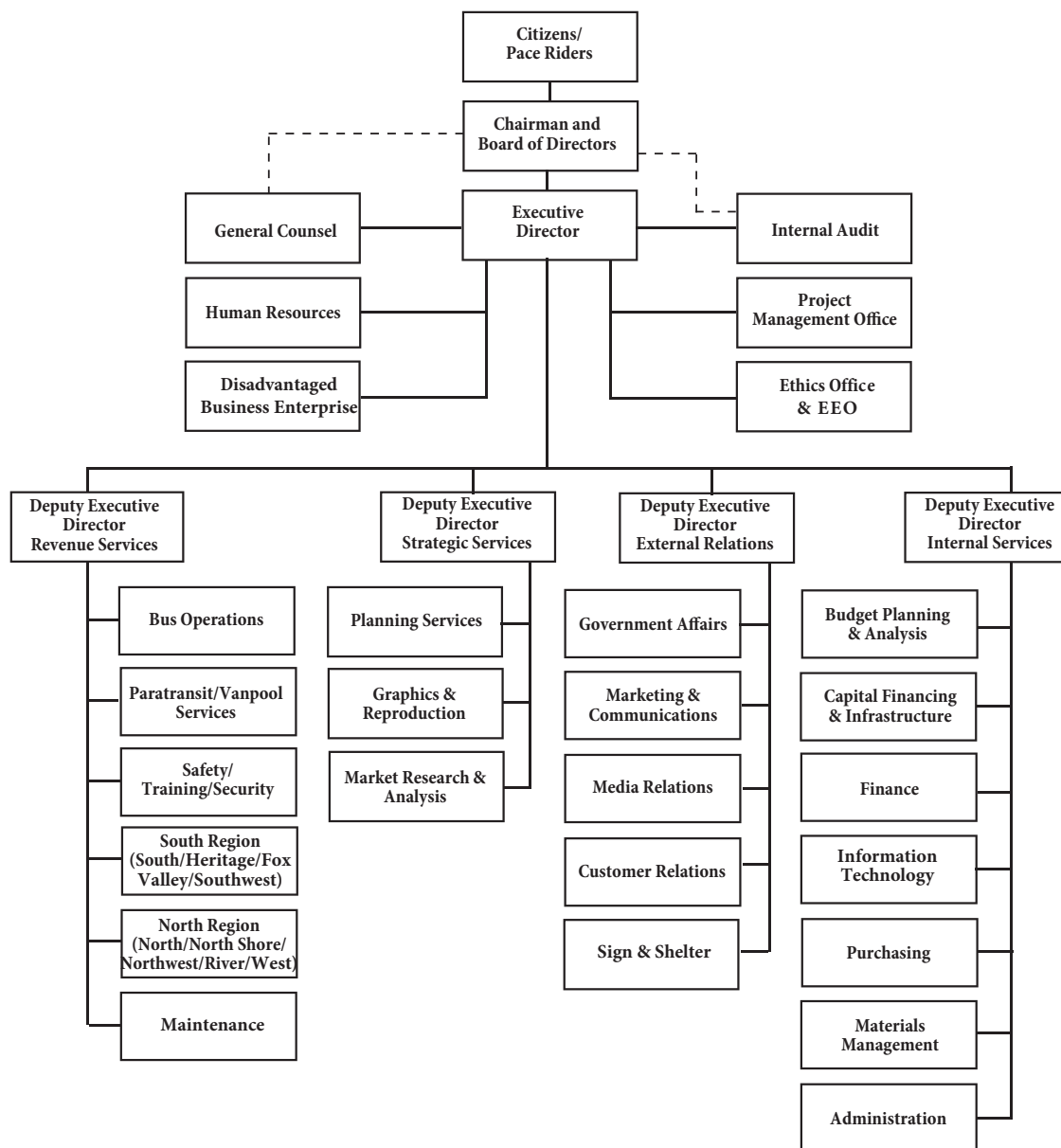
The favorable operating expense and operating revenue variances more than offset the unfavorable public

funding variance and produce a positive 2014 Suburban Service net result of \$8.7 million. Suburban Service is also expected to meet the required recovery ratio of 30% after applying \$3.5 million of approved revenue and expense inclusions.

Fare Structure

Pace’s current fare structure for Suburban Service is shown in Exhibit 5-17. Pace’s last fare increase was in 2009, and there is no general fare increase included in the 2015 budget. Cash transfers were discontinued effective with the full transition to Ventra on July 1, 2014. However, \$0.25 transfers continue to be available when the Ventra stored transit value fare product is utilized. Several pass options, including the 10-ride ticket and Student Haul pass, have also been discontinued due

EXHIBIT 5-18: PACE ORGANIZATIONAL STRUCTURE



to the availability of equivalent fare products within Ventra, resulting in a simplified fare structure.

Organizational Structure

Pace is organized into four main areas: Revenue Services, Strategic Services, External Relations, and Internal Services (Exhibit 5-18). Pace’s staffing requirements are classified into four primary categories: administration,

central support, Pace-owned divisions, and Regional ADA Paratransit services. Within each category, employees are classified into four activity areas: operations, maintenance, non-vehicle maintenance, and administration. These activity areas are defined by the National Transit Database reporting requirements, which apply to all public transit operators.

6 PACE ADA PARATRANSIT SERVICE OPERATING PLAN



Overview

Pace’s regional ADA Paratransit operation provides curb-to-curb demand-response service for eligible residents as required by the Americans with Disabilities Act of 1990 (ADA). The RTA administers a regional certification program that determines if individuals with physical or cognitive disabilities are eligible for ADA Paratransit service. If they are found eligible, passengers can arrange for travel between origins and destinations that are within three quarters of a mile of Pace or CTA bus routes or CTA rail stations. Effective July 1, 2006, Pace began providing all ADA Paratransit service in the RTA region. Prior to that date, ADA Paratransit service within the CTA service area had been provided by CTA.

Service Characteristics

In the suburban area where Pace provides fixed-route service, Pace contracts with strategically located private operators to provide ADA Paratransit service. These contractors operate 301 Pace-owned, lift-equipped vehicles.

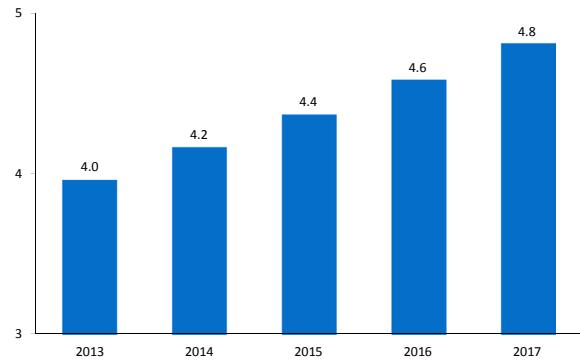
In the CTA service area, Pace contracts with four private operators to provide ADA Paratransit service in the entire City of Chicago and most of the suburbs serviced by the CTA. These contractors operate 733 contractor-owned vehicles to provide service to ADA Paratransit-certified passengers. Pace also administers two subsidized taxi programs in the City of Chicago for ADA Paratransit-certified individuals, the Taxi Access Program (TAP) and the Mobility Direct Program, although these services are not required by the Americans with Disabilities Act.

RIDERSHIP

Unlike fixed-route transit services, ADA Paratransit operating expenses vary directly with ridership levels, so accurate ridership projections are critical to budget

Pace expects 2014 to finish with a 5.1% ridership increase over 2013, and the 2015 ADA Paratransit budget incorporates similar ridership growth of 4.9%, with 4.4 million rides provided.

EXHIBIT 6-1: PACE ADA PARATRANSIT RIDERSHIP (IN MILLIONS)



integrity. Pace expects 2014 to finish with a 5.1% ridership increase over 2013, and the 2015 ADA Paratransit budget incorporates similar ridership growth of 4.9%, with 4.4 million rides provided. In 2016 and 2017, Pace has assumed that ADA Paratransit ridership will continue to increase by 4.9% per year, reaching 4.8 million rides by the end of the two-year planning

period (Exhibit 6-1). City ridership is assumed to grow at the same rate as suburban ridership. Effective in 2011, Pace began including companions and personal care attendants in its ADA Paratransit ridership totals, and all ridership figures discussed herein reflect this reporting change.

SERVICE QUALITY

Providing reliable public transit service is critical to attracting and retaining Pace’s customers. Exhibits 6-2

EXHIBIT 6-2: PACE ADA PARATRANSIT ON-TIME PERFORMANCE

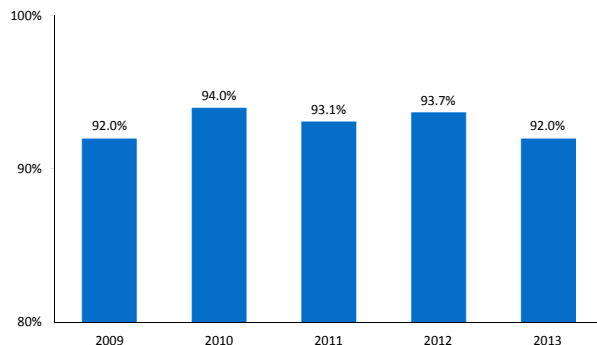
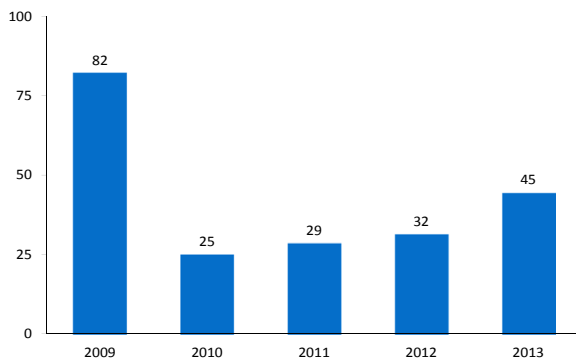


EXHIBIT 6-3: PACE ADA PARATRANSIT MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)



and 6-3 display two important measures of reliability. ADA Paratransit’s on-time performance has remained above 90% in each of the last five reporting years, but decreased slightly to 92% in 2013. While the miles between major mechanical failures are high for 2009, this may reflect incomplete recording of failures in the first year of data collection. Since 2010, ADA Paratransit has shown an improving trend for this metric. There were about 45,000 miles between major mechanical failures in 2013, a 41% improvement over the prior year.

Relating the number of passengers to the number of vehicle miles traveled is one way to measure the effectiveness of transit service (Exhibit 6-4). For ADA Paratransit, with fewer riders per vehicle, this measure trends flat over time at 0.13 passengers per mile over the five-year period. Pace’s continuing efforts to consolidate rides could drive this metric higher in future years. Relative to other transit modes, ADA Paratransit is inherently expensive due to service that is frequently

EXHIBIT 6-4: PACE ADA PARATRANSIT PASSENGER TRIPS PER VEHICLE REVENUE MILE

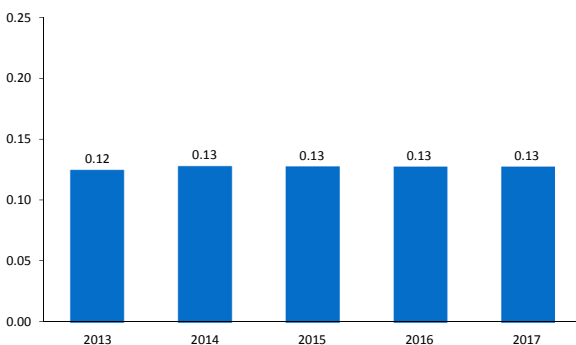
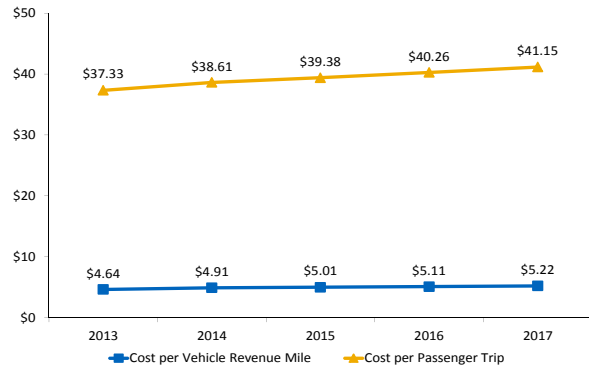


EXHIBIT 6-5: PACE ADA PARATRANSIT COST EFFICIENCY

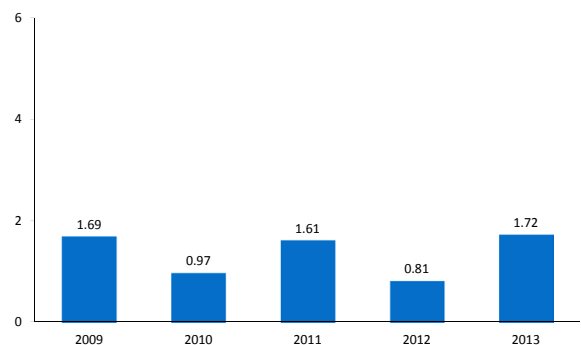


provided on an individualized basis. Pace’s cost per passenger trip is expected to increase by 77 cents to \$39.38 in 2015, continuing an upward trend (Exhibit 6-5). Pace’s cost per vehicle revenue mile exhibits a similar trend, increasing at a compound annual growth rate of 3.0% over the five-year period from 2013 to 2017. These metrics are being driven higher by steady increases in operating expenses such as labor, fuel, insurance, and purchased transportation, all of which are discussed in detail later in this chapter.

SAFETY AND SECURITY

Pace’s primary metric in this area, reportable safety and security incidents per 100,000 passenger trips, increased to 1.72 in 2013 after showing improvement in both 2010 and 2012 (Exhibit 6-6).

EXHIBIT 6-6: PACE ADA PARATRANSIT REPORTABLE INCIDENTS PER 100,000 PASSENGER TRIPS



**EXHIBIT 6-7: PACE REGIONAL ADA PARATRANSIT SERVICE 2015 BUDGET AND 2016-2017 FINANCIAL PLAN
(DOLLARS IN THOUSANDS)**

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	9,978	10,357	10,908	11,443	12,004
Other Revenue ¹	3,656	5,410	3,105	3,186	3,271
Total Operating Revenues	\$13,634	\$15,767	\$14,013	\$14,629	\$15,275
<u>Public Funding</u>					
Sales Tax II and PTF II	125,995	138,666	149,703	161,569	174,324
Additional State Funding	8,500	8,500	8,500	8,500	8,500
Total Public Funding	\$134,495	\$147,166	\$158,203	\$170,069	\$182,824
Total Revenues	\$148,129	\$162,933	\$172,216	\$184,698	\$198,099
Expenses					
Labor/Fringes	3,007	2,822	3,227	3,576	3,697
Health Insurance	485	488	517	558	601
Admin Expenses	2,476	2,962	2,803	2,859	2,921
Fuel	2,863	3,108	3,293	3,458	3,631
Insurance	246	308	313	333	355
RTA Certification Trips	1,394	1,426	1,486	1,560	1,638
Purchased Transportation	132,542	144,040	155,470	167,064	179,770
Regional ADA Support Allocation ²	5,116	5,830	5,107	5,289	5,487
Total Expenses	\$148,129	\$160,984	\$172,216	\$184,698	\$198,099
Net Result	-	1,949	-	-	-
Recovery Ratio	10.0%	10.0%	10.0%	10.0%	10.0%

¹ Includes reimbursements for Medicaid-eligible and RTA certification trips.

² Accounts for work done by other Pace departments in support of ADA Paratransit activities.

CHALLENGES

While ridership growth has slowed somewhat over the last few years, an aging population would suggest that demand for ADA Paratransit services will continue to be strong in the near future. Several Pace initiatives were implemented with the goal of increasing productivity in 2012 including an interactive voice response (IVR) system, an earlier reservation hours cutoff, and an increased emphasis on ride-sharing whenever feasible. With the 2012 productivity initiatives now fully implemented, the potential for further productivity improvements within the financial planning period is limited. As a result, total ADA Paratransit expenses will be driven by

both ridership growth and by contractor price increases. The former is projected at 5% per year and the latter at 2% to 3% per year. These two factors combine to produce an expected annual expense growth rate of 7% to 8%. Since ADA Paratransit passenger fare levels contribute a relatively small amount of revenue, public funding for ADA Paratransit will need to grow at about the same rate as expenses, resulting in a higher proportion of Sales Tax II and PTF II funds being allocated to ADA Paratransit services.

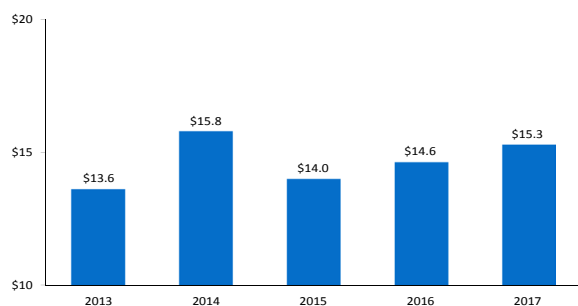
Budget and Financial Plan

The Pace Regional ADA Paratransit 2015 budget and two-year financial plan presented in Exhibit 6-7 adheres to the funding levels adopted by the RTA Board on September 12, 2014. In compliance with the RTA Act, the RTA set the ADA Paratransit recovery ratio for 2015 at 10.0%, a level which Pace’s 2015 budget has also met. Pace’s 2015 budget and two-year financial plan were approved by the RTA Board on December 17, 2014. A detailed discussion of Pace’s outlook for ADA Paratransit operating revenue, public funding, and operating expenses follows.

OPERATING REVENUE

Following a projected 15.6% increase in operating revenue for 2014, Pace’s system-generated revenue from ADA Paratransit operations is expected to decrease by 11.1% in 2015, to \$14.0 million (Exhibit 6-8). Operating revenue is then expected to grow by 4.4% in both 2016 and 2017. This steady increase is primarily driven by the projected increase in ridership and the associated growth in passenger fare revenue. However, operating revenue will account for only 8.1% of total revenue for ADA Paratransit in 2015, with the remainder provided by public funding sources. ADA Paratransit operating revenue is comprised of passenger revenue and other revenue consisting of reimbursements from the RTA for ADA certification eligibility trips and the State of Illinois Medicaid program.

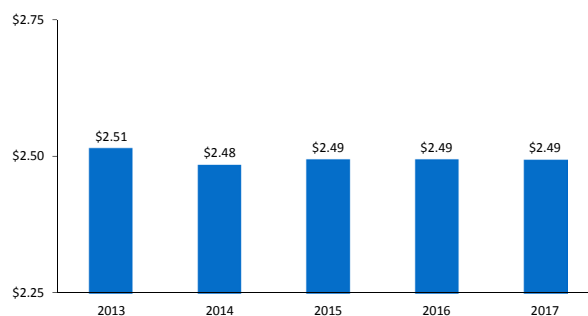
EXHIBIT 6-8: PACE ADA PARATRANSIT OPERATING REVENUE (IN MILLIONS)



Passenger Revenue

Revenue from passenger fares accounts for almost 80% of ADA Paratransit’s operating revenue and is projected at \$10.9 million in 2015, an increase of 5.3%, consistent with expected ridership growth. Passenger revenue is expected to grow at 4.9% in 2016 and 2017, also consistent with the assumed ridership growth for those years. No fare increases are contained in the 2015 budget, and current fares remain below the maximum allowable level of twice the fixed-route base fare. Medically-required personal care attendants who accompany disabled passengers are counted in ridership but do not pay a fare. As a result, the average fare per passenger is lower than the base \$3.00 fare, remaining nearly constant across the five-year period at just under \$2.50 (Exhibit 6-9).

EXHIBIT 6-9: PACE ADA PARATRANSIT AVERAGE FARE



Other Revenue

Other operating revenue for 2015 is projected to decrease by 42.6% to \$3.1 million, followed by increases of 2.6% and 2.7% in 2016 and 2017, respectively. Other revenue for ADA Paratransit comes from two sources (Exhibit 6-10). About 60% is from the RTA ADA Paratransit certification program, which reimburses Pace for the cost of transporting prospective customers to and from ADA Paratransit assessment centers. The remaining 40% is from the State of Illinois Medicaid program, which reimburses Pace to defray the cost of Medicaid-eligible rides. Medicaid reimbursements more than doubled in 2014 as the State provided catch-up funding associated with previously filed claims. Reimburse-

EXHIBIT 6-10: PACE ADA PARATRANSIT OTHER REVENUE COMPONENTS (DOLLARS IN THOUSANDS)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Other Revenue					
RTA Certification Reimbursements	1,749	1,554	1,620	1,700	1,786
Medicaid Reimbursements	1,907	3,856	1,485	1,486	1,485
Total Other Revenue	\$3,656	\$5,410	\$3,105	\$3,186	\$3,271

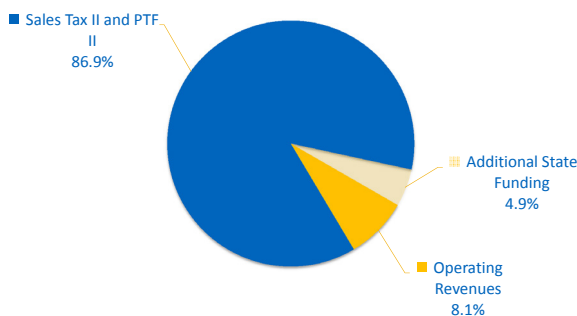
ments are expected to return to a more normal level of about \$1.5 million in 2015 through 2017.

PUBLIC FUNDING

The required level of public funding for Pace ADA Paratransit in 2015 is projected at \$158.2 million, an increase of 7.5% over the 2014 estimate. Public funding for 2015 consists of two components: \$149.7 million of Sales Tax II / PTF II and \$8.5 million of additional funding provided by the State of Illinois. Public funding accounts for 91.9% of total revenue for ADA Paratransit, and when combined with operating revenue is expected to fully cover the operating costs of ADA Paratransit in 2015 (Exhibit 6-11). Legislation which amended the RTA Act in 2011 requires the RTA to fully fund the ADA Paratransit operating deficit each year.

In 2016 and 2017, Sales Tax II / PTF II funding is projected to increase by 7.9% while the additional State funding remains constant at \$8.5 million. Pace anticipates that this level of funding will be sufficient to balance the ADA Paratransit operating budget, contingent upon annual ridership growth remaining around 5%.

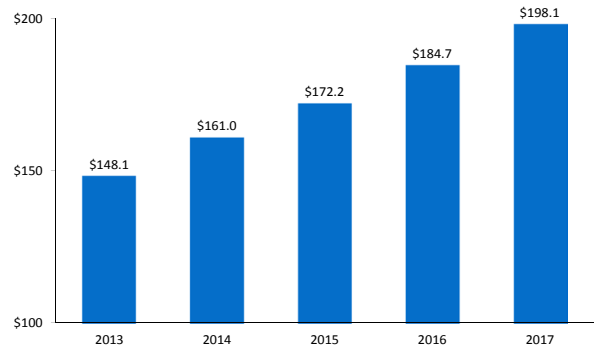
EXHIBIT 6-11: PACE ADA PARATRANSIT 2015 TOTAL REVENUE - \$172.2 MILLION



OPERATING EXPENSES

Pace ADA Paratransit operating expenses are budgeted to increase by 7.0% in 2015 to \$172.2 million, somewhat lower growth than the expected increase of 8.7% in 2014. ADA Paratransit expenses continue to be driven higher by a combination of ridership growth and contractual price increases. In 2016 and 2017, Pace anticipates expense growth of 7.2% and 7.3%, respectively, with total operating expenses expected to reach \$198.1 million in 2017 (Exhibit 6-12). The expense trend over the five-year period from 2013 to 2017 corresponds to a compound annual growth rate of 7.5%.

EXHIBIT 6-12: PACE ADA PARATRANSIT OPERATING EXPENSES (IN MILLIONS)

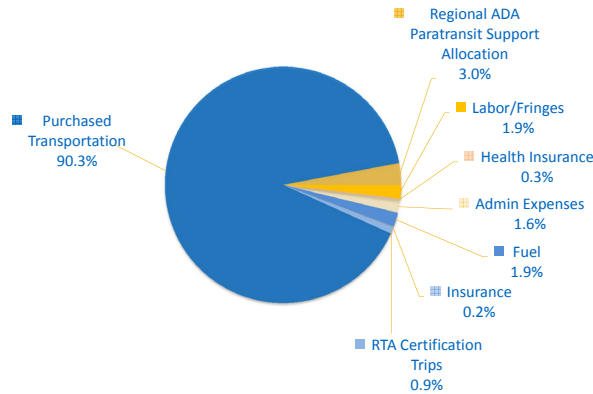


Operating expense elements include labor/fringe benefits, health insurance, administrative expenses, fuel, liability insurance, RTA certification trip costs, purchased transportation, and the Regional ADA Paratransit support allocation (Exhibit 6-13).

Labor/Fringes

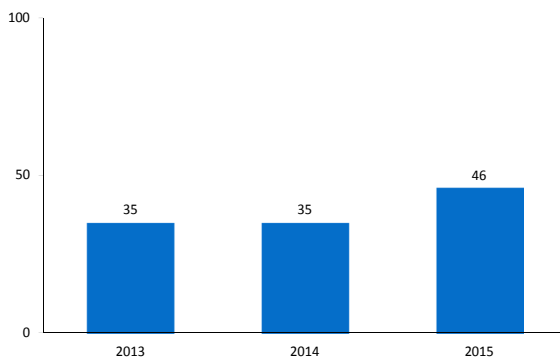
Labor/fringe benefits for Pace’s dedicated ADA Paratransit staff are expected to total \$3.2 million in 2015, an increase of 14.4% over the 2014 estimate. This

EXHIBIT 6-13: PACE ADA PARATRANSIT 2015 TOTAL OPERATING EXPENSES - \$172.2 MILLION



amount represents 1.9% of total regional ADA Paratransit operating expenses. Pace has budgeted for a staffing increase of 11 positions in 2015 (Exhibit 6-14). Pace has not increased the size of its ADA Paratransit staff since it took over region-wide operations in 2006. The staffing increase is required to catch up with the steady growth in the size of the operation as well as new federal reporting and purchasing requirements. Labor/fringe expenses are projected to increase by 10.8% and 3.4% in 2016 and 2017, respectively. The resulting compound annual growth rate over the five-year period from 2013 to 2017 is 5.3%.

EXHIBIT 6-14: PACE ADA PARATRANSIT BUDGETED POSITIONS



Health Insurance

Health insurance expenses for Pace’s dedicated ADA Paratransit staff represent 0.3% of total expenses, and are projected at \$517,000 for 2015, an increase of 5.9% from the 2014 estimate. Health insurance expenses

are then expected to increase by about 8% in 2016 and 2017, reaching \$601,000 by the end of the planning period. The resulting compound annual growth rate over the five-year period from 2013 to 2017 is 5.5%.

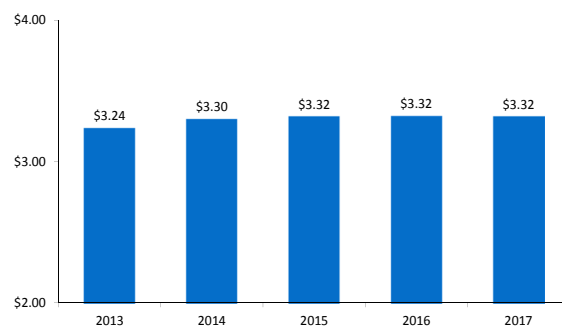
Administration

Administration expenses for 2015 are projected to total \$2.8 million, a decrease of 5.4% from the 2014 estimate. The largest component of this category is facility lease expense, as Pace leases its operations center for ADA Paratransit services in Metra’s downtown Chicago headquarters at 547 W. Jackson Blvd. However, the decrease in administrative expenses for 2015 is due to the completion of upgrades to Pace’s Trapeze scheduling software in 2014, which temporarily drove expenses up. Growth in this category, which accounts for 1.6% of total expense, is expected to slow to about 2% in 2016 and 2017, and the resulting compound annual growth rate over the five-year period is 4.2%.

Fuel

Pace purchases fuel only for the private operators who provide ADA Paratransit service using Pace-owned vehicles in Pace’s suburban service area. The purchased transportation contracts, which cover most ADA Paratransit service, include the cost of fuel within the contracts. After an expected increase of 8.6% in 2014, fuel expense is projected to increase by 6.0% in 2015 to \$3.3 million. The assumed price for diesel fuel in 2015 is \$3.32 per gallon, up from \$3.30 per gallon in 2014 (Exhibit 6-15). Fuel expenses represent 1.9% of total

EXHIBIT 6-15: PACE ADA PARATRANSIT FUEL PRICE PER GALLON



ADA Paratransit expenses and are expected to reach \$3.6 million by the end of the planning period after growing by 5% annually in 2016 and 2017. The resulting compound annual growth rate over the five-year period from 2013 to 2017 is 6.1%, consistent with ridership growth and vehicle revenue mile growth over the same period.

Liability Insurance

Due to a favorable outlook for insurance costs, liability insurance expenses are projected to increase by only 1.6% to \$313,000 in 2015, accounting for 0.2% of regional ADA Paratransit service operating expenses. This expense category is then expected to increase by 6.4% and 6.6% in 2016 and 2017, respectively.

RTA Certification Trips

RTA certification trip expenses capture the cost of transporting ADA Paratransit applicants to and from the RTA's assessment centers. Certification trip expenses of \$1.5 million are projected to account for 0.9% of total 2015 operating expenses. RTA certification expenses are then projected to increase by about 5% in 2016 and 2017, consistent with projected ridership growth. The resulting compound annual growth rate over the five-year period from 2013 to 2017 is 4.1%.

Purchased Transportation

Representing more than 90% of total operating expenses, the Purchased Transportation category contains contractual expense for the service providers Pace utilizes in both the city and suburban service areas. These expenses are projected to increase by 7.9% to \$155.5 million in 2015, and continue to increase by about 7.5% annually in 2016 and 2017, driven by both ridership growth and contractor price increases of approximately 3% per year. The resulting compound annual growth rate of this predominant expense category over the five-year period from 2013 to 2017 is 7.9%.



Regional ADA Paratransit Support Allocation

Pace allocates expense to account for the work done by various departments in support of ADA Paratransit activities. These departments include Audit, Budget Planning, Finance, General Counsel, Government Affairs, Human Resources, Marketing, Communications, Purchasing, and Risk Management. Due to a reduction in the ADA overhead rate, the support allocation for 2015 will decrease by 12.4% to \$5.1 million. The support allocation represents 3.0% of total operating expenses and is expected to increase by 3.6% and 3.7% in 2016 and 2017, respectively.

NET RESULT

Net result equals total revenues (both operating revenue and public funding) minus total operating expenses. Revenues and expenses in the 2015 regional ADA Paratransit budget are balanced, producing a net result of zero. A net result of zero is also reflected in the 2016 and 2017 planning years, indicating that projected RTA funding levels should be sufficient.

RECOVERY RATIO

The system-generated revenue recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenses, with statutory and approved adjustments. For ADA Paratransit, the approved adjustment excludes from expenses a portion of costs incurred in paying ADA Paratransit contractors for their capital expenses related to vehicle

EXHIBIT 6-16: PACE REGIONAL ADA PARATRANSIT SERVICE 2014 BUDGET VS. 2014 ESTIMATE (DOLLARS IN THOUSANDS)

	2014 Budget	2014 Estimate	Variance
Revenues			
<u>Operating Revenues</u>			
Passenger Revenue	10,414	10,357	(57)
Other Revenue	2,505	5,410	2,905
Total Operating Revenues	\$12,919	\$15,767	\$2,848
<u>Public Funding</u>			
Sales Tax II and PTF II	138,666	138,666	-
Additional State Funding	8,500	8,500	-
Total Public Funding	\$147,166	\$147,166	-
Total Revenues	\$160,085	\$162,933	\$2,848
Expenses			
Labor/Fringes	2,800	2,822	(22)
Health Insurance	438	488	(50)
Admin Expenses	2,335	2,962	(627)
Fuel	3,009	3,108	(99)
Insurance	255	308	(53)
RTA Certification Trips	1,357	1,426	(69)
Purchased Transportation	144,531	144,040	491
Regional ADA Paratransit Support Allocation	5,360	5,830	(470)
Total Expenses	\$160,085	\$160,984	(\$899)
Net Result	-	1,949	
Capital Cost of Contracting Expense Credit	(30,893)	(3,300)	
Recovery Ratio	10.0%	10.0%	

purchases (Capital Cost of Contracting). The RTA Act requires regional ADA Paratransit service to meet a recovery ratio of 10%, and the 2015 Regional ADA Paratransit budget meets this statutory requirement.

Statutory Compliance

Pace's 2015 budget and 2016-2017 financial plans for regional ADA Paratransit comply with the operations funding amounts set by the RTA Board on September 12, 2014. These adopted funding amounts include sales tax, Public Transportation Fund, and additional funding from the State of Illinois. The total level of RTA funding for ADA Paratransit is \$158.2 million in 2015, \$170.1 million in 2016, and \$182.8 million in 2017.

The RTA Act requires each Service Board's budget to meet the seven criteria detailed in the Appendices chapter, prior to approval by the RTA Board. The Pace Regional ADA Paratransit budget, as submitted, substantially meets each of these criteria.

2014 Budget versus 2014 Estimate

Pace expects 2014 revenues to significantly exceed budget due to increased Medicaid reimbursements. This additional revenue is projected to more than offset an unfavorable expense variance, resulting in a modest operating surplus for 2014, as shown in Exhibit 6-16.

OPERATING REVENUE

Pace expects that 2014 regional ADA Paratransit service operating revenue will finish \$2.8 million favorable to budget. Passenger revenue is projected to finish \$57 thousand or 0.5% unfavorable to budget, but other revenue is expected to end the year with a \$2.9 million favorable variance. Medicaid reimbursements have exceeded budget in 2014 due to catch-up funding from the State for previously filed claims.

PUBLIC FUNDING

Total funding for 2014 is expected to be provided at the level of the adopted budget, \$147.2 million, comprised of \$138.7 million of Sales Tax II / PTF II and \$8.5 million of additional funding provided by the State of Illinois.

OPERATING EXPENSES

Total expenses for 2014 are expected to finish \$899 thousand unfavorable to budget, with unfavorable variances in all expense categories except purchased transportation, which is projected to finish 0.3% favorable to budget due to slightly lower than expected ridership.

NET RESULT

Favorable operating revenues are projected to exceed unfavorable operating expenses, producing a net result of \$1.9 million for 2014. Any actual operating surplus will be retained at the RTA for future ADA Paratransit needs. The 2014 ADA Paratransit financial results are also projected to meet the statutorily required recovery ratio of 10%, after applying \$3.3 million of approved expense exclusions.

Fare Structure

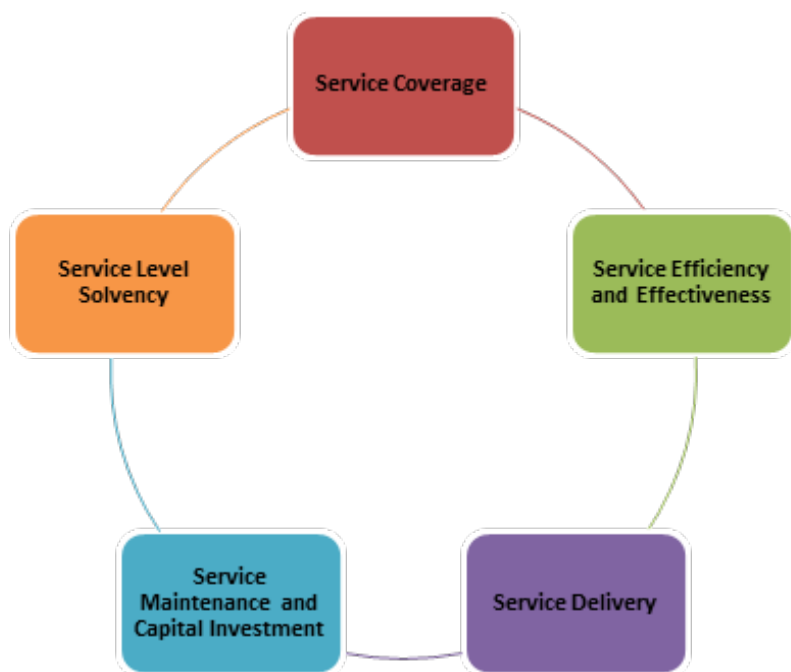
Pace’s fare structure for ADA Paratransit is shown in Exhibit 6-17. Pace’s last fare increase for ADA Paratransit, which equalized the fares in the city and suburban service areas at \$3.00, took effect in November 2009.

That fare increase contributed to a ridership decrease in 2010. No fare increase is included in the 2015 budget. Federal law allows ADA Paratransit fares to be set at no more than twice the fixed-route fare, in this case \$4.00 in the city service area and \$3.50 in the suburban service area. The Taxi Access Program fare is unchanged at \$5.00.

EXHIBIT 6-17: FARE STRUCTURE

	Current Fare
CTA SERVICE AREA	
ADA Paratransit and Mobility Direct	\$3.00
Taxi Access Program	\$5.00
PACE SERVICE AREA	
ADA Paratransit	\$3.00

7 PERFORMANCE MEASURES



Goals and Performance Measures

The RTA, CTA, Metra, and Pace share a common vision for the region: a world-class regional public transportation system providing a foundation to the region's prosperity, livability, and vitality.

Goals and Objectives

The regional goals and objectives of the region's strategic plan are outlined in Chapter 1, the Executive Summary. The Goals section explains what the RTA region needs to accomplish in order to realize its vision and the Objectives section identifies how the RTA region will meet its goals.

To achieve the objectives of the Strategic Plan and as part of the RTA's oversight function to support the evaluation and management of the region's public transit system, the RTA has identified five major areas for performance analysis: Service Coverage, Service Efficiency and Effectiveness, Service Delivery, Service Maintenance and Capital Investment, and Service Level Solvency. Each major area has several corresponding performance measures.

- **Service Coverage** - monitors both how much service is available to people in the region (in terms of population and square miles) and how much of that service capacity is used.
- **Service Efficiency and Effectiveness** - evaluates the level of resources spent on service delivery in relation to the level of service and the extent to which passengers are using that service.
- **Service Delivery** - reflects the quality of the service delivered.
- **Service Maintenance and Capital Investment** - indicates the allocation of capital funds and the

replacement and maintenance of infrastructure components on a schedule consistent with their life expectancy.

- **Service Level Solvency** - assesses financial condition to ensure that there are sufficient resources to meet current and ongoing financial needs (both operating and capital).

Regional and Sub-Regional Performance Measures

The RTA provides two views of regional transit performance. Region-wide performance is reported by

aggregating data from each of the Service Boards – CTA, Metra, and Pace – to arrive at an assessment of regional performance. A sub-regional report analyzes performance at the Service Board and mode level. For both the regional and sub-regional reports, performance is analyzed over a five-year period using data from the Federal Transit Administration's National Transit

Database (NTD), RTA financial reports, and operating reports from the three Service Boards. The sub-regional report provides a more detailed level of analysis that helps interpret trends observed at the regional level and provides a means of assessing areas of strength and weakness in the delivery of specific services. Regional and sub-regional performance reports are posted on the RTA website and presented to the RTA Board of Directors. The most recent reports cover the period 2009 - 2013 using NTD data published in January 2015.

The RTA has also developed a set of companion reports to the regional and sub-regional reports that are based on an analysis of peer groups. At the regional level, the peers selected represent the transit systems that serve the ten largest metropolitan regions in the country. At the sub-regional level, the peer analysis is conducted at the mode level with five peers selected for each mode in the RTA system – urban bus, heavy rail, commuter

rail, suburban bus, vanpool, and demand-response/ADA Paratransit.

The performance measurement reports can be found on the RTA website at:

<http://rtachicago.org/plans-programs/performance-measures>. The following sections contain highlights from these reports, as well as projected results for budget year 2015 and financial plan years 2016 and 2017, based on the assumptions used to develop the Service Boards' 2015 operating budgets.

The RTA has also developed a set of strategic performance measures. The purpose of the strategic level measures is to focus on broader societal outcomes in the economy, environment, and social/political community to assess how transit is positively impacting the quality of life for residents of the region. The measures involve factors that are out of the direct control of the RTA and Service Boards because of their broader scope, but are ones for which public transportation plays a significant contributing role. The strategic measures also become a way to link RTA goals with those of other regional stakeholders including planning organizations, transportation departments, and units of state and local government. The strategic measures will be used to monitor progress in the goals and objectives outlined in the Regional Strategic Plan. The RTA strategic measures report can also be found on the RTA website at: <http://rtachicago.org/plans-programs/performance-measures>.

SERVICE COVERAGE

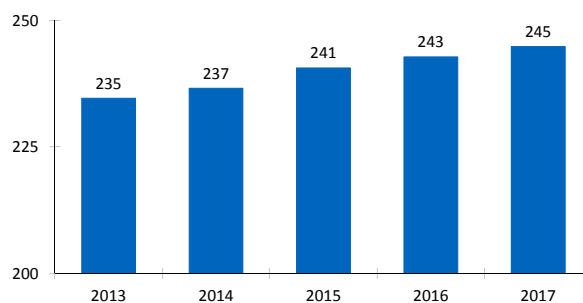
These performance measures monitor both how much service is available to people in the region (in terms of population and square miles) and how much of that service capacity is used.

Vehicle Revenue Miles

Vehicle Revenue Miles represent the amount of service provided as measured in miles traveled by vehicles while in revenue service. Overall regional vehicle revenue miles are anticipated to increase 1.7% in 2015

to 240.6 million miles (Exhibit 7-1). Smaller increases of 0.9% and 0.8% are anticipated in the financial plan years 2016 and 2017, respectively, as service levels remain largely unchanged.

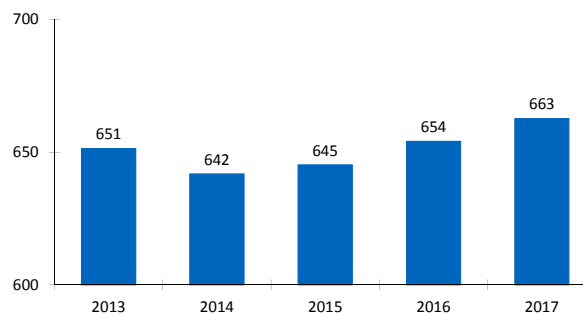
EXHIBIT 7-1: REGIONAL VEHICLE REVENUE MILES (IN MILLIONS)



Unlinked Passenger Trips

Unlinked Passenger Trips, or Ridership, reflects the number of times passengers board buses and trains, including transfers from one bus or train to another, in order to complete their trips. As shown in Exhibit 7-2, regional ridership is projected to increase 0.5% in 2015, following 2014's estimated decline of 1.5% due in part to record cold weather. Following two years of ridership declines, CTA projects a 0.7% increase in 2015. Metra projects a 1.1% decrease for 2015 resulting from the implementation of a significant fare increase. Pace Suburban Service projects growth of 1.4% for 2015, while Pace ADA Paratransit trips are projected to continue their recent trend of strong growth and increase by 4.9% in 2015.

EXHIBIT 7-2: UNLINKED PASSENGER TRIPS (IN MILLIONS)



SERVICE EFFICIENCY AND EFFECTIVENESS

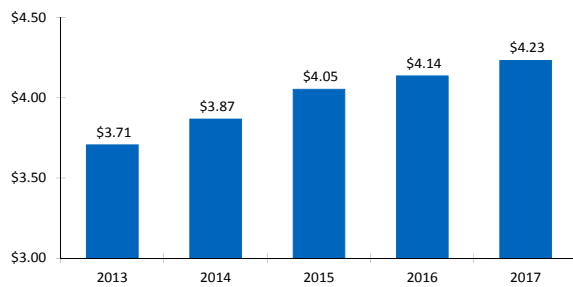
These performance measures evaluate the level of resources spent on delivering services as well as the extent to which passengers are using public transit.

Operating Cost per Passenger Trip

Operating Cost per Passenger Trip illustrates both the cost of providing a trip and also the gap between the established fare and the cost of providing an individual trip. The projected performance figures provided in Exhibit 7-3 indicate that the regional cost of providing one unlinked passenger trip is expected to increase 18 cents, or 4.8%, in 2015.

Each Service Board is anticipating operating costs to increase at a higher rate than expected 2015 ridership gains, resulting in increased operating cost per passenger trip: CTA 3.4%, Metra 7.7%, Pace Suburban 6.3%, and Pace ADA Paratransit 2.0%. On a regional basis, 2015 ridership is expected to increase 0.5% while operating costs are projected to increase 5.3%.

EXHIBIT 7-3: OPERATING COST PER PASSENGER TRIP

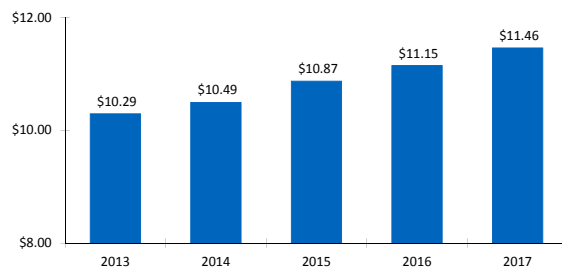


Operating Cost per Vehicle Revenue Mile

Operating Cost per Vehicle Revenue Mile is total operating costs divided by the cumulative sum of the miles traveled by transit vehicles while in revenue service. Projected values for this performance measure are shown in Exhibit 7-4. At the regional level, the cost to operate a transit vehicle one mile is expected to be \$10.87 in 2015, a 3.6% increase from the 2014 estimate.

Each Service Board is anticipating operating costs to increase at a higher rate than increases to vehicle revenue miles, resulting in higher operating costs per vehicle revenue mile: CTA 3.2%, Metra 5.8%, Pace Suburban 7.0%, and Pace ADA Paratransit 1.9%. Further operating cost per vehicle revenue mile increases are expected in 2016 and 2017, at 2.5% and 2.8%, respectively, with service levels held mostly constant for the fixed-route services.

EXHIBIT 7-4: OPERATING COST PER VEHICLE REVENUE MILE



SERVICE DELIVERY

This objective reflects the quality of the service delivered and focuses on customer service and safety.

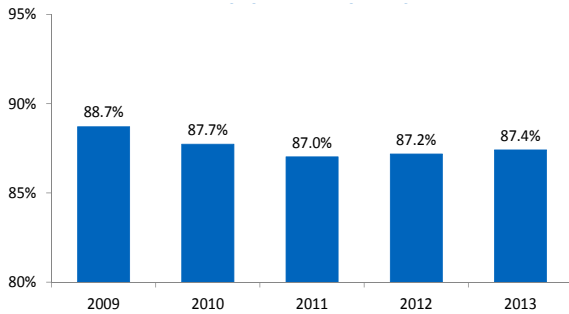
On-Time Performance

Each Service Board defines on-time performance differently but it is generally understood to represent the percentage of times a transit vehicle departs from and/or arrives at a location within a certain number of minutes before or after the scheduled time. The data presented in Exhibit 7-5 reflects actual past performance rather than projections. On-time performance has consistently exceeded 87% over the past five years and has been trending upward since 2011.

Reportable Safety and Security Incidents per 100,000 Passenger Trips

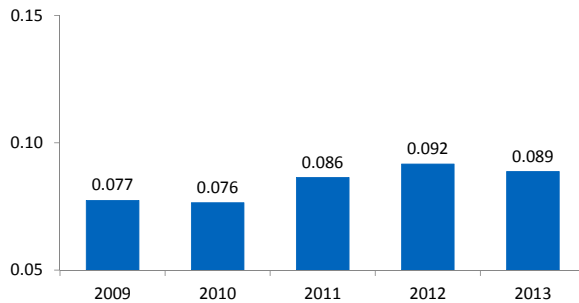
This performance measure demonstrates the rate of reportable safety and security incidents per 100,000 unlinked passenger trips. Reportable incidents are safety and security incidents that affect revenue service

EXHIBIT 7-5: ON-TIME PERFORMANCE



due to: a fatality, an injury requiring immediate medical attention away from the scene, property damage greater than or equal to \$25,000, evacuation for life safety reasons, or a mainline derailment. As shown in Exhibit 7-6, the incident rate experienced upticks in 2011 and 2012 and then declined in 2013. The overall rate remains very low at 0.089 incidents per 100,000 unlinked passenger trips.

EXHIBIT 7-6: REPORTABLE SAFETY AND SECURITY INCIDENTS PER 100,000 PASSENGER TRIPS



SERVICE MAINTENANCE AND CAPITAL INVESTMENT

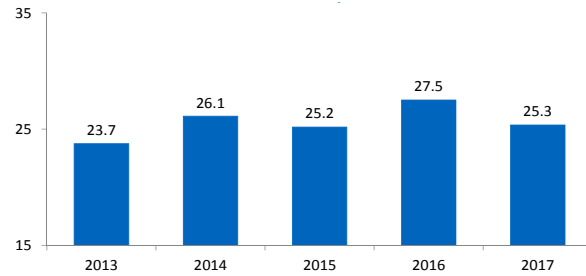
The measures associated with this objective demonstrate the allocation of capital funds and the replacement and maintenance of infrastructure components on a schedule consistent with their life expectancy.

Miles between Major Mechanical Failures

This measure is the average distance that vehicles travel in revenue service uninterrupted by mechanical failures that prevent them from completing a scheduled trip or from starting the next scheduled trip. At the regional

level, miles between failures fluctuates from year to year but is generally improving over the five-year period, as shown in Exhibit 7-7.

EXHIBIT 7-7: MILES BETWEEN MAJOR MECHANICAL FAILURES (IN THOUSANDS)



Percent of Vehicles beyond Useful Life

This measure shows the percentage of vehicles in the total active vehicle fleet beyond their minimum useful life, as defined by the Federal Transit Administration (FTA). The FTA defines minimum useful life as 4 years for automobiles or vans, 12 years for buses, and 25 years for rail cars. Due to limited capital funding, vehicles usually exceed their minimum useful life before actually being retired. There was a significant decline in 2010 as CTA retired nearly 300 of its older vehicles and Pace retired 66 of its buses, followed by increases for this metric in 2011 and 2012 (Exhibit 7-8) as more vehicles reached their minimum useful life. In 2013, there were nearly 800 vehicles put into service, reducing the percent of vehicles beyond useful life by 0.5 percentage points to 29.8%.

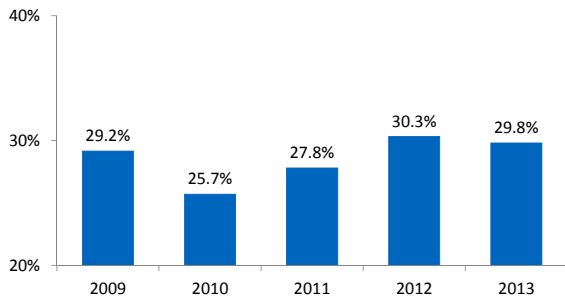
SERVICE LEVEL SOLVENCY

These measures assess financial condition to ensure that there are sufficient resources to meet current and ongoing financial needs (both operating and capital).

Capital Program Funding

This indicator demonstrates the amount of capital funds available to finance maintenance, enhancement, and expansion of the transit system infrastructure. Exhibit 7-9 shows actual data for the new funding available to

EXHIBIT 7-8: PERCENT OF VEHICLES BEYOND USEFUL LIFE



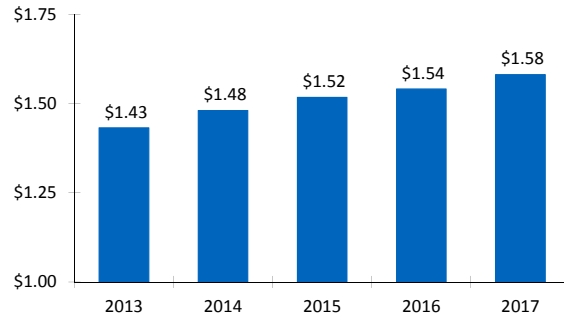
Service Boards over the past ten years and does not include de-obligated or re-appropriated funds that become available. Funding levels for all three Service Boards benefited from the American Recovery and Reinvestment Act passed in February 2009, followed by two years of declines, an uptick in 2012, and a sharp decrease in 2013.

The unsustainable practice of transferring capital funds to operations was ended after 2011, with each Service Board pledging to discontinue such transfers.

Fare Revenue per Passenger Trip

Fare Revenue per Passenger Trip is the total fare revenue divided by the total number of passenger trips, providing the average fare that a passenger pays. Exhibit 7-10 indicates that fare revenue per trip is expected to increase by \$0.04 in 2015, followed by increases of \$0.02 in 2016 and \$0.04 in 2017. Metra’s proposed

EXHIBIT 7-10: FARE REVENUE PER PASSENGER TRIP



schedule of fare increases is the largest contributing factor to the anticipated increase in average fare paid.

Recovery Ratio

The RTA Act requires the RTA Board to set a recovery ratio for each Service Board, and also requires the combined RTA operations revenues to cover at least 50% of the system operating cost. The system ratio excludes ADA Paratransit service, which is held to a 10% recovery ratio requirement, and allows for certain adjustments. CTA, Metra, and Pace are required to meet or exceed recovery ratios of 54.5%, 52%, and 30%, respectively, with their proposed 2015 operating budgets. As shown in their individual sections’ budgets, each Service Board anticipates to meet or exceed these requirements; the RTA regional recovery ratio for 2015 is projected at 52.0% and is in compliance with the RTA Act (Exhibit 7-11).

EXHIBIT 7-9: SERVICE BOARD CAPITAL FUNDING (IN MILLIONS)

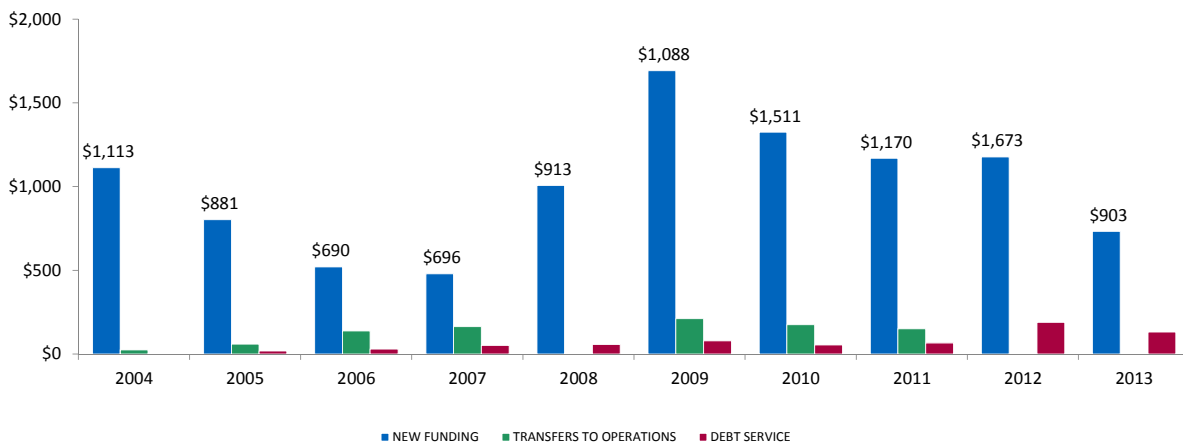
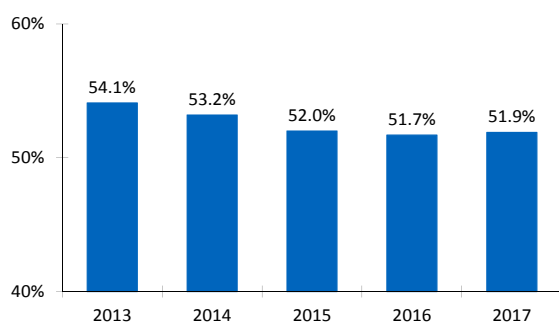


EXHIBIT 7-11: RECOVERY RATIO

RTA Performance Measures

This section contains performance measures applicable to the functions of the RTA Agency, distinct from the services provided by the operating agencies CTA, Metra, and Pace. The RTA's mission is to ensure financially sound, comprehensive, and coordinated public transportation in the Northeastern Illinois region. In that role, the RTA tracks performance in the following three areas:

Funding

The RTA is responsible for setting the funding levels for the Service Boards for each fiscal year. Funding levels for the fiscal year are based on forecasted sales tax receipts. These forecasts are built based on previous years' receipts and current and projected economic trends. The Service Boards develop their operating budgets based on these funding levels and must operate within the levels set by the RTA Board.

Project Management Oversight

The RTA administers funding for and conducts project management oversight (PMO) of Service Board projects funded through the Illinois Jobs Now! Program. Staff monitors projects to determine if they are on time, on budget, and meet plan and grant specifications. In some cases value engineering (the process of evaluating the function of systems, equipment, facilities, procedures, and supplies) is provided to determine if cost savings are achievable.

Regional Programs

The RTA administers funding programs for projects in the region. The agency applies for and receives local and federal funds and then conducts an annual competitive selection process, based on need, to determine the recipients of these funds. RTA funds are also available to support projects. RTA staff provides planning and implementation assistance to the grant recipients. Recipients include the Service Boards and local municipalities in which the Service Boards operate.

In addition to fiscal oversight responsibilities, project management oversight duties, and the funding of regional planning programs, the RTA houses several customer service programs that are critical to promoting and facilitating the use of mass transit in the Chicago region.

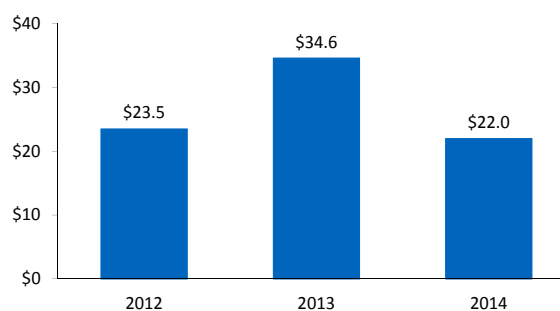
- **The Information Technology (IT) Department** actively manages RTA's website content and activity and has seen growth in terms of total website visits, unique visitors to the sites, and page views.
- **The RTA's ADA Paratransit Certification Program** determines an individual's functional abilities and limitations for using fixed route services. ADA Paratransit is provided for customers whose disability prevents them from using CTA and/or Pace fixed-route services for some or all of their travel. Individuals who are interested in using ADA Paratransit service must apply and be found eligible according to ADA guidelines; demand for such services has increased steadily and is expected to continue to increase into the near future.
- **The RTA Travel Training Program** aims to educate individuals and groups on the use of public transportation to encourage individual mobility and freedom while reducing the burden on regional paratransit services. This program has experienced significant growth, which is a win-win situation for individuals and service providers.

- **The Travel Information Center** provides Chicago-land residents with all types of customer assistance and information, both on the phone and in person at a walk-in location in the Chicago Loop.
- **The RTA Transit Benefit Fare Program** helps companies and their employees take advantage of tax law changes to reduce commuting costs while supporting clean air and reducing traffic congestion. Employers can provide employees with up to \$130 a month (\$1,560 a year) for transit or vanpool commuting expenses as tax-free benefits. With this program, employers can purchase CTA Transit Cards, Chicago Cards and/or the RTA Transit Benefit Cards or Fare Checks that the RTA delivers to enrolled companies.

SALES TAX FORECASTING

Nearly 40% of total RTA revenue for operations comes from sales tax. The RTA is responsible for forecasting the amount of sales tax funding that will be available to the Service Boards for their operating budgets. Because the Service Boards must operate within their budgets adopted by the RTA Board, an accurate forecast of sales tax receipts for the upcoming fiscal year is critical to an effective budget process. However, economic volatility in recent years, resulting from the 2008 financial crisis and subsequent recovery, has complicated this effort. Exhibit 7-12 shows the variance of actual sales tax receipts from budgeted levels for 2012 to 2014. The financial downturn in 2008 and 2009 resulted in shortfalls in projected funding, which led to conservative sales tax forecasts in succeeding years. In 2012, sales tax receipts came in \$23.5 million higher than the somewhat conservative forecast contained in the budget. In 2013, RTA's ongoing litigation against sales tax diversions to outlying municipalities began to have a positive effect on regional sales tax receipts as some of the related sales tax rebate agreements were cancelled. As a result, actual sales tax receipts outperformed underlying economic indicators and exceeded budget by \$34.6 million. The positive effects of the litigation

EXHIBIT 7-12: VARIANCE OF ACTUAL SALES TAX TO BUDGET (IN MILLIONS)



continued in 2014, which is projected to have a \$22.0 million favorable variance from budget.

PROJECT MANAGEMENT OVERSIGHT

The RTA is responsible under the RTA Act to ensure that the Service Boards manage capital funds and capital development projects effectively and efficiently. The RTA PMO program works with the Service Boards to ensure transit projects in the region are successfully implemented according to scope, schedule, budget, and established best practices.

The scope of work performed through the PMO program is broad due to the varied nature of Service Board projects; however, typical activities include:

- Conducting periodic PMO reviews
- Performing field inspections and site visits
- Documentation verification and validation
- Identifying current and future project issues
- Technical evaluations of project designs
- Verification of compliance with grant agreements
- Conducting value engineering reviews
- Submittal of periodic reports

In 2012, the RTA began issuing a biannual PMO report to the RTA Board of all Illinois Jobs Now! state-funded capital projects. This report acts as a snapshot in time of Service Board construction, maintenance, and procurement for these projects. Exhibits 7-13 and 7-14 highlight the number of projects on schedule and on

EXHIBIT 7-13: STATE-FUNDED PROJECTS SCHEDULE PERFORMANCE

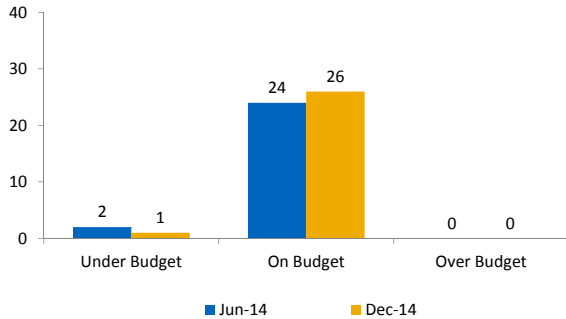
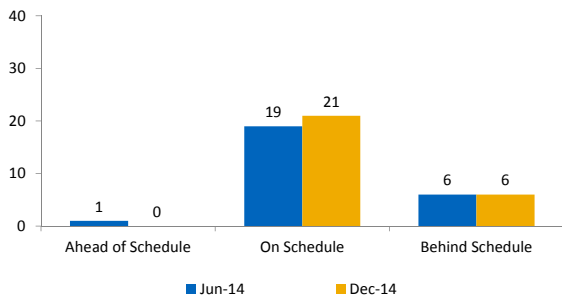


EXHIBIT 7-14: STATE-FUNDED PROJECTS SCHEDULE PERFORMANCE



budget during the two most recent periods of review, June and December 2014.

RTA FUNDING PROGRAMS

The Funding Programs administered by the RTA provide value to the region by offering planning, plan implementation, operating, and capital grants for a variety of projects. The programs are consistent with the RTA’s legislative mandates and Strategic Plan and are coordinated with the annual budget process.

Community Planning Program

The RTA’s Community Planning program provides funding and planning technical assistance to applicants for implementation and planning projects that benefit the community and the regional transit system. Eligible projects include transit-oriented development (TOD) plans, transit improvement plans, zoning code updates, TOD developer discussion panels, pedestrian access im-

provement plans, and other innovative implementation initiatives. The Community Planning program strives to not just plan for the future, but to provide assistance that achieves results. The RTA Service Boards and local governments located within the RTA’s six-county service region are eligible to apply to the Community Planning program. Since 1998, the RTA has funded 163 plans through a combination of federal, RTA and local funds.

Exhibit 7-15 illustrates the number of community planning projects programmed for 2012 through 2014. Fluctuations in available funding affect the number of projects programmed in a given year (Exhibit 7-16). In addition to tracking the number of projects programmed per year, staff also performs stakeholder interviews in order to qualitatively capture the value added from these projects. The number of projects slated for 2015 has not yet been finalized.

EXHIBIT 7-15: COMMUNITY PLANNING PROJECTS PROGRAMMED BY YEAR

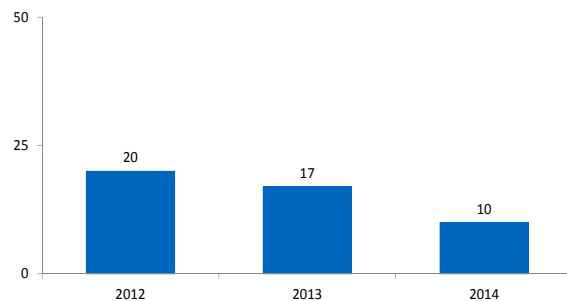
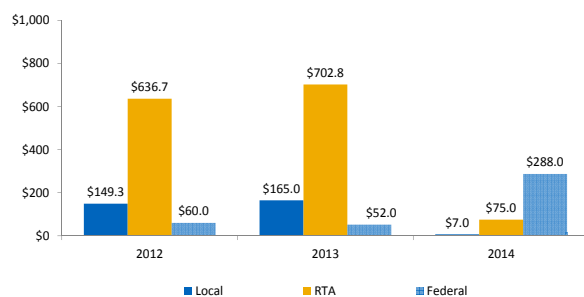


EXHIBIT 7-16: COMMUNITY PLANNING PROJECTS FUNDING BY SOURCE (IN THOUSANDS)



RTA grant-funded programs

Job Access Reverse Commute (JARC), New Freedom (NF), and Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program

These federal programs provide funds to the RTA that the RTA then awards for capital and operating projects that meet the needs of reverse commuters, older adults and people with disabilities. In 2014, JARC and New Freedom projects generated nearly 200,000 passenger trips. These projects, along with fourteen new operating and capital projects, were awarded an additional \$10.8 million in Section 5310 federal funds administered through the RTA. Included among the new projects receiving awards were two capital projects. Projects range from helping visually impaired individuals safely cross intersections near transit facilities in downtown Chicago, through the installation of accessible pedestrian signals that produce audible tones and vibrating surfaces, to facilitating greater mobility for the hearing impaired through the continued installation of electronic signs that provide current information about Metra train service, such as train arrivals or delays. Exhibit 7-17 illustrates the number of JARQ, NF, and Section 5310 projects programmed for 2012 through 2014. Exhibit 7-18 illustrates the corresponding funding available in those years.

EXHIBIT 7-17: JARQ, NF, AND SECTION 5310 FUNDING PROJECTS PROGRAMMED BY YEAR

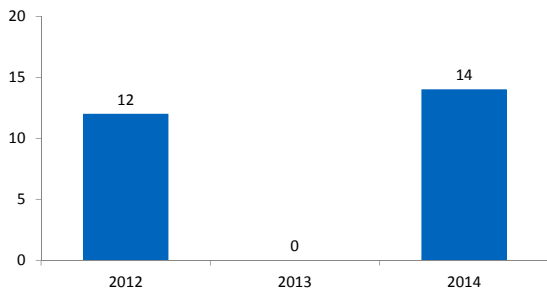
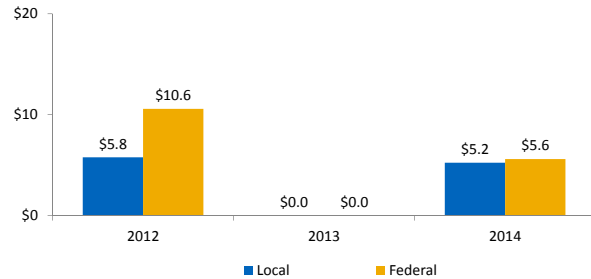


EXHIBIT 7-18: JARQ, NF, AND SECTION 5310 FUNDING BY SOURCE (IN MILLIONS)



Innovation, Coordination, and Enhancement (ICE) Program

The Innovation, Coordination, and Enhancement (ICE) program, established as part of the 2008 amendments to the RTA Act, provides operating and/or capital funding for projects that provide cost-effective ways to enhance the coordination and integration of public transportation and develop and implement innovations to improve the quality and delivery of public transportation. In 2014, a total of nine projects totaling \$10.2 million were as follows: Real Time Signage, Real Time Arrival Information for Bus Stop signs, Customer Information Displays, Train Tracker Signage, Blue Island/Vermont Street Interagency Transfer Station Improvements, Regional Fare Solution Technologies, 120VAC Outlets for Passenger Use, Shuttle Bug Operations, and Market Development Activities.

In the past, ICE funds were awarded via a separate, competitive grant process for projects that meet ICE criteria and advance the goals and objectives of the Regional Transit Strategic Plan. Exhibit 7-19 illustrates the number of ICE projects programmed for 2012 through 2014. Exhibit 7-20 illustrates the corresponding funding available in those years.

Starting in 2015, to improve efficiency ICE funding will be distributed to the Service Boards in the same statutory shares used for Sales Tax II and PTF II: 48% for CTA, 39% for Metra, and 13% for Pace. These funds will be used by the Service Boards for projects approved by the RTA Board that meet the goals of the ICE program,

as previously. A total of \$34.2 million of ICE funding is available for 2015, comprised of \$11.6 million of 2015 funds and \$22.6 million of unobligated 2012, 2013, and 2014 ICE funds.

EXHIBIT 7-19: ICE FUNDING PROJECTS PROGRAMMED BY YEAR

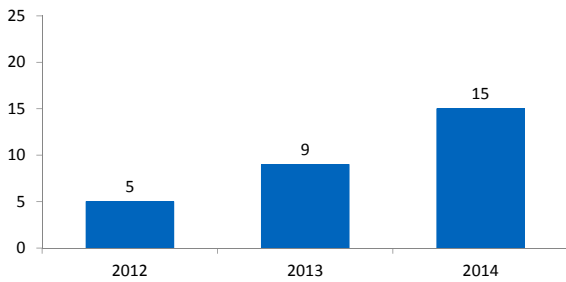
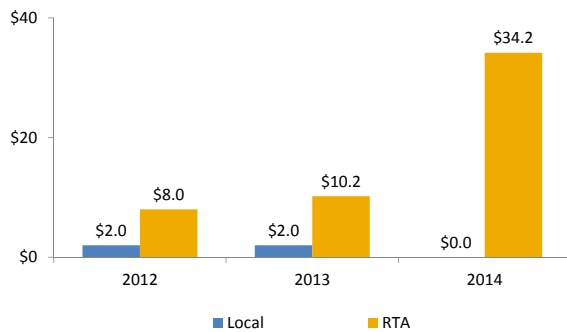


EXHIBIT 7-20: ICE FUNDING BY SOURCE (IN MILLIONS)



INFORMATION TECHNOLOGY

The RTA website experienced 1.5 million page views in 2014 while recording 300,000 unique visitors to the site. In 2014, unique visitors accounted for 39% of total website visits (Exhibit 7-21). In addition to the general website, IT manages the RTA trip planner site which provides users with schedule, fare, and other pertinent information for CTA, Metra, and Pace and even offers driving and biking directions. The RTA trip planning site experienced 37 million page views in 2014, up from 16 million in 2013. 1.9 million unique visitors made up 37% of all site visits in 2014 (Exhibit 7-22). Visits to the RTA Mapping and Statistics (RTAMS) site, a data warehouse for planning and financial information on the regional transit system, recorded 105,000 page views in 2014, on par with the page views recorded in 2013. The

EXHIBIT 7-21: RTA WEBSITE VISITS (IN THOUSANDS)

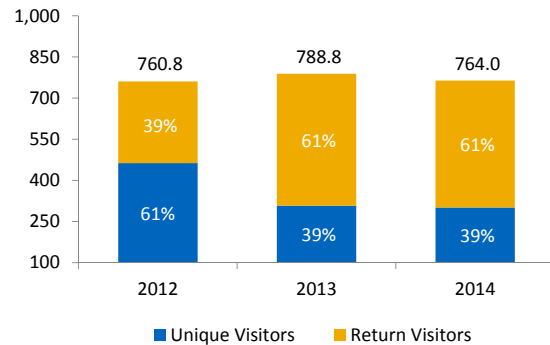


EXHIBIT 7-22: RTA TRIP PLANNER WEBSITE VISITS (IN MILLIONS)

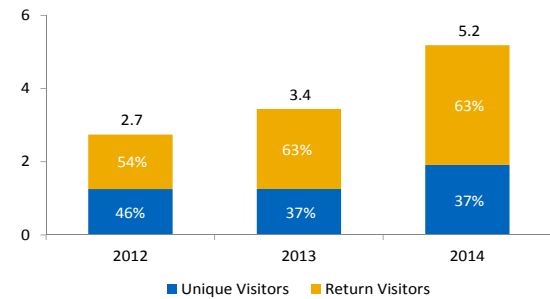
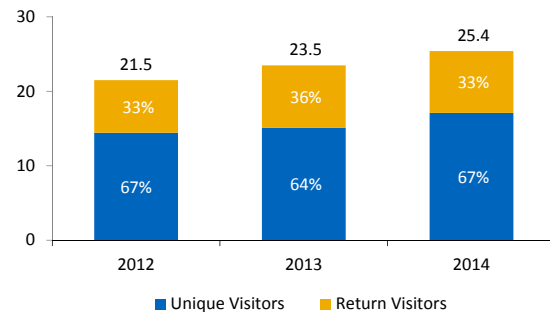


EXHIBIT 7-23: RTAMS VISITS (IN THOUSANDS)



number of unique visitors to the site increased in 2014 to 17,000. However, the number of return visitors decreased slightly to 8,300 in 2014, accounting for 33% of all visitors to the site (Exhibit 7-23).

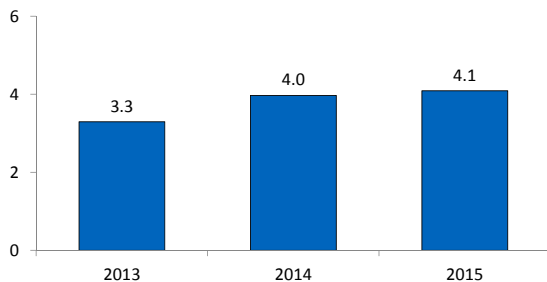
RTA TRAVEL TRAINING PROGRAM

The RTA Travel Training Program teaches individuals with disabilities and older adults how to use CTA, Metra, and Pace buses and trains. Once Travel Training is requested, a Travel Trainer works with an individual

one-on-one to develop a training plan tailored to the individual’s unique travel needs. Trainers can practice specific transit trips, practice maneuvering on buses or trains with a wheelchair or other mobility device, or simply provide an overview of trip planning and accessibility features available on buses and trains and at train stations. Group transit orientation presentations are also made available to community agencies throughout the region that serve people with disabilities or older adults.

In 2014, the RTA Travel Training Program served 3,971 individuals, a 17% increase from 2013. Projections indicate that the number of individuals served by the program will grow more modestly in 2015, increasing 3% to 4,090, as the program is reaching full training capacity (Exhibit 7-24). New in 2014, the Travel Training program hired an in-house Orientation and Mobility Instructor to better increase outreach and training for individuals with visual impairments. Since the addition of an Orientation and Mobility Instructor, there has been a significant increase in the number of individuals with visual impairments who participate in training. Additionally in order to expand training throughout the region, the RTA Travel Training Program began creating a video series in 2014 that instructs staff at community agencies who serve people with disabilities and older adults how to teach their clients to use fixed-route and commuter rail services.

EXHIBIT 7-24: RTA TRAVEL TRAINING PROGRAM, TOTAL INDIVIDUALS SERVED (IN THOUSANDS)



ADA PARATRANSIT CERTIFICATION PROGRAM

ADA Paratransit is a shared ride, advanced reservation, origin-to-destination service for individuals with disabilities who are unable to use the regular fixed-route bus and rail service for some or all of their trips because of their disability. Individuals who are interested in using ADA Paratransit service must apply and be found eligible according to ADA guidelines. The RTA is responsible for determining eligibility for the six-county region. The process begins by contacting the RTA to request an application and to learn about the program. Applicants are scheduled for an in-person interview and, in some cases, undergo additional functional testing to assess their individual ability to use fixed-route service. Recertification occurs every four years.

In 2015, the number of eligible riders is expected to grow by 6%, after 11% growth in 2014 (Exhibit 7-25). Applications for ADA Paratransit are projected to increase by 8%, after 15% growth in 2014 (Exhibit 7-26).

EXHIBIT 7-25: ADA PARATRANSIT ELIGIBLE RIDERS (IN THOUSANDS)

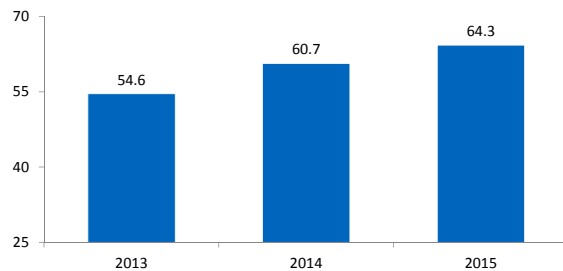
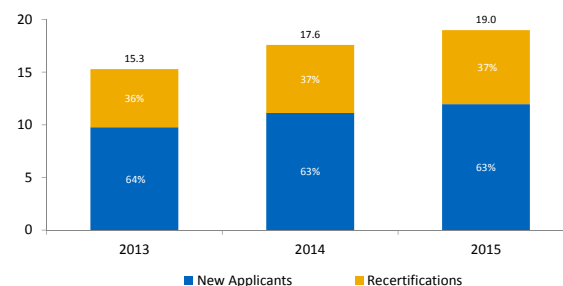


EXHIBIT 7-26: ADA PARATRANSIT CERTIFICATION APPLICATIONS (IN THOUSANDS)



RTA TRANSIT BENEFIT FARE PROGRAM

The RTA Transit Benefit Fare Program helps employees and employers save money on transit. IRS Section 132(f) allows employees to have a set amount of pre-taxed monies deducted from their payroll each month to pay for transit or vanpool commuting expenses. The pre-tax deduction allows the employee to save money on their daily commute, decreasing their cost of riding transit each month. Participating employers issue RTA Transit Benefit Cards to employees, loaded with the amount of pre-tax dollars the employee selected monthly.

The RTA Transit Benefit Card is a pre-paid MasterCard that can be loaded with pre-tax funds that can only be used to purchase fares at any transit agency (CTA, Metra, Pace, and South Shore Line, Amtrak and Chicago Water Taxi) in the region. As an added benefit, the RTA Transit Benefit Card can be used to purchase fares at participating transit agencies across the country. In addition to the RTA Transit Benefit Card, the program continues to offer direct loads for Pace Vanpool accounts and Commuter Checks for Bicycling.

The RTA introduced the Transit Benefit Debit Card in October 2013. In September 2014, the RTA integrated Ventra Direct Loads into the RTA Transit Benefit Fare Program. This new option allows employees to have passes or transit benefit value directly loaded to their Ventra account for use on CTA and Pace.

In 2015, the RTA discontinued FareCheck Vouchers. The RTA has already seen an increase in the use of RTA Transit Benefit Debit Cards and Ventra Direct Loads. The FareCheck once made up 65% of all RTA Transit Benefit sales. As of January 2015, it accounted for just 7%.

Overall, the Transit Benefit program saw a 25% decline in the number of units sold in 2014 and a corresponding decline in the total value of units sold (Exhibit 7-27 and 7-28). Significant changes made to both the program and the fare media collection system in the region in late 2013, with the implementation of Ventra and the Transit Benefit Debit Card, affected the total number of

EXHIBIT 7-27: TRANSIT BENEFIT FARE MEDIA UNITS SOLD (IN THOUSANDS)

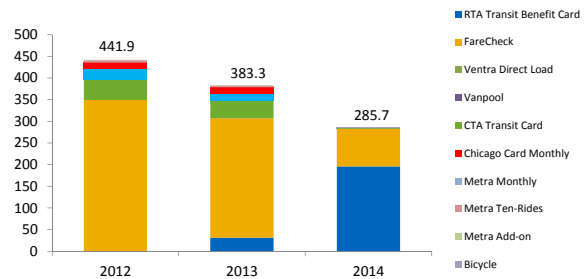
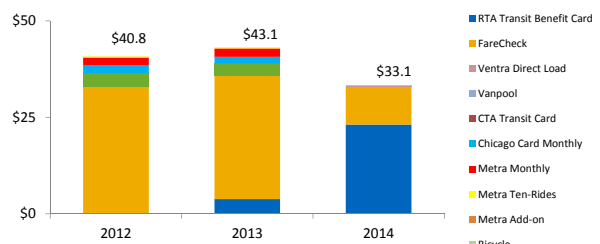


EXHIBIT 7-28: VALUE OF TRANSIT BENEFIT FARE MEDIA SOLD (IN MILLIONS)



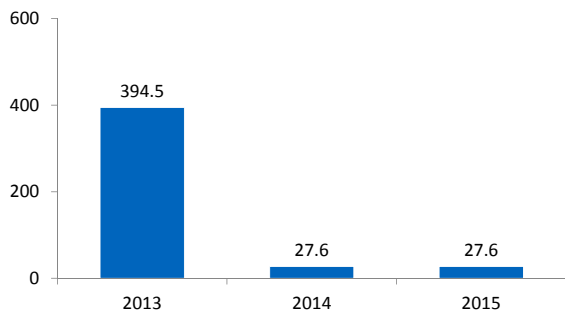
units sold in 2014. The RTA witnessed some employers advance purchasing extra FareChecks in 2013 in anticipation of the program changing. This drove up the total number of units sold in 2013 and resulted in less sales in 2014 as employers used up the FareChecks they had stockpiled. Furthermore, Congress reduced the amount of the pre-tax benefit from \$250 to \$130 per month in 2014, which drove down the total value of units sold in 2014 and may have made some customers less inclined to take advantage of the benefit.

For 2015, the monthly, pre-tax Federal Commuter Benefit allowed by Congress remains at \$130 per month for transit and vanpool commuter expenses. The RTA is hopeful that Congress will increase the monthly pre-tax cap this year. The RTA has partnered with Getting America to Work, a broad coalition of commuters, businesses, officials and transportation agencies to appeal to Congress to reestablish the pre-tax amount at \$250 per month, consistent with what is allowed for parking expenses. More information can be found at www.gettingamericatowork.com.

RTA CUSTOMER SERVICE PROGRAMS

The RTA issues Reduced Fare Cards for older adults as well as individuals with disabilities. Applicants under age 65 must provide proof of disability to be eligible for the Reduced Fare Program. With the implementation of the Ventra system at CTA and Pace, the RTA replaced nearly 400,000 Reduced Fare Cards in 2013. In 2014, the RTA issued 28,000 new Reduced Fare cards and expects to issue the same amount in 2015 (Exhibit 7-29).

EXHIBIT 7-29: REDUCED FARE CARDS ISSUED (IN THOUSANDS)



The RTA also issues Ride Free Cards for low-income older adults and individuals with disabilities who qualify for free rides. Seniors and those with disabilities who are enrolled in the Illinois Department on Aging’s Benefit Access program are eligible to ride for free on CTA, Metra, and Pace fixed-route services. The income levels for eligibility range from \$27,610 or less for an individual, \$36,635 for a two-person household, and \$45,657 for a household of three or more people. The number of Ride Free Cards issued spiked in 2013 as the RTA replaced 475,000 Ride Free Cards to be compatible with Ventra. In 2014, the RTA issued 139,000 new Ride Free Cards and expects to do the same in 2015 (Exhibit 7-30).

RTA’s Customer Service Center is open 5 days a week to assist seniors and individuals with disabilities in applying for, renewing and replacing Reduced Fare and Ride Free permits, and processing ADA paratransit replacement permits. Customer Service Center staff experienced a

EXHIBIT 7-30: RIDE FREE CARDS ISSUED (IN THOUSANDS)

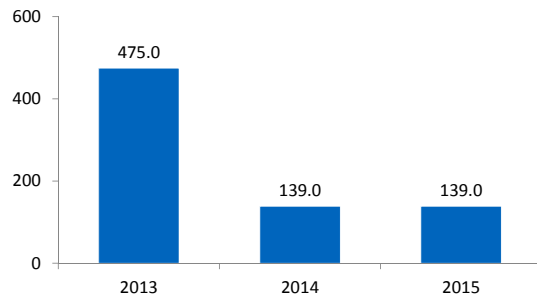
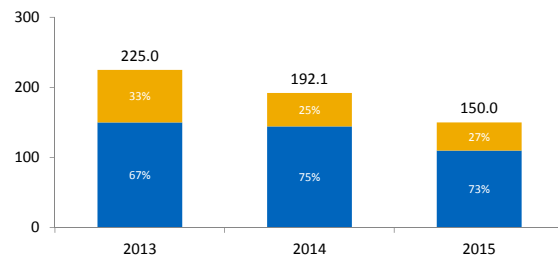


EXHIBIT 7-31: CUSTOMER SERVICE CENTER ACTIVITY (IN THOUSANDS)



60% increase in phone and walk-in activity in 2013 due to the implementation of the Ventra system and the need to replace nearly one million free and reduced fare transit cards. Phone and walk-in activity returned to normal levels in 2014 and will remain the same in 2015 (Exhibit 7-31).

8 CAPITAL PROGRAM PLAN



Regional Overview

The RTA Act requires that the capital expenditures of the CTA, Metra, and Pace be subjected to continual review so that the RTA may budget and expend funds available to the region with maximum efficiency. The RTA Board must adopt a five-year capital program every year that describes the nature, location, and budget by project and fiscal year of all anticipated Service Board capital improvements. The capital programs are amended on a quarterly basis as appropriate. Public hearings are held in each county of the Northeastern Illinois region to inform the public and government officials of the RTA's capital development plans.

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure which includes bringing the system's \$158.4 billion in assets (as measured in terms of replacement value and including subway tunnels valued at \$100 billion) into a State of Good Repair and extending or expanding service when demand is justified and funding available. To maintain and preserve the existing system and keep the current backlog of capital projects from growing

The RTA Board must adopt a five-year capital program every year that describes the nature, location, and budget by project and fiscal year of all anticipated Service Board capital improvements.

requires a capital investment of \$1.6 billion per year. The amount needed to address the backlog is estimated at \$19.5 billion. In 2015, the RTA will supplement the capital funding availability for the CTA, Metra, and Pace by issuing \$100 million in capital bonds.

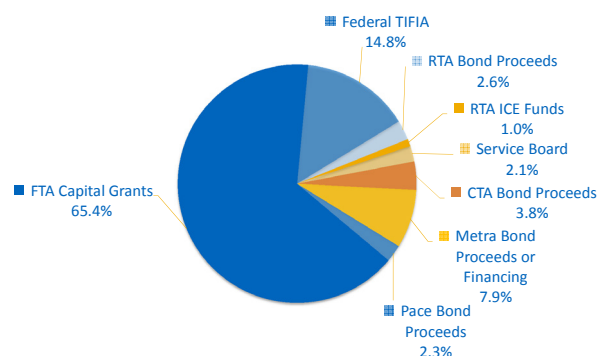
Source of Funds

On September 12, 2014, the RTA adopted preliminary federal and state capital funding amounts for 2015-2019. Subsequently, the RTA received proposals for funds controlled by the Service Boards and then adopted the 2015 RTA system budget and capital program on December 17, 2014. The funding sources for the RTA capital program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the RTA capital bonds, and Service Board funds which can include local community and other funding. Of the estimated \$3.775 billion of capital funding for 2015-2019, federal formula funding accounts for \$2.468 billion or 65%; federal TIFIA loan funds account for \$557 million, or 15%; RTA bond and ICE funds account for \$137.762 million or 4%; Service Board and other funds account for \$ 79.175 million or

EXHIBIT 8-1: RTA 2015-2019 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Total
Capital Funding				
FTA Capital Grants	1,400,381	828,394	239,489	2,468,264
Federal TIFIA	557,000	-	-	557,000
RTA Bond Proceeds	50,000	45,000	5,000	100,000
RTA ICE Funds	16,406	21,356	-	37,762
Service Board	22,500	50,000	6,675	79,175
Total New Capital Funding	\$2,046,287	\$944,750	\$251,164	\$3,242,201
CTA Bond Proceeds	145,000	-	-	145,000
Metra Bond Proceeds or Financing	-	300,000	-	300,000
Pace Bond Proceeds	-	-	88,000	88,000
Total Capital Funding	\$2,191,287	\$1,244,750	\$339,164	\$3,775,201
Debt Service (Federal)	(709,262)	-	-	(709,262)
Total Capital Funding Available	\$1,482,025	\$1,244,750	\$339,164	\$3,065,939

EXHIBIT 8-2: 2015-2019 CAPITAL FUNDING - \$3.775 BILLION

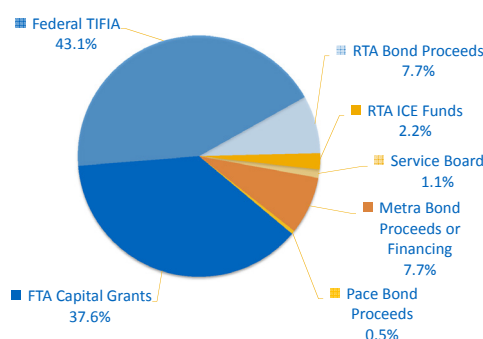


2%; CTA bond proceeds account for \$145 million or 4%; Metra bond proceeds account for \$300 million, or 8%; Pace bond proceeds account for \$88 million, or 2%; (Exhibits 8-1 and 8-2). After debt service on previously issued CTA bonds, an estimated amount of \$3.065 billion is available for 2015-2019 capital investment.

The total estimated funds for capital projects in 2015 are \$1.291 billion. At this time, the final federal appropriation figures for 2015 have not been determined. Once this amount has been established, the capital program will be amended to reflect the available funding. Exhibits 8-3 and 8-4 provide the breakdown of funding sources for 2015.

The State of Illinois programmed \$2.7 billion in capital funds throughout the RTA region from 2010 through 2014 for the replacement of aging trains, buses, track,

EXHIBIT 8-4: CAPITAL FUNDING IN 2015 - \$1.291 BILLION



stations and other infrastructure that has improved system reliability. While these funds continue to be expended, the remainder is dependent upon bond authorizations that have yet to pass the General Assembly.

Fiscal Year 2014 has been a critical year for State of Good Repair (SGR) investment. The RTA region, through the Service Boards, has expended nearly \$1.3 billion in capital investments, nearing the \$1.6 billion annual expenditure level necessary to attain SGR and maintain our systems while preventing a growing backlog. This has been enabled by additional State of Illinois bond funds that are not programmed in future years, however. It remains the goal of the RTA that strategic capital funding levels will increase each year to attain our SGR objectives.

EXHIBIT 8-3: CAPITAL FUNDING IN 2015 (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	Total
Capital Funding				
FTA Capital Grants	270,057	160,644	54,985	485,686
Federal TIFIA	557,000	-	-	557,000
RTA Bond Proceeds	50,000	45,000	5,000	100,000
RTA ICE Funds	16,406	11,821	-	28,227
Service Board	1,875	10,000	2,675	14,550
Total New Capital Funding	\$895,338	\$227,465	\$62,660	\$1,185,463
Metra Bond Proceeds or Financing	-	100,000	-	100,000
Pace Bond Proceeds	-	-	6,000	6,000
Total Capital Funding	\$895,338	\$327,465	\$68,660	\$1,291,463
Debt Service (Federal)	(136,968)	-	-	(136,968)
Total Capital Funding Available	\$758,370	\$327,465	\$68,660	\$1,154,495

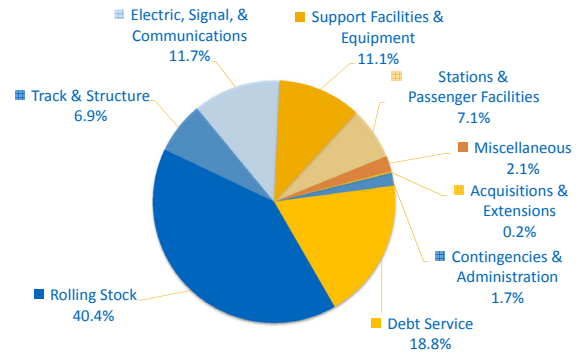
Use of Funds

The primary emphasis of the 2015-2019 Capital Program is to continue efforts to bring the system’s transit assets to a State of Good Repair (SGR). When replacing worn capital assets, it is imperative to use modern technologies that result in improved functionalities of equipment, facilities, and rolling stock. In addition, a balanced capital program is responsive to customer needs and shifting markets by including investment in system expansion.

For the 2015-2019 Capital Program, a significant amount of the budget is allocated to capital projects that maintain the existing infrastructure. While the current funding level does not satisfy all needs, an appropriate balance of investment is achieved in light of the current condition of the RTA system.

Investments in the 2015-2019 Capital Program can be broken down by various asset categories. Exhibits 8-5

EXHIBIT 8-6: 2015-2019 CAPITAL PROGRAM USES - \$3.775 BILLION



and 8-6 show program expenditures of \$1.525 billion or 40% on rolling stock, \$441.8 million or 11% on electric, signal, and communications, \$418.7 million or 11% on support facilities and equipment, \$266.5 million or 7% on stations and passenger facilities, and \$262.3 million or 7% on track and structure. In addition, \$709.3 million or nearly 19% is expended on existing CTA debt service.

EXHIBIT 8-5: 2015-2019 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	Total
Rolling Stock	851,079	522,717	151,623	1,525,419
Track & Structure	76,681	185,656	-	262,336
Electric, Signal, & Communications	147,259	289,556	5,000	441,815
Support Facilities & Equipment	162,178	114,926	141,550	418,655
Stations & Passenger Facilities	206,978	46,651	12,865	266,494
Miscellaneous	-	52,283	25,360	77,643
Acquisitions & Extensions	5,000	3,500	-	8,500
Contingencies & Administration	32,850	29,461	2,766	65,077
Totals	\$1,482,025	\$1,244,750	\$339,164	\$3,065,939
Debt Service	709,262	-	-	709,262
Total Capital Funding	\$2,191,287	\$1,244,750	\$339,164	\$3,775,201

CTA Overview

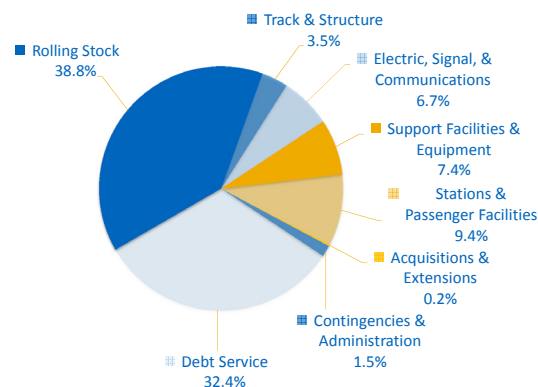
The proposed projects in the CTA's portion of the 2015-2019 Capital Program total \$2.191 billion and continue the rehabilitation and replacement of capital assets. The percentages for the general categories of capital improvements of the total program are: 39% for rolling stock, 32% for debt service, 7% for electric, signal and communications, 7% for support facilities and equipment, 4% for track and structure, 9% for stations and passenger facilities, and nearly 1% for miscellaneous. The general categories of capital improvements comprising the CTA's portion of the Capital Program are illustrated in Exhibit 8-7.

Highlights of projects included in the CTA's proposed 2015-2019 Capital Program are:

- \$513.0 million for the purchase of rail cars
- \$193.4 million for the purchase of buses
- \$189.8 million to rehabilitate rail stations
- \$111.2 million to upgrade power and signals
- \$91.0 million for the overhaul of rail cars
- \$81.0 million for the improvement of facilities
- \$76.7 million for the repair of track and structure
- \$39.0 million to perform mid-life bus overhauls



EXHIBIT 8-7: CTA 2015-2019 CAPITAL PROGRAM USES - \$2.191 BILLION



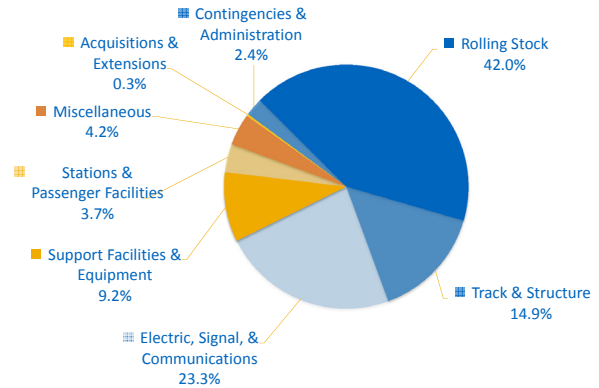
Metra Overview

Metra’s portion of the proposed 2015-2019 Capital Program totals \$1.245 billion. During this five-year period, Metra will continue to renew its extensive commuter rail infrastructure and rehabilitate aging rolling stock. The percentages for the general categories of capital improvements of the total program are: 42% for rolling stock, 15% for track and structure, 23% for electric, signal, and communications, 9% for support facilities and equipment, 4% for stations and passenger facilities, and 7% for miscellaneous, contingencies, and administration. The general categories of capital improvements comprising Metra’s portion of the Capital Program are illustrated in Exhibit 8-8.

Highlights of projects included in Metra’s proposed 2015-2019 Capital Program are:

- \$223.0 million for the installation of Positive Train Control (PTC) system
- \$191.3 million for locomotive improvements
- \$162.6 million for the rehabilitation of rail cars
- \$149.3 million for the purchase of rail cars
- \$103.3 million for bridge rehabilitation and renewal
- \$46.7 million to improve stations and parking
- \$45.2 million to improve yards and shops
- \$43.7 million to upgrade signal systems

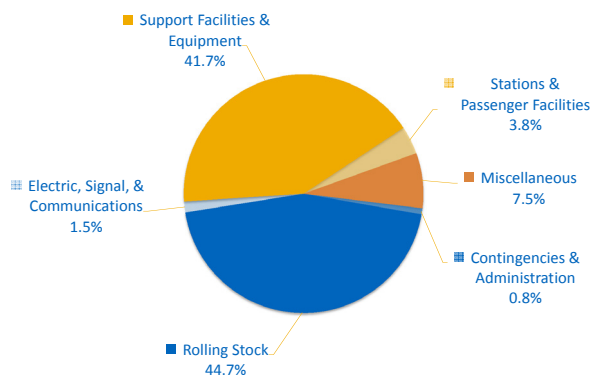
EXHIBIT 8-8: METRA 2015-2019 CAPITAL PROGRAM USES - \$1.245 BILLION



Pace Suburban Service Overview

Pace’s portion of the proposed 2015-2019 Capital Program totals \$339.2 million. A majority of the funding is provided for the replacement of rolling stock. The percentages for the general categories of capital improvements of the total program are: 45% for rolling stock, 42% for support facilities and equipment, 4% for stations and passenger facilities, 2% for electric, signal, and communications, and 8% for miscellaneous, contingencies, and administration. The general categories of capital improvements comprising Pace’s portion of the Capital Program are illustrated in Exhibit 8-9.

EXHIBIT 8-9: PACE 2015-2019 CAPITAL PROGRAM USES - \$339.2 MILLION



Highlights of projects included in Pace’s proposed 2015-2019 Capital Program are:

- \$90.0 million for the purchase of buses
- \$60.0 million to construct the Northwest Garage
- \$36.1 million for the purchase of vanpool vans
- \$25.0 million to construct DuPage County paratransit garage
- \$16.5 million for the improvement of facilities system-wide
- \$13.7 million for the purchase of paratransit vehicles



Ten-Year Capital Plan

As part of its oversight function, the RTA is charged with providing assessments of the Service Board’s Capital Projects and Plans as well as an assessment of the condition of the Service Board’s Capital Assets. The RTA, after consultation with the Service Boards, must prepare and adopt a Five-Year Capital Program annually that includes each capital improvement undertaken by or on behalf of a Service Board. In addition to the Five-Year Plan, PA 95-0708 established the need for the development of a Ten-Year Capital Plan.

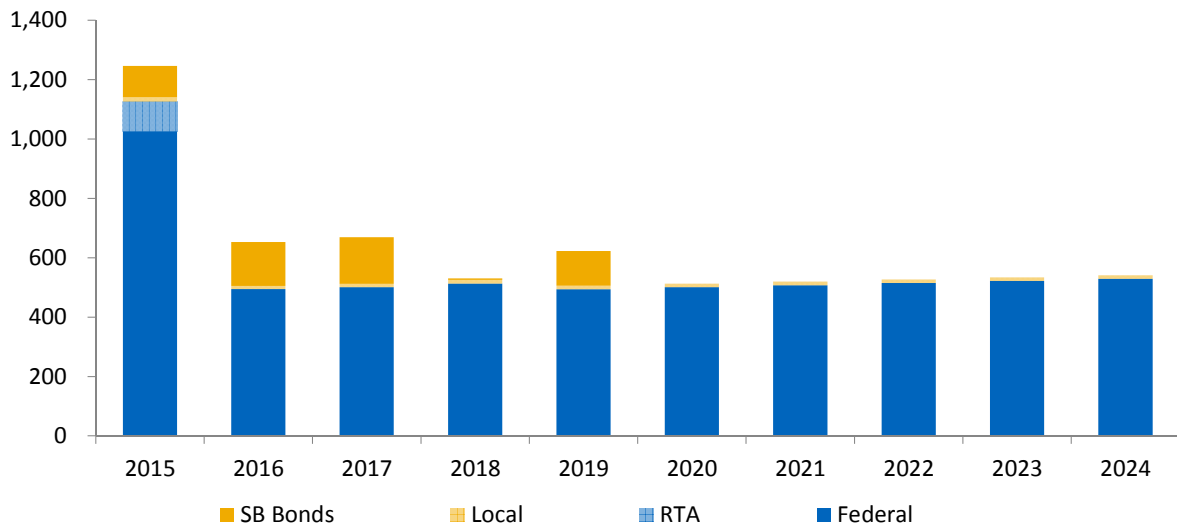
The estimated value of transit capital assets in North-eastern Illinois is \$158.4 billion, as measured in terms of replacement value. Achieving and maintaining a State of Good Repair (SGR) will require \$36.1 billion of capital investment over the next ten years. During this same timeframe, however, gross funding to support capital infrastructure is projected at \$6.131 billion. Since \$1.361 billion of capital funds have already been committed to debt service for bonds issued by the CTA, the current Ten-Year Capital Plan leaves approximately \$5.302 billion in net funding available for the 2015-2024 period, less than 20% of the total replacement need.

CAPITAL FUNDS AVAILABLE FOR THE TEN-YEAR PLAN

As Exhibit 8-10 indicates, there are four sources of funding that are dedicated to capital program expenditures in the region: federal, RTA, local, and bonds. In the RTA’s ten-year plan, \$486 million in federal formula capital grants are expected to be made available to the RTA in 2015. By 2024, available funds are planned to increase to \$612.1 million, reflecting recent legislative action and associated anticipated trends. Estimated local funds total \$120.0 million between the years 2015 and 2024. These local funds consist of Metra’s allocation to capital programs from farebox revenues each year, capital funding provided to the region by local communities, and other Service Board funds.

In November 2014, the Capital Asset Condition Assessment Report placed the region’s total capital backlog at \$19.5 billion, normal replacement needs at \$11 billion and rehabilitations and capital maintenance at \$5.6 billion, for a total of \$36.1 billion. The total available funds in 2015 for capital projects are approximately \$1.3 billion. This amount is the total available after the allocation of \$134.2 million for debt service on CTA bonds. The annual replacement, rehabilitation and maintenance need to keep the system from falling further behind in the achievement of a State of Good

EXHIBIT 8-10: CAPITAL PROGRAM FUNDS AVAILABLE (IN MILLIONS)



Repair (SGR) is \$1.6 billion. This amount does not address the existing backlog. It is approximately \$300 million more per year than is projected to be available in 2015. Over a ten-year period, if capital program funds remained at the \$1.3 billion level, the region would experience approximately \$3 billion in shortfall of capital funding for ongoing capital investment; this is in addition to the \$19.5 billion capital backlog.

CAPITAL FUNDING VS. ANNUAL INVESTMENT NEED

As Exhibit 8-10 shows, 2015 funding is nearing the annual investment need, but from 2016 to 2024 the region's projected capital funding falls far below the region's annual investment requirement. Including the RTA and the Service Boards' combined planned issuances of bonds in the 2015 – 2019 capital program, capital funding is sufficient to pay for only 25% to 50% of the annual replacement need.

Lack of funding for capital improvements is further exacerbated by the region's aging vehicle fleet. As the average life of a region's fleet increases, the fleet's operating and maintenance costs increase as well. Conversely, if the average age of a fleet decreases because of capital spending, one can also expect to see significant savings in operating and maintenance expenses. If the region fails to meet both vehicular and non-vehicular capital annual replacement needs, operating and maintenance costs will continue to rise, making it difficult to continue to provide service at current levels.

Impact of Capital Expenditures

The RTA has developed a Capital Optimization Support Tool (COST) that takes into consideration five factors in analyzing capital assets and developing priority rankings for a project in the capital program. These factors are asset condition, safety, reliability, ridership, and operating and maintenance costs. Under the funding constraints developed through the capital programming process, the Service Boards use the COST model to assist in determining the highest priority projects to

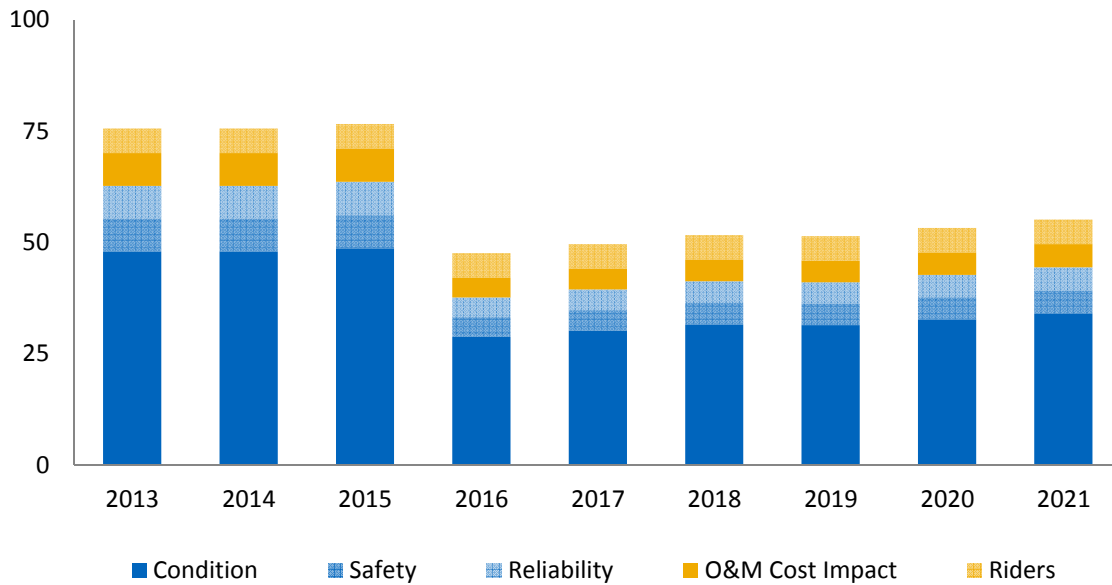
include in their capital program. The model does not provide actual estimates of the operating cost impact of specific capital projects, but it provides a score value of one to five based on whether the impact is low (1) or high (5). The level of impact is based on asset curves that estimate changes in operating and maintenance costs as assets age, thus increasing the operating savings if the asset is replaced.

Exhibit 8-11 shows the relative impact of the five different factors for a capital project of replacing CTA heavy rail vehicles. A composite score is developed and converted to a 1 to 100 scale. As can be seen, the operating and maintenance costs decrease after the investment is implemented in 2016. Replacing these new cars would no longer be rated as a high priority by the model.

CTA

The proposed 2015 Capital Program for CTA totals \$1.15 billion. This amount includes required debt service of \$139.7 million. Remaining funds are divided among the following components: \$91.3 million for bus projects; \$627.9 million for rail projects; and, \$32.4 million for electrical, signal and communications and support costs. The capital program provides for the overhaul and replacement of aging rail cars and buses in 2015, investments that are expected to generate benefits in the form of improved service reliability, improved rider comfort and reduced maintenance and operating costs. With the purchase of 714 new modern rail cars replacing 650 over-aged cars by mid-2015, CTA expects substantial annual cost savings in material and power expenses ranging from \$8 to \$10 million annually. Similarly, continued investments in track, rail structures, and rehabilitation of rail stations and facilities will help mitigate slow-zone restrictions leading to reductions of both rider travel time and rail operating costs while improving the customer experience.

EXHIBIT 8-11 PRIORITY SCORES FOR INVESTMENT OF CTA RAIL CARS



Metra

The proposed 2015 Capital Program for Metra totals \$327.5 million. This amount includes \$92 million for rolling stock; \$36.9 million for track and structure; \$131.6 million for electrical, signal and communications; \$44.6 million for support facilities and equipment; \$5.9 million for stations and passenger facilities; and, \$16.5 million for miscellaneous, contingencies and administration. These projects will reduce maintenance costs, improve service reliability, system safety, and on-time performance, and increase customer satisfaction. Metra is projecting higher expenses for motive electricity for 2015 through 2017 related to higher energy usage by the more powerful motors of the new Metra Electric fleet.

Pace

The proposed 2015 Capital Program for Pace Suburban Service totals \$68.7 million. This amount includes \$41.3 million for rolling stock; \$25.2 million for support facilities and equipment; \$1.2 million for stations and passenger facilities; and \$1.0 million for miscellaneous, contingencies and administration. Pace plans to continue the replacement of fixed-route buses in

2015. This will lower the average age of their bus fleet, thereby reducing annual operating expenses. The expected benefits of these projects include maintaining on-time performance, reducing maintenance costs, improving service reliability, reducing fuel consumption, and increasing customer satisfaction while continually enhancing system-wide safety. In addition, the design and construction of the I-90 Market Expansion project and Milwaukee Avenue ART infrastructure projects will lead to the expansion of service and increased maintenance costs associated with the operation of the infrastructure.

Note that the Service Board’s proposed allocation of investment funds as presented above was found to be consistent with the mix of investment allocations identified by RTA’s Capital Optimization Support Tool. The RTA continues to work cooperatively with the Service Boards to identify the impact of capital expenditures on their operating budgets as it attempts to mitigate the effects of the region’s aging transit infrastructure and meet its annual replacement needs.

9 APPENDICES

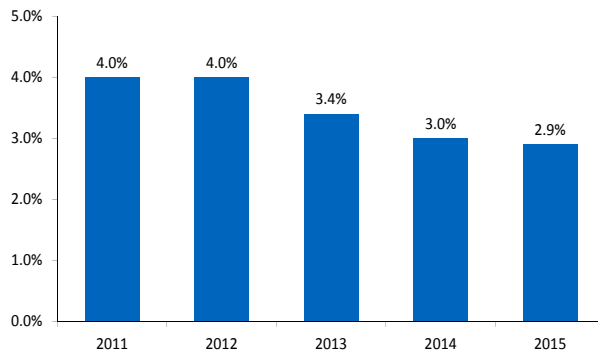


SUPPLEMENTAL DATA

National Economic Projections

The Gross Domestic Product (GDP) is the value of the output of goods and services produced by labor and property located in the United States. Exhibit 9-1 highlights the annual real GDP growth from 2011 through 2015 (projected). GDP experienced significant positive growth in 2011 and 2012, increasing by 4% in both years, as the economy bounced back from the recession. Since then, growth has slowed to a more sustainable rate of around 3% which is indicative of a more stable economy. The Congressional Budget Office (CBO) expects GDP to grow by 2.9% in 2015.

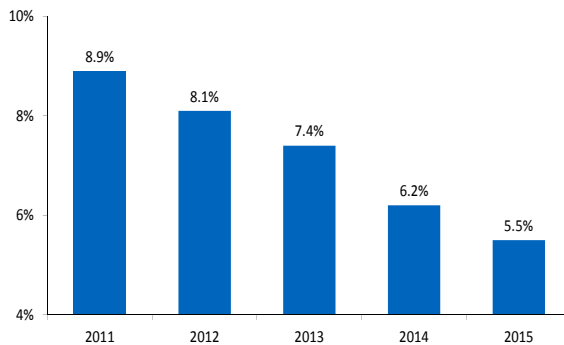
EXHIBIT 9-1: U.S. REAL GROSS DOMESTIC PRODUCT (PERCENT CHANGE)



Source: U.S. Department of Commerce

Exhibit 9-2 shows the U.S. annual unemployment rate from 2011 through 2015 (projected). The unemployment rate has steadily declined each year since the recession and is expected to decrease to 5.5% in 2015, which signifies a return to pre-recession unemployment levels.

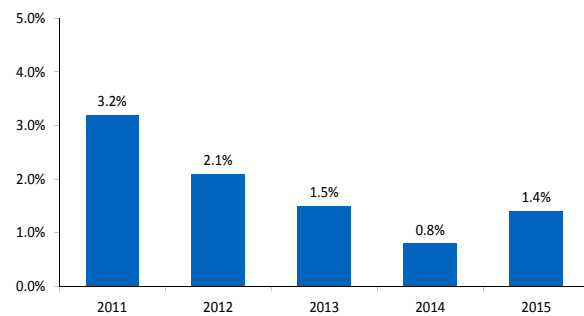
EXHIBIT 9-2: U.S. UNEMPLOYMENT RATE



U.S. Department of Labor

Exhibit 9-3 shows the annual growth of the U.S. Consumer Price Index (CPI) from 2011 to 2015 (projected). CPI is a measure of the average change in the price of goods and services over time. Following two years of negative growth, CPI growth spiked to 3.2% in 2011, as the economy recovered and consumer demand increased. Since then, CPI growth has slowed and remained relatively stable. CPI growth in 2014 was lower than expected due to falling energy and gas prices in the fourth quarter of the year. Still, the CBO projects CPI to increase by 1.4% in 2015, which indicates a steady level of inflation.

EXHIBIT 9-3: U.S. CONSUMER PRICE INDEX (PERCENT CHANGE)



Source: U.S. Department of Commerce

RTA Region

The following sections summarize population and employment trends in the six-county RTA region. These trends have a significant impact on public transportation ridership, as well as sales tax revenue.

POPULATION

The population of the RTA region grew by 0.7% between 2004 and 2013 (Exhibit 9-4). Population growth in the RTA region grew at a slower pace than the overall population of the United States, which increased by 8.0% during this period.

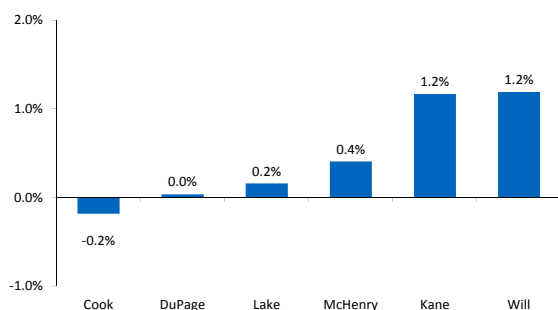
EXHIBIT 9-4: POPULATION BY COUNTY (IN THOUSANDS)

	2004	2013	% Change
Cook	5,328	5,241	-1.6%
DuPage	929	932	0.3%
Lake	693	703	1.4%
McHenry	296	307	3.7%
Kane	472	524	11.0%
Will	614	683	11.2%
Total	8,332	8,390	0.7%

Source: U.S. Census Bureau

Exhibit 9-5 illustrates the annualized population growth rates for each of the region’s six counties between 2004 and 2013. During the 10-year period, the population of the entire RTA region grew at an annual rate of 0.1%. Kane and Will Counties experienced the greatest growth, with population in both counties increasing at an annual rate of 1.2%. In contrast, Cook County experienced population decline at an annual rate of 0.2%.

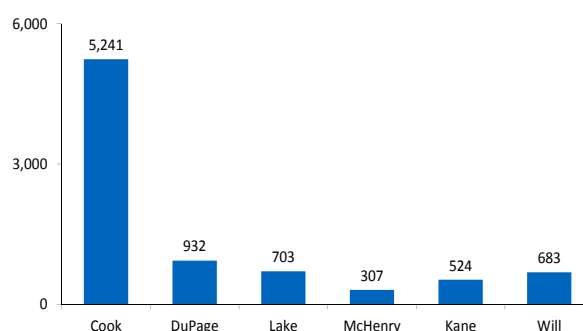
EXHIBIT 9-5: RTA REGION ANNUALIZED POPULATION GROWTH RATES BY COUNTY, 2004-2013



Source: U.S. Census Bureau

Population distribution by county is illustrated in Exhibit 9-6. In 2013, Cook County accounted for 62.5% of the 8.4 million people living in the RTA region. DuPage County’s population comprised 11.1% of the region’s population, followed by Lake County (8.4%), Will County (8.1%), Kane County (6.2%), and McHenry County (3.7%).

EXHIBIT 9-6: RTA REGION 2013 POPULATION DISTRIBUTION BY COUNTY (IN THOUSANDS)



Source: U.S. Census Bureau

EMPLOYMENT

Every county in the RTA’s region experienced positive labor force growth between 2004 and 2013. Will and Kane counties experienced the greatest growth, with their respective labor forces increasing by 1.5% and 1.4% on an annualized basis during this period. Overall, the region’s total labor force increased from 4.2 million in 2004 to 4.3 million in 2013, representing annual growth of 0.4% (Exhibit 9-7).

EXHIBIT 9-7: LABOR FORCE BY COUNTY (IN THOUSANDS)

	2004	% of Total	2013	% of Total
Cook	2,588	61.8	2,615	60.4
DuPage	518	12.4	530	12.2
Kane	246	5.9	280	6.5
Lake	345	8.2	359	8.3
McHenry	164	3.9	175	4.0
Will	325	7.8	371	8.6
Total	4,186	100.0	4,330	100

Source: Illinois Department of Employment Security

Trends in employment by economic sector in the RTA region are illustrated in Exhibit 9-8. Overall, employment declined by 1.9% between 2004 and 2013 for the non-farm industries shown. The Mining & Logging, Construction, Durable Goods, and Manufacturing sectors experienced the greatest losses between 2004 and 2013, while the Education & Health Services, Leisure & Hospitality Services, and Professional & Business

EXHIBIT 9-8: REGIONAL EMPLOYMENT DISTRIBUTION BY INDUSTRY (IN THOUSANDS)

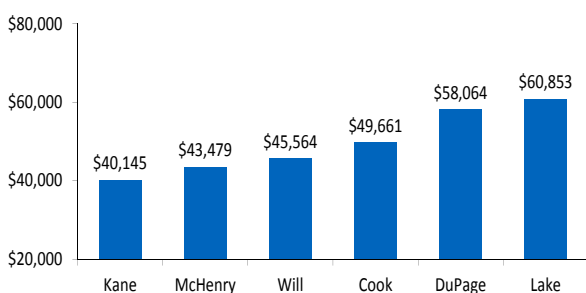
	2004	% of total	2013	% of total
Mining & Logging	1.8	0.0	1.2	0.0
Construction	174.0	3.6	125.6	2.7
Durable Goods	232.3	4.9	180.6	3.9
Manufacturing	395.9	8.3	313.7	6.7
Non-durable Goods	163.6	3.4	133.0	2.8
Financial Activities	295.1	6.2	256.5	5.5
Information	84.8	1.8	74.1	1.6
Retail Trade	383.7	8.0	366.0	7.8
Government	474.7	9.9	465.2	9.9
Other Services	170.6	3.6	167.2	3.6
Trade, Transportation, & Utilities	770.8	16.1	757.3	16.1
Wholesale Trade	208.5	4.4	208.4	4.4
Professional & Business Services	622.4	13.0	691.8	14.8
Leisure & Hospitality Services	322.5	6.7	358.9	7.7
Education & Health Services	478.7	10.0	590.0	12.6
Total	4,779.4	100.0	4,689.5	100.0

Source: U.S. Department of Labor

Services sectors experienced the greatest employment gains during the period.

In 2013, Trade, Transportation, & Utilities (16.1%), Professional & Business Services (14.8%), Education & Health Services (12.6%), and Government (9.9%) made up the largest share of employment in all industries.

The RTA region has experienced steady growth in per capita personal income. Will, Cook, DuPage, and Lake Counties recorded per capita personal income higher than the U.S. average in 2013. Lake and DuPage had the highest levels of per capita personal income in the six-county region in 2013, while Kane and McHenry had the lowest (Exhibit 9-9).

EXHIBIT 9-9: PER CAPITA PERSONAL INCOME BY COUNTY - 2013


Source: U.S. Department of Commerce, Bureau of Economic Analysis

Unemployment in Illinois and the RTA region dropped significantly in 2014. The state-wide unemployment rate decreased by 2.4 percentage points to 6.2%, on par with the national unemployment rate after lagging behind it by nearly 2.0 percentage points in 2013.

In the RTA region, unemployment declined in each of the six counties in 2014. Cook County experienced the greatest improvement to its unemployment situation, with the rate decreasing by 3.0 percentage points to 5.6%. DuPage recorded the lowest unemployment in the region at 4.2%. Each of the six counties recorded unemployment rates below that of the state and national averages (Exhibit 9-10).

EXHIBIT 9-10: UNEMPLOYMENT RATES 2011-2014

	2011	2012	2013	2014
United States	8.9%	8.1%	6.7%	6.2%
Illinois	9.7%	8.9%	8.6%	6.2%
RTA Counties				
Cook	10.4%	9.3%	8.6%	5.6%
DuPage	8.0%	7.3%	6.6%	4.2%
Kane	9.9%	8.8%	8.3%	5.5%
Lake	9.4%	8.7%	9.0%	6.2%
McHenry	9.4%	8.4%	7.4%	5.1%
Will	10.1%	9.0%	8.4%	5.5%

EXHIBIT 9-11: SALES TAX COLLECTIONS BY COUNTY (IN MILLIONS)

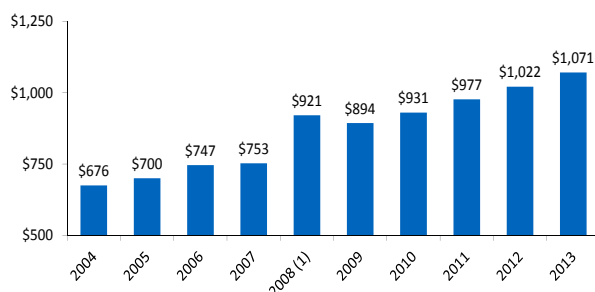
	2004	2005	2006	2007	2008 ¹	2009	2010	2011	2012	2013
Cook County										
Chicago	205	214	231	237	272	268	278	296	313	328
Suburban Cook	364	373	396	395	447	419	438	454	474	498
Total Cook	\$569	\$587	\$627	\$632	\$720	\$686	\$716	\$750	\$787	\$826
Collar Counties										
DuPage	43	44	47	47	77	79	82	86	89	94
Kane	14	15	16	16	26	27	28	30	31	32
Lake	26	27	29	29	48	50	51	53	56	58
McHenry	8	9	9	9	16	17	17	18	18	19
Will	15	17	19	20	34	35	37	40	41	43
Total Collar	\$106	\$113	\$120	\$121	\$202	\$208	\$215	\$227	\$235	\$245
Total RTA Region	\$676	\$700	\$747	\$753	\$921	\$894	\$931	\$977	\$1,022	\$1,071
Percent Change	3.2%	3.7%	6.6%	0.8%	22.4%	(3.0%)	4.1%	4.9%	4.6%	4.8%

¹ In April 2008 legislation was enacted that modified and increased the percentage of sales tax collected in the region.

SALES TAX TRENDS

2008 legislation increased the RTA sales tax from the equivalent of 1% on retail sales in Cook County and 0.25% on retail sales in the collar counties to the equivalent of 1.25% on retail sales in Cook County and 0.5% on retail sales in the collar counties. As a result, sales tax collections grew from \$676 million in 2004 to over \$1 billion in 2013, with the greatest year-over-year percent growth occurring in 2008 as a direct result of the RTA’s increased taxing capacity. Sales tax was negatively impacted in 2009 by the economic recession—and subsequent reduction in consumer spending power—and the RTA saw its sales tax collections decrease by 3.0%. Sales tax collections rebounded strongly in 2010 and have shown greater than 4% growth in each year since (Exhibits 9-11 and 9-12).

EXHIBIT 9-12: RTA SALES TAX COLLECTIONS 2004-2013 (IN MILLIONS)



RIDERSHIP TRENDS

RTA system ridership increased at an annualized rate of 0.7% during the 10-year period from 2005 to 2014. CTA averaged 0.6% ridership growth per year during this period while Metra and Pace (Suburban Service and ADA Paratransit) both averaged about 1% ridership growth per year.

Regional ridership of 666 million unlinked passenger trips in 2012 was the highest system ridership achieved since 1990 (Exhibits 9-13 and 9-14). Ridership declined in 2013 as a result of fare increases and a 6-month partial closure of the CTA Red Line, CTA’s highest ridership rail line. Projected ridership results for 2014 indicate system ridership further declined by 1.5% to 641.9 million trips, due to extreme winter weather in the first quarter of the year, falling gas prices, and the growing popularity of alternative transportation options like the Divvy bike share program and the Uber taxi service. However, ridership is expected to increase by 0.5% in 2015 to 645.3 million trips.

EXHIBIT 9-13: SERVICE BOARD RIDERSHIP (IN MILLIONS)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CTA Bus	305.5	299.6	309.3	328.2	318.7	306.0	310.4	314.4	300.1	284.0
CTA Rail ¹	186.8	195.2	190.3	198.1	202.6	210.8	221.6	231.1	229.1	234.9
Total CTA ²	492.3	494.8	499.5	526.3	521.3	516.8	532.0	545.5	529.2	518.9
Metra	76.1	79.9	83.3	86.8	82.3	81.4	82.7	81.3	82.3	83.3
Pace ³	36.9	38.0	39.2	40.5	35.1	35.1	37.1	39.2	39.9	39.7
Total RTA	605.3	612.7	622.0	653.6	638.7	633.3	651.8	666.0	651.4	641.9
% Increase	3.9%	1.2%	1.5%	5.1%	(2.3%)	(0.8%)	2.9%	2.2%	(2.2%)	(1.5%)

¹ CTA rail ridership includes rail-to-rail transfers.

² Prior to 2007, ADA Paratransit ridership is included in CTA Bus and Pace figures.

³ After 2007, ADA Paratransit ridership is included in Pace figures only.

EXHIBIT 9-14: RTA SYSTEM RIDERSHIP (IN MILLIONS)

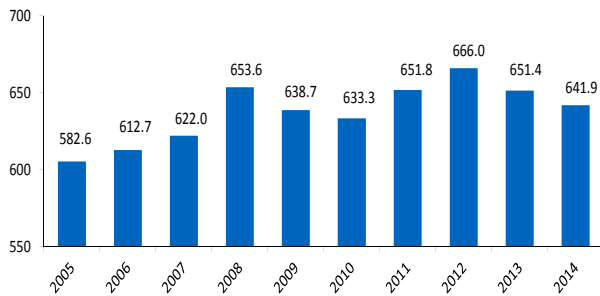


EXHIBIT 9-16: REGIONAL FUEL PRICES

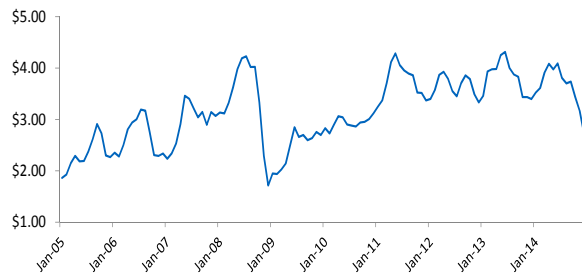
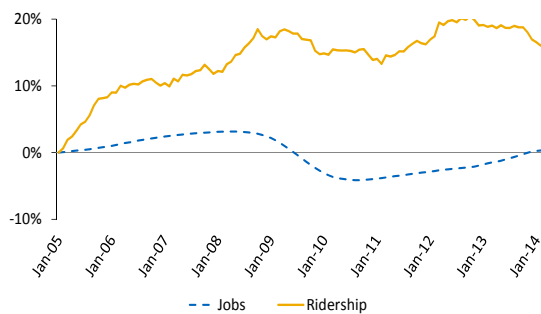


EXHIBIT 9-15: 12-MONTH MOVING AVERAGE - REGIONAL JOBS VERSUS REGIONAL RIDERSHIP (PERCENT CHANGE FROM 2005)



An analysis of the 12-month moving average number of jobs versus the 12-month moving average of ridership indicates that there is a strong positive correlation between ridership growth and job growth, as shown in Exhibit 9-15. Between January 2005 and January 2009,

ridership was increasing at a greater rate than jobs; however both continued to follow the same positive trend line. With the onset of the recession, job growth and ridership both declined. This decline in growth persisted until January 2011, when ridership and jobs both began to grow again.

The increasing cost of gas starting in 2007 (Exhibit 9-16) is one explanation for why ridership began growing at a higher rate than jobs during this period. Ridership and gas prices are also shown to be positively correlated. Potential riders are attracted to public transportation as increases in the cost of fuel make driving less economical. With gas prices falling in 2014, ridership also declined.

EXHIBIT 9-17: SERVICE BOARD OPERATING EXPENDITURES (IN MILLIONS)

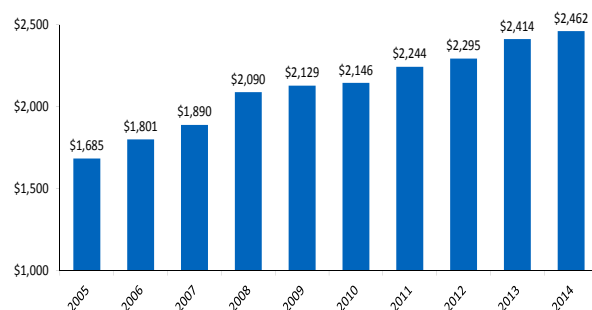
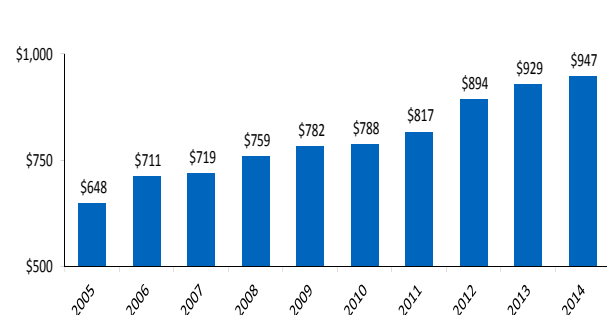
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CTA	1,021	1,076	1,094	1,214	1,262	1,239	1,292	1,292	1,366	1,386
Metra	504	525	548	595	577	616	644	676	704	708
Pace	160	199	163	172	174	176	180	190	196	207
Regional ADA Paratransit ¹			84	108	115	115	128	137	148	161
Total	\$1,685	\$1,801	\$1,890	\$2,090	\$2,129	\$2,146	\$2,244	\$2,295	\$2,414	\$2,462
% Change	8.6%	6.9%	4.9%	10.6%	1.9%	0.8%	4.6%	2.3%	5.2%	2.0%

¹ Prior to 2007, ADA Paratransit expenditures are included in CTA and Pace figures.

OTHER TRENDS

Service Board operating expenditures (Exhibits 9-17 and 9-18) show a steady increase each year from 2005 to 2014. Expenditures increased at a compound annual growth rate of 4.3% during this period.

Service Board farebox revenues increased at a compound annual growth rate of 4.3% between 2005 and 2014, due in part to recent fare increases (Exhibits 9-19 and 9-20).

EXHIBIT 9-18: RTA SYSTEM OPERATING EXPENDITURES (IN MILLIONS)

EXHIBIT 9-20: RTA SYSTEM FAREBOX REVENUE (IN MILLIONS)

EXHIBIT 9-19: SERVICE BOARD FAREBOX REVENUE (IN MILLIONS)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CTA	417	462	457	471	506	509	528	549	574	585
Metra	198	218	227	252	236	239	245	301	309	314
Pace	32	31	28	28	33	32	35	35	36	38
Regional ADA Paratransit ¹			6	7	7	8	9	9	10	10
Total	\$648	\$711	\$719	\$759	\$782	\$788	\$817	\$894	\$929	\$947
% Change	3.3%	9.8%	1.1%	5.5%	3.1%	0.7%	3.7%	9.4%	3.9%	1.9%

¹ Prior to 2007, ADA Paratransit farebox revenue is included in CTA and Pace figures.

Governance

The RTA was established in 1974 upon approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision, and Municipal Corporation of the State of Illinois.

As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services, as well as a planning and funding agency. However in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA. The reorganization placed all operating responsibilities with three Service Boards -- the Chicago Transit Authority (CTA) and two operating divisions of the RTA, a Commuter Rail Division (Metra) and a Suburban Bus Division (Pace) -- each with its own independent board of directors. These divisions conduct operations and purchase service from private carriers. The RTA became exclusively responsible for funding, financial oversight, and regional planning and programs.

The Service Boards operate within the RTA region, but are separate legal entities. The board of directors of each Service Board is completely independent of the RTA Board. The RTA Board does not control the selection or the appointment of any Service Board director or its management. Furthermore, directors of the CTA, Metra, and Pace are excluded from serving on more than one entity's board of directors, including that of the RTA.

The corporate authority and governing body of the RTA is the 16-member RTA Board of Directors. Fifteen directors are appointed from within the six-county region: five directors by the Mayor of the City of Chicago, one director by the president of the Cook County Board; four directors by the suburban members of the Cook County Board; and one director each from Du-Page, Kane, Lake, McHenry and Will Counties appointed by the Chairman or Executive of the County Board. The

chairman of the RTA Board, its 16th member, is elected by at least 12 of the 15 appointed members.

To administer the Agency's statutory requirements, the Board hires officers and staff. One of its officers, who must be approved by the Board, is the Executive Director. The Executive Director executes the Board's policy decisions and staffs the Agency to carry out its mission and goals.

The RTA Act sets forth detailed provisions for the allocation of funding by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole (apart from ADA Paratransit service) achieves an annual "system-generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of the operation of transportation services other than ADA Paratransit service. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required proportion of their proposed expenditures. By statute, the recovery ratio for ADA Paratransit service has been set at 10%. The RTA is responsible for monitoring the budgets and financial performance of the CTA, Metra, and Pace.

The Service Boards are considered fiscally independent of the RTA, but the RTA is mandated to review the budgets of the CTA, Metra, and Pace and ensure that their budgets meet the specified recovery ratios.

The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including ownership of assets, relations with federal and state transportation funding agencies, and the preparation of their operating budgets. They are also responsible for the purchase of services and approval of contracts relating to their operations.

CTA, Metra, and Pace provide services to different geographic areas within the six-county region. CTA provides rail and bus service to the City of Chicago and 35 nearby suburbs within Cook County. Metra provides

transit service to the six-county area, with the majority of its customers residing in the suburbs and commuting to the City of Chicago. Pace's primary service area for bus, dial-a-ride, and vanpool service is the suburbs of the six-county region, with some service to areas within the City of Chicago. Pace is also responsible for region-wide ADA Paratransit service.

The RTA Act establishes the RTA as the primary public body with authority to apply for and receive grants, loans, and other funds from the state or the federal government for public transportation programs in Cook, DuPage, Kane, Lake, McHenry and Will counties ("Northeastern Illinois"). The RTA is responsible for the allocation of certain federal, state and local funds to finance both the operating and capital needs of public transit in the six-county region.

The Act confers upon the RTA Board powers to prescribe regulations requiring that the Service Boards submit to the RTA such information as the RTA may require. The Board has statutory authority to establish by rule or regulation financial, budgetary, or fiscal requirements for the system.

In addition to its annual operating budget and financial plan responsibilities, each year the RTA is required to prepare and adopt a five-year capital program. The RTA also conducts market research and coordinates planning for public transportation in Northeastern Illinois. RTA funds the development of new types of service, both in the suburbs and in the City of Chicago, on a demonstration basis.

The 2008 legislation, which broadened the responsibilities of the RTA, called for the development and continued review of a region-wide strategic plan. As part of the strategic plan the RTA, in conjunction with the Service Boards, develops a ten-year prospective analysis of the region's financial condition.

Financial Policies

OPERATIONS FUNDING

Ordinance 91-9 (the "Fund to Budget" Policy) required that the RTA provide operating funds to each Service Board equivalent to its budgeted deficit for the year. In the event that a Service Board's public funding receipts proved to be lower than budget, the RTA would allocate a portion of its fund balance to make up the difference. This policy encouraged cost efficiencies by the Service Boards and allowed them to retain any budgeted funds that were not expended. Such funds are generally referred to as a positive budget variance (PBV), and pursuant to Ordinance 91-9 must be used for capital purposes, unless a specific exception was provided by the RTA Board.

However, depletion of the RTA's fund balance during the economic downturn has prevented the RTA from building an adequate fund balance such that it could provide additional funding to the Service Boards should revenues decline below estimated levels. As a result, the fund-to-budget policy was waived in 2009 and has been waived for each budget year since. With the fund to budget policy waived, the current policy in place ("Fund to Actuals") allocates sales tax receipts and their corresponding state match in accordance with the statutory funding formula and non-statutory funds in accordance with the proportional shares provided in the budget. Under this policy, positive budget variances experienced by the Service Boards are still dedicated for capital purposes unless a specific exception is granted by the RTA Board.

FUND BALANCE

In 1998 the RTA Board adopted Ordinance 98-15, establishing a minimum level for the unreserved and undesignated (or "unassigned") fund balance. The ordinance affirms that the annual budget adopted by the RTA each year will reflect a year-end unreserved and undesignated fund balance of its general fund equal to or greater than 5% of the RTA's total operating expendi-

tures for that year. If actual sales tax receipts or other RTA revenue falls short of the amounts reflected in the annual budget, then the next year's annual budget and two-year financial plan will provide for the replacement of any shortfall in the unreserved and undesignated balance of the RTA general fund, by no later than the end of the three-year planning period.

The RTA established this policy to maintain financial stability in order to carry out the RTA's legislative mandates to plan, fund, and oversee public transportation in the region. The purpose of the ordinance was to formalize a practice of maintaining a level of financial resources available for funding during unfavorable economic periods. However, the fund balance policy has been waived every year since 2009, except in 2011.

Since all available 2015 non-statutory funding is being allocated to the Service Boards for operating purposes, the RTA fund balance is forecast to decrease by the \$6 million allocation to Metra in 2015 and end the year at \$11.1 million, or 0.7% of operating expenditures, where it is projected to remain through 2017. Each Service Board will be responsible for maintaining its own fund balance to handle unforeseen funding shortfalls. The 2015-2019 funding amounts ordinance called for the engagement of an independent public auditor to make recommendations regarding an RTA fund balance policy, including the appropriate level of reserves to be maintained at each Service Board.

CAPITAL EXPENDITURES

The RTA Five-Year Capital Program is adopted by the RTA Board after an affirmative vote of at least 12 RTA directors, after consultation with the Service Boards, and after holding a minimum of three public hearings in Cook County and one public hearing in each of the other counties in the metropolitan region. Preparation of the RTA's capital program is guided by the following policies found in the RTA Act:

A five-year program for capital improvements is updated annually. Each capital improvement to be

undertaken by or on behalf of a Service Board should meet the criteria set in the Strategic Plan and be consistent with any sub-regional or corridor plan adopted by the RTA.

In reviewing proposals for improvements to be included in a Five-Year Capital Program, the RTA may give priority to improvements that are intended to bring public transportation facilities into a State of Good Repair (SGR).

The Five-Year Capital Program shall also identify capital improvements to be undertaken by a Service Board, a transportation agency, or a unit of local government and funded by the Authority from amounts in the Innovation, Coordination, and Enhancement Fund.

At times, shortfalls in transit operating funding necessitated the transfer of federal capital funds to cover operating costs. The RTA Board, having found such transfers unsustainable over the long term and given the need to maintain the existing system and bring it towards a State of Good Repair, passed Ordinance 2007-48 establishing a financial policy that disallowed the transfer of capital funds to operations. Under this ordinance, federal capital funds should not be used by a Service Board to fund operating expenses unless the RTA Board determined (based on adequate information supplied by the Service Board) that such use would not have a materially adverse impact on the State of Good Repair of the Service Board's capital assets. The RTA Board, having been provided sufficient information and having identified a sufficient need to transfer funds from capital to operations, allowed the Service Boards to transfer funds from capital to operations in every year from 2009 to 2011. The 2012 and subsequent years' budgets have each excluded the transfer of capital funds to operations.

FIXED ASSETS

As part of its accounting policies, the RTA sets a fixed asset capitalization threshold of no less than \$5,000 for any capital item(s). Capital assets are recorded at his-

torical cost (or fair market value at the time of donation, if donated) and have a useful life of at least two years following the date of acquisition. Any acquisitions during the year are considered acquired at the beginning of that year for the purpose of computing depreciation.

Description	Useful life
Furniture and Equipment	5 years
Computer Equipment	5 years
Leasehold improvements	Life of the lease

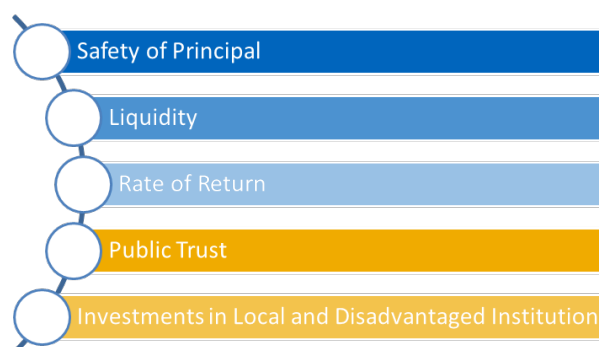
GENERAL OBLIGATION BONDS

Pursuant to the Note General Ordinance (Ordinance 85-39), adopted August 8, 1985, bonds should be payable from all revenue and all other funds received or held by the RTA that lawfully may be used for retiring the debt. Exceptions to this are amounts in the Joint Self-Insurance Fund (JSIF) and amounts required to be held or used with respect to separate ordinance obligations. The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State of Illinois. In addition, RTA Sales Tax must be 2.5 times greater than the debt service requirement. If RTA has not made the required monthly debt service payment, then the trustee is to deduct it from the receipts. If all payments have been made, the funds are made available to the RTA for regular use.

INVESTMENT

The RTA’s investment policy complies with Illinois law, addresses safety of principal, liquidity of funds, rate of return, public trust, and investments in local and disadvantaged institutions. It further permits investments and prescribes safekeeping, collateralization, and reporting requirements.

RTA policy encompasses the following objectives:



- **Safety of Principal** – Every investment will be made with safety of principal as the primary and overriding concern. Each investment transaction shall ensure that loss of capital, whether from credit or market risk, is minimized.
- **Liquidity** – Maturity and marketability aspects of investments should be coordinated with the anticipated cash flow needs of the RTA.
- **Rate of Return** – A secondary objective is to seek the highest return on investments consistent with preservation of principal and prudent investment principles.
- **Public Trust** – The RTA and its officers should avoid any investment transaction or practice which in appearance may impair public confidence in its stewardship of public funds.
- **Investments in Local and Disadvantaged Institutions** – Locally owned and disadvantaged business financial institutions contribute to economic development of the RTA service area. The RTA recognizes its interest in the vitality of the local economy by investing in local, minority, and female owned financial institutions.

The RTA’s investment policy was first modified in 2005 to exclude certain investments allowed for by Illinois law, but deemed too risky by RTA staff, and to increase the frequency of investment reporting to the RTA Board.

In 2013, the investment policy was further modified to allow the RTA to more fully invest and increase the agency's income by altering certain provisions related to commercial paper transactions. The provisions were altered to reflect current economic conditions but maintained investment standards that were more stringent than permitted by the Public Funds Investment Act.

PENSION FUNDING

By statute, the RTA, Metra, and Pace are required to contribute the amounts necessary to fund the benefits of their respective employees in the plan using the projected unit credit actuarial method. Employer contributions and the income it earns through investments are used to operate the Plan and to pay benefits. Assets are valued recognizing a portion of both realized and unrealized gains and losses in order to avoid wide swings in actuarially-determined funding requirements from year to year.

Budget Process

The RTA Act requires the RTA Board of Directors to approve an annual budget, a two-year financial plan, and a five-year capital program. The budget calendar (Exhibit 9-21) and statutory oversight and budget amendment requirements govern this process.

BUDGET CALENDAR

Every May the RTA issues its budget requirements to the Service Boards via the Business Plan Call. In early July, the RTA presents its preliminary funding estimates for the upcoming fiscal year to the Service Boards. The Service Boards use this estimate to begin developing their operating budgets and capital programs. By September 15th, the RTA must inform each Service Board how much funding will be available for the upcoming fiscal year and following two years. The RTA is also required to set the upcoming year's required recovery ratios at this time.

By November 15th, each Service Board must prepare and publish a comprehensive annual budget, a two-year financial plan, and a five-year capital program. Proposed budgets and financial plans are based on RTA funding estimates and must meet all requirements established by the Authority. Before submitting the budget to the RTA, each Service Board must hold at least one public hearing in each of the counties in which it provides service and must hold at least one meeting with the affiliated county boards. After considering the comments from these meetings, each Service Board must formally adopt its budget prior to submitting it to the RTA on November 15th. The RTA Act stipulates that the Service Boards cannot project or assume public funding greater than what is set in the estimates provided by the RTA.

PUBLIC HEARINGS

Section 4.01 of the RTA Act directs the RTA to hold public hearings on its annual consolidated budget and financial plan prior to Board consideration of the ordinance adopting the budget and plan. The Service Boards are also required by law to hold public hearings on their proposed budgets and financial plans. The RTA held eight public hearings in conjunction with Metra in November—one in each of the five collar counties, two in suburban Cook County, and one at Metra's headquarters in Chicago. The RTA also held its final public hearing at RTA headquarters in Chicago in early December. These hearings provided a unified presentation of the region's transit system and 2015 consolidated budget. Pace held 13 hearings in October: four in the City of Chicago (North, West, South, Southwest), four in suburban Cook (North, West, South, Southwest), and one each in Lake, Will, DuPage, Kane and McHenry counties. CTA held one public hearing in December at CTA headquarters. In addition to public hearings, the RTA and Service Boards participated in six County Board meetings. The hearings were publicized in press releases issued to the media, paid ads in newspapers across the region, and through the RTA's Facebook page and InTransit newsletter. Public hearing information was also posted

EXHIBIT 9-21: 2015 BUSINESS PLAN CALENDAR

Date	Requirements
2014	
21-May	Business Plan Call Released: RTA releases the requirements that the Service Boards use to develop the 2015 Business Plan, which includes the Annual Budget, Two-Year (2016-2017) Financial Plan, and Five-Year (2015-2019) Capital Program. The 2015 Business Plan Call focuses on ensuring that the RTA has sufficient information to adequately evaluate the Service Boards' budgets, coordinate resource allocation, and ultimately recommend adoption of the consolidated regional budget. RTA Board action required.
1-Jun	Preliminary Federal Funding: Preliminary federal funds for region as whole posted on RTA website.
6-Jun	Capital Program Process Presentation: RTA presents Capital Program Development Process before Chicago Metropolitan Agency for Planning (CMAP) Transportation Committee.
2-Jul	Preparatory Marks Released: The RTA provides preliminary estimates to each of the Service Boards which include: the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years for each Service Board, the budgetary recovery ratio for the upcoming year for each Service Board, and the preliminary capital program amounts for the upcoming five years.
July	Preparatory Marks Working Session(s): RTA Staff will convene with the Service Boards to advance the baseline estimates established in the Preparatory Marks.
25-Jul	Preliminary Capital Funding Marks: Service Boards submit estimates of capital funds to be used in support of their capital programs including federal, state, local and bond proceeds.
1-Aug	Preliminary Capital Funding Marks Released: Preliminary Capital funding marks released and posted on RTA website.
20-Aug	Marks Presentation and Adoption: RTA presents the funding levels and recovery ratios to be used by each Service Board in developing their operating budget, financial plan, and capital program. RTA Board votes to adopt. If adopted, posted on RTA website, otherwise deferred to September Board meeting.
15-Sep	Statutorily Required Date for Marks Adoption: RTA Board Meeting held on September 12th will consider marks adoption, if not adopted at August meeting. The Service Boards and RTA will also exchange language and requirements for noticing of public hearings at this time.
15-Sep	Marks Posted on RTA Website: Adopted marks posted on RTA website for public review.
30-Sep	Service Board Proposed Business Plan Submittal and Public Hearing Schedule: Service Boards provide their proposed Business Plan and information requirements to the RTA. If proposed Business Plan is not complete, a draft Business Plan should be provided that includes all available information and estimates of unavailable information. The Service Boards also provide a proposed public hearing schedule at this time. If dates are not final, provide a proposed time frame in which public hearings will be conducted.
Mid October	Consolidated Business Plan Release: RTA releases a consolidated proposed budget, financial plan, and capital program and posts it to the RTA website five days prior to the first scheduled public hearing. Service Boards release their proposed Business Plan to the public.
Oct - Nov	Preliminary Service Board and RTA Business Plan Presentations: The Service Boards and RTA hold public hearings on their proposed Budget, Two-Year Financial Plan, and Five-Year Capital Programs, and present these proposals to the Counties in the region.
15-Nov	Service Board Adopted Business Plan Submissions: Service Board Budgets, Two-year Financial Plans, and Five-Year Capital Program proposals are formally adopted by their Board's and submitted to the RTA no later than November 15.
4-Dec	RTA Finance Committee Review: Service Boards present final Business Plan to the RTA Board Finance Committee and discuss critical issues and key assumptions of budgets, financial plans, and capital programs during a special meeting.
Early December	Final RTA Public Hearing: RTA staff prepares consolidated Budgets, Two-Year Financial Plans, and Five-Year Capital Programs for public review and comment.
17-Dec	2015 Business Plan Adoption: RTA Board votes to approve the Budget and Financial Plan and adopt the Five-Year Capital Program.
1-Mar-15	Regional Input on Capital Program Development: Service Boards present overview of Capital Programs before Chicago Metropolitan Agency for Planning (CMAP) Transportation Committee and invite input regarding development of next year's program.
31-Mar-15	Ten-Year Financial Plan: The RTA produces a consolidated ten-year financial plan based on the adopted 2015 Business Plan. The Service Boards and RTA work collaboratively to produce a coordinated, regional financial plan.

on the websites of the RTA and the Service Boards. The hearing schedules are detailed in Exhibit 9-22.

At these hearings, the RTA and Service Boards briefed the public on the proposed 2015 Budget, the proposed 2015-2019 Program of Capital Projects, and any proposed service or fare policy changes. Presenters included RTA and Service Board senior management as well as members of their respective Boards. On the whole, the public response to the Service Board budgets was positive. The CTA hearing was well-attended, with supportive comments heard regarding the 2015 budget. Many riders voiced opinions encouraging the reinstatement of route #11, which was shortened in December 2012. Roughly fifty public commenters spoke at the Metra/RTA joint hearings, with many expressing supportive statements about the fare increase; however, those who did voice complaints felt strongly that specific service improvements (e.g., better reliability, employee training) should coincide with increased fares. Most commenters were supportive of the plan to improve the rolling stock fleet. At Pace's series of thirteen public hearings, many commenters expressed support of the overall budget. Complaints were largely focused on Ventra availability, Bus Tracker reliability, and dispatch and driver issues. Court reporters were present to take testimony at all public hearings. Transcripts are on file with the RTA.

In addition to the hearings, the proposed budget documents were posted on the RTA and Service Board websites.

After conducting these hearings and taking comments under consideration, the RTA Board adopts (with 12 votes) a budget that meets all statutory criteria. If the RTA finds that a Service Board budget does not meet the criteria set forth under the Act, the Service Board must submit a revised budget that satisfies all requirements for a budget and financial plan prior to adoption. The RTA Board voted to approve the 2015 regional transit system budget at its December 17th, 2014 meeting. The 2015 budget ordinance and schedules are included as Exhibit 9-23.

STATUTORY REQUIREMENTS

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. These seven criteria are as follows:

Balanced Budget

Such budget and plan shall show a balance between (a) anticipated revenue from all sources, including operating subsidies, and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.

Cash Flow

Such budget and plan shall show cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenditures as incurred.

Recovery Ratio

Such budget and plan shall provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of such Service Board which allow the Service Board to meet its required recovery ratio. The combined revenue from RTA operations should cover at least 50% of the system operating costs. ADA Paratransit service revenues should cover at least 10% of the operating costs.

Assumptions

Such budget and plan are based upon and use assumptions and projections which are reasonable and prudent.

Financial Practices

Such budget and plan shall be prepared in accordance with sound financial practices as determined by the RTA Board.

Strategic Plan

Such budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

Other Requirements

Such budget and plan shall meet such other financial, budgetary, or fiscal requirements that the RTA Board may by rule or regulation establish.

OVERSIGHT

After adoption of the operating budget, the RTA Board has continuing oversight responsibility concerning the budget and the financial condition of each Service Board and the region as a whole. The RTA monitors the budgetary and operations performance of the Service Boards on a monthly basis to ensure compliance with their budgets and recovery ratios. On a quarterly basis, the following oversight is conducted:

After the end of each fiscal quarter, each Service Board must report to the RTA “its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction” for that quarter. If in compliance, the RTA Board so states and approves each Service Board’s compliance by adopted resolution.

If “in the judgment of the Board” these results are not substantially in accordance with the Service Board’s budget for that period, “the Board shall so advise the Service Board” and it “shall, within the period specified by the Board, submit a revised budget incorporating such results.”

Once a Service Board submits the revised budget plan, the RTA must determine if it meets the seven statutory budget criteria necessary to pass an annual budget. If not, the RTA does not release any funding to the Service Board(s) except for the statutory allocation of taxes.

If a Service Board submits a revised budget and plan which shows that the statutory budget criteria will be met “within a four quarter period,” the RTA “shall continue to release funds to the Service Board.” The RTA may require the Service Board to submit a revised budget and plan that shows that the budget criteria “will be met in a time period less than four quarters.”

AMENDMENT

When prudent, the operating budget is amended. This can be due to shifts in the economic climate, governmental funding programs, or new projects. Depending on the type of request, the proposed amendment may be presented to one or more of the RTA Board Committees for approval. However, the Board’s Finance Committee must approve all proposed amendments before they are recommended to the RTA Board. The RTA Board ultimately approves or disapproves all proposals. If approved, the RTA and Service Board budgets are amended to include all changes and actual results are then monitored against the amended budget.

EXHIBIT 9-22: PUBLIC HEARING SCHEDULE

Pace

Cook County (North) – Wednesday, October 22nd

4:00 - 6:00 pm
 Pace Headquarters, Board Room
 550 W. Algonquin Rd., Arlington Heights, IL

DuPage County - Tuesday, October 21st

4:00 - 6:00 pm
 DuPage County Government Center, Auditorium
 421 N. County Farm Road, Wheaton, IL

McHenry County - Thursday, October 23rd

4:30 – 6:30 pm
 Crystal Lake Municipal Complex, Council Chambers
 100 W. Woodstock St., Crystal Lake, IL

Cook County (Chicago - West) - Thursday, October 23rd

2:00 - 4:00 pm
 Garfield Park Conservatory, Community Room
 300 N. Central Park Ave., Chicago, IL

Cook County (Southwest) - Tuesday, October 28th

4:00 - 6:00 pm
 Worth Village Hall, Board Room
 7112 W. 111th St., Worth, IL

Cook County (North) – Monday, October 20th

11:00 am - 1:00 pm
 Sulzer Regional Library
 4555 N. Lincoln, Chicago, IL

Kane County - Monday, October 27th

4:00 - 6:00 pm
 Kane County Government Center Auditorium
 719 S. Batavia Ave., Geneva, IL

Lake County - Thursday, October 30th

4:00 – 6:00 pm
 Waukegan Public Library, Bradbury Room
 128 N. County St., Waukegan, IL

Will County - Tuesday, October 21st

3:00 - 5:00 pm
 Joliet Public Library, Meeting Room B
 150 N. Ottawa St., Joliet, IL

Cook County (South) - Wednesday, October 22nd

4:00 - 6:00 pm
 Homewood Village Hall, Board Room
 2020 Chestnut Rd., Homewood, IL

Cook County (Chicago Southwest) - Monday, Oct. 27th

3:00 - 5:00 pm
 Arturo Velasquez Westside Technical Institute
 2800 S. Western Ave., Chicago, IL

Cook County (Chicago - South) - Monday, October 27th

6:00 - 8:00 pm
 Olive Harvey College Cafeteria
 10001 S. Woodlawn Ave., Chicago, IL

Metra and RTA

DuPage County – Thursday, November 6th

4:00 - 7:00 pm
 Clarendon Hills Village Hall, Board Room
 1 N. Prospect Ave., Clarendon Hills, IL

Cook County (North) – Wednesday, November 5th

4:00 - 7:00 pm
 Hanover Park Police Department, Community Room
 2011 W. Lake St., Hanover Park, IL

Lake County – Wednesday, November 5th

4:00 - 7:00 pm
 Mundelein Village Hall, Board Room
 300 Plaza Circle, Mundelein, IL

Cook County (South) – Wednesday, November 5th

4:00 - 7:00 pm
 Homewood Village Hall, Board Room
 2020 Chestnut Rd., Homewood, IL

Kane County – Wednesday, November 5th

4:00 - 7:00 pm

Kane County Government Center, Building A
719 S. Batavia Ave., Geneva, IL

McHenry County – Thursday, November 6th

4:00 - 7:00 pm

Woodstock Village Hall
121 W. Calhoun, Woodstock, IL

City of Chicago – Thursday, November 6th

4:00 - 7:00 pm

Metra Headquarters, 13th Floor Board Room
547 W. Jackson Blvd., Chicago, IL

Will County – Thursday, November 6th

4:00 - 7:00 pm

Will County Office Building, County Board Room
302 N. Chicago St., Joliet, IL

CTA

City of Chicago – Monday, November 17th

6:00 pm

CTA Headquarters, 2nd Floor Conference Room
567 W. Lake St., Chicago, IL

RTA only

City of Chicago – Wednesday, December 3rd

4:00 pm

RTA Headquarters, Board Room
175 W. Jackson Blvd., Chicago, IL

EXHIBIT 9-23: 2015 BUDGET ORDINANCE AND SCHEDULES

ORDINANCE NO. 2014-68

APPROVING THE 2015 BUDGETS AND 2016-2017 FINANCIAL PLANS OF THE SERVICE BOARDS, ADOPTING THE 2015 BUDGET AND PROGRAM OF THE AUTHORITY, APPROPRIATING FUNDS FOR THE 2015 BUDGETS, ALLOCATING CERTAIN REVENUES OF THE RTA TO THE SERVICE BOARDS, ADOPTING THE FIVE-YEAR CAPITAL PROGRAM, AND TAKING CERTAIN OTHER ACTIONS WITH RESPECT TO THE BUDGET AND PROGRAM FOR FISCAL YEAR 2015

WHEREAS, Section 4.01 of the Regional Transportation Authority Act (the “Act”) directs the Board of Directors of the Regional Transportation Authority (the “RTA Board”) to (i) appropriate money to perform the purposes of the Regional Transportation Authority (the “RTA” or the “Authority”) and provide for payment of debts and expenses of the RTA, (ii) take action with respect to the budget and two-year financial plan of each of the Chicago Transit Authority (the “CTA”), the Commuter Rail Division of the Regional Transportation Authority (“Metra”), the Suburban Bus Division of the Regional Transportation Authority (“Pace”, and, together with the CTA and Metra, collectively, the “Service Boards” and each, individually, a “Service Board”), as provided for in Section 4.11 of the Act, and (iii) adopt an Annual Budget and Two-Year Financial Plan for the RTA that includes the annual budget and two-year financial plan of each Service Board that has been approved by the RTA;

WHEREAS, pursuant to Section 4.11 of the Act, the RTA Board adopted Ordinance 2014-54 on September 12, 2014, identifying the amounts of funds estimated to be available to each Service Board for operations during fiscal year 2015 and the two following fiscal years;

WHEREAS, pursuant to Section 4.11 of the Act, each Service Board has submitted its proposed fiscal year 2015 budget and proposed 2016–2017 financial plan to the RTA for its review;

WHEREAS, pursuant to Section 4.01(a) of the Act, the RTA has held at least one public hearing in the metropolitan region, and met with the county board or its designee of each of the several counties in the metropolitan region, with respect to its proposed annual budget and two-year financial plan, and considered the proposed budgets and financial plans of the Service Boards and the public comments with respect to those budgets and financial plans;

WHEREAS, Section 4.11 of the Act authorizes and directs the RTA to review the budgets and financial plans of the Service Boards for approval;

WHEREAS, pursuant to Sections 4.01(a) and 4.11(d) of the Act, the budgets and financial plans of the Service Boards shall contain estimated expenses for contributions to be made with respect to pension and other employee benefits, and the Service Boards are required to present to the RTA budgets prepared in such detail as prescribed by the Board, which have been prepared on both an accrual and a cash flow basis, and that fairly present the condition of any pension plan or trust for health care benefits with respect to retirees established by the Service Board and describes the plans of the Service Boards to meet the requirements of Sections 4.02a and 4.02b;

WHEREAS, pursuant to Sections 4.02a and 4.02b of the Act, the RTA shall continually review the payment of the required employer contributions to affected pension plans and if at any time the RTA determines that a Service Board's payment of any portion of the required contributions to an affected pension plan is more than one month overdue, it shall as soon as possible pay the amount of those overdue contributions to the trustee of the affected pension plan on behalf of that Service Board out of monies otherwise payable to that Service Board under Section 4.03.3, and the RTA shall thereafter have no liability to the Service Board for amounts paid to the trustee of the affected pension plan, and if the RTA's payment of such contributions is similarly overdue it shall pay such overdue amount out of its administrative expenses;

WHEREAS, Section 4.10 of the Act prohibits the RTA from releasing funds, other than those allocated pursuant to sections 4.03 and 4.03.1 which are allocated to the CTA under Section 4.01(d), to the CTA in any fiscal year unless a unit or units of local government in Cook County (other than the CTA) enters or enter into an Agreement with the CTA to make a monetary contribution for such year of at least \$5,000,000 for public transportation;

WHEREAS, pursuant to Section 3A.09 (e) of the Act, and subject to approval by the Authority and the specific bond issuance parameters set forth in the Act, Pace has the authority to borrow money for the purposes of (i) constructing a new garage in the northwestern Cook County suburbs, (ii) converting the South Cook garage in Markham to a Compressed Natural Gas facility, (iii) constructing a new paratransit garage in DuPage County, and (iv) expanding the North Shore garage in Evanston to accommodate additional indoor bus parking;

WHEREAS, pursuant to Section 4.03.3 of the Act, the RTA has established public funding levels in 2015 through 2017 for the Suburban Community Mobility Fund and the Innovation, Coordination, and Enhancement Fund (the "ICE Fund") that change proportionately with the percentage change in RTA estimated sales tax receipts;

WHEREAS, RTA Ordinance 2014-54 allocated ICE Fund amounts to the Service Boards, for operating or capital purposes, subject to a process that meets the requirements of the RTA Act, and the Service Boards have included proposed ICE Fund projects in their 2015 Business Plan submissions to the RTA;

WHEREAS, pursuant to Section 2.01d of the Act, the RTA has established public funding levels in 2015 through 2017 for the ADA Paratransit Fund;

WHEREAS, pursuant to Section 4.11(a) of the Act, the RTA Board shall review the interim 2015 results for the provision of Regional ADA Paratransit service operations, and the written report of the Executive Director related thereto, no later than September 15, 2015, and shall amend the 2015 budgets of the Authority and the Service Boards to provide for additional funding for the provision of ADA Paratransit services, if needed;

WHEREAS, the RTA will reimburse the purchase of excess liability and terrorism insurance by the RTA system's Loss Financing Plan to provide system protection against catastrophic loss;

WHEREAS, on August 21, 2013 and pursuant to Section 2.01a of the Act, the RTA Board adopted Ordinance 2013-63 approving the Regional Transit Strategic Plan (the Strategic Plan), which delineates a number of regional goals and objectives;

WHEREAS, the provisions of this Ordinance comport with the goals and objectives set forth in the Strategic Plan;

WHEREAS, pursuant to Section 2.01b of the Act, the Authority shall each year adopt a Five-Year Capital Program that shall include each capital improvement to be undertaken by or on behalf of a Service Board; provided that the Authority finds that the improvement meets any criteria for capital improvements contained in the Strategic Plan, is not inconsistent with any sub-regional or corridor plan adopted by the Authority, and can be funded within amounts available with respect to the capital and operating costs of such improvement;

WHEREAS, pursuant to Section 2.01b of the Act, the RTA has conducted public hearings with respect to the proposed Five-Year Capital Program and considered comments resulting from such hearings;

WHEREAS, the Five-Year Capital Program included with this Ordinance is based on capital program submittals from the Service Boards, and if the RTA Board makes any amendments to the estimates of capital funding available based on subsequent federal or state actions, the Service Boards will be required to adjust their capital programs to reflect such revised estimates;

WHEREAS, pursuant to Section 4.01 (h) of the Act, no Service Board shall undertake any capital improvement which is not identified in the Five-Year Capital Program;

WHEREAS, unfavorable economic conditions have required the RTA to deplete its fund balance to provide funds to the Service Boards, and to allocate, rather than reserve, financial resources in an effort to preserve operating stability in prior years;

WHEREAS, for purposes of the adoption of the 2015 Budget and 2016-2017 Financial Plan, in order to provide additional funds to the Service Boards, this ordinance waives the provision of the RTA Funding Policy adopted by Ordinance 98-15 that requires that the RTA Annual Budget and Two-Year Financial Plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund expenditures by no later than the end of the three-year planning period (“the Fund Balance Policy”);

WHEREAS, the waiver of the Fund Balance Policy and the depletion of the RTA’s fund balance prevents the RTA from providing additional operating funding to the Service Boards in the event that revenues decline below estimated levels, and therefore the RTA funding policy adopted by Ordinance 91-9 (the “Fund to Budget Policy”) must be waived for the 2015 fiscal year;

WHEREAS, each Service Board will be responsible for maintaining its own fund balance to handle unforeseen shortfalls in funding should they arise;

WHEREAS, the RTA will attempt to minimize the impact on Service Board funding levels from financial transactions (including the RTA bond and swap programs) that are sensitive to prevailing interest rates, collateral calls, and arbitrage penalties;

WHEREAS, the RTA Board held a special Finance Committee meeting on December 3, 2014 to review the details of the Service Boards’ budgets with representatives from each of the Service Boards; and

WHEREAS, the RTA Board has determined that it is in the best interest of the RTA to take the following actions in order to carry out its powers and duties under the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY that:

**ARTICLE I
INCORPORATION OF PREAMBLES**

The preambles of this ordinance are hereby incorporated into this text as if set out herein in full.

**ARTICLE II
APPROVAL OF BUDGETS AND FINANCIAL PLANS**

Section One: Service Board Budgets and Financial Plans

1.1 In compliance with the Act, the RTA has received and reviewed the proposed budgets for 2015 and financial plans for 2016 and 2017, of each of the Service Boards.

1.2 With respect to the proposed budget and financial plan submitted by CTA (as summarized in Schedule I-B), the RTA finds as follows:

- (a) the CTA budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- (b) the CTA budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;
- (c) the CTA budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of CTA sufficient to allow CTA to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;
- (d) the CTA budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;
- (e) the CTA budget and plan has been prepared in accordance with sound financial practices;
- (f) the CTA budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and
- (g) the CTA budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.3 With respect to the proposed budget and financial plan submitted by Metra (as summarized in Schedule I-B), the RTA finds as follows:

- (a) the Metra budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any

operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) the Metra budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) the Metra budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Metra sufficient to allow Metra to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) the Metra budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) the Metra budget and plan has been prepared in accordance with sound financial practices;

(f) the Metra budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established;

(g) the Metra budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.4 With respect to the proposed budget and financial plan submitted by Pace for Suburban Service (as summarized in Schedule I-B), the RTA finds as follows:

(a) the Pace Suburban Service budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;

(b) the Pace Suburban Service budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;

(c) the Pace Suburban Service budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) the Pace Suburban Service budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) the Pace Suburban Service budget and plan has been prepared in accordance with sound financial practices;

(f) the Pace Suburban Service budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) the Pace Suburban Service budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.5 With respect to the proposed budget and financial plan submitted by Pace for ADA Paratransit service (as summarized in Schedule I-B), the RTA finds as follows:

- (a) the Pace ADA Paratransit Service budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- (b) the Pace ADA Paratransit Service budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;
- (c) the Pace ADA Paratransit Service budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;
- (d) the Pace ADA Paratransit Service budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;
- (e) the Pace ADA Paratransit Service budget and plan has been prepared in accordance with sound financial practices;
- (f) the Pace ADA Paratransit Service budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and
- (g) the Pace ADA Paratransit Service budget and plan is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

1.6 Pursuant to Section 4.11 of the Act, the 2015 budgets and 2016-2017 financial plans for CTA, Metra and Pace, as presented in the attached Schedule I-B, are hereby approved.

1.7 As authorized by Section 4.11 of the Act, the RTA Board hereby directs that, no more than 30 days after each fiscal quarter, each Service Board is required to report to the RTA its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction, as of the end of and for such quarter, for review by the RTA for conformity with the approved budget for such period.

Section Two: RTA Budget and Financial Plan

The RTA Board has received and reviewed the 2015 Budget and Financial Plan of the Authority as summarized in Schedule I-A. The 2015 Budget and Financial Plan are hereby approved and the RTA Board finds as follows:

- (a) The 2015 budget and financial plan shows a balance between anticipated revenues from all sources and anticipated expenses, including the funding of operating deficits and the discharge of encumbrances incurred in prior periods and payment of principal and interest on outstanding indebtedness when due, as summarized in Schedule I-A.
- (b) The 2015 budget and financial plan shows cash balances sufficient to pay with reasonable promptness all obligations and expenses as incurred, as summarized in Schedule I-E.

(c) The 2015 budget and financial plan shows that the level of fares and charges for public transportation provided by, or under grant or purchase of service contracts of, the Service Boards is sufficient to cause the aggregate of all projected system-generated revenues from such fares and charges received in 2015, apart from ADA Paratransit services, to equal at least fifty percent (50%) of the aggregate cost of providing such public transportation in 2015, and at least ten percent (10%) for ADA Paratransit service in 2015, as required by the Act, and as summarized in Schedule I-C.

(d) The 2015 budget and financial plan is based on and employs assumptions and projections which are reasonable and prudent.

(e) The budgeted administrative expenses of the RTA for 2015, as defined in Section 4.01 (c) of the Act, do not exceed the maximum administrative expenses permitted for 2015.

(f) The 2015 budget and financial plan are consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

Section Three: RTA ICE Program

The RTA Board has reviewed the 2015 set of projects proposed by the Service Boards and RTA for funding through the ICE program. The RTA Board hereby adopts the projects attached as Schedule I-F for ICE funding, subject to mutually agreed upon terms of grant agreements and continuing review by the RTA.

**ARTICLE III
ADOPTION OF THE FIVE-YEAR CAPITAL PROGRAM**

Section One: Adoption of the Five-Year Capital Program

The RTA Board has received and reviewed the 2015-2019 Five-Year Capital Program presented by the Service Boards. The RTA Board hereby adopts the Five-Year Capital Program Revenues and Expenditures attached as Schedule II-A and Schedule II-B, subject to continuing review by the RTA.

Section Two: Prohibition on Capital Projects Not Included in the Program

Pursuant to Section 4.01 (h) of the Act, no Service Board shall undertake any capital improvement which is not identified in the Five-Year Capital Program.

Section Three: Applications for Federal and State Capital Grants, Loans and Other Funds

In accordance with Section 4.02 (b) of the Act, each Service Board is directed to provide notice to the RTA of its intent to file any application for federal or state capital grants, loans or other funds prior to making any such application, and to file a copy of any such application with the RTA. No Service Board shall apply for or receive any capital grant or loan unless it is identified in the RTA Five-Year Capital Program and is consistent with the RTA Strategic Plan.

Section Four: Prohibition on Use of Federal Capital Funds for Preventive Maintenance

Federal capital funds shall not be used by a Service Board to fund preventive maintenance expenses in its operating budget unless the RTA Board determines, based on adequate information supplied by the Service Board, that such use will not have a materially adverse impact on the State of Good Repair of such Service Board's capital assets.

Section Five: RTA Bond Projects

There is \$100 million programmed in bond proceeds to be used by the Service Boards to fund a set of projects that, upon completion, would have a weighted average useful life of at least 20 years or, when combined for the region as a whole, would have a weighted average useful life of at least 20 years. Additionally, the Service Boards must maintain, and provide to the RTA, the appropriate records necessary to satisfy any continuing disclosure requirements.

ARTICLE IV**APPROPRIATION OF FUNDS AND CERTAIN OTHER ACTIONS****Section One: Appropriation for Each Service Board**

The following amounts for 2015 are appropriated for payment to each Service Board from the enumerated sources of funds and for the specified objects and purposes.

1.1 Statutory RTA Sales Taxes

There is appropriated from the taxes collected under Section 4.03, for expenditure by each Service Board pursuant to the 2015 budget approved for such Service Board in Article II, the amount required by Sections 4.03.3 (a) and 4.03.3 (b) of the Act. The estimated amount of each appropriation is specified as "Part I Sales Tax Allocation" on Schedule I-D. After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified appropriation.

1.2 Statutory RTA Sales Taxes and Public Transportation Funds

- (a) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act, to Pace for expenditure for ADA Paratransit Services, the amount required by Section 4.03.3 (c). The estimated amount of the appropriation is specified as "Part II Allocation; RTA Total for ADA Paratransit Service" on Schedule I-D. The RTA Board directs Pace to provide to the RTA any information requested by the Executive Director that is, in the judgment of the Executive Director, necessary to estimate the difference between (i) the projected final 2015 operating deficit of ADA Paratransit service and (ii) the total amount of funding from all sources estimated to be available for 2015 operations of ADA Paratransit service (such difference, the "Shortfall Amount"). The Shortfall Amount shall be established by the Executive Director prior to August 15, 2015 by examining the ADA Paratransit service year-to-date operating results through the second quarter of 2015, and, after being approved by the Chairman of the RTA Board and the Chairman of the

Finance Committee of the RTA Board, shall be submitted to the RTA Board together with a certification from Pace that additional funds equal to the Shortfall Amount are necessary for 2015 ADA Paratransit service operations. Such certification shall be accompanied by a report describing Pace's efforts to implement reasonable and appropriate cost savings and revenue raising measures related to ADA Paratransit service.

(b) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act, to Pace for expenditure for Suburban Community Mobility, the amount required by Section 4.03.3 (c). The estimated amount of the appropriation is specified as "Part II Allocation; RTA Suburban Community Mobility Fund (SCMF) to Pace" on Schedule I-D.

(c) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act, to the Innovation, Coordination, and Enhancement (ICE) Fund the amount required by Section 4.03.3 (c). The estimated amount of the appropriation is specified as "Part II Allocation; RTA Innovation, Coordination & Enhancement (ICE)" on Schedule I-D.

(d) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and Public Transportation Fund receipts received pursuant to Section 4.09 of the Act to each Service Board for expenditure pursuant to the 2015 budget approved for such Service Board in Article II, the amount required by Section 4.03.3 (c). The estimated amount of each appropriation is specified as "Part II Allocation; Remaining Balance to Service Boards" on Schedule I-D.

After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, and Public Transportation Fund receipts pursuant to Section 4.09 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified appropriation.

1.3 Free and Reduced Fare Reimbursement

There is appropriated, for expenditure by each Service Board pursuant to the 2015 Budget approved for such Service Board in Article II, amounts received from the State of Illinois for reimbursement of revenues lost from providing free or reduced fare rides.

After receipt by the RTA of such funds from the State of Illinois, the Executive Director shall provide for the payment to each Service Board its proportionate share of the proceeds estimated to be received from the State identified as "State Reduced Fare Reimbursement" on Schedule I-A; provided that such funds shall not be distributed to the CTA unless and until a unit or units of local government in Cook County (other than the CTA) enters or enter into an agreement with the CTA to make a monetary contribution for such year of at least \$5,000,000 for public transportation.

1.4 RTA Non-Statutory Funding -- Public Transportation Fund, 15% Sales Tax, Other RTA Revenues

(a) There is appropriated, for expenditure by each Service Board pursuant to the 2015 Budget approved for such Service Board in Article II, the amounts specified as "RTA Non-Statutory Funding – PTF I" and "RTA Non-Statutory Funding – Sales Tax I" on Schedule I-B. Pursuant to Ordinance 2014-54, approving the operations funding amounts for the 2015 operating budget and the 2016 - 2017 financial plan years, any amounts of PTF I received in excess of the PTF I receipts budgeted, as identified on Schedule I-A, shall be distributed to the Service Boards in the same proportion as the Service Board PTF I funds originally budgeted in that fiscal year. Any negative variance in PTF I receipts (i.e. receipts lower than anticipated) shall be borne by the Service Boards in the same proportion as the distribution of Service Board PTF I funds originally budgeted for that fiscal year.

(b) There is appropriated, for expenditure by Pace pursuant to the amount specified as "South Suburban Job Access Funds" on Schedule I-B from other receipts and revenues of the RTA.

(c) There is appropriated, for expenditure by Metra pursuant to the amount specified as "RTA Fund Balance Funding" on Schedule I-B from the unreserved/undesignated RTA fund balance.

(d) There is appropriated, for expenditure by each Service Board pursuant to the 2015 Budget approved for such Service Board in Article II, or pursuant to the Five-Year Capital Program approved for such Service Board in Article III, the amounts specified as "Innovation, Coordination, and Enhancement (ICE) Funding" on Schedule I-B.

Subject to receipt by the RTA of sufficient proceeds of taxes imposed pursuant to Section 4.03 of the Act, and from the Public Transportation Fund receipts pursuant to Section 4.09 of the Act, the Executive Director is hereby directed to provide for the payment of such funds described in paragraphs (a), (b), (c) and (d) as soon as may be practicable upon their receipt provided that each Service Board is in compliance with the requirements of Section 4.11 of the Act and this Ordinance.

Section Two: Appropriation to the Regional Transportation Authority

In 2015 there is appropriated, for expenditure for the operating purposes of the RTA (the "Agency") the amounts specified on Schedule I-A as "Agency Administration" and "RTA Regional Services and Programs", pursuant to the 2015 Budget approved in Article II, from other receipts and revenues of the RTA.

In 2015 there is appropriated for transfer from the RTA's Fund Balance to the Joint Self Insurance Fund (JSIF), funds to reimburse the insurance premium and associated fees for liability and terrorism insurance for the RTA System's Loss Financing Plan the amount specified on Schedule I-A as "RTA Joint Self-Insurance Fund (JSIF) Funding."

ARTICLE V GENERAL

Section One: Implementation and Dissemination

The Executive Director is authorized and directed to take appropriate action to implement and enforce this Ordinance and to prepare and disseminate the 2015 Annual Budget and Program of the RTA in accordance with the Act and the policies established herein. This shall specifically include the authority to enter into intergovernmental agreements (IGAs) or Technical Services Agreements (TSAs) necessary to effectuate grants for projects specifically authorized herewith in the Five-Year Capital Program.

Section Two: Organization of the RTA

The Executive Director shall organize the staff of the Authority, shall allocate their functions and duties, and shall fix compensation and conditions of employment. The Executive Director shall develop, and modify as may be necessary, Agency policies regarding travel, business and relocation expenses.

Section Three: Fund Balance Policy

The provisions of the Fund Balance Policy adopted by Ordinance 98-15 are hereby waived for the 2015 budget and 2016-2017 Financial Plans.

Section Four: Fund to Budget Policy

The provisions of the Fund to Budget Policy adopted by Ordinance 91-9 are hereby waived for the 2015 fiscal year.

Section Five: Non-Waiver of RTA Authority

Nothing in this Ordinance is intended to or shall have the effect of (i) creating an obligation on the part of the RTA to provide funding to the Service Boards in excess of their respective statutorily allocated portions of the proceeds from taxes and State funds actually received by the RTA, nor (ii) waiving any discretion the RTA may have under law to amend the amounts appropriated to the Service Boards under the Ordinance, subject to compliance by the Service Boards with terms and conditions established by the RTA. Furthermore, nothing in this Ordinance is intended to or shall have the effect of waiving any discretion the RTA may have under law to subject to review the determinations made in this Ordinance, including, but not limited to, setting recovery ratios for the Service Boards, establishing inclusions or exclusions of certain revenues or expenditures from the calculation of such recovery ratios, or determining the allowable uses of federal, state or local funds.

Section Six: Executive Director's Authority to Apply for Additional Funds

The Executive Director, and his or her designee, is authorized and directed to execute and file applications on behalf of the RTA with the United States Department of Transportation ("USDOT"), Federal Transit Administration ("FTA"), the Illinois Department of Transportation ("IDOT"), and any other funding agency (collectively the "Funding Agencies") for any monies available for funding of the RTA Annual Budget. The Executive Director, and his or her

designee, is authorized to furnish such additional information, assurances, certifications and amendments as the Funding Agencies may require in connection with such applications or the projects. The Executive Director, and his or her designee, is authorized and directed on behalf of the RTA to execute and deliver grant agreements and all subsequent amendments thereto between the RTA and the Funding Agencies. Further, the Executive Director, and his or her designee, is authorized and directed to take such action as he or she deems necessary or appropriate to implement, administer, and enforce said agreements and all subsequent amendments thereto on behalf of the RTA.

Section Seven: Direction to File this Ordinance with Public Officials.

The Executive Director is authorized and directed to file the 2015 Budget and Program and a copy of this Ordinance with the Governor of Illinois, the Illinois General Assembly, the Comptroller of the State of Illinois, the Mayor of the City of Chicago and the Auditor General of the State of Illinois, along with an appropriate certification that this budget and program meet the requirements of the Act.

Schedule I-A

RTA Statement of Revenues and Expenditures
General and Agency Funds
(dollars in thousands)

	2015 Budget	2016 Plan	2017 Plan
RTA Funding Sources			
RTA Sales Tax (Part I)	845,394	874,982	901,232
RTA Sales Tax (Part II)	297,889	308,315	317,564
RTA Public Transportation Fund (PTF - Part I)	211,348	218,746	225,308
RTA Public Transportation Fund (PTF - Part II)	150,718	156,180	161,061
State Financial Assistance (ASA/AFA)	130,167	130,283	130,300
State Reduced Fare Reimbursement ¹	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500
ICE Reserves (2014)	11,188	-	-
ICE Reserves (2013) ²	11,356	-	-
Other RTA Revenue ³	21,992	22,233	22,447
Total RTA Funding Sources	1,722,622	1,753,310	1,800,483
Operating Expenditures			
RTA Total Funds for CTA Operations	708,983	723,379	742,794
RTA Total Funds for Metra Operations	397,021	396,115	406,008
RTA Total Funds for Pace Suburban Service Operations	160,750	163,251	167,260
RTA Total Funds for Pace ADA Paratransit Operations	158,203	170,069	182,824
State Reduced Fare Reimbursement ¹	34,070	34,070	34,070
Agency Administration	18,748	19,404	19,986
RTA Regional Services and Programs	23,466	19,255	19,984
Total Operating Expenditures	1,501,241	1,525,544	1,572,927
Debt Service & JSIF Expenditures			
Principal and Interest	221,200	221,400	221,000
RTA Joint Self-Insurance Fund (JSIF) Funding ⁴	6,180	6,365	6,556
Total Debt Service & JSIF Expenditures	227,380	227,765	227,556
Total Expenditures	1,728,622	1,753,310	1,800,483
Beginning Unreserved/Undesignated Fund Balance	17,063	11,063	11,063
Change in Fund Balance	(6,000)	0	0
Ending Unreserved/Undesignated Fund Balance	11,063	11,063	11,063
% of Total Operating Expenditures	0.7%	0.7%	0.7%

¹ Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY 15-18 budgets.

² Includes \$453 thousand of unobligated 2012 ICE funds.

³ Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.

⁴ RTA funds to purchase excess liability and terrorism insurance to provide protection against catastrophic loss.

**Total Funds for Service Board Operations
General and Agency Funds**
(dollars in thousands)

	2015 Budget	2016 Plan	2017 Plan
CTA			
Total System-Generated Revenue	687,519	694,660	705,215
Total Operating Expenses	1,443,703	1,484,493	1,517,109
Operating Deficit	756,184	789,833	811,895
RTA Sales Tax (Part I)	349,569	361,804	372,658
RTA Sales Tax and PTF (Part II)	119,086	120,088	119,911
RTA 25% PTF on RETT (Part II) ¹	15,902	16,613	17,275
RTA Non-Statutory Funding - PTF I ²	207,121	214,371	220,802
RTA Non-Statutory Funding - Sales Tax I ^{2,3}	900	4,723	6,195
Innovation, Coordination, and Enhancement (ICE) Funding ⁴	16,406	5,781	5,954
Total RTA Funding for Operations	708,983	723,379	742,794
City of Chicago RETT (Part II) ¹	63,607	66,454	69,101
Total Funding for Operations	772,590	789,833	811,895
ICE funding not used for operations - transfer to capital ⁴	(16,406)	-	-
Net Result	0	0	0
Metra			
Total System-Generated Revenue	375,938	398,538	428,838
Total Operating Expenses	753,100	781,900	821,000
Operating Deficit	377,162	383,362	392,162
RTA Sales Tax (Part I)	280,203	290,010	298,710
RTA Sales Tax and PTF (Part II)	96,757	97,572	97,427
RTA Non-Statutory Funding - Sales Tax I ^{2,3}	731	3,837	5,033
RTA Fund Balance Funding	6,000	-	-
Innovation, Coordination, and Enhancement (ICE) Funding ⁴	13,330	4,697	4,838
Total RTA Funding for Operations	397,021	396,115	406,008
Homeland Security Operating Grant	2,000	2,000	1,000
Total Funding for Operations	399,021	398,115	407,008
ICE funding not used for operations - transfer to capital ⁴	(11,821)	(4,697)	(4,838)
Net Result	10,038	10,056	10,009
Less Metra Capital Farebox Funds	(10,038)	(10,056)	(10,009)
Balance of Funds	0	0	0
Pace Suburban Service			
Total System-Generated Revenue	61,066	61,856	63,868
Total Operating Expenses	223,209	231,158	243,867
Operating Deficit	162,143	169,302	179,999
RTA Sales Tax (Part I)	88,813	91,921	94,679
RTA Sales Tax and PTF (Part II)	32,252	32,524	32,476
Suburban Community Mobility Funds	23,271	24,086	24,808
South Suburban Job Access Funds	7,500	7,500	7,500
RTA Non-Statutory Funding - PTF I ²	4,227	4,375	4,506
RTA Non-Statutory Funding - Sales Tax I ^{2,3}	244	1,279	1,678
Innovation, Coordination, and Enhancement (ICE) Funding ⁴	4,443	1,566	1,613
Total RTA Funding for Operations	160,750	163,251	167,260
Federal CMAQ/JARC/New Freedom Funds	1,143	1,191	6,739
Federal Funds ⁵	250	4,860	6,000
Total Funding for Operations	162,143	169,302	179,999
ICE funding not used for operations - transfer to capital ⁴	-	-	-
Net Result	0	0	0
Pace ADA Paratransit Service			
Total System-Generated Revenue	14,013	14,629	15,275
Total Operating Expenses	172,216	184,698	198,099
Operating Deficit	158,203	170,069	182,824
RTA Sales Tax and PTF (Part II)	149,703	161,569	174,324
State Funding for ADA Paratransit	8,500	8,500	8,500
Total RTA Funding for Operations	158,203	170,069	182,824
Net Result	0	0	0
Total System-Generated Revenue Recovery Ratio	52.0%	51.7%	51.9%

¹ Based on 7/31/14 City of Chicago forecast of RETT receipts.

² For clarification, "non-statutory funding" refers to funding which is not statutorily allocated.

³ 2016 and 2017 amounts are contingent upon \$5.032 million of regional services budget balancing actions to be identified jointly by the RTA and Service Boards including opportunities for shared services, consolidation, and expense reductions.

⁴ As authorized by RTA Ordinance 2014-54, ICE funding may alternatively be used by the Service Boards for capital purposes.

⁵ Capital Cost of Contracting for rolling stock.

Recovery Ratios

	2015 Requirement	2015 As Budgeted
CTA		
Recovery Ratio	54.5%	57.0%
Metra		
Recovery Ratio	52.0%	53.6%
Pace Suburban Service		
Recovery Ratio	30.0%	30.0%
Total System-Generated Revenue Recovery Ratio	50.0%	52.0%
Pace ADA Paratransit		
Recovery Ratio	10.0%	10.0%

The RTA Act allows certain expenditures to be excluded from the recovery ratio calculation including security expense, depreciation, debt service, and facility leases. Metra's calculation includes capital farebox revenue.

RTA Statutory Sales Tax, Public Transportation Funds, and RETT
Source and Distribution of Funds
(dollars in thousands)

	2015	2016	2017
	Budget	Plan	Plan
Source of Funds			
Part I Sales Tax ("85% Sales Tax") ¹			
City of Chicago	282,483	292,369	301,140
Suburban Cook County	429,250	444,274	457,602
Collar Counties	133,661	138,339	142,489
Total Part I Sales Tax	845,394	874,982	901,232
Part I Public Transportation Funds (PTF) (25% of Part I Sales Tax)	211,348	218,746	225,308
Total Part I Sales Tax and PTF	1,056,742	1,093,728	1,126,540
Part II Sales Tax, RETT, and PTF			
City of Chicago	67,376	69,735	71,827
Suburban Cook	102,245	105,824	108,999
Collar Counties	128,267	132,756	136,739
Total Part II Sales Tax	297,889	308,315	317,564
Part II Real Estate Transfer Tax (RETT) ²	63,607	66,454	69,101
Total Part II Sales Tax and RETT	361,495	374,769	386,665
Part II Public Transportation Funds			
25% of new sales tax	74,472	77,079	79,391
5% of total new/old sales tax & RETT	60,344	62,488	64,395
25% of RETT to CTA	15,902	16,613	17,275
Total Part II PTF	150,718	156,180	161,061
Total Part II - Sales Tax, PTF and RETT	512,214	530,949	547,726
Total Source of Funds	1,568,956	1,624,677	1,674,266
Distribution of Funds			
Part I Sales Tax Allocation ("85% Sales Tax")			
RTA - 15% of Part I Sales Tax	126,809	131,247	135,185
CTA	349,569	361,804	372,658
Metra	280,203	290,010	298,710
Pace	88,813	91,921	94,679
Total Part I Sales Tax	845,394	874,982	901,232
RTA - 100% of Part I PTF	211,348	218,746	225,308
Grand Total Part I Sales Tax & PTF	1,056,742	1,093,728	1,126,540
Part II Allocation (Sales Tax, PTF and RETT)			
RTA Total for ADA Paratransit Service	149,703	161,569	174,324
RTA Innovation, Coordination & Enhancement (ICE)	11,636	12,043	12,404
RTA Suburban Community Mobility Fund (SCMF) to Pace	23,271	24,086	24,808
RETT to CTA ²	63,607	66,454	69,101
PTF - 25% of RETT to CTA	15,902	16,613	17,275
Total Part II Allocation before Service Board Distribution	264,119	280,765	297,913
Remaining Balance to Service Boards			
CTA - 48%	119,086	120,088	119,911
Metra - 39%	96,757	97,572	97,427
Pace - 13%	32,252	32,524	32,476
Total Part II Funds to Service Boards	248,095	250,184	249,814
Total Part II Funds Allocated (Sales Tax, PTF and RETT)	512,214	530,949	547,726
Total Distribution of Funds	1,568,956	1,624,677	1,674,266
	City of	Suburban	Collar
Part I Sales Tax - Service Board Allocation Formula ¹	Chicago	Cook	Counties
CTA	100%	30%	-
Metra	-	55%	70%
Pace	-	15%	30%
Total	100%	100%	100%

¹ The RTA Act directs 85% of these sales tax revenues to the Service Boards according to the allocation formula shown on this schedule.
² The City of Chicago disburses RETT funds directly to the CTA, therefore these funds are excluded from RTA Revenues on Schedule I-A.

Uses of Innovation, Coordination, and Enhancement (ICE) Funding
(dollars in thousands)

	2015 Budget
CTA	
<u>Capital Projects</u>	
Ventra implementation improvements	2,378
Communications equipment and outreach	317
Video enhancement for bus and rail	8,007
Software and hardware enhancements	5,703
Total CTA ICE Funding	16,406
Metra	
<u>Operating Projects</u>	
Mobile ticketing	330
Rock Island enhancements	679
Special event services	500
 <u>Capital Projects</u>	
Passenger information	2,726
Hybrid fuel vehicles	1,000
Automated field IT system	3,500
Electronic crew calling	1,750
Mobile ticketing	2,845
Total Metra ICE Funding	13,330
Pace	
<u>Operating Projects</u>	
Ventra system development	2,310
Add off-peak and weekend service, restructure, or extend service on 14 routes	2,133
Total Pace ICE Funding	4,443
Total ICE Funding ¹	34,179

¹ 2015 allocation includes all 2013, 2014, and 2015 ICE funds and \$453 thousand of unobligated 2012 ICE funds.

Schedule II-A

2015-2019 CAPITAL PROGRAM REVENUES

CTA	2015*	2016	2017	2018	2019	TOTAL
FTA	\$ 125,579,499	\$ 125,579,499	\$ 129,346,884	\$ 133,227,290	\$ 137,224,109	\$ 650,957,281
\$5307/\$5340 Urbanized Area Formula	129,579,932	129,579,932	133,467,330	137,471,349	141,595,490	671,694,033
\$6337 State of Good Repair Formula	11,897,817	11,897,817	12,254,752	12,622,394	13,001,066	61,673,846
\$5309 Bus and Bus Facilities	267,057,248	267,057,248	275,068,966	283,321,033	291,820,665	1,384,325,160
Subtotal FTA	0	4,056,000	0	0	0	4,056,000
Federal Flexible/CMAQ/Other	557,000,000	0	0	0	0	557,000,000
TIFA	3,000,000	3,000,000	3,000,000	3,000,000	0	12,000,000
Department of Homeland Security	827,057,248	274,113,248	275,068,966	286,321,033	291,820,665	1,957,381,160
Subtotal Federal	0	0	0	0	0	0
State	0	0	0	0	0	0
State Bond Funds	0	0	0	0	0	0
Subtotal State	0	0	0	0	0	0
RTA	50,000,000	0	0	0	0	50,000,000
Service Board Bonds	16,406,000	0	0	0	0	16,406,000
ICE Funds	66,406,000	0	0	0	0	66,406,000
Subtotal RTA	1,875,000	1,875,000	1,875,000	1,875,000	15,000,000	22,500,000
SB	1,875,000	1,875,000	1,875,000	1,875,000	15,000,000	22,500,000
Service Board Funds	68,281,000	1,875,000	1,875,000	1,875,000	15,000,000	88,906,000
Subtotal SB/Local	0	0	0	0	0	0
Subtotal Local	0	0	0	0	0	0
SUBTOTAL CTA	\$ 895,338,248	\$ 275,988,248	\$ 279,943,966	\$ 288,196,033	\$ 306,820,665	\$ 2,046,287,160
TOTAL CTA FUNDING	\$ 895,338,248	\$ 275,988,248	\$ 279,943,966	\$ 288,196,033	\$ 306,820,665	\$ 2,046,287,160
CTA Debt Repayment Principal (\$5307/\$5340 & \$5309)	(46,475,000)	(49,920,000)	(55,350,000)	(61,080,000)	(62,935,000)	(275,760,000)
CTA Debt Repayment Interest (\$5307/\$5340 & \$5309)	(90,495,353)	(89,868,563)	(87,297,464)	(84,483,939)	(81,358,914)	(433,502,233)
Subtotal Non-Capital Program Uses	(136,969,353)	(139,788,563)	(142,647,464)	(145,563,939)	(144,293,914)	(709,262,233)
NET CTA CAPITAL FUNDING	\$ 758,368,895	\$ 136,199,685	\$ 137,296,502	\$ 142,632,094	\$ 162,526,751	\$ 1,337,024,927
CTA Bond Proceeds	0	145,000,000	0	0	0	145,000,000
TOTAL CTA AVAILABLE	\$ 758,368,895	\$ 281,199,685	\$ 137,296,502	\$ 142,632,094	\$ 162,526,751	\$ 1,482,024,927

* RTA 2014 Board actions included \$255.9 million of funding (\$220.9 million of State Bond funds and \$35.0 million of Federal CoreCapacity funds). RTA accounted for these funds in 2014; therefore, did not include them here while CTA's agency capital program accounts for \$255.9 million in 2015.

Schedule I-A

2015-2019 CAPITAL PROGRAM REVENUES

	2015	2016	2017	2018	2019	TOTAL
METRA						
FTA						
\$5307/\$5340 Urbanized Area Formula	\$ 80,590,151	\$ 80,590,151	\$ 83,007,856	\$ 85,498,091	\$ 88,063,034	\$ 417,749,283
\$5337 State of Good Repair Formula	75,960,650	75,960,650	78,239,469	80,586,653	83,004,293	393,751,675
Subtotal FTA	156,550,801	156,550,801	161,247,325	166,084,744	171,067,287	811,500,958
Federal Flexible/CMAQ/Other	4,000,000	8,800,000	4,000,000	0	0	16,800,000
Department of Homeland Security	0	0	0	0	0	0
Subtotal Fed Flexible	4,000,000	8,800,000	4,000,000	0	0	16,800,000
Subtotal Federal	160,550,801	165,350,801	165,247,325	166,084,744	171,067,287	828,300,958
State	0	0	0	0	0	0
State Bond Funds	0	0	0	0	0	0
Subtotal State	0	0	0	0	0	0
RTA	45,000,000	0	0	0	0	45,000,000
Service Board Bonds	11,821,000	4,697,000	4,838,000	0	0	21,356,000
ICE Funds	0	0	0	0	0	0
Subtotal RTA	56,821,000	4,697,000	4,838,000	0	0	66,356,000
SB	9,000,000	7,800,000	9,000,000	10,000,000	10,000,000	45,800,000
Service Board Funds	1,000,000	2,200,000	1,000,000	0	0	4,200,000
Metra Match to CMAQ/Other Grants	0	0	0	0	0	0
Subtotal SBI/Local	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	50,000,000
Subtotal Local	66,821,000	14,697,000	14,838,000	10,000,000	10,000,000	116,356,000
SUBTOTAL METRA	\$ 227,371,801	\$ 180,047,801	\$ 180,085,325	\$ 176,084,744	\$ 181,067,287	\$ 944,556,958
2012 Carryover Federal \$5307	92,737	0	0	0	0	92,737
Subtotal Carryover/Deob	92,737	-	-	-	-	92,737
TOTAL METRA FUNDING	\$ 227,464,538	\$ 180,047,801	\$ 180,085,325	\$ 176,084,744	\$ 181,067,287	\$ 944,749,695
Metra Bond Proceeds	100,000,000	0	100,000,000	0	100,000,000	300,000,000
TOTAL METRA AVAILABLE	\$ 327,464,538	\$ 180,047,801	\$ 280,085,325	\$ 176,084,744	\$ 281,067,287	\$ 1,244,749,695

Schedule II-A

2015-2019 CAPITAL PROGRAM REVENUES

	2015	2016	2017	2018	2019	TOTAL
PACE						
FTA						
\$5307/\$5340 Urbanized Area Formula	\$ 35,194,404	\$ 35,194,404	\$ 36,250,236	\$ 37,337,743	\$ 38,457,875	\$ 182,434,662
\$5339 Bus and Bus Facilities	1,641,078	1,641,078	1,690,310	1,741,020	1,793,250	8,506,736
Subtotal FTA	<u>36,835,482</u>	<u>36,835,482</u>	<u>37,940,546</u>	<u>39,078,763</u>	<u>40,251,125</u>	<u>190,941,398</u>
Federal Flexible/CMAQ/Other	18,150,000	8,798,000	6,975,000	6,975,000	7,650,000	48,548,000
Subtotal Federal	<u>54,985,482</u>	<u>45,633,482</u>	<u>44,915,546</u>	<u>46,053,763</u>	<u>47,901,125</u>	<u>239,489,398</u>
State	0	0	0	0	0	0
State Bond Funds	0	0	0	0	0	0
Subtotal State	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
RTA	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Service Board Bonds	0	0	0	0	0	0
Subtotal RTA	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,675,000</u>
SB	2,675,000	2,675,000	2,675,000	2,675,000	2,675,000	2,675,000
Service Board Funds	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Subtotal SB/Local	<u>7,675,000</u>	<u>7,675,000</u>	<u>7,675,000</u>	<u>7,675,000</u>	<u>7,675,000</u>	<u>7,675,000</u>
Subtotal Local	7,675,000	7,675,000	7,675,000	7,675,000	7,675,000	7,675,000
Subtotal PACE	<u>62,660,482</u>	<u>46,633,482</u>	<u>45,915,546</u>	<u>47,053,763</u>	<u>48,901,125</u>	<u>251,164,398</u>
TOTAL PACE FUNDING	\$ 62,660,482	\$ 46,633,482	\$ 45,915,546	\$ 47,053,763	\$ 48,901,125	\$ 251,164,398
Pace Bond Proceeds	6,000,000	3,000,000	57,000,000	5,000,000	17,000,000	88,000,000
TOTAL PACE AVAILABLE	\$ 68,660,482	\$ 49,633,482	\$ 102,915,546	\$ 52,053,763	\$ 65,901,125	\$ 339,164,398

Schedule II-A

2015-2019 CAPITAL PROGRAM REVENUES

	2015*	2016	2017	2018	2019	TOTAL
Regional Total						
FTA						
\$5307/\$5340 Urbanized Area Formula	\$ 241,364,054	\$ 241,364,054	\$ 248,604,976	\$ 256,063,124	\$ 263,745,018	\$ 1,251,141,226
\$5337 State of Good Repair Formula	205,540,582	205,540,582	211,706,799	218,058,002	224,599,743	1,065,445,708
\$5339 Bus and Bus Facilities	13,538,895	13,538,895	13,945,062	14,363,414	14,794,316	70,180,582
Subtotal FTA	460,443,531	460,443,531	474,256,837	488,484,540	503,139,077	2,386,767,516
Federal Flexible/CMAQ/Other	22,150,000	21,654,000	10,975,000	6,975,000	7,650,000	69,404,000
TIFIA	557,000,000	0	0	0	0	557,000,000
Department of Homeland Security	3,000,000	3,000,000	3,000,000	3,000,000	0	12,000,000
Subtotal Fed Flexible	582,150,000	24,654,000	13,975,000	9,975,000	7,650,000	638,404,000
Subtotal Federal	1,042,593,531	485,097,531	488,231,837	498,459,540	510,789,077	3,025,171,516
State	0	0	0	0	0	0
State Bond Funds	0	0	0	0	0	0
Subtotal State	0	0	0	0	0	0
RTA	100,000,000	0	0	0	0	100,000,000
Service Board Bonds	28,227,000	4,697,000	4,838,000	0	0	37,762,000
ICE Funds	128,227,000	4,697,000	4,838,000	0	0	137,762,000
Subtotal RTA	128,227,000	4,697,000	4,838,000	0	0	137,762,000
SB	13,550,000	10,675,000	11,875,000	12,875,000	26,000,000	74,975,000
Service Board Funds	1,000,000	2,200,000	1,000,000	0	0	4,200,000
Service Board Match	14,550,000	12,875,000	12,875,000	12,875,000	26,000,000	79,175,000
Subtotal SB/Local	142,777,000	17,875,000	17,713,000	12,875,000	26,000,000	216,937,000
Subtotal Local	142,777,000	17,875,000	17,713,000	12,875,000	26,000,000	216,937,000
SUBTOTAL REGIONAL	1,185,370,531	502,669,531	505,944,837	511,334,540	536,789,077	3,242,108,516
Carryover Federal \$5307	92,737	0	0	0	0	92,737
Subtotal Carryover/Deob	92,737	0	0	0	0	92,737
TOTAL REGIONAL FUNDING	\$ 1,185,463,268	\$ 502,669,531	\$ 505,944,837	\$ 511,334,540	\$ 536,789,077	\$ 3,242,201,253
CTA Debt Repayment Principal (\$5307/\$5340 & \$5309)	(46,475,000)	(49,920,000)	(55,350,000)	(61,080,000)	(62,935,000)	(275,760,000)
CTA Debt Repayment Interest (\$5307/\$5340 & \$5309)	(80,493,353)	(89,868,563)	(87,297,464)	(84,483,938)	(81,358,914)	(433,502,233)
Subtotal Non-Capital Program Uses	(126,968,353)	(139,788,563)	(142,647,464)	(145,563,938)	(144,293,914)	(709,262,233)
NET REGIONAL CAPITAL FUNDING	\$ 1,048,494,915	\$ 362,880,968	\$ 363,297,373	\$ 365,770,601	\$ 392,495,163	\$ 2,532,939,020
Service Board Bond Proceeds	106,000,000	148,000,000	157,000,000	5,000,000	117,000,000	533,000,000
TOTAL REGIONAL AVAILABLE	\$ 1,154,494,915	\$ 510,880,968	\$ 520,297,373	\$ 370,770,601	\$ 509,495,163	\$ 3,065,939,020

* RTA 2014 Board actions included \$255.9 million of funding (\$220.9 million of State Bond funds and \$35.0 million of Federal CoreCapacity funds). RTA accounted for these funds in 2014; therefore, did not include them here while CTA's agency capital program accounts for \$255.9 million in 2015.

		Schedule II-B December 17, 2014					
		2015	2016	2017	2018	2019	Total
CTA							
Bus							
1 Rolling Stock							
021.803	Perform Bus Overhaul and Maintenance Activities -- Systemwide	0	2,334,677	2,500,000	2,500,000	0	7,334,677
021.806	Perform Mid-Life Bus Overhaul -- Systemwide	16,578,888	9,756,643	12,687,966	0	0	39,023,497
031.054	Purchase Buses -- Systemwide	66,822,381	14,638,299	28,301,211	22,718,399	6,542,713	139,023,003
031.054	Purchase Buses -- Systemwide	7,911,701	7,911,700	7,911,700	7,911,700	22,733,057	54,379,858
	Total: 1 Rolling Stock	\$91,312,970	\$34,641,319	\$51,400,877	\$33,130,099	\$29,275,770	\$239,761,035
7 Acquisitions & Extensions							
254.001	South Main Line/Red Line Extension	0	5,000,000	0	0	0	5,000,000
	Total: 7 Acquisitions & Extensions	\$0	\$5,000,000	\$0	\$0	\$0	\$5,000,000
	Total: Bus	\$91,312,970	\$39,641,319	\$51,400,877	\$33,130,099	\$29,275,770	\$244,761,035
Rail							
1 Rolling Stock							
022.903	Perform Rail Car Overhaul and Mid-Life Rehabilitation (2600 and 3200 Series) -- Systemwide	20,515,932	15,027,853	27,025,627	0	0	62,569,412
022.903	Perform Rail Car Quarter Life Overhaul (5000 Series) -- Systemwide	0	0	0	0	28,438,214	28,438,214
022.906	Perform Rail Car Overhaul Activities -- Systemwide	0	2,280,773	2,500,000	2,500,000	0	7,280,773
132.056	Replace 706 Rail Cars (2200, 2400 and 2600 Series) -- Systemwide	437,000,000	28,903,581	5,997,016	6,340,720	34,788,344	513,029,661
	Total: 1 Rolling Stock	\$457,515,932	\$46,212,207	\$35,522,643	\$8,840,720	\$63,226,558	\$611,318,060
2 Track & Structure							
181.500	Repair Track and Structure -- Systemwide	7,939,393	21,656,252	15,140,027	16,944,903	15,000,000	76,680,575
195.027	Rehabilitate Blue Line -- O'Hare Branch/Your New Blue (YNB)	120,000,000	0	0	0	0	120,000,000
	Total: 2 Track & Structure	\$127,939,393	\$21,656,252	\$15,140,027	\$16,944,903	\$15,000,000	\$196,680,575
3 Electrical, Signal, & Communications							
121.500	Replace/Upgrade Power Distribution and Signals -- Systemwide	24,952,556	45,654,603	0	20,000,000	0	90,607,159
195.027	Rehabilitate Blue Line -- O'Hare Branch/Your New Blue (YNB)	0	9,624,028	0	11,000,000	0	20,624,028
	Total: 3 Electrical, Signal, & Communication	\$24,952,556	\$55,278,631	\$0	\$31,000,000	\$0	\$111,231,187
5 Stations & Passenger Facilities							
141.273	Rehabilitate Rail Stations -- Systemwide	17,500,000	24,381,484	12,951,272	5,000,000	10,000,000	69,832,756
141.273a	Rehabilitate Rail Stations -- 95th Street Terminal Expansion	0	10,000,000	0	0	0	10,000,000
304.004	North Main Line -Red/Purple Modernization	0	7,145,429	0	0	0	7,145,429
	Total: 5 Stations & Passenger Facilities	\$17,500,000	\$41,526,913	\$12,951,272	\$5,000,000	\$10,000,000	\$86,978,185
	Total: Rail	\$627,907,881	\$164,674,003	\$63,613,942	\$61,785,623	\$88,226,558	\$1,006,208,007
System							
3 Electrical, Signal, & Communications							
150.028	Implement Security & Communication Projects -- Systemwide	3,000,000	3,000,000	3,000,000	8,000,000	5,000,000	22,000,000
	Total: 3 Electrical, Signal, & Communication	\$3,000,000	\$3,000,000	\$3,000,000	\$8,000,000	\$5,000,000	\$22,000,000
4 Support Facilities & Equipment							

	2015	2016	2017	2018	2019	Total
061.059 Implement Computer Systems -- Systemwide	1,988,645	1,988,645	2,207,386	1,988,645	2,147,010	10,320,331
073.500 Improve Facilities -- Systemwide	6,189,400	20,340,866	9,109,297	29,162,727	16,187,413	80,989,703
086.500 Purchase Equipment and Non-Revenue Vehicles -- Systemwide	4,875,000	44,864,851	1,875,000	1,875,000	15,000,000	68,489,851
Total: 4 Support Facilities & Equipment	\$13,053,045	\$67,194,362	\$13,191,683	\$33,026,372	\$33,334,423	\$159,799,885
6 Miscellaneous						
306.001 Provide for Program Management -- Systemwide	6,690,000	6,690,000	6,090,000	6,690,000	6,690,000	32,850,000
404.500 Implement CMAQ Projects	16,406,000	0	0	0	0	16,406,000
Total: 6 Miscellaneous	\$23,096,000	\$6,690,000	\$6,090,000	\$6,690,000	\$6,690,000	\$49,256,000
Total: System	\$39,149,045	\$76,884,362	\$22,281,683	\$47,716,372	\$45,024,423	\$231,055,885
Total: for Service Board: CTA	\$758,369,896	\$281,199,684	\$137,296,502	\$142,632,094	\$162,526,751	\$1,482,024,927

Metra

Rail

1 Rolling Stock						
P-004 Provide Locomotive Rehabilitation -- MET	39,545,000	0	0	0	0	39,545,000
P-005 Provide Locomotive Improvements -- MET	5,000,000	41,000,000	66,200,000	20,000,000	25,539,000	157,739,000
P-006 Provide Commuter Cars Rehabilitation -- MET	28,700,000	0	0	0	0	28,700,000
P-006 Provide Locomotive Rehabilitation -- MET	4,300,000	0	0	0	0	4,300,000
P-006 Rehabilitate Bi-level Commuter Cars -- MET	0	21,733,000	51,600,000	26,500,000	26,000,000	125,833,000
P-007 Provide Commuter Car Improvements -- MET	1,500,000	0	0	0	0	1,500,000
P-008 Rehabilitate and Improve MU Electric Cars -- MED	7,500,000	0	0	0	0	7,500,000
P-009 Locomotive and Car Overhaul -- MET	5,500,000	0	0	0	0	5,500,000
P-009 Overhaul Rolling Stock Fleet Components -- MET	0	4,500,000	4,500,000	2,800,000	3,000,000	14,800,000
P-010 Convert Commuter Cars HVAC Refrigerant -- MET	0	3,000,000	1,500,000	1,500,000	2,000,000	8,000,000
P-141 Purchase Bi-Level Commuter Cars -- MET	0	0	29,300,000	0	100,000,000	129,300,000
Total: 1 Rolling Stock	\$92,045,000	\$70,233,000	\$153,100,000	\$50,800,000	\$156,539,000	\$522,717,000
2 Track & Structure						
P-011 Provide for Ties, Ballast & Surfacing -- BNSF, MED, RID, UPR, MET	5,000,000	4,250,000	5,620,000	5,250,000	7,000,000	27,120,000
P-013 Upgrade Crossings (Road and Track) -- MWD, UPR, MET	2,700,000	3,325,000	5,200,000	1,925,000	3,825,000	16,975,000
P-015 Provide for Rail Renewal -- MWD, NCS, BNSF, MET	5,400,000	0	0	0	0	5,400,000
P-015 Provide for Rail Renewal -- MWD, NCS, MET	1,500,000	4,300,000	4,640,000	4,135,000	4,485,000	19,060,000
P-015 Provide for Structural Improvements -- UPR, MET	100,000	0	0	0	0	100,000
P-016 Provide for Rail Renewal -- MWD, NCS, MET	735,000	0	0	0	0	735,000
P-017 Rehabilitate or Replace Bridges -- MWD, RID, UPR, MET	0	16,700,000	20,900,000	22,800,000	26,667,286	87,067,286
P-018 Provide for Structural Improvements -- UPR, MET	0	1,500,000	1,000,000	1,150,000	1,350,000	5,000,000
P-018 Rehabilitate Retaining Walls -- BNSF	500,000	0	0	0	0	500,000
P-018 Rehabilitate Retaining Walls -- RID	1,000,000	0	0	0	0	1,000,000
P-019 Rehabilitate Retaining Walls -- BNSF, MET	0	500,000	1,000,000	500,000	750,000	2,750,000
P-200 Provide for Ties, Ballast & Surfacing -- BNSF, MED, RID, UPR, MET	800,000	0	0	0	0	800,000
P-201 Provide for Ties, Ballast & Switch Heaters -- BNSF	1,800,000	0	0	0	0	1,800,000
P-251 Rehabilitate or Replace Bridges -- MWD, RID, UPR, MET	17,348,538	0	0	0	0	17,348,538
Total: 2 Track & Structure	\$36,883,538	\$30,575,000	\$38,360,000	\$35,760,000	\$44,077,286	\$185,655,824
3 Electrical, Signal, & Communications						
P-024 Upgrade Signal System -- BNSF, MET	500,000	5,000,000	7,730,000	9,700,000	17,750,000	40,680,000
P-024 Upgrade Signal System -- RID, MET	3,000,000	0	0	0	0	3,000,000
P-026 Upgrade Interlockers and Crossovers -- MWD, UPR, MET	0	0	0	0	0	0

		2015	2016	2017	2018	2019	Total
P-026	Upgrade Interlockers and Crossovers -- UPR, MET	1,000,000	0	0	0	0	1,000,000
P-030	Improve Electrical Systems -- BNSF, MED, MWD, RID, MET	500,000	0	0	0	0	500,000
P-030	Improve Electrical Systems -- BNSF, MED, RID, MET	400,000	0	0	0	0	400,000
P-031	Improve Electrical Systems -- BNSF, MED, RID, MET	500,000	2,700,000	3,827,325	3,850,000	6,650,000	17,527,325
P-032	Provide for Communication Equipment -- MET	2,725,800	0	0	0	0	2,725,800
P-032	Provide for Communication Improvements -- MET	0	0	1,000,000	0	0	1,000,000
P-034	Install Positive Train Control (PTC) System -- MET	98,000,000	40,000,000	30,000,000	30,000,000	0	198,000,000
P-034	Install Positive Train Control (PTC) System -- UPR, MET	25,000,000	0	0	0	0	25,000,000
	Total: 3 Electrical, Signal, & Communication	\$131,625,800	\$47,700,000	\$42,557,325	\$43,550,000	\$24,400,000	\$289,833,125
	4 Support Facilities & Equipment						
	Purchase Equipment and Vehicles -- MET	3,500,000	0	0	0	0	3,500,000
P-039	Improve Yards, Shops and Facilities -- BNSF, MED, UPR, MET	0	2,600,000	4,500,000	7,250,000	8,853,000	23,203,000
P-039	Improve Yards, Shops and Facilities -- RID	20,000,000	0	0	0	0	20,000,000
P-040	Upgrade Buildings -- BNSF, MET	0	600,000	300,000	500,000	500,000	1,900,000
P-040	Upgrade Buildings -- MED, MET	750,000	0	0	0	0	750,000
P-042	Purchase Equipment and Vehicles -- MET	4,000,000	7,542,000	4,800,000	6,077,000	6,077,000	28,496,000
P-043	Purchase Equipment and Vehicles -- MET	3,000,000	0	0	0	0	3,000,000
P-044	Upgrade Financial Systems -- MET	0	1,000,000	10,000,000	2,500,000	7,000,000	20,500,000
P-461	Improve Yards, Shops and Facilities -- UPR	100,000	0	0	0	0	100,000
P-461	Purchase Equipment and Vehicles -- MET	400,000	0	0	0	0	400,000
P-471	Upgrade Financial Systems -- MET	12,800,000	0	0	0	0	12,800,000
	Total: 4 Support Facilities & Equipment	\$44,550,000	\$11,742,000	\$19,600,000	\$16,327,000	\$22,430,000	\$114,649,000
	5 Stations & Passenger Facilities						
P-046	Rehabilitate and Improve Stations -- MED, MET	500,000	3,500,801	6,750,000	6,500,000	5,000,000	22,250,801
P-046	Rehabilitate and Improve Stations -- UPR, MET	2,000,000	0	0	0	0	2,000,000
P-511	Rehabilitate and Improve Stations -- MED, MET	2,500,000	2,000,000	4,000,000	5,000,000	8,000,000	21,500,000
P-511	Rehabilitate and Improve Stations -- RID, MET	900,000	0	0	0	0	900,000
	Total: 5 Stations & Passenger Facilities	\$5,900,000	\$5,500,801	\$10,750,000	\$11,500,000	\$13,000,000	\$46,650,801
	6 Miscellaneous						
P-056	Provide for Unanticipated Capital -- MET	1,000,000	2,153,000	2,500,000	2,500,000	2,000,000	10,153,000
P-057	Provide for Capital Program Support Management and Engineering -- MET	0	7,697,000	7,838,000	8,000,000	10,000,000	33,535,000
P-057	Provide for Support Activities -- MET	4,595,200	0	0	0	0	4,595,200
P-058	Provide for Winterization Upgrades	1,000,000	0	0	0	0	1,000,000
P-059	Provide for Capital Program Support Management and Engineering -- MET	3,000,000	0	0	0	0	3,000,000
	Total: 6 Miscellaneous	\$9,595,200	\$9,850,000	\$10,338,000	\$10,500,000	\$12,000,000	\$52,283,200
	7 Acquisitions & Extensions						
P-591	Provide for Land Acquisition -- MET	3,500,000	0	0	0	0	3,500,000
	Total: 7 Acquisitions & Extensions	\$3,500,000	\$0	\$0	\$0	\$0	\$3,500,000
	8 Contingencies & Administration						
P-055	Provide for Project Administration & Contingencies -- MET	0	2,447,000	1,800,000	3,364,744	3,838,001	11,449,745
P-058	Locally Funded Projects/Match	765,000	0	0	0	0	765,000
P-058	Provide for Locally Funded Projects	0	2,000,000	3,580,000	4,283,000	4,783,000	14,646,000
P-798	Provide for Project Administration & Contingencies -- MET	800,000	0	0	0	0	800,000
P-799	Provide for Project Administration & Contingencies -- MET	1,800,000	0	0	0	0	1,800,000

	2015	2016	2017	2018	2019	Total
Total: 8 Contingencies & Administration	\$3,365,000	\$4,447,000	\$5,380,000	\$7,647,744	\$8,621,001	\$29,460,745
Total: Rail	\$327,464,538	\$180,047,801	\$280,085,325	\$176,084,744	\$281,067,287	\$1,244,749,695
Total: for Service Board: Metra	\$327,464,538	\$180,047,801	\$280,085,325	\$176,084,744	\$281,067,287	\$1,244,749,695

Pace

Bus

	2015	2016	2017	2018	2019	Total
1 Rolling Stock						
5001 Purchase 75 Fixed Route Accessible Buses -- Systemwide	32,750,000	12,150,000	12,000,000	15,840,000	17,280,000	90,020,000
5002 Purchase 203 Paratransit Buses - Suburban Replacements -- Systemwide	0	3,445,000	3,250,000	3,360,000	3,640,000	13,695,000
5003 Purchase Approximately 42 Community Vehicles -- Systemwide	0	500,000	1,020,000	1,020,000	1,020,000	3,560,000
5004 Purchase Approximately 691 Vanpool Vans (Replacement) -- Systemwide	8,550,000	5,985,000	6,975,000	6,975,000	7,650,000	36,135,000
5005 Provide for Diesel Engine Retrofit -- Systemwide	0	1,613,000	2,000,000	2,600,000	1,000,000	7,213,000
5006 Provide for Associated Capital Items -- Systemwide	0	250,000	250,000	250,000	250,000	1,000,000
5028 Provide for Capital Cost of Contracting -- Systemwide	250,000	4,860,000	6,000,000	6,000,000	6,000,000	23,110,000
Total: 1 Rolling Stock	\$41,550,000	\$28,803,000	\$31,495,000	\$36,045,000	\$36,840,000	\$174,733,000
3 Electrical, Signal, & Communications						
5009 Purchase/Install Intelligent Bus System (IBS) and Mobile Data Terminals (MDT) -- Systemwide	0	0	2,000,000	2,000,000	1,000,000	5,000,000
Total: 3 Electrical, Signal, & Communication	\$0	\$0	\$2,000,000	\$2,000,000	\$1,000,000	\$5,000,000
4 Support Facilities & Equipment						
4920 Provide for Transit Infrastructure -- I-90 Corridor	1,160,000	0	0	0	0	1,160,000
5011 Purchase Replacement Farebox System -- Systemwide	0	5,000,000	3,000,000	0	0	8,000,000
5012 Provide for Transit Infrastructure -- Milwaukee Avenue Corridor	10,400,000	0	0	0	0	10,400,000
5013 Construct/Improve Garages & Facilities -- Systemwide	3,050,000	4,090,000	2,250,000	3,250,000	3,850,000	16,490,000
5014 Construct/Improve Garages & Facilities -- Systemwide	6,000,000	3,000,000	51,000,000	0	0	60,000,000
5015 Construct/Improve Garages & Facilities -- Systemwide	0	0	6,000,000	2,000,000	17,000,000	25,000,000
5016 Construct/Improve Garages & Facilities -- Systemwide	0	0	0	3,000,000	1,350,000	4,350,000
5017 Security Projects -- Systemwide	3,300,000	0	0	0	0	3,300,000
5018 Purchase Computer Hardware and Software Systems -- Systemwide	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	9,000,000
5019 Purchase Maintenance/ Support Equipment and Vehicles -- Systemwide	250,000	750,000	500,000	500,000	600,000	2,600,000
5020 Purchase Office Equipment -- Systemwide	0	250,000	250,000	500,000	250,000	1,250,000
Total: 4 Support Facilities & Equipment	\$25,160,000	\$15,090,000	\$65,000,000	\$11,250,000	\$25,050,000	\$141,550,000
5 Stations & Passenger Facilities						
4828 Provide Consultant for Bus Stop Conversion -- Systemwide	0	1,700,000	1,700,000	0	0	3,400,000
5022 Passenger Facilities Mid Life Renovation -- Systemwide	0	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
5023 Burr Ridge Park-N-Ride A/E and Construction	1,165,000	0	0	0	0	1,165,000
5024 Install Shelters/ Signs/ Passenger Amenities -- Systemwide	0	1,600,000	500,000	500,000	700,000	3,300,000
Total: 5 Stations & Passenger Facilities	\$1,165,000	\$4,550,000	\$3,450,000	\$1,750,000	\$1,950,000	\$12,865,000
6 Miscellaneous						
5027 Provide for Unanticipated Capital -- Systemwide	250,000	500,000	500,000	500,000	500,000	2,250,000
Total: 6 Miscellaneous	\$250,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,250,000
8 Contingencies & Administration						
5029 Provide for Project Administration	535,482	690,482	470,546	508,763	561,125	2,766,398

	2015	2016	2017	2018	2019	Total
Total: 8 Contingencies & Administration	\$535,482	\$690,482	\$470,546	\$508,763	\$561,125	\$2,766,398
Total: Bus	\$68,660,482	\$49,633,482	\$102,915,546	\$52,053,763	\$65,901,125	\$339,164,398
Total: for Service Board: Pace	\$68,660,482	\$49,633,482	\$102,915,546	\$52,053,763	\$65,901,125	\$339,164,398
Grand Total						
RTA 2015-2019 CAPITAL IMPROVEMENT PROGRAM	\$1,154,494,916	\$510,880,967	\$520,297,373	\$370,770,601	\$509,495,163	\$3,065,939,020

Glossary

Accessible—As defined by FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered, and used by persons with disabilities.

Accessible Service—A term used to describe service that is accessible to non-ambulatory riders with disabilities. This includes fixed-route bus service with wheelchair lifts or Dial-a-Ride service with wheelchair lift-equipped vehicles.

ADA (The Americans with Disabilities Act of 1990)—This federal act requires changes to transit vehicles, operations and facilities to ensure that people with disabilities have access to jobs, public accommodations, telecommunications, and public services, including public transit.

ADA Paratransit Service—Non-fixed-route paratransit service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the service area to certified participants in the program.

Administration Expenditure—Expenditures for labor, materials and fees associated with general office functions, insurance, safety, legal services, and customer services.

Agency Fund—This fiduciary fund accounts for the assets held by the RTA in a trustee capacity or as an agent for the CTA, Metra, and Pace, rather than for the RTA's own programs. (Of the four types of fiduciary funds [Agency funds, pension (and other employee benefit) funds, investment trust funds, and private-purpose funds], the RTA uses only the first two.)

Ambulatory Disabled—A person with a disability that does not require the use of a wheelchair. This would describe individuals who use a mobility aid other than a wheelchair or have a visual or hearing impairment.

Appropriation—A legal procedure that permits a specified amount of funds to be expended for a given operating or capital purpose; the RTA appropriates funds for expenditures.

ASA/AFA—State-authorized assistance. Additional State Assistance (ASA) and Additional Financial Assistance (AFA) are provided for reimbursement of SCIP bond debt service (see SCIP bonds).

Balanced Budget—A budget in which projected revenues equal projected expenses during a fiscal period.

Benefit Access Program—The Illinois Department on Aging's Benefit Access Program provides assistance to low income senior citizens and persons with disabilities. Illinois residents with a qualifying disability and seniors who meet the income eligibility requirements of the Benefit Access Program are eligible for free rides on regularly scheduled fixed-route public transit service.

Bond Refinancing/Refunding—The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions which results in the defeasance of the old debt.

Budget—Funds allocated by the RTA Board for a particular purpose; each year the RTA Board approves a budget document for the following year. Funds are allocated either by "programming" them or by "appropriating" them.

Budget Marks—The Regional Transportation Authority Act, as amended in 1983, requires the RTA to advise each of its Service Boards by September 15th each year of its required revenue recovery ratio for the subsequent year, and the public funding estimated to be available for the next three years. These figures are referred to as budget marks.

Bus Bunching—A traffic scenario in which more than one bus arrives at the same time. This phenomenon is a subject of several CTA initiatives aimed at reducing

service problems through improved field management of traffic and schedules.

Bus Rapid Transit (BRT)—BRT combines the quality of rail transit and the flexibility of buses. It can operate on exclusive transit ways, High Occupancy Vehicle (HOV) lanes, expressways, or ordinary streets. A BRT system combines intelligent transportation systems technologies, transit signal priority (TSP), cleaner and quieter vehicles, rapid and convenient fare collection, and integration with land use policies.

Capacity Utilization—Total passenger miles divided by transit capacity, where transit capacity is the product of vehicle revenue miles and average vehicle passenger capacity.

Capital—Funds that finance construction, renovation, and major repair projects or the purchase of machinery, equipment, buildings, and land.

Capital Expenditure—Expenditures that acquire, improve, or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000, e.g., rolling stock, track and structure, support facilities and equipment, and stations and passenger facilities.

Car Mile or Vehicle Mile—A single bus, rapid transit car, or commuter rail car traveling one mile.

CMAP (The Chicago Metropolitan Agency for Planning)—Formed in 2005, CMAP integrates planning for land use and transportation in Northeastern Illinois. The new organization combined the region's two previously separate transportation and land-use planning organizations -- Chicago Area Transportation Study (CATS) and the Northeastern Illinois Planning Commission (NIPC) -- into a single agency.

CMAQ (Congestion Mitigation/Air Quality) Grant—A federal grant program designed to support transportation projects that reduce traffic congestion and/or improve air quality.

Cost per Mile—Operating expense divided by vehicle miles for a particular program or in total.

Cost per Passenger—Operating expense divided by ridership for a particular program or in total.

CTA (Chicago Transit Authority)—The CTA operates bus and rapid transit service in the City of Chicago and surrounding suburbs. The CTA was created by state legislation and began operations in 1947.

Deadhead—The time when a transit vehicle is traveling toward a yard, shop, or the start of a run but is not in revenue service. Car miles include deadhead miles.

Debt Service—The payment of interest on and the repayment of principal on long-term borrowed funds according to a predetermined payment schedule.

Defeasance of Bonds—A technique used to discharge older high-rate debt prior to maturity with new securities bearing lower interest rates.

Depreciation—Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. The portion of the cost of a fixed asset, other than a wasting asset, charged to expense during a particular period.

Dial-A-Ride Service—Paratransit service that requires the user to call ahead and schedule service.

Discretionary Funds—Funds that the RTA allocates at its discretion. These funds include PTF I and 15 percent of the RTA Sales Tax I.

Elderly—A term used to describe individuals who are 65 years of age or older. This age is used to qualify for the RTA Senior Citizen Reduced Fare Card. Note that some paratransit services define elderly individuals at an age other than 65.

Express Bus (or route)—A suburban or intercity bus that operates a portion of its route without stops or with a limited number of stops.

Favorable Performance—In a comparison of actual results to budgeted levels, favorable performance describes the situation in which expenditures are less than budget or revenue exceeds budget.

Farebox Revenue—Revenue obtained from passengers.

Fares—The amount charged to passengers for use of various services.

Feeder Bus Services—Pace bus routes that serve Metra stations.

Financial Plan—In addition to an annual budget, the RTA Act, as amended in 1983, requires the RTA and its Service Boards to develop a financial plan for the two years subsequent to the upcoming budget year. In combination with the annual budget, this provides a three-year projection of expenses, revenues, and public funding requirements.

Fiscal Year—The calendar year is the fiscal year for the RTA, CTA, Metra, and Pace. The fiscal year of the State of Illinois extends from July 1 through June 30 of the following year. The fiscal year of the federal government extends from October 1 through September 30 of the following year.

Fixed-Route Service—Buses that operate according to fixed schedules and routes.

Flexible Funds—Federal funds made available by TEA-21 that can be used for various transportation projects, including both highway and mass transit projects. Allocation of these funds is at the discretion of state and local agencies.

Fringes (Fringe Benefit Expenditures)—Pay or expenditures to or on behalf of employees in addition to salaries and wages, including sick pay, vacation pay, pension

contributions, life and health insurance, unemployment and workers' compensation, social security costs, and other programs.

FTA (Federal Transit Administration)—The FTA is the federal agency that helps cities and communities provide mobility to their citizens. Through its grant programs, FTA provides financial and planning assistance to help plan, build, and operate rail, bus, and paratransit systems. Since 1988, the only FTA funding available to the RTA has been for capital projects.

Full Funding Grant Agreement (FFGA)—The FTA is required to use a FFGA to provide financial assistance for new start projects. The FTA also has the discretion to use an FFGA in awarding federal assistance for other major capital projects. The FFGA defines the project, including cost and schedule; commits to a maximum level of federal financial assistance (subject to appropriation); establishes the terms and conditions of federal financial participation; covers the period of time for completion of the project; and helps to manage the project in accordance with federal law. The FFGA assures the grantee of predictable federal financial support for the project (subject to appropriation) while placing a ceiling on the amount of that federal support.

Full-Time Equivalent (FTE)—A measurement equal to one staff person working a full-time work schedule for one year.

Fund Balance—The cumulative difference between revenues and expenses over the life of a fund. The excess of funding over operating deficit for a given period of time. In this document, the fund balance refers to the unassigned funds in the Agency and general fund.

Funding Formula—A specific formula used to determine a subsidy level.

General Long Term Debt Account Group (GLTDAG)—This account group is not a fund but a separate list of certain long-term liabilities of the general government. Debt normally is recorded at its face value, without

premium or discount. Additions to and deletions from GLTDAG are disclosed in the notes to the financial statements.

General Fund—The operating fund that is used to account for all financial resources and normal recurring activities except for those required to be accounted for in another fund.

General Obligation Bonds (GO Bonds)—Bonds that are legally backed by the full faith and credit of the issuing government. The government is legally obligated to use its full taxing power, if necessary, to repay the debt.

Gross Domestic Product (GDP)—Reported by the Bureau of Economic Analysis, this measure of economic activity is the sum of the market values of all of the final goods and services produced in the United States in a year.

Grants—Monies received from local, federal, and state governments to provide capital or operating assistance.

Headway—The time span between service vehicles (bus or rail) on a specified route.

Illinois FIRST—A group of legislation passed by the Illinois Legislature to fund capital improvements for the state’s infrastructure, roads, schools and transit.

Illinois Jobs Now!—Signed into law by Illinois Governor Quinn in 2009, the six-year, \$31 billion capital program to improve state infrastructure included \$186 million in funding for transportation projects.

Infrastructure—The physical assets of the RTA system, e.g., rail lines and yards, power distribution, signaling, switching, and communications equipment, passenger stations, information systems, and roadways, upon which the continuance and growth of transit depend.

In-Kind Service—These services are provided at no cost to a Service Board. For example, the City of Chicago

provides free of charge dedicated security forces to the CTA.

Innovation, Coordination and Enhancement (ICE)

Fund—A fund created to award grants to the Service Boards, transportation agencies, and local governments, for short-term, lower-cost projects and service enhancements.

Intelligent Bus System (IBS)—A bus communications system that uses advanced technology to monitor and improve performance on various levels. Pace’s new bus communications system includes radio voice and data communications, Computer-Aided Dispatching (CAD) and Global Positioning System (GPS)-based Automatic Vehicle Location (AVL) functions.

Intelligent Transportation Systems (ITS)—The application of advanced sensor, computer, electronics, and communication technologies and management strategies in an integrated manner to increase the safety and efficiency of the surface transportation system. ITS is a national effort designed to promote the use of advanced technologies in multimodal transportation.

Interest—The charge for borrowing money, typically expressed as an annual percentage rate.

ISTEA (Intermodal Surface Transportation Efficiency Act of 1991)—ISTEA amended the Federal Transit Act introducing new sources of flexible funds and increasing the funding authorized for public transit.

JARC (Job Access Reverse Commute)/New Freedom—JARC is a federally funded program that provides operating and capital assistance for transportation services planned, designed, and carried out to meet the transportation needs of eligible low-income individuals and of reverse commuters regardless of income. The New Freedom program provides new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA).

Joint Self Insurance Fund (JSIF)—The RTA provides excess liability insurance to protect the self-insurance programs maintained by the CTA, Metra, and Pace. The Service Boards are obligated to reimburse the JSIF for any damages paid plus a floating interest rate.

Labor Expenditure—The cost of wages and salaries (including overtime) to employees for the performance of their work.

Line Item—An appropriation that is itemized on a separate line in a budget.

Linked Trip—A single, one-way trip without regard for the number of vehicles boarded to make the trip (i.e., a home-to-work trip taken by boarding a bus, to a train, to another bus represents one linked trip or three unlinked trips).

Maintenance Expenditure—Expenditures for labor, materials, services, and equipment used to repair and service transit and service vehicles and facilities.

MAP-21—The Moving Ahead for Progress in the 21st Century Act was signed into law by President Obama on July 6, 2012. MAP-21 provides over \$105 billion in funds for surface transportation programs in 2013 and 2014.

Metra—The Commuter Rail Division of the RTA responsible for all rail public transit service with the exception of those services provided by the CTA. Metra was created in 1983 by an amendment to the RTA Act.

Mobility Limited—An individual who has a physical impairment, including impaired sensory, manual, or speaking abilities that result in functional limitations.

Modified Accrual Basis—A type of accounting whereby revenue and other financial resource increments (e.g., bond issue proceeds) are recognized when they become both “measurable” and “available” for finance expenditures of the current period. “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Similarly,

expenditures (e.g., debt service payments and a number of specific accrued liabilities) are only recognized when payment is due because it is only at that time that they normally are liquidated with expendable available financial resources.

Moving Beyond Congestion—In 2008, jointly with the Chicago Transit Authority, Metra and Pace, the RTA led a strategic planning effort to maintain, enhance and expand the Northeastern Illinois region’s transit system and to solve the current transit funding challenge, ensure financial viability and accountability, and meet the region’s growing and changing transportation needs.

Net Result—The difference between total revenue (including public funding) and total expenses. Sometimes referred to as the “change in fund balance.”

Non-Ambulatory Disabled—A person who has a disability that requires use of a wheelchair.

Operating Assistance—Financial assistance for transit operating (as opposed to capital) expenditures. Such aid may originate with federal, state, or local governments.

Operating Budget—The planning of revenue and expenditures for a given period of time to maintain daily operations.

Operating Deficit—For a particular Service Board, the difference between system-generated revenues and system operating expenses. The operating deficit is sometimes referred to as the “public funding requirement.”

Off-Peak—Non-rush hour time periods.

Pace—The Suburban Bus Division of the RTA responsible for all non-rail suburban public transit service with the exception of those services provided by the CTA. On July 1, 2006, Pace assumed operating responsibility for all ADA Paratransit service in the RTA region. Pace was created in 1983 by an amendment to the RTA Act.

Paratransit Service—Any transit service that is not conventional fixed-route bus or rail service, including Dial-a-Ride, Call-n-Ride, and ADA Paratransit Services.

Passenger Mile—A single passenger traveling one mile.

Peak Period—Morning or evening rush hour.

Principal—The amount borrowed or the amount still owed on a loan, separate from the interest.

Positive Budget Variance (PBV)—Calculated as the difference between a Service Board’s budgeted and actual deficit, a positive budget variance results when the actual deficit is less than budgeted. A PBV represents available funds for the Service Boards to use for capital purposes.

Program (verb)—To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure. When the RTA Board passes its official budget document, certain funds are “programmed” so that they may be obligated (i.e., contracts signed) during the upcoming year; these funds may be expended during the upcoming or subsequent years.

Program (noun)—Groupings of expenditure accounts with related expenditures (i.e., operations, maintenance, administration, and capital program).

Public Transportation Fund(s) (PTF)—Each month the state transfers from its General Revenue Fund an amount equal to 30% of the RTA Sales Tax and Real Estate Transfer Tax collected in the previous month.

Public Funding—Funding received from the RTA or a local, state, or federal government entity. Generally refers to funding for Service Board operating expenditures.

Purchase of Paratransit Service—The amount of money paid to contractors to provide door-to-door transportation to certified participants in the ADA Paratransit program.

Recovery Ratio—System-generated revenues divided by system operating expenditures with exclusions as allowed by the RTA Act. This ratio is calculated for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region attain an annual recovery ratio of at least 50% for mainline service. For ADA Paratransit service, the Act requires a 10% recovery ratio.

Reduced Fares—Discounted fares for children age 7-11, grade school and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID) except paratransit riders.

Regional Priorities Initiative—In 2011, the RTA launched a series of five key priority initiatives intended to advance a collective vision for the region’s transit system.

Reverse Commute—City-to-suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

Ridership (unlinked passenger trips)—Each passenger counted each time that person boards a vehicle.

Rolling Stock—Public transportation vehicles including commuter rail cars, locomotives, rapid transit cars, buses, and vans.

RTA Sales Tax (PART I)—1% in Cook County, 0.25% in the collar counties of DuPage, Kane, Lake, McHenry and Will. 85% of this sales tax is fully distributed to the Service Boards by the RTA according to formulas established by the RTA Act. 15% of this sales tax is retained by the RTA, a portion of which is distributed to the Service Boards at the RTA’s discretion.

SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users)—Signed into law on August 10, 2005, this legislation provided \$286.4 billion in guaranteed funding for federal surface transportation programs through federal fiscal year (FFY) 2009. It was extended through FFY 2012. This leg-

islation was replaced by the Moving Ahead for Progress in the 21st Century (MAP-21) Act in July, 2012.

SCIP (Strategic Capital Improvement Program) Bonds—The RTA was authorized under the RTA Act to issue \$500 million of bonds for public transportation projects approved by the Governor of the State as part of the RTA's Strategic Capital Improvement Program (SCIP). Effective January 1, 2000, the Act was amended to authorize the RTA to issue an additional \$260 million of SCIP bonds in each year for the period of 2000 through 2004.

Series B Bonds—State Transportation Bonds used as all or a portion of the local share required to match federal funds for public transportation capital projects.

Service Boards—The term refers to the region's three transit operators: CTA, Metra and Pace.

Special Service—A transportation service, as defined by the FTA, specifically designed to serve the needs of persons who, by reason of disability, are unable to use mass transit systems designed for the use of the general public.

State Financial Assistance (SFA)—Subject to appropriation by the State, this assistance reimburses the debt service expenses of the RTA's Strategic Capital Improvement Program (SCIP) bonds.

State of Good Repair (SGR)—Capital investment in infrastructure maintenance in order to improve the condition of current transit facilities and provide safe, reliable service.

Statutory Funds Designated for Capital or Transfer Capital—The difference between a Service Board's statutory funding and its budgeted or actual deficit, whichever is greater. These funds, which are over and above operating needs, are generally used for capital purposes.

Subscription Service—Special services for users who ride on a frequent and regular basis and follow a

prescribed schedule (a minimum of three times per week between the same origin and destination).

Subsidy—Funds received from another source that are used to cover the cost of a service or program that is not self-supporting.

System-Generated Revenue (Total Operating Revenue)—Total revenue generated from operations. Includes farebox revenue, state fare subsidies, advertising, interest and all other income (excludes RTA and federal subsidies).

Taxi Access Program (TAP)—Certified participants in the ADA Paratransit service program can purchase taxi vouchers, valued at up to \$13.50, at a reduced price of \$5.00 to pay for one-way taxi rides that originate within the City of Chicago.

TEA-21 (The Transportation Equity Act for the 21st Century)—Signed into law on June 9, 1998, this legislation provided a six-year reauthorization of the federal transit program and the necessary contract authority needed to fully fund the fiscal year 1998 obligation limitations contained in the fiscal year 1998 Department of Transportation Appropriations Act.

TERM-lite—Transit Economic Requirements Model, TERM-lite is the local version of the FTA's capital needs analysis tool that evaluates asset conditions and State of Good Repair (SGR) backlog.

T-FLEx (Transit Finance Learning Exchange)—A strategic alliance of transit agencies formed to leverage mutual strengths and continuously improve transit finance leadership, development, training practices, and information sharing. Its purpose is to transform the finance function into a value-added business partner within each transit authority. Members meet twice annually in a facilitated workshop environment to develop and share best practices in active roundtable work sessions.

TOD (Transit-Oriented Development or Transit-Oriented Design)—Mixed use development of residential,

office and retail uses within walking distance of a transit station or bus route.

Transit Asset Management (TAM)—Measurement of the condition of capital assets such as equipment, rolling stock, infrastructure, and facilities.

Transit Signal Priority—Transit signal priority either gives or extends a green signal to transit buses under certain circumstances to reduce passenger travel times, improve bus schedule adherence, and reduce bus operating costs.

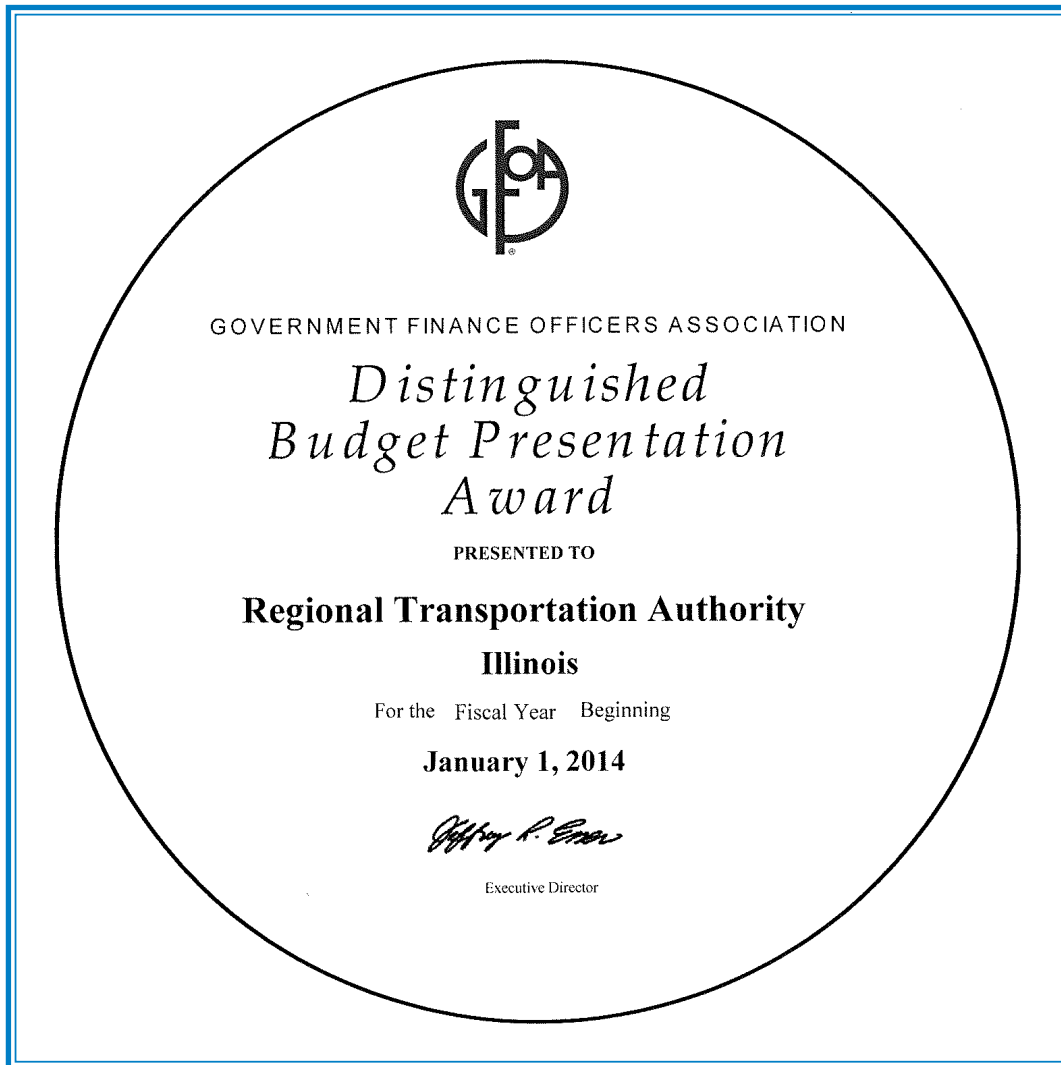
Total Vehicle Miles—The sum of all miles operated by passenger vehicles, including mileage when no passengers were carried.

Unreserved Fund Balance—The balance of funds that have not been restricted, committed, or programmed into the budget, financial plan, or capital program.

Value Engineering— The process of evaluating the function of systems, equipment, facilities, procedures, and supplies to determine if cost-saving is achievable. Value Engineering works to achieve balance between function, performance, quality, safety, scope and project costs. The proper balance results in the maximum value for the project.

Vanpool—Pace's VIP (Vanpool Incentive Program) is a service where a group of 5 to 15 people commute to and from work together in a Pace-owned van.

Vehicle Revenue Mile—Vehicle mile during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Regional Transportation Authority, Illinois for its annual budget for the fiscal year beginning January 1, 2014. This represents the 18th consecutive year the RTA has received this award.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget book continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



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