



Metra
Program &
Budget 2005



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A MESSAGE FROM THE CHAIRMAN

To Friends of Commuter Rail:

In 1984, when Metra took over our region's commuter operations, we faced an uphill battle. Poor on-time performance, service cuts, bankrupt carriers, aged rolling stock and fare increases tarnished the public's perception of commuter transportation. In order to improve ridership and provide a successful commuter rail system, Metra had to work hard to earn the public's trust.

Through sound business strategies and prioritizing capital improvement projects, Metra has overcome these impediments to upgrade and modernize its system. Metra's strategy focused on meeting passenger expectations and developing a maintenance and replacement plan that would replace outmoded equipment and improve reliability without placing an additional burden on the taxpayers.

Twenty years ago, we rose to the challenge of turning around a long-neglected system. Today, we have a reputation and a record of accomplishment that reflect our commitment to excellence. We've consistently delivered a 96 percent on-time performance ratio; we've enhanced overall safety by replacing and upgrading outmoded equipment; and we've improved our system through non-deferred maintenance.

Despite a downturn in the economy following September 11, 2001, Metra continued on this path, prioritizing important capital projects and controlling operational costs. Thanks to prudent management and support from the Regional Transportation Authority (RTA), Metra has weathered the storm. The RTA's distribution of funds has been equitable and must remain balanced for Metra to continue its efforts to improve service and reliability for our passengers.

Furthermore, through active participation with Congress, under the leadership of U.S. Speaker Dennis Hastert, Metra has submitted important rail projects for funding consideration under the newest round of federal transportation appropriations. If Congress approves a transportation funding package this fall, the state of Illinois must supply funds to match federal dollars granted. Illinois Governor Rod Blagojevich has assured the regional transportation community that no federal dollars will be lost due to insufficient state match.

Our theme for this year, "Enhancing Safety Across Our Organization," addresses Metra's commitment to make safety a priority for our passengers, employees and our neighbors. We've made great strides on this front in 2004 thanks to a Homeland Security Grant from the Federal Government, strong partnerships with organizations like Operation Lifesaver, and the dedication of Metra personnel who strive to ensure safety across our system each day.

Our 2005 Budget reflects our vision for the future of commuter rail transportation in Illinois. With the assistance of regional planning and our Congressional Delegation, we will continue to seek necessary and equitable funding to further solidify Metra's position as a leader in commuter transportation.

Sincerely,



Jeffrey R. Ladd, Chairman
Metra Board of Directors



FINAL 2005 PROGRAM AND BUDGET

November 2004

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CONNECTING OUR REGION

The strength of the northeast Illinois regional economy is not found simply in the jobs and business opportunities located in Chicago's Central Business District. The suburban areas of Illinois are complex and dynamic communities that require transportation solutions to match. Marked growth in suburban populations and employment create a critical demand for new and expanded system improvements that enhance cost-efficient transportation within the suburbs and the city of Chicago.

Connecting Chicago and its suburban areas through a state-of-the-art commuter rail line strengthens our region's economy by attracting major corporations and developers looking to take advantage of transit-oriented development and a larger regional labor pool while simultaneously bolstering our state's entertainment, hospitality and tourism industries.

Metra is poised to serve as an integral part of our region's growth and development. Our business decisions years ago have enabled Metra to generate its own capital financing, utilizing these capital funds to aggressively seek local, state and federal matching funds for projects that will improve commuter rail service to meet the demand spurred by population and economic growth in Illinois communities.

Through a strong working relationship with U.S. House Speaker Dennis Hastert and the Illinois Congressional Delegation, we've been able to secure unprecedented full-funding grant agreements with the federal government through the Transportation Equity Act for the 21st Century (TEA-21). This funding, termed New Start funding, allows Metra to solidify Illinois' standing as a principal transportation hub and to maintain Metra's reputation as the industry leader in on-time performance.

Metra has made significant progress in bringing existing line extensions and new service opportunities to hundreds of thousands of riders thanks to regional consensus building and equitable funding fostered through the Regional Transportation Authority (RTA).

Federal funding for New Start projects depends heavily on regional cooperation. This is more effective with a regional planning vehicle, such as the RTA, in place. We witnessed 20 years ago what can occur when regional cooperation falls to the wayside. Budget crises, service interruptions and labor strikes plagued our transportation community.

Since its reorganization to address these issues, the RTA has been a nationwide model for regional transportation coordination and planning, ensuring financial stability and oversight for transportation infrastructure and investments in northern Illinois.

For Metra to continue to improve one of the nation's largest commuter rail systems we must maintain a strong regional plan and sound financial resources. It is incumbent to continue the cooperation and support between our congressional leaders and our community and business advocates within the region.

Program and Budget Overview

Metra's 2005 capital plan and operating budget proposal assumes approval of a new federal multi-year authorization, a sustained State of Illinois Strategic Capital Improvement Program (SCIP), and the continuation of the current level of the state's general obligation bonds program for transit.

Metra's commitment remains the same as it was more than 20 years ago - to maintain and expand the regional network and to build the finest commuter system possible.

A LOOK AT OUR ORGANIZATION

Operations



Metra continues to provide safe, reliable commuter rail service to close to 150,000 passengers daily with annual ridership of more than 80 million trips. Metra's service is a key component of the region's transportation network, providing service on 11 lines spanning more than 500 route miles with 229 commuter stations in more than 100 communities throughout our region.

Metra serves the region on routes owned by Metra or freight carriers and through the purchase of service agreements with Union Pacific and Burlington Northern Santa Fe, the two 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, Ind.

Metra's hub is the downtown Chicago Business District, which feeds service to all of its 11 lines. Today, approximately one-half of all commuter trips made from the suburbs to downtown Chicago are made on Metra. *To move the number of passengers Metra carries every day on our highway system would require close to an additional 30 traffic lanes.* Furthermore, the expressways cannot compete with Metra's twenty-year average

on-time performance of approximately 96 percent.

In accordance with the RTA Act, the regional revenue-to-expense recovery ratio must be 50 percent each year. Throughout the last 10 years, Metra's recovery ratio has been set at 55 percent. During that period, Metra has been able to meet or exceed this mark, representing one of the highest transit recovery ratios in the country.

Growing the System

Over the past five years Metra achieved a major transportation milestone, entering into three full-funding grant agreements with the federal government for system expansion through TEA-21.

By the end of this year, Metra will complete all three New Start projects funded under TEA-21 which will: double the amount of service currently offered on the North Central Service (NCS) Line; expand service farther into Kane County on the Union Pacific West (UP-W) Line; and increase and expand service on our SouthWest Service (SWS) Line.

Metra is doubling service along the NCS Line to Antioch providing more peak and off-peak travel opportunities for riders with the potential for expansion to weekend services. Five new stations are being constructed at Grayslake, Schiller Park, Franklin Park, Rosemont and Cicero Avenue. Infrastructure improvements along the line include the addition of a second track, crossovers, signals and track configurations to enhance overall safety. These improvements will free track capacity resulting in reduced travel times and improved service to NCS commuters as well as commuters on the Milwaukee District West Line.

Work is also underway on the nine-mile extension of the UP-W Line from Geneva to Elburn. New stations will be built at Elburn and LaFox. A new rail yard will be built at Elburn which will free track capacity for passenger and freight trains. Additional tracks and signals will enhance safety for all trains operating on the line. Initially a total of 600 parking spaces will be constructed at Elburn and LaFox to ease congestion and provide relief to the Geneva station.

In addition, the SWS Line will be extended to Manhattan and the service schedule will grow significantly from 16 to 30 daily trains offering more peak and off-peak travel choices for riders. New stations will be constructed at New Lenox, Palos Heights and Manhattan. Three miles of new track will be installed and 12 miles of presently freight-only track will be upgraded to allow for the increase in commuter trains. Signal upgrades will enhance safety and improve travel times for commuters. Additionally, more than 4,000 parking spaces will be added along the line.

Mechanical and Maintenance Scheduling



Metra's engineering departments annually identify segments of the rail commuter system that need upgrading to maintain on-time performance and enhance safety. They follow a cyclical program to ensure all aspects of the transit system are properly maintained.

For example, in the early 1990s, agency engineers studied the structural reliability and safety of 846 bridges and identified 91 that needed to be upgraded. Thirty-five of these bridges are completed and 24 are currently underway as engineers manage the third year of a five-year, \$100 million bridge rehabilitation project along Metra's Rock Island District. Upgrades for

the remaining bridges will begin over the next five years as funding is secured.

Metra rebuilds locomotives every 10 years and cars every 15 years, including the replacement of air conditioners, seats, lights and other components. A car maintenance schedule is already programmed for the next 30 years.

Modernizing and Expanding the Fleet

In March of 2003, Metra unveiled the first of its 300 new bi-level gallery cars and the first of 27 new locomotives.

The stainless steel cars offer enhanced features, including larger windows and wider stairwells and are compliant with the Americans with Disabilities Act (ADA) of 1990. High visibility electric signs in every coach will allow those with impaired hearing to read announcements normally made over train intercoms. Another key advance found in the new cars is improved emergency lighting.

The new locomotives are aerodynamically-styled, meet enhanced federal collision requirements, and have better acceleration and greater fuel efficiency. Both the car and locomotive programs remain on budget and on schedule with delivery of the final cars set for October 2005. Delivery of the locomotives was completed in March of this year.

Based on favorable pricing achieved in the acquisition of the 300 bi-level gallery cars, Metra's Board of Directors voted to "jump start" the replacement of the Highliner fleet used on the Electric District. The 26 new stainless steel cars will feature state-of-the-art propulsion, will be accessible to riders with disabilities and will be similar in design to the new bi-level gallery cars. The first two prototype cars will be delivered in May 2005 with final delivery slated for the first quarter of 2006. Metra hopes to purchase an additional 160 commuter cars in 2005 to fully phase out the Electric District's current Highliner fleet.

Our Employees

Running a successful commuter rail line requires more than rolling stock, equipment and schedules. It also requires dedicated, committed workers who understand the importance of achieving established standards of excellence.

At Metra, our employees are given extensive training so they are equipped to handle the day-to-day maintenance and long-term operation and planning that comes with running a transportation system. Training our employees not only ensures employee productivity, but also adds to the overall accomplishment, safety and reliability of the Metra system.

New technology and equipment only work as well as those who operate it. Therefore, as we plan the replacement of outmoded equipment, the staff responsible for the operation and upkeep of that equipment is included in the process of determining what to purchase. We not only give our employees an opportunity to voice their opinions and concerns, we also implement their suggestions. This allows Metra to attract and retain a high level of qualified individuals who can advance throughout the organization.

Safety in the Workplace



Metra provides employee incentives to those regularly meeting goals. Key among these goals is workplace safety. A safe workplace correlates into a safe environment both for Metra employees and Metra commuters.

Our investments in staff training programs and incentive plans have resulted in substantial dividends, including commuter satisfaction and industry recognition. *In 2003, Metra won the E.H. Harriman Gold Medal for least reportable injuries.* The awards are given to the top three railroads with the fewest Federal Railroad Administration (FRA) reportable injuries in its class. Metra has won seven awards.

Homeland Security



In addition to routine workplace safety training, Metra employees have also been trained to recognize and observe potential safety hazards in and around trains, stations and tracks.

In these times of heightened awareness, *Metra is the only railroad organization in the country to train all of its 4,000 employees in terrorism awareness and emergency procedures.* The total 2004 programmed expenditures for Metra's security and emergency preparedness was more than \$3 million, and the initiatives are ongoing as some are multi-year projects. Metra's 2005 programmed expenditures for security and emergency preparedness will reach \$5 million. This funding was secured through a Homeland Security Grant which Metra received for the first time in 2004. Since 9/11, Metra has spent \$40 million on safety-related expenses and additional safety personnel.

As part of these investments, security cameras are being installed at several downtown train stations. The cameras are being placed in security sensitive areas and will allow for surveillance capabilities so Metra police can respond more quickly if faced with a potential threat to the public's well being.

Metra is also installing emergency signage involving LED technology in strategic locations through Metra's downtown terminals. The signs will alert commuters in advance to emergency situations and can display pre-programmed or free form messages to assist Metra in communicating with our customers.

Metra engages in coordinated training and mock drills with local law enforcement agencies regarding possible train and homeland security emergencies. This partnership is vital to ensuring proper procedures are followed in the event of a crisis. By developing a well-defined and coordinated response strategy, Metra and emergency personnel are able to work efficiently and effectively to respond with appropriate measures. *Metra is in its thirteenth year coordinating such events.*

In addition, Metra installed a train tracking system using Global Positioning System (GPS) technology in 2001. GPS monitors the position and movement of all trains in real-time on its routes. While commuters have become familiar with on-board announcements from GPS, the program's benefits for customers extend well beyond a highly efficient and reliable informational tool.

GPS offers Metra's operations professionals a snapshot that details the overall system information regarding the performance of every train during an operational day. The real-time information supports and delivers a more effective response to any service disruptions or emergencies and leads to enhanced overall safety.

Partnering with our Communities

Metra's commitment to its training programs and overall safety enhancement extends beyond our internal operations. We also encourage and provide safety

training and education opportunities within the community.

Metra is recognized as the commuter rail industry leader in providing training to emergency responders. *In fact, Metra has trained more than 8,000 fire, police and emergency management personnel.* Metra's Fire Marshall and Public Safety Director work alongside these emergency-response personnel to provide training expertise. The FRA has praised Metra's program as a model for other commuter railroads. Metra's emergency response training program, "Passenger Train Emergency Preparedness," is the only state-certified course of its kind.

In addition, Metra has been a partner with Operation Lifesaver for more than 15 years. Operation Lifesaver is a public education program designed to reduce the number of crashes, deaths and injuries at highway-rail intersections. Operation Lifesaver concentrates on the 3Es: Education, Enforcement and Engineering.

Metra believes the most important "E" is education. We try to consistently remind students of the importance of safety in and around trains, tracks and crossings. In conjunction with Operation Lifesaver, we provide age-appropriate materials and interactive presentations to local schools, park districts and police departments. As part of the Operation Lifesaver program and presentations, Metra's "Be Smart, Be Safe" train safety videos are available for school administrators to utilize.



Following a spate of accidents involving children, Metra launched a more aggressive campaign designed to distribute information regarding railroad safety directly to the public and to supplement the Operation Lifesaver initiative. The “Look, Listen and Live” campaign blitz included the same safety videos and station safety blitzes Metra always employs, coupled with added dimensions such as a series of newspaper ads, safety posters, screen savers, employee badges and Operation Lifesaver contact cards that remind everyone of the importance of observing railroad safety rules and discussing these rules with children.

Accessibility

The ADA mandates key commuter stations and at least one car per train be accessible to persons with disabilities. As a result, Metra has designated one station in each five-mile fare zone as a key station. Key station improvements may include accessible parking, curb cuts, ramps and/or elevators, wider doorways, new or rebuilt restrooms, tactile strips to mark the edge of the platforms and improved signage.

Metra’s system has 73 key stations. In addition to our normal station rehabilitation program, we have spent \$35 million on special projects to make our system accessible. We have also provided a visual system which displays the same information as the public address system voice announcements. Furthermore, through Metra’s “Accessible Station Connecting Service,” transportation to and from the nearest accessible train station is offered for those who are within one-half mile of an inaccessible station.

ROUTE MAP

UP-N

Metra Union Pacific
North Line
Chicago (OTC) to Kenosha, WI.

UP-NW

Metra Union Pacific
Northwest Line
Chicago (OTC) to Harvard
and McHenry

UP-W

Metra Union Pacific
West Line
Chicago (OTC) to Geneva

MD-N

Metra Milwaukee District
North Line
Chicago (Union Station)
to Fox Lake

MD-W

Metra Milwaukee District
West Line
Chicago (Union Station) to
Elgin/Big Timber

NCS

Metra North Central
Service
Chicago (Union Station) to Antioch

BNSF

Metra Burlington Northern
Santa Fe
Chicago (Union Station) to Aurora

ME

Metra Electric
Chicago (Randolph Street Station)
to University Park

HC

Metra Heritage Corridor
Chicago (Union Station) to Joliet

SWS

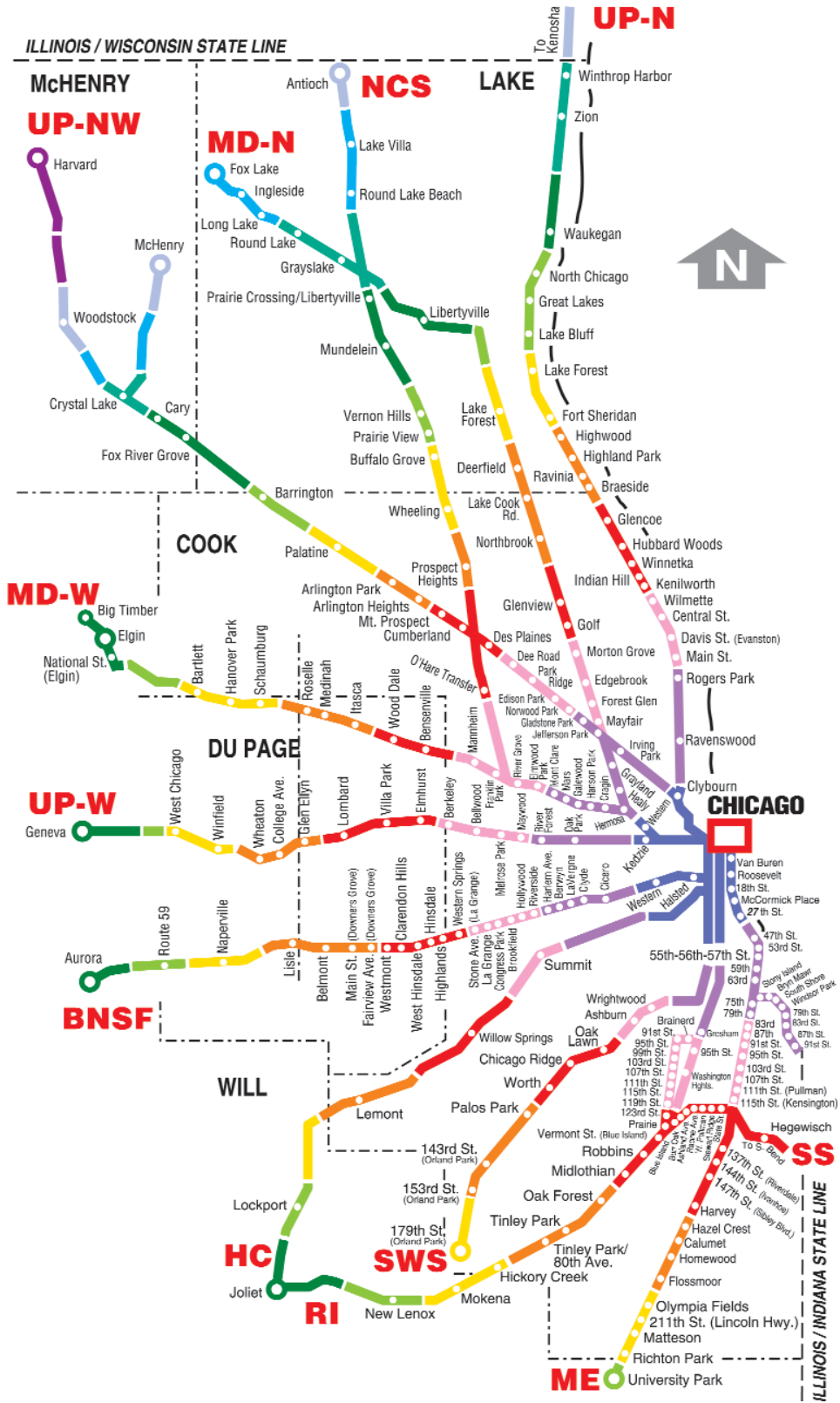
Metra SouthWest Service
Chicago (Union Station) to Orland
Park

RI

Metra Rock Island District
Chicago (LaSalle Street Station)
to Joliet

SS

Metra/South Shore Line
Chicago (Randolph Street Station)
to South Bend, IN.



BUDGET OVERVIEW

Economic recovery in the region has been slow, and previously predictable costs such as diesel fuel and security are growing dramatically. All the while, Metra is responding to the needs and demands of heightened security concerns by instituting unprecedented security measures to protect the safety of passengers, employees and property. At the same time, Metra is continuing its concerted efforts to raise the awareness of safety around trains and tracks among school children, parents, riders, the general public and the communities we serve.

Our riders and the regional economy need stability and economic fortitude to help sustain recovery and nurture growth. Despite the multitude of economic burdens Metra faces, we will meet that need. Metra projects revenue recovery ratios at or above 55 percent and the agency will operate within our statutory funding limits without need of a fare increase.

Development Process

The Metra Operating Budget and Financial Plan was developed with the objectives of controlling expenses while striving to meet the continuing challenges of improving service and complying with increasingly complex regulatory and security mandates. Our staff developed budgets based upon analysis of current and anticipated expenses, economic forecasts, contractual agreements and planned service levels; staff obtained information from the contract Purchase of Service Agreement (PSA) carriers pertaining to their costs. Departments throughout the organization also provided information necessary to develop a budget for the costs of system-wide commuter operations.

The information provided was compiled, critically evaluated and approved by Metra management. Following this internal process, the proposal was presented to the Budget and Financial Management Committee of the Metra Board of Directors for their review, comments and changes, and concurrence to proceed.

After the completed Budget and Financial Plan was presented to the Metra Board in October, public hearings and county board presentations were held. After considering the resulting comments, Metra's Board subsequently adopted the proposed 2005 Budget and 2006-2007 Financial Plan at its November meeting. A final proposed 2005 Budget and 2006-2007 Financial Plan was submitted to the RTA in November.

The RTA established operating deficit funding marks for Metra for the years 2005, 2006 and 2007, and a required revenue recovery ratio of 55 percent for each year. Metra is proposing a recovery ratio of 55.7 percent for 2005 and recovery ratios of 55 percent for the years 2006 and 2007.

The revenue recovery ratio established for each year represents the ratio of Metra system revenues to expenses, less certain exclusions, we must achieve. The proceeds from Metra's Capital Farebox Financing Program are excluded from the 2005 through 2007 farebox recovery ratio calculations, as presented in Table 1.

Table 1
Calculation of 2005-2007 Farebox Recovery Ratios
(\$ in 000's)

	2005	2006	2007
Farebox Recovery Ratio Revenue	<u>\$253,611</u>	<u>\$257,979</u>	<u>\$266,936</u>
Total Operating Expenses	\$486,820	\$501,481	\$518,112
Exclusions from Recovery Ratio	<u>(32,090)</u>	<u>(32,428)</u>	<u>(32,775)</u>
Farebox Recovery Ratio Expenses	<u>\$454,730</u>	<u>\$469,053</u>	<u>\$485,337</u>
Farebox Recovery Ratio	55.77%	55.00%	55.00%

The funding marks established by the RTA represent Metra's estimated share of regional sales and replacement taxes distributed by statutory formula. Figures 1 and 2 summarize Metra funding requirements related to the 2005 operating program. Metra's operating revenue and share of 2005 sales and replacement tax proceeds, and the use of federal assistance grants for preventive maintenance, fully fund all operating costs and provide \$15 million for Metra's 2005 Capital Program. In addition, funds generated from Metra's five percent Capital Farebox Financing Program will generate \$9.2 million for capital projects. The use for these funds is discussed in more detail in the 2005-2009 Capital Program section of this document.

2004 Estimate

The net overall projected results for 2004 are an operating deficit that is approximately \$1 million less than budgeted and a 55 percent revenue recovery ratio. Revenues will be lower than budgeted, but will be offset by lower expenses.

Passenger Revenues are projected to be \$697 thousand or 0.4 percent higher than originally projected for 2004. Most of Other Revenues are at or higher than budgeted, with the exception of Capital Credits and Interest Income. Investment Income for 2004 is projected to be lower due to the combination of lower available cash balances and lower than expected interest rates. Capital Credits were not as high as projected due to several factors, but sales of old, unneeded equipment are expected to mitigate the impact. Overall, Total Revenue for 2004 is estimated to be \$1.1 million or 0.5 percent less than budgeted.

Metra is meeting the challenges of lower revenues through active cost control and cost recovery programs. This action is necessary because, as in any other business, certain expenses are increasing at rates greater than the relatively low rate of inflation. In 2004, the costs of meeting increasingly demanding security requirements, reflecting the higher risk exposure

in a post-9/11 environment, will exceed the original budget provision by \$2.3 million or 20.3 percent. Higher than budgeted snow alerts and snow removal costs and two major student and safety awareness programs in 2004 are also significant expense factors for the year. Savings were realized through hard cost management and investment in capital. The addition of new locomotives and new mobility accessible railcars in 2003 and 2004, combined with good resource management, produced savings in the maintenance of equipment. Savings were also realized from Metra's ongoing internal safety program that has helped reduce employee injuries and related expenses. These savings, combined with lower rate increases than expected for insurance and payroll taxes, are projected to result in Total Expenses that will be \$2.1 million or 0.4 percent below the 2004 Budget.

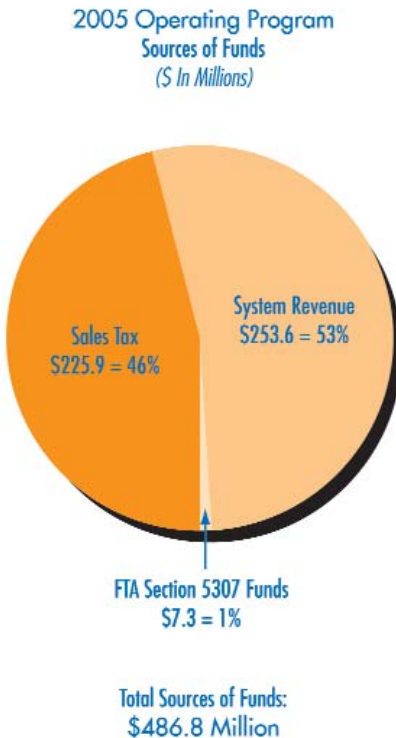
2005 Budget Revenues

Passenger Revenue for 2005 is projected to be \$184.5 million, which is one percent higher than the forecast for 2004 and \$2.6 million higher than the 2004 Budget. Metra is projecting the economy and downtown employment will begin to improve. Metra is also projecting 1.5 percent growth in Passenger Revenue in both 2006 and 2007. In addition to Passenger Revenue for 2005 are \$3 million of estimated proceeds from the state of Illinois for the Reduced

Table 2
Metre Operating Budget Comparisons
2005 Budget, 2004 Estimate and 2004 Budget
 (\$ in 000's)

	2004 Budget	2004 Estimate	2005 Budget
Total revenue	\$246,139	\$245,014	\$253,611
Expenses, except:	\$387,020	\$385,167	\$392,672
Security	\$11,550	\$13,892	\$15,226
Diesel fuel	\$19,623	\$19,438	\$26,708
Health insurance	\$50,732	\$48,350	\$52,214
Subtotal	\$81,905	\$81,680	\$94,148
Total Expense	\$468,925	\$466,847	\$486, 820
Total Deficit	\$222,786	\$221,833	\$233,209

Figure 1



Fare Reimbursement Program. The intent of this program is to reimburse Metra for part of the fare discounts provided to senior citizens, students, and mobility-limited individuals.

Other Revenue for 2005 is projected to total \$56.9 million, which is approximately \$2.4 million less than the 2004 Estimate. A significant part of the lowered figure relates to the one-time revenue boost from the sale of obsolete equipment in the previous year. Growth is projected to be higher in lease revenues, advertising income, and joint facility revenues from other railroads for services provided by Metra.

Interest Income is projected to be lower in 2005 due to declining available balances that can be invested. The lower available amounts to be invested are the result of Metra's commitment over the past decade to invest prior operational savings in its capital programs to improve service rather than to let these resources sit idly in investment accounts.

Metra's Budget Proposal for 2005 includes a new Other Revenue source, FTA Section 5307 funds, in the amount of \$9.2 million. FTA Section 5307 funds are financial assistance grants from the Federal Transit Administration that are allocated through a statutory for-

mula. These FTA funds can be used to support a wide range of activities, including the purchase and improvement of facilities and equipment, leasing capital assets, the capital cost of contracting, and the cost of preventive maintenance. These proposed funds are part of the Metra Proposed Budget and Financial Plan included in the tables, exhibits and illustrations.

2005 Expenses

As illustrated in Table 2, proposed total operating expenses for existing operations in 2005 are 3.8 percent higher than last year's budget and 4.3 percent more than the 2004 Forecast. Excluding the projected significantly higher costs for security, diesel fuel and health insurance, the operating expense base has been constrained to an overall growth of only 1.5 percent versus the 2004 budget and 1.9 percent versus the 2004 Forecast.

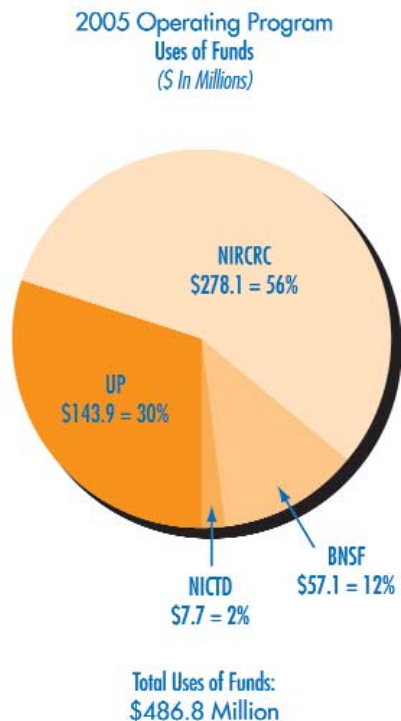
Growth in expenses for 2005, with the exception of the previously mentioned items, has been limited principally to the terms of our labor agreements, escalation rates established for various contracts, and estimated increases in payroll taxes. These aggressive and constrictive cost measures are necessitated by the limitations of low revenue growth and the combination of global and national situations.

Metra has labor agreements in place with all 16 of its labor unions for employees involved in Metra's directly owned and operated rail lines. Metra has also entered into three-year extensions of three labor agreements that cover approximately two-thirds of its unionized work forces.

The purchase of service carrier labor agreements expire at the end of 2004. The national labor organizations and the freight railroads will begin negotiations in 2005.

In the post-9/11 world, security has become a significant concern for Metra as it seeks to safeguard riders and employees alike. Homeland security mandates, some funded, some not, coupled with Metra's concerns have resulted in a \$3.7 million budget increase over 2004 to a projected level of \$15.2 million in the 2005 Proposed Budget. The spending increases include both police services and contracted security services as well as planning, coordination and training with other agencies. Security costs for 2005 are projected to be at a level that

Figure 2



is 9.6 percent more than the 2004 Forecast, and 31.8 percent more than the 2004 Budget. The 2004 Forecast for security costs is projected to be 20.3 percent over budget. In response to an RTA proposal to exclude total security costs from the revenue recovery ratio calculation, Metra has done so for the 2005 Proposed Budget and 2006 and 2007 Financial Plan.

One of the more significant and volatile components of operating expenses is diesel fuel. Although Metra negotiated a fixed price of \$0.80 per gallon for 2004, spot market prices have reached \$1.40 per gallon during the year and continue to fluctuate. Metra is projecting an average price of \$1.10 per gallon for 2005, or 38 percent over the 2004 budget, but anticipates stabilization and moderation in the markets to \$1.05 in 2006 and 2007.

Nationwide, health insurance costs have been increasing, and the rail industry is not immune from this trend. The annual premium for contract workers is established by a governing board and passed along to Metra. The national board that administers the program for both the passenger and freight railroads has passed along annual premium increases that have ranged from nine percent to 30 percent over the past four years. The health insurance premium for 2004 increased nine percent. In 2005, health insurance is

projected to increase eight percent.

As illustrated in Table 2, the proposed 2005 Expense Budget for the majority of operations after exceptions is only \$7.5 million or 1.9 percent greater than the 2004 Estimate and \$5.7 million or 1.5 percent more than the 2004 Budget. The expected costs for the separately grouped security, diesel fuel and health insurance expenses, however, are \$12.5 million or 15.3 percent more than the 2004 Estimate. Overall, total proposed 2005 expenses are \$17.9 million or 3.8 percent higher than the 2004 Budget and \$20 million or 4.3 percent higher than the 2004 Estimate.

2006-2007 Financial Plan

Metra's projections for 2006 and 2007 are characterized by constrained growth in both revenue and expense. Passenger Revenue is expected to slowly recover at an average ridership growth rate of 1.5 percent per year. Other revenue, including Interest Income, is expected to grow in conjunction with the economy over the next three years. Metra will continue its full and dedicated efforts to contain costs so that the revenue recovery ratio requirements will be met. The proposed 2006 and 2007 revenue recovery ratios for continuing operations are 55 percent. Current projections indicate that additional revenue may be required to achieve a 55 percent revenue recovery ratio in 2007. Metra at this time does not propose a fare increase. Before recommending a fare adjustment, Metra would evaluate expense plans and make necessary reductions as appropriate.

Expanded services on the NCS, the UP-W and the SWS Lines are scheduled to commence in 2006 after the completion of construction in fourth-quarter 2005. Metra is in the process of reviewing and analyzing information from its staff and the PSA carriers regarding the estimated costs for these New Start operations. The complexity of these operations and the remaining processes to be finalized preclude publishing estimates at this time. Metra plans to have finalized projections later in 2005.

Operations Services and Activities

Metra provides commuter rail service on 11 lines to residents of northeastern Illinois. Legislation creating the RTA gave Metra responsibility for coordinating and operating all commuter rail operations in the six-county area. Metra directly operates commuter rail service on seven lines and controls all operating support functions necessary to maintain the passenger lines, equipment and facilities. Metra is also responsible for the administration of commuter rail services provided under contract by the Union Pacific and Burlington Northern Santa Fe. Metra also contributes 21 percent towards the operating costs of the NICTD.

Direct operation of commuter rail services requires various activities necessary to meet published train schedules and abide by federal and state transportation regulations. Metra classifies these activities under the headings used in railroad regulatory reporting: Transportation, Maintenance of Way, Maintenance of Equipment, and Administration. Following are brief descriptions of the underlying functions included in the major operating categories.

Transportation includes the functions and activities directly responsible for the operation of the commuter trains. The major functions include train and engine crew work, dispatching, tower operations, ticket sales, police and security services, employee safety, and supervisory support functions. The main objective of this area is to run service consistent with the published train schedules in a safe and efficient manner and in accordance with federal and state regulations.

Maintenance of Way activities include the maintenance of track, structures, communications and facilities to maintain operational safety, reduce travel times and service interruptions, and increase passenger comfort. Maintenance work is concentrated on safety inspections and short-term projects to maintain overall track and structure conditions until renewals or replacements can be completed through the Metra Capital Program. Major functions in this category include track, rail, crossing, signal, bridge, communications, facilities maintenance, supervisory support areas and materials management.

Maintenance of Equipment activities include regular repairs, inspections and preventive maintenance on passenger train equipment to ensure that equipment is safe and in good working order to support the train schedules and passenger demand for seating. Maintenance work is concentrated on performing regular safety inspections as mandated by federal regulations; maintaining cleanliness and proper heat or air conditioning in the equipment; and preventive maintenance to keep the equipment operational between major rehabilitations. Major equipment rehabilitations are completed through the Metra Capital Program. Major functions in this category include the operation of the passenger maintenance shops and yards, supervisory support areas and materials management.

Administration activities include general support functions for the organization to ensure overall corporate goals and regulations are met. Examples of Administration activities include human resources, Labor Management Committee, information systems, training, accounting and other support areas. Management of the Metra owned and operated rail services is also included in this category.

Metra is responsible for region-wide expenses, referred to as Centralized Expenses, for its own carriers and the contract rail carriers. Centralized expense items such as diesel fuel, claims, insurance, and downtown Chicago passenger terminal lease costs are directly controlled by Metra. Metra reports these expenses on the financial schedules based upon each carrier's representative share of the cost items. Metra is also responsible for setting fare and service levels, capital improvement planning and oversight, and planning for the whole region. Expenses for these functions are included in the Regional Services category.

Summary

· Table 3 presents Metra's 2005 Budget and Table 4 summarizes Metra's 2005 Budget and 2006-2007 Financial Plan. The Metra Budget and Financial Plan are presented in a manner consistent with its financial statements. Revenues are recognized when earned, and expenses are recorded in the period in which goods and services are used. Metra's 2005 Projected Cash Flow Summary is included in the Appendix.

Table 3

2005 COMMUTER RAIL OPERATING BUDGET BY CARRIER AND TYPE OF EXPENSE

	NIRCRC	Burlington Northern Santa Fe	Union Pacific	NICTD/ So. Shore *	Total Metra
REVENUES: **					
Passenger Revenue	\$83,774,186	\$36,950,623	\$60,599,346	\$3,180,612	\$184,504,767
Reduced Fare Subsidy	1,381,612	485,268	1,151,809	21,311	3,040,000
Other Revenue	65,298,766	2,754	405,112	359,998	66,066,630
TOTAL REVENUE	\$150,454,564	\$37,438,645	\$62,156,267	\$3,561,921	\$253,611,397
OPERATING EXPENSES					
CARRIER LEVEL EXPENSES:					
Transportation	\$96,662,923	\$21,594,296	\$50,109,778	\$2,495,015	\$170,862,012
Maintenance of Way	60,838,053	4,378,111	28,589,294	1,146,842	94,952,300
Maintenance of Equipment	57,157,591	16,768,939	33,795,739	1,490,839	109,213,108
Administration	23,038,245	1,015,623	10,381,539	1,631,542	36,066,949
TOTAL CARRIER EXPENSES	\$237,696,812	\$43,756,969	\$122,876,350	\$6,764,238	\$411,094,369
CENTRALIZED EXPENSES:					
Diesel Fuel	\$10,352,591	\$4,728,867	\$11,626,768	--	\$26,708,226
Motive Electricity	6,974,729	--	--	\$304,846	7,279,575
Claims, Insurance and Risk Mgmt.	9,202,224	2,273,968	4,127,856	386,011	15,990,059
Regional Services	7,835,330	1,644,889	4,084,977	295,134	13,860,330
Downtown Stations	6,025,201	4,641,656	1,220,967	--	11,887,824
TOTAL CENTRALIZED EXP.	\$40,390,075	\$13,289,380	\$21,060,568	\$985,991	\$75,726,014
TOTAL OPERATING EXP.	\$278,086,887	\$57,046,349	\$143,936,918	\$7,750,229	\$486,820,383
FUNDING REQUIREMENT	\$127,632,323	\$19,607,704	\$81,780,651	\$4,188,308	\$233,208,986
RECOVERY RATIO					55.77%

* South Shore Line service to South Bend, IN, is operated by the Northern Indiana Commuter Transportation District, using Metra Electric District tracks between downtown to 115th Street in Chicago. Metra contributes 21 percent of South Shore Line operating costs, based on the number of Illinois residents who use this service.

** Refer to the discussion of the 2005 Budget Revenues in the narrative for information on the composition and treatment of the revenue categories listed.

Table 4

2005 BUDGET SUMMARY AND 2006-2007 FINANCIAL PLAN

(\$ in 000's)	2005 Budget	2006 Plan	2007 Plan
OPERATING REVENUES: *			
Passenger Revenue	\$184,504	\$187,272	\$190,181
Reduced Fare Subsidy	3,040	3,085	3,132
Other Revenue **	<u>66,067</u>	<u>67,622</u>	<u>73,623</u>
TOTAL OPERATING REVENUE	<u>\$253,611</u>	<u>\$257,979</u>	<u>\$266,936</u>
OPERATING EXPENSES:			
Transportation	\$170,862	\$176,842	\$183,102
Maintenance of Way	94,952	98,335	101,875
Equipment Maintenance	109,213	113,068	117,105
Administration	36,067	37,340	38,693
Fuel and Power	33,988	32,974	33,180
Claims, Insurance & Risk Management	15,990	16,406	16,832
Regional Services	13,860	14,349	14,868
Downtown Stations	<u>11,888</u>	<u>12,167</u>	<u>12,457</u>
TOTAL OPERATING EXPENSES	<u>\$486,820</u>	<u>\$501,481</u>	<u>\$518,112</u>
TOTAL FUNDING REQUIREMENTS	<u>\$233,209</u>	<u>\$243,502</u>	<u>\$251,176</u>
RECOVERY RATIO ***	55.77%	55.00%	55.00%

* System Generated Revenues and Revenue Recovery Ratio calculations do not include proceeds from Metra's 5% Capital Farebox Program. See discussions of 2005 Budget Revenues in the narrative section describing the treatment of this item in the Alternate 2005 Budget and 2006-2007 Plan.

** See the discussion of the 2006-2007 Financial Plan in the narrative section for additional information on growth in the Other Revenue category.

*** For Calculation of Revenue Recovery Ratios, see Table 1.

2005-2009 CAPITAL PROGRAM

Since our inception, Metra has been dedicated to an aggressive capital program geared toward rebuilding, modernizing and improving existing capital assets. This capital investment commitment has allowed Metra to maintain safe, reliable and quality commuter services and facilities for our customers, while concurrently improving the efficiency and cost-effectiveness of our operations. Additionally, over the past decade Metra has utilized the funding available for capital development to provide for not only stabilization and improvements to existing infrastructure, but also for the expansion of commuter rail services.

Uses of Funds

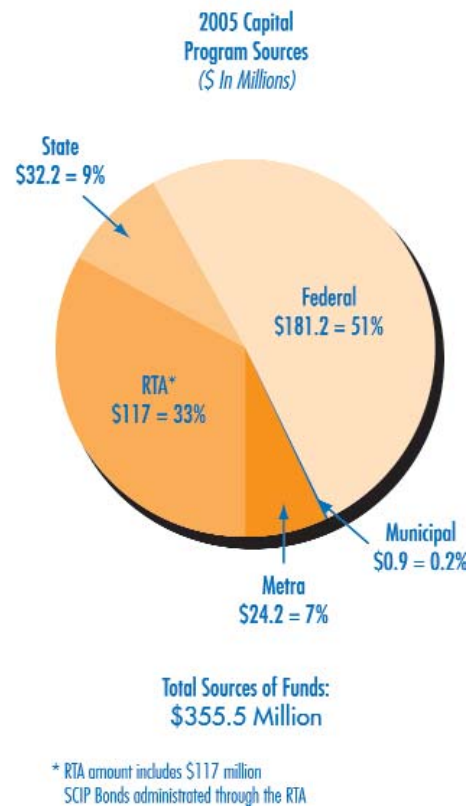
Metra has six major asset categories for which we must balance the utilization of scarce capital financial resources. While each of these asset categories has its own unique set of needs, in any given year, one category's needs might be considerably more than others. However, through balance and planning, no asset category falls behind, insuring the entire system remains efficient and viable.

Rolling Stock

In recent years, Metra placed large orders for new cars and locomotives, with a majority of the units already in service. Nevertheless, hundreds of older cars and locomotives remain in service and must continue to undergo periodic rehabilitation in order to maintain service reliability and customer comfort. The 2005-2009 Capital Program continues this type of work through the acquisition of 160 additional commuter cars for use on Metra's Electric District Line.

Metra cannot proceed with the purchase of new Electric District cars, however, without a financing mechanism similar to the previous Illinois FIRST bonding initiative (SCIP). Metra authorized the release of a Request for Proposal for the purchase of the commuter cars, but the pricing negotiations are

Figure 3



set to expire in a few short months. Without new SCIP bond support, Metra will not be able to purchase the additional cars or build a new Electric District rail yard.

Track and Structure

In addition to maintaining operational safety, the rehabilitation of track and structure results in reduced train running times, fewer interruptions in service, greater passenger comfort, and efficient use of plant and equipment. Metra has developed a cyclical program of track rehabilitation, which includes all commuter rail lines within the region. Project priorities are decided based on train volumes, speed restrictions, age and condition of the roadbed, and track speeds essential to maintaining on-time performance.

Structure projects serve objectives that are similar to those of the track program. Since 1990, when

Metra’s comprehensive plan for bridge rehabilitation and replacement began, the structure program has focused on the commuter rail bridges identified as high priorities for action. The 2005-2009 Capital Program continues the implementation of this plan by funding the rehabilitation and replacement of various high-priority bridges. The largest structure project currently underway is the replacement of 24 bridges on the Rock Island District Line.

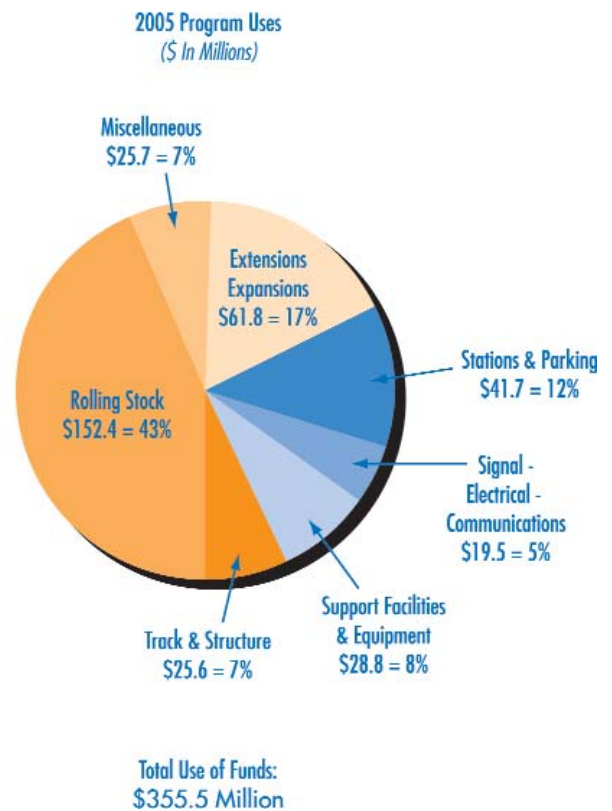
Signal, Electrical and Communications

Capital investments in Metra’s signaling, electrical power and communications systems are designed to maximize commuter operating efficiencies, maintain reliability of rail service and provide a safe system of dispatching and centrally controlling train movements. Signaling systems and switches control usage of track. Much of this equipment is concentrated at “interlockings,” which are control systems where two railroads cross each other or where many trains change tracks. The smooth, dependable operation of these interlockings is critical for maintaining on-time performance.

These locations are susceptible to power losses and icy conditions that mainly occur during adverse winter weather. However, in recent years, Metra has installed many backup electrical power systems and new switch heaters to continue reliable service under such conditions.

Metra also continues our program to improve communication systems allowing for the provision of timely information to our customers. This includes new passenger information systems at downtown terminals, as well as a new satellite-based system that provides time-of-arrival and related information to customers at stations and on trains all over our system. Each rehabilitated passenger station includes the Voice of Metra audio announcement equipment and a Visual Information System with rolling-message signs for contacting passengers with service-related information on a timely basis.

Figure 4



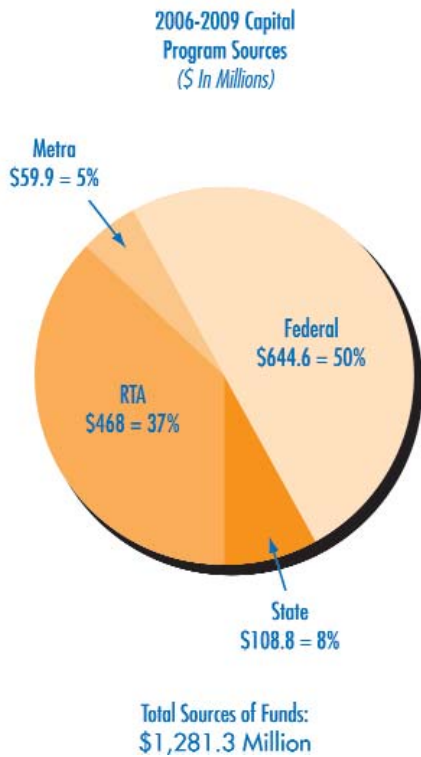
Support Facilities and Equipment

While Metra’s support facilities and equipment are generally not visible to the riding public, these maintenance shops, storage yards, maintenance equipment and vehicles, and operational facilities are essential to maintaining reliable and efficient commuter services.

Under the 2005-2009 Capital Program, Metra will continue to upgrade and make improvements to existing facilities as well as undertake the construction of a new outlying storage and maintenance facility for the Metra Electric District.

As referenced in the “Rolling Stock” summary, the construction of this Electric District facility relies on the continuation of SCIP bond current funding levels.

Figure 5



Stations and Parking

Stations and parking are always an important component of Metra's Capital Program. 2005 capital funding will permit Metra to complete the reconstruction of the Electric District's Randolph Street Station and to include improved pedestrian access at the north-east corner of the station. The 2005 Capital Program will also provide the final phase of funding for the reconstruction of six stations on the South Chicago Branch.

Federal funds anticipated from the Congestion Mitigation & Air Quality (CMAQ) program will allow for expanded commuter parking at seven stations. The CMAQ program, initiated in 1992, has been valuable in increasing Metra's commuter parking capacity, relieving roadway congestion in the region, and helping the region meet national air quality standards. The program has always promoted Metra-municipal partnerships by sponsoring projects and providing matching funds.

Extensions and Expansions

FY 2005 and 2006 funding is allocated for the completion of the three New Start projects currently underway: the NCS expansion, the UP-W Line extension and the SWS expansion and extension. In addition, FY 2005-2009 funding will be used for continued "Alternatives Analyses" for four additional New Start projects currently under consideration: the initial phase of the Suburban Transit Access Route (STAR) Line; a new SouthEast Service (SES); a Union Pacific Northwest (UP-NW) Line upgrade and service enhancements; and a UP-W Line upgrade and service enhancements. Initiation of engineering and design considerations under the "Alternatives Analyses" will also begin. These analyses are required as a prelude for receiving federal New Start funding assistance.

Funding Sources

For the development of Metra's five-year capital funding programs, predictable funding sources are valuable; so, too, are consistent and increasing funding levels. At the federal level, funding has been provided under the Transportation Equity Act for the 21st Century (TEA-21). The Act's six-year authorization ended on September 30, 2003. Congress was expected to pass a new six-year authorization; instead, TEA-21 has been extended several months at a time, culminating in a one-year extension. For Federal Fiscal Year 2005, Metra is joining with other public transportation providers across the country to seek Congressional approval of a new multi-year authorization program.

In 2004, Metra received its first capital grant for assistance in enhancing homeland security related to Metra facilities. Current indications in Washington suggest additional funding will be available to Metra in 2005, and we have programmed such funds accordingly.

At the state level, a five-year authorization of various bond funds ended on June 30, 2004. This program, critical for providing matching funds for federal programs, needs to be renewed at a level consistent with the anticipated increase in federal funding. Additionally, of major importance to the region is the continuance of the State of Illinois Strategic Capital Improvement Program (SCIP). These bond funds administered

through the RTA are instrumental in procuring new rolling stock, major bridge reconstruction projects and matching funds for the federal New Start projects. Metra is working with the RTA to seek new state of Illinois bond authorization authority.

As in past years, Metra has relied on its own funds derived from the farebox and sales tax to supplement the capital program. Metra is still the only transit agency in the nation to have a portion of its farebox revenues dedicated to capital. To date, the five percent capital fare increase instituted in 1989 has generated in excess of \$130 million. Additionally, at Metra, all sales tax in excess of those required for operations is utilized in the capital program. Over the past few years, because of the economic downswing, the amount of sales tax available for capital programs has diminished.

Major capital investments by Metra over the past two decades serve not only to modernize the infrastructure of an aging railroad, but also lay the foundation for a continued viable commuter rail service well into the 21st century. Metra's approach to capital investment has produced a safer, more reliable and efficient system for our customers and a stronger workplace for our employees in addition to providing a foundation for appropriate and strategic expansion in the future.

Figure 6

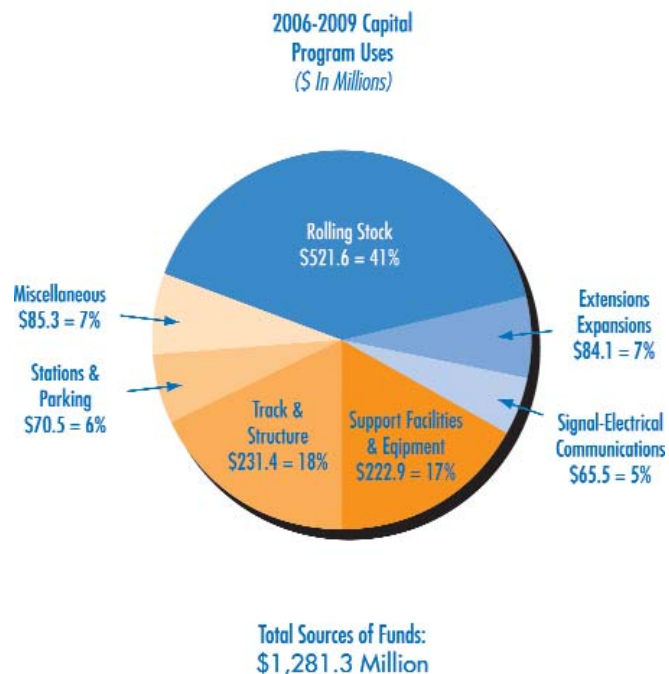


Table 5

Annual Element of the 2005-2009 Capital Program (\$ in 000s)

CAPITAL ASSET & PROJECT	RR	2005
Rolling Stock		
Rehabilitation of Locomotives	UPR	4,200
Rehabilitation of Locomotives	System	2,300
Rehabilitation of Commuter Cars (Diesel Fleet) (Phase 3)	BNS	5,860
Rehabilitation of Commuter Cars (Diesel Fleet)	BNS	2,000
Rehabilitation of Commuter Cars (Diesel Fleet) (Phase 3)	MWD	4,000
Rehabilitation of Commuter Cars (Diesel Fleet)	MWD	2,000
Car and Locomotive Improvements	System	250
Locomotive Traction Motor Rebuilds	Diesel Fleet	1,000
Locomotive Air Conditioning	Diesel Fleet	150
160 New Electric District Commuter Cars	MED	107,000
Traction Motor Rebuilds (Highliners)	MED	1,000
Fleet Component Overhaul or Replacement	System	6,150
Preventive Maintenance Program	System	16,472
<i>Subtotal</i>		<i>152,382</i>
Track and Structures		
Track Work	BNS	2,150
Track Work	MED	1,000
Track Work	UPR	2,700
New Rail Inspection	MED	25
New Rail Inspection	MWD	75
Rail Grinding	BNS	40
Rail Grinding	UPR	50
Rail Grinding	System	150
Frazier Avenue (Elgin) Bridge	MWD	3,900
Bridge Rehabilitation (sites to be determined)	MWD	400
Bridge Rehabilitation, 18th to 60th Street	RID	8,600
New Lenox Bridge #339	RID	400
Bridge Fills and Closures	System	800
Retaining Wall Rehabilitation	BNS	250
Right-of-way Improvement	MED	2,000
Retaining Wall Rehabilitation, New Lenox and Joliet	RID	1,000
Right-of-way Fencing (sites to be selected)	UPR	200
Miscellaneous Structural Improvements	System	300
Belmont Road Grade Separation	BNS	650
Catenary Structure Rehabilitation	MED	700
Handrailings and Walkways (Employee Protection)	UPR	200
<i>Subtotal</i>		<i>25,590</i>
Signal-Electrical-Communications		
Fiber Optic Cable System	BNS	2,500
Signal System Upgrade, 11th Place to 67th Street	MED	1,000
Signal System Upgrade, West Line	MWD	800
Signal System Upgrade, North Line	MWD	1,200
Pedestrian Crossing Signalization	RID	1,000
Crossing Incident Recording Systems	System	600

Annual Element of the 2005-2009 Capital Program (\$ in 000s)

CAPITAL ASSET & PROJECT CONT'D	RR	2005
Signal-Electrical-Communications continued		
Lake Street Interlocker Improvements	MWD	4,232
Lake Street Interlocker Improvements	NCS	368
Gresham and Joliet Interlockers	RID	2,000
Lake Street Interlocker (North, Northwest, West Lines)	UPR	1,000
Signal Bridge Replacement	BNS	250
Signal Battery Replacements	UPR	100
AC-DC Feeder Cable Replacements at Substations	MED	205
Vollmer Road Electrical Substation Upgrades	MED	300
Transmission Line (AC) Replacement	MED	400
Yard Standby Power	UPR	700
Communications Equipment	System	230
Microwave Communications System	System	600
Passenger Information Display System	System	2,000
<i>Subtotal</i>		19,485
Support Facilities & Equipment		
New Electric District Yard and Shop	MED	10,000
New Coach Yards	System	4,300
Substation Building Upgrades	MED	500
Western Avenue Yard Improvements	MWD	1,400
47th Street Yard Improvements	RID	1,500
Blue Island Yard Improvements	RID	300
California Avenue and M19A Yard Upgrades	UPR	2,000
547 W. Jackson Blvd.	System	1,500
Program Support Engineering	System	2,000
Training Simulators	System	1,000
Management Information Systems	System	1,200
Renewal of Facilities	System	1,000
Equipment and Vehicles	System	1,850
Office Equipment and Furniture	System	200
<i>Subtotal</i>		28,750
Stations and Parking		
Western Springs Station (Final Phase)	BNS	500
Hinsdale Station Parking (CMAQ)	BNS	1,450
Downers Grove Station Parking	BNS	250
Randolph Street Station (Final Phase)	MED	3,175
Randolph Street Station New Entrance	MED	4,400
95th Street-Chicago State University Station	MED	600
Ivanhoe Station Parking (CMAQ)	MED	780
Windsor Park and Cheltenham Stations	MED	7,000
Bartlett Station (Final Phase)	MWD	1,700
99th Street-Beverly Station	RID	1,080
115th Street and 103rd Street Parking (CMAQ)	RID	1,000
115th Street-Morgan Park Station	RID	2,500
Ashburn Station Parking (CMAQ)	SWS	400
Oak Lawn Station Parking (CMAQ)	SWS	2,975
Ogilvie Transportation Center	UPR	1,920
Elmhurst Station Parking Deck (CMAQ)	UPR	720
Geneva Station (CMAQ)	UPR	330
Cumberland Station Parking	UPR	355
ADA Improvements	System	2,400
Station Signage	System	250

Annual Element of the 2005-2009 Capital Program (\$ in 000s)

CAPITAL ASSET & PROJECT CONT'D	RR	2005
Stations and Parking continued		
Site Acquisitions & Appraisals (locations to be determined)	System	600
Engineering & Construction Management	System	4,750
Staff Support and Testing	System	2,600
<i>Subtotal</i>		<i>41,735</i>
Extensions & Expansions		
NCS Expansion	NCS	20,000
SWS Expansion and Extension	SWS	15,000
UPR West Line Extension	UPR	23,673
Alternatives Analyses (SE Service, STAR, and UP-W & UP-NW)	System	3,100
<i>Subtotal</i>		<i>61,773</i>
Miscellaneous		
CREATE Project	System	1,500
Railroad Protective Liability Insurance	System	600
Material Handling Additives	System	2,000
Capital Project Security	System	100
Homeland Security	System	5,000
Capital Project Oversight	System	500
Unanticipated Capital	System	1,000
Project Administration and Contingencies	System	15,053
<i>Subtotal</i>		<i>25,753</i>
GRAND TOTAL		355,469

Note: Subtotals and Grand Total may not sum precisely due to rounding to nearest thousand within individual figures.

Abbreviations:

AC	Alternating current
ADA	Americans with Disabilities Act (1990)
B-1	Western Av. Yd. building used by Union Pacific forces
BNS	Burlington Northern Santa Fe
CMAQ	Congestion Mitigation & Air Quality Program
CREATE	Chicago Regional Environmental & Transportation Efficiency Project
CUS	Chicago Union Station
DC	Direct Current
HVAC	Heating, ventilating, and air conditioning
KYD	Kensington Yard, 127th St. and Indiana Ave., Chicago
M19A	Locomotive service facility at 400 N. Pulaski Rd., Chicago
MED	Metra Electric District
MHC	Metra Heritage Corridor
MWD	Milwaukee District
NCS	North Central Service
RID	Rock Island District
SCADA	Supervisory Control and Data Acquisition System
STAR	Suburban Transit Access Route
SWS	SouthWest Service
System	Metra, system-wide
TEA-LU	Reauthorization of federal transportation program
UPR	Union Pacific

Table 6

Outyear Component of the 2005-2009 Capital Program (\$ in 000s)

CAPITAL ASSET & PROJECT	RR	2006-2009
Rolling Stock		
Rehabilitation of Locomotives	System	15,500
Rehabilitation of Commuter Cars (Diesel Fleet)	BNS	27,500
Rehabilitation of Commuter Cars (Diesel Fleet)	MWD	24,200
Car and Locomotive Improvements	System	2,250
Locomotive Traction Motor Rebuilds	Diesel Fleet	4,000
Locomotive Air Conditioning	Diesel Fleet	600
160 New Electric District Commuter Cars	MED	373,000
Traction Motor Rebuilds (Highliners)	MED	4,000
Fleet Component Overhaul or Replacement	System	33,850
Preventive Maintenance Program	System	36,664
<i>Subtotal</i>		<i>521,564</i>
Track and Structures		
Track Work	BNS	9,500
Track Work	MED	13,500
Track Work	MWD	14,800
Track Work	NCS	2,400
Track Work	RID	12,000
Track Work	SWS	3,000
Track Work	UPR	12,600
New Rail Inspection	MED	100
New Rail Inspection	MWD	300
Rail Grinding	BNS	180
Rail Grinding	UPR	200
Rail Grinding	System	1,200
Off-site Rail Welding	MED	150
Off-site Rail Welding	MWD	450
Grade Crossing Renewals (Road and Track Surfaces)	MED	1,000
Grade Crossing Renewals (Road and Track Surfaces)	MWD	2,000
Grade Crossing Renewals (Road and Track Surfaces)	RID	1,000
Track Improvements from Rondout to Fox Lake	MWD	65,900
Bridges, 59th-60th Streets	MED	500
73rd and 76th Street Bridges	MED	1,000
75th and 79th Street Bridges	MED	4,000
Dixie Highway (Homewood) Bridge	MED	500
Vollmer Road (Flossmoor-Olympia Fields) Bridge	MED	500
Salt Creek (Itasca-Wood Dale) Bridge	MWD	2,500
Frazier Avenue (Elgin) Bridge	MWD	500
Golf Road (Morton Grove-Golf) Bridge	MWD	10,000
Bridge Rehabilitation (sites to be determined)	MWD	2,000
Bridge Rehabilitation, 18th to 60th Street (Final Phase)	RID	3,300
75th Street Bridge	RID	1,200
Halsted Street Bridge	RID	1,250
Bridge Rehabilitations, North Line, Fullerton to Balmoral Ave.	UPR	37,487
Bridge Fills and Closures	System	500
Retaining Wall Rehabilitation	BNS	2,000
Retaining Wall Rehabilitation in Gresham area	RID	3,000
Retaining Wall Rehabilitation	RID	3,000
Retaining Wall Rehabilitation, Clinton St.-Peoria St.	UPR	2,000
Intertrack Fencing	BNS	100

Outyear Component of the 2005-2009 Capital Program (\$ in 000s)

CAPITAL ASSET & PROJECT CONT'D	RR	2006-2009
Track and Structures continued		
Right-of-way Fencing (sites to be selected)	RID	400
Right-of-way Fencing (sites to be selected)	UPR	800
Belmont Road Grade Separation	BNS	11,000
Catenary Structure Rehabilitation	MED	2,800
Handrailings and Walkways (Employee Protection)	UPR	800
<i>Subtotal</i>		<i>231,417</i>
Signal-Electrical-Communications		
Fiber Optic Cable System	BNS	14,100
Signal System Upgrade, 11th Place to 67th Street	MED	5,000
Signal System Upgrade, West Line	MWD	2,500
Signal System Upgrade, North Line	MWD	1,400
Pedestrian Crossing Signalization	MWD	1,200
Pedestrian Crossing Signalization	RID	3,600
Crossing Incident Recording Systems	System	600
Crossover Consolidation	BNS	100
Lumber Street and BN Wye Interlocking	BNS	1,782
Lumber Street and BN Wye Interlocking	MHC	110
Gresham and Joliet Interlockers	RID	7,400
Lumber Street and BN Wye Interlocking	SWS	308
Lake Street Interlocker (North, Northwest, West Lines)	UPR	10,000
Kedzie Avenue Interlocking Switches (West Line)	UPR	500
Signal Bridge Replacement	BNS	250
Signal Battery Replacements	UPR	1,200
Power Control System (SCADA)	MED	200
Catenary Wire (DC) Replacement	MED	1,200
Transmission Line (AC) Replacement	MED	2,700
Modernization of Electrical Diagrams and Drawings	MED	300
Communications Equipment	System	250
Clean Cab Radios	System	2,200
Computer-aided Police Dispatching System	System	600
Fiber Optic Cable	MED	2,000
Communications System Improvements	BNS	50
Passenger Information Display System	System	6,000
<i>Subtotal</i>		<i>65,550</i>
Support Facilities & Equipment		
New Electric District Yard and Shop	MED	85,000
14th Street Yard Upgrades	BNS	4,000
KYD Facility Improvements	MED	3,500
Western Avenue Yard Improvements	MWD	700
47th Street Yard Improvements	RID	64,700
California Avenue and M19A Yard Upgrades	UPR	4,000
B-1 Building Improvements at Western Ave. Yard	UPR	2,500
Electrical Substation Upgrades	MED	3,000
Crew Facility at Waukegan	UPR	1,700
547 W. Jackson Blvd.	System	20,295
HVAC Upgrades in Shops	System	1,000

Outyear Component of the 2005-2009 Capital Program (\$ in 000s)

CAPITAL ASSET & PROJECT CONT'D	RR	2006-2009
Support Facilities & Equipment continued		
Program Support Engineering	System	14,000
Management Information Systems	System	3,600
Renewal of Facilities	System	6,000
Equipment and Vehicles	System	7,300
Office Equipment and Furniture	System	1,600
<i>Subtotal</i>		222,895
Stations and Parking		
Downers Grove Station Parking	BNS	910
Randolph Street Station Concourse	MED	2,500
Stations & Parking Construction (locations to be determined)	System	30,050
New 35th Street Station	RID	1,000
ADA Improvements	System	5,600
Station Signage	System	1,000
Staff Support and Testing	System	10,400
Eng. & Construction Mgmt. (locations to be determined)	System	19,000
<i>Subtotal</i>		70,460
Extensions & Expansions		
NCS Expansion	NCS	20,613
SWS Expansion and Extension	SWS	12,372
UPR West Line Extension	UPR	9,286
Alternatives Analysis (SE Service, STAR, UP-W and UP-NW)	System	2,400
New Starts (TEA-LU)	System	39,400
<i>Subtotal</i>		84,071
Miscellaneous		
CREATE Project	System	13,600
Procurement Advertising	System	400
Railroad Protective Liability Insurance	System	2,400
Material Handling Additives	System	10,000
Capital Project Security	System	400
Capital Project Oversight	System	2,000
System Mapping	System	320
Unanticipated Capital	System	4,800
Project Administration and Contingencies	System	51,427
<i>Subtotal</i>		85,347
GRAND TOTAL		1,281,305

Note: Subtotals and Grand Total may not sum precisely due to rounding to nearest thousand within individual figures.

Outyear Component of the 2005-2009 Capital Program (\$ in 000s)

Abbreviations:

AC	Alternating current
ADA	Americans with Disabilities Act (1990)
B-1	Western Av. Yd. building used by Union Pacific forces
BNS	Burlington Northern Santa Fe
CMAQ	Congestion Mitigation & Air Quality Program
CREATE	Chicago Regional Environmental & Transportation Efficiency Project
CUS	Chicago Union Station
DC	Direct Current
HVAC	Heating, ventilating, and air conditioning
KYD	Kensington Yard, 127th St. and Indiana Ave., Chicago
M19A	Locomotive service facility at 400 N. Pulaski Rd., Chicago
MED	Metra Electric District
MHC	Metra Heritage Corridor
MWD	Milwaukee District
NCS	North Central Service
RID	Rock Island District
SCADA	Supervisory Control and Data Acquisition System
STAR	Suburban Transit Access Route
SWS	SouthWest Service
System	Metra, system-wide
TEA-LU	Reauthorization of federal transportation program
UPR	Union Pacific

VISION FOR THE FUTURE

Our ongoing capital program seeks to balance the challenge of maintaining and preserving Metra's existing network while expanding the system for new and increased levels of service.

Metra's full-funding grant agreements for expanded operations on the NCS; extension of the UP-W Line to Elburn, Ill.; and extension of the SWS Line to Manhattan, Ill., will come to fruition by year's end 2005.

With the reauthorization of TEA-21, which is due for consideration this fall, Metra intends to build on its past record of success by continuing to focus on core capacity improvements and strategic system expansion. The two core capacity projects on the UP-NW and UP-W Lines will benefit approximately 60 percent of our current customers. These projects will enable us to provide significant improvements in service reliability coupled with reductions in operating costs.

The proposed new lines, known as the Suburban Transit Access Route (STAR) Line and the SouthEast Service Line (SES), take Metra, but more importantly the region, into the 21st Century by providing commuter rail service to expanding segments of northeastern Illinois. Additionally, the proposed lines will use Diesel Multiple Units or DMUs. These 90-to-100 passenger vehicles will be new for the region and provide flexibility to our operations. Not only will these units accelerate quickly, but most importantly, they will be fuel efficient.

The work Metra is doing with the STAR and SES Lines and the improvements we're proposing along the UP-NW and UP-W Lines are all examples of regional transportation planning advancing smart growth.

The STAR Line

Metra's proposed initial phase of the STAR Line would create a 55-mile long suburban transportation grid, connecting close to 100 communities in the region and complementing existing suburb-to-city service running northwest from O'Hare to Hoffman

Estates and south to Joliet. Eighteen communities will have STAR stations within their boundaries and another 51 communities will have a STAR station located within five miles.

The STAR Line also would allow for seamless connection points to three existing Metra lines that feed from Chicago to the suburbs, marking a new day for inter-suburban transportation and giving motorists along congested roadways an alternative to driving.

The SouthEast Service Line

The SES proposal calls for a new commuter line from Crete, Ill., to Chicago's LaSalle Street Station. The proposed services will have a radial alignment and will add another important "spoke on the wheel" to Metra's existing network of routes oriented toward the city of Chicago.

The proposed 33-mile track will run along Union Pacific/CSX railroad tracks, adding as many as nine new stations. The SES Line will link more than 20 Will and South Cook County communities, providing new opportunities for south suburban economic growth and development.

New Infrastructure Initiatives

Metra announced two new initiatives that are expected to impact more than 60 percent of its customer base. In concert, these initiatives address key bottlenecks and will deliver service and industry-leading on-time performance.

Union Pacific Northwest Line

Proposed alternatives to improve the UP-NW Line include providing an extension of service to a new station in the growing area of Johnsbury in McHenry County and increasing the line's core capacity. Proposals for the project also include upgrading the signal system to allow for more express trains, in addition to the construction of rail yards in Johnsbury and Woodstock to permit more train capacity and greater efficiency in maintenance operations.

These proposed improvements would result in reduced travel times for commuters.

Union Pacific West Line

The proposed project along the UP-W Line will increase the line's capacity, speed and reliability by upgrading key segments along the route so more trains can operate. Other improvements include signal system upgrades that will enhance safety and additional tracks and crossovers to improve travel times and reduce the bottleneck that occurs at the A-2 Crossing, the busiest rail crossing in northeastern Illinois. Slower travel times along the UP-W Line cause many residents to drive to the Burlington Northern Santa Fe (BNSF) Line to get faster express service. A culmination of the proposed developments will address that issue and provide the additional benefit of easing congestion along the BNSF route.

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PHYSICAL DESCRIPTION

Carrier/Line	Location of Outlying Terminal	Downtown Chicago Terminal	Number of Stations in Illinois	Number of Stations Out of State	Total Stations	Accessible Stations Partial	Accessible Stations Full	Rolling Stock Locomotives	Rolling Stock Trailer Cars	Rolling Stock Cab Cars	Rolling Stock Electric Propelled	Track Miles	Route Miles
Burlington Northern Santa Fe	Aurora, IL (Kane Co.)	CUS*	27	0	27	7	12	24	133	29	0	144.0	37.5
Union Pacific													
North	Kenosha, WI (Kenosha Co.)	OTC#	25	1	26	0	20					107.5	51.6
Northwest	Harvard, IL (McHenry Co.)	OTC	21	0	21	4	12					161.1	63.1
West	Geneva, IL (Kane Co.)	OTC	17	0	17	3	11					128.0	35.5
McHenry Branch	McHenry, IL (McHenry Co.)	OTC	1	0	1	1	0					8.0	7.4
Total**			61	1	62	8	41	54	255	62	0	402.0	154.7
South Shore Line (NICTD)	South Bend, IN (St Joseph Co.)	Randolph	8	12	20	0	5	0	0	0	78	148.9	90.1
Electric District													
Main Line	University Pk, IL (Will Co.)	Randolph	34	0	34	0	14					86.0	31.5
Blue Island Branch	Blue Island, IL (Cook Co.)	Randolph	7	0	7	0	1					5.0	4.4
So Chicago Branch	Chicago, IL (Cook Co.)	Randolph	8	0	8	0	4					11.3	4.7
Total**			49	0	49	0	19	0	0	0	165	102.3	40.6
Heritage Corridor	Joliet, IL (Will Co.)	CUS	6	0	6	0	6	3	11	3	0	78.0	37.2
Milwaukee District													
North	Fox Lake, IL (Lake Co.)	CUS	22	0	21	3	16					97.0	49.5
West	Elgin, IL (Kane Co.)	CUS	23	0	23	3	15					96.0	39.8
Total**			43	0	42	6	29	29	75	87	0	179.6	83.9
North Central Service	Antioch (Lake Co.)	CUS	14	0	14	0	14	5	15	6	0	60.7	52.8
SouthWest Service	Orland Park, IL (Cook Co.)	CUS	10	0	10	0	9	5	18	7	0	44.5	28.9
Rock Island													
Main Line	Joliet, IL (Will Co.)	LaSalle St.	14	0	14	3	10					84.0	40.2
Beverly Branch	Blue Island, IL (Cook Co.)	LaSalle St.	12	0	12	5	3					13.3	6.6
Total**			25	0	25	8	13	24	77	35	0	97.1	46.8
System Totals**			229	13	242	29	137	144	584	229	243	1,189.4	545.8

*CUS=Chicago Union Station

#OTC=Ogilvie Transportation Center

**Totals adjusted to avoid double-counting.

OPERATING & SERVICE CHARACTERISTICS

Carrier/Line	Revenue Trains			Train Miles Jul 03-Jun 04	Car Miles Jul 03-Jun 04	Scheduled Speeds			On-Time Performance	
	Weekday	Sat	Sun/Hol			Weekday Peak	Weekday Off-Peak	Weekend/Holiday	2003 Average	Jan-Jun 04 Average
Burlington Northern Santa Fe	94	28	18	950,962	6,788,095	36.0	28.6	29.7	95.8%	95.8%
Union Pacific										
North	62	22	16	689,895	3,778,943	31.0	27.6	27.5	97.9%	98.9%
Northwest	63	27	15	935,035	6,091,023	34.3	30.4	31.8	97.7%	98.3%
West	59	20	14	548,758	3,408,384	31.8	31.1	31.1	95.0%	96.8%
Total	184	69	45	2,173,688	13,278,350				96.9%	98.1%
South Shore Line (NICTD)	41	21	21	769,672	3,548,176	35.2	37.5	38.6	90.2%	92.6%
Electric District										
Main Line	79	46	20	730,452	3,672,535	32.0	29.7	37.2	98.5%	98.3%
Blue Island	37	30	0	152,499	471,892	24.0	22.9	22.7	99.2%	98.9%
So. Chicago	54	48	20	230,612	892,951	20.9	17.0	19.3	98.8%	98.9%
Total	170	124	40	1,113,563	5,037,378				98.8%	98.6%
Heritage Corridor	6	0	0	57,397	229,852	35.2	--	--	94.1%	92.8%
Milwaukee District										
North	60	20	18	739,874	4,192,962	32.7	31.4	30.3	96.1%	95.2%
West	58	24	18	662,735	4,443,071	30.0	28.2	29.8	96.9%	94.4%
Total	118	44	36	1,402,609	8,636,033				96.5%	94.8%
North Central Service	10	0	0	135,017	680,778	35.4	35.1	--	90.8%	90.0%
SouthWest Service	16	0	0	129,315	989,983	24.7	25.4	--	95.6%	95.6%
Rock Island District	68	20	16	700,922	4,695,067	29.2	26.7	30.1	97.4%	97.9%
System Totals	707	306	176	7,433,145	43,883,712	32.0	29.0	30.5	96.7%	96.8%

COMMUTER RAIL STATIONS BY FARE ZONE

Zone	Burlington Northern Santa Fe	Electric Main Line	Electric Blue Island	Electric South Chicago	Heritage Corridor	Milwaukee North	Milwaukee West	North Central Service	Rock Island Main Line	Rock Island Branch Line	SouthWest Service	Union Pacific North	Union Pacific Northwest	Union Pacific West
A (0.1-5.0)	CJIS Halsted Western	Randolph Van Buren Roosevelt 18th 25 th -d 27 th			CJIS	CJIS Western	CJIS Western	CJIS Western	La Salle		CJIS	CPT Clybourn	CPT Clybourn	CPT Keokuk
B (5.1-10.0)	Cicero Clyde LaGrange Berwyn Hantram	47th 85 th 53 rd 55th 56th 59th 63 rd 75th 79th		StoneIsland Bryn Mawr South Shore WindsorPark 79th 83 rd 87th 93 rd		Healy Grayland Mayfair	Hermosa Cragin Hanson Park Galewood Mers Mont Clare	Braham				Reverwood Rogers Park	Irving Park JeffersonPark GladstonePark	Oak Park River Forest
C (10.1-15.0)	Riverside Hollywood Brookfield CongPark La Grange Stone Ave	82 nd 87th 91st 95th 103 rd 110th 115th		Summit	Forest Glen Edgebrook MortonCove	ElmwoodPark River Grove Franklin Park Mannheim	River Grove	55th St Washits	Brainerd 91st 95th 99th 103 rd 107th 110th 115th 119th	10.6 11.3 11.7 12.8 13.3 13.8 14.3 14.8	11.2 12.6	Main St Davis Central Wilmette	NorwoodPark Edison Park Park Ridge Deer Road	Maywood Melrose Park Bellwood Berkeley
D (15.1-20.0)	WestSpringings Highlands Hinsdale ClearmontHills Westmont	63 th 67th 69th 74th 78th 80th 83 rd 87th 91st 95th 100th 105th 110th 115th	State St StewartFidge W. Pullman Racine Ashland Burr Oak Blue Island	WillowSprings	Golf Glenview Glen/McInnw	Bensenville Wood Dale	O'Hare Instr	Vermont Robbins Midlothian	Vermont 123rd 123rd Prairie Vermont	15.2 15.8 16.4 16.8 18.2 18.4	15.2 16.8 18.2	Kenilworth Indian Hill Winnetka HubbardHills Glenace	Des Plaines Cumberland Mt Prospect	Emmurst Villa Park Lombard
E (20.1-25.0)	Fairview Ave Main St Belmont Lisle	Hazel Crest Calumet Homewood 24.5		Lemont	Northbrook LakeCookRd Deerfield	Itasca Meinhart Roselle	ProspectHights Tinley Park 80th Ave	HickoryCreek Mokena	Oak Forest Tinley Park 80th Ave		Palms Park 43 rd 153 rd	Braeside Ravinia HighlandPark Highway	ArlingtonHills ArlingtonPK	Glen Elyn College Ave Wheaton
F (25.1-30.0)	Neperville	OlympicFields 25.6 27th Matteson RichtonPark 29.3		Lockport	Lake Forest	Schaumburg HanoverPark Bartlett	Wheeling BuffaloGrove	New Lenox			179th 28.9	FortSheridan Lake Forest	Palatine	Winfield WestChicago
G (30.1-35.0)	Route 59	UnivPark					Prairie View Vernon Hills	Joliet				Lake Bluff Great Lakes N Chicago	Barrington	
H (35.1-40.0)	Aurora			Joliet	Libertyville PrairieCrossing	National St Elgin Big Timber	Mundelein PrairieCrossing/Libertyville	Joliet				Waukegan	FoxHollow Cary	Geneva
I (40.1-45.0)					Grayslake Round Lake Long Lake Ingleside Fox Lake	4.0 44.0 46.0 47.8 49.5						Zion WinthropHar	Crystal Lake	
J (45.1-50.0)							FranklinBeach Lake Villa	45.9 48.2						
K (50.1-55.0)							Antioch	52.8				Kenosha	McHenry Woodstock	50.6 51.6
M (60.1-65.0)													Harvard	63.1

FORECASTED RIDERSHIP AND VEHICLE MILES • 2004-2007

	2003 Actual	2004 Year-End Projected*	2005 Forecast	2006 Forecast	2007 Forecast
Passenger Trips					
Burlington Northern Santa Fe	14,674,000	14,816,000	14,964,000	15,189,000	15,416,000
Union Pacific	23,848,000	24,136,000	24,377,000	24,743,000	25,114,000
South Shore	3,748,000	3,835,000	3,874,000	3,932,000	3,991,000
Electric District	10,894,000	10,299,000	10,402,000	10,558,000	10,716,000
Heritage Corridor	645,000	656,000	663,000	673,000	683,000
Milwaukee District	11,834,000	11,653,000	11,770,000	11,946,000	12,126,000
North Central Service	1,156,000	1,246,000	1,271,000	1,290,000	1,309,000
SouthWest Service	1,731,000	1,765,000	1,783,000	1,809,000	1,837,000
Rock Island	9,256,000	9,242,000	9,334,000	9,474,000	9,616,000
System Total	77,786,000	77,648,000	78,437,000	79,614,000	80,808,000
Year-to-Year Change		-0.2%	1.0%	1.5%	1.5%
Passenger Miles					
Burlington Northern Santa Fe	329,738,000	337,092,000	336,262,000	341,306,000	352,512,000
Union Pacific	546,076,000	553,606,000	558,193,000	566,566,000	574,125,000
South Shore	111,965,000	115,410,000	115,717,000	117,453,000	119,009,000
Electric District	206,090,000	197,729,000	196,777,000	199,729,000	206,882,000
Heritage Corridor	17,147,000	17,736,000	17,620,000	17,884,000	18,655,000
Milwaukee District	285,313,000	281,281,000	283,777,000	288,034,000	293,353,000
North Central Service	34,628,000	37,215,000	38,056,000	38,627,000	39,065,000
SouthWest Service	32,297,000	33,056,000	33,270,000	33,769,000	34,441,000
Rock Island	188,641,000	189,381,000	190,223,000	193,077,000	197,411,000
System Total	1,751,895,000	1,762,506,000	1,769,895,000	1,796,444,000	1,835,451,000
Year-to-Year Change		0.6%	0.4%	1.5%	2.2%
Revenue Car Miles					
Burlington Northern Santa Fe	5,107,000	5,254,000	5,223,000	5,206,000	5,223,000
Union Pacific	10,027,000	9,967,000	9,889,000	9,860,000	9,889,000
South Shore	3,195,000	3,124,000	3,104,000	3,098,000	3,104,000
Electric District	4,497,000	4,492,000	4,450,000	4,438,000	4,450,000
Heritage Corridor	228,000	228,000	228,000	227,000	228,000
Milwaukee District	5,461,000	5,522,000	5,457,000	5,441,000	5,457,000
North Central Service	573,000	579,000	575,000	573,000	575,000
SouthWest Service	537,000	540,000	539,000	537,000	539,000
Rock Island	2,904,000	2,921,000	2,901,000	2,891,000	2,901,000
System Total	32,528,000	32,628,000	32,366,000	32,271,000	32,366,000
Year-to-Year Change		0.3%	-0.8%	-0.3%	0.3%

*Based on January-August actuals

RIDERSHIP RELATED STATISTICS • JULY 2003 - JUNE 2004

Carrier/Line	Passenger Loads (conductor counts)								Annual Passenger Trips	Annual Passenger Miles	Annual Passenger Revenue*	Avg Rev Per Psngr Trip	AvgTrip Length (miles)
	Weekday Averages					Avg Saturday	Avg Sunday	Avg Week					
	Peak	Reverse	Midday	Evening	Total								
Burlington Northern Santa Fe	45,500	2,300	5,700	3,800	57,300	10,400	6,100	303,000	14,786,600	337,501,500	\$38,230,100	\$2.59	22.8
Union Pacific													
North	19,000	3,700	3,100	2,000	27,700	7,500	4,700	150,700	8,031,900	162,061,600	20,103,300	\$2.50	20.2
Northwest	29,200	2,500	3,900	1,900	37,500	8,600	5,400	201,500	9,216,700	238,281,100	25,380,700	\$2.75	25.9
West	23,300	1,100	2,600	1,500	28,500	6,100	3,300	151,900	6,753,700	151,210,300	16,878,200	\$2.50	22.4
Total	71,500	7,300	9,600	5,400	93,700	22,200	13,400	504,100	24,002,300	551,553,000	62,362,200	\$2.60	23.0
South Shore (NICTD)	9,500	300	1,800	800	12,400	4,300	2,900	69,200	3,745,600	112,467,900	14,563,600	\$3.89	30.0
Electric District													
Main Line	26,400	500	3,900	1,600	32,400	6,100	2,800	170,900	9,303,400	185,650,100	22,242,100	\$2.39	20.0
Blue Island	2,300	100	300	100	2,800	600	0	14,600	274,600	4,765,400	643,700	\$2.34	17.4
So Chicago	5,400	400	1,000	300	7,100	2,100	600	38,200	920,600	10,238,300	1,385,700	\$1.51	11.1
Total	34,100	1,000	5,200	2,000	42,300	8,800	3,400	223,700	10,498,200	200,653,800	24,271,500	\$2.31	19.1
Heritage Corridor	2,400	0	0	0	2,400	0	0	12,000	658,600	17,766,300	1,796,200	\$2.73	27.0
Milw. District													
North	15,900	1,700	2,300	1,600	21,400	3,700	2,400	113,100	5,984,900	145,726,900	16,392,700	\$2.74	24.3
West	16,800	800	2,100	1,000	20,800	4,100	2,600	110,700	5,792,900	138,927,700	15,436,000	\$2.66	24.0
Total	32,700	2,500	4,400	2,600	42,200	7,800	5,000	223,800	11,777,800	284,654,600	31,828,700	\$2.70	24.2
North Central Service	3,700	30	100	0	3,800	0	0	19,000	1,194,700	35,362,000	3,599,300	\$3.01	29.6
SouthWest Service	6,100	40	400	100	6,600	0	0	33,000	1,754,900	32,902,200	4,103,300	\$2.34	18.7
RI District	30,700	400	3,400	900	35,300	3,100	2,000	181,600	9,276,900	190,105,00	22,461,700	\$2.42	20.5
System Totals	236,200	13,800	30,600	15,600	296,200	56,600	32,900	1,569,400	77,659,700	1,762,966,700	\$203,216,600	\$2.62	22.7

Note: Values rounded to nearest 100. Values less than 50 rounded to nearest 10.

*Includes proceeds from 5% Capital Farebox Financing Program.

TICKET SALES BY TICKET TYPE • JULY 2003 - JUNE 2004

Carrier/Line	Monthly	25-Ride	Ten-Ride	Station One-Way	Conductor One-Way	Weekend	Link-Up	PlusBus
Burlington Northern Santa Fe	225,600	N/A	330,500	863,000	386,900	201,000	15,000	9,700
Union Pacific								
North	96,600	N/A	236,900	531,200	551,700	171,600		
Northwest	121,200	N/A	216,200	763,700	596,500	193,500		
West	94,300	N/A	154,000	488,800	343,000	128,800		
Total	312,000	N/A	607,200	1,783,700	1,491,200	493,800	11,600	3,000
South Shore (NICTD)	49,900	14,100	20,700	552,300	494,000	N/A	N/A	N/A
Electric District								
Main Line	137,300	N/A	174,600	920,200	478,100	93,400		
Blue Island	4,100	N/A	4,500	36,300	14,200	2,200		
So Chicago	12,700	N/A	19,500	132,900	48,200	200		
Total	154,100	N/A	198,600	1,089,400	540,600	95,900	10,300	1,000
Heritage Corridor	11,900	N/A	12,100	11,200	12,600	200	**	**
Milwaukee District								
North	75,900	N/A	158,800	388,900	427,600	129,000		
West	84,100	N/A	106,000	434,800	379,400	125,200		
Total	160,100	N/A	264,800	823,800	807,000	254,200	9,100	1,900
North Central Service	19,200	N/A	25,700	33,100	80,700	700	200	100
SouthWest Service	31,100	N/A	32,600	42,900	48,900	1,000	**	**
Rock Island District	149,600	N/A	184,600	533,200	269,500	79,800	7,900	300
System Totals	1,113,500	14,100	1,676,700	5,732,600	4,131,300	1,126,600	54,100	16,100

**Included with Milwaukee District sales

N/A: Not Available

FARE STRUCTURE

Commuter rail fares are set according to travel between designated fare zones, which are located at five-mile intervals beginning at each rail line’s downtown Chicago terminal. The zone system does not apply to the South Shore fares, which are set by the Northern Indiana Commuter Transportation District (NICTD).

A base fare is charged for travel within a zone and increments are added as zone boundaries are crossed. The present base fare is \$1.85, and the incremental charge is \$0.40 for most zones.

Within the general structure of zones and one-way fares, an assortment of ticket forms and purchasing methods is designed to allow maximum flexibility in the use of Metra services. Most customers pay their fares prior to boarding, using either a time-limited ticket (i.e. monthly or weekend) or a trip-limited ticket (i.e. one-way or ten-ride).

Riders can also purchase their transportation while on board a train, although a \$2 service charge is assessed if a ticket agent was on duty at the time and place of boarding.

Tickets can be bought over the counter at stations staffed by agents, by mail (monthly and ten-ride tickets only), from vending machines on the Metra Electric District lines, or by the internet (monthly and ten-ride). The table below is a presentation of the pricing formula associated with each ticket form and other features of rail tickets.

Fares are also classified as full-fare or reduced.

Riders eligible for reduced fares include elderly and mobility limited persons who are in possession of an RTA Special User Card, children aged seven to 11, students (high school age and below, traveling to and from school), and military personnel traveling in uniform. Children under the age of seven travel free if accompanied by a fare paying adult passenger.

With their substantial price incentive, and the convenience of an unlimited ride “flash” ticket, monthly tickets account for about 62 percent of all passenger trips. The full-fare ten-ride ticket is priced at a 15 percent discount relative to an equivalent one-way rate and accounts for nearly 23 percent of all passenger trips.

Another feature of Metra’s pricing structure is the Regional Rail Ticket Program which allows holders of monthly or ten-ride tickets to travel on any other Metra line (except the South Shore); however, travel beyond the fare zone limits of the ticket involves a surcharge of \$1 for the first zone and \$.50 for each additional zone line crossed.

Several fare programs are available to riders transferring between Metra and services provided by CTA and Pace. The \$36 LINK-UP Sticker affixes to Metra monthly tickets and is accepted on peak-period CTA service and most Pace routes. A \$1 shuttle fare for select downtown CTA bus routes is available to commuters during morning and afternoon rush hours. Pace offers a \$30 monthly PLUSBUS Sticker, which allows unlimited use of the Pace system for monthly Metra ticket holders. Metra provides financial support to all three programs.

Table 7

Metra Ticket Pricing Formula

Ticket Type	Period of Validity	Number of Rides	Pricing Basis
Monthly*	Calendar Month	Unlimited	27.0 times one-way fare
Ten-Ride*	One Year	Ten	8.5 times one-way fare
One-Way*	One Year	One	Base fare plus increments
Weekend	Saturday/Sunday	Unlimited	Flat rate - \$5

* These ticket types are offered at a reduced rate to senior citizens, persons with disabilities, children and students through high school traveling to and from school. Military personnel in uniform are entitled to reduced one-way ticket rates.

SPECIAL-USER FARE SCHEDULE • EFFECTIVE JUNE 1, 2002

ZONE		A	B	C	D	E	F	G	H	I	J	K	L	M
MILES	TICKET													
A	Monthly	33.75												
	Ten-Ride	9.00												
	One-Way	0.90												
B	Monthly	37.50	33.75											
	Ten-Ride	10.00	9.00											
	One-Way	1.00	0.90											
C	Monthly	54.40	37.50	33.75										
	Ten-Ride	14.50	10.00	9.00										
	One-Way	1.45	1.00	0.90										
D	Monthly	61.90	54.40	37.50	33.75									
	Ten-Ride	16.50	14.50	10.00	9.00									
	One-Way	1.65	1.45	1.00	0.90									
E	Monthly	69.40	61.90	54.40	37.50	33.75								
	Ten-Ride	18.50	16.50	14.50	10.00	9.00								
	One-Way	1.85	1.65	1.45	1.00	0.90								
F	Monthly	78.90	69.40	61.90	54.40	37.50	33.75							
	Ten-Ride	20.50	18.50	16.50	14.50	10.00	9.00							
	One-Way	2.05	1.85	1.65	1.45	1.00	0.90							
G	Monthly	84.40	78.90	69.40	61.90	54.40	37.50	33.75						
	Ten-Ride	22.50	20.50	18.50	16.50	14.50	10.00	9.00						
	One-Way	2.25	2.05	1.85	1.65	1.45	1.00	0.90						
H	Monthly	91.90	84.40	78.90	69.40	61.90	54.40	37.50	33.75					
	Ten-Ride	24.50	22.50	20.50	18.50	16.50	14.50	10.00	9.00					
	One-Way	2.45	2.25	2.05	1.85	1.65	1.45	1.00	0.90					
I	Monthly	99.40	91.90	84.40	78.90	69.40	61.90	54.40	37.50	33.75				
	Ten-Ride	26.50	24.50	22.50	20.50	18.50	16.50	14.50	10.00	9.00				
	One-Way	2.65	2.45	2.25	2.05	1.85	1.65	1.45	1.00	0.90				
J	Monthly	106.90	99.40	91.90	84.40	78.90	69.40	61.90	54.40	37.50	33.75			
	Ten-Ride	28.50	26.50	24.50	22.50	20.50	18.50	16.50	14.50	10.00	9.00			
	One-Way	2.85	2.65	2.45	2.25	2.05	1.85	1.65	1.45	1.00	0.90			
K	Monthly	114.40	106.90	99.40	91.90	84.40	78.90	69.40	61.90	54.40	37.50	33.75		
	Ten-Ride	30.50	28.50	26.50	24.50	22.50	20.50	18.50	16.50	14.50	10.00	9.00		
	One-Way	3.05	2.85	2.65	2.45	2.25	2.05	1.85	1.65	1.45	1.00	0.90		
L	Monthly	121.90	114.40	106.90	99.40	91.90	84.40	78.90	69.40	61.90	54.40	37.50	33.75	
	Ten-Ride	32.50	30.50	28.50	26.50	24.50	22.50	20.50	18.50	16.50	14.50	10.00	9.00	
	One-Way	3.25	3.05	2.85	2.65	2.45	2.25	2.05	1.85	1.65	1.45	1.00	0.90	
M	Monthly	129.40	121.90	114.40	106.90	99.40	91.90	84.40	78.90	69.40	61.90	54.40	37.50	33.75
	Ten-Ride	34.50	32.50	30.50	28.50	26.50	24.50	22.50	20.50	18.50	16.50	14.50	10.00	9.00
	One-Way	3.45	3.25	3.05	2.85	2.65	2.45	2.25	2.05	1.85	1.65	1.45	1.00	0.90

ADULT FARE SCHEDULE • EFFECTIVE JUNE 1, 2002

ZONE	TICKET	A	B	C	D	E	F	G	H	I	J	K	L	M
A	Monthly	49.95												
	Ten-Ride	15.75												
	One-Way	1.85												
B	Monthly	55.35	49.95											
	Ten-Ride	17.45	15.75											
	One-Way	2.05	1.85											
C	Monthly	78.30	55.35	49.95										
	Ten-Ride	24.65	17.45	15.75										
	One-Way	2.90	2.05	1.85										
D	Monthly	89.10	78.30	55.35	49.95									
	Ten-Ride	28.05	24.65	17.45	15.75									
	One-Way	3.30	2.90	2.05	1.85									
E	Monthly	99.90	89.10	78.30	55.35	49.95								
	Ten-Ride	31.45	28.05	24.65	17.45	15.75								
	One-Way	3.70	3.30	2.90	2.05	1.85								
F	Monthly	110.70	99.90	89.10	78.30	55.35	49.95							
	Ten-Ride	34.85	31.45	28.05	24.65	17.45	15.75							
	One-Way	4.10	3.70	3.30	2.90	2.05	1.85							
G	Monthly	121.50	110.70	99.90	89.10	78.30	55.35	49.95						
	Ten-Ride	38.25	34.85	31.45	28.05	24.65	17.45	15.75						
	One-Way	4.50	4.10	3.70	3.30	2.90	2.05	1.85						
H	Monthly	132.30	121.50	110.70	99.90	89.10	78.30	55.35	49.95					
	Ten-Ride	41.65	38.25	34.85	31.45	28.05	24.65	17.45	15.75					
	One-Way	4.90	4.50	4.10	3.70	3.30	2.90	2.05	1.85					
I	Monthly	143.10	132.30	121.50	110.70	99.90	89.10	78.30	55.35	49.95				
	Ten-Ride	45.05	41.65	38.25	34.85	31.45	28.05	24.65	17.45	15.75				
	One-Way	5.30	4.90	4.50	4.10	3.70	3.30	2.90	2.05	1.85				
J	Monthly	153.90	143.10	132.30	121.50	110.70	99.90	89.10	78.30	55.35	49.95			
	Ten-Ride	48.45	45.05	41.65	38.25	34.85	31.45	28.05	24.65	17.45	15.75			
	One-Way	5.70	5.30	4.90	4.50	4.10	3.70	3.30	2.90	2.05	1.85			
K	Monthly	164.70	153.90	143.10	132.30	121.50	110.70	99.90	89.10	78.30	55.35	49.95		
	Ten-Ride	51.85	48.45	45.05	41.65	38.25	34.85	31.45	28.05	24.65	17.45	15.75		
	One-Way	6.10	5.70	5.30	4.90	4.50	4.10	3.70	3.30	2.90	2.05	1.85		
L	Monthly	175.50	164.70	153.90	143.10	132.30	121.50	110.70	99.90	89.10	78.30	55.35	49.95	
	Ten-Ride	55.25	51.85	48.45	45.05	41.65	38.25	34.85	31.45	28.05	24.65	17.45	15.75	
	One-Way	6.50	6.10	5.70	5.30	4.90	4.50	4.10	3.70	3.30	2.90	2.05	1.85	
M	Monthly	187.65	175.50	164.70	153.90	143.10	132.30	121.50	110.70	99.90	89.10	78.30	55.35	49.95
	Ten-Ride	59.10	55.25	51.85	48.45	45.05	41.65	38.25	34.85	31.45	28.05	24.65	17.45	15.75
	One-Way	6.95	6.50	6.10	5.70	5.30	4.90	4.50	4.10	3.70	3.30	2.90	2.05	1.85

DEVIATIONS FROM PREVIOUSLY ADOPTED

RTA THREE-YEAR PROGRAM

(Fiscal Years 2004-2006)

Section 3B.10 of the Regional Transportation Authority Act (as amended November 9, 1983) requires that the proposed One-Year Commuter Rail Program address any deviations from the RTA's previously adopted Three-Year Program. Differences in projections for Fiscal Year 2005 are in the following table. Minor differences are not addressed.

Table 8

Fiscal Year 2005 Projections

Program Category	As Adopted in RTA's Three Year Program (2004-2006)	As Currently Proposed	Remarks
Passenger Revenue	\$188,627,000	\$187,544,000	The proposed revenue projection is reduced \$1.1 million from the prior Plan. The region's economy remains sluggish with little ridership gain.
Other Revenue	\$64,635,000	\$66,067,000	Includes a new revenue source of federal 5307 funds for maintenance.
Total Expense	\$482,288,000	\$486,820,000	Diesel fuel and security expenses are projected to be higher.

METRA - METROPOLITAN RAIL 2005 PROJECTED CASHFLOW SUMMARY

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
BEGINNING BALANCE													
December 31, 2004	\$44,347,000												
OPENING BALANCE LINE	\$37,881,412	\$32,973,819	\$34,796,190	\$30,033,354	\$26,840,515	\$24,981,455	\$21,747,989	\$21,193,694	\$23,076,322	\$24,398,061	\$23,076,322	\$24,398,061	
SOURCE OF FUNDS:													
OPERATING REVENUE	20,694,690	19,274,466	20,263,551	19,984,578	21,100,469	21,480,886	22,393,886	22,267,081	20,948,302	22,469,969	22,520,692	20,212,827	253,611,397
PUBLIC FUNDING -													
2005 BUDGET	19,367,000	20,558,000	24,319,000	16,993,000	17,591,000	18,650,000	20,161,000	19,767,000	21,074,000	20,353,000	19,766,000	19,614,000	238,213,000
CAPITAL FAREBOX PROCEEDS	748,263	696,911	732,674	722,587	762,935	776,689	809,701	805,116	757,433	812,452	814,286	727,349	9,166,396
FTA CAPITAL GRANTS	12,540,487	12,677,435	13,748,701	15,067,628	17,923,335	14,143,366	17,787,402	17,965,560	19,218,850	23,363,163	18,652,813	24,665,661	207,754,401
(FTA SHARE)													
DOT CAPITAL GRANTS	2,590,157	2,590,157	5,340,157	2,590,157	2,590,157	2,590,157	2,590,157	2,590,157	2,590,157	2,590,157	2,590,157	2,590,157	33,831,884
(IDOT SHARE/OTHER)													
RTA CAPITAL GRANTS	<u>13,754,485</u>	<u>13,577,911</u>	<u>11,511,154</u>	<u>13,632,119</u>	<u>14,120,598</u>	<u>13,337,773</u>	<u>13,987,085</u>	<u>13,845,915</u>	<u>16,092,295</u>	<u>14,339,606</u>	<u>14,051,890</u>	<u>14,530,406</u>	<u>166,781,237</u>
(RTA SHARE/100%)													
TOTAL SOURCE OF FUNDS	\$69,695,082	\$69,374,880	\$75,915,237	\$68,990,069	\$74,088,494	\$70,978,871	\$77,729,231	\$77,240,829	\$80,681,037	\$83,928,347	\$78,395,838	\$82,340,400	\$909,358,315
USE OF FUNDS													
OPERATING EXPENSE	\$42,070,479	\$40,231,908	\$41,037,792	\$39,494,019	\$39,678,261	\$39,797,653	\$43,667,013	\$40,607,298	\$39,703,849	\$39,540,562	\$39,567,008	\$41,424,541	\$486,820,383
FTA/LOCAL SHARE													
PROJ. FTA SHARE	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	10,370,700	124,448,400
FTA/LOCAL SHARE	1,560,954	1,697,902	2,769,168	4,088,095	6,943,802	3,163,833	6,807,869	6,986,027	8,239,317	12,383,630	7,673,280	13,686,124	76,000,001
PROJ. IDOT SHARE	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	1,125,671	13,508,052
FTA/LOCAL SHARE	84,181	84,181	84,181	84,181	84,181	84,181	84,181	84,181	84,181	84,181	84,181	84,181	1,010,172
PROJ. RTA SHARE	267,005	290,431	473,673	699,279	1,187,756	541,182	1,164,504	1,194,978	1,409,357	2,118,253	1,312,535	2,341,048	13,000,001
FTA/LOCAL SHARE	229,827	229,827	229,827	229,827	229,827	229,827	229,827	229,827	229,827	229,827	229,827	229,827	2,757,924
RTA SHARE BONDS NEW START	465,509	465,509	465,509	465,509	465,509	465,509	465,509	465,509	465,509	465,509	465,509	465,509	5,586,108
FTA/LOCAL SHARE PROJ.	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	1,234,659	14,815,908
IDOT NEW START	16,181	16,181	16,181	16,181	16,181	16,181	16,181	16,181	16,181	16,181	16,181	16,181	194,167
FTA/LOCAL SHARE PROJ.	3,353,385	3,153,385	1,653,385	1,853,385	1,853,387	1,717,135	1,653,387	1,653,386	1,635,386	1,635,386	1,653,386	1,653,387	23,468,380
100% RTA FUNDED PROJECTS	10,033,733	10,033,733	9,283,734	10,979,093	10,979,093	10,979,094	8,952,166	8,780,524	10,830,524	6,702,273	7,202,274	6,652,276	111,408,517
BONDS I FIRST *	0	0	0	0	0	0	2,116,666	2,116,666	2,116,667	3,783,333	3,783,334	3,783,334	17,700,000
100% RTA FUNDED PROJECTS	5,348,386	5,348,386	5,348,386	3,112,306	3,112,306	3,112,306	3,074,364	3,074,364	3,074,364	2,355,555	2,355,555	2,355,555	41,671,833
BONDS SCIP II BONDS *	\$76,160,670	\$74,282,473	\$74,092,866	\$73,752,905	\$77,281,333	\$72,837,931	\$80,962,697	\$77,939,970	\$80,536,191	\$82,045,719	\$77,074,099	\$85,422,992	\$932,389,846
100% METRA FUNDED PROJECTS	(6,465,588)	(4,907,593)	1,822,371	(4,762,836)	(3,192,839)	(1,859,060)	(3,233,466)	(699,141)	144,846	1,882,628	1,321,739	(3,082,592)	(23,031,531)
TOTAL USE OF FUNDS	\$37,881,412	\$32,973,819	\$34,796,190	\$30,033,354	\$26,840,515	\$24,981,455	\$21,747,989	\$21,048,848	\$21,193,694	\$23,076,322	\$24,398,061	\$24,398,061	\$21,315,469
NET CHANGE													
ENDING BALANCE													

* Projected expenditures of RTA/SCIP bonds are subject to revision after final engineering is completed and/or responses to requests for construction proposals are received.

PUBLIC HEARINGS

The legal notice of the 2004 public hearings was published in the *Chicago Sun-Times* on Oct. 15, 2004. The legal notice also appeared in the following local newspapers: *Northwest Herald* (Crystal Lake), *Herald News* (Joliet), *Courier News* (Elgin), and *News Sun* (Waukegan).

The Commuter Rail Division of the Regional Transportation Authority (Metra) held public hearings on its proposed Operating and Capital Program and Budget for Fiscal Year 2005 (Jan. 1, 2005 to Dec. 31, 2005). Listed here are the dates, times and locations of the public hearings.

Wednesday, November 3, 2004 - 4-7 p.m.

Suburban Cook (South)

Homewood Village Hall, Village Board Room
2020 Chestnut Road
Homewood, Illinois

DuPage County

Clarendon Hills Village Hall, Village Board Room
1 N. Prospect Avenue
Clarendon Hills, Illinois

Suburban Cook (North)

Arlington Heights Village Hall, Buechner Room
33 S. Arlington Heights Road
Arlington Heights, Illinois

Lake County

College of Lake County, Room C138
19351 West Washington Street
Grayslake, Illinois

Thursday, November 4, 2004 - 4-7 p.m.

Will County

Joliet City Hall, East Wing Conference Room
15 W. Jefferson Street
Joliet, Illinois

City of Chicago

Metra
547 W. Jackson Blvd., 13th Floor Board Room
Chicago, Illinois

McHenry County

Woodstock City Hall, Second Floor Lobby
121 W. Calhoun Street
Woodstock, Illinois

Kane County

Kane County Government Center
Building A, Auditorium (lower level)
719 S. Batavia
Geneva, Illinois

ORDINANCE

Commuter Rail Board, Ordinance No. MET 04-12

This proposed budget and financial plan is submitted to comply with Section 4.11 of the RTA Act. The following 2005 Operating and Capital Program and Budget is based upon the funding estimates provided by the Regional Transportation Authority.

WHEREAS, the Board of Directors of the Commuter Rail Division of the Regional Transportation Authority has prepared and distributed a Preliminary 2005 Operating and Capital Program and Budget, and

WHEREAS, the Commuter Rail Board has held at least one public hearing in each of the counties in the metropolitan region in which the Division provides service, and

WHEREAS, the Commuter Rail Board has held at least one meeting for consideration of the program and budget with the county board of each of the several counties in the metropolitan region, and

WHEREAS, the RTA Board has advised the Commuter Rail Board of funding estimates;

NOW, THEREFORE, BE IT ORDAINED THAT:

1. The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority ("Commuter Rail Division") hereby approves the 2005 Operating and Capital Program and Budget, the 2006-2007 Financial Plan, and the 2006-2009 Capital Program, a copy of which is attached hereto and made a part hereof, and further authorizes its transmittal to the Board of Directors of the Regional Transportation Authority ("Authority") in full compliance with Section 4.11 of the RTA Act, as amended.

2. The Chairman of the Commuter Rail Division and, at the Chairman's designation, the Executive Director of the Commuter Rail Division are hereby authorized and directed to take such action as they deem necessary or appropriate to implement, administer, and enforce this Ordinance.

3. This Section shall constitute the annual program of the Commuter Rail Division for services to be provided, operations to be continued or begun, and capital projects to be continued or begun during the fiscal year beginning January 1, 2005 and ending December 31, 2005. Authorization is hereby given that the programs and projects herein named may be implemented, or actions toward their implementation taken, during said fiscal year.

4. Sections 5 through 7 of this Ordinance shall constitute the Budget for operations of the services ("Operations") provided by the Commuter Rail Division other than for capital projects as provided in Section 8 through 10 of this Ordinance for the fiscal year beginning January 1, 2005 and ending December 31, 2005. Sections 8 through 10 of this Ordinance shall constitute the capital budget for project expenditures incurred during the fiscal year beginning January 1, 2005 and ending December 31, 2005.

5. The estimated Commuter Rail Division revenues expected to be available from all sources during 2005 are (In 000's):

2005 System Generated Revenues	\$253,611
2005 Metra Sales Tax	225,903
FTA Section 5307 Funds	<u>7,306</u>
Total Sources of Operating Funds	\$486,820

6. The following named sums, or so much as may be necessary, are hereby appropriated for the specified use (In 000's):

Operating Commuter Rail Services and Support	\$486,820
---	------------------

7. The following are estimates of the revenues and expenses for the Commuter Railroads (In 000's)

Operating Revenues	\$253,611
Operating Expenses	<u>486,820</u>
Total Funded Deficit	\$233,209

8. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects which remain unexpended as of December 31, 2004, is hereby reappropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2005 and ending December 31, 2005 (In 000's):

Total Estimated Cost of Continuation Projects	\$696,894
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9. The estimated Commuter Rail Division Capital Funds expected to be available from all sources to finance the 2005 Capital Program are (In 000's):

Federal Transit Administration	\$181,160
Regional Transportation Authority	
SCIP Bonds III	<u>117,000</u>
RTA Subtotal	117,000
State of Illinois	
Illinois Department of Transportation	27,200
Homeland Security	<u>5,000</u>
State of Illinois Subtotal	32,200
Metra	
Sales Tax	15,058
FY 2005 Farebox Capital	9,166
RTA/New State of Illinois Funding	<u>0</u>
Metra Subtotal	24,224
Municipal and Other	<u>885</u>
Total Sources of 2005 Capital Funds	\$355,469

10. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects are hereby appropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2005 and ending December 31, 2005 (In 000's):

Rolling Stock	\$135,910
Rolling Stock Preventive Maintenance Program	16,472
Track & Structure	25,590
Signal, Electrical & Communications	19,485
Support Facilities & Equipment	28,750
Stations & Parking	41,735
Extensions & Expansions	61,773
Miscellaneous	<u>25,754</u>
Total Uses of 2005 Capital Funds	\$355,469



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