



Regional Transportation Authority

The six-county public
transportation system
serving northeastern Illinois

2012

Operating Budget, Two-Year Financial Plan and Five-Year Capital Program



Department of Finance & Performance Management
April 2012



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Letter from the Executive Director

A vibrant and reliable public transit system provides vast economic, environmental, and quality of life benefits to the region and the state. The RTA system, like many private businesses and public agencies, has been struggling to deal with the declining economy since the 2008 financial crisis began. Therefore, the RTA's role as the fiscal oversight manager of the three operating agencies is more critical than ever.

As we deal with budget shortfalls, it is important to retain our focus on our customers and their needs. The RTA works to develop coordination among public transit services in the region that optimize our capital investments, increase operational efficiencies, and enhance the customers' experience. We have partnered with the Service Boards -- CTA, Metra, and Pace -- on a variety of initiatives that require collaborative efforts. In cooperation with the Service Boards, we advanced the development of a regional asset condition assessment that documents the funding needed to bring our infrastructure into a state of good repair over the next ten years. With funding from the Federal Transit Administration, we are developing a capital prioritization tool to assist in the programming of strategic capital investments. We are working with the Service Boards to implement a five-year plan for traffic corridor optimization, improve transit technologies that can provide riders with regional real-time travel information and trip planning, and improve signage in downtown locations to help customers navigate the transition between commuter rail and other transit services. Development of a regional open fare payment system is underway that will make the system easier to access for both regular and occasional users of our service. And, we are currently administering a region-wide customer satisfaction survey that will assist in the development of action plans that respond to customers' priorities.

The RTA operating and capital budgets represent the difficult balance between funding realities and operating needs. We are pleased that the budgets submitted from each of the Service Boards do not rely on the fiscally unsustainable use of capital funds for operations. While the operating budgets include cost saving measures, they also depend on a significant fare increase at Metra and potential union concessions to a new labor contract to be negotiated at the CTA. The capital program emphasizes state of good repair investments, but cannot address the full needs outlined by the asset condition report. As a region, we must continue to work for additional sources of funding to support the tremendously valuable regional resource we have -- one that has been built over a century of vision, planning, and investment.

The RTA and Service Boards remain committed to provide our customers with the best possible service.

Sincerely,



Joseph G. Costello

Executive Director, Regional Transportation Authority

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1 Introduction



Guide

The outline below is presented as a guide to the organization of the RTA 2012 Budget, Two-Year (2013-2014) Financial Plan, and Five-Year (2012-2016) Capital Program. In reading this document it is important to note that the information provided reflects the Region's funding and service conditions when the RTA Board adopted Ordinance 2011-79 on December 15, 2011, which approved the 2012 budgets and 2013-2014 financial plans of the Service Boards, the Agency, and the Region as a whole. It is also important to note that the funding marks (public funds to cover operating deficits) for each Service Board were set on September 14, 2011. The Service Boards include the Chicago Transit Authority (CTA), Metra commuter rail, Pace suburban bus, and Pace regional ADA paratransit service. The book is divided into the following nine chapters.

1. **Introduction** provides a guide to the overall structure of this document, a regional economic outlook, RTA's strategic plan, vision and goals, key budget issues, governance including the budget process and the 2012 budget ordinance (2011-79), and the 2011 GFOA Distinguished Budget Presentation Award.
2. **Budget in Brief** provides a snapshot of the RTA's role and summarizes the key elements of the 2012 budget.
3. **RTA** is divided into four major categories: Region Operating Plan (RTA, CTA, Metra, and Pace Suburban Service and ADA Paratransit Service consolidated budget and plan); Agency Operating Plan (budget and financial plan); Goals and Performance Measures; and Reference (RTA bonds and fund types).
4. **CTA** includes service characteristics, operating plans, budget and financial plan details, and organizational structure.
5. **Metra** includes service characteristics, operating plans, budget and financial plan details, and organizational structure.
6. **Pace Suburban Service** includes service characteristics, operating plans, budget and financial plan details, and organizational structure.
7. **Pace Regional ADA** includes service characteristics, operating plans, budget and financial plan details, and organizational structure.
8. **Capital** provides an overview and details of the capital program of each of the Service Boards (CTA, Metra, and Pace) and the capital impact on operations.
9. **Appendices** include the budget call calendar, budget hearing schedule, glossary, the schedules of the 2012 budget ordinance (2011-79), and supplemental ridership, sales tax, and demographic data.

Regional Economic Outlook

Like most organizations, the RTA has been struggling in the wake of the 2008 financial crisis. More recent economic trends have provided some indication of a slowly improving economy, and the RTA remains cautiously optimistic about 2012.

Unemployment in the region remains high but trended downward in the last couple months of 2011. The seasonally adjusted regional unemployment rate in December 2011 was 10.2%, a decrease of 0.3 percentage points from the end of the third quarter. Compared to prior year, regional unemployment was 1.0 percentage point higher. Nationally, the Congressional Budget Office (CBO) estimates that the 2011 unemployment rate of 9.2% will drop 1.0 percentage point to 8.2% by the end of 2012.

Real US Gross Domestic Product (GDP) is expected to increase by 3.1% by the end of 2011 and in 2012 it is expected to increase another 2.8%. An analysis of National Gross Domestic Product and Regional Income Growth can be found in the appendix of this document.

The price of fuel also has a significant impact on the region's ridership. In December 2011 the average cost for a gallon of gas in the region was \$3.37, about \$0.49 lower than at the end of the previous quarter, but \$0.25 higher than in December of 2010.

In 2008, when gasoline prices were at an all time high and before the economic recession took hold in the latter part of that year, the RTA system provided 657 million rides. In 2009 the system saw a 2.5% decrease in ridership followed by a further 0.9% decline in 2010. There have been encouraging signs of ridership growth in 2011 with an expected region-wide 1.3% increase over 2010 levels. In 2012, the Service Boards have budgeted for 647 million rides, a 0.7% increase in ridership over the 2011 estimate of 642 million.

The RTA has further defined its strategic priorities and identified the values that define our purpose and mission.

Strategic Plan, Vision Statement, and Goals

In 2012, the Regional Transportation Authority will release its five-year 2012-2016 strategic plan, "The Way Forward" (<http://rtachicago.com/index.php?Itemid=455>).

While the vision for the region has stayed the same, the RTA has further defined its strategic priorities and identified the values that define our purpose and mission.

OUR MISSION

The RTA will ensure financially sound, comprehensive, coordinated public transportation for the North-eastern Illinois region.

OUR VISION

The Northeastern Illinois region will have a world-class public transportation system that is safe, reliable, sustainable, convenient, affordable, and is the keystone of the region's growing business opportunities, thriving job market, clean air, and livable communities.

OUR VALUES

Core values help us define our purpose and mission:

- **Accountability** – We will protect the public interest by ensuring financially sound, quality public transportation.
- **Transparency** – We will communicate openly and honestly.
- **Innovation** – We will seek out and implement innovative solutions.
- **Collaboration** – We will engage our stakeholders and partners on a regular basis to advance common goals.
- **Integrity** – We carry out our mission in a manner that is fair, ethical and honest.

STRATEGIC PRIORITIES

With limited resources and dire needs, all the region's efforts must be both strategic and focused. The RTA and Service Boards laid out the following strategic priorities in 2011.

- **Strategic Capital Investment:** Reduce operating costs by identifying capital projects that reduce operating expenditures.
- **Economies of Scale:** Identify coordinated purchasing efforts with the Service Boards and other government agencies that achieve cost savings and improve efficiency.
- **Maximize Use of System:** Maximize the use of the existing system by better tapping travel markets that have potential to use transit by streamlining and coordinating services when and where the system is not functioning at capacity.
- **Enhanced Customer Experience:** Focus on targeted capital- and technology-related projects in a coordinated fashion to modernize and enhance the customer experience through improved service performance and customer connections.
- **Coordinated Government Affairs, Marketing and Outreach:** Coordinate customer information and increase coordination and leveraging of partners and other stakeholders.

Critical Developments and Key Budget Issues

The RTA has identified several critical developments in the 2012 Budget, 2013-2014 Financial Plan and Five-Year Capital Program.

OPERATIONS FUNDING WITHOUT CAPITAL TRANSFERS

In the 2011 Budget, the RTA planned to transfer more than \$175 million from the capital program to operations in order to sustain fares and service at current

levels. The CTA's 2011 amended budget included \$113.2 million in transfers from capital to operations. To meet its operations funding needs, Metra budgeted \$60.0 million of transfers in 2011, and planned for additional transfers of \$25.0 million in 2012 and 2013. Pace projected that Suburban Service operations would require \$2.0 million, \$3.1 million, and \$4.7 million of federal capital funds in 2011, 2012, and 2013, respectively. For the 2012 budget, the RTA is pleased to report that the budgets submitted by each of the Service Boards do not rely on the fiscally unsustainable practice of using capital funds for operations.

The Service Boards maintain separate management and, exercise control over all operations including the passenger fare structure.

METRA FARE INCREASES

The Metra budget includes a proposed fare increase, effective February 1, 2012, that will average 25.1%.

This increase in the price of fares may result in the loss of some ridership at Metra. A detailed account of the Metra fare increase can be found in the Metra chapter of this document.

CTA LABOR

A key assumption in the CTA's 2012 budget is anticipated savings from work rule relief as the CTA undertakes labor negotiations with its unionized employees. Labor is by far the CTA's largest expense, representing about 70% of total costs. A half-year credit of \$80.0 million for work rule changes is applied in 2012 in anticipation of successful labor negotiations, resulting in a 2.0% decrease in labor expense for the year. In 2013 and 2014, the CTA has planned for savings of \$160.0 million each year. Fare increases and/or service reductions may become necessary if these labor savings are not realized.

ADA LEGISLATION

In 2011, the RTA Act was amended to ensure full funding of the ADA paratransit deficit, which is estimated at \$115.0 million in 2012. This legislation further stipulated that the ADA paratransit deficit would be fully funded in future years. The 2012 Pace ADA paratransit funding budget is based on a number of

assumptions critical in order to stay within the \$115.0 million public funding level established. First, ridership growth is estimated to grow at a rate of about 5%, when the experience over the last few years has been somewhat higher. Demand for the service contributes heavily to the program cost. It will be challenging for Pace to achieve the productivity improvements necessary to meet their budgeted expense level. A defining factor in their success will be achieving increases in the rate of shared rides. In accordance with the 2011 legislation, future available funding for Pace ADA should increase at a rate that is more consistent with historical trends.

SALES TAX DIVERSION

The RTA system relies on sales tax for almost 40% of its total revenue. In an attempt to ensure it receives all sales tax it is due, the RTA filed a lawsuit against the villages of Channahon and Kankakee in August 2011 claiming the towns are acting as tax shelters for local retailers thereby diverting sales taxes from the six-county area where a portion goes to the RTA. These businesses operate retail services in the six-county region and benefit from services provided by local governments including police, fire, public works and transit.

The RTA will also be working diligently this year to pass legislation that clarifies the tax code and permanently ends these tax schemes in a manner that preserves the right of municipalities to engage in legitimate economic development activities.

IMPACT OF THE RECESSION ON PUBLIC FUNDING GROWTH

In 2008, before the start of the financial crisis, funding and reform legislation enacted in P.A. 95-0708 increased RTA public funding from sales tax, the state public transportation fund (PTF), and the City of Chicago's Real Estate Transfer Tax (RETT). For 2012, sales tax revenue is expected to increase 2.8% from 2011. Combined public funding from sales tax, PTF and RETT of \$1,334.1 million in 2012 is \$323.3 million or 19.5% lower than what was projected in 2008 before the economic downturn. Between 2008 and

2011, the RTA projected that the region would receive a total of approximately \$6.1 billion dollars from these various sources. Including the 2011 estimate, the RTA has received about \$1.2 billion or about 20% less than what was projected in 2008. The RTA and the Service Boards have had to adjust their strategic priorities in accordance with economic realities.

EXPENSE GROWTH

From 2010 to 2014, the combined operating expense for the region is projected to increase at a compound annual growth rate of 2.2%. In 2012, expenses are budgeted to remain relatively flat from prior year, decreasing about 0.3% to \$2.539 billion. In 2010 total operating expense for the region was \$2.436 billion. Total expenses are estimated to increase by 4.5% in 2011 to \$2.546 billion. By 2014 total expenses are anticipated to reach \$2.660 billion.

INSUFFICIENT CAPITAL FUNDING

With capital assets valued at \$142.2 billion (as measured in terms of replacement value), the RTA system requires constant investment of capital dollars to both maintain and improve the region's transit infrastructure and rolling stock. In 2010, a Capital Asset Condition Assessment was completed. It placed the RTA region's 10-year capital need at \$24.6 billion, comprised of \$13.8 billion of backlog costs, \$6.9 billion of normal replacement costs, and \$3.9 billion of capital maintenance costs.

Current 10-year projections of capital funding sources total \$7.8 billion or only 32% of the documented capital need over the same period. The current State of Illinois capital funding programs extend only through 2014 and are not yet fully appropriated. With no State follow-up program identified, capital funding for the RTA region drops to dangerously low levels after 2014. The RTA system is in need of a dedicated source of capital funding. In addition, the RTA's capital funding projections assume steady growth of federal capital funding, an outcome with considerable uncertainty due to the vagaries of future Congressional support and action.

In the 2012 to 2016 Five-Year Capital Program, the total amount of funding available is \$3.9 billion. When the \$750.8 million of debt service for the repayment of principal and interest on bonds issued for capital purposes is included, total capital funds are equal to \$4.6 billion dollars. Of this \$4.6 billion, \$520.0 million was provided by the CTA from bond proceeds for the purchase of its new Bombardier 5000 series rail cars. The repayment of principal and interest on debt constitutes 16.2% of the \$4.6 billion in available capital funding.

TRANSIT ASSET MANAGEMENT

The RTA has been at the forefront of Asset Management and State of Good Repair research for almost four years. In 2011, the FTA awarded the RTA \$800,000 towards the development of its Transit Asset Management (TAM) Project with the intent that it be used as a national model. The development of this program will allow the RTA to better allocate limited funding for the region's transportation assets; integrate the Service Boards' asset needs with the region's five-year capital planning and annual budgeting processes; enhance the asset inventory and prioritization processes; and use the Capital Decision Support Tool to create a more robust TAM system.

Governance

The RTA was established in 1974 upon approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision and Municipal Corporation of the State of Illinois.

As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services as well as a planning and funding agency. However, in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA. The reorganization placed all operating responsibilities with three Service Boards—the Chicago Transit Authority (CTA) and two operating divisions of the RTA, a Commuter Rail Division (Metra) and a Suburban Bus Division (Pace)—each with its own independent board

of directors. These divisions conduct operations and purchase service from private carriers. The RTA became exclusively responsible for funding, financial oversight, and regional planning and programs.

In reviewing this document it is important to note that the Service Boards operate within the RTA region, but are separate legal entities. The Board of Directors of each Service Board is completely independent of the RTA Board. The RTA Board controls neither the selection nor the appointment of any Service Board director or its management. Furthermore, directors of the CTA, Metra, and Pace are prohibited from serving on more than one entity's board of directors, including that of the RTA.

The corporate authority and governing body of the RTA is the 16-member RTA Board of Directors. Fifteen directors are appointed from within the six-county region: five directors by the Mayor of the City of Chicago, one director by the president of the Cook County Board; four directors by the suburban members of the Cook County Board; and one director each from DuPage, Kane, Lake, McHenry and Will appointed by the Chairman or Executive of each County Board. The chairman of the RTA Board, its 16th member, is elected by at least 12 of the 15 appointed members.

To administer the Agency's statutory requirements, the Board hires officers and staff. One of its officers, who must be approved by the Board, is the Executive Director. The Executive Director executes the Board's policy decisions and staffs the Agency to carry out its mission and goals.

The RTA Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole (apart from ADA Paratransit service) achieves an annual "system-generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of the operation of transportation services other than ADA Paratransit service. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required percentage of their proposed expenditures. By statute, the

recovery ratio for ADA Paratransit service has been set at 10%. The RTA is responsible for supervising the budgets and financial performance of the CTA, Metra, and Pace.

The Service Boards are considered fiscally independent of the RTA. Although the RTA reviews the budgets of the CTA, Metra and Pace, approval of the budgets is mandated by State statute if such budgets meet specified recovery ratios.

The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including ownership of assets, relations with federal and state transportation funding agencies, and the preparation of their operating budgets. They are also responsible for the purchase of services and approval of contracts relating to their operations.

The CTA, Metra and Pace provide services to different geographic areas within the six-county region. The CTA provides rail and bus service to the City of Chicago and 40 nearby suburbs within Cook County. Metra provides transit service to the six-county area, with the majority of the transit riders residing in the suburbs and commuting to the City of Chicago. Pace's primary service area for bus, dial-a-ride, and vanpool service is the suburbs of the six-county region, with some service to areas within the City of Chicago. Pace also operates region-wide ADA paratransit service.

The RTA Act establishes the RTA as the primary public body with authority to apply for and receive grants, loans, and other funds from the state or the federal government for public transportation programs in Cook, DuPage, Kane, Lake, McHenry and Will counties ("northeastern Illinois"). The RTA is responsible for the allocation of certain federal, state and local funds to finance both the operating and capital needs of public transit in the six-county region.

The Act confers upon the RTA Board powers to prescribe regulations requiring that the Service Boards submit to the RTA such information as the RTA may require. The Board has statutory authority to estab-

lish by rule or regulation financial, budgetary, or fiscal requirements for the system.

In addition to its annual budget and financial plan responsibilities, each year the RTA is required to prepare and adopt a five-year capital program. The RTA also conducts market research and coordinates planning for public transportation in northeastern Illinois. The RTA funds the development of new types of service, both in the suburbs and in the City of Chicago, on a demonstration basis.

Budget Process

As previously discussed, the Act requires that the RTA Board of Directors approve an annual budget, a two-year financial plan, and a five-year capital program. The budget calendar and statutory oversight and budget amendment requirements govern this process. The essential aspects of the budget calendar are outlined below. A detailed calendar is provided in the Appendices (Exhibit 9-1).

BUDGET CALENDAR

By July 1 of each year, the State Office of Management and Budget (OMB) is to submit to the RTA an estimate of revenue to be collected from taxes for the next fiscal year.

Between May and September of each year the RTA and the Service Boards execute a "business plan call process" that includes RTA estimates of revenue to be collected from taxes and other sources and the Service Boards' own preliminary estimates for the capital plan and operating revenues and expenditures during the planning period.

Based on this information and its own economic assessments, the RTA estimates tax receipts and revenue from other sources. "The Board shall, not later than September 15 prior to the beginning of the Authority's next fiscal year," advise each Service Board of the amounts estimated to be available during the upcoming fiscal year and following two years. The Board is also required to advise the Service Boards of

the times when the amounts will be available and the next year's cost recovery ratio.

Between September 15 and November 15, each Service Board must prepare and publish a comprehensive annual budget, program document and a two-year financial plan. "The proposed budget and financial plan shall be based on the RTA's estimate of funds to be available to the Service Boards, by or through the Authority, and shall conform in all respects to the requirements established by the Authority." Before submitting the budget to the RTA, the Service Boards must hold at least one public hearing in each of the counties in which it provides service and must hold at least one meeting with the affiliated county boards. After considering the comments from these meetings, it must formally adopt the budget prior to submitting it to the RTA on November 15. The RTA Act requires that the budgets submitted by each Service Board not project or assume receipt of revenue greater than that set in the estimates provided by the RTA.

The RTA must then hold at least one public hearing in the metropolitan region and one meeting with each county board on the proposed budget. Twenty days prior notice is required for the public hearing. The public hearing schedule for the 2012 budget may be reviewed in the Appendices chapter (Exhibits 9-2.1 and 9-2.2).

After conducting these hearings and taking into consideration public comment, the RTA Board must adopt (with 12 votes) a budget that meets the statutory criteria. If the RTA does not find that a Service Board budget meets the criteria set forth under the Act, the Board shall, five working days after the start of the Service Board's fiscal year, adopt a budget and financial plan meeting these criteria. The RTA, CTA, Metra, and Pace all report on a calendar-year basis.

STATUTORY REQUIREMENTS

The RTA Act sets forth seven statutory criteria for Board approval of the budget and financial plan of each Service Board. These seven criteria are as follows:

Balanced Budget

Such budget and plan shall show a balance between (a) anticipated revenue from all sources, including operating subsidies, and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.

Cash Flow

Such budget and plan shall show cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenditures as incurred.

Recovery Ratio

Such budget and plan shall provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of such Service Board which allow the Service Board to meet its required recovery ratio.

Assumptions

Such budget and plan are based upon and use assumptions and projections which are reasonable and prudent.

Financial Practices

Such budget and plan shall be prepared in accordance with sound financial practices as determined by the RTA Board.

Strategic Plan

Such budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

Other Requirements

Such budget and plan shall meet such other financial, budgetary, or fiscal requirements that the RTA Board may by rule or regulation establish.

OVERSIGHT

After adoption of the operating budget, the RTA Board has continuing oversight powers concerning the budget and the financial condition of each Service Board and the region as a whole. The RTA monitors the budgetary and operations performance of the Service Boards on a monthly basis to ensure compliance with their budget and recovery ratio. On a quarterly basis, the following oversight is conducted:

- After the end of each fiscal quarter, each Service Board must report to the RTA “it’s financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction” for that quarter. If in compliance, the RTA Board so states and approves each Service Board’s compliance by adopted resolution.
- If “in the judgment of the Board” these results are not substantially in accordance with the Service Board’s budget for that period, “the Board shall so advise the Service Board” and it “shall, within the period specified by the Board, submit a revised budget incorporating such results.”
- Once a Service Board submits the revised budget plan, the RTA must determine if it meets the seven statutory budget criteria necessary to pass an annual budget. If not, the RTA does not release any funds to the Service Board(s) except for the statutory allocation of taxes.
- If a Service Board submits a revised budget and plan which shows that the statutory budget criteria will be met “within a four quarter period,” the RTA “shall continue to release funds to the Service Board.” The RTA may require the Service Board to submit a revised budget and plan that shows that the budget criteria “will be met in a time period less than four quarters.”

AMENDMENT

When prudent, the operating budget is amended due to shifts in the economic climate, governmental fund-

ing programs or new projects. Depending on the type of request, the proposed amendment may be presented to one or more of the RTA Board Committees for approval. However, the Board’s Finance Committee must approve all proposed amendments before they are recommended to the RTA Board. The RTA Board ultimately approves or disapproves all proposals. If approved, the RTA and Service Board budgets are amended to include all changes and actual results are then monitored against the amended budget.

OPERATIONS FUNDING

The RTA provides operating funds to each Service Board equivalent to its budgeted deficit for the year as opposed to funding the actual deficit. This policy encourages cost efficiencies by the Service Boards and allows them to retain any budgeted funds that are not expended. Such funds are generally referred to as a positive budget variance, or PBV. However, the depletion of the RTA’s fund balance due to the economic downturn, prevents the RTA from providing additional funding to the Service Boards in the event that revenues decline below estimated levels, and therefore the practice of funding at budget has been suspended for the 2012 fiscal year.

FUND BALANCE

In 1998, the RTA Board adopted an ordinance establishing a minimum level on the unreserved and undesignated fund balance. The ordinance affirms that the annual budget adopted by the RTA each year will reflect a year-end unreserved and undesignated fund balance of its general fund equal to or greater than 5% of the RTA’s total operating expenditures for that year. If actual sales tax receipts or other RTA revenue falls short of the amounts reflected in the annual budget, then the succeeding year’s annual budget and two-year financial plan will provide for the replacement of any shortfall in the unreserved and undesignated balance of the RTA general fund, by no later than the end of the three-year planning period.

The RTA established this policy to maintain financial stability in order to carry out the RTA’s legislative mandates to plan, fund and oversee public transportation in the region. The purpose of the ordinance was to

formalize a practice of maintaining a level of financial resources available for funding during unfavorable economic periods. In the 2012 and 2013-2014 planning period, due to the difficult economic environment, the RTA Board deferred this policy in favor of a policy that slowly builds a 5% fund balance over a longer period of time.

Financial Policies

CAPITAL EXPENDITURE POLICIES

The RTA Five-Year Capital Program is adopted by the RTA after affirmative vote of at least 12 RTA Directors, after consultation with the Service Boards, and after holding a minimum of three public hearings in Cook County and one public hearing in each of the other counties in the metropolitan region. Preparation of the RTA’s capital budget is guided by the following policies found in the RTA Act.

A five-year program for capital improvements is updated annually. Each capital improvement to be undertaken by or on behalf of a Service Board should meet the criteria set in the Strategic Plan and be consistent with any sub-regional or corridor plan adopted by the RTA.

In reviewing proposals for improvements to be included in a Five Year Capital Program, the RTA may give priority to improvements that are intended to bring public transportation facilities into a state of good repair.

The Five-Year Capital Program shall also identify capital improvements to be undertaken by a Service Board, a transportation agency, or a unit of local government and funded by the Authority from amounts in the Innovation, Coordination, and Enhancement Fund.

FIXED ASSETS POLICIES

The RTA sets a fixed asset capitalization threshold of no less than \$5,000 for any capital item(s). Capital assets are recorded at historical cost (or fair market value at the time of donation, if donated) and have a useful life of at least two years following the date

of acquisition. Any acquisitions during the year are considered acquired at the beginning of that year for the purpose of computing depreciation.

Description	Useful life
Furniture and Equipment	5 years
Computer Equipment	5 years
Leasehold improvements	Life of the lease

GENERAL OBLIGATION BOND POLICIES

The RTA’s policy states that bonds should be payable from all revenue and all other funds received or held by the RTA that lawfully may be used for retiring the debt. Exceptions to this are amounts in the Joint Self-Insurance Fund (JSIF) and amounts required to be held or used with respect to separate ordinance obligations. The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State of Illinois. In addition, RTA Sales Tax must be 2.5 times greater than the debt service requirement. If, for any reason, the RTA has not made the required monthly debt service payment, the trustee is to deduct it from the receipts. If all payments have been made, the funds are made available to the RTA for regular use. Under the Act, the CTA, Metra and Pace fare box receipts and funds on hand will not be used for payment of debt service.

INVESTMENT POLICIES

The RTA’s policy complies with Illinois law, addresses safety of principal, liquidity of funds, rate of return, public trust, and Investments in Local and Disadvantaged Institutions. It further permits investments and prescribes safekeeping, collateralization, and reporting requirements.

The RTA policy establishes the following objectives:

- **Safety of Principal** – Every investment will be made with safety as the primary and overriding concern. Each investment transaction shall en-

sure that loss of capital, whether from credit or market risk, is minimized.

- **Liquidity** – Maturity and marketability aspects of investments should be coordinated with the anticipated cash flow needs of the RTA.
- **Rate of Return** – A secondary objective is to seek the highest return on investments consistent with preservation of principal and prudent investment principles.
- **Public Trust** – The RTA and its officers should avoid any investment transaction or practice which in appearance may impair public confidence in its stewardship of public funds.
- **Investments in Local and Disadvantaged Institutions** – Locally owned and disadvantaged business financial institutions contribute to economic development of the RTA service area. The RTA recognizes its interest in the vitality of the local economy by investing in local, minority, and female (if any) owned financial institutions.

OPERATING BUDGET POLICIES

The RTA operating budget and two-year financial plan approval process is based on the following guidelines:

- Adoption requires an affirmative vote of at least 12 RTA Directors following at least one public hearing in the metropolitan region and meetings with the county board or its designee of each of the several counties in the metropolitan region.
- The Service Boards (CTA, Metra, and Pace) prepare and publish, for public hearing and comment, a comprehensive budget document that is to conform to the RTA “marks.” RTA marks include the recovery ratio for the annual budget, operations funding for the annual budget and two-year financial plan, and the five-year capital program.

- All funds are required to balance. The total budgeted revenues must equal the sum of budgeted expenditures for each fund. Revenue sources include sales tax, state funds (e.g. Public Transportation Funds, State Financial Assistance, and Free Rides/Reduced Fare Reimbursement) and other revenue.
- The adopted budget should reflect a year-end unreserved and undesignated fund balance of its general fund equal to or greater than 5% of the RTA’s total operating expenditures for the year. If the amount is below 5%, the financial plan must show full replenishment by the end of the current planning cycle. This financial policy was deferred in the 2012 budget and in the 2013-2014 financial planning years because of the economic downturn.
- The combined revenue from RTA operations should cover at least 50% of the system operating costs. ADA Paratransit service revenues should cover at least 10% of the operating costs.

PENSION FUNDING POLICIES

The RTA, Metra, and Pace are required to contribute the amounts necessary to fund the benefits of their respective employees in the Plan using the projected unit credit actuarial method. Employer contribution and the income it earns through investments are used to operate the Plan and to pay benefits. Assets are valued recognizing a portion of both realized and unrealized gains and losses in order to avoid wide swings in actuarially determined funding requirements from year to year.

RTA ORDINANCE NO. 2011-79

APPROVING THE 2012 BUDGETS AND 2013-2014 FINANCIAL PLANS OF THE SERVICE BOARDS, ADOPTING THE 2012 BUDGET AND PROGRAM OF THE AUTHORITY, APPROPRIATING FUNDS FOR THE 2012 BUDGETS, ALLOCATING CERTAIN REVENUES OF THE RTA TO THE SERVICE BOARDS, ADOPTING THE FIVE-YEAR CAPITAL PROGRAM, AND TAKING CERTAIN OTHER ACTIONS WITH RESPECT TO THE BUDGET AND PROGRAM FOR FISCAL YEAR 2012

WHEREAS, Section 4.01 of the Regional Transportation Authority Act (the “Act”) directs the Board of Directors of the Regional Transportation Authority (the “RTA Board”) to (i) appropriate money to perform the purposes of the Regional Transportation Authority (the “RTA” or the “Authority”) and provide for payment of debts and expenses of the RTA, (ii) take action with respect to the budget and two-year financial plan of each of the Chicago Transit Authority (the “CTA”), the Commuter Rail Division of the Regional Transportation Authority (“Metra”), the Suburban Bus Division of the Regional Transportation Authority (“Pace”, and, together with the CTA and Metra, collectively, the “Service Boards” and each, individually, a “Service Board”), as provided for in Section 4.11 of the Act, and (iii) adopt an Annual Budget and Two-Year Financial Plan for the RTA that includes the annual budget and two-year financial plan of each Service Board that has been approved by the RTA;

WHEREAS, pursuant to Section 4.11 of the Act, the RTA Board adopted Ordinance 2011-58 on September 14, 2011, identifying the amounts of funds estimated to be available to each Service Board for operations during fiscal year 2012 and the two following fiscal years;

WHEREAS, pursuant to Section 4.11 of the Act, each Service Board has submitted its proposed fiscal year 2012 budget and proposed 2013–2014 financial plan to the RTA for its review;

WHEREAS, pursuant to Section 4.01(a) of the Act, the RTA has held at least one public hearing in the metropolitan region, and met with the county board or its designee of each of the several counties in the metropolitan region, with respect to its proposed annual budget and two-year financial plan, and considered the proposed budgets and financial plans of the

Service Boards and the public comments with respect to those budgets and financial plans;

WHEREAS, Section 4.11 of the Act authorizes and directs the RTA to review the budgets and financial plans of the Service Boards for approval;

WHEREAS, pursuant to Sections 4.01(a) and 4.11(d) of the Act, the budgets and financial plans of the Service Boards shall contain estimated expenses for contributions to be made with respect to pension and other employee benefits, and the Service Boards are required to present to the RTA budgets prepared in such detail as prescribed by the Board, which have been prepared on both an accrual and a cash flow basis, and that fairly present the condition of any pension plan or trust for health care benefits with respect to retirees established by the Service Board and describes the plans of the Service Boards to meet the requirements of Sections 4.02a and 4.02b;

WHEREAS, pursuant to Sections 4.02a and 4.02b of the Act, the RTA shall continually review the payment of the required employer contributions to affected pension plans and if at any time the RTA determines that a Service Board’s payment of any portion of the required contributions to an affected pension plan is more than one month overdue, it shall as soon as possible pay the amount of those overdue contributions to the trustee of the affected pension plan on behalf of that Service Board out of moneys otherwise payable to that Service Board under Section 4.03.3, and the RTA shall thereafter have no liability to the Service Board for amounts paid to the trustee of the affected pension plan, and if the RTA’s payment of such contributions is similarly overdue it shall pay such overdue amount out of its administrative expenses;

WHEREAS, Section 4.10 of the Act prohibits the RTA from releasing funds, other than those allocated by statute, to the CTA in any fiscal year unless a unit or units of local government in Cook County (other than the CTA) enters or enter into an Agreement with the CTA to make a monetary contribution for such year of at least \$5,000,000 for public transportation;

WHEREAS, pursuant to Section 4.03.3 of the Act, the RTA has established public funding levels in 2012 through 2014 for the Suburban Community Mobility Fund and the Innovation, Coordination, and Enhancement Fund (the "ICE Fund") that change proportionately with the percentage change in RTA estimated sales tax receipts;

WHEREAS, pursuant to Section 2.01d of the Act, the RTA has established public funding levels in 2012 through 2013 for the ADA Paratransit Fund;

WHEREAS, pursuant to Section 4.11(a) of the Act, the RTA Board shall review the interim 2012 results for the provision of Regional ADA Paratransit service operations, and the written report of the Executive Director related thereto, no later than September 15, 2012, and shall amend the 2012 budgets of the Authority and the Service Boards to provide for additional funding for the provision of ADA Paratransit services, if needed;

WHEREAS, the RTA will reimburse the purchase of excess liability and terrorism insurance by the RTA system's Loss Financing Plan to provide system protection against catastrophic loss;

WHEREAS, pursuant to Section 2.01b of the Act, the Authority shall each year adopt a Five-Year Capital Program that shall include each capital improvement to be undertaken by or on behalf of a Service Board; provided that the Authority finds that the improvement meets any criteria for capital improvements contained in the Strategic Plan, is not inconsistent with any sub-regional or corridor plan adopted by the Authority, and can be funded within amounts available with respect to the capital and operating costs of such improvement;

WHEREAS, pursuant to Section 2.01b of the Act, the RTA has conducted public hearings with respect to proposed Five-Year Capital Program and considered comments resulting from such hearings;

WHEREAS, the Five-Year Capital Program included with this Ordinance is based on capital program submittals from the Service Boards, and if the RTA Board makes any amendments to the estimates of capital funding available based on subsequent federal or state actions, the Service Boards will be required to adjust their capital programs to reflect such revised estimates;

WHEREAS, shortfalls in transit operating funding have necessitated the transfer of federal capital funds to cover operating costs, but such transfers are unsustainable over the long term and the priority need to maintain the existing system and bring it towards a state of good repair, as identified in the RTA Moving Beyond Congestion Strategic Plan and the Illinois Auditor General Management and Performance Audit;

WHEREAS, the RTA has previously authorized the use of federal capital funds by the Service Boards to pay preventive maintenance expenses in 2012 and 2013, and under the 2012 budgets and 2013-2014 financial plans submitted by the Service Boards such transfers are not included;

WHEREAS, unfavorable economic conditions have required the RTA to deplete its fund balance to provide funds to the Service Boards, and to allocate, rather than reserve, financial resources in an effort to preserve operating stability in prior years;

WHEREAS, unfavorable economic conditions have created the need to waive, for purposes of the adoption of the 2012 Budget and 2013-2014 Financial Plan, the provision of the RTA Funding Policy adopted by Ordinance No. 98-15 that requires that the RTA Annual Budget and Two-Year Financial Plan show a year-end unreserved and undesignated fund balance equal to 5% of the RTA general fund expenditures by no later than the end of the three-year planning period ("the Fund Balance Policy");

WHEREAS, the waiver of the Fund Balance Policy and the depletion of the RTA's fund balance prevents the RTA from providing additional operating funding to the Service Boards in the event that revenues decline below estimated levels, and therefore the RTA funding policy adopted by Ordinance 91-9 (the "Fund to Budget Policy") must be waived for the 2012 fiscal year;

WHEREAS, the RTA held a special Finance Committee meeting on December 5th, 2011 to review the details of the Service Boards' budgets and were given commitments from the Service Boards that they will maintain balanced budgets despite the fiscal challenges outlined in the budgets they submitted to the RTA; and

WHEREAS, the RTA Board has determined that it is in the best interest of the RTA to take the following actions in order to carry out its powers and duties under the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY THAT:

ARTICLE I - INCORPORATION OF PREAMBLES

The preambles of this ordinance are hereby incorporated into this text as if set out herein in full.

ARTICLE II - APPROVAL OF BUDGETS AND FINANCIAL PLANS

Section One:

Service Board Budgets and Financial Plans

1.1 In compliance with the Act, the RTA has received and reviewed the proposed budgets for 2012 and financial plans for 2013 and 2014, of each of the Service Boards.

1.2 With respect to the proposed budget and financial plan submitted by the CTA (as summarized in Schedule I-B), based on the commitment provided by the CTA President that the CTA will prepare and execute an alternate plan to balance its budget if the full amount of the projected labor concessions presented in its budget are not achieved

by July 1, 2012, without resorting to transfers of funding from its capital program to preventive maintenance, issuing debt instruments, or seeking additional funds from the RTA, and subject to the CTA either (i) achieving labor concessions by July 1, 2012 that will result in the projected "Savings from Labor Reform and Work Rule Changes" in 2012, 2013 and 2014 as reflected in CTA's "Total Operating Expenses" on Schedule I-B, or (ii) submitting a revised budget to the RTA for review and approval by July 1, 2012, that reflects savings from labor concessions included in a collective bargaining agreement executed in 2012 and/or the implementation of fare increases, service cuts, or other measures to reduce operating costs or increase system-generated revenues, as may be necessary to establish a balance between anticipated revenues from all sources and the costs of providing services for fiscal years 2012, 2013 and 2014, the RTA finds as follows:

- (a) the CTA budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- (b) the CTA budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;
- (c) the CTA budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of CTA sufficient to allow CTA to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

- (d) the CTA budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;
- (e) the CTA budget and plan has been prepared in accordance with sound financial practices;
- (f) the CTA budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and
- (g) the CTA budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.3 With respect to the proposed budget and financial plan submitted by Metra (as summarized in Schedule I-B), the RTA finds as follows:

- (a) the Metra budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- (b) the Metra budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;
- (c) the Metra budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Metra sufficient to allow Metra to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;
- (d) the Metra budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

- (e) the Metra budget and plan has been prepared in accordance with sound financial practices;
- (f) the Metra budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established;
- (g) the Metra budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.4 With respect to the proposed budget and financial plan submitted by Pace for Suburban Service (as summarized in Schedule I-B), and subject to Pace taking budget balancing actions in 2014 as noted in Schedule I-B, the RTA finds as follows:

- (a) the Pace Suburban Service budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- (b) the Pace Suburban Service budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;
- (c) the Pace Suburban Service budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;
- (d) the Pace Suburban Service budget and plan is based upon and employs assumptions and

projections which are reasonable and prudent;

- (e) the Pace Suburban Service budget and plan has been prepared in accordance with sound financial practices;
- (f) the Pace Suburban Service budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and
- (g) the Pace Suburban Service budget and plan is consistent with the goals and objectives adopted by the RTA in the Strategic Plan.

1.5 With respect to the proposed budget and financial plan submitted by Pace for ADA Paratransit service (as summarized in Schedule I-B), and subject to Pace taking budget balancing actions in 2013 and 2014 as reflected in Schedule I-B, the RTA finds as follows:

- (a) the Pace ADA Paratransit service budget and plan shows a balance between (i) anticipated revenues from all sources, including operating subsidies and application of Service Board fund balances, and (ii) the cost of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness;
- (b) the Pace ADA Paratransit service budget and plan shows cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred;
- (c) the Pace ADA Paratransit service budget and plan provides for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of Pace sufficient to allow Pace to meet or exceed its required system-generated revenue recovery ratio, as set forth in Schedule I-C;

(d) the Pace ADA Paratransit service budget and plan is based upon and employs assumptions and projections which are reasonable and prudent;

(e) the Pace ADA Paratransit service budget and plan has been prepared in accordance with sound financial practices;

(f) the Pace ADA Paratransit service budget and plan meets the other financial, budgetary, or fiscal requirements that the RTA has established; and

(g) the Pace ADA Paratransit service budget and plan is consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

1.6 Pursuant to Section 4.11 of the Act, the 2012 budgets and 2013-2014 financial plans for Metra and Pace, as presented in the attached Schedule I-B, are hereby approved. The 2012 budget and 2013-2014 financial plan for the CTA as presented in the attached Schedule I-B are conditionally approved, based on the commitment provided by the CTA President that the CTA will prepare and execute an alternate plan to balance its budget if the full amount of the projected labor concessions presented in its budget are not achieved by July 1 without resorting to transfers of funding from its capital program to preventive maintenance, issuing debt instruments, or seeking additional funds from the RTA, and subject to the CTA either (i) achieving labor concessions by July 1, 2012 that will result in the projected "Savings from Labor Reform and Work Rule Changes" in 2012, 2013 and 2014 as reflected in CTA's "Total Operating Expenses" on Schedule I-B, or (ii) submitting a revised budget to the RTA for review and approval by July 1, 2012, that reflects savings from labor concessions included in a collective bargaining agreement executed in 2012 and/or the implementation of fare increases, service cuts, or other measures to reduce operating costs or increase system-generated revenues, as may be necessary

to establish a balance between anticipated revenues from all sources and the costs of providing services for fiscal years 2012, 2013 and 2014.

1.7 As authorized by Section 4.11 of the Act, the RTA Board hereby directs that, no more than 30 days after each fiscal quarter, each Service Board is directed to report to the RTA its financial condition and results of operations and the financial condition and results of operations of the public transportation services subject to its jurisdiction, as of the end of and for such quarter, for review by the RTA for conformity with the approved budget for such period. CTA is further directed to include in its first quarter report an update regarding the status of its labor negotiations, as well as a detailed plan to balance its 2012 budget and 2013-2014 financial plan, including any projected fare increases or service cuts, in the event that it does not achieve the projected "Savings from Labor Reform and Work Rule Changes" in 2012, 2013 and 2014 as reflected in Schedule I-B. CTA is further directed to include in its second quarter report an update on its labor negotiations and, in the event it has not achieved concessions sufficient to meet the projected "Savings from Labor Reform and Work Rule Changes" in 2012, 2013 and 2014 as reflected in Schedule I-B, an affirmation that it has implemented the cost savings and/or revenue enhancing measures outlined in the plan submitted with its first quarter report, along with a description of any deviations therefrom.

Section Two:

RTA Budget and Financial Plan

The RTA Board has received and reviewed the 2012 Budget and Financial Plan of the Authority as summarized in Schedule I-A. The 2012 Budget and Financial Plan are hereby approved and the RTA Board finds as follows:

(a) The 2012 budget and financial plan shows a balance between anticipated revenues from all sources and anticipated expenses, including the funding of operating deficits and the discharge of encumbrances incurred in prior

periods and payment of principal and interest on outstanding indebtedness when due, as summarized in Schedule I-A.

- (b) The 2012 budget and financial plan shows cash balances sufficient to pay with reasonable promptness all obligations and expenses as incurred, as summarized in Schedule I-E.
- (c) The 2012 budget and financial plan shows that the level of fares and charges for public transportation provided by, or under grant or purchase of service contracts of, the Service Boards is sufficient to cause the aggregate of all projected system-generated revenues from such fares and charges received in 2012, apart from ADA Paratransit services, to equal at least fifty percent (50%) of the aggregate cost of providing such public transportation in 2012, and at least ten percent (10%) for ADA Paratransit service in 2012, as required by the Act, and as summarized in Schedule I-C.
- (d) The 2012 budget and financial plan are based on and employ assumptions and projections which are reasonable and prudent.
- (e) The budgeted "administrative expenses" of the RTA for 2012, as defined in Section 4.01(c) of the Act, do not exceed the maximum administrative expenses permitted for 2012.
- (f) The 2012 budget and financial plan are consistent with the goals and objectives adopted by the Authority in the Strategic Plan.

ARTICLE III - ADOPTION OF THE FIVE-YEAR CAPITAL PROGRAM

Section One:

Adoption of the Five-Year Capital Program

The RTA Board hereby adopts the Five-Year Capital Program Revenues and Expenditures attached as

Schedule II-A and Schedule II-B, subject to continuing review by the RTA.

Section Two:

Prohibition on Capital Projects Not Included in the Program

Pursuant to Section 4.01(h) of the Act, no Service Board shall undertake any capital improvement which is not identified in the Five-Year Capital Program.

Section Three:

Applications for Federal and State Capital Grants, Loans and Other Funds

In accordance with Section 4.02(b) of the Act, each Service Board is directed to provide notice to the RTA of its intent to file any application for federal or state capital grants, loans or other funds prior to making any such application, and to file a copy of any such application with the RTA. No Service Board shall apply for or receive any capital grant or loan unless it is identified in the RTA Five-Year Program and is consistent with the RTA Strategic Plan.

Section Four:

Prohibition on Use of Federal Capital Funds for Preventive Maintenance

Federal capital funds shall not be used by a Service Board to fund preventive maintenance expenses in its operating budget unless the RTA Board determines, based on adequate information supplied by the Service Board, that such use will not have a materially adverse impact on the state of good repair of such Service Board's capital assets.

ARTICLE IV - APPROPRIATION OF FUNDS AND CERTAIN OTHER ACTIONS

Section One:

Appropriation for Each Service Board

The following amounts for 2012 are appropriated for payment to each Service Board from the enumerated sources of funds and for the specified objects and purposes.

1.1 Statutory RTA Taxes

There is appropriated from the taxes collected under Section 4.03, to each Service Board for expenditure pursuant to the 2012 budget approved for such Service Board in Article II, the amount required by Sections 4.03.3(a) and 4.03.3(b) of the Act. The estimated amount of each appropriation is specified as Part I Sales Tax Allocation on Schedule I-D.

After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified appropriation.

1.2 Statutory RTA Sales Taxes and Public Transportation Funds

- (a) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and public transportation fund receipts received pursuant to Section 4.09 of the Act, to Pace for expenditure for ADA Paratransit Services, the amount required by Section 4.03.3(c). The estimated amount of the appropriation is specified as Part II Allocation; RTA Total for ADA Paratransit Service on Schedule I-D.
- (b) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and public transportation fund receipts received pursuant to Section 4.09 of the Act to Pace for expenditure for Suburban Community Mobility, the amount required by Section 4.03.3(c). The estimated amount of the appropriation is specified as Part II Allocation; RTA Suburban Community Mobility Funding to Pace on Schedule I-D.
- (c) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and public transportation fund receipts received pursuant to Section 4.09 of the Act, to the Innovation, Coordination and Enhancement (ICE) Fund the amount required by Section

4.03.3(c). The estimated amount of the appropriation is specified as Part II Allocation; RTA Innovation, Coordination & Enhancement on Schedule I-D. Pursuant to Ordinance 2011-58, 2012 funds in the ICE Fund shall be reserved for potential expenditure by Pace for ADA Paratransit service.

The RTA Board directs Pace to provide to the RTA any information requested by the Executive Director that is, in the judgment of the Executive Director, necessary to estimate the difference between (i) the projected final 2012 operating deficit of ADA Paratransit service and (ii) the total amount of funding from all sources estimated to be available for 2012 operations of ADA Paratransit service (such difference, the "Shortfall Amount"). The Shortfall Amount shall be established by the Executive Director after reviewing the 2012 ADA Paratransit service operating deficit estimate included in Pace's budget submission in September 2012, and, after being approved by the Chairman of the RTA Board and the Chairman of the Finance Committee of the RTA Board, shall be submitted to the RTA Board together with a certification from Pace that additional funds equal to the Shortfall Amount are necessary for 2012 ADA Paratransit service operations. Such certification shall be accompanied by a report describing Pace's efforts to implement reasonable and appropriate cost savings and revenue raising measures related to ADA Paratransit service.

- (d) There is appropriated from taxes imposed pursuant to Section 4.03 of the Act and public transportation fund receipts received pursuant to Section 4.09 of the Act to each Service Board for expenditure pursuant to the Budget approved for such Service Board in Article II, the amount required by Section 4.03.3(c). The estimated amount of each appropriation is specified as Part II Allocation; Remaining Balance to Service Boards in Schedule I-D.

After receipt by the RTA of the proceeds of taxes imposed pursuant to Section 4.03 of the Act, and Public Transportation Fund receipts pursuant to Section 4.09 of the Act, the Executive Director of the RTA shall provide for the payment to each Service Board the specified appropriation.

1.3 Free and Reduced Fare Reimbursement

There is appropriated, for expenditure by each Service Board pursuant to the 2012 Budget approved in Article II, amounts received from the State of Illinois for reimbursement of revenues lost from providing free or reduced fare rides.

After receipt by the RTA of such funds from the State of Illinois, the Executive Director shall provide for the payment to each Service Board its proportionate share of the proceeds estimated to be received from the State as identified on Schedule I-A; provided that such funds shall not be distributed to the CTA unless and until a unit or units of local government in Cook County (other than the CTA) enters or enter into an agreement with the CTA to make a monetary contribution for such year of at least \$5,000,000 for public transportation.

1.4 Discretionary Funds of the RTA – Public Transportation Fund, 15% Sales Tax, Other RTA Revenues

- (a) There is appropriated, for expenditure by each Service Board pursuant to the 2012 Budget approved in Article II, the lesser of (i) the amounts specified as "RTA Discretionary Funds" and any amounts specified on Schedule I-B from other receipts and revenues of the RTA, and (ii) so much as may be necessary that the actual amounts appropriated for each Service Board under paragraphs 1.1 and 1.2 of this section equal the amounts specified as "Total RTA Funding for Operations" on Schedule I-B; provided that such appropriation to the CTA is conditioned upon the CTA either (i) achieving labor concessions by July 1, 2012 that will result in the

projected “Savings from Labor Reform and Work Rule Changes” in 2012, 2013 and 2014 as reflected in CTA’s “Total Operating Expenses” on Schedule I-B, or (ii) submitting a revised budget to the RTA by July 1, 2012, that reflects savings from labor concessions included in a collective bargaining agreement executed in 2012 and/or the implementation of fare increases, service cuts, or other measures to reduce operating costs or increase system generated revenues as may be necessary to establish a balance between anticipated revenues from all sources and the costs of providing services for fiscal years 2012, 2013 and 2014.

- (b) There is appropriated, for expenditure by Pace pursuant to the amount specified as RTA South Suburban Community Job Access Funds on Schedule I-B from other receipts and revenues of the RTA.
- (c) There is appropriated, for expenditure by Metra for projects, as specified on Schedule II-B, and pursuant to the first year of the Five-Year Capital Program approved in Article II, the amounts specified as “Transfer Capital RTA Capital Reserve Funds to Metra” on Schedule I-A from other receipts and revenues of the RTA.

Subject to receipt by the RTA of sufficient proceeds of taxes imposed pursuant to Section 4.03 of the Act, and from the Public Transportation Fund receipts pursuant to Section 4.09 of the Act, the Executive Director is hereby directed to provide for the payment of such funds described in paragraphs (a), (b) and (c) as soon as may be practicable upon their receipt provided that each Service Board is in compliance with the requirements of Section 4.11 of the Act and this Ordinance; provided that, no such funds shall be distributed to the CTA unless and until a unit or units of local government in Cook County (other than the CTA) enters or enter into an agreement with the CTA to make a monetary contribu-

tion for such year of at least \$5,000,000 for public transportation; provided further, that, no such funds shall be paid to the CTA on or after June 1, 2012, unless the CTA has either (i) achieved labor concessions that will result in the projected “Savings from Labor Reform and Work Rule Changes” in 2012, 2013 and 2014 as reflected in CTA’s “Total Operating Expenses” on Schedule I-B, or (ii) held public hearings with respect to such service cuts and fare increases as are necessary to establish a balance between anticipated revenues from all sources and the costs of providing services for fiscal years 2012, 2013 and 2014.

Section Two:

Appropriation to the Regional Transportation Authority

In 2012 there is appropriated, for expenditure for the operating purposes of the RTA (the “Agency”) the amounts specified on Schedule I-A as “Agency Administration and Other”, “RTA Regional Services and Programs”, and “RTA Agency Regional Capital Program”, pursuant to the 2012 Budget approved in Article II, from other receipts and revenues of the RTA.

In 2012 there is appropriated for transfer from the RTA’s Fund Balance to the Joint Self Insurance Fund (JSIF), funds to reimburse the insurance premium and associated fees for liability and terrorism insurance for the RTA System’s Loss Financing Plan the amount specified on Schedule I-A as “RTA Joint Self-Insurance Fund (JSIF) Funding”.

The Executive Director is authorized to transfer up to 10% from and among each of the items shown in Schedule I-A for 2012 as “Agency Administration and Other”, “RTA Regional Services and Programs”, and “Regional Technology and Agency Capital”.

ARTICLE V - GENERAL

Section One:

Implementation and Dissemination

The Executive Director is authorized and directed to take appropriate action to implement and enforce this

Ordinance and to prepare and disseminate the 2012 Annual Budget and Program of the RTA in accordance with the Act and the policies established herein.

Section Two:

Organization of the RTA

The Executive Director shall organize the staff of the Authority, shall allocate their functions and duties, and shall fix compensation and conditions of employment. The Executive Director shall develop, and modify as may be necessary, Agency policies regarding travel, business and relocation expenses.

Section Three:

Fund Balance Policy

The provisions of the Fund Balance Policy adopted by Ordinance 98-15 are hereby waived for the 2012 budget and 2013-2014 Financial Plans.

Section Four:

Fund to Budget Policy

The provisions of the Fund to Budget Policy are hereby waived for the 2012 fiscal year.

Section Five:

Non-Waiver of RTA Authority

Nothing in this Ordinance is intended to or shall have the effect of (i) creating an obligation on the part of the RTA to provide funding to the Service Boards in excess of their respective statutorily allocated portions of the proceeds from taxes and State funds actually received by the RTA, nor (ii) waiving any discretion the RTA may have under law to amend the amounts appropriated to the Service Boards under the Ordinance, subject to compliance by the Service Boards with terms and conditions established by the RTA. Furthermore, nothing in this Ordinance is intended to or shall have the effect of waiving any discretion the RTA may have under law to subject to review the determinations made in this Ordinance, including, but not limited to, setting recovery ratios for the Service Boards, establishing exclusions or inclusions of certain revenues or expenditures from the calculation of such recovery ratios,

or determining the allowable uses of federal, state or local funds.

Section Six:

Executive Director's Authority to Apply for Additional Funds

The Executive Director, and his or her designee, is authorized and directed to execute and file applications on behalf of the RTA with the United States Department of Transportation ("USDOT"), Federal Transit Administration ("FTA"), the Illinois Department of Transportation ("IDOT"), and any other funding agency (collectively the "Funding Agencies") for any monies available for funding of the RTA Annual Budget. The Executive Director, and his or her designee, is authorized to furnish such additional information, assurances, certifications and amendments as the funding agencies may require in connection with such applications or the projects. The Executive Director, and his or her designee, is authorized and directed on behalf of the RTA to execute and deliver grant agreements and all subsequent amendments thereto between the RTA and the funding agencies. Further, the Executive Director, and his or her designee, is authorized and directed to take such action as the he or she deems necessary or appropriate to implement, administer, and enforce said agreements and all subsequent amendments thereto on behalf of the RTA.

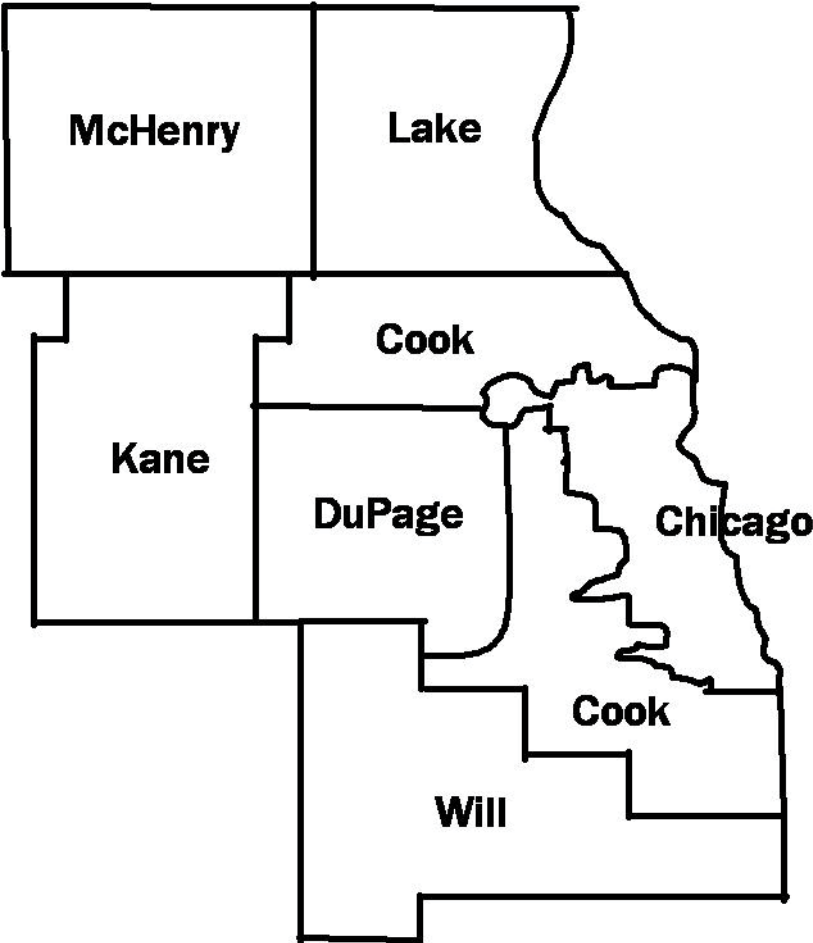
Section Seven:

Direction to File this Ordinance with Public Officials.

The Executive Director is authorized and directed to file the 2012 Budget and Program and a copy of this Ordinance with the Governor of Illinois, the Illinois General Assembly, the Comptroller of the State of Illinois, the Mayor of the City of Chicago and the Auditor General of the State of Illinois, along with an appropriate certification that this budget and program meet the requirements of the Act.

Schedules to Ordinance 2011-79 can be found in the Appendices under Exhibit 9-24.

2 Budget in Brief



Overview

The Regional Transportation Authority (RTA or “Agency”) provides funding, planning, and fiscal oversight for regional bus and rail operations in the six-county Northeastern Illinois region as set forth by the RTA Act. The Act designates the Agency as the primary public body in the region to secure funds for public transportation. The Agency is authorized to impose taxes in the region, issue debt, and is responsible for the allocation of federal, state, and local funds to finance both the operating and capital needs of public transportation in the region.

The RTA Board of Directors governs the Agency. Three independent Service Boards, the Chicago Transit Authority (CTA), Metra commuter rail, and Pace suburban bus, have operational responsibility for public transportation within the six-county region and are governed by their own separate boards of directors. The CTA provides bus and rapid transit rail service in the City of Chicago and neighboring suburbs. Metra provides commuter rail service throughout the six-county region. Pace provides bus service within the suburbs and between the suburbs and the City of Chicago, and also provides ADA Paratransit service for the entire region (Exhibit 2-1).

Each year, the RTA Board must adopt an annual budget, two-year financial plan, and a five-year capital program for each Service Board. The principal features of this process are outlined in the following paragraphs. In September, the RTA Board approves the “marks” for each Service Board. The marks include the required recovery ratio for the annual budget and projected operations funding levels for the annual budget, two-

Exhibit 2-1: RTA Organization Structure

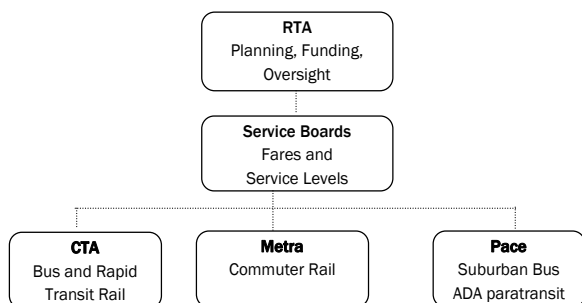
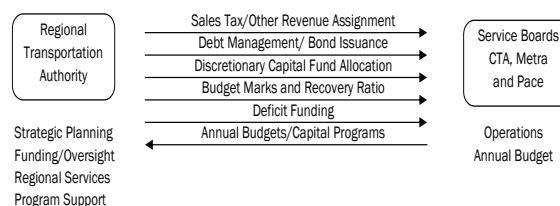


Exhibit 2-2: Financial Relationship and Responsibilities of the RTA and Service Boards



year financial plan, and the five-year capital program. The marks guide the Service Boards’ budgetary process. Each Service Board prepares and publishes, for public hearing and comment, a comprehensive budget document that is to conform to the RTA marks. After considering public comment, the CTA, Metra, and Pace board members adopt their respective budgets. In November, those budgets are forwarded to the RTA, which consolidates the Agency and the Service Board budgets into a proposed RTA budget document. The RTA Board releases this document for public hearing and comment before adoption in December.

Exhibit 2-2 illustrates the principal responsibilities and interactions between the Agency and Service Boards in the annual budget and capital program process.

Service Characteristics

There are more than 8 million residents in the six-county Northeastern Illinois region, an area that covers 3,749 square miles. The RTA system includes more than 6,000 buses, rail cars, and locomotives, plus over 700 vanpool vehicles serving customers on more than 350 routes through approximately 380 stations. In 2011, the regional public transportation system provided nearly 652 million rides including close to 3.5 million ADA paratransit trips.

The combined assets of the RTA system have a replacement value of \$142.2 billion. With an average asset life of over 25 years, the RTA system needs more than \$1 billion in capital funds each year just to keep the existing infrastructure in good repair.

Exhibit 2-3: RTA Statement of Revenues and Expenditures - General and Agency Funds (dollars in thousands)

	2011 Estimate	2012 Budget
Public Funding		
RTA Sales Tax (Part I)	717,007	737,060
RTA Sales Tax (Part II)	254,044	261,158
State Public Transportation Funds - Part I (PTF)	179,246	184,265
State PTF (Part II)	123,294	123,609
State Financial Assistance (ASA/AFA)	123,000	130,071
State Funding for ADA & Debt Service per MOU	18,700	-
State Reduced Fare Reimbursement	33,570	33,570
RTA Capital Project Reserves	-	15,690
RTA Agency Revenue	17,600	18,220
Total Revenue	\$ 1,466,461	\$ 1,503,643
Operating Expenditures		
RTA Total Funds for CTA Operations	546,144	588,581
RTA Total Funds for Metra Operations	333,328	337,478
RTA Total Funds for Pace Suburban Service Operations	134,413	139,250
RTA Total Funds for ADA Paratransit Service Operations	115,149	115,000
RTA Funding for Innovation, Coordination, and Enhancement (ICE)	2,011	10,159
State Reduced Fare Reimbursement	33,570	33,570
Agency Administration, Regional Services/Programs	33,651	35,204
Total Operating Expenditures	\$ 1,198,266	\$ 1,259,242
Debt Service & Capital Expenses		
Principal and Interest	226,058	224,000
Regional Technology and Agency Capital	-	10,990
Transfer Capital RTA Capital Reserve Funds to Metra	-	4,700
Transfer Capital - CTA	10,200	-
Total Debt Service and Capital Expenses	\$ 236,258	\$ 239,690
Total Expenses	\$ 1,434,524	\$ 1,498,932
Fund Balance (undesignated/unreserved)		
Beginning Balance	7,318	26,375
Change in Fund Balance	31,937	4,711
Change in Funds Reserved	(7,500)	
Use of RTA Funds for JSIF	(5,380)	(5,000)
Ending Unreserved/Undesignated Fund Balance	\$ 26,375	\$ 26,086
% of Total Operating Expenditures	2.2%	2.1%
System-Generated Revenue Recovery Ratio	53.4%	51.0%
ADA Paratransit Recovery Ratio	10.0%	10.0%

Operating Budget

A statement of agency revenues and expenses for 2011 and the 2012 budget is presented in Exhibit 2-3, and subsequent paragraphs summarize line item information. A combined statement of RTA system revenues and expenses from 2010 through 2014 is contained in the Region section.

OPERATING REVENUES

In 2012, total RTA revenues are projected at \$1.504 billion. This represents an increase of \$37.2 million or 2.5% over the 2011 estimate of \$1.466 billion. RTA Sales Tax (Part I and Part II) of \$998.2 million accounts for 66% of total revenue, with receipts provided by the State's matching Public Transportation Fund (PTF) totaling \$307.9 million or 21% of total revenues. The remaining 13% includes \$130 million or 9% from a State Financial Assistance initiative to pay

the debt service on RTA Strategic Capital Investment Program (SCIP) bonds issued for Service Board Capital investment. The State also is expected to provide partial reimbursement for reduced fare and free ride programs of nearly \$34 million or 2%. In 2011, the State, by means of a Memorandum of Understanding (MOU) between the Illinois Department of Transportation (IDOT), the RTA, and the three Service Boards (CTA, Metra, and Pace), provided \$19 million of funding for ADA paratransit service and the debt service on bonds issued by the RTA in order to provide capital funding to the CTA. In 2012 the funds provided by the MOU are no longer available. The remaining balance of \$34 million or 2% is RTA Agency revenues which include receipts for sales tax interest, investment income, and grant funds for agency sponsored initiatives. RTA Agency revenues also include RTA Capital Project Reserves which will be transferred to Metra's Capital Reserve Fund and to the Agency's Regional Capital Program. Exhibit 2-4 illustrates the share of agency revenue by funding source.

PUBLIC FUNDING

Sales Tax is the primary source of revenue for the RTA. The tax is authorized by Illinois statute, imposed by the RTA in the six-county region of Northeastern Illinois, and collected by the State. Receipts are disbursed by formulas detailed in the RTA Act. 85% of the RTA sales tax (Part I) collected in the region, established by statute prior to amendatory legislation in 2008, is allocated to the Service Boards. The RTA receives the remaining 15%. All receipts of RTA sales tax (Part II) authorized by legislation passed in 2008 are allocated for Service Board operations after the funding of distinct initiatives such as the ADA Paratransit fund, the RTA Innovation, Coordination, and Enhancement (ICE) Fund, and the Suburban Community and Mobility Fund (SCMF). The 2011 sales tax estimate and the 2012 budget year sales tax projections provided in Exhibit 2-3 were developed in August 2011 after assessing state and regional economic data and national forecasts.

In accordance with the RTA Act, the State Treasurer is authorized and required to transfer from the State

Exhibit 2-4: 2012 RTA Revenue - \$1,504 million

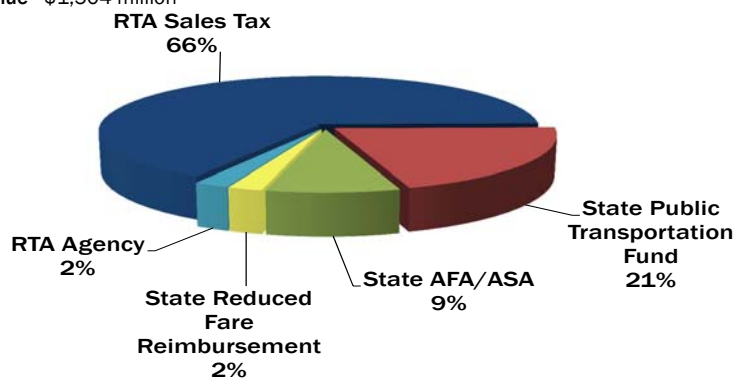
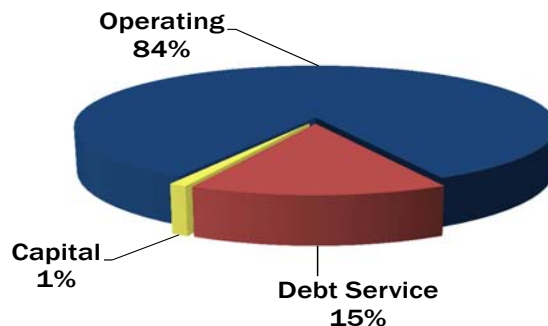


Exhibit 2-5: 2012 RTA Expenditures - \$1,499 million



of Illinois General Revenue Fund revenue identified in this document as Public Transportation Funds (PTF – Part I and Part II). PTF Part I receipts are equal to 25% of net revenues realized from Part I Sales Tax, and flow directly to the RTA. These funds are allocated at the discretion of the RTA Board for Service Board operations and/or capital program initiatives. PTF Part II receipts, from the amendatory legislation passed in 2008, are matched as follows: Part I sales tax (5%), Part II sales tax (30%), and Chicago real estate transfer tax (RETT) (30%). PTF revenue provided by the 2008 legislation is designated for certain operations and programs before formulaic distribution to the Service Boards; complete details regarding sales tax, public transportation funds, and RETT are provided in the RTA chapter of this document.

RTA Sales Tax (Part I) and Public Transportation Funds (Part I)

The traditional RTA sales tax (identified in this document as RTA Sales Tax – Part I) has been the major source of funding for public transportation in Northeastern Illinois for nearly three decades. As previously discussed, 85% of these RTA sales tax receipts are apportioned to the Service Boards by statutory formula. Budgeted receipts for 2012 are \$737 million.

State Public Transportation Funds (PTF Part I) from Part I sales taxes are based on a formula tied to Part I sales tax results. The fund provides the RTA with a 25% match of Part I sales tax proceeds, which means that for every four dollars collected in Part I sales tax the RTA receives an additional dollar in PTF Part I. Budgeted receipts for 2012 are \$184 million.

RTA Sales Tax (Part II), PTF (Part II), and Real Estate Transfer Tax

In 2008, State legislation increased the RTA sales tax rate throughout the region, increased the portion of RTA sales tax revenues matched by PTF, and increased the real estate transfer tax (RETT) in the City of Chicago. The revenue from RETT, which is collected by the City of Chicago, flows directly to the CTA and thus is not included in the RTA statement of revenues and expenditures (Exhibit 2-3). However, PTF II funds

associated with RETT, by statute, flow through the RTA and are included in the RTA statement of revenues and expenditures. The 2012 budget for Part II sales tax and PTF Part II are \$261 million and \$124 million, respectively.

State Financial Assistance

This revenue source is state-authorized assistance to reimburse the debt service expenses for RTA Strategic Capital Improvement Program (SCIP) bonds. Subject to the appropriation of funds, the RTA will continue to be eligible to receive State Financial Assistance (ASA and AFA) payments. Projected receipts for 2011 and 2012 are \$123 million and \$130 million, respectively.

Reduced Fare and Free Ride Reimbursement

This operating assistance is partial reimbursement from the State to the Service Boards for the fare discounts and free ride programs they provide which are mandated by law. This includes discounts to students, elderly, and disabled riders as well as free ride programs for seniors and disabled persons who qualify under the State's Circuit Breaker Program. The funds are distributed by the State through the RTA and then to the Service Boards. The budget for 2012 is close to \$34 million, remaining unchanged from receipts expected in 2011.

RTA Capital Project Reserves

The 2012 RTA regional capital program budget includes strategic priority initiatives which reflect collaborative work with the Service Boards to increase ridership, reduce costs, and increase revenues, while simultaneously focusing on improving customer service. The total regional capital program funding needs are \$11 million, which include items such as regional transit signal priority, regional integration of real time travel information and trip planning, interagency signage expansion, and downtown connection improvements. Another \$5 million from the RTA Capital Project Reserves has been allocated to capital programs at Metra for 2012.

RTA Agency Revenue

This RTA revenue category includes sales tax interest, investment income, transit benefit program revenue, and grant funds from state and local agencies for regional coordination and technology initiatives which help defray the cost of these Agency sponsored programs. Total receipts are budgeted at \$18.2 million for 2012, 3.5% higher than the 2011 estimate.

for their capital programs and working cash borrowing needs, and \$16 million or 1% is used to fund capital programs (see Exhibit 2-5).

TOTAL EXPENDITURES

Total RTA expenditures (operating, debt service and capital) for 2012 are budgeted at \$1.499 billion. This amount is \$64.4 million or 4.5% higher than the 2011 estimate of \$1.434 billion. Operating expenses of \$1.259 billion account for 84% of the expenditures, 15% or \$224 million is used to cover the debt service on RTA bonds issued on behalf of the Service Boards

OPERATIONS FUNDING

The RTA's primary expense is the funding of Service Board operating deficits.

The RTA Board establishes "marks" for each Service Board to use in its proposed budget and program. The marks are established in September for the next fiscal (calendar year) period. Operating marks include a recovery ratio and operating fund projections for the upcoming budget year and subsequent two-year financial planning period. Operating deficits are primarily funded by RTA sales tax, the State's PTF, and the City of Chicago's RETT. Other sources include federal

Exhibit 2-6: RTA Funding of Service Board Operations - \$1,190 million

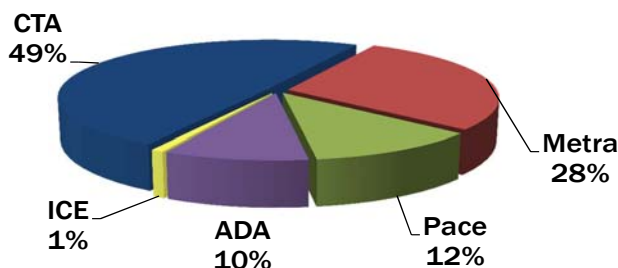


Exhibit 2-7: 2012 Service Board Operating Deficit Funding (dollars in thousands)

	CTA	Metra	Pace Suburban Service	Pace ADA	Total
Operating Deficit					
Operating Revenue	623,682	353,600	54,469	11,576	1,043,327
Operating Expense	1,240,291	686,800	195,017	126,576	2,248,684
Operating Deficit	\$ 616,609	\$ 333,200	\$ 140,548	\$ 115,000	\$ 1,205,357
Funding					
RTA Sales Tax Part (I and II)	301,379	246,888	78,234	-	626,501
PTF	111,495	90,590	30,197	115,000	347,282
RTA Discretionary Funds	168,700	-	3,000	-	171,700
RETT/PTF on RETT	35,035	-	-	-	35,035
RTA Community Mobility and Job Access	-	-	27,819	-	27,819
Other (1)	-	1,200	1,298	-	2,498
Total Funding for Operations	\$ 616,609	\$ 338,678	\$ 140,548	\$ 115,000	\$ 1,210,835

(1) Metra will receive \$1.2 million in Homeland Security Operating Grants in 2012 and Pace will receive approximately \$1.3 million operating grants related to the CMAQ/JARC/New Freedom Federal Programs.

funds, local program funds, and judicious use of fund balances.

RTA funds for operations are budgeted at \$1.190 billion in 2012. Of this total amount, CTA will require 49%, Metra 28%, Pace Suburban Service 12%, and Pace regional ADA paratransit service 10%. Another 1% will be used for Innovation, Coordination, and Enhancement (ICE) projects across the region (see Exhibit 2-6). The source of all funds and the amount of funds used to balance each Service Board's 2012 operating deficit (see Exhibit 2-7) are discussed in more detail in subsequent paragraphs.

CTA

The CTA's 2012 operating deficit funding plan calls for public funding totaling \$616.6 million. This figure includes statutory Part I and Part II sales tax (sales tax based on formulas set by state law) totaling \$412.9 million, \$168.7 million from RTA discretionary funds (Part I sales tax and PTF funds the RTA receives for operating and capital expenditures as set forth by state law), \$28 million from the City of Chicago RETT, and the corresponding 25% or \$7 million statutory Part II PTF from the RETT. (Note: City of Chicago RETT funds flow directly from the City to the CTA and therefore are not included in the revenue or funding figures in Exhibit 2-3).

Metra

Metra's 2012 operating deficit funding is budgeted at \$333.2 million. Metra will receive \$338.7 million in funding which include Sales Tax and PTF receipts of \$246.9 and \$90.6 million, respectively. Metra will also receive \$1.2 million in Homeland Security grants for security purposes. The combined Federal and RTA statutory funds total \$338.7 million, exceeding the operating deficit of \$333.2 million by \$5.5 million. Of this remaining balance, \$5 million will be transferred to the capital program under Metra's capital farebox initiative. The rest will be available to pay for ongoing operating expenditures or continuing capital project commitments.

Pace Suburban Service

Pace's funding to cover its Suburban Service operating deficit in 2012 is budgeted at \$140.5 million. Pace will receive statutory funds totaling nearly \$136.3 million including \$108.4 million from sales tax and PTF and \$27.8 million for Suburban Community Mobility and South Suburban Job Access initiatives. Another \$3.0 million will be funded from RTA Discretionary Funds. The remaining \$1.3 million will be sourced from Federal funds for the New Freedom, Congestion Mitigation / Air Quality (CMAQ), and Job Access Reverse Commute (JARC) initiatives.

Pace ADA Paratransit Service

Beginning in 2008, the annual funding for ADA Paratransit service was established at \$100 million and indexed to the annual change in sales tax receipts. The subsequent decrease in sales tax receipts during the financial crisis, combined with increased demand for ADA paratransit service, resulted in chronic funding problems. In 2011, legislation recognized this shortfall and re-established ADA paratransit funding at \$115 million for 2012. Furthermore, the legislation provided that the ADA paratransit operating deficit would be fully funded in future years by the RTA, within the context of the budget process. In order to achieve a balanced budget with \$115 million of public funding, Pace has made two critical 2012 budget assumptions: ridership growth will be modest at only 5%, and operating efficiency will need to increase significantly. These efficiencies are expected to be achieved through implementation of an Individual Voice Response (IVR) system which will notify customers by phone prior to pick up. This is expected to significantly reduce vehicle dwell time. In addition, planners will be provided more time to solve the next day's scheduling problem because of an earlier cutoff of reservations hours, contributing to more effective daily scheduling solutions.

Innovation, Coordination, and Enhancement (ICE) Funding

The Innovation, Coordination, and Enhancement (ICE) program, established as part of the 2008 Mass Tran-

sit Reform Legislation, offers operating and/or capital funding for projects that provide cost-effective ways to enhance the coordination and integration of public transportation. The ICE fund was also to be used to develop and implement innovations to improve the quality and delivery of public transportation. In 2011, given the adverse economic conditions in recent years and the shortfall in ADA Paratransit funding, an emergency was declared by the RTA Board with respect to the ICE funds, some of which have been reserved for allocation to Pace for funding ADA Paratransit operations. Due to the legislation which increased ADA paratransit funding, 2012 ICE funds budgeted at \$10.2 million are expected to again be available for their intended use.

Reduced Fare / Free Ride Programs

State reduced fare and free ride reimbursements are received as revenue by the RTA, as previously described, and flow to the Service Boards to help defray the cost of reduced fare and free ride programs. The 2012 projected reimbursement level of \$34 million remains unchanged from expected 2011 receipts.

Agency Administration, Regional Services & Programs

Agency administration expense is comprised of on-going RTA expenditures in the execution of its funding and financial oversight responsibilities. Budgeted 2012 expenses total \$35.2 million and are \$1.6 million higher than the 2011 estimate. This is due solely to expenses associated with new RTA federally funded projects; there is no RTA salary increase included in the 2012 budget.

The RTA coordinates and funds several region-wide initiatives that bring together public transportation services. These programs include system maps, local advertising, the transit benefit program, the Travel Information Center (TIC), ADA certification, reduced fare permit programs, and the Customer Service Center. In addition, the RTA supports continued demand for technical assistance initiatives and coordination programs that encourage transit oriented improvements

in the region. Programs supported include various community planning and sub-regional programs.

DEBT SERVICE AND CAPITAL EXPENDITURES

Total expenditures in this category are projected to increase from \$236.3 million in 2011 to \$239.7 million in 2012, an increase of 1.5%. This is largely due to an increase in regional technology and capital spending on behalf of the RTA and the transfer of \$4.7 million of RTA capital reserve funds to Metra's capital reserve fund.

PRINCIPAL AND INTEREST

Principal and interest (debt service) expenditures in the 2012 budget total \$224 million. Payments cover the debt incurred on bonds (authorized by the State) which help pay for Service Board capital projects, and pay for the occasional issuance of working cash notes to cover extended accounts receivable cycles from the State.

Regional Technology and Agency Programs

The RTA coordinates and funds several region-wide initiatives that bring together public transportation services.

The 2012 regional capital budget of \$11.0 million continues the RTA's commitment to fund region-wide capital and technology driven initiatives. These funds will be used to pay for the implementation of transit signal priority projects, interagency signage expansion to improve way finding between Service Boards, and initiatives to increase regional integration of real-time information and trip planning.

Transfer Capital

Since 1995, the RTA has transferred a portion of its reserve funds to region-wide capital or operating initiatives. In 2012 the RTA is allocating \$4.7 million of its reserve funds for Metra capital purposes. Additionally, the statutory apportionment of sales tax to a Service Board can exceed its operating needs. When this occurs, the Service Board retains the funds for their capital program. Over the years, Metra has been the only Service Board that has been able to retain such funds for capital investment.

In 2007, the RTA also provided funds to Pace to purchase additional ADA paratransit vehicles.

FUND BALANCE

In 1998, the RTA Board adopted an ordinance establishing a 5% minimum level in the unreserved and undesignated fund balance, as a percent of total operating expenditures for the year. If the amount is below 5%, the financial plan must achieve replenishment by the end of the current three-year planning cycle. The purpose of the ordinance was to formalize a practice of maintaining a level of available financial resources for funding during unfavorable economic periods. The policy proved its value as sluggish economic conditions over the past several years limited growth of sales tax receipts.

However, continued uncertainty in the economic environment necessitated the continuance of a waiver of this requirement during the 2012-2014 planning cycle. With the economy beginning to show signs of recovery, the RTA Board hopes to reinstate the fund balance policy for the 2013-2015 financial planning periods. The fund balance in 2012 is projected to remain nearly unchanged at about \$26 million which is 2.1% of total operating expenditures.

Beginning Balance

The beginning fund balance is the amount of funds in the undesignated and unreserved General Fund after the previous year's results have been audited and the accounting records are closed. All statements in this document reflect 2010 actual results for the 2011 beginning balance.

Change in Fund Balance

Total RTA revenues less total RTA expenses produce an annual change to the fund balance. When revenues exceed expenses, the difference is added to the fund balance. If expenses exceed revenues, the fund balance is reduced by the deficit amount. Estimates indicate that revenues will exceed expenses in 2012 by \$4.7 million before allocating \$5 million to fund the region's Joint Self Insurance Fund (JSIF). This will re-

sult in a slight decrease in the fund balance to \$26.1 million at the end of 2012.

RECOVERY RATIO

The RTA Act requires the RTA Board to set a recovery ratio for the next fiscal (calendar) year for each Service Board. The RTA Act further requires that the combined revenues from RTA operations cover at least 50% of the system's operating cost (excluding ADA paratransit service). The RTA's system revenue recovery ratio for 2011 is estimated at over 53%, and is projected at 51% for 2012. A breakdown of this calculation is provided at the end of the RTA chapter.

In meeting the 50% recovery ratio, the RTA Act requires that the revenue figures include all receipts consistent with generally accepted accounting principles with certain specific exceptions. Therefore, the revenue figure used to determine whether the RTA system meets this 50% requirement includes not only all of the items contained in the recovery ratio for the Service Board budgets, but also the net gain on lease and leaseback transactions. The Act further requires a recovery ratio for ADA paratransit service of 10% and the 2012 budget meets this stipulation.

Exhibit 2-8: **2012 Sources and Uses of Funds**
(dollars in millions)

Sources of Funds	Total
RTA Sales Tax	998
State Funds	438
Service Board Operations	1,043
Federal Grants (CMAQ/ JARC/DHS)	3
Chicago RETT	28
Other	34
Total Sources	\$ 2,544

Uses of Funds	Total
Service Board Operations	2,249
RTA Agency	35
Debt Service	224
Capital	16
ICE/JSIF & Fund Balance	20
Total Uses	\$ 2,544

Source and Use of Funds

Each chapter of this 2012 budget book presents the sources of funds (public funding and/or operating revenues) and the uses (expenditure) of funds for the individual Service Board operations. The following paragraphs and Exhibits 2-8 through 2-11 summarize the sources and uses of these funds in the 2012 budget.

In 2012, total revenue estimates of \$2.544 billion include \$998 million in receipts from RTA sales tax, State funding totaling \$438 million, Service Board operating revenues of \$1.043 billion, and other revenue totaling \$64 million (\$2 million from Federal Grants, \$28 million from RETT, and miscellaneous RTA revenue of \$34 million).

The uses of \$2.544 billion in funds include \$2.249 billion for Service Board operations, \$35 million for RTA operations and initiatives, \$224 million for debt service, \$16 million for capital programs, and \$19 million for ICE and JSIF funding.

Capital Program

2012 capital program funds adopted by the RTA Board on December 15, 2011 total \$1.352 billion comprised of Federal grants of \$477 million, State funds of \$505 million, and RTA and Service Board funds of \$575 million. The CTA issued bonds in 2011 for the purchase of new rail cars and should receive proceeds for this program in 2012 equal to \$520 million. Lowering the funds available for asset investment in 2012 are funds to pay the debt service on bonds issued for capital programs, an amount for the year which totals \$205 million.

Capital funding for the 2012-2016 five-year program totals \$3.887 billion (see Exhibit 2-12). The planned use of these funds includes \$1.491 billion or 38% for rolling stock, \$988 million or 26% for track and structure, \$529 million or 14% for signals and communications, \$361 million or 9% for support facilities and equipment, \$387 million or 10% for stations and passenger facilities, and \$132 million or 3% for other (contingencies, administration and miscellaneous programs). Please reference the Capital chapter for program details and the capital program impact on region-wide operations.

Exhibit 2-9: 2012 Sources of Funds - \$2,544 million

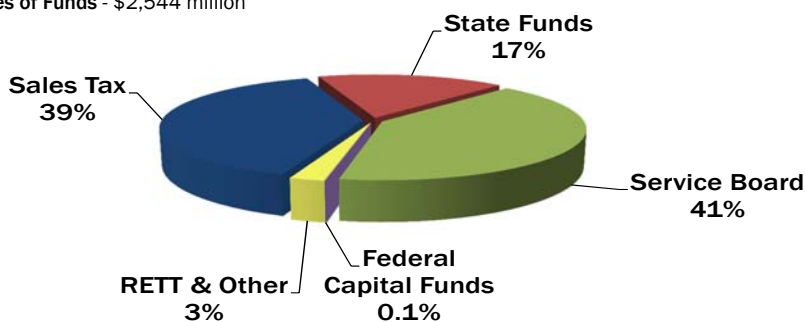


Exhibit 2-10: 2012 uses of Funds - \$2,544 million

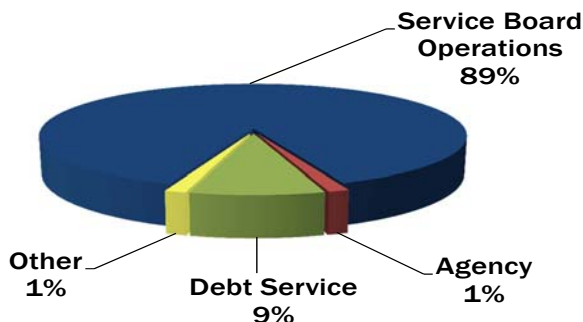
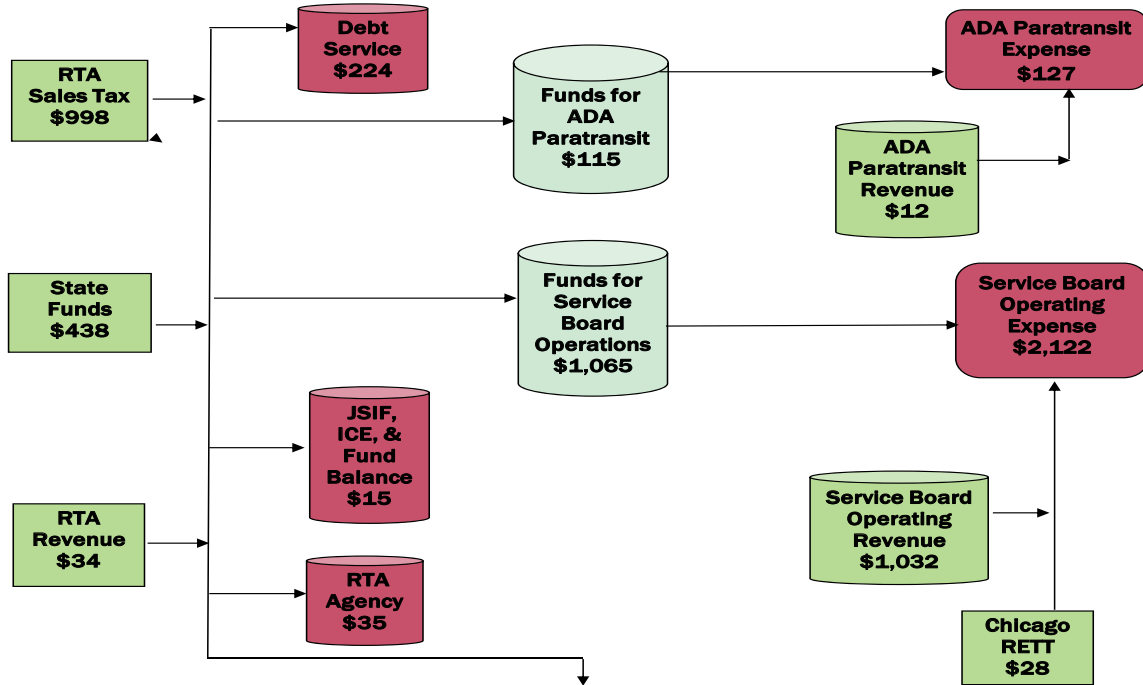


Exhibit 2-11: 2012 Source and Use of Regional Transportation Funds - \$2,544 million

Operations



Capital

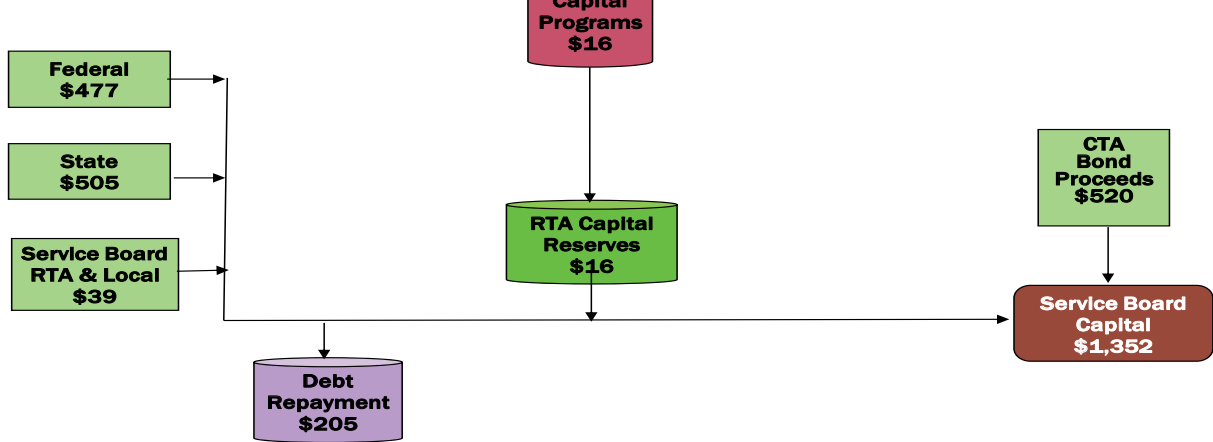
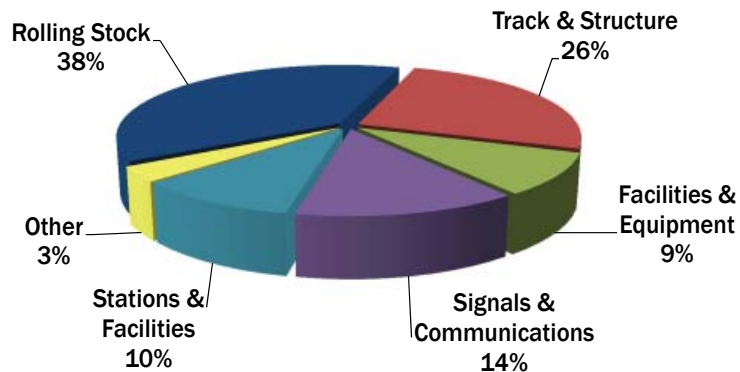
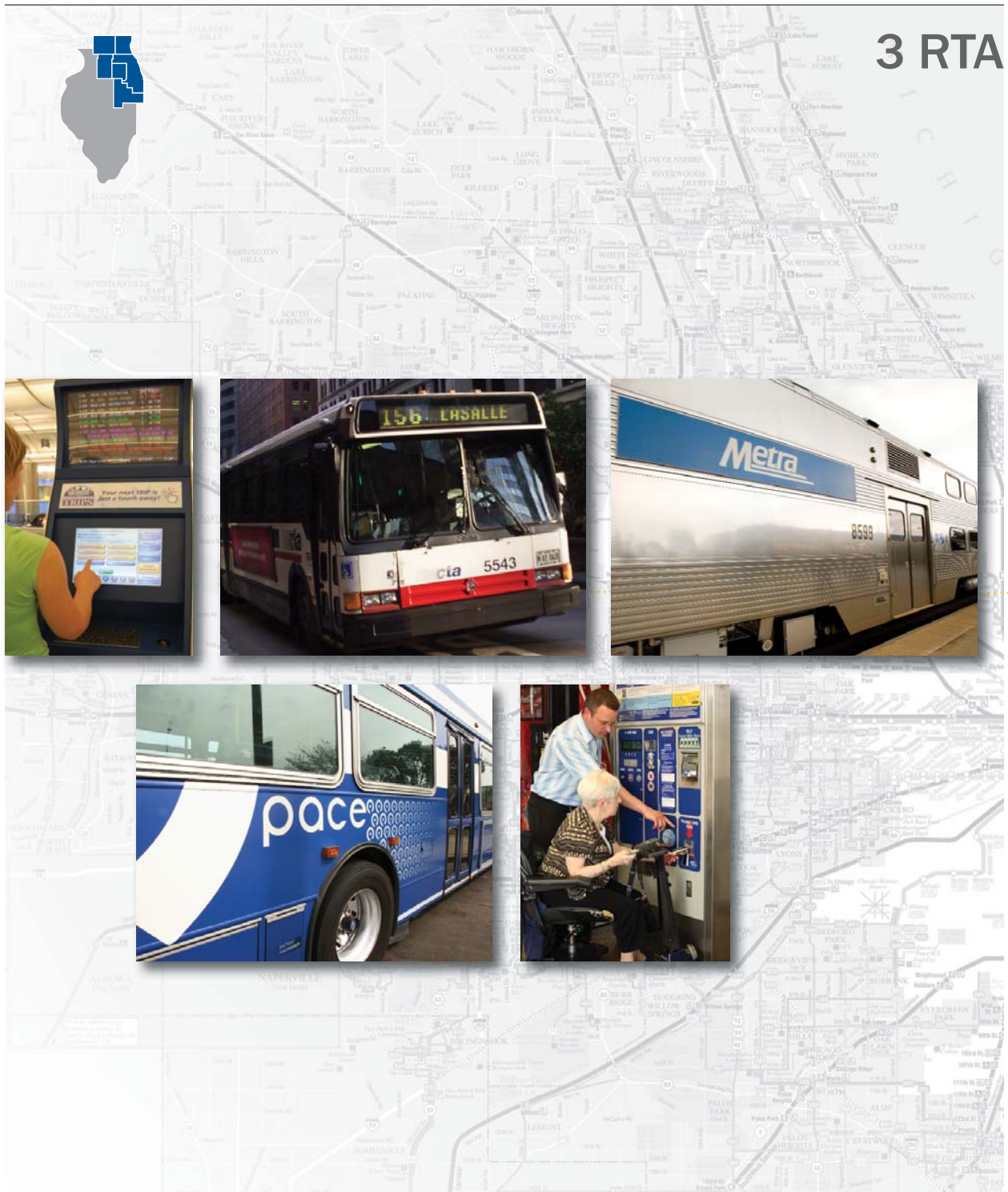


Exhibit 2-12: 2012-2016 Capital Program Uses - \$3,887 million





Region Operating Plan

Budget and Financial Plan

The RTA must prepare and publish a document every year that includes a one-year operating budget, a two-year financial plan, and a five-year capital program that meet specific statutory requirements. This document fulfills this responsibility. Exhibit 3-1 provides the RTA region's statement of revenue and expenditures for 2010-2014. Throughout this document, 2010 is actual data, 2011 is an estimate of year-end results, 2012 is the operating budget, and 2013-2014 represent the two-year financial plan.

RIDERSHIP

As shown in Exhibit 3-2, regional transit ridership is projected to increase by 0.7% in 2012, to 646.6 million trips. The regional 2012 ridership increase is modest due to weakness in the job market, a reduction in senior trips due to modification of the free-ride program, and some loss in Metra ridership attributable to the fare increase. CTA and Pace Suburban Service both project ridership gains of 0.9%, and Pace ADA paratransit anticipates continued ridership growth of 5.0% in 2012.

40% of the RTA's system revenues come from a regional sales tax. For 2012, sales tax revenue is expected to increase 2.8%.

REVENUE

As shown in Exhibit 3-1, total revenue for the RTA region is expected to decrease by 2.8% in 2012 to \$2.543 billion. An increase in operating revenue will be more than offset by a decrease in public funding. Total revenue is then projected to increase to \$2.601 billion in 2013 and \$2.668 billion in 2014.

Operating Revenue

As shown in Exhibit 3-3, Service Board operating revenue is the largest revenue source for the RTA region, comprising over 40% of all revenue. In 2012, the RTA system expects an operating revenue increase of \$82.0 million or 8.5%, to \$1.043 billion, followed by increases of 3.0% and 2.2% in 2013 and 2014, respectively. Operating revenues consist of system-generated revenue such as passenger fares, conces-

sions, advertising, etc. and also include the state reimbursement for reduced fares. This operating assistance program is a partial reimbursement from the State of Illinois to the Service Boards for discounts mandated by law such as those for students, elderly, and disabled individuals. This State funding source is estimated at \$33.6 million annually from 2012 through 2014.

The 2012 increase in operating revenue is driven by Metra's proposed fare increase, modest growth in ridership at the other Service Boards, and the annualized impact of the modification of the senior ride free program implemented in September 2011. While about 85% of operating revenue comes from passenger fares, the Service Boards will continue to grow other operating revenue sources such as the sale of advertising space and branding opportunities.

Public Funding

Exhibit 3-3 also shows that almost 40% of the RTA's system revenues come from a regional sales tax, and its projection is a critical part of the budget process. As the economy slowly recovered in 2011, sales tax collections exceeded budget projections and are estimated to finish the year with a 4.2% increase over 2010. For 2012, sales tax revenue is expected to increase 2.8% to \$998.2 million, followed by 2.8% increases in both 2013 and 2014.

Although growth in sales tax receipts is projected, overall public funding will decrease by \$156 million to \$1.500 billion in 2012. This decrease is due to both the expiration of temporary state funding agreements, and more significantly, the Service Boards' suspension of the unsustainable practice of transferring capital funds to cover operating expenses. The decrease in public funding more than offsets the aforementioned increase in operating revenues, resulting in a net decrease in total revenues available to fund RTA system operations in 2012 of \$73.7 million or 2.8%, to \$2.544 billion.

Exhibit 3-1: 2012 Region Statement of Revenues and Expenses (dollars in thousands)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
Service Board Revenues (1)					
CTA	594,058	601,107	623,682	631,142	638,714
Metra	296,400	296,400	353,600	376,000	390,700
Pace	51,578	52,580	54,469	55,280	56,145
ADA Paratransit	10,542	11,214	11,576	11,827	12,346
Total Operating Revenues	\$ 952,578	\$ 961,301	\$ 1,043,327	\$ 1,074,249	\$ 1,097,905
Public Funding (1)					
RTA Sales Tax	931,435	971,051	998,218	1,026,169	1,054,901
Public Transportation Fund (PTF)	287,404	302,540	307,874	316,427	325,218
Real Estate Transfer Tax (RETT)	32,438	28,000	28,028	28,588	29,160
State Financial Assistance (ASA/AFA)	130,116	123,000	130,071	130,167	130,283
Other State Funding	96,900	101,700	-	-	-
Federal Funds	123,038	112,411	2,498	4,615	5,885
RTA Capital Project Reserves	-	-	15,690	-	-
Other RTA Revenue (2)	19,571	17,199	17,819	17,819	17,819
Total Public Funding	\$ 1,620,902	\$ 1,655,901	\$ 1,500,198	\$ 1,523,785	\$ 1,563,266
ADA Paratransit Service Budget Balancing Actions (3)	-	-	-	2,550	6,797
Total Revenues	\$ 2,573,480	\$ 2,617,202	\$ 2,543,525	\$ 2,600,584	\$ 2,667,968
Service Board Expenses					
CTA	1,239,050	1,306,451	1,240,291	1,263,515	1,287,227
Metra	615,800	649,802	686,800	718,100	741,400
Pace	176,249	185,624	195,017	201,304	208,628
ADA Paratransit	115,063	126,363	126,576	135,127	145,931
Total Service Board Expenses	\$ 2,146,162	\$ 2,268,240	\$ 2,248,684	\$ 2,318,046	\$ 2,383,186
Region/Agency Expenses					
Principal & Interest	223,361	226,058	224,000	224,000	224,000
Agency Expenses	32,731	33,651	35,203	35,907	36,626
Transfer Capital/Agency Regional Capital Program	20,859	10,200	15,690	-	-
ICE and JSIF	12,680	7,391	15,159	15,444	15,736
Total Region/Agency Expenses	\$ 289,631	\$ 277,299	\$ 290,053	\$ 275,351	\$ 276,362
Total Expenses	\$ 2,435,793	\$ 2,545,539	\$ 2,538,737	\$ 2,593,397	\$ 2,659,548
Total Revenues less Total Expenses	\$ 137,687	\$ 71,663	\$ 4,788	\$ 7,187	\$ 8,420

(1) Service Board Revenues include State Reduced Fare Reimbursement. Public Funding excludes State Reduced Fare Reimbursement.

(2) Adjusted in 2011 through 2014 to reflect the total of the Service Board estimates of annual Reduced Fare Reimbursement which exceeded the RTA annual estimate by \$401 thousand. Other RTA Revenue includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.

(3) Additional revenue and/or funding needed to cover projected ADA Paratransit expenses.

Sales Tax (Part I and Part II)

The RTA Sales Tax (Part I and II) is authorized by Illinois statute and imposed by the RTA in the six-county Northeastern Illinois region. The RTA Sales Tax is collected by the Illinois Department of Revenue, paid to the Treasurer of the State of Illinois, and held in trust for the RTA outside the State Treasury. Proceeds from

the RTA Sales Tax are paid directly to the RTA monthly, without appropriation, by the State Treasurer on the order of the State Comptroller.

Part I of the RTA sales tax (Sales Tax I) is the equivalent of 1% on sales in Cook County and 0.25% on sales in DuPage, Kane, Lake, McHenry, and Will Counties (the collar counties). Sales Tax I in Cook County is 1% on

Exhibit 3-2: RTA Regional Ridership By Service Board (in millions)

	2010 Actual	2011 Estimate	2012 Budget
CTA	516.8	524.4	529.2
Metra	81.4	81.7	80.8
Pace	32.3	32.6	32.9
ADA	3.3	3.5	3.7
Region	633.8	642.2	646.6

Exhibit 3-3: 2012 RTA System Revenues (\$2,543.5 million)

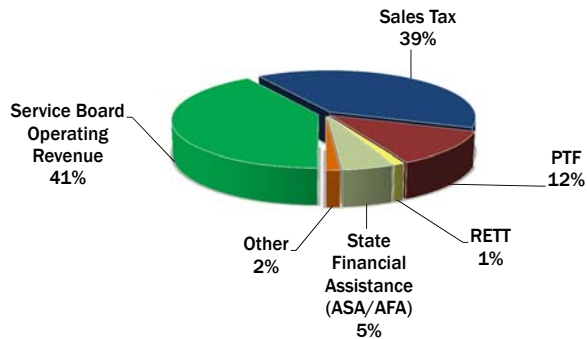


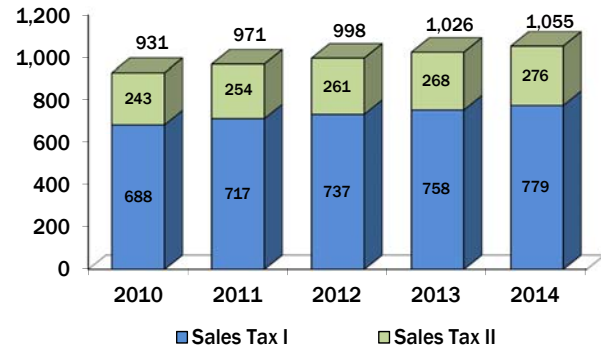
Exhibit 3-4: Distribution of RTA Part I Sales Tax

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

food and drugs and 0.75% on general merchandise, with the State of Illinois then providing a “replacement” amount to the RTA equivalent to 0.25% of general merchandise sales. The RTA retains 15% of Sales Tax I and distributes the remaining 85% to the Service Boards according to the formula specified in the RTA Act (Exhibit 3-4).

Public Act 95-0708 (P.A. 95-0708) was enacted in January 2008 and established RTA Sales Tax Part II (Sales Tax II). This legislation increased the RTA sales tax from 1% in Cook County to 1.25% and the sales tax in the collar counties from 0.25% to 0.75%. The collar county tax increase is divided evenly between the RTA and the county where the tax is collected. Thus, the rate of the sales tax that the RTA receives from the collar counties doubled (from 0.25% to 0.50%).

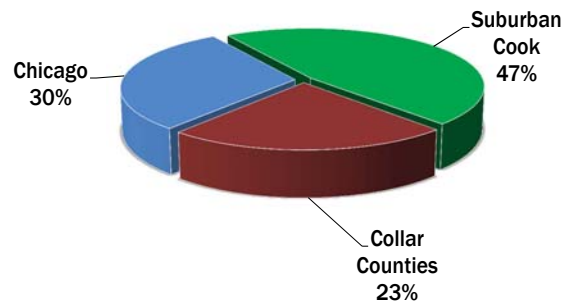
Exhibit 3-5: RTA Sales Tax (dollars in millions)



As shown in Exhibit 3-5, total sales tax revenues are projected to increase from \$931 million in 2010 to \$971 million in 2011. In 2012, 2013, and 2014, total sales tax revenues are estimated to increase by 2.8% annually, reaching \$1.055 billion in 2014.

Sales tax projections are made by examining economic trends at a national, state and regional level. From a geographic standpoint, the City of Chicago is expected to account for 30% of sales tax collected in 2012, suburban Cook 47%, and the collar counties 23% (Exhibit 3-6). RTA Ordinance 2011-079 Schedule I-D (in the Appendix) contains a detailed accounting of the source and distribution of funds provided by the new legislation. Exhibit 3-7 shows the resulting distribution of the 2012 RTA sales tax to the transit agencies. In 2012, the \$998.2 million in RTA sales tax will be distributed as follows: the CTA 38%, Metra 31%, Pace Suburban Service 12%, Pace ADA Paratransit Service 8%, and the RTA 11%.

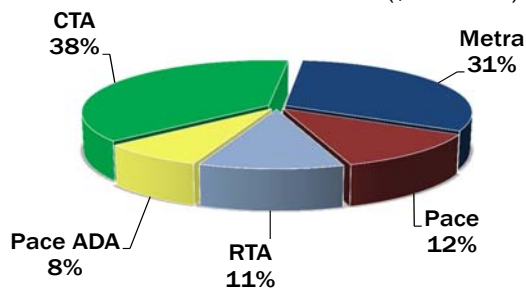
Exhibit 3-6: 2012 RTA Sales Tax By Source Region (\$998 million)



Public Transportation Fund (PTF I and II) and Real Estate Transfer Tax (RETT)

PTF revenues are paid to the RTA upon State appropriation. In accordance with the RTA Act, the State

Exhibit 3-7: 2012 RTA Sales Tax Distribution (\$998 million)



P.A. 95-0708 also increased the real estate transfer tax (RETT) in the City of Chicago by 0.3%, which yields \$3 in public funding for the CTA for every \$1,000 paid for a property. This funding flows directly from the City of Chicago to the CTA. However, PTF funds associated with the RETT (i.e., 30% of the RETT) flow through the RTA and by statute become part of Service Board funding. PTF I is the equivalent of 25% of Sales Tax I, which for 2012 is projected to be \$184.3 million.

PTF II is the equivalent of 5% of Sales Tax I, 30% of Sales Tax II, and 30% of the RETT. The 2012 projected amount is \$123.6 million. By statute, the CTA receives five sixths of the 30% PTF on the RETT. The remaining PTF II revenues are combined with Part II sales tax revenues and designated for certain operations and programs before formulaic allocation to the Service Boards. Money set aside before Service Board allocations comprises funding for the Suburban Community Mobility Fund (SCMF), Innovation, Coordination, and Enhancement (ICE) initiatives, and ADA Paratransit operations. By statute, SCMF and ICE funding increases or decreases by the annual change in sales tax collections, with 2008 set as the base year. For 2012, SCMF is projected at \$20.3 million and ICE at \$10.2 million. Due to new legislation in 2012, the ADA Paratransit Fund will be stepped up to \$115.0 million for 2012 and adequately funded to meet ADA paratransit funding requirements in future years. After these three allocations, the remaining balance of the combined Sales Tax II and PTF II revenue is allocated as follows: CTA 48%, Metra 39%, and Pace Suburban Service 13%.

None of the PTF revenue is payable to the RTA until the Agency certifies to the Governor, State Comptroller, and Mayor of the City of Chicago that it has adopted a budget and financial plan as called for by the RTA Act.

State Financial Assistance (SFA)

This revenue source is a state-authorized assistance to reimburse the debt service expenses for the RTA's Strategic Capital Improvement Program (SCIP) bonds. SFA has two components: Additional State Assistance (ASA) for SCIP I bonds and Additional Financial Assistance (AFA) for SCIP II bonds. Subject to the appropriation of funds by the State of Illinois, the RTA will continue to be eligible to receive these State Financial Assistance (SFA) payments. In 2012, the RTA expects to receive \$130.1 million of this funding from the State of Illinois.

State Funding for Debt Service and ADA per MOU

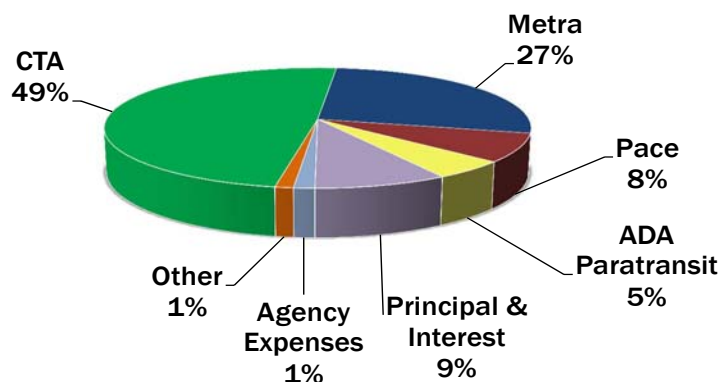
In November 2009, the RTA, the Service Boards, and the Illinois Department of Transportation (IDOT) executed a Memorandum of Understanding (MOU) in order to prevent a passenger fare increase. The MOU prescribed that the RTA issue general obligation bonds to provide approximately \$83 million of capital funding to the CTA in both 2010 and 2011. The MOU also prescribed that IDOT enter into a grant agreement with the RTA to fund Pace ADA Paratransit service in the amount of \$8.5 million in State fiscal years 2010 and 2011. This State funding did not extend beyond 2011, resulting in a decrease in public funding of over \$100 million in 2012.

Federal Funds and Other RTA Revenue

For 2012 and beyond, the Service Boards have committed to discontinuing the practice of transferring money from federal capital funds to support their operating needs. As a result, in 2012 there is a decrease in public funding of over \$100 million relative to prior years leaving federal funding in support of operating expenses at \$2.5 million. A \$1.2 million Homeland Security Grant for Metra and \$1.3 million in CMAQ/JARC/New Freedom funding for Pace comprise the federal funding total.

The RTA maintains an assigned Capital Reserve Fund within the RTA general fund. In 2012, \$15.7 million of the RTA Capital Reserve Fund will be allocated to fund capital projects.

Exhibit 3-8: 2012 Regional Expenses (\$2,538.7 million)



The Other RTA Revenue category generally consists of sales tax interest, investment income, and Agency revenue. Illinois pays interest on sales tax receipts to the RTA from the time of collection until it is disbursed to the RTA. The RTA then disburses the interest on Part I sales tax receipts to the Service Boards based on the same formula used to allocate the Part I sales tax receipts. RTA investment income is dependent on available cash balances and prevailing market rates. Other revenue also includes fees charged to employers for RTA Fare Checks that help offset the costs of administering the program, as well as matching funds obtained under federal, state and local programs for RTA regional planning, development, and new technology efforts. In total, other RTA revenue of \$18.2 million is expected annually during the 2012-2014 planning cycle.

EXPENSES

As shown in Exhibit 3-1, total expenses for the RTA region are expected to decrease by 0.3% in 2012 to \$2.539 billion, followed by increases of 2.2% and 2.6% in 2013 and 2014, respectively.

Service Board Operating Expenses

Expenses for Service Board operations, which comprise 89% of total expenses, are projected to decrease by 0.9% in 2012 and then increase by 3.1% and 2.8% in 2013 and 2014, respectively. The CTA has projected a 5.1% decrease in 2012 operating expenses, which included \$80 million of anticipated work rule

relief and a \$71.7 million decrease in other expenses. This decrease reflects the substitution of the Pension Obligation Bond (POB) debt service reserve fund with a bond insurance policy. Proceeds from the liquidated reserve fund were applied as a credit to expenses. Metra and Pace Suburban Service expenses will increase by 5.7% and 5.1%, respectively and Pace ADA paratransit expenses are projected to be flat.

Agency and regional expenses, including debt service and capital project funding, are expected to increase by 4.6% in 2012, decrease by 5.1% in 2013, and increase by 0.4% in 2014. Exhibit 3-8 shows the distribution of total RTA expenditures for 2012.

Service Board Operations Funding

The RTA's primary expenditure is the funding of the Service Boards' operating deficits. An operating deficit is the difference between a Service Board's operating revenue (farebox and other revenue sources such as advertising) and operating expenditures. It may also be referred to as the funding requirement. Exhibit 3-9 displays the RTA expenditures for Service Board operations excluding ADA paratransit (discussed later in this section) for 2010 to 2014. Total Service Board operations funding by the RTA for 2012 will be \$1.065 billion and is expected to reach \$1.120 billion in 2014. Projected growth from 2010 to 2014 of RTA operations funding to the Service Boards (excluding ADA paratransit) follows. RTA funding for CTA (including PTF from RETT) is expected to increase from \$496.2 million in 2010 to \$619.4 million in 2014, a compound

annual growth rate of 5.7%. RTA funding for Metra is expected to increase from \$319.4 million in 2010 to \$354.6 million in 2014, a compound annual growth rate of 2.6%. RTA funding for Pace’s Suburban Service (including Suburban Community Mobility Funds and South Suburban Job Access funds) is expected to increase from \$129.3 million in 2010 to \$146.0 million in 2014, a compound annual growth rate of 3.1%.

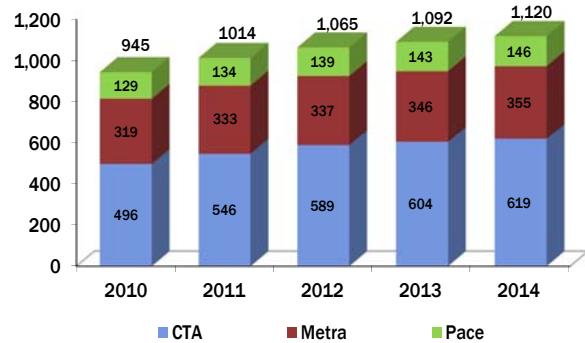
Exhibit 3-10 shows the 2010 to 2014 RTA funding levels for ADA Paratransit service. Funding from the RTA was \$104.5 million in 2010 and \$115.1 million in 2011, which included \$7.9 million of ICE funds. As mentioned earlier, legislation in 2011 stepped up the ADA Paratransit Fund level to \$115.0 million for 2012 and ensured adequate funding of all ADA paratransit requirements in future years. As a result, RTA funding levels of \$120.8 million and \$126.8 million are projected for 2013 and 2014, respectively.

Total funding for the 2012 through 2014 financial plan is provided in Schedule I-B of Ordinance 2011-079 (see Appendix Exhibit 9-24). A detailed discussion of each Service Board’s revenues and expenditures is provided in the CTA, Metra, Pace, and Pace ADA sections of this document.

Suburban Community Mobility Fund

As provided by P.A. 95-0708, the Suburban Community Mobility Fund (SCMF), including interest and earnings, shall be used by the RTA to provide grants to Pace for operating transit services that enhance suburban mobility including, but not limited to, demand-response services, ride sharing, vanpooling, service

Exhibit 3-9: RTA Operations Funding (dollars in millions)



coordination, centralized dispatching, call taking, reverse commuting, service restructuring, and bus rapid transit (BRT). Each year, the RTA shall deposit into this fund an amount that increases or decreases with the percentage change in sales tax receipts. This change is indexed from the 2008 statutory base year amount of \$20 million. The SCMF included in RTA funding for Pace Suburban Service operations will increase by 2.8% in 2012 to \$20.3 million. SSJA funding then increases to \$20.9 million in 2013 and \$21.5 million in 2014, proportional to the projected 2.8% increase in sales tax for those years.

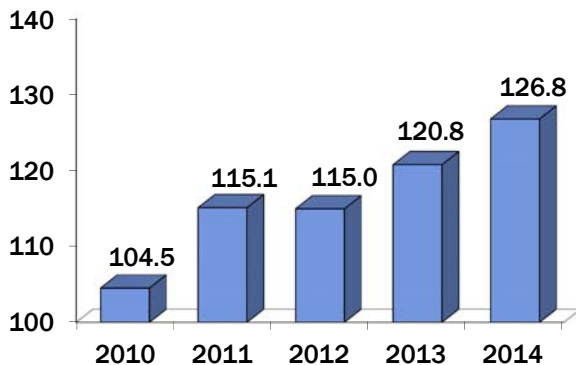
South Suburban Job Access Fund

Another provision of P.A. 95-0708 is the establishment of the South Suburban Job Access Fund (SSJA) to provide financial resources to Pace, in cooperation with the RTA, for the development of operating programs that enhance access to job markets for residents in south suburban Cook County. SCMF funding was set at \$3.75 million in 2008, increasing to \$7.5 million annually thereafter.

Reduced Fare / Free Ride Program Reimbursement

State reimbursement for reduced fare and free ride programs is received as revenue by the RTA and flows directly to the Service Boards to help defray a portion of the revenue lost in providing mandated free and reduced fare service. Reimbursement in the amount of \$33.6 million is expected annually from 2012 through 2014.

Exhibit 3-10: ADA Paratransit Funding (dollars in millions)



Region and RTA Agency Expenses

Comprising 11% of total expenses, Region and Agency Expense is expected to increase by 4.6% in 2012 to \$290.1 million, before decreasing in 2013 to \$275.4 million. Debt service is by far the largest component of this category.

Principal and Interest

Principal and interest payments reflect the RTA's expenditures and projected expenditures for debt service on RTA SCIP and non-SCIP bonds that finance Service Board capital projects. The amount also reflects debt service costs for RTA working cash notes required because of delays in receipts from the State, which are several months in arrears. In 2012, principal and interest payments are expected to total \$224.0 million comprised of \$84.3 million towards principal and \$139.7 million of interest. That amount is projected to stay constant in 2013 and 2014. Additional bond information is provided in the reference section at the end of this chapter.

Agency Administration, Regional Services and Programs

Spending for Agency administration, regional services, and regional programs is discussed further in the Agency section of this chapter. Expenditures for 2012 are expected to be \$35.2 million, increasing at an annual growth rate of 2.0% to \$35.9 million in 2013 and \$36.6 million in 2014.

Agency Capital and Transfer Capital

For 2012, Agency Capital and Transfer Capital is expected to increase 54% to \$15.7 million. This amount is comprised of two components - the transfer of capital funds to the Service Boards - and the RTA Agency Regional Capital Program. For 2012, \$4.7 million of RTA Capital Reserve Funds will be transferred to Metra for capital uses. The remaining \$11.0 million in this category is associated with the Regional Capital program and is used to fund region-wide capital-driven technology enhancements. Like regional technical assistance programs, the regional technology programs

are coordinated efforts with other state and local agencies, reducing RTA funding requirements. At the end of the year, any funds that have not been spent are reserved.

ICE Fund and JSIF

P.A. 05-0708 also established the ICE fund for Innovation, Coordination, and Enhancement. Like the \$20 million SCMF, the \$10 million base amount of the ICE fund changes at the same rate as regional sales tax collection changes. ICE funds are appropriated with the affirmative vote of 12 RTA directors for operating or capital grants or loans to the Service Boards, transportation agencies, or units of local government that advance the goals and objectives of the RTA's Strategic Plan. However, if the RTA Board determines that an emergency exists, then by an affirmative vote of 12 members, funds may be used for urgent operating or capital needs.

In 2011, the majority of the ICE fund was used to fund ADA paratransit operations. For the 2012 budget, the ICE fund has been set at \$10.2 million and is expected to increase to \$10.4 million in 2013 and \$10.7 million in 2014.

Premium payments for the Joint Self Insurance Fund (JSIF) are also a regional expense of the RTA agency. The amount reserved for this in 2012 is \$5.0 million. The RTA provides excess liability insurance to protect the self-insurance programs maintained by the Service Boards. The Service Boards are obligated to reimburse the fund for any damages paid plus interest.

FUND BALANCE

In 1998, the RTA Board adopted an ordinance establishing a minimum level in the unreserved and undesignated fund balance of 5% of total operating expenditures. Fund balance policy details are outlined in the Introduction Chapter. The purpose of the ordinance was to formalize a practice of maintaining a minimum level of financial resources available for funding during unfavorable economic periods. Exhibit 3-11 shows the projected ending fund balances for 2010 through 2014.

Beginning Balance

The beginning balance is the amount of funds in the undesignated and unreserved fund balance after the previous year’s results have been audited and the accounting books are closed. All statements in this document reflect negative \$27.9 million as the 2010 beginning balance.

Change In Fund Balance / Ending Fund Balance

Total RTA revenue less total RTA expenditures represents the annual change in fund balance. When revenue exceeds expenditures, the gain is added to the fund balance. If expenditures exceed revenue, the deficit reduces the fund balance. Premium payments for the Joint Self Insurance Fund (JSIF) are deducted from RTA’s fund balance. Positive changes in fund balance for 2010 and 2011 produced higher ending fund balances for those years. In 2012, the JSIF premium payment of \$5.0 million will be slightly more than the positive change in fund balance of \$4.7 million, resulting in a decrease in ending fund balance to \$26.1 million. Continued positive changes in fund balances are projected for 2013 and 2014, resulting in a steady increase in the projected ending balance to \$34.1 million in 2014. However, this equates to only 2.6% of total operating expenditures, falling short of the 5% requirement. The RTA Board voted to suspend the fund balance policy in 2012 in favor of a plan to build the fund balance over a longer period, due to the difficult economic environment.

RECOVERY RATIO

The RTA Act requires the RTA Board to set a recovery ratio for the next fiscal year for each Service Board. The RTA Act further requires that the combined revenue from RTA operations cover at least 50% of the system operating cost excluding ADA paratransit service. The RTA’s operating revenue recovery ratio in 2012 is projected to be 51% or 1 percentage point above the mandated 50%. This result is contingent upon the CTA, Metra, and Pace achieving their recovery ratio marks of 52%, 53% and 30%, respectively (Exhibit 3-12).

Exhibit 3-11: **Ending Fund Balance** (dollars in millions)

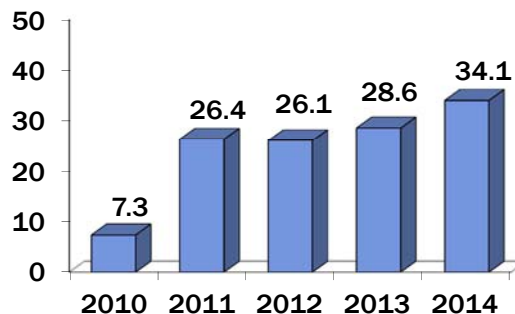
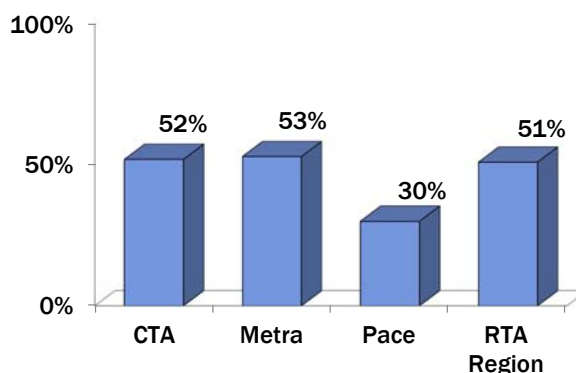


Exhibit 3-12: **2012 RTA and Service Board Recovery Ratio Marks**



In meeting the 50% recovery ratio, the RTA Act requires that the revenue figures include all receipts consistent with generally accepted accounting principles, with certain specified exceptions. Detail of this calculation is provided in Exhibit 3-64 at the end of this section. In their adopted budgets, the Service Boards were able to exceed the recovery ratio marks set by the RTA, resulting in a regional recovery ratio which is higher than the 51% projection.

2011 Budget versus 2011 Estimate

Total RTA estimated revenue of \$1.466 billion is favorable to budget by \$75.2 million. Sales tax and Public Transportation Fund receipts are expected to exceed budget by more than 6% due to a slowly improving local economy.

Total RTA estimated operating expenditures of \$1.435 billion are above budget by \$56.1 million, reflecting combined increased distribution of sales tax revenue to Service Boards of \$65.2 million due to higher sales tax receipts mentioned above. Offsetting this are 2011 RTA ICE fund expenditures which are expected

Exhibit 3-13: RTA Statement of Revenues and Expenditures - General & Agency Fund (dollars in thousands)

	2011 Budget	2011 Estimate	Variance
System-Generated Revenue			
RTA Sales Tax (Part I)	675,012	717,007	41,995
RTA Sales Tax (Part II)	241,287	254,044	12,757
RTA Public Transportation Fund (PTF - Part I)	168,753	179,246	10,493
RTA PTF (Part II) (1)	113,337	123,294	9,957
State Financial Assistance (ASA/AFA)	123,000	123,000	-
State Free Rides/Reduced Fare Reimbursement	33,570	33,570	-
State Funding for ADA per MOU	8,500	8,500	-
State Funding for Debt Service per MOU	10,200	10,200	-
RTA Other Revenue	17,600	17,600	-
Total Revenue	\$ 1,391,259	\$ 1,466,461	\$ 75,202
Operating Expenditures			
RTA Total Funds for CTA Operations (2)	515,458	546,144	(30,686)
RTA Total Funds for Metra Operations	318,146	333,328	(15,182)
RTA Total Funds for Pace Suburban Service Operations (3)	128,854	134,413	(5,559)
RTA Total Funds for Pace ADA Paratransit Service (4)	101,421	115,149	(13,728)
RTA Funding for Innovation, Coordination, and Enhancement (ICE) (5)	9,292	2,011	7,281
State Free Rides/Reduced Fare Reimbursement/Sales Tax Interest	35,270	33,570	1,700
Agency Expense (6)	33,725	33,651	74
Total Operating Expenditures	\$ 1,142,166	\$ 1,198,266	(\$ 56,100)
Debt Service & Capital Expenditures			
Principal and Interest	226,058	226,058	-
Transfer Capital - State Funds to CTA per MOU (7)	10,200	10,200	-
Total Debt Service and Capital Expenditures	\$ 236,258	\$ 236,258	-
Total Expenditures	\$ 1,378,424	\$ 1,434,524	(\$ 56,100)
Fund Balance			
Beginning Balance (unreserved/undesignated)	5,654	7,318	1,664
Change in Fund Balance	12,836	31,937	19,101
RTA Joint Self Insurance Fund (JSIF) Funding (8)	(5,380)	(5,380)	-
Other Funding & Reserves	-	(7,500)	(7,500)
Ending Unreserved/Undesignated Fund Balance	\$ 13,109	\$ 26,375	\$ 13,266
% of Total Operating Expenditures	1.1%	2.2%	-
Total System-Generated Revenue Recovery Ratio %	53.4%	53.4%	-
ADA Paratransit Recovery Ratio %	10.0%	10.0%	-

(1) Includes PTF on the City of Chicago Real Estate Transfer Tax (RETT). (2) Includes PTF on the City of Chicago Real Estate Transfer Tax (RETT) and RTA discretionary funds available for region-wide capital or operating initiatives transferred to the CTA for preventive maintenance in the operating budget. (3) Includes Suburban Community Mobility Funds (SCMF) and South Suburban Job Access (SSJA) funds. (4) Includes additional IDOT funding of \$8.5 million per MOU. (5) Further actions are required to balance the ADA Paratransit budget, which may include, but are not limited to, adjusting service, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues, including 2011 funds from the ICE Fund that may be allocated pursuant to Paragraph 7 of Ordinance 2010-74. (6) The 2011 budget amount reflects regional services expenses budgeted as a net number. (7) Funding from the State (IDOT) for Debt Service per MOU. (8) RTA funds to purchase excess liability and terrorism insurance to provide protection against catastrophic loss.

to be \$7.3 million less than in the 2011 budget. State reduced fare reimbursements are also expected to be \$1.7 million favorable to budget. RTA Agency expense will closely match budget.

The net of these results is a positive change in fund balance of \$31.9 million, which exceeds the budget by \$19.1 million. However, additional funding and reserve requirements of \$7.5 million relative to budget will result in the projected 2011 ending fund balance to be \$26.4 million, favorable to budget by \$13.3 million (Exhibit 3-13).

Capital Program

When the budget was approved, the 2012-2016 capital program funding marks totaled \$3.887 billion. When federal, state or local appropriation figures change, the resulting Service Boards' capital programs may not match the program marks. When this occurs, the RTA Board considers ordinances that incorporate all changes and bring the Service Board programs in balance with the marks. Detailed Service Board program information is provided in the Capital Section of this document.

Agency Operating Plan

Budget and Financial Plan

The RTA Agency budget was developed within the same parameters as those of the Service Boards. RTA staff utilized the budget calendar and guidelines in the Business Plan Call adopted by the Board in June, as well as the marks set in September. Staff focused on ensuring that the budget included sufficient resources for it to carry out its mission as the funding, planning, and oversight agency for transit in Northeastern Illinois, while at the same time doing so in the most cost-effective manner.

The RTA Agency used a priority based budgeting approach that concentrated on the “Regional Priorities Initiative” in the process of developing the 2012 budget. The RTA has launched a series of five key priority initiatives intended to advance a collective vision for the region’s transit system. The 2012 budget uses these priorities as a foundation.

- **Strategic Capital Investment** - Develop a strategic capital approach focused on identifying capital projects that could result in reductions in operating expenditures.
- **Economies of Scale** - Harness the RTA's and Service Boards' purchasing power to achieve cost savings and improved efficiency.
- **Maximize Use of the Transit System** - Provide a system-wide approach to improving coordination among services, access to reverse commute markets, and use of weekend and evening services.
- **Enhance the Customer Experience** - Focus on targeted capital and technology-related projects, interagency and way-finding signage, e-signage, service information, and fare payment coordination to best serve transit customers.
- **Coordinate Government Affairs, Marketing, and Outreach** - Create a unified marketing, outreach, and government affairs agenda among the RTA and Service Boards to improve customer commu-

nications and increase coordination and leveraging of partners and other stakeholders.

The RTA Agency budget and financial plan presented in Exhibit 3-14 meets the funding marks set by the RTA Board on September 14, 2011.

OPERATING REVENUE

The 2012 operating budget includes operating revenue of \$3.4 million from the transit benefit program, reduced fare and free ride program, and RTA initiatives funded by federal grants. This amount is \$1.6 million or 83% higher than the 2011 estimate due to successfully securing increased levels of FTA and CMAQ funding for various RTA initiatives, such as Transit Asset Management (TAM) and Chicagoland Commute Options Program. In 2013 and 2014, estimated revenues reflect 2% growth each year (Exhibit 3-15).

PUBLIC FUNDING

The 2012 Agency budget is a no growth budget. In 2012, the total budgeted public funding required for the RTA Agency is \$31.8 million, the same level as the 2011 estimate based on year-to-date actual results, and is 1.9% lower than the 2011 budget. Public funding projections also increase by 2% in both 2013 and 2014 (Exhibit 3-16).

Public funding provides 90% of the total RTA Agency revenue with the remaining 10% generated from operating revenue (Exhibit 3-17).

OPERATING EXPENDITURES

In 2012, total expenses of \$35.2 million are projected to be \$1.6 million higher than the 2011 estimate, reflecting expenses associated with the new RTA federally funded grant projects. In 2012, net expenses (total expenses minus operating revenue) of \$31.8 million are projected to be slightly lower than the 2011 estimate as the result of the strategic development of a no-growth budget. There is no salary increase in-

Exhibit 3-14: Agency 2012 Budget and 2013-2014 Financial Plan (dollars in thousands)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
Operating Revenue					
Miscellaneous Revenue	426	110	150	153	156
Transit Benefit Revenue	1,572	1,421	1,322	1,348	1,375
Grants for Multi Year Projects	582	346	1,959	1,998	2,038
Total Operating Revenue	\$ 2,579	\$ 1,877	\$ 3,430	\$ 3,499	\$ 3,569
Public Funding					
RTA Sales Tax I	30,152	31,774	31,773	32,409	33,057
Total Public Funding	\$ 30,152	\$ 31,774	\$ 31,773	\$ 32,409	\$ 33,057
Total Revenues	\$ 32,731	\$ 33,651	\$ 35,203	\$ 35,907	\$ 36,626
Expense					
Personnel	12,429	13,023	14,300	14,586	14,878
Professional Services	3,069	2,698	3,210	3,274	3,340
Purchase Services for Regional Programs	8,536	9,734	8,678	8,852	9,029
Office Services	3,961	3,438	3,742	3,817	3,893
Total Baseline Operating Expense	\$ 27,995	\$ 28,893	\$ 29,930	\$ 30,529	\$ 31,140
Grant Funded and Multi Year Projects	3,414	2,799	3,853	3,930	4,009
Agency Programs	1,323	1,958	1,420	1,448	1,477
Total Programs and Projects	\$ 4,736	\$ 4,757	\$ 5,273	\$ 5,379	\$ 5,486
Total Expenses	\$ 32,731	\$ 33,651	\$ 35,203	\$ 35,907	\$ 36,626
Net Results	-	-	-	-	-

Exhibit 3-15: RTA Agency Revenue (in millions)

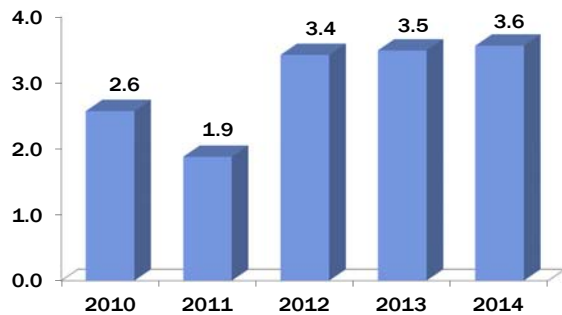


Exhibit 3-17: 2012 RTA Agency Revenue - \$35.2 million

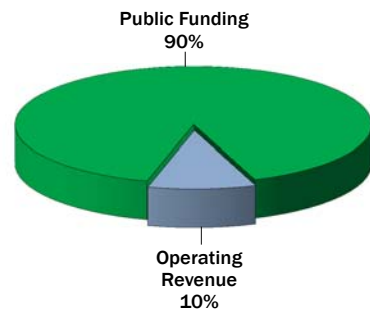
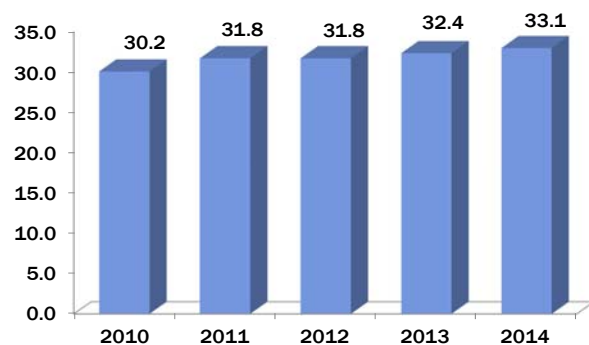


Exhibit 3-16: RTA Agency Public Funding (in millions)

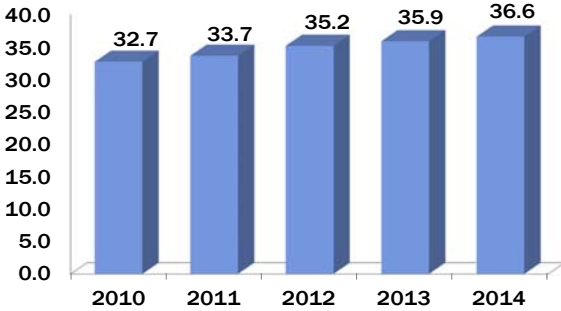


cluded in the 2012 budget. Estimated total 2013 and 2014 expenses reflect a 2% annual increase over the 2012 level consistent with inflation as well as revenue estimates (Exhibit 3-18).

Expenditure Elements

The Agency operating expense category includes administrative expenses required to operate the Agency, as well as regional programs focused on advancing public transit initiatives. Regional programs, which account for more than half of the Agency budget, include

Exhibit 3-18: RTA Agency Operating Expense (in millions)



the Travel Information Center (TIC), ADA Certification program, Reduced Fare and Free Ride Program, Customer Service Center, Transit Benefit program, Corridor and Community Planning programs, Transit Asset Management program, and various other initiatives.

Personnel

Personnel related costs, such as salaries, pension, health care, training, and other personnel items are projected to account for 40% or \$14.3 million of total agency operating expenditures in 2012.

Professional Services

Professional services, which includes audit fees and consulting fees for Project Management Oversight (PMO), Rail Safety Oversight (RSO), Legal, and Government Affairs, represent 9% or \$3.2 million of the total operating expense budget in 2012.

Purchased Service for Regional Programs

Direct operations costs of the TIC, ADA Certification program, ADA Travel Training program, Transit Benefit program, and Reduced Fare & Free Ride programs are projected to account for 25% or \$8.7 million of the agency operating expenditures in 2012.

Office Services

Rent, utilities, maintenance, telephone and various office and computer supplies represent 11% or \$3.7 million of the total operating expense budget in 2012.

Programs and Projects

The remaining 15% or \$5.3 million of the agency operating expenditures are dedicated for various agency and grant funded projects, such as Chicagoland Commute Options, Capital Asset Condition Assessment, Transit Asset Management, Customer Market Research, I-90 Infrastructure Planning Support and Service Planning, various Community Planning Programs, Capital Program Prioritization Tool, and implementation of the IT Strategic Plan.

Exhibit 3-19 illustrates the Agency Operating Expense break down by category.

Agency Statutory Cap

In 1985, a statutory cap for administrative spending was set at \$5 million, with a growth rate of 5% per year. The 2012 cap on Agency administrative expens-

Exhibit 3-19: 2012 RTA Agency Operating Expenses by Category - \$35.2 million

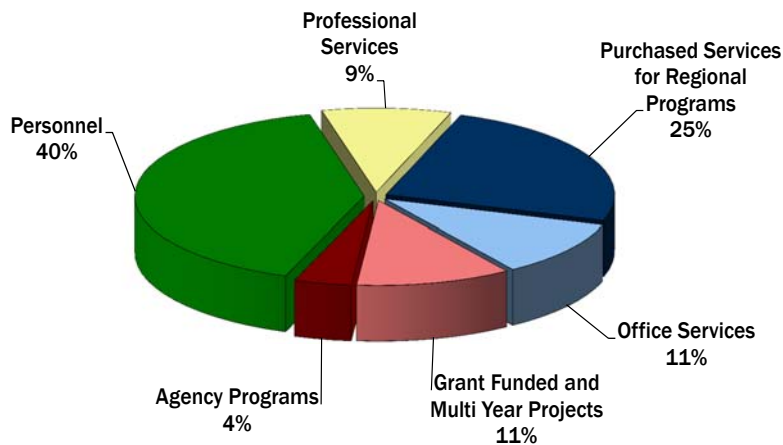


Exhibit 3-20: RTA Agency 2011 Budget versus 2011 Estimate (dollars in thousands)

	2011 Budget	2011 Estimate	Variance
Operating Revenue			
Miscellaneous Revenue	265	110	(155)
Transit Benefit Revenue	1,130	1,421	291
Grants for Multi Year Projects	-	346	346
Total Operating Revenue	\$ 1,395	\$ 1,877	\$ 482
Public Funding			
RTA Sales Tax I	32,385	31,774	(611)
Total Public Funding	\$ 32,385	\$ 31,774	(\$ 611)
Total Revenues	\$ 33,780	\$ 33,651	(\$ 129)
Expense			
Personnel	13,469	13,023	445
Professional Services	3,066	2,698	367
Purchased Services for Regional Programs	8,496	9,734	(1,238)
Office Services	4,062	3,438	624
Total Baseline Operating Expense	\$ 29,093	\$ 28,893	\$ 199
Grant Funded and Multi Year Projects	2,730	2,799	(70)
Agency Programs	1,958	1,958	-
Total Programs and Projects	\$ 4,687	\$ 4,757	(\$ 70)
Total Expenses	\$ 33,780	\$ 33,651	\$ 129
Net Results	-	-	-

es is \$18.7 million. The 2012 RTA Agency budget is below this cap with expenses for regional services and programs, including grant-funded projects, totaling \$18.7 million thus leaving administrative expenses of less than \$16.5 million. True administrative expenses are far lower, however, when adjusted for agency support of the regional programs.

NET RESULTS

RTA Agency net results are zero for 2012 through 2014 indicating revenues are equal to expenses (Exhibit 3-14).

2011 Budget versus 2011 Estimate

In 2011, Agency expenditures were budgeted at \$33.8 million and are expected to be slightly under budget at year end (Exhibit 3-20).

Organization

The 2012 RTA Agency budget includes 122 positions with new staff requests, excluding the 16 paid RTA Board members. With Service Boards, the total 2012 budgeted regional staffing is 15,157 (Exhibit 3-21). Decreases in Service Board staffing levels over the three-year period are primarily related to service reductions implemented by CTA in 2010 and additional CTA staff reductions. The increase in Pace staffing in 2012 reflects initiatives to add a few new starts and pilot programs to its service.

RTA Agency Organizational Structure Changes

In order to further improve the Agency's efficiencies and better align functions as the Agency focuses on the Regional Priorities Initiative, the Agency made some organizational changes by restructuring some departments and management oversight effective November 11, 2011.

Exhibit 3-21: **Budgeted Positions** (2010 and 2011 departments' counts were adjusted to reflect 2012 reorganization)

	2010	2011	2012	2012 vs. 2011
Executive Office (excluding RTA Board)	3	3	3	-
Audit	3	3	4	1
Communications	12	12	11	(1)
Finance & Performance Management	23	27	30	3
Government & Community Affairs	2	4	5	1
Human Resources	2	3	3	-
Information Technology	8	8	8	-
Legal	8	9	9	-
Planning	49	47	49	2
Total RTA Staffing Plan	110	116	122	6
CTA	9,479	9,377	9,206	(171)
Metra	4,331	4,331	4,331	-
Pace	1,471	1,471	1,498	27
Total Service Boards Staffing Plan	15,281	15,179	15,035	(144)
Total Region Staffing Plan	15,391	15,295	15,157	(138)

The Agency's new functional organizational chart is presented in Exhibit 3-22.

- **Administrative Services Department** was eliminated with staff and functions consolidated into other departments.
- **Executive Office** includes the RTA Board of Directors, the Executive Director, the Secretary to the Authority, and a Project Specialist who serves different departments on various administrative tasks.
- **Audit Department** consisting of internal and external audit, reports to the Board functionally and administratively to the Executive Director. This department was strengthened with the addition of a Deputy Executive Director position to head the department.
- **Finance and Performance Management Department** has been restructured to better serve and oversee the Agency and the Service Boards' operating and capital financial functions. The Agency's Chief Financial Officer now oversees the Budget, Performance & Business Analysis; Programming, Oversight & Compliance; Controller; and Treasury divisions.
- **Communications Department** now also includes programs operated by the RTA that interface with our customers. These programs are Customer Service and Travel Information Center (TIC).
- **Government and Community Affairs Department** has been restructured with added responsibilities. The department is now also responsible for community relations and public outreach functions, which were transferred from Communications.
- **Human Resources Department**, which was part of the Administrative Services Department, now reports directly to the Executive Director.
- **Information Technology Department** now is a separate department, as a recommendation of the recently concluded Information Technology Strategic Plan (ITSP) by an outside expert, and will be led by a Chief Information Officer reporting directly to the Executive Director.
- **Legal Department** now includes Procurement and Contracting Division as well.
- **Planning Department** includes Strategic Planning & Policy; Local Planning & Programs; Regional Coordination; and Regional Accessibility. Regional Accessibility was created in early 2011 within

Exhibit 3-22: RTA Organizational Chart

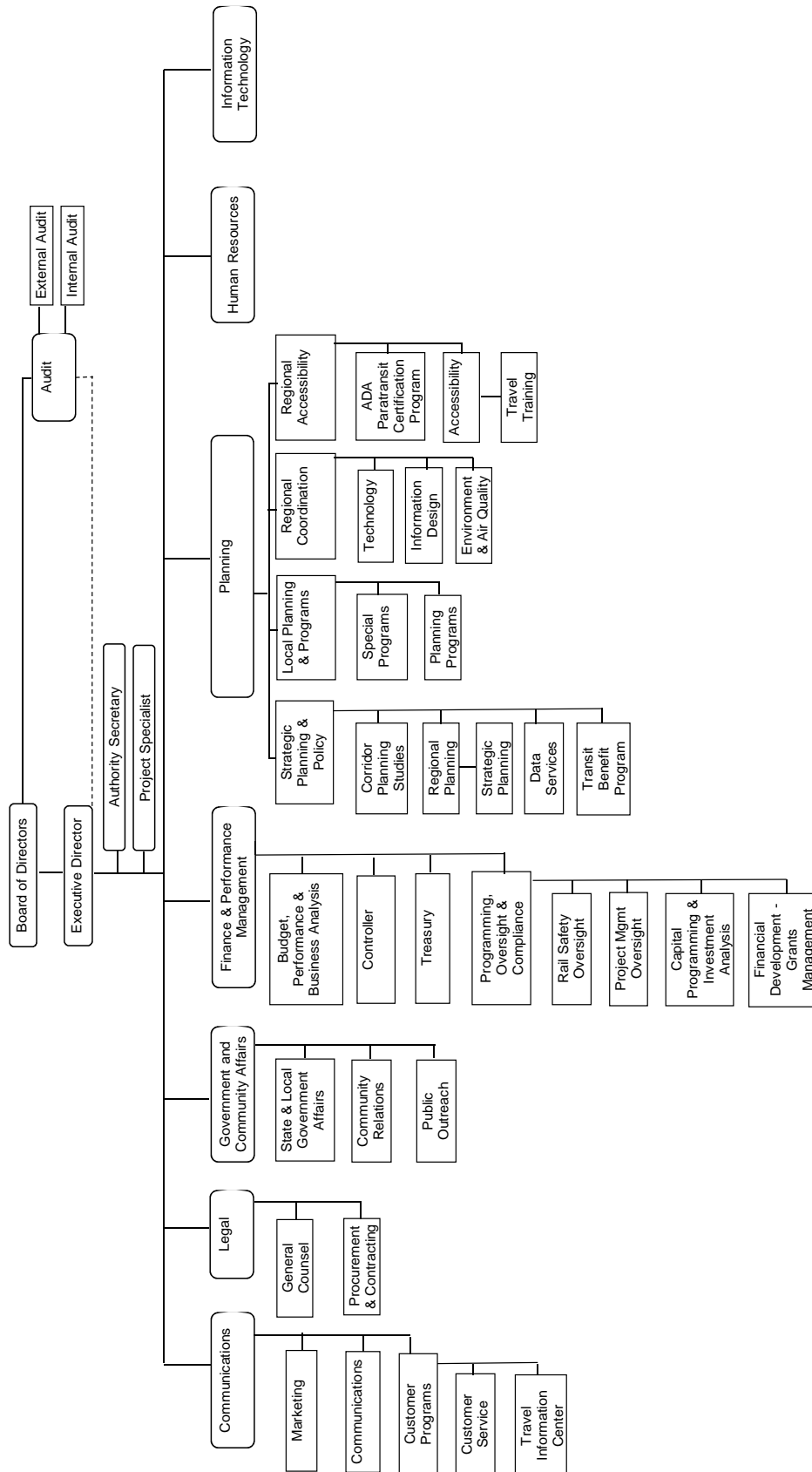


Exhibit 3-23: 2012 Agency Operating Expenses by Department (in thousands)

	2012 Budget
Operating Revenue	
Miscellaneous Revenue	150
Transit Benefit Revenue	1,322
Grants for Multi Year Projects	1,959
TOTAL REVENUES	\$ 3,430
Operating Expenses	
Executive Office	1,455
Audit	1,023
Communications	7,445
Finance & Performance Management	6,925
Government & Community Affairs	1,854
Human Resources	499
Information Technology	2,433
Legal	1,757
Planning	11,814
TOTAL EXPENSES	\$ 35,203
PUBLIC FUNDING (Expenses - Revenues)	\$ 31,773

the Planning Department and includes Travel Training and ADA Certification Programs. Transit Benefit Program has also been added to the department's function.

These changes did not affect the Agency's overall expense budget, but costs have been redirected to reflect the budget and goals of the new department structures. Available new in-house resources now take on initiatives previously carried out by contract, offsetting those costs with more effective services. This change includes activities such as travel training, to increase mainline service usage and decrease ADA Paratransit service dependency, ADA certification, and customer services.

Flexibility was included in the 2012 budget to hire additional positions. However, the RTA is committed to a no-growth budget and will add additional staff positions only when justified through other cost savings or to advance the Regional Priorities Initiative.

Exhibits 3-23 and 3-24 provide a breakdown of the Agency expenses by department. The next pages describe each department briefly and highlight its main initiatives in 2012.

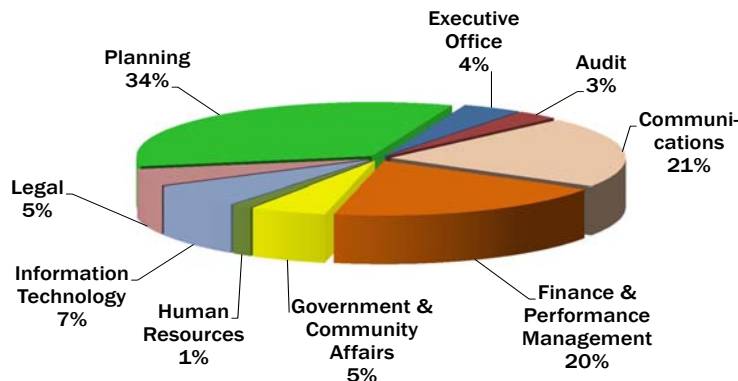
Executive Office

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

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

The Executive Director executes the policy decisions of the RTA Board and staffs the Agency to administer its statutory mission and implement Board policy. The Executive Director informs and assists the RTA Chair-

Exhibit 3-24: 2012 Agency Operating Expenses by Department - \$35.2 million



man and the Board in the development of policy, and is the principal contact with executive staffs of the CTA, Metra, and Pace to ensure effective administration of the RTA's regional planning and oversight responsibilities. The Secretary to the Authority provides Board and executive support functions by assisting with the information, documentation, and logistical needs of the RTA Board and the Executive Director.

In 2012, the Executive Office is focused on advancing the Regional Priorities Initiative, through the work programs of each department.

The Regional Priorities Initiative includes the following five program areas:

- Strategic Capital Investment
- Economies of Scale
- Maximize Use of the Transit System
- Enhance the Customer Experience
- Coordinate Government Affairs, Marketing, and Outreach

Audit

This department consists of two functional areas, External Audit and Internal Audit, both of which report to the Board functionally and administratively to the Executive Director.

The RTA has certain audit authority over the CTA, Metra and Pace to ensure that they are operating efficiently and effectively. Over the past years, the exercise of this authority has included numerous audits (such as the CTA Rail System Safety Program and ADA Paratransit Service Changes). The RTA's authority was strengthened as part of the amendments to the RTA Act in 2008.

The department's internal review and audit mission is to provide an independent, objective assurance and consulting activity designed to add value and improve the operations of the RTA. The internal audit function shall be functionally independent of all RTA operations and should be regarded as an internal consulting service for the RTA. Independence is essential to enable the internal audit function to accomplish its purpose.

Departmental Priorities:

• **Oversight of RTA and Service Boards**

- » Safeguard public funds, property, assets and resources against waste, loss and unauthorized use;
- » Support the RTA's role of effectively and efficiently managing the agency and establishing an effective system of internal fiscal and administrative controls to provide assurance resources are utilized efficiently and in compliance with applicable laws;
- » Assist the RTA in its oversight responsibilities through conducting financial, management and compliance audits and reviews at the three Service Boards and RTA; and
- » Provide management consulting services pertaining to specific programs and systems administered by the RTA.

• **Planned External Audit Activities**

- » Complete audits that are in process including an Executive Compensation Review of CTA, Pace, and RTA and Triennial ADA Financial, Compliance, Performance Audit.
- » Conduct planned audits on the reduced fare reimbursement program and capital grant close out process.
- » Other planned projects include follow-up to the Metra executive compensation review and work with the Circuit Ride Free/Reduced Fare Program Task Force.

• **Five-Year Service Board Audit Program**

Complete the development of a Five-Year Service Board Audit Program. This new program came about as a result of the 2008 RTA Reform Legislation which requires the RTA to audit the three Service Boards at least once every five years. The primary components of this effort include developing a risk assessment model, conducting a risk assessment, and then developing a five year audit plan, the results of which will be used to develop subsequent RTA External Audit Work plans. A majority of the resources in the 2012 RTA Budget allocated for External Audit activities will be dedicated to priority audits identified as a result of the risk

assessment process and will be included in the 2012 RTA External Audit Work plan.

- **Planned Internal Audit Activities**

Fulfill duties related to the Inspector General, RTA Ethics Officer, and Whistleblower Hotline. Additional audit activities include conducting close-out audits of major third party service providers and Consolidated Technical Assistance Program (CTAP) grants, providing assessment of internal controls, and reviewing expenditures.

Communications

As a result of restructuring some departments, the Communications Department now provides management in communications and marketing for each of the RTA's programs and initiatives. The Communications Department is also responsible for the management and operation of programs that directly serve regional customers including Customer Service, Travel Information Center (TIC), and Free Ride programs. The Communications Department has key responsibilities in the Regional Priorities Initiative work programs related to the Coordinate Government Affairs, Marketing, and Outreach; Maximize Use of the System; and Enhance the Customer Experience strategies. The department also collaborates with the Service Boards to promote their services and programs.

Departmental Priorities:

- **Maximize Use of the System / Coordinate Government Affairs, Marketing and Outreach**
 - » Coordinate marketing efforts with the Service Boards for programs that help increase transit ridership, such as Clean Air Commuter Challenge, Green Transit Plan as well as those that will enhance the customer experience such as multi-modal trip planning, real-time information, Bus on Shoulder, and maps and way-finding.
 - » Implement the Chicagoland Commute Options Program to develop Transit Demand Management (TDM) strategies that reduce traffic congestion by providing incentives for sustainable travel choices and

increased use of public transportation services. The 2012 budget includes \$1.2 million for the program's expense, funded in part with a \$1.0 million CMAQ grant.

- **Enhance the Customer Experience**

Centralize the Customer Service operations between the RTA, CTA, Metra and Pace. The initial goal identified is to create one unified Customer Service telephone number to be used when calling each of the four agencies. Having a single telephone number for our customers to call will eliminate the need to contact four different agencies regarding customer service related issues.

- **Conduct Management Review of Travel Information Center (TIC)**

Develop a Task Force comprised of RTA staff members from each department to complete a business and management review of the entire TIC operation. This review will be comprehensive to determine how the TIC can be re-structured to create value and better serve RTA customers. The current operating cost of the center is \$4.0 million.

- **Provide Effective Management of Reduced Fare Programs following Senior Ride Free Transition** Support the ongoing operation of both the Senior and People with Disabilities Circuit Ride Free programs following the successful transition, in September 2011, from the all-encompassing Senior Ride Free program to a program that is now means tested with the Department on Aging's Circuit Breaker program.

Finance and Performance Management

The Finance Department was consolidated with part of the Research, Analysis and Policy Development Department in January 2011 to form the Finance and Performance Management Department. In November 2011, the department was further restructured to better serve and oversee the Agency and the Service Boards' operating and capital financial functions. The department now includes the following divisions: Budget, Performance & Business Analysis; Programming, Oversight & Compliance; Controller, and Treasury Di-

visions. The Finance and Performance Management Department has key responsibilities in the Strategic Capital Investment area of the Regional Priorities Initiative.

Departmental Priorities:

- **Strategic Capital Investment**
 - » Develop a Capital Decision Prioritization Support Tool to evaluate and prioritize projects for inclusion in the Capital Program. The Decision Tool will use criteria necessary to focus capital efforts on improvements that will bring the region's infrastructure toward a State of Good Repair (SOGR).
 - » Undertake business transformation efforts aimed at reducing operating costs and leveraging funds for capital investment, including the development of a tool to assess the operating impacts of capital projects.
 - » Develop a comprehensive Transit Asset Management (TAM) system by leveraging RTA and Federal Transit Authority (FTA) resources. The FTA reviewed the Regional Transit Authority's Transit Asset Management procedures, and was impressed to such an extent that it awarded RTA with a grant of \$850,000 to complete its efforts including its Asset Condition Assessment and its Asset Prioritization Decision Tool, and documenting such so that it may be utilized by other Transit Agencies across the nation.
 - » Develop creative financing solutions to support efforts to bring the region's transportation assets, including those of CTA, Metra, and Pace, into a State of Good Repair (SOGR). Financing options to be pursued, beyond traditional instruments, include public and private partnerships and TIFIA (Transportation Infrastructure Finance Innovation Act) loans that permit borrowing at rates available to the federal government.
- **Maximize Use of Transit System**

Continue to examine the transit capacity utilization for the region as a whole and by service mode. Perform analysis that compares regional and sub-
- **Enhance the Annual Budget Process**

Incorporate other planning, funding, and oversight processes into the budget process, such as estimated impacts from the Regional Priorities Initiative; operational impact related to capital projects in the RTA system capital program; cash flow and borrowing costs related to cash management requirements to address State funding delays; and RTA system performance measures. Continue to improve the quality of the Service Boards' ten-year business plans.
- **Continue Development of the Performance Measurement Program**
 - » Measure and monitor key performance elements of the transit system at the regional, sub-regional, and strategic levels that are consistent with the Agency's strategic plan. Continue the development of the Regional and Sub-regional Report Cards.
 - » Work with the Service Boards and other stakeholders to develop the performance measurement process further by establishing regional and sub-regional performance standards to ensure that the system operates efficiently and meets the demands of the public.
- **Conduct Customer Satisfaction Research**

Coordinate a customer satisfaction survey involving CTA, Metra, and Pace with data that can be aggregated to provide a regional perspective on how the RTA system is meeting the mobility needs of the region's residents. Incorporate the results of customer satisfaction research into the regional and sub-regional performance measurement programs.
- **Manage the State Bond Capital Program**

Continue improving the execution of the capital program to reflect RTA reform legislation mandates and Office of the Auditor General (OAG) recommendations with the objective of ensuring that the Service Boards are managing their capital

funds effectively and efficiently. To assist the RTA staff in fulfilling its project management oversight function, consultant services are necessary. The 2012 budget includes \$400,000 for these professional services.

- **Continue to Provide Rail Safety Oversight of the CTA Rapid Transit System**

Administer the Rail Safety Oversight (RSO) Program for the CTA's rapid transit system as required by the FTA and State. RTA will continue its State Safety Oversight (SSO) responsibilities including responding to and investigating accidents and management of hazards. \$170,000 is budgeted for external resources for Rail Safety Oversight in 2012.

- **Provide Liquidity for the Service Boards and the RTA**

The region's cash receipts from various State programs that provide funding for mass transit operations in the Chicago metropolitan area have been delayed as a result of the State's challenging financial situation. To improve the predictability of cash flows, a \$400 million short-term borrowing facility is managed by the RTA to provide funding to the Service Boards and the RTA in the absence of State payments. RTA will need to pursue legislative and financial solutions as \$300 million of this authority is set to expire in 2012.

- **Continue the Development of Reporting and Monitoring Tools for Service Board Financials**

Improve upon the Monthly Financial Report and the "Dashboard" Presentation. Utilize quarterly performance measures, timely economic analysis, and feedback from the CTA, Pace, and Metra staff to both represent and monitor the financial condition of the Service Boards.

- **Enhance and Manage the Integrated Management System**

Strengthening cost control and effective workflow management processes that assist RTA in building stronger oversight of the region's public transportation system continues to be a priority. The integrated management system enhancements include dashboards, Human Resource Manage-

ment (HRM) self-service, robust business and financial analysis reporting, and future flexibility to interface electronically with the Service Boards for financial, operational, and capital project data.

Government and Community Affairs

This newly restructured department is responsible for developing and promoting the RTA's federal, state and local government affairs agenda and promoting transit within the community. Among these roles, the department has key responsibilities in the Regional Priorities Initiative work programs related to the Coordinate Government Affairs, Marketing, and Outreach area.

Departmental Priorities:

- **Coordinate Government Affairs, Marketing, and Outreach**

- » Establish a national campaign to advocate directly with state and federal legislators to promote increases in state and federal funding for State of Good Repair needs. The need for capital funding to address State of Good Repair needs is critical. The region has suffered many years of deferred maintenance, while ridership has reached historical highs.
- » Work with elected officials and civic leaders to strengthen RTA's connections within the six county region.

- **Advocate for Stable State Funding**

Advocate forcefully on the important role that transit plays in our region's economy. Not only should transit funding not be reduced, but it should be provided to the transit agencies in a reliable and consistent manner from the State of Illinois to allow the transit agencies to make long term plans.

Human Resources

As a result of reorganization within the agency, the Human Resources Department now directly reports to the Executive Director.

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

Departmental Priorities:

- Provide training to ensure awareness and education on sexual harassment and workplace violence prevention;
- Address ways to offer a competitive total compensation package to enhance the ability to recruit and retain qualified individuals while managing our salary and benefit costs;
- Identify methods to improve the recruitment and selection of qualified, diverse candidates in the midst of low turnover and a competitive job market;

Information Technology

In support of the Agency's mission and vision, the Information Technology (IT) Department has developed a 2011 Information Technology Strategic Plan (ITSP). The 2011 ITSP provides a high-level picture of the full range of current RTA business activities. It addresses the trends in public transportation business and technology practices. It outlines strategies for renewing and improving competitive business and technical practices. Finally, the plan provides a series of initiatives and organizational changes designed to expedite improvement and productivity gains.

As part of the recommendation of the ITSP, the IT Department now directly reports to the Executive Director and will be headed by a Chief Information Officer.

Departmental Priorities:

- **Implement the Five-Year IT Strategic Plan**
 - » Ensure that the Agency, Service Boards, and, most importantly, transit customers, receive the utmost benefit from technology tools. Information Technology has had a significant impact on society and business in recent history. As both the speed of information and the adoption of technology have increased, customers and employees look for IT driven solutions and answers. As a result, IT has become a powerful conduit for carrying out the mission of an organization and delivering value to the customer.
 - » Transform, over a five year period, the process, systems, networks, operations support, and governance of the information technology used to meet the current and future business needs of the RTA. The change must occur without disruption of existing business plans and schedules. Therefore, additional resources will be required to drive the transformation and align the changes to enhance planned strategic RTA priorities where possible. The transformation of the IT support organization and governance models are of the highest priority and should begin immediately with the approval of the IT Strategic Plan. The 2012 budget includes \$1.0 million to implement the IT Strategic Plan.

Legal

The Legal Department provides legal advice and counsel to the RTA Board, Executive Director, and staff regarding the statutory and regulatory provisions governing the Authority. It also oversees all RTA transactions and litigation. In addition, as part of the RTA organizational changes, the Procurement and Contracting Division now reports to the General Counsel. In this new role the department has key responsibilities related to the Economies of Scale area of the Regional Priorities Initiative.

Departmental Priorities:

- **Economies of Scale**

Play a lead role in the Economies of Scale initiative related to merging the service and supply needs of the RTA and the Service Boards. The RTA has developed an internet site to share information and coordinate procurement projects with the Service Boards. This forum promotes comparison methods and enables agencies to benchmark their results against their peers. Therefore, the four agencies are able to coordinate their procurement of commonly used supplies and services to attract greater competition.

- **Pursue Sales Tax Litigation and Legislation**

Continue litigation against companies and municipalities who unlawfully divert sales tax revenues out of the RTA region through sham sales offices. These schemes cost the RTA system tens of millions of dollars each year, depriving transit of the resources needed to operate in a difficult economic environment. In addition to direct legal action in the courts, RTA's Legal Department and outside counsel are working closely with the Government and Community Affairs Department to draft and analyze various pieces of legislation that have been proposed to clarify sales tax sourcing rules and end the diversionary schemes. The proposed 2012 budget includes \$0.5 million in legal fees for various litigation and legislation matters.

- **Review and Update Loss Financing Plan/Joint Self-Insurance Fund**

Oversee the regional Loss Financing Plan/Joint Self-Insurance Fund (the "Fund"). In recent years, the Fund has expanded the level of insurance coverage it purchases on behalf of the Service Boards, but the Service Boards continue to purchase additional coverage above and below the level of protection provided by the Fund. Staff will investigate the possibility of further consolidating regional insurance programs within the Fund, and will propose a redrafting of the Fund agreement, to which all four regional transit agencies are party, in order to update and clarify the procedures for

acquiring insurance coverage and borrowing monies from the Fund to cover large losses.

Planning

The Planning Department consists of four principal organizational areas. Three areas, Strategic Planning & Policy, Local Planning & Programs, and Regional Coordination provide strategic, regional, sub-regional, and corridor planning and coordination with the Service Boards. The fourth area, Regional Accessibility, is responsible for the ADA Paratransit Certification Program and Accessibility & Travel Training Program. The Planning Department has key responsibilities in the Maximize Use of System and Enhance Customer Experience areas of the Regional Priorities Initiative.

Departmental Priorities:

- **Strategic Capital Investment**

Work with the Service Boards to implement a Regional Transit Signal Priority Network that allows buses to have longer, more frequent green lights resulting in improved efficiency and travel times. The 2012 Capital Program includes \$8.0 million as the local match for a \$32.0 million CMAQ grant.

- **Maximize Use of Transit System**

- » Develop a "Mobility Management" approach to maximize use of the system and enhance the customer experience including communicating information and coordinating transportation services so that customers can readily identify and use appropriate and available transportation options. This initiative will include Interagency Signage Expansion at \$800,000 and Downtown Connections Interagency Information Improvement at \$100,000.

- » Develop Regional Service Planning Guidelines and on-going market and service development work for specific corridors (e.g., I-90, I-290, Elgin O'Hare West Bypass, and I-55) centered on identifying the appropriate service strategy and level of transit investment for various markets in the region with the objective of ensuring that the region

is providing adequate and sustainable access to transit by rightsizing service.

- **Enhance Customer Experience**

- » Develop a regional fare model that will assess the impacts of fare policy on revenue and ridership across all three service operators and use these outputs to inform policy-related discussions and decisions in an effort to develop a universal fare payment system. The RTA received a \$340,000 United Work Program (UWP) FTA grant to undertake this work.
- » Improve Regional Real-Time Travel Information by implementing “one-stop shopping” web and mobile phone applications, including integration of Bus Tracker, Train Tracker, and Pace travel information on a single web page. The 2012 budget includes \$2.0 million for integration of real time trip planning information and \$50,000 for a regional Real Time Transit web page.
- » Redesign the Transit Benefit Program to simplify use, increase participation, and attract new riders.

- **Develop Technology Tools**

Use technology to streamline processes, provide more information, and allow customers, the Service Boards, and RTA employees better tools to use the transit system and accomplish their needs. In addition to work on the Regional Priorities Initiative, work will also be done to upgrade the ADA certification database, Geographic Information System (GIS) for internal planning, and the Regional Transit Asset Management System.

- **Implement Recommendations of ADA Paratransit Certification Review**

Expand the mail-in recertification program and implement other efficiencies recommended in the recently completed ADA Paratransit Certification program review. The 2012 budget includes \$6.1 million for the entire ADA Paratransit Certification program.

- **Implement Local Transit Improvement and Transit Oriented Development Plans**

Identify and fill service gaps and provide public transportation service that maximizes (appropriate) use of the system while enhancing the customer experience. We will fund new Community Planning Programs at \$0.7 million that will also ensure access to the system by planning for more coordinated land use and development in and around the existing transit infrastructure.

- **Identify Appropriate Service Strategies for Regional Markets**

- » Ensure that the region is providing adequate and sustainable access to transit by rightsizing service.
- » Develop the Regional Service Planning Guidelines and on-going market and service development work for specific corridors (e.g., I-90, I-290, EOWB and I-55).
- » Support infrastructure and service planning on the I-90 corridor. The 2012 budget includes \$200,000 for this effort.

Goals and Performance Measures

Background

In February 2007, the Regional Transportation Authority released its five-year strategic plan entitled Moving Beyond Congestion (MBC). This joint planning process between the RTA and the three Service Boards achieved several important milestones, including the establishment of a shared vision and goals for the region, a detailed analysis of the current status of the transit network, and a long-term evaluation and assessment of the infrastructure and operational needs of the system.

In January 2008, the Illinois General Assembly enacted significant amendments to the RTA Act, which mandated an ongoing strategic planning process, the establishment of goals, and measurement of performance. In response to the new legislation, the RTA joined in partnership with each of the Service Boards to enact a resolution in February 2009 that would revise the goals and objectives of the MBC Strategic Plan in order to satisfy all requirements of the amended RTA Act.

Vision

The RTA, CTA, Metra, and Pace share a common vision for the region: That the RTA system is a world-class public transportation system that is affordable, reliable and safe, and is the keystone of the region's growing business opportunities, thriving job market, clean air, and livable communities.

Goals and Objectives

The table on next page identifies the current regional goals and objectives. The Goals explain what the RTA Region needs to accomplish in order to realize its vision and the Objectives identify how the RTA region will meet its goals.

The executive director and staff of the RTA are committed to working with the Service Boards, their staffs, and local and state elected officials in order to achieve the objectives in the Plan, promote investment in the region's transit system, and ensure that the system

operates efficiently and in a coordinated fashion throughout the region.

The RTA has developed an update to the Strategic Plan for the years 2012 – 2016 entitled The Way Forward. It will be released in 2012 and is a continuation of the vision and goals identified in the Moving Beyond Congestion Plan. It outlines an implementation framework of strategic priorities that focus on our customers and their needs as the region also deals with difficult financial constraints.

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

- **Service Coverage** - monitors both how much service is available to people in the region (in terms of population and square miles) and how much of that service capacity is used.
- **Service Efficiency and Effectiveness** - evaluates the level of resources spent on delivery service in relation to the level of service and the extent to which passengers are using that service.
- **Service Delivery** - reflects the quality of the service delivered.
- **Service Maintenance and Capital Investment** - indicates the allocation of capital funds and the replacement and maintenance of infrastructure components on a schedule consistent with their life expectancy.
- **Service Level Solvency** - assesses financial condition to ensure that there are sufficient resources to meet current and ongoing financial needs (both operating and capital).

RTA Regional Goals and Objectives

MBC Goal	Objectives
<p>Provide Transportation Options and Mobility</p> <p>Provide attractive, high-quality, innovative transit choices that link people to jobs and facilitate the use of transit for other trips. Transit use in our region is the broadest measure of the success of the transit system.</p>	<ul style="list-style-type: none"> • Increase the use of public transportation for commuting • Increase the use of public transportation for other purposes • Increase the amount of transit service provided and serve more of the region's travel markets using innovative approaches, as appropriate • Take advantage of highway pricing strategies and promote preferential treatment of transit • Provide quality transit service that is fast, clean, safe and reliable • Provide affordable transit service • Increase the ease of connection between different transit providers by coordinating service, fares, information and physical connections • Ensure appropriate consideration of regional equity principles
<p>Ensure Financial Viability</p> <p>The sustained financial viability of public transportation is essential to the region's effective multi-modal transportation system. The transit agencies need to manage operating costs, make sound investment decisions and implement the capital program in a timely manner.</p>	<ul style="list-style-type: none"> • Manage the growth of operation costs • Select investments which maximize returns to the region • Progress towards achieving a state of good repair while making appropriate investments to enhance and expand the transit system • Implement the capital program in a timely manner • Ensure a fair allocation of passenger revenue from interagency trips across service providers • Where appropriate, engage in joint efforts with private interests that contribute resources and add value to the transit system
<p>Enhance Livability and Economic Vitality</p> <p>An effective transit system makes many contributions to an economically vibrant and livable region. Though transit's role is secondary, not primary, in achieving this goal.</p>	<ul style="list-style-type: none"> • Mitigate the growth in highway congestion • Improve our environment by reducing total transportation emissions and energy consumption • Coordinate transit with development to encourage concentrated growth near transit services • Provide mobility for aging populations and people with disabilities • Provide employers with access to a broader workforce
<p>Demonstrate Value</p> <p>In order to fulfill its valuable role in our region, transit requires the support of key constituencies and the public at large.</p>	<ul style="list-style-type: none"> • Realize additional operations support through legislative action • Achieve adequate capital funding to move the system towards a state of good repair and undertake selective expansions • Manage transit operations so that they are cost and service effective • Create and sustain public understanding of the benefits of public transportation

Regional and Sub-Regional Performance Measures

In 2009 the RTA began reporting performance at a region-wide level by aggregating data from each of the Service Boards – CTA, Metra, and Pace – to arrive at an assessment of regional performance. In 2010, the RTA continued reporting at a regional level and introduced a new sub-regional performance report that analyzes performance at the Service Board and mode level. For both the regional and sub-regional reports, performance is analyzed over a five-year period using data from the Federal Transit Administration's National Transit Database (NTD), RTA financial reports, and operating reports from the three Service Boards. The sub-regional report provides a more detailed level of analysis that helps interpret trends observed at

the regional level and provides a means of assessing areas of strength and weakness in the delivery of specific services. Regional and sub-regional performance reports are posted on the RTA website and presented to the RTA Board of Directors. The most recent reports cover the period 2006-2010 using NTD data published in November 2011.

The RTA has also developed a set of companion reports to the regional and sub-regional reports that are based on an analysis of peer groups. At the regional level, the peers selected represent the transit systems that serve the ten largest metropolitan regions in the country. Regional peer reporting began in 2009. At the sub-regional level, the peer analysis is conducted at the mode level with five peers selected for each mode in the RTA system – urban bus, heavy

rail, commuter rail, suburban bus, vanpool, and ADA paratransit. In 2010, the selection of modal peers was completed and work began on the development of the sub-regional peer report, which was completed and reported to the RTA Board of Directors in Spring 2011.

A full report of the performance measures at the regional and sub-regional levels can be found on the RTA website at <http://rtachicago.com/initiatives/performance-measures.html> (these reports cover the period of 2006 to 2010 and are based on NTD data.) The following report contains highlights from these reports, as well as projected measures for 2011 and 2012.

In 2010, the RTA began to develop a set of strategic measures. The purpose of the strategic level measures is to focus on broader societal outcomes in the economy, environment, and social/political community to assess how transit is positively impacting the quality of life for members of the region. The measures will necessarily involve factors that are out of the direct control of the RTA and Service Boards because of their broader scope, but are ones for which public transportation plays a significant contributing role. The strategic measures also become a way to link RTA goals with those of other regional stakeholders including planning organizations, other transportation departments, and units of local and state government. The strategic measures will be used to monitor progress in the goals and objectives outlined in the *Moving Beyond Congestion Strategic Plan*. The first strategic performance measures report is scheduled to be released in 2012.

Service Coverage

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

Vehicle Revenue Miles

Vehicle Revenue Miles are the amount of service provided as measured in miles driven by vehicles while in service. At the regional level, the systemwide

vehicle revenue miles were projected to increase 1.2% between 2010 and 2011 and another 1% in 2012 (Exhibit 3-25). CTA and Metra Vehicle miles are projected to remain stable in 2012 with no changes in service levels. Pace Suburban Service vehicle miles will increase by 1.9% in 2012 as Pace adds a few new starts and pilot programs to its service. Pace ADA is projected to increase by 5% following the 2012 increase in ridership (Exhibit 3-26).

Exhibit 3-25: Systemwide Vehicle Revenue Miles (millions)

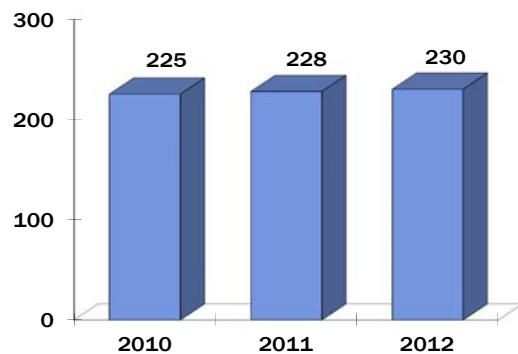
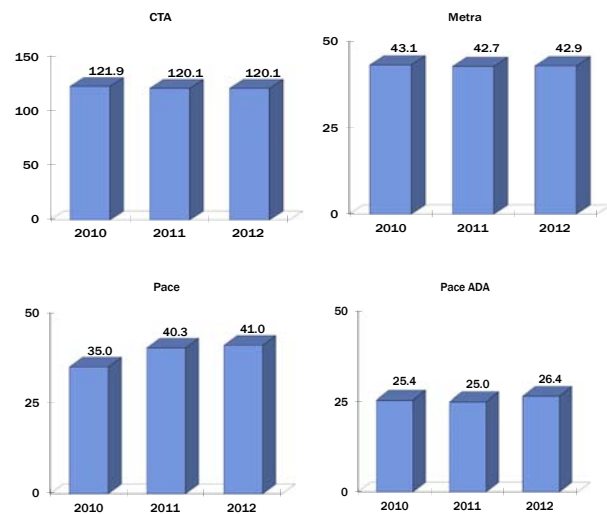


Exhibit 3-26: Service Boards Vehicle Revenue Miles (millions)



Unlinked Passenger Trips

Unlinked Passenger Trips, or Ridership, provides the number of times passengers board buses and trains including transfers from one bus or train to another in order to complete their trips. As demonstrated in the data below, Ridership was projected to grow 1.1% in 2011 and another 0.7% in 2012 as a result of stabilization occurring in the regional economy (Exhibit

3-27). CTA projects ridership to continue this modest level of growth with an increase of 0.9% in 2012. Metra is projecting a 1.1% decline in 2012 due to the proposed fare increase and the expiration of the senior's ride free program. Pace Suburban Service also projects less than 1% growth similar to CTA, while ADA trips are projected to continue their recent trend of higher growth and increase by 5% in 2012 (Exhibit 3-28).

Exhibit 3-27: Systemwide Unlinked Passenger Trips (millions)

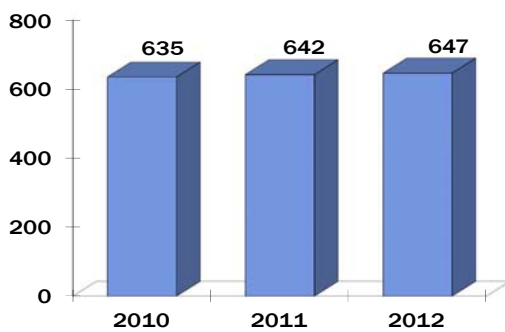
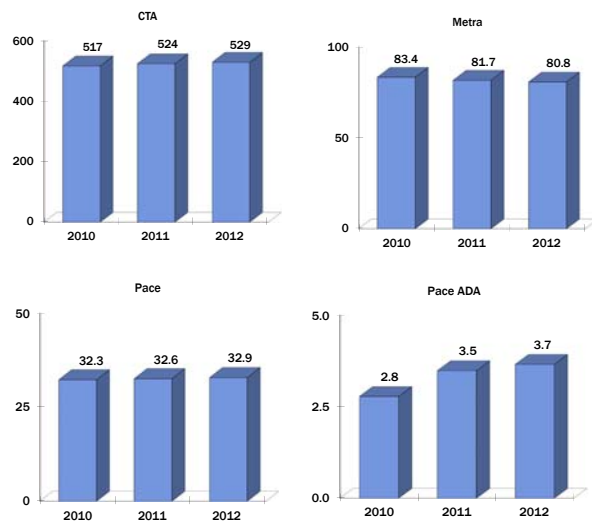


Exhibit 3-28: Service Boards Unlinked Passenger Trips (millions)



established fare and the cost of providing an individual trip. The projected performance figures provided in Exhibits 3-29 and 3-30 indicate that the cost of providing one unlinked passenger trip is expected to increase 36 cents or 11.4% between 2010 and 2011, an increase that exceeds the projected change in the CPI, which increased by 2% over the same period. In 2012, operating cost per trip is projected to decline 5 cents or 1.4% as a result of increased ridership and a small 0.3% decrease in expenses. The decrease in regional costs is led by a projected decrease in CTA expenses from labor union concessions on work rules and wages. Pace ADA has also budgeted a 2012 decrease in cost per trip as a result of initiatives to keep expense growth at a lower rate than ridership growth.

Exhibit 3-29: Systemwide Operating Cost per Unlinked Passenger Trip

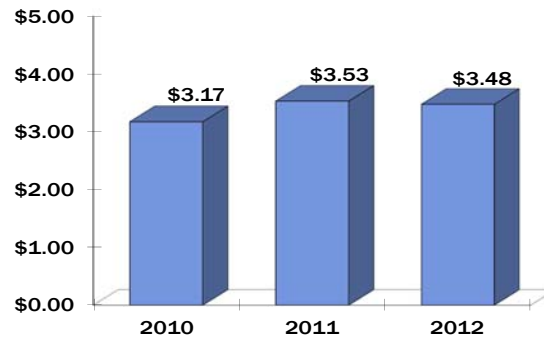
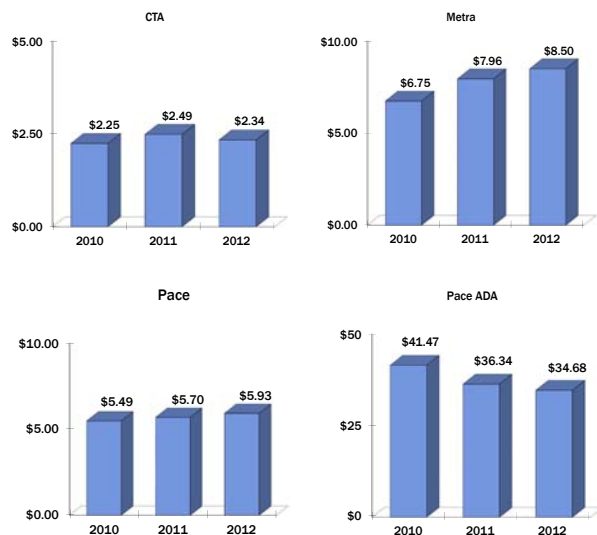


Exhibit 3-30: Service Boards Operating Cost per Unlinked Passenger Trip



Service Efficiency and Effectiveness

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

Operating Cost per Passenger Trip

Operating Cost per Passenger Trip illustrates both the cost of providing a trip and also the gap between the

Exhibit 3-31: Systemwide Operating Cost per Vehicle Revenue Mile

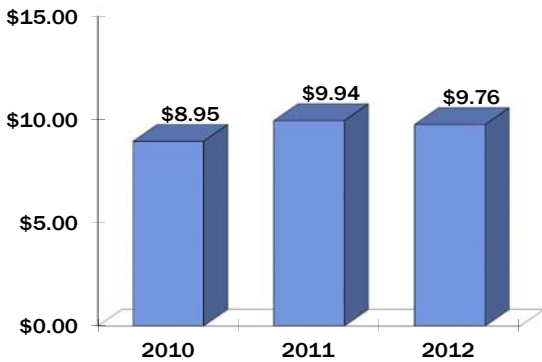
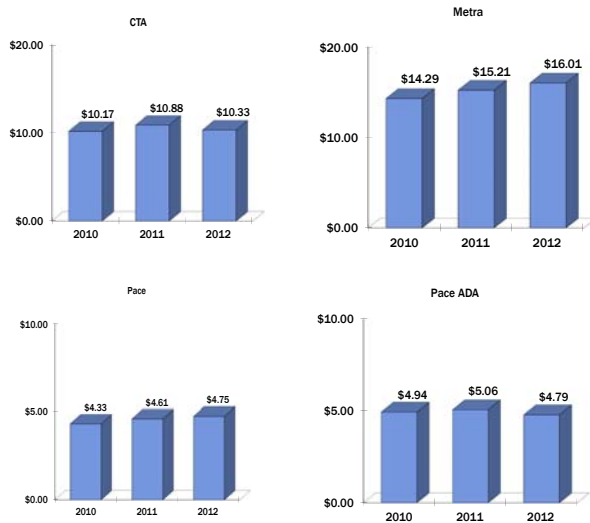


Exhibit 3-32: Service Boards Operating Cost per Vehicle Revenue Mile



Operating Cost per Vehicle Revenue Mile

Operating Cost per Vehicle Revenue Mile takes total operating costs and divides it by the cumulative sum of the miles traveled by transit vehicles while in revenue service. Projected values for this performance measure are shown in Exhibits 3-31 and 3-32. At the regional level, it cost about \$8.95 to operate one transit vehicle one mile in 2010. This figure was estimated to increase 11.1% in 2011 to \$9.94, coinciding with decreased vehicle service miles primarily at CTA, followed by a budgeted decrease of 1.8% in 2012 to end at \$9.76 per mile. CTA’s operating cost per vehicle revenue mile was \$10.17 in 2010 and was expected to reach \$10.88 by year-end 2011, resulting from the afore-mentioned service cuts. In 2012, cost per mile is projected to decline 5.1% to \$10.33 proportionate to the budgeted 5% reduction in operating costs. Metra’s operating cost per vehicle revenue mile was \$14.29

in 2010 and was estimated to reach \$15.21 in 2011, a 6.5% increase, and increase another 5.3% in 2012 to reach \$16.01. Metra service levels are budgeted to remain stable in 2012. Pace, at \$4.33 in 2010, projected a 6.5% increase for 2011 to end at \$4.61 followed by a 2.8% gain in 2012 to end at \$4.75 per vehicle revenue mile. Pace ADA, at \$4.94 per mile in 2010, projected a 2.5% increase for 2011, to end at \$5.06, followed by a 5.3% decrease for 2012, to end at \$4.79 per mile, resulting from projected service demand increases as costs are kept under tighter control through productivity initiatives.

Service Delivery

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

On-Time Performance

Each Service Board defines on-time performance differently but it is generally understood to represent the percentage of times a transit vehicle departs from and/or arrives at a location within a certain number of minutes after or before the scheduled time. The data presented here is actual past performance rather than projected future year data. As demonstrated in the actual reported data in Exhibits 3-33 to 3-34 (on following page), there was a large gain in on-time performance in 2009 of four percentage points and a decrease of one percentage point in 2010. CTA Bus and Pace Bus have made significant improvements in on-time performance since 2007.

Major Safety and Security Incidents per 100,000 Passenger Trips

This performance measure demonstrates the rate of reportable safety and security incidents per 100,000 unlinked passenger trips. Overall for the region, the incident rate is very low and declined in both 2009 and 2010. For the three years reported, CTA incidents remained fairly stable, with an increase of one incident for bus and four fewer incidents on rail for 2010. Metra reported nine more incidents in 2010, but has a very low incident rate, second only to Pace’s dial-a-ride service, which had no reportable incidents

Exhibit 3-33: Systemwide On-Time Performance

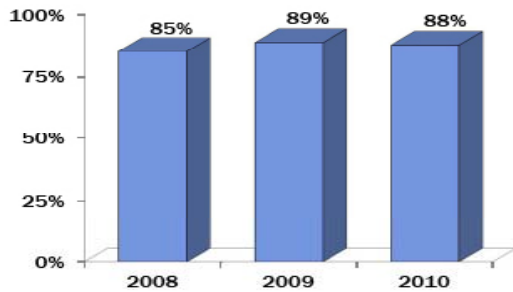


Exhibit 3-35: Systemwide Major Safety and Security Incidents per 100,000 Passenger Trips

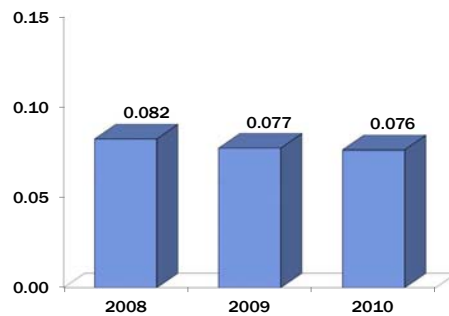


Exhibit 3-34: Service Boards On-Time Performance

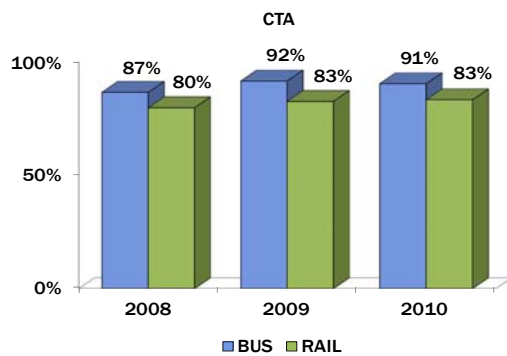
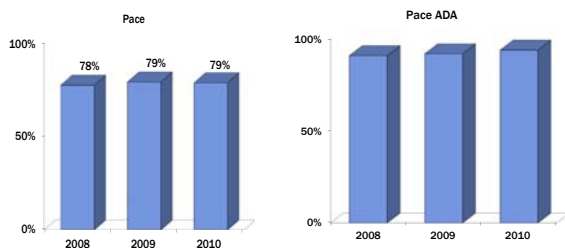
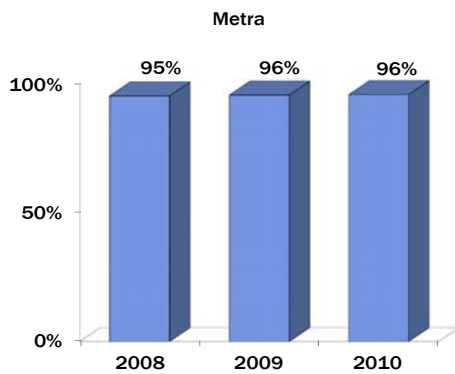
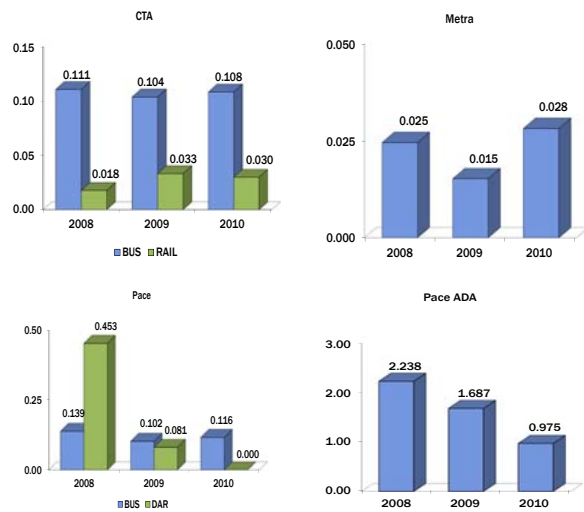


Exhibit 3-36: Service Boards Major Safety and Security Incidents per 100,000 Passenger Trips



Service Maintenance and Capital Investment

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

Miles Between Major Mechanical Failures

This measure takes the average distance that vehicles travel in revenue service uninterrupted by mechanical failures that prevent them from completing a scheduled trip or from starting the next scheduled trip. At the regional level, miles between failures have shown steady improvement through 2010. CTA bus leads this indicator with a 17.5% increase in 2010 and steady growth over the last three years resulting from their bus replacement program. CTA rail also saw improvement of 23% over the last five years, despite an 11% drop in 2010. Metra’s performance has declined from

in 2010. On an aggregated basis, Pace’s reportable incidents have decreased each year and are 37% fewer than 2008. Pace ADA has also seen consistent decreases, with 2010 having 56% fewer reportable incidents than in 2008 (Exhibit 3-35 and 3-36).

its high of 2006 as a result of the aging of the fleet. Pace Bus also experienced a decline in performance in 2010 for this measure (Exhibit 37-38).

Exhibit 3-37: Systemwide Miles Between Major Mechanical Failures (thousands)

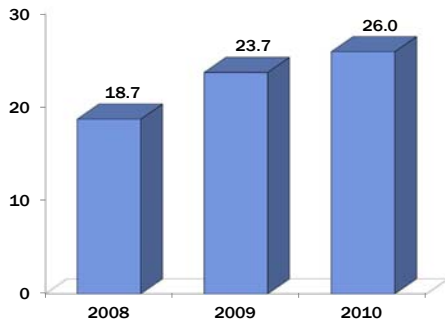
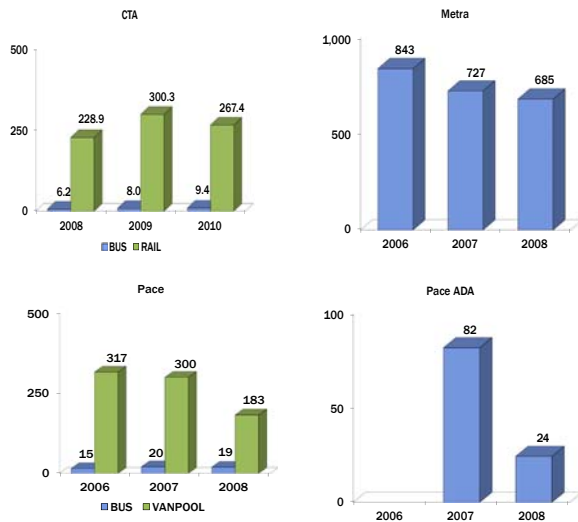


Exhibit 3-38: Service Boards Miles Between Major Mechanical Failures (thousands)



Percent of Vehicles Beyond Useful Life

This measure shows the percentage of vehicles in the total active vehicle fleet beyond their minimum useful life, as defined by the Federal Transit Administration (FTA). The FTA defines useful life as 4 years for automobiles or vans, 12 years for buses, and 25 years for rail cars. Due to limited capital funding, vehicles usually exceed their useful life before actually being retired. After a steady decline through 2008 in the percentage of vehicles beyond useful life, there was a slight increase for the region in 2009 from 28% to 29%, followed by a decrease to 26% as CTA eliminated nearly 300 of its older vehicles in 2010. Pace also retired 66 buses in 2010 decreasing the average

Exhibit 3-39: Systemwide Percent of Vehicles Beyond Useful Life

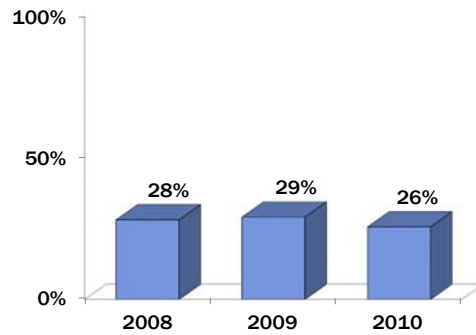
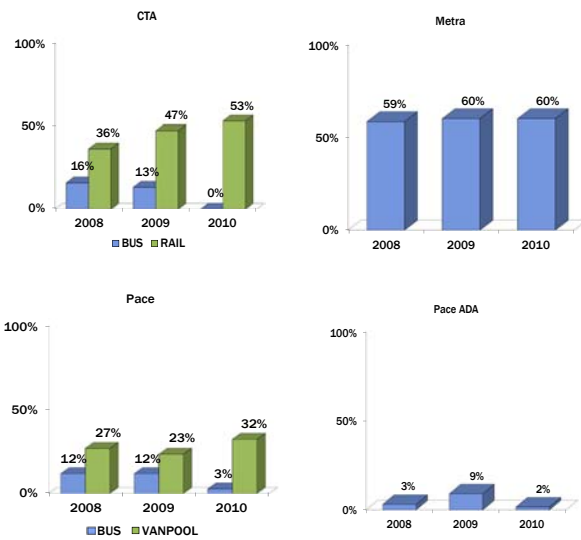


Exhibit 3-40: Service Boards Percent of Vehicles Beyond Useful Life



age of their fleet. Metra has not added vehicles to its fleet since 2005 contributing to its average fleet age of 27.9 years in 2010. Metra undertakes extensive maintenance programs to keep its locomotives and cars in service and operating safely longer than the FTA guidelines (Exhibit 3-39 and 3-40).

Service Level Solvency

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

Capital Program Funding

This indicator demonstrates the amount of capital funds available to finance maintenance, enhancement, and expansion of the transit system infrastructure. The systemwide figure represents actual data for the new funding available to Service Boards for the

Exhibit 3-41: Systemwide Capital Program Funding (millions)

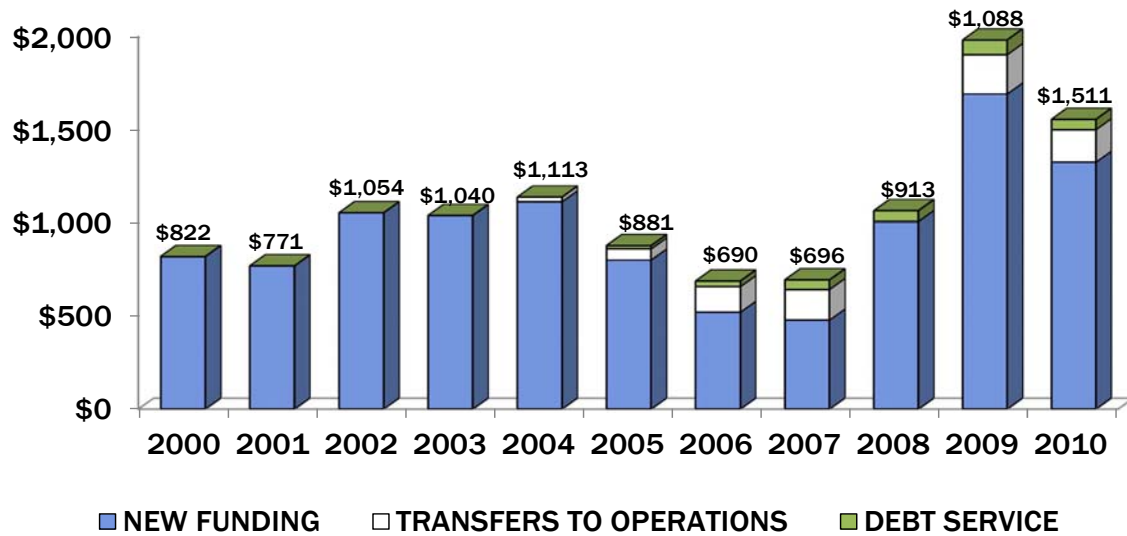
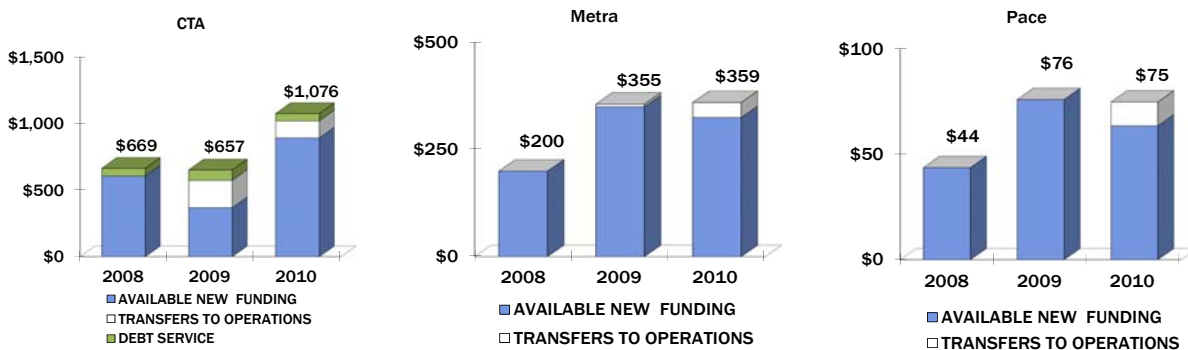


Exhibit 3-42: Service Boards Capital Program Funding (millions)



past ten years and does not include de-obligated or re-appropriated funds that become available. Funding levels for all three Service Boards benefited from the American Recovery and Reinvestment Act passed in February 2009. Total available new capital funding in 2010 was at its highest level of the past ten years, an increase of 61% as compared to 2009. CTA saw the largest gains in available new funding, with 2010 more than doubling the amount available in 2009, the result of a new bond issue that provided a \$471 million gain for the agency, while Metra and Pace both saw decreases in funding levels. Both agencies saw significant increases in the amount of funding diverted to fund operations; Metra transferred almost six times the amount diverted in 2009, transferring \$35 million in 2010. Pace, which had not had to transfer capital funds to operations since 2007, diverted \$11 million in 2010, 15% of their new capital funding for the year (Exhibit 3-41 and 3-42).

Fare Revenue per Passenger Trip

Fare Revenue per Passenger Trip is the total fare revenue divided by the total number of passenger trips, providing the average fare that a passenger pays. The projected performance measures below indicate that fare revenue per trip was expected to rise \$0.01 in 2011 and another \$0.09 in 2012. The increase in 2012 is due to the planned Metra fare increase, primarily, and to the modification of the Seniors Ride Free Program to means test seniors for free-fare eligibility and require others to pay a reduced rather than free fare. The change in the senior fare program was implemented in September 2011. The CTA increase of \$0.02 per passenger trip in fare revenue is partially a result of the higher increase projected in rail ridership compared to bus ridership. The CTA's base fare for rail is \$2.25 and for bus it is \$2.00. Metra's fare revenue per trip is projected to increase by 25.9% in 2012 as a

result of the fare increase, with some revenue growth also due to an increase in senior revenue. Pace’s fare revenue per trip is projected to increase by about 1% in 2012 related to the revenue gain from the change to the senior free-ride program (Exhibit 3-43 and 3-44).

Exhibit 3-43: Systemwide Fare Revenue per Unlinked Passenger Trip

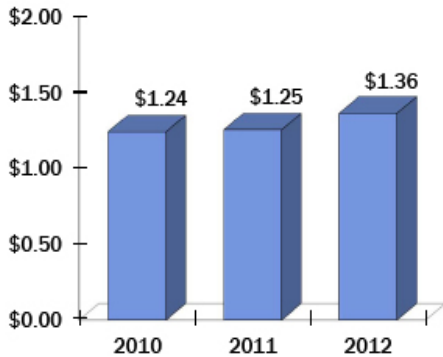
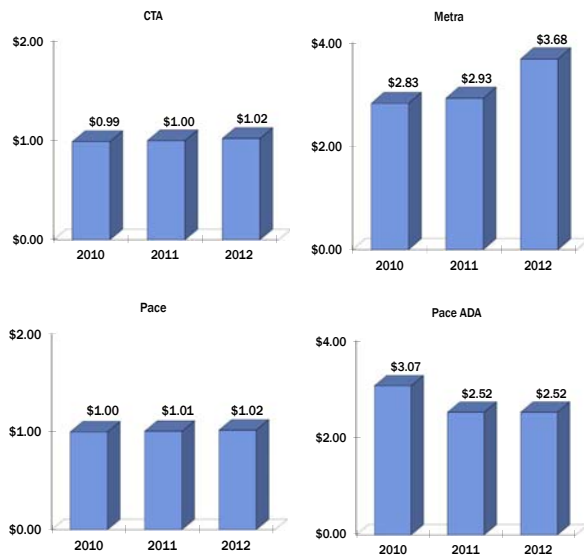


Exhibit 3-44: Service Boards Fare Revenue per Unlinked Passenger Trip



RTA Performance Measures

The Regional Transportation Authority (RTA), in addition to fiscal oversight responsibilities to its Service Boards, houses several customer service programs that are critical to promoting and facilitating the use of mass transit in the Chicago region.

- The Information Technology (IT) department actively manages RTA’s website content and activity and has seen consistent growth in terms of total

website visits, unique visitors to the sites, and page views.

- RTA’s ADA Paratransit Certification Program determines an individual’s functional abilities and limitations for using fixed route services; ADA Paratransit is provided for customers whose disability or health condition may prevent them from using the CTA and/or Pace fixed route services for some or all of their travel. Individuals who are interested in using ADA Paratransit service must apply and be found eligible according to ADA guidelines; demand for such services has increased dramatically and is expected to escalate into the near future.
- The RTA Travel Training Program aims to educate individuals and groups on the use of public transportation to encourage individual mobility and freedom while reducing the burden on regional paratransit services; this program has experienced significant growth, which is a win-win situation for individuals and service providers.
- The Travel Information Center provides Chicagoland residents with all types of customer assistance and information, both on the phone and in person at a walk-in location near CTA headquarters.
- The RTA/CTA Transit Benefit Fare Program helps companies and their employees take advantage of tax law changes to reduce commuting costs while supporting clean air and reducing traffic congestion. Employers can provide employees with up to \$125 a month (\$1,500 a year) for transit or vanpool commuting expenses as tax-free benefits in accordance with the Transportation Equity Act of the 21st Century (TEA-21) and Section 132(f) of the IRS Code. With this program, employers can purchase CTA Transit Cards, Chicago Cards and/or RTA Fare Checks that the RTA delivers to enrolled companies.

Information Technology

The general RTA website experienced 1.9 million page views in 2010 and 1.7 million page views in 2011 (Exhibit 3-45). In addition to the general website, IT manages the goroo trip planning site, which provides users with schedule, fare, and other pertinent information for CTA, Metra, and Pace and even offers driving and biking directions. The goroo site experienced nearly 8 million page views in 2010 and 12.6 million page views in 2011 (Exhibit 3-46). Visits to the Regional Transportation Authority Mapping and Statistics (RTAMS) site, a data warehouse for planning and financial information on the regional transit system, grew from 57,000 page views in 2010 to 103,000 in 2011 (Exhibit 3-47).

Exhibit 3-45: RTA Website Visits

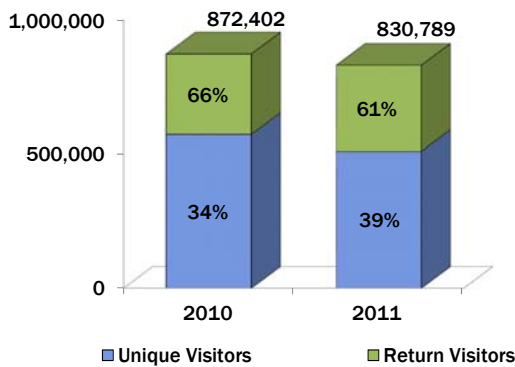


Exhibit 3-46: goroo Website Visits

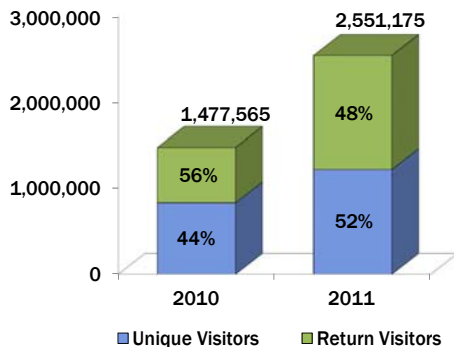
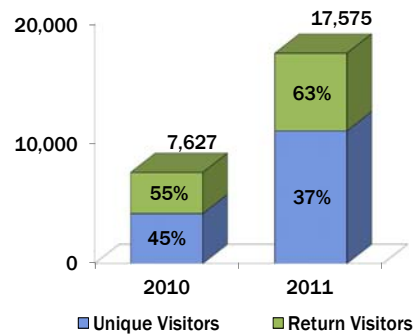


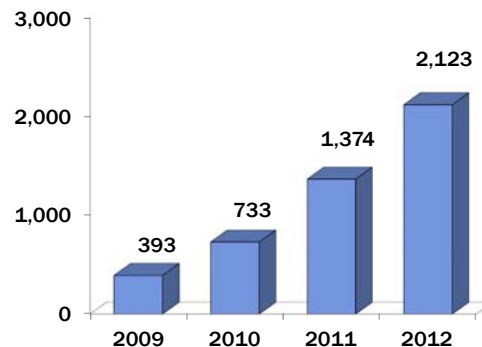
Exhibit 3-47: RTAMS Website Visits



RTA Travel Training Program

The RTA offers travel training to individuals who are eligible for ADA Paratransit and want to learn how to use fixed route or commuter rail services. Once travel training is requested, a Travel Trainer works with an individual one-on-one to develop a training plan tailored to the individual's unique travel needs. Trainers can practice specific trips, practice maneuvering on buses or trains with a wheelchair or other mobility device, or simply provide an orientation to the accessibility features offered on buses and trains. Travel Training requests and completions have steadily grown from 2009 levels and are anticipated to have more than quadrupled by year-end 2012 (Exhibit 3-48).

Exhibit 3-48: RTA Travel Training Program: Total Individuals Served



ADA Paratransit Certification Program

Residents with a disability that prevents them from using the fixed-route Pace bus or CTA bus or train services may be eligible for RTA ADA Paratransit service. ADA Paratransit is a shared ride, advanced reserva-

Exhibit 3-49: ADA Paratransit Eligible Riders

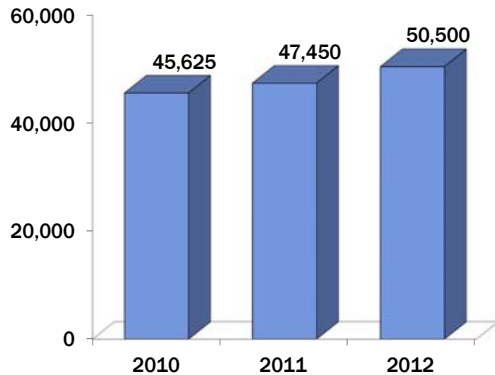


Exhibit 3-51: Transit Benefit Fare Media Units Sold

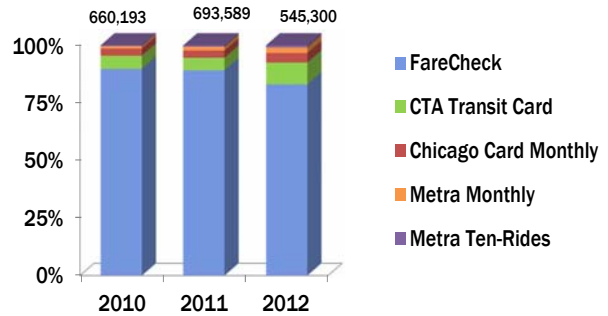


Exhibit 3-50: ADA Paratransit Certification Applications

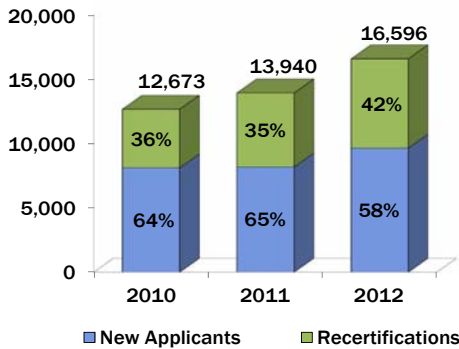
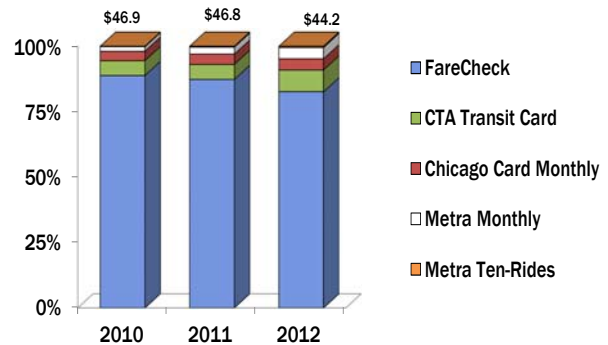


Exhibit 3-52: Value of Transit Benefit Fare Media Sold



tion, origin-to-destination service for persons with disabilities who are unable to use the regular fixed-route public transit service because of their disability. Eligibility is determined after a resident submits an application and undergoes an in-person interview which may include a mock transit trip to help the evaluator determine travel abilities and physical limitations. 2012 certification applications are projected to be nearly 24% higher than in 2010, with a 10% increase in riders determined to be eligible for ADA Paratransit services.

some of the fare media offered in the program. In addition, Fare Check amounts will be down in 2012, despite the increase in Metra fares, due to the change in the federal maximum being reduced from \$230 per month to \$125 per month. Lastly, the increase in pre-paid debit cards being used for Transit Benefits, combined with an increase in Metra monthly sales, is expected to result in a decline in Fare Check sales for 2012 (Exhibit 3-51 and 3-52).

RTA Transit Benefit Fare Program

RTA Customer Service Programs

The RTA Transit Benefit Fare Program helps employees and employers save money on transit. IRS Section 132(f) allows for employees to have up to \$125 a month (was \$230 for 2010) deducted pre-tax to pay for transit or vanpool commuting expenses. Fare options include Chicago Card monthly pass reloads, CTA Transit Cards, Fare Checks, Metra monthly passes, and Metra 10-ride passes. 2012 estimates reflect reductions in the number and value of transit benefits from prior years as there are plans to discontinue

The RTA issues Reduced Fare Cards for elderly residents as well as persons with disabilities. Applicants undergo a screening process and possibly an interview to determine eligibility for a reduced fare card. With the elimination of the Seniors Ride Free Program in September 2011, applications for Reduced Fare Cards quadrupled in 2010; 2012 estimates are expected to be nearly double 2010 levels (Exhibit 3-53).

RTA's Customer Service Center experienced a significant increase in phone and walk-in activity due to the Seniors Ride Free transition, with a doubling of phone

Exhibit 3-53: Reduced Fare Cards Issued

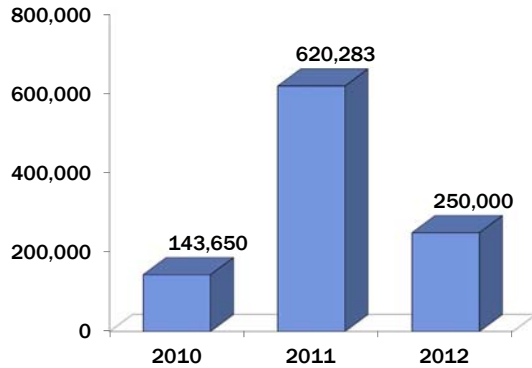
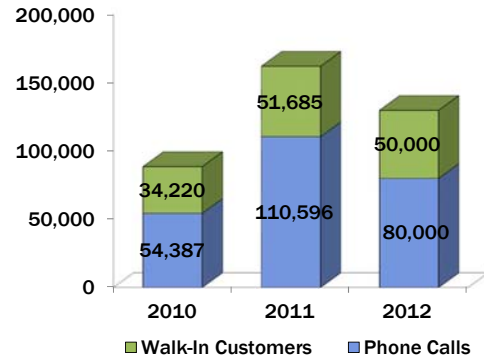


Exhibit 3-54: Customer Service Center Volume



calls in 2011. Walk-ins to the Customer Service Center were significantly higher during several weeks around the Seniors Ride Free transition, so much so that accurate numbers are not available for that time period. The Customer Service Center is expected to answer 80,000 phone calls and see approximately 50,000 people in 2012 (Exhibit 3-54).

Reference

RTA Bonds

Much of the information in this section is sourced from the RTA's Comprehensive Annual Financial Report (CAFR). Since the 2011 CAFR is not yet available, the most recent financial data, through 2010, is shown.

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

All bonds are general obligations of the RTA to which the full faith and credit of the RTA are pledged. These general obligation bonds, with a balance of \$2,260.2 million as of December 31, 2010, are divided into two types: \$1,497.2 million in Strategic Capital Improvement Program (SCIP) bonds and \$763.0 million in RTA bonds (Exhibits 3-55 and 3-56). The following paragraphs briefly discuss each outstanding bond issue.

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

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

In June 1992, the RTA issued \$188 million in General Obligation Bonds, Series 1992A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued \$30 million in General Obligation Bonds, Series 1992B, to pay the costs of reconstruction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

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

Exhibit 3-55: RTA General Obligation Bonds Payable (dollars in thousands)

General Obligation	January 1, 2010	New Issues	Retirements	December 31, 2010
1990A	60,795	-	3,810	56,985
1991A	55,745	-	-	55,745
1992A* and 1992B	25,865	-	8,075	17,790
1994A* and 1994B	24,395	-	-	24,395
1994C* and 1994D	56,285	-	1,620	54,665
1997 Refunding	60,800	-	5,445	55,355
1999 Refunding*	266,775	-	8,065	258,710
2000A*	224,790	-	5,575	219,215
2001A*	86,650	-	2,090	84,560
2001B Refunding*	29,800	-	-	29,800
2002A*	141,940	-	3,150	138,790
2002B	133,635	-	10,870	122,765
2003A*	237,630	-	5,045	232,585
2003B	137,180	-	2,955	134,225
2004A	241,775	-	4,870	236,905
2005B Refunding	132,770	-	6,850	125,920
2006A*	242,290	-	3,780	238,510
2010A	-	62,175	1,860	60,315
2010B	-	112,925	-	112,925
Total	\$ 2,159,120	\$ 175,100	\$ 74,060	\$ 2,260,160

Note: *Strategic Capital Improvement Program (SCIP) Bonds.

Exhibit 3-56: RTA Long-term Debt (1) (dollars in thousands)

	As of December 31, 2009	As of December 31, 2010
RTA Non-SCIP Debt Cap	800,000	800,000
Authorized But Unissued RTA Debt	179,195	36,995
Total Non-SCIP (RTA) Principal Outstanding	620,805	763,005
Total SCIP Principal Outstanding	1,538,315	1,497,155
Total Debt Outstanding	\$ 2,159,120	\$ 2,260,160

(1) Excludes Bank Borrowing and Short-term Notes

Exhibit 3-57: 2001-2010 RTA Debt Service Requirements (dollars in thousands)

Year	Principal	Interest	Total
2001	19,805	75,382	95,187
2002	27,262	86,264	113,526
2003	37,940	102,667	140,607
2004	40,430	119,272	159,702
2005	49,570	129,966	179,536
2006	55,110	122,976	178,086
2007	59,135	129,416	188,551
2008	64,685	127,870	192,555
2009	68,455	129,074	197,529
2010	74,060	127,934	201,994

Exhibit 3-58: 2001-2010 Debt Service Requirement Test (dollars in thousands)

Year	Sales Tax Revenue	Debt Service Requirement	2.5 Times Debt Service
2001	653,522	95,187	237,968
2002	647,685	113,526	283,815
2003	654,985	140,607	351,518
2004	675,628	159,702	399,255
2005	700,395	179,536	448,840
2006	746,829	178,086	445,215
2007	752,922	188,551	471,378
2008	921,245	192,555	481,388
2009	894,238	197,529	493,823
2010	931,435	201,994	504,985

sued \$80 million in General Obligation Bonds, Series 1994B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

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

Pace's construction of bus garages and purchase of new buses and paratransit vehicles.

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

In August 1999, the RTA issued \$299 million in General Obligation Bonds, Series 1999, to provide funds to refund in advance of maturity the RTA's outstanding Series 1992A Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of \$114 million, Series 1993A Bonds, maturing June 1 in the years 2009 and 2013, in the aggregate amount of \$10 million, Series 1994A Bonds, maturing June 1 in the years 2006-2009, 2012, 2015 and 2024, in the aggregate amount of \$143 million and Series 1994C Bonds, maturing June 1 in the year 2025, in the aggregate amount of \$22 million.

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

In April 2001, the RTA issued \$100 million in General Obligation Bonds, Series 2001A, to pay the costs of

Exhibit 3-59: Recent Bond Projects with Project-to-Date Expenditures (dollars in thousands)

2003 B	CTA	Repair Track and Structure	298
2003 B	CTA	Replace/Upgrade Power Distribution and Signal Systems	126
2003 B	CTA	Implement Communication Upgrades	113
2003 B	Pace	Improve Garages and Facilities	252
Total			\$ 789
2006 A	CTA	Replace/Upgrade Escalators and Elevators	3,688
2006 A	CTA	Replace Financial System	2,576
2006 A	CTA	Purchase Equipment and Non-Revenue Vehicles	2,512
2006 A	CTA	Upgrade Communication Systems	2,411
2006 A	CTA	Replace/Upgrade Power Distribution and Signal Systems	1,497
2006 A	Metra	Rebuild/Enhance Locomotives and Commuter Cars	8,199
2006 A	Metra	Renew Bridges	1,068
2006 A	Metra	Improve Station Platforms and Ramps	1,368
2006 A	Pace	Improve Garages and Facilities	249
Total			\$ 23,568
2010 A	CTA	Implement Security and Communication Projects	2,528
Total			\$ 2,528
2010 B	CTA	Replace/Upgrade Power Distribution and Signal Systems	11,320
Total			\$ 11,320

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

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

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

In June 2002, the RTA issued \$200 million in General Obligation Bonds, Series 2002B, to provide interim funding, as needed for a portion of the costs in connection with the reconstruction and expansion of rapid transit facilities operated by the CTA and to fund other public transportation projects.

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

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

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

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

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

In January 2010, the RTA issued \$62.2 million in General Obligation Bonds, Series 2010A, to finance a portion of the costs incurred in connection with the

construction, acquisition, repair and replacement of certain public transportation facilities.

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

To Issue additional bonds the projected RTA Sales Tax must be at least 2.5 times the projected total debt service requirement. As shown in Exhibit 3-57 and 3-58 over the last ten years, actual sales tax receipts have met this test. Any differences between debt service amounts presented and amounts shown in general purpose financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

The RTA and its Service Boards have put an emphasis on making sure that the bond proceeds are spent in a timely and efficient manner. Exhibit 3-59 highlights recent bond issues with the largest project-to-date expenditures.

Fund Accounting

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

GOVERNMENTAL FUND TYPES

The RTA's governmental fund types are the General Fund, Debt Service Fund and Capital Projects Fund (Exhibit 3-60).

General Fund

The General Fund is the general operating fund of the RTA. It is used to account for all financial transactions that are not specifically required to be accounted for in another fund such as the Agency Fund. The General and the Agency Funds are the only two funds that have annual budgets. Exhibit 3-61 shows the 2012 budget for these funds.

Debt Service Fund

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

Capital Projects Fund

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

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

Exhibit 3-60: RTA 2010 Combined Fund Statement of Revenues & Expenditures by Fund (dollars in millions)

	General	Debt	Capital	JSIF	Agency	Pension	Combined
Revenues							
Sales Tax	103.2	-	-	-	818.8	-	922.0
Interest on Sales Taxes	0.1	-	-	-	0.2	-	0.3
Public Transportation Fund	171.2	-	-	-	-	-	171.2
General State Revenue	65.1	-	-	-	-	-	65.1
Innovation, Coordination & Enhancement (ICE)	9.5	-	-	-	-	-	9.5
Pace Loan PTF Advance Recovery	6.0	-	-	-	-	-	6.0
PTF (New Sales Tax/RETT)	-	-	-	-	116.2	-	116.2
State Assistance	130.1	-	-	-	-	-	130.1
Reduced Fare Reimbursement	-	-	-	-	33.6	-	33.6
Investment Income	16.3	0.4	0.1	-	-	-	16.8
Other Revenues	2.9	-	-	0.2	-	12.0	15.0
Pension Contribution	-	-	-	-	-	11.3	11.3
Total Revenues	\$ 504.3	\$ 0.4	\$ 0.1	\$ 0.2	\$ 968.8	\$ 23.3	\$ 1,497.1
Expenditures							
Financial Assistance to Service Boards	97.6	-	-	-	705.0	-	970.5
Capital Grants–Discretionary	15.3	-	-	-	-	-	15.3
South Suburban Job Access Program- (PACE)	7.5	-	-	-	-	-	7.5
Paratransit Funding (PACE)	-	-	-	-	-	-	0.0
Suburban Community Mobility Fund	-	-	-	-	19.0	-	19.0
Paratransit Funding -PACE	-	-	-	-	94.8	-	94.8
Innovation, Coordination, & Enhancement (ICE)	9.5	-	-	-	-	-	9.5
PACE Expenditures (MOU and ADA)	10.3	-	-	-	-	-	10.3
PTF (New Sales Tax/RETT)	-	-	-	-	116.2	-	116.2
Capital Grants–Bonds	60.9	-	42.6	-	-	-	103.5
Reduced Fare Reimbursement	-	-	-	-	33.6	-	33.6
Debt Service Operating Transfer	217.2	(228.1)	15.3	(4.4)	-	-	-
Administrative	7.7	-	-	4.7	-	8.1	20.5
Regional	25.7	-	-	-	-	-	25.7
Capital Outlay	1.3	-	-	-	-	-	1.3
Interest on Sales Taxes to Service Board	-	-	-	-	0.2	-	0.2
Debt Service:							
Principal	-	74.1	-	-	-	-	74.1
Interest	6.2	127.9	-	-	-	-	134.1
Debt Related Costs	-	3.0	-	-	-	-	3.0
Debt Proceeds	-	(140.0)	(175.1)	-	-	-	(315.1)
Bond Premium	-	-	(6.8)	-	-	-	(6.8)
Total Expenditures	\$ 459.1	(\$ 163.1)	(\$ 124.0)	\$ 0.3	\$ 968.8	\$ 8.1	\$ 1,149.2
Revenues Less Expenses (1)	\$ 45.2	\$ 163.5	\$ 124.2	(\$ 0.1)	-	\$ 15.2	\$ 347.9
Fund Balance Beginning of the Year	\$ 123.0	\$ 336.6	\$ 132.0	\$ 29.1	-	\$ 119.9	\$ 740.6
Fund Balance End of the Year (2)	\$ 168.2	\$ 500.1	\$ 256.1	\$ 29.0	-	\$ 135.1	\$ 1,088.5

(1) Reconciliation of Budgetary basis to GAAP basis.

(2) Before reserves and designations.

PROPRIETARY FUND

Proprietary Funds are used for activities that are similar to those found in the private sector and to account for the financing of goods or services provided by a department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis. The RTA has only one Proprietary (Enterprise) Fund—the Joint Self-Insurance Fund.

Joint Self-Insurance Fund

The Joint Self-Insurance Fund is used to finance claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. This fund is reported as

an enterprise fund since the predominant participants are outside of the RTA.

FIDUCIARY FUND TYPES

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

Agency Fund

The Agency Fund records the receipt and disbursement of amounts due to the CTA, Metra, and Pace, including Retailers' Occupation and Use Tax (sales tax), interest on this tax, reduced fare reimbursement

Exhibit 3-61: RTA Statement of Revenues and Expenditures, 2012 Budget, General and Agency Fund (dollars in thousands)

	General Fund	Agency Fund	Total Budget
<u>RTA Funding Sources</u>			
RTA Sales Tax (Part I)	110,559	626,501	737,060
RTA Public Transportation Fund (Part I)	184,265	-	184,265
RTA Sales Tax and PTF (Part II)	10,159	374,608	384,767
State Financial Assistance	130,071	-	130,071
State Free Rides & Reduced Fare Reimbursement (1)	-	33,570	33,570
RTA Capital Project Reserves	15,690	-	15,690
Other Revenue	18,220	-	18,220
Total Revenue	\$ 468,964	\$ 1,034,679	\$ 1,503,643
<u>Operating Expenditures</u>			
RTA Operations Funding - CTA (Includes PTF on RETT)	168,700	419,881	588,581
RTA Operations Funding - Metra	-	337,478	337,478
RTA Operations Funding - Pace Suburban Service	3,000	108,431	111,431
RTA Suburban Community Mobility Funding for Pace	-	20,319	20,319
RTA South Suburban Job Access Funding for Pace	7,500	-	7,500
RTA Total for ADA Paratransit Service	-	115,000	115,000
RTA Funding for Innovation, Coordination, and Enhancement	10,159	-	10,159
State Free Rides and Reduced Fare Reimbursement	-	33,570	33,570
Agency Administration	9,498	-	9,498
RTA Regional Services and Programs	25,706	-	25,706
Total Operating Expenditures	\$ 224,563	\$ 1,034,679	\$ 1,259,242
<u>Debt Service & Capital Expenditures</u>			
Principal and Interest for Service Board Capital Programs	224,000	-	224,000
Regional Technology and Agency Capital (3)	10,990	-	10,990
Transfer Capital - Metra Funds	4,700	-	4,700
Total Debt Service and Capital Expenditures	\$ 239,690	-	\$ 239,690
Total Expenditures	\$ 464,253	\$ 1,034,679	\$ 1,498,932
<u>Fund Balance (undesignated/unreserved)</u>			
Beginning Balance	26,376	-	26,376
Change in Fund Balance	4,711	-	4,711
RTA JSIF Funding	(5,000)	-	(5,000)
Ending Unreserved/Undesignated Fund Balance	\$ 26,087	-	\$ 26,087

grants, and federal operating assistance grants. Sales tax revenues are recorded in the fund and are equally offset by expenditures recording the pass through to the Service Boards.

Pension Trust Fund

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

Basis of Budgeting

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

Although appropriations are adopted for individual line items, the legal level of control is restricted to total appropriations/expenditures and total administration (statutory cap) appropriations/expenditures. Management has the authority to exceed any line appropriation without Board approval, provided it does

Exhibit 3-62: 2010 Reconciliation of Budgetary Basis to GAAP Basis Accounting (dollars in thousands)

	General Fund
Excess of expenditures over revenues and other financing use-budgetary basis	40,370
Adjustments	
Capital grant expenditures incurred in current year but considered in prior years’ budgets	(6,660)
Capital grant expenditures expected to be incurred in future years but considered in current year budget	11,721
RTA capital expenditures expected to be incurred in future years but considered in current year operating budget	(210)
Budgetary basis to GAAP basis adjustment	\$ 4,851
Net Change in Fund Balance - GAAP basis	45,221
Net Changes in Reserves	(37,903)
Net Change in Unreserved, Undesignated Fund Balance	\$ 7,318

not exceed the legal levels of control. It has been the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the Budget Ordinance. However, due to the unfavorable economic conditions in recent years and the depletion of funds in the undesignated/unreserved fund balance to preserve operating stability, the RTA waived its fund to budget policy for the 2012 fiscal year.

Budgetary reporting is balanced with accounting records on a monthly basis and is fully reconciled to the accounting system on an annual basis in the Comprehensive Annual Financial Report and for the annual Municipal Bond Disclosure Reports required by the Securities and Exchange Commission (Exhibit 3-62 and 3-63).

Exhibit 3-63: RTA Statement of Revenues and Expenditures, 2010 Actual and Budget, General and Agency Funds
(dollars in thousands)

	2010 Budget	2010 Actual	Variance
<u>RTA Funding Sources</u>			
Sales Tax (Part I)	649,600	687,785	38,185
Public Transportation Fund (Part I)	162,400	171,169	8,769
Sales Tax and PTF (Part II)	352,218	359,885	7,667
State Financial Assistance	122,000	130,116	8,116
Reduced Fare Reimbursement	36,800	34,061	(2,739)
Other Revenue	31,500	33,471	1,971
Total Revenue	\$ 1,354,518	\$ 1,416,487	\$ 61,969
<u>Operating Expenditures</u>			
RTA Operations Funding - CTA (includes RETT PTF)	474,839	496,177	(21,338)
RTA Operations Funding - Metra	292,100	319,393	(27,293)
RTA Operations Funding - Pace Suburban Service	125,256	129,298	(4,042)
RTA Total for ADA Paratransit Service	98,803	104,521	(5,718)
RTA Funds for Innovation, Coordination, and Enhancement	9,030	8,255	775
State Reduced Fare/Free Ride Programs and Sales Tax Interest	38,500	34,061	4,439
Agency Administration, Regional Services & Programs	31,345	32,731	(1,386)
Total Operating Expenditures	\$ 1,069,873	\$ 1,124,436	(\$ 54,563)
<u>Debt Service & Capital Expenditures</u>			
Principal and Interest for Service Board Capital Programs	207,020	223,361	(16,341)
Regional Technology and Agency Capital	2,379	-	2,379
Transfer Capital - Metra Funds	17,998	506	18,492
Transfer Capital - Discretionary RTA Funds to CTA	20,353	20,353	-
Total Debt Service and Capital Expenditures	\$ 247,750	\$ 244,220	\$ 3,530
Total Expenditures	\$ 1,317,623	\$ 1,368,657	(\$ 51,034)
<u>Fund Balance (undesignated/unreserved)</u>			
Beginning Balance	(17,682)	(27,893)	(10,211)
Change in Fund Balance	36,895	47,830	10,935
Other Funding & Reserves	(4,100)	(12,619)	(8,519)
Ending Balance	\$ 15,113	\$ 7,318	(\$ 7,795)
% of Total Operating Expenditures	1.4%	0.7%	(0.8%)

Exhibit 3-64: **Recovery Ratio (1)** (dollars in thousands)

	2012 Budget
CTA	
Operating Revenue	623,682
Adjustments (2)	22,000
Total Revenue	\$ 645,682
Operating Expenses	1,240,291
Adjustments (2)	(156,190)
Total Expenses	\$ 1,084,101
CTA Recovery Ratio	59.6%
Metra	
Operating Revenue	353,600
Adjustments (3)	1,600
Total Revenue	\$ 355,200
Operating Expenses	686,800
Adjustments (3)	(38,000)
Total Expenses	\$ 648,800
Metra Recovery Ratio	54.7%
Pace Suburban Service	
Operating Revenue	54,469
Adjustments (4)	10,167
Total Revenue	\$ 64,636
Operating Expenses	195,017
Adjustments (4)	10,167
Total Expenses	\$ 205,184
Pace Recovery Ratio	31.5%
System-Generated Revenue Recovery Ratio	
Total Service Board Revenue	1,063,918
Agency	18,220
Adjustments (5)	4,262
Total Revenue	\$ 1,086,400
Total Service Board Expenses	1,938,085
Less Regional Exemption (statutory) (6)	(40,000)
Agency & JSIF	35,203
Total Expenses	\$ 1,933,288
System-Generated Budgetary Recovery Ratio (excluding ADA Paratransit)	56.2%
ADA Paratransit	
Operating Revenue	11,576
Operating Expenses	126,576
Adjustments (7)	(10,814)
Total Expenses	\$ 115,762
Recovery Ratio	10.0%

(1) The RTA Act permits certain revenue and expense adjustment for the recovery ratio calculation. The RTA, by means of ordinance, allows supplementary adjustments for Service Board calculations, but such adjustments are reversed to determine the system-generated revenue recovery ratio for the region, which by statute must be at least 50%. Service Board adjustments include amounts that result in calculations that equal the "marks" set by the RTA. (2) CTA adjustments to revenue include in-kind revenue for security services provided by the Chicago Police Department (CPD). Expense adjustments include in-kind costs for the CPD equal to the revenue credit, and credit for security, pension obligation debt service and some grant revenues. (3) Metra revenue reflects circuit ride free credits; expense adjustment credits include security, depreciation and transportation facility leases. (4) Pace revenue adjustments include in-kind ADvAntage program charges; expense adjustments include in-kind ADvAntage program charges. (5) Regional revenue adjustments include a credit for a CTA lease transaction. (6) In 2008 the region was provided a \$200 million expense exclusion toward the regional recovery ratio in an effort to accommodate the increased funding associated with state legislation that increased the percentage of sales tax collected by the RTA. The exclusion was set to decrease by \$40 million dollars each year and expire completely in 2013. In 2012 the temporary statutory expense exclusion is \$40.0 million (7) Expense adjustments include credits for capital costs incurred in providing contracted services (capital cost of contracting).

4 CTA Operating Plan



Overview

The Chicago Transit Authority (CTA) was created by the Illinois State legislature in 1945 and began operations in 1947. It became the sole operator of Chicago transit in 1952 when it purchased the Chicago Motor Coach System. The CTA is the region's largest transit operator and is governed by a seven-member Chicago Transit Board.

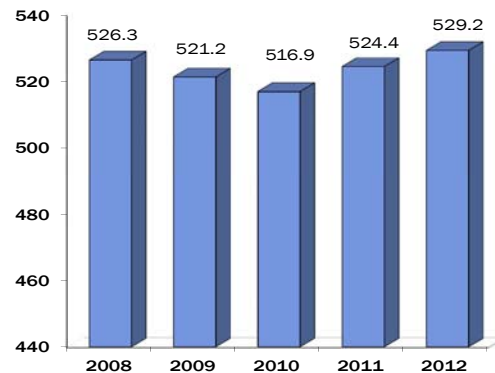
A new State funding package, established by legislation in 2008, increased the percentage of State sales tax dedicated to mass transit and gave authority to the City of Chicago to increase the Real Estate Transfer Tax (RETT) to support the CTA. Unfortunately, the economic recession has had a significant impact on these funds; revenues from sales tax and the RETT have been hit hard by the effect of reduced consumer spending. Additionally, the recession has impacted the rate at which the State of Illinois has made payments to the RTA and subsequently the rate at which the RTA can make payments to the CTA.

In order to balance its 2011 budget, the CTA eliminated personnel and instituted hiring delays. The CTA also budgeted for the transfer of over \$196.0 million in capital funds to operations. This allowed the CTA to avoid a fare increase and/or service reductions, having already reduced service in 2010. A borrowing agreement that the RTA reached with the State of Illinois in 2009 enabled the CTA to avoid fare increases in 2010 and 2011.

Building on its success in 2011, the CTA will continue to hold the line on costs in 2012 without the need for increases in fares or reductions in service. Unlike in 2011, the CTA does not plan to transfer any funding from capital to operations. However, the 2012 budget is built on the expectation of labor and work-rule reform. A fare increase or service reductions may become necessary during 2012 if successful labor negotiations do not occur.

CTA's total expenses rose in 2011 due to increases in labor, fuel, power and security expenses. In 2012, the

Exhibit 4-1: CTA Ridership (in millions)



CTA expects its total expenses to return to near 2010 levels. In the "other services" category, \$71.7 million of the expense reduction occurs in 2012 only, as the CTA applies their liquidated debt service reserve fund toward the "other services" category. The CTA was able to substitute a bond insurance policy for the reserve fund, allowing them to liquidate the fund. A half-year credit of \$80.0 million for work rule changes is applied in 2012 in anticipation of successful labor negotiations, which would result in a 2.0% decrease in labor expenses. If no contract savings are realized, the CTA projects a 6.8% increase in labor expenses for 2012. Other savings for 2012 include a \$5.3 million decrease in electric power expenses due to a renegotiated contract. Net results for the 2012 budget and 2013 through 2014 plan show zero balances, with revenues equal to expenses.

Service Characteristics

The CTA operates the second largest public transportation system in the United States with average weekday ridership on its bus and rail system of 1.7 million. The CTA's service area encompasses 322 square miles in the City of Chicago and 40 surrounding suburbs.

Bus operations provide 1,781 buses traveling over 140 routes covering 1,959 miles, with approximately 11,493 bus stops. Rail service on eight lines is provided by 1,200 train cars traveling over 224 miles of track.

RIDERSHIP

Total ridership for 2012 is budgeted at 529.2 million trips (Exhibit 4-1). This is 0.9% or 4.8 million trips higher than estimated 2011 ridership. Bus ridership is budgeted at 306.3 million trips in 2012. This is 0.2% or 700,000 trips higher than estimated 2011 ridership. Rail ridership is budgeted at 222.9 million trips in 2012, 1.9% or 4.2 million trips more than estimated 2011 ridership (Exhibit 4-2).

Average weekday ridership in 2011 was about 1.7 million, while Saturday and Sunday average ridership was nearly 1.1 million and 760 thousand, respectively. In 2012, average weekday ridership is projected to grow slightly, but to remain around 1.7 million. Saturday average ridership is expected to remain around 1.1 million, while Sunday average ridership is budgeted to increase slightly to 766 thousand (Exhibit 4-3). Total vehicle miles are expected to remain stable in 2012 at 120.1 million (Exhibit 4-4).

SERVICE QUALITY

The CTA has continued to work on improving the core components of its business that impact its customers directly. Some of its efforts include the implementation of performance management initiatives that ensure the delivery of safe, clean, on-time, courteous, and efficient service; the restructuring and consolidation of customer service and customer communications providing timely and accurate information to the riders; and concrete repairs made to improve the safety of bus turnarounds and rail stations.

As part of its effort to improve service quality, the CTA has implemented a variety of performance measures. These measures support a significant effort by the CTA to improve service quality. Grouped by quality ser-

Exhibit 4-2: CTA Annual Ridership By Mode (in millions)

	2008	2009	2010	2011	2012
Bus	328.2	318.6	306.0	305.7	306.3
Rail	198.1	202.6	210.8	218.7	222.9
Total Ridership	526.3	521.2	516.8	524.4	529.2

Exhibit 4-3: CTA Average Daily Ridership (in thousands)

	2008	2009	2010	2011	2012
Weekday	1,679	1,658	1,633	1,665	1,676
Saturday	1,048	1,058	1,049	1,075	1,091
Sunday	725	748	732	758	766

vice objective, the CTA provides for each performance measure the average monthly 2010 result, a 2011 monthly target, 2011 monthly results, and a definition of the performance measure. When applicable, the performance measure is associated with a specific department. The quality objectives include Ridership, On-Time, Efficient, Safe, Clean, and Courteous service. When performance for a month exceeds the monthly target, the measurement is highlighted in green. If performance for the month falls below but within 10% of the target, the measurement is highlighted in yellow. When performance falls below 10% of the target, the measurement is highlighted in red. Performance measure targets yet to be established are highlighted in gray. The monthly performance measures published on the CTA's website through November 2011 can be found at the end of this section (Exhibit 4-20).

Business units and departments are responsible for certain performance measures. For instance, the Bus Operations unit is responsible for the "% of Big Gap Intervals" measurement which records the number of bus intervals that are double the scheduled interval. In 2010, the Bus Operations Department enhanced its 2010 on-time performance by communicating goals and performance to everyone from managers to operators, while providing a platform for reporting

Exhibit 4-4: CTA Ridership and Miles (Riders and Miles in thousands)

	2008 Actual	2009 Actual	2010 Actual	2011 Estimate	2012 Budget
Ridership (1)	526,336	521,242	512,180	524,388	529,227
Vehicle Miles	136,190	136,034	122,679	120,131	120,081
Passengers Per Mile	3.9	3.8	4.2	4.4	4.4

(1) Ridership in annual inlinked trips.

issues and brainstorming solutions. As indicated in Exhibit 4-20, the CTA was able to keep “% of Big Gap Intervals” performance measure at or below the 5% target every month of the year of 2011.

The use of performance measures ensures high levels of service quality and increases accountability to the public. By creating these performance targets and striving to meet or exceed them and delegating responsibility for the performance measures to specific departments and units, the CTA has shown that it values customer opinion and that it is working toward improved service quality and greater accountability.

CHALLENGES

Despite signs that the nation may be pulling out of the deep recession that began in 2008, the economy is expected to remain sluggish in 2012. The CTA’s primary revenue sources are very sensitive to the health of the economy. In addition to significantly lower public funding, the CTA is also faced with higher costs in several areas. Labor costs make up the largest portion of the CTA’s budget. In 2011, the CTA’s unionized employees received contractual wage increases resulting in an over \$66.3 million increase in labor expenses compared to the prior year. The CTA worked to mitigate these increases in 2011 by eliminating vacancies, controlling hiring, and strictly managing overtime. In 2012, the CTA expects to re-negotiate its labor contracts and has budgeted \$80 million less in operating expenses contingent on work-rule reforms.

CAPITAL INVESTMENTS

The CTA spent \$429 million in capital expenditures in 2010 and \$540 million in 2011. The CTA is expected to spend a total of \$455 million on capital expendi



tures in 2012, a 15.8% decrease from 2011 (Exhibit 4-5).

Since 2008, the CTA has diverted \$554 million in capital funds to operations in order to fill budget gaps. As a result, the CTA has severely underfunded its capital program. In 2012, the CTA has pledged to stop diverting capital funds and will use all available capital funds to reinvest in the system. In 2012, the CTA will begin modernizing northern portions of the Red and Purple Lines. These northern Red Line stations, in particular, are in vital need of improvements. They are among the oldest stations in the system and are not ADA accessible. Also in 2012, the CTA proposes to spend \$47.7 million to improve security. Measures include doubling the number of security cameras across the rail system and inserting cameras on rail cars. Between 2012 and 2016, the CTA will perform mid-life bus overhaul, rail-car overhaul and mid-life rehabilitation, upgrade power distribution and signals on the Red, Brown, Orange and Green Lines, rehabilitate rail stations, improve information technology, and begin projects using CMAQ, JARQ, UWP and ICE funding.

Exhibit 4-5: CTA Capital Statistics (dollars in thousands)

	2008	2009	2010	2011	2012
CTA Total Capital Expenditures	\$ 940,749	\$ 671,952	\$ 428,500	\$ 540,490	\$ 455,305
CTA Bus Vehicles	2,093	2,053	1,782	1,782	\$1,782
Average Age of Buses (in years)	5.6	4.7	4.3	5.3	6.3
CTA Rail Cars	1,190	1,190	1,190	1,200	1,200
Average Age of Rail Cars (in years)	25.0	26.0	27.0	25.0	21.0
Bus Routes Offering Lift Service	154	154	150	141	141
ADA Accessible Stations	85	85	85	88	87

In late 2010, the CTA requested that the RTA suspend a financial policy that requires a Service Board to use less than 50.0% of capital funding for debt service. The CTA wished to issue bonds in 2012 totaling \$430 million and use the funding to exercise one of two options in their contract to purchase approximately 706 rail cars. The RTA Board recognized that this represented a unique opportunity for the CTA to purchase rail cars at a dramatically reduced price and suspended the financial policy which was created in a previous ordinance. The action taken by the RTA Board temporarily redacted the policy that limited the use of capital funds for debt service to 50% in favor of one that increased that limit to 60%. Thanks to these actions, the CTA was able to purchase these cars at the current price of approximately \$1.4 million per car versus an estimated price of \$2.5 million per car if the CTA had to rebid the contract. Further, if the CTA did not replace the existing cars in a timely fashion, they would need to perform life extending rehabilitations at approximately \$1.2 million per car. The current estimate is that the temporary increase in the debt limit will run through 2019. Starting in 2012, the CTA will purchase the remaining 300 rail cars in this contract.

Bus System

In 2011, the CTA operated a fleet of approximately 1,782 buses, which made 19,709 weekday trips on 140 routes, providing almost 960 thousand rides on a typical weekday. Between 2006 and 2009 the CTA purchased 1,293 new buses. All buses delivered since 2007 have clean diesel engines and particulate filters that meet EPA emissions standards, and the entire bus fleet is ADA accessible and air-conditioned. The continued investment in the bus fleet reduced the average age of the bus fleet from 9.4 years to 5.2 years in 2011.

The bus vehicle overhaul program continues to improve service through regular replacement of major mechanical components subject to extensive wear. In 2012, bus mid-life overhaul activities are programmed for \$22.5 million, and total \$54.4 million during the period from 2013-2016. With overhauls, the fleet will demonstrate increased reliability and fewer instances of expensive breakdown-based repair.



Also in 2012, the CTA plans to replace its Nova 40-foot buses that have reached the end of their useful service life. Between 2012 and 2016, the CTA will spend \$166.2 million to purchase vehicles equipped with clean propulsion technologies such as low floor, hybrid diesel-electric buses which achieve 20% greater fuel efficiency than standard diesel buses.

Rail System

The CTA has committed to an aggressive slow zone rehabilitation schedule. In 2010, the monthly average for slow zones on CTA's rail system was 9.7% of track, down from the system's peak in 2008 when 22.3% of track was in a slow zone.

The proposed Capital Improvement Plan (CIP) schedules \$207.0 million in 2012 to fix right-of-ways, ties, rail and structure, to reduce slow zone imposition and therefore maintain operating speeds. An additional \$443.3 million is budgeted from 2013-2016 to continue systematic rehabilitation of the CTA right of way.

The CTA has funded and ordered 706 new rail cars from the Bombardier 5000-Series. Each rail car will be equipped with seven network security cameras. These rail cars also include glow-in-the-dark strips on floors and improved door sensors. Each car meets or exceeds ADA compliance standards. These railcars will replace the aging 2200-Series and 2400-Series fleet placed into service in 1969 and which have far exceeded their expected service lives of 25 years.

In 2011, the CTA implemented Train Tracker. The project tracks CTA trains in real time and provides customers estimated train arrival times for all 143 rail stations. The CTA implemented Bus Tracker in 2008 to much success.

System-Wide Improvements

The CTA continues to invest in new technology to further improve service and safety. The CTA operates over 1,500 desktop computers that link into local area networks for efficient data transfer and team analysis. The CTA's proposed Capital Improvement Program allocates \$7.1 million in 2012 for software and hardware upgrades. In 2011, the CTA provided \$10.0 million to enhance its security and surveillance network by expanding camera coverage and police presence at

its rail stations; 3,500 security cameras were installed at 143 rail stations. The new system integrates state-of-the-art, high-definition digital cameras which are capable of capturing facial recognition and displaying six times the detail of analog cameras in real time.

In 2011, the CTA unveiled the first of 400 LED signs to be installed at select bus shelters. The project will be completed by September 2012. Also in 2012, 100 CTA rail stations will receive a comprehensive facelift which includes better lighting, rehabilitation of station escalators and elevators, replacement of station roofs and canopies, and upgraded passenger public address systems.

Exhibit 4-6: CTA 2012 Budget and 2013-2014 Financial Plan (dollars in thousands)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
Operating Revenues					
Passenger Revenue	509,180	523,660	540,000	545,940	551,945
State Reduced Fare Reimbursement	28,245	28,000	28,000	28,000	28,000
Other Revenue	56,633	49,447	55,682	57,202	58,769
Total Operating Revenues	\$ 594,058	\$ 601,107	\$ 623,682	\$ 631,142	\$ 638,714
Public Funding					
RTA Sales Tax I	281,020	293,170	301,379	309,816	318,492
Sales Tax II and PTF II	109,975	117,723	111,495	113,398	115,292
25% PTF II on RETT	7,534	7,000	7,007	7,147	7,290
RTA Discretionary Funds	97,648	128,251	168,700	173,424	178,279
City of Chicago RETT	32,438	28,000	28,028	28,588	29,160
Transfer from Capital	90,000	48,200	-	-	-
State Fare Agreement	83,000	83,000	-	-	-
Total Public Funding	\$ 701,615	\$ 705,344	\$ 616,609	\$ 632,373	\$ 648,513
Total Revenues	\$ 1,295,673	\$ 1,306,451	\$ 1,240,291	\$ 1,263,515	\$ 1,287,227
Expenses:					
Labor	835,143	901,392	883,075	804,406	808,406
Material	80,077	67,923	71,493	73,638	75,847
Fuel	52,063	58,166	66,707	65,230	64,776
Power	28,208	30,236	24,977	25,077	29,633
Insurance & Claims	43,000	15,000	31,200	31,824	32,460
Purchase of Security Services	33,319	35,988	36,803	37,907	39,423
All Other	167,240	197,746	126,036	225,433	236,682
Total Operating Expenses	\$ 1,239,050	\$ 1,306,451	\$ 1,240,291	\$ 1,263,515	\$ 1,287,227
Net Results	\$ 56,623	-	-	-	-
Recovery Ratio % (1)	56.6%	55.2%	59.6%	59.9%	59.4%

(1) Recovery Ratio is calculated by dividing Operating Revenues by Operating Expenses. The calculation includes in-kind revenues and expenses for security services provided by the City of Chicago and some grant revenues, it excludes security and POB debt service expenses.

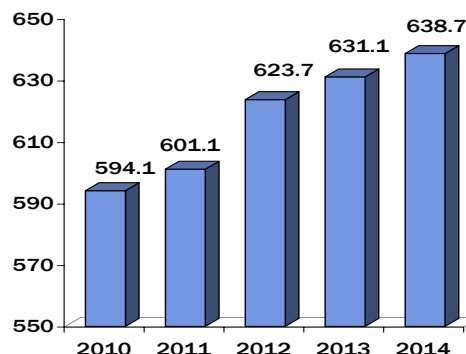
Budget and Financial Plan

The CTA's 2012 budget and 2013 and 2014 financial plan were approved by the RTA Board on December 15, 2011, in accordance with the 2012 marks set by the RTA on September 15, 2011. The CTA's operating funding marks were set at \$588.6 million for 2012, \$603.8 million for 2013, and \$619.4 million for 2014. The CTA has budgeted for a recovery ratio of 59.6% in 2012, 7.6 percentage points above the RTA approved recovery ratio mark of 52.0% The CTA's Budget and Financial Plan, which includes the recovery ratio, is presented in Exhibit 4-6. The following section portrays the outlook for the 2012-2014 planning period.

OPERATING REVENUE

Operating revenue is expected to increase from \$594.1 million in 2010 to \$638.7 million in 2014, an increase of \$44.6 million over the four-year period, or a compound annual growth rate of 1.8% (Exhibit 4-7). Operating revenue includes passenger revenue, reduced fare reimbursement, and other revenue. In 2012, passenger revenue comprises 44% of the CTA's total revenue, which includes public funding. The reduced fare subsidy and other revenue account for 2% and 4% of total revenue, respectively (Exhibit 4-8). In 2013, the CTA anticipates a \$7.4 million increase in operating revenues over the 2012 budget, and in 2014 revenues are expected to increase an additional \$7.6 million over 2013, a 1.2% increase.

Exhibit 4-7: CTA Operating Revenue (dollars in millions)

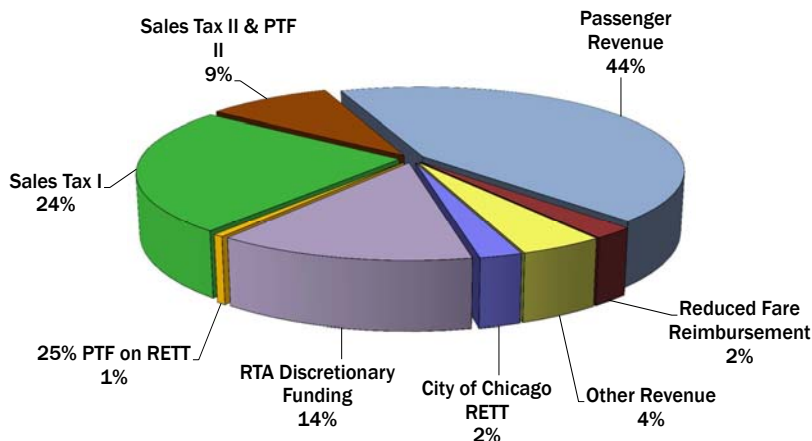


Passenger Revenue

Passenger revenue is estimated to increase from \$509.2 million in 2010 to \$523.7 million in 2011, an increase of \$14.5 million or 3% as ridership increased due to a modest economic recovery (Exhibit 4-9).

Passenger revenue is budgeted at \$540.0 million in 2012, \$6.3 million or 3.1% higher than the 2011 estimate, reflecting continued modest economic recovery and the modification of the senior ride free program in September 2011. In 2013 and 2014, passenger revenue is anticipated to increase an additional 1.1% each year. The revenue increase is expected to come from increases in ridership. The CTA fare structure is shown in Exhibit 4-10.

Exhibit 4-8: CTA 2012 Total Revenues (\$1,240.3 million)



State Free Rides & Reduced Fare Subsidy

The Illinois General Assembly passed legislation in 1989 that provided funds to reimburse the CTA for the cost of providing reduced fares for the elderly, students, and the disabled. Fare reimbursement is included as revenue and became available in July 1989. However, in 2009 the State eliminated a portion of the funding for this program thereby providing only \$28.2 million. For 2011-2014, CTA assumes that the program will continue to be funded at \$28.0 million.

Other Revenue

This category includes advertising, charters, conces-

sions, contributions from local governments, investment income, and other revenue (Exhibit 4-11). Also included are essential contributions from the City of Chicago and Cook County. Annual funds provided by the City are \$3.0 million, and the County contributes an additional \$2.0 million. Other revenue was \$56.6 million in 2010 and is expected to fall in 2011 and then increase to \$58.8 million by 2014. The economic recession impacted the CTA's efforts to increase advertising, charters and concessions revenues, as corporations have been forced to reduce their spending in these activities. Accordingly, the 2012-2014 plan shows other revenues increasing 3.0% each year as the economy begins to recover.

Exhibit 4-9: CTA Average Fare Calculation (revenue and ridership in thousands)

	2008	2009	2010	2011	2012
Passenger Revenue	\$ 471,099	\$ 505,713	\$ 509,180	\$ 523,660	\$ 540,000
System Ridership	526,336	521,241	516,872	524,388	529,227
Average Fare	\$0.90	\$0.97	\$ 0.99	\$ 1.00	\$1.02

Exhibit 4-10: CTA Fare Structure

	Full	Reduced(1)	Comments
Basic Cash Fare (Bus)	\$2.25	\$1.00	No transfers allowed
Transit Card (Rail)	\$2.25	\$0.85	
Chicago Card (Rail)	\$2.25	None	
Chicago Card (Bus)	\$2.00	None	
Transit Card (Bus)	\$2.00	\$0.85	
First Transfer W/Fare Card	\$0.25	\$0.15	Allow two add'l rides within two hours of issue. Transfers are not valid for travel in reverse direction on the route of issue.
Passes			
1-day	\$5.75	None	
7-day (CTA only)	\$23.00	None	
7-day (CTA/Pace)	\$28.00	None	7-Day CTA/Pace Pass valid on CTA and Pace non-premium/subscription routes.
30-day	\$86.00	\$35.00	
Visitor Passes			
1-day	\$5.75	None	
3-day	\$14.00	None	
Link-up Pass	\$39.00	None	Sold by Metra; use with Metra monthly ticket.
Express Surcharge	\$0.25	\$0.25	Downtown on bus routes 2, 6, 14, and 147.
Rush Shuttle Fares	\$1.00	None	To/from downtown Metra stations during rush hour.
128 Soldier Field Express	\$1.00	\$0.50	
154 Wrigley Field Express	\$6.00		Per carload.

(1) Reduced fares are for children 7 through 11 years old and students with CTA riding permits.

PUBLIC FUNDING

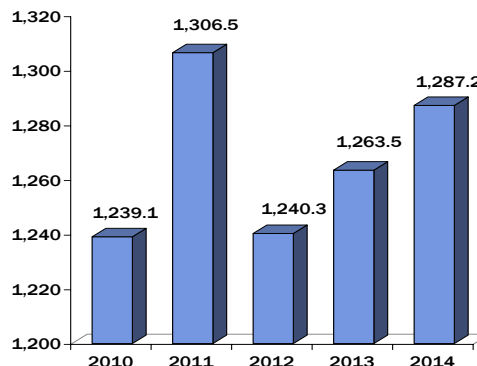
Public funding, available for CTA operations, is determined by and based on the RTA's revenue projection for the year. Public funding from the RTA consists of the RTA Sales Tax (RTA Sales Tax-I and II), the Public Transportation Fund (PTF-II), the City of Chicago Real Estate Transfer Tax (RETT), and RTA discretionary funding. Illinois Public Act 95-0708 increased the rates of the RTA sales tax, the PTF match, and the City of Chicago RETT, creating RTA Sales Tax II, PTF-II and RETT.

CTA funding from RTA Sales Tax-I is expected to increase from \$301.4 million in 2012 to \$318.5 million in 2014. RTA Sales Tax-II and PTF-II are expected to increase from \$111.5 million in 2012 to \$115.3 million in 2014. The RETT and the 25% PTF-II match on RETT combined are expected to increase from \$35.0 million in 2011 to \$36.4 million in 2014. RTA discretionary funds for the CTA are expected to increase from \$168.7 million in 2012 to \$178.3 in 2014. Apportionments from the RTA's 15% share of the sales tax (Sales Tax-I) revenue and the State's public transportation fund (PTF-I) are the sources of the RTA's discretionary funds. The CTA used \$90.0 million of federal funds for preventative maintenance in 2010 and used a projected \$48.2 million in 2011. The CTA did not budget the transfer of funds for preventative maintenance in 2012- 2014. Additionally, the CTA will no longer receive \$83.0 million from the State in associated with the 2009 State Fare Agreement.

OPERATING EXPENDITURES

Total operating expenditures are forecasted to increase from \$1,239.1 million in 2010 to \$1,287.2 million in 2014. This \$48.1 million increase represents a 1.0% compound annual growth rate (Exhibit 4-12).

Exhibit 4-12: CTA Total Operating Expenditures (dollars in millions)



For 2012, operating expenditures are estimated at \$1,240.3 million. This is a \$66.2 million, or 5.1%, reduction from 2011 estimates and is only \$1.1 million greater than 2010 actual expenditures. The decrease in total expenses is largely due to the \$80.0 million the CTA expects to save from labor reform and work rule changes and the \$78.0 million the CTA received by liquidating their debt service reserve, shown in the "other services" category in 2012. These savings are expected to mitigate increased labor, fuel and insurance and claims costs.

Financial projections for the years 2013 and 2014 show increased operating expenditures at \$1,263.5 million and \$1,287.2 million, respectively. The 2013 financial projection represents an increase of 1.9% over the 2012 budget, and the 2014 financial projection represents an increase of 1.9% over the 2013 financial plan.

Expenditure Elements

2012 operating expenditure elements include labor, material, fuel, power, insurance & claims, security, and other costs. Labor expenditures, including fringe benefits, represent 71.2% of the CTA's total expendi-

Exhibit 4-11: All Other Revenue (dollars in thousands)

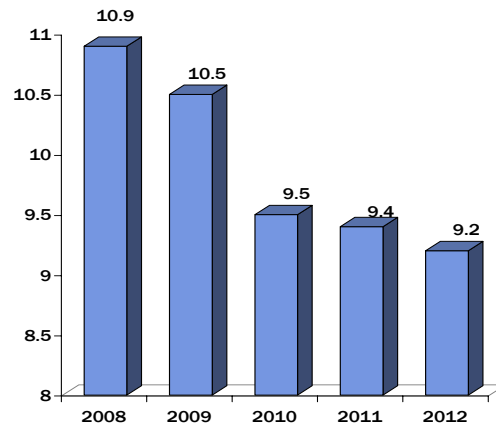
	2010 Actual	2011 Forecast	2012 Budget	2013 Plan	2014 Plan
<u>All Other Revenues:</u>					
Advertising, Charter, & Concessions	22,609	19,436	22,802	23,486	24,191
Investment Income	627	394	867	893	920
Contribution from Local Govt. Units	5,000	5,000	5,000	5,000	5,000
All Other Revenue	28,397	24,619	27,013	27,823	28,658
Total All Other Revenues	\$ 56,633	\$ 49,449	\$ 55,682	\$ 57,202	\$ 58,769

tures. This figure includes the \$80.0 million savings from labor reform and work rule changes. Base wages represent about two thirds of that total, while fringe benefits, which are primarily medical insurance and pension costs, represent the remaining one third. Materials, used primarily for maintenance, are 5.8% of total expenditures. Fuel and power represent 7.4% of the CTA's expenditures. Security and insurance & claims represent 5.5% of total spending. Other expenditures comprise the remaining 10.2%. The other expenditure category includes items such as leases, utilities, and contractual services (Exhibit 4-13).

Labor Costs

Labor expenditures are expected to decrease from \$835.1 million in 2010 to \$808.4 million in 2014, contingent on \$160.0 million savings in 2013 and 2014 from the labor reform and work rule changes. This \$26.7 million decrease represents a compound annual decline of -0.81% (Exhibit 4-14). Labor expenditures for 2011 are estimated at \$901.4 million or \$66.3 million more than prior year. The higher labor expense is a result of previously negotiated wage increases and higher fringe benefit costs. When savings from labor reform and work rule changes are factored in, labor expenses are budgeted to decrease by \$18.3 million in 2012 over the 2011 estimate, and then decrease by an additional 8.9% in 2013.

Exhibit 4-15: CTA Budgeted Positions (in thousands)



The CTA continues to reduce the number of budgeted positions in 2012, eliminating 200 positions that were budgeted in 2011 (Exhibit 4-15).

Material

The material category covers all repair parts for buses, trains, track, structure and signals in the system. Material expenditures are estimated at \$67.9 million in 2011, \$71.5 million in 2012, \$73.6 million in 2013, and \$75.8 million in 2014. Material expenses in 2011 are forecasted to be \$4.8 million, or 6.7%, lower than budgeted. This reflects the CTA's increased investment in its bus fleet which lowered the average age of the fleet and lowered maintenance costs as a result.

Exhibit 4-13: 2012 CTA Operating Expenditures - \$1,240 million

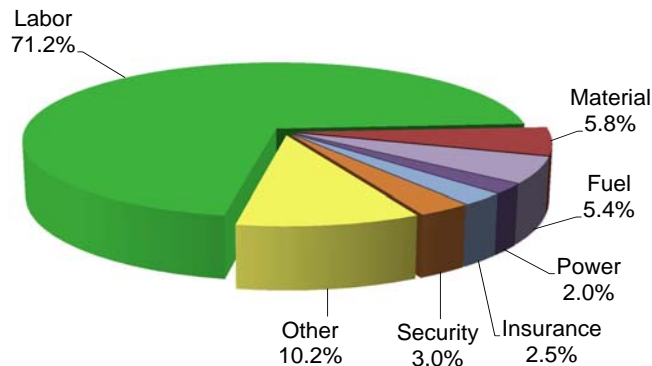


Exhibit 4-14: CTA Labor Expense Growth (in thousands)

	2010	2011	2012	2013	2014
Labor Expense	\$ 835,143	\$ 901,392	\$ 883,075	\$ 804,406	\$ 808,406
% Change from Prior Year	(2.5%)	7.9%	(2.0%)	(8.9%)	0.5%

Modest increases in 2012, 2013 and 2014 represent the CTA's continued efforts to rein in material costs through supply chain improvements and close scrutiny of material purchases.

Fuel

In 2009, CTA fuel expenditures were \$104.4 million for 22.9 million gallons, a price per gallon of \$4.55 (Exhibit 4-16). 2010 actual results show fuel expenses of \$52.1 million for 19.2 million gallons at a cost of \$2.71 per gallon. In 2011, the cost per gallon is estimated at \$3.18, a \$0.47 increase from 2010 average costs but \$0.26 less than the 2011 market price. At the same time, consumption is anticipated to decline in 2011 by 940 thousand gallons. The decrease in consumption is primarily due to service adjustments in 2010. In 2012, the cost of fuel is budgeted at \$3.50 per gallon. As a result, fuel costs are budgeted at \$66.7 million. This represents an increase of \$8.5 million, or 14.7%, over the 2011 revised budget. Through the strategic fuel hedging program the CTA has already secured 26.3% of its 2012 projected fuel consumption.

Power

Electric power expenditures for the rail system increased from \$28.2 million in 2010 to \$30.2 million in 2011. This increase is largely due to higher power consumption as a result of severe storms and lower-than-usual temperatures in early 2011. Expenditures are budgeted at \$25.0 million in 2012, a \$5.3 million decrease from the 2011 estimate. This decrease is the result of a re-negotiated power contract effective January 1, 2012. Power expenditures are estimated to increase by \$0.1 million in 2013. Expenditures are expected to increase by \$4.5 million in 2014, following the end of the current power contract in 2013.



Insurance and Claims

The insurance and claims expense category represents the expenditures for claims and litigation for injuries and damages that occur on CTA property or with CTA vehicles.

The amount of injury and damages provision is determined by actuaries and based on actual claims history. The CTA's estimate of \$15.0 million in 2011 is \$28.0 million less than 2010 actual expenditures for insurance and claims. Additional deposits in 2010 allowed for lower-than-normal expenditures in 2011. Proposed expenditures for 2012 are \$31.2 million, a \$16.2 million increase from 2011. Expenses for insurance and claims in 2013 and 2014 are \$31.8 million and \$32.5 million, respectively.

Purchase of Security Services

Security is strategically deployed throughout the CTA system to provide 24-hour coverage, seven days a week. Security services are provided by the City of Chicago, Evanston and the Oak Park police departments, and contracts with private security firms for guard and canine security.

Exhibit 4-16: **CTA Fuel Cost per Gallon** (Cost and Gallons in thousands)

	2009	2010	2011	2012
Fuel Cost	\$ 104,377	\$ 52,063	\$ 58,166	\$ 66,707
Gallons	22,940	19,240	18,300	19,059
Cost Per Gallon	\$4.55	\$2.71	\$3.18	\$3.50

Expenditures are estimated to be \$36.0 million in 2011, an 8.0% increase from 2010 (Exhibit 4-17). This increase is due to the expansion of security cameras and personnel at bus depots and across the rail system. The 2012 budget for security services is \$36.8 million, a 2.3% increase over 2011. In 2013 and 2014, security expenditures are expected to increase by \$1.1 million and \$1.5 million, respectively.

All Other Expenditures

All other expenditures include utilities, rents, maintenance & repair, advertising, commissions, consulting, insurance, and other general expenditures. For 2011, \$197.7 million is estimated for other services. This reflects an increase of \$30.5 million, or 18.2%, from 2010. In 2012, these expenditures are projected to fall to \$126.0 million—a 36.3% decrease. This sharp reduction of costs reflects the \$78.0 million applied to “other services” in 2012 from the CTA’s liquidated debt service fund. Expenditures are forecasted to once again increase in 2013 and 2014 to \$225.4 million and \$236.7 million, respectively.

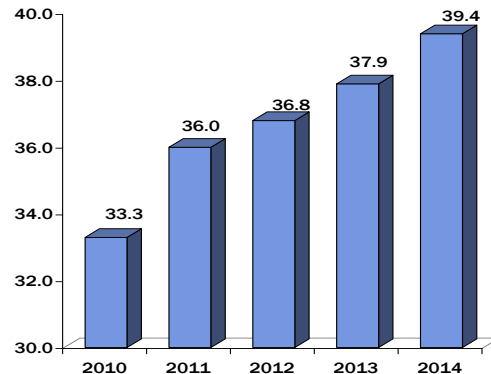
NET RESULTS

System-generated revenue (fares and other revenue) cover much of the CTA’s operating expense budget, with the remainder of the operating deficit covered by public funding. The operating deficits are derived from total system generated revenue minus total operating expenditures. The deficits for the 2012 budget and 2013-2014 financial plans are \$616.6 million, \$632.4 million and \$648.5 million, respectively (Exhibit 4-6). For the 2012 budget and 2013 and 2014 plans, public funding is equal to the deficit. Net results for the 2012 budget and 2013 through 2014 plan show zero balances, with revenues equal to expenses. Any remaining funding in excess of the operating deficit is transferred from operations to capital at the CTA.

RECOVERY RATIO

The CTA’s recovery ratio equals total system-generated revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. In 2011, the CTA’s recov-

Exhibit 4-17: CTA Purchase of Security Service (in millions)



ery ratio is expected to meet the mark of 54.0% set by the RTA Board. The Region chapter provides the detailed recovery ratio calculation (Exhibit 3-57).

The following factors affect the CTA recovery ratio calculation. First, in-kind security services provided by the Chicago Police Department in the amount of \$22.0 million are included as both revenue and expenditure in the recovery ratio calculation. Second, additional security expenditures are excluded from the recovery ratio calculation. The CTA’s recovery ratio was 56.6% in 2010 and is estimated to be 55.2% in 2011. In 2012, the CTA has budgeted for a 59.6% recovery ratio and has planned for a 59.9% and 59.4% recovery ratio in 2013 and 2014, respectively (Exhibit 4-6).

2011 Budget versus 2011 Estimate

The CTA expects a balanced budget in 2011 (Exhibit 4-18).

OPERATING REVENUE

Calendar year 2011 operating revenues are estimated at \$601.1 million and are projected to be \$11.1 million, or 1.8%, below budget. Revenue from fares is estimated at \$523.7 million, which is equal to budget.

The reduced fare subsidy is the State’s reimbursement to the CTA for providing discounted fares to the disabled, the elderly, and students. Revenue from the reduced fare subsidy is estimated at \$28.0 million, which is also equal to budget.



Total other revenues are estimated to be \$49.5 million, \$11.1 million or 18.4% unfavorable to budget. The RTA Act requires the City of Chicago to contribute \$3.0 million and Cook County to contribute \$2.0 million annually to the operations of CTA. Contributions from local governments of \$5.0 million are on par with budget. Revenue from advertising, charter, & concessions are estimated at \$19.4 million which is

greater than budget by \$0.5 million or 2.7%. Investment income is estimated at \$394 thousand, which is unfavorable to budget by \$456 thousand or 53.6%. All other revenue is estimated at \$24.6 million which is lower than budget by \$11.2 million or 31.3%. Other revenues include parking fees, sale of real estate, rentals and sale of CTA merchandise.

PUBLIC FUNDING

Calendar year 2011 public funding is estimated at \$705.3 million and is projected to be less than budget by \$30.3 million. Public funding available through the RTA is estimated at \$574.1 million, exceeding budget by \$30.7 million. This increase is largely due to greater than expected sales tax collections across the region. Increased funding from the RTA, together with lower than expected expenditures in 2011, allowed the CTA to transfer less funds than expected from capital for

Exhibit 4-18: CTA 2011 Budget vs 2011 Estimate (dollars in thousands)

	2011 Budget	2011 Estimate	Variance
<u>Operating Revenues:</u>			
Passenger Revenues	523,660	523,660	-
Reduced Fare Subsidy	28,000	28,000	-
Other Revenue	60,591	49,447	(11,144)
Total Operating Revenues	\$ 612,251	\$ 601,107	(\$ 11,144)
<u>Public Funding</u>			
RTA Sales Tax I	271,850	293,170	21,320
Sales Tax II and PTF II	109,356	117,723	8,367
25% PTF II on RETT	6,000	7,000	1,000
RTA Discretionary Funds	128,251	128,251	-
City of Chicago RETT	24,000	28,000	4,000
Transfer from Capital	113,200	48,200	(65,000)
State Fare Agreement	83,000	83,000	-
Total Public Funding	\$ 735,657	\$ 705,344	(\$ 30,313)
Total Revenues	\$ 1,347,908	\$ 1,306,451	(\$ 41,457)
<u>Expenses</u>			
Labor	931,179	901,392	29,787
Material	72,762	67,923	4,839
Fuel	54,487	58,166	(3,679)
Power	30,070	30,236	(166)
Insurance & Claims	15,000	15,000	-
Purchase of Security Services	34,109	35,988	(1,879)
All Other	200,149	197,746	2,403
Total Expenses	\$ 1,337,756	\$ 1,306,451	\$ 31,305
Net Results	\$ 10,152	-	(\$ 10,152)
Recovery Ratio %	54.6%	55.2%	0.6 points

preventive maintenance. Transfers from capital are estimated at \$48.2 million, which is favorable to budget by \$65.0 million.

EXPENDITURES

Calendar year 2011 operating expenditures are estimated at \$1,306.5 million and are projected to be favorable to budget by \$31.3 million. Expenditures for fuel, power and security services are over budget for the year while labor, material and other services are estimated to finish under budget due to cost containment strategies implemented to ensure that the CTA balances its budget in 2011.

Labor expenditures are projected at \$901.4 million, which is \$29.8 million or 3.2% under budget. The CTA achieved savings in this category by limiting hiring in 2011 and implementing mid-year personnel reductions.

Material expenditures in 2011 are estimated at \$67.9 million, which is lower than budget by \$4.8 million and \$12.2 million lower than 2010 actual expenses. The CTA will continue to improve its supply chain processes to ensure that only required quantities are being purchased and that the CTA is getting the best price possible.

Fuel expenditures are expected to be \$58.2 million at the end of 2011. This is \$3.7 million or 6.8% higher than budget. While consumption levels went down in 2011, costs went up due to higher fuel prices. In addition to decreasing consumption levels, the CTA continues to actively work to decrease the price it pays for fuel through its fuel hedging program. Fuel prices are projected to end the year at a net average price of \$3.18 per gallon, which is \$0.47 higher than the average price in 2010.

Electric power expenditures for the rail system are estimated to be \$30.2 million in 2011, over budget by \$166 thousand or 0.6%. This increase is explained by higher consumption levels in early 2011 due to severe weather and storms. The CTA began a new electric power contract in early 2010. This contract allowed the CTA to purchase wholesale power for its



base load electricity supply in advance. This approach has yielded a blended rate of approximately \$0.071 per kilowatt hour in 2011. The CTA negotiated a new electric power contract beginning January 1, 2012. In 2012, the CTA expects this block purchase approach to yield a blended rate of \$0.064 per kilowatt hour in 2012.

Expenditures for insurance, claims and litigation for injuries and damages that occur on CTA property or with CTA vehicles are estimated at \$15.0 million for 2011, which is equal to budget.

Security is deployed strategically throughout the system to provide 24-hour coverage, seven days a week. These services are provided by the Chicago, Evanston, and Oak Park police departments and contracts with private security firms. Full year expenditures are estimated at nearly \$36.0 million. This is \$1.9 million, or 5.5% above budget. This increase in costs over budget is the result of an increase in security personnel stationed across the system. In addition to the services contracted by CTA, the Public Transportation Unit of Chicago Police Department (CPD) continues to provide services to CTA at an estimated cost of \$22.0 million.

NET RESULTS

In 2011, the operating deficit is estimated to be \$705.3 million. This is favorable to budget by \$20.2 million. Net results for 2011 shows a zero balance with transfers from capital of \$48.2 million (Exhibit 4-18). Having zero net results is preferable to having a positive balance and higher transfers from capital to

operations. It is the policy of the CTA that any available funding in excess of the operating deficit is transferred to its capital program at the end of the fiscal year. Estimated results show that the CTA will end 2011 with total revenues equal to expenses but with a \$65.0 million reduction in transfers from capital to operations. In 2011, the CTA's recovery ratio is expected to be 55.2%, which is 0.6 points favorable to budget.

Statutory Compliance

The RTA Act requires that each Service Board meet the six criteria detailed in the Region Chapter for their budgets to be approved. The CTA budget, as submitted, substantially meets all criteria.

Organizational Structure

The CTA organization chart is shown in Exhibit 4-19 and consists of the following divisions.

CTA Board

The CTA's governing arm is the Chicago Transit Board which consists of seven board members. The Mayor of Chicago appoints four board members who are subject to the approval of the City Council and the Governor. The Governor appoints three board members who are subject to the approval of the State Senate and the Mayor of Chicago.

The Citizens Advisory Board, the CTA Board Members, the Chief of Staff to the Chairman, the Secretary of the CTA Board, the President of the CTA and the Office of Inspector General report directly to the Chairman of the Board. Functionally, the General Counsel of the CTA and the Chief Financial Officer both report to the Chairman of the Board.

Office of Inspector General

The Office of Inspector General reviews and analyzes the integrity of financial, operating, and computer system activities and any other organizational activity that management requires. This office is also responsible for financial and general investigations.

The Office of the Inspector General reports directly to the Chairman of the Board, and the Office of the President falls under its scope of potential investigative responsibilities.

President

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

Legislative Affairs

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

Planning

The planning department is responsible for developing routes and schedules that best synchronize CTA capabilities with customer demand. Planning ensures that the highest level of service is attained.

Transit Operations

Transit Operations consists of Bus Operations, Rail Operations, and Bus and Rail Maintenance, the Control Center, and Scheduling & Service Planning. Bus and Rail Operations manage a fleet of 1,783 buses and 1,200 rail cars, respectively that cover an average of 185,000 bus miles and 188,000 rail miles every day. They employ approximately 3,700 full-time equivalent bus operators and 1,100 rail operators that provide service to the customers. Bus maintenance includes both the maintenance and regular cleaning of bus interiors and exteriors. Rail Maintenance is responsible for maintaining the safe mechanical functioning of the CTA's trains as well as regular cleaning, heavy maintenance repairs and rebuilds of train systems. The Control Center monitors passenger and facility security, maintains accident statistics, and monitors

environmental affairs. The Control Center operates 24 hours per day, 7 days a week.

Infrastructure

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

Administration

Administration includes Human Resources & Employee Relations, Purchasing & Warehousing, Technology and DBE/EEO/ADA Compliance. The Human Resources department is responsible for recruiting, hiring, benefit services, medical services, and program compliance. The Purchasing/Warehousing department performs inventory management. Technology maintains and upgrades all CTA technology infrastructure including computer hardware, application software, and communications equipment. This office is also responsible for the maintenance of fare equipment for both Bus and Rail, and for all communication system infrastructures.

Finance

Finance is responsible for budgeting and capital planning, general accounting, investment support, cash management, program development, and the management and control of property, grants, investments and funding.

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

Law

Law handles appellate matters, corporate law, claims and tort litigation, and workers' compensation matters.

The law department functionally reports to the Chairman of the Board and administratively reports to the President.

Communications

Communications is responsible for marketing, media relations, identity development, and publications. Additionally, Communications is responsible for providing customer service such as travel information, Chicago Card account maintenance, maps, brochures, fare updates, refunds, and support for onsite public forums.

Security & Safety

Security & Safety administers the Destination Safety program with aims to reduce employee and third party accidents and injuries.

Exhibit 4-19: CTA Organization Chart

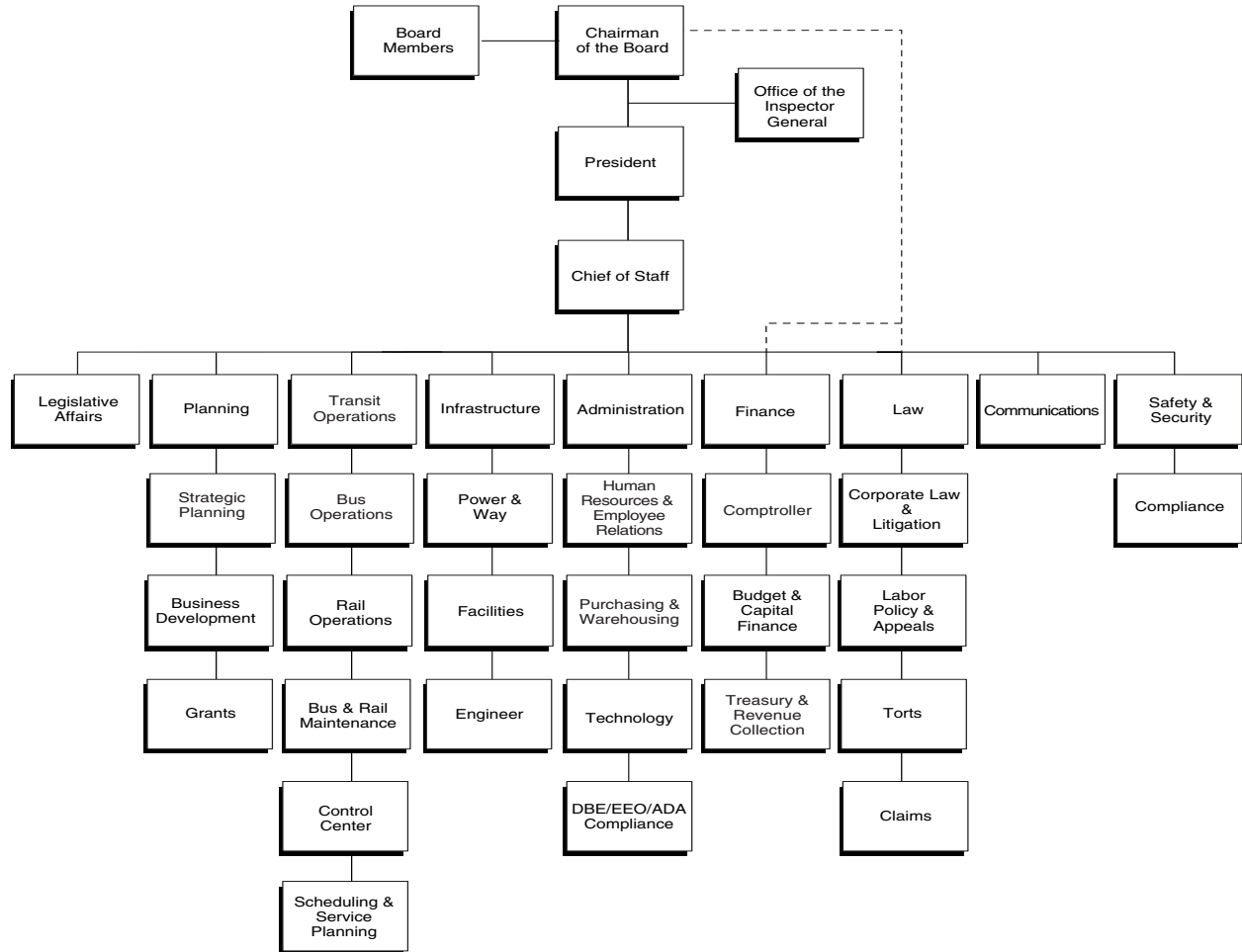


Exhibit 4-20: CTA Performance Measurement

CTA Monthly Performance		2010 Monthly Average	2011 Monthly Target	Jul 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011
RIDERSHIP	Total Ridership (in millions)	43.8	43.1	43.6	44.3	45.8	46.6	42.7	38.5	40.7	38.7	46.2	43.6	44.9	45.6
	Rail Ridership (in millions)	15.4	18.4	18.5	18.6	19.0	19.4	17.5	15.6	16.3	15.8	18.7	18.1	18.5	19.5
	Bus Ridership (in millions)	24.8	25.6	25.1	25.7	26.8	27.2	25.2	22.8	24.4	22.8	27.5	25.5	26.4	26.1
	Total (Year to Date, in millions)	40.5	257.7	298.9	343.2	389.1	435.6	478.3	516.9	40.7	79.4	125.5	169.0	213.9	259.5
	% Change Over Prior Year (Year to Date)	2.8%	3.9%	-0.9%	-0.6%	-0.6%	-0.7%	-0.6%	-0.8%	0.5%	-0.9%	0.7%	0.4%	1.2%	1.7%
ON-TIME	Rail Delays of 10 Minutes or More	70	78	71	77	79	64	52	87	89	104	66	61	110	94
	% of Slow Zone Mileage	9.7%	N/A	9.4%	10.3%	12.8%	13.2%	12.2%	10.5%	9.6%	9.2%	10.9%	10.9%	10.8%	11.6%
	% of Big Gap Intervals, Bus	3.7%	4%	3.9%	4.0%	5.0%	3.8%	3.4%	3.5%	2.8%	5.0%	3.1%	3.0%	3.6%	4.0%
	% of Bunched Intervals, Bus	2.3%	3%	2.4%	2.4%	2.9%	2.7%	2.4%	1.9%	1.7%	3.0%	1.9%	1.9%	2.3%	2.6%
EFFICIENT	Mean Miles Between Reported Rail Vehicle Defects	3998	3650	3168	3866	3626	4389	4237	3514	3471	3204	4043	4184	3455	3244
	Miles Between Reported Bus Service Disruptions Due to Equipment	5113	4300	4651	5004	5438	5343	5834	4557	4932	4582	5791	4427	4515	4362
	Average Daily Percent of Bus Fleet Unavailable for Service	12%	13%	14%	15%	12%	12%	12%	12%	13%	13%	12%	12%	12%	13%
	Average Daily Percent of Rail Fleet Unavailable for Service	10%	11%	11%	11%	11%	10%	11%	12%	11%	12%	12%	10%	11%	12%
SAFE	Bus NTD Security-Related Incidents per 100,000 miles	0.87	N/A	0.80	0.82	0.70	0.90	0.89	0.88	0.08	0.04	0.17	0.07	0.15	0.16
	Rail NTD Security-Related Incidents per 100,000 miles	2.5	N/A	2.38	2.28	2.86	3.52	2.37	2.50	0.02	0.0	0.1	0.1	0.0	0.1
	Bus NTD Safety-Related Incidents per 100,000 Miles	0.40	N/A	0.37	0.40	0.49	0.47	0.39	0.39	0.42	0.64	0.36	0.36	0.47	0.44
	Rail NTD Safety-Related Incidents per 100,000 Miles	0.05	N/A	0.07	0.09	0.02	0.09	0.10	0.05	0.07	0.04	0.06	0.06	0.00	0.02
CLEAN	Average Interior Rail Clean Inspection Score	95%	90%	93.7%	94.5%	95.8%	95.0%	96.9%	98.5%	96.0%	95.4%	98.9%	98.9%	97.1%	98.2%
	Average Interior Bus Clean Inspection Score	84%	85%	88.3%	85.2%	86.8%	86.8%	79.3%	89.9%	89.6%	88.2%	88.9%	84.7%	89.5%	90.8%
	% of Customer Complaints Not Closed Out Within 14 Days	2%	3%	2%	2%	2%	4%	1%	1%	1%	1%	0%	0%	2%	1%
COURTEOUS	CTA Customer Service Hotline Average Wait-time (*)	0:01:43	0:03:30	0:01:30	0:02:16	0:02:28	0:01:42	0:01:56	0:01:50	0:02:46	0:02:05	0:01:34	0:00:50	0:00:56	0:01:44
	Reported Ramp Defects (Service Disruptions)	78	N/A	84	57	53	58	44	71	81	81	61	57	104	89
	% Buses with Defective AVAS	0.6%	2%	0.6%	0.7%	0.6%	0.5%	0.6%	1.0%	0.6%	1.2%	0.8%	0.7%	0.8%	0.7%
	Reported ADA Complaints	60	N/A	68	58	65	79	54	53	43	58	48	67	56	94

Legend	
Meeting or exceeding target:	
Within 10% of target:	
Missing target by more than 10%:	
Measure does not have a target:	

5 Metra Operating Plan



Overview

Metra was formed in November 1983 as part of the reorganization of the RTA by the State of Illinois. Metra is responsible for the day-to-day operations of the region's commuter rail system including fare collection, service levels, capital improvements, finances, passenger services, safety, and systems planning. Service is operated by private carriers under contract to Metra and by Metra directly.

Metra is governed by an eleven member Board of Directors. Four of the directors are appointed by the suburban members of the Cook County Board. The chairman or executive of the County Boards of Cook, DuPage, Kane, Lake, McHenry, and Will counties each appoint one director, and the Mayor of the City of Chicago also appoints one director. The Chairman of Metra's board of directors must be one of the eleven directors, and is appointed by the concurrence of eight directors.

In 2012, Metra will continue its efforts to contain costs by cutting professional service contracts, reducing printing costs, changing the way signal crews are deployed, introducing a new warranty tracking system, and covering some expenses with new federal grants. In 2011, Metra was forced to transfer a total of \$60.0 million in federal capital funds to the 2011 Operating Budget under preventive maintenance. In 2012, the Metra Board and staff agreed that the continued transfer of funds from capital to operations is not a sustainable practice, and that reliance on these transfers inhibits Metra's ability to maintain its fleet and infrastructure. After identifying a variety of expense cuts and new sources of revenue, Metra was still left with a \$53.6 million gap between operating revenues and expenses for 2012. After careful deliberation with the Metra Board and its Citizen Advisory Board, executive staff made the decision to not decrease service but increase fares by an average of 25.1%.

Service Characteristics

The Metra rail system is comprised of eleven separate lines, which run north, west, and south of the

Chicago central business district. The system extends 488 route-miles to the limits of the six-county area and serves 241 local rail stations in more than 100 communities. The network itself is made up of 1,434 pieces of rolling stock, 821 bridges, more than 2,000 signals, 24 rail yards, and seven major maintenance facilities. Metra's interface with extensive freight networks makes it one of the nation's most complex operations. A system of such magnitude requires continual maintenance and renewal in order to preserve operational performance, safety, and service efficiency.

The network itself is made up of 1,434 pieces of rolling stock, 821 bridges, more than 2,000 signals, 24 rail yards and seven major maintenance facilities.

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

tion. The South Shore Line, operated by the Northern Indiana Commuter Transportation District (NICTD), is another Metra partner, providing service between Chicago and South Bend, Indiana.

Metra provides safe, reliable commuter rail service with an average weekday ridership of over 300,000. Peak period ridership represents 75.0% of the total average weekday trips. Average scheduling speeds are 5.7% higher during weekday peak periods than during off-peak hours and weekend/holiday periods. Metra's hub is located in the downtown Chicago business district. Four downtown terminals serve Metra's eleven lines.

RIDERSHIP

Metra's primary customer base is suburban residents who work in downtown Chicago. According to Metra's



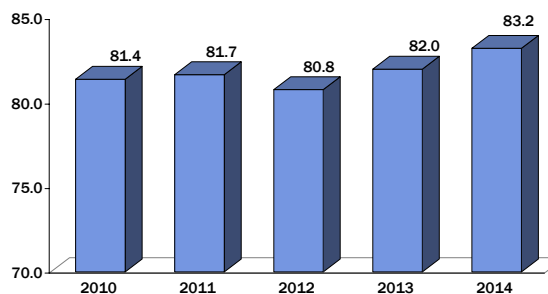
2006 Origin-Destination Survey, 77.0% of weekday morning riders board in the suburbs and alight in downtown Chicago, and more than 90.0% of all Metra trips are for business and work purposes.

In 2010, Metra's total ridership, excluding South Shore service, totaled 81.4 million passenger trips (Exhibit 5-1), representing a 1.1% decrease from 2009. Metra's total ridership is estimated to increase in 2011 to 81.7 million passenger trips. An increase of 1.6 million passenger trips is expected over the following three years, with an estimated total ridership of 83.2 million passenger trips in 2014. This represents a compound annual growth rate of 0.6% from 2010 to 2014 (Exhibit 5-2).

Over the years Metra has made concerted efforts to market off-peak and reverse commute trips. Compared to five years earlier, reverse peak travel has increased 17.6%, while midday and evening travel has decreased 1.4% and 5.1%, respectively (Exhibit 5-3). Reverse peak gains are attributable to Metra's efforts to broaden its ridership base, targeted promotion of service to suburban employers, marketing travel to cultural and entertainment attractions, and Metra's Bikes on Trains program. In 2012, Metra will continue to work with the RTA and Pace to identify potential areas for reverse commute focus. Elmhurst and Wheaton along the Union Pacific West Line are currently being evaluated as possible markets for service refinement as well as increased corporate outreach.

Metra is also working to improve the customer experience by collaborating with the RTA, CTA, and Pace to provide web-based, real-time arrival information by July 1st, 2012. Additionally, Metra is working with

Exhibit 5-1: Metra Ridership (in millions)



the RTA to improve coordinated interagency signage, service, and connection information at its downtown locations. Looking forward, Metra will be working with the RTA, CTA, and Pace to implement an "account-based" regional fare payment system to provide fare acceptance via personal credit, debit, and pre-paid cards on all fixed-route services in the region.

Exhibit 5-3: Average Daily Passenger Loads by Service Period (in thousands)

	July 2006- June 2007 (1)	July 2010- June 2011 (1)	Change	% Change
Peak Direction	245.7	225.4	(20.3)	(8.3)
Reverse Peak	17.6	20.7	3.1	17.6
Midday	36.0	35.5	(0.5)	(1.4)
Evening	19.8	18.8	(1.0)	(5.1)
Total Weekday	319.1	300.4	(18.7)	(5.9)
Saturday	72.3	70.2	(2.1)	(2.9)
Sunday	45.3	43.8	(1.5)	(3.3)

(1) Excludes South Shore (NICTD) service.

Exhibit 5-2: Riders and Miles (in millions) (1)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
Ridership (2)	81.4	81.7	80.8	82.0	83.2
Revenue Car Miles	43.1	42.7	42.9	42.9	42.9
Passenger Miles (3)	1,762.5	1,758.2	1,739.2	1,765.3	1,791.8

(1) Ridership, Revenue Car Miles, and Passenger Miles exclude South Shore (NICTD) service.

(2) Based on ticket sales. Includes free Senior rides.

(3) Based on ticket sales. Excludes Senior free rides.

SERVICE QUALITY

Metra has identified improved service quality as one of its objectives to ensuring customer satisfaction. Metra periodically conducts on-board surveys to measure various service attributes. Beyond general rider satisfaction, Metra also collects information on the service attributes that are most effective at attracting and retaining riders. This data provides direction for planning, scheduling and marketing activities. For example, Metra’s goal to provide safe, reliable, clean, and on-time service is derived directly from the most important service characteristics identified through customer surveys. In response to the changing needs of customers, Metra continuously looks for ways to expand and improve its service within financial constraints. In order to ensure customer satisfaction and efficiency, Metra has implemented a number of metrics to measure efficiency and customer satisfaction.

For instance, Metra measures service reliability using on-time performance. When measuring on-time performance Metra records a delay if the train arrives at its final destination six or more minutes later than scheduled. Metra’s on-time performance in 2010 was 95.9% (Exhibit 5-4).

Matching the supply of service to demand is another means of maintaining system efficiency. Metra measures capacity utilization train-by-train, which allows it to track daily passenger loads by service period and line in order to analyze trends. Metra monitors and reports trains with occupancy rates exceeding 95.0%, and uses this information to make service change decisions.

One measurement of system-wide effectiveness relates the number of passengers to the number of car miles of service, thereby calculating passengers per revenue car mile. Metra’s ratio of passengers per

Exhibit 5-4: On-Time Performance

Year	% On-Time
2006	96.3
2007	95.7
2008	95.4
2009	95.7
2010	95.9

Exhibit 5-5: Passengers per Revenue Car Mile (in millions)

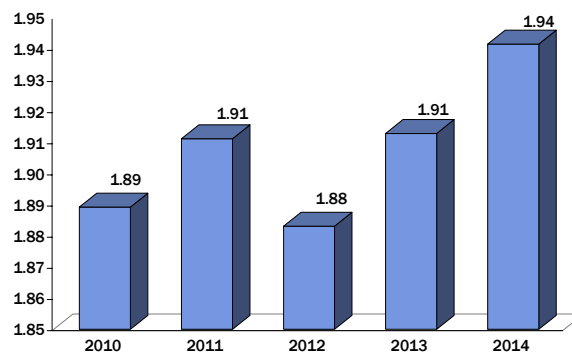
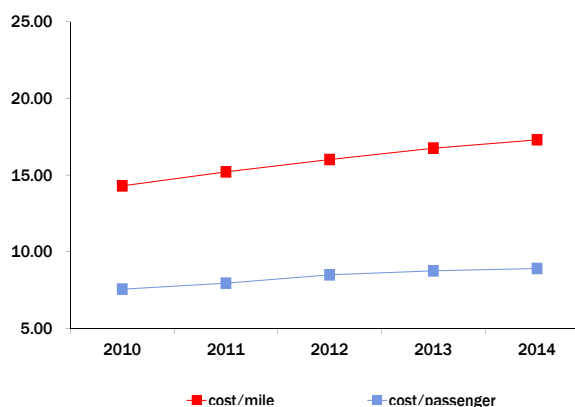


Exhibit 5-6: Metra Cost Efficiency



revenue car mile is projected to increase from 1.89 in 2010 to 1.94 in 2014 (Exhibit 5-5). This 0.05 increase represents a compound annual growth rate of 0.7%. In the case of a new service, the number of car miles initially increases faster than the number of passengers, thereby decreasing the passenger per mile ratio. An increase in passengers per revenue car mile indicates increasingly efficient transportation practices.

Cost per revenue car mile is another measurement used to evaluate whether costs are being contained and efficient. This measure recognizes that costs tend to vary with the amount of service provided. Metra expects that its cost per revenue car mile will increase from \$14.29 in 2010 to \$17.30 in 2014. This \$3.01 increase represents a compound annual growth rate of 4.9% (Exhibit 5-6).

The cost per passenger ratio measures cost effectiveness and is designed to examine how well vehicles are deployed to serve riders. Metra projects that its cost per passenger will increase slightly each year

from 2010 to 2014. The cost per passenger ratio was \$7.57 in 2010 and is projected to be \$8.91 in 2014. This \$1.34 increase represents a compound annual growth rate of 4.2% (Exhibit 5-6).

MAINTENANCE AND MODERNIZATION

Since its formation in 1983, Metra has overseen a comprehensive program to improve and grow the regional commuter rail network in support of the twin objectives of core system maintenance and strategic service expansion. For the past several years Metra's budget has discussed the need for new capital funding sources.

In 2010, Metra worked with available funding to maintain the high quality of service passengers have come to know and expect. Metra has initiated the replacement of 160 Highliner cars used on the Metra Electric District with funding available from the 2010 State of Illinois Bond program. The Metra Highliner purchase will cost \$585.1 million, and the remainder of the state capital program will be used to address a backlog of rolling stock and infrastructure projects across the region.

American Recovery and Reinvestment Act funds (ARRA) allowed Metra to utilize \$71.0 million toward remanufacturing its locomotives. The cost of remanufacturing a locomotive is \$1.7 million compared to the \$4.0 million cost of purchasing a new one. Metra's remanufacturing program represents a significant cost savings program that extends the life of the equipment an estimated 25 years. Without new sources of fund-



ing for capital, Metra riders will see reduced customer service and a decline in on time performance. Rail cars will be rehabbed less frequently and station renewal projects will be delayed. Metra is working with legislatures at the State and Federal level to ensure that funding is available for the modernization and maintenance of its fleet and other assets.

SAFETY AND SECURITY

In an effort to provide a safe and secure environment for both customers and employees, Metra provides employee incentives to those regularly meeting safety and security goals. Key among these goals is workplace safety. A safe workplace means a safe environment for Metra passengers.

In 2012, Metra will continue its safety outreach programs. This year will mark the sixth year of Metra's Poster Contest, where students from throughout the region compete to create the winning designs to be displayed on Metra's safety calendar which is distributed to over 2,000 schools. The winning design will also be displayed on Metra's monthly passes.



Budget and Financial Plan

The Metra budget and financial plan presented in Exhibit 5-7 meets the 2012, 2013, and 2014 funding marks and the 2012 recovery ratio mark of 53.0% set by the RTA Board. Metra was able to meet the funding level requirement set by the RTA by increasing fares, by an average of 25.1%. The RTA Board adopted Metra's 2012 budget and 2013-2014 financial plan on December 15, 2011.

REVENUES

Total revenues are composed of two major parts, operating revenues and public funding.

Total operating revenue was estimated at \$296.4 million in 2011, equal to 2010 levels. Total operating revenue is expected to increase to \$390.7 million in 2014. The increase of \$94.3 million represents a compound annual growth rate of 7.1% from 2010 to 2014 (Exhibits 5-7 and 5-8).

Metra’s operating revenue has three major components: passenger revenue, reduced fare subsidy, and other revenue. In 2012, passenger revenue of \$297.6 million comprises 43% of the total revenue budget with other revenue and the reduced fare subsidy representing 7.6% and 0.5% respectively (Exhibit 5-9).

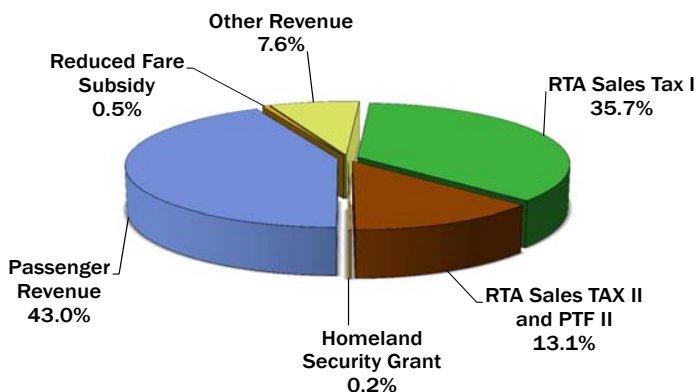
Metra’s total public funding is expected to decrease by \$54.6 million in 2012, largely due to Metra’s decision to discontinue the unsustainable practice of transferring capital funds to operations. Total public funding is anticipated to increase by \$7.9 million from 2010 to 2014, a compound annual growth rate of 0.6%. Public funding is composed of three main parts: RTA Sales Tax I, RTA Sales Tax II & PTF II, and funds made available to Metra by the Department of Homeland Security. In 2012, RTA Sales Tax I comprised 35.7% of total revenues. Combined Sales Tax II and PTF II were 13.1% of total revenues, and the \$1.2 million grant from the Department of Homeland Security constituted 0.2% of total revenues.

Exhibit 5-7: **Metra 2012 Budget and 2013-2014 Financial Plan** (dollars in thousands)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
Operating Revenues					
Passenger Revenue	239,500	239,000	297,600	319,000	332,600
Reduced Fare Subsidy	3,400	3,400	3,400	3,400	3,400
Other Revenue	53,500	54,000	52,600	53,600	54,700
Total Operating Revenues	\$ 296,400	\$ 296,400	\$ 353,600	\$ 376,000	\$ 390,700
Public Funding					
RTA Sales Tax I	\$230,544	\$240,164	\$246,888	\$253,801	260,908
RTA Sales Tax II and PTF II	89,355	93,164	90,590	92,135	93,675
Transfers from Capital	28,000	60,000	-	-	-
Homeland Security Grant	-	-	1,200	1,200	1,200
Total Public Funding	\$ 347,899	\$ 393,328	\$ 338,678	\$ 347,136	\$ 355,783
Total Revenues	\$ 644,299	\$ 689,728	\$ 692,278	\$ 723,136	\$ 746,483
Expenses					
Transportation	158,000	162,900	170,500	177,000	182,000
Maintenance of Way	103,100	101,200	104,900	108,500	111,700
Maintenance of Equipment	105,759	109,200	113,500	117,300	120,000
Risk Mgmt., Insurance, Claims and Related	13,400	14,600	18,400	19,000	19,600
Administration and Regional Services	54,900	52,600	60,000	62,200	64,100
Downtown Stations	13,700	13,900	14,500	15,000	15,500
Diesel Fuel/Electricity	73,800	94,500	96,200	103,700	106,700
Pension/Health Insurance	72,300	78,302	83,500	89,200	94,600
Other	20,841	22,600	25,300	26,200	27,200
Total Expenses	\$ 615,800	\$ 649,802	\$ 686,800	\$ 718,100	\$ 741,400
Net Results (1)	\$ 28,499	\$ 39,926	\$ 5,478	\$ 5,036	\$ 5,083
Recovery Ratio %	52.3%	53.0%	54.7%	55.6%	55.9%

(1) Positive Net Results are either transferred to capital or added to cash reserves to help build a cash balance equal to six weeks of operational expenses, consistent with the Office of the Auditor General’s Recommendation. In 2011, Metra anticipates transferring \$10.0 million dollars to capital from operation. In 2012-2014, Metra anticipates transferring \$5.0 million each year to capital from operations.

Exhibit 5-9: 2012 Metra Total Revenues - \$692.3 million



Passenger Revenue

Passenger revenue is estimated at \$239.0 million in 2011, a decrease of \$0.5 million from 2010. Passenger revenue is expected to increase to \$332.6 million by 2014. This increase of \$93.1 million represents a compound annual growth rate of 8.6% from 2010 to 2014.

The increase in projected passenger revenues is largely due to Metra’s fare increase scheduled to take effect on February 1, 2012. A comparison of Metra’s fare structure is presented at the end of this section (Exhibit 5-14). In preparation of its fare increase Metra developed a set of guiding principles:

- Consider regular fare adjustments that ensure a balanced budget, keep pace with inflation, and avoid significant, infrequent fare increases;
- No longer divert capital-eligible funds to the operating budget;

Exhibit 5-8: Metra Operating Revenue (dollars in millions)

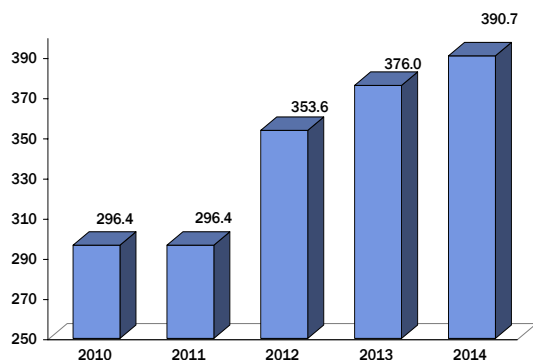


Exhibit 5-10: Ticket Sales by Ticket Type* (in thousands)

	July 2009- June 2010	July 2010- June 2011	Change	% Change
Monthly	1,088.3	1098.9	10.6	1.0
Ten-Ride	1,740.1	1786.1	46.0	2.6
Regular One-Way	5,484.1	5387.5	(96.6)	(1.8)
Conductor	4,046.6	4037.1	(9.5)	(0.2)
Weekend	1,688.0	1226.3	(461.7)	(27.4)
Link-Up	89.7	87.7	(2.0)	(2.2)
PlusBus	16.1	16.7	0.6	3.7

*Excludes South Shore (NICTD) service.

- Acknowledge the total cost and value of providing services;
- Maintain a fair pricing structure that maximizes revenues;
- Review fare media to improve fare collection and simplify overall collection activities and reconciliation;
- Minimize on-train and overall transaction costs;
- Recognize that convenience has a value;
- Equalize fare differentials by zone over time;
- Evaluate fare policies of sister agencies and peers.

Reduced Fare Subsidy

The Illinois General Assembly passed legislation in 1989 providing funds to reimburse the CTA, Metra, and Pace for the cost of providing reduced fares for the elderly, students, and persons with disabilities. The fare reimbursement is included in revenue and is contingent upon annual approval by the State. In 1999, the State Assembly passed new reduced fare legislation, which doubled the reimbursement level of

previous years. Metra anticipates that the State will continue to provide \$3.4 million in reimbursement throughout the financial planning period.

Other Revenue

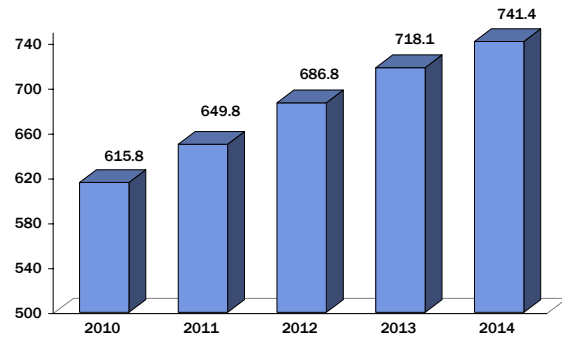
The other revenue category represents 7.6% of Metra’s total revenue for 2012. The components of this category are investment income, joint facility and lease revenue, advertising income, capital credits, and miscellaneous non fare-generated income. Other revenue is expected to decrease \$1.4 million from 2011 to \$52.6 million in 2012. In 2014, other revenue is estimated at \$54.7 million. The \$1.2 million increase between 2010 and 2014 represents a compound annual growth rate of 0.6%.

Public Funding

Public funding available for Metra is determined by and based on the RTA’s revenue projection for the year. From the RTA, Metra receives statutorily allocated RTA Sales Tax (RTA Sales Tax-I and II) and the Public Transportation Funds (PTF-II).

Metra funding from RTA Sales Tax-I is expected to increase from \$230.5 million in 2010 to \$260.9 million in 2014. RTA Sales Tax-II and PTF-II are expected to increase from \$89.4 million in 2010 to \$93.7 million in 2014. Although Metra used \$28.0 million of federal funds for preventative maintenance in 2010 and estimates the use of an additional \$60.0 million in 2011, Metra has budgeted to discontinue this unsustainable process in 2012 and in the 2013 and 2014 planning years. Additionally, Metra anticipates receiving \$1.2 million in operating grants from the

Exhibit 5-11: Metra Total Operating Expenses ((dollars in millions)



Department of Homeland Security each year between 2012 and 2014. A more detailed description of how public funds are allocated among the Service Boards can be found in the RTA chapter of this book.

OPERATING EXPENDITURES

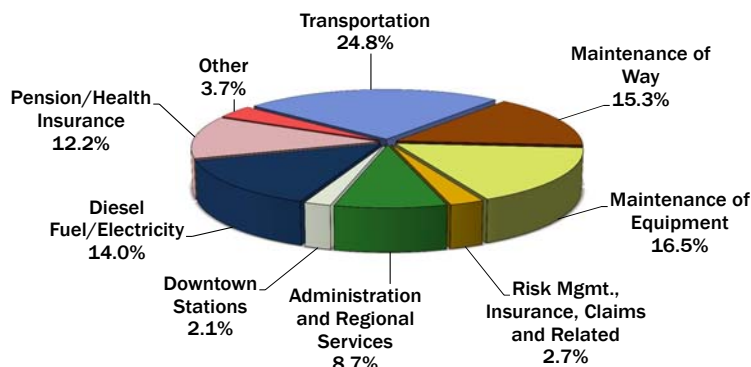
Total operating expenditures are estimated to increase \$34.0 million from 2010 to \$649.8 million in 2011. Total operating expenditures are expected to be \$741.4 million in 2014. This \$125.6 million increase represents an annual compound growth rate of 4.7% from 2010 to 2014 (Exhibit 5-11).

Metra’s 2012 total operating expenditures of \$686.8 million are projected to grow by \$37.0 million or 5.7% from the 2011 estimate. In 2012 and 2013, total expenditures will increase by 4.6% and 3.2% respectively, producing total expenses of \$741.4 million in 2014 (Exhibit 5-7).

Expenditure Elements

The components of operating expenditures include transportation, maintenance of way, maintenance of

Exhibit 5-12: 2012 Metra Expenses - \$686.8 million



equipment, risk management & claims, administration & regional services, downtown stations, diesel fuel and electricity, pension & health insurance, and all other, which includes security, credit cards and internet charges, Inspector General charges and the apprentice training program. Of total 2012 expenditures, transportation represents 24.8%; maintenance of way, 15.3%; maintenance of equipment, 16.5%; risk management insurance, claims and related are 2.7%; administration and regional services are 8.7%; downtown stations are 2.1%; fuel and electricity, 14%; pension/health insurance, 12.2%; and other is 3.7% (Exhibit 5-12).

Transportation

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. 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. Transportation expenditures were estimated to increase \$4.9 million from 2010 to \$162.9 million in 2011. By 2014, transportation expenditures are expected to reach \$182.0 million. This \$24.0 million increase represents a compound annual growth rate of 3.6% from 2010 to 2014 (Exhibit 5-7).

Maintenance

Maintenance of way activities include the maintenance of track, structures, communications and facilities to preserve operational safety, reduce travel times and service interruptions, and increase passenger comfort. Maintenance work is concentrated on safety inspections and short-term projects to safeguard overall track and structure conditions. Maintenance of way expenditures are estimated to decrease \$1.9 million from 2010 to \$101.2 million in 2011. Expenditures are expected to reach \$111.7 million in 2014. This \$8.6 million increase represents a compound annual growth rate of 2.0% from 2010 to 2014 (Exhibit 5-7).



Maintenance of equipment activities include regular repairs, inspection and preventive maintenance of passenger train equipment to ensure that this equipment is safe and in good working order to meet train schedules and passenger demand for seating. Maintenance of equipment is estimated to increase \$3.4 million from 2010 to \$109.2 million in 2011. Expenditures in this category are expected to reach \$120.0 million in 2014. This \$14.2 million increase represents a compound annual growth rate of 3.2% from 2010 to 2014 (Exhibit 5-7).

Risk Management, Insurance, Claims & Related

Risk management, insurance, claims & related costs for 2012 of \$18.4 million was budgeted to increase by 9.0% over the 2011 estimate of \$14.6 million, with annual growth rates of 3.3% and 2.3% in 2013 and 2014, respectively (Exhibit 5-7).

Administration and Regional Services

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

Metra has adopted a variety of cost-containment measures for administration in 2012. The cost-cutting actions include leaving positions unfilled, reducing overtime, and trimming material cost whenever possible. Administration and regional services are estimated to

be \$52.6 million in 2011, a decrease of \$2.3 million from 2010. Administration and regional services are projected to increase by \$7.4 million or 14.1% in 2012 to \$60.0 million. Then, increases of 3.7% and 3.1% is anticipated for 2013 and 2014, respectively. Total administration and regional expenses are anticipated to reach \$64.1 million in 2014 (Exhibit 5-7).

Downtown Stations

Expenditures related to Metra's downtown stations are expected to increase by 4.3% from 2011 to \$14.5 million in 2012. In 2014, costs associated with operating Metra's Downtown Chicago stations are expected to reach \$15.5 million. This \$1.8 million increase represents an annual compound growth rate of 3.1% from 2010 to 2014.

Diesel Fuel and Electricity

Diesel fuel and electrical power are two of the most volatile components of Metra's operating expenditures. In December 2010, Metra budgeted its average fuel price for 2011 at \$2.35. The estimated fuel price in 2011 is closer to \$3.06, 29.9% higher than Metra's original budget. As a result of this higher fuel price Metra was forced to amend its budget. In 2012, diesel fuel is expected to average \$3.12 per gallon for a total of \$78.0 million, an increase of \$1.6 million or 2.1% from the 2011 estimate. In an effort to reduce the volatility associated with rising fuel prices Metra was able to lock in a fuel rate with its vendor for 75% of their total gallons for the year at a cost of \$3.06 per gallon. Using an estimated \$3.22 per gallon for the remaining fuel, anticipated to be purchased at market price, Metra's budgeted fuel price for 2012 is \$3.12. The 2014 budget based on \$3.60 a gallon totals \$90.1 million for the year, an increase of \$33.4 million or 58.9% from 2010. The projected average price per gallon for diesel fuel in 2013 and 2014 are \$3.40 and \$3.60, respectively. In 2004 diesel fuel represented only 4% of total operating costs. In 2011, diesel fuel is estimated to represent 11.8% of total operating expenses, nearly triple the share of 2004.

For 2012, Metra has budgeted motive power and electric utility costs to increase by \$0.1 million from 2011.



By 2014, combined fuel and electric power costs are projected to reach \$106.7 million. This \$32.9 million increase represents a compound annual growth rate of 9.7% from 2010 to 2014 (Exhibit 5-7).

Pension / Health Insurance

Pension and health insurance expenses combined are budgeted to increase 6.7% from 2011 to \$83.5 million in 2012. In 2014, this combined category is budgeted at \$94.6 million. Between 2010 and 2014 Metra anticipates a growth of \$22.3 million, a compound annual growth rate of 7%. Metra's annual contribution to the RTA Pension Plan is determined by a third-party actuary. The pension expenditure is expected to increase 12.0% to \$5.8 million in 2011. Pension expenditures will increase further to \$6.5 million in 2012. In 2014, pension expenses are expected to reach \$7.1 million. The \$1.4 million increase between 2010 and 2014 represents an annual compound growth rate of 5.6%. Health insurance costs of \$77.0 million for 2012 are budgeted to increase by 6.2% over the 2011 estimate of \$72.5 million. Health insurance costs are expected to increase by 7.0% and 6.2% in 2013 and 2014, respectively (Exhibit 5-7).

All Other

This expenditure category includes expenses associated with security, credit cards and internet charges, Office of the Inspector General and the Apprentice Training Program. Expenditures in this category are expected to increase from \$20.8 million in 2010 to \$27.2 million by 2014. This \$6.4 million increase

represents a compound annual growth rate of 6.9% (Exhibit 5-7).

Security has become a significant concern for Metra as it seeks to safeguard riders and employees alike. This expense category includes police and contract security services as well as planning, coordination, and training with other agencies. In 2012, security expenses represent 70.0% of the expenses in the other category. Expenses related to Metra's security expenses are anticipated to increase by 6.6% to \$17.7 million in 2012 from the 2011 estimate. Between 2010 and 2014 Metra's security expense will increase from \$16.3 million to \$18.9 million, a compound annual growth rate of 3.8%, representing a sustainable commitment to provide a secure environment to the customers and employees of Metra. Part of Metra's security expense will be somewhat offset by grants received from the Department of Homeland Security between 2012 and 2014 (Exhibit 5-7).

On September 9, 2009, Metra inaugurated a new web site that included the acceptance of credit and debit cards for the purchase of 10-ride and monthly tickets. Credit card support costs related in 2012 represent about 20.9% of the other expense category. Metra expects that credit card and related expenses will grow from \$2.3 million in 2010 to \$5.6 million in 2014. This \$3.3 million increase represents a compound annual growth rate of 24.9%.

In 2010, Metra created an Internal Office of Inspector General to investigate potential misuse of funds and hired the contractor of Hillard Heintze to assist them in this role. In 2010, Metra expended \$0.7 million dollars in this function and in 2011 the State amended the State Officials and Employee Ethics Act, transferring the role of Inspector General at Metra to the Office of Executive Inspector General for the Agencies of the Illinois Governor (OEIG). This transfer occurred on July 1st, 2011. As a result, Metra expended \$0.4 million for this function and does not anticipate spending any further funds on this initiative in the 2012 budget or 2013-2014 financial plan.

The apprentice training program represents 9.1% of the other category expenses in 2012. Expenses

for this program are expected to increase from \$1.5 million in 2010 to \$2.7 million in 2014. This \$1.2 million increase represents a compound growth rate of 15.1%. The apprenticeship training program represents a strategic investment in human capital planning to compensate for the upcoming wave of retirement that Metra is currently facing.

NET RESULTS

Net results are calculated by adding total operating revenues and public funding together and subtracting total expenses. Metra's 2012 budgeted net results are \$5.5 million. The remaining funds, after a transfer of \$5.0 million dollars to their capital program, are \$0.5 million. In 2010 and 2011, Metra used remaining funds to either transfer funds to capital or add to cash, consistent with the Office of the Auditor General's recommendation. In 2012-2014, Metra anticipates transferring \$5.0 million each year to capital from operations.

RECOVERY RATIO

Metra's recovery ratio equals total system-generated revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. In 2012, Metra's recovery ratio is 54.7%, 1.7% higher than what was required in the marks set by the RTA. The RTA chapter provides a detailed recovery ratio calculation (Exhibit 3-57).

Statutory Compliance

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

2011 Budget versus 2011 Estimate

Due to unexpectedly high fuel prices throughout 2011, Metra amended its budget in November of 2011. The following information examines Metra's 2011 estimate against their 2011 Amended Budget. In 2011, Metra budgeted for a 55.0% Recovery Ratio. Due to shortfalls in revenues and unanticipated expenses

during the financial year Metra estimated that its recovery ratio would be 53.0%, 2.0 points below budget (Exhibit 5-13).

OPERATING REVENUE

Calendar year 2011 operating revenues are estimated at \$296.4 million and are projected to be \$0.9 million or 0.3% lower than budget. Passenger revenues are estimated to be \$0.1 million higher than budget. Metra estimated that the reduced fare subsidy would end up even to budget by the end of the calendar year. Other revenues are estimated to be \$1.0 million or 1.8% unfavorable to budget.

PUBLIC FUNDING

Metra's public funding figures were not impacted by the amended budget. The RTA marks set at the beginning of the fiscal year allocated a total of \$318.1 million to Metra. Additionally, Metra used \$60.0 million in federal transfers from capital to bridge its budget deficit. Sales tax revenues were higher than what was originally projected in the budget and Metra estimates a favorable variance in Sales Tax I, Sales Tax II and PTF II. Consistent with the RTA's estimates Metra has anticipated that Sales Tax I will come in \$10.9 million or 4.5% higher than budget. Sales Tax II and PTF II are projected to come in \$4.3 million or 4.6% higher than budget. In October of 2010, the RTA passed an

Exhibit 5-13: Metra 2011 Budget vs. 2011 Estimate (dollars in thousands)

	2011 Original Budget	2011 Amended Budget	2011 Estimate	Variance
Operating Revenues				
Passenger Revenue	238,900	238,900	239,000	100
Reduced Fare Subsidy	3,400	3,400	3,400	-
Other Revenue	55,000	55,000	54,000	(1,000)
Total Operating Revenues	\$ 297,300	\$ 297,300	\$ 296,400	(\$ 900)
Public Funding				
RTA Sales Tax I	229,294	229,294	240,164	10,870
RTA Sales Tax II and PTF II	88,852	88,852	93,164	4,312
Transfers from Capital	60,000	60,000	60,000	-
Total Public Funding	\$ 378,146	\$ 378,146	\$ 393,328	\$ 15,182
Total Revenues	\$ 675,446	\$ 675,446	\$ 689,728	\$ 14,282
Expenses				
Transportation	160,600	159,700	162,900	(3,200)
Maintenance of Way	103,800	103,400	101,200	2,200
Maintenance of Equipment	106,800	107,751	109,200	(1,449)
Risk Mgmt., Insurance, Claims and Related	15,000	14,900	14,600	300
Administration and Regional Services	51,500	49,800	52,600	(2,800)
Downtown Stations	14,000	14,000	13,900	100
Diesel Fuel/Electricity	76,400	93,900	94,500	(600)
Pension/Health Insurance	81,202	81,202	78,302	2,900
Other	24,900	23,800	22,600	1,200
Total Expenses	\$ 634,202	\$ 648,453	\$ 649,802	(1,349)
Net Results (1)	\$ 41,244	\$ 26,993	\$ 39,926	\$ 12,933
Recovery Ratio % (2)	55.0%	55.0%	53.0%	-2.0%

(1) Positive results in Net Results are either transferred to capital or added to cash reserves to help build a cash balance equivalent to six weeks of operating expenses, consistent with the Office of the Auditor General's recommendation. In 2011, Metra anticipates transferring \$10.0 million to capital from operations.(2) The RTA Act requires the RTA Board to set a recovery ratio for each service board. Metra's 2011 estimate is 2.0 percentage points less than budget but due to higher than anticipated public funding results Metra's Revenues- Expenses are significantly higher than the amended budget and just 3.3 percent lower than the original budget. Metra's Recovery Ratio was not amended to reflect the amended budget.

ordinance that allowed Metra to transfer \$60.0 million of Federal Capital Funds to Preventive Maintenance for Operations. Due to this transfer, end of the year available Service Board funds are estimated to be \$39.9 million, \$12.9 million more than budgeted but \$1.3 million less than the original budget. End of the year available funds will either be transferred back to capital or used to help Metra build a cash balance equivalent to six weeks of operating expenses.

EXPENDITURES

Total 2011 operating expenditures are estimated at \$649.8 million and are projected to be \$1.3 million greater than budget, resulting in an unfavorable variance of 0.2%.

Savings achieved in the maintenance of way, risk management, insurance, claims & related, downtown stations, pension/health insurance, and other, did not offset increased expenses in transportation, maintenance of equipment, administration & regional services, and diesel fuel.

Transportation expenses were unfavorable to budget by \$3.2 million or 2%. Maintenance of way expenses were favorable to budget by \$2.2 million or 2.1%, but maintenance of equipment expenses were unfavorable to budget by \$1.4 million or 1.3%. Risk management, insurance and claims were favorable to budget by \$0.3 million or 2% but administration & regional services were unfavorable to budget by \$2.8 million or 5.6%. Expenses related to downtown stations were favorable to budget by \$0.1 million or 0.7%. Diesel fuel/electricity expenses were estimated to be \$0.6 million higher than budgeted, an unfavorable variance of 0.6%. Pension/health insurance costs were lower than anticipated and are estimated to be 3.6% favorable to budget, a difference of \$2.9 million. Other Expenses are anticipated to be \$1.2 million or 5% favorable to budget.

Fare Structure

Commuter rail fares are based upon travel between designated fare zones. These zones are set at five-mile intervals beginning at each rail line's downtown

Chicago station. The zone system does not apply to the South Shore fares set by the Northern Indiana Commuter Transportation District (NICTD).

A uniform base fare is charged for travel within a zone and increments are added to this base fare as fare zone boundaries are crossed.

On February 1, 2012, Metra will increase one-way fares by \$0.50 on zones A and B and by \$0.75 on Zones C-M (Exhibit 5-14). Under the prior fare structure, ten-ride tickets were equal to a little over eight one-way tickets and monthly passes were equal to less than 26 one-way tickets. Under the fare structure effective February 1, 2012, ten-ride tickets are equal to about nine one-way tickets and monthly passes are equal to about 28.5 one-way tickets. The cost of a weekend pass remained at \$7.00, and passengers who pay for their ticket on the train when a Metra agent is available at their boarding station will continue to pay a \$3.00 surcharge. Metra has also made some changes to its ticket policies which are provided below.

- The length of time a one-way ticket will be considered valid has changed from one year to 14 days;
- Refunds will no longer be given for one-way tickets;
- The ten-ride ticket discount was reduced from 20% to 10% and therefore refunds on this ticket will be given with up to nine rides used and will be refundable for up to 3 months from the date of purchase;
- The monthly ticket will only be valid through the end of the month;
- Refunds on ten-ride and monthly fare media will include handling fees, including \$5.00 for ten-ride tickets and \$10.00 for monthly tickets;
- Young adult fares (12-17 years old) on weekends and holidays will be eliminated;
- All ticket prices will be rounded to the nearest quarter.

Organizational Structure

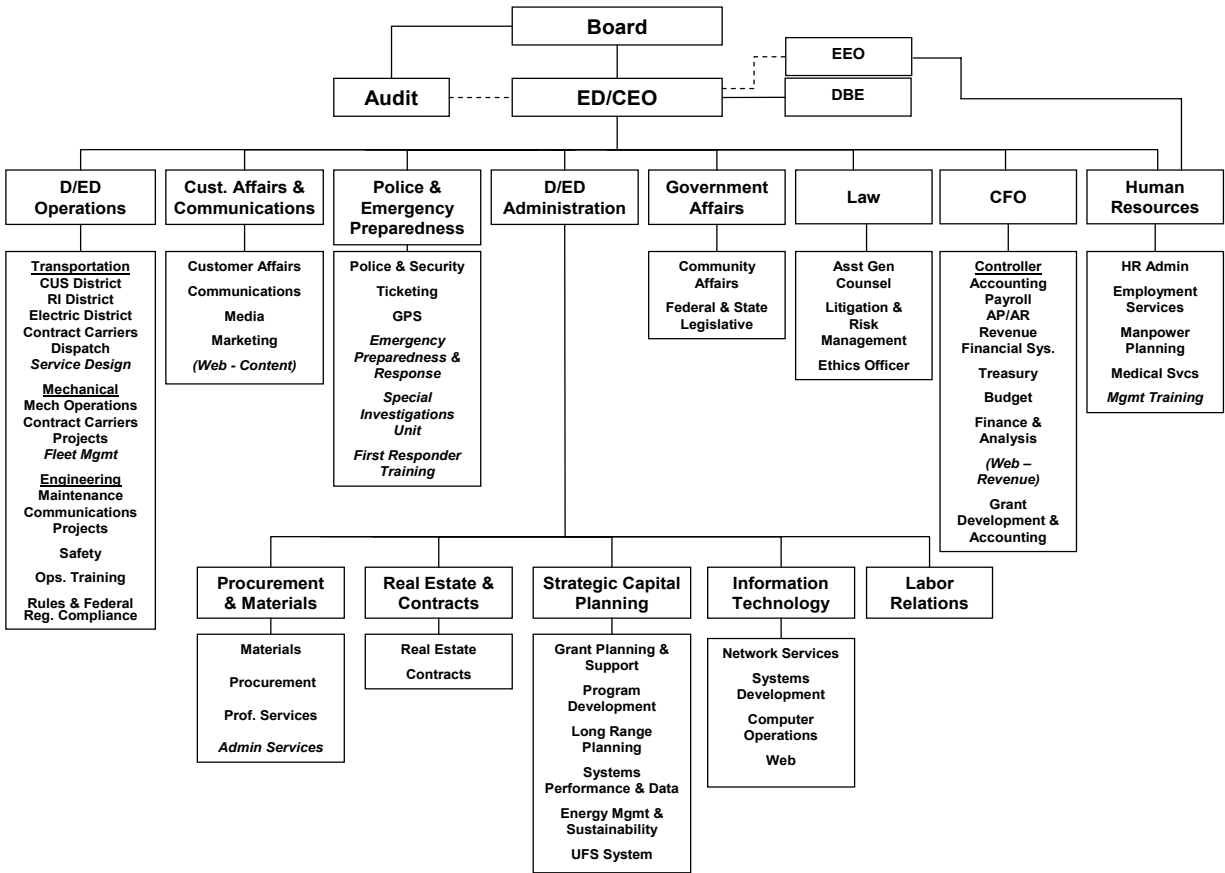
Metra's administrative organization chart is presented in Exhibit 5-15.

Exhibit 5-14: New Fare Structure

Effective February 1, 2010					Effective February 1, 2012				
Zone (1)	One-Way (3)	Ten-Ride	Monthly	Weekend (2)	Zone (1)	One-Way (3)	Ten-Ride	Monthly	Weekend (2)
A	\$2.25	\$18.30	\$58.05	\$7.00	A	\$2.75	\$24.75	\$78.25	\$7.00
B	\$2.50	\$20.00	\$63.45	\$7.00	B	\$3.00	\$27.00	\$85.50	\$7.00
C	\$3.50	\$28.50	\$90.45	\$7.00	C	\$4.25	\$38.25	\$121.00	\$7.00
D	\$4.00	\$32.30	\$102.60	\$7.00	D	\$4.75	\$42.75	\$135.25	\$7.00
E	\$4.50	\$36.55	\$116.10	\$7.00	E	\$5.25	\$47.25	\$149.50	\$7.00
F	\$5.00	\$40.40	\$128.25	\$7.00	F	\$5.75	\$51.75	\$163.75	\$7.00
G	\$5.50	\$43.80	\$139.05	\$7.00	G	\$6.25	\$56.25	\$178.00	\$7.00
H	\$6.00	\$48.05	\$152.55	\$7.00	H	\$6.75	\$60.75	\$192.25	\$7.00
I	\$6.50	\$51.85	\$164.70	\$7.00	I	\$7.25	\$65.25	\$206.50	\$7.00
J	\$7.00	\$56.10	\$178.20	\$7.00	L	\$7.75	\$69.75	\$220.75	\$7.00
K	\$7.50	\$56.95	\$190.35	\$7.00	K	\$8.25	\$74.25	\$235.00	\$7.00
M	\$8.50	\$68.45	\$217.35	\$7.00	M	\$9.25	\$83.25	\$263.50	\$7.00

- (1) Fares based on traveling to/from Zone A (downtown stations).
- (2) The weekend pass was raised from \$5.00 to \$7.00 in 2010
- (3) The on-board surcharge increased from \$2.00 to \$3.00 in 2010

Exhibit 5-15: Metra's Organizational Chart



6 Pace Suburban Service Operating Plan



Overview

Pace was formed in 1983 as part of the reorganization of the Regional Transportation Authority (RTA), and began service in 1984. A 13-member Board of Directors made up of current and former village presidents and mayors governs Pace.

Beginning July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the RTA region. Pace's regional ADA paratransit service is discussed in a separate chapter.

Service Characteristics

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

Pace covers 3,688 square miles and is one of the largest bus services in North America. The suburban area is divided among six counties and serves 284 communities that span walkable suburban neighborhoods, satellite cities, and rural communities. Pace service includes approximately 139 regular routes, 38 feeder routes, 16 shuttle routes, 711 vanpool vehicles, and 372 paratransit vehicles.

In April 2002, Pace unveiled a long range comprehensive operating plan called Vision 2020 that outlines the goals and overall direction for Pace in the 21st century. The plan included "core routes," including Arterial Rapid Transit (ART) and express buses that will provide faster and more reliable service between suburban employment and residential areas, as well as high quality connections serving the suburb to city market and strengthened city to suburb job-related

transportation. ART will provide premium quality, fast, frequent, and reliable service operating in mixed traffic on arterial streets with short sections of bus-only and queue by-pass lanes for congested road sections. The ART network will feature limited stops, enhanced passenger amenities, new fare payment technology, new passenger information technology, distinctive vehicles, and transit signal priority (TSP) to improve schedule adherence. The ART Feasibility Study selected six of the 24 arterial corridors identified in Vision 2020 for implementation in the next ten years: 95th Street, Dempster Street, Halsted Street, Harlem Avenue, Milwaukee Avenue, and Oak Brook/Cermak. In 2011, Pace began the implementation of its ART Network on Milwaukee Avenue and Dempster Street.

ART will be supported by connectors and collectors serving compact older suburban communities and newer suburban communities that comprise low density residential areas and corporate campuses. To support Pace's arterial route network as well as the local mobility of its customers, Pace is developing and implementing in selected markets community-based transit services to provide the first and last mile of a passenger trip. Pace provides a full array of community transit services: call-n-rides, flexible routes, circulators, vanpools, rideshare, municipal dial-a-rides, and shuttles. Pace will explore partnerships with existing local providers to achieve peak-hour coverage and to provide cross-boundary service in low-density areas.

Pace will enhance its partnerships with the Illinois Tollway, Metra, CTA, and the RTA. Pace is studying corridor development, land use patterns, market conditions, ways to provide congestion relief and improve regional mobility, sustainable employment access, economic development, and expanded transit options along the I-55, I-355, and I-90 corridors. Pace has already worked with the Tollway to develop express bus service on I-294 and expects to continue working with the Tollway as part of its managed lane program. Pace is partnering with the Southwest Conference of Mayors to study the south Harlem Corridor and plans a similar study of Cicero Avenue in 2012.

Pace service includes approximately 139 regular routes, 38 feeder routes, 16 shuttle routes, 711 vanpool vehicles, and 372 paratransit vehicles.

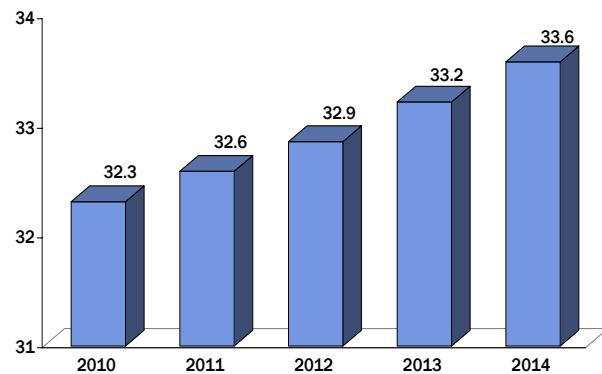
Pace will consider expanding service between remote park-and-ride facilities with improved amenities and train stations via express service on wider streets rather than meandering routes through suburban neighborhoods. Partnership with the RTA includes both collaboration on the IDOT I-55 corridor bus-on-shoulder demonstration project and applying the results of the RTA market analysis and systems analysis work.

Pace has developed a collaborative cross-functional methodology that identifies demand in existing corridors by time of day and direction to evaluate service changes in the form of pruning underperforming route segments or time periods rather than eliminating entire routes. This pruning process helps align legacy routes with travel demand, provides a more realistic level of service while minimizing the impact on Pace passengers, and serves as an initial step prior to more extensive route restructuring efforts. Pace began route-restructuring initiatives in 2000 to better match service levels with demand and to improve on-time performance. To date these initiatives include Elgin, Aurora, Joliet, the North Shore, South and Southwest Cook County, and Will County. Pace is now working on initiatives in West Cook County and Lake County.

Pace's implementation of the RideShare Program in 2011 through 2013 will continue via the website www.PaceRideShare.com which matches users who can share their commute by carpooling and also tracks the region's carpools. The website also facilitates the formation of new Pace vanpools and supports the retention of existing vanpools.

Pace's market research and analysis efforts will focus on supporting the planning and implementation of ART and express bus services. Through user and non-user surveys and analysis of market data, Pace will identify service planning opportunities that meet the needs of both commuters seeking faster and more reliable service and riders seeking local, community-based, or special-needs service. Pace will complete a Customer Satisfaction Survey (CSS) of fixed route, vanpool, rideshare, and paratransit service in 2012 and 2013. The objective is to evaluate service performance from the rider perspective so that transporta-

Exhibit 6-1: Pace Suburban Service Ridership (in millions)



tion needs can be better met, loyalty strengthened, and ridership increased. To assist in understanding demographics and travel patterns, Pace will conduct a market analysis of the Harlem corridor between Glenview and Tinley Park, studies in the West Cook and North Cook regions, and, in partnership with Lake County, an analysis of transit markets and services in that county.

RIDERSHIP

Effective February 7, 2010, Pace eliminated 15 bus routes and reduced service on 18 others. Pace Suburban Service ridership was 32.3 million in 2010 and is expected to finish 2011 at 32.6 million. Pace estimates that 2012 Suburban Service ridership will increase by only 0.9% to 32.9 million due to continued high unemployment levels, the prolonged economic recession, and previous service reductions. Pace projects that Suburban Service ridership will increase approximately 1.1% annually to 33.2 million in 2013 and 33.6 million in 2014, reflecting the continued expansion of the vanpool program (Exhibit 6-1).

Marketing Strategies

Pace's 2012 marketing strategy implementation will emphasize non-rider research, with the goal of better understanding why potential customers choose not to ride Pace. A renewed focus on reducing the barriers to riding may encourage non-riders to at least try Pace service. Other areas of marketing emphasis will include promotion of the newly operating bus-on-shoulder routes 755 and 855, new route 895 from the south suburbs to Schaumburg, and newly established

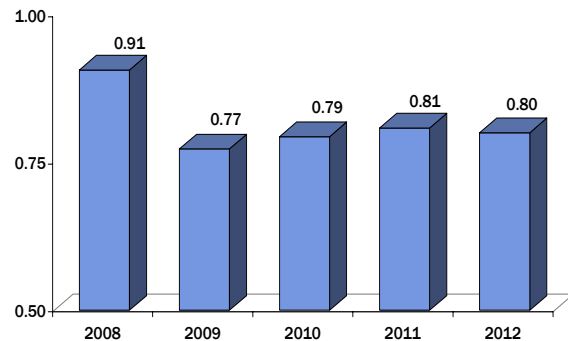
call-n-ride projects in Kane and DuPage counties. Previous marketing outreach efforts to disabled and student groups will also continue in 2012. The use of onboard audio advertisements, which were implemented on a trial basis in 2011, will be expanded system-wide in 2012 in order to boost advertising revenue.

Service Quality

As part of its effort to improve service quality, Pace has formulated a variety of performance measures. For each performance measure, Pace has provided a performance standard, the 2010 result, an estimate for 2011, and a projection for 2012. The performance measures are grouped by quality service area: Safety, Reliability, Courtesy, Efficiency, and Effectiveness. When performance for a year exceeds the performance standard, the measurement is highlighted in green. If performance for the year falls below but within 10% of the standard, the measurement is highlighted in yellow. When performance falls more than 10% below the standard, the measurement is highlighted in red. The performance measures for 2012 can be found at the end of this section (Exhibit 6-13).

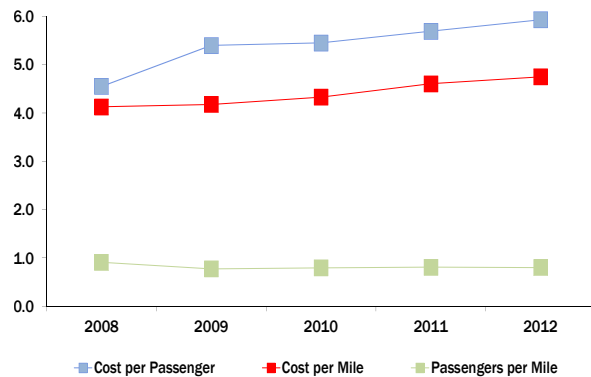
Pace compares its performance to that of peer transit agencies selected by the RTA based on similar service characteristics: operating in suburban areas, providing comparable amounts of service, and contracting with private providers for some of the service. Peer transit agencies include Long Island Bus (MTA-NY), Orange County Transportation Authority (OCTA-CA), San Mateo County Transit District (SamTrans-CA), and Alameda-Contra Costa Transit District (AC Transit-CA). Performance measures include operating expense per vehicle revenue hour (service efficiency), operating expense per passenger trip and per passenger mile (service effectiveness), and passenger trips per vehicle revenue hour and per vehicle revenue mile (service coverage), as reported by Pace and peer agencies to the Federal Transit Administration and compiled in the National Transit Database (NTD). Pace outperformed all of its peers in both operating expense per vehicle revenue hour and operating expense per passenger mile. Pace ranked fourth among its peers in operating expense per passenger trip. Pace ranked fifth in both

Exhibit 6-2: Pace Suburban Service Passengers per Mile (in millions) (1)



(1) Effective January 1, 2009, Pace no longer accepts the CTA 7-Day pass, U-Pass and Visitor/Fun passes.

Exhibit 6-3: Pace Suburban Service Cost Efficiency (1)



(1) Effective January 1, 2009, Pace no longer accepts the CTA 7-Day pass, U-Pass and Visitor/Fun passes.

measures of service coverage primarily because Pace has a very large service area with lower population density than that of its peers.

Performance measurements and peer comparisons represent important steps toward improving service quality and increasing accountability to the public. By striving to meet or exceed performance goals and peer performance, Pace has shown that it is working toward improved service quality and higher customer satisfaction.

Cost Efficiency

Matching the service supply to demand is one means of achieving system effectiveness. One way to measure supply versus demand is to relate the number of passengers to the number of miles served. Pace's passengers per mile ratio for Suburban Service is pro-



jected to increase from 0.79 in 2010 to 0.81 in 2011 and then decrease to 0.80 in 2012 (Exhibit 6-2). This stagnant trend is due to a period of only slight ridership growth and relatively stable service levels.

The operating cost per vehicle revenue mile measurement recognizes that expenditures tend to vary with the amount of service provided (Exhibit 6-3). Suburban Service cost per mile is expected to increase from \$4.33 in 2010 to \$4.75 in 2012. This \$0.42 increase corresponds to a compound annual growth rate of 4.7%, and is being driven by steady increases in labor, health care, and fuel expenses while vehicle revenue miles are projected to increase by only 0.9% over the same period.

CAPITAL INVESTMENT

The capital program funds the purchase and maintenance of rolling stock, support facilities and equipment (including new technologies), and project management. Nearly the entire 2012 Suburban Service capital program of \$89.3 million comprises projects needed for Pace to reach a “State of Good Repair.”

Rolling Stock

In 2012, Pace intends to purchase 137 fixed route buses which will replace buses which have reached or exceeded their useful life, which is generally accepted to be 12 years. In total, these rolling stock replacements are expected to cost \$64.2 million. Pace will also spend \$1.5 million on bus overhaul maintenance, \$1.6 million on associated capital (engines, transmissions, and other bus components assemblies), and

\$3.1 million on diesel engine retrofits, bringing the total 2012 rolling stock-related capital program to \$70.4 million.

Support Facilities & Equipment

Pace plans to spend \$6.0 million on improvements to garages and facilities. Pace also intends to spend \$3.8 million on computer hardware, software, and systems, including Ride Check Plus. This software computes ridership by individual route and tracks other performance indicators. Also in this category, Pace will spend \$0.8 million on the purchase of maintenance equipment, non-revenue vehicles, and five ticket vending machines for use at UPS. Finally, \$0.2 million has been allocated to purchase miscellaneous office equipment for the garages and headquarters, bringing the total 2012 support facilities capital program to \$10.8 million.

Miscellaneous/Project Administration

Rounding out the Suburban Service 2012 capital program, Pace expects to receive funding of \$0.8 million for the purchase of passenger shelters, \$1.1 million for project administration, and a \$0.2 million provision for unanticipated capital needs.

Budget and Financial Plan

The Pace Suburban Service budget and financial plan presented in Exhibit 6-4 meets the funding marks set by the RTA Board on September 14, 2011. Pace’s 2012 budget reflects a recovery ratio of 30.0% for Suburban Service operations, meeting the mark adopted by the RTA Board on September 14, 2011.

OPERATING REVENUE

In 2010, Pace’s system-generated revenue from Suburban Service operations totaled \$51.6 million. Pace projects Suburban Service operating revenue of \$52.6 million in 2011, \$54.5 million in 2012, \$55.3 million in 2013, and \$56.1 million in 2014 corresponding to a compound annual growth rate of 2.1% from 2010 through 2014 (Exhibit 6-5). Pace projects

Exhibit 6-4: Pace Suburban Service 2012 Budget and 2013-2014 Financial Plan (dollars in thousands)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
Operating Revenues					
Passenger Revenue (1)	32,262	32,770	33,436	33,827	34,222
Reduced Fare Reimbursement	2,416	2,571	2,571	2,571	2,571
Other Revenue	16,900	17,239	18,462	18,882	19,352
Total Operating Revenues (2)	\$ 51,578	\$ 52,580	\$ 54,469	\$ 55,280	\$ 56,145
Public Funding					
RTA Sales Tax I	73,054	76,122	78,234	80,425	82,677
RTA Sales Tax II and PTF II	29,785	31,036	30,197	30,712	31,225
Suburban Community Mobility Funds	18,959	19,755	20,319	20,888	21,472
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
RTA Discretionary	-	-	3,000	3,084	3,170
Capital Cost of Contracting	2,300	2,000	-	2,178	3,398
CMAQ/JARC/New Freedom	2,738	2,211	1,298	1,237	1,287
RTA ICE Funds	207	100	-	-	-
Total Public Funding	\$ 134,543	\$ 138,724	\$ 140,548	\$ 146,024	\$ 150,729
Total Revenues	\$ 186,121	\$ 191,304	\$ 195,017	\$ 201,304	\$ 206,874
Expenses					
Labor/Fringes	88,621	92,585	96,637	99,349	102,591
Health Insurance	15,474	16,922	17,920	19,533	21,291
Parts/Supplies	6,062	6,149	6,335	6,610	6,955
Purchased Transportation	28,201	27,537	29,250	30,265	31,499
Fuel	15,063	21,122	22,458	22,517	22,512
Utilities	1,939	1,910	1,937	2,015	2,107
Insurance	11,546	9,549	8,825	9,222	9,720
Other	9,338	9,851	11,657	11,792	11,954
Total Expenses (2)	\$ 176,249	\$ 185,624	\$ 195,017	\$ 201,304	\$ 208,628
Net Results (3)	\$9,873	\$5,681	-	-	(\$ 1,754)
Recovery Ratio % (4)	36.0%	36.0%	30.0%	30.0%	30.0%

(1) Passenger revenue includes fixed route, vanpool, Dial-A-Ride, Ride DuPage, Ride in Kane, and other services.

(2) Excludes Advantage Program in-kind revenue and expense (of equal amount) that are included in Pace's recovery ratio calculation.

(3) The negative net result in 2014 will be handled with budget balancing actions that may include service adjustments, a fare increase, cost efficiencies, or additional revenue.

(4) The recovery ratio includes Advantage program in-kind revenue and expense credits (of equal amount), as well as statutory and approved adjustments. The recovery ratio in 2012 meets the 30% mark set for Pace by the RTA Board on September 15, 2011.

that operating revenue will account for only 28.0% of total Suburban Service revenue in 2012 (Exhibit 6-6).

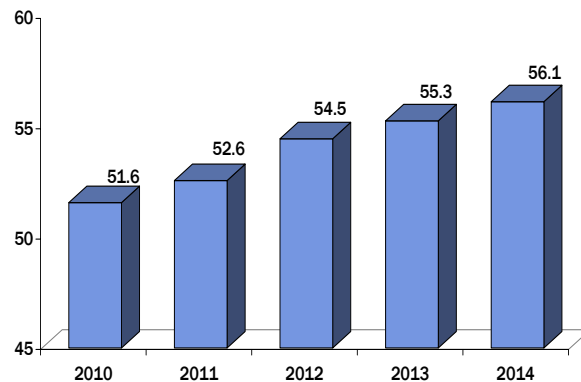
Passenger Revenue and Local Share

In 2010, Pace Suburban Service passenger revenue totaled \$32.3 million. Pace expects that 2011 Suburban Service passenger revenue will total \$32.8 million. Pace projects that Suburban Service passenger revenue of \$33.4 million in 2012 will grow to \$34.2 million in 2014, corresponding to a compound annual growth rate of 1.2% (Exhibit 6-7). Passenger revenue includes fixed route farebox deposits (using cash, passes, and cards) and payments for vanpool, Dial-a-Ride, and other services.

In 2010, Pace’s local share contributions and other revenue totaled \$16.9 million. Pace expects local share contributions and other revenue of \$17.2 million in 2011. Suburban Service local share contributions and other revenue are projected to grow from \$18.5 million in 2012 to \$19.4 million in 2014, a \$0.9 million increase that corresponds to a 2.4% compound annual growth rate.

Pace’s Suburban Service fare structure (effective January 2009) is presented at the end of this section (Exhibit 6-11). No fare increases are scheduled for 2012. Effective January 2009, Pace raised the base fare from \$1.50 to \$1.75, monthly pass from \$75.00 to \$86.00, and vanpool fares by 10%. At that time, Pace also raised the price of its other full-fare and reduced fare single-ride tickets, ten-ride tickets, and passes.

Exhibit 6-5: Pace Suburban Service System-Generated Revenue (dollars in millions)



State Free Rides & Reduced Fare Reimbursement

Reimbursement from the State for free and reduced fare rides is expected to increase from \$2.4 million in 2010 to \$2.6 million in 2011. The reduced fare reimbursement is expected to remain at \$2.6 million from 2012 through 2014.

Advertising

Advertising revenue is expected to increase from \$3.9 million in 2010 to \$4.3 million in 2011. Pace projects that advertising revenue of \$4.4 million in 2012 will remain at that same level in 2013 and 2014.

Investment

2010 investment income of \$0.1 million is expected to remain nearly constant for 2011 and 2012, and

Exhibit 6-6: 2012 Pace Suburban Service Revenue - \$195.0 million

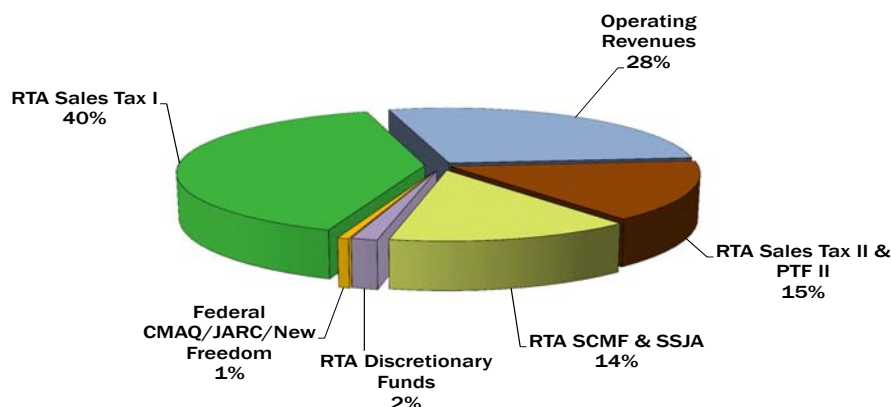
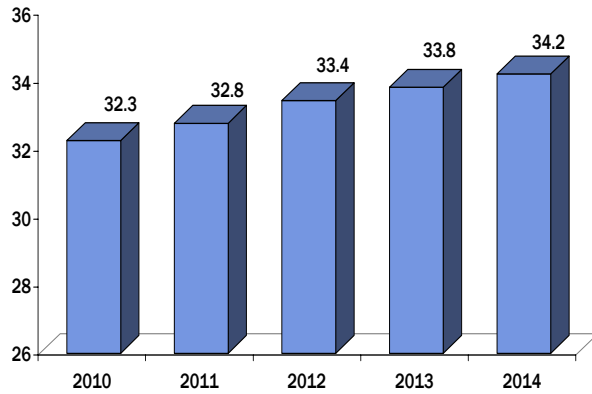


Exhibit 6-7: Pace Suburban Service Passenger Revenue
(dollars in millions)



then increase to \$0.2 million in 2013 and \$0.3 million in 2014.

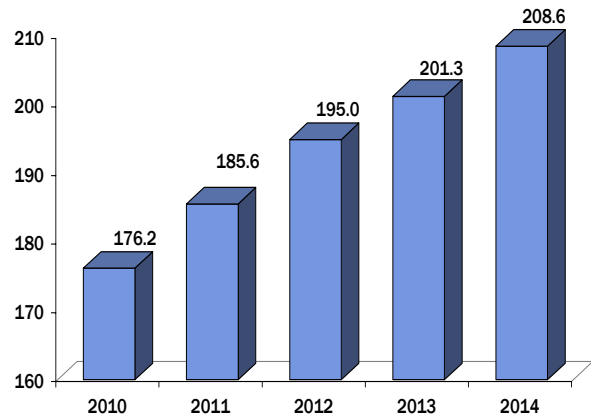
PUBLIC FUNDING

Public funding for Pace operations includes portions of the RTA Sales Tax (RTA Sales Tax I and II) and the Public Transportation Fund (PTF I and PTF II), as well as federal sources.

Pace’s portion of RTA Sales Tax I is expected to increase 4.2% from \$73.1 million in 2010 to \$76.1 million in 2011. This funding is projected to increase from \$78.2 million in 2012 to \$82.7 million in 2014 at a compound annual growth rate of 2.8% (Exhibit 6-4). RTA Sales Tax II & PTF II (PA95-0708) is projected to increase from \$29.8 million in 2010 to \$31.0 million in 2011. After decreasing to \$30.2 million in 2012, this funding is projected to increase to \$31.2 million in 2014 at a compound annual growth rate of 1.7%. RTA Suburban Community Mobility Funds of approximately \$20.0 million to \$21.0 million are projected for 2012 through 2014. The RTA also provides South Suburban Job Access Funds in the amount of \$7.5 million annually.

The RTA did not provide discretionary funding to Pace in 2010 and 2011. The RTA will provide Pace with discretionary funds at an estimated amount of \$3.0 million in 2012, \$3.1 million in 2013, and \$3.2 million in 2014. A more detailed description of how public funds are allocated among the Service Boards can be found in the Region section of this book.

Exhibit 6-8: Pace Suburban Service Operating Expenditures
(dollars in millions)



In addition to funds from the RTA, Pace also receives federal funds. Pace received combined Congestion Mitigation Air Quality (CMAQ), Job Access Reverse Commute (JARC), and New Freedom funds of \$2.7 million in 2010 and expects to receive \$2.2 million, \$1.3 million, \$1.2 million, and \$1.3 million in 2011 through 2014, respectively. Pace used \$2.0 million in Federal 5307 funds for operations in 2010 and expects to use \$2.0 million of these same type of funds in 2011. No such funds are projected to be used in 2012, and then Federal 5307 funds are again projected for operations in the amount of \$2.2 million and \$3.4 million in 2013 and 2014, respectively.

OPERATING EXPENDITURES

Operating expenditure elements include labor/fringe benefits, health insurance, parts/supplies, purchased transportation, fuel, utilities, insurance/claims, and other (Exhibit 6-9). The ‘other’ category includes the regional ADA support credit as an offset. Growth of labor/fringe benefits, health care, and purchased transportation is the primary factor behind the increase in Suburban Service operating expenditures.

Labor/Fringe Benefits and Health Insurance Costs

Labor/fringe and health insurance expenditures are projected to account for 58.7% of total Suburban Service operating expenditures in 2012. Combined labor/fringe benefits and health insurance expenditures for suburban service are projected to grow from \$114.6 million in 2012 to \$123.9 million in 2014, a \$9.3 mil-

lion increase that corresponds to a 4.0% compound annual growth rate.

Parts/Supplies

Parts/supplies expenditures are projected to account for 3.2% of total suburban service operating expenditures in 2012. These expenditures are projected to grow from \$6.3 million in 2012 to \$7.0 million in 2014, a \$0.7 million increase that corresponds to a 4.8% compound annual growth rate.

Purchased Transportation

Expenditures for purchased transportation are projected to account for 15% of total Suburban Service operating expenditures in 2012. These expenditures are projected to grow from \$29.2 million in 2012 to \$31.5 million in 2014, a \$2.3 million increase that corresponds to a 3.8% compound annual growth rate.

Fuel

In 2011, fuel expenditures are estimated to rise substantially to \$21.1 million from \$15.1 million in 2010, due to rising fuel prices. In 2012, fuel expenditures are projected to account for 11.5% of total Suburban Service expenditures. Fuel expenditures are budgeted at \$22.5 million in 2012 and are expected to remain flat through 2014. The 2012 budget assumes an increase in average fuel price per gallon of 6.7%. The price per gallon is then expected to remain constant through 2014 due to contract pricing.

Utilities

Utilities expenditures are projected to account for 1.0% of total Suburban Service operating expenditures in 2012. These expenditures are projected to remain between \$1.9 million and \$2.1 million through 2014.

Insurance/Claims

Insurance/claims expenditures are projected to account for 4.5% of total Suburban Service operating expenditures in 2012. These expenditures are projected to grow from \$8.8 million in 2012 to \$9.7 million in 2014, an increase of \$0.9 million that corresponds to a 5% compound annual growth rate this is consistent with national trends.

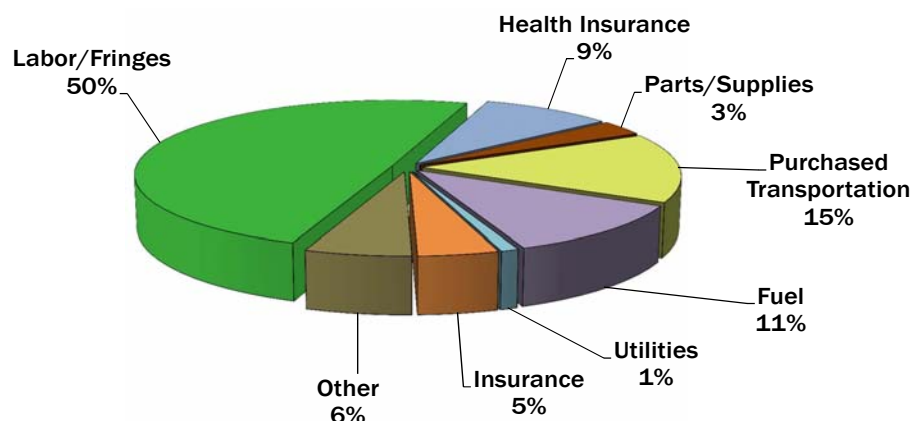
Other

Other expenditures are projected to account for 6% of total Suburban Service operating expenditures in 2012. These expenditures are projected to grow from \$11.7 million in 2012 to \$12.0 million in 2014, a \$0.3 million increase corresponding to a 1.3% compound annual growth rate. The regional ADA support credit discussed below is included in the other expense category shown in Exhibit 6-4.

Regional ADA Support Credit

In 2010, Pace charged \$2.9 million of administrative and overhead expenses to the regional ADA paratran-

Exhibit 6-9: 2012 Pace Suburban Service Expenses - \$195.0 million



sit budget and expects to charge \$3.9 million in 2011. Pace projects that the regional ADA support credit will increase from \$4.0 million in 2012 to \$4.2 million in 2014.

NET RESULTS

Net results are calculated by adding total operating revenues and public funding together and subtracting total expenses. The operating deficits are derived from total operating revenue minus total operating expenditures. Pace estimates that its deficit will rise 6.7%, from \$124.7 million in 2010 to \$133.0 million in 2011. Pace projects deficits of \$140.5 million, \$146.0 million, and \$152.5 million in 2012, 2013, and 2014, respectively, a \$12.0 million increase with a compound annual growth rate of 4.2%. For 2012 and 2013 Pace anticipates a balanced budget with total revenues equal to total expenses. In 2014, Pace has identified a negative net result which they intend to fix with budget balancing actions. These action may include, but are not limited to, fare increases, cost efficiencies, service reductions, and/or additional revenues.

RECOVERY RATIO

The recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments, including Advantage Program in-kind revenue and expense credit. Pace expects to achieve a recovery ratio of 36.0% in 2011 and to achieve a 30.0% recovery ratio mark for 2012 through 2014. This meets the recovery ratio mark set by the RTA Board on September 14, 2011.

2011 Budget versus 2011 Estimate

Pace expects 2011 operating revenue for Suburban Service to finish the year \$2.8 million or 5.6% favorable to budget. Passenger revenue is expected to finish the year \$0.9 million or 3.0% favorable to budget. Improved operational performance and a brightening employment picture have increased ridership above budgeted levels.



Local share and other revenues such as advertising and investment income are expected to be \$1.3 million or 7.9% favorable to budget. The state reduced fare reimbursement is expected to be favorable to budget by \$0.6 million.

Total expenditures are expected to finish the year \$2.3 million or 1.3% unfavorable to budget. Expenditures for purchased transportation are expected to be \$2.8 million or 11.3% favorable to budget. Despite favorable fuel consumption, per gallon fuel prices have been much higher than budgeted and are expected to result in a \$5.2 million or 33.1% unfavorable fuel expense. Expenditures for labor/fringe benefits are expected to be \$1.9 million or 2.1% unfavorable to budget, and health care expenses are also expected to be unfavorable, by \$0.2 million or 1.0%. Expenditures for parts/supplies, utilities, insurance, and other expenses are expected to be \$0.2, \$0.1, \$3.1, and \$4.4 million favorable to budget, respectively.

Pace expects a favorable funding variance of \$5.2 million in 2011 primarily because of higher RTA sales tax receipts. This favorable funding variance, combined with an operating deficit which is favorable to budget by \$0.5 million, are expected to result in a funding surplus of \$5.7 million (Exhibit 6-10).

Statutory Compliance

Pace’s proposed 2012 budget, 2013-2014 plan, and 2011 recovery ratio submitted to the RTA comply with the operations funding marks set by the RTA Board on September 14, 2011. These marks include sales

tax, Public Transportation Fund, Suburban Community Mobility Funds, and South Suburban Job Access Funds provided by statutory formulas, and RTA discretionary funds. These marks set the total RTA funding levels at \$139.3 million in 2012, \$142.6 million in 2013, and \$146.0 million in 2014, and set the 2012 recovery ratio at 30%.

Exhibit 6-10: Pace Suburban Service 2011 Budget vs. 2011 Estimate (dollars in thousands)

	2011 Budget (1)	2011 Estimate	Variance
Operating Revenues			
Passenger Revenue (2)	31,820	32,770	950
Reduced Fare Reimbursement	2,000	2,571	571
Other Revenue	15,982	17,239	1,257
Total Operating Revenues (3)	\$ 49,802	\$ 52,580	\$ 2,778
Public Funding			
RTA Sales Tax I	72,617	76,122	3,505
RTA Sales Tax II and PTF II	29,617	31,036	1,419
Suburban Community Mobility Funds	18,585	19,755	1,170
South Suburban Job Access Funds	7,500	7,500	-
RTA Discretionary	535	-	(535)
Capital Cost of Contracting	2,000	2,000	-
CMAQ/JARC/New Freedom	1,935	2,211	276
RTA ICE Funds	236	100	(136)
Pace Funds	493	-	(493)
Total Public Funding	\$ 133,518	\$ 138,724	\$ 5,206
Total Revenues	\$ 183,320	\$ 191,304	\$ 7,984
Expenses			
Labor/Fringes	90,681	92,585	(1,904)
Health Insurance	16,758	16,922	(164)
Parts/Supplies	6,360	6,149	211
Purchased Transportation	24,736	27,537	(2,801)
Fuel	15,874	21,122	(5,248)
Utilities	2,048	1,910	138
Insurance	12,613	9,549	3,064
Other	14,250	9,851	4,399
Total Expenses (3)	\$ 183,320	\$ 185,624	(\$ 2,304)
Net Results	-	5,681	5,681
Advantage Program - In-Kind (4)	8,282	8,282	-
Recovery Ratio % (4)	36.0%	36.0%	-

(1) Pace Suburban Service 2011 Budget approved by the RTA Board on December 15, 2010.

(2) Passenger revenue includes Fixed Route, Vanpool, Dial-A-Ride, Ride DuPage, Ride in Kane, and Other Services.

(3) Excludes Advantage Program-in-kind revenue and expense (of equal amount) that are included in Pace's recovery ratio calculation.

(4) The recovery ratio calculation includes Advantage program in-kind revenue and expense credits (of equal amount), as well as statutory and approved adjustments.

Exhibit 6-11: Pace Suburban Service Fare Structure

	Current Fares	
	Full Fare	Reduced Fare
REGULAR FARES		
Full Fare	\$1.75	\$0.85
Transfer to Pace/CTA*	\$0.25	\$0.15
Local Transfer		Free Local Transfer
PASSES		
Pace/CTA (30-Day)	\$86.00	\$35.00
Pace/CTA (7-Day)	\$28.00	
Commuter Club Card (CCC)(Pace Only)	\$60.00	\$30.00
Link-Up Ticket	\$39.00	
Plus Bus	\$30.00	
Regular 10 Ride Plus Ticket	\$17.50	\$8.50
Student (Haul Pass)		\$30.00
Student Summer Pass		\$45.00
Subscription Bus (Monthly)	\$125.00	
Pace Campus Connection (College Student Pass)	\$175.00	
Valid for one semester. Discounted if purchased after August/January.		
EXPRESS/OTHER FARES		
Premium Routes	\$4.00	\$2.00
Premium 10 Ride Plus Ticket (855)	\$40.00	\$20.00
Dial-a-Ride	\$1.75	\$1.00
Call-N-Ride	\$1.75	

VAN POOL

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

*Effective January 1, 2006, the CTA discontinued issuing or accepting cash transfers.

Organizational Structure

Pace is organized into four main areas: Revenue Services, Strategic Services, External Relations, and Internal Services (Exhibit 6-12). Pace’s organizational structure comprises four primary elements: administration, central support, Pace-owned divisions, and regional ADA paratransit services. Within each element, employees are classified into four areas: operations, vehicle maintenance, non-vehicle maintenance, and administration. These activity areas are defined by the National Transit Database reporting requirements, which apply to all public transit operators.

Exhibit 6-12: Pace Organizational Structure

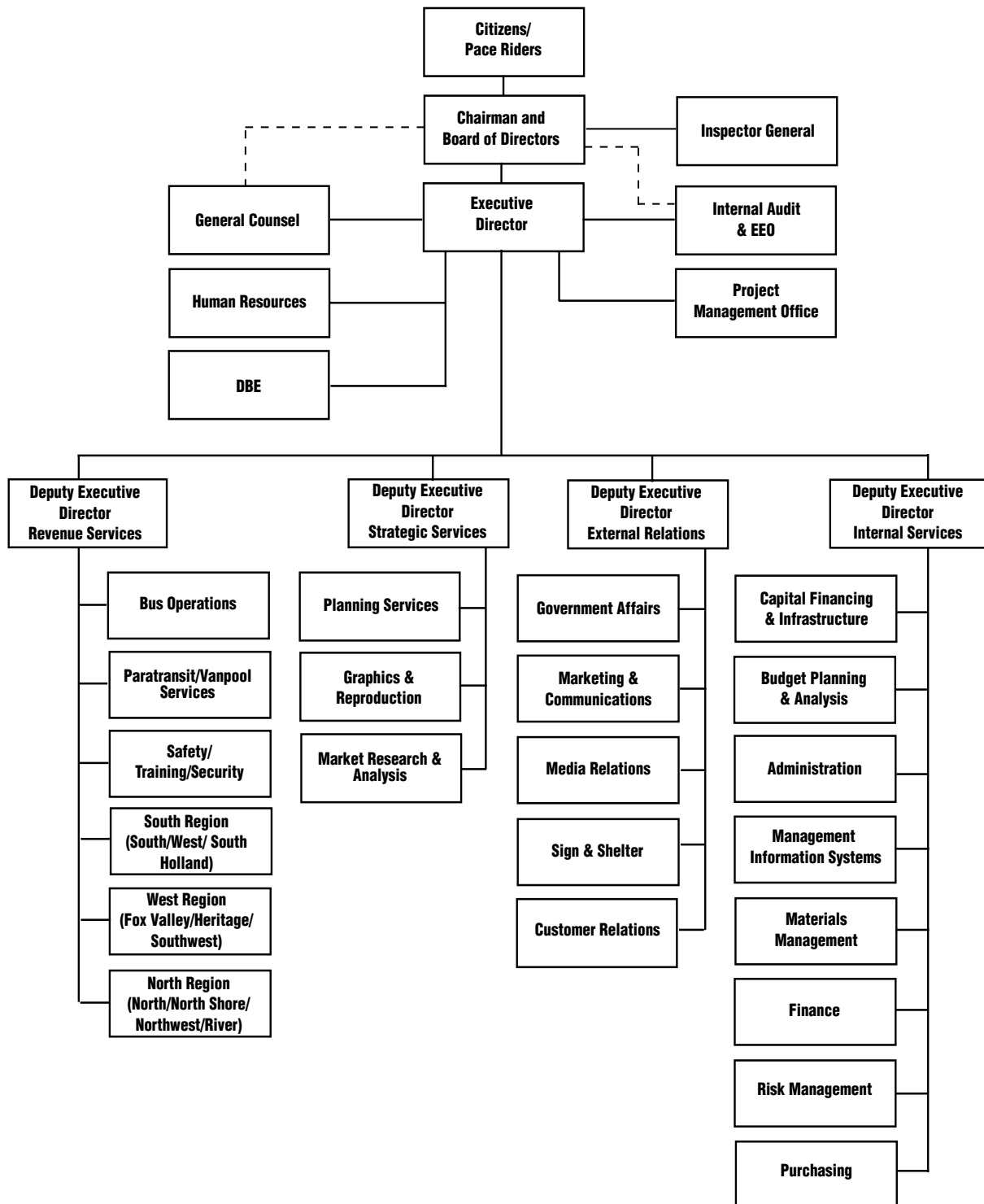


Exhibit 6-13: Pace Goals and Performance Measures

		2010 Actual	2011 Estimate	2012 Projected
Safety				
Goal: Provide Safe Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Accidents per 100,000 Revenue Miles	Less than 5	5.35	5.87	5.60
Reliability				
Goal: Provide Reliable Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
On-Time Performance	Greater than 85%	70.90%	74.00%	75.00%
Actual Vehicle Miles per Road Call	Greater than 14,000	14,182	14,369	14,400
Percent Missed Trips per Total Trip Miles	Less than .5%	0.13%	0.17%	0.15%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Complaints per 100,000 Passenger Miles	Less than 4	2.41	2.60	2.50
Website Hits on Web Watch Site (000's)	Increase over prior period	13,760	26,133	29,000
Efficiency				
Goal: Provide Efficient Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Revenue Miles per Revenue Hour	Greater than 17	16.74	16.80	16.90
Revenue Miles per Total Operator Pay Hours	Greater than 10*	9.52	9.43	9.55
Expense per Revenue Mile	Less than \$6.50*	\$5.71	\$6.06	\$6.10
Expense per Revenue Hour	Less than \$125.00*	\$95.51	\$101.68	\$104.00
Recovery Ratio	Greater than 18%	26.30%	26.30%	26.30%
Subsidy per Passenger	Less than \$4.00	\$2.78	\$2.96	\$2.98
Effectiveness				
Goal: Provide Effective Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Ridership	Increase from prior period	0.14%	1.50%	1.80%
Passenger Miles per Revenue Miles	Greater than 9*	10.10	9.18	10.00
Productivity (Passengers per Revenue Hour)	Greater than 24*	24.50	24.70	24.80
Ridership per Revenue Mile	Greater than 1.5*	1.46	1.47	1.48
Vanpool Units in Service	Increase from prior period	690	709	725
* Performance Standard Under Evaluation				

Below performance standard
 Within 10% of performance standard
 Meets/exceeds performance standard

7 Pace ADA Paratransit Service Operating Plan



Overview

Effective July 1, 2006, Pace began providing all ADA paratransit service in the RTA region.

Service Characteristics

The RTA administers a regional certification program that determines if individuals with physical or cognitive disabilities are eligible for ADA paratransit service. If eligible, passengers can arrange for travel within three quarters of a mile of Pace or CTA bus routes or CTA rail stations, as described in the Americans with Disabilities Act (ADA).

In the suburban area where Pace provides fixed route service, Pace contracts with private operators to provide ADA paratransit service. These operators drive Pace-owned lift-equipped vehicles to provide curb-to-curb service to ADA-certified passengers.

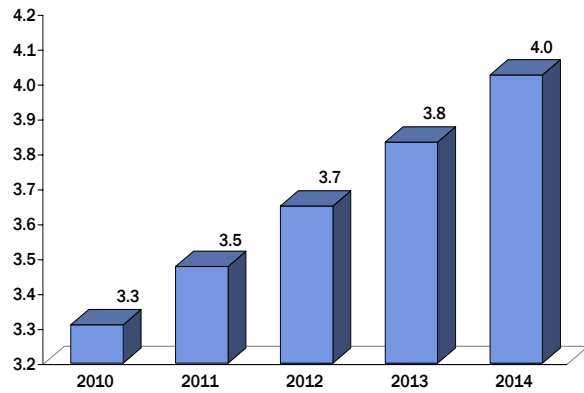
In the CTA service area, Pace contracts with private operators to provide ADA paratransit service in the entire City of Chicago and most of the suburbs serviced by the CTA. The operators use 614 contractor-owned vehicles to provide service to ADA-certified passengers. Pace also administers two subsidized taxi programs in the City of Chicago, the Taxi Access Program (TAP) and the Mobility Direct program, for ADA-certified passengers, although these programs are not required by the Americans with Disabilities Act.

The CTA and Pace fixed-route services are described earlier in this book.

Ridership

Pace estimates that ridership will increase 5.0% from 3.3 million in 2010 to 3.5 million in 2011. Pace projects that ADA paratransit ridership will increase by 5.0% per year in 2012 through 2014, in both the CTA service area and the suburban service area (Exhibit 7-1).

Exhibit 7-1: Pace Regional ADA Paratransit Ridership (in millions)



Cost Efficiency

The cost per passenger measurement recognizes that expenses tend to vary with the amount of service provided (Exhibit 7-2). Cost per passenger for Regional ADA paratransit service is projected to increase by 4.5% to \$36.34 in 2011. Pace anticipates increased efficiency in 2012 due to several initiatives, including contract negotiations to freeze provider pricing, reduced reservations hours, and use of an Interactive Voice Response system to notify riders and reduce vehicle dwell times. As a result, the 2012 cost per passenger is expected to decrease by 4.6%, to \$34.68, before increasing again by 1.7% and 2.8% in 2013 and 2014, respectively.

Budget and Financial Plan

The Pace ADA paratransit service 2012 budget and two-year financial plan presented in Exhibit 7-3 meets

Exhibit 7-2: Pace ADA Paratransit Cost Efficiency (dollars)

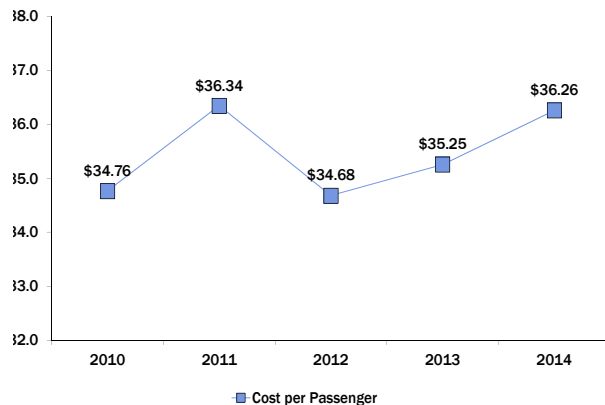


Exhibit 7-3: Pace Regional ADA Paratransit Service 2012 Budget and 2013-2014 Financial Plan (dollars in thousands)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
Operating Revenues					
Passenger Revenue	8,385	8,771	9,209	9,741	10,228
Other Revenue	2,157	2,443	2,367	2,086	2,118
Total Operating Revenues	\$ 10,542	\$ 11,214	\$ 11,576	\$ 11,827	\$ 12,346
Public Funding					
Sales Tax II and PTF II	94,796	98,777	115,000	120,750	126,788
RTA ICE Funds	1,225	7,872	-	-	-
Additional State Funding	8,500	8,500	-	-	-
Budget Balancing Actions (1)	-	-	-	2,550	6,797
Total Public Funding	\$ 104,521	\$ 115,149	\$ 115,000	\$ 123,300	\$ 133,585
Total Revenues	\$ 115,063	\$ 126,363	\$ 126,576	\$ 135,127	\$ 145,931
Expenses					
Labor/Fringes	2,463	2,550	2,645	2,713	2,795
Health Insurance	336	291	307	335	365
Admin Expenses	1,870	1,797	1,981	2,011	2,049
Fuel	1,891	2,593	2,756	2,764	2,764
Insurance	114	337	345	360	380
RTA Certification Trips	1,282	1,315	1,354	1,374	1,399
Purchased Transportation	104,174	113,623	113,196	121,476	131,960
Regional ADA Support Allocation	2,933	3,857	3,992	4,094	4,219
Total Expenses	\$ 115,063	\$ 126,363	\$ 126,576	\$ 135,127	\$ 145,931
Net Results	-	-	-	-	-
Recovery Ratio %	10%	10%	10%	10%	10%

(1) Actions required to balance the ADA Paratransit budget. These actions may include, but are not limited to, adjusting service, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues. In 2013 and 2014, these actions may also include adjusting fares.

the funding marks set by the RTA Board on September 14, 2011. In compliance with the RTA Act, the RTA set the ADA paratransit recovery ratio for 2012 at 10.0%.

OPERATING REVENUE

In 2010, regional ADA paratransit operating revenue of \$10.5 million included \$8.4 million in passenger revenues and \$2.2 million in other revenues (Exhibit 7-4 and 7-5). This other revenue includes reimbursements from the RTA for transporting paratransit applicants to assessment sites of \$1.3 million and additional revenue such as Medicaid reimbursements. In 2011, Pace expects regional ADA paratransit passenger revenue to increase by 4.6% as ridership continues to grow and fares remain unchanged after the 2009 increase. Pace projects that operating revenue will account for only 9.0% of total ADA para-

transit revenue in 2012 (Exhibit 7-6). Pace projects total ADA paratransit operating revenue of \$11.6 million in 2012, \$11.8 million in 2013, and \$12.3 million in 2014, representing a compound annual growth rate of 3.3% from 2012 to 2014. These revenue figures do

Exhibit 7-4: Pace ADA Paratransit Operating Revenue (dollars in millions)

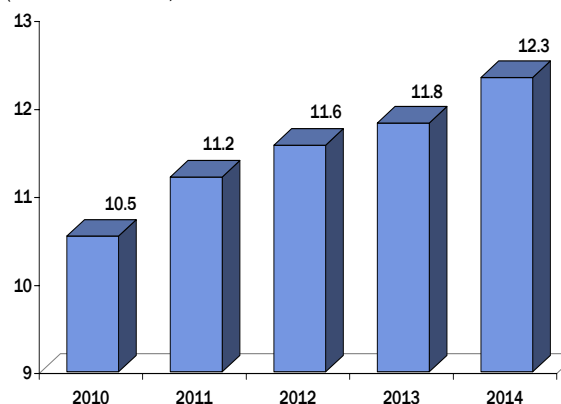
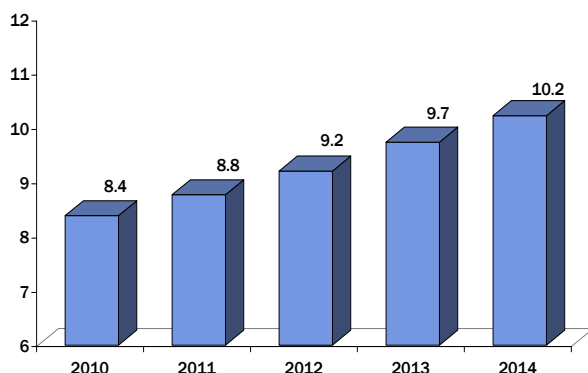


Exhibit 7-5: Pace ADA Paratransit Farebox Revenue (dollars in millions)



not incorporate required budget balancing actions in 2013 and 2014. Pace’s current regional ADA paratransit fare structure is shown in Exhibit 7-7.

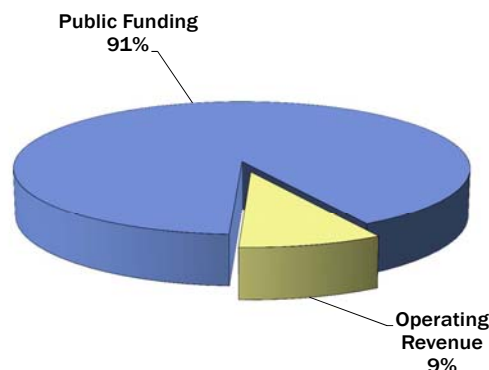
OPERATING EXPENDITURES

In 2010, regional ADA paratransit service operating expenses totaled \$115.1 million. In 2011, Pace expects total regional ADA paratransit operating expenses to increase by 9.8% to \$126.4 million. Pace projects total operating expenses to remain nearly flat in 2012 at \$126.6 million due to increased operating efficiency and contract re-negotiations, but then increase to \$135.1 million in 2013, and \$145.9 million in 2014. This \$19.3 million increase in operating expenses from 2012 to 2014 represents a compound annual growth rate of 7.4%. Growth in purchased transportation costs, which accounts for approximately 90% of total expenses, is the primary factor behind these increases in operating expenses (Exhibit 7-8).

EXPENDITURE ELEMENTS

Operating expenses elements include labor/fringe benefits, health insurance, administrative expenses, fuel, liability insurance, RTA certification trip costs, purchased transportation, and regional ADA support allocation (Exhibit 7-3). Figures for individual expense elements do not incorporate required budget balancing actions in 2013 and 2014.

Exhibit 7-6: Pace ADA Paratransit Revenue - \$126.6 million



Labor/Fringe Benefits and Health Insurance Costs

Combined labor/fringe benefits and health insurance expenditures of \$3.0 million are expected to account for 2.3% of regional ADA paratransit service operating expenditures in 2012. Labor/fringe expenses are projected to increase at a compound annual growth rate of 2.8% from 2012 to 2014. Health insurance expenses of \$0.3 million in 2012 are projected to increase at a 9.0% compound annual growth rate from 2012 to 2014.

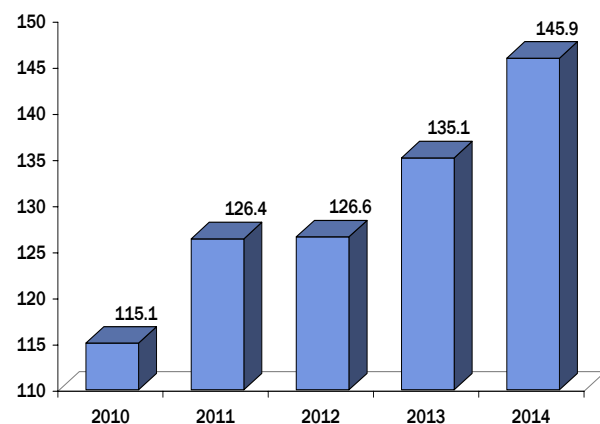
Administration

Pace leases its operations center for ADA paratransit services in Metra’s downtown Chicago headquarters at 547 W. Jackson Blvd. Administration expenses of \$2.0 million are projected to account for 1.6% of regional ADA paratransit service operating expenses in 2012. Administrative expenses are projected to grow at a compound annual growth rate of 1.7% from 2012 to 2014.

Exhibit 7-7: Fare Structure

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

Exhibit 7-8: Pace ADA Paratransit Operating Expenditures
(dollars in millions)



Fuel

Pace purchases fuel for the private operators who provide ADA paratransit service using Pace-owned vehicles in Pace's suburban service area only. After an increase of 37.1% for fuel expenditures in 2011, this expense is expected to increase by 6.3% in 2012 but then remain nearly flat in 2013 and 2014. Fuel expenditures of \$2.8 million in 2012 are projected to account for 2.2% of regional ADA paratransit service operating expenditures.

Liability Insurance

Liability insurance expenses of \$0.3 million are projected to account for 0.3% of regional ADA paratransit service operating expenditures in 2012. Liability insurance expenditures are projected to increase at a compound annual growth rate of 4.9% in 2013 and 2014.

RTA Certification

RTA certification expenses comprise the cost of transporting applicants for ADA certification to and from assessment centers. These expenses of \$1.4 million are projected to account for 1.1% of regional ADA paratransit service operating expenditures in 2012. RTA certification expenditures are projected to increase at a compound annual growth rate of 1.6% in 2013 and 2014.



Purchased Transportation

Purchased transportation expenses are projected to account for 89.4% of regional ADA paratransit service's operating expenses in 2012. These expenses are projected to increase from \$113.2 million in 2012 to \$132.0 million in 2014, an \$18.8 million increase that corresponds to an 8% compound annual growth rate. Pace assumes that demand for both suburban and CTA service area ADA paratransit service will increase 5.0% each year from 2012 through 2014. Pace projects that from 2012 to 2014 contractor rates in the CTA and Suburban Service areas will grow at compound annual growth rates of 1.9% and 3.1%, respectively.

Regional ADA Support Allocation

In 2010 Pace charged \$2.9 million of administrative and overhead expenses to the regional ADA paratransit budget and expects to charge \$3.9 million in 2011. Pace projects that this amount will continue to increase, from \$4.0 million in 2012, to \$4.2 million in 2014, representing a compound annual growth rate of 2.8%.

FUNDING AND OPERATING DEFICIT

In 2008, Illinois Public Act 95-0708 allocated \$100.0 million to the funding of ADA paratransit service from the increase in the RTA sales tax rate and the increase in the portion of RTA tax revenues matched by the State Public Transportation Fund (PTF). According to the legislation, this amount was then indexed to the

annual change in RTA sales tax collections. Sales tax collections subsequently decreased with the economic recession while ADA ridership increased, resulting in chronic funding shortfalls.

In 2011, the RTA Act was again amended to increase funding for ADA paratransit to \$115.0 million for 2012, and to guarantee full funding in subsequent years. Funding for the following two-year planning period was set at \$120.8 million for 2013 and \$126.8 million for 2014, an annual increase of 5.0% which is commensurate with Pace's assumed ADA paratransit ridership growth. To meet these funding levels, Pace will need to implement budget balancing actions which will increase revenues and/or decrease expenses by \$2.6 million in 2013 and \$6.8 million in 2014.

NET RESULTS

Net results are calculated by adding total operating revenues and public funding together and subtracting total expenses. The operating deficit is calculated by subtracting total operating expenditures from total operating revenue. For 2012, the Pace ADA paratransit operating deficit is projected at \$115.0 million, which matches the 2012 ADA paratransit funding level, producing a balanced budget, or a net result of zero, provided that previously mentioned operating efficiencies can be achieved as intended.

RECOVERY RATIO

The recovery ratio equals total operating revenue, with statutory and approved adjustments, divided by total operating expenses, with statutory and approved adjustments. The RTA Act requires that regional ADA paratransit service meet a recovery ratio of 10%. For each year from 2010 through 2014, Pace's projected recovery ratio for regional ADA paratransit service is projected to meet this statutory requirement. These recovery ratios are reached by exempting from the recovery ratio calculation a portion of costs incurred in paying ADA paratransit contractors for their capital expenses.

2011 Budget versus 2011 Estimate

Pace expects that 2011 regional ADA paratransit service operating revenue will be favorable to budget by \$1.2 million, primarily due to increased Medicaid reimbursements (Exhibit 7-9). Passenger revenue is expected to be at budget despite an increase in ridership, due to decreased use of the higher-fare Taxi Access Program relative to budget projections.

Total expenditures for 2011 are expected to be unfavorable to budget by \$5.7 million. Unfavorable variances are expected in purchased transportation and fuel, totaling \$6.7 million. This is expected to be partially offset by favorable variances in health insurance, administrative expenses, liability insurance, and the regional ADA support allocation.

For 2012, the Pace ADA paratransit operating deficit is projected at \$115.0 million, which matches the 2012 ADA paratransit funding level, producing a balanced budget.

Total funding for 2011 is expected to be favorable to budget by \$4.5 million, driven by a \$5.9 million favorable variance in sales tax receipts. This positive variance results in an ICE fund requirement of \$7.9 million to balance the 2011 budget, which is \$1.4 million less than was anticipated.

Statutory Compliance

Pace's 2012 budget and 2013 and 2014 plans meet the regional ADA paratransit operating funding marks (sales tax, Public Transportation Funds) set by the RTA Board on September 14, 2011. These marks set the total level of RTA funding at \$115.0 million in 2012, \$120.8 million in 2013 and \$126.8 million in 2014. However, meeting the 2012 funding mark will require improved operating efficiency as previously noted. In 2013 and 2014, funding the deficit requires budget balancing actions of \$2.6 and \$6.8 million respectively, which may include, but are not limited to, adjusting service, implementing further efficiencies, reducing operating costs, and identifying additional funds or revenues. Pace's ADA paratransit projected recovery ratio of 10.0% in 2012 complies with the recovery ratio marks set by the RTA Board on September 14, 2011.

Exhibit 7-9: Pace Regional ADA Paratransit Service 2011 Budget vs. 2011 Estimate (dollars in thousands)

	2011 Budget	2011 Estimate	Variance
Operating Revenues			
Passenger Revenue	8,773	8,771	(2)
Other Revenue	1,221	2,443	1,222
Total Operating Revenues	\$ 9,994	\$ 11,214	\$ 1,220
Public Funding			
Sales Tax II and PTF II	92,921	98,777	5,856
RTA ICE Funds	-	7,872	7,872
Additional State Funding	8,500	8,500	-
Budget Balancing Actions (1)	9,241	-	(9,241)
Total Public Funding	\$ 110,662	\$ 115,149	\$ 4,487
Total Revenues	\$ 120,656	\$ 126,363	\$ 5,707
Expenses			
Labor/Fringes	2,523	2,550	(27)
Health Insurance	454	291	163
Admin Expenses	2,348	1,797	551
Fuel	1,957	2,593	(636)
Insurance	496	337	159
RTA Certification Trips	1,221	1,315	(94)
Purchased Transportation	107,512	113,623	(6,111)
Regional ADA Support Allocation	4,145	3,857	(288)
Total Expenses	\$ 120,656	\$ 126,363	(\$ 5,707)
Net Results	-	-	-
Recovery Ratio %	10%	10%	-

(1) Actions required to balance the ADA Paratransit budget. These actions may include, but are not limited to, adjusting service, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues, including the 2011 ICE fund.

8 Capital Program



Regional Overview

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

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure, which includes bringing the system's \$142.2 billion in assets (as measured in terms of replacement value) to good condition and extending or expanding service where demand is present and funding available. The funding need is over \$1 billion per year just to maintain

and preserve the existing system without addressing the backlog.

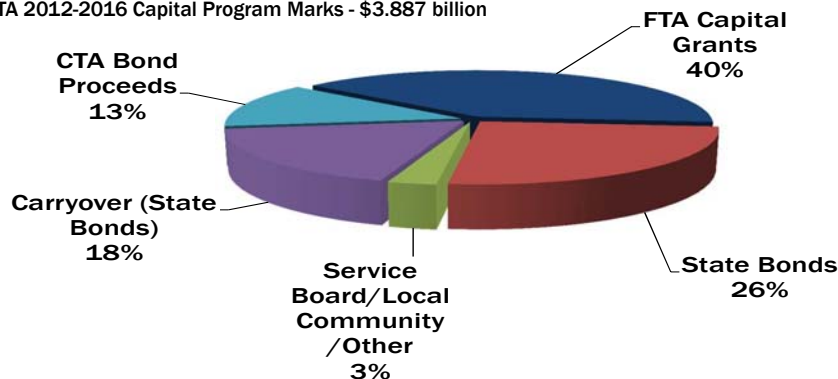
Source of Funds

On September 14, 2011, the RTA Board adopted preliminary federal and state capital funding marks for 2012-2016. Subsequently, the RTA received proposals for funds controlled by the Service Boards and then the RTA Board adopted the 2012 RTA system budget on December 15, 2011. The funding sources for the RTA capital program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the RTA, and the Service Boards. Of the estimated \$3.887 billion of available funding sources for 2012-2016, federal funding accounts for \$1.571 billion or 40%, state funds account for \$988.8 million or 26%, carryover funds from 2011 account for \$695.3 million or 18%, CTA bond proceeds account for \$520.0 million or 13%, Service Board and other funds account for \$96.8 million or 3%, and RTA funds account for \$15.7 million or less than 1% (Exhibits 8-1 and 8-2).

Exhibit 8-1: RTA 2012-2016 Capital Program Marks (dollars in thousands)

	CTA	Metra	Pace	Pace ADA	RTA	Total
Capital Funding						
FTA Capital Grants	1,284,207	752,238	249,723	-	35,360	2,321,528
RTA Capital Reserves	-	4,700	-	-	10,990	15,690
State Bonds	446,836	413,375	128,550	-	-	988,761
Service Board/Local Community /Other	60,592	35,000	1,250	-	-	96,842
Funding to be determined	-	-	-	75	-	75
Total New Capital Funding	\$ 1,791,635	\$ 1,205,313	\$ 379,523	\$ 75	\$ 46,350	\$ 3,422,896
Carryover (State Bonds)	695,345	-	-	-	-	695,345
CTA Principal and Interest (Federal)	(750,845)	-	-	-	-	(750,845)
CTA Bond Proceeds	520,000	-	-	-	-	520,000
Total Capital Funding Available	\$ 2,256,135	\$ 1,205,313	\$ 379,523	\$ 75	\$ 46,350	\$ 3,887,396

Exhibit 8-2: RTA 2012-2016 Capital Program Marks - \$3.887 billion



The total estimated capital funds available for capital projects in 2012 are \$1.352 billion. This amount reflects a \$205.5 million transfer of federal funds for CTA debt repayment. At this time, the final federal appropriation figures for 2012 have not been determined. Once this amount has been established, the capital program will be adjusted to reflect the available funding. Of the estimated \$1.352 billion of available funding sources for 2012, CTA bond proceeds account for \$520.0 million or 39%, state funds account for \$397.5 million or 29%, federal funding accounts for \$271.8 million or 20%, carryover funds from 2011 account for \$108.0 million or 8%, Service Board and other funds account for \$39.0 million or 3%, and RTA funds account for \$15.7 million or 1% (Exhibits 8-3 and 8-4).

Despite the challenging economic times, critical progress was made in 2011 on our capital investment needs.

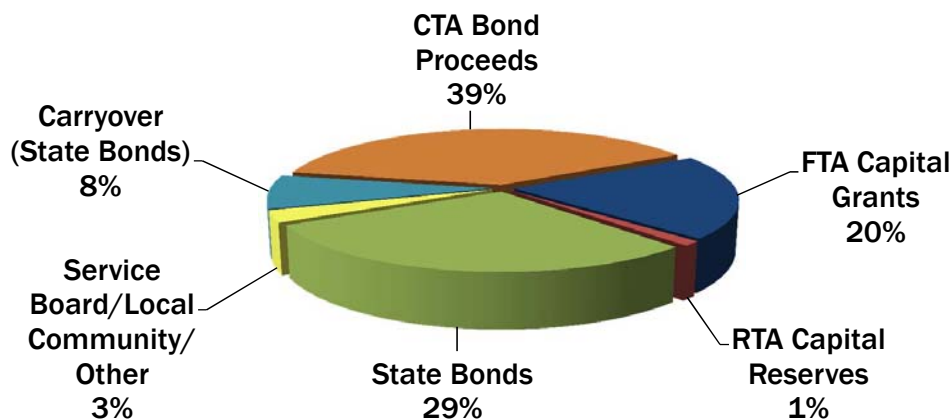
The State of Illinois approved two measures – the “Jump Start” capital bill in April 2009 and the “Illinois Jobs Now” capital bill in July 2009. Combined, these two programs provide the RTA system with \$2.7 billion in capital funds. With these funds, the RTA will be able to replace aging trains, buses, track, stations and other infrastructure and improve the reliability of the system.

Later, in July of 2010, Governor Pat Quinn announced the state’s intention to award \$442.7 million of the “Illinois Jobs Now” funds towards mass transit infrastructure that specifically included funding for the RTA capital projects to be implemented by the CTA, Metra, and Pace. These funds were included in the 2010 Capital Program. In addition, \$1.008 billion was awarded to the CTA and Metra in 2011. Nevertheless, there is uncertainty regarding the timing of the availability of the balance of the \$2.7 billion originally appropriated for the program in 2009. A portion of these funds are dependent on bond authorizations that have yet to

Exhibit 8-3: Capital Funding in 2012 (dollars in thousands)

	CTA	Metra	Pace	Pace ADA	RTA	Total
Capital Funding						
FTA Capital Grants	251,157	150,598	40,205	-	35,360	477,320
RTA Capital Reserves	-	4,700	-	-	10,990	15,690
State Bonds	265,545	89,125	42,850	-	-	397,520
Service Board/Local Community/Other	33,718	5,000	250	-	-	38,968
Funding to be determined	-	-	-	75	-	75
Total New Capital Funding	\$ 550,420	\$ 249,423	\$ 83,305	\$ 75	\$ 46,350	\$ 929,573
Carryover (State Bonds)	108,003	-	-	-	-	108,003
CTA Principal and Interest (Federal)	(205,484)	-	-	-	-	(205,484)
CTA Bond Proceeds	520,000	-	-	-	-	520,000
Total Capital Funding Available	\$ 972,940	\$ 249,423	\$ 83,305	\$ 75	\$ 46,350	\$ 1,352,093

Exhibit 8-4: Capital Funding in 2012 - \$1.352 billion



pass the General Assembly. In addition, sources for debt service on some of the bond funds depend on the new revenues for the State’s General Revenue Fund. However, encouraged by the award of State Bond funds through this year, the balance of the full \$2.7 billion State Bond program is distributed over the remaining three years, 2012-2014.

Use of Funds

The primary emphasis of the 2012 Capital Program is to continue efforts to bring the system’s assets to a State of Good Repair. When replacing worn out items, it is imperative to utilize modern technologies that often result in improved functionality of equipment, facilities, and rolling stock. In addition, a balanced capital program is responsive to customer needs and shifting markets by including investment in system expansion. For the 2012 Capital Program, 93% of the budget is allocated to capital projects that maintain the existing infrastructure. While the current funding level does not satisfy all needs, an appropriate balance of investment is achieved in light of the current condition of the RTA system.

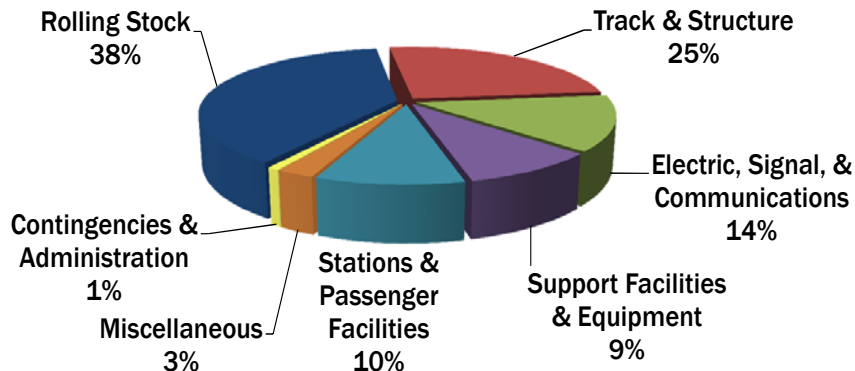


Investments in the 2012-2016 Capital Program can be broken down by various asset categories. Exhibits 8-5 and 8-6 show that \$1.49 billion or 38% of the program is spent on rolling stock and \$987 million or 25% for track and structure, which are considered to have the greatest direct impact on transit users. Substantial investment in other infrastructure is also critical to maintaining safe, reliable transportation services.

Exhibit 8-5: 2012-2016 Capital Program Uses (dollars in thousands)

Asset Category	CTA	Metra	Pace	Pace ADA	RTA	Total
Rolling Stock	1,039,985	200,138	250,646	-	-	1,490,769
Track & Structure	650,300	337,525	-	-	-	987,825
Electric, Signal, & Communications	161,716	323,585	2,000	-	42,150	529,451
Support Facilities & Equipment	119,957	127,405	113,287	75	-	360,724
Stations & Passenger Facilities	221,000	157,125	4,800	-	4,200	387,125
Miscellaneous	45,427	52,725	1,250	-	-	99,402
Acquisitions & Extensions	-	-	-	-	-	-
Contingencies & Administration	17,750	6,810	7,540	-	-	32,100
Totals	\$ 2,256,135	\$ 1,205,313	\$ 379,523	\$ 75	\$ 46,350	\$ 3,887,396

Exhibit 8-6: 2012-2016 Capital Program Uses - \$3.887 billion



CTA Overview

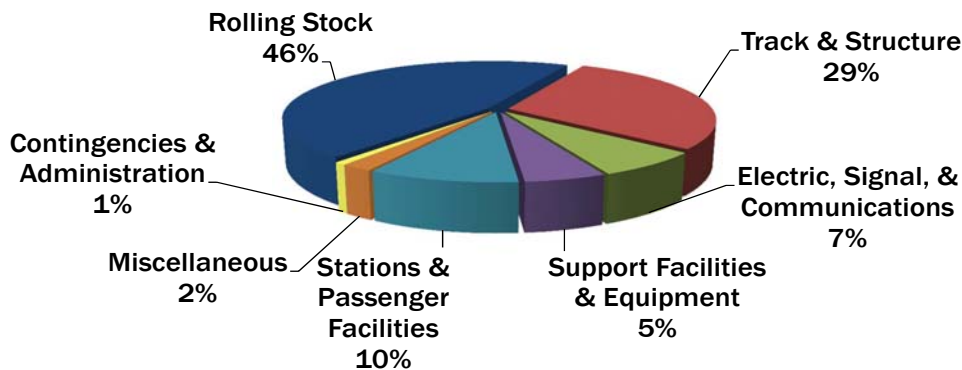
The proposed projects in the CTA's portion of the 2012-2016 Capital Program total \$2.3 billion and continue the rehabilitation and replacement of their capital assets. The percentages for the general categories of capital improvements of the total program are: 46% for rolling stock, 29% for track and structure, 10% for stations and passenger facilities, 7% for electric, signal and communications, 5% for support facilities and equipment, and 3% for miscellaneous, contingencies and administration. The general categories of capital improvements comprising the CTA's portion of the Capital Program are illustrated in Exhibit 8-7.

A complete schedule of the CTA's Five-Year Capital Program can be found in the Appendices (Exhibit 9-24)

Highlights of projects included in the CTA's proposed 2012-2016 Capital Program are:

- \$650.3 million for the repair of track and structure
- \$508.1 million for the purchase of 706 rail cars
- \$248.0 million for the rehabilitation and overhaul of rail cars
- \$221.0 million for the rehabilitation of rail stations
- \$199.7 million for the purchase of buses
- \$103.4 million for the improvement of facilities
- \$93.7 million to implement security and communication projects
- \$76.9 million to perform mid-life bus overhauls
- \$68.0 million to replace or upgrade power distribution and signals

Exhibit 8-7: CTA 2012-2016 Program Uses - \$2.256 billion



Metra Overview

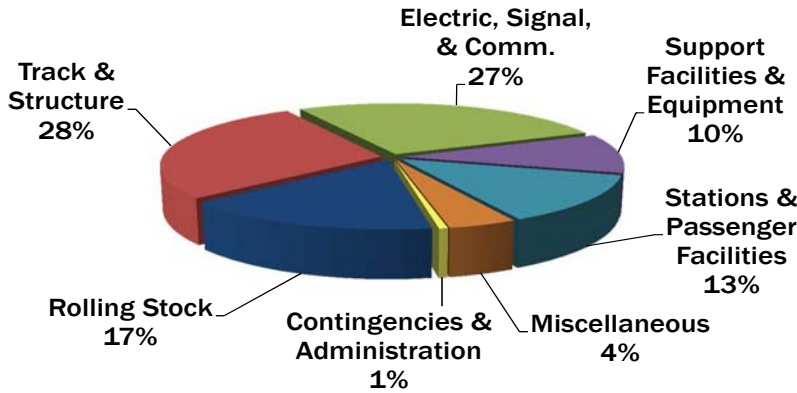
Metra’s portion of the proposed 2012-2016 Capital Program totals \$1.2 billion. During this five-year period, Metra will continue to renew its extensive commuter rail infrastructure and renew aging rolling stock. The percentage for the general categories of capital improvements of the total program are: 28% for track and structure, 27% for electric, signal, and communications, 17% for rolling stock, 13% for stations and passenger facilities, 10% for support facilities and equipment, and 5% for miscellaneous, contingencies, and administration. The general categories of capital improvements comprising Metra’s portion of the Capital Program are illustrated in Exhibit 8-8.

Highlights of projects included in Metra’s proposed 2012-2016 Capital Program are:

- \$252.9 million for bridge rehabilitation and renewal
- \$222.4 million for the installation of Positive Train Control (PTC) system
- \$140.1 million for station rehabilitation and improvement
- \$85.6 million for the rehabilitation of commuter rail cars
- \$65.1 million for locomotive improvements
- \$60.5 million to improve yards, shops and facilities
- \$59.2 million to upgrade the signal system
- \$49.5 million to upgrade financial systems

A complete schedule of Metra’s Five-Year Capital Program can be found in the Appendices (Exhibit 9-24)

Exhibit 8-8: Metra 2012-2016 Program Uses - \$1.205 billion



Pace Overview

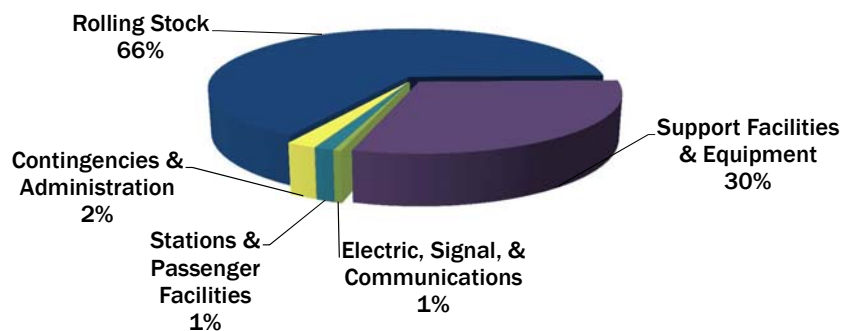
Pace's portion of the proposed 2012-2016 Capital Program totals \$380 million. A majority of the funding is provided for the replacement of rolling stock. The percentage for the general categories of capital improvements of the total program are: 66% for rolling stock, 30% for support facilities and equipment, 2% for contingencies and administration, 1% for electric, signal and communications, and 1% for stations and passenger facilities. The general categories of capital improvements comprising Pace's portion of the Capital Program are illustrated in Exhibit 8-9.

A complete schedule of Pace's Five-Year Capital Program can be found in the Appendices (Exhibit 9-24)

Highlights of projects included in Pace's proposed 2012-2016 Capital Program are:

- \$142.1 million for the purchase of 413 fixed route buses
- \$58.0 million to construct Northwest Cook County bus garage
- \$20.0 million for the purchase of a replacement farebox system
- \$13.8 million for the purchase of computer hardware and software systems
- \$13.4 million for diesel engine retrofits
- \$11.8 million for the purchase of 148 paratransit vehicles
- \$9.5 million for bus overhauls

Exhibit 8-9: Pace 2012-2016 Capital Program Uses - \$380 million

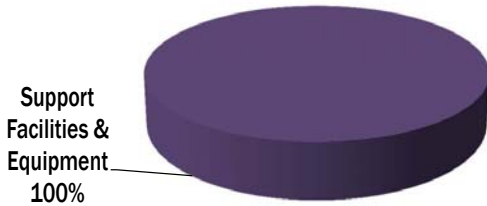


Pace ADA Overview

Nearly all of the capital costs associated with the delivery of Pace ADA service relate to vehicles, which are provided by the contractor for most of the service areas. Thus, Pace ADA's portion of the proposed 2012-2016 Capital Program totals only \$75 thousand provided for support facilities and equipment. The source of this funding is to be determined. The general categories of capital improvements comprising Pace ADA's portion of the Capital Program are illustrated in Exhibit 8-10.

A complete schedule of Pace ADA's and the RTAs Five-Year Capital Program can be found in the appendices (Exhibit 9-24)

Exhibit 8-10: Pace ADA 2012-2016 Capital Program Uses - \$75 thousand



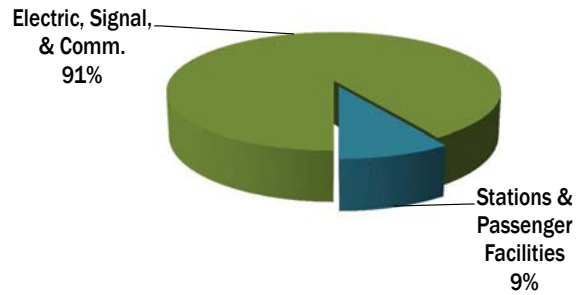
RTA Overview

The RTA's portion of the proposed 2012-2016 Capital Program totals \$46.4 million. The largest expenditure relates to the implementation of transit signal priority projects where FTA capital grants represent 80% of funding or \$32 million. The general categories of capital improvements comprising the RTA's portion of the Capital Program are illustrated in Exhibit 8-11.

Highlights of projects included in RTA's proposed 2012-2016 Capital Program are:

- \$40 million to implement Transit Signal Priority (TSP) projects
- \$4.2 million to provide for improvements at 19 priority transit transfer locations
- \$2.0 million to provide for regional integration of real time information and trip planning
- \$100 thousand to implement downtown Chicago interagency connection improvements
- \$50 thousand to implement a regional real time transit web page

Exhibit 8-11: RTA 2012-2016 Capital Program Uses - \$46 million



Capital Impact on Operations

As part of its oversight function, the RTA is charged with providing assessments of the Service Board’s Capital projects and plans as well as an assessment of the condition of the Service Board’s capital assets. Pursuant to Ordinance 2009-92, the RTA, after consultation with the Service Boards, must prepare and adopt a Five-Year Capital Program annually that includes each capital improvement undertaken by or on behalf of a Service Board. In addition to the Five-Year Plan, the RTA Act established the need for the development of a Ten-Year Capital Plan.

The estimated value of transit capital assets in northeastern Illinois is \$142.2 billion, as measured in terms of replacement value..

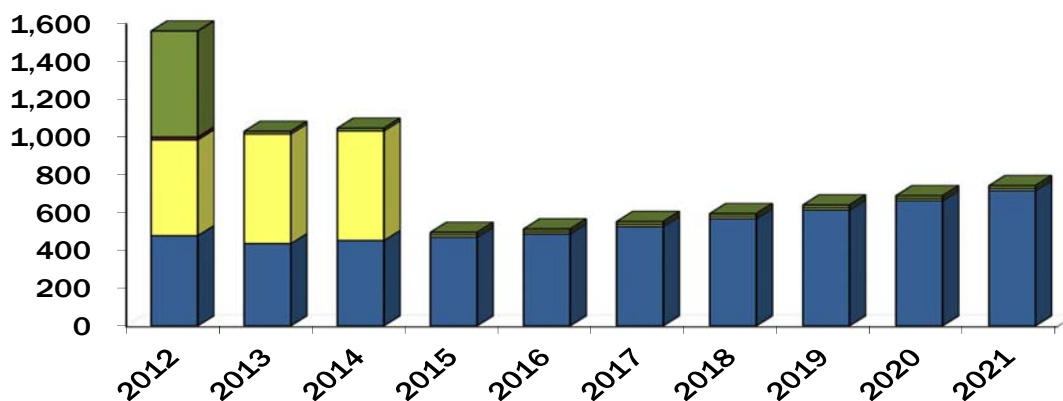
The estimated value of transit capital assets in northeastern Illinois is \$142.2 billion, as measured in terms of replacement value. Achieving and maintaining a State of Good Repair will require \$24.6 billion of capital investment over the next ten years. During this same time frame, however, total funding to support capital infrastructure is projected at \$9.0 billion. Since \$1.2 billion of capital funds have already been committed to debt service for bonds issued by the CTA, the current Ten-Year Capital Program leaves approximately \$7.8 billion in net funding available for the 2012-2021 period, 31.7% of the total replacement need.

CAPITAL FUNDS AVAILABLE FOR THE TEN-YEAR PLAN

As Exhibit 8-12 indicates, there are four sources of funding that are dedicated to capital program expenditures in the region; federal, state, RTA and local. In the RTA’s ten-year plan, \$477.3 million in federal capital grants are expected to be made available to the RTA in 2012. By 2021 federal capital grants are planned to increase to \$592.7 million, a compound annual growth rate of 2.5%, reflecting long term historic trends. State funding includes the \$1.1 billion available in the State’s bond program, appropriated in 2009 and allocated through 2014. RTA capital reserve funds total \$15.7 million in 2012. Local funds total \$689.3 million between the years 2012 and 2021. These local funds consist of Service Board money that Metra allocates to capital programs from farebox revenues each year, capital funding provided to the region by local communities, and additional funds from the other Service Boards. In 2011 the CTA issued \$520 million in bonds, the proceeds of which are included in the 2012 Capital Plan and will be used for the purchase of new 5000 series rail-cars.

The total available funds in 2012 for capital projects are approximately \$1.352 billion, a \$1.767 billion shortfall from the annual replacement needed to achieve a State of Good Repair and address the backlog. It is important to note that in 2012 and beyond,

Exhibit 8-12: Capital Program Funds Available (in millions)



the Service Boards have discontinued their previous practice of diverting capital funds to cover operating expenses. In August 2010, a Capital Asset Condition Assessment was completed that placed the region’s total capital backlog at \$13.8 billion. By the end of 2012 the region anticipates a total backlog to achieve a State of Good Repair of over \$14.8 billion.

As shown in Exhibit 8-12, the funding available from state and local sources in the years 2012 through 2016 is critical to executing the capital program. In 2012, a bond issued by the CTA for the purchase of new 5000 series rail cars will increase capital funding for the region. In 2013 and beyond, the amount of funding available for capital is below the annual replacement need, including back log, by \$1.5 to \$2.1 billion per year.

CAPITAL FUNDING VS. ANNUAL REPLACEMENT NEED

As Exhibit 8-13 shows, from 2012 to 2021 the region’s projected capital funding falls far below the region’s replacement need in each year of the period. In 2012, with the bond issuance by the CTA of \$520 million, capital funding is sufficient to pay for about 67% of the annual replacement need. With the absence of locally generated borrowing in 2013 and beyond, that level falls to less than 30% of the replacement need.

Lack of funding for capital improvements is further exacerbated by the region’s aging vehicle fleet. As the average life of a region’s fleet increases, the fleet’s operating and maintenance costs increase as well. Conversely, if the average age of a fleet decreases because of capital spending, one can expect to see

Exhibit 8-13: Capital Funding vs. Annual Replacement Need (in millions)

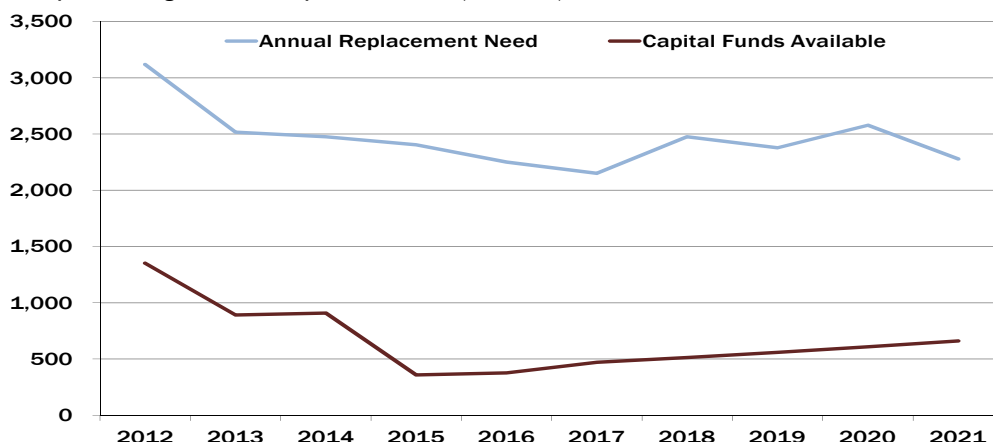


Exhibit 8-14: CTA 2012 Capital Impact on Operations (includes only some of the major programs)

Bus Projects

Bus mid-life overhaul (\$22.5 million)
 Purchase replacement buses (\$21.9 million)

- Improve service reliability
- Increase customer satisfaction
- Enhance safety

Rail Projects

Railcar mid-life overhaul (\$82.4 million)
 Purchase replacement railcars (\$470.1 million)
 Repair track and structures (\$207.0 million)

- Increase fleet reliability
- Reduce maintenance and operating costs
- Raise travel speeds by reducing slow zone restrictions
- Enhance safety
- Improve on-time performance
- Increase customer satisfaction

System-wide Improvements

Implement security & communication projects (\$47.7 million)

- Enhance safety and customer satisfaction
- Improve communications and efficiencies

significant savings in operating and maintenance expense.

If the region fails to meet both vehicular and non-vehicular capital annual replacement needs, operating and maintenance costs will continue to rise, making it difficult to continue to provide service at current levels.

IMPACT OF CAPITAL EXPENDITURES ON THE 2012 OPERATING BUDGET

CTA

The proposed 2012 Capital Program for CTA totals \$972.9 million divided among the following: bus projects \$51.5 million; rail projects \$836.0 million; system wide projects of \$85.4 million. Specific capital projects in support of lower operating costs include rail car and bus mid-life overhauls. The capital program provides for the purchase of new rail cars and buses in 2012, which will decrease the average age of the vehicle fleet, significantly reducing maintenance and operating costs. Details on the CTA's Capital Program can be found in the appendices (Exhibit 9-24).

Metra

The proposed 2012 Capital Program for Metra totals \$249.4 million divided among the following: rolling-stock \$43.1 million; track & structure \$51.4 million; electrical, signal & communications \$81.5 million; support facilities and equipment \$18.6 million; stations and passenger facilities \$43.0 million; and miscellaneous, contingencies & administration \$11.8 million. Projects include locomotive improvements and railcar overhauls, which will extend service lines and reduce operating costs. Details on the Metra's Capital Program can be found in the appendices (Exhibit 9-24).

Pace

The proposed 2012 Capital Program for Pace totals \$83.3 million divided among the following: rolling stock \$70.4 million; support facilities & equipment \$10.8 million; miscellaneous, contingencies & administration \$1.3 million. Pace plans to continue the replacement of fixed-route buses in 2012, with a purchase of 137 buses during the year. This will lower the average age of their 688 bus fleet from 7.2 years to 5.8 years, significantly reducing annual operating expenses. Details on Pace's Capital Program can be found in the appendices (Exhibit 9-24).

Exhibit 8-15: **Metra 2012 Capital Impact on Operations** (includes only some of the major programs)

Rolling Stock	
Provide locomotive improvements (\$22.5 million)	<ul style="list-style-type: none"> Maintain on-time performance Reduce maintenance cost Enhance safety Increase customer satisfaction
Rehabilitate bi-level commuter cars (\$12.1 million)	
Track & Structure	
Rehabilitation of bridges (\$31.9 million)	<ul style="list-style-type: none"> Preserve uninterrupted service – better on-time performance Improve vertical clearances Improve traffic flow and pedestrian safety
Electrical Signal & Communication	
Install positive train control system (\$64.5 million)	<ul style="list-style-type: none"> Improve travel times resulting in improved on-time performance Enhance safety
Stations and Passenger Facilities	
Rehabilitate and improve stations (\$38.0 million)	<ul style="list-style-type: none"> Increase other revenue by providing improved commercial and retail space

Exhibit 8-16: **Pace 2012 Capital Impact on Operations** (includes only some of the major programs)

Rolling Stock

Purchase of fixed-route buses (\$64.2 million)	<ul style="list-style-type: none"> • Reduced maintenance and operating costs • Improved travel time • Enhanced safety • Lower fuel consumption
--	--

Support Facilities and Equipment

Improvement to garages/facilities (\$6.0 million)	<ul style="list-style-type: none"> • Lower building maintenance costs
---	--

The RTA continues to work with the Service Boards to identify the impact of capital expenditures on their operating budgets as it attempts to mitigate the effects of an aging fleet and meet its annual replacement need. Currently, the RTA is developing a Decision Support Tool to set forth the process and establish criteria necessary to focus capital efforts on improvements that are intended to bring the region's infrastructure toward a State of Good Repair. The RTA is also undertaking a study to improve and standardize techniques to estimate the operating cost impact of capital projects. These efforts will ensure the allocation of available financial resources to yield the greatest return to RTA customers and taxpayers.

9 Appendices

Exhibit 9-1: 2012 Business Plan Calendar (dates listed are in 2011)

2012 Business Plan Calendar	
Date	Requirements
23-Jun	RTA Finance Committee and Board meet to discuss and consider the release of the 2012 Business Plan Call, which includes the preparatory funding estimates for the Service Boards' 2012 Annual Budget, Two-Year (2013-2014) Financial Plan, and Five-Year (2012-2016) Capital Program.
30-Jul	The RTA and Service Board Finance Departments reach consensus on the operating and capital funds to be recommended for RTA Board adoption in August which include: the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years for each Service Board, the budget recovery ratio for the upcoming year for each Service Board, and the preliminary capital program amounts for the upcoming five years not later than July 30.
18-Aug	RTA Finance Committee and Board meet to discuss and consider adoption of ordinances which (1) establish the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years for each Service Board, (2) set the budget recovery ratio for the upcoming year for each Service Board, and (3) set the preliminary capital program amounts for the upcoming five years.
30-Sep	Service Boards release their proposed Budget, Two-Year Financial Plan, and Five-Year Capital Programs to the RTA and the public. Information requirements in the proposed Budget, Two-Year Financial Plan, and Five-Year Capital Program document shall be provided to the RTA on supplemental schedules not later than September 30.
Oct-Nov	The Service Boards hold public hearings on their proposed Budget, Two-Year Financial Plan, and Five-Year Capital Programs, and present these proposals to each of the six counties in the region.
20-Oct 17-Nov	During the RTA Board Meeting in October and/or in November the Service Boards present their proposed Budget, Two-Year Financial Plan and Five-Year Capital Program to the RTA Board.
15-Nov	Service Board budgets, Two-Year Financial Plans, and Five-Year Capital Program proposals, adopted by their Boards, are submitted to the RTA not later than November 15.
16-30-Nov	RTA staff prepares consolidated Budgets, Two-Year Financial Plans, and Five-Year Capital Programs for public review and comment.
17-Nov	RTA Board Committees and the RTA Board review the proposed RTA 2012 Agency Budget. During the RTA Board Meeting the Chairman of the RTA Board and/or the Chairman of the RTA Board Finance Committee approve the release of the proposed RTA Budget, Two-Year Financial Plan, and Five-Year Capital Program.
Nov-Dec	RTA presents operating and capital program information to each of the six counties in the region.
1-Dec	RTA proposed Budget, Two-Year Financial Plan, and Five-Year Capital Program is made available for public review and comment.
Dec	RTA holds public hearings in December on the proposed RTA Budget, Two-Year Financial Plan, and Five-Year Capital Program.
15-Dec	RTA Finance Committee and Board meet to discuss and consider adoption of ordinances which (1) establish the operating funding amounts for the budget for the upcoming year and the financial plan for the subsequent two years for each Service Board, (2) set the budget recovery ratio for the upcoming year for each Service Board, and (3) set the capital program amounts for the upcoming five years.

Public Hearing Overview

Section 4.01 of the RTA Act directs the RTA to hold public hearings on its annual consolidated budget and financial plan, prior to Board consideration of the ordinance adopting the budget and plan. This year, for the first time, the RTA participated in each of the public hearings held by the CTA, Metra, and Pace. These hearings gave the public a more unified presentation of the region's transit system and a clearer understanding of the respective roles of the Service Boards and the RTA. In 2011, the RTA participated in twenty-three hearings in total in October and November, and seven hearings in December. The RTA participated in twelve Pace hearings in October: three in the City of Chicago (north, south, southwest), four in suburban Cook (north, west, south and southwest), and one each in Lake, Will, DuPage, Kane and McHenry counties. The RTA participated in eight Metra hearings in November: one in the City of Chicago, two in suburban Cook (north, south), and one each in Lake, Will, DuPage, Kane and McHenry counties. The RTA participated in three CTA hearings in November: one on the South Side of the City of Chicago, one on the West Side, and one in the West Loop.

The RTA also held its own budget meetings in December: three in Cook County and one in each of the five other counties. The meetings were publicized in press releases issued to the media, paid ads in newspapers across the region, e-mails and calls to Partners for Transit, the RTA's InTransit newsletter, a special communication to elected officials, as well as through the Service Boards, at reduced fare presentations, and on RTA, all Service Boards and many Partners For Transit websites. The hearing schedules are detailed in Exhibits 9-2.1 and 9-2.2.

At these meetings, the RTA briefed the public on the proposed RTA 2012 Budget, the proposed Program of Capital Projects, the Illinois Jobs Now projects, a review of the 2011 budget and a current assessment of the economic conditions and status as it relates to the RTA. Presenters included Executive Director Joseph G. Costello, RTA senior management, and RTA Finance Department Staff, who were joined by RTA board

members. Presentations were also given to all County Boards in the service area.

Public hearing comments were primarily focused on the need to expand and enhance service, changes to ADA paratransit reservation hours, the upcoming labor negotiations and the use of JARQ funds for service expansion. Court reporters were present to take testimony at all public hearings. Transcripts are on file with RTA.

In addition to the hearings, the budget documents and actual presentation were posted on RTA websites and announced through RTA's social media network as well as other methods in order to broaden public access. The RTA Board voted to approve the 2012 transit system budget at its December 15th meeting.

Exhibit 9-2.1: RTA Community Meetings/Budget Hearings Schedule

The RTA sought public input regarding the 2012 budget and provided updates on state and federal capital funding while reviewing recommended projects for RTA funding programs. RTA Board members offered opening remarks followed by RTA senior staff who conducted presentations on the Budget. Attendees had the opportunity to make public comment.

SCHEDULE OF PUBLIC HEARINGS
PACE
Cook County (North) - Monday, October 17th

4:00 - 6:00 pm
Pace Headquarters Board Room
550 W. Algonquin Rd., Arlington Heights

Lake County - Monday, October 17th

4:00 - 6:00 pm
Waukegan Public Library, Bradbury Room
128 N. County St., Waukegan

Will County - Tuesday, October 18th

4:30 - 6:00 pm
Joliet Public Library, Meeting Room B
150 N. Ottawa St., Joliet

McHenry County - Tuesday, October 18th

4:30 - 6:00 pm
Crystal Lake Municipal Complex, Council Chambers
100 W. Woodstock St., Crystal Lake

Kane County - Wednesday, October 19th

4:30 - 6:00 pm
Kane County Government Center Auditorium,
Ground Floor
719 S. Batavia Ave., Geneva

Cook County (Southwest) - Wednesday, October 19th

4:30 - 6:00 pm
Oak Lawn Village Hall Auditorium
9446 S. Raymond, Oak Lawn

Cook County (West) - Thursday, October 20th

4:00 - 6:00 pm
Howard Mohr Community Center
7640 Jackson Blvd., Forest Park

City of Chicago (North) - Monday, October 24th

11:00 am - 1:00 pm
Sulzer Regional Library
4455 N. Lincoln, Chicago

City of Chicago (Southwest) - Wednesday, October 26th

3:00 - 5:00 pm
Arturo Valezquez Westside Technical Institute
2800 S. Western Ave., Chicago

DuPage County - Wednesday, October 26th

4:30 - 6:00 pm
DuPage County Government Center Auditorium
421 N. County Farm, Wheaton

Cook County (South) - Thursday, October 27th

4:30 - 6:00 pm
Homewood Village Hall, Board Room
2020 Chestnut Rd., Homewood

City of Chicago (South) - Thursday, October 27th

7:00 - 9:00 pm
Olive Harvey College, Cafeteria
10001 S. Woodlawn, Chicago

METRA
McHenry County - Wednesday, November 2nd

4:00 - 7:00 pm
Woodstock City Hall, City Council Chambers
121 W. Calhoun St., Woodstock

Kane County - Wednesday, November 2nd

4:00 - 7:00 pm
Geneva City Hall, City Council Chambers
22 S. First St., Geneva

Cook County (South) - Wednesday, November 2nd

4:00 - 7:00 pm
Homewood Village Hall, Board Room
2020 Chestnut Rd., Homewood

Cook County (North) - Wednesday, November 2nd

4:00 - 7:00 pm

Arlington Heights Village Hall, Board Room
33 S. Arlington Heights Rd., Arlington Heights

DuPage County - Thursday, November 3rd

4:00 - 7:00 pm

Clarendon Hills Village Hall, Board Room
1 N. Prospect Ave., Clarendon Hills

Lake County - Thursday, November 3rd

4:00 - 7:00 pm

Grayslake Village Hall, Board Room
10 S. Seymour, Grayslake

Will County - Thursday, November 3rd

4:00 - 7:00 pm

Joliet City Hall, Council Chambers
150 W. Jefferson St., Joliet

City of Chicago - Thursday, November 3rd

4:00 - 7:00 pm

Metra Headquarters
547 W. Jackson Blvd., Chicago

CTA

City of Chicago (West Side) - Wednesday, November 2nd

6:00 pm

Westinghouse College Prep
3223 W. Franklin Blvd, Chicago

City of Chicago (West Loop) - Monday, November 7th

6:00 pm

CTA Headquarters
567 W. Lake St., Chicago

City of Chicago (South Side) - Thursday, November 10th

6:00 pm

Kennedy King College
6301 S. Halsted St., Chicago

Exhibit 9-2.2: RTA 2012 Budget Hearings

The Regional Transportation Authority (RTA) hosted its final public budget hearings for the 2012 budget in December of 2011. The budgets for the CTA, Metra and Pace were reviewed and a general outlook for the transit system and key agency initiatives were presented. Attendees had the opportunity to participate in a Q&A session where RTA staff received comment and responded to questions.

SCHEDULE OF BUDGET HEARINGS

Cook County (South) - Monday, December 5th

5:30 pm

South Suburban Mayors & Managers
1906 W. 174th St., East Hazel Crest

Cook County (North) - Tuesday, December 6th

5:00 pm

Pace Headquarters, Board Room
550 W. Algonquin Rd., Arlington Heights

Kane County - Tuesday, December 6th

6:00 pm

Centre of Elgin, Pioneer Room
100 Symphony Way, Elgin

Will County - Tuesday, December 6th

4:30 pm

Joliet City Hall, Conference Room 1
150 W. Jefferson St., Joliet

Lake County - Thursday, December 8th

6:00 pm

University Center of Lake County
1200 University Center Dr., Grayslake

Cook County (City of Chicago) - Friday, December 9th

2:00 pm

RTA Headquarters, Board Room
175 W Jackson Blvd., Suite 1650, Chicago

DuPage County - Monday, December 12th

6:00pm

DuPage County Bldg., Auditorium
421 N. County Farm Rd., Wheaton

McHenry County - Monday, December 12th

5:30 pm

Woodstock Administration Bldg., Conference Room A
667 Ware Rd., Woodstock**Glossary**

Accessible—As defined by FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered, and used by persons with disabilities.

Accessible Service—A term used to describe service that is accessible to non-ambulatory riders with disabilities. This includes fixed-route bus service with wheelchair lifts or dial-a-ride service with wheelchair lift-equipped vehicles.

ADA (The Americans with Disabilities Act of 1990)—This federal act requires changes to transit vehicles, operations and facilities to ensure that people with disabilities have access to jobs, public accommodations, telecommunications, and public services, including public transit.

ADA Paratransit Service—Non-fixed-route paratransit service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the service area to certified participants in the program.

Administration Expenditure—Expenditures for labor, materials and fees associated with general office functions, insurance, safety, legal services, and customer services.

Agency Fund—This fiduciary fund accounts for the assets held by the RTA in a trustee capacity or as an agent for the CTA, Metra, and Pace, rather than for the RTA's own programs. (Of the four types of fiduciary funds [Agency funds, pension (and other employee benefit funds), investment trust funds, and private-purpose funds], the RTA uses only the first two.)

Ambulatory Disabled—A person with a disability that does not require the use of a wheelchair. This would

describe individuals who use a mobility aid other than a wheelchair or have a visual or hearing impairment.

Appropriation—A legal procedure that permits a specified amount of funds for a given operating or capital purpose to be expended; the RTA appropriates funds for expenditures.

ASA/AFA—State-authorized assistance. Additional State Assistance (ASA) and Additional Financial Assistance (AFA) are issued for SCIP bonds (see SCIP bonds).

Balanced Budget—A budget in which expected revenues equal expected expenses during a fiscal period.

Bond Refinancing/Refunding—is the payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions which results in the defeasance of the old debt.

Budget—Funds allocated by the RTA Board for a particular purpose; each year the RTA Board approves a budget document for the following year. Funds are allocated either by “programming” them or by “appropriating” them.

Budget Marks—The Regional Transportation Authority Act, as amended in 1983, requires the RTA to advise each of its Service Boards by September 15 of each year of its required revenue recovery ratio for the subsequent year, and the public funding estimated to be available for the next three years. These figures are referred to as budget marks.

Bus Bunching—A traffic scenario in which more than one bus arrives at the same time. This phenomenon is a subject of several CTA initiatives aimed at reducing service problems through improved field management of traffic and schedules.

Bus Rapid Transit (BRT)—BRT combines the quality of rail transit and the flexibility of buses. It can operate on exclusive transit ways, High Occupancy Vehicle (HOV) lanes, expressways, or ordinary streets. A BRT system combines intelligent transportation systems technologies, priority for transit, cleaner and quieter

vehicles, rapid and convenient fare collection, and integration with land use policies.

Capacity Utilization—The percentage of seats occupied in a train or bus at a given point in time.

Capital—Funds that finance construction, renovation, and major repair projects or the purchase of machinery, equipment, buildings, and land.

Capital Expenditure—Expenditures that acquire, improve, or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000, e.g., rolling stock, track and structure, support facilities and equipment, and stations and passenger facilities.

Car Mile or Vehicle Mile—A single bus, rapid transit car, or commuter rail car traveling one mile.

Circuit Breaker Program—The Illinois Department on Aging's Circuit Breaker program provides assistance to low income senior citizens and persons with disabilities. Illinois residents with a qualifying disability who meet the income eligibility requirements of the Circuit Breaker program are eligible for free rides on regularly scheduled fixed-route public transit service.

CMAP (The Chicago Metropolitan Agency for Planning)—Formed in 2005, CMAP integrates planning for land use and transportation in Northeastern Illinois. The new organization combined the region's two previously separate transportation and land-use planning organizations – Chicago Area Transportation Study (CATS) and the Northeastern Illinois Planning Commission (NIPC) – into a single agency.

CMAQ (Congestion Mitigation/Air Quality) Grant—A federal grant program designed to support transportation projects that reduce traffic congestion, and/or improve air quality.

Cost per Mile—Operating expense divided by vehicle miles for a particular program or in total.

Cost per Passenger—Operating expense divided by ridership for a particular program or in total.

CTA (Chicago Transit Authority)—The CTA operates bus and rapid transit service in the City of Chicago and several suburbs. The CTA was created by state legislation and began operations in 1947.

Deadhead—The time when a transit vehicle is traveling toward a yard, shop, or the start of a run but is not in revenue service. Car miles include dead-head miles.

Debt Service—The payment of interest on and the repayment of principal on long-term borrowed funds according to a predetermined payment schedule.

Defeasance of Bonds—a technique used to discharge older high-rate debt prior to maturity with new securities bearing lower interest rates.

Depreciation—Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. The portion of the cost of a fixed asset, other than a wasting asset, charged to expense during a particular period.

Dial-A-Ride Service—Paratransit service that requires the user to call ahead and schedule service.

Discretionary Funds—Funds that the RTA allocates, at its discretion, to the Service Boards. These funds include the PTF and a portion of the 15% of the RTA Sales Tax.

Elderly—A term used to describe individuals who are 65 years of age or older. This age is used to qualify for the RTA Senior Citizen Reduced Fare Card. Note that some paratransit services define elderly individuals at an age other than 65.

Express Bus (or route)—A suburban or intercity bus that operates a portion of its route without stops or with a limited number of stops.

Favorable Performance—In a comparison of actual results to budgeted levels, favorable performance describes the situation in which expenditures are less than budget or revenue exceeds budget.

Farebox Revenue—Revenue obtained from passengers.

Fares—The amount charged to passengers for use of various services.

Feeder Bus Services—Pace bus routes that serve Metra stations.

Financial Plan—In addition to an annual budget, the RTA Act, as amended in 1983, requires the RTA and its Service Boards to develop a financial plan for the two years subsequent to the upcoming budget year. In combination with the annual budget, this provides a three-year projection of expenses, revenues, and public funding requirements.

Fiscal Year—The calendar year is the fiscal year for the RTA, CTA, Metra, and Pace. The fiscal year of the State of Illinois extends from July 1 through June 30 of the following year. The fiscal year of the federal government extends from October 1 through September 30 of the following year.

Fixed-Route Service—Buses that operate according to fixed schedules and routes.

Flexible Funds—Federal funds made available by TEA-21 that can be used for various transportation projects, including both highway and mass transit projects. Allocation of these funds is at the discretion of state and local agencies.

Fringes (Fringe Benefit Expenditures)—Pay or expenditures to or on behalf of employees in addition to salaries and wages, including sick pay, vacation pay, pension contributions, life and health insurance, unemployment and workers' compensation, social security costs, and other programs.

FTA (Federal Transit Administration)—The FTA is the federal agency that helps cities and communities provide mobility to their citizens. Through its grant programs, FTA provides financial and planning assistance to help plan, build, and operate rail, bus, and paratransit systems. Since 1988, the only FTA funding available to the RTA has been for capital projects.

Full Funding Grant Agreement (FFGA)—The FTA is required to use a FFGA to prove financial assistance for new start projects. The FTA also has the discretion to use an FFGA in awarding federal assistance for other major capital projects. The FFGA defines the project, including cost and schedule; commits to a maximum level of federal financial assistance (subject to appropriation); establishes the terms and conditions of federal financial participation; covers the period of time for completion of the project; and helps to manage the project in accordance with federal law. The FFGA assures the grantee of predictable federal financial support for the project (subject to appropriation) while placing a ceiling on the amount of that federal support.

Full-Time Equivalent Position (FTE)—A measurement equal to one staff person working a full-time work schedule for one year.

Fund Balance—The cumulative difference between revenues and expenses over the life of a fund. The excess of funding over deficit for a given period of time. In this document, the fund balance refers to the unreserved/undesignated funds in the Agency and general fund.

Funding Formula—A specific formula used to determine a subsidy level.

General Long Term Debt Account Group (GLTDAG)—This account group is not a fund but a separate list of certain long-term liabilities of the general government. Debt normally is recorded at its face value, without premium or discount. Additions to and deletions from GLTDAG are disclosed in the notes to the financial statements

General Fund—The operating fund that is used to account for all financial resources and normal recurring activities except for those required to be accounted for in another fund.

General Obligation Bonds (GO Bonds)—are bonds that are legally backed by the full faith, and credit of the issuing government. The government is legally obligated

to use its full taxing power, if necessary, to repay the debt.

Gross Domestic Product (GDP)—Reported by the Bureau of Economic Analysis, this measure of economic activity is the sum of the market values of all of the final goods and services produced in the United States in a year.

Grants—Moneys received from local, federal, and state governments to provide capital or operating assistance.

Headway—The time span between service vehicles (bus or rail) on a specified route.

Illinois FIRST—A group of legislation passed by the Illinois Legislature to fund capital improvements for the state's infrastructure, roads, schools, and transit.

Infrastructure—The physical assets of the RTA system, e.g., rail lines and yards, power distribution, signaling, switching, and communications equipment, passenger stations, information systems, and roadways, upon which the continuance and growth of transit depend.

In-Kind Service—These services are provided at no cost to a Service Board. For example, the City of Chicago provides free of charge dedicated security forces to the CTA.

Innovation, Coordination and Enhancement (ICE) Fund—A fund created to award grants to the Service Boards, transportation agencies, and local governments, for short-term, lower-cost projects and service enhancements.

Intelligent Bus System (IBS)—A bus communications system that uses advanced technology to monitor and improve performance on various levels. Pace's new bus communications system includes radio voice and data communications, Computer-Aided Dispatching (CAD) and Global Positioning System (GPS)-based Automatic Vehicle Location (AVL) functions.

Intelligent Transportation Systems (ITS)—The application of advanced sensor, computer, electronics, and

communication technologies and management strategies in an integrated manner to increase the safety and efficiency of the surface transportation system. ITS is a national effort designed to promote the use of advanced technologies in multimodal transportation.

Interest—The charge for borrowing money, typically expressed as an annual percentage rate.

ISTEA (Intermodal Surface Transportation Efficiency Act of 1991)—ISTEA amended the Federal Transit Act introducing new sources of flexible funds and increasing the funding authorized for public transit.

JARC (Job Access Reverse Commute)/New Freedom—JARC is a federally funded program that provides operating and capital assistance for transportation services planned, designed, and carried out to meet the transportation needs of eligible low-income individuals and of reverse commuters regardless of income. The New Freedom program provides new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA).

Joint Self Insurance Fund (JSIF)—The RTA provides excess liability insurance to protect the self-insurance programs maintained by the CTA, Metra, and Pace. The Service Boards are obligated to reimburse the JSIF for any damages paid plus a floating interest rate.

Labor Expenditure—The cost of wages and salaries (including overtime) to employees for the performance of their work.

Line Item—An appropriation that is itemized on a separate line in a budget.

Linked Trip—A single, one-way trip without regard for the number of vehicles boarded to make the trip (e.g., a home-to-work trip taken by boarding a bus, to a train, to another bus represents one linked trip or three unlinked trips).

Maintenance Expenditure—Expenditures for labor, materials, services, and equipment used to repair and service transit and service vehicles and facilities.

Metra—The Commuter Rail Division of the RTA responsible for all rail public transit service with the exception of those services provided by the CTA. Metra was created in 1983 by an amendment to the RTA Act.

Mobility Limited—An individual who has a physical impairment, including impaired sensory, manual, or speaking abilities that result in functional limitations.

Modified Accrual Basis—A type of accounting whereby revenue and other financial resource increments (e.g., bond issue proceeds) are recognized when they become both “measurable” and “available” for finance expenditures of the current period. “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Similarly, expenditures (e.g., debt service payments and a number of specific accrued liabilities) are only recognized when payment is due because it is only at that time that they normally are liquidated with expendable available financial resources.

Moving Beyond Congestion—In 2008 jointly with the Chicago Transit Authority, Metra and Pace, the Regional Transportation Authority lead a strategic planning effort to maintain, enhance and expand the Northeastern Illinois region’s transit system and to solve the current transit funding challenge, ensure financial viability and accountability, and meet the region’s growing and changing transportation needs.

Net Results—The difference between total revenue (including public funding) and total expenses. Sometimes referred to as the “change in fund balance.”

New Initiative—A new program or service that the RTA may approve separately from the Agency’s or a Service Board’s regular budget. The RTA may attach special criteria to measure the success of a new initiative.

Non-Ambulatory Disabled—A person who has a disability that requires use of a wheelchair.

Operating Assistance—Financial assistance for transit operations (as opposed to capital) expenditures. Such aid may originate with federal, state, or local governments.

Operating Budget—The planning of revenue and expenditures for a given period of time to maintain daily operations.

Operating Deficit—For a particular Service Board, the difference between system-generated revenues and system operating expenses. The deficit is sometimes referred to as the “public funding requirement.” The RTA’s current practice is to provide operating funds to each Service Board equivalent to their budgeted deficit for the year as opposed to the actual deficit. For the RTA, its deficit or surplus equals total revenues (sales tax, PTF, interest, and other income) less operating funding, debt service, technology, and capital funding (RTA capital and RTA discretionary funding of Service Board capital).

Off-Peak—Non-rush hour time periods.

Pace—The Suburban Bus Division of the RTA responsible for all non-rail suburban public transit service with the exception of those services provided by the CTA. On July 1, 2006, Pace assumed operating responsibility for all ADA paratransit service in the RTA region. Pace was created in 1983 by an amendment to the RTA Act.

Paratransit Service—Any transit service that is not conventional fixed-route bus or rail service, including Dial-a-Ride, fixed-route deviation, shared-ride taxicab, and vanpool services.

Passenger Mile—A single passenger traveling one mile.

Peak Period—Morning or evening rush hour.

Principal—The amount borrowed or the amount still owed on a loan, separate from the interest.

Positive Budget Variance (PBV)—Calculated as the difference between a Service Board’s budgeted and actual deficit, a positive budget variance results when the actual deficit is less than budgeted. Since the RTA funds the budgeted deficit, a PBV represents available funds for the Service Boards.

Program (verb)—To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure. When the RTA Board passes its official budget document, certain funds are “programmed” so that they may be obligated (i.e., contracts signed) during the upcoming year; these funds may be expended during the upcoming or subsequent years.

Program (noun)—Groupings of expenditure accounts with related expenditures (e.g., operations, maintenance, administration, and capital program).

Public Transportation Fund(s) (PTF) —Each month the state transfers from its General Revenue Fund an amount equal to 30% of the RTA Sales Tax collected in the previous month.

Public Funding—Funding received from the RTA. Generally refers to funding for Service Board operating expenditures.

Purchase of Paratransit Service—The amount of money paid to contractors to provide door-to-door transportation to certified participants in the ADA paratransit service program.

Recovery Ratio—System-generated revenues divided by system operating expenditures with exclusions as allowed by the RTA Act. This ratio is calculated for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region attain an annual recovery ratio of at least 50% for mainline service. For ADA paratransit service, the Act requires a 10% recovery ratio.

Reduced Fares—Discounted fares for children age 7-11, grade and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID) except paratransit riders.

Revenue Car Mile—Car mile during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

Reverse Commute—City-to-suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

Ridership (unlinked passenger trips)—Each passenger counted each time that person boards a vehicle.

Rolling Stock—Public transportation vehicles including commuter rail cars, locomotives, rapid transit cars, buses, and vans.

RTA Sales Tax (PART I)—1% in Cook County, 0.25% in the collar counties of DuPage, Kane, Lake, McHenry and Will. 85% of the sales tax is fully distributed to the Service Boards by the RTA according to formulas established by the RTA Act. 15% of the sales tax is retained by the RTA, a portion of which is distributed to the Service Boards at the RTA’s discretion.

SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users)—Signed into law on August 10, 2005, this legislation provides \$286.4 billion in guaranteed funding for federal surface transportation programs through federal fiscal year (FFY) 2009 of which \$52.6 billion is for federal transit programs over six years.

SCIP (Strategic Capital Improvement Program) Bonds—The RTA was authorized under the RTA Act to issue \$500 million of bonds for public transportation projects approved by the Governor of the State as part of the RTA’s Strategic Capital Improvement Program (SCIP). Effective January 1, 2000, the Act was amended to authorize the RTA to issue an additional \$260 million of SCIP bonds in each year for the period of 2000 through 2004.

Series B Bonds—State Transportation Bonds used as all or a portion of the local share required to match federal funds for public transportation capital projects.

Service Boards—The term refers to the region’s three transit operators: CTA, Metra and Pace.

Signal Priority—Transit signal priority either gives or extends a green signal to transit buses under certain circumstances to reduce passenger travel times,

improve bus schedule adherence, and reduce bus operating costs.

Special Service—A transportation service, as defined by the FTA, specifically designed to serve the needs of persons who, by reason of disability, are unable to use mass transit systems designed for the use of the general public.

State Financial Assistance (SFA)—Subject to appropriation by the State, this assistance reimburses the debt service expenses of the RTA's Strategic Capital Improvement Program (SCIP) bonds.

Statutory Funds Designated for Capital or Transfer Capital—The difference between a Service Board's statutory funding and its budgeted or actual deficit, whichever is greater. These funds, which are over and above operating needs, are generally used for capital purposes. Metra is the only Service Board that has generated statutory funds for capital in more than a decade.

Subscription Service—Special services for users who ride on a frequent and regular basis and follow a prescribed schedule (a minimum of three times per week between the same origin and destination).

Subsidy—Funds received from another source that are used to cover the cost of a service or program that is not self-supporting.

System-Generated Revenue (Total Operating Revenue) —Total revenue generated from operations includes farebox revenue, local subsidies, state fare subsidies, advertising, interest and all other income (excludes RTA and federal subsidies).

Taxi Access Program (TAP)—Certified participants in the ADA paratransit service program can purchase taxi vouchers valued at up to \$13.50 at a reduced price of \$5.00 to pay for one-way taxi rides that originate within the City of Chicago.

TEA-21 (The Transportation Equity Act for the 21st Century)—Signed into law on June 9, 1998, this legislation provided a six-year reauthorization of the federal

transit program and the necessary contract authority needed to fully fund the fiscal year 1998 obligation limitations contained in the fiscal year 1998 Department of Transportation Appropriations Act.

T-FLEx (Transit Finance Learning Exchange)—A strategic alliance of transit agencies formed to leverage mutual strengths and continuously improve transit finance leadership, development, training practices, and information sharing. Its purpose is to transform the finance function into a value-added business partner within each transit authority. Members meet twice annually in a facilitated workshop environment to develop and share best practices in active roundtable work sessions.

Transit Priority Initiatives—In 2011, the RTA launched a series of five key priority initiatives intended to advance a collective vision for the region's transit system.

TOD (Transit-Oriented Development or Transit-Oriented Design) — Mixed use development of residential, office and retail uses within walking distance of a transit station or bus route.

Total Vehicle Miles—The sum of all miles operating by passenger vehicles, including mileage when no passengers are carried.

Unreserved Fund Balance—The balance of funds that have not been reserved, designated or programmed into the budget, financial plan, or capital program.

Vanpool—Pace's VIP (Vanpool Incentive Program) is a service where a group of 5 to 15 people commute to and from work together in a Pace-owned van.

Supplemental Data

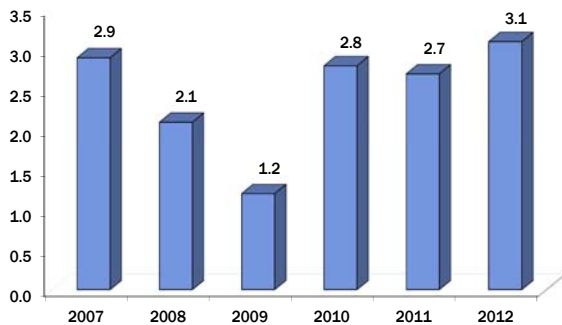
National Economic Projections

The Gross Domestic Product (GDP) is the value of the output of goods and services produced by labor and property located in the United States. Exhibit 9-3 highlights the annual real GDP growth from 2007 through 2012. GDP grew 2.9% in 2007, only to fall in 2008 and again in 2009. GDP growth increased from 1.2% in 2009 to 2.8% in 2010. GDP growth slowed slightly in 2011 to 2.7%, but overall remained stable. The Congressional Budget Office (CBO) expects GDP growth to increase in 2012 to 3.1 percent.

Exhibit 9-4 shows the U.S. annual unemployment rate from 2007 through 2012. The annual average unemployment rate was 4.6% in 2007, and then increased to 5.8% in 2008. The national unemployment rate climbed to 9.3% in 2009 and reached a high of 9.6% in 2010. The unemployment rate fell in 2011 to 8.9%. It is expected to remain around 9.0% in 2012 according to the CBO.

Exhibit 9-5 shows the annual growth of the U.S. Consumer Price Index (CPI) from 2007 to 2012. The CPI annual growth increased from 2.8% in 2007 to 3.8% in 2008. CPI decreased in 2009 to negative 0.4%. Positive growth returned in 2010 and the CPI grew by 3.2% in 2011. CPI is expected to continue to grow by 2.7% in 2012.

Exhibit 9-3: U.S. Real Gross Domestic Product (percent change)



Source: US Department of Commerce, Congressional Budget Office

RTA Region

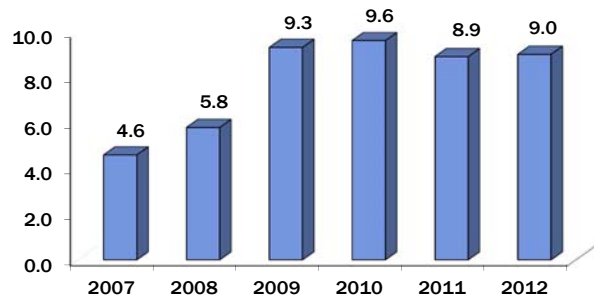
The following sections summarize population and employment trends in the six-county RTA region. These trends have a significant impact on public transportation ridership, as well as sales tax revenue.

POPULATION

As shown in Exhibit 9-6, the population of the RTA region grew by 2.8% (from 8.1 million to 8.3 million) between 2000 and 2010. Population growth in the RTA region grew at a slower pace than the overall population of the United States, which increased by 9.7% during this period.

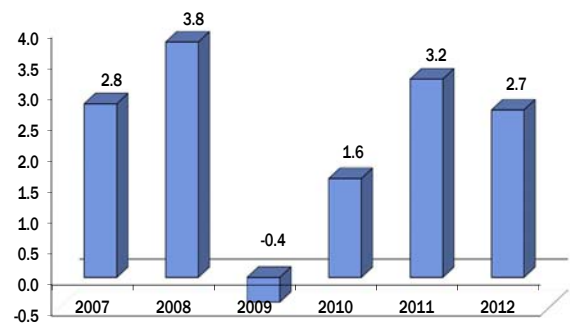
Since 2000, most of the region's population growth has occurred in the collar counties. Exhibit 9-7 illustrates the annualized population growth rates for each of the region's six counties between 2000 and 2010. The highest growth rate occurred in Will County, where the population has increased at an annual

Exhibit 9-4: U.S. Unemployment Rate (in percent)



Source: US Department of Labor, Congressional Budget Office

Exhibit 9-5: U.S. Consumer Price Index Percent Change



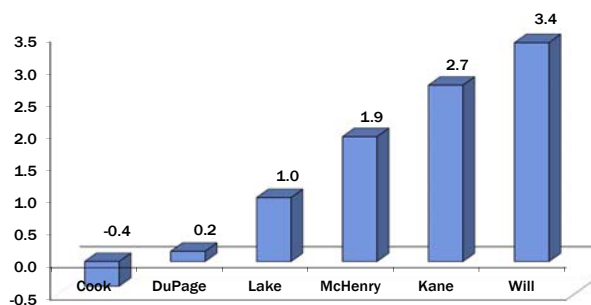
Source: US Department of Labor, Congressional Budget Office

Exhibit 9-6: Population Trend by County (in thousands)

	2000	2010	% Change
Cook	5,377	5,195	-3%
DuPage	904	917	1%
Kane	404	515	27%
Lake	644	704	9%
McHenry	260	309	19%
Will	502	678	35%
Total	8,092	8,318	3%

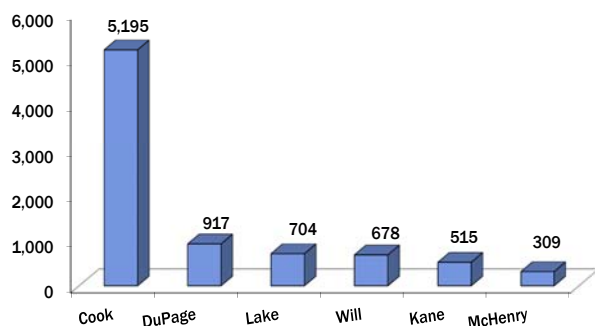
Source: United States Census Bureau

Exhibit 9-7: RTA Region Annualized County Population Growth Rates 2000-2010 (in percent)



Source: United States Census Bureau

Exhibit 9-8: RTA Region Population Distribution by County - 2010 (in thousands)



Source: United States Census Bureau

rate of 3.4%. The population of Kane and McHenry counties grew at annual rates of 2.7% and 1.9%, respectively, while the population of Lake and DuPage counties increased at annual rates of 1.0% and 0.2%, respectively. Cook County experienced a population decline at an annual rate of 0.4%. During the 10-year period, the population of the entire RTA region grew at an annual rate of 0.3%.

In 2010, Cook County accounted for 62% of the 8.3 million people living in the RTA region. DuPage Coun-

ty's population comprised 11% of the region, followed by Lake County and Will County (8% each), Kane County (6%), and McHenry County (4%). The population distribution for 2010 is illustrated in Exhibit 9-8.

EMPLOYMENT

Exhibit 9-9 provides a comparison of the national unemployment rate, the unemployment rate in the State of Illinois, and the unemployment rates in each of the counties of the RTA region from 2008 to 2012. Between 2008 and 2012 the unemployment rate in Illinois increased from 6.5% to 9.4%. In 2010, the unemployment rate reached 10.3% in Illinois, 0.7 percentage points higher than the national unemployment rate of 9.6%. Illinois is beginning to show some signs of a modest recovery. In January 2012 the unemployment rate of 9.4% was 0.4 points lower than in 2011. However, Illinois' unemployment rate in January 2012 was still 1.1 percentage points higher than the national average.

In January 2012, the Illinois state-wide unemployment rate was lower than all of the counties in the RTA region except DuPage County. Among the six counties in the RTA region, DuPage County's unemployment rate of 7.6% was the lowest in the region, while Lake County's rate of 10.7% was the highest in the region. Suburban jurisdictions have led the region in labor force growth since 1990. In 2000, employment in the five collar counties accounted for 35.8% of the RTA region's total. Cook County, which accounted for 64.2% of the region's employment in 2000, accounted for 60.4% of employment in 2010. Regional employment

Exhibit 9-9: Unemployment Rates 2008-2012 (in percent)

	2008	2009	2010	2011	2012
United States	5.8	9.3	9.6	8.9	8.3
Illinois	6.5	10.1	10.3	9.8	9.4
<i>County</i>					
Cook	6.5	10.3	10.5	10.4	9.8
DuPage	5.0	8.4	8.3	8.0	7.6
Kane	6.3	10.3	10.3	9.9	10.3
Lake	6.7	9.8	10.5	9.4	10.7
McHenry	5.8	9.7	9.6	9.4	9.5
Will	6.1	10.1	10.4	10.1	10.2

Exhibit 9-10: **Labor Force by County** (in thousands)

Area	2000	% of Total	2010	% of Total
Cook	2,728	64.2	2,604	60.4
DuPage	530	12.5	525	12.2
Kane	222	5.2	271	6.3
Lake	338	8.0	366	8.5
McHenry	151	3.6	181	4.2
Will	279	6.6	368	8.5
Total	4,248	100.0	4,314	100.0

Source: Illinois Department of Employment Security

Exhibit 9-11: **Employment Distribution by Industry** (in percent)

	2000	2010
Mining	0.4	0.5
Construction	4.6	3.9
Manufacturing	11.8	8.1
Utilities	0.4	0.4
Wholesale Trade	4.1	3.8
Retail Trade	10.4	10.1
Transportation & Warehousing	3.0	2.9
Information	2.5	1.9
Financial Activities	5.3	5.3
Professional & Business Services	11.4	11.7
Educational Services	1.6	2.2
Health Care & Social Assistance	8.7	11.5
Leisure & Hospitality	8.1	9.1
Other Services	4.0	4.2
Federal Government	2.0	2.1
State & Local Government	12.3	13.6
Agriculture, Forestry, Fishing, Hunting	1.6	1.5
Self-employed/Unpaid Family Worker	7.8	7.4

Source: US Department of Labor, Bureau of Labor Statistics

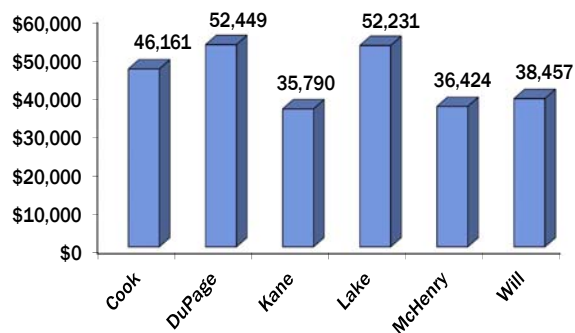
has increased 1.6% from 4.2 million in 2000 to 4.3 million in 2010 (Exhibit 9-10).

The trends in employment by economic sector in the RTA region are illustrated in Exhibit 9-11. The Manufacturing sector experienced the greatest loss during the 2000 to 2010 period while the Health Care and Social Assistance sector experienced the greatest increase in employment. In 2010, State and Local Government (13.6%), Professional and Business Services (11.7%), Health Care and Social Assistance (11.5%), Retail Trade (10.1%), Leisure and Hospitality (9.1%) and Manufacturing (8.1%) made up the largest share of employment in all industries.

The RTA region has experienced steady growth in per capita personal income. Within the region, per capita personal income was higher than the US average in Cook, DuPage, and Lake Counties. Lake and DuPage had the highest levels of per capita personal income in the six county region in 2009, while Kane and McHenry had the lowest, as illustrated in Exhibit 9-12.

SALES TAX TRENDS

In April 2008, the RTA sales tax increased from the equivalent of 1.0% on retail sales in Cook County and 0.25% on retail sales in the collar counties to the equivalent of 1.25% on retail sales in Cook County and 0.5 % percent on retail sales in the collar counties. Also in 2008, an additional real estate transfer tax of three tenths of one percent was imposed in the City of Chicago to fund the CTA. Sales tax collections grew from \$650 million in 2000 to \$931 million in 2010. Between 2000 and 2003, sales tax collections fluctuated between \$650 and \$655 million. From 2004 to 2006, sales tax collections increased from \$676 million to \$747 million. In 2008, sales tax collections increased 22.4% from \$753 million to \$921 million, due to the April 2008 sales tax increase. In 2009, largely due to the economic recession, the sales tax collections decreased 3%. However, sales tax increased 4% in 2010 to \$931 million, exceeding sales tax collections from 2008 (Exhibits 9-13 and 9-14).

Exhibit 9-12: **2009 Region per Capita Personal Income** (in dollars)

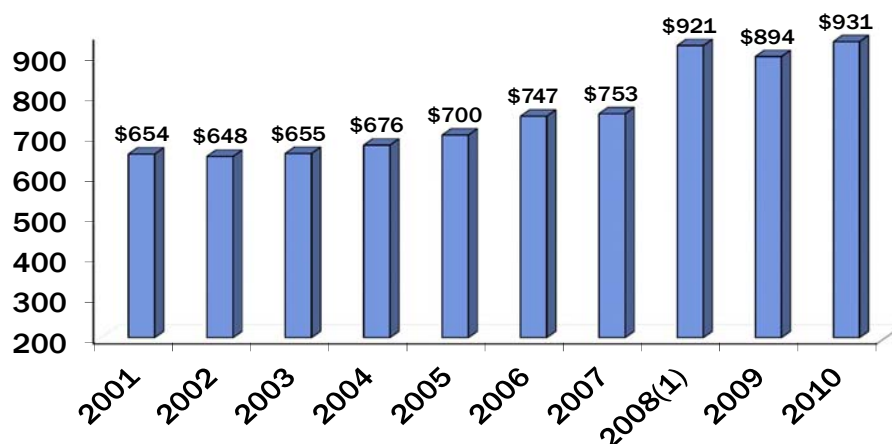
Source: U.S. Department of Commerce, Bureau of Economic Analysis

Exhibit 9-13: Sales Tax Collections by County (dollars in millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008(1)	2009	2010
Chicago	199	197	195	198	205	214	231	237	272	268	278
Suburban Cook	354	358	354	356	364	373	396	395	447	419	438
Total Cook	\$ 553	\$ 555	\$ 549	\$ 555	\$ 569	\$ 587	\$ 627	\$ 632	\$ 720	\$ 686	\$ 716
DuPage	43	42	41	41	43	44	47	47	77	79	82
Kane	12	12	12	13	14	15	16	16	26	27	28
Lake	24	25	25	25	26	27	29	29	48	50	51
McHenry	7	7	7	8	8	9	9	9	16	17	17
Will	12	12	13	14	15	17	19	20	34	35	37
Total Collar	\$ 97	\$ 99	\$ 98	\$ 100	\$ 106	\$ 113	\$ 120	\$ 121	\$ 202	\$ 208	\$ 215
Total RTA Region	\$ 650	\$ 654	\$ 648	\$ 655	\$ 676	\$ 700	\$ 747	\$ 753	\$ 921	\$ 894	\$ 931
Percent Change	6.0%	0.5%	(0.9%)	1.1%	3.2%	3.7%	6.6%	0.8%	22.4%	(3.0%)	4.1%

(1) In April 2008 legislation was enacted that modified and increased the percentage of sales tax collected in the region.

Exhibit 9-14: Sales Tax Collections 2001-2010 (dollars in millions)



RIDERSHIP TRENDS

Total RTA ridership in 2001 was 601 million despite a decline in Pace ridership during this period. Reflecting the overall downturn in the economy, total RTA ridership declined in both 2002 and 2003. Metra and Pace lost riders in 2002 and all three Service Boards lost riders in 2003 versus 2002. Regional ridership changed little from 2003 to 2004 reflecting stagnant ridership on all three Service Boards. In 2005, however, all three Service Boards achieved significant ridership gains as the economy rebounded and gas prices climbed. Regional ridership continued to grow in 2006 and 2007. In 2008 ridership grew 4.9% representing the largest percentage of growth in the past ten years. In 2009, ridership decreased 2.3%, the most in the

past ten years, as each Service Board experienced a decline in ridership. The system continued to lose ridership in 2010, but at a much slower rate than in 2009. Ridership bounced back in 2011 to 647 million riders, just 1.0% below 2008 ridership levels (Exhibits 9-15 and 9-16).

As demonstrated in Exhibit 9-17, regional ridership trends closely with regional jobs. A correlation analysis of the 12-month moving average number of jobs, versus the 12-month moving average of ridership confirmed that there is a strong positive correlation between ridership growth and job growth during periods of increasing job growth. During times of job decline the results are more mixed, with a strong positive correlation occurring between July 2001 and August

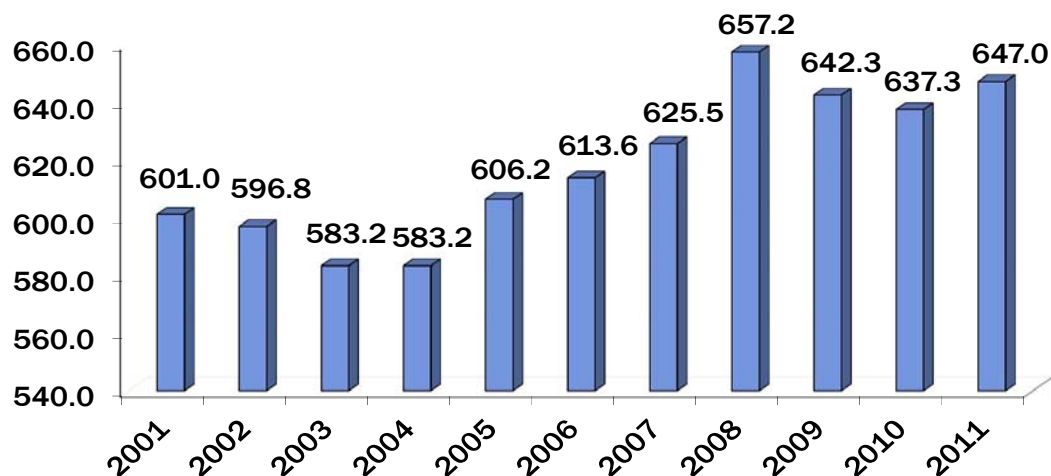
Exhibit 9-15: Service Board Ridership 2001-2011 (millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CTA Bus	303.1	304.8	293.6	296.0	305.5	299.6	309.3	328.2	318.7	306.0	306.3
CTA Rail ¹	181.7	180.4	181.1	178.7	186.8	195.2	190.3	198.1	202.6	210.8	218.7
Total CTA	484.8	485.2	474.7	474.7	492.3	494.8	499.5	526.3	521.3	516.8	529.2
Metra	79.2	76.8	74.8	74.4	77.0	80.8	84.4	87.7	83.1	82.1	81.7
Pace	37.0	34.8	33.7	34.1	36.9	38.0	39.0	40.5	35.1	35.1	32.6
Regional ADA Paratransit ⁽²⁾							2.5	2.7	2.8	3.3	3.5
Total RTA	601.0	596.8	583.2	583.2	606.2	613.6	625.5	657.2	642.3	637.3	647.0
% Increase	0.7%	(0.7%)	(2.3%)	0.0%	3.9%	1.2%	1.9%	5.1%	(2.3%)	(0.8%)	1.5%

(1) CTA rail ridership includes cross-platform transfers.

(2) Prior to 2007, ADA Paratransit ridership is included in CTA Bus and Pace figures.

Exhibit 9-16: RTA Ridership (in millions)



2004, but no correlation was observed in the period between July 2008 and December 2010, where steep job declines occurred as a result of the financial crisis. Regional fuel prices have an impact on ridership as well. Potential riders are attracted to public transportation as increases in the cost of fuel make driving less economical. The average price for a gallon of gas in the region in 2011 was \$3.94 per gallon, \$0.80 higher than in 2010 (Exhibit 9-18).

OTHER TRENDS

Service Board Expenditures (Exhibits 9-19 and 9-20) show a steady increase each year from 2001 to 2011. Expenditures increased at a compound annual growth rate of 4.6% during this period. Service Board farebox revenues increased at a compound annual growth

rate of 2.9% between 2001 and 2011 (Exhibits 9-21 and 9-22).

SYSTEM CHARACTERISTICS

Exhibit 9-23 provides some basic system characteristics, including asset value, regional system statistics, and vehicle and route statistics.

Exhibit 9-17: 12-month Moving Average - Regional Jobs versus Regional Ridership (percent change from 2000)

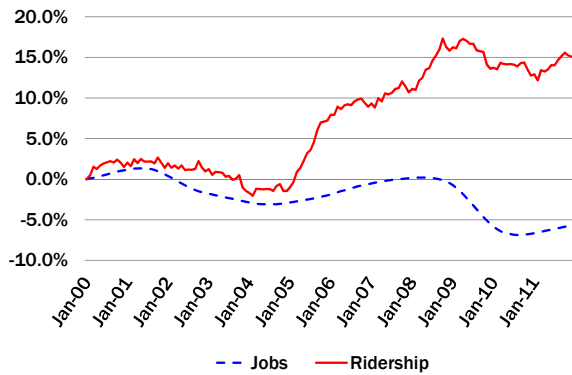


Exhibit 9-18: Regional Fuel Prices (in dollars)

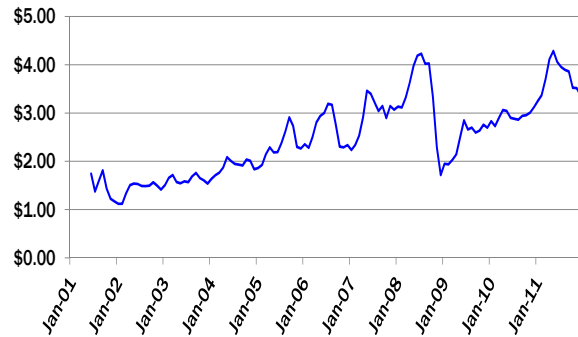


Exhibit 9-19: Service Board Operating Expenditures (dollars in millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CTA	884	920	897	938	1,021	1,076	1,094	1,214	1,262	1,239	1,306
Metra	431	445	455	466	504	525	548	595	577	616	650
Pace	127	131	139	147	160	199	163	172	174	176	186
Regional ADA Paratransit (1)							84	108	115	115	126
Total	\$ 1,442	\$ 1,496	\$ 1,491	\$ 1,552	\$ 1,685	\$ 1,801	\$ 1,890	\$ 2,090	\$ 2,129	\$ 2,146	\$ 2,268
% Change	3.8%	3.7%	(0.3%)	4.1%	8.6%	6.9%	4.9%	10.6%	1.9%	0.8%	5.7%

(1) Prior to 2007, ADA Paratransit expenditures are included in CTA Bus and Pace figures.

Exhibit 9-20: Service Board Operating Expenditures (dollars in millions)

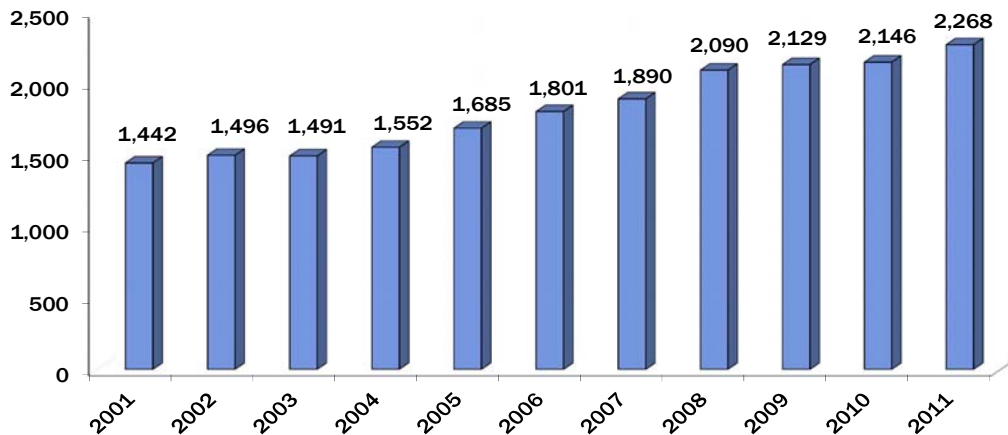


Exhibit 9-21: Service Board Farebox Revenue (dollars in millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CTA	374	384	368	403	417	462	457	471	506	509	524
Metra	192	190	191	192	198	218	227	252	236	239	239
Pace	41	41	39	32	32	31	28	28	33	32	33
Regional ADA Paratransit (1)							6	7	7	8	9
Total	\$ 607	\$ 615	\$ 598	\$ 627	\$ 648	\$ 711	\$ 719	\$ 759	\$ 782	\$ 788	\$ 805
% Change	1.4%	1.4%	(2.7%)	4.8%	3.3%	9.8%	1.1%	5.5%	3.1%	0.7%	2.2%

(1) Prior to 2007, ADA Paratransit farebox revenue is included in CTA Bus and Pace figures.

Exhibit 9-22: Service Board Farebox Revenue (dollars in millions)

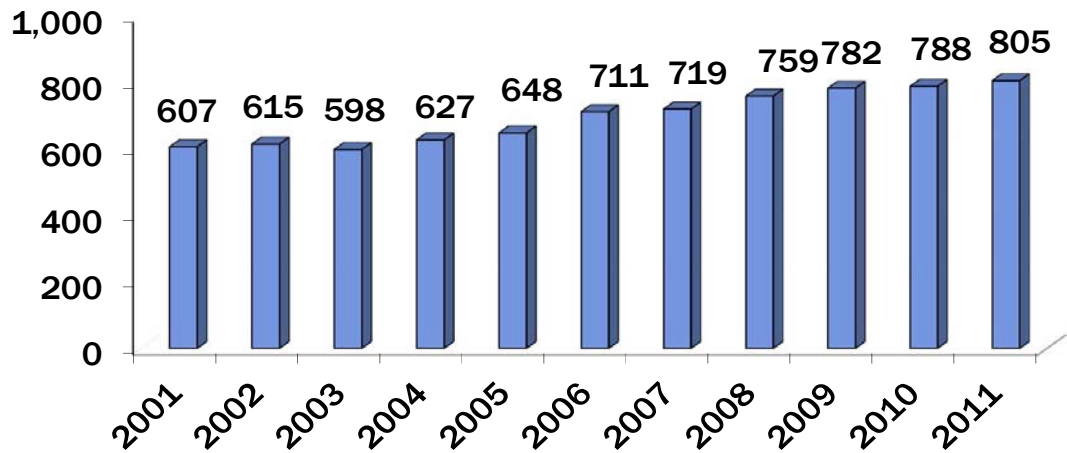


Exhibit 9-23: System Characteristics

Asset Value (2010)			Regional Statistics			Vehicles & Routes	
CTA	121.8	billion	Regional Population	8.3	million	Buses	2,478
Metra	19.1	billion	Service Area	3,749	sq. miles	Cars & Locomotives	2,177
Pace	1.2	billion	Vehicle Revenue Miles	228.8	million	Vanpools Operated	758
Total Asset Value	142.1	billion	Stations Served	383		Rail Routes	20
						Bus Routes	333

All data excludes NICTD South Shore.

Ordinance 2011-79: Schedules

Exhibit 9-24: Schedules for Ordinance 2011-79

Schedule I-A

RTA Statement of Revenues and Expenditures General and Agency Funds (dollars in thousands)

	2012	2013	2014
	Budget	Plan	Plan
System-Generated Revenue			
RTA Sales Tax (Part I)	737,060	757,698	778,913
RTA Sales Tax (Part II)	261,158	268,471	275,988
RTA Public Transportation Fund (PTF - Part I)	184,265	189,424	194,728
RTA PTF (Part II) (1)	123,609	127,002	130,490
State Financial Assistance (ASA/AFA)	130,071	130,167	130,283
State Reduced Fare Reimbursement	33,570	33,570	33,570
RTA Capital Project Reserves	15,690	-	-
Other RTA Revenue	18,220	18,220	18,220
Total Revenue	1,503,643	1,524,553	1,562,192
Operating Expenditures			
RTA Total Funds for CTA Operations	588,581	603,785	619,353
RTA Total Funds for Metra Operations	337,478	345,936	354,583
RTA Total Funds for Pace Suburban Service Operations (2,3)	139,250	142,608	146,044
RTA Total Funds for Pace ADA Paratransit Operations (4)	115,000	120,750	126,788
RTA Funding for Innovation, Coordination, and Enhancement (ICE)	10,159	10,444	10,736
State Reduced Fare Reimbursement	33,570	33,570	33,570
Agency Administration and Other	17,114	17,457	17,806
RTA Regional Services and Programs	18,089	18,451	18,820
Total Operating Expenditures	1,259,242	1,293,001	1,327,700
Debt Service & Capital Expenditures			
Principal and Interest	224,000	224,000	224,000
Transfer Capital RTA Capital Reserve Funds to Metra	4,700	-	-
RTA Agency Regional Capital Program	10,990	-	-
Total Debt Service and Capital Expenditures	239,690	224,000	224,000
Total Expenditures	1,498,932	1,517,001	1,551,700
Fund Balance (unreserved/undesignated)			
Beginning Balance	26,376	26,087	28,639
Change in Fund Balance	4,711	7,552	10,492
RTA Joint Self-Insurance Fund (JSIF) Funding (5)	(5,000)	(5,000)	(5,000)
Ending Unreserved/Undesignated Fund Balance	26,087	28,639	34,131
% of Total Operating Expenditures	2.1%	2.2%	2.6%
Total System-Generated Revenue Recovery Ratio	51.0%	50.0%	50.0%
ADA Paratransit Recovery Ratio	10.0%	10.0%	10.0%

(1) Includes PTF on the City of Chicago Real Estate Transfer Tax (RETT). (2) Includes Suburban Community Mobility Funds (SCMF) and South Suburban Job Access (SSJA) funds. (3) Excludes projects funded by ICE funds awarded in 2008. (4) Excludes budget balancing actions in 2013 and 2014. (5) RTA funds to purchase excess liability and terrorism insurance to provide protection against catastrophic loss.

**Total Funds for Service Board Operations
General and Agency Funds**
(dollars in thousands)

	2012 Budget	2013 Plan	2014 Plan
CTA			
Total System-Generated Revenue	623,682	631,142	638,714
Total Operating Expenses	1,240,291	1,263,515	1,287,227
Total Deficit	616,609	632,373	648,513
RTA Sales Tax (Part I)	301,379	309,817	318,492
RTA Sales Tax and PTF (Part II)	111,495	113,398	115,292
RTA Discretionary Funds	168,700	173,424	178,279
RTA PTF on RETT (Part II)	7,007	7,147	7,290
Total RTA Funding for Operations	588,581	603,785	619,353
Other Funding			
CTA Funds - City of Chicago RETT (Part II)	28,027	28,588	29,160
Total Other Funding	28,027	28,588	29,160
Total Funding for Operations	616,609	632,373	648,513
Net Results	0	0	0
Metra			
Total System-Generated Revenue	353,600	376,000	390,700
Total Operating Expenses	686,800	718,100	741,400
Total Deficit	333,200	342,100	350,700
RTA Sales Tax (Part I)	246,888	253,801	260,908
RTA Sales Tax and PTF (Part II)	90,590	92,135	93,675
Total RTA Funding for Operations	337,478	345,936	354,583
Other Funding			
Homeland Security Operating Grant	1,200	1,200	1,200
Total Other Funding	1,200	1,200	1,200
Total Funding for Operations	338,678	347,136	355,783
Net Results	5,478	5,036	5,083
Less Metra Capital Farebox Funds	(5,000)	(5,000)	(5,000)
Balance of Funds (1)	478	36	83
Pace Suburban Service			
Total System-Generated Revenue	54,469	55,280	56,145
Total Operating Expenses	195,017	201,304	208,628
Total Deficit	140,548	146,024	152,483
RTA Sales Tax (Part I)	78,234	80,425	82,677
RTA Sales Tax and PTF (Part II)	30,197	30,712	31,225
RTA Discretionary Funds	3,000	3,084	3,170
Suburban Community Mobility Funds	20,319	20,888	21,472
South Suburban Community Job Access Funds	7,500	7,500	7,500
Total RTA Funding for Operations	139,250	142,608	146,044
Other Funding			
Federal CMAQ/JARC/New Freedom Funds	1,298	1,237	1,287
Federal Funds (2)	-	2,178	3,398
Total Other Funding	1,298	3,415	4,685
Total Funding for Operations	140,548	146,024	150,729
Net Results (3)	0	0	(1,754)
Pace ADA Paratransit Service			
Total System-Generated Revenue	11,576	11,827	12,346
Total Operating Expenses	126,576	135,127	145,931
Total Deficit	115,000	123,300	133,585
RTA Sales Tax and PTF (Part II)	115,000	120,750	126,788
Total RTA Funding for Operations	115,000	120,750	126,788
Other Funding			
Budget/Plan Balancing Actions (4)	-	2,550	6,797
Total Other Funding	-	2,550	6,797
Total Funding for Operations	115,000	123,300	133,585
Net Results	0	0	0

(1) Funds that exceed the operating deficit of a Service Board (except for ADA Paratransit service) are retained by the Service Board and reserved for the capital program unless approved for operating use by the RTA Board. (2) Capital Cost of Contracting for rolling stock. (3) The negative result in 2014 will be handled with budget balancing actions that may include service adjustments, a fare increase, cost efficiencies, or additional revenue. (4) Unspecified revenue (fares, State or RTA funding sources) included in 2013 and 2014 to balance the budget.

Schedule I-C

Recovery Ratio %

	2012 Budget
CTA	
Recovery Ratio %	52.0%
Metra	
Recovery Ratio %	53.0%
Pace Suburban Service	
Recovery Ratio %	30.0%
Total System-Generated Revenue Recovery Ratio %	51.0%
Pace ADA Paratransit	
Recovery Ratio %	10.0%

The RTA Act allows certain expenditures to be excluded from the recovery ratio calculation including security, depreciation, CTA's pension obligation bonds, and facility leases. Metra's calculation includes capital farebox revenue. The total system-generated revenue recovery ratio includes a statutory expense credit of \$40 million.

RTA Statutory Sales Tax, Public Transportation Funds, and RETT
Source and Distribution of Funds
(dollars in thousands)

Source of Funds	2012	2013	2014
Part I Sales Tax ("85% Sales Tax")	Budget	Plan	Plan
City of Chicago (COC)	241,019	247,767	254,705
Suburban Cook County	378,480	389,078	399,972
Collar Counties	117,561	120,853	124,237
Total Part I - Sales Tax (1)	737,060	757,698	778,913
Part I Public Transportation Funds (PTF) (25% of Sales Tax)	184,265	189,424	194,728
Total Part I - Sales Tax and PTF	921,325	947,122	973,642
Part II - Sales Tax, PTF and RETT			
City of Chicago (COC)	57,724	59,340	61,002
Suburban Cook	90,646	93,184	95,793
Collar Counties	112,788	115,946	119,193
Total Part II - Sales Tax	261,158	268,471	275,988
Part II - COC Real Estate Transfer Tax (RETT) (2)	28,027	28,588	29,160
Total Part II - Sales Tax and RETT	289,185	297,058	305,147
Part II - Public Transportation Funds			
25% of new sales tax	65,290	67,118	68,997
5% total new/old sales tax & RETT	51,312	52,738	54,203
25% of RETT to CTA	7,007	7,147	7,290
Total Part II PTF	123,609	127,002	130,490
Total Part II - Sales Tax, PTF and RETT	412,794	424,061	435,637
Total Source of Funds	1,334,119	1,371,183	1,409,279
Distribution of Funds			
Part I Sales Tax Allocation ("85% Sales Tax")			
RTA - 15% of Part I Sales Tax	110,559	113,655	116,837
CTA	301,378	309,817	318,492
Metra	246,888	253,801	260,908
Pace	78,234	80,425	82,677
Total Part I Sales Tax (1)	737,060	757,698	778,913
RTA - 100% of Part I PTF	184,265	189,424	194,728
Grand Total Part I Sales Tax & PTF	921,325	947,122	973,642
Part II Allocation (Sales Tax, PTF and RETT)			
RTA Total for ADA Paratransit Service	115,000	120,750	126,788
RTA Innovation, Coordination & Enhancement (ICE)	10,159	10,444	10,736
RTA Suburban Community Mobility Funding to Pace	20,319	20,888	21,472
COC RETT to CTA (2)	28,027	28,588	29,160
PTF - 25% of RETT to CTA	7,007	7,147	7,290
Total Part II Allocation before Service Board Distribution	180,512	187,816	195,446
Remaining Balance to Service Boards			
CTA - 48%	111,495	113,398	115,292
Metra - 39%	90,590	92,135	93,675
Pace - 13%	30,197	30,712	31,225
Total Part II Funds to Service Boards	232,282	236,245	240,192
Total Part II Funds Allocated (Sales Tax, PTF and RETT)	412,794	424,061	435,637
Total Distribution of Funds	1,334,119	1,371,183	1,409,279
	City of	Suburban	Collar
Part I Sales Tax - Service Board Allocation Formula (1)	Chicago	Cook	Counties
CTA	100%	30%	-
Metra	-	55%	70%
Pace	-	15%	30%
Total	100%	100%	100%

(1) The RTA Act directs 85% of these sales tax revenues to the Service Boards based on the allocation formula shown on this schedule. (2) The City of Chicago disburses RETT funds directly to the CTA; therefore these funds are excluded from RTA Revenues on Schedule I-A.

2012-2016 CAPITAL PROGRAM REVENUES

CTA	FTA	2012	2013	2014	2015	2016	TOTAL
	\$5309(m)(2)(A) New Starts	0	0	0	0	0	0
	\$5309(m)(2)(B) Fixed Guideway	96,030,000	97,850,000	99,710,000	101,600,000	103,530,000	498,720,000
	\$5309(m)(2)(C) Bus	0	0	0	0	0	0
	\$5316 JARC	0	0	0	0	0	0
	\$5317 New Freedom	0	0	0	0	0	0
	\$5339 Alternative Analysis	0	0	0	0	0	0
	\$5307/\$5340 Formula	0	0	0	0	0	0
	Subtotal FTA	136,490,000	139,080,000	141,720,000	144,410,000	147,150,000	708,850,000
	Federal Flexible/CMAQ/Other	232,520,000	236,930,000	241,430,000	246,010,000	250,680,000	1,207,570,000
	Department of Homeland Security	7,136,800	3,000,000	3,000,000	3,000,000	3,000,000	19,136,800
	SUBTOTAL FEDERAL	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	57,500,000
	SUBTOTAL FEDERAL	251,156,800	251,430,000	255,930,000	260,510,000	265,180,000	1,284,206,800
	State	265,545,375	150,545,375	30,745,375	0	0	446,836,125
	Subtotal State	265,545,375	150,545,375	30,745,375	0	0	446,836,125
	RTA	0	0	0	0	0	0
	Discretionary	0	0	0	0	0	0
	ICE Funds	0	0	0	0	0	0
	Transfer Capital (Discretionary)	0	0	0	0	0	0
	Subtotal RTA	0	0	0	0	0	0
	SB	0	0	0	0	0	0
	Transfer Capital (Sales Tax)	0	0	0	0	0	0
	Service Board Funds	33,718,398	6,718,398	6,718,398	6,718,398	6,718,398	60,591,990
	Local Community/City of Chicago TIF	0	0	0	0	0	0
	Other Funds	0	0	0	0	0	0
	Subtotal SB/Local	33,718,398	6,718,398	6,718,398	6,718,398	6,718,398	60,591,990
	SUBTOTAL LOCAL	299,263,773	157,263,773	37,463,773	6,718,398	6,718,398	507,428,115
	SUBTOTAL CTA	550,420,573	408,693,773	293,393,773	267,228,398	271,898,398	1,791,634,915
	Carryover Federal (\$5316 JARC)	0	0	0	0	0	0
	Carryover Federal (\$5317 New Freedom)	0	0	0	0	0	0
	Carryover IDOT B Bonds	108,003,403	401,568,968	185,773,004	0	0	695,345,375
	Carryover RTA ICE	0	0	0	0	0	0
	Carryover Local (SB)	0	0	0	0	0	0
	Deobligated \$5307/\$5309 Fixed Guideway Formula	0	0	0	0	0	0
	Deobligated RTA Discretionary/Transfer Capital	0	0	0	0	0	0
	Deobligated SB/LLB/Local	0	0	0	0	0	0
	Subtotal Carryover/Deob	108,003,403	401,568,968	185,773,004	0	0	695,345,375
	TOTAL CTA FUNDING	658,423,976	810,262,741	479,166,777	267,228,398	271,898,398	2,486,980,290
	CTA Debt Repayment Principal (\$5307/\$5340 & \$5309)	(49,195,000)	(51,690,000)	(54,225,000)	(147,359,990)	(150,157,320)	(452,627,310)
	CTA Debt Repayment Interest (\$5307/\$5340 & \$5309)	(66,288,636)	(72,234,526)	(69,695,000)	0	0	(208,218,162)
	CTA Debt Repayment Principal/Interest for 2012-2014 (\$5307/\$5340 & \$5309)	(90,000,000)	0	(69,695,000)	0	0	(90,000,000)
	\$5316 JARC for Operations	0	0	0	0	0	0
	\$5317 New Freedom for Operations	0	0	0	0	0	0
	RTA ICE Funds for Operations	0	0	0	0	0	0
	Preventive Maintenance (Federal)	0	0	0	0	0	0
	Subtotal Non-Capital Program Uses	(205,483,636)	(123,924,526)	(123,920,000)	(147,359,990)	(150,157,320)	(750,845,472)
	NET CTA CAPITAL FUNDING	452,940,340	686,338,215	355,246,777	119,868,408	121,741,078	1,736,134,818
	CTA Bond Proceeds	520,000,000	0	0	0	0	520,000,000
	CTA Bond Investment Earnings	0	0	0	0	0	0
	TOTAL CTA AVAILABLE	972,940,340	686,338,215	355,246,777	119,868,408	121,741,078	2,256,134,818

Schedule II - A

2012-2016 CAPITAL PROGRAM REVENUES

	2012	2013	2014	2015	2016	TOTAL
METRA						
FTA						
\$5309(m)(2)(A) New Start	0	0	0	0	0	0
\$5309(m)(2)(B) Fixed Guideway	69,080,000	70,390,000	71,730,000	73,090,000	74,480,000	358,770,000
\$5309(m)(2)(C) Bus	0	0	0	0	0	0
\$5316 JARC	0	0	0	0	0	0
\$5316 New Freedom	0	0	0	0	0	0
\$5339 Alternative Analysis	0	0	0	0	0	0
\$5307/\$5340 Formula	67,230,000	68,510,000	69,810,000	71,140,000	72,490,000	349,180,000
Subtotal FTA	136,310,000	138,900,000	141,540,000	144,230,000	146,970,000	707,950,000
Federal Flexible/CMAQ/Other	9,288,000	2,500,000	2,500,000	2,500,000	2,500,000	19,288,000
Department of Homeland Security	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000
Subtotal Fed Flexible	14,288,000	7,500,000	7,500,000	7,500,000	7,500,000	44,288,000
SUBTOTAL FEDERAL	150,598,000	146,400,000	149,040,000	151,730,000	154,470,000	752,238,000
State	89,125,000	170,825,000	153,425,000	0	0	413,375,000
Subtotal State	89,125,000	170,825,000	153,425,000	0	0	413,375,000
RTA	0	0	0	0	0	0
Discretionary	0	0	0	0	0	0
Capital Reserves	4,700,000	0	0	0	0	4,700,000
ICE Funds	0	0	0	0	0	0
Transfer Capital (Discretionary)	0	0	0	0	0	0
Subtotal RTA	4,700,000	0	0	0	0	4,700,000
SB	0	0	0	0	0	0
Transfer Capital (Sales Tax)	5,000,000	5,000,000	5,000,000	10,000,000	10,000,000	35,000,000
Service Board Funds	0	0	0	0	0	0
Local Community Funds	0	0	0	0	0	0
Other Funds	0	0	0	0	0	0
Subtotal SB/Local	5,000,000	5,000,000	5,000,000	10,000,000	10,000,000	35,000,000
SUBTOTAL LOCAL	98,825,000	175,825,000	158,425,000	10,000,000	10,000,000	453,075,000
SUBTOTAL METRA	249,423,000	322,225,000	307,465,000	161,730,000	164,470,000	1,205,313,000
Carryover Federal (\$5316 JARC)	0	0	0	0	0	0
Carryover Federal (\$5317 New Freedom)	0	0	0	0	0	0
Deobligated \$5307 Formula	0	0	0	0	0	0
Deobligated RTA Discretionary	0	0	0	0	0	0
Deobligated SB/LLB/Local	0	0	0	0	0	0
Subtotal Carryover/Deob	0	0	0	0	0	0
TOTAL METRA FUNDING	249,423,000	322,225,000	307,465,000	161,730,000	164,470,000	1,205,313,000
\$5316 JARC for Operations	0	0	0	0	0	0
\$5317 New Freedom for Operations	0	0	0	0	0	0
RTA ICE Funds for Operations	0	0	0	0	0	0
Preventive Maintenance (Federal)	0	0	0	0	0	0
Subtotal Non-Capital Program Uses	0	0	0	0	0	0
TOTAL METRA AVAILABLE	249,423,000	322,225,000	307,465,000	161,730,000	164,470,000	1,205,313,000

Schedule II - A

2012-2016 CAPITAL PROGRAM REVENUES

	2012	2013	2014	2015	2016	TOTAL
PACE						
FTA						
\$5309(m)(2)(A) New Start	0	0	0	0	0	0
\$5309(m)(2)(B) Fixed Guideway	0	0	0	0	0	0
\$5309(m)(2)(C) Bus	5,075,000	2,816,000	9,958,000	12,334,000	26,710,000	56,893,000
\$5316 JARC	0	0	0	0	0	0
\$5317 New Freedom	0	0	0	0	0	0
\$5339 Alternative Analysis	0	0	0	0	0	0
\$5307/\$5340 Formula	32,070,000	32,680,000	33,300,000	33,930,000	34,570,000	166,550,000
Subtotal FTA	37,145,000	35,496,000	43,258,000	46,264,000	61,280,000	223,443,000
Federal Flexible/CMAQ/Other	3,060,000	4,860,000	4,280,000	3,500,000	5,480,000	21,180,000
Department of Homeland Security	0	3,600,000	500,000	500,000	500,000	5,100,000
SUBTOTAL FEDERAL	40,205,000	43,956,000	48,038,000	50,264,000	67,260,000	249,723,000
State	42,850,000	42,850,000	42,850,000	0	0	128,550,000
Subtotal State	42,850,000	42,850,000	42,850,000	0	0	128,550,000
RTA	0	0	0	0	0	0
Discretionary	0	0	0	0	0	0
ICE Funds	0	0	0	0	0	0
Subtotal RTA	0	0	0	0	0	0
SB	0	0	0	0	0	0
Transfer Capital (Sales Tax)	0	0	0	0	0	0
Service Board Funds	250,000	250,000	250,000	250,000	250,000	1,250,000
Local	0	0	0	0	0	0
Local Community Funds	0	0	0	0	0	0
Other Funds	0	0	0	0	0	0
Subtotal SB/Local	250,000	250,000	250,000	250,000	250,000	1,250,000
SUBTOTAL LOCAL	43,100,000	43,100,000	43,100,000	250,000	250,000	129,800,000
SUBTOTAL PACE	83,305,000	87,056,000	91,138,000	50,514,000	67,510,000	379,523,000
Carryover Federal \$5309(m)(2)(C) Bus	0	0	0	0	0	0
Carryover (\$5339 Alternative Analysis)	0	0	0	0	0	0
Carryover Federal (\$5316 JARC)	0	0	0	0	0	0
Carryover Federal (\$5317 New Freedom)	0	0	0	0	0	0
Deobligated \$5307 Formula	0	0	0	0	0	0
Deobligated RTA Discretionary	0	0	0	0	0	0
Deobligated SB/LLB/Local	0	0	0	0	0	0
Subtotal Carryover/Deob	0	0	0	0	0	0
TOTAL PACE FUNDING	83,305,000	87,056,000	91,138,000	50,514,000	67,510,000	379,523,000
Capital Cost of Contracting (Federal)	0	0	0	0	0	0
\$5316 JARC for Operations	0	0	0	0	0	0
\$5317 New Freedom for Operations	0	0	0	0	0	0
RTA ICE Funds for Operations	0	0	0	0	0	0
Subtotal Non-Capital Program Uses	0	0	0	0	0	0
TOTAL PACE AVAILABLE	83,305,000	87,056,000	91,138,000	50,514,000	67,510,000	379,523,000

2012-2016 CAPITAL PROGRAM REVENUES

	2012	2013	2014	2015	2016	TOTAL
Regional Total						
FTA	0	0	0	0	0	0
\$5309(m)(2)(A) New Starts	165,110,000	168,240,000	171,440,000	174,690,000	178,010,000	857,490,000
\$5309(m)(2)(B) Fixed Guideway	5,075,000	2,816,000	9,958,000	12,334,000	26,710,000	56,893,000
\$5309(m)(2)(C) Bus	0	0	0	0	0	0
\$5316 JARC	0	0	0	0	0	0
\$5317 New Freedom	0	0	0	0	0	0
\$5339 Alternative Analysis	0	0	0	0	0	0
\$5307/\$5340 Formula	235,790,000	240,270,000	244,830,000	249,480,000	254,210,000	1,224,580,000
Subtotal FTA	405,975,000	411,326,000	426,228,000	436,504,000	456,930,000	2,138,963,000
Federal Flexible/CMAQ/Other	54,844,800	10,360,000	9,780,000	9,000,000	10,980,000	94,964,800
Department of Homeland Security	16,500,000	20,100,000	17,000,000	17,000,000	17,000,000	87,600,000
Subtotal Fed Flexible	71,344,800	30,460,000	26,780,000	26,000,000	27,980,000	182,564,800
SUBTOTAL FEDERAL	477,319,800	441,786,000	453,008,000	462,504,000	486,910,000	2,321,527,800
State	397,520,375	364,220,375	227,020,375	0	0	988,761,125
Subtotal State	397,520,375	364,220,375	227,020,375	0	0	988,761,125
RTA	0	0	0	0	0	0
Discretionary	15,690,000	0	0	0	0	15,690,000
Capital Reserves	75,000	0	0	0	0	75,000
TBD	0	0	0	0	0	0
ICE Funds	0	0	0	0	0	0
Transfer Capital (Discretionary)	0	0	0	0	0	0
Subtotal RTA	15,765,000	0	0	0	0	15,765,000
SB	0	0	0	0	0	0
Transfer Capital (Sales Tax)	38,968,398	11,968,398	11,968,398	16,968,398	16,968,398	96,841,990
Service Board Funds	0	0	0	0	0	0
Local Community/City of Chicago TIF	0	0	0	0	0	0
Other Funds	0	0	0	0	0	0
Subtotal SB/Local	38,968,398	11,968,398	11,968,398	16,968,398	16,968,398	96,841,990
SUBTOTAL LOCAL	452,253,773	376,188,773	238,988,773	16,968,398	16,968,398	1,101,368,115
SUBTOTAL REGIONAL	929,573,573	817,974,773	691,996,773	479,472,398	503,878,398	3,422,895,915
Carryover Federal \$5309(m)(2)(C) Bus	0	0	0	0	0	0
Carryover (\$5339 Alternative Analysis)	0	0	0	0	0	0
Carryover Federal (\$5316 JARC)	0	0	0	0	0	0
Carryover Federal (\$5317 New Freedom)	0	0	0	0	0	0
Carryover IDOT B Bonds	108,003,403	401,568,968	185,773,004	0	0	695,345,375
Deobligated \$5307/\$5309 Fixed Guideway Formula	0	0	0	0	0	0
Deobligated RTA Discretionary/Transfer Capital	0	0	0	0	0	0
Deobligated SB/LLB/Local	0	0	0	0	0	0
Subtotal Carryover/Deob	108,003,403	401,568,968	185,773,004	0	0	695,345,375
TOTAL REGIONAL FUNDING	\$ 1,037,576,976	\$ 1,219,543,741	\$ 877,769,777	\$ 479,472,398	\$ 503,878,398	\$ 4,118,241,290
CTA Debt Repayment Principal (\$5307/\$5340 & \$5309)	(49,195,000)	(51,690,000)	(54,225,000)	(147,359,990)	(150,157,320)	(452,627,310)
CTA Debt Repayment Interest (\$5307/\$5340 & \$5309)	(66,288,636)	(72,234,526)	(69,695,000)	0	0	(208,218,162)
CTA Debt Repayment Principal/Interest for 2012-2014 (\$5307/\$5340 & \$5309)	(90,000,000)	0	0	0	0	(90,000,000)
\$5316 JARC for Operations	0	0	0	0	0	0
\$5317 New Freedom for Operations	0	0	0	0	0	0
RTA ICE Funds for Operations	0	0	0	0	0	0
Transfer to Operating (Federal)	0	0	0	0	0	0
Subtotal Non-Capital Program Uses	(205,483,636)	(123,924,526)	(123,920,000)	(147,359,990)	(150,157,320)	(750,845,472)
NET REGIONAL CAPITAL FUNDING	\$ 832,093,340	\$ 1,095,619,215	\$ 753,849,777	\$ 332,112,408	\$ 353,721,078	\$ 3,367,395,818
CTA Bond Proceeds	520,000,000	0	0	0	0	520,000,000
CTA Bond Investment Earnings	0	0	0	0	0	0
TOTAL REGIONAL AVAILABLE	\$ 1,352,093,340	\$ 1,095,619,215	\$ 753,849,777	\$ 332,112,408	\$ 353,721,078	\$ 3,887,395,818

Schedule II-B

Five-Year Capital Program Expenditures

	Previous Funding	2012	2013	2014	2015	2016	Five-Year Total	Grand Total
CTA								
Bus								
1 Rolling Stock								
021.806 Perform Mid-Life Bus Overhaul -- Systemwide	39,697,690	22,500,000	54,426,698	0	0	0	76,926,698	116,624,388
031.054 Purchase Buses (Partial \$) -- Systemwide	64,161,573	21,906,989	32,697,465	101,324,188	21,906,988	21,906,988	199,742,618	263,904,191
999.999 Purchase ZF TypoDyn Program	0	892,800	0	0	0	0	892,800	892,800
999.999 Retrofit Electric Engine Cooling Fan/System on Buses	0	6,244,000	0	0	0	0	6,244,000	6,244,000
Total: 1 Rolling Stock	\$103,859,263	\$51,543,789	\$87,124,163	\$101,324,188	\$21,906,988	\$21,906,988	\$283,806,116	\$387,665,379
Total: Bus	\$103,859,263	\$51,543,789	\$87,124,163	\$101,324,188	\$21,906,988	\$21,906,988	\$283,806,116	\$387,665,379
Rail								
1 Rolling Stock								
022.903 Perform Rail Car Overhaul and Mid-Life Rehabilitation (2600, and 3200 Series, Partial \$) -- Systemwide	57,941,186	82,352,938	83,334,525	82,352,938	0	0	248,040,401	305,981,587
022.906 Perform Rail Car Overhaul Activities -- Systemwide	10,862,548	0	0	0	0	0	0	10,862,548
132.056 Replace a Minimum of 706 Rail Cars -- Systemwide	611,389,848	470,091,834	38,046,870	0	0	0	508,138,704	1,119,528,552
Total: 1 Rolling Stock	\$680,193,582	\$552,444,772	\$121,381,395	\$82,352,938	\$0	\$0	\$756,179,105	\$1,436,372,687
2 Track & Structure								
181.500 Renew Track and Structure -- Dan Ryan/Red Line	13,000,000	150,000,000	275,000,000	0	0	0	425,000,000	438,000,000
181.500 Repair Track and Structure -- Howard/Red Line	0	37,000,000	0	0	0	0	37,000,000	37,000,000
181.500 Repair Track and Structure -- Systemwide	25,838,012	20,000,000	39,000,000	76,300,000	43,000,000	10,000,000	188,300,000	214,138,012
Total: 2 Track & Structure	\$38,838,012	\$207,000,000	\$314,000,000	\$76,300,000	\$43,000,000	\$10,000,000	\$650,300,000	\$689,138,012
3 Electrical, Signal, & Communications								
121.500 Replace/Upgrade Power Distribution and Signals -- Systemwide	56,918,563	0	0	23,000,000	0	45,000,000	68,000,000	124,918,563
Total: 3 Electrical, Signal, & Communications	\$56,918,563	\$0	\$0	\$23,000,000	\$0	\$45,000,000	\$68,000,000	\$124,918,563
5 Stations & Passenger Facilities								
141.273 Rehabilitate Rail Stations -- Howard/Red Line	0	74,000,000	0	0	0	0	74,000,000	74,000,000
141.273 Rehabilitate Rail Stations -- Systemwide	20,635,029	2,563,380	119,436,620	9,000,000	16,000,000	0	147,000,000	167,635,029
Total: 5 Stations & Passenger Facilities	\$20,635,029	\$76,563,380	\$119,436,620	\$9,000,000	\$16,000,000	\$0	\$221,000,000	\$241,635,029
Total: Rail	\$796,585,186	\$836,008,152	\$554,818,015	\$190,652,938	\$59,000,000	\$55,000,000	\$1,695,479,105	\$2,492,064,291
System								
3 Electrical, Signal, & Communications								
150.028 Implement Security & Communication Projects -- Systemwide	100,700,548	47,715,962	11,500,000	11,500,000	11,500,000	11,500,000	93,715,962	194,416,510
Total: 3 Electrical, Signal, & Communications	\$100,700,548	\$47,715,962	\$11,500,000	\$11,500,000	\$11,500,000	\$11,500,000	\$93,715,962	\$194,416,510
4 Support Facilities & Equipment								
061.059 Implement Computer Systems -- Systemwide	1,100,000	7,100,000	1,100,000	1,027,541	1,583,645	688,814	11,500,000	12,600,000
073.500 Improve Facilities -- Systemwide	99,071,633	12,945,938	16,189,538	35,135,612	16,187,775	22,955,276	103,414,139	202,485,772
086.500 Purchase Equipment and Non-Revenue Vehicles -- Systemwide	0	5,043,148	0	0	0	0	5,043,148	5,043,148
Total: 4 Support Facilities & Equipment	\$100,171,633	\$25,089,086	\$17,289,538	\$36,163,153	\$17,771,420	\$23,644,090	\$119,957,287	\$220,128,920
6 Miscellaneous								
306.001 Provide for Program Management -- Systemwide	6,690,000	6,666,853	6,690,000	6,690,000	6,690,000	6,690,000	33,426,853	40,116,853

	Previous Funding	2012	2013	2014	2015	2016	Five-Year Total	Grand Total
404.500 Implement CMAQ Projects	14,304,000	0	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000	26,304,000
Total: 6 Miscellaneous	\$20,994,000	\$6,666,853	\$9,690,000	\$9,690,000	\$9,690,000	\$9,690,000	\$45,426,853	\$66,420,853
8 Contingencies & Administration								
301.268 Provide for Contingencies	0	5,916,498	5,916,499	5,916,498	0	0	17,749,495	17,749,495
Total: 8 Contingencies & Administration	\$0	\$5,916,498	\$5,916,499	\$5,916,498	\$0	\$0	\$17,749,495	\$17,749,495
Total: System	\$221,866,181	\$85,388,399	\$44,396,037	\$63,269,651	\$38,961,420	\$44,834,090	\$276,849,597	\$498,715,778
Total for Service Board: CTA	\$1,122,310,630	\$972,940,340	\$686,338,215	\$355,246,777	\$119,868,408	\$121,741,078	\$2,256,134,818	\$3,378,445,448

Metra

Rail

1 Rolling Stock								
P-005 Provide Locomotive Improvements -- MET	0	22,488,000	10,950,000	20,000,000	10,950,000	700,000	65,088,000	65,088,000
P-006 Rehabilitate Bi-level Commuter Cars -- MET	5,200,000	12,100,000	15,000,000	19,500,000	19,500,000	19,500,000	85,600,000	90,800,000
P-008 Rehabilitate and Improve MU Electric Cars -- MED	0	750,000	750,000	750,000	500,000	500,000	3,250,000	3,250,000
P-009 Overhaul Rolling Stock Fleet Components -- MET	0	7,800,000	8,800,000	9,000,000	9,200,000	9,400,000	44,200,000	44,200,000
P-010 Convert Commuter Cars HVAC Refrigerant -- MET	0	0	500,000	500,000	500,000	500,000	2,000,000	2,000,000
Total: 1 Rolling Stock	\$5,200,000	\$43,138,000	\$36,000,000	\$49,750,000	\$40,650,000	\$30,600,000	\$200,138,000	\$205,338,000
2 Track & Structure								
P-011 Provide for Ties, Ballast & Surfacing -- BNSF, MED, MWD, RID, UPR, MET	0	7,500,000	5,300,000	5,500,000	5,500,000	10,000,000	33,800,000	33,800,000
P-013 Upgrade Crossings (Road and Track) -- MWD, UPR, MET	0	2,275,000	2,275,000	2,275,000	2,275,000	2,275,000	11,375,000	11,375,000
P-015 Provide for Rail Renewal -- BNSF, MED, MWD, NCS, RID, UPR, MET	2,424,000	3,440,000	4,590,000	4,290,000	4,760,000	3,810,000	20,890,000	23,314,000
P-017 Rehabilitate or Replace Bridges -- BNSF, MWD, RID, UPR, MET	82,806,001	31,900,000	94,725,000	78,750,000	16,575,000	30,900,000	252,850,000	335,656,001
P-018 Provide for Construction for Chicago Regional Environmental and Transportation Efficiency (CREATE) Project -- MET	0	5,000,000	5,000,000	5,000,000	0	0	15,000,000	15,000,000
P-018 Provide for Structural Improvements -- BNSF, MWD, UPR, MET	1,550,000	1,000,000	100,000	500,000	100,000	100,000	1,800,000	3,350,000
P-019 Rehabilitate Retaining Walls --BNSF, MWD, UPR	1,088,112	270,000	0	770,000	0	770,000	1,810,000	2,898,112
Total: 2 Track & Structure	\$87,868,113	\$51,385,000	\$111,990,000	\$97,085,000	\$29,210,000	\$47,855,000	\$337,525,000	\$425,393,113
3 Electrical, Signal, & Communications								
P-024 Upgrade Signal System -- BNSF, MED, MWD, UPR, MET	2,820,000	11,300,000	12,800,000	15,150,000	14,450,000	5,450,000	59,150,000	61,970,000
P-026 Upgrade Interlockers and Crossovers -- MWD, UPR, MET	16,699,173	3,500,000	0	3,000,000	3,100,000	5,100,000	14,700,000	31,399,173
P-031 Improve Electrical Systems -- BNSF, MED, MWD, RID, MET	0	2,190,000	175,000	3,750,000	5,885,000	9,385,000	21,385,000	21,385,000
P-032 Provide for Communication Equipment -- MET	0	0	500,000	500,000	4,500,000	500,000	6,000,000	6,000,000
P-034 Install Positive Train Control (PTC) System -- MET	28,260,000	64,500,000	67,700,000	73,850,000	8,150,000	8,150,000	222,350,000	250,610,000
Total: 3 Electrical, Signal, & Communications	\$47,779,173	\$81,490,000	\$81,175,000	\$96,250,000	\$36,085,000	\$28,585,000	\$323,585,000	\$371,364,173
4 Support Facilities & Equipment								
P-039 Improve Yards, Shops and Facilities -- MED, MWD, RID, UPR, MET	0	2,000,000	21,775,000	29,575,000	5,155,000	2,000,000	60,505,000	60,505,000
P-040 Upgrade Buildings -- MED, MET	0	0	0	700,000	1,700,000	1,700,000	4,100,000	4,100,000
P-042 Purchase Equipment and Vehicles -- MET	0	2,100,000	2,800,000	2,800,000	2,800,000	2,800,000	13,300,000	13,300,000
P-044 Upgrade Financial Systems -- MET	2,000,000	14,500,000	10,000,000	10,000,000	10,000,000	5,000,000	49,500,000	51,500,000

	Previous Funding	2012	2013	2014	2015	2016	Five-Year Total	Grand Total
Total: 4 Support Facilities & Equipment	\$2,000,000	\$18,600,000	\$34,575,000	\$43,075,000	\$19,655,000	\$11,500,000	\$127,405,000	\$129,405,000
5 Stations & Passenger Facilities								
P-046 Rehabilitate and Improve Stations -- MED, MWD, RID, UPR, MET	0	38,000,000	43,050,000	6,225,000	21,700,000	31,150,000	140,125,000	140,125,000
P-048 Expand Commuter Parking -- MET	0	5,000,000	3,000,000	3,000,000	3,000,000	3,000,000	17,000,000	17,000,000
Total: 5 Stations & Passenger Facilities	\$0	\$43,000,000	\$46,050,000	\$9,225,000	\$24,700,000	\$34,150,000	\$157,125,000	\$157,125,000
6 Miscellaneous								
P-051 Provide for Material Handling -- MET	27,929,157	200,000	200,000	200,000	200,000	200,000	1,000,000	28,929,157
P-052 Improve Metra System Security -- MET	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000	25,000,000
P-056 Provide for Unanticipated Capital -- MET	0	950,000	500,000	500,000	500,000	500,000	2,950,000	2,950,000
P-057 Provide for Program Support Engineering -- MET	4,500,000	4,500,000	5,575,000	4,850,000	4,000,000	4,850,000	23,775,000	28,275,000
Total: 6 Miscellaneous	\$32,429,157	\$10,650,000	\$11,275,000	\$10,550,000	\$9,700,000	\$10,550,000	\$52,725,000	\$85,154,157
8 Contingencies & Administration								
P-055 Provide for Project Administration & Contingencies -- MET	0	1,160,000	1,160,000	1,530,000	1,730,000	1,230,000	6,810,000	6,810,000
Total: 8 Contingencies & Administration	\$0	\$1,160,000	\$1,160,000	\$1,530,000	\$1,730,000	\$1,230,000	\$6,810,000	\$6,810,000
Total: Rail	\$175,276,443	\$249,423,000	\$322,225,000	\$307,465,000	\$161,730,000	\$164,470,000	\$1,205,313,000	\$1,380,589,443
Total for Service Board: Metra	\$175,276,443	\$249,423,000	\$322,225,000	\$307,465,000	\$161,730,000	\$164,470,000	\$1,205,313,000	\$1,380,589,443

Pace

Bus

1 Rolling Stock								
4701 Purchase a Minimum of 413 Fixed Route Accessible Buses -- Systemwide	16,975,000	64,230,000	44,728,000	42,508,000	6,024,000	27,460,000	184,950,000	201,925,000
4702 Purchase a Minimum of 148 Paratransit Vehicles (Replacement) -- Systemwide	9,000,000	0	3,840,000	2,640,000	2,640,000	2,720,000	11,840,000	20,840,000
4704 Purchase a Minimum of 195 Vanpool Vans (Replacement) -- Systemwide	5,439,148	0	1,800,000	2,000,000	2,000,000	2,000,000	7,800,000	13,239,148
4705 Provide for Bus Overhaul -- Systemwide	2,000,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	9,500,000	11,500,000
4706 Provide for Associated Capital Items -- Systemwide	3,521,606	1,600,000	2,000,000	2,000,000	2,000,000	2,000,000	9,600,000	13,121,606
4707 Provide for Diesel Engine Retrofit -- Systemwide	6,840,000	3,060,000	3,060,000	2,280,000	1,500,000	3,480,000	13,380,000	20,220,000
4709 Provide for Capital Cost of Contracting -- Systemwide	2,000,000	0	2,178,000	3,398,000	4,000,000	4,000,000	13,576,000	15,576,000
Total: 1 Rolling Stock	\$45,775,754	\$70,390,000	\$59,606,000	\$56,826,000	\$20,164,000	\$43,660,000	\$250,646,000	\$296,421,754
3 Electrical, Signal, & Communications								
4711 Implement Transit Signal Priority Projects -- Systemwide	317,929	0	500,000	500,000	500,000	500,000	2,000,000	2,317,929
Total: 3 Electrical, Signal, & Communications	\$317,929	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000	\$2,317,929
4 Support Facilities & Equipment								
4714 Improve Garages & Facilities -- Systemwide	3,300,000	6,000,000	5,100,000	2,000,000	2,000,000	2,000,000	17,100,000	20,400,000
4715 Construct Bus Garage -- Northwest Cook County	4,750,000	0	10,000,000	16,000,000	16,000,000	16,000,000	58,000,000	62,750,000
4718 Purchase Computer Hardware and Software Systems -- Systemwide	3,600,000	3,787,000	3,000,000	2,500,000	2,500,000	2,000,000	13,787,000	17,387,000
4719 Purchase Maintenance/ Support Equipment and Vehicles -- Systemwide	250,000	800,000	500,000	500,000	1,000,000	1,000,000	3,800,000	4,050,000
4720 Purchase Office Equipment -- Systemwide	100,000	200,000	100,000	100,000	100,000	100,000	600,000	700,000
4721 Purchase Replacement Farebox System -- Systemwide	0	0	5,000,000	10,000,000	5,000,000	0	20,000,000	20,000,000
Total: 4 Support Facilities & Equipment	\$12,000,000	\$10,787,000	\$23,700,000	\$31,100,000	\$26,600,000	\$21,100,000	\$113,287,000	\$125,287,000
5 Stations & Passenger Facilities								
4725 Reconstruct Passenger Facilities -- Systemwide	450,000	0	750,000	750,000	750,000	750,000	3,000,000	3,450,000

	Previous Funding	2012	2013	2014	2015	2016	Five-Year Total	Grand Total
4726 Install Shelters/ Signs/ Passenger Amenities -- Systemwide	150,000	800,000	250,000	250,000	250,000	250,000	1,800,000	1,950,000
Total: 5 Stations & Passenger Facilities	\$600,000	\$800,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,800,000	\$5,400,000
6 Miscellaneous								
4728 Provide for Unanticipated Capital -- Systemwide	800,000	250,000	250,000	250,000	250,000	250,000	1,250,000	2,050,000
Total: 6 Miscellaneous	\$800,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,250,000	\$2,050,000
8 Contingencies & Administration								
4730 Provide for Project Administration	825,000	1,078,000	2,000,000	1,462,000	2,000,000	1,000,000	7,540,000	8,365,000
Total: 8 Contingencies & Administration	\$825,000	\$1,078,000	\$2,000,000	\$1,462,000	\$2,000,000	\$1,000,000	\$7,540,000	\$8,365,000
Total: Bus	\$60,318,683	\$83,305,000	\$87,056,000	\$91,138,000	\$50,514,000	\$67,510,000	\$379,523,000	\$439,841,683
Total for Service Board: Pace	\$60,318,683	\$83,305,000	\$87,056,000	\$91,138,000	\$50,514,000	\$67,510,000	\$379,523,000	\$439,841,683

Pace ADA

Bus

4 Support Facilities & Equipment								
4750 Improve Facilities -- Systemwide	0	75,000	0	0	0	0	75,000	75,000
Total: 4 Support Facilities & Equipment	\$0	\$75,000	\$0	\$0	\$0	\$0	\$75,000	\$75,000
Total: Bus	\$0	\$75,000	\$0	\$0	\$0	\$0	\$75,000	\$75,000
Total for Service Board: Pace ADA	\$0	\$75,000	\$0	\$0	\$0	\$0	\$75,000	\$75,000

RTA

Bus

3 Electrical, Signal, & Communications								
9999 Implement Transit Signal Priority Projects -- Systemwide	0	40,000,000	0	0	0	0	40,000,000	40,000,000
Total: 3 Electrical, Signal, & Communications	\$0	\$40,000,000	\$0	\$0	\$0	\$0	\$40,000,000	\$40,000,000
Total: Bus	\$0	\$40,000,000	\$0	\$0	\$0	\$0	\$40,000,000	\$40,000,000

System

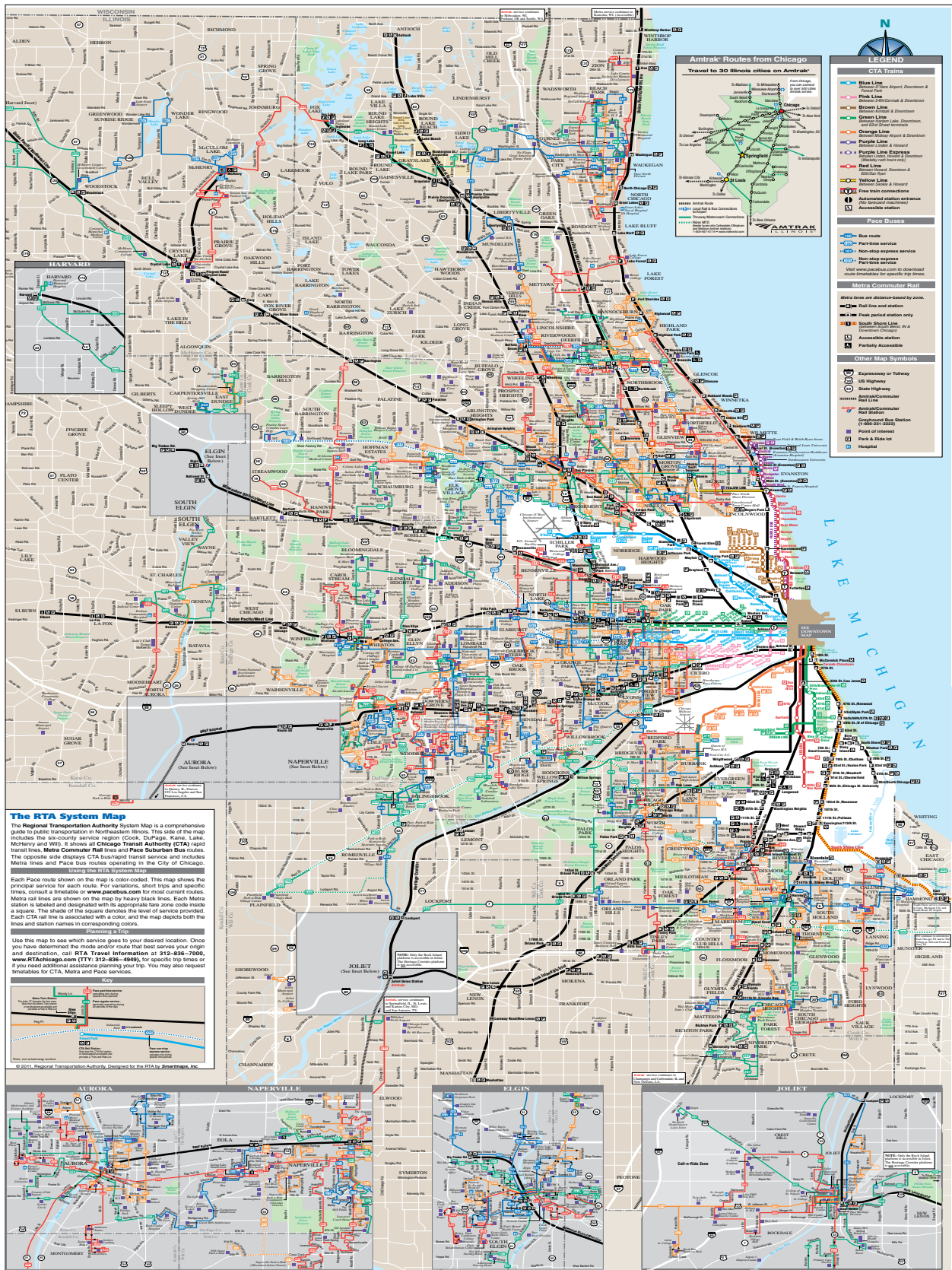
3 Electrical, Signal, & Communications								
9999 Implement Downtown Chicago Connections Interagency Information Improvements	0	100,000	0	0	0	0	100,000	100,000
9999 Implement Regional Real Time Transit Web Page -- Systemwide	0	50,000	0	0	0	0	50,000	50,000
9999 Provide for Regional Integration of Real Time Information and Trip Planning -- Systemwide	0	2,000,000	0	0	0	0	2,000,000	2,000,000
Total: 3 Electrical, Signal, & Communications	\$0	\$2,150,000	\$0	\$0	\$0	\$0	\$2,150,000	\$2,150,000
5 Stations & Passenger Facilities								
9999 Provide for Improvements at 19 Priority Transit Transfer Location -- Systemwide	0	4,200,000	0	0	0	0	4,200,000	4,200,000
Total: 5 Stations & Passenger Facilities	\$0	\$4,200,000	\$0	\$0	\$0	\$0	\$4,200,000	\$4,200,000
Total: System	\$0	\$6,350,000	\$0	\$0	\$0	\$0	\$6,350,000	\$6,350,000

		Previous Funding	2012	2013	2014	2015	2016	Five-Year Total	Grand Total
Total for Service Board:	RTA	\$0	\$46,350,000	\$0	\$0	\$0	\$0	\$46,350,000	\$46,350,000

Grand Total

RTA 2012-2016 CAPITAL IMPROVEMENT PROGRAM	\$1,357,905,756	\$1,352,093,340	\$1,095,619,215	\$753,849,777	\$332,112,408	\$353,721,078	\$3,887,395,818	\$5,245,301,574
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RTA System Map





Regional Transportation Authority

RTAChicago.com

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Voice (312) 663-4357
TTY (312) 913-3122

Travel Information Center and RTA Reduced Fare Card

Call 836-7000 from any local area code
in the six-county region
TTY (312) 836-4949
www.rtachicago.com

RTA Transit Benefit Fare Program

(800) 531-2828

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