

Adopted 2018  
**OPERATING BUDGET**  
Two-Year Financial Plan  
and Five-Year **CAPITAL**  
**PROGRAM**



**MOVING YOU**

Northeastern Illinois  
December 2017



# Regional Transportation Authority

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## TABLE OF CONTENTS

Letter from the Executive Director .....	1
Environmental Outlook .....	2
RTA Region .....	3
CTA .....	17
Metra .....	24
Pace Suburban Service .....	31
Pace Regional ADA Paratransit .....	37
RTA Agency .....	41

## Letter from the Executive Director

Once again, the RTA and the Service Boards have worked in collaboration to formulate a responsible and balanced operating and capital program for fiscal year 2018. The RTA and the region's transit providers remain committed to safely and effectively serving the transit riders and taxpayers of northeastern Illinois. The six-county RTA region is the economic engine of the state's economy and the unofficial commerce and business capital of the Midwest. We recognize that in order to compete in a modern day, global economy we must have a safe, reliable and efficient transit network that serves the needs of the more than 8.3 million people that call this region home. We know that people rely on our system on a daily basis to get to work, school and medical appointments. The transit system also provides affordable mobility for individuals with disabilities and those individuals who cannot or choose not to drive. Through innovation and efficiency, maintaining this reliable network is a top priority for the RTA, CTA, Metra and Pace.

While the RTA and Service Boards operate a cost effective transit network, the system continues to face many challenges. For the first time since the recession of 2008-2009, the regional transit system faced an operating funding decrease. At the same time that 2017 sales tax growth began to slow, the Illinois legislature approved a significant reduction in financial support for transit including a new, permanent 2% surcharge on RTA sales tax collections and a temporary 10% cut in State sales tax matching funds. The significant reduction of state operating funding is in addition to the absence of any new state capital funding for the 2018-2022 Capital Program. In 2018, the total estimated funding for the capital program is \$1.156 billion, well short of the \$2 billion to \$3 billion of annual investment needed. Over 55% of the 2018 capital program is from federal funding, with the remaining funds generated through CTA and Pace bond issuances.

In order to maintain desired service levels, CTA, Metra, and Pace had to make some difficult decisions on fare increases to balance their operating budgets, as required by law. CTA has identified a fare increase and additional revenues to bring its proposed operating budget into balance. Metra has proposed a general fare increase for the fourth consecutive year, and plans to implement modest reductions in weekday service on the North Central, South West, and Rock Island lines, as well as some reductions in weekend service on the Milwaukee District North Line. Pace Suburban Service has proposed a fare increase for one-way tickets and transfers, and will expand service on its popular I-55 Bus-on-Shoulder routes. A 25 cent fare increase, the first since 2009, is also proposed for Pace ADA Paratransit rides, although Taxi Access Program (TAP) fares will remain unchanged.

Despite our system's challenges, the Service Boards continue to deliver innovative projects that will dramatically improve the transit landscape for our region's residents. Major capital initiatives in the five-year program include the continuation of CTA's transformative Red-Purple Modernization (RPM) project, the purchase of new Metra railcars and locomotives as well as the targeted rehabilitation of Metra's existing fleet, and the purchase of new Pace vehicles and construction of a new Northwest Cook Pace bus garage. Additionally, Pace will start operating the Milwaukee Avenue Pulse arterial rapid transit (ART) service in 2018, the first of its kind in our region.

The RTA continues to work with state and regional stakeholders to raise awareness of our infrastructure needs and advocate for a new, sustainable source of state capital funding. In fact, "Invest in Transit" is the title of our 2018-2023 Regional Transit Strategic Plan, available online at the RTA's website [www.RTACHicago.org](http://www.RTACHicago.org), and open for public comment through December 31<sup>st</sup>. The Plan makes the case for continued investment in the regional transit system which is so very important to the economic vitality of Northeastern Illinois.

Sincerely,

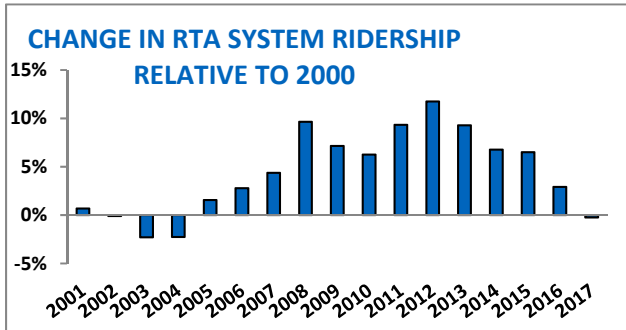


Leanne P. Redden, Executive Director

# Environmental Outlook

## Ridership

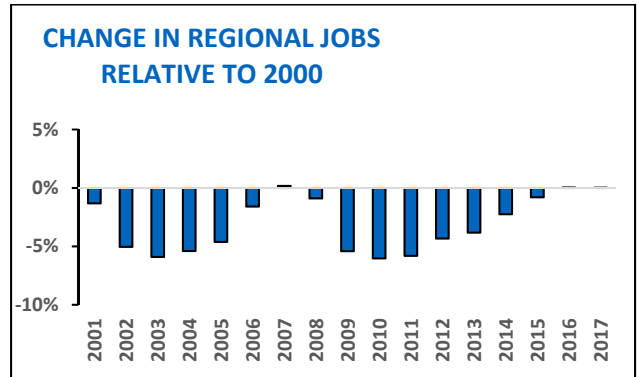
Regional ridership for 2017 is estimated to end the year at 594.7 million, 3.1% lower than 2016. This would mark the fifth consecutive year of system ridership losses after ridership peaked in 2012 at 666.1 million. Ridership losses in 2017 have been driven by low gas prices and the growing popularity of ride-sharing services and ridership is expected to end the year slightly below year 2000 levels.



## Regional Economy

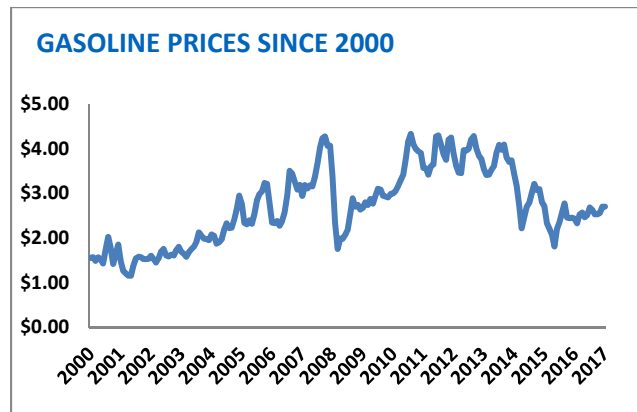
Labor force participation in the RTA region increased in 2016, as regional employment grew by nearly 30,000 jobs and unemployment held steady at 5.9%. Through the third quarter of 2017, the number of jobs in the region stayed constant while labor force participation dropped, resulting in the unemployment rate falling to 5.0%.

The chart in the next column illustrates that regional jobs fell dramatically after the economic downturn in 2008 but steadily increased between 2010 and 2016. The number of available jobs in the Chicago region is now flat to year 2000 levels.



## Gasoline

The price of gasoline plays a role in the demand for public transportation, and low fuel prices continue to contribute to system ridership losses. Gas prices in the region reached a high of \$4.30 in mid-2008 before dropping sharply during the financial crisis. Prices rebounded and rose steadily until 2013. After fluctuating in 2014 and 2015, prices bottomed out at \$1.81 per gallon in February 2016. Since then prices have remained below \$3.00 a gallon and this trend is expected to continue into 2018.



# RTA Region

## OPERATING OVERVIEW

The budgets summarized in this report represent the adopted 2018 regional and Service Board operating budgets and capital programs, approved by the RTA Board on December 14<sup>th</sup>, 2017.

### Overview

Declining ridership, slowing sales tax growth, and State budget actions had a significant impact on RTA and Service Board revenues in 2017 which is expected to continue into 2018. Operating revenues have generally lagged budget due to unfavorable fare revenue and a reduction in the level of State funding for reduced fare and free rides. Although the Service Boards have effectively controlled operating costs in 2017 and reported favorable to budget expense performance through September, the system is forecast to end fiscal year 2017 with an unfavorable net result.

The Service Boards have responded to the reality of lower funding by proposing operating budgets which include stronger operating revenues and responsible fare increases. CTA is expected to maintain service levels and has proposed a 25 cent base fare increase, the first since 2009. Metra has incorporated a fare increase across most ticket types, averaging 6.7%, in order to maintain a balanced budget. Metra has also proposed modest reductions in weekday and weekend service on several of its lines. Pace has also proposed its first general fare increase since 2009, and plans to expand I-55 Bus-on-Shoulder service and to introduce Pulse Arterial Rapid Transit (ART) service along Milwaukee Avenue.

### Ridership

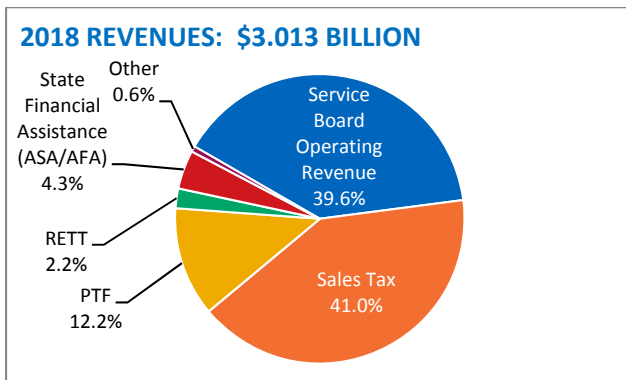
RTA system ridership is projected to finish 2017 with a 3.0% decrease from 2016 due to continued low gasoline prices and the growing popularity of ride-sharing services. Regional transit ridership in 2018 is budgeted at 575.3 million rides, a further decrease of 3.2%. Each Service Board projects a ridership loss as customers adjust to proposed fare increases at CTA, Metra, Pace, and ADA Paratransit. CTA, which continues to provide over 80% of the region’s rides, forecasts a 3.7% ridership decrease. This assumption is consistent with recent CTA and national trends, with rail and bus ridership projected to decline by 2.7% and 4.7%, respectively.

Metra anticipates a 1.5% ridership decrease as customers adjust to the proposed fare increase and gasoline prices remain low. Pace Suburban Service expects a 2018 ridership decrease of 0.9% as service levels are maintained but one-way fares are increased. Pace anticipates a 0.9% increase in ridership for ADA Paratransit service as demand is expected to be dampened by the proposed 25 cent fare increase.

<b>Ridership</b> (in millions)	<b>2017</b> <b>Estimate</b>	<b>2018</b> <b>Budget</b>	<b>Change</b>
CTA	480.1	462.1	-3.7%
Metra	79.0	77.8	-1.5%
Pace	31.3	31.1	-0.9%
ADA Paratransit	4.2	4.3	+0.9%
<b>Region</b>	<b>594.6</b>	<b>575.3</b>	<b>-3.2%</b>

**Operating Revenue**

In 2018, the Service Boards are projected to produce \$1.193 billion of operating revenue, an increase of \$79.9 million, or 7.2%, despite the expected ridership decrease. Operating revenue consists of system-generated revenue such as passenger fares, concessions, and advertising, and also includes the State reduced fare reimbursement, which partially compensates the Service Boards for free and reduced fare programs. Total operating revenue is then projected to increase by 3.6% in 2019 and 2.4% in 2020. While the majority of operating revenue comes from passenger fares, the Service Boards will continue to leverage ancillary operating revenue sources.



**Public Funding**

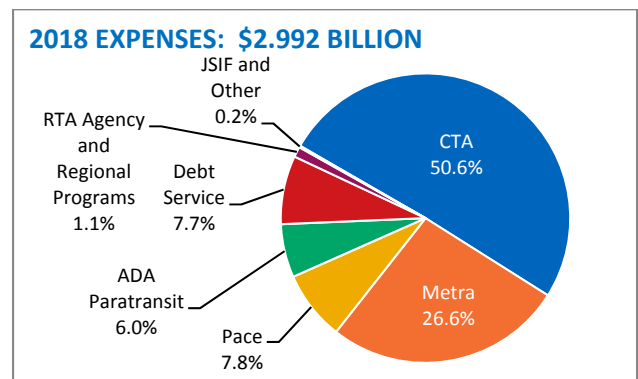
Overall public funding in 2018 is projected at \$1.820 billion, an increase of 0.9% over the 2017 estimate, but a decrease of 2.8% from the original 2017 budget. Over 40% of the region’s revenue for operations comes from a regional sales tax imposed at 1.25% in Cook County and 0.5% in the collar counties. The regional economy slowed in 2017 and RTA sales tax receipts are expected to finish the year well below budgeted levels. In addition, the RTA sales tax became subject to a 2% State collection surcharge in mid-2017. Although gross sales tax is expected to grow by 3.8% in 2018 before the

surcharge, net RTA sales tax receipts are projected to increase by 2.8% to a total of \$1.236 billion.

The State Public Transportation Fund (PTF), based on a 30% match of sales tax and Real Estate Transfer Tax (RETT) receipts, is projected to provide \$368.4 million for 2018 operations, after accounting for a 10% reduction in PTF funding during State FY 2018. RETT receipts are forecasted to increase by 3.0% in 2018 to \$66.6 million. State Financial Assistance (ASA/AFA) of \$130.3 million for reimbursement of debt service on RTA Strategic Capital Improvement Program (SCIP) bonds is budgeted for 2018, as is \$8.5 million of State funding for Pace ADA Paratransit service. Other RTA revenue is expected to decrease to \$4.8 million due to reduced federal grants. When public funding is combined with operating revenue, resulting total revenue of \$3.013 billion is projected to be available for 2018 RTA system operations.

**Expenses**

Service Board operating expenses, which comprise about 91% of RTA system expenses, are projected to increase by 3.5% to \$2.722 billion in 2018, followed by increases of 3.9% and 2.9% in 2019 and 2020, respectively.



CTA projects a 3.2% increase in operating expenses for 2018, driven primarily by materials, energy, and other expenses. Metra operating costs are expected to grow by 4.2% from the 2017 estimate as labor,

materials, and fuel expenses increase. Pace Suburban Service anticipates 3.4% growth in operating expenses due to service additions and increases in labor and other expenses. ADA Paratransit expenses are projected to increase by 2.8% due to ridership growth coupled with contractor price increases.

RTA Agency and Regional Programs expenses are projected to decrease by 11.9% in 2018 to \$34.3 million, in response to lower RTA sales tax and decreases in in grant-funded program expense. The RTA Agency budget represents about 1.1% of RTA system expenses. Other regional expenses, which include debt service on bonds issued for Service Board capital funding and Joint Self Insurance Fund (JSIF) premiums, comprise the remaining 8% of system expenses. The RTA debt service total of \$229.5 million for 2018 includes principal and interest expense on both existing and proposed long-term bonds and on short-term borrowing to manage delays in payments from the State.

When RTA and regional expenses are combined with Service Board operating expenses, total 2018 expenses for the RTA system are projected at \$2.992 billion, an increase of 3.2% over the 2017 estimate, but an increase of only 0.5% from the original 2017 budget. Total operating expenses are subsequently projected to increase by 3.7% and 2.4% in 2019 and 2020, respectively.

**ICE Funding and Proposed Projects**

Innovation, Coordination, and Enhancement (ICE) funding of \$12.6 million to \$13.3 million was allocated to the Service Boards in the adopted 2018-2020 funding amounts, contingent upon RTA Board approval of proposed uses. Table 1 summarizes the 2018-2020 amounts and proposed uses of these ICE funds for the Service Boards. Only the 2018 proposed uses are currently subject to approval by the RTA Board. The 2019-2020 amounts are preliminary and will be finalized in the future.

**TABLE 1: PROPOSED USES OF ICE FUNDING (DOLLARS IN THOUSANDS)**

	2018	2019	2020
<b>CTA</b>			
<u>Operating:</u>			
South Side Service Improvements	3,553		
Quality of Life K9 Security Patrols	2,484		
Projects To Be Determined		6,218	6,405
<b>CTA Total</b>	<b>\$6,037</b>	<b>\$6,218</b>	<b>\$6,405</b>
<b>Metra</b>			
<u>Capital:</u>			
Train Tracking and Passenger Counting System	3,000		
Downtown Terminal Information Displays	953		
LED Lights on Commuter Cars	952		
Projects To Be Determined		5,052	5,204
<b>Metra Total</b>	<b>\$4,905</b>	<b>\$5,052</b>	<b>\$5,204</b>
<b>Pace</b>			
<u>Capital:</u>			
Intelligent Bus System (IBS) Equipment Replacement	1,635	1,684	1,735
<b>Pace Total</b>	<b>\$1,635</b>	<b>\$1,684</b>	<b>\$1,735</b>
<b>Total ICE Funding</b>	<b>\$12,577</b>	<b>\$12,954</b>	<b>\$13,344</b>

### Net Result and Recovery Ratios

As shown in Table 2, the regional operating budget is balanced in 2018, 2019, and 2020, with a system-level net result of zero after accounting for transfers to the capital program. In addition to ICE funding for approved capital projects, the proposed Metra budget continues to include fare revenue which is programmed for capital expenditure.

The RTA Act requires the RTA Board to set a system-generated revenue recovery ratio for each Service Board, as well as requiring that the combined revenues from RTA operations cover at least 50% of

system operating expenses, with approved adjustments. This requirement excludes ADA Paratransit service, for which the Act mandates a 10% recovery ratio.

The CTA, Metra, and Pace Suburban Service proposed 2018 operating budgets meet or exceed their individual RTA-specified recovery ratios of 54.75%, 52.5%, and 30.3%, respectively. As a result, the RTA regional recovery ratio for 2018 is projected at 51.7%, in compliance with the RTA Act. The ADA Paratransit budget also meets its required recovery ratio of 10%.



**2018 ADOPTED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 2: STATEMENT OF REGIONAL REVENUES AND EXPENSES (DOLLARS IN THOUSANDS)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
<b>Revenues</b>					
<b>Service Board Revenues</b>					
CTA	676,569	650,697	707,576	723,687	736,359
Metra	378,735	394,118	411,138	437,238	453,938
Pace	55,553	55,971	60,862	61,388	62,002
ADA Paratransit	16,071	12,150	13,296	13,552	13,817
<b>Total Operating Revenues</b>	<b>\$1,126,928</b>	<b>\$1,112,936</b>	<b>\$1,192,872</b>	<b>\$1,235,865</b>	<b>\$1,266,115</b>
<b>Public Funding</b>					
RTA Sales Tax	1,185,182	1,202,664	1,235,755	1,272,828	1,311,013
Public Transportation Fund (PTF)	382,748	374,254	368,411	410,230	422,537
Real Estate Transfer Tax (RETT)	79,063	64,690	66,631	68,630	70,689
State Financial Assistance (ASA/AFA)	130,234	130,283	130,283	130,300	130,300
State Funding for ADA Paratransit	3,825	3,825	8,500	8,500	8,500
Federal Funds	7,074	12,849	6,485	6,634	6,788
RTA ADA Paratransit Reserve	-	5,675	-	-	-
RTA Capital Project Reserves	2,555	500	250	-	-
JSIF Reserves	2,000	2,500	2,500	-	-
ICE Carryover (2015) <sup>1,2</sup>	1,632	988	-	-	-
Other RTA Revenue <sup>3</sup>	19,665	6,134	1,374	1,424	1,452
<b>Total Public Funding</b>	<b>\$1,813,978</b>	<b>\$1,804,363</b>	<b>\$1,820,189</b>	<b>\$1,898,546</b>	<b>\$1,951,278</b>
<b>Total Revenues</b>	<b>\$2,940,906</b>	<b>\$2,917,299</b>	<b>\$3,013,060</b>	<b>\$3,134,411</b>	<b>\$3,217,394</b>
<b>Expenses</b>					
<b>Service Board Expenses</b>					
CTA	1,464,142	1,467,213	1,514,495	1,576,389	1,613,534
Metra	741,802	765,100	797,200	824,200	852,600
Pace	217,830	224,384	232,082	238,938	244,353
ADA Paratransit	160,820	173,736	178,587	188,115	199,765
<b>Total Service Board Expenses</b>	<b>\$2,584,594</b>	<b>\$2,630,433</b>	<b>\$2,722,364</b>	<b>\$2,827,642</b>	<b>\$2,910,252</b>
<b>Region/Agency Expenses</b>					
Debt Service	216,757	222,359	229,519	232,798	223,124
RTA Agency and Regional Programs	37,803	38,902	34,264	35,874	36,757
RTA Agency Regional Capital Program	2,555	500	250	-	-
Joint Self-Insurance Fund (JSIF)	6,365	6,556	5,499	5,664	5,834
<b>Total Region/Agency Expenses</b>	<b>\$263,480</b>	<b>\$268,317</b>	<b>\$269,532</b>	<b>\$274,336</b>	<b>\$265,714</b>
<b>Total Expenses</b>	<b>\$2,848,074</b>	<b>\$2,898,750</b>	<b>\$2,991,896</b>	<b>\$3,101,978</b>	<b>\$3,175,966</b>
ICE funding not used for operations - transfer to capital <sup>4</sup>	(11,062)	(6,365)	(6,540)	(6,736)	(6,938)
Other transfers <sup>5</sup>	(34,393)	(7,951)	(14,624)	(25,696)	(34,489)
<b>Net Result</b>	<b>\$47,378</b>	<b>\$4,233</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Regional Recovery Ratio</b>	<b>51.2%</b>	<b>50.3%</b>	<b>51.7%</b>	<b>51.5%</b>	<b>51.3%</b>

<sup>1</sup> Pace carried over \$1.6 million of 2015 ICE funding for approved operating projects delayed into 2016.

<sup>2</sup> Metra carried over \$1.0 million of 2015 ICE funding for approved Mobile Ticketing project ongoing in 2017.

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

<sup>4</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for capital projects.

<sup>5</sup> Includes Metra farebox capital program, CTA short-term borrowing in 2017, and transfers to and from RTA reserves.

**RTA Funding Analysis**

Table 3 on the following page takes a different view of RTA finances, showing only those funds which are under RTA control and pass through the agency. This view excludes direct Service Board funding sources such as the Real Estate Transfer Tax (RETT), which is dedicated to CTA operations, and fare revenue, which each Service Board collects and accounts for individually.

Total funding sources of the RTA are projected at \$1.781 billion in 2018, an increase of 2.1% over the 2017 estimate. Relative to 2017, combined sales tax and PTF revenues are projected to increase by 1.7% as both are impacted by State budget actions. State financial assistance for debt service is assumed to be unchanged at \$130.3 million.

RTA expenditures for 2018 are projected to increase from the 2017 estimate by 2.0% to \$1.787 billion, exceeding RTA revenues by \$5.7 million. Of this expense, \$229.5 million is for debt service, including payments on existing and proposed regional debt incurred by the RTA for CTA, Metra, and Pace capital funding, which does not appear in the Service Boards’ budgets.

All available 2018 non-statutory funding is being allocated to the Service Boards. If necessary, funds may be transferred from RTA reserves to address the 2018 expense imbalance and keep the RTA fund balance unchanged at \$7.6 million, or 0.5% of operating expenditures. In accordance with the RTA Reserve Policy implemented in October 2015, each Service Board will continue to be responsible for maintaining its own fund balance and reserve plan to handle unforeseen funding shortfalls.

**Primary RTA Public Funding Sources**

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

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

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

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

Public Transportation Fund (PTF) Part II: PTF Part II, authorized by the 2008 funding reform, is State-provided funding equal to a 5% match of Sales Tax I receipts and a 30% match of Sales Tax II receipts and RETT receipts. After allocating 5/6 of the PTF on RETT receipts to CTA, the remaining PTF II is distributed to the Service Boards by the same statutory formula used to allocate Sales Tax II.

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

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

**2018 ADOPTED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 3: STATEMENT OF RTA REVENUES AND EXPENSES (DOLLARS IN THOUSANDS)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
<b>RTA Revenues</b>					
RTA Sales Tax I	877,486	890,337	914,929	942,377	970,648
RTA Sales Tax II	307,697	312,327	320,826	330,451	340,365
Public Transportation Fund (PTF - Part I)	221,621	219,212	215,895	240,402	247,614
PTF (Part II)	161,127	155,043	152,515	169,828	174,923
State Financial Assistance (ASA/AFA)	130,234	130,283	130,283	130,300	130,300
State Reduced Fare Reimbursement <sup>1</sup>	17,570	17,570	34,070	34,070	34,070
State Funding for ADA Paratransit	3,825	3,825	8,500	8,500	8,500
RTA ADA Paratransit Reserve	-	5,675	-	-	-
RTA Capital Project Reserves	2,555	500	250	-	-
JSIF Reserves	2,000	2,500	2,500	-	-
ICE Carryover (2015) <sup>2,3</sup>	1,632	988	-	-	-
Other RTA Revenue <sup>4</sup>	19,665	6,134	1,374	1,424	1,452
<b>Total RTA Revenues</b>	<b>\$1,745,411</b>	<b>\$1,744,393</b>	<b>\$1,781,142</b>	<b>\$1,857,352</b>	<b>\$1,907,872</b>
<b>RTA Expenses</b>					
<b>Expenses for Operations</b>					
RTA Total Funds for CTA Operations	735,475	734,326	740,288	784,072	806,486
RTA Total Funds for Metra Operations	396,800	404,167	409,798	422,691	434,471
RTA Total Funds for Pace Suburban Service Operations	165,287	165,088	167,871	174,100	178,798
RTA Total Funds for Pace ADA Paratransit Operations	144,749	161,586	165,291	174,563	185,948
State Reduced Fare Reimbursement	17,570	17,570	34,070	34,070	34,070
RTA Agency and Regional Programs	37,803	38,902	34,264	35,874	36,757
<b>Total Expenses for Operations</b>	<b>\$1,497,684</b>	<b>\$1,521,639</b>	<b>\$1,551,581</b>	<b>\$1,625,371</b>	<b>\$1,676,530</b>
<b>Debt Service, Capital &amp; JSIF Expenses</b>					
Debt Service	215,900	222,359	229,519	232,798	223,124
RTA Agency Regional Capital Program	2,555	500	250	-	-
Joint Self-Insurance Fund (JSIF)	6,365	6,556	5,499	5,664	5,834
<b>Total Debt Service, Capital &amp; JSIF Expenses</b>	<b>\$224,820</b>	<b>\$229,415</b>	<b>\$235,268</b>	<b>\$238,462</b>	<b>\$228,958</b>
<b>Total RTA Expenses</b>	<b>\$1,722,504</b>	<b>\$1,751,054</b>	<b>\$1,786,849</b>	<b>\$1,863,832</b>	<b>\$1,905,488</b>
<b>Fund Balance (unreserved/undesignated)</b>					
Beginning Balance	3,455	7,569	7,569	7,569	7,569
Change in Fund Balance	22,907	(6,661)	(5,707)	(6,480)	2,384
Transfers <sup>5,6</sup>	(24,239)	6,661	5,707	6,480	(2,384)
Reconciliation to Budgetary Basis	5,446	-	-	-	-
<b>Ending Balance</b>	<b>\$7,569</b>	<b>\$7,569</b>	<b>\$7,569</b>	<b>\$7,569</b>	<b>\$7,569</b>
<b>Ending Balance as % of Total Expenses for Operations</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY18-21 budgets.

<sup>2</sup> Pace carried over \$1.6 million of 2015 ICE funding for approved operating projects delayed into 2016.

<sup>3</sup> Metra carried over \$1.0 million of 2015 ICE funding for approved Mobile Ticketing project ongoing in 2017.

<sup>4</sup> Includes income from financial transactions and investments, sales tax interest, and revenues from RTA programs and projects.

<sup>5</sup> 2016 transfers include swap settlements, DSDA revenue, and ADA Paratransit funding surplus to reserves.

<sup>6</sup> Contingent transfers from RTA reserves in 2017 through 2019 to offset lower sales tax for debt service and increased short-term debt service.

**CAPITAL OVERVIEW**

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

The RTA emphasizes the need to preserve and enhance the RTA system’s valuable infrastructure, which includes bringing the system’s \$162 billion in assets (as measured in terms of replacement value and including subway tunnels valued at \$100 billion) into a State of Good Repair (SGR) and extending or expanding service when demand is justified and funding available. To maintain and preserve the existing system in a SGR, as well as address the SGR

backlog of deferred projects, requires a capital investment of \$2 billion to \$3 billion per year.

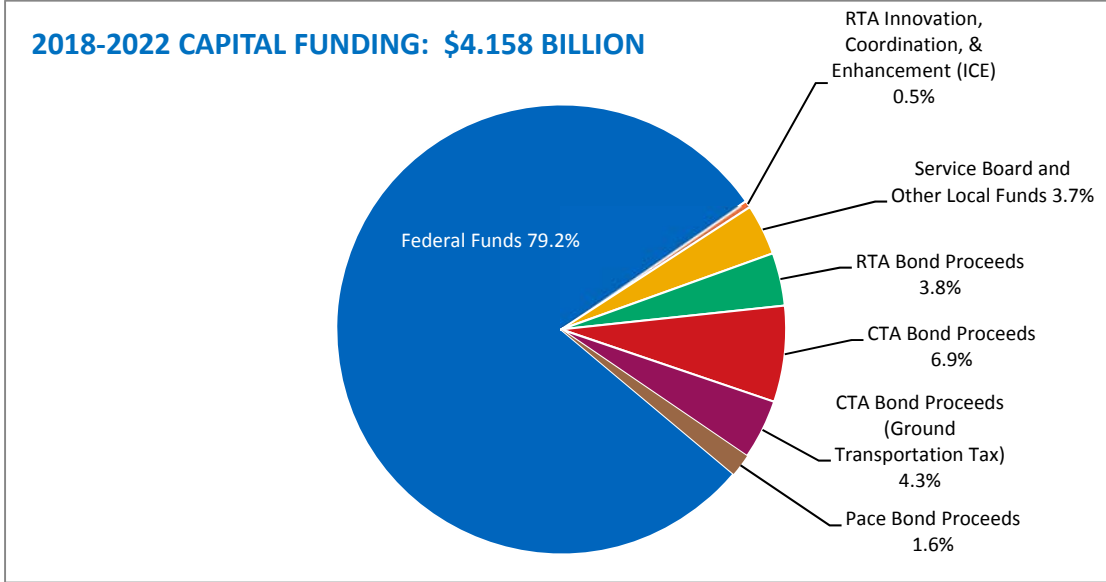
**Source of Funds**

On August 24, 2017, the RTA Board adopted preliminary capital funding amounts for 2018-2022. The funding sources for the capital program include the U.S. Department of Transportation’s federal formula and discretionary funds, the RTA, and the Service Boards. CTA has a new capital funding mechanism for the 2018-2022 program. The Ground Transportation Tax Bond program is a portion of the City of Chicago’s new tax on ride-hailing services that will be used by the CTA to support debt service on new bond issuances, allowing the CTA to undertake additional State of Good Repair capital projects.

For the fourth consecutive year, the capital program does not include any new source of state funds. Of the estimated \$4.158 billion of capital funding sources for 2018-2022, federal funds account for the majority at \$3.295 billion or 79.2%. After debt service on previously-issued CTA bonds, an estimated amount of \$3.437 billion is available for 2018-2022, as shown in Table 4.

**TABLE 4: 2018-2022 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)**

	CTA	Metra	Pace	RTA	Total	% of Total
<b>Funding Sources</b>						
Federal Funds	2,153,917	922,858	218,157	-	3,294,932	79.2%
RTA Innovation, Coordination, & Enhancement (ICE)	-	15,161	5,054	-	20,215	0.5%
RTA Funds	-	-	-	250	250	0.0%
Service Board and Other Local Funds	2,595	148,700	1,250	-	152,545	3.7%
RTA Bond Proceeds	79,000	71,100	7,900	-	158,000	3.8%
CTA Bond Proceeds	287,249	-	-	-	287,249	6.9%
CTA Bond Proceeds (Ground Transportation Tax)	179,000	-	-	-	179,000	4.3%
Pace Bond Proceeds	-	-	66,200	-	66,200	1.6%
<b>Total Capital Funding</b>	<b>\$2,701,762</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$4,158,392</b>	<b>100.0%</b>
Debt Service (Federal)	(721,875)	-	-	-	(721,875)	
<b>Total Capital Funding Available</b>	<b>\$1,979,887</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$3,436,517</b>	



**2018 Funding**

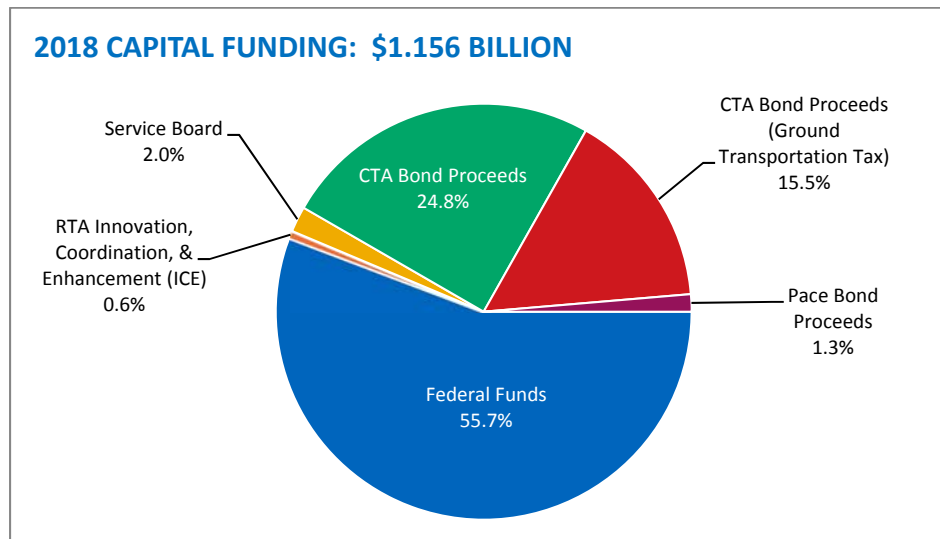
As shown in Table 5, the total estimated funding for capital projects in 2018 is \$1.156 billion. Federal funds account for \$644.6 million or 55.7%; CTA bond proceeds account for \$466.2 million or 40.3%; Service Board funds account for \$23.1 million or 2%; Pace bond proceeds account for \$15.5 million or 1.3%; and RTA ICE funds account for \$6.5 million or

0.6%. After deducting \$143.1 million of CTA debt service on previously-issued bonds, an estimated amount of \$1.013 billion is available for 2018.

The absence of new State of Illinois funding represents a critical missing component in the regional capital program that impedes progress toward achieving a system-wide SGR.

**TABLE 5: 2018 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)**

	CTA	Metra	Pace	RTA	Total	% of Total
<b>Funding Sources</b>						
Federal Funds	428,443	171,664	44,488	-	644,596	55.7%
RTA Innovation, Coordination, & Enhancement (ICE)	-	4,905	1,635	-	6,540	0.6%
RTA Funds	-	-	-	250	250	0.0%
Service Board	2,595	20,300	250	-	23,145	2.0%
CTA Bond Proceeds	287,249	-	-	-	287,249	24.8%
CTA Bond Proceeds (Ground Transportation Tax)	179,000	-	-	-	179,000	15.5%
Pace Bond Proceeds	-	-	15,500	-	15,500	1.3%
<b>Total Capital Funding</b>	<b>\$897,287</b>	<b>\$196,869</b>	<b>\$61,873</b>	<b>\$250</b>	<b>\$1,156,280</b>	<b>100.0%</b>
Debt Service (Federal)	(143,149)	-	-	-	(143,149)	
<b>Total Capital Funding Available</b>	<b>\$754,138</b>	<b>\$196,869</b>	<b>\$61,873</b>	<b>\$250</b>	<b>\$1,013,130</b>	



**Use of Funds 2018-2022**

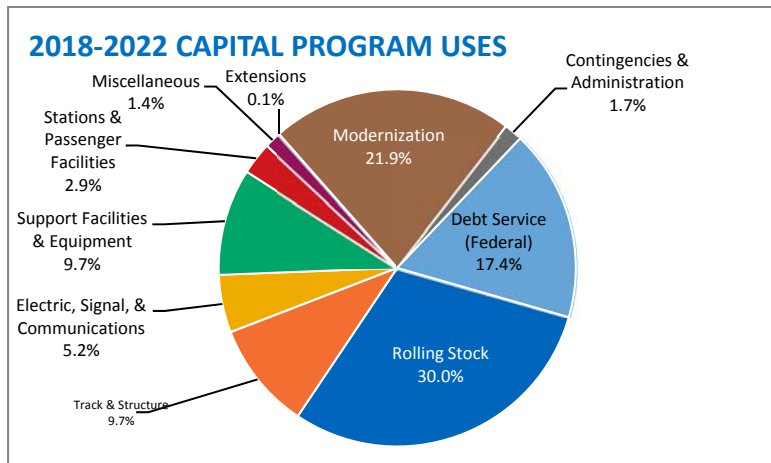
The primary emphasis of the 2018-2022 Capital Program is to continue efforts to bring the system’s assets to a SGR and increase capacity in markets with growing ridership. The 2018-2022 Capital Program totals \$4.158 billion, and a majority of the expenditures are allocated to capital projects that maintain and improve existing rolling stock and infrastructure. The CTA’s Red Purple Modernization (RPM) Program expenditure allocates a significant amount of funding to modernizing the CTA system.

In order to provide reporting consistency among the Service Boards, the proposed capital investments

have been broken down by a set of asset categories as shown in Table 6. This table shows program expenditures of \$1.246 billion or 30.0% on rolling stock, \$912.2 million or 21.9% on modernization for the CTA’s RPM Initiative, \$402.1 million or 9.7% on support facilities and equipment, \$405.3 million or 9.7% on track and structure, \$217.4 million or 5.2% on electric, signal and communications, including funding for Metra’s Positive Train Control system, \$122.1 million or 2.9% on stations and passenger facilities, and \$3.0 million or 0.1% for CTA’s planning and preliminary engineering for the Red Line extension project. In addition, \$721.9 million or 17.4% will be expended on existing CTA debt service.

**TABLE 6: 2018-2022 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)**

Asset Category	CTA	Metra	Pace	RTA	Total	% of Total
Rolling Stock	510,764	603,158	131,929	-	1,245,851	30.0%
Track & Structure	230,167	175,122	-	-	405,289	9.7%
Electric, Signal, & Communications	72,625	139,703	5,054	-	217,382	5.2%
Support Facilities & Equipment	169,618	95,380	137,128	-	402,126	9.7%
Stations & Passenger Facilities	36,020	62,632	23,200	250	122,102	2.9%
Miscellaneous	12,619	45,794	1,250	-	59,663	1.4%
Extensions	2,976	-	-	-	2,976	0.1%
Modernization	912,249	-	-	-	912,249	21.9%
Contingencies & Administration	32,850	36,030	-	-	68,880	1.7%
<b>Total Capital Funding Available</b>	<b>\$1,979,888</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$3,436,517</b>	<b>82.6%</b>
Debt Service (Federal)	721,875	-	-	-	721,875	17.4%
<b>Total Capital Funding</b>	<b>\$2,701,762</b>	<b>\$1,157,819</b>	<b>\$298,561</b>	<b>\$250</b>	<b>\$4,158,391</b>	<b>100.0%</b>



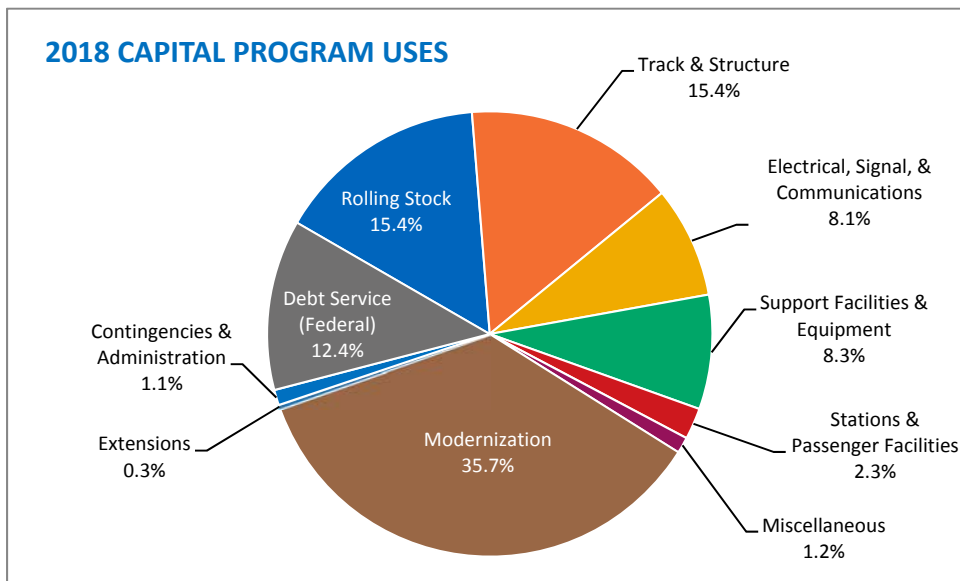
**Use of Funds 2018**

The 2018 Capital Program can also be viewed by the same asset categories. Table 7 shows that of the \$1.156 billion of proposed capital funding, \$412.2 million or 35.7% of the program is allocated to modernization for CTA’s RPM initiative, \$177.9 million or 15.4% is allocated to rolling stock, \$177.6

million or 15.4% on track and structure, \$96.1 million or 8.3% on support facilities and equipment, \$93.5 million or 8.1% on electric, signal, and communications, \$26.3 million or 2.3% on stations and passenger facilities, and \$3.0 million or 0.3% on service extension. In addition, \$143.1 million or 12.4% is programmed for existing CTA debt service.

**TABLE 7: 2018 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)**

Asset Category	CTA	Metra	Pace	RTA	Total	% of Total
Rolling Stock	78,386	71,783	27,760	-	177,929	15.4%
Track & Structure	137,945	39,615	-	-	177,560	15.4%
Electrical, Signal, & Communications	52,125	39,703	1,635	-	93,463	8.1%
Support Facilities & Equipment	40,019	24,360	31,728	-	96,106	8.3%
Stations & Passenger Facilities	20,020	5,500	500	250	26,270	2.3%
Miscellaneous	3,729	9,600	250	-	13,579	1.2%
Modernization	412,249	-	-	-	412,249	35.7%
Extensions	2,976	-	-	-	2,976	0.3%
Contingencies & Administration	6,690	6,309	-	-	12,999	1.1%
<b>Total Capital Funding Available</b>	<b>\$754,138</b>	<b>\$196,869</b>	<b>\$61,873</b>	<b>\$250</b>	<b>\$1,013,130</b>	<b>87.6%</b>
Debt Service (Federal)	143,149	-	-	-	143,149	12.4%
<b>Total Capital Funding</b>	<b>\$897,287</b>	<b>\$196,869</b>	<b>\$61,873</b>	<b>\$250</b>	<b>\$1,156,279</b>	<b>100.0%</b>





### Ten-Year Unfunded Capital Priorities: 2018-2027

Current funding for the Service Board capital programs does not meet the region's capital investment needs, especially with the absence of a new state capital infrastructure program. As a result, the RTA worked with the Service Boards to develop a list of priority projects that the Service Boards would advance over the next ten years if additional funding became available. These priority projects are key initiatives that the Service Boards cannot complete at current capital funding levels but are advancing as additional capital funding is provided. While a portion of the funding necessary to advance some of these projects is included in the 2018-2022 capital program, all are still under-funded or unfunded. Funding these important projects will move the Service Boards toward achieving a SGR, address growing markets, and modernize and enhance the region's transit system. The total funding request is \$30.552 billion over the ten-year period or an additional \$3.055 billion per year. Table 8 below summarizes the priority projects for each Service Board by asset category.

The modernization asset category represents the largest funding need at \$8.721 billion or 28.5%. This category is comprised of CTA's remaining Phase I and Phase II of the Red Purple Modernization project including project planning to determine construction phasing, environmental analysis, and preliminary engineering.

The next largest asset category need is for track and structure at \$8.026 billion or 26.3%. Projects in this category include:

- CTA – track rehabilitation and structural renewal improvements to the Red, Blue, Brown and Green Lines.

- Metra – 75<sup>th</sup> Street Capital Improvement Project, A-2 Interlocked Flyover, bridge replacements and repairs, and track improvements system-wide.

The next largest category is rolling stock at \$5.570 billion or 18.2%. Projects in this category include:

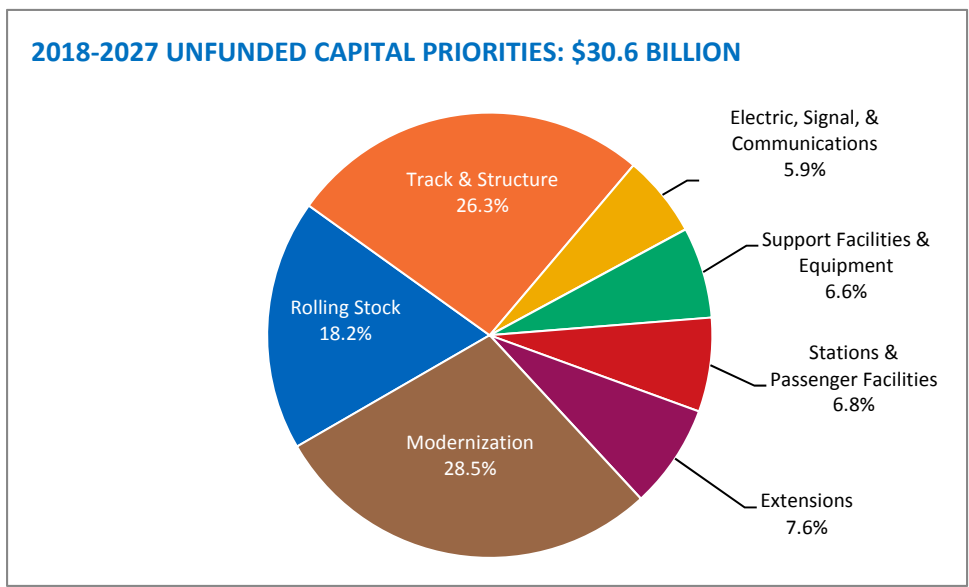
- CTA – continued overhaul of the 2600- and 3200-Series rail cars, purchase of additional new 7000-Series rail cars, purchase of additional replacement buses, life-extending overhauls for the 1000-Series buses, and mid-life overhaul of the 4300-Series buses.
- Metra – purchase of new locomotives and rail cars, along with continued rehabilitation of commuter cars and locomotives as part of their fleet modernization plan
- Pace – purchase of over 375 fixed-route buses, over 900 paratransit and community/Call-n-Ride vehicles, and 975 vanpool vehicles

Other significant projects include the construction of the CTA's Red Line extension from 95<sup>th</sup> to 130<sup>th</sup> streets, signal, electrical and communication improvement to Metra's rail system including the completion of the federally mandated Positive Train Control System, and Pace's construction of support facilities for Bus-on-Shoulder express bus services.

For the ADA Paratransit Program, Pace's \$193.4 million in project cost priorities is based on changing the current ADA program delivery business model which utilizes private contracts to provide vehicles and service. Pace's plan is to purchase fleet and facilities and bid out only the operational services to private contractors. This plan will reduce the costs associated with contracts and increase competition from private contractors because bidding will be for operational hourly service rates only.

TABLE 8: 2018-2027 UNFUNDED CAPITAL PRIORITIES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	Pace ADA	Total	% of Total
Rolling Stock	2,847,300	2,140,000	442,159	140,841	5,570,300	18.2%
Track & Structure	2,165,100	5,861,000	-	-	8,026,100	26.3%
Electric, Signal, & Communications	226,000	1,566,000	21,054	3,153	1,816,207	5.9%
Support Facilities & Equipment	1,064,500	664,000	245,525	47,906	2,021,931	6.6%
Stations & Passenger Facilities	600,000	1,353,000	132,529	1,500	2,087,029	6.8%
Extensions	2,309,600	-	-	-	2,309,600	7.6%
Modernization	8,721,000	-	-	-	8,721,000	28.5%
<b>Total Unfunded Capital Priorities</b>	<b>\$17,933,500</b>	<b>\$11,584,000</b>	<b>\$841,267</b>	<b>\$193,400</b>	<b>\$30,552,167</b>	<b>100.0%</b>

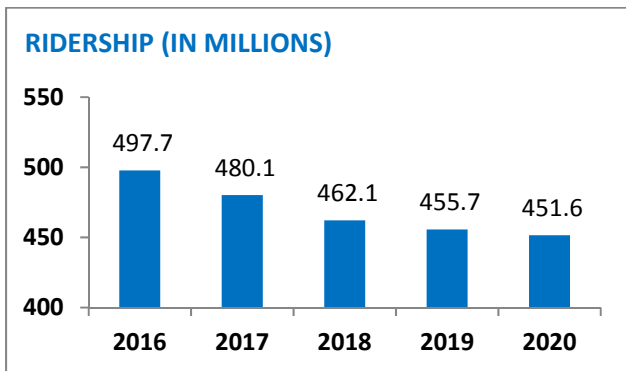




**OPERATING BUDGET**

**Ridership**

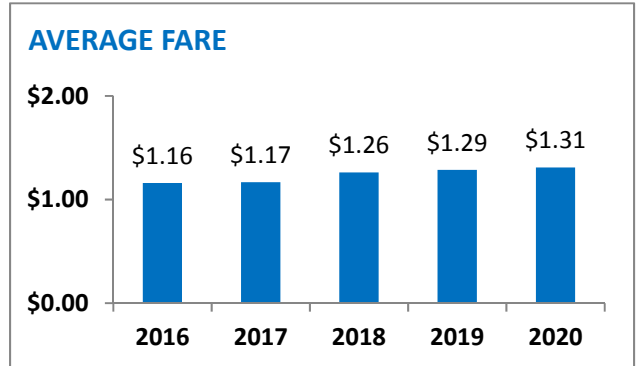
CTA’s 2017 ridership is projected to end the year 3.5% below 2016 levels, with both bus and rail ridership decreasing compared to prior year. Total ridership is budgeted to decrease again in 2018, falling by 3.7% from the 2017 estimate to 462.1 million passenger trips. Both bus and rail ridership are expected to decrease in 2018, by 4.7% and 2.7%, respectively. Ridership decline is also expected in the financial planning years, but to a lesser degree as rail ridership is expected to grow.



**Fares**

The proposed CTA 2018 budget includes a \$0.25 fare increase on base bus and rail fares and a \$5.00 fare increase on 30-day passes. CTA’s average base fare is projected to be \$1.17 in 2017, up slightly versus 2016. With the fare increase in 2018, the average fare is budgeted to increase to \$1.26 and increase further to \$1.31 by 2020. Increases in the average fare in the planning years can be attributed to growing rail ridership.

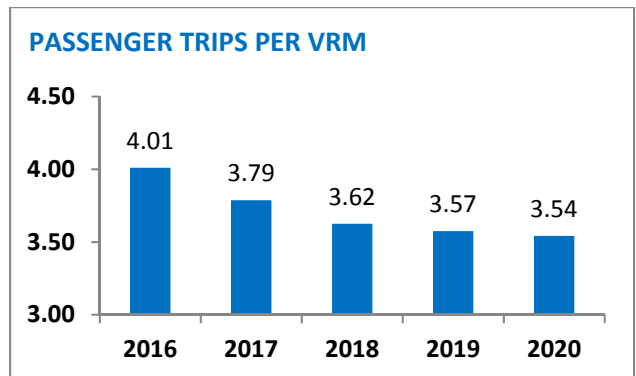
**AVERAGE FARE**



**Service Levels**

Vehicle revenue miles (VRM) are projected to increase by 0.6% in 2018, indicating that service will be largely unchanged from prior year. In 2019 and 2020, VRMs and service levels are expected to remain flat.

**PASSENGER TRIPS PER VRM**

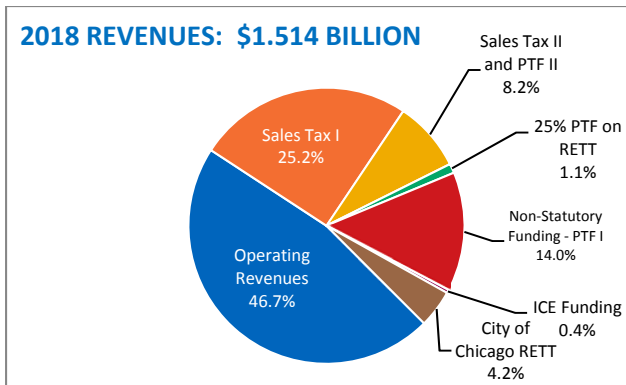


Service effectiveness, as measured by passenger trips per vehicle revenue mile, is expected to decrease in 2018 as CTA’s vehicle revenue miles increase slightly while ridership decreases. CTA projects ridership will decline further in 2019 and

2020, while service levels remain constant. This contributes to a drop in service effectiveness in the planning years.

**Operating Revenue**

CTA projects that total operating revenues will increase by 8.7% to \$707.6 million in 2018, followed by increases of 2.3% in 2019 and 1.8% in 2020. Passenger revenue is estimated to increase by 4.1% in 2018, 0.5% in 2019, and 0.8% in 2020. CTA’s share of the State reduced fare reimbursement is assumed to be restored to \$28.3 million in 2018, subject to appropriation by the legislature. Declining ridership, State budget actions, and slowing sales tax growth have limited CTA’s overall revenue growth in recent years, prompting the Agency to institute its first base fare increase since 2009. The City of Chicago is also dedicating a \$0.15 increase of its Ground Transportation Tax for new CTA funding, which is expected to produce \$16 million in ancillary revenue for the agency in 2018 and an additional \$5 million in 2019. As a result, CTA’s Other Revenue category is expected to grow by 27.0% in 2018, 13.7% in 2019, and 7.1% in 2020.



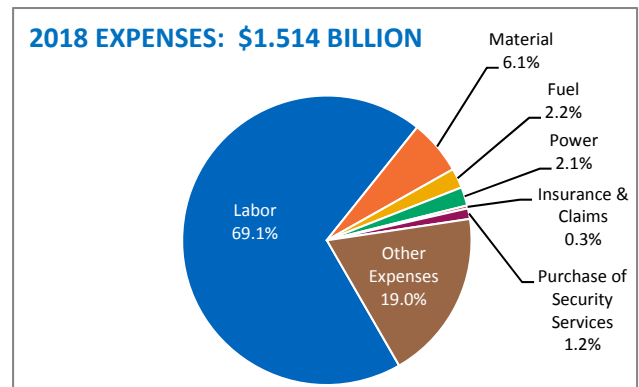
**Public Funding**

Total public funding for CTA operations in 2018 is projected at \$806.9 million, 1.0% higher than the 2017 estimate but 3.7% below the original 2017

budget due to slowing sales tax growth and State budget actions. CTA’s public funding assumptions match the RTA Board adopted marks for sales tax, Public Transportation Funds, RTA non-statutory funding, and ICE funding. Public funding is projected at \$852.7 million in 2019 and \$877.2 million in 2020, increases of 5.7% and 2.9%, respectively. These amounts include Chicago Real Estate Transfer Tax (RETT) funding projected at \$66.6 million in 2018, \$68.6 million in 2019, and \$70.7 million in 2020. ICE funding for 2018 totals \$6.0 million and is budgeted to be used for operations, with proposed uses shown in Table 1 of the RTA Region section.

**Expenses**

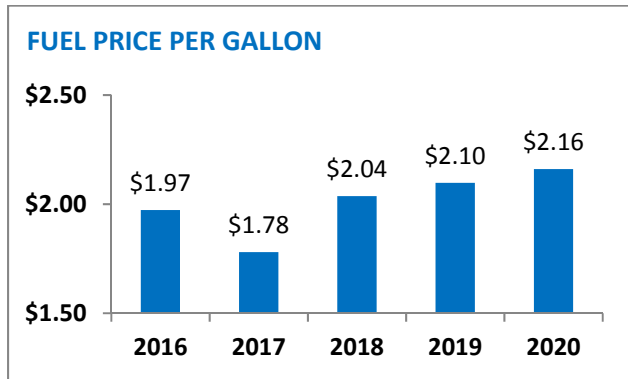
CTA’s total expenses for 2018 are budgeted to increase by 3.2% over the 2017 estimate to \$1.514 billion as a result of increases in labor, material, fuel, power, insurance and claims, security services and other expenses. Expenses are projected to increase by 4.1% and 2.4% in 2019 and 2020, respectively.



CTA anticipates expense growth in every category in 2018, most noticeably in insurance and claims, power, and fuel, which are increasing by 57.9%, 16.1%, and 11.8%, respectively. CTA paid into its insurance and claims fund in 2017 at a lower rate than was budgeted, which is why the agency is showing such large expense growth in that category in 2018. In recent years, CTA has taken advantage of

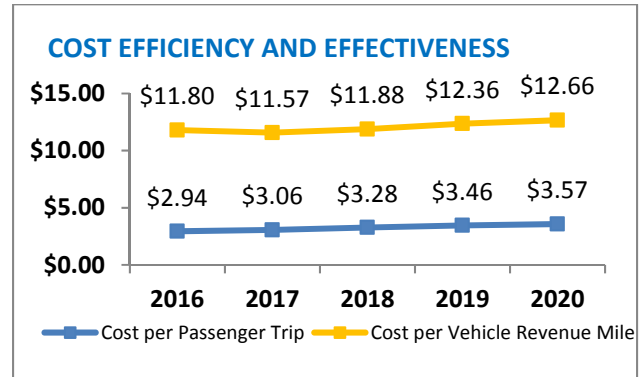
historically low fuel and energy costs by locking in prices in advance. Fuel and energy prices are rising again nationwide and the higher prices are reflected in CTA’s budget.

Fuel for 2018 is budgeted at \$2.04 per gallon, \$0.26 higher than the 2017 estimate. For 2019 and 2020, CTA’s projected average prices for fuel are \$2.10 and \$2.16 per gallon, respectively.



Cost efficiency is shown next by the measure cost per vehicle revenue mile, which is projected to increase by 2.7% in 2018 as costs increase at a greater rate than service. Cost effectiveness is also shown, as cost per passenger trip, which is projected to

increase by 7.2% in 2018 as ridership decreases and expenses increase.



**Net Result and Recovery Ratio**

As shown in Table 9, CTA’s proposed operating budget is balanced in 2018, with revenues covering expenses and producing a net result of zero. CTA also anticipates a balanced budget in 2019 and 2020.

CTA’s 2018 recovery ratio of 57.1%, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exceeds the RTA Board adopted requirement of 54.75%.

**2018 ADOPTED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 9: CTA 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
Passenger Revenue	577,007	560,377	583,105	586,021	590,951
State Reduced Fare Reimbursement <sup>1</sup>	14,385	14,606	28,322	28,322	28,322
Other Revenue	85,177	75,714	96,149	109,345	117,086
<b>Total Operating Revenues</b>	<b>\$676,569</b>	<b>\$650,697</b>	<b>\$707,576</b>	<b>\$723,687</b>	<b>\$736,359</b>
<b>Public Funding</b>					
Sales Tax I	365,622	370,873	381,224	392,660	404,440
Sales Tax II and PTF II	125,547	125,948	124,792	132,442	133,322
25% PTF on RETT	19,594	16,173	16,658	17,158	17,672
Non-Statutory Funding - PTF I	217,189	214,828	211,577	235,594	242,662
Non-Statutory Funding - ST I	1,733	629	-	-	1,985
Innovation, Coordination, and Enhancement Funding <sup>2</sup>	5,790	5,875	6,037	6,218	6,405
City of Chicago RETT	79,063	64,690	66,631	68,630	70,689
<b>Total Public Funding</b>	<b>\$814,538</b>	<b>\$799,016</b>	<b>\$806,919</b>	<b>\$852,702</b>	<b>\$877,175</b>
<b>Total Revenues</b>	<b>\$1,491,107</b>	<b>\$1,449,713</b>	<b>\$1,514,495</b>	<b>\$1,576,390</b>	<b>\$1,613,534</b>
<b>Expenses</b>					
Labor	1,027,047	1,038,392	1,046,059	1,066,980	1,088,320
Material	82,921	87,555	92,425	96,600	97,082
Fuel	32,738	28,930	33,576	34,583	35,620
Power	29,283	28,062	31,369	32,624	33,929
Insurance & Claims	10,500	3,167	5,000	10,000	10,000
Purchase of Security Services	14,095	17,304	17,804	18,160	18,523
Other Expenses	267,558	263,803	288,263	317,443	330,059
<b>Total Expenses</b>	<b>\$1,464,142</b>	<b>\$1,467,213</b>	<b>\$1,514,495</b>	<b>\$1,576,389</b>	<b>\$1,613,534</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	(4,790)	-	-	-	-
Short-term Borrowing	-	17,500	-	-	-
<b>Net Result</b>	<b>\$22,175</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>55.2%</b>	<b>54.8%</b>	<b>57.1%</b>	<b>55.8%</b>	<b>55.2%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare funding to \$34.070 million in State FY18-21 budgets.

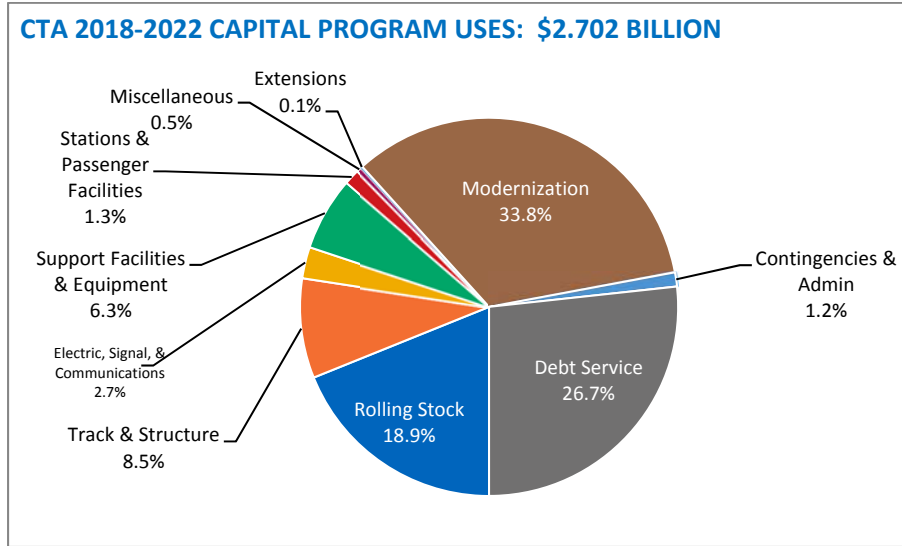
<sup>2</sup> ICE funding contingent upon RTA Board approval of ICE-funded projects as proposed in Service Board budgets and/or capital programs.

<sup>3</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for capital projects.

## CAPITAL PROGRAM

CTA's portion of the proposed 2018-2022 Capital Program totals \$2.702 billion (including payment of debt service on bonds) and includes investments to modernize, add capacity, and address SGR needs to their bus and rail system.

- The most significant project in CTA's capital program continues to be Phase I of the Red and Purple Modernization (RPM) program. Funding for this project totals \$912 million over the five-year program and includes \$500 million in Federal funds from a FTA Core Capacity grant with CTA bond funds providing the local match. RPM is a series of proposed major improvements to the North Red Line along the 9.6-mile corridor from just north of Belmont station to the northern terminus at Linden station. This program will enhance station access along the corridor, expand platforms, and replace and modernize the structural system which is more than 90 years old.
- CTA's program emphasizes the purchase and rehabilitation of bus and rail car fleets with the allocation of \$510.8 million for rolling stock enhancements. Efforts include: \$250.8 million to purchase new 7000-Series cars and to replace the majority of the 2600-Series cars that are beyond useful life, \$94.2 million to perform overhaul programs on the 5000-Series rail cars to extend useful life, \$68.4 million to purchase replacement buses including articulated-hybrid buses, \$75.4 million to perform mid-life bus overhauls to extend useful life, and \$22 million for on-going bus and rail capital maintenance. These projects will improve passenger comfort and amenities, minimize the steady increases in operating and maintenance cost to operate more efficiently, and contribute to a greener, sustainable environment.
- To eliminate slow zones and improve travel time, CTA proposes investing \$230.2 million for track and structure. This includes \$76.9 million for elevated track and structure improvements, \$121 million for track improvements on the Green, Pink, Red, Blue, and Brown Line track, and \$32.2 million for continued rehabilitation of the Blue Line.
- CTA also proposes \$170 million for support facilities and equipment, including \$40 million to replace the 61<sup>st</sup> street rail car shop and \$40 million to rehabilitate other maintenance facilities. CTA also plans to invest \$21 million for station rehabilitation projects system-wide.





**TABLE 10: CTA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
<b>Rolling Stock - Bus</b>						
Perform Bus Maintenance Activities	0	2,000	2,500	2,500	2,500	9,500
Perform Mid-Life/Life-Extending Bus Overhaul	0	18,776	19,148	21,455	16,016	75,394
Purchase Replacement Buses	28,254	16,954	3,956	0	19,228	68,392
<b>Subtotal Rolling Stock</b>	<b>28,254</b>	<b>37,731</b>	<b>25,604</b>	<b>23,955</b>	<b>37,743</b>	<b>153,286</b>
<b>Rolling Stock - Rail</b>						
Perform Quarter-Life Rail Car Overhaul (5000 Series)	18,930	7,993	33,460	33,814	0	94,196
Perform Rail Car Maintenance Activities	2,500	2,500	2,500	2,500	2,500	12,500
Purchase Replacement Rail Cars (7000 Series)	28,703	35,750	61,506	50,778	74,045	250,782
<b>Subtotal Rolling Stock</b>	<b>50,133</b>	<b>46,243</b>	<b>97,466</b>	<b>87,092</b>	<b>76,545</b>	<b>357,478</b>
<b>Track &amp; Structure - Rail</b>						
Rehabilitate Blue Line - O'Hare Branch	0	11,474	20,747	0	0	32,222
Green Line South Track Improvements	44,000	0	0	0	0	44,000
Green and Pink Lines West Track Improvements	30,000	0	0	0	0	30,000
Red and Blue Line Subway Track Improvements	25,000	0	0	0	0	25,000
Brown Line Track Improvements	18,000	0	0	0	0	18,000
Blue Line Track Improvements - Congress Branch	4,000	0	0	0	0	4,000
Elevated Track and Structure	16,945	15,000	15,000	15,000	15,000	76,945
<b>Subtotal Track &amp; Structure</b>	<b>137,945</b>	<b>26,474</b>	<b>35,747</b>	<b>15,000</b>	<b>15,000</b>	<b>230,167</b>
<b>Electrical, Signal, &amp; Communications - Rail</b>						
Traction Power	34,125	8,500	0	0	0	42,625
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>34,125</b>	<b>8,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,625</b>
<b>Stations &amp; Passenger Facilities</b>						
Rehabilitate Rail Stations	5,020	2,000	2,000	6,000	6,000	0
Station Security Enhancements	15,000	0	0	0	0	15,000
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>20,020</b>	<b>2,000</b>	<b>2,000</b>	<b>6,000</b>	<b>6,000</b>	<b>36,020</b>
<b>Rail Total</b>	<b>242,222</b>	<b>83,217</b>	<b>135,213</b>	<b>108,092</b>	<b>97,545</b>	<b>666,289</b>
<b>Electrical, Signal &amp; Communications - System</b>						
Implement Security & Communication Projects	18,000	3,000	3,000	3,000	3,000	30,000
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>18,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>30,000</b>
<b>Support Facilities &amp; Equipment - System</b>						
Implement Computer Systems	1,989	2,147	2,319	2,510	2,721	11,685
Improve Facilities	29,187	21,687	54,739	18,190	18,186	141,990
Cyber and Physical Security for Critical Infrastructure	6,493	0	0	0	0	6,493
Purchase Equipment and Non-Revenue Vehicles	2,350	3,375	3,725	0	0	9,450
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>40,019</b>	<b>27,210</b>	<b>60,782</b>	<b>20,700</b>	<b>20,907</b>	<b>169,617</b>
<b>Extension</b>						
Red Line Extension	2,976	0	0	0	0	2,976
<b>Subtotal Extensions</b>	<b>2,976</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,976</b>
<b>Modernization</b>						
North Main Line - RPM	412,249	100,000	200,000	100,000	100,000	912,249
<b>Subtotal Modernization</b>	<b>412,249</b>	<b>100,000</b>	<b>200,000</b>	<b>100,000</b>	<b>100,000</b>	<b>912,249</b>
<b>Miscellaneous</b>						
Transit O-Pack Teams Sustainment Project	3,729	0	0	0	0	3,729
CMAQ Program	0	8,891	0	0	0	8,891
<b>Subtotal Miscellaneous</b>	<b>3,729</b>	<b>8,891</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,619</b>
<b>Contingencies &amp; Administration - System</b>						
Provide for Program Management	6,690	6,090	6,690	6,690	6,690	32,850
<b>Subtotal Contingencies &amp; Administration</b>	<b>6,690</b>	<b>6,090</b>	<b>6,690</b>	<b>6,690</b>	<b>6,690</b>	<b>32,850</b>
<b>System Total</b>	<b>483,662</b>	<b>145,191</b>	<b>270,472</b>	<b>130,390</b>	<b>130,597</b>	<b>1,160,312</b>
<b>CTA Total</b>	<b>754,138</b>	<b>266,138</b>	<b>431,289</b>	<b>262,437</b>	<b>265,885</b>	<b>1,979,887</b>
<b>CTA Debt Service</b>	<b>143,149</b>	<b>141,876</b>	<b>150,156</b>	<b>143,370</b>	<b>143,323</b>	<b>721,875</b>
<b>CTA Total with Debt Service</b>	<b>897,287</b>	<b>408,014</b>	<b>581,445</b>	<b>405,806</b>	<b>409,208</b>	<b>2,701,762</b>

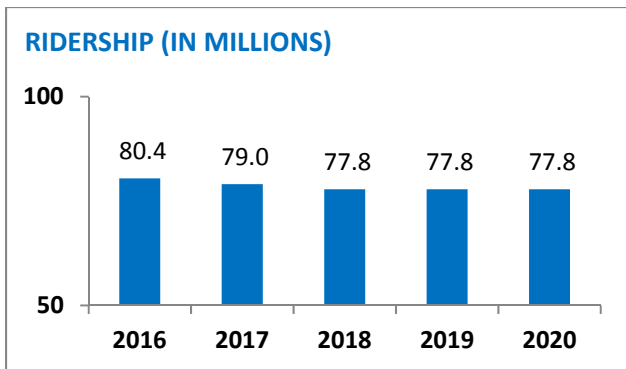
# Metra



## OPERATING BUDGET

### Ridership

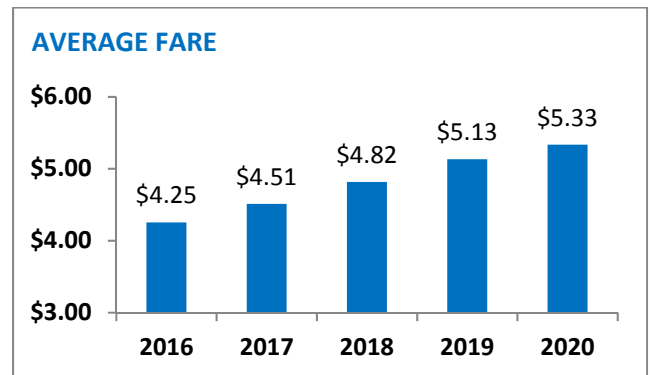
Metra’s 2017 ridership is projected to end the year down 1.7% from 2016. Recent ridership decreases can be attributed to low gas prices, the February 2017 fare increase, declining population, and telecommuting. Metra’s 2018 budget anticipates ridership of 77.8 million, a further decrease of 1.5% from 2017, followed by no change in 2019 and 2020.



### Fares

As part of Metra’s response to reduced RTA and State funding for operations, and to meet mandatory expenses such as Positive Train Control (PTC), Metra has proposed a fare increase for the fourth consecutive year. The proposed fare increase would be effective February 1, 2018 and is expected to increase Metra’s average fare by 6.7% to \$4.82.

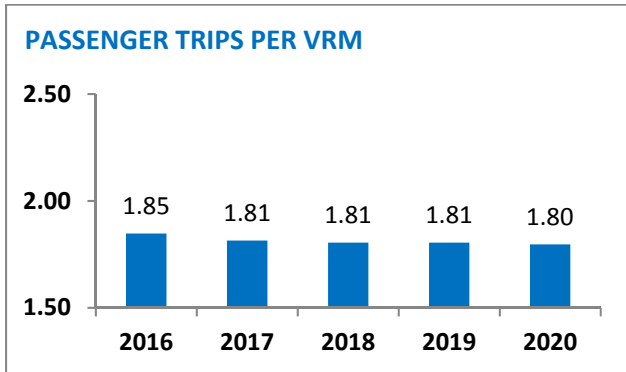
For all fare zones, one-way fares will increase by \$0.25, 10-ride tickets will increase by a range of \$4.25 to \$7.75, and monthly passes will increase by a range of \$9.00 to \$12.50. The proposed 10-ride and monthly pass prices reflect a lesser discount versus one-way fares. In addition, reduced fare tickets and pass prices will increase. Weekend pass prices will increase by \$2.00, but will have their validity extended to Friday evening.



### Service Levels

For the first time in Metra’s history, some train service is proposed to be reduced in 2018 as part of the response to reduced RTA and State funding. Metra has proposed that a small number of weekday trains will be curtailed or eliminated on the North Central Service, South West Service, and Rock Island Line, and three weekend round trips will also be cut on the Milwaukee District North Line.

As a result, Metra anticipates a 1.0% decrease in vehicle revenue miles (VRM) in 2018, followed by no change in 2019 and a 0.5% increase in 2020. Service effectiveness can be shown as the ratio of ridership to service provided and is illustrated below. Following the expected ridership decline in 2018, ridership and service effectiveness are projected to remain flat through 2020.



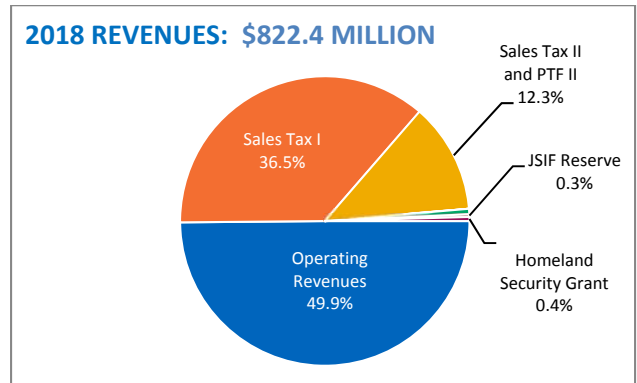
**Operating Revenue**

Metra projects that total operating revenues will increase by 4.3% in 2018 to \$411.1 million, followed by increases of 6.3% in 2019 and 3.8% in 2020. Passenger revenue is estimated to increase by 5.1% in 2018, consistent with the proposed fare increase and projected ridership decline. Metra’s share of the State reduced fare reimbursement is assumed to be restored to \$3.1 million for 2018, subject to appropriation by the legislature. Other revenue is projected to decrease by 7.5% in 2018 to \$33.3 million, reflecting an anticipated decline in crossing project work done on behalf of the State.

**Public Funding**

Total public funding for Metra operations in 2018 is \$411.3 million, 0.8% higher than the 2017 estimate, but 4.1% lower than the original 2017 budget due to slowing sales tax growth and State budget actions.

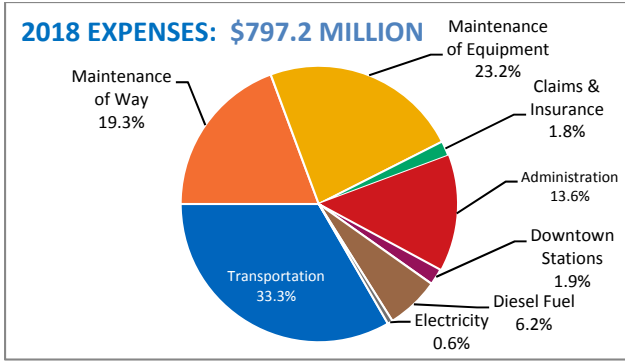
Metra public funding assumptions match the RTA Board adopted marks for sales tax, Public Transportation Funds (PTF), RTA non-statutory funding, and ICE funding. Public funding is projected at \$424.2 million in 2019 and \$436.0 million in 2020, increases of 3.1% and 2.8%, respectively.



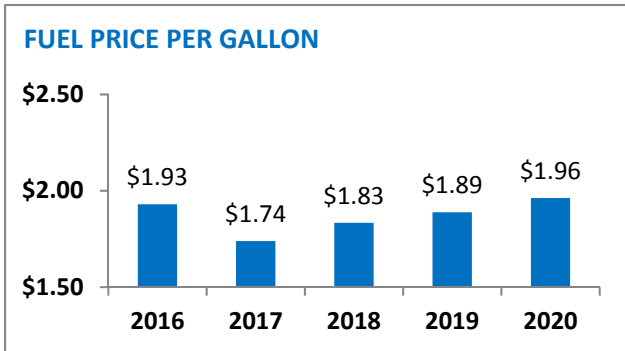
Metra’s 2018-2020 ICE funding is programmed to be used entirely for capital purposes, with proposed uses shown in Table 1 of the RTA Region section. Metra also anticipates a Homeland Security Grant of \$1.5 million annually in 2018 through 2020.

**Expenses**

Metra projects that 2018 total expenses will increase by 4.2% over the 2017 estimate to \$797.2 million. Metra’s expense growth reflects projected increases in each operating category except claims and insurance, which is expected to decline by 22.7% in 2018. Transportation, Maintenance of Way, and Maintenance of Equipment expenses are projected to increase by 5.9%, 4.3%, and 2.0%, reflecting the steadily increasing costs of safely operating and maintaining aging equipment and infrastructure. Administration expenses are projected to increase by 6.5% in 2018 and Downtown Stations expense is expected to increase by 3.4%.



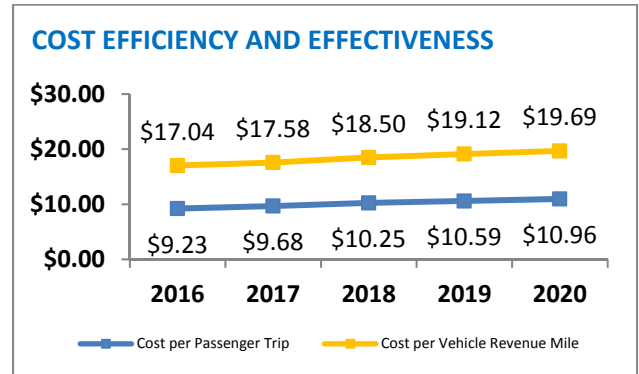
Diesel fuel expenditures, comprising 6.2% of Metra’s total operating expenses, are expected to increase by 9.2% to \$49.8 million due to an increase in consumption and price. Fuel price is budgeted at \$1.83 per gallon, representing a nine cent increase from the 2017 estimate.



Electricity expense for the Metra Electric District line is budgeted to increase by 2.1%, to \$4.9 million, due to expected growth in energy prices.

Cost efficiency is shown by the measure cost per vehicle revenue mile, which is projected to increase

by 5.2% in 2018 due to higher expense and a decline in service levels, followed by increases of 3.4% in 2019 and 3.0% in 2020, as expense growth slows and service levels remain unchanged. Cost effectiveness is shown by cost per passenger trip, which is projected to increase by 5.8% in 2018 and 3.4% thereafter, as ridership remains flat and expenses steadily increase.



**Net Result and Recovery Ratio**

As shown in Table 11, Metra’s operating budget is balanced in 2018-2020, with a net result of zero after transfer of ICE funding and \$20.3 million of fare revenue to the capital program. In 2019 and 2020, Metra anticipates an increase in the Farebox Capital Program to \$32.1 million annually.

Metra’s 2018 recovery ratio of 54.7%, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exceeds the RTA Board adopted requirement of 52.5%.

**2018 ADOPTED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 11: METRA 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
Passenger Revenue	341,966	356,500	374,700	399,300	415,000
State Reduced Fare Reimbursement <sup>1</sup>	1,004	1,618	3,138	3,138	3,138
Other Revenue	35,765	36,000	33,300	34,800	35,800
<b>Total Operating Revenues</b>	<b>\$378,735</b>	<b>\$394,118</b>	<b>\$411,138</b>	<b>\$437,238</b>	<b>\$453,938</b>
<b>Public Funding</b>					
Sales Tax I	288,681	293,062	301,000	310,030	319,331
Sales Tax II and PTF II	102,007	102,332	101,394	107,609	108,324
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	1,408	511	-	-	1,613
Innovation, Coordination, and Enhancement Funding <sup>2,3</sup>	4,704	5,762	4,905	5,052	5,204
Joint Self Insurance Fund (JSIF) Reserve	-	2,500	2,500	-	-
Homeland Security Grant	2,900	3,700	1,500	1,500	1,500
<b>Total Public Funding</b>	<b>\$399,700</b>	<b>\$407,867</b>	<b>\$411,298</b>	<b>\$424,191</b>	<b>\$435,971</b>
<b>Total Revenues</b>	<b>\$778,435</b>	<b>\$801,986</b>	<b>\$822,436</b>	<b>\$861,429</b>	<b>\$889,909</b>
<b>Expenses</b>					
Transportation	245,206	250,900	265,700	274,800	284,200
Maintenance of Way (Engineering)	135,236	147,800	154,200	159,400	164,800
Maintenance of Equipment (Mechanical)	174,610	181,400	185,000	191,300	197,800
Claims & Insurance	16,787	18,100	14,000	14,500	15,000
Administration	100,785	101,700	108,300	112,000	115,800
Downtown Stations	14,275	14,800	15,300	15,800	16,400
Diesel Fuel	49,712	45,600	49,800	51,300	53,300
Electricity	5,191	4,800	4,900	5,100	5,300
<b>Total Expenses</b>	<b>\$741,802</b>	<b>\$765,100</b>	<b>\$797,200</b>	<b>\$824,200</b>	<b>\$852,600</b>
ICE funding not used for operations - transfer to capital <sup>4</sup>	(4,704)	(4,774)	(4,905)	(5,052)	(5,204)
Farebox capital program	(15,600)	(32,112)	(20,331)	(32,177)	(32,105)
<b>Net Result</b>	<b>\$16,329</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>54.3%</b>	<b>54.7%</b>	<b>54.7%</b>	<b>56.2%</b>	<b>56.3%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare funding to \$34.070 million in State FY18-21 budgets.

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

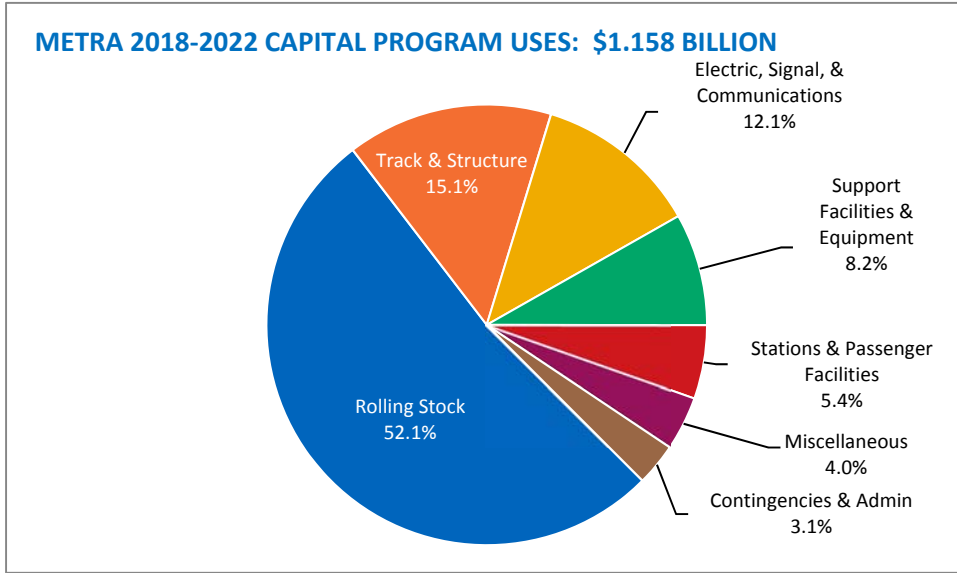
<sup>3</sup> 2017 ICE amount includes carryover of \$1.0 million of 2015 ICE funding for mobile application development.

<sup>4</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for capital projects.

## CAPITAL PROGRAM

Metra's portion of the proposed 2018-2022 Capital Program totals \$1.158 billion. All capital project investments address SGR needs as well as improving service reliability and comfort for Metra customers.

- Metra's largest area of investment, \$603.2 million, is for rolling stock modernization. Planned activities include: \$136.5 million for rehabilitation of rail cab cars, \$196.4 million for mid-life rehabilitation of locomotives, and \$223.1 million to purchase new rail cars and locomotives, allowing for retirement of some of the oldest cars in the fleet. Additional fleet component projects include rebuilding of traction motors, wheel replacements, lighting conversion to LED fixtures, and installation of cameras on rail car and locomotives.
- A total of \$175.1 million is proposed for track and structure projects to reduce the number of slow zones and improve the riding quality of the trains. Projects include: \$31.6 million for rail renewal projects, \$45.8 million for tie and ballast replacement, and \$16.8 million for structural upgrades. In addition, \$59.9 million in bridge improvements is proposed along the Union Pacific North and Milwaukee District North Lines, and \$21.5 million is proposed for railroad crossing upgrades.
- Continued funding for the federally mandated Positive Train Control (PTC) project is proposed for \$49.5 million. PTC will improve the operational safety of commuter and freight trains. Metra is also planning other signal SGR work with \$44.5 million in track interlocker improvements and \$40.0 million in signal upgrades.
- Metra proposes \$38.1 million for yard, shop, facility, and other building upgrades and improvements at the 14th Street, Western Avenue and Hill Yards and the 49th Street Diesel Shop as well as 547 West Jackson Boulevard.
- Metra also proposes \$47.6 million to improve customer waiting experience at various stations system wide, including 59<sup>th</sup> Street and Van Buren, by replacing roofs, benches, rehabilitating warming shelters, and installing new lighting. In Metra's on-going effort toward ADA compliance, \$15.0 million is proposed for ADA station wide improvements.



**TABLE 12: METRA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
<b>Rolling Stock</b>						
Locomotive Rehabilitation	20,500	18,500	46,275	85,749	25,400	196,424
Rehabilitate Rail Cars	18,530	7,100	46,801	16,974	47,050	136,455
Purchase New Cars	23,700	26,700	26,700	15,520	30,000	122,620
Purchase New Locomotives	0	21,750	26,865	26,880	25,012	100,507
Fleet Components	9,053	9,500	10,500	9,300	8,800	47,153
<b>Subtotal Rolling Stock</b>	<b>71,783</b>	<b>83,550</b>	<b>157,141</b>	<b>154,423</b>	<b>136,262</b>	<b>603,158</b>
<b>Track &amp; Structure - Rail</b>						
Provide for Ties, Ballast & Surfacing	13,500	7,750	8,500	7,750	8,250	45,750
Upgrade Crossings (Road and Track)	4,500	6,500	5,000	3,575	1,575	21,150
Provide for Rail Renewal	7,900	6,000	8,000	4,500	5,150	31,550
Rehabilitate or Replace Bridges	9,000	8,000	36,900	3,000	3,000	59,900
Provide for Structural Improvements	4,715	3,045	2,895	2,967	3,150	16,772
<b>Subtotal Track &amp; Structure</b>	<b>39,615</b>	<b>31,295</b>	<b>61,295</b>	<b>21,792</b>	<b>21,125</b>	<b>175,122</b>
<b>Electrical, Signal, &amp; Communications - Rail</b>						
Upgrade Signal System	3,500	6,500	7,000	11,000	12,000	40,000
Upgrade Interlockers and Crossovers	4,500	10,300	15,100	10,300	4,300	44,500
Improve Electrical Equipment and Systems	1,703	1,100	1,100	900	900	5,703
Install Positive Train Control (PTC) System	30,000	19,500	0	0	0	49,500
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>39,703</b>	<b>37,400</b>	<b>23,200</b>	<b>22,200</b>	<b>17,200</b>	<b>139,703</b>
<b>Support Facilities &amp; Equipment - Rail</b>						
Improve Yards, Shops and Facilities	5,800	12,750	7,349	5,353	6,853	38,105
Upgrade Buildings	1,200	200	200	500	500	2,600
Purchase Equipment and Vehicles	12,460	6,975	6,975	5,775	5,090	37,275
Replace Financial System	4,900	2,500	2,500	2,500	5,000	17,400
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>24,360</b>	<b>22,425</b>	<b>17,024</b>	<b>14,128</b>	<b>17,443</b>	<b>95,380</b>
<b>Stations &amp; Passenger Facilities</b>						
Improve Stations and Parking	2,500	13,750	23,882	3,250	4,250	47,632
ADA Improvements	3,000	3,000	3,000	3,000	3,000	15,000
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>5,500</b>	<b>16,750</b>	<b>26,882</b>	<b>6,250</b>	<b>7,250</b>	<b>62,632</b>
<b>Miscellaneous</b>						
Infrastructure Engineering	8,000	3,950	8,300	3,000	5,000	28,250
ICE Projects	0	5,052	5,204	0	0	10,256
Provide for Unanticipated Capital	1,600	2,000	888	2,000	800	7,288
<b>Subtotal Miscellaneous</b>	<b>9,600</b>	<b>11,002</b>	<b>14,392</b>	<b>5,000</b>	<b>5,800</b>	<b>45,794</b>
<b>Contingencies &amp; Administration</b>						
Provide for Contingencies	1,409	1,960	1,605	3,117	2,066	10,157
Provide for Locally Funded Projects/Match	1,000	2,955	1,000	1,683	1,035	7,673
Provide for Project Administration	1,500	1,000	1,700	1,000	1,000	6,200
Metra Capital Funding	2,400	2,400	2,400	2,400	2,400	12,000
<b>Subtotal Contingencies &amp; Administration</b>	<b>6,309</b>	<b>8,315</b>	<b>6,705</b>	<b>8,200</b>	<b>6,501</b>	<b>36,030</b>
<b>Metra Total</b>	<b>196,869</b>	<b>210,737</b>	<b>306,639</b>	<b>231,993</b>	<b>211,581</b>	<b>1,157,819</b>



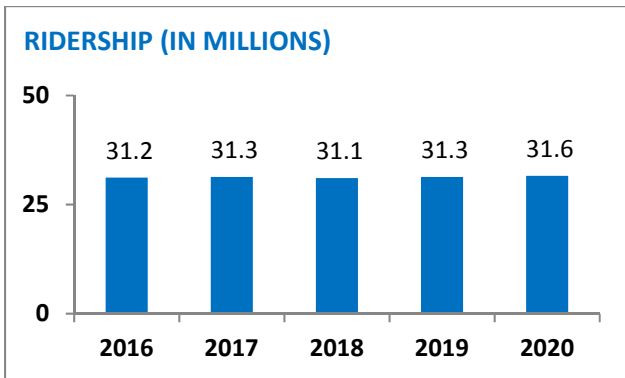


# Pace Suburban Service

## OPERATING BUDGET

### Ridership

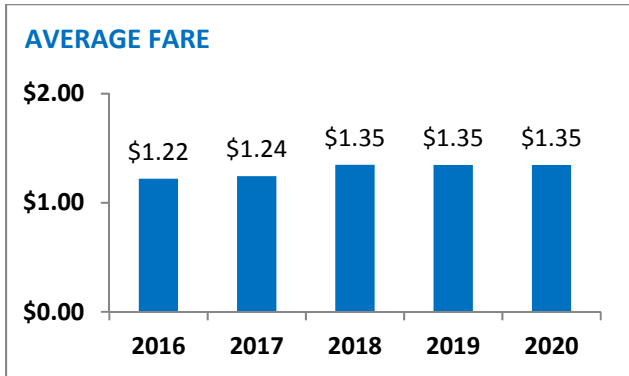
Combined ridership for Pace’s three Suburban Service modes is budgeted to decline by 0.9% in 2018 to 31.1 million. Fixed-route and non-ADA paratransit ridership are expected to decrease by 0.8% and 4.3%, respectively, while vanpool ridership is forecast to remain flat. Pace’s ridership assumptions reflect expected customer response to the proposed fare increase and recent declines in Dial-a-Ride demand. The overall 2018 ridership decrease follows an estimated increase of 0.5% in 2017 driven by new I-90 corridor services. Pace is forecasting modest ridership increases of 0.8% in both 2019 and 2020.



### Fares

Pace’s 2018 budget contains a proposed fare increase of 25 cents for cash and Ventra one-way fixed-route and Call-n-Ride fares. One-way reduced fares and transfers will also increase by 5 to 15 cents, and one-way fares for premium services such as Bus-on-Shoulder (BOS) will increase by 50 cents. Pace’s last general fare increase was in 2009. The average fare across all fare and pass types is projected to

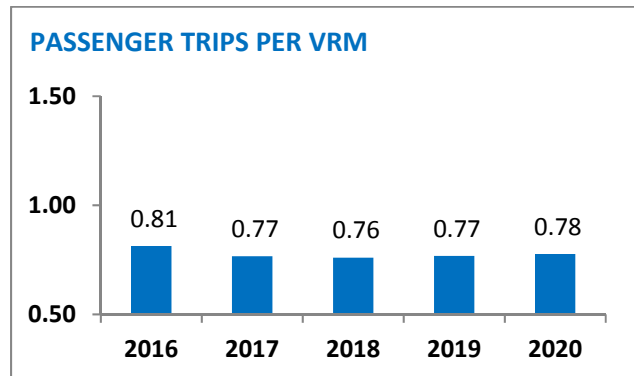
increase by 8.3% in 2018 to \$1.35.



### Service Levels

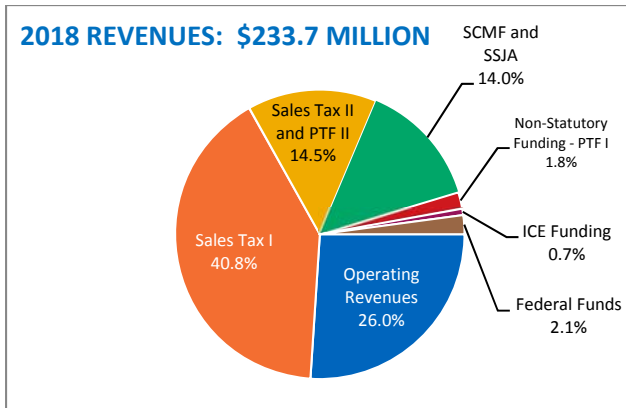
Overall Pace service levels, as measured by vehicle revenue miles, are projected to be unchanged in 2018, as the mid-year start-up of Milwaukee Avenue Pulse Arterial Rapid Transit (ART) service and additional I-55 BOS frequency is offset by an expected decrease in Dial-a-Ride trips.

Service effectiveness, as measured by passenger trips per vehicle revenue mile (VRM), is essentially constant at 0.77 in 2018-2020, indicating that service is being added at an appropriate rate.



**Operating Revenue**

Pace projects that 2018 total operating revenues will increase by 8.7% to \$60.9 million, followed by increases of about 1% in 2019 and 2020. Passenger fare revenue is estimated to increase by 7.4% in 2018, consistent with the proposed fare increase and projected ridership growth. Pace’s share of the State reduced fare reimbursement is assumed to be restored to \$2.6 million in 2018, subject to appropriation by the legislature. Other revenue is projected to increase by 4.9% to \$16.4 million, driven by higher advertising revenue, investment income, and local government contributions.



**Public Funding**

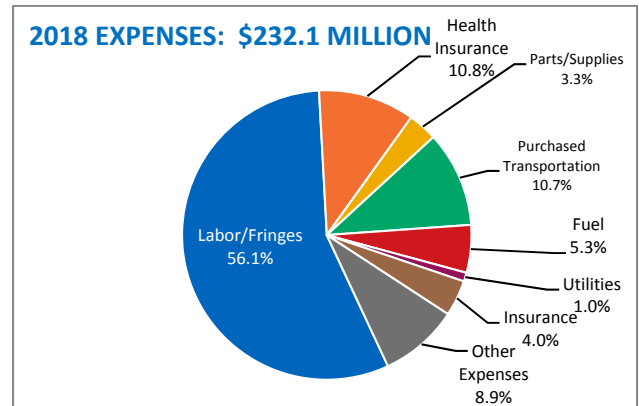
Pace’s 2018 total public funding will decrease by 0.8% from the 2017 estimate to \$172.9 million. This funding level represents a decrease of 2.8% from the original 2017 budget due to slowing sales tax growth and State budget actions.

Pace’s public funding assumptions match the RTA Board adopted marks for sales tax, Public Transportation Funds, Suburban Community Mobility Funds, South Suburban Job Access Funds, RTA non-statutory funding, and ICE funding. Pace’s share of 2018-2020 ICE funding is programmed to be used entirely for capital purposes, with proposed uses shown in Table 1 of the RTA Region section. In

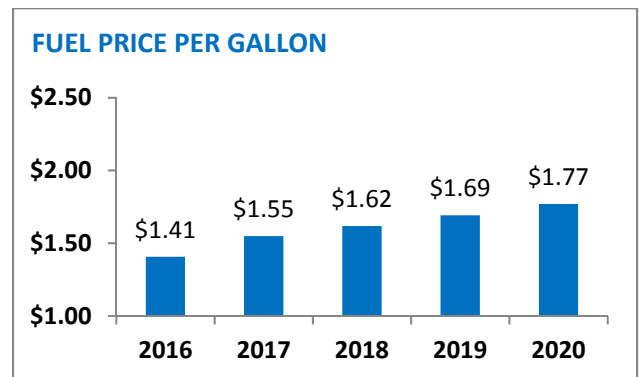
addition to RTA funding, Pace expects \$5.0 million of federal funding for operations in 2018.

**Expenses**

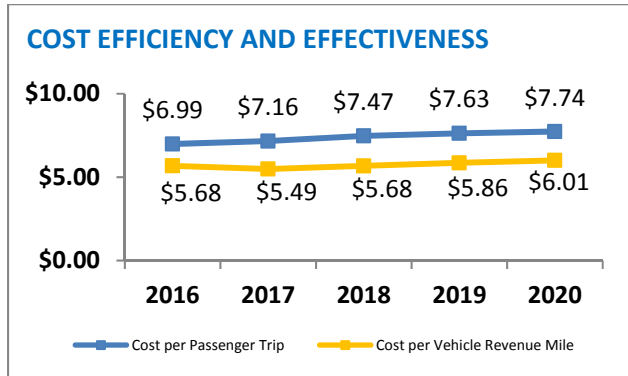
Pace projects that 2018 total expenditures will increase from the 2017 estimate by 3.4% to \$232.1 million, followed by increases of 3.0% and 2.3% for 2019 and 2020, respectively. It should be noted that Pace’s proposed 2018 expenditures are only 1.5% higher than Pace’s 2017 operating budget. Expense growth is being driven by increased fuel and insurance costs, as well as additional debt service and price inflation. Labor and fringe benefits, Pace’s largest expense category, are expected to increase by 2.7% to \$130.2 million.



Pace’s 2018 fuel expense is projected to grow by 3.6% as consumption remains flat but Pace’s fuel price assumption rises to \$1.62 per gallon.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 1.4% per year. Cost effectiveness is shown as cost per passenger trip, which is projected to increase by 2.6% per year as ridership is expected to grow more slowly than operating expenses.



**Net Result and Recovery Ratio**

As shown in Table 13, Pace’s operating budget is balanced in 2018, 2019, and 2020, with revenues equal to expenditures, producing a net result of zero in each year. However, the 2019 and 2020 expense levels include reductions of \$1.5 million and \$6.3 million, respectively, identified by Pace as required budget balancing actions.

Pace’s 2018 through 2020 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exactly meet the RTA Board adopted requirement of 30.3%.

**2018 ADOPTED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 13: PACE SUBURBAN SERVICE 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>	<b>2019 Plan</b>	<b>2020 Plan</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
Passenger Revenue	38,031	38,977	41,844	42,177	42,515
State Reduced Fare Reimbursement <sup>1</sup>	1,346	1,346	2,610	2,610	2,610
Other Revenue	16,176	15,648	16,408	16,601	16,877
<b>Total Operating Revenues</b>	<b>\$55,553</b>	<b>\$55,971</b>	<b>\$60,862</b>	<b>\$61,388</b>	<b>\$62,002</b>
<b>Public Funding</b>					
Sales Tax I	91,559	92,851	95,466	98,330	101,280
Sales Tax II and PTF II	34,002	34,111	33,798	35,870	36,108
Suburban Community Mobility Fund	24,124	24,480	25,154	25,908	26,685
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	4,432	4,384	4,318	4,808	4,952
Non-Statutory Funding - ST I	469	170	-	-	538
Innovation, Coordination, and Enhancement Funding <sup>2,3</sup>	3,200	1,591	1,635	1,684	1,735
CMAQ / JARC / New Freedom	4,174	9,149	4,985	5,134	5,288
<b>Total Public Funding</b>	<b>\$169,461</b>	<b>\$174,237</b>	<b>\$172,856</b>	<b>\$179,234</b>	<b>\$184,086</b>
<b>Total Revenues</b>	<b>\$225,014</b>	<b>\$230,208</b>	<b>\$233,718</b>	<b>\$240,622</b>	<b>\$246,088</b>
<b>Expenses</b>					
Labor/Fringes	118,250	126,727	130,179	133,826	138,357
Health Insurance	20,676	23,519	24,977	26,526	28,170
Parts/Supplies	8,418	8,408	7,577	8,083	8,629
Purchased Transportation	27,156	24,956	24,855	25,190	25,539
Fuel	9,886	11,931	12,363	12,760	13,526
Utilities	1,932	2,199	2,287	2,415	2,550
Insurance	13,522	8,520	9,296	9,914	10,576
Other Expenses <sup>4</sup>	17,990	18,124	20,548	20,224	17,006
<b>Total Expenses</b>	<b>\$217,830</b>	<b>224,384</b>	<b>\$232,082</b>	<b>\$238,938</b>	<b>\$244,353</b>
ICE funding not used for operations - transfer to capital <sup>5</sup>	(1,568)	(1,591)	(1,635)	(1,684)	(1,735)
<b>Net Result</b>	<b>\$5,616</b>	<b>\$4,233</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>29.7%</b>	<b>29.3%</b>	<b>30.3%</b>	<b>30.3%</b>	<b>30.3%</b>

<sup>1</sup> Amounts for 2018-2020 contingent upon restoration of reduced fare funding to \$34.070 million in State FY18-21 budgets.

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

<sup>3</sup> 2016 ICE amount includes carryover of \$1.6 million of 2015 ICE funding for 2015 service additions operating expense carried into 2016.

<sup>4</sup> 2019 and 2020 Other Expenses include reductions of \$1.5 million and \$6.3 million, respectively, identified as TBD budget balancing actions.

<sup>5</sup> As authorized by RTA Ordinance 2017-37, ICE amounts not required for operating funding may be redesignated for approved capital projects.

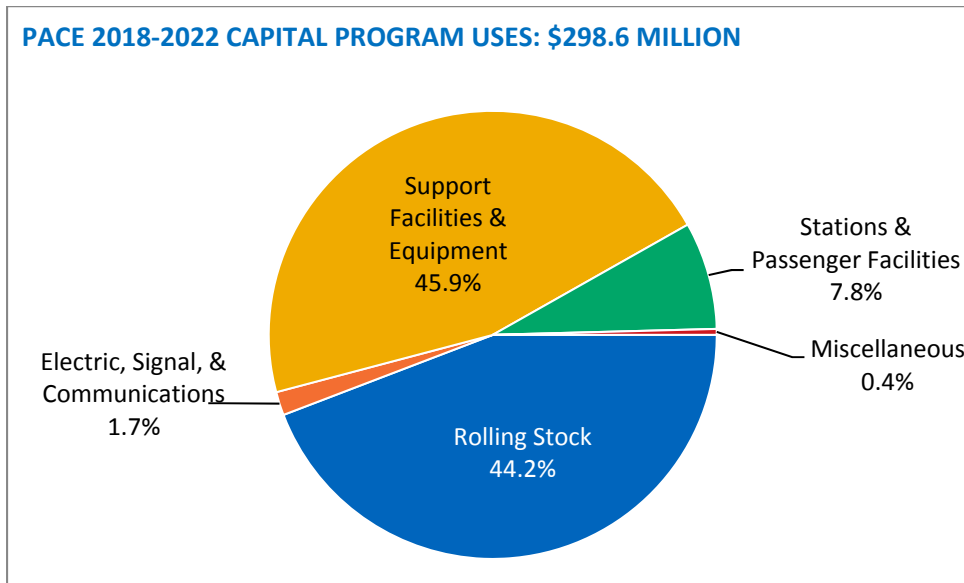
**CAPITAL PROGRAM**

Pace has proposed a five-year capital plan totaling \$298.6 million. Pace’s major capital project initiatives lie in the categories of support facilities and equipment and rolling stock with many of the projects being critical to achieving a SGR.

- Pace’s largest investment, \$137.1 million, is for support facilities and equipment improvements. Projects include: \$66.2 million for the construction of a new Northwest Division garage, with \$15.5 million for land acquisition programmed in 2018, \$32.1 million to improve facilities and lower utility costs due to increased energy efficiency, and \$16.0 million for the purchase of a new farebox system.
- Pace proposes \$131.9 million in rolling stock improvements including purchase of 170 fixed-route buses, 279 paratransit buses, 93

community vehicles, 187 vanpool vehicles, and engine transmission retrofits for fixed-route buses. Vehicle replacements and engine and transmission retrofits improve fuel economy and lower maintenance and operating costs.

- Pace proposes \$23.2 million to stations and passenger facilities with \$4.5 million for new bus stop shelters and signs that will improve passenger waiting conditions and encourage ridership. Increased ridership has a positive impact on operating revenue resulting from increased fare collection. Pace is also proposing \$15.7 million to renovate passenger facilities at Harvey Transportation Center, Blue Island Park-n-Ride, Chicago Heights Transfer Center, UPS Transportation Center, Homewood Transportation Center, Riverdale Bus Turnaround, Homewood Park-n-Ride and Prairie Stone Transportation Center.



**TABLE 14: PACE FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
<b>Rolling Stock - Bus</b>						
Purchase 30' Fixed Route Accessible Buses – Systemwide	11,625	16,875	16,500	16,500	14,625	76,125
Purchase Replacement Paratransit Vehicles – Systemwide	4,615	3,900	3,835	3,835	6,565	22,750
Purchase Community Vehicles – Systemwide	2,955	1,425	1,350	2,100	2,100	9,930
Purchase Replacement and Expansion Vanpool Vans – Systemwide	4,096	7,520	0	0	0	11,616
Provide for Engine/Transmission Retrofit – Systemwide	4,469	1,745	1,718	1,831	1,745	11,508
<b>Subtotal Rolling Stock</b>	<b>27,760</b>	<b>31,465</b>	<b>23,403</b>	<b>24,266</b>	<b>25,035</b>	<b>131,929</b>
<b>Electrical, Signal, &amp; Communications - Bus</b>						
Purchase/Install Intelligent Bus System (IBS) Equipment – Systemwide	1,635	1,684	1,735	0	0	5,054
<b>Subtotal Electrical, Signal, &amp; Communications</b>	<b>1,635</b>	<b>1,684</b>	<b>1,735</b>	<b>0</b>	<b>0</b>	<b>5,054</b>
<b>Support Facilities &amp; Equipment - Bus</b>						
Construct Bus Garage – Northwest Cook County	15,500	0	30,500	20,200	0	66,200
Associated Capital	8,200	0	0	0	0	8,200
Improve Facilities – Systemwide	4,102	6,000	11,300	7,000	3,700	32,102
Purchase Replacement Farebox System – Systemwide	0	0	5,000	5,000	6,000	16,000
Purchase Computer Hardware and Software Systems – Systemwide	1,350	1,000	1,000	1,000	1,000	5,350
Systemwide	2,576	1,700	1,000	1,000	1,000	7,276
Purchase Office Equipment – Systemwide	0	500	500	500	500	2,000
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>31,728</b>	<b>9,200</b>	<b>49,300</b>	<b>34,700</b>	<b>12,200</b>	<b>137,128</b>
<b>Stations &amp; Passenger Facilities - Bus</b>						
Passenger Facilities Mid-Life Renovation – Systemwide	0	5,000	4,700	2,000	4,000	15,700
Install Shelters/Signs/Passenger Amenities – Systemwide	500	1,000	1,000	1,000	1,000	4,500
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>500</b>	<b>7,700</b>	<b>7,000</b>	<b>3,000</b>	<b>5,000</b>	<b>23,200</b>
<b>Miscellaneous - Bus</b>						
Provide for Unanticipated Capital – Systemwide	250	250	250	250	250	1,250
<b>Subtotal Miscellaneous</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>1,250</b>
<b>Pace Total</b>	<b>61,873</b>	<b>50,299</b>	<b>81,688</b>	<b>62,216</b>	<b>42,485</b>	<b>298,561</b>

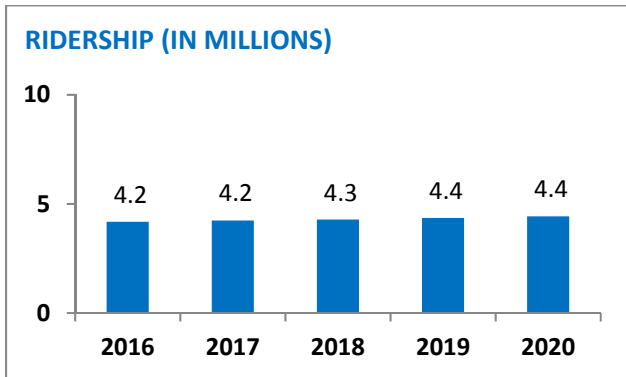
# Pace ADA Paratransit



## OPERATING BUDGET

### Ridership

Pace’s budget projects that ADA Paratransit ridership will increase by 0.9% to 4.3 million in 2018, maintaining essentially the same growth that is now estimated by Pace for 2017. Ridership in the suburban service area and City of Chicago service area is expected to grow by 1.7% and 0.7%, respectively, while Taxi Access Program (TAP) ridership is forecast to increase by 2.5%. In the planning years of 2019 and 2020, region-wide ADA Paratransit ridership is expected to grow by 1.7% annually.

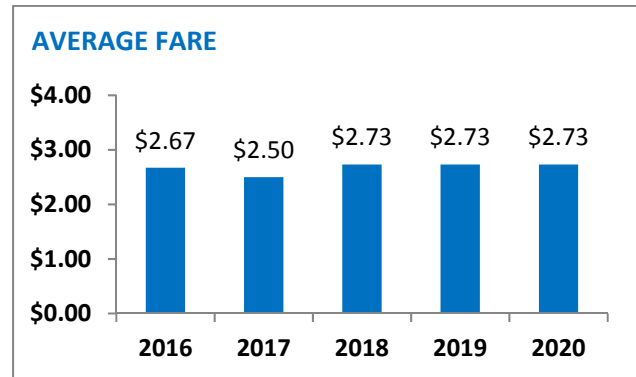


### Fares

Pace has proposed a 25 cent ADA Paratransit fare increase for 2018, bringing the base fare to \$3.25. The TAP fare will remain at \$3.00. Pace’s last ADA Paratransit fare increase was in November 2009 when Pace equalized ADA Paratransit fares at \$3.00 region-wide.

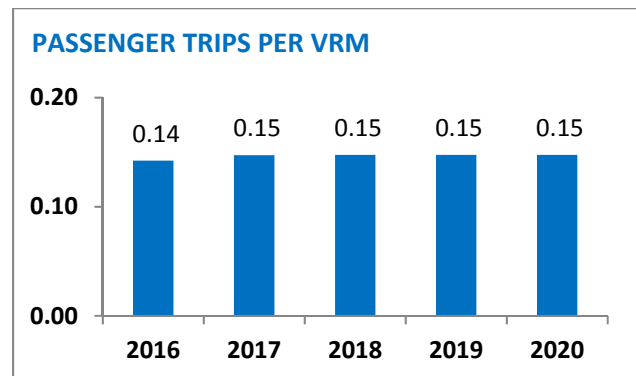
Because personal care attendants of ADA Paratransit riders are included in ridership totals but do not pay a separate fare, the average fare across

all riders is less than the base fare, and is projected to rise to \$2.73 in 2018.



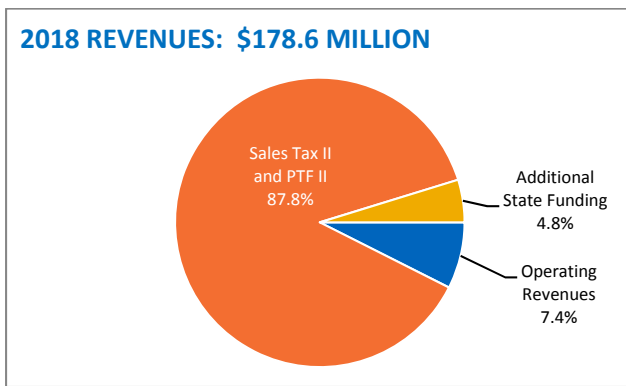
### Service Levels

ADA Paratransit service levels are responsive to customer demand. Pace projects that ADA Paratransit vehicle revenue miles will increase by 0.8% in 2018 and by 1.7% in 2019 and 2020, in line with projected ridership growth. As a result, service effectiveness, as measured by passenger trips per vehicle revenue mile, trends flat over time since service is being added at the same rate as ridership. Pace’s continuing efforts to consolidate rides have driven this metric marginally higher versus 2016.



**Operating Revenue**

Pace projects that 2018 ADA Paratransit operating revenues will increase by 9.4% to \$13.3 million. Fare revenue is expected to increase by 10.4%, consistent with ridership growth and the proposed fare increase. Other revenue, comprised of payments for RTA certification trips and State Medicaid reimbursements, is projected to grow by 2.8%. Operating revenues are then expected to increase by about 2% in both 2019 and 2020.



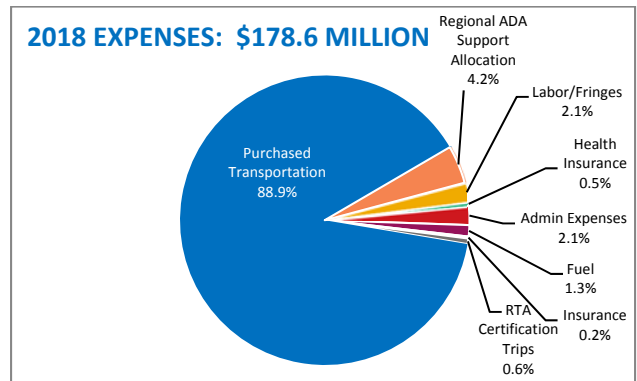
**Public Funding**

The RTA Act was amended in 2011 to ensure that ADA Paratransit operations are fully funded each year. Pace expects ADA Paratransit to finish 2017 with balanced results including up to \$5.7 million of funds from the ADA Paratransit reserve authorized by the RTA Board in August 2017.

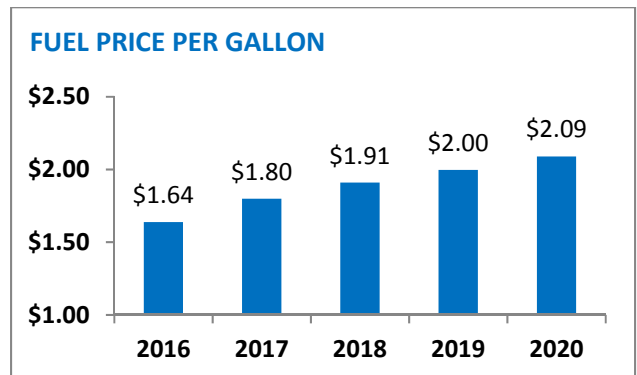
For the 2018 budget, Pace projects an ADA Paratransit funding need of \$165.3 million, satisfied by Sales Tax II and PTF II funds of \$156.8 million and additional state funding of \$8.5 million. Pace’s two-year financial plan indicates that adopted RTA funding levels should also be sufficient for 2019 and 2020, provided that ridership growth remains in the 1% to 2% range and State funding for ADA Paratransit continues at \$8.5 million per year.

**Expenses**

Pace projects that 2018 operating expenditures for ADA Paratransit will increase by 2.8% to \$178.6 million, balanced with revenue, followed by increases of 5.3% and 6.2% in 2019 and 2020, respectively. Purchased transportation, which accounts for almost 90% of total ADA Paratransit expenses, is projected to increase by 2.1% in 2018 due to ridership growth and contractual rate increases. The regional ADA support allocation, which accounts for work done by other Pace departments in support of ADA Paratransit, is projected to increase by 3.1% to \$7.6 million.

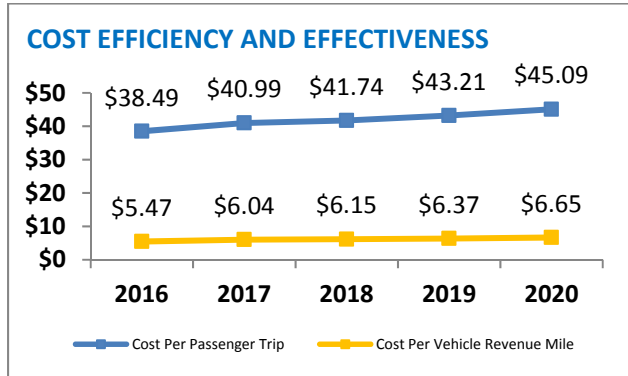


Pace purchases fuel only for the contractors that provide ADA Paratransit service using Pace-owned vehicles in the suburban service area. These fuel expenses are projected to grow by 8.8% to \$2.3 million in 2018 due to growth in service and an assumed increase in fuel price to \$1.91 per gallon.





Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 5.0% per year from 2016 to 2020 as contractor price increases occur on top of growth in service to meet demand. Cost effectiveness, shown below as cost per passenger trip, is projected to increase by an average of 4.0% per year as expenses grow faster than ridership.



**Net Result and Recovery Ratio**

As shown in Table 15, the Regional ADA Paratransit operating budget is balanced in 2018, 2019, and 2020, with revenues equal to expenditures, producing a net result of zero in each year.

Pace’s 2018 through 2020 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, meet the statutory requirement of 10%. Pace’s capital cost of contracting expense exclusion of \$45.6 million in 2018 recognizes that a portion of Pace’s purchased transportation expense represents payment to ADA Paratransit contractors for their capital investments, rather than operating expenses.

**2018 ADOPTED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 15: PACE REGIONAL ADA PARATRANSIT 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>	<b>2019 Plan</b>	<b>2020 Plan</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
Passenger Revenue	11,167	10,586	11,688	11,892	12,100
Other Revenue <sup>1</sup>	4,904	1,564	1,608	1,660	1,717
<b>Total Operating Revenues</b>	<b>\$16,071</b>	<b>\$12,150</b>	<b>\$13,296</b>	<b>\$13,552</b>	<b>\$13,817</b>
<b>Public Funding</b>					
Sales Tax II and PTF II	140,924	152,086	156,791	166,063	177,448
RTA ADA Paratransit Reserve	-	5,675	-	-	-
Additional State Funding	3,825	3,825	8,500	8,500	8,500
<b>Total Public Funding</b>	<b>\$144,749</b>	<b>\$161,586</b>	<b>\$165,291</b>	<b>\$174,563</b>	<b>\$185,948</b>
<b>Total Revenues</b>	<b>\$160,820</b>	<b>\$173,736</b>	<b>\$178,587</b>	<b>\$188,115</b>	<b>\$199,765</b>
<b>Expenses</b>					
Labor/Fringes	3,103	3,597	3,828	3,813	3,783
Health Insurance	532	740	817	836	855
Admin Expenses	2,857	2,991	3,767	3,854	3,942
Fuel	1,858	2,090	2,274	2,438	2,613
Insurance	337	304	371	380	388
RTA Certification Trips	1,430	1,064	1,104	1,152	1,203
Purchased Transportation	146,129	155,590	158,837	168,108	179,512
Regional ADA Support Allocation <sup>2</sup>	4,574	7,360	7,589	7,534	7,469
<b>Total Expenses</b>	<b>\$160,820</b>	<b>\$173,736</b>	<b>\$178,587</b>	<b>\$188,115</b>	<b>\$199,765</b>
<b>Net Result</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>

<sup>1</sup> Includes reimbursements for Medicaid-eligible and RTA certification trips.

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

# RTA Agency

## OPERATING OVERVIEW

### Overview

The Regional Transportation Authority (RTA) is the oversight, funding and regional planning agency for the three Service Boards: Chicago Transit Authority (CTA) bus and rail, Metra commuter rail, and Pace Suburban Service and Regional ADA Paratransit.

The RTA's primary source of operating funding is a regional sales tax which is matched by the State of Illinois via the Public Transportation Fund (PTF). Most of the RTA sales tax collections and PTF pass directly through the RTA to the CTA, Metra, and Pace according to pre-determined, statutory formulas. The remainder of the sales tax and PTF is distributed at the direction of the RTA Board. A portion of this funding covers the RTA agency administrative costs, regional services and programs, and regional debt service expense.

The 2018 Agency operating budget was developed in two parts in order to continue the RTA's support of regional programs and services. First is the RTA Agency Administration Budget, which includes the core agency expenses for staff, facilities, information technology, office services, and professional services to support the funding, planning, and oversight mission of the RTA.

Second is the RTA Regional Programs Budget, which includes Regional Services provided directly to the public by the RTA, such as ADA Certification, Mobility Management Services, Travel Information, Customer Service, and the Reduced Fare and Transit

Benefit Programs. The Regional Programs Budget also includes all of the RTA's grant-funded projects, RTA-funded regional studies and initiatives, and regional capital programs.

### RTA Agency Administration Budget

In 2018, total Agency Administration operating expenses of \$16.6 million are 1.1% lower than the 2017 estimate and 8.3% lower than the 2017 adopted budget. State budget actions reduced the RTA Agency's funding level by \$2 million in mid-2017.

The 2018 Administration Budget of \$16.6 million accounts for 48.4% of RTA Agency expenses and is 33.7% below the 2018 administrative cap of \$25.0 million set by the RTA Act. Administration expenses are expected to grow by 4.7% and 2.5% in 2019 and 2020, respectively.

### RTA Regional Programs Budget

In 2018, total Regional Programs revenue of \$1.1 million is comprised of Regional Services Operating Revenue of \$0.9 million and federal grants for Regional Projects totaling \$0.2 million. This amount is \$4.8 million lower than the 2017 estimate because no Section 5310 federal projects were programmed in 2018. Estimated Regional Programs revenues in 2019 and 2020 reflect 4.7% and 2.5% growth, respectively.

Total Regional Programs expenses, the sum of the Regional Services Operating Expense and the Grant and RTA Funded Project Expenses, of \$17.7 million comprise the remaining 51.6% of total RTA Agency expenses. This amount is \$4.5 million, or 20.2%, lower than the 2017 estimate due to the lack of Section 5310 projects. Within the Regional Programs budget, Regional Services (customer-focused operations) expenses will increase by \$0.8 million or 5.0% over the 2017 estimate but only 1.0% from the 2017 adopted budget due to increased Purchased Service expense of the new, mostly outsourced Mobility Management Program. Estimated Regional Programs expenses in 2019 and 2020 reflect 4.7% and 2.5% annual growth, respectively.

The overall RTA Agency operating expense of \$34.3 million is projected to be 11.9% lower than the 2017 estimate, primarily due to a decrease in grant-funded program expense. In 2019 and 2020, overall Agency expenses are projected to grow by 4.7% and 2.5%, respectively.

**Public Funding**

As shown in Table 16, the combination of operating revenue of \$0.9 million, grants of \$0.2 million, and regional public funding of \$33.2 million comprise total Agency revenue and together balance the overall RTA Agency operating budget expenses of \$34.3 million. In 2018, the total budgeted public funding from regional sales tax is \$33.2 million, 0.4% higher than the 2017 forecast but 5.4% less than the 2017 adopted budget. Regional public funding in 2018 represents 97% of total Agency funding.

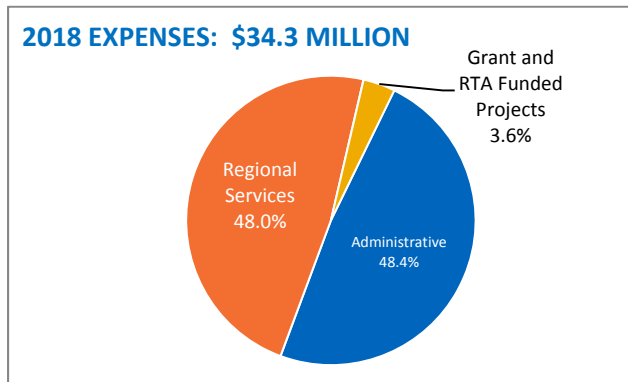
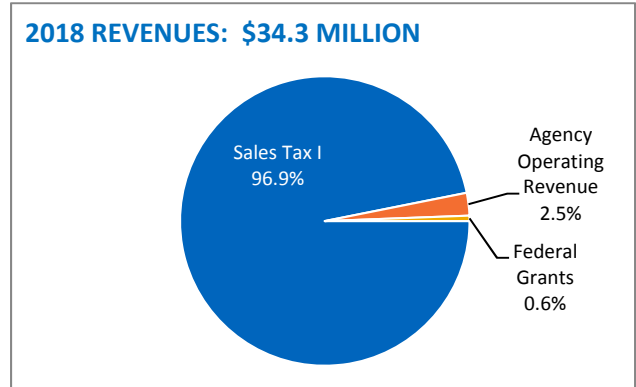


TABLE 16: RTA AGENCY 2018 BUDGET AND 2019-2020 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan
<b>Revenues</b>					
<b>Operating Revenue</b>					
Administrative Operating Revenue <sup>1</sup>	3,936	-	-	-	-
Regional Services Operating Revenue	1,195	901	874	915	937
<b>Total Operating Revenue</b>	<b>\$5,130</b>	<b>\$901</b>	<b>\$874</b>	<b>\$915</b>	<b>\$937</b>
<b>Public Funding</b>					
Federal Grants	364	4,933	200	209	215
Sales Tax I	32,308	33,068	33,190	34,750	35,605
<b>Total Public Funding</b>	<b>\$32,672</b>	<b>\$38,001</b>	<b>\$33,390</b>	<b>\$34,959</b>	<b>\$35,819</b>
<b>Total Revenues</b>	<b>\$37,803</b>	<b>\$38,902</b>	<b>\$34,264</b>	<b>\$35,874</b>	<b>\$36,757</b>
<b>Expenses</b>					
Administrative Operating Expenses <sup>2</sup>	21,723	16,774	16,596	17,376	17,803
Regional Services Operating Expenses <sup>3</sup>	13,469	15,659	16,438	17,210	17,634
Grant and RTA Funded Multi Year Project Expenses <sup>4</sup>	2,611	6,470	1,230	1,288	1,319
<b>Total Expenses</b>	<b>\$37,803</b>	<b>\$38,902</b>	<b>\$34,264</b>	<b>\$35,874</b>	<b>\$36,757</b>
<b>Net Result</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> 2016 includes settlement fee from the sales tax litigation.

<sup>2</sup> 2016 includes additional amounts that were set aside for pension payments and for a new ERP system.

<sup>3</sup> 2016 includes an additional amount that was set aside for a new ERP System.

<sup>4</sup> 2016 includes additional amounts for regional projects.

**CAPITAL PROGRAM**

The RTA’s portion of the proposed 2018-2022 Capital Program totals \$250 thousand and includes the following initiative to renew the system and improve service:

- In 2018 RTA Planning staff will continue to oversee the Access to Transit Program. RTA

funding of \$250 thousand will support small pedestrian and bicycle infrastructure improvement projects such as sidewalks and crosswalks. RTA funding will leverage federal CMAQ funding.

**TABLE 17: RTA AGENCY FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
<b>Stations &amp; Passenger Facilities</b>						
Access to Transit Program	250	0	0	0	0	250
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>
<b>RTA Total</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>





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