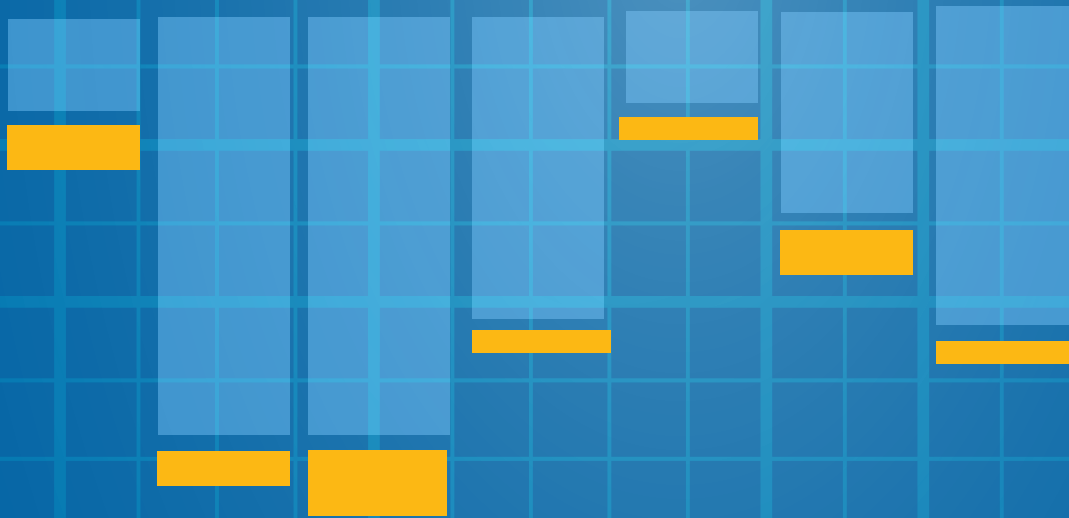


# PROPOSED 2019 OPERATING BUDGET TWO-YEAR FINANCIAL PLAN AND FIVE-YEAR CAPITAL PROGRAM





# Regional Transportation Authority

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## Letter from the RTA Executive Director

I'll begin with the good news. In an environment of limited financial resources, the RTA and Service Boards (CTA, Metra and Pace) have again developed a responsible and balanced operating budget, totaling \$3.082 billion, focused on cost discipline and efficiency. The CTA and Metra expect to maintain existing service levels in 2019, while, in a bit of unwelcome news for some customers, Pace plans to reduce service on twelve poor-performing routes in order to focus efforts on successful express bus services. Pace will also introduce its innovative Pulse arterial rapid transit (ART) service along Milwaukee Avenue in 2019.

However, while this year's operating budget is balanced, the region's proposed 2019 capital program is significantly underfunded with available projected capital revenue far below the annual capital investment needed to ensure that the system is maintained in its current condition. Unfortunately, this year's underinvestment in our regional transit system is not an isolated event. We have seen a continuous underfunding of our region's transit infrastructure for many years. The RTA's 2018-2023 Regional Transit Strategic Plan, "Invest in Transit," highlights \$30 billion of projects that are needed to maintain and modernize the region's transit network. This year's \$841 million capital program comes nowhere near the level of funding required to meet the capital infrastructure needs of the region. Additionally, the lack of sufficient capital funding projected to be available in fiscal year 2019 will serve to increase the region's overall capital backlog of replacement and maintenance projects.

One particular aspect of the 2019 regional capital program that cannot be ignored is that it is comprised almost entirely of federal funding and revenue from future Service Board bond issuances. Once again, as has been the case since fiscal year 2015, there are no state capital funds programmed in the region's five year capital program. In recent years, the Service Boards have been almost entirely reliant on federal funding to maintain capital assets.

Despite the lack of sufficient capital funding, the Service Boards are planning for important projects within the five-year capital program that will improve the transit experience for our customers. CTA will continue to invest in rail line and station improvements including the Red-Purple Modernization (RPM) and Your New Blue initiatives, and will move forward with planning efforts for the south Red Line extension. Metra's investments will prioritize the purchase of new railcars and locomotives, the targeted rehabilitation of Metra's existing fleet, and upgrades to track, bridges, and rail yards. Pace plans to replace older buses, paratransit vehicles, and vanpool vans in addition to constructing a new Northwest Cook bus garage.

The RTA, CTA, Metra, and Pace are focused on effectively serving the 8.5 million residents of northeastern Illinois. I am thankful for our many loyal riders, up to 2 million each day, who use the network and recognize the fundamental benefits of public transportation: time savings, access to jobs, reduced road congestion, cleaner air, and affordable mobility for individuals with disabilities and those who cannot or choose not to drive. A safe, reliable, and efficient transit system is critical to the Chicago metropolitan area's ability to attract and retain world-class employers and a dynamic local workforce.

Let's invest in the future prosperity of our region. Let's Invest in Transit.

Sincerely,

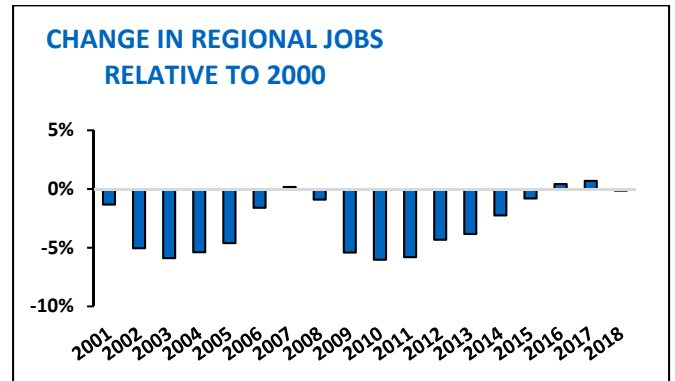
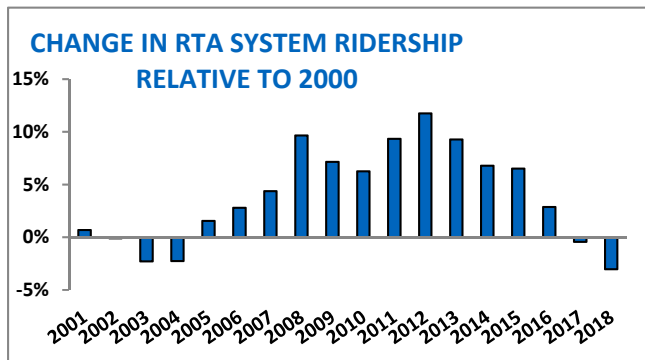


Leanne P. Redden  
Executive Director

# Environmental Outlook

## Ridership

Regional ridership for 2018 is estimated to end the year at 578.0 million, 2.6% lower than 2017. Ridership has declined each year since it peaked in 2012 at 666.1 million. Ridership losses in 2018 were again driven by low gas prices, the popularity of ride-sharing services like Uber and Lyft, changing consumer habits, and fare increases. Ridership is expected to end the year 3% below year 2000 levels, as shown in the chart below.



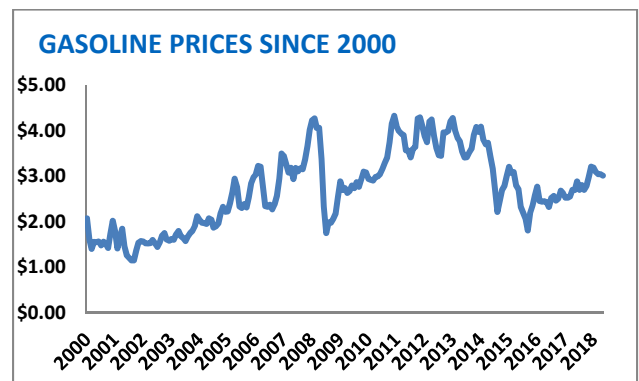
## Gasoline

Gas prices impact transit ridership. Gas prices were at an all-time high in 2008 when regional ridership also had a peak. Now, after more than three years of consistently low gas prices, system ridership continues to decline. Gas prices bottomed out at \$1.81 per gallon in February 2016 and remained below \$3.00 per gallon until May 2018. Prices continue to track just above \$3.00 per gallon, which is considered a critical level with respect to transit usage, and it remains to be seen if ridership will rebound in response. In the meantime, the Service Boards are reporting increased fuel expenses as a result of higher diesel prices.

## Regional Economy

Labor force participation in the RTA region increased in 2017, as regional employment grew around 10,000 jobs and unemployment fell to 5.0%. Regional employment has dropped slightly in 2018 but the labor force has also contracted. As of September the unemployment rate was 3.8%.

The chart in the next column illustrates that regional jobs have been steadily increasing since 2010 and the number of available jobs in the Chicago region has recovered to year 2000 levels.



# RTA Region

## OPERATING OVERVIEW

The budgets summarized in this report represent the proposed Service Board operating budgets and capital programs, as released for public hearing, subject to review and approval by the RTA Board.

### Overview

The 2018 budgets of the Service Boards were impacted by a \$68 million reduction in State support for transit operations, resulting in fare increases at each transit agency and some service reductions. Actual 2018 operating revenues have generally lagged budget due to a shortfall in the level of State funding for reduced fare and free rides. However, the Service Boards have thus far effectively controlled operating costs and reported favorable to budget expense performance through September. The RTA system is currently forecast to end fiscal year 2018 within budgeted levels.

State cuts to transit funding have also impacted the 2019 budget year, but by a lesser amount of \$30 million, provided that PTF and reduced fare funding are restored to traditional levels in the SFY 2020 budget. The Service Boards have responded to the reality of lower funding by proposing balanced 2019 operating budgets which focus on cost containment. No additional fare increases are included in the proposed budgets. CTA and Metra plan to maintain existing service levels, while Pace Suburban Service has proposed the reduction or elimination of 12 poor-performing routes. Pace will also strengthen its successful express bus routes and initiate Pulse arterial rapid transit (ART) service along Milwaukee Avenue between Niles and Jefferson Park in Chicago.

### Ridership

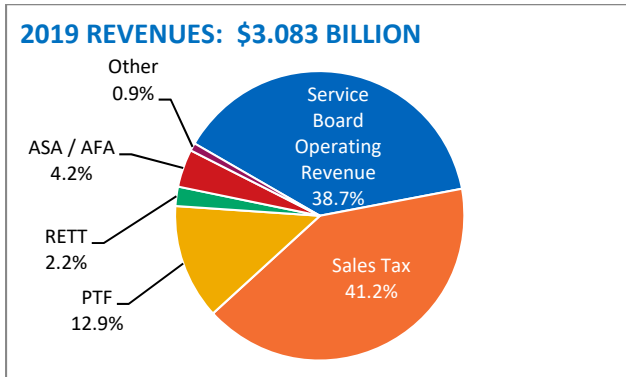
RTA system ridership is projected to finish 2018 at 578.0 million, a 2.6% decrease from 2017. Regional transit ridership in 2019 is budgeted at 571.6 million rides, a further decrease of 1.1%. Each Service Board projects a ridership loss, consistent with recent national trends, although ADA Paratransit ridership is expected to increase by 1.0%. CTA, which continues to provide over 80% of the region's rides, forecasts a 1.3% ridership decrease, with both rail and bus ridership projected to decline, while Metra and Pace Suburban Service both anticipate a ridership decrease of 0.4%.

Ridership (in millions)	2018 Estimate	2019 Budget	Change
CTA	467.3	461.3	-1.3%
Metra	75.9	75.6	-0.4%
Pace	30.5	30.4	-0.4%
ADA Paratransit	4.3	4.3	+1.0%
<b>Region</b>	<b>578.0</b>	<b>571.6</b>	<b>-1.1%</b>

### Operating Revenue

In 2019, the Service Boards are projected to produce \$1.192 billion of operating revenue, an increase of \$22.9 million, or 2.0%, despite the expected ridership decrease. Operating revenue consists of system-generated revenue such as passenger fares, lease revenue, and advertising, and also includes the State reduced fare reimbursement (RFR), which partially compensates the Service Boards for free and reduced fare programs. The RFR is assumed to

be restored to the traditional level of \$34 million for 2019, driving the overall operating revenue increase. While the majority of operating revenue comes from passenger fares, each Service Board has budgeted for an increase in ancillary operating revenue for 2019.



**Public Funding**

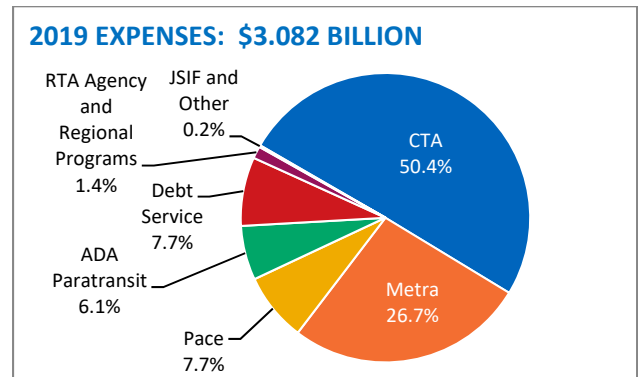
Overall public funding in 2019 is projected at \$1.891 billion, an increase of 4.9% over the 2018 estimate, but this funding level is only 1% higher than in the original 2017 budget, prior to the recent State cuts. Over 40% of the region’s revenue for operations comes from a regional sales tax imposed at 1.25% in Cook County and 0.5% in the collar counties. RTA sales tax receipts are expected to finish 2018 about 1% below budgeted levels, even though the State surcharge on RTA sales tax was reduced from 2.0% to 1.5% in April. While gross sales tax is expected to grow by 3.8% in 2019, net RTA sales tax receipts are projected to increase by 3.9% to a total of \$1.270 billion, aided by the surcharge reduction.

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 \$396.7 million for 2019 operations. The PTF level reflects a known 5% funding cut during State FY 2019, with no cut assumed for State FY 2020. RETT receipts are expected to be unchanged in 2019 at \$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 2019, as is \$8.4 million of State funding for Pace ADA Paratransit service. Other revenue sources, comprising less than 1% of total revenue, are expected to grow by about \$7 million due to an increase in federal grants. When public funding is combined with operating revenue, resulting total revenue of \$3.083 billion is projected to be available for 2019 RTA system operations.

**Expenses**

Service Board 2019 operating expenses, which comprise about 91% of RTA system expenses, are projected to grow by 4.6% over the 2018 estimate, to \$2.798 billion. However, much of the indicated growth is due to favorable expense performance in 2018, and the Service Board expense growth relative to their 2018 budgets is a more modest 2.8%. Expense growth of 2.7% and 2.5% is projected in 2020 and 2021, respectively.



CTA projects a 4.2% increase in operating expenses for 2019, driven primarily by labor, energy, and other expenses. Metra operating costs are expected to grow by 5.1% from the 2018 estimate as labor, materials, and fuel expenses increase. Pace Suburban Service anticipates 4.2% growth in operating expenses due to net service additions and increases in labor, fuel, and insurance. ADA Paratransit expenses are projected to increase by 6.9% due to ridership growth coupled with contractor price increases.

While funding from RTA sales tax for the Agency is projected to increase by 3.0%, RTA Agency and Regional Programs expenses are budgeted to increase by 22.6% in 2019 to \$41.9 million, driven primarily by grant-funded program expense as federal grant revenue increases sharply from 2018. The RTA Agency budget represents about 1.4% 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 7.9% of system expenses. The RTA debt service total of \$236.8 million for 2019 includes principal and interest expense on existing 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 2019 expenses for the RTA system are projected at \$3.082

billion, an increase of 4.6% over the 2018 estimate, but a lesser increase of 3.0% from the 2018 budget. Total regional operating expenses are subsequently projected to increase by 2.1% and 2.2% in 2020 and 2021, respectively.

**ICE Funding and Proposed Projects**

Innovation, Coordination, and Enhancement (ICE) funding of \$12.9 million to \$13.5 million was allocated to the Service Boards in the adopted 2019-2021 funding amounts, contingent upon RTA Board approval of proposed uses. Table 1 summarizes the 2019-2021 amounts and proposed uses of these ICE funds by the Service Boards. Only the 2019 proposed uses are currently subject to approval by the RTA Board. CTA and Pace intend to use ICE funding for operating projects, and Metra for a capital project. The proposed uses have been reviewed for ICE suitability by RTA Planning staff.

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

	2019	2020	2021
<b>CTA</b>			
<u>Operating:</u>			
South Side Bus Service Improvements	6,205		
Projects To Be Determined		6,330	6,456
<b>CTA Total</b>	<b>\$6,205</b>	<b>\$6,330</b>	<b>\$6,456</b>
<b>Metra</b>			
<u>Capital:</u>			
GPS Train Tracking and Passenger Counting System	5,042		
Projects To Be Determined		5,143	5,246
<b>Metra Total</b>	<b>\$5,042</b>	<b>\$5,143</b>	<b>\$5,246</b>
<b>Pace</b>			
<u>Operating:</u>			
Pulse Arterial Rapid Transit - Milwaukee Ave	1,681	1,714	1,749
<b>Pace Total</b>	<b>\$1,681</b>	<b>\$1,714</b>	<b>\$1,749</b>
<b>Total ICE Funding</b>	<b>\$12,928</b>	<b>\$13,187</b>	<b>\$13,450</b>

**Net Result and Recovery Ratios**

As shown in Table 2 on the following page, the regional operating budget and financial plan is balanced in 2019, 2020, and 2021, 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 2019 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 2019 is projected at 50.6%, in compliance with the RTA Act. The ADA Paratransit budget also meets its required recovery ratio of 10%.

**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.



**2019 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM**

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

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
<b>Revenues</b>					
<b>Service Board Revenues <sup>1</sup></b>					
CTA	649,878	688,616	707,747	719,941	734,397
Metra	396,625	410,537	411,688	442,878	461,818
Pace	54,431	56,391	58,729	63,712	62,843
ADA Paratransit	13,053	13,978	14,215	14,449	14,676
<b>Total Operating Revenues</b>	<b>\$1,113,987</b>	<b>\$1,169,522</b>	<b>\$1,192,379</b>	<b>\$1,240,980</b>	<b>\$1,273,735</b>
<b>Public Funding</b>					
RTA Sales Tax	1,185,987	1,222,216	1,270,272	1,295,678	1,321,591
Public Transportation Fund (PTF)	362,647	363,258	396,702	415,212	423,722
Real Estate Transfer Tax (RETT)	62,021	66,631	66,631	68,630	70,689
State Financial Assistance (ASA/AFA)	130,222	130,283	130,300	130,300	130,300
State Funding for ADA Paratransit	3,825	7,975	8,395	8,500	8,500
Federal Funds	10,965	6,180	6,439	6,650	6,666
RTA ADA Paratransit Reserve <sup>2</sup>	5,328	-	-	-	-
RTA Capital Project Reserves	500	250	250	-	-
JSIF Reserves	2,500	2,500	2,500	-	-
ICE Carryover (2015) <sup>3</sup>	2,400	-	-	-	-
Other RTA Revenue <sup>4</sup>	14,666	2,460	9,187	5,726	5,852
<b>Total Public Funding</b>	<b>\$1,781,062</b>	<b>\$1,801,753</b>	<b>\$1,890,677</b>	<b>\$1,930,695</b>	<b>\$1,967,320</b>
<b>Total Revenues</b>	<b>\$2,895,049</b>	<b>\$2,971,275</b>	<b>\$3,083,057</b>	<b>\$3,171,676</b>	<b>\$3,241,055</b>
<b>Expenses</b>					
<b>Service Board Expenses</b>					
CTA	1,450,840	1,490,170	1,552,114	1,587,511	1,620,097
Metra	761,593	782,600	822,215	845,900	873,100
Pace	226,466	226,488	236,037	244,519	247,009
ADA Paratransit	174,292	175,211	187,241	196,284	204,793
<b>Total Service Board Expenses</b>	<b>\$2,613,191</b>	<b>\$2,674,469</b>	<b>\$2,797,607</b>	<b>\$2,874,214</b>	<b>\$2,944,999</b>
<b>Region/Agency Expenses</b>					
Debt Service	225,214	231,519	236,798	227,151	224,181
RTA Agency and Regional Programs	43,554	34,150	41,873	39,437	40,620
RTA Agency Regional Capital Program	500	250	250	-	-
Joint Self-Insurance Fund (JSIF)	6,556	5,499	5,664	5,834	6,009
<b>Total Region/Agency Expenses</b>	<b>\$275,824</b>	<b>\$271,418</b>	<b>\$284,585</b>	<b>\$272,423</b>	<b>\$270,810</b>
<b>Total Expenses</b>	<b>\$2,889,015</b>	<b>\$2,945,887</b>	<b>\$3,082,192</b>	<b>\$3,146,636</b>	<b>\$3,215,809</b>
ICE funding not used for operations - transfer to capital <sup>5</sup>	(6,568)	(6,468)	(5,042)	(5,143)	(5,246)
Other transfers <sup>6</sup>	(37,140)	(17,296)	4,178	(19,897)	(20,002)
<b>Net Result</b>	<b>(\$37,674)</b>	<b>\$1,624</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Regional Recovery Ratio</b>	<b>51.2%</b>	<b>51.9%</b>	<b>50.6%</b>	<b>51.0%</b>	<b>51.1%</b>

<sup>1</sup> Service Board operating revenues include State reduced fare reimbursement funding.

<sup>2</sup> Use of ADA Paratransit reserve in 2017 to offset State ADA Paratransit funding reductions was authorized by RTA Ordinance 2017-36.

<sup>3</sup> Metra carried forward \$2.4 million of 2015 ICE funding for approved Mobile Ticketing project completed 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> As authorized by RTA Ordinance 2018-44, ICE amounts not required for operating funding may be redesignated for capital projects.

<sup>6</sup> Includes Metra farebox capital program and transfers to and from RTA reserves.

## 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 of 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

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

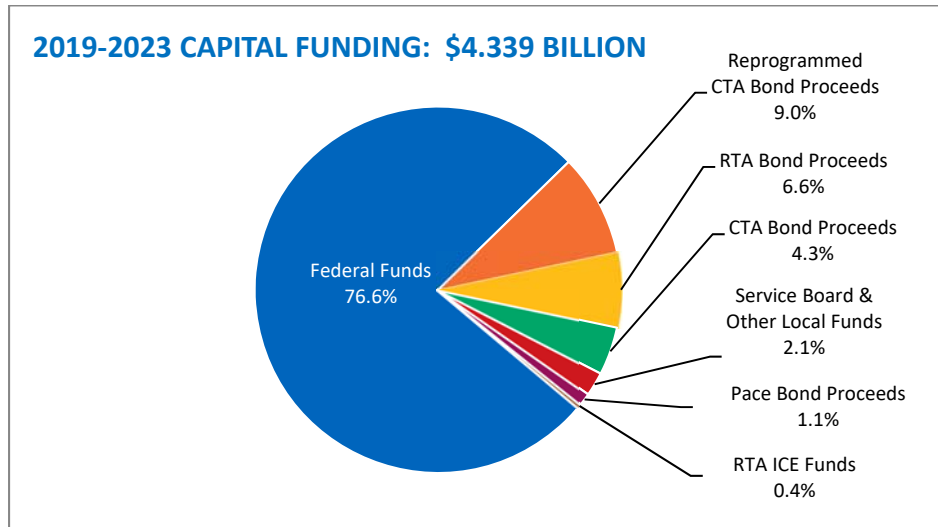
### Source of Funds 2019-2023

On August 23, 2018, the RTA Board adopted preliminary capital funding amounts for 2019-2023. 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. Last year, CTA introduced a new funding mechanism, the Ground Transportation Tax (GTT) Bond program. It uses a portion of the City of Chicago's new tax on ride-hailing services to support debt service on new bond issuances. For the 2019-2023 program, CTA reprogrammed from 2018 the GTT proceeds and bonds for the Red Purple Modernization (RPM) project. The reprogramming reflects a delay in previously planned bond issuance.

For the fifth consecutive year, the capital program does not include any new source of state funds. Federal funds of \$3.323 billion account for 76.6% of the estimated \$4.339 billion of capital funding sources for 2019-2023. After debt service on previously issued CTA bonds, an estimated amount of \$3.608 billion is available for 2019-2023, as shown in Table 3 on the next page.

TABLE 3: 2019-2023 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	RTA	Total	% of Total
<b>Funding Sources</b>						
Federal Funds	2,163,552	932,684	226,419	-	3,322,656	76.6%
State Funds	-	-	-	-	-	0.0%
RTA Funds	-	-	-	250	250	0.0%
RTA Innovation, Coordination, & Enhancement (ICE)	-	15,430	-	-	15,430	0.4%
Service Board and Other Local Funds	2,317	87,000	1,850	-	91,167	2.1%
<b>Total New Capital Funding</b>	<b>\$2,165,869</b>	<b>\$1,035,114</b>	<b>\$228,269</b>	<b>\$250</b>	<b>\$3,429,503</b>	<b>79.0%</b>
RTA Bond Proceeds	144,000	129,500	14,400	-	287,900	6.6%
CTA Bond Proceeds	184,546	-	-	-	184,546	4.3%
Reprogrammed CTA Bond Proceeds	390,249	-	-	-	390,249	9.0%
Pace Bond Proceeds	-	-	46,800	-	46,800	1.1%
<b>Sub-Total Bond Funds</b>	<b>\$718,796</b>	<b>\$129,500</b>	<b>\$61,200</b>	<b>-</b>	<b>\$909,496</b>	<b>21.0%</b>
<b>Total Capital Funding</b>	<b>\$2,884,665</b>	<b>\$1,164,614</b>	<b>\$289,469</b>	<b>\$250</b>	<b>\$4,338,998</b>	<b>100.0%</b>
Debt Service	(730,540)	-	-	-	(730,540)	
<b>Total Capital Funding Available</b>	<b>\$2,154,125</b>	<b>\$1,164,614</b>	<b>\$289,469</b>	<b>\$250</b>	<b>\$3,608,459</b>	



**2019 Funding**

As shown in Table 4, the total estimated funding for capital projects in 2019 is \$840.7 million. Federal funds account for \$633.7 million or 75.4%; CTA bond proceeds – both newly issued bonds and reprogrammed bonds account for \$146.0 million or 17.3%; Pace bond proceeds account for \$46.8 million

or 5.6%; Service Board funds account for \$8.9 million or 1.1%; and RTA ICE funds account for \$5.0 million or 0.6%.

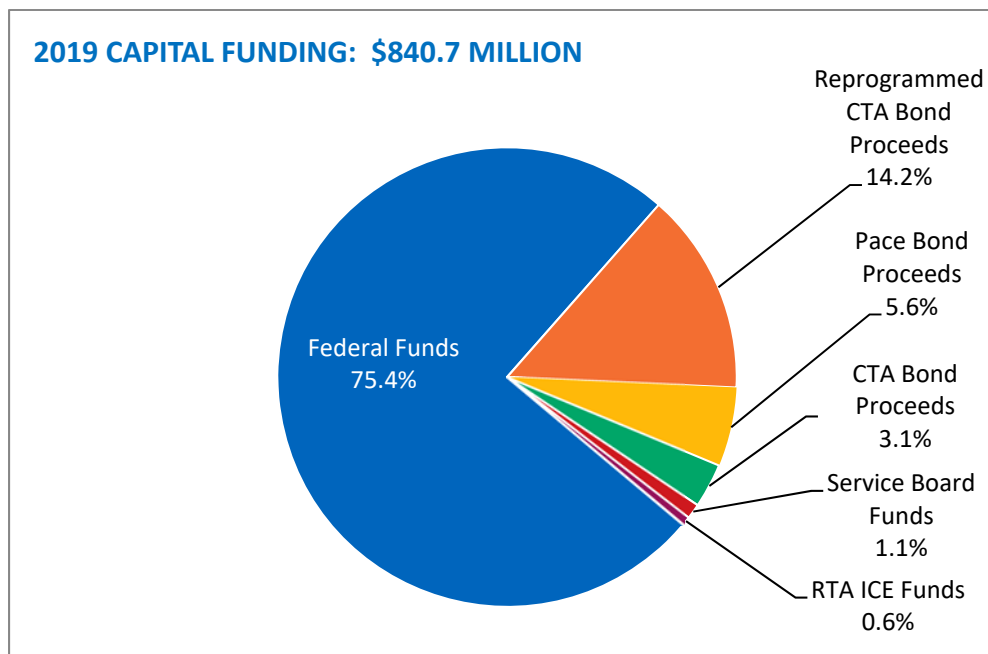
After deducting \$150.4 million of CTA debt service on previously issued bonds, an estimated amount of \$690.2 million is available for 2019.

The absence of any 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 4: 2019 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)**

	CTA	Metra	Pace	RTA	Total	% of Total
<b>Funding Sources</b>						
Federal Funds	411,761	173,586	48,365	-	633,711	75.4%
State Funds	-	-	-	-	-	0.0%
RTA Funds	-	-	-	250	250	0.0%
RTA Innovation, Coordination, & Enhancement (ICE)	-	5,042	-	-	5,042	0.6%
Service Board	1,095	7,000	850	-	8,945	1.1%
<b>Total New Capital Funding</b>	<b>\$412,856</b>	<b>\$185,628</b>	<b>\$49,215</b>	<b>\$250</b>	<b>\$647,948</b>	<b>77.1%</b>
RTA Bond Proceeds	-	-	-	-	-	0.0%
CTA Bond Proceeds	26,329	-	-	-	26,329	3.1%
Reprogrammed CTA Bond Proceeds	119,625	-	-	-	119,625	14.2%
Pace Bond Proceeds	-	-	46,800	-	46,800	5.6%
<b>Sub-Total Bond Funds</b>	<b>\$145,954</b>	<b>-</b>	<b>\$46,800</b>	<b>-</b>	<b>\$192,754</b>	<b>22.9%</b>
<b>Total Capital Funding</b>	<b>\$558,810</b>	<b>\$185,628</b>	<b>\$96,015</b>	<b>\$250</b>	<b>\$840,702</b>	<b>100.0%</b>
Debt Service	(150,429)	-	-	-	(150,429)	
<b>Total Capital Funding Available</b>	<b>\$408,381</b>	<b>\$185,628</b>	<b>\$96,015</b>	<b>\$250</b>	<b>\$690,273</b>	



**Use of Funds 2019-2023**

The primary emphasis of the 2019-2023 Capital Program is to continue efforts to bring the system’s

assets to a SGR and increase capacity in markets with growing ridership. The 2019-2023 Capital Program totals \$4.339 billion, and a majority of the expenditures are allocated to capital projects that

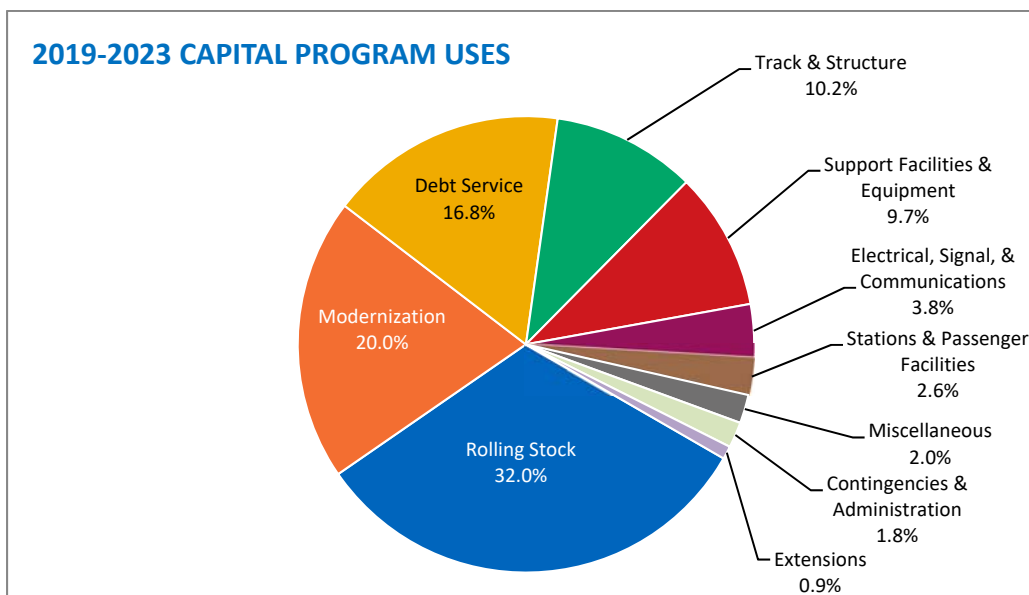
maintain and improve existing rolling stock and infrastructure. The CTA’s Red Purple Modernization (RPM) Program allocates a significant amount of funding, \$827.7 million, to modernizing the CTA system.

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 5. This table shows program expenditures of \$1.390 billion or 32.0% on rolling stock, \$868.3 million or 20.0% on CTA rail and bus

modernization initiatives, \$442.0 million or 10.2% on track and structure, \$423.0 million or 9.7% on support facilities and equipment, \$163.7 million or 3.8% on electric, signal and communications, including funding for Metra’s Positive Train Control system, \$114.3 million or 2.6% on stations and passenger facilities, \$40.3 million or 0.9% for CTA’s planning and preliminary engineering for the Red Line extension project, and \$166.5 million or 3.8% on miscellaneous and contingencies. In addition, \$730.5 million or 16.8% will be expended on existing CTA debt service.

**TABLE 5: 2019-2023 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)**

Asset Category	CTA	Metra	Pace	RTA	Total	% of Total
Rolling Stock	706,619	577,731	106,086	-	1,390,436	32.0%
Track & Structure	186,413	255,628	-	-	442,042	10.2%
Electrical, Signal, & Communications	46,978	116,688	-	-	163,666	3.8%
Support Facilities & Equipment	190,829	89,269	142,884	-	422,982	9.7%
Stations & Passenger Facilities	25,698	49,112	39,250	250	114,310	2.6%
Miscellaneous	30,376	56,084	1,250	-	87,710	2.0%
Extensions	40,247	-	-	-	40,247	0.9%
Modernization	868,279	-	-	-	868,279	20.0%
Contingencies & Administration	58,685	20,102	-	-	78,787	1.8%
<b>Total Capital Funding Available</b>	<b>\$2,154,125</b>	<b>\$1,164,614</b>	<b>\$289,469</b>	<b>\$250</b>	<b>\$3,608,459</b>	<b>83.2%</b>
Debt Service	730,540	-	-	-	730,540	16.8%
<b>Total Capital Funding</b>	<b>\$2,884,665</b>	<b>\$1,164,614</b>	<b>\$289,469</b>	<b>\$250</b>	<b>\$4,338,998</b>	<b>100.0%</b>



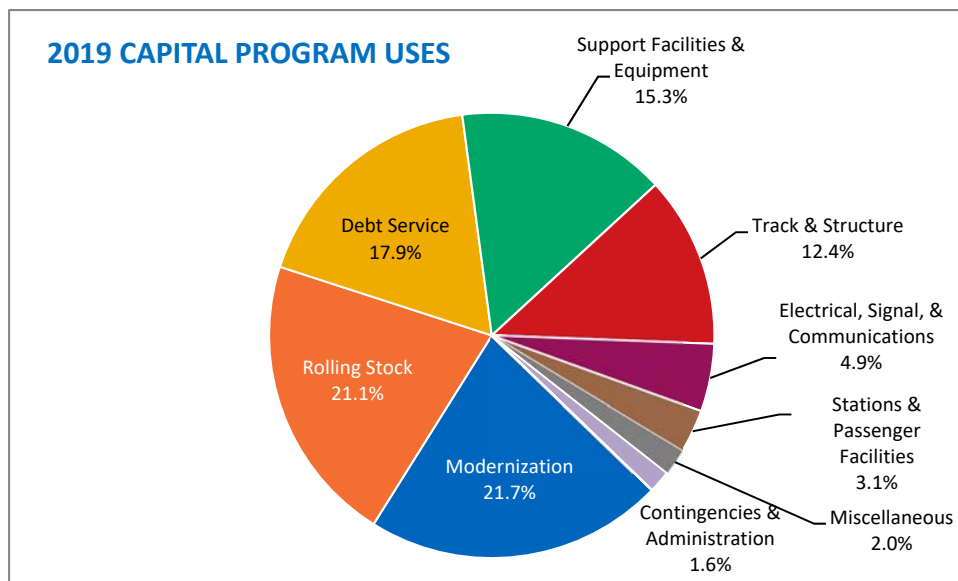
**Use of Funds 2019**

The 2019 Capital Program can also be viewed by the same asset categories. The largest capital investment in 2019, \$173.1 million, is the CTA’s RPM project. Table 6 shows that of the \$840.7 million of proposed capital funding, \$182.3 million or 21.7% of the program is allocated to CTA bus and rail modernization initiatives, \$177.2 million or 21.1% is

allocated to rolling stock, \$128.5 million or 15.3% on support facilities and equipment, \$104.6 million or 12.4% on track and structure, \$41.3 million or 4.9% on electric, signal, and communications, \$26.3 million or 3.1% on stations and passenger facilities, and \$30.1 million or 3.6% on miscellaneous and contingencies. In addition, \$150.4 million or 17.9% is programmed for existing CTA debt service.

**TABLE 6: 2019 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)**

Asset Category	CTA	Metra	Pace	RTA	Total	% of Total
Rolling Stock	110,572	40,300	26,352	-	177,224	21.1%
Track & Structure	50,016	54,548	-	-	104,564	12.4%
Electrical, Signal, & Communications	9,501	31,838	-	-	41,339	4.9%
Support Facilities & Equipment	36,610	32,559	59,313	-	128,481	15.3%
Stations & Passenger Facilities	2,924	13,030	10,100	250	26,304	3.1%
Miscellaneous	6,347	9,850	250	-	16,447	2.0%
Modernization	182,294	-	-	-	182,294	21.7%
Extensions	-	-	-	-	-	0.0%
Contingencies & Administration	10,117	3,502	-	-	13,619	1.6%
<b>Total Capital Funding Available</b>	<b>\$408,381</b>	<b>\$185,627</b>	<b>\$96,015</b>	<b>\$250</b>	<b>\$690,273</b>	<b>82.1%</b>
Debt Service	150,429	-	-	-	150,429	17.9%
<b>Total Capital Funding</b>	<b>\$558,810</b>	<b>\$185,627</b>	<b>\$96,015</b>	<b>\$250</b>	<b>\$840,702</b>	<b>100.0%</b>



**Ten-Year Unfunded Capital Priorities: 2019-2028**

In the 2018-2023 Regional Transit Strategic Plan adopted by the RTA Board in January 2018, *Invest in Transit*, the RTA and the Service Boards presented 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. A portion of the funding necessary to advance some of these projects was included in the 2018-2022 capital program and some progress was made in 2018. Unfortunately, sufficient funding has not been made available to fully fund any of these projects during 2018. These projects continue to be high priority projects but remain underfunded or unfunded in the 2019-2023 capital program. Funding these important projects will move the Service Boards closer toward achieving a SGR, address growing markets, and modernize and enhance the region’s transit system. The total funding need is \$31.257 billion over the ten-year period.

The proposed 5-Year Capital Improvement Program identifies \$4 billion in available funding for these priority projects, meeting only 13% of the need. Table 7 below summarizes the priority projects for each Service Board by asset category.

The track and structure asset category represents the largest funding need at \$9.128 billion or 29.2% of total priorities. Projects in this category include:

- CTA – track rehabilitation and structural renewal improvements to the Red, Blue, Brown and Green Lines.
- Metra – bridge replacements and repairs, 75th Street Corridor Project, track improvements system-wide and A-2 Interlocking replacement.

The modernization asset category represents the second largest funding need at \$8.721 billion or

27.9%. 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 third largest category is rolling stock at \$5.142 billion or 16.5%. Projects in this category include:

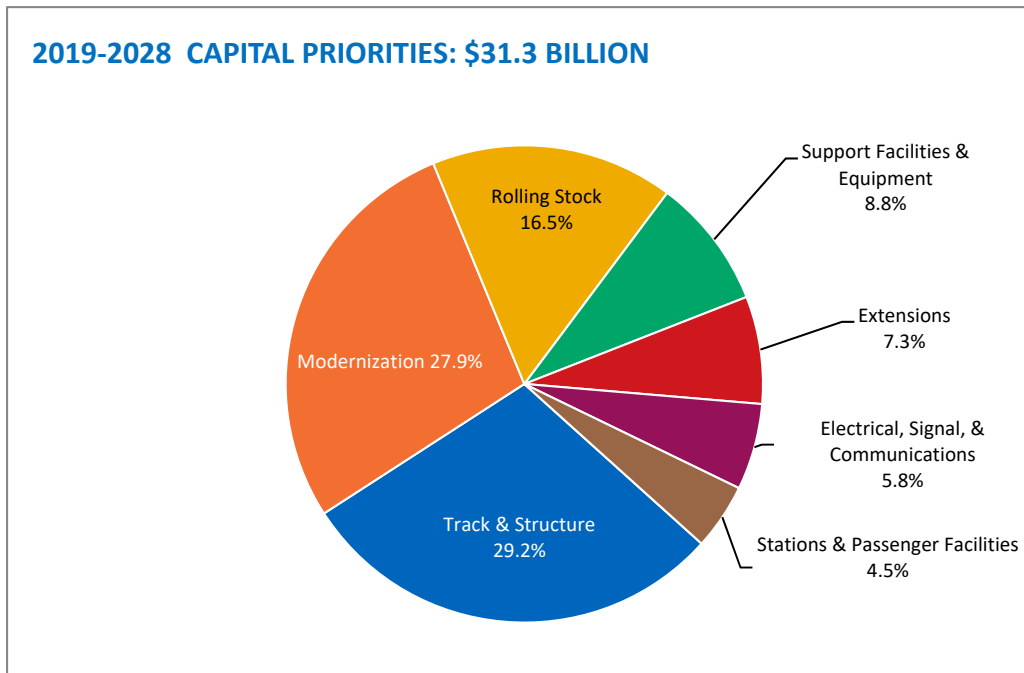
- CTA – purchase of additional new 7000-Series rail cars, overhaul of the 5000-Series rail cars, purchase of additional replacement buses, completion of the life-extending overhauls for the 1000-Series buses, and mid-life overhaul of the 4300-Series buses.
- Metra – purchase of new locomotives and rail cars, along with continued rehabilitation of commuter cars and locomotives as part of their fleet modernization plan.
- Pace – purchase of new fixed-route buses, paratransit, community / On-Demand vehicles, and vanpool vehicles

Other significant projects include the construction of the CTA’s Red Line extension from 95th to 130th streets, signal, electrical and communication improvement to Metra’s rail system including the completion of the federally mandated Positive Train Control System, Pace’s construction of support facilities for Bus-on-Shoulder express bus services and infrastructure improvements for expanded Pulse ART service.

Pace’s \$187.0 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 7: 2019-2028 CAPITAL PRIORITIES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	Pace ADA	Total	% of Total
Rolling Stock	2,408,725	2,140,000	463,394	130,000	5,142,119	16.5%
Track & Structure	3,266,557	5,861,000	-	-	9,127,557	29.2%
Electric, Signal, & Communications	234,900	1,566,000	21,054	6,000	1,827,954	5.8%
Support Facilities & Equipment	1,120,432	1,353,000	242,525	48,000	2,763,957	8.8%
Stations & Passenger Facilities	600,000	664,000	132,529	3,000	1,399,529	4.5%
Extensions	2,274,847	-	-	-	2,274,847	7.3%
Modernization	8,721,000	-	-	-	8,721,000	27.9%
<b>Total Unfunded Capital Priorities</b>	<b>\$18,626,461</b>	<b>\$11,584,000</b>	<b>\$859,502</b>	<b>\$187,000</b>	<b>\$31,256,963</b>	<b>100.0%</b>



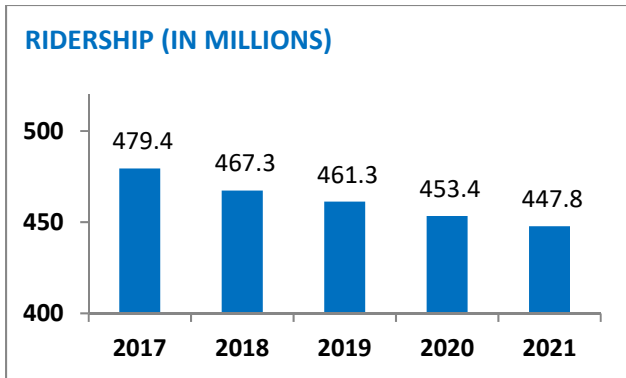




**OPERATING BUDGET**

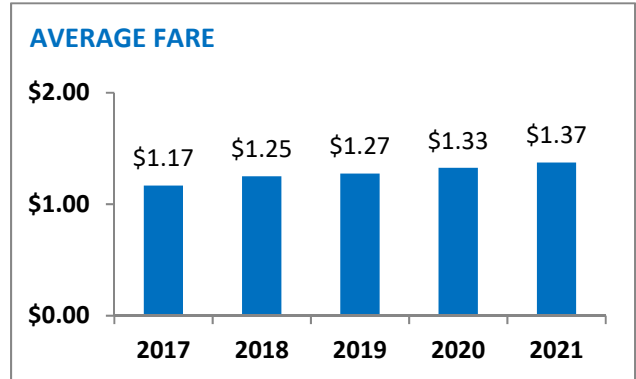
**Ridership**

CTA’s 2018 ridership is projected to end the year 2.5% below 2017 levels, with both bus and rail ridership decreasing compared to prior year. Total ridership is budgeted to decrease again in 2019, falling by 1.3% from the 2018 estimate to 461.3 million passenger trips. Both bus and rail ridership are expected to decline, by 1.9% and 0.7%, respectively. Steady ridership loss is expected to continue in the financial planning years, driven by lower bus ridership.



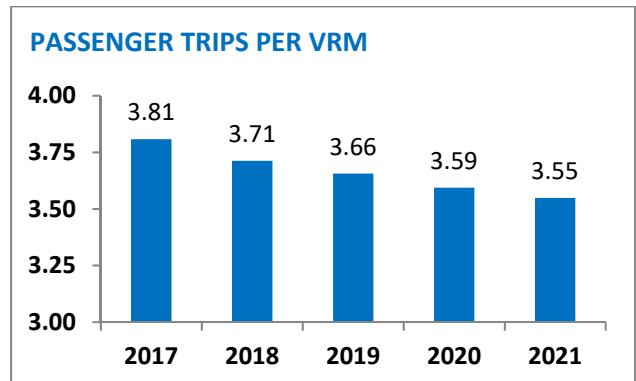
**Fares**

There are no fare increases in the proposed CTA 2019 budget. CTA’s average fare is projected to be \$1.25 in 2018, a significant increase from 2017 due to the fare increase in January. The average fare is expected to grow to \$1.27 in 2019 and continue to increase in 2020 and 2021 as more riders are expected to shift from pay-per-use to pass products, and as the share of rail ridership increases.



**Service Levels**

Vehicle revenue miles (VRM), a measure of the total miles CTA bus and rail vehicles travel while in revenue service, did not change in 2018. CTA has no plans to change service levels in 2019, or the financial planning years, so VRM are budgeted to remain flat.

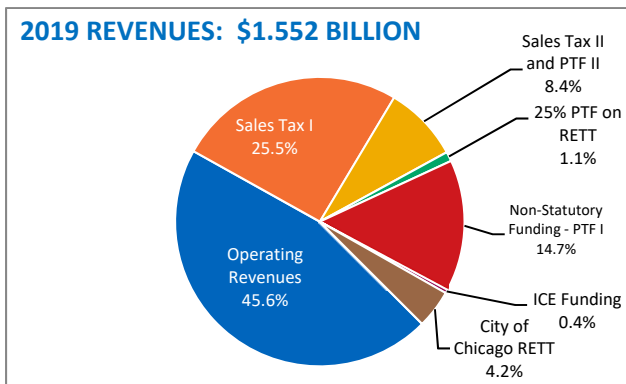


Service effectiveness, as measured by passenger trips per vehicle revenue mile, is expected to decrease each year as ridership also declines. Service

levels are not budgeted to change so overall service effectiveness will drop in 2019 and the planning years due to fewer riders with the same service level.

**Operating Revenue**

Total operating revenue is on track to increase by 6.0% in 2018 to \$688.6 million as a result of the fare increase. Operating revenue is expected to grow to a lesser degree in 2019, 2020, and 2021, as no fare increases are anticipated. Passenger revenue is estimated to increase by 0.7% in 2019, 2.2% in 2020, and 2.3% in 2021, as ridership declines, but more riders use passes and rail. CTA’s share of the State reduced fare reimbursement subsidy is restored to \$28.3 million in its 2019 budget, subject to appropriation by the legislature. CTA’s two-year plan assumes that this subsidy will be reduced over time. CTA’s Other Revenue category is expected to grow in 2019, 2020, and 2021 as advertising revenue is on an upward trend, interest rate increases are driving up investment income, and the City of Chicago’s ride hailing fee, instituted in 2018, is generating additional income for CTA.



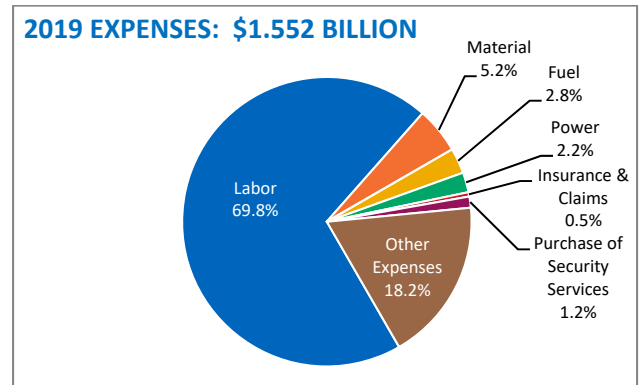
**Public Funding**

Total public funding for CTA operations in 2019 is projected at \$844.4 million, 5.3% higher than the 2018 estimate. 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 \$867.6 million in 2020 and \$885.7 million in 2021, increases of 2.7% and 2.1%, respectively. These amounts include Chicago Real Estate Transfer Tax (RETT) funding projected at \$66.6 million in 2019, \$68.6 million in 2020, and \$70.7 million in 2021. ICE funding for 2019 totals \$6.2 million and is budgeted to be used for operations, with proposed uses shown in Table 1 of the RTA Region section.

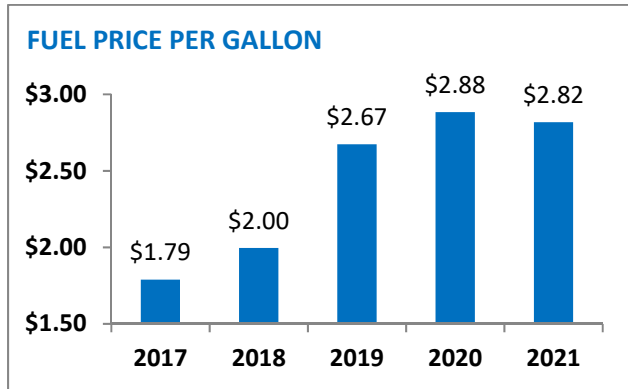
**Expenses**

CTA’s total expenses for 2019 are budgeted to increase by 4.2% over the 2018 estimate to \$1.552 billion as a result of increases in labor, fuel, power, security services, and other expenses. However, compared to the 2018 budget, expense growth is lower at 2.5%. Expenses are projected to increase by 2.3% and 2.1% in 2020 and 2021, respectively.

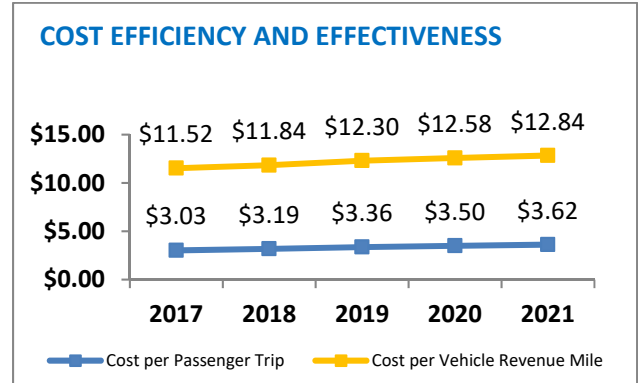


CTA anticipates expense growth in every category in 2019, except materials. CTA has avoided cost growth in this category by initiating a capital campaign to perform targeted preventive maintenance on rail cars and buses. Power and fuel expenses are both expected to increase in 2019 and the planning years, as oil and energy prices increase nationally. CTA has worked to combat price fluctuation by locking in 85% of 2019 fuel needs in advance. Fuel for 2019 is budgeted at \$2.67 per gallon, \$0.67 higher than the

2018 estimate. CTA anticipates its advance purchasing strategy will save \$3.3 million in 2019 compared to market prices. For 2020 and 2021, CTA’s projected average prices for fuel are \$2.88 and \$2.82 per gallon, respectively.



Cost efficiency is shown next by the measure cost per vehicle revenue mile, which is projected to increase by 3.9% in 2019 as expenses increase while service levels remain the same. Cost effectiveness is also shown, as cost per passenger trip, which is projected to increase by 5.4% in 2019 to \$3.36 as ridership decreases and expenses increase.



**Net Result and Recovery Ratio**

As shown in Table 8, CTA’s proposed operating budget is balanced in 2019, with revenues covering expenses and producing a net result of zero. CTA also anticipates a balanced budget in 2020 and 2021.

CTA’s 2019 recovery ratio of 55.6%, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exceeds the RTA Board adopted requirement of 54.75%.

**2019 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 8: CTA 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</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	559,495	584,037	588,012	601,014	614,847
State Reduced Fare Reimbursement <sup>1</sup>	14,606	13,876	28,322	21,464	14,606
Other Revenue	75,777	90,702	91,413	97,463	104,944
<b>Total Operating Revenues</b>	<b>\$649,878</b>	<b>\$688,616</b>	<b>\$707,747</b>	<b>\$719,941</b>	<b>\$734,397</b>
<b>Public Funding</b>					
Sales Tax I	364,280	380,431	395,620	403,532	411,603
Sales Tax II and PTF II	121,928	123,402	131,039	133,135	133,503
25% PTF on RETT	15,083	16,658	16,658	17,158	17,672
Non-Statutory Funding - PTF I	208,391	208,462	228,213	238,745	243,520
Non-Statutory Funding - ST I	630	-	-	39	2,256
Innovation, Coordination, and Enhancement Funding <sup>2</sup>	6,129	5,971	6,205	6,330	6,456
City of Chicago RETT	62,021	66,631	66,631	68,630	70,689
<b>Total Public Funding</b>	<b>\$778,462</b>	<b>\$801,554</b>	<b>\$844,366</b>	<b>\$867,569</b>	<b>\$885,700</b>
<b>Total Revenues</b>	<b>\$1,428,340</b>	<b>\$1,490,170</b>	<b>\$1,552,114</b>	<b>\$1,587,511</b>	<b>\$1,620,097</b>
<b>Expenses</b>					
Labor	1,044,859	1,068,296	1,084,100	1,100,362	1,116,867
Material	83,783	84,325	80,064	83,241	87,350
Fuel	28,757	33,482	44,084	47,543	46,457
Power	27,373	30,660	34,372	34,965	35,545
Insurance & Claims	3,167	5,000	7,500	8,500	10,000
Purchase of Security Services	17,041	17,804	19,307	19,693	20,087
Other Expenses	245,860	250,603	282,685	293,208	303,791
<b>Total Expenses</b>	<b>\$1,450,840</b>	<b>\$1,490,170</b>	<b>\$1,552,114</b>	<b>\$1,587,511</b>	<b>\$1,620,097</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	-	-	-	-	-
<b>Net Result<sup>4</sup></b>	<b>(\$22,500)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>55.5%</b>	<b>56.7%</b>	<b>55.6%</b>	<b>55.1%</b>	<b>54.8%</b>

<sup>1</sup> Amount for 2019 contingent upon restoration of reduced fare funding to \$34.070 million in State FY19-20 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 2018-44, ICE amounts not required for operating funding may be redesignated for capital projects.

<sup>4</sup> CTA addressed the unfavorable net result in 2017 by issuing short-term debt to cover the additional expenses. CTA retired this debt in 2018.

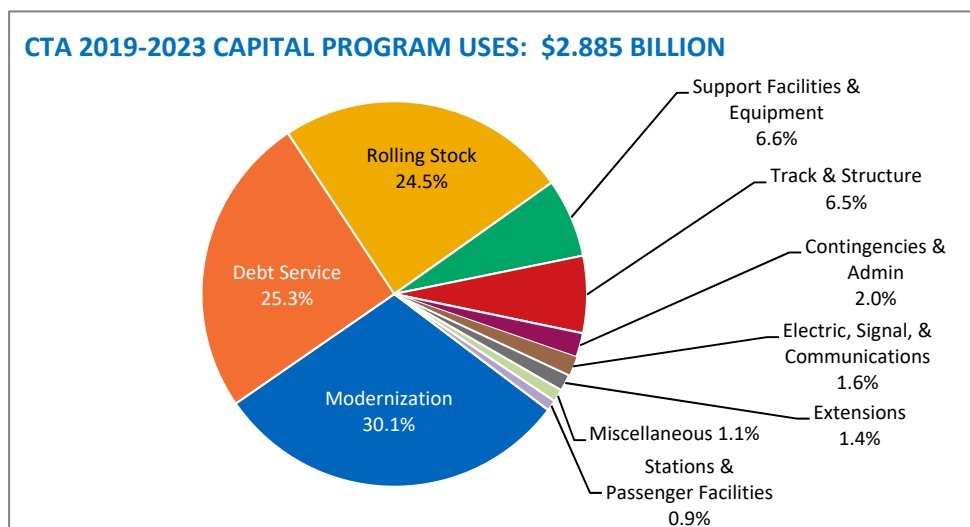
**CAPITAL PROGRAM**

CTA’s five-year capital plan budgets \$2.885 billion for capital expenditures in the 2019-2023 program. CTA’s capital projects are largely focused on moving the system towards a state of good repair. Major projects include repairs and replacement of rolling stock, modernization and upgrades to the rail system, upgrades to stations and other system-wide projects that support the system. The plan has over 50% of funds allocated to rail projects.

- CTA plans to invest \$899.7 million on rail modernization and extensions. The Red Purple Modernization (RPM) project has \$827.7 million budgeted, which includes \$0.4 million for Core Capacity studies, while the Red Line Extension (RLE) project has \$40.2 million of funds allocated, and \$31.8 million for the Your New Blue (YNB) project on the O’Hare Branch.
- The plan includes a \$430.7 million investment in rail rolling stock improvements, including \$238.7 million for performing quarter life overhauls on the 5000 series rail cars and other rail car maintenance. CTA allocated \$192.0 million to purchase the 7000 series rail cars, which will replace the older 2600 series cars.
- CTA assigned \$219.1 million of funds for track and structure as well as traction power

improvements, which include upgrades and replacement of older signal systems and other track and structural components for the following branches: Green Line South, Green and Pink Lines West, Red and Blue Subways, Brown Line, and the Blue Line Congress Branch.

- The projected 5-year investment of \$276.0 million is dedicated bus maintenance and overhaul activities, and for the purchase of diesel and electric buses.
- Improving facilities, (station, passenger and support facilities and equipment) is another important goal for CTA with an investment of \$216.5 million. The plan includes replacing the 61st Street Rail Shop, ADA and security improvements to stations, and other upgrades and rehabilitations around the system.
- Other projects represent \$842.6 million in funding and include Ashland Transit Signal Priority, IT upgrades, security and communications upgrades, planning studies, support services, with bond repayment representing the largest portion at \$730.5 million.



**TABLE 9: CTA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>TOTAL</b>
<b>Rolling Stock - Bus</b>						
Perform Bus Maintenance Activities	40,000	2,300	2,300	2,300	2,200	49,100
Perform Mid-Life/Life-Extending Bus Overhaul	0	19,108	21,339	15,815	16,098	72,360
Purchase Replacement Buses	15,454	39,560	7,890	19,140	72,450	154,494
<b>Subtotal Rolling Stock</b>	<b>55,454</b>	<b>60,968</b>	<b>31,529</b>	<b>37,255</b>	<b>90,748</b>	<b>275,954</b>
<b>Modernization - Bus</b>						
Ashland Avenue Transit Signal Priority	8,806	0	0	0	0	8,806
<b>Subtotal Modernization</b>	<b>8,806</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,806</b>
<b>Bus Total</b>	<b>64,261</b>	<b>60,968</b>	<b>31,529</b>	<b>37,255</b>	<b>90,748</b>	<b>284,760</b>
<b>Rolling Stock - Rail</b>						
Perform Quarter-Life Rail Car Overhaul (5000 Series)	14,317	54,507	38,791	0	74,251	181,866
Perform Rail Car Maintenance Activities	40,801	9,408	2,200	2,200	2,200	56,808
Purchase Replacement Rail Cars (7000 Series)	0	66,753	53,114	72,124	0	191,991
<b>Subtotal Rolling Stock</b>	<b>55,118</b>	<b>130,668</b>	<b>94,105</b>	<b>74,324</b>	<b>76,451</b>	<b>430,666</b>
<b>Track &amp; Structure - Rail</b>						
Green Line South Track Improvements	9,866	22,463	5,872	1,866	0	40,066
Green and Pink Lines West Track Improvements	4,982	11,343	2,965	942	0	20,232
Red and Blue Line Subway Track Improvements	5,238	11,925	3,117	990	0	21,271
Brown Line Track Improvements	4,143	9,432	2,466	783	0	16,824
Blue Line Track Improvements - Congress Branch	975	2,219	580	184	0	3,958
Elevated Track and Structure	24,813	14,813	14,813	14,813	14,813	84,063
<b>Subtotal Track &amp; Structure</b>	<b>50,016</b>	<b>72,195</b>	<b>29,812</b>	<b>19,578</b>	<b>14,813</b>	<b>186,413</b>
<b>Electrical, Signal, &amp; Communications - Rail</b>						
Traction Power	5,994	17,844	7,764	1,133	0	32,736
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>5,994</b>	<b>17,844</b>	<b>7,764</b>	<b>1,133</b>	<b>0</b>	<b>32,736</b>
<b>Support Facilities &amp; Equipment - Rail</b>						
Replace 61st Street Rail Shop	0	29,625	9,875	0	26,625	66,125
Rail Facilities	3,579	14,275	3,950	3,950	3,950	29,705
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>3,579</b>	<b>43,900</b>	<b>13,825</b>	<b>3,950</b>	<b>30,575</b>	<b>95,830</b>
<b>Stations &amp; Passenger Facilities</b>						
Rehabilitate Rail Stations	0	1,975	5,925	5,925	0	13,825
Station Security Enhancements	2,924	6,657	1,740	553	0	11,873
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>2,924</b>	<b>8,632</b>	<b>7,665</b>	<b>6,478</b>	<b>0</b>	<b>25,698</b>
<b>Extensions - Rail</b>						0
Red Line Extension	0	8,049	32,198	0	0	40,247
<b>Subtotal Extensions</b>	<b>0</b>	<b>8,049</b>	<b>32,198</b>	<b>0</b>	<b>0</b>	<b>40,247</b>
<b>Modernization - Rail</b>						
North Main Line - RPM	173,488	307,173	146,993	100,000	100,000	827,654
Blue Line O'Hare Branch - YNB	0	20,488	11,331	0	0	31,819
<b>Subtotal Modernization</b>	<b>173,488</b>	<b>327,662</b>	<b>158,324</b>	<b>100,000</b>	<b>100,000</b>	<b>859,473</b>
<b>Miscellaneous - Rail</b>						
Blue Line Core Capacity Study	404	324	0	0	0	728
<b>Subtotal Miscellaneous</b>	<b>404</b>	<b>324</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>728</b>
<b>Contingencies &amp; Administration - Rail</b>						
Support Services - Fast Tracks Program	361	865	313	100	0	1,639
<b>Subtotal Contingencies &amp; Administration</b>	<b>361</b>	<b>865</b>	<b>313</b>	<b>100</b>	<b>0</b>	<b>1,639</b>
<b>Rail Total</b>	<b>291,883</b>	<b>610,140</b>	<b>344,005</b>	<b>205,563</b>	<b>221,838</b>	<b>1,673,430</b>
<b>Electrical, Signal &amp; Communications - System</b>						
Security Camera Improvements	3,507	7,985	2,087	663	0	14,242
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>3,507</b>	<b>7,985</b>	<b>2,087</b>	<b>663</b>	<b>0</b>	<b>14,242</b>
<b>Support Facilities &amp; Equipment - System</b>						
Upgrade Computer, Asset Management and IT Systems	495	2,170	1,700	1,700	1,700	7,766
Improve Facilities	26,348	10,337	7,900	7,900	0	52,485
Improve Office Building	6,187	6,190	6,190	6,186	6,189	30,943
Purchase Equipment and Non-Revenue Vehicles	0	473	3,333	0	0	3,806
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>33,031</b>	<b>19,170</b>	<b>19,123</b>	<b>15,786</b>	<b>7,889</b>	<b>95,000</b>
<b>Miscellaneous</b>						
Implement Security Projects	5,943	5,940	5,917	5,917	5,931	29,648
<b>Subtotal Miscellaneous</b>	<b>5,943</b>	<b>5,940</b>	<b>5,917</b>	<b>5,917</b>	<b>5,931</b>	<b>29,648</b>
<b>Contingencies &amp; Administration - System</b>						
Provide for Support Services	3,217	4,720	5,358	4,308	4,377	21,981
Provide for Program Development	525	525	525	525	525	2,625
Provide for Program Management	6,014	6,606	6,606	6,606	6,606	32,439
<b>Subtotal Contingencies &amp; Administration</b>	<b>9,756</b>	<b>11,851</b>	<b>12,490</b>	<b>11,440</b>	<b>11,509</b>	<b>57,046</b>
<b>System Total</b>	<b>52,237</b>	<b>44,946</b>	<b>39,617</b>	<b>33,807</b>	<b>25,329</b>	<b>195,935</b>
<b>CTA Total</b>	<b>408,381</b>	<b>716,054</b>	<b>415,151</b>	<b>276,625</b>	<b>337,915</b>	<b>2,154,125</b>
<b>CTA Debt Service</b>	<b>150,429</b>	<b>150,156</b>	<b>143,370</b>	<b>143,323</b>	<b>143,261</b>	<b>730,540</b>
<b>CTA Total with Debt Service</b>	<b>558,810</b>	<b>866,210</b>	<b>558,521</b>	<b>419,948</b>	<b>481,176</b>	<b>2,884,665</b>

# Metra

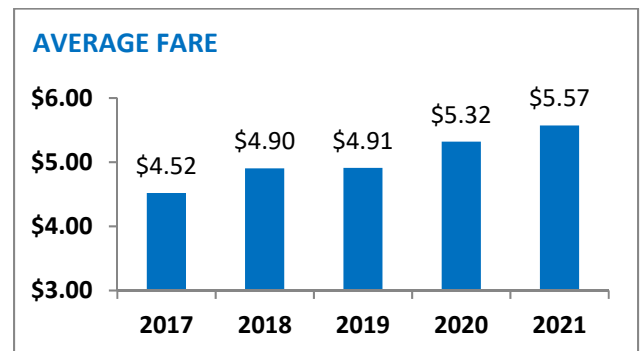
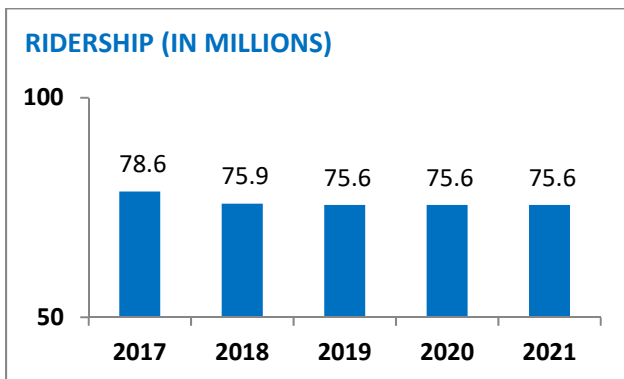


## OPERATING BUDGET

### Ridership

Metra’s 2018 ridership is projected to end the year down 3.5% from 2017. Ridership decreases can be attributed to an extended period of low gas prices, growth of Transportation Network Companies (TNCs), changing consumer habits, and the 2018 fare increase. Metra’s 2019 budget anticipates ridership of 75.6 million, a further decrease of 0.4% from 2018, followed by no change in 2020 and 2021.

2019, a third pilot program “Round Trip Plus” will be introduced. This pilot offers a one-day pass for unlimited travel between any two zones. The Round Trip Plus ticket will be priced at twice the price of a comparable one-way ticket and will only be available through the Ventra app. Metra’s average fare is budgeted at \$4.91 in 2019, essentially unchanged from 2018.



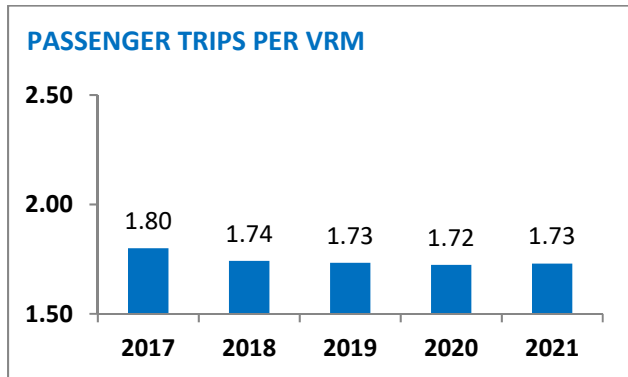
### Fares

There are no fare changes proposed for 2019. As part of a fare structure study, the following initiatives were introduced in 2018 as a one-year pilot: 1) consolidating Zones K through M into Zone J, and 2) reassigning some stations to different zones to adjust perceived inconsistencies between rail lines where nearby stations are in different zones. In

### Service Levels

No service reductions are planned for 2019. In January 2019, Metra will start a two-year pilot program to increase reverse commute service on the Milwaukee District North Line. This pilot will add service in the morning and afternoon between Union Station and Lake Forest. As a result, Metra anticipates a 0.1% increase in vehicle revenue miles (VRM) in 2019, followed by a 0.6% increase in 2020, and a 0.3% decrease in 2021.

Service effectiveness can be shown as the ratio of ridership to service provided and is illustrated below.



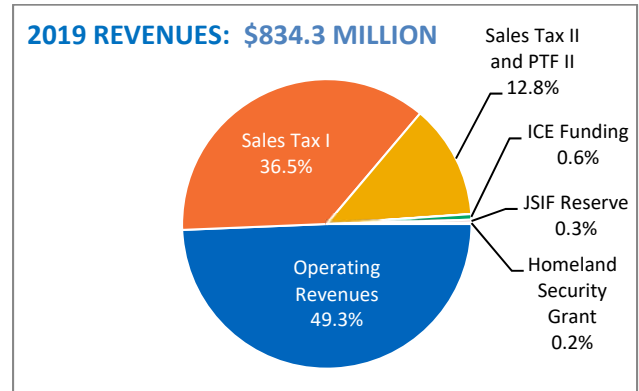
**Operating Revenue**

Metra projects that total operating revenues will increase by 0.3% in 2019 to \$411.7 million, followed by increases of 7.6% in 2020 and 4.3% in 2021. Passenger revenue is estimated to decrease by 0.3% in 2019, consistent with the projected ridership decline. Metra’s share of the State reduced fare reimbursement is assumed to be restored to \$3.1 million for 2019, subject to appropriation by the legislature. Other revenue is projected to increase by 1.5% in 2019 to \$37.6 million, reflecting an anticipated increase in new and updated leases, and revenue for track crossing project work done on behalf of the State.

**Public Funding**

Total public funding for Metra operations in 2019 is \$422.6 million, 4.5% higher than the 2018 estimate, due to assumed 3.8% sales tax growth and reduced state funding cuts. 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 \$428.1 million in 2020 and \$436.5 million in 2021.

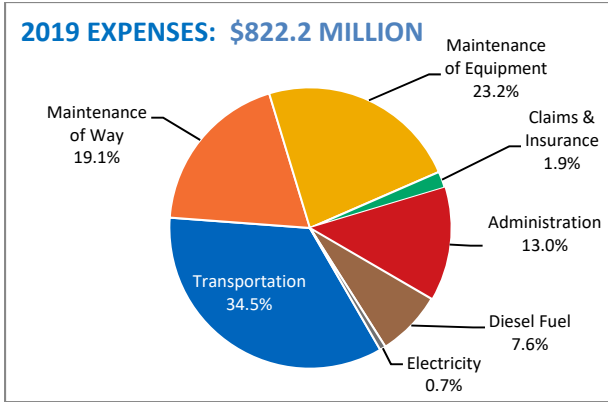
Metra’s 2019-2021 ICE funding is programmed to be used entirely for capital purposes, with proposed uses shown in Table 1 of the RTA Region section. Metra also anticipates a Homeland Security Grant of \$1.5 million annually in 2019 through 2021. When public funding is combined with operating revenue, total revenue of \$834.3 million is projected to be available for 2019 operations.



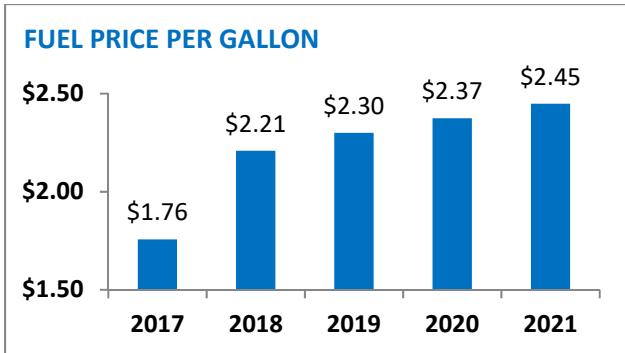
**Expenses**

Metra projects that 2019 total expenses will increase by 5.1% over the 2018 estimate, but by a lesser amount of 3.1% over the 2018 budget, to \$822.2 million. Metra’s expense growth reflects projected increases in each operating category. Transportation, Maintenance of Way, and Maintenance of Equipment expenses are projected to increase by 4.0%, 9.3%, and 3.3%, respectively, reflecting the steadily increasing costs of safely operating and maintaining aging equipment and infrastructure, as well as operating the Positive Train Control (PTC) system. Administration expenses are projected to increase by 5.1% from the 2018 estimate. The Downtown Stations operating category has been incorporated into the Transportation category effective with the 2019 budget.





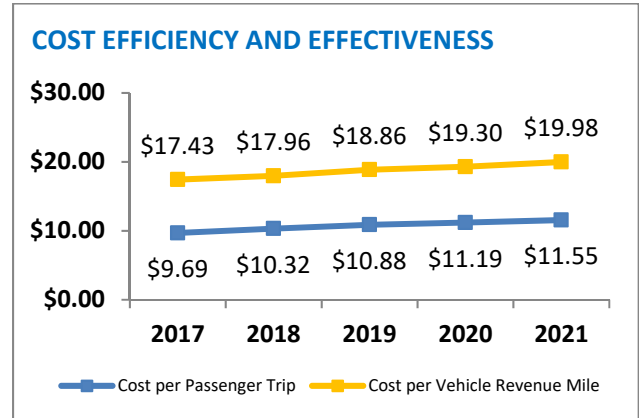
Diesel fuel expenditures, comprising 7.6% of Metra’s total operating expenses, are expected to increase by 4.1% to \$62.5 million due to projected price increases. Fuel price is budgeted at \$2.30 per gallon, representing a nine cent increase from the 2018 estimate. Metra has not advanced purchased any of its 2019 fuel requirements.



Electricity expense for the Metra Electric District line is budgeted to increase by 6.7%, to \$5.5 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 5.0% in 2019 due to higher expenses, followed by

increases of 2.3% in 2020 and 3.6% in 2021, as expense growth continues and service levels remain largely unchanged. Cost effectiveness is shown by cost per passenger trip, which is projected to increase by 5.5% in 2019, 2.9% in 2020, and 3.2% in 2021, as ridership remains flat and expenses steadily increase.



**Net Result and Recovery Ratio**

As shown in Table 10, Metra’s operating budget is balanced in 2019-2021, with a net result of zero after transfer of ICE funding and fare revenue to the capital program. In 2019, Metra reduced the transfer of operating revenue to capital to \$7 million in order to balance the operating budget. In 2020 and 2021, Metra anticipates restoration of the Farebox Capital Program to around \$20 million per year.

Metra’s 2019 recovery ratio of 53.1%, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exceeds the RTA Board adopted requirement of 52.5%.

**2019 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 10: METRA 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</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	355,260	372,000	371,000	402,000	421,000
State Reduced Fare Reimbursement <sup>1</sup>	1,483	1,537	3,138	2,378	1,618
Other Revenue	39,881	37,000	37,550	38,500	39,200
<b>Total Operating Revenues</b>	<b>\$396,625</b>	<b>\$410,537</b>	<b>\$411,688</b>	<b>\$442,878</b>	<b>\$461,818</b>
<b>Public Funding</b>					
Sales Tax I	290,406	295,284	307,073	313,215	319,479
Sales Tax II and PTF II	99,066	100,264	106,469	108,172	108,471
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	512	-	-	32	1,833
Innovation, Coordination, and Enhancement Funding <sup>2,3</sup>	7,380	4,851	5,042	5,143	5,246
Joint Self Insurance Fund (JSIF) Reserve	2,500	2,500	2,500	-	-
Homeland Security Grant	2,400	1,500	1,500	1,500	1,500
<b>Total Public Funding</b>	<b>\$402,265</b>	<b>\$404,399</b>	<b>\$422,585</b>	<b>\$428,062</b>	<b>\$436,529</b>
<b>Total Revenues</b>	<b>\$798,889</b>	<b>\$814,937</b>	<b>\$834,273</b>	<b>\$870,940</b>	<b>\$898,347</b>
<b>Expenses</b>					
Transportation	249,483	272,900	283,800	292,100	301,600
Maintenance of Way (Engineering)	149,819	143,900	157,336	162,000	167,500
Maintenance of Equipment (Mechanical)	174,260	184,200	190,351	196,000	202,500
Claims & Insurance	25,370	14,500	15,607	15,600	15,600
Administration	98,838	101,900	107,093	110,000	113,500
Downtown Stations <sup>4</sup>	14,337	-	-	-	-
Diesel Fuel	45,321	60,000	62,480	64,500	66,500
Electricity	4,166	5,200	5,549	5,700	5,900
<b>Total Expenses</b>	<b>\$761,593</b>	<b>\$782,600</b>	<b>\$822,215</b>	<b>\$845,900</b>	<b>\$873,100</b>
ICE funding not used for operations - transfer to capital <sup>5</sup>	(4,980)	(4,851)	(5,042)	(5,143)	(5,246)
Farebox capital program	(32,400)	(27,485)	(7,015)	(19,897)	(20,002)
<b>Net Result</b>	<b>(\$84)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>55.5%</b>	<b>55.7%</b>	<b>53.1%</b>	<b>55.5%</b>	<b>56.0%</b>

<sup>1</sup> Amount for 2019 contingent upon restoration of reduced fare funding to \$34.070 million in State FY19-20 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 \$2.4 million of 2015 ICE funding for mobile application development.

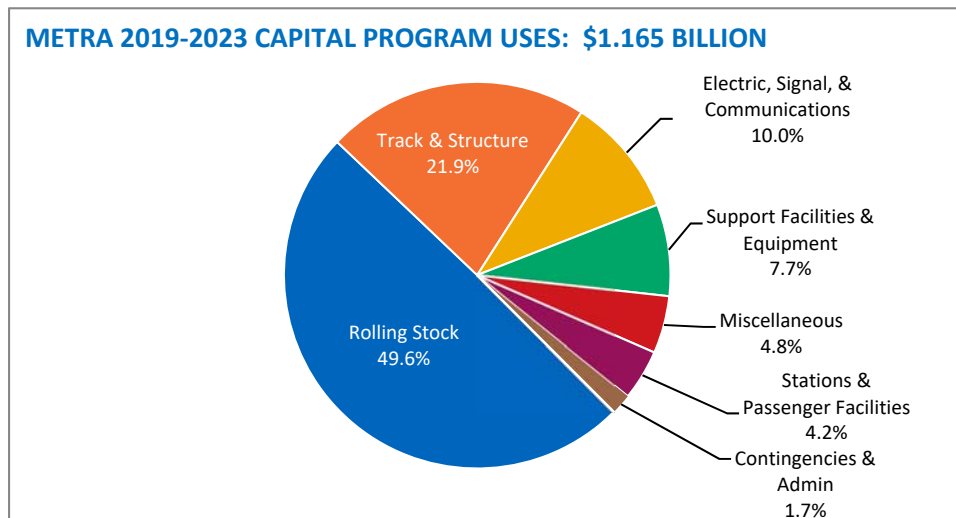
<sup>4</sup> Effective with the 2019 budget, and in the 2018 estimate, the Downtown Stations category has been incorporated into Transportation.

<sup>5</sup> As authorized by RTA Ordinance 2018-44, ICE amounts not required for operating funding may be redesignated for capital projects.

**CAPITAL PROGRAM**

Metra has budgeted \$1.165 billion to its 2019-2023 capital program. Metra continues to concentrate its capital budget on working towards a state of good repair. Major projects are centered on rolling stock, track and structure repairs, signal, electrical and communications, support facilities and equipment, stations and parking, and support activities.

- Over the next 5 years, Metra plans to invest \$577.7 million, or nearly 50% of its capital program funds, to improve its fleet. In-house rebuilding program of current rolling stock is estimated at \$201.7 million, improving current locomotive and purchasing new locomotives at \$200.4 million, and purchasing new rail cars at \$175.7 million all encompass the investment.
- Metra has a goal to maintain track and structures in a state of good repair. The five-year plan includes an allocation \$255.6 million for these projects. Major projects include \$115.5 million allocated to rebuilding bridges and improving structures associated with the rail system, replacing rail ties and other rail renewal with an investment of \$110.6 million, and improving rail crossings with \$29.5 million.
- Metra has budgeted \$116.7 million for improvements and state of good repair projects for electrical, signal and communications systems. The plan has \$100.7 million budgeted for signal upgrades, improvements to interlockers and switches, and electrical upgrades all of which are expected to lead to improvements in system reliability. Another \$16.0 million is budgeted for PTC in 2019 with the project expected to be complete by the end of the year.
- The plan allocates \$89.3 million in support facilities and equipment. Projects include \$38.9 million for rail yard improvements, \$34.7 million for new equipment and non-revenue vehicles, \$12.7 million to fund a new financial system, and \$3.0 million for building improvements. These projects support the backbone of the system and allow Metra operations to run efficiently.
- Metra planned for \$49.1 million allocated to improve station facilities and parking as well as ADA accessibility improvements. Station improvements, funded at \$34.1 million, are planned at Hubbard Woods, Elmhurst, New Lenox, West Chicago, 147th Street, and other station improvements systemwide. In addition, \$15.0 million is budgeted to provide ADA enhancements around the system.
- Finally, \$76.2 million is programmed for support activities around the system that include infrastructure engineering, project administration, and contingencies.



**TABLE 11: METRA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>TOTAL</b>
<b>Rolling Stock</b>						
Locomotive Rehabilitation	8,000	10,150	7,635	5,050	0	30,835
Rehabilitate Rail Cars	12,100	43,539	29,788	32,500	37,850	155,777
Purchase New Cars	2,700	34,000	36,500	20,600	81,900	175,700
Purchase New Locomotives	8,000	21,000	56,000	49,139	35,380	169,519
Fleet Components	9,500	9,500	9,300	8,800	8,800	45,900
<b>Subtotal Rolling Stock</b>	<b>40,300</b>	<b>118,189</b>	<b>139,223</b>	<b>116,089</b>	<b>163,930</b>	<b>577,731</b>
<b>Track &amp; Structure - Rail</b>						
Provide for Ties, Ballast & Surfacing	11,500	7,750	8,750	7,750	8,750	44,500
Upgrade Crossings (Road and Track)	4,750	5,750	6,000	6,500	6,500	29,500
Provide for Rail Renewal	8,298	23,928	15,265	9,211	9,417	66,119
Rehabilitate or Replace Bridges	26,650	38,050	9,650	11,650	18,659	104,659
Retaining Wall Rehabilitation	2,500	1,000	1,000	1,000	1,000	6,500
Provide for Structural Improvements	850	950	850	850	850	4,350
<b>Subtotal Track &amp; Structure</b>	<b>54,548</b>	<b>77,428</b>	<b>41,515</b>	<b>36,961</b>	<b>45,176</b>	<b>255,628</b>
<b>Electrical, Signal, &amp; Communications</b>						
Upgrade Signal System	350	2,500	5,650	5,350	5,500	19,350
Upgrade Interlockers and Crossovers	8,600	17,100	18,300	4,300	7,000	55,300
Improve Electrical Equipment and Systems	6,910	4,460	5,040	4,890	4,760	26,060
Install Positive Train Control (PTC) System	15,978	0	0	0	0	15,978
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>31,838</b>	<b>24,060</b>	<b>28,990</b>	<b>14,540</b>	<b>17,260</b>	<b>116,688</b>
<b>Support Facilities &amp; Equipment</b>						
Improve Yards, Shops and Facilities	16,000	5,000	5,500	6,300	6,100	38,900
Upgrade Buildings	2,070	200	250	250	250	3,020
Purchase Equipment and Vehicles	12,639	11,214	3,775	3,275	3,775	34,678
Replace Financial System	1,850	3,100	1,823	2,900	2,998	12,671
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>32,559</b>	<b>19,514</b>	<b>11,348</b>	<b>12,725</b>	<b>13,123</b>	<b>89,269</b>
<b>Stations &amp; Passenger Facilities</b>						
Improve Stations and Parking	10,030	15,200	3,132	2,500	3,250	34,112
ADA Improvements	3,000	3,000	3,000	3,000	3,000	15,000
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>13,030</b>	<b>18,200</b>	<b>6,132</b>	<b>5,500</b>	<b>6,250</b>	<b>49,112</b>
<b>Miscellaneous</b>						
Infrastructure Engineering	9,250	9,000	10,000	9,000	9,500	46,750
ICE Projects - TBD	0	0	5,246	0	0	5,246
Provide for Unanticipated Capital	600	888	1,000	800	800	4,088
<b>Subtotal Miscellaneous</b>	<b>9,850</b>	<b>9,888</b>	<b>16,246</b>	<b>9,800</b>	<b>10,300</b>	<b>56,084</b>
<b>Contingencies &amp; Administration</b>						
Provide for Contingencies	1,900	1,559	2,632	1,865	1,915	9,872
Provide for Locally Funded Projects/Match	602	1,234	759	1,000	1,035	4,630
Provide for Project Administration	1,000	1,600	1,000	1,000	1,000	5,600
<b>Subtotal Contingencies &amp; Administration</b>	<b>3,502</b>	<b>4,393</b>	<b>4,391</b>	<b>3,865</b>	<b>3,950</b>	<b>20,102</b>
<b>Metra Total</b>	<b>185,627</b>	<b>271,672</b>	<b>247,845</b>	<b>199,480</b>	<b>259,990</b>	<b>1,164,614</b>

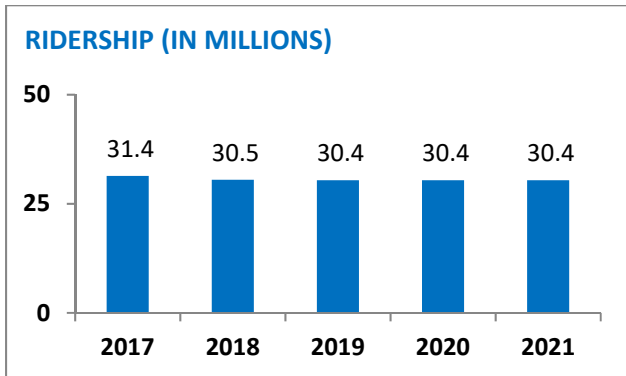
# Pace Suburban Service



## OPERATING BUDGET

### Ridership

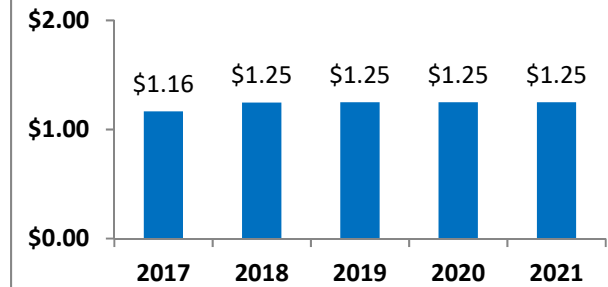
Pace ridership in 2018 is estimated to decrease by 2.8% as customers have adjusted to Pace’s January 2018 base fare increase. Combined ridership for Pace’s three Suburban Service modes is budgeted to decline by 0.4% in 2019 to 30.4 million. The decrease is anticipated to be entirely in fixed-route route bus ridership, as vanpool and demand-response (Dial-a-Ride) ridership are expected to be unchanged from 2018. Pace’s assumptions reflect the recent general trend of ridership loss, partially offset by new ridership from planned service additions. Pace is forecasting flat Suburban Service ridership of 30.4 million for 2020 and 2021.



### Fares

Pace’s 2019 budget does not contain any proposed fare adjustments. Pace last implemented a general fare increase in January 2018. After rising by 9 cents in 2018, Pace’s average fare across all fare and pass types is projected to remain flat at \$1.25 through 2021.

### AVERAGE FARE

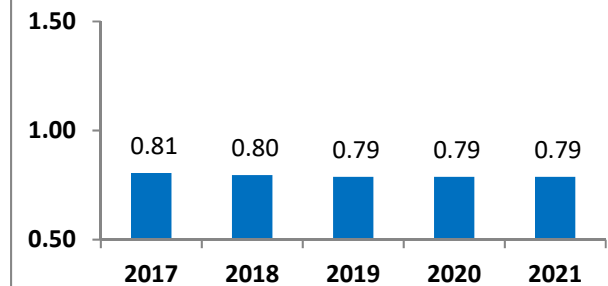


### Service Levels

Overall Pace service levels, as measured by vehicle revenue miles (VRM), are projected to increase by 0.5% in 2019 due to the start-up of Milwaukee Avenue Pulse Arterial Rapid Transit (ART) service. Pace is also proposing elimination of Saturday service on five routes and the complete elimination of seven poor-performing routes.

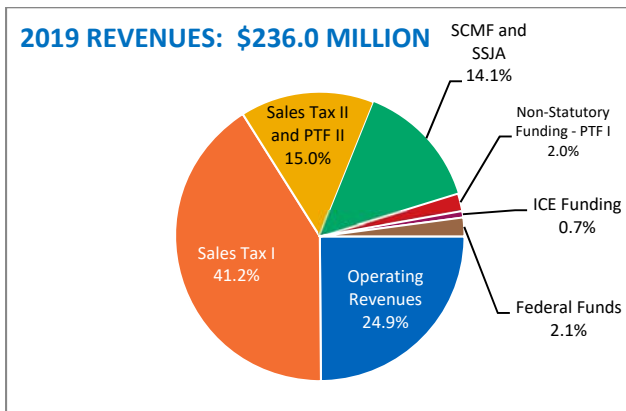
Service effectiveness, as measured by passenger trips per vehicle revenue mile (VRM), is constant at 0.79 in 2019-2021, indicating that service is being added at an appropriate rate.

### PASSENGER TRIPS PER VRM



**Operating Revenue**

Pace projects that total 2019 operating revenues will increase by 4.1% to \$58.7 million. Passenger fare revenue is estimated to decrease by 0.2%, consistent with the projected ridership assumption. Pace’s share of the State reduced fare reimbursement is assumed to be restored to \$2.6 million in 2019, subject to appropriation by the legislature. Other revenue is projected to increase by 6.2% to \$18.2 million, driven by higher advertising revenue and increased local government contributions for specific services. Operating revenue comprises about 25% of Pace’s total revenue for operations, with the balance provided by public funding sources.



**Public Funding**

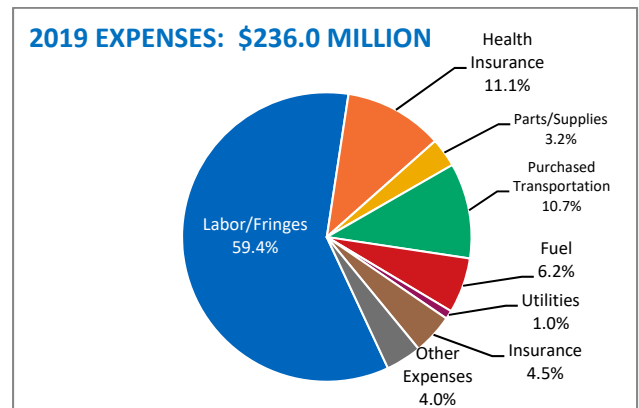
Pace’s total 2019 public funding will increase by 4.4% from the 2018 estimate to \$177.3 million, driven by assumed sales tax growth of 3.8% and less severe State cuts in funding for transit contained in the SFY 19 budget. While higher than 2018, this funding level is slightly lower than the original 2017 budget.

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 2019-2021 ICE funding is programmed to be

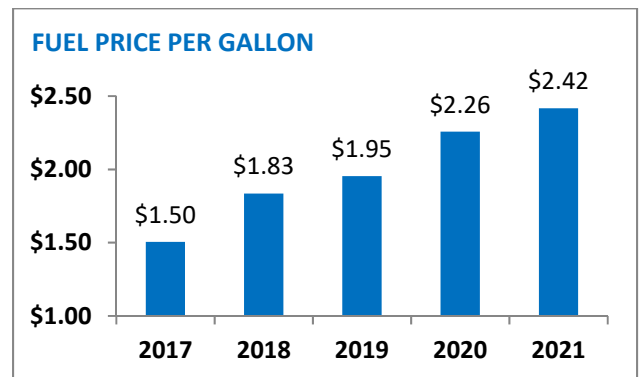
used entirely for operating purposes, with proposed uses shown in Table 1 of the RTA Region section. In addition to RTA funding, Pace expects \$4.9 million of federal funding for operations in 2019.

**Expenses**

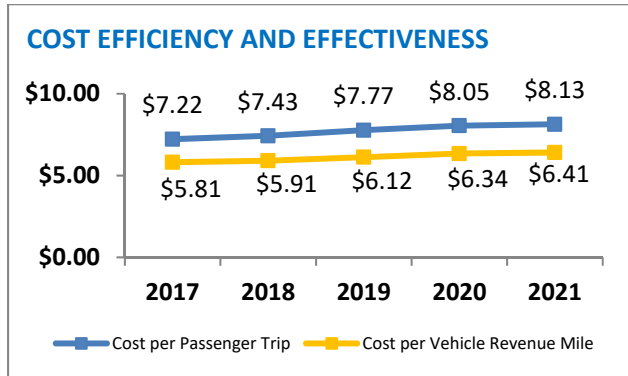
Pace projects that 2019 total expenditures will increase from the 2018 estimate by 4.2% to \$236.0 million. It should be noted that Pace’s proposed 2019 expenditures are only 1.7% higher than Pace’s 2018 operating budget. Expense growth is being driven by increased service levels, fuel, insurance costs, and additional debt service. Labor, Pace’s largest expense category, is expected to increase by 4.9% to \$140.1 million.



Pace’s fuel expense is projected to grow by 6.2% as consumption increases with service levels and Pace’s fuel price assumption rises to \$1.95 per gallon.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 2.5% per year. Cost effectiveness is shown as cost per passenger trip, which is projected to increase by 3.0% per year as ridership is expected to grow more slowly than operating expenses.



**Net Result and Recovery Ratio**

As shown in Table 12, Pace’s operating budget is balanced in 2019, with revenues equal to expenditures, producing a net result of zero. However, the 2020 and 2021 expense levels include reductions of \$3.5 million and \$12.0 million, respectively, identified by Pace as required budget balancing actions.

Pace’s 2019 through 2021 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%, contingent upon implementation of the budget balancing actions in 2020 and 2021.

**2019 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 12: PACE SUBURBAN SERVICE 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</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	36,541	38,008	37,950	37,950	37,950
State Reduced Fare Reimbursement <sup>1</sup>	1,346	1,279	2,610	1,978	1,346
Other Revenue <sup>2</sup>	16,544	17,104	18,169	23,784	23,547
<b>Total Operating Revenues</b>	<b>\$54,431</b>	<b>\$56,391</b>	<b>\$58,729</b>	<b>\$63,712</b>	<b>\$62,843</b>
<b>Public Funding</b>					
Sales Tax I	92,119	93,454	97,185	99,129	101,112
Sales Tax II and PTF II	33,022	33,421	35,490	36,057	36,157
Suburban Community Mobility Fund	24,141	24,878	25,856	26,373	26,901
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	4,253	4,254	4,657	4,872	4,970
Non-Statutory Funding - ST I	171	-	-	11	611
Innovation, Coordination, and Enhancement Funding <sup>3</sup>	1,660	1,617	1,681	1,714	1,749
CMAQ / JARC / New Freedom	8,565	4,680	4,939	5,150	5,166
<b>Total Public Funding</b>	<b>\$171,431</b>	<b>\$169,805</b>	<b>\$177,308</b>	<b>\$180,807</b>	<b>\$184,165</b>
<b>Total Revenues</b>	<b>\$225,862</b>	<b>\$226,196</b>	<b>\$236,037</b>	<b>\$244,519</b>	<b>\$247,008</b>
<b>Expenses</b>					
Labor/Fringes	125,021	133,601	140,093	143,963	147,941
Health Insurance	23,979	25,768	26,092	28,754	31,198
Parts/Supplies	7,676	7,490	7,662	8,196	8,766
Purchased Transportation	24,039	16,275	25,176	25,874	26,598
Fuel	11,901	13,747	14,606	16,892	18,110
Utilities	2,016	2,171	2,264	2,392	2,526
Insurance	12,602	9,300	10,733	11,482	12,285
Other Expenses	19,232	18,136	9,411	10,492	11,556
Budget Balancing Actions <sup>4</sup>	-	-	-	(3,526)	(11,971)
<b>Total Expenses</b>	<b>\$226,466</b>	<b>\$226,488</b>	<b>\$236,037</b>	<b>\$244,519</b>	<b>\$247,009</b>
ICE funding not used for operations - transfer to capital <sup>5</sup>	(1,587)	(1,617)	-	-	-
<b>Net Result</b>	<b>(\$2,191)</b>	<b>(\$1,909)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>28.9%</b>	<b>30.3%</b>	<b>30.3%</b>	<b>30.3%</b>	<b>30.3%</b>

<sup>1</sup> Amount for 2019 contingent upon restoration of reduced fare funding to \$34.070 million in State FY19-20 budgets.

<sup>2</sup> In 2020 and 2021, includes \$5.5 million of additional revenue required for budget balancing, potentially in the form of a fare increase.

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

<sup>4</sup> TBD but may include service and/or other expense reductions.

<sup>5</sup> As authorized by RTA Ordinance 2018-44, ICE amounts not required for operating funding may be redesignated for approved capital projects.



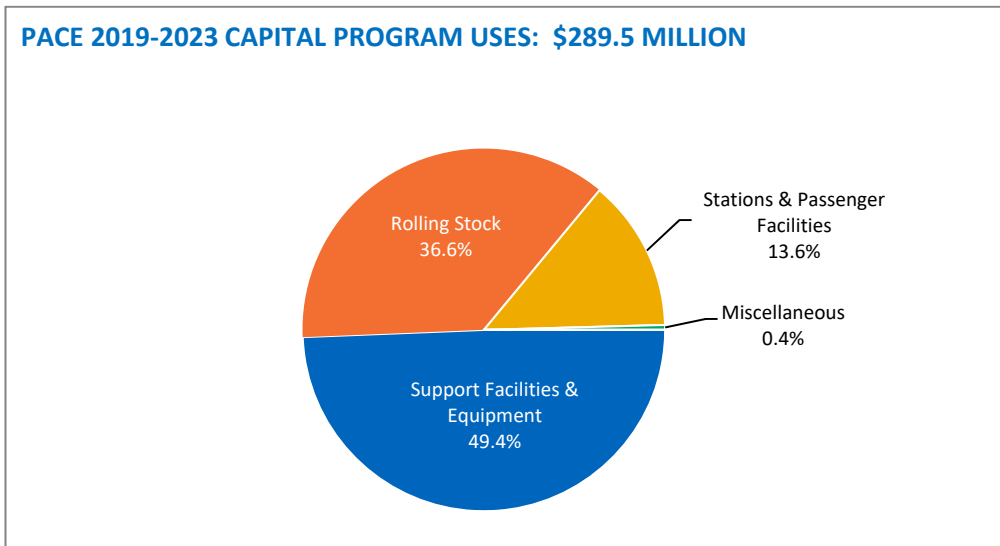
**CAPITAL PROGRAM**

Pace’s 2019-2023 Capital Program totals \$289.5 million. The majority of funding will be used for state of good repair projects that focus on acquiring new rolling stock, updating and improving support facilities and equipment, and renovating and improving the passenger experience at stations and facilities.

- Pace budgeted \$142.9 million for support facilities and equipment, with the largest investment of \$46.8 million going to a new Northwest Division garage that will be more environmentally friendly by utilizing compressed natural gas buses, which will save an estimated \$1.3 million in annual fuel cost. \$30.7 million is dedicated to preventive maintenance, and the remaining funds are dedicated to IT projects, farebox equipment, non-revenue vehicles, and other associated capital.
- Pace’s plan includes investing \$106.1 million in rolling stock. This includes \$98.1 million for the purchase of new buses, paratransit vehicles, and vanpool vans. Over the five year plan, Pace projects to acquire 159 new buses, including special buses for the new Pace Pulse route on

Milwaukee Avenue, 305 new paratransit vehicles, 69 community vehicles, and 187 vanpool vans. The remaining \$8.0 million in rolling stock investment is for engine and transmission retrofits during midlife bus overhauls.

- Pace’s plan includes new stations, passenger facilities, and improvements to existing transit facilities. Overall funding for these projects is \$39.3 million, of which \$23.2 million will fund renovations at Homewood, Gurnee Mills, the Harvey Transportation Center, and the second Pace Pulse line facilities on Dempster Avenue. A new bus station will be created at the Joliet Gateway Transportation Center for \$7.5 million, and at the Orland Square Mall for \$0.6 million. The remaining \$8.0 million will be used for additional passenger improvements including bus stop signs and shelters, bus tracker installation, and conversion to posted stops along the Pace bus network.
- The final \$1.3 million is allocated for unanticipated capital needs for the system.



**TABLE 13: PACE FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>TOTAL</b>
<b>Rolling Stock</b>						
Purchase 30' Fixed Route Accessible Buses – Systemwide	14,000	13,200	11,200	8,000	10,000	56,400
Purchase 40' Fixed Route Accessible Buses – Systemwide	0	0	0	9,000	0	9,000
Purchase Replacement Paratransit Vehicles – Systemwide	4,832	4,160	4,225	3,380	3,250	19,847
Purchase Community Vehicles – Systemwide	0	1,690	0	1,779	1,825	5,293
Purchase Replacement and Expansion Vanpool Vans – Systemwide	7,520	0	0	0	0	7,520
Provide for Engine/Transmission Retrofit – Systemwide	0	2,003	2,002	2,019	2,002	8,026
Provide for Associated Capital Items – Systemwide						0
<b>Subtotal Rolling Stock</b>	<b>26,352</b>	<b>21,053</b>	<b>17,427</b>	<b>24,177</b>	<b>17,077</b>	<b>106,086</b>
<b>Support Facilities &amp; Equipment - Bus</b>						
Construct Bus Garage – Northwest Cook County	46,800	0	0	0	0	46,800
Associated Capital	6,000	4,000	3,000	0	5,000	18,000
Improve Facilities – Systemwide	2,063	7,900	2,000	0	6,500	18,463
Purchase Replacement Farebox System – Systemwide	250	5,000	5,000	5,000	2,500	17,750
Purchase Computer Hardware and Software Systems – Systemwide	500	1,000	1,000	1,000	1,000	4,500
Purchase Maintenance/Support Equipment and Vehicles – Systemwide	600	1,000	1,000	1,000	1,000	4,600
Purchase Office Equipment – Systemwide	100	500	500	500	500	2,100
Preventive Maintenance	3,000	7,250	6,980	6,808	6,633	30,671
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>59,313</b>	<b>26,650</b>	<b>19,480</b>	<b>14,308</b>	<b>23,133</b>	<b>142,884</b>
<b>Stations &amp; Passenger Facilities - Bus</b>						
Passenger Facilities Mid-Life Renovation – Systemwide	0	0	13,400	2,250	7,500	23,150
Joliet Transit Center	7,500	0	0	0	0	7,500
Orland Square Mall Passenger Facility	600	0	0	0	0	600
Posted Stops Only Conversion – Systemwide	750	500	500	500	500	2,750
Install Shelters/Signs/Passenger Amenities – Systemwide	750	1,000	1,000	1,000	1,000	4,750
Bus Tracker Sign Development	500	0	0	0	0	500
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>10,100</b>	<b>1,500</b>	<b>14,900</b>	<b>3,750</b>	<b>9,000</b>	<b>39,250</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>96,015</b>	<b>49,453</b>	<b>52,057</b>	<b>42,485</b>	<b>49,460</b>	<b>289,469</b>

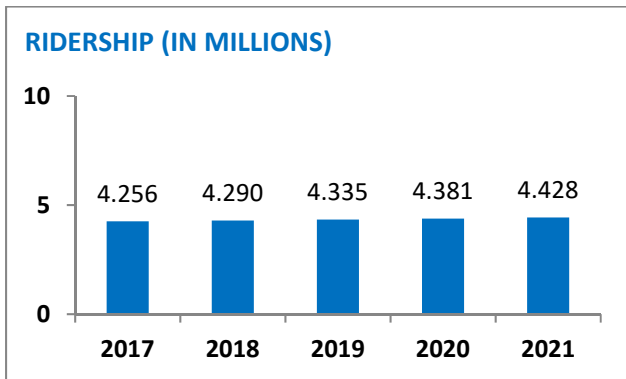
# Pace ADA Paratransit



## OPERATING BUDGET

### Ridership

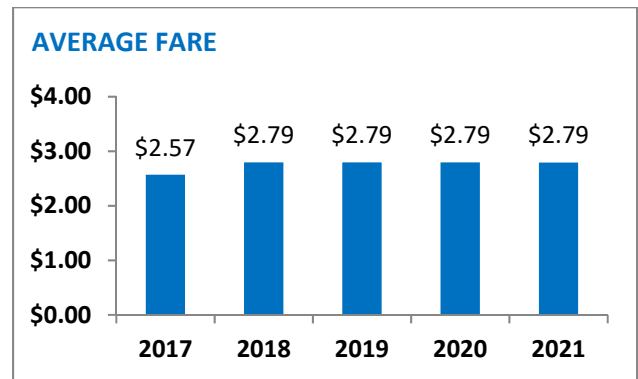
Pace’s budget projects that ADA Paratransit ridership will increase by 1.0% in 2019 to 4.335 million, maintaining essentially the same growth that is now estimated by Pace for 2018. Ridership in the suburban service area and City of Chicago service area is expected to grow by 1.3% and 0.8%, respectively, while Taxi Access Program (TAP) ridership is forecast to increase by 5.1% as customers continue to respond positively to the changes made to TAP in 2017. In the planning years of 2019 and 2020, region-wide ADA Paratransit ridership is expected to grow by 1.1% annually.



### Fares

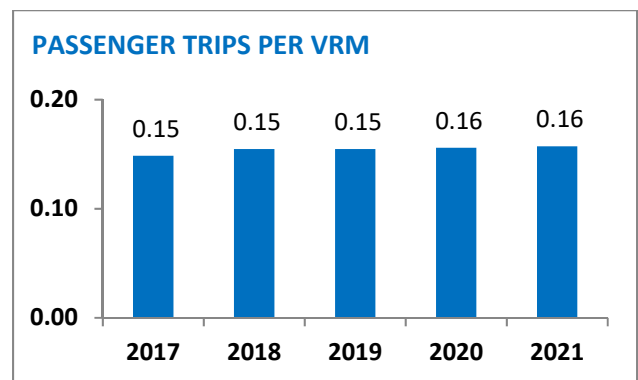
No fare increase has been proposed by Pace for 2019, so the base ADA Paratransit fare will remain at \$3.25. The TAP fare was reduced from \$5.00 to \$3.00 in 2017 and will also be unchanged for 2019. Because personal care attendants of ADA Paratransit riders are included in ridership totals but do not pay a separate fare, the average fare across

all riders is less than the base fare, and is projected to remain constant at \$2.79 through 2021 after rising with the 25 cent fare increase of in 2018.



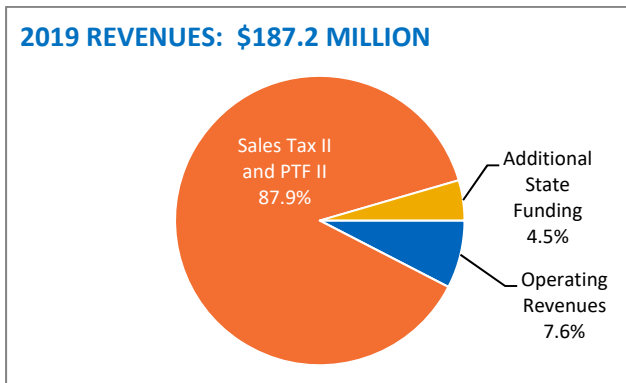
### Service Levels

ADA Paratransit service levels are driven by customer demand. Pace projects that ADA Paratransit vehicle revenue miles will increase by 1.1% in 2019, in line with projected ridership growth. As a result, service effectiveness, as measured by passenger trips per vehicle revenue mile, tends to be flat over time since service is being added at the same rate as ridership.



**Operating Revenue**

Pace projects that 2019 ADA Paratransit operating revenues will increase by 1.7% to \$14.2 million. Fare revenue is expected to increase by 1.0%, consistent with ridership growth, while Other revenue, consisting of payments for RTA certification trips and a small amount of investment income, is projected to grow by 5.6% to \$2.1 million. Operating revenue comprises about 8% of Pace’s total revenue for operations, with the balance provided by public funding sources.



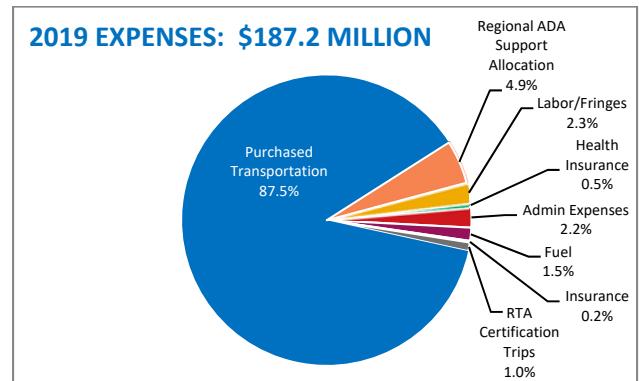
**Public Funding**

The RTA Act was amended in 2011 to ensure that ADA Paratransit operations are fully funded each year. Pace expects ADA Paratransit to finish 2018 with a surplus of approximately \$3.5 million, to be retained by the RTA in a reserve fund for future ADA Paratransit use.

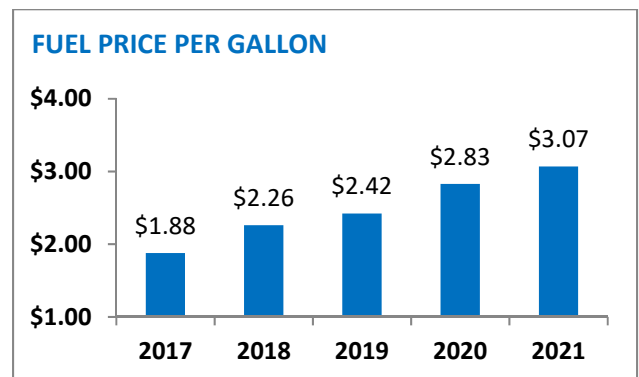
For the 2019 budget, Pace projects an ADA Paratransit funding need of \$173.0 million, satisfied by Sales Tax II and PTF II funds of \$164.6 million and additional state funding of \$8.4 million. Pace’s two-year financial plan indicates that adopted RTA funding levels should also be sufficient for 2020 and 2021, 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**

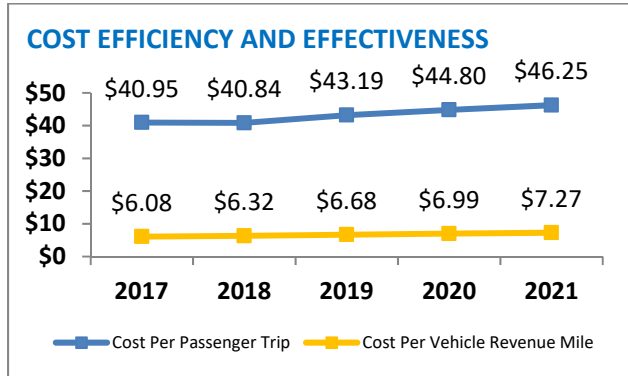
Pace projects that 2019 operating expenditures for ADA Paratransit will increase by 6.9% to \$187.2 million, balanced with revenue, followed by increases of 4.8% and 4.3% in 2020 and 2021, respectively. Purchased transportation, which accounts for almost 90% of total ADA Paratransit expenses, is projected to increase by 5.7% in 2019 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 18.2% to \$9.1 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 8.5% to \$2.8 million in 2019 due to growth in service and an assumed increase in fuel price to \$2.42 per gallon.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 4.6% per year from 2017 to 2021 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 3.1% per year as expenses grow faster than ridership.



**Net Result and Recovery Ratio**

As shown in Table 14, the Regional ADA Paratransit operating budget is balanced in 2019, 2020, and 2021, with revenues equal to expenditures, producing a net result of zero in each year.

Pace’s 2019 through 2021 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 \$45.1 million in 2019 recognizes that a portion of Pace’s purchased transportation expense represents payment to ADA Paratransit contractors for their capital investments, rather than operating expenses.

**2019 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM**

**TABLE 14: PACE REGIONAL ADA PARATRANSIT 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)**

	<b>2017 Actual</b>	<b>2018 Estimate</b>	<b>2019 Budget</b>	<b>2020 Plan</b>	<b>2021 Plan</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
Passenger Revenue	10,933	11,984	12,109	12,235	12,364
Other Revenue <sup>1</sup>	2,120	1,994	2,106	2,214	2,312
<b>Total Operating Revenues</b>	<b>\$13,053</b>	<b>\$13,978</b>	<b>\$14,215</b>	<b>\$14,449</b>	<b>\$14,676</b>
<b>Public Funding</b>					
Sales Tax II and PTF II	152,086	156,791	164,631	173,335	181,617
RTA ADA Paratransit Reserve	5,328	-	-	-	-
Additional State Funding	3,825	7,975	8,395	8,500	8,500
<b>Total Public Funding</b>	<b>\$161,239</b>	<b>\$164,766</b>	<b>\$173,026</b>	<b>\$181,835</b>	<b>\$190,117</b>
<b>Total Revenues</b>	<b>\$174,292</b>	<b>\$178,744</b>	<b>\$187,241</b>	<b>\$196,284</b>	<b>\$204,793</b>
<b>Expenses</b>					
Labor/Fringes	3,546	3,931	4,251	4,378	4,508
Health Insurance	572	846	889	934	982
Admin Expenses	2,674	3,175	4,190	3,496	3,582
Fuel	2,177	2,543	2,759	3,262	3,580
Insurance	195	267	350	358	367
RTA Certification Trips	1,740	1,688	1,790	1,889	1,979
Purchased Transportation	156,680	155,075	163,927	172,609	180,156
Regional ADA Support Allocation <sup>2</sup>	6,708	7,686	9,085	9,358	9,639
<b>Total Expenses</b>	<b>\$174,292</b>	<b>\$175,211</b>	<b>\$187,241</b>	<b>\$196,284</b>	<b>\$204,793</b>
<b>Net Result</b>	<b>\$0</b>	<b>\$3,533</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 investment income and reimbursements for 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 2019 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 2019, total Agency Administration operating expenses of \$17.7 million are 6.4% higher than the 2018 estimate due mostly to an information technology infrastructure upgrade.

The 2019 Administration Budget of \$17.7 million accounts for 42.2% of RTA Agency expenses and is 32.8% below the 2019 administrative expense cap of \$26.3 million set by the RTA Act. Administration expenses are expected to grow by 3.0% in both 2020 and 2021.

### RTA Regional Programs Budget

In 2019, total Regional Programs revenue of \$7.4 million is comprised of Regional Services Operating Revenue of \$0.8 million and federal grants for Regional Projects totaling \$6.7 million. The revenue for Regional Projects is \$6.5 million higher than the 2018 estimate because new Section 5310 federal projects are funded and programmed in 2019.

Total Regional Programs expenses, the sum of the Regional Services Operating Expense and the Grant and RTA Funded Project Expenses, of \$24.2 million

comprise the remaining 57.8% of total RTA Agency expenses. This amount is \$6.7 million, or 37.9%, higher than the 2018 estimate due to new Section 5310 projects. Within the Regional Programs budget, Regional Services (customer-focused operations) expenses will increase by \$0.7 million or 4.3% over the 2018 estimate due to increased Purchased Service expense of the mostly outsourced Mobility Management Program.

The overall RTA Agency operating expense of \$41.9 million is projected to be 22.6% higher than the 2018 estimate, primarily due to an increase in grant-funded program expense. In 2020 and 2021, Agency Administrative and Regional Services expenses are projected to grow by 3.0% in each year.

**Public Funding**

As shown in Table 15, the combination of operating revenue of \$1.0 million, grants of \$6.7 million, and regional public funding of \$34.2 million comprise total Agency revenue and together balance the overall RTA Agency operating budget expenses of \$41.9 million. In 2019, the total budgeted public funding from regional sales tax is \$34.2 million, 3.0% higher than the 2018 forecast. Regional public funding in 2019 represents 81.6% of total Agency funding.

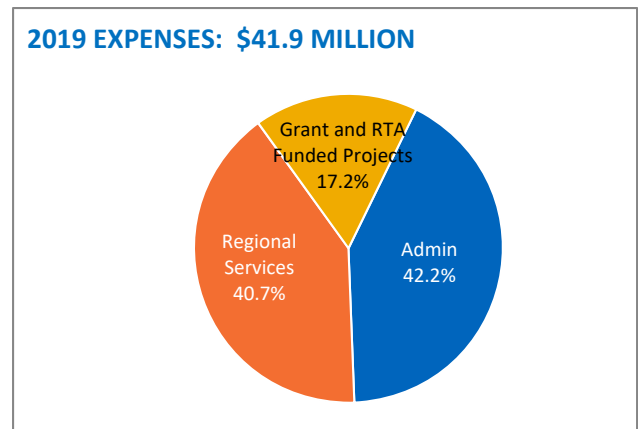
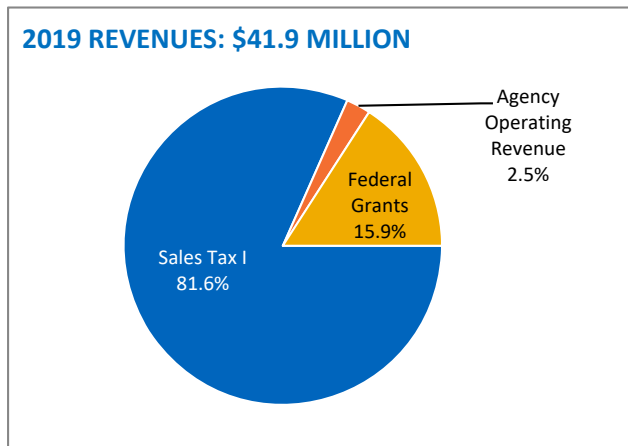




TABLE 15: RTA AGENCY 2019 BUDGET AND 2020-2021 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
<b>Revenues</b>					
<b>Operating Revenue</b>					
Administrative Operating Revenue <sup>1</sup>	4,700	-	260	-	-
Regional Services Operating Revenue	853	760	778	801	825
<b>Total Operating Revenue</b>	<b>\$5,553</b>	<b>\$760</b>	<b>\$1,038</b>	<b>\$801</b>	<b>\$825</b>
<b>Public Funding</b>					
Federal Grants	4,933	200	6,650	3,425	3,527
Sales Tax I	33,068	33,190	34,186	35,212	36,268
<b>Total Public Funding</b>	<b>\$38,001</b>	<b>\$33,390</b>	<b>\$40,836</b>	<b>\$38,636</b>	<b>\$39,795</b>
<b>Total Revenues</b>	<b>\$43,554</b>	<b>\$34,150</b>	<b>\$41,873</b>	<b>\$39,437</b>	<b>\$40,620</b>
<b>Expenses</b>					
Administrative Operating Expenses <sup>2</sup>	19,964	16,596	17,657	18,187	18,733
Regional Services Operating Expenses	17,120	16,325	17,029	17,540	18,066
Grant and RTA Funded Multi Year Project Expenses	6,470	1,230	7,187	3,710	3,822
<b>Total Expenses</b>	<b>\$43,554</b>	<b>\$34,150</b>	<b>\$41,873</b>	<b>\$39,437</b>	<b>\$40,620</b>
<b>Net Result</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> 2017 includes settlement fee from the sales tax litigation.

<sup>2</sup> 2017 includes additional amounts that were set aside for pension contributions.

**CAPITAL PROGRAM**

The RTA’s portion of the proposed 2019-2023 Capital Program totals \$250 thousand and includes the following initiative to renew the system and improve service:

- In 2019 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 16: RTA AGENCY FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)**

<b>Project &amp; Title</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</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>





175 West Jackson Boulevard, Suite 1650  
Chicago, Illinois 60604  
Phone: 312-913-3200  
[RTAChicago.org](http://RTAChicago.org)

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312-322-6777  
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847-364-7223  
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