

November 2015

2016 Budget

PROPOSED 2016 OPERATING BUDGET AND CAPITAL PROGRAM



Regional
Transportation
Authority

Summary Briefing of the Proposed Operating
Budgets, Two-Year Financial Plans, and Five-Year
Capital Programs of the RTA, CTA, Metra & Pace



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Letter from the Executive Director

The 2016 Operating and Capital Business Plan presented here represents the culmination of a comprehensive budget process and a commitment to renewing and enhancing the public transportation network for the residents of our region. The 2016 budget, undertaken by the regional transit leadership, aligns with our overall goals for the region: to work collaboratively with the Service Boards to achieve a balanced operating budget and regional capital program, and to identify and realize efficiencies here at the RTA. Highlights of the 2016 budget process include:

- Reaching agreement on the operating funding levels for the Service Boards, more than a month ahead of the statutory deadline, through a collaborative process;
- For a second consecutive year allocating to all three Service Boards a share of non-statutory funding, previously limited to CTA and Pace;
- Once again increasing funds for the Service Boards by directly programming state authorized Innovation, Coordination and Enhancement (ICE) funds through the budget process; and
- Issuing bonds that provide more than \$1.1 billion dollars in capital funding to the region.

The budgets also include new enhancements for riders. In 2016, CTA will start express bus service on Ashland and Western Avenues, two of CTA's busiest routes, with plans to introduce Transit Signal Priority to further improve the speed and reliability of this service. Metra will provide several customer enhancements including a new mobile ticketing application, installation of free Wi-Fi and charging stations at all five downtown stations, and installation of Wi-Fi on 11 railcars as part of a new test. Pace will expand express service on the Jane Addams Memorial Tollway (I-90) in the northwest suburbs and prepare for the 2017 launch of its regional Arterial Rapid Transit (ART) network with Pulse service on Milwaukee Avenue.

In order to remain a world class region, we must seek an increase in capital investment for our transit system. The latest RTA Capital Asset Condition Report states our region needs to spend more than \$1.5 billion annually to maintain our existing capital infrastructure and keep our State of Good Repair backlog from growing. This amount is in addition to a \$20 billion backlog in past due projects. The financing programs pursued by the RTA and Service Boards take a step towards addressing chronic state and federal underinvestment in capital infrastructure. These local initiatives add \$1.1 billion to the five-year capital program.

In 2016, CTA will issue \$357 million in bonds to support major improvements on the Brown, Blue, and Red rail lines, station renewal, slow zone remediation, and traction and power improvements. Pace will issue \$9.3 million in bonds to acquire land for a new Northwest Cook County garage.

The leaders of the RTA, CTA, Metra, and Pace are committed to working together to maintain balanced budgets and deliver the transit service our region's residents deserve. We will also continue to seek the capital funding needed to achieve the vision of our Strategic Plan to become *"a world-class regional public transportation system providing a foundation to the region's prosperity, livability, and vitality."* In the absence of a State budget, the operating plan assumes continued funding at recent statutory levels. If faced with cuts in State funding, the RTA and Service Boards would have to consider significant fare increases, service cuts, and/or other expense reductions.

Sincerely,

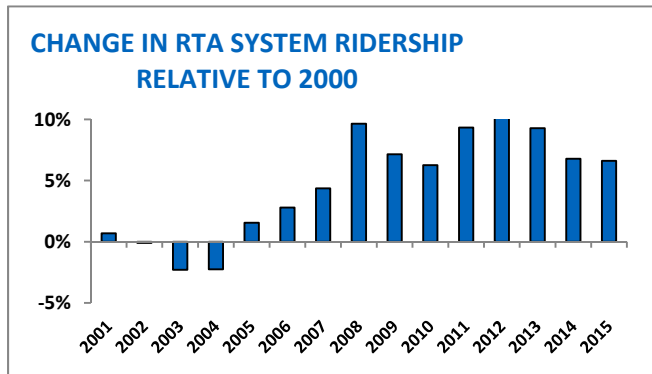


Leanne P. Redden, Executive Director

Environmental Outlook

Ridership

Regional ridership for 2015 is estimated to end the year at 635.5 million, 0.2% lower than 2014. Ridership losses in 2015 were driven by severe winter weather and unfavorable ridership on Metra, CTA bus, and Pace Suburban Service. This would mark the third consecutive year of system ridership losses after ridership peaked in 2012 at 666.1 million; however, ridership is stabilizing.

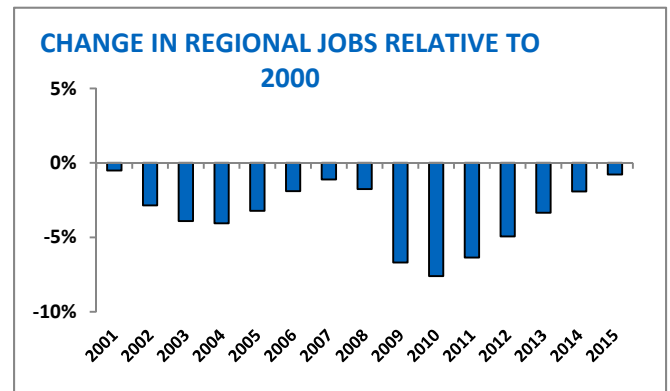


Regional Economy

2014 marked a turning point in the health of the regional economy. Chicago-area employment improved significantly, with the region adding 100,000 jobs and unemployment falling to 6.1%, down from over 8% in 2013. The regional labor force contracted slightly in the first few months of 2015 as unemployment stagnated at 6.1%. Unemployment improved as the year went on and is expected to average around 6.0% in 2015 and 5.6% in 2016, according to Moody's Analytics.

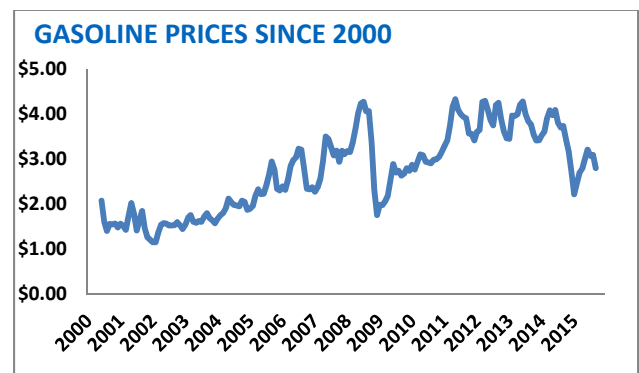
Despite recent declines in unemployment, the number of available jobs in the Chicago region continues to be less than year 2000 levels. As the

chart below indicates, jobs fell dramatically after the economic downturn in 2008, but have been steadily rebounding since. Regional employment improved in 2015, but there are still 0.8% fewer jobs than at the beginning of the millennium.



Gasoline

The price of gasoline also plays a significant role in the demand for public transportation services, and lower fuel prices may have contributed to system ridership losses in 2014 and 2015. Gas prices in the region reached a high of \$4.30 in mid-2008 before dropping sharply with the 2008 financial crisis. Prices increased again between 2009 and 2013, reached \$4.00 a gallon in mid-2014 and then fell sharply, bottoming out at \$2.20 a gallon in January 2015. Prices are expected to remain low in 2016.



RTA Region

OPERATING OVERVIEW

The budgets summarized in this report represent the Service Board adopted operating budgets and capital programs as submitted to the RTA by November 15th, subject to the review and approval of the RTA Board of Directors.

Overview

The RTA system is on track to end fiscal year 2015 within budgeted levels. Although extreme winter weather again provided a difficult start to the year, all three Service Boards have experienced favorable to budget expense performance through August. Operating revenues have lagged budget in 2015 due to uncertainty in the State funding for reduced fare rides, but strong sales tax results have led to positive net results for each Service Board.

The Service Boards' 2016 budgets feature stable service levels. Metra has proposed a fare increase across most ticket types, averaging 2.3%. Pace has proposed to increase bus cash fares only from \$1.75 to \$2.00, and encourages its cash-paying customers to establish Ventra accounts in order to avoid the increase and take advantage of the benefits of Ventra. CTA's proposed budget keeps fares and pass prices unchanged.

Ridership

Regional transit ridership in 2016 is projected at 639.8 million rides, an increase of 0.7%. Ridership growth has stagnated in 2015 due to lower gasoline

prices and a significant fare increase at Metra. By Service Board, Pace ADA Paratransit expects the greatest 2016 ridership increase at 5.1%, followed by Pace Suburban Service at 1.6%. CTA, which continues to provide over 80% of the region's rides, anticipates a modest 0.7% ridership increase. Metra projects a 0.8% ridership decrease in 2016.

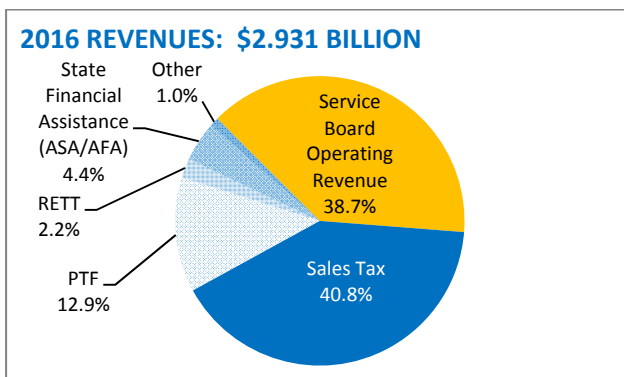
Ridership (in millions)	2015 Estimate	2016 Budget	Change
CTA	515.3	518.9	+0.7%
Metra	82.5	81.8	-0.8%
Pace	33.4	34.0	+1.6%
ADA	4.3	4.5	+5.1%
Region	635.5	639.2	+0.6%

Operating Revenue

Operating revenue consists of system-generated revenue such as passenger fares, concessions, and advertising, and also includes the State reduced fare reimbursement, which partially compensates the Service Boards for mandatory free and reduced fare programs. In 2016, the Service Boards are projected to produce \$1.135 billion of operating revenue, an increase of 1.6%, exceeding ridership growth primarily due to the proposed Metra fare increase. Total operating revenue is projected to increase by 2.2% in 2017 and 3.2% in 2018. While the majority of operating revenue comes from passenger fares, the Service Boards continue to seek out other operating revenue sources such as advertising, leasing, and concessions.

Public Funding

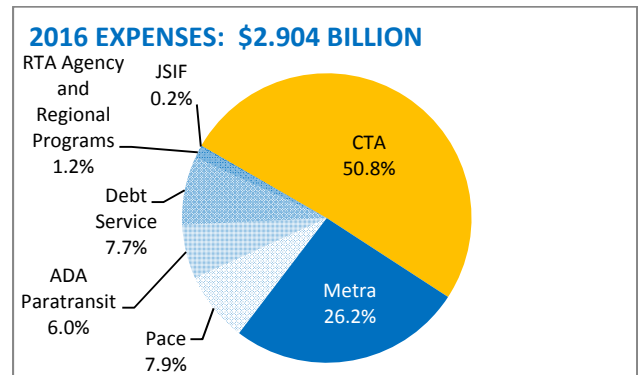
Overall public funding in 2016 is projected at \$1.796 billion, an increase of 1.0% over the 2015 estimate. Almost 40% of the region's revenue for operations comes from a regional sales tax imposed at 1.25% in Cook County and 0.5% in the collar counties. After a sluggish start due to the extremely cold weather in January and February, the regional economy has continued to improve in 2015 and RTA sales tax receipts are expected to finish the year above budgeted levels, exceeding 2014 actual receipts by 2.7%. National and local forecasts suggest stronger economic growth in 2016, and sales tax receipts are projected to increase by 3.5% over 2015 to a total of \$1.195 billion. The State Public Transportation Fund (PTF), based on a 30% match of sales tax and Real Estate Transfer Tax (RETT) receipts, is projected to grow at a similar rate, totaling \$377.5 million. The Real Estate Transfer Tax (RETT) is forecasted to decrease by 6.8% to \$63.6 million. State Financial Assistance (ASA/AFA) of \$130.2 million for debt service reimbursement and \$8.5 million for ADA Paratransit are projected to be flat versus 2015 and RTA revenues from regional programs and investments are projected to decline by 21% due primarily to lower federal grants for regional projects.



When public funding is combined with operating revenue, total revenue of \$2.931 billion is projected to be available for 2016 RTA system operating expenses.

Expenses

Service Board operating expenses, which comprise over 90% of RTA system expenses, are projected to increase by 3.7% in 2016. The CTA projects a 3.3% increase in operating expenses for 2016, driven primarily by labor and other expenses. Metra operating expenses are expected to increase by 2.8% with significant increases in the transportation and maintenance expense categories. Both CTA and Metra project significantly lower fuel expenses in 2016 due to effective block purchasing. Pace Suburban Service anticipates 7.1% growth in operating expenses due to service additions and increases in labor and other expenses. ADA Paratransit expenses are projected to increase by 7.2% due to ridership growth coupled with contractor price increases.



RTA Agency and Regional Programs expenses are projected to decrease by 17.3% in 2016 to \$35.2 million, representing about 1.2% of system expenses. Regional expenses, which include Joint Self Insurance Fund (JSIF) premiums and debt service on bonds issued for Service Board capital funding, comprise the remaining 8% of system expenses. The RTA debt service total of \$222.3 million includes debt service on \$100 million of new RTA bonds planned for issuance in late 2015.

When RTA and regional expenses are combined with Service Board operating expenses, total 2016

expenses for the RTA system are projected at \$2.904 billion, an increase of 3.2% over the 2015 estimate. Expenses are subsequently projected to increase by 3.0% and 3.3% in 2017 and 2018, respectively.

ICE Funding and Proposed Projects

Innovation, Coordination, and Enhancement (ICE) funding of \$12.2 million to \$13.1 million was

allocated to the Service Boards for operating or capital purposes in the adopted 2016-2018 funding amounts, contingent upon RTA Board approval of proposed uses. Table 1 summarizes the 2016-2018 amounts and proposed uses of these ICE funds for the Service Boards. Only the 2016 uses are currently subject to approval by the RTA Board. The 2017 and 2018 proposed amounts and uses are preliminary and will be finalized during those respective budget processes.

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

	2016	2017	2018
CTA			
<u>Operating:</u>			
New Express Bus Service	1,000	-	-
<u>Capital:</u>			
Origin-Destination Model Update	500	-	-
Software and Hardware Enhancements	1,500	2,118	2,195
IT Project Implementation	1,200	1,634	1,693
Business Continuity & Disaster Recovery Implementation	500	1,392	1,442
Facilities and Vehicle Maintenance Improvements	1,137	908	940
CTA Total	\$5,837	\$6,052	\$6,270
Metra			
<u>Capital:</u>			
Mobile Application Support Activities	2,500	4,918	5,095
Crew Optimization System	500	-	-
Automated Passenger Counter	1,000	-	-
Platform Heating Technology	742	-	-
Metra Total	\$4,742	\$4,918	\$5,095
Pace			
<u>Capital:</u>			
Intelligent Bus System (IBS) Equipment Replacement	1,581	1,639	1,698
Pace Total	\$1,581	\$1,639	\$1,698
Total ICE Funding	\$12,159	\$12,609	\$13,063

Net Result and Recovery Ratios

As shown in Table 2, system-level net results of \$15.6 million in 2016, \$7.1 million in 2017, and \$10.0 million in 2018 represent the Metra farebox capital program, offset in 2017 by a \$2.9 million decrease in the RTA fund balance.

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 2016 operating budget proposals meet or exceed their individual RTA-specified recovery ratios of 54.5%, 52%, and 30%, respectively. As a result, the RTA regional recovery ratio for 2016 is projected at 50.7%, in compliance with the RTA Act. The ADA Paratransit budget also meets its required recovery ratio of 10%.

2016 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM

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

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Revenues					
<u>Service Board Revenues</u>					
CTA	680,675	670,681	684,712	696,613	718,418
Metra	354,538	373,569	374,638	384,638	397,338
Pace	61,609	58,759	61,185	63,522	64,827
ADA Paratransit	14,279	14,129	14,811	15,643	16,509
Total Operating Revenues	\$1,111,101	\$1,117,138	\$1,135,346	\$1,160,416	\$1,197,092
<u>Public Funding</u>					
RTA Sales Tax	1,123,998	1,154,345	1,194,748	1,238,953	1,283,556
Public Transportation Fund (PTF)	354,989	366,767	377,490	391,704	406,085
Real Estate Transfer Tax (RETT)	63,150	68,212	63,552	66,726	70,060
State Financial Assistance (ASA/AFA)	130,167	130,167	130,167	130,283	130,300
State Funding for ADA Paratransit	8,500	8,500	8,500	8,500	8,500
Federal Funds	9,227	5,417	3,727	10,728	14,589
RTA Regional Capital Project Reserves	2,921	-	2,555	-	-
RTA Reserves for Metra Operating	-	6,000	-	-	-
ICE Carryover (2015) ¹	-	-	2,623	-	-
ICE Reserves (2014)	-	11,439	-	-	-
ICE Reserves (2013)	-	11,356	-	-	-
Other RTA Revenue ²	20,813	15,484	12,252	4,216	4,333
Total Public Funding	\$1,713,764	\$1,777,688	\$1,795,614	\$1,851,109	\$1,917,422
Total Revenues	\$2,824,865	\$2,894,826	\$2,930,960	\$3,011,525	\$3,114,514
Expenses					
<u>Service Board Expenses</u>					
CTA	1,399,913	1,427,772	1,475,207	1,508,593	1,558,803
Metra	706,900	739,100	759,800	785,300	811,000
Pace	209,952	212,950	227,974	240,799	251,191
ADA Paratransit	157,081	163,049	174,798	186,029	197,970
Total Service Board Expenses	\$2,473,846	\$2,542,871	\$2,637,779	\$2,720,721	\$2,818,964
<u>Region/Agency Expenses</u>					
Debt Service	214,511	216,700	222,300	225,300	225,100
RTA Agency and Regional Programs	43,356	42,506	35,160	39,234	40,623
RTA Agency Regional Capital Program	-	-	2,555	-	-
Transfer Capital (Metra)	2,000	-	-	-	-
Transfer Operating (Metra)	-	6,000	-	-	-
Grant Incentive Program	1,786	-	-	-	-
Innovation, Coordination, and Enhancement (ICE)	11,439	-	-	-	-
Joint Self-Insurance Fund (JSIF)	6,329	6,180	6,365	6,556	6,753
Total Region/Agency Expenses	\$279,421	\$271,386	\$266,380	\$271,090	\$272,476
Total Expenses	\$2,753,267	\$2,814,257	\$2,904,159	\$2,991,811	\$3,091,440
ICE funding not used for operations - transfer to capital ³	-	(32,333)	(11,159)	(12,609)	(13,063)
Net Result	\$79,375	\$48,236	\$15,642	\$7,105	\$10,011
Regional Recovery Ratio	52.6%	51.5%	50.7%	50.2%	50.1%

¹ Metra and Pace carry over \$1.5 million and \$1.1 million of 2015 ICE funding, respectively, for approved operating projects delayed into 2016.

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

³ As authorized by RTA Ordinance 2015-37, ICE amounts not required for operating funding may be redesignated for capital projects.

RTA Funding Analysis

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

Total funding sources of the RTA are projected at \$1.762 billion in 2016, an increase of 2.4% over the 2015 estimate. Relative to 2015, sales tax and PTF revenues are projected to increase by 3.5%. Additional State financial assistance for debt service is assumed to be unchanged at \$130.2 million. State funding for reduced fare reimbursement and ADA Paratransit are projected at \$34 million and \$8.5 million, respectively, although their status in the SFY 2016 is currently unclear.

Balanced with funding, 2016 RTA expenditures are projected at \$1.762 billion, an increase of 2.3% from the 2015 estimate. Of this expense, \$222.3 million, or 13%, is for payments on regional debt incurred by the RTA on behalf of CTA, Metra, and Pace which does not appear in the individual Service Board budget proposals.

Since all available 2016 non-statutory funding is being allocated to the Service Boards for operating purposes, the RTA fund balance is forecast to end the year unchanged at \$3.4 million, or 0.2% of operating expenditures. Each Service Board will be responsible for maintaining its own fund balance to handle unforeseen funding shortfalls. A financial advisor was engaged by the RTA to make recommendations regarding a fund balance policy, including the appropriate level of reserves to be maintained at each Service Board.

Primary RTA Public Funding Sources

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

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

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

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

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

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

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

2016 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM

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

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
RTA Revenues					
RTA Sales Tax I	830,134	853,574	883,449	916,137	949,118
RTA Sales Tax II	293,863	300,771	311,298	322,816	334,438
Public Transportation Fund (PTF - Part I)	207,291	213,394	220,862	229,034	237,279
PTF (Part II)	147,698	153,374	156,628	162,669	168,805
State Financial Assistance (ASA/AFA)	130,167	130,167	130,167	130,283	130,300
State Reduced Fare Reimbursement ¹	34,581	17,167	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500	8,500	8,500
RTA Regional Capital Project Reserves	2,921	-	2,555	-	-
RTA Reserves for Metra Operating	-	6,000	-	-	-
ICE Carryover (2015) ²	-	-	2,623	-	-
ICE Reserves (2014)	-	11,439	-	-	-
ICE Reserves (2013)	-	11,356	-	-	-
Other RTA Revenue ³	20,813	15,484	12,252	4,216	4,333
Total RTA Revenues	\$1,675,968	\$1,721,226	\$1,762,405	\$1,807,726	\$1,866,843
RTA Expenses					
Expenses for Operations					
RTA Total Funds for CTA Operations	676,087	717,640	731,779	751,306	776,594
RTA Total Funds for Metra Operations	374,248	401,453	403,545	413,606	426,770
RTA Total Funds for Pace Suburban Service Operations	154,734	162,450	166,643	170,187	175,472
RTA Total Funds for Pace ADA Paratransit Operations	140,162	158,203	159,987	170,386	181,461
Innovation, Coordination, and Enhancement (ICE)	11,439	-	-	-	-
State Reduced Fare Reimbursement	34,581	17,167	34,070	34,070	34,070
RTA Agency and Regional Programs	43,356	42,506	35,160	39,234	40,623
Total Expenses for Operations	\$1,434,608	\$1,499,418	\$1,531,184	\$1,578,790	\$1,634,990
Debt Service, Capital & JSIF Expenses					
Debt Service	214,511	216,700	222,300	225,300	225,100
Transfer Capital (Metra)	2,000	-	-	-	-
RTA Agency Regional Capital Program	-	-	2,555	-	-
Grant Incentive Program	1,786	-	-	-	-
Joint Self-Insurance Fund (JSIF)	6,329	6,180	6,365	6,556	6,753
Total Debt Service, Capital & JSIF Expenses	\$224,626	\$222,880	\$231,220	\$231,856	\$231,853
Total RTA Expenses	\$1,659,234	\$1,722,298	\$1,762,405	\$1,810,647	\$1,866,843
Fund Balance (unreserved/undesignated)					
Beginning Balance	9,110	4,441	3,369	3,369	448
Change in Fund Balance	16,734	(1,072)	-	(2,921)	-
Transfers	(19,308)	-	-	-	-
Reconciliation to Budgetary Basis	(2,095)	-	-	-	-
Ending Balance	\$4,441	\$3,369	\$3,369	\$448	\$448
Ending Balance as % of Total Expenses for Operations	0.3%	0.2%	0.2%	0.0%	0.0%

¹ Amounts for 2016-2018 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY16-19 budgets.

² Metra and Pace carry over \$1.5 million and \$1.1 million of 2015 ICE funding, respectively, for approved operating projects delayed into 2016.

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

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, and budget by project and by fiscal year of all anticipated Service Board capital improvements. The capital programs are amended on a quarterly basis as appropriate. Public hearings are held in each county in the Northeastern Illinois region to inform the public and government officials of the RTA's capital development plans.

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure, which includes bringing the system's \$158 billion in assets (as measured in terms of replacement value and including subway tunnels valued at \$100 billion) into a State of Good Repair and extending or expanding service when demand is justified and funding available. To maintain and preserve the existing system requires a capital investment of more than \$1.5 billion per year.

Source of Funds

On August 20, 2015, the RTA Board adopted preliminary capital funding amounts for 2016-2020. The funding sources for the RTA capital program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the RTA, and the Service Boards. Additional funding sources (CTA bonds, Department of Homeland Security, and Service Board) identified after the adoption of the funding amounts on August 20, which are reflected in Tables 4 and 5, increased capital funding by \$448 million. Of the estimated \$3.861 billion of capital funding sources for 2016-2020, federal funds account for \$2.616 billion or 67.8%; CTA bond proceeds account for \$572 million or 14.8%; RTA bond proceeds account for \$301 million or 7.8%; Metra bond proceeds account for \$200 million or 5.2%; Service Board funds account for \$81 million or 2.1%; Pace bond proceeds account for \$51 million or 1.3%; RTA ICE funds account for \$37 million or 1.0%; and RTA reserves account for \$3 million or 0.1%. After debt service on previously-issued CTA bonds, an estimated amount of \$3.136 billion is available for 2016-2020, as shown in Table 4.

TABLE 4: 2016-2020 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	RTA	Total	% of Total
Funding Sources						
Federal Funds	1,562,299	843,949	209,993	-	2,616,242	67.8%
RTA Bond Proceeds	150,500	135,450	15,050	-	301,000	7.8%
RTA Innovation, Coordination, & Enhancement (ICE)	17,159	14,755	4,918	-	36,832	1.0%
RTA Reserves	-	-	-	2,555	2,555	0.1%
Service Board	20,625	55,600	4,840	-	81,065	2.1%
Total New Capital Funding	\$1,750,583	\$1,049,754	\$234,801	\$2,555	\$3,037,694	78.7%
CTA Bond Proceeds	572,405	-	-	-	572,405	14.8%
Metra Bond Proceeds	-	200,000	-	-	200,000	5.2%
Pace Bond Proceeds	-	-	50,600	-	50,600	1.3%
Total Capital Funding	\$2,322,988	\$1,249,754	\$285,401	\$2,555	\$3,860,699	100.0%
Debt Service (Federal)	(724,595)	-	-	-	(724,595)	
Total Capital Funding Available	\$1,598,393	\$1,249,754	\$285,401	\$2,555	\$3,136,104	

2016 Funding

As shown in Table 5, the total estimated funds for capital projects in 2016 are \$872 million. Federal funds account for \$480 million or 55.0%; CTA bond proceeds account for \$357 million or 41.0%; Service Board funds account for \$21 million or 2.4%; RTA ICE funds account for \$11 million or 1.3%; and RTA Reserves account for \$3 million or 0.3%. After CTA

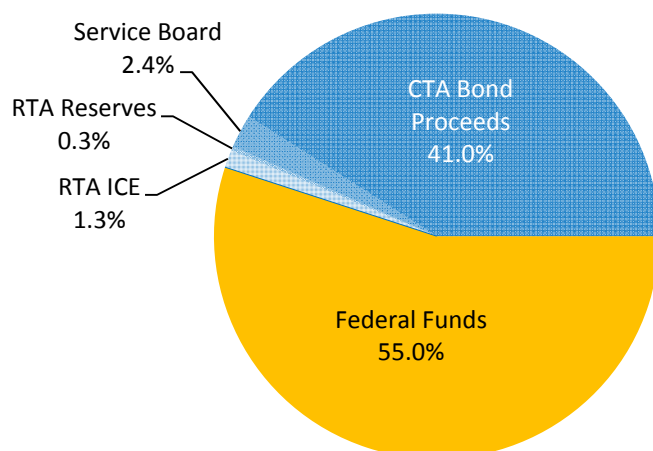
debt service on previously-issued bonds, an estimated amount of \$732 million of funding is available for 2016.

The absence of new State of Illinois funding, as well as the suspension of the Illinois Jobs Now Program, has slowed the advancement of capital projects. This has impeded progress toward achieving a system-wide State of Good Repair.

TABLE 5: 2016 CAPITAL PROGRAM FUNDING (DOLLARS IN THOUSANDS)

	CTA	Metra	Pace	RTA	Total	% of Total
Funding Sources						
Federal Funds	274,513	165,351	39,648	-	479,512	55.0%
RTA Bond Proceeds	-	-	-	-	-	0.0%
RTA Innovation, Coordination, & Enhancement (ICE)	4,837	4,742	1,581	-	11,160	1.3%
RTA Reserves	-	-	-	2,555	2,555	0.3%
Service Board	1,875	15,600	3,840	-	21,315	2.4%
Total New Capital Funding	\$281,225	\$185,693	\$45,069	\$2,555	\$514,542	59.0%
CTA Bond Proceeds	357,000	-	-	-	357,000	41.0%
Metra Bond Proceeds	-	-	-	-	-	0.0%
Pace Bond Proceeds	-	-	-	-	-	0.0%
Total Capital Funding	\$638,225	\$185,693	\$45,069	\$2,555	\$871,542	100.0%
Debt Service (Federal)	(139,517)	-	-	-	(139,517)	
Total Capital Funding Available	\$498,708	\$185,693	\$45,069	\$2,555	\$732,025	

2016 CAPITAL FUNDING: \$871.5 MILLION



Use of Funds 2016-2020

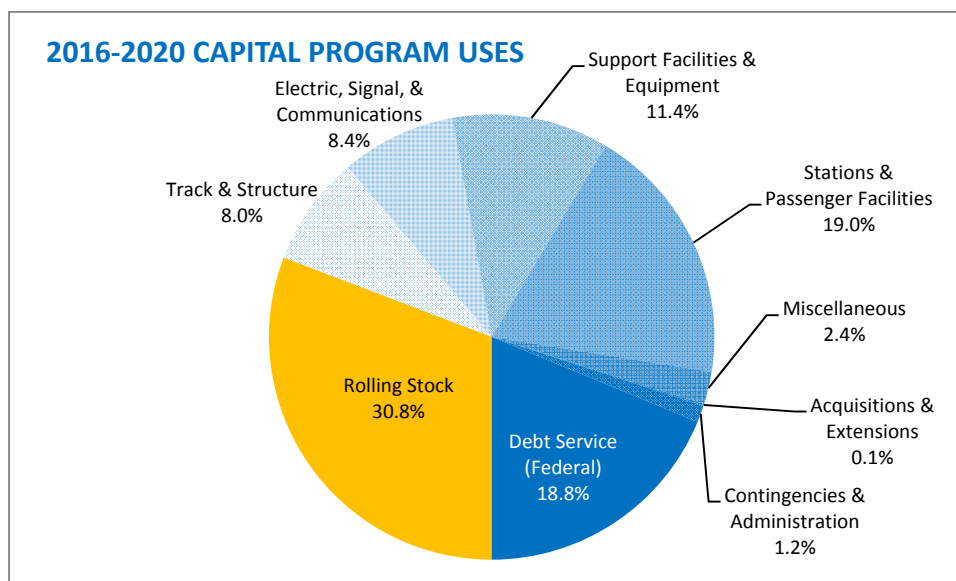
The primary emphasis of the 2016-2020 Capital Program is to continue efforts to bring the system's assets to a State of Good Repair. A balanced capital program is also responsive to customer needs and shifting markets by including investment in system expansion.

For the 2016-2020 Capital Program, a significant majority of the budget is allocated to capital projects that maintain the existing infrastructure.

Investments in the 2016-2020 Capital Program can be broken down by various asset categories. Table 6 shows program expenditures of \$1.189 billion or 30.8% on rolling stock, \$732 million or 19.0% on stations and passenger facilities, \$440 million or 11.4% on support facilities and equipment, \$322 million or 8.4% on electric, signal & communications, and \$309 million or 8.0% on track & structure. In addition, \$725 million or 18.8% will be expended on existing CTA debt service.

TABLE 6: 2016-2020 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	RTA	Total	% of Total
Rolling Stock	405,694	636,044	147,444	-	1,189,183	30.8%
Track & Structure	95,016	214,060	-	-	309,076	8.0%
Electric, Signal, & Communications	125,403	192,157	4,918	-	322,478	8.4%
Support Facilities & Equipment	251,220	97,908	90,844	-	439,972	11.4%
Stations & Passenger Facilities	665,651	43,692	20,000	2,555	731,898	19.0%
Miscellaneous	17,559	50,991	22,195	-	90,745	2.4%
Acquisitions & Extensions	5,000	-	-	-	5,000	0.1%
Contingencies & Administration	32,850	14,902	-	-	47,752	1.2%
Total Capital Funding Available	\$1,598,393	\$1,249,754	\$285,401	\$2,555	\$3,136,104	81.2%
Debt Service (Federal)	724,595	-	-	-	724,595	18.8%
Total Capital Funding	\$2,322,988	\$1,249,754	\$285,401	\$2,555	\$3,860,699	100.0%



Use of Funds 2016

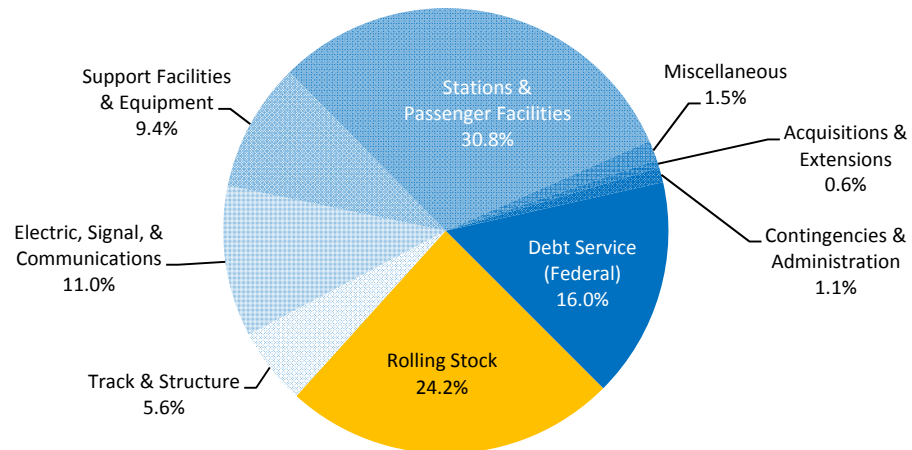
The 2016 Capital Program can also be viewed by the same asset categories. Table 7 shows that \$268 million or 30.8% of the program is allocated to stations and passenger facilities, \$211 million or

24.2% for rolling stock, \$96 million or 11.0% for electric, signal, and communications, \$82 million or 9.4% for support facilities and equipment, and \$49 million or 5.6% for track and structure. In addition, \$140 million or 16.0% is programmed for existing CTA debt service.

TABLE 7: 2016 CAPITAL PROGRAM USES (DOLLARS IN THOUSANDS)

Asset Category	CTA	Metra	Pace	RTA	Total	% of Total
Rolling Stock	87,059	85,373	38,448	-	210,881	24.2%
Track & Structure	24,931	23,860	-	-	48,791	5.6%
Electric, Signal, & Communications	57,155	36,900	1,581	-	95,636	11.0%
Support Facilities & Equipment	62,558	17,075	2,040	-	81,673	9.4%
Stations & Passenger Facilities	250,077	13,192	2,200	2,555	268,024	30.8%
Miscellaneous	5,237	6,620	800	-	12,657	1.5%
Acquisitions & Extensions	5,000	-	-	-	5,000	0.6%
Contingencies & Administration	6,690	2,673	-	-	9,363	1.1%
Total Capital Funding Available	\$498,708	\$185,693	\$45,069	\$2,555	\$732,025	84.0%
Debt Service (Federal)	139,517	-	-	-	139,517	16.0%
Total Capital Funding	\$638,225	\$185,693	\$45,069	\$2,555	\$871,542	100.0%

2016 CAPITAL PROGRAM USES

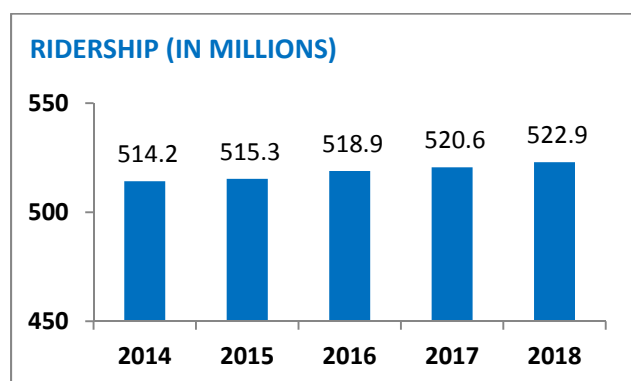




OPERATING BUDGET

Ridership

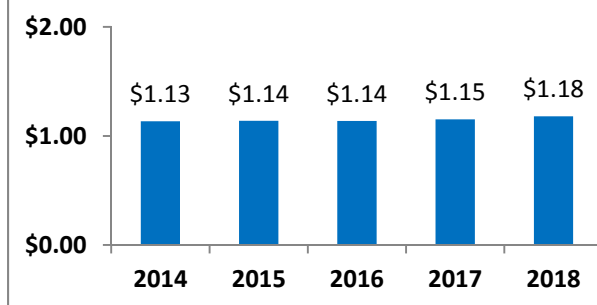
CTA's 2015 ridership is projected to end the year slightly above 2014 levels, with rail ridership increasing and bus ridership staying flat to prior year. Total ridership is budgeted to increase in 2016, growing by 0.7% over the 2015 estimate to 518.9 million passenger trips. Bus ridership growth is forecasted to be flat in 2016 while rail ridership is expected to increase by 1.4%. Ridership growth is expected to be modest over the financial planning years, increasing by 0.3% in 2017 and 0.4% in 2018.



Fares

The proposed CTA budget does not include a fare increase in 2016. CTA's average fare increased to \$1.14 in 2015, up from \$1.13 in 2014, with fewer free rides driving up the average fare per ride. CTA has budgeted for the average fare to remain at \$1.14 in 2016 and increase to \$1.15 in 2017.

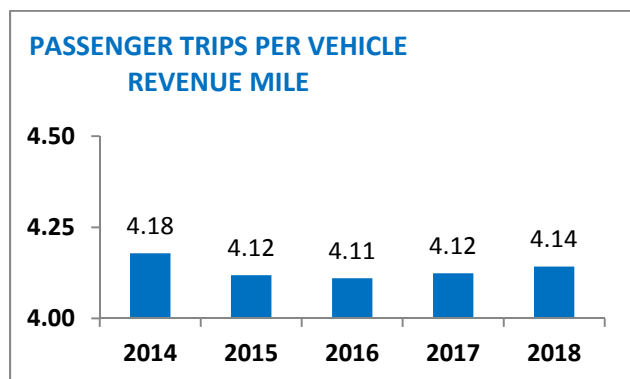
AVERAGE FARE



Service Levels

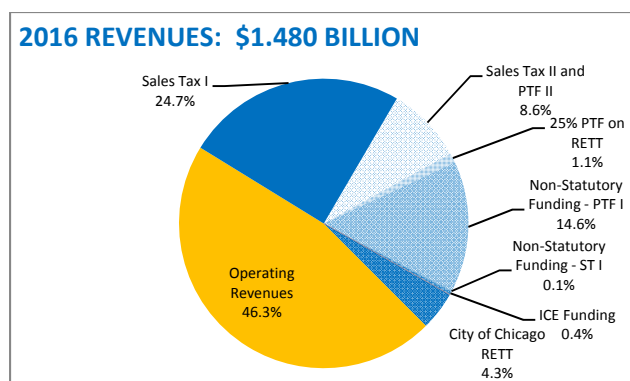
CTA budgeted for additional service in 2016, as it adds more express bus service. With the added service, vehicle revenue miles are projected to increase by 0.9% in 2016.

Service effectiveness, as measured by passenger trips per vehicle revenue mile, is expected to decrease slightly in 2016 as CTA adds service to meet existing ridership demand. CTA plans to grow service at a slightly greater rate than ridership which reduces the ratio of passenger trips per vehicle revenue mile. However, CTA projects higher ridership growth in 2017 and 2018 without additional service, which will result in an improvement in service effectiveness.



Operating Revenue

CTA projects that 2016 total operating revenues will increase by 2.1% to \$684.7 million, followed by increases of 1.7% in 2017 and 3.1% in 2018. Passenger revenue is estimated to increase by 0.6% in 2016, 1.5% in 2017, and 2.9% in 2018. Other revenue is projected to decrease by 5.0% in 2016, due to a decrease in non-capital grant revenue, and then increase steadily in 2017 and 2018 due to greater revenue from corporate sponsorship, advertising, and investments.



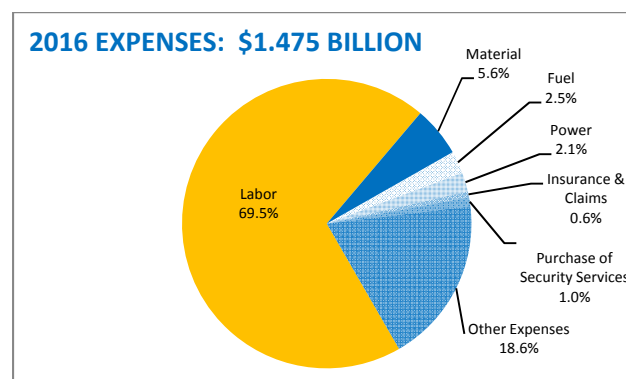
Public Funding

RTA funding from sales tax and Public Transportation Funds for CTA is budgeted at \$731.8 million in 2016, \$751.3 million in 2017, and \$776.6 million in 2018. CTA also receives Chicago Real Estate Transfer Tax (RETT) funding projected at \$63.6 million in 2016, \$66.7 million in 2017, and

\$70.1 million in 2018. Total public funding for CTA operations in 2016 is \$795.3 million, 1.2% higher than the 2015 estimate. ICE funding for 2016 totals \$5.8 million, with \$1.0 million of this funding being used for operations and the remainder for capital, with the proposed uses shown in Table 1 of the RTA Region section. Total public funding is expected to increase by 2.9% and 3.5% in 2017 and 2018, respectively.

Expenses

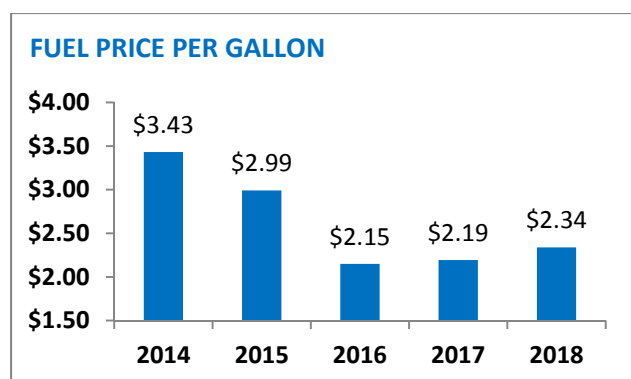
CTA's total budgeted expenses for 2016 will increase by 3.3% over the 2015 estimate to \$1.475 billion as a result of increases in labor, power, purchase of security services, and other expenses. Expenses are projected to increase by 2.3% and 3.3% in 2017 and 2018, respectively.



In 2016, the 2.5% increase in labor is attributable to contractual increases in wages, growing health care costs, and an extra day of operations due to the leap year. Material expenses are budgeted to decrease by 0.6% relative to the 2015 estimate and fuel expenses are expected to decrease by 24.3% due to the CTA's effective block purchasing strategy. Power expenses are budgeted to increase by 11.5% in 2016 relative to the 2015 estimate due to a ComEd rate increase.

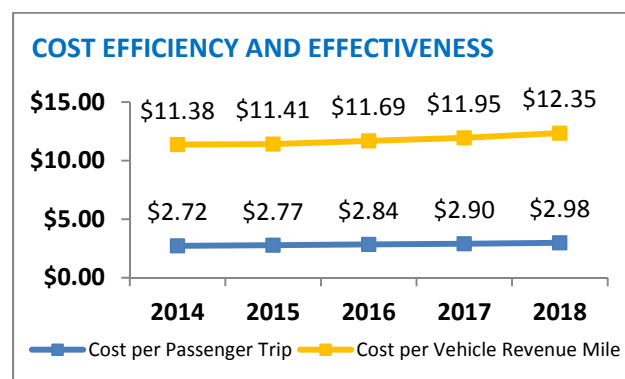
CTA did not allocate any funds to the insurance and claims reserve in 2015 due to it being sufficiently funded. In 2016, CTA will allocate \$9.5 million to the reserve. CTA projects a 2.4% increase in its purchase of security services due to increases in contract rates. Other expenses are projected to increase by \$22 million or 8.7% in 2016. This increase reflects the growing debt service, additional bus operator training, and the normal escalation of expenses and maintenance support for CTA's camera systems. Other expenses also reflect the \$13 minimum wage established in 2014 for contractual services.

Fuel for 2016 is budgeted at \$2.15 per gallon, 84 cents lower than the 2015 estimate. For 2017 and 2018, CTA's projected average price for fuel is \$2.19 and \$2.34 per gallon, respectively.



Cost efficiency is shown next by the measure cost per vehicle revenue mile, which is projected to increase by 2.4% in 2016 as cost increases occur at a greater rate than increases in service. Cost

effectiveness is also shown below as cost per passenger trip, which is projected to increase by 2.6% in 2016 as ridership grows more slowly than operating expenses.



Net Result and Recovery Ratio

As shown in Table 8, CTA's operating budget is balanced in 2016, with revenues covering expenses and producing a net result of zero after accounting for \$4.8 million in Innovation, Coordination, and Enhancement (ICE) funding that will be transferred to the capital program. In 2017 and 2018, CTA anticipates a balanced budget with net results equal to zero. CTA's recovery ratios through 2018, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, meet or exceed the RTA Board adopted requirement of 54.5%.

2016 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM

TABLE 8: CTA 2016 BUDGET AND 2017-2018 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Revenues					
Operating Revenues					
Passenger Revenue	583,299	\$587,170	\$590,541	\$599,399	\$616,709
State Reduced Fare Reimbursement ¹	28,321	14,162	28,322	28,322	28,322
Other Revenue	69,055	69,350	65,849	68,892	73,387
Total Operating Revenues	\$680,675	\$670,681	\$684,712	\$696,613	\$718,418
Public Funding					
Sales Tax I	343,087	352,952	365,121	378,631	392,261
Sales Tax II and PTF II	121,689	121,029	126,755	129,163	131,317
25% PTF on RETT	15,058	17,053	15,888	16,681	17,515
Non-Statutory Funding - PTF I	194,936	209,126	216,445	220,779	228,859
Non-Statutory Funding - ST I	-	900	1,733	-	372
Innovation, Coordination, and Enhancement Funding ²	-	16,581	5,837	6,052	6,270
Reduced Fare Reimbursement Replacement	1,318	-	-	-	-
City of Chicago RETT	63,150	68,212	63,552	66,726	70,060
Total Public Funding	\$739,238	\$785,852	\$795,331	\$818,032	\$846,654
Total Revenues	\$1,419,913	\$1,456,533	\$1,480,043	\$1,514,645	\$1,565,072
Expenses					
Labor	965,868	1,000,896	1,025,634	1,035,890	1,047,249
Material	80,963	83,025	82,534	83,360	86,860
Fuel	59,476	49,222	37,260	38,004	40,525
Power	33,568	28,211	31,458	31,773	34,043
Insurance & Claims	3,500	-	9,500	12,953	25,000
Purchase of Security Services	13,628	14,351	14,698	14,992	15,442
Other Expenses	242,910	252,068	274,124	291,621	309,684
Total Expenses	\$1,399,913	\$1,427,772	\$1,475,207	\$1,508,593	\$1,558,803
ICE funding not used for operations - transfer to capital ³	-	(16,581)	(4,837)	(6,052)	(6,270)
Net Result	\$20,000	\$12,180	(\$0)	(\$0)	(\$1)
Recovery Ratio	58.5%	56.3%	55.4%	54.9%	54.5%

¹ Amounts for 2016-2018 contingent upon restoration of reduced fare funding to \$34.070 million in State FY16-19 budgets.

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

³ As authorized by RTA Ordinance 2015-37, ICE amounts not required for operating funding may be redesignated for capital projects.

CAPITAL PROGRAM

CTA's portion of the proposed 2016-2020 Capital Program totals \$2.323 billion (including payment of debt service on bonds) and includes investments to modernize its bus and rail system:

- CTA's Red and Purple Modernization (RPM) Program is a series of proposed improvements to the North Red Line along the 9.6-mile RPM corridor from just north of Belmont station to the northern terminus at Linden station. This \$557 million program will enhance station access along the corridor, expand platforms, and replace and modernize the structural system, which is more than 90 years old.
- The Your New Blue project involves the upgrade of the Blue Line O'Hare Branch infrastructure that stretches over 19 miles from downtown Chicago to O'Hare International Airport and carries more than 26 million passengers per year. In the current plan, funds of \$35 million are provided for signal and traction power work, and \$51 million for stations and structure work. Planned work will upgrade track slow zone areas and modernize stations to better meet the needs of riders.
- CTA's 2016-2020 capital program provides \$134 million for the replacement of aging buses with a mix of electric, clean diesel, and diesel-electric hybrid buses. Funding for this bus replacement project will provide for the engineering, purchase, and inspection of fully accessible, air-conditioned buses, including a spare parts inventory.
- The 2016-2020 capital program provides funding of \$101 million for a multi-year overhaul program to refurbish rail cars. Rehabilitating the rail fleet will improve the reliability, comfort, and cost-effectiveness of transit service for the riding public.

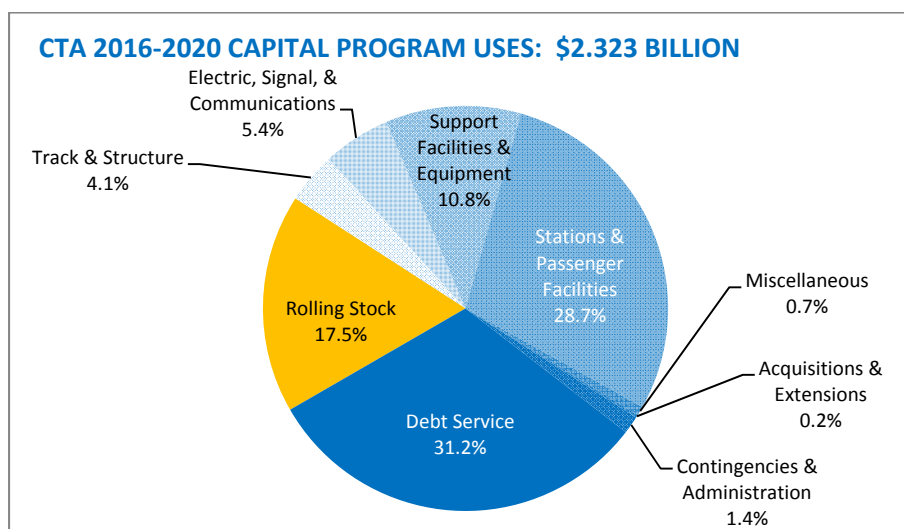


TABLE 9: CTA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)

Project & Title	2016	2017	2018	2019	2020	TOTAL
Rolling Stock - Bus						
Perform Bus Maintenance Activities	2,335	2,500	2,500	0	2,500	9,835
Perform Mid-Life Bus Overhaul	9,757	12,688	0	0	0	22,445
Purchase Replacement Buses	42,496	26,035	20,862	29,276	14,847	133,516
Subtotal Rolling Stock	54,587	41,223	23,362	29,276	17,347	165,795
Bus Total	54,587	41,223	23,362	29,276	17,347	165,795
Rolling Stock - Rail						
Perform Rail Car Mid-Life Rehabilitation (3200 Series)	16,004	27,026	0	0	0	43,030
Perform Quarter-Life Rail Car Overhaul (5000 Series)	0	0	8,500	8,563	41,375	58,438
Perform Rail Car Maintenance Activities	0	2,500	4,781	0	2,500	9,781
Purchase Replacement Rail Cars (2600 and 3200 Series)	16,468	16,175	10,962	34,789	50,256	128,650
Subtotal Rolling Stock	32,472	45,701	24,243	43,352	94,131	239,899
Track & Structure - Rail						
Repair Track and Structure	24,931	17,140	16,945	21,000	15,000	95,016
Subtotal Track & Structure	24,931	17,140	16,945	21,000	15,000	95,016
Electrical, Signal, & Communications - Rail						
Replace/Upgrade Power Distribution and Signals	54,155	13,248	8,500	8,500	0	84,403
Replace/Upgrade Power Distribution and Signals – Your New	0	0	11,000	0	0	11,000
Subtotal Electrical, Signal & Communications	54,155	13,248	19,500	8,500	0	95,403
Stations & Passenger Facilities - Rail						
Rehabilitate Rail Stations	13,400	4,951	2,866	2,000	0	23,217
Rehabilitate Rail Stations – Your New Blue	9,624	33,352	0	0	32,000	74,976
Rehabilitate North Mainline – Red/Purple Modernization	217,054	0	215,405	25,000	100,000	557,458
95th Street Terminal Expansion	10,000	0	0	0	0	10,000
Subtotal Stations & Passenger Facilities	250,077	38,303	218,271	27,000	132,000	665,651
Rail Total	361,636	114,392	278,959	99,852	241,131	1,095,969
Electrical, Signal & Communications - System						
Implement Security & Communication Projects	3,000	3,000	8,000	8,000	8,000	30,000
Subtotal Electrical, Signal & Communications	3,000	3,000	8,000	8,000	8,000	30,000
Support Facilities & Equipment - System						
Implement Computer Systems	4,970	2,207	1,989	2,147	2,319	13,632
Improve Facilities	25,475	32,109	37,163	26,187	50,790	171,725
Purchase Equipment and Non-Revenue Vehicles	32,113	9,775	1,875	18,375	3,725	65,863
Subtotal Support Facilities & Equipment	62,558	44,092	41,026	46,710	56,834	251,220
Acquisitions & Extensions - System						
South Main Line/Red Line Extension (RLE)	5,000	0	0	0	0	5,000
Subtotal Acquisitions & Extensions	5,000	0	0	0	0	5,000
Miscellaneous						
Fisk Site Planning and Financial Study	400	0	0	0	0	400
RTA ICE Projects	4,837	6,052	6,270	0	0	17,159
Subtotal Miscellaneous	5,237	6,052	6,270	0	0	17,559
Contingencies & Administration - System						
Provide for Program Management	6,690	6,090	6,690	6,690	6,690	32,850
Subtotal Contingencies & Administration	6,690	6,090	6,690	6,690	6,690	32,850
System Total	70,558	47,092	49,026	54,710	64,834	286,220
CTA Total	498,708	214,849	364,307	190,527	330,002	1,598,393
CTA Debt Service	139,517	142,647	145,564	144,294	152,573	724,595
CTA Total with Debt Service	638,225	357,496	509,871	334,821	482,575	2,322,988

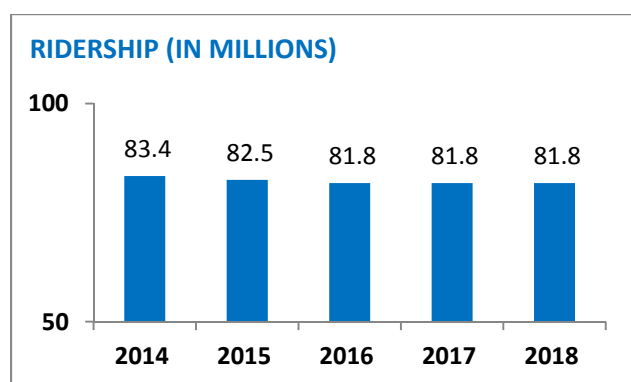
Metra



OPERATING BUDGET

Ridership

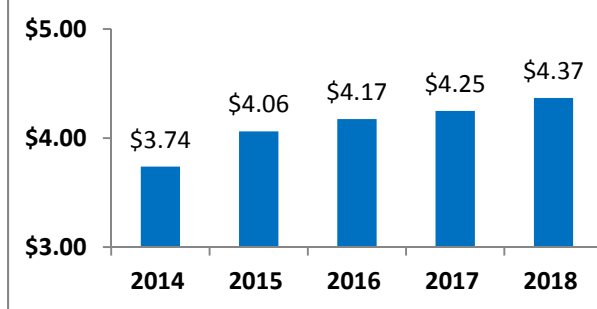
Metra's 2015 ridership is projected to end the year down 1.1% from 2014, as a result of low gas prices and a February fare increase. Metra's 2016 budget anticipates ridership of 81.8 million, a decrease of 0.8%, followed by no growth in 2017 and 2018.



Fares

In order to address significant rolling stock investment needs and meet federally-mandated Positive Train Control expenses, Metra has proposed an overall fare increase, averaging 2.3%, to be effective February 1st, 2016. For all Metra fare zones, one-way fares will increase by \$0.25, 10-ride tickets will increase by \$1.75, and monthly passes will increase by \$2.50. In addition, Reduced fare 10-ride tickets will increase by \$0.75, and reduced fare monthly passes will increase by \$1.25, for all fare zones.

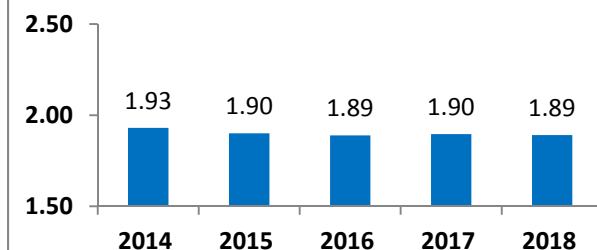
AVERAGE FARE



Service Levels

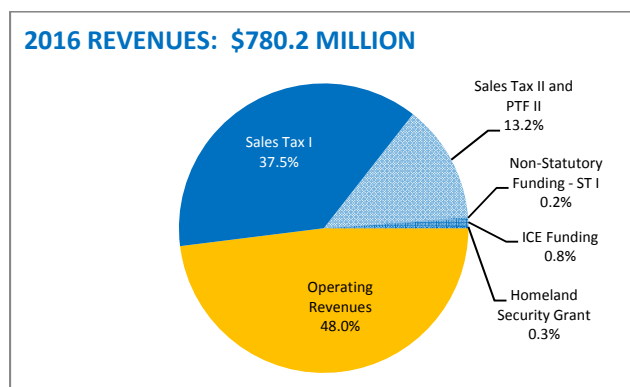
Metra service levels are expected to remain stable. Metra anticipates a 0.2% decrease in vehicle revenue miles in 2016, followed by a 0.4% decrease in 2017 and a 0.3% increase in 2018. Service effectiveness can be shown as the ratio of ridership to service provided, and is illustrated below. Following the expected ridership decline in 2016, ridership and service effectiveness are projected to remain flat through 2018.

PASSENGER TRIPS PER VEHICLE REVENUE MILE



Operating Revenue

Metra projects that total operating revenues will increase by 0.3% in 2016 to \$374.6 million, followed by increases of 2.7% in 2017 and 3.3% in 2018. Passenger revenue is estimated to increase by 1.9% in 2016, consistent with the proposed fare increase. State funding for reduced fare reimbursement is assumed at \$3.1 million for 2016, although the status of this funding in the State FY2016 budget remains unclear. Other revenue is projected to decrease by 18.6% in 2016 to \$30.1 million, reflecting an anticipated decline in crossing project work done on the behalf of the State.

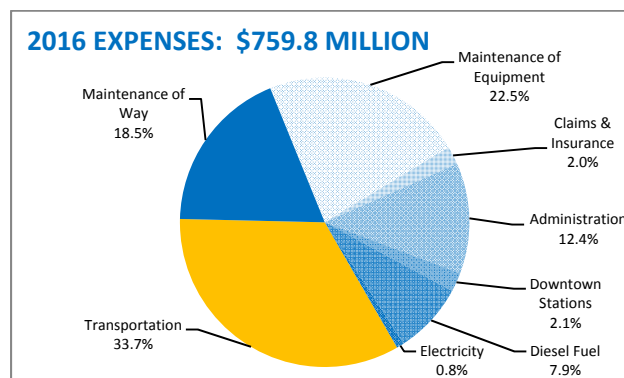


Public Funding

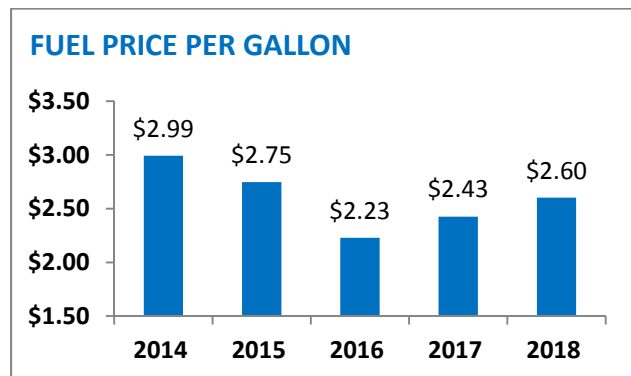
RTA funding (sales tax and Public Transportation Funds) is budgeted at \$402.0 million in 2016, \$413.6 million in 2017, and \$426.8 million in 2018. Metra is proposing to carry forward \$1.5 million of 2015 ICE funds for expenses related to the development of the mobile ticketing application. Metra's 2016-2018 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 \$2.0 million for each year from 2016 through 2018.

Expenses

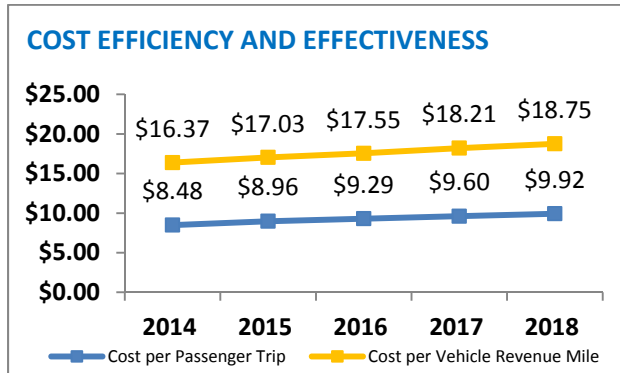
Metra projects that 2016 total expenses will increase by 2.8% over the 2015 estimate to \$759.8 million. With stable service levels, Metra's expense growth reflects projected increases in each operating category except fuel, electricity, and claims and insurance. Diesel fuel expenditures, comprising approximately 8% of Metra's operating expenses, are projected to decrease by 19.5% in 2016, due to Metra's effective advanced purchasing strategy. Electricity expense for the Metra Electric District line is budgeted to decrease by 22.9% to \$6.4 million due to lower prices from a new supply contract. Transportation, Maintenance of Way, and Maintenance of Equipment expenses are projected to increase by 6.9%, 6.4%, and 5.9% in 2016, respectively, reflecting the increasing costs of safely operating and maintaining aging equipment and infrastructure. Administration costs are projected to increase by 3.2% in 2016.



Fuel for 2016 is budgeted at \$2.23 per gallon, representing a 52 cent reduction from the 2015 estimate.



Cost efficiency is shown by the measure cost per vehicle revenue mile, which is projected to increase by over 3.0% per year as cost increases occur without corresponding increases in service. Cost effectiveness is shown by cost per passenger trip, which is projected to increase by 3.7% in 2016 and 3.4% thereafter, as ridership remains essentially flat and expenses steadily increase.



Net Result and Recovery Ratio

As shown in Table 10, Metra's operating budget is balanced in 2016, with a \$15.6 million net result that Metra has dedicated for capital purposes. In 2017 and 2018, Metra anticipates a \$10 million net result for each year, again to be transferred for capital purposes.

Metra's 2016 through 2018 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, meet or exceed the RTA Board adopted requirement of 52%.

2016 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM

TABLE 10: METRA 2016 BUDGET AND 2017-2018 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Revenues					
Operating Revenues					
Passenger Revenue	311,700	335,000	341,400	347,500	357,200
State Reduced Fare Reimbursement ¹	3,138	1,569	3,138	3,138	3,138
Other Revenue	39,700	37,000	30,100	34,000	37,000
Total Operating Revenues	\$354,538	\$373,569	\$374,638	\$384,638	\$397,338
Public Funding					
Sales Tax I	275,230	282,914	292,906	303,743	314,678
Sales Tax II and PTF II	98,872	98,336	102,988	104,945	106,695
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	-	731	1,408	-	302
RTA Fund Balance Funding	-	6,000	-	-	-
Innovation, Coordination, and Enhancement Funding ^{2,3}	-	13,472	6,242	4,918	5,095
Reduced Fare Reimbursement Replacement	146	-	-	-	-
Homeland Security Grant	3,000	2,000	2,000	2,000	2,000
Total Public Funding	\$377,248	\$403,453	\$405,545	\$415,606	\$428,770
Total Revenues	\$731,786	\$777,022	\$780,183	\$800,244	\$826,108
Expenses					
Transportation	232,900	239,500	256,000	263,500	271,400
Maintenance of Way	122,600	132,000	140,500	144,500	149,000
Maintenance of Equipment	151,300	161,500	171,000	176,000	181,000
Claims & Insurance	17,400	15,800	15,400	15,900	16,400
Administration	82,600	91,000	93,900	96,700	99,400
Downtown Stations	14,600	16,000	16,200	16,600	17,000
Diesel Fuel	78,700	75,000	60,400	65,500	70,000
Electricity	6,800	8,300	6,400	6,600	6,800
Total Expenses	\$706,900	\$739,100	\$759,800	\$785,300	\$811,000
ICE funding not used for operations - transfer to capital ⁴	-	(13,472)	(4,741)	(4,918)	(5,095)
Net Result	\$24,886	\$24,450	\$15,642	\$10,027	\$10,013
Recovery Ratio	53.2%	53.7%	52.4%	52.0%	52.0%

¹ Amounts for 2016-2018 contingent upon restoration of reduced fare funding to \$34.070 million in State FY16-19 budgets.

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

³ 2016 ICE amount includes carryover of \$1.5 million of 2015 ICE funding for mobile application development.

⁴ As authorized by RTA Ordinance 2015-37, ICE amounts not required for operating funding may be redesignated for capital projects.

CAPITAL PROGRAM

Metra's portion of the proposed 2016-2020 Capital Program totals \$1.250 billion and includes the following investments to renew its system and improve service for its customers:

- Following its fleet modernization plan, Metra has proposed \$636 million in rolling stock; this includes the replacement of up to 367 railcars and the rehabilitation of 247 cars and locomotives. These projects will allow Metra vehicles to run at optimum efficiency, resulting in reduced operating costs and improving the customer experience by increasing reliability and quality of service.
- Metra has proposed \$122.7 million for bridge work, including the replacement of 11 bridges on the UP North Line as well as rehabilitation and improvement work on other bridges throughout Metra's service area. These projects allow Metra trains to operate more quietly at higher speeds, eliminating the need for slow zones.
- The 2016-2020 capital plan includes \$87.7 million for the installation of Positive Train Control (PTC) elements; PTC is mandated by federal law to monitor the safe operation of commuter and freight vehicles by ensuring train crew compliance with all operating instructions.
- Metra's capital program provides \$29.6 million for stations and parking projects, such as signage and lighting improvements, brick and mortar repairs, handrail replacements, and rehabilitation of platforms and elevators.

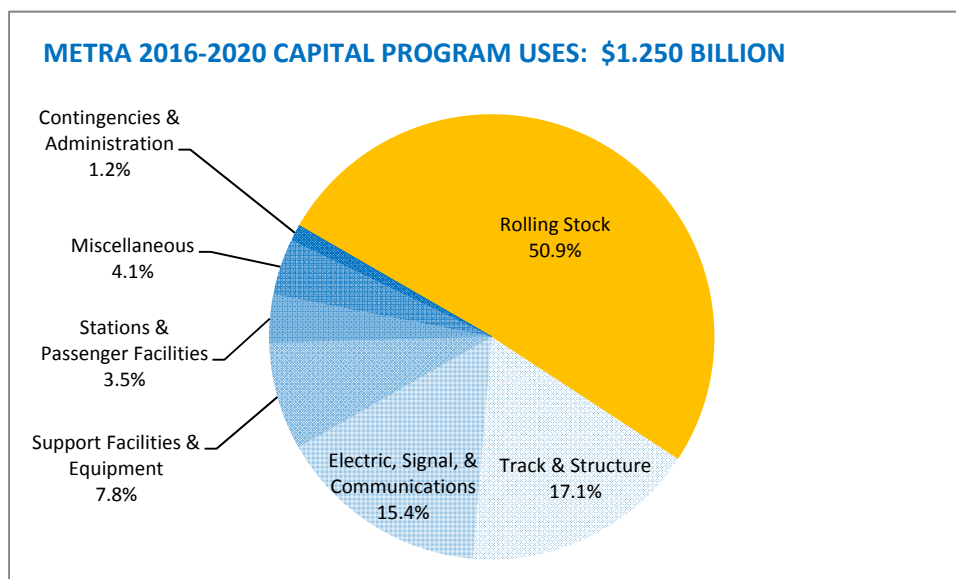


TABLE 11: METRA FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)

Project & Title	2016	2017	2018	2019	2020	TOTAL
Provide for Locomotive Improvements	35,100	62,020	16,200	16,000	20,738	150,058
Rehabilitate Commuter Cars	22,358	66,350	32,250	40,250	35,375	196,583
Overhaul Fleet Components	11,900	7,224	7,848	9,306	10,084	46,362
Purchase New Gallery Cars	15,000	35,300	6,500	105,600	78,000	240,400
MU Car Improvements	515	0	546	500	580	2,141
HVAC Refrigerant Conversion	500	0	0	0	0	500
Subtotal Rolling Stock	85,373	170,894	63,344	171,656	144,777	636,044
Track & Structure - Rail						
Provide for Ties, Ballast & Surfacing	6,765	3,670	5,250	6,750	7,000	29,435
Upgrade Crossings (Road and Track)	3,900	3,500	1,925	2,825	3,825	15,975
Provide for Rail Renewal	8,418	7,040	6,035	6,815	8,465	36,773
Rehabilitate or Replace Bridges	2,600	12,100	66,850	22,600	18,600	122,750
Retaining Wall Rehabilitation	1,177	500	500	750	750	3,677
Provide for Structural Improvements	1,000	1,000	1,150	1,150	1,150	5,450
Subtotal Track & Structure	23,860	27,810	81,710	40,890	39,790	214,060
Electrical, Signal, & Communications - Rail						
Upgrade Signal System	1,500	5,700	16,500	21,500	21,630	66,830
Upgrade Interlockers and Crossovers	0	7,000	0	0	0	7,000
Improve Electrical Equipment and Systems	1,400	6,450	8,100	7,350	4,650	27,950
Provide for Communication Equipment	0	177	0	0	2,500	2,677
Install Positive Train Control (PTC) System	34,000	23,700	30,000	0	0	87,700
Subtotal Electrical, Signal & Communications	36,900	43,027	54,600	28,850	28,780	192,157
Support Facilities & Equipment - Rail						
Improve Yards, Shops and Facilities	4,600	2,000	7,750	8,853	9,103	32,306
Upgrade Buildings	500	700	650	1,500	1,500	4,850
Purchase Equipment and Vehicles	10,975	11,018	11,422	6,327	5,275	45,017
Replace Financial System	1,000	4,735	2,500	2,500	5,000	15,735
Subtotal Support Facilities & Equipment	17,075	18,453	22,322	19,180	20,878	97,908
Stations & Passenger Facilities						
Improve Stations and Parking	10,192	7,000	6,250	2,000	4,250	29,692
ADA Improvements	3,000	2,000	3,000	3,000	3,000	14,000
Subtotal Stations & Passenger Facilities	13,192	9,000	9,250	5,000	7,250	43,692
Miscellaneous						
Provide for Unanticipated Capital	2,370	2,500	2,500	2,000	1,720	11,090
Subtotal Miscellaneous	2,370	2,500	2,500	2,000	1,720	11,090
Contingencies & Administration						
Technical Studies	1,000	2,000	5,000	5,000	5,000	18,000
Provide for Contingencies	1,872	1,000	1,521	2,838	2,970	10,201
Provide for Locally Funded Projects/Match	3,250	4,580	4,283	4,653	5,135	21,901
Provide for Project Administration	800	900	1,000	1,000	1,000	4,700
Subtotal Contingencies & Administration	6,922	8,480	11,804	13,491	14,105	54,802
Metra Total	185,692	280,164	245,530	281,067	257,300	1,249,753

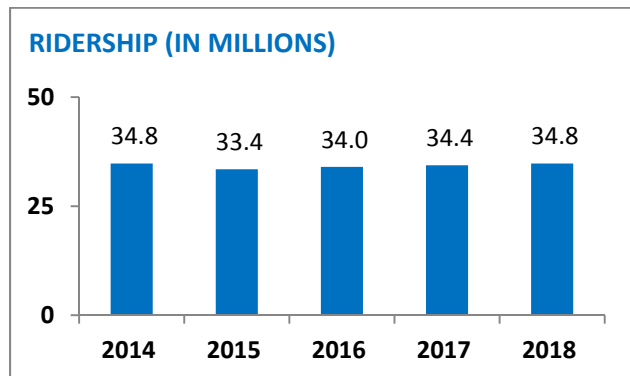
Pace Suburban Service



OPERATING BUDGET

Ridership

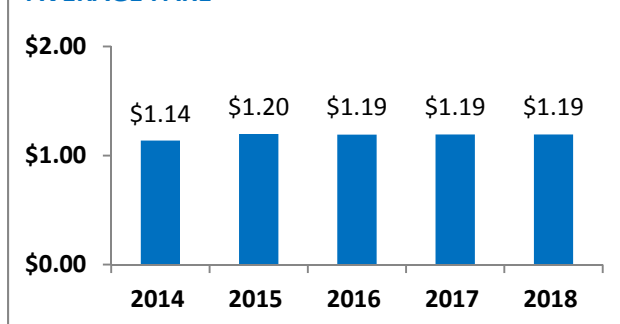
Combined ridership for Pace's three Suburban Service modes is projected to grow by 1.6% in 2016 to 34.0 million, with fixed-route, Dial-a-Ride, and vanpool growing by 1.6%, 1.3%, and 2.6%, respectively. Pace is forecasting subsequent ridership increases of 1.1% in both 2017 and 2018. This growth follows an estimated ridership decline of 3.9% in 2015, due to lower gas prices, the discontinuation of cash transfers, and route consolidation.



Fares

Effective 1/1/2016, Pace has proposed a 25 cent increase in bus cash fares only. Customers using Ventra will continue to pay the same \$1.75 regular fare, and will have access to the many benefits of the Ventra system. Fare adjustments are also being proposed for two of Pace's vanpool programs. Traditional vanpool would have separate fares for 5 and 6 passenger vanpools, and monthly fares for the Advantage program would be reduced, but participants would purchase their own insurance.

AVERAGE FARE

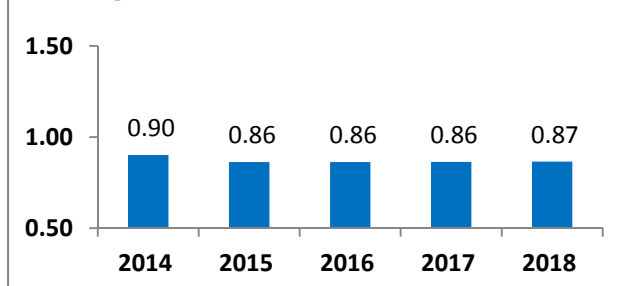


Service Levels

Pace projects a modest increase in service levels for 2016, driven both by the full-year impact of 2015 service additions and by the early start-up of Milwaukee Avenue Arterial Rapid Transit (ART) service and expanded I-90 service in 2016. Vehicle miles are projected to increase by 1.6% in 2016.

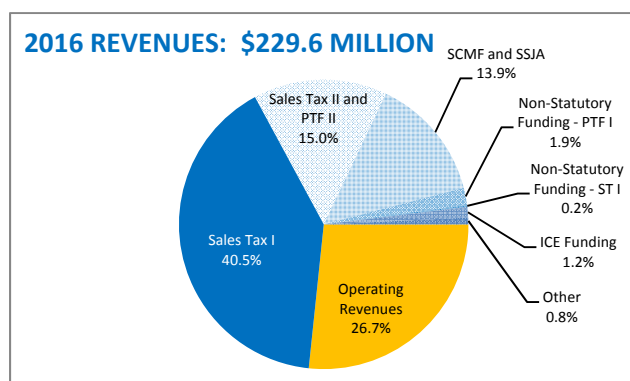
Service effectiveness, as measured by passenger trips per vehicle revenue mile, is flat in 2016-2018, after this ratio decreased with the ridership loss of 2015. This indicates that service is being added at a measured and appropriate rate.

PASSENGER TRIPS PER VEHICLE REVENUE MILE



Operating Revenue

Pace projects that 2016 total operating revenues will increase by 4.1% to \$61.2 million, followed by increases of 3.8% and 2.1% in 2017 and 2018, respectively. Fare revenue is estimated to increase by 1.1% in 2016, consistent with projected ridership growth. The State reduced fare reimbursement is assumed to be provided in 2016 at \$2.6 million, although the funding amounts are unknown due to the State budget impasse. Other revenue is projected to increase by 4.7%, driven by increased local government contributions for specific services.

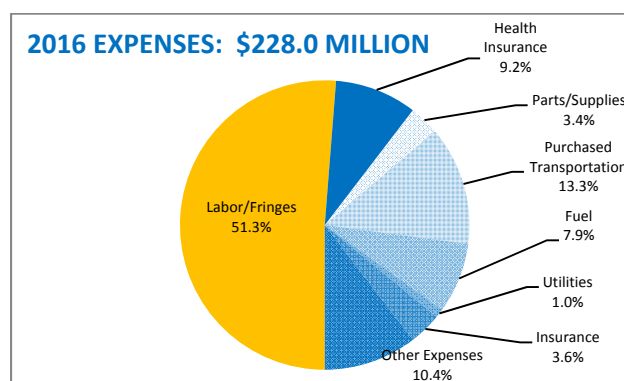


Public Funding

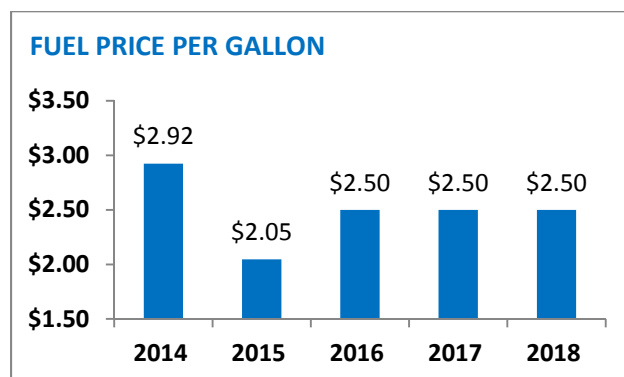
Pace's total public funding will grow by 1.5% over the 2015 estimate to \$168.4 million in 2016. Pace's public funding assumptions meet the RTA Board adopted marks for sales tax, Public Transportation Funds, Suburban Community Mobility Funds, South Suburban Job Access Funds, RTA non-statutory funding, and ICE funding. Pace is proposing to carry forward \$1.1 million of 2015 ICE funds for off-peak and weekend service additions expense that has carried into 2016. Pace's 2016-2018 ICE funding is programmed to be used entirely for capital purposes, with proposed uses shown in Table 1 of the RTA Region section. In addition to RTA funding, Pace is anticipating \$1.7 million of federal CMAQ/JARC/New Freedom funding in 2016.

Expenses

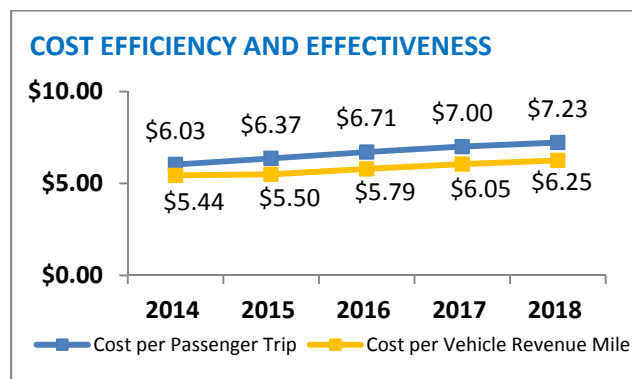
Pace projects that 2016 total expenditures will increase from the 2015 estimate by 7.1% to \$228.0 million, followed by increases of 5.6% and 4.3% in 2017 and 2018, respectively. The significant 2016 expense growth is being driven primarily by modest service expansions, labor and fringe benefit increases, and an expected increase in fuel expense. The service expansions, combined with a wage hike, will increase labor and fringe benefits, Pace's largest expense category, by 4.5%. Pace plans to issue \$9.3 million of bonds in 2016, for land acquisition for the new Northwest garage, with bond interest expense also contributing to operating expense growth.



Pace's fuel expenses are projected to grow by 22.8% in 2016, as consumption increases modestly due to service additions and Pace's fuel price assumption rises from \$2.05 per gallon in 2015 to \$2.50 per gallon in 2016.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 3.6% per year as cost increases occur without corresponding increases in service. Cost effectiveness is shown below as cost per passenger trip, which is projected to increase by 4.6% per year as ridership grows more slowly than operating expenses.



Net Result and Recovery Ratio

As shown in Table 12, Pace's operating budget is balanced in 2016, 2017, and 2018, with revenues equal to expenditures, producing a net result of zero in each year.

Pace's 2016 through 2018 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exactly meet the RTA Board adopted requirement of 30%.

2016 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM

TABLE 12: PACE SUBURBAN SERVICE 2016 BUDGET AND 2017-2018 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	39,554	40,068	40,512	40,993	41,479
State Reduced Fare Reimbursement ¹	3,121	1,436	2,610	2,610	2,610
Other Revenue	18,934	17,255	18,063	19,919	20,738
Total Operating Revenues	\$61,609	\$58,759	\$61,185	\$63,522	\$64,827
<u>Public Funding</u>					
Sales Tax I	87,298	89,672	92,905	96,342	99,810
Sales Tax II and PTF II	32,957	32,779	34,329	34,982	35,565
Suburban Community Mobility Fund	22,879	23,497	24,319	25,219	26,127
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	3,978	4,268	4,417	4,506	4,671
Non-Statutory Funding - ST I	-	244	469	-	101
Innovation, Coordination, and Enhancement Funding ^{2,3}	-	4,491	2,704	1,639	1,698
Reduced Fare Reimbursement Replacement	121	-	-	-	-
Capital Cost of Contracting	2,851	-	-	2,395	6,000
CMAQ / JARC / New Freedom	3,376	3,417	1,727	6,333	6,589
Total Public Funding	\$160,961	\$165,867	\$168,370	\$178,915	\$188,061
Total Revenues	\$222,570	\$224,626	\$229,555	\$242,437	\$252,888
<u>Expenses</u>					
Labor/Fringes	109,711	111,784	116,837	121,373	125,999
Health Insurance	20,450	20,887	20,887	22,517	24,273
Parts/Supplies	6,665	7,517	7,659	8,170	8,716
Purchased Transportation	28,235	28,812	30,347	31,747	33,210
Fuel	20,646	14,626	17,959	18,102	18,208
Utilities	2,416	2,225	2,239	2,364	2,497
Insurance	7,829	9,444	8,262	8,813	9,401
Other Expenses	14,000	17,655	23,784	27,713	28,887
Total Expenses	\$209,952	\$212,950	\$227,974	\$240,799	\$251,191
ICE funding not used for operations - transfer to capital ⁴	-	(2,281)	(1,581)	(1,639)	(1,698)
Net Result	\$12,618	\$9,395	\$0	\$0	\$0
Recovery Ratio	30.0%	30.0%	30.0%	30.0%	30.0%

¹ Amounts for 2016-2018 contingent upon restoration of reduced fare funding to \$34.070 million in State FY16-19 budgets.

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

³ 2016 ICE amount includes carryover of \$1.1 million of 2015 ICE funding for 2015 service additions operating expense carried into 2016..

⁴ As authorized by RTA Ordinance 2015-37, ICE amounts not required for operating funding may be redesignated for capital projects.

CAPITAL PROGRAM

Pace has proposed a five-year capital plan totaling \$285.4 million. Pace's major capital project initiatives lie in the categories of rolling stock and facilities.

- Pace's five-year capital program proposes \$147.4 million in rolling stock; this includes the replacement of 220 fixed-route buses, 448 paratransit buses, 22 community vehicles, and 332 vanpool vehicles. Vehicle replacements help to reduce maintenance and operating costs, provide a better customer experience, and alleviate overcrowding.
- Pace proposes \$90.8 million for support facilities and equipment. \$50.6 million is

programmed for constructing a new Northwest Cook Garage; the existing garage is over 50 years old, overcrowded, and is operationally obsolete. \$17.9 million is programmed for renovation work on a number of other Pace bus facilities to replace inefficient or non-functioning systems and equipment, thus improving operating efficiencies.

- \$12.1 million has been programmed to renovate passenger facilities, which can include updating passenger amenities, replacing concrete and asphalt, and replacing building systems. Such projects aim to reduce maintenance costs and improve customer waiting conditions.

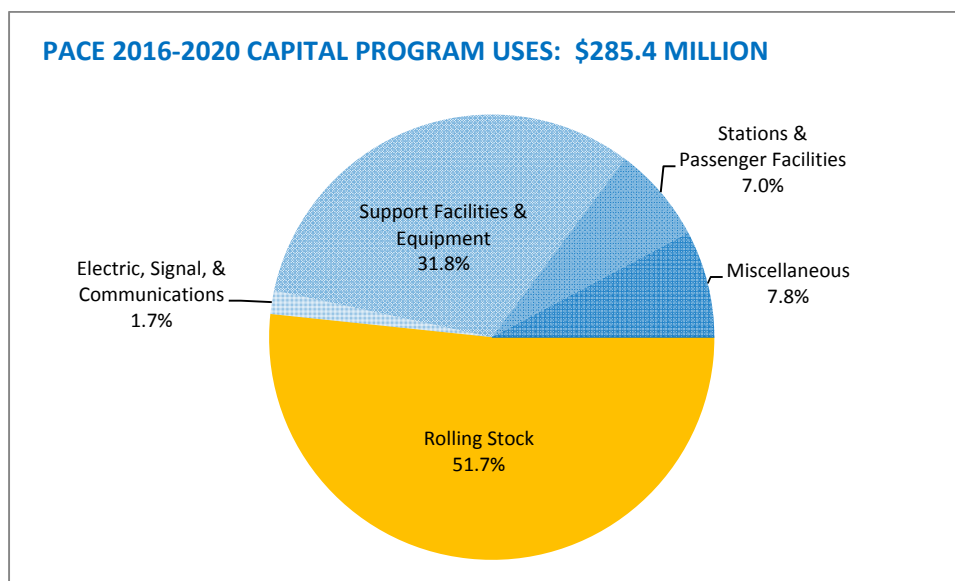


TABLE 13: PACE FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)

Project & Title	2016	2017	2018	2019	2020	TOTAL
Rolling Stock - Bus						
Purchase 40' Fixed Route Accessible Buses – Systemwide	34,491	11,250	11,700	15,750	26,550	99,741
Purchase Replacement Paratransit Vehicles – Systemwide	2,344	8,540	6,222	5,002	5,246	27,354
Purchase Community Vehicles – Systemwide	0	0	0	0	1,870	1,870
Purchase Replacement and Expansion Vanpool Vans – Systemwide	0	0	4,096	7,520	0	11,616
Provide for Diesel Engine Retrofit – Systemwide	1,613	1,000	1,000	1,000	1,000	5,613
Provide for Associated Capital Items – Systemwide	0	500	250	250	250	1,250
Subtotal Rolling Stock	38,448	21,290	23,268	29,522	34,916	147,444
Electrical, Signal, & Communications - Bus						
Purchase/Install Intelligent Bus System (IBS) and Mobile Data Terminals (MDT) – Systemwide	1,581	1,639	1,698	0	0	4,918
Subtotal Electrical, Signal, & Communications	1,581	1,639	1,698	0	0	4,918
Support Facilities & Equipment - Bus						
Construct Bus Garage – Northwest Cook County	0	3,000	47,600	0	0	50,600
Improve Facilities – Systemwide	705	2,705	7,457	6,499	543	17,909
Purchase Replacement Farebox System – Systemwide	0	3,500	4,000	0	0	7,500
Purchase Computer Hardware and Software Systems – Systemwide	300	2,000	2,000	2,000	2,000	8,300
Purchase Maintenance/Support Equipment and Vehicles – Systemwide	1,035	1,000	900	800	800	4,535
Purchase Office Equipment – Systemwide	0	500	500	500	500	2,000
Subtotal Support Facilities & Equipment	2,040	12,705	62,457	9,799	3,843	90,844
Stations & Passenger Facilities - Bus						
Passenger Facilities Mid-Life Renovation – Systemwide	0	1,850	5,200	1,450	3,600	12,100
Posted Stops Only Conversion – Systemwide	0	1,700	0	0	0	1,700
Install Shelters/Signs/Passenger Amenities – Systemwide	2,200	1,000	1,000	1,000	1,000	6,200
Subtotal Stations & Passenger Facilities	2,200	4,550	6,200	2,450	4,600	20,000
Miscellaneous - Bus						
Transit Asset Management Plan	550	0	0	0	0	550
Provide for Unanticipated Capital – Systemwide	250	250	250	250	250	1,250
Provide for Capital Cost of Contracting – Systemwide	0	2,395	6,000	6,000	6,000	20,395
Subtotal Miscellaneous	800	2,645	6,250	6,250	6,250	22,195
Bus Total	45,069	42,830	99,873	48,021	49,609	285,401
Pace Total	45,069	42,830	99,873	48,021	49,609	285,401

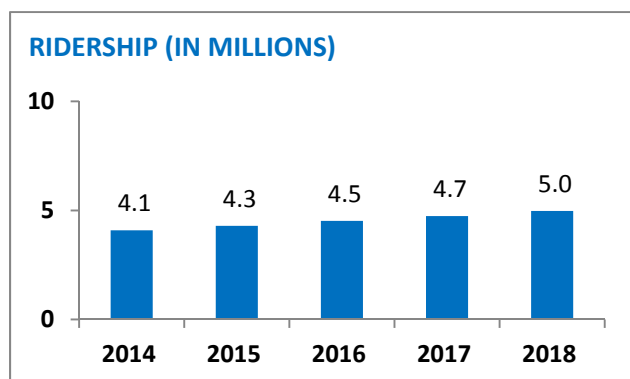
Pace ADA Paratransit



OPERATING BUDGET

Ridership

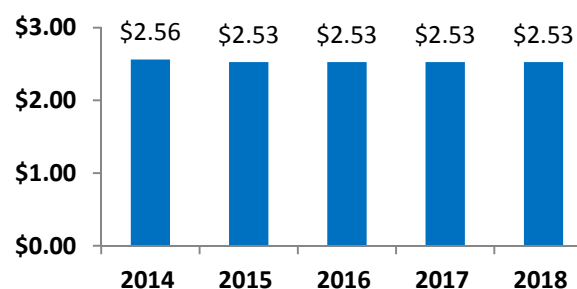
Pace's budget projects that ADA Paratransit ridership will increase by 5.1% to 4.5 million in 2016, maintaining the same growth that is estimated by Pace for 2015. Ridership in the suburban service area is expected to grow at a faster rate (6.0%) than in the City of Chicago service area (4.9%). Region-wide ridership is expected to grow at 4.9% annually in the planning years of 2017 and 2018.



Fares

Pace has not proposed any ADA Paratransit fare increases in 2016. However, Pace has stated that the potential loss of the \$8.5 million State grant for ADA Paratransit could necessitate a fare increase in the near future. The most recent fare increase became effective November 15, 2009, when Pace equalized ADA Paratransit fares at \$3.00 region-wide. Because personal care attendants of ADA Paratransit riders are included in ridership totals but do not pay a separate fare, the average fare across all ADA Paratransit riders is about \$2.50.

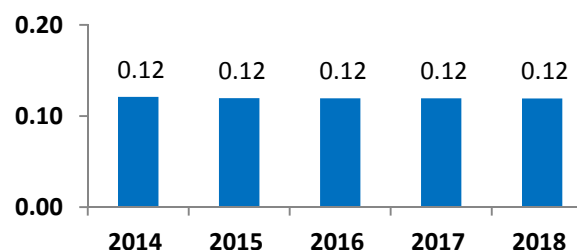
AVERAGE FARE



Service Levels

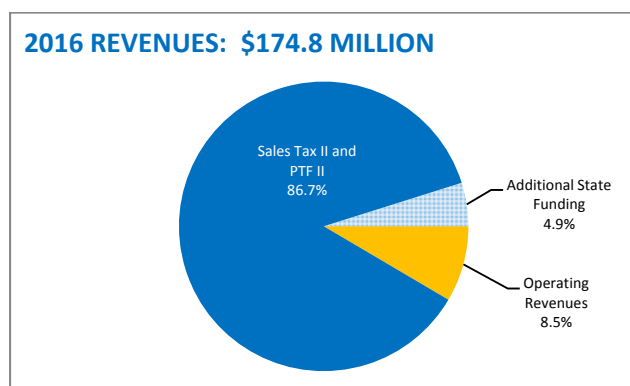
ADA Paratransit service levels will increase to respond to customer demand. Pace projects that ADA Paratransit vehicle revenue miles will increase by about 5% in 2016, 2017, and 2018, in line with projected ridership growth. As a result, service effectiveness, as measured by passenger trips per vehicle revenue mile, trends flat over time since service is being added at the same rate as ridership. Pace's continuing efforts to consolidate rides could drive this metric higher in future years.

PASSENGER TRIPS PER VEHICLE REVENUE MILE



Operating Revenue

Pace projects that 2016 ADA Paratransit operating revenues will increase by 4.8% to \$14.8 million. Fare revenue is expected to increase by 5.1%, consistent with ridership growth, while other revenue, comprised of payments for RTA certification trips and State Medicaid reimbursements, is projected to grow by 3.9%. Operating revenues are then expected to increase by 5.5% in both 2017 and 2018.

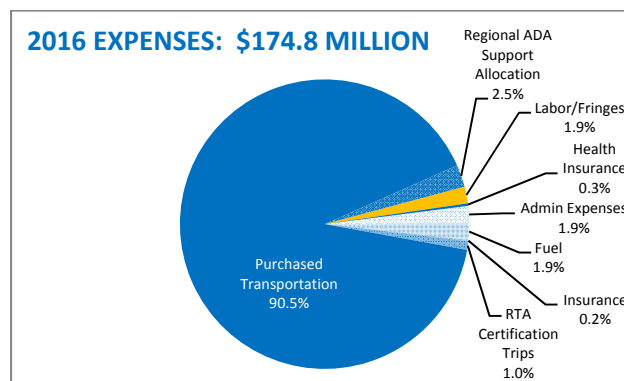


Public Funding

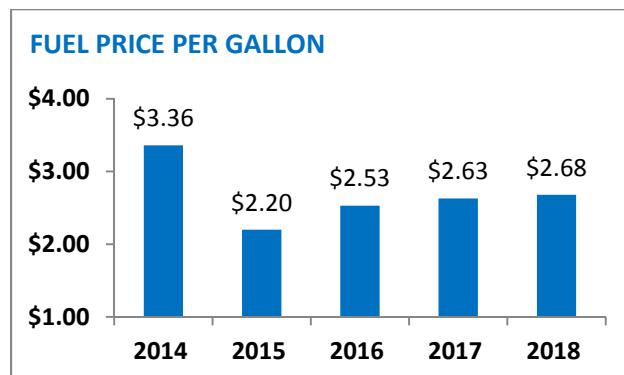
For the 2016 budget, Pace projects an ADA Paratransit funding need of \$160.0 million, satisfied by Sales Tax II and PTF II funds of \$151.5 million and additional State funding of \$8.5 million. The status of the State funding is uncertain due to the ongoing FY 2016 State budget impasse. The RTA Act was amended in 2011 to ensure that ADA Paratransit operations are fully funded each year. Pace's two-year financial plan indicates that adopted RTA funding levels should also be sufficient in 2017 and 2018, provided that ridership growth remains around 5% and State funding for ADA Paratransit continues at \$8.5 million per year.

Expenses

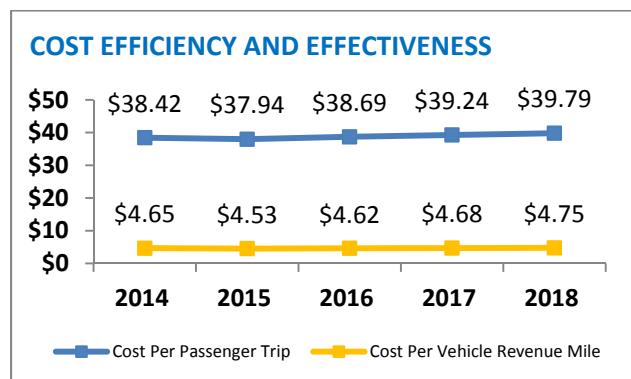
Pace projects that 2016 operating expenditures for ADA Paratransit will increase by 7.2% to \$174.8 million, followed by increases of 6.4% in both 2017 and 2018. Purchased transportation, which accounts for 90% of total ADA Paratransit expenses, is projected to increase by 7.2% in 2016 due to the combined effect of 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 decrease by 2.6% to \$4.3 million in 2016.



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 22% to \$3.3 million in 2016 due to growth in service and an assumed increase in fuel price to \$2.53 per gallon.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 1.5% per year from 2016 to 2018 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 1.6% per year as operating expenses grow faster than ridership.



Net Result and Recovery Ratio

As shown in Table 14, the regional ADA Paratransit operating budget is balanced in 2016, 2017, and 2018, with revenues equal to expenditures, producing a net result of zero in each year.

Pace's 2016 through 2018 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 \$26.7 million in 2016 recognizes that a portion of Pace's purchased transportation expense represents payment to ADA Paratransit contractors for their capital investments.

2016 PROPOSED OPERATING BUDGET & CAPITAL PROGRAM

TABLE 14: PACE REGIONAL ADA PARATRANSIT 2016 BUDGET AND 2017-2018 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Revenues					
<u>Operating Revenues</u>					
Passenger Revenue	10,475	10,861	11,417	11,979	12,569
Other Revenue ¹	3,804	3,268	3,394	3,664	3,940
Total Operating Revenues	\$14,279	\$14,129	\$14,811	\$15,643	\$16,509
<u>Public Funding</u>					
Sales Tax II and PTF II	131,662	149,703	151,487	161,886	172,961
Additional State Funding	8,500	8,500	8,500	8,500	8,500
Total Public Funding	\$140,162	\$158,203	\$159,987	\$170,386	\$181,461
Total Revenues	\$154,441	\$172,332	\$174,798	\$186,029	\$197,970
Expenses					
Labor/Fringes	3,055	2,740	3,260	3,387	3,520
Health Insurance	436	405	492	530	572
Admin Expenses	2,488	3,321	3,337	3,417	3,497
Fuel	3,718	2,672	3,258	3,556	3,804
Insurance	264	282	272	291	311
RTA Certification Trips	1,511	1,558	1,665	1,790	1,928
Purchased Transportation	140,022	147,614	158,173	168,547	179,650
Regional ADA Support Allocation ²	5,587	4,457	4,341	4,511	4,688
Total Expenses	\$157,081	\$163,049	\$174,798	\$186,029	\$197,970
Extraordinary Revenue	7,777	-	-	-	-
Net Result	\$5,137	\$9,283	\$0	\$0	\$0
Recovery Ratio	10.0%	10.0%	10.0%	10.0%	10.0%

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

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

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. Public funding for the RTA agency reflects an 8.5% decrease in 2016.

The 2016 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 2016, total Agency Administration operating expenses of \$17.7 million are \$0.7 million or 3.9% lower than the 2015 estimate due mostly to lower budgeted sales tax litigation fees and lower IT-related expenses. In 2015, the RTA successfully pursued legal action against a number of entities who have illegally diverted tax revenue from the RTA region. Therefore, legal expenditures are budgeted to decline in 2016. Overall, 2016 Administration expenses reflect a 5.3% decrease from the 2015 budget and are expected to grow by 5.8% and 3.5% in 2017 and 2018, respectively.

The Administration Budget of \$17.7 million accounts for 51% of RTA Agency expenses, and is 22% below the 2016 administrative cap of \$22.7 million set by the RTA Act.

RTA Regional Programs Budget

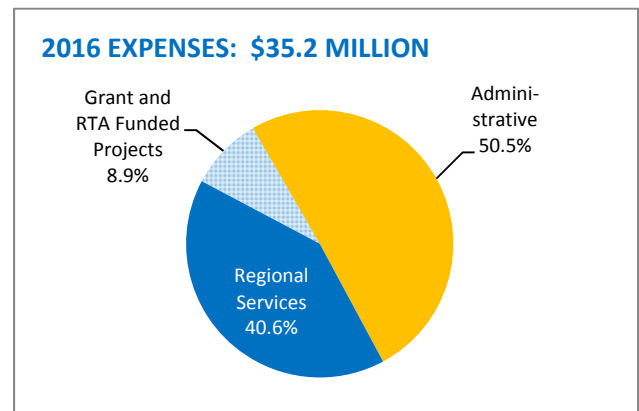
In 2016, total Regional Programs revenue of \$2.9 million comprises Regional Services Operating Revenue of \$0.9 million and federal grants for Regional Projects totaling \$2.0 million. This amount is \$4.2 million or 62% lower than the 2015 estimate due mostly to a lower level of Section 5310 federal programs. Some of the 5310 projects programmed in 2015 will be performed in 2016. Estimated Regional Programs revenues in 2017 and 2018 reflect 3.0% annual growth.

Total Regional Programs expenses, the sum of the Regional Services Operating Expense and the Grant and RTA Funded Project Expenses, of \$17.4 million comprise the remaining 49% of total RTA Agency expenses. This amount is \$6.6 million, or 68.0%, lower than the 2015 estimate due to a much lower level of Section 5310 projects. Within the Regional Programs budget, Regional Services (customer-focused operations) expenses will remain close to the 2015 estimate level as the RTA transitions to the new Mobility Management Program.

In 2016, the RTA Mobility Services Department will implement an improved approach to assisting customers with disabilities and older adults. Mobility Outreach Coordinators will work with organizations that serve people with disabilities and older adults (e.g., senior centers, disability social service organizations, and transition programs) to help their clients to understand and access the transportation services that are available in their communities. The Mobility Outreach Coordinators will make presentations about the accessibility of CTA, Metra, and Pace buses and trains, discuss local transportation options, and assist older adults and people with disabilities to register for the RTA Fare programs and travel

training. They will also help those unable to ride buses and trains to obtain an ADA paratransit interview appointment. Later in 2016, new ADA paratransit interview and assessment sites will open. At these sites, people with disabilities will also be able to access the services provided by the Mobility Outreach Coordinators. This will help customers better understand their accessible transit options.

The overall RTA Agency operating expense of \$35.2 million is projected to be 17.3% lower than the 2015 estimate, due to a decrease in agency administrative expense and grant funded program expense. In 2017, overall Agency expenses are projected to grow due to an anticipated increase in grant funded programs.



Public Funding

As shown in Table 15, the combination of operating revenue of \$0.9 million, grants of \$2.0 million, and regional public funding of \$32.3 million comprise total Agency revenue and together balance the overall RTA Agency operating budget expenses of \$35.2 million. In 2016, the total budgeted public funding from regional sales tax is \$32.3 million, 8.5% lower than in 2015. Regional public funding in 2016 represents 92% of total Agency funding.

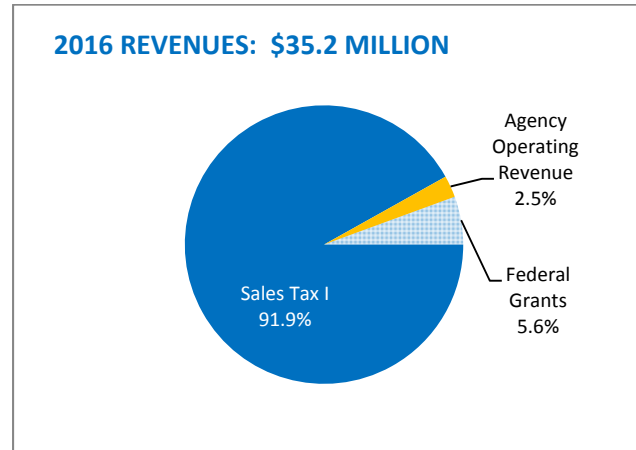


TABLE 15: RTA AGENCY 2016 BUDGET AND 2017-2018 FINANCIAL PLAN (DOLLARS IN THOUSANDS)

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Revenues					
Operating Revenue					
Administrative Operating Revenue	244	151	8	10	10
Regional Services Operating Revenue	1,213	823	880	906	933
Total Operating Revenue	\$1,457	\$974	\$888	\$916	\$943
Public Funding					
Federal Grants	7,935	6,209	1,964	3,000	3,090
Sales Tax I	33,963	35,322	32,308	35,318	36,590
Total Public Funding	\$41,899	\$41,531	\$34,272	\$38,318	\$39,680
Total Revenues	\$43,356	\$42,506	\$35,160	\$39,234	\$40,623
Expenses					
Administrative Operating Expenses ¹	18,304	18,466	17,746	18,779	19,442
Regional Services Operating Expenses ²	14,844	14,243	14,280	15,528	15,994
Grant and RTA Funded Multi Year Project Expenses ³	10,207	9,797	3,134	4,928	5,187
Total Expenses	\$43,356	\$42,506	\$35,160	\$39,234	\$40,623
Net Result	\$0	\$0	\$0	\$0	\$0

¹ Administrative Operating Expenses in 2014 and 2015 include additional amounts that were set aside for sales tax litigation, pension payments, and Agency IT capital projects purposes.

² Regional Services Operating Expenses in 2014 and 2015 include an additional amount that was set aside for the regional Mobility Management Program initiative.

³ Grant and RTA Funded Multi Year Project Expenses in 2014 and 2015 include additional amounts for the Regional Marketing Initiative, Mobility Management Program Startup Project, and for the ADA Certification Pilot Program.

CAPITAL PROGRAM

The RTA's portion of the proposed 2016-2020 Capital Program totals \$2.555 million and includes the following initiatives to renew the system and improve service:

- In 2016 RTA Planning staff will oversee the Access to Transit Program. RTA funding of \$1.055 million will constitute the local match to Federal Congestion Mitigation and Air Quality (CMAQ) funding to provide \$5.2 million for small pedestrian infrastructure improvement projects such as sidewalks and crosswalks in 11 communities.
- RTA is partnering with Amtrak, Metra, and the City of Chicago by providing \$1.5 million to jointly fund design services for improvements to address passenger capacity, service, safety, accessibility, and mobility issues at Chicago Union Station.
- Planning staff will continue to provide oversight of the region-wide Transit Signal Priority initiative, a \$40 million investment included in the 2012 capital program that will improve the speed and on-time performance of bus service.

TABLE 16: RTA AGENCY FIVE-YEAR CAPITAL PROGRAM (DOLLARS IN THOUSANDS)

Project & Title	2016	2017	2018	2019	2020	TOTAL
Stations & Passenger Facilities						
Access to Transit Program	1,055	0	0	0	0	1,055
Union Station Redevelopment	1,500	0	0	0	0	1,500
Subtotal Stations & Passenger Facilities	2,555	0	0	0	0	2,555
RTA Total	2,555	0	0	0	0	2,555



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