

2008

**Proposed
Operating Budget,
Two-Year Financial Plan
And
Five-Year Capital Program**



**Regional
Transportation
Authority**

The six-county public transportation
system serving northeastern Illinois

MOVINGBEYOND
CONGESTION



RTA Budget Hearings Schedule

The RTA is seeking public input regarding the proposed operating and capital program and the budget for the region's public transportation system. The public hearings are open to the general public. All locations are ADA accessible. For questions, call the RTA at 312-913-3200.

CHICAGO

South

Thursday, December 6th

6:00 pm - 7:30 pm

Sheldon Heights Church of Christ
Corner of 113th & Halsted
Chicago

North

Friday, December 7th

6:00 pm - 7:30 pm

Loyola University-Lakeshore
Campus (Auditorium)
Kenmore & Sheridan
Chicago

Southwest

Wednesday, December 12th

6:00 pm - 7:30 pm

Toman Public Library
2708 S. Pulaski Rd.
Chicago

Central

Thursday, December 6th

9:00 am - 10:30 am

RTA Headquarters (Board Room)
175 W. Jackson Blvd., Ste 1550
Chicago

SUBURBAN COOK COUNTY

North

Monday, December 10th

6:00 pm - 7:30 pm

Pace Headquarters (Board Room)
550 W. Algonquin Rd.
Arlington Heights

South

Wednesday, December 12th

6:00 pm - 7:30 pm

South Suburban Mayors &
Managers (Room C)
1906 W. 174th St.
East Hazel Crest

West

Thursday, December 13th

6:00 pm - 7:30 pm

National Teachers Academy
55 W. Cermak
Chicago

DUPAGE COUNTY

Thursday, December 6th

6:00 pm - 7:30 pm

DuPage Co. Building (Auditorium)
421 N. County Farm Rd.
Wheaton

KANE COUNTY

Tuesday, December 11th

6:00 pm - 7:30 pm

Kane Co. Building (Auditorium)
719 Batavia Ave. (Rte 31)
Geneva

LAKE COUNTY

Wednesday, December 12th

6:00 pm - 7:30 pm

University Center of Lake County
1200 University Center Drive
Grayslake

McHENRY COUNTY

Thursday, December 6th

6:00 pm - 7:30 pm

Administration Building
667 Ware Rd.
Woodstock

WILL COUNTY

Tuesday, December 11th

6:00 pm - 7:30 pm

Joliet Historical Museum
204 N. Ottawa St.
Joliet



Regional Transportation Authority

RTA Board of Directors

Jim Reilly, Chairman

Appointing Authority:
RTA Board of Directors

Carole L. Brown

Appointing Authority:
Chicago Transit Authority

James Buchanan

Appointing Authority:
City of Chicago

William R. Coulson

Appointing Authority:
Suburban Board Members
of Cook County

Patrick J. Durante

Appointing Authority:
DuPage County

Armando Gomez, Sr.

Appointing Authority:
City of Chicago

Dwight A. Magalis

Appointing Authority:
Kane, Lake, McHenry
and Will Counties

Fred T. L. Norris

Appointing Authority:
Kane, Lake, McHenry
and Will Counties

Patrick V. Riley, Jr.

Appointing Authority:
Suburban Board Members
of Cook County

Michael Rosenberg

Appointing Authority:
City of Chicago

Judy Baar Topinka

Appointing Authority:
Suburban Board Members
of Cook County

Douglas M. Troiani

Appointing Authority:
Suburban Board Members
of Cook County

Rev. Addie L. Wyatt

Appointing Authority:
City of Chicago

Stephen E. Schlickman

Executive Director

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Letter from the Executive Director

The mass transit system has faced significant challenges over the past year. Insufficient operating and capital funding have forced the Regional Transportation Authority and its partners at the Chicago Transit Authority, Metra and Pace to make tough decisions in order to maintain vital transportation services for millions of riders throughout northeastern Illinois. Despite these challenges, the system was able to fulfill its critical responsibility throughout 2007 to the people, businesses and institutions of the nation's third largest metropolitan region.

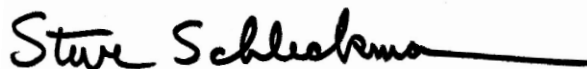
Great challenges remain for 2008. Without a comprehensive, long-term operating and capital funding plan approved by the Illinois General Assembly, the transit agencies will be forced to address budget shortfalls by cutting services, raising fares and laying off employees. Reducing service and increasing costs for riders are not actions any agency wants to pursue. But we are required by law to implement a balanced budget. Without additional resources, we have no choice but to reduce the size of the system. This could not happen at a worse time, as demand for transit is increasing and traffic congestion is worsening throughout the region.

The enclosed 2008 budget contains the financial outlook for the RTA, CTA, Metra and Pace. Unlike previous years, the transit agencies' 2008 budgets do not include significant transfers of capital funds to operations. Shifting dollars from construction, maintenance and capital budgets has allowed day-to-day operations to continue, but it has undermined our ability to repair, replace and upgrade vital components of the transit network.

We must reinvest in the buses, trains, tracks, bridges and other infrastructure in order to maintain a viable, efficient and safe system as called for in our Moving Beyond Congestion strategic plan. Over 815 organizations and over 18,000 individuals have signed up in support as we work to create a world class, convenient, affordable, reliable and safe transit system that is the keystone of the regions' growing business opportunities, thriving job market, clean air and livable communities.

As we move forward and are faced with the possibility of shrinking the transit system due to lack of funding, we will look to our strategic plan for direction as we maximize the funding we do have, and how we can best serve the current and future transit needs for the people of northeastern Illinois.

We will continue to work with state and local elected officials, the business community, civic and labor groups, the education community, our Partners for Transit and, most importantly, our riders, to achieve a comprehensive funding and reform for mass transit. We thank you for your continued support and look forward to working together in 2008 to improve our transit system, our region and our quality of life.



Stephen E. Schlickman
Executive Director, Regional Transportation Authority

1 RTA Operating Plan

Overview

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

The RTA Board of Directors governs the Agency. Three independent Service Boards, the Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus, have operational (set fares and

The RTA Board must adopt an annual budget and a five-year capital program

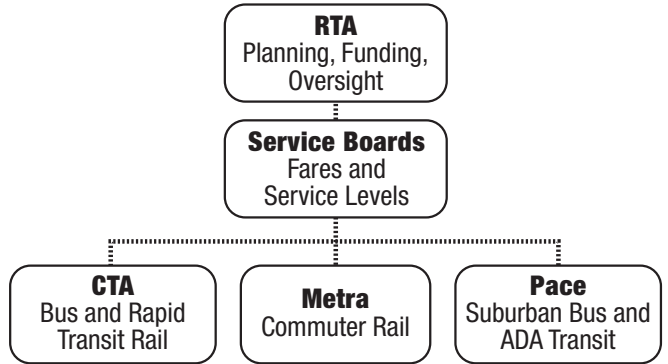
provide service) responsibility for public transportation within the six-county region and are governed by their own boards of directors. The CTA provides bus and rapid transit rail service in the City of Chicago and neighboring suburbs. Metra provides

commuter rail service throughout the six-county region. Pace provides bus service in the suburbs and from the suburbs to the City of Chicago, and Pace is responsible for all ADA paratransit service in the region (Exhibit 1-1).

Yearly, the RTA Board must adopt an annual budget, two-year financial plan and a five-year capital program for each Service Board. The principal features of this process are outlined in the following paragraphs.

In September, the RTA Board approves the “marks” for each Service Board. The marks include

Exhibit 1-1: RTA Organization Structure



the recovery ratio for the annual budget, operations funding for the annual budget and two-year financial plan, and the five-year capital program.

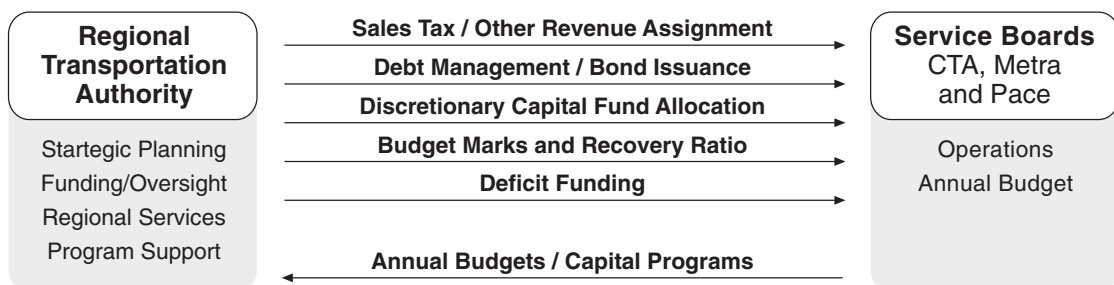
The marks guide the Service Boards’ budgetary process. Each Service Board prepares and publishes, for public hearing and comment, a comprehensive budget document that is to conform to the RTA marks. After considering public comment, the CTA, Metra and Pace board members adopt their respective budgets.

In November, those budgets are forwarded to the RTA, which consolidates the Agency and the Service Board budgets into a proposed RTA budget document. The RTA distributes this document for public hearing and comment before adoption in December. Exhibit 1-2 illustrates the principal responsibilities and interactions between the agency and Service Boards in the annual budget and capital program process.

Budget and Financial Plan

A consolidated RTA statement of revenue and expenditures from 2006 through 2010 is presented in Exhibit 1-3. The discussions that follow correspond to each line item on this schedule.

Exhibit 1-2: Financial Relationship and Responsibilities of RTA and Service Boards



Total Revenues

As identified in Exhibit 1-3 total revenues are estimated to grow from \$1,154.9 million in 2006 to

\$1,238.2 million in 2010. Exhibit 1-4 illustrates the distribution of revenue sources budgeted in 2008 the amount is \$1,182.6 million.

Exhibit 1-3: RTA Statement of Revenues and Expenditures—General and Agency Funds (dollars in thousands)

System-Generated Revenues:	2006 Actual	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
Sales Tax	746,829	745,937	766,077	786,761	808,004
Public Transportation Fund	186,136	186,484	191,519	196,690	202,001
State Financial Assistance	112,743	115,836	116,477	119,292	119,983
Reduced Fare Reimbursement	37,327	36,800	36,800	36,275	36,275
Other Revenue	17,616	17,500	17,500	17,500	17,700
Additional Funding for ADA Paratransit	54,252	54,252	54,252	54,252	54,252
Total Revenue	1,154,903	1,156,809	1,182,625	1,210,770	1,238,215
Operating Expenditures (1)					
RTA Operations Funding to Service Boards	797,239	815,915	820,521	832,384	845,753
RTA Discretionary Funds for ADA Paratransit	—	19,758	11,670	31,576	40,101
Additional State Funding - RTA Discretionary	54,252	54,252	54,252	54,252	54,252
Reduced Fare Reimbursement/Sales Tax Interest	39,124	37,700	37,700	37,175	37,175
Agency Administration, Regional Services & Regional Programs	32,542	27,770	29,952	31,852	33,845
Total Operating Expenditures	923,157	955,395	954,095	987,239	1,011,126
Debt Service & Capital Expenditures (2)					
Principal and Interest	196,113	181,921	184,318	186,928	190,817
Regional Technology and Agency Capital	7,270	3,974	1,900	1,900	1,900
Transfer Capital	21,507	23,802	20,353	20,353	20,353
Total Debt Service and Capital Expenditures	224,890	209,697	206,571	209,181	213,070
Total Expenditures	1,148,047	1,165,092	1,160,666	1,196,420	1,224,196
Fund Balance (undesignated/unreserved)					
Beginning Balance	1,654	8,510	227	22,187	36,537
Change in Fund Balance	6,856	(8,283)	21,959	14,351	14,019
Ending Unreserved/Undesignated Fund Balance	8,510	227	22,187	36,537	50,556
Total Operating Expenditures %	0.9	0.0	2.3	3.7	5.0
Recovery Ratio % (3)	52.0	51.6	55.0	53.1	52.6

Notes: (1) In 2006, the State of Illinois appropriated \$54.3 million for ADA paratransit services and other costs and services. \$42.5 million of this amount was used to fund operating expenditures and \$11.8 million was appropriated for transfer capital, and the \$11.8 million was replaced by transfer of Federal Section 5307 funds of an equal amount for operations. For comparison purposes the 2006 amounts are combined as operating expenses on this schedule. (2) Principal and Interest includes non-cash valuation charges in 2006 of \$15 million on the financial transactions portfolio. (3) The recovery ratio calculation shown is based on Metra's "Option A" 2008-2010 budget and financial plan. With "Option B" the ratios from 2008 through 2010 are slightly below these figures.

Exhibit 1-4: 2008 RTA Revenue Sources— \$1,183 million

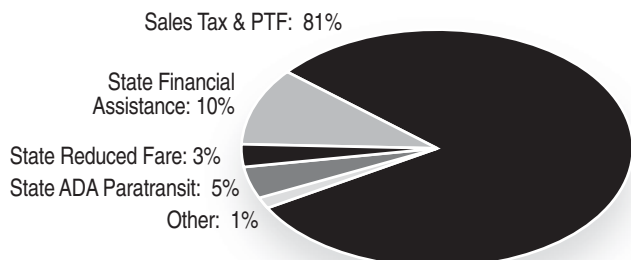
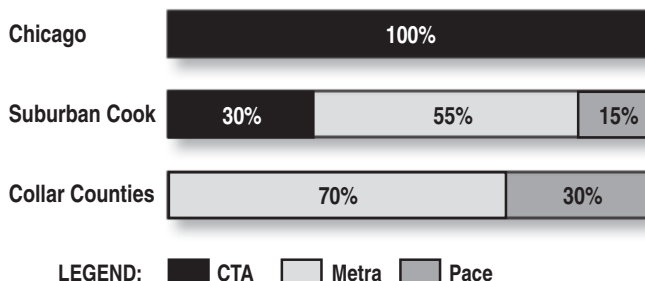


Exhibit 1-5: RTA Sales Tax— 85% Formula Distribution



Sales Tax

RTA Sales Tax is the primary source of revenue for the RTA. The tax is authorized by Illinois statute, imposed by the RTA in the six-county region of northeastern Illinois and collected by the State. Sales tax is projected to increase from \$746.8 million in 2006 to \$808 million in 2010, a compound growth rate of 2.0 percent.

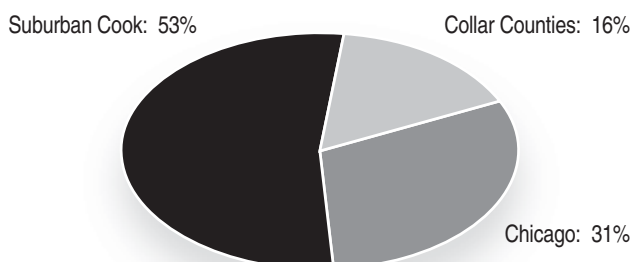
The sales tax is the equivalent of 1 percent on sales in Cook County and 0.25 percent on sales in DuPage, Kane, Lake, McHenry and Will counties. The 1 percent sales tax in Cook County is comprised of 1 percent on food and drugs and 0.75 percent from all other sales, with the State then providing a “replacement” amount to the RTA equivalent to 0.25 percent of all other sales. The RTA retains 15 percent of the total sales tax and distributes the remaining 85 percent to the Service Boards (Exhibit 1-5) according to the formula specified in the RTA Act.

Exhibit 1-6: 2006 RTA Sales Tax Distribution— \$747 million



Exhibit 1-6 shows how the formula distributed the 2006 sales tax to the RTA and each Service Board and Exhibit 1-7 shows the percent of total sales tax collected from the City of Chicago, suburban Cook, and the collar counties.

Exhibit 1-7: 2006 RTA Sales Tax Collected by Area— \$747 million



Public Transportation Funds (PTF)

State Public Transportation Funds (PTF) are based on a formula tied to sales tax results and are, therefore, projected to increase at the same growth rate as the sales tax. For every four dollars that is collected in sales tax, the RTA receives an additional dollar in PTF. Estimated receipts in the 2008 budget are \$191.5 million.

State Financial Assistance

This revenue source is state-authorized assistance to reimburse the debt service expenses for RTA Strategic Capital Improvement Program (SCIP) bonds. Subject to the appropriation of funds by the state, the RTA will continue to be eligible to receive State Financial Assistance payments. Budgeted receipts for 2008 are \$116.5 million.

Reduced Fare Reimbursement

This operating assistance is partial reimbursement from the State of Illinois to the Service Boards for discounts (mandated by law) provided to students, elderly and disabled riders. The funds are distributed by the state through the RTA and then to the Service Boards. Available funds are projected to be \$36.8 million in 2008.

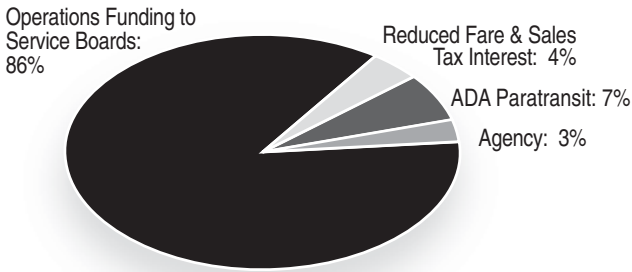
Other Revenue

This revenue category includes sales tax interest, investment income, financial transaction receipts, miscellaneous revenue, and grant funds from state and local agencies for regional coordination and technology initiatives. Total receipts in 2008 are budgeted at \$17.5 million.

Additional Funding for ADA Paratransit

For the past three years, the State of Illinois has appropriated additional funds to the RTA for ADA paratransit service and other costs and services. The appropriation for each year was \$54.3 million. However, growing service demands and increased operating costs have out-paced this level of funding. The 2008 budget was developed envisioning continuance of this state appropriation with the balance of funds needed provided by RTA and Metra funds.

Exhibit 1-8: 2008 RTA Operating Expenditures— \$954 million



Total Operating Expenditures

Total RTA operating expenditures are expected to increase from 923.2 million in 2006 to 1 billion in 2010, a compound growth rate of 2.2 percent (Exhibit 1-3). Exhibit 1-8 illustrates the distribution of expenditures budgeted in 2008, the amount is \$954.1 million.

RTA Operations Funding to Service Boards

The RTA’s primary expenditure is the funding of the Service Boards’ operating deficits for mainline service (i.e. all service except ADA paratransit). An operating deficit is the difference between a Service Board’s system-generated revenue (farebox and other revenue) and system operating expenditures. From 2006-2010, Service Board operations funding from the RTA is expected to increase from \$797.2 million to \$845.8 million. This \$48.6 million increase represents a compound annual growth rate of 1.5 percent. Exhibit 1-9 shows total RTA funding for Service Board operations for the 2008-2010 planning period. A discussion of each Service Board’s revenues, expenditures, and deficit is provided in the Service Boards Operating Budget section.

Additional State Funding for ADA Paratransit

As previously discussed, the State of Illinois appropriated additional funds to the RTA in the amount of \$54.3 million for ADA paratransit service and other costs and services from 2005 through 2007. In 2005, the CTA received the full appropriation. In 2006, the CTA and Pace shared the appropriation because Pace became responsible for all ADA paratransit service in the region beginning July 1, 2006. Pace’s 2007 budget deficit of \$74.0 million is partially funded by the State appropriation of \$54.3 million. The 2008-2010 budget and financial plan has been partially funded with the expectation that the State will continue to provide this same level of funding through the planning period.

RTA Discretionary Funds for ADA Paratransit

As previously discussed additional State funding for ADA paratransit service of \$54.3 million will not fully fund the 2007 budget deficit. To cover the remaining balance the RTA reduced the agency expense budget by \$7.5 million and provided \$12.2 million in funds from the RTA’s unreserved/ undesignated fund balance. Discretionary funding amounts for the 2008-2010 planning period are sourced from RTA discretionary (sales tax and PTF) receipts, the respective amounts are \$11.7 million, \$31.6 million, and \$40.1 million (Exhibit 1-9).

Reduced Fare and Sales Tax Interest

State reduced fare reimbursements are received as revenue by the RTA, as previously described, and flow directly to the Service Boards to help defray program costs. The 2008 budget level is \$36.8 million.

Since there is a lag between when the State collects the RTA Sales Tax and when it distributes the funds to the RTA, the RTA receives interest on these holdings and disburses 85 percent of these funds to the Service Boards based on the sales tax distribution formula shown in Exhibit 1-5. Payments each year are estimated at \$0.9 million.

Exhibit 1-9: Total RTA Funds for Service Board Operations (dollars in thousands)

	2008 Budget	2009 Plan	2010 Plan
CTA			
Sales Tax	303,341	311,812	320,521
RTA Discretionary	168,487	162,677	157,888
Total RTA Funds	471,828	474,489	478,409
Metra			
Sales Tax	264,097	270,996	278,073
RTA Discretionary	—	—	—
Total RTA Funds	264,097	270,996	278,073
Pace			
Sales Tax	83,728	85,939	88,209
RTA Discretionary	868	960	1,062
Total RTA Funds	84,596	86,899	89,271
Summary			
Sales Tax	651,166	668,747	686,803
RTA Discretionary	169,355	163,637	158,950
Total RTA Funds	820,521	832,384	845,753
Pace ADA paratransit			
Additional State Funding	54,252	54,252	54,252
RTA Discretionary Funds	11,670	31,576	40,101
Total Funding	65,922	85,828	94,353

Agency Expense Summary

Total spending for the Agency's proposed budget of \$31.9 million in 2008 (without new regional funding) will be held close to the amended 2007 budget of \$31.7 million. These figures include capital spending of \$3.9 million in 2007 and \$1.9 million in 2008. Capital spending is discussed later in this section. Guiding the agency's proposed budget for 2008 are five primary factors:

- Commitment to a strong Strategic Planning process.
- Commitment to stronger oversight and coordination with the Service Boards.
- Commitment to implement recommendations of the Illinois Auditor General which confirmed the need for stronger strategic planning, oversight, and coordination with the Service Boards.
- Anticipation of the passage of RTA reforms contained in Senate Bill 572 which increases funding and provides clarity regarding RTA's authority to do strategic planning, and oversee and coordinate with the Service Boards.
- Ensuring that the agency budget provides the resources needed to carry out the goals of the Strategic Plan (*Moving Beyond Congestion* or *MBC*).

If additional funding from the legislature is not forthcoming, the Agency will live within the no growth budget shown in this document. Unfortunately this means that valuable activities not directly related to stronger strategic planning, oversight and coordination must be curtailed.

Agency Administration, Regional Services and Regional Programs

In 1985, a statutory cap for administrative spending was set at \$5 million, with a growth rate of 5 percent per year. Proposed 2008 administrative expenditures of \$8.3 million are nearly 46% below the cap allowance of \$15.4 million.

From a regional perspective the Agency coordinates and funds several initiatives that bring together public transportation services across the region (regional services and programs). These region-wide programs include system maps, the transit benefit program, the Travel Information Center (TIC), ADA certification, Reduced Fare, and the Customer Service Center. The RTA also plans to continue to support strategic planning and coordination initiatives which develop transit options in the region such as Cook-DuPage and Southwest Corridor

studies. Total expenditures proposed in the 2008 budget for these regional initiatives are \$21.7 million. Through partnerships with other state and local agencies, the RTA receives external funds that pay some portion of these program costs.

Total Debt Service and Capital Expenses

Total expenditures in this classification for the 2008 budget are \$206.6 million. Exhibit 1-3 provides a cost summary from 2006 through 2010.

Principal and Interest

Principal and interest payments reflect debt services costs related to the general obligation bonds issued by the RTA for Service Board Capital Programs. In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of \$500 million of Strategic Capital Improvement Program (SCIP) bonds, and have a maximum of \$500 million RTA (non-SCIP) bonds outstanding. Effective January 1, 2000 authorization was amended and the RTA gained approval (*Illinois FIRST*) to issue an additional \$1.3 billion in SCIP bonds and have outstanding an additional \$300 million in RTA bonds. The RTA issued the remaining balance of bonds authorized by *Illinois FIRST* in 2006, and there has not been any new State funding program for capital since *Illinois FIRST*. The budget for principal and interest expenditures in 2008 is \$184.3 million.

Debt service for Service Board Capital Programs will cost \$184.3 million.

Regional Technology and Agency Capital

The 2008 budget continues to fund region-wide capital-driven technology initiatives and agency programs. Program expenditures include funds for Trips Kiosk Enhancement, Transit Signal Priority, Next Bus, and RTAMS. The budget for 2008 is \$1.9 million. Through partnerships with other state and local agencies, the RTA receives external funds that pay some portion of these program costs.

Transfer Capital

Two funding sources cover this category of expense, statutory and RTA discretionary. If the statutory apportionment of sales tax to a Service Board exceeds its operating budget the funds are transferred to their capital program. Statutory transfers

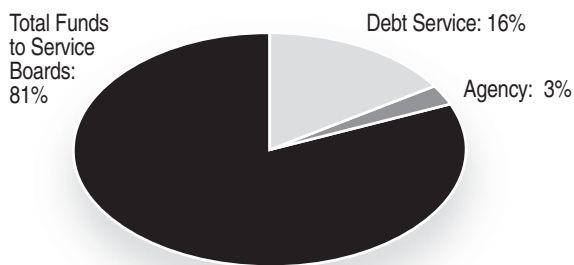
in 2008 are not appropriated because sales tax receipts are not expected to be sufficient to cover the operating deficits of the Service Boards.

Since 1995, the RTA has transferred a portion of its discretionary funds, available for region-wide capital or operating initiatives, to the CTA for capital investment. The funding to the CTA in 2006 for this program was \$20.4 million and continues at that level through 2010. In 2006 and 2007 the RTA appropriated funds to assist Pace with the transition costs for ADA paratransit service in the respective amounts of \$1.2 million and \$3.4 million.

Total Expenditures

Total RTA expenditures (operating, debt service and capital) for 2008 are budgeted at \$1,160.7 million (Exhibit 1-3). Exhibit 1-10 illustrates the distribution by major expense category.

Exhibit 1-10: Total 2008 RTA Expenditures—\$1,161 million



Fund Balance

In 1998, the RTA Board adopted an ordinance establishing a 5 percent minimum level in the unreserved and undesignated fund balance. If the amount is below 5 percent, the financial plan must show full replenishment by the end of the current planning cycle.

The percentage is based on total operating expenditures for the year (as shown on Exhibit 1-3). The purpose of the ordinance was to formalize a practice of maintaining a level of available financial resources for funding during unfavorable economic periods. This policy has proved its value as economic growth in recent years has limited the increase of sales tax receipts.

Beginning Fund Balance

The beginning balance is the amount of funds in the undesignated and unreserved (General Fund) fund balance after the previous year’s results have been audited and the accounting records are closed. Statements in this document reflect 2006 actual results for the 2007 beginning balance. This amount is \$8.5 million.

Change in Fund Balance

Total RTA revenue less total RTA expenditures produce an annual change to the fund balance, when revenues exceed expenses, the remainder is added to the fund balance. If expenses exceed revenues, the fund balance is reduced by the deficit amount. Total revenue in 2006 exceeded total expenditures by \$6.9 million (Exhibit 3-1).

Ending Fund Balance

The ending fund balance for 2007 is estimated to be \$0.2 million. The 2008 budget shows a year-end fund balance of \$22.2 million or 2.3 percent of total operating expenditures. The balance at the end of 2010 is \$50.6 million or 5.0 percent of total operating costs as shown on Exhibit 3-1.

Recovery Ratio

The RTA Act requires the RTA Board to set a recovery ratio for the next fiscal (calendar) year for each Service Board. The RTA Act further requires that the combined revenue from RTA operations cover at least 50 percent of the system operating cost.

In meeting the 50 percent recovery ratio, the RTA Act requires that the revenue figures include all receipts consistent with generally accepted accounting principles with certain specified exceptions. Therefore, the revenue figure used to determine whether the RTA system meets this 50 percent requirement includes not only all of the items contained in the recovery ratio for the Service Board budgets, but also the net gain on lease/leaseback transactions.

Using Metra’s “Option A” budget and financial plan data the system-generated revenue recovery ratio for the region in 2008 is 55% (Exhibit 1-11). With Metra’s “Option B” figures the region’s recovery ratio for 2008 is 54.7%. Both options produce a system-generated revenue recovery ratio that exceeds the mandated 50 percent.

Statutory Compliance

The RTA Act requires that the CTA, Metra and Pace each have a balanced budget; the region's recovery ratio is at least 50 percent; and the RTA (Agency) administrative expenditures do not exceed an established statutory cap. The Act also requires

that prudent fiscal practice be followed such as proper cash management, use of reasonable assumptions, and sound accounting and financial practices. In this document each Service Board, the Agency and the region as a whole show budgets that comply with these stipulations.

Exhibit 1-11: **Recovery Ratio**—(dollars in thousands)

	2006 Actual	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
CTA					
Operating Revenue	560,406	546,799	562,008	518,209	512,333
In-Kind Revenue	22,000	22,000	22,000	22,000	22,000
Total Revenue	582,406	568,799	584,008	540,209	534,333
Operating Expenses	1,076,439	1,079,052	1,033,836	992,698	990,742
In-Kind Expenses	22,000	22,000	22,000	22,000	22,000
Less Security Exclusion	(30,833)	(31,000)	(33,600)	(34,944)	(36,342)
Total Expenses	1,067,606	1,070,052	1,022,236	979,754	976,400
CTA Recovery Ratio	54.6%	53.2%	57.1%	55.1%	54.7%
Metra (Option A)					
Total Revenue	275,274	287,520	309,250	320,770	336,560
Operating Expenses	524,916	553,340	573,350	611,770	644,630
Less Security Exemption	(14,022)	(17,000)	(18,500)	(19,500)	(20,500)
Less Depreciation Expense	(2,749)	(2,748)	(2,748)	(2,759)	(2,769)
Less Transportation Facility Leases	(15,139)	(16,242)	(16,552)	(17,131)	(17,901)
Total Expenses	493,006	517,350	535,550	572,380	603,460
Metra Recovery Ratio	55.8%	55.6%	57.7%	56.0%	55.8%
Pace					
Operating Revenue	55,034	52,435	55,949	57,336	59,579
CCC for Paratransit Service under contract	7,464	—	—	—	—
RTA Discretionary Funds to Pace for Passes	2,000	4,000	—	—	—
In-kind Revenue	5,509	4,496	—	—	—
Total Revenue	70,007	60,931	55,949	57,336	59,579
Operating Expenses	199,219	164,757	145,210	152,832	161,169
In-kind Expenses	5,509	4,496	—	—	—
Total Expenses	204,728	169,253	145,210	152,832	161,169
Pace Recovery Ratio	34.2%	36.0%	38.5%	37.5%	37.0%
System-Generated Revenue Recovery Ratio					
Revenue					
Total Service Board Revenue	927,687	917,250	949,207	918,315	930,472
CTA Lease Transaction	4,262	4,262	4,262	4,262	4,262
Agency	15,821	17,500	17,500	17,500	17,700
Less Pace Pass Revenue	(2,000)	(4,000)	—	—	—
Total Revenue	945,770	935,012	970,969	940,077	952,434
Expense					
Total Service Board Expenses	1,765,340	1,756,655	1,702,996	1,704,966	1,741,029
Add RTA Security Provision	25,215	28,200	32,059	34,403	36,801
Agency	28,824	27,770	29,952	31,852	33,845
Total Expenses	1,819,379	1,812,625	1,765,007	1,771,221	1,811,675
Recovery Ratio	52.0%	51.6%	55.0%	53.1%	52.6%

Notes: Pace's proposed 2008-2010 budget and plan does not include "in-kind" revenue and expense for the ADvAntage program. The RTA Act allows certain expenditures to be excluded from the recovery ratio calculation including security, depreciation, and facility leases. RTA Ordinance 2005-06 authorized further security exclusion for Service Board recovery ratios. The amount of these additional exclusion are added back to region expenditures to calculate the statutory system-generated revenue recovery ratio.

2 Service Board Operating Plans

CTA Overview

The Chicago Transit Authority (CTA) was created by the Illinois State legislature in 1945 and began operations in 1947. It became the sole operator of Chicago transit in 1952 when it purchased the Chicago Motor Coach System. The CTA is the region's largest transit operator providing service on 154 bus routes and eight rapid transit routes (service prior to 2007 and 2008 budget balancing actions). A seven-member Chicago Transit Board governs the CTA.

Combined, CTA's 2007 and 2008 budget balancing actions eliminate 53% of all bus routes, for a total of 82 routes; laying off more than 2,400 employees including administrative and support staff; and implementing back-to-back fare increases. In order to minimize the impact on those least able to pay, fares will not be increased for reduced fare riders (senior citizens, students, and individuals with disabilities).

System-Generated Revenue

Total system-generated revenue is expected to decrease from \$552.4 million in 2006 to \$512.3 million in 2010. This is a decrease of \$40.1 million over the four-year period, which is a 1.9 percent

average annual decrease. System-generated revenue includes: passenger revenue, reduced fare reimbursement, and other revenue (Exhibit 2-1).

Passenger revenue is expected to decrease from \$462.2 million in 2006 to \$414.0 million by 2010, a \$48.2 million decrease, or a 2.7 percent, annual decline. Lower ridership due to the service cuts planned and the new fare plan in January 2008 are the reasons for the projected decrease in fare

CTA's budget balancing actions include eliminating 53% of all bus routes.

revenue for 2008 compared to 2007 results. Revenue from fares is estimated at \$470.4 million in 2008, which is \$12.7 million higher than the 2007 forecast.

The Illinois General Assembly passed legislation in 1989 that provided funds to reimburse the CTA for the cost of providing reduced fares for the elderly, students, and the disabled. The fare reimbursement is included as revenue and became available in July 1989. In the state's 2008 fiscal year budget, the appropriation for reduced fare for the RTA region is \$36.8 million. These funds are split between the three

Exhibit 2-1: CTA 2008 Budget and 2009-2010 Financial Plan—(dollars in thousands)

System-Generated Revenues:	2006 Actual	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
Passenger Revenue	462,218	457,738	470,376	422,627	414,041
Reduced Fare Subsidy	29,604	34,000	32,271	32,271	32,271
Other Revenue	60,585	50,061	59,361	63,311	66,021
Total Revenues	552,407	541,799	562,008	518,209	512,333
Operating Expenses:					
Labor	760,751	788,947	747,651	749,619	747,367
Material	83,150	81,411	72,311	60,919	60,053
Fuel	57,470	68,614	48,467	31,847	31,101
Power	22,268	29,074	29,797	30,831	31,879
Insurance & Claims	45,266	25,000	28,000	28,000	28,000
Purchase of Security Services	30,831	31,000	33,600	34,944	36,342
Purchase of Paratransit Services	28,415	—	—	—	—
All Other	48,288	55,006	74,010	56,537	56,000
Total Operating Expenses	1,076,439	1,079,052	1,033,836	992,697	990,742
Operating Deficit	524,032	537,253	471,828	474,488	478,409
Deficit Funding					
RTA Sales Tax	284,636	295,098	303,341	311,812	320,521
RTA Discretionary Funds	171,128	175,251	168,487	162,676	157,888
Additional operations need	—	10,004	—	—	—
IDOT Grant	27,126	—	—	—	—
Federal Funds Capital - Preventive Maintenance	41,166	56,900	—	—	—
Total Deficit Funding	524,056	537,253	471,828	474,488	478,409
Recovery Ratio % (1)	54.6%	53.2%	57.1%	55.1%	54.7%

(1) Items excluded from expenses are for security. Grant revenue and In kind revenues and expenditures from the CPD of \$22,000 are included in the recovery ratio.

Service Boards based on their reduced fare revenue. The CTA estimates its share at \$32.3 million per year from 2008-2010.

The Other Revenue and Investment Income category includes: advertising, charters, concessions, contributions from local governments, investment income, the funding for paratransit services under contract, and other revenue. Revenue for this category was approximately \$60.6 million in 2006, and is expected at \$66.0 million in 2010.

Operating Expenditures

Total operating expenditures are forecast to decrease from \$1,076.4 million in 2006 to \$990.7 million in 2010. This \$85.0 million decrease equals a 2.1 percent annual decline (Exhibit 2-1).

2007 operating expenditures are estimated at \$1,079.1 million. This is 0.3 percent higher than the 2006 actual expense of \$1,076.4 million. The increase is due mainly to higher labor, fuel, power, and security costs.

Fuel expense for revenue equipment in 2007 is expected to finish at \$68.6 million. This is \$8.8 million, or 14.8 percent, higher than budget. The 2007 budget assumed an average price of \$2.50 per gallon for 24.5 million gallons. Fuel prices have been running above budget and are estimated to end the year at an average price of \$2.69 per gallon for 25.5 million gallons.

The provision for injuries and damages represents the expense for claims and litigation for injuries and damages that occur on the CTA's property, or with the CTA's vehicles. The 2007 forecast is \$25.0 million which is even with budget.

The 2008 expense budget of \$1,033.8 million is 4.4 percent lower than the 2007 projected results. The 2009 and 2010 financial projections show operating expenditures of \$992.7 million and \$990.7 million, respectively. The 2009 financial projection represents a decrease of 4.2 percent over the 2008 operating budget. The 2010 financial projection represents a decrease of 0.02 percent over the 2009 plan.

Deficit and Funding

System-generated revenue (fares and other revenue) generally total slightly more than one-half of the CTA's operating budget, with the remainder (operating deficit) covered by public funding from the RTA. The deficit (total system-generated

revenue minus total operating expenditures) for the budget and two-year financial plan (2008-2010) is \$471.8 million, \$474.5 million and \$478.4 million, respectively. The 2007 budget has been balanced by transferring \$56.9 million from capital to operations (Exhibit 2-1).

RTA Sales Tax and RTA discretionary funding represent the major sources of public funds to the CTA and are usually slightly less than one-half of the CTA's operating budget.

The RTA Sales Tax is a primary source of the CTA's operating funding. The RTA retains 15 percent of the sales tax funds, and passes on the remaining 85 percent to the service boards. The CTA receives 100 percent of the RTA Sales Tax dollars collected in Chicago and 30 percent of the sales tax dollars collected in suburban Cook County. RTA discretionary funds for the CTA are expected to range between \$171 million and \$158 million from 2006 to 2010. Apportionments from the RTA's 15 percent share of the sales tax revenue and the state's public transportation fund (PTF) are the primary source of RTA discretionary funds.

Recovery Ratio

The recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. In 2008, the CTA recovery ratio is 57.1 percent.

Metra Overview

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

The Metra system is comprised of 11 separate lines, which run north, west, and south of the Chicago central business district. The system extends 565 route-miles to the limits of the six-county area and serves 239 local rail stations in more than 100 communities. Metra provides safe, reliable commuter rail service with an average weekday ridership of 319,100.

Budget and Financial Plan

Since the State has yet to agree on any new sources of funding for public transit operations and has not provided for a new capital program in six years, Metra's proposed budget and two year financial plan offered two options for bridging significant operating shortfalls in 2008 funding. However, the

Metra's adopted budget calls for a 10% fare increase and no service reductions

proposed actions fall short of covering Metra's total deficit for the 2009-2010 financial planning periods and additional measures are needed to

balance the two-year financial plan. After considering public comment, Metra's Board of Directors adopted 'Option A' on November 16, 2007.

In 2008, Metra projects a shortfall of \$40.3 million in sales tax receipts to fund operations (Exhibit 2-2), and shifting capital dollars to operations is not a

viable means to offset operating shortfalls. Metra considered a range of actions under two scenarios to bridge the 2008 funding gap. Both actions include annual fare increases for 2008, 2009, and 2010, changes in certain operating and maintenance procedures, reductions in work force, and cutbacks in service. The various actions in the two scenarios are discussed below under Option A and Option B.

Option A (Exhibit 2-3) Adopted

System-Generated Revenues

Total Revenue in 2008 of \$309.3 million is \$24.6 million higher than the amount shown on Exhibit 2-2 of \$284.7 million. Revenue actions that account for this change include a 10% fare increase that adds \$20.6 million, increasing Saturday and Sunday fares to \$7.00 which provides additional revenue of \$3.0 million, and the effect of having a separate Sunday fare of \$7.00 that increases revenue \$1.0 million.

This option also includes a 10% fare increase in 2009 and 2010 but this action combined with the

Exhibit 2-2: **Metra 2006 Actual, 2007 Estimate and 2008 Budget (with funding shortfall)**—(dollars in thousands)

System-Generated Revenues:	2006 Actual	2007 Estimate	2008 Budget
Passenger Revenue	221,389	230,360	232,660
Other Revenue	53,885	57,160	52,030
Total Revenues	275,274	287,520	284,690
Transportation	143,872	147,320	153,247
Maintenance	178,179	184,290	198,560
Administration	30,866	30,700	30,700
Risk Mgmt. & Claims	21,160	19,570	20,730
Regional Services & Downtown Stations	23,397	24,140	26,690
Diesel Fuel	47,390	56,580	63,560
Security	14,022	17,000	18,000
Health Insurance	49,239	53,940	57,570
Pension	3,736	4,840	4,840
Electricity	13,056	14,960	15,190
Total Expenses	524,917	553,340	589,087
Operating Deficit	249,643	265,820	304,397
Deficit Funding			
Sales Tax	256,301	257,374	264,097
Federal Capital Funds used for Operations	57,912	60,358	—
Total Deficit Funding	314,213	317,732	264,097
Positive Budget Variance/ (Funding Shortfall) (1)	64,570	51,912	(40,300)
	55.8%	55.6%	51.6%
Recovery Ratio %			

(1) Positive Budget Variance (PBV) is used to fund capital programs unless a Service Board proposes its use for operating purposes subject to approval of the RTA Board and inclusion in the annual budget and two-year financial plan.

Exhibit 2-3: **Metra 2008 Budget and 2009-2010 Financial Plan—Option A** (dollars in thousands)

System-Generated Revenues:	2008 Budget	2009 Plan	2010 Plan
Passenger Revenue	254,960	270,480	286,270
Other Revenue	54,290	50,290	50,290
Total Revenues	309,250	320,770	336,560
Transportation & Maintenance	341,817	363,186	379,583
Administration	27,650	27,650	27,650
Risk Mgmt. & Claims	19,930	20,730	21,760
Regional Services & Dometown Stations	26,380	30,220	31,560
Diesel Fuel	63,560	69,920	76,910
Security	18,000	19,000	20,000
Health Insurance	55,980	60,460	65,290
Pension	4,840	4,840	4,940
Electricity	15,190	15,760	16,940
Total Expenses	573,347	611,766	644,633
Operating Deficit	264,097	290,996	308,073
Deficit Funding			
Sales Tax	264,097	270,996	278,073
Federal Capital Funds used for Operations	—	—	—
Service/Operating Changes (1)	—	20,000	30,000
Total Deficit Funding	264,097	290,996	308,073
Positive Budget Variance/ (Funding Shortfall) (1)	—	—	—
Recovery Ratio %	57.7%	56.0%	55.8%

(1) To balance the 2009-2010 financial plan involves additional operating measures including such actions as fare increases to produce additional revenue, and curtailments in operations, administration and service to constrain costs.

operating endeavors discussed below do not produce sufficient revenue or cost reduction measures to cover the operating deficit after Metra’s statutory sales tax has been applied. The respective shortfall for 2009 and 2010 is \$20 million and 30 million. Covering these amounts involves additional operating measures including such actions as further fare increase to produce additional revenue and additional curtailments in operations and service.

Operating Expenditures

Total expenses in 2008 on this exhibit of \$573.3 million are \$15.7 million under the \$589.1 million amount shown on Exhibit 2-2. Expense measures to reduce costs by \$15.7 million involve administrative reductions totaling \$7.7 million that includes staff reductions of 100 positions, and quality and service cutbacks in janitorial service, coach cleaning, apprentice initiatives and other programs totaling \$8.0 million.

Exhibit 2-4: **Metra 2008 Budget and 2009-2010 Financial Plan—**
Option B (dollars in thousands)

System-Generated Revenues:	2008 Budget	2009 Plan	2010 Plan
Passenger Revenue	243,460	259,020	274,020
Other Revenue	54,290	50,290	50,290
Total Revenues	297,750	309,310	324,310
Transportation & Maintenance	333,987	355,186	371,143
Administration	27,650	27,650	27,650
Risk Mgmt. & Claims	19,930	20,730	21,760
Regional Services & Downtown Stations	26,380	30,220	31,560
Diesel Fuel	60,420	66,460	73,100
Security	17,470	19,000	20,000
Health Insurance	55,980	60,460	65,290
Pension	4,840	4,840	4,940
Electricity	15,190	15,760	16,940
Total Expenses	561,847	600,306	632,383
Operating Deficit	264,097	290,996	308,073
Deficit Funding			
Sales Tax	264,097	270,996	278,073
Federal Capital Funds used for Operations	—	—	—
Service/Operating Changes (1)	—	20,000	30,000
Total Deficit Funding	264,097	290,996	308,073
Positive Budget Variance/ (Funding Shortfall) (1)	—	—	—
Recovery Ratio %	56.8%	55.1%	54.9%

(1) To balance the 2009-2010 financial plan involves additional operating measures including such actions as fare increases to produce additional revenue, and curtailments in operations, administration and service to constrain costs.

Option B (Exhibit 2-4)

System Generated Revenues

Revenue actions in this option to deal with the \$40.3 million shortfall in 2008 include:

- A 5% fare increase which generates 10.3 million.
- Revised ridership estimates increasing revenue \$3.3 million.
- Raising Saturday Fares to \$7.00 increasing revenue \$2 million.
- Discontinuing Sunday Service decreasing revenue by \$2.5 million.

The net effect of these four actions increases revenue \$13.1 million producing revenues in 2008 totaling \$297.8 million. However, this leaves a \$27.2 million shortfall to be covered by operating expense cutbacks. These expense curtailment actions are outlined below.

Expenses

To cover the remaining funding shortfall operating expenses must be lowered by \$27.2 million.

Proposed actions to meet this need include:

- Discontinuing Sunday Service \$11.5 million.
- Administrative Reductions (see Option A) \$7.7 million.
- Quality of Service Reductions (see Option A) \$8.0 million.

These actions bring total operating cost down to \$561.8 million in 2008 compared to the \$589.1 million figure amount shown on Exhibit 2.2.

Recovery Ratio

The recovery ratio equals total system-generated revenue (including statutory and approved adjustments), divided by total operating expenditures, with statutory and approved adjustments. The 2008 recovery ratio for Option A (Exhibit 2-3) is 57.7%, for Option B (Exhibit 2-4) the 2008 recovery ratio is 56.8%.

Historically, Metra has met or exceeded a 55% recovery ratio and as shown expects to meet this percentage in 2008. However, without the infusion of additional state funding the lack of sufficient capital funds brings on system disinvestment and defers maintenance. This maintenance deferral can significantly increase operating costs putting downward pressure on future year’s recovery ratio.

Pace Suburban Service Overview

Pace was formed in 1983 as part of the reorganization of the Regional Transportation Authority (RTA), and began service in 1984. A twelve-member board of directors made up of current and former village presidents and mayors governs Pace.

Through 2005, Pace operated bus, van pool, dial-a-ride, and ADA paratransit service in suburban Cook County and the Collar Counties. Effective July 1, 2006, Pace has provided all ADA paratransit service in the RTA region, including the service previously provided by the CTA in the City of Chicago and adjacent suburbs. Beginning in 2007, Pace's revenue and expenditures are separated into suburban service and regional ADA paratransit service. Pace's regional ADA paratransit service is discussed in a separate section.

Pace's budget balancing actions will eliminate 58 regular bus routes, 56 feeder/shuttle routes, weekend service on 53 bus routes, evening weekday service, routes presently funded by federal CMAQ and JARC funds, and special event service, together comprising 30% of Pace fixed route ridership base. These service reductions will be accompanied by the loss of 224 positions including administrative employees and fare increases which will bring the base fare to \$2.

System-Generated Revenue

In 2006, Pace's suburban service and ADA paratransit service system-generated revenue of \$51.2 million and \$3.8 million, respectively, totaled \$55.0 million. Excluding ADA paratransit service revenue, Pace estimates that 2007 suburban service system-generated revenue will reach \$52.4 million. Suburban service system-generated revenue grew because of increases in local share and fare box revenue resulting from ridership growth in Pace's van pool programs. In 2008, revenue gains from fare increases are expected to be offset by a 10.7 million decline in annual ridership resulting from service reductions. After incorporating the impact of fare increase and service reductions, Pace projects suburban service system-generated revenue of \$55.9 million in 2008, \$57.3 million in 2009, and \$59.6 million in 2010, corresponding to a compound annual growth rate of 2.5%.

Operating Expenditures

Total Pace operating expenditures of \$199.2 million in 2006 comprised both suburban service expenditures of \$155.2 million and ADA paratransit service expenditures 44.0 million. In 2007, Pace estimates suburban service operating expenditures of \$164.8 million. Pace projects suburban service operating expenditures of \$145.2 million, \$152.8 million, and \$161.2 million in 2008, 2009, and 2010, respectively, corresponding to a compound annual growth rate of 5.4%. These expense totals incorporate the \$30.3 million to \$33.1 million impact of service and expense reductions. They also include a regional ADA support credit averaging \$2.8 million annually that reflects many of the administrative and overhead cost to be incurred throughout Pace in support of regional ADA paratransit service.

Deficit and Funding

The operating deficits are derived from total system-generated revenue minus total operating expenditures. In 2006, Pace ended the year with a net funding deficit of \$4.1 million that decreased its funding balance (cumulative positive budget variance) to \$8.6 million. In 2007, Pace projects a net funding surplus of \$0.6 million for suburban service. From 2008 to 2010, Pace projects deficit funding to match the operating deficit, and, therefore, no changes to the fund balance.

The RTA sales tax is the primary source of funding for Pace suburban service. The RTA retains 15 percent of the sales tax funds for discretionary funding and allocates the remainder to the Service Boards by statutory formula. Of this remaining amount, Pace receives 15 percent of the sales tax collected within suburban Cook County and 30 percent of the sales tax collected in the collar counties. In 2006 and 2007, Pace's portion of RTA sales tax and discretionary funding will total \$81.6 million and \$84.2 million, respectively. This amount is expected to grow 2.7 percent per year from \$84.6 million in 2008 to \$89.3 million in 2010. In both 2005 and 2006, the RTA funded Pace \$2 million to accept the CTA's 7-Day Pass, U-Pass, and Visitor Fun Passes. In 2007, the RTA funded Pace \$4 million to accept

Pace's budget balancing actions include eliminating 58 regular bus routes.

these passes. However, in 2008 through 2010, the RTA does not plan to fund Pace to accept these passes. The Pace budget and financial plan presented in Exhibit 2-5 satisfy the funding marks set by the RTA on September 14, 2007. The marks set the total RTA funding levels at \$84.6 million for 2008, \$86.9 million for 2009, and \$89.3 million for 2010.

Recovery Ratio

The recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. In 2008 Pace's recovery ratio is 38.5 percent. Exhibit 2-5 provides the detail used in this calculation.

Exhibit 2-5: Pace Suburban Service 2008 Budget and 2009-2010 Financial Plan—(dollars in thousands)

System-Generated Revenues:	2006 Actual	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
Farebox Revenue (1)	31,427	28,408	30,179	30,930	31,709
Local Share/Other	14,646	14,799	16,254	16,714	17,971
Reduced Fare Subsidy	3,027	3,153	3,207	3,207	3,207
Advertising/Investment	5,936	6,075	6,269	6,444	6,651
Sub-Total Revenue	55,036	52,435	55,909	57,295	59,538
Fare Increases	—	—	5,757	5,815	5,873
Service Reductions	—	—	(5,717)	(5,774)	(5,832)
Total Revenues (2)	55,036	52,435	55,949	57,336	59,579
Operating Expenditures					
Labor/Fringes	77,905	81,315	84,718	87,366	90,066
Health Insurance	13,345	14,077	15,034	16,733	18,624
Parts/Supplies	4,702	5,470	5,839	5,968	6,099
Utilities	1,796	2,154	2,323	2,494	2,645
Fuel	13,337	13,391	15,695	17,575	19,612
Insurance	10,489	9,891	10,715	10,951	11,192
Other	10,822	10,496	10,654	10,697	10,949
Public/Private Contract	9,605	10,387	12,034	12,614	13,165
Dial-A-Ride	14,399	15,589	17,309	18,264	19,280
Vanpool	2,761	3,379	3,911	4,634	5,506
ADA Paratransit Purchased Transportation	40,023	—	—	—	—
ADA Indirect Overhead Credit	—	(1,392)	(2,655)	(2,761)	(2,871)
Sub-Total Expenses	199,184	164,757	175,577	184,535	194,267
Service / Expense Reductions	—	—	(30,367)	(31,703)	(33,098)
Total Expenditures	199,184	164,757	145,210	152,832	161,169
Operating Deficit	144,148	112,322	89,260	95,497	101,590
Deficit Funding					
RTA Sales Tax	81,012	81,573	83,728	85,939	88,209
RTA Discretionary Funds	570	2,619	868	960	1,062
RTA Regional ADA Funding	16,918	—	—	—	—
Federal CMAQ, JARC, and New Freedom Funds	753	1,830	2,146	1,326	553
RTA Pass Reimbursement (3)	2,000	4,000	—	—	—
Federal 5307 Funds (4)	38,803	22,876	2,518	7,272	11,766
Total Deficit Funding	140,056	112,898	89,260	95,497	101,590
Funding Surplus/Deficit	(4,091)	576	—	—	—
ADvAntage Program - In-Kind	5,509	4,496	—	—	—
Recovery Ratio % (5)	34.2%	36.0%	38.5%	37.5%	37.0%

*2006 Actual includes suburban ADA paratransit service during all of 2006 and ADA paratransit service in the CTA service area provided by Pace during the second half of 2006.

(1) Includes fixed route, vanpool, municipal vanpool, Ride DuPage, and other services. (2) Excludes ADvAntage Program— in-kind revenue and expense (of equal amount) that are included in Pace's recovery ratio calculation. (3) Pass reimbursement is considered revenue for Pace's recovery ratio calculation.

(4) Federal Section 5307 funding (preventive maintenance and ADA complimentary) transferred from the capital program to operations. Since the capital-related costs of paratransit service under contract are characterized as operating expenditures under GAAP, this funding is recognized as operating revenue. In 2006, this amount is divided between funding for suburban service (Dial-A-Ride) and funding for ADA paratransit. In 2006, the amounts applied to the recovery ratio calculation were \$3.8 million for suburban service and \$3.7 million for ADA paratransit for a total of \$7.5 million.(5) The recovery ratio in 2008 exceeds the 36% mark set for Pace by the RTA Board on September 14, 2007.

ADA Paratransit Overview

Effective July 1, 2006, Pace expanded its operating responsibility for ADA paratransit service to include the CTA service area. Thus, 2007 is the first full calendar year in which Pace will operate this service throughout the RTA region.

System-Generated Revenue

In 2006, the Pace Board voted to increase the ADA paratransit fare in the CTA service area from \$1.75 to \$2.25 and the fare for the Taxi Access Program (TAP) from \$1.75 to \$5.00 effective January 1, 2007. In 2007, Pace expects regional ADA paratransit passenger revenue to reach \$6.5 million.

With the addition of local share contributions and reimbursements from the RTA for transporting paratransit applicants to assessment sites, total regional ADA paratransit revenue is projected to reach \$7.3 million in 2007. In 2007, the Pace Board voted to reduce ADA service to the minimum required by the *ADA Act* and to increase the ADA paratransit fares throughout the region to \$4.00 (the maximum permitted by the *ADA Act*) and the fare for the Taxi Access Program (TAP) to \$6.50 effective January 1, 2008. In 2008, total ADA paratransit revenue is projected to reach \$9.8 million. Pace projects total ADA paratransit revenue of \$12.3 million in 2009 and \$13.0 million in 2010.

Exhibit 2-6: Pace Regional ADA Paratransit Service 2008 Budget and 2009-2010 Financial Plan—(dollars in thousands)

System-Generated Revenues:	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
Farebox revenue	6,526	7,485	7,919	8,379
Local Share/Reimbursement	819	849	897	948
Sub-Total Revenue	7,345	8,334	8,816	9,327
Fare Increases	—	3,260	3,450	3,653
Service Reductions (1)	—	(1,760)	—	—
Total Revenues	7,345	9,834	12,266	12,980
Operating Expenditures				
Labor/Fringes	2,050	2,237	2,326	2,419
Health Insurance	232	244	272	302
Administrative Expense	1,269	1,556	1,689	1,727
Fuel	1,451	1,697	1,900	2,122
Insurance/Claims	460	504	515	526
RTA Certification	819	848	897	948
Suburban ADA Purchased Transportation	13,726	15,881	17,406	19,076
CTA Service Area ADA Purchased Transportation	62,320	68,339	75,719	84,048
Indirect Overhead Allocation	1,392	2,655	2,761	2,871
Sub-Total Expenditures	83,719	93,961	103,485	114,038
Service Reductions	—	(1,740)	(2,076)	(2,459)
Service Reductions (1)	—	(13,986)	—	—
Total Expenditures	83,719	78,235	101,409	111,579
Operating Deficit	76,374	68,401	89,142	98,599
Deficit Funding				
State ADA Paratransit Funding	54,252	54,252	54,252	54,252
RTA ADA Discretionary	19,758	11,670	31,576	40,105
Additional Operations Funding Needed	2,364	—	—	—
Metra Transfer Capital	—	2,479	3,314	4,242
Total Deficit Funding	76,374	68,401	89,142	98,599
Funding Surplus/Deficit	—	—	—	—
Recovery Ratio % (2)	8.8	12.6	12.1	11.6

(1) Additional revenue and expenditure reductions required to meet 2008 funding mark set for Pace by the RTA Board on September 14, 2007 and match the recovery contained in the Pace 2008 budget book.

(2) The recovery ratio in 2008 exceeds the mark set for Pace by the RTA Board on September 14, 2007. The RTA Act requires a 10% recovery ratio for regional ADA paratransit service in 2008.

Operating Expenditures

Total ADA paratransit service operating expenditures of \$83.7 million in 2007 also reflect Pace expenditures for suburban ADA paratransit service and CTA service area ADA paratransit service for the entire year. Total ADA paratransit service operating expenditures of \$78.2 million are projected in 2008 because of fare increases and service reductions. Pace will also increase the amount of administrative and overhead expenses charged to the regional ADA paratransit budget from \$1.4 million in 2007 to \$2.7 million in 2008. In 2009 and 2010, total operating expenditures are projected to increase to \$101.4 million and \$111.6 million, respectively, reflecting annual increases in ridership of 9.4%.

Deficit and Funding

The operating deficits are derived from total system-generated revenue minus total operating expenditures. Pace projects that regional ADA paratransit service will end 2007 with a need for an additional \$2.4 million in funding to balance the budget. In 2008 through 2010,

ADA service could be reduced to the minimum required by the ADA Act, and fares increased throughout the region.

public funding from the State of Illinois, the RTA, and Metra transfer capital are expected to match the corresponding operating deficits. The budget and financial plan for ADA

paratransit service presented in Exhibit 2-6 meet the funding marks set by the RTA Board on September 14, 2007. The marks set the total funding levels at \$68.4 million for 2008, \$89.1 million for 2009, and \$98.6 million for 2010.

Recovery Ratio

The recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. The amended RTA Act requires that regional ADA paratransit service meet a recovery ratio of 10% in 2007 and 2008 and 12% beginning in 2009. In 2008, 2009, and 2010, Pace's projected recovery ratio for regional ADA paratransit service is 12.6%, 12.1%, and 11.6%, respectively. Exhibit 2-6 provides the detail used in this calculation.

3 Capital Program

Regional Overview

The *RTA Act* requires that the capital expenditures of the CTA, Metra and Pace be subjected to continuing review so that the RTA may budget and expend funds available to the region with maximum efficiency. The RTA Board must adopt a five-year capital program every year. The RTA's five-year capital program describes the nature, location, and budget by project and by fiscal year of all anticipated Service Board capital improvements. Public hearings are held in each county in the northeastern Illinois region to inform the public and government officials of the Authority's capital development plans.

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure. This includes bringing the system's \$31.3 billion in assets (as measured in terms of replacement value)

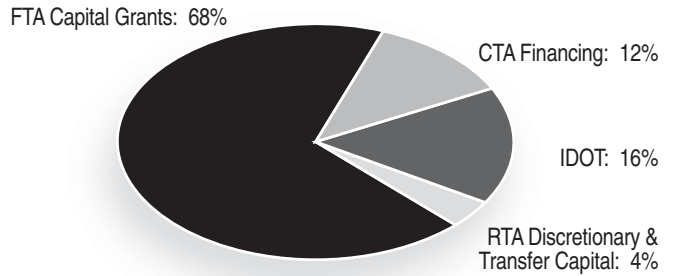
We are at a crossroad where we need to decide whether we are going to invest in this asset or shrink it.

to good condition and extending or expanding service when demand is justified and funding available. This translates into a need of approximately \$1 billion per year just

to maintain and preserve the existing system. In 2005, Congress passed a reauthorization of federal funding for transportation projects. Although this legislation provided an increase over previous levels of funding, it will still leave a substantial shortfall.

With funding needs for capital improvements and rehabilitation greatly exceeding expected resources, the RTA and the Service Boards must actively pursue additional funding opportunities to preserve and enhance the economic viability of the RTA system. It is critical that the RTA allocate our available capital resources consistent with long-range plans and short-range needs.

Exhibit 3-1: 2008-2012 Capital Program Marks



2008-2012 Capital Program Marks Issues

Continued financial support for public transportation is vital to the region's economic health. However, the region's current transit needs, which are based upon bringing the entire system to a state of good repair, continue to outpace projected funding levels. For the 2008 budget, we face a large operating and capital shortfall, because there has not been any new state capital funding for transit since *Illinois FIRST*, and because operating funding has not kept pace with 21st century demand. The \$31.3 billion asset of trains and buses and vans and stations and tracks belongs to the people of Northeastern Illinois. We are at a crossroad where we need to decide whether we are going to invest in this asset or shrink it.

Source of Funds

The funding sources for the RTA capital program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the RTA, and the Service Boards. The total estimated new capital funds available for 2008 are projected at \$853.6 million. After deducting \$83.3 million to provide for the CTA's repayment of principal and interest on borrowed funds, \$2.5 million for Regional ADA

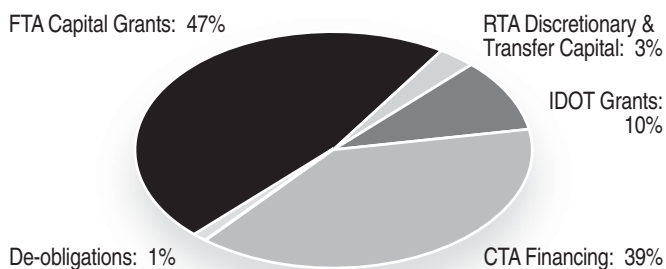
Exhibit 3-2: RTA 2008-2012 Capital Program Marks (dollars in millions)

Service Board Capital Funding	CTA	Metra	Pace	Total
FTA Capital Grants	1,347	778	196	2,321
RTA Discretionary & Transfer Capital	102	—	—	102
IDOT	232	136	32	400
CTA Financing	300	—	—	300
Total New Service Board Capital Funding	1,981	914	228	3,123
De-obligations	10	—	—	10
CTA Principal and Interest	(538)	—	—	(538)
Regional ADA Paratransit	—	(20)	—	(20)
Total Service Board Available	1,453	894	228	2,575

Exhibit 3-3: **Capital Funding in 2008** (dollars in thousands)

<u>Service Board Capital Funding</u>	CTA	Metra	Pace	Total
FTA Capital Grants	272,500	141,298	39,497	453,295
IDOT Grants	46,400	27,200	6,400	80,000
RTA Discretionary & Transfer Capital	20,353	—	—	20,353
CTA Financing	300,000	—	—	300,000
Total New Service Board Capital Funding	639,253	168,498	45,897	853,648
De-obligations	10,000	—	—	10,000
Regional ADA Paratransit	—	(2,479)	—	(2,479)
CTA Principal and Interest	(83,296)	—	—	(83,296)
Total Service Board Available	565,957	166,019	45,897	777,873

Exhibit 3-4: **2008 Capital Funding**— \$777.9 million



Paratransit expenses and adding \$10 million of de-obligated CTA funds, \$777.9 million is available for capital projects. At this time, the final federal appropriation figures for 2008 have not been determined. Once this amount has been established, the capital program will be adjusted to reflect the available funding.

On September 14, 2007, the RTA adopted preliminary capital funding marks. Since then, the RTA received proposals for funds controlled by the Service Boards. When the RTA adopts its budget on December 14, 2007, these marks will be revised to update various federal and local funding sources based on the latest information from the Service Boards and the RTA. (Exhibits 3-1 and 3-2). Of the estimated \$777.9 million of new and de-obligated funding sources for 2008, federal funding accounts for \$367.5 million or 47 percent, IDOT funds account for \$80 million or 10 percent, RTA funds account for \$20.3 million or 3 percent, CTA financing funds account for \$300 million or 39 percent, and de-obligated funds account for \$10 million or 1 percent (Exhibits 3-3 and 3-4).

Federal

The RTA receives federal funds authorized under federal sections 5307, 5340 and 5309 of the *Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)*. *SAFETEA-LU* provides funding for federal surface transportation programs, including transit through federal fiscal year 2009. For planning purposes, the RTA preliminary marks assume the continued availability of federal funds in 2010 through 2012. At the time of this writing, Congress has not completed action on any of the federal agency funding bills.

Certain federal funding programs are allocated to urbanized areas based on legislatively defined formulas. The RTA region receives federal Section 5307 Urbanized Area Formula funds and federal Section 5309 (m)(2)(B) Fixed Guideway Modernization funds in this fashion. *SAFETEA-LU* included a new program, federal Section 5340 Growing and High Density States, also distributed by formula that will provide funds to Northeastern Illinois.

Other federal funds are available to the region on a competitive basis. The RTA, with substantial input from the Service Boards, estimates annual funding levels based on staff analysis of national funding levels, past performance, project readiness and existing legislative or contractual commitments. The federal Section 5309 (m)(2)(A) New Start and Section 5309 (m)(2)(C) Bus and Bus Facility capital funding are often earmarked in federal legislation. The RTA 2008-2012 federal Section 5309 (m)(2)(A) New Starts funding marks includes monies to complete one CTA project currently underway as earmarked in *SAFETEA-LU*. The RTA marks includes federal 2008 Section 5309 New Start funding of \$40 million for

CTA's Ravenswood lines; and \$29.4 million for the completion of the CTA's Ravenswood project in 2009. In addition, Pace was awarded \$280,000 in Section 5339 funds for an Alternative Analysis study for their Cermak Road Arterial Rapid Transit project.

It is expected that the Federal New Starts monies for system expansion will be available in 2008-2011. However, without matching funds, the region will not be able to access these funds. Therefore, no new New Start funding is being programmed in 2009-2012.

In addition, flexible funds are another source of federal funding for the RTA 2008-2012 capital program. Flexible funds may be used either for transit or highway purposes. This provision was first included in the *Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)* and is continued with *SAFETEA-LU*. Flexible funds include Federal Highway Administration (FHWA) Surface Transportation Program (STP) funds and Congestion Mitigation and Air Quality (CMAQ) improvement program. The federal flexible funds, such as CMAQ and STP funds, are sought by the Service Boards through a regional competitive process.

The idea behind flexible funds is to enable a local area to choose to use certain federal surface transportation funds based on local planning priorities, not on a restrictive definition of program eligibility. Since the enactment of ISTEA, FHWA funds transferred to the FTA have provided a substantial new funding source for transit projects. FHWA funds transferred to FTA can be used for a variety of transit improvements such as new Fixed Guideway projects; bus purchases; construction and rehabilitation of rail stations; maintenance facility construction and renovations; alternative-fuel bus purchases; bus transfer facilities; multi-modal transportation centers; and technologically advanced fare collection systems.

In urbanized areas of more than 200,000 population, the decision on the transfer of flexible funds is made by the Metropolitan Planning Organization (MPO). In the RTA region, the MPO is the Chicago Area Transportation Study (CATS) Policy Committee. The Service Boards' proposed capital programs include projects that could be funded by these flexible programs.

In addition, other federal funds will be made available to the region by formula but will be

allocated among a variety of agencies including transit operators on a competitive basis. These programs include the federal Section 5316 Job Access and Reverse Commute (JARC) program and federal Section 5317 New Freedom program (for services supplemental to ADA requirements). Since projects using funds for these programs will be selected in 2008 based on a competitive selection process coordinated by the RTA and the CATS, no funding marks have been proposed at this time. The RTA Capital Program marks will be amended to include JARC and New Freedom funding to the Service Boards for capital projects only.

In summary, the 2008 RTA preliminary federal estimates reflecting the *SAFETEA-LU* legislation are \$159.8 million for federal Section 5309 (m)(2)(B) Fixed Guideway Modernization funds, \$229.9 million for federal Section 5307 Urbanized Area Formula funds combined with Section 5340 Growing and High Density States, \$40 million for federal Section 5309 (m)(2)(A) New Start funds, \$4.8 million for federal Section 5309 (m)(2)(C) Bus and Bus Facility funds, \$0.3 million for federal Section 5339 Alternative Analysis funds, \$7 million for federal flexible including CMAQ and other funds, and \$11.5 million in

Department of Homeland Security funds for systemwide security projects for the CTA and Metra. Furthermore, the CTA requested to reduce their federal funding by \$83.3 million for the payment of debt principal and interest for 2008 and \$454.3 million for this purpose in the out years. In addition, the Marks have been reduced by \$2.5 million in 2008 and \$17.5 in the out-years for Regional ADA Paratransit expenses.

The idea behind flexible funds is to enable a local area to choose to use certain federal surface transportation funds based on local planning priorities, not on a restrictive definition of program eligibility.

RTA

In 1999, the *RTA Act* was amended as part of *Illinois FIRST* legislation. The legislation increased the RTA borrowing authority by \$1.6 billion for capital infrastructure improvements. This amount included \$1.3 billion in authorization for Strategic Capital Improvement Program (SCIP) bonds. The State of Illinois reimburses the RTA for the principal and interest expense on these bonds. The remaining \$300 million represented RTA bonds for which the RTA does not receive State reimbursement. All of these funds (SCIP and RTA bonds) have been programmed to the Service Boards since 2004. Also, since the RTA bond authorization represents a cap on outstanding bonds, additional bonds can be programmed when existing bonds are retired.

The RTA's Five-Year Capital Marks contain no additional SCIP or RTA Bond funds since there has been no legislation passed to extend the RTA's bond programs. Note that any additional bonding authority would require State legislation, as well as a funding source to pay debt service on any additional bonds that were authorized to be issued.

In 1995, the RTA began funding a new Transfer Capital (TC) program that utilizes funds available for operations to be used for capital investments. The 2008-2012 Capital Program includes \$102 million for the CTA from Transfer Capital funds.

The RTA discretionary funds are yet another source of capital funding. Discretionary funds, which are the portion of the 15 percent of the RTA Sales Tax receipts that remain after funding RTA Agency operations, can be used to match federal funds or to fully fund Service Board projects. In the past, the RTA has used these discretionary funds to address the backlog of unfunded capital needs. In the last few years, due to limited RTA Sales Tax receipts, the RTA deferred an allocation of any discretionary funds to the Service Boards for capital projects.

State

State funds historically are awarded to the Service Boards by IDOT on a discretionary basis and are used primarily for federal match purposes to ensure that sufficient local funds are made available for critical transit projects in the region. The State of Illinois has historically provided capital support of public transportation in Northeastern Illinois. However, no State capital program has been adopted since 1999. Therefore, the marks assume only that the State will provide sufficient funds to match available federal formula funds. Without an adequate State capital program the transit system will have insufficient funds to maintain, let alone enhance and expand the transit system.

Service Boards

Funding for this category includes Service Boards' own funds, local community and other non-traditional funding from state and federal agencies based on information supplied by the Service Boards. Historically the Service Boards have occasionally transferred monies from current revenues or fund balances to the Capital Programs. Until additional operations funding is available, it will be difficult for such transfers to be made. Therefore, no Service Board transfers from operations are allocated at this time.

CTA Financing

The CTA is proposing to borrow funds of \$300 million in 2008. These funds will enable the acceleration of rail car and bus purchases, construction of the Howard and Washington Intermodal stations, upgrade of the Blue Line and Loop Elevated signals and the timely repair of track and structure by the CTA. The CTA will secure all funds and pay for all borrowings from their federal Section 5307 formula funds and federal Section 5309 Fixed Guideway Modernization funds.

Transfer to Operating

The Capital Marks have not been reduced to reflect the Service Boards' use of Section 5307 Urbanized Area Formula and Section 5309 Fixed Guideway Modernization funds for their operating budgets. These funds have been used in past years when operations funding or deficit reductions were not sufficient to balance operating budgets.

Use of Funds

The RTA capital program increased dramatically in 2000 primarily as a result of the increased funding included in the Illinois FIRST program. The 1999 program totaled \$552.7 million. The average funding level from 2000 thru the 2004 program was \$918.8 million, a 60 percent increase. The CTA, Metra and Pace have responded by significantly increasing their project implementation performance. An average of \$418 million was obligated annually by the Service Boards from 1995 thru 1999. From 2000 thru 2007 (projected), the Service Boards have awarded an annual average of \$797 million in contracts. Project spending has also increased substantially, from an average of \$420 million per year from 1995 thru 1999 to \$784 million from 2000 thru 2007 (projected).

Exhibits 3-5 and 3-6 illustrate these trends. These results show that the Service Boards are putting the monies available to good use, providing benefits to public transportation riders. However the 2008-2012 capital program only averages \$514.9 million per year.

The primary emphasis of the 2008 capital program is to continue efforts to bring the system's assets to a state of good repair. 93% of the RTA capital program is to maintain and preserve the existing assets (Exhibit 3-7). When replacing worn out items, it is imperative to utilize modern technologies that often result in improved functionalities of equipment, facilities and rolling stock. In addition, a balanced capital program is responsive to customer needs and shifting markets by including investment in system expansion. While the current funding level does not satisfy all needs, an appropriate balance of investment is achieved.

Investments in the capital program can also be broken down by various asset categories. Exhibit 3-8 shows that \$971 million or 38 percent of the program is spent on rolling stock and \$75 million or 3 percent for station and passenger facilities which are considered to have the greatest direct impact on transit users. Substantial investment in other infrastructure is also critical to maintaining safe, reliable transportation services.

Exhibit 3-5: RTA Capital Program Obligations (dollars in millions)

	CTA	Metra	Pace	Total
Average 1995-1999	240	154	24	418
2000	320	202	55	577
2001	322	500	61	883
2002	489	473	53	1,015
2003	599	365	25	989
2004	414	351	41	806
2005	494	216	37	747
2006	536	202	24	762
2007 Estimate	450	110	36	596

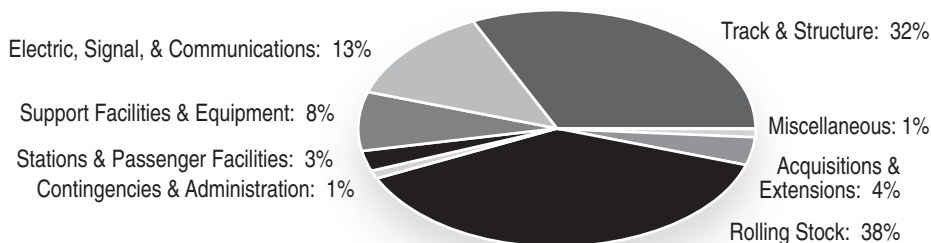
Exhibit 3-6: RTA Capital Program Expenditures (dollars in millions)

	CTA	Metra	Pace	Total
Average 1995-1999	234	166	20	420
2000	277	182	31	490
2001	351	316	55	722
2002	486	340	35	861
2003	477	468	81	1,026
2004	450	402	26	878
2005	351	354	33	738
2006	570	257	27	854
2007 Estimate	500	175	28	703

Exhibit 3-7: RTA 2008-2012 Capital Program by Classifications



Exhibit 3-8: Regional Five-Year Assets by Category— \$2,575 million



The 2008-2012 capital programs for the CTA, Metra, and Pace are presented by major asset categories in Exhibits 3-9—3-12. Some of the more significant projects included in the proposed 2008-2012 capital program are:

- \$212.9 million for the purchase of 406 CTA rail cars;
- \$208.2 million for the rehabilitation of right-of-way to reduce slow zones;
- \$152.7 million for the rehabilitation and overhaul of CTA rail cars;
- \$140.3 million for the continuation of the purchase of CTA buses;
- \$91.2 million for the expansion of the CTA Ravenswood Brown Line;
- \$88.2 million for the replacement and upgrade of the CTA power distribution and signals;
- \$73.2 million for the rehabilitation and overhaul of CTA buses;
- \$139.2 million for Metra bridge rehabilitation and renewal;
- \$128 million to initiate the purchase of bi-level cars for the Metra Electric District;
- \$66 million for the rehabilitation of Metra commuter rail cars;
- \$53.8 million for the construction and renewal of Metra yards, shops and facilities;
- \$53.2 million for the upgrade of Metra signal systems;
- \$34 million for the rehabilitation and improvement of Metra locomotives;
- \$66.6 million for the purchase of Pace fixed route buses;
- \$24 million for the purchase of 300 Pace paratransit vehicles;
- \$23.4 million for the purchase of Pace vans and community vehicles;
- \$21.5 million for improvements to Pace garages and facilities;
- \$20 million for the purchase of a replacement of Pace's fixed route radio system;
- \$20 million for the purchase of a replacement Pace farebox system;
- \$14.4 million for the purchase of the replacement for the HPe3000 computer system;
- \$3 million for the construction of passenger and transfer facilities; and
- \$1.8 million for the implementation of Transit Signal Priority projects.

CTA Overview

The proposed projects in the CTA's portion of the 2008-2012 capital program total \$1.5 billion. The CTA's portion of the capital program continues the rehabilitation and replacement of their capital assets. The percentage for the general categories of capital improvements of the total program are: rolling stock at 40 percent, track and structure (including acquisitions and extensions) at 42 percent, electric, signal and communications at 10 percent, support facilities and equipment at 4 percent, and stations and passenger facilities and miscellaneous at 4 percent. The general categories of capital improvements comprising the CTA's portion of the capital program are illustrated in Exhibit 3-9.

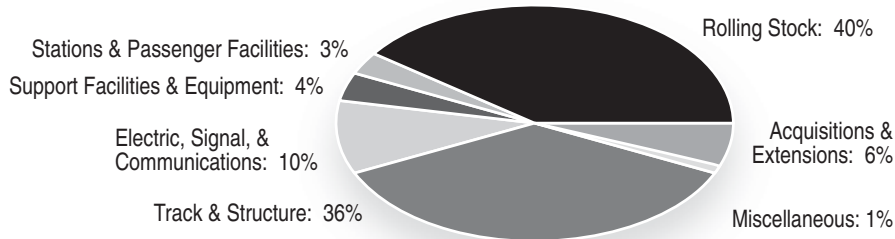
Highlights of the CTA's portion of the 2008-2012 capital program are as follows:

Rolling Stock

The CTA's portion of the 2008-2012 capital program includes \$213.6 million in the bus rolling stock category. The CTA's bus fleet consists of approximately 2,175 vehicles. The CTA's portion of the 2008-2012 capital program contains \$140.3 million for replacement of overage buses. These buses will have reached the industry standard retirement age of 12 years by the end of the five-year program. Continued operation of these buses imposes unnecessarily high maintenance and operating costs and reduces service reliability for the CTA's customers. All new buses will be air conditioned, low-floor and fully accessible to persons with disabilities. In 2008, on-going bus purchases totaling \$105.3 million are planned to complete the purchase of 1,050 buses in the current bus contract. The CTA's out-year program includes \$35 million to begin the replacement of the remaining buses purchased in 1995. All of these buses have or will have exceeded their useful life by the time they are replaced.

In addition, \$73.2 million is budgeted for capital-eligible bus maintenance activities and life extending overhauls over the five-year program with \$14.1 million planned in 2008. The CTA will continue its aggressive Bus Preventive Maintenance Program to schedule the replacement of parts nearing the end of their useful life. This program will improve the comfort, quality and reliability of the CTA's bus service and will reduce operating expenses by avoiding service disruptions and unscheduled maintenance of buses.

Exhibit 3-9: CTA Five-Year Assets by Category—\$1,453 million



The rail rolling stock category includes \$365.6 million in 2008-2012 to rehabilitate or purchase CTA rail cars. The CTA's rail fleet consists of approximately 1,190 CTA cars. The five-year program includes \$212.9 million for the replacement of aging 2200 and 2400 Series rail cars and the purchase of additional cars to meet the service requirements associated with the Brown Line capacity expansion. Also, the 2008-2012 capital program contains \$152.7 million for the CTA systematic maintenance and upgrade of rapid transit rolling stock including the overhaul and mid-life rehabilitation for the 2200 and 2400 Series rail cars. The 2200 Series cars have been in service for more than 36 years and the 2400 Series cars have been in service for more than 28 years; both have already exceeded their expected service life. The average car in the CTA rail fleet is over 24 years of age in 2008 and approximately 30% of the fleet exceeds the 25-year FTA standard life of a rail car. The CTA is proposing \$18.4 million for the purchase of new rail cars in 2008.

Track & Structure/Acquisitions & Extensions

The track and structure category including acquisitions and extensions includes \$620 million in 2008-2012 to rehabilitate and expand existing rail lines with \$270 million programmed in 2008. The CTA rail system contains over 287.8 total track miles, including yard track. Of these, 63.2 miles are at grade, with exclusive right-of-way; 32.1 miles are at grade with cross traffic; 111.1 miles are on elevated structure; 55.2 miles elevated are on fill; 2.9 are open cut miles; and 23.3 miles are subway.

The highlights of CTA's five-year track and structure program are:

1) The capacity expansion of the Ravenswood Brown Line from Kimball Terminal to Tower 18 in the Loop by extending platforms to accommodate eight-car trains and making selected yard improvements, at a cost of \$91.2 million over the next two years, with \$50 million programmed in 2008; and

2) The repair of track and structure, at a cost of \$529 million, with \$220 million programmed in 2008. The five-year program includes \$208.2 million for rehabilitation of right-of-way, ties track and structure to reduce slow zones.

Electrical, Signal, and Communications

The electrical, signal, and communications category totals \$152 million for the CTA's portion of the proposed five-year program, with \$94.7 million programmed in 2008. The CTA's five-year plan includes the replacement and upgrade of the train control and track interlocking on the Loop Elevated Line with modern equipment providing increased reliability for customers at a cost of \$13.7 million. It also includes the upgrade and replacement of the signal system for the entire Dearborn Subway, the Congress Branch and a portion of the O'Hare Branch on the Blue Line a cost \$74.5 million. The capital program includes \$24.2 million for the Bus Tracker system with \$12.6 million programmed for 2008. In addition, the CTA's five-year program includes \$39.5 million for systemwide security enhancements with \$13.5 million programmed for 2008.

Support Facilities and Equipment

The CTA's portion of the 2008-2012 capital program includes \$55.8 million in the support facilities and equipment category with 2008 funding of \$10.1 million.

The CTA's five-year program includes upgrades and improvements to various CTA facilities that need repair and require security enhancements, upgrades to bus turnarounds, rail stations and bus garages, and the rehabilitation of elevators and escalators. Various escalators and elevators throughout the system are beyond their service life, require continual maintenance work and need to be replaced. Other escalators and elevators are in poor condition and need to be rehabilitated.

Stations and Passenger Facilities

The stations and passenger facilities category totals \$38 million in 2008 of the CTA's the proposed five-year program. The CTA operates 144 rapid transit stations serving eight routes. Seventy-eight of these stations are wheelchair accessible via elevator or ramp. The CTA will use the funding in the capital program to reconstruct the Howard Station on the Red Line including the reconstruction of the bus terminal and parking lot. The station will be made fully compliant with the Americans with Disabilities Act. The CTA proposes to program \$33.4 million to complete the construction of the Howard Station on the Red Line and \$4.7 million to continue construction of the Washington Street Station/Block 37 project connecting the State Street and Dearborn subways in downtown Chicago.

Metra Overview

Metra's portion of the proposed 2008-2012 capital program totals \$894 million. During this five-year period, Metra will continue the process of renewing its extensive commuter rail infrastructure. The percentage for the general categories of capital improvements of the total program are: rolling stock at 29 percent; track and structure at 34 percent; electric, signal, and communications at 18 percent; support facilities and equipment at 10 percent; stations and passenger facilities at 4 percent; and contingencies, administration and miscellaneous at 5 percent (Exhibit 3-10).

Highlights of Metra's 2008-2012 Capital Program are as follows:

Rolling Stock

The five-year rolling stock program totals \$261 million, with \$24.4 million planned for 2008. Metra's fleet includes 144 locomotives, 818 non-electric cars and 173 self-propelled electric cars. The 2008-2012 capital program includes \$34 million for the rehabilitation and improvements of locomotives, \$66 million for the rehabilitation and improvements of commuter cars, and \$17.6 million for the overhaul of rolling stock fleet components. Metra's out-year capital program includes \$128 million to initiate the purchase of bi-level cars for the Electric District.

Track and Structure

The track and structure category totals \$303 million over the five years of the program, with \$63.5 million planned for 2008.

The Metra system operates on approximately 475 route miles with over 1,100 miles of track and 800 bridges. Metra is continuing a program of systemwide rehabilitation and preventive maintenance that includes bridge rehabilitation, grade separation, retaining wall rehabilitation, continuous-welded rail installation, ties and ballast replacement, rail grinding, fence installation, grade crossing replacement, and track undercutting.

Bridge rehabilitation and replacement projects, totaling \$139.2 million, are planned over the five-year program including \$17.7 million for 2008. Metra is also proposing \$98.7 million for track infrastructure improvements in the five-year capital program with \$27 million programmed for 2008.

Electrical, Signal and Communications

A total of \$158 million is planned for the five-year program for electric, signal and communications projects that include upgrades and improvements to existing facilities such as interlockers, switches, signal systems, and electrical power control facilities. The 2008 program provides \$24.7 million for numerous projects throughout the system.

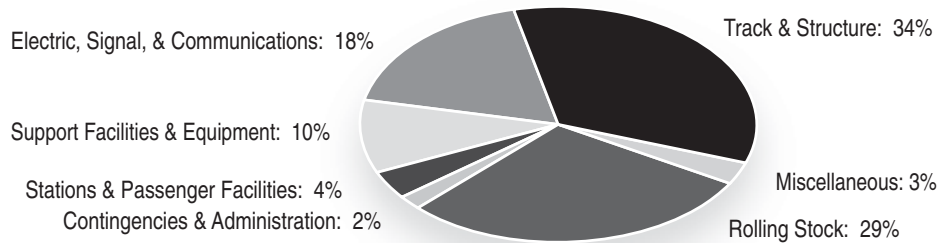
Metra's capital program includes \$53.2 million to upgrade signal systems with \$10.4 million programmed for 2008. The capital program also includes \$40 million to upgrade interlockers and \$27.5 for electrical and communications improvements.

Support Facilities and Equipment

The support facilities and equipment category totals \$93 million for the 2008-2012 planning period, with \$22.5 million in the 2008 capital program. Support facilities and equipment includes rail car and locomotive maintenance buildings, storage yards, work crew headquarters, maintenance vehicles and equipment, office buildings, and associated computer hardware and software.

Metra's portion of 2008 capital program includes \$8.5 million to renew yards, shops and facilities with \$45.3 million planned for the out-years. Metra is also proposing \$3.9 million in 2008 with \$17.5 million in the out-years to purchase right-of-way maintenance equipment and \$11 million in the five-year capital program to improve work crew facilities.

Exhibit 3-10: Metra Five-Year Assets by Category— \$894 million



Stations and Passenger Facilities

There are 239 stations in the Metra system, including four major terminals in downtown Chicago. In Metra's portion of the five-year capital program, a total of \$32 million is programmed for stations and parking. In 2008, \$12.7 million is programmed for these projects.

The 2008-2012 capital program includes \$21.3 million to upgrade stations and improve platforms and ramps for compliance with the Americans with Disability Act (ADA); \$2.2 million for the new 35th Street Station on the Rock Island District and \$2 million to improve the Des Plaines Station on the Union Pacific Northwest Line. In addition, the 2008 capital program includes \$1 million for parking fee collection equipment.

Miscellaneous, Contingencies and Administration

Metra's portion of 2008-2011 capital program includes \$47 million for station studies, project management and oversight, security improvements, advertising, material additives, insurance, support engineering, unanticipated capital, administration and contingencies, with \$18.2 million programmed in 2008.

Pace Overview

Pace's portion of the proposed 2008-2012 capital program totals \$228 million. A majority of the funding is provided for the replacement and expansion of rolling stock. The percentage for the general categories of capital improvements of the total program are: rolling stock 57 percent; electric, signal and communications 10 percent; support facilities and equipment 30 percent; stations and passenger facilities 2 percent and contingencies and administration at 1 percent. These allocations are illustrated in Exhibit 3-11.

Highlights of Pace's 2008-2012 Capital Program are as follows:

Rolling Stock

In the five-year capital program, Pace plans to purchase up to 992 transit vehicles for replacement and expansion at a cost of \$114 million. Pace's fleet consists of 705 fixed-route buses, 358 paratransit vehicles and 767 vanpool vehicles. Pace's 2008 fixed route bus purchase budget of \$12.2 million includes the replacement of 33 fixed route buses purchased in 1992 and 1993. All the buses to be replaced have exceeded their useful life; and the new vehicles will be 30 feet in length.

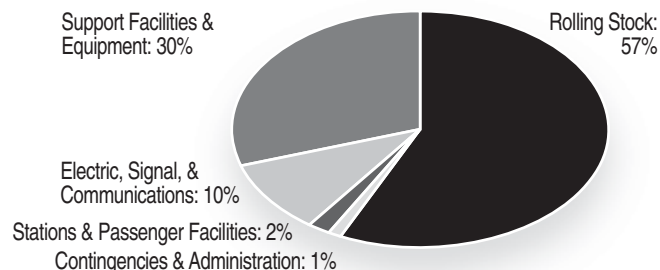
In 2008, Pace also plans to spend \$6.4 million to purchase up to 80 paratransit vehicles to replace vehicles that have exceeded their useful lives. These vehicles will be a combination of buses and vans.

In addition to other rolling stock purchases, Pace's portion of 2008 capital program includes \$4.4 million for the purchase of 50 community vehicles and \$2.9 million for the purchase of 75 vans for services throughout Pace's territory. Pace's community vehicle program leases small vehicles to local communities which provide locally based transit services. The funds for the vanpool programs are for the replacement of the vanpool vehicles which have exceeded their useful life and for the expansion of service. Pace's vanpool program is composed of the Vanpool Incentive Program (VIP), the Corporate Shuttle Program and the ADvAntage Program in addition to the Municipal Vanpool Program.

This program includes a bus overhaul program including the replacement of bus components such as A/C condensers, alternators, regulators, drive shafts, transmission coolers, fan motors, steering shafts, and other items. Under the rolling stock category, Pace proposes \$2 million for bus overhaul in 2008, with \$8 million programmed in the out-years.

The purchase of associated capital items, estimated at a cost of \$3.1 million, is also planned in

Exhibit 3-11: Pace Five-Year Assets by Category— \$228 million



2008. The 2009-2012 capital program includes \$4 million for associated capital purchases. Associated capital items include engines, transmissions, axle assemblies and other parts for fixed route and paratransit vehicles.

Electrical, Signal and Communications

Pace’s portion of the 2008 capital program includes \$0.8 million to implement four Transit Signal Priority (TSP) projects earmarked in the federal *Safe, Accountable, Flexible, and Efficient Transportation Equity Act—A Legacy for Users (SAFETEA-LU)* legislation. The Transit Signal Priority projects included in the program contains continuation of funding for the development and purchase of the TSP system in major corridors. These TSP corridors are: Cermak Road, Rand Road, Cicero Avenue, and South Suburban.

Also, Pace proposes \$20 million in the five-year capital program for the purchase and installation of a new systemwide radio system to replace Pace’s existing radio system with \$0.6 million planned for 2008. The existing system is 13 years old and has exceeded its useful life, and parts are becoming difficult to find. The new radio system will not only save operating money, the technology will provide Pace with better communication coverage.

Support Facilities and Equipment

Pace proposes to program \$68 million over five years for support facilities and equipment. Of the \$12.9 million for support facilities and equipment projects planned in 2008, Pace’s portion of the capital program includes \$4.4 million for improvements to garages and facilities. 2008 includes funds to make critical improvements to our facilities such as the replacement of concrete, fire sprinklers, security systems and overhead doors. The out-year plan

includes \$17 million for improvements and upgrades at various garages. The capital program also includes \$14.4 million in 2008-2012 for the purchase and installation of the Enterprise Resource Planning System. This program provides for the continuation of funding for the HPe3000 migration project, an integrated system of financial, purchasing and other business processes.

The 2008 program includes \$0.9 million for the purchase of miscellaneous maintenance and office equipment and replacement of non-revenue vehicles with a total of \$3.5 million programmed through 2012.

In addition, Pace’s capital program includes \$5 million for the purchase of software and hardware and associated design and installation services for computers, printers, computer systems, network, communications, and presentation needs with \$1.9 million programmed in 2008. Further, Pace’s five year capital program proposes \$1.9 million for the purchase of office equipment with \$250,000 programmed in 2008. Pace’s capital program includes \$1.2 million in 2008 for the purchase of a safety data/video recording system for fixed route buses. Pace’s out year program plans \$20 million to purchase a replacement farebox system.

Stations & Passenger Facilities

Five-year program includes \$5 million for Pace stations and passenger facilities. This funding will provide for upgrades of numerous passenger facilities as well as the purchase of bus stop signs, shelters and other passenger amenities.

Acquisition and Extensions

The 2008 capital program contains funding of \$280,000 for an Alternative Analysis study for the Cermak Road Arterial Rapid Transit (ART) project.

Project Administration

A total of \$2 million is proposed for project administration for 2008 through 2012. Pace project administration covers the in-house staff salaries associated with undertaking and completing capital projects.

Exhibit 3-12: **Five-Year Capital Program**—Schedule II (in dollars)

CTA		Classification	2008	2009-2012	TOTAL
Rolling Stock — Bus					
021.803	Perform Bus Overhaul and Maintenance Activities – Systemwide	Maintain	5,088,250	20,353,000	25,441,250
021.806	Perform Mid-Life Bus Overhaul – Systemwide	Maintain	9,000,000	38,800,000	47,800,000
031.054	Purchase a Minimum of 1,050 Replacement Buses (Partial \$) – Systemwide	Maintain	105,311,162	—	105,311,162
031.054	Purchase a Minimum of 724 Replacement Buses (Partial \$) – Systemwide	Maintain	—	35,022,010	35,022,010
Subtotal Rolling Stock			119,399,412	94,175,010	213,574,422
Electrical, Signal, & Communications — Bus					
150.028	Implement Bus Tracker Project – Systemwide	Enhance	12,550,000	11,283,438	24,213,438
Subtotal Electrical, Signal, & Communications			12,550,000	11,283,438	24,213,438
Total Bus			131,949,412	105,838,448	237,787,860
Rolling Stock - Rail					
022.903	Perform Rail Car Overhaul and Mid-Life Rehabilitation (2200, 2400, 2600, and 3200 Series, Partial \$) – Systemwide	Maintain	9,324,976	113,538,930	122,863,906
022.906	Perform Rail Car Overhaul Activities – Systemwide	Maintain	5,959,670	23,838,680	29,798,350
132.056	Replace a Minimum of 406 Rail Cars (2200 and 2400 Series, Partial \$) – Systemwide	Maintain	18,387,368	194,511,061	212,898,429
Subtotal Rolling Stock			33,672,014	331,888,671	365,560,685
Track & Structure — Rail					
171.133	Repair Track and Structure Defects – Systemwide	Maintain	5,400,804	21,603,216	27,004,020
181.500	Repair Track and Structure – O'Hare Branch-Blue Line	Maintain	150,000,000	—	150,000,000
181.500	Repair Track and Structure – Systemwide	Maintain	64,613,022	287,345,030	351,958,052
Subtotal Track & Structure			220,013,826	308,948,246	528,962,072
Electrical, Signal, & Communications — Rail					
121.500	Replace/Upgrade Power Distribution and Signals – Systemwide	Maintain	68,633,245	19,603,211	88,236,456
150.028	Implement Security & Communication Projects – Systemwide	Maintain	7,000,000	—	7,000,000
Subtotal Electrical, Signal, & Communications			75,633,245	19,603,211	95,236,456
Stations & Passenger Facilities — Rail					
141.273	Construct Washington Intermodal Transportation Station – Red/Blue Lines	Enhance	4,673,483	—	4,673,483
141.273	Reconstruct Howard Station – Red Line	Maintain	33,436,970	—	33,436,970
Subtotal Stations & Passenger Facilities			38,110,453	—	38,110,453
Acquisitions & Extensions Total — Rail					
194.115	Expand CTA Ravenswood Line/ Design, Land Acquisition, and Construction/ Ravenswood (Partial \$) – Brown Line	Expand	50,000,000	41,238,533	91,238,533
Subtotal Acquisitions & Extensions			50,000,000	41,238,533	91,238,533
Total Rail			417,429,538	701,405,660	1,118,835,198
Electrical, Signal, & Communications — Systemwide					
150.028	Implement Security & Communication Projects – Systemwide	Enhance	—	26,000,000	26,000,000
150.028	Implement Security & Communication Projects – Systemwide	Maintain	6,500,000	—	6,500,000
Subtotal Electrical, Signal, & Communications			6,500,000	26,000,000	32,500,000
Support Facilities & Equipment — Systemwide					
073.500	Improve Facilities – Systemwide	Maintain	10,078,113	45,759,467	55,837,580
Subtotal Support Facilities & Equipment			10,078,113	45,759,467	55,837,580
Miscellaneous — Systemwide					
404.500	Implement CMAQ Projects	Maintain	—	8,000,000	8,000,000
Subtotal Miscellaneous			—	8,000,000	8,000,000
Total System			16,578,113	79,759,467	96,337,580
TOTAL CTA			565,957,063	887,003,575	1,452,960,638

Exhibit 3-12: **Five-Year Capital Program**—Schedule II (in dollars)

METRA	Classification	2008	2009-2012	TOTAL	
Rolling Stock — Rail					
01.2	Rehabilitate Locomotives – MET	Maintain	—	33,851,000	33,851,000
01.5	Rehabilitate Commuter Bi-level Rail Cars – MET	Maintain	14,550,000	51,425,000	65,975,000
01.6	Provide for Fleet Component Overhaul and Improvement – MET	Maintain	6,200,000	11,400,000	17,600,000
01.7	Purchase Bi-Level Multiple Unit Electric Cars – MED	Maintain	—	128,000,000	128,000,000
01.8	Overhaul Traction Motors – MET	Maintain	1,650,000	6,200,000	7,850,000
01.9	Install Voice-to-Train Information System – MET	Maintain	—	2,300,000	2,300,000
01.9	Purchase Rolling Stock Maintenance Tracking System – MET	Maintain	2,000,000	3,000,000	5,000,000
	Subtotal Rolling Stock		24,400,000	236,176,000	260,576,000
Track & Structure — Rail					
02.1	Provide for Track Infrastructure Improvements – MET	Maintain	27,000,000	71,740,000	98,740,000
02.2	Upgrade Crossings (Road and Track) – MET	Maintain	3,000,000	12,000,000	15,000,000
02.5	Rehabilitate Bridges – MET	Maintain	17,650,000	121,500,000	139,150,000
02.6	Rehabilitate Retaining Walls – MET	Maintain	3,400,000	16,200,000	19,600,000
02.8	Construct Belmont Road Grade Separation – BNSF	Enhance	6,700,000	—	6,700,000
02.9	Provide for Structural Improvements – MET	Maintain	5,750,000	18,272,000	24,022,000
	Subtotal Track & Structure		63,500,000	239,712,000	303,212,000
Electrical, Signal, & Communications — Rail					
03.0	Upgrade Signal System – MET	Maintain	10,350,000	42,800,000	53,150,000
03.1	Upgrade and Improve Grade Crossings – MET	Maintain	—	11,300,000	11,300,000
03.2	Upgrade Interlockers – MET	Maintain	9,700,000	30,250,000	39,950,000
03.4	Replace Switch Heaters and Backup Generators – MET	Maintain	—	1,600,000	1,600,000
03.5	Replace Cantenary Wire and Transmission Lines – MED	Maintain	—	5,500,000	5,500,000
03.7	Provide for Electrical Improvements – MET	Maintain	—	4,700,000	4,700,000
03.7	Provide for Signal and Electrical Improvements – MET	Maintain	2,700,000	3,200,000	5,900,000
03.8	Provide for Communication Equipment – MET	Maintain	—	8,010,000	8,010,000
03.8	Provide for Electrical and Communications Improvements – MET	Maintain	1,950,000	25,550,000	27,500,000
	Subtotal Electrical, Signal, & Communications		24,700,000	132,910,000	157,610,000
Support Facilities & Equipment — Rail					
04.1	Renew Yards, Shops and Facilities – MET	Maintain	8,500,000	45,300,000	53,800,000
04.3	Improve Crew Facilities – MET	Maintain	5,500,000	5,500,000	11,000,000
04.3	Renew Facilities – MET	Maintain	4,600,000	2,700,000	7,300,000
04.8	Purchase Right-of-Way Maintenance Equipment – MET	Maintain	3,850,000	17,514,000	21,364,000
	Subtotal Support Facilities & Equipment		22,450,000	71,014,000	93,464,000
Stations & Passenger Facilities — Rail					
05.0	Improve Des Plaines Station – UPR-Northwest Line	Maintain	2,000,000	—	2,000,000
05.0	Provide for Station Upgrades and ADA Accessibility Improvements – MET	Maintain	6,000,000	15,270,000	21,270,000
05.1	Construct Tinley Park 80th Avenue Station – RID	Maintain	173,888	180,576	354,464
05.2	Construct 35th Street Intermodal Station – RID	Enhance	1,086,800	1,128,600	2,215,400
05.5	Construct St. Charles Intermodal Parking Structure – MET	Enhance	978,120	1,015,740	1,993,860
05.5	Expand Joliet Station Parking – RID	Enhance	624,910	648,945	1,273,855
05.5	Improve Geneva Station Parking – UP-West Line	Enhance	869,440	902,880	1,772,320
05.5	Purchase Parking Fee Collection Equipment – MET	Maintain	1,000,000	—	1,000,000
	Subtotal Stations & Passenger Facilities		12,733,158	19,146,741	31,879,899
Miscellaneous — Rail					
06.0	Conduct Feasibility Study for Kennedy-King & Auburn Park Stations – RID	Enhance	65,208	67,716	132,924
06.2	Improve Metra System Security – MET	Maintain	5,000,000	20,000,000	25,000,000
06.9	Implement CMAQ Projects – MET	Maintain	—	2,520,000	2,520,000
	Subtotal Miscellaneous		5,065,208	22,587,716	27,652,924
Contingencies & Administration — Rail					
08.9	Provide for Project Management – MET	Maintain	7,800,000	3,300,000	11,100,000
08.9	Provide for Project Support – MET	Maintain	5,371,000	2,917,000	8,288,000
	Subtotal Contingencies & Administration		13,171,000	6,217,000	19,388,000
Total Rail			166,019,366	727,763,457	893,782,823
TOTAL METRA			166,019,366	727,763,457	893,782,823

Exhibit 3-12: **Five-Year Capital Program**—Schedule II (in dollars)

PACE	Classification	2008	2009-2012	TOTAL	
Rolling Stock — Bus					
4205	Purchase a Minimum of 8 Community Vehicles – Oak Park	Enhance	217,360	225,720	443,080
4301	Purchase a Minimum of 173 Fixed Route Accessible Buses – Systemwide	Maintain	12,160,000	54,400,000	66,560,000
4302	Purchase a Minimum of 300 Paratransit Vehicles – Systemwide	Maintain	6,400,000	17,600,000	24,000,000
4303	Purchase a Minimum of 100 Community Vehicles – Systemwide	Enhance	4,150,000	4,000,000	8,150,000
4304	Purchase a Minimum of 415 Vanpool Vans (234 Replacement & 181 Expansion) – Systemwide	Maintain/Enhance	2,850,000	12,000,000	14,850,000
4306	Provide for Associated Capital Items – Systemwide	Maintain	3,100,000	4,000,000	7,100,000
4307	Provide for Bus Overhaul – Systemwide	Maintain	2,000,000	8,000,000	10,000,000
Subtotal Rolling Stock			30,877,360	100,225,720	131,103,080
Electrical, Signal, & Communications — Bus					
4126	Implement Transit Signal Priority Project – Cermak Road	Enhance	300,000	500,000	800,000
4127	Implement Transit Signal Priority Project – Rand Road	Enhance	173,888	180,576	354,464
4128	Implement Transit Signal Priority Project – Cicero Avenue	Enhance	217,360	225,720	443,080
4129	Implement Transit Signal Priority Projects – South Suburbs	Enhance	108,680	112,860	221,540
4309	Purchase Replacement Radio System – Systemwide	Maintain	600,000	19,400,000	20,000,000
Subtotal Electrical, Signal, & Communications			1,399,928	20,419,156	21,819,084
Support Facilities & Equipment — Bus					
3614	Purchase and Installation of Replacement for HPe3000 Computer System – Systemwide	Maintain	4,200,000	10,200,000	14,400,000
4211	Purchase Maintenance/ Support Equipment and Vehicles – Systemwide	Maintain	900,000	2,600,000	3,500,000
4310	Purchase Bus Safety System – Systemwide	Enhance	1,200,000	—	1,200,000
4312	Purchase Computer Hardware and Software Systems – Systemwide	Maintain	1,900,000	3,100,000	5,000,000
4313	Purchase Office Equipment – Systemwide	Maintain	250,000	1,650,000	1,900,000
4314	Improve Garages/ Facilities – Systemwide	Maintain	4,440,000	17,010,000	21,450,000
4315	Purchase Replacement Farebox System – Systemwide	Maintain	—	20,000,000	20,000,000
Subtotal Support Facilities & Equipment			12,890,000	54,560,000	67,450,000
Stations & Passenger Facilities — Bus					
4319	Construct Passenger and Transfer Facilities – Systemwide	Maintain	—	3,000,000	3,000,000
4320	Install Shelters/ Signs/ Passenger Amenities – Systemwide	Maintain	—	1,800,000	1,800,000
Subtotal Stations & Passenger Facilities			—	4,800,000	4,800,000
Acquisitions & Extensions — Bus					
4324	Perform Alternative Analysis for Arterial Rapid Transit (ART) – Cermak Road	Expand	280,000	—	280,000
Subtotal Acquisitions & Extensions			280,000	—	280,000
Contingencies & Administration — Bus					
4325	Provide for Project Administration	Maintain	450,000	1,990,000	2,440,000
Subtotal Contingencies & Administration			450,000	1,990,000	2,440,000
Total Bus			45,897,288	181,994,876	227,892,164
TOTAL PACE			45,897,288	181,994,876	227,892,164
GRAND TOTAL			777,873,717	1,796,761,908	2,574,635,625

4 Appendices

Exhibit 4-1A: System Characteristics

Asset Value	2006
CTA	\$ 20.1 billion
Metra	\$ 10.7 billion
Pace	\$ 0.5 billion
Total Asset Value	\$ 31.3 billion
Regional Population	8.4 million
Service Area	3,749 sq. mi.
Passenger Miles	3.8 billion
Vehicle Miles	230 million
Stations Served	395
Vehicles & Routes	
Buses	2,724
Cars & Locomotives	2,395
Vanpools Operated	648
Rail Routes	19
Bus Routes	386

Exhibit 4-1B: 2006 Population by County (in thousands)

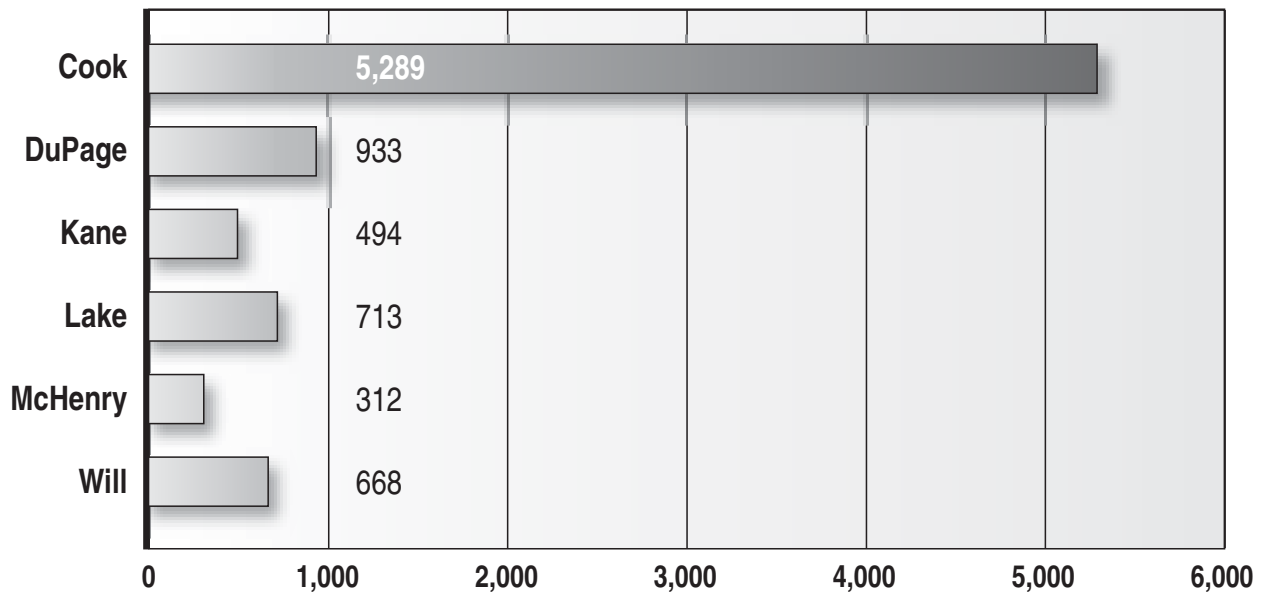


Exhibit 4-2A: RTA Sales Tax Collections (dollars in millions)

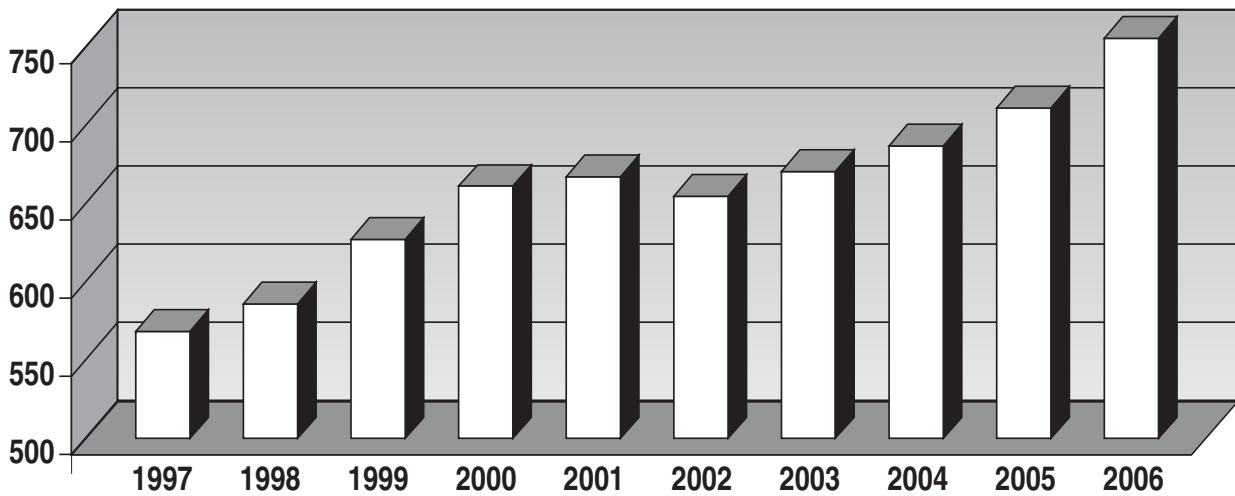


Exhibit 4-2B: Sales Tax Collections by County (dollars in millions)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Chicago	163	177	188	199	197	195	198	205	214	231
Suburban Cook	313	315	334	354	358	354	356	364	373	396
Total Cook County	476	492	521	553	555	549	555	569	587	627
DuPage	36	39	42	43	42	41	41	43	44	47
Kane	9	10	11	12	12	12	13	14	15	16
Lake	19	20	22	24	25	25	25	26	27	29
McHenry	5	6	7	7	7	7	8	8	9	9
Will	9	10	11	12	12	13	14	15	17	19
Total Collar Counties	79	85	92	97	99	98	100	106	113	120
Total RTA Regional	555	577	614	650	654	648	655	676	700	747
<i>% change</i>	<i>4.4%</i>	<i>3.8%</i>	<i>6.4%</i>	<i>6.0%</i>	<i>0.5%</i>	<i>(0.9%)</i>	<i>1.1%</i>	<i>3.2%</i>	<i>3.7%</i>	<i>6.6%</i>

Exhibit 4-3A: RTA Ridership (in millions)

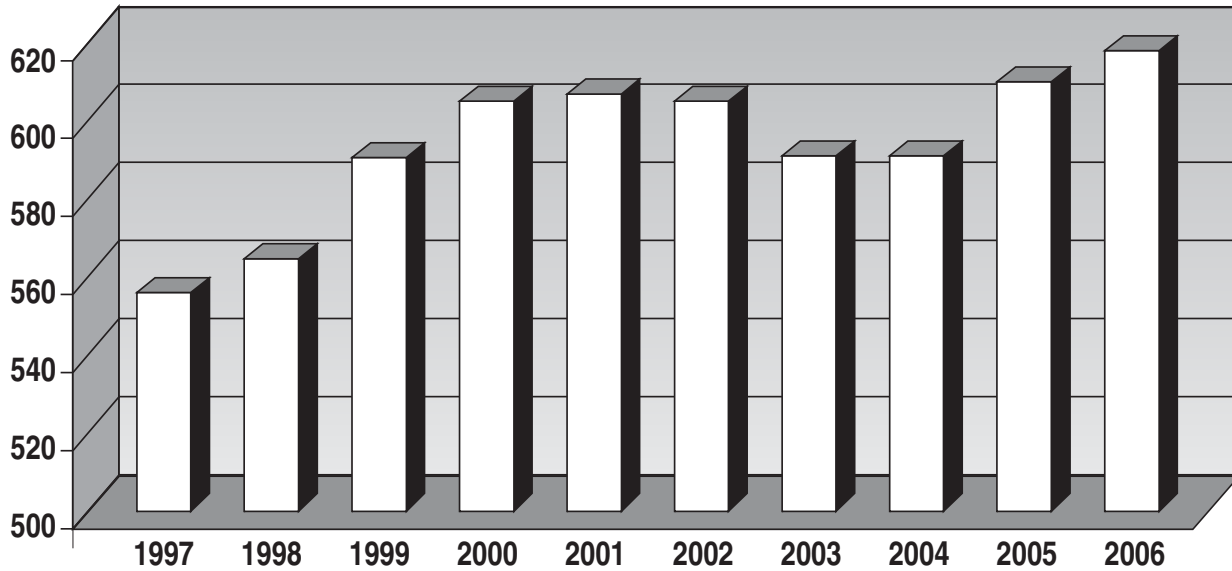
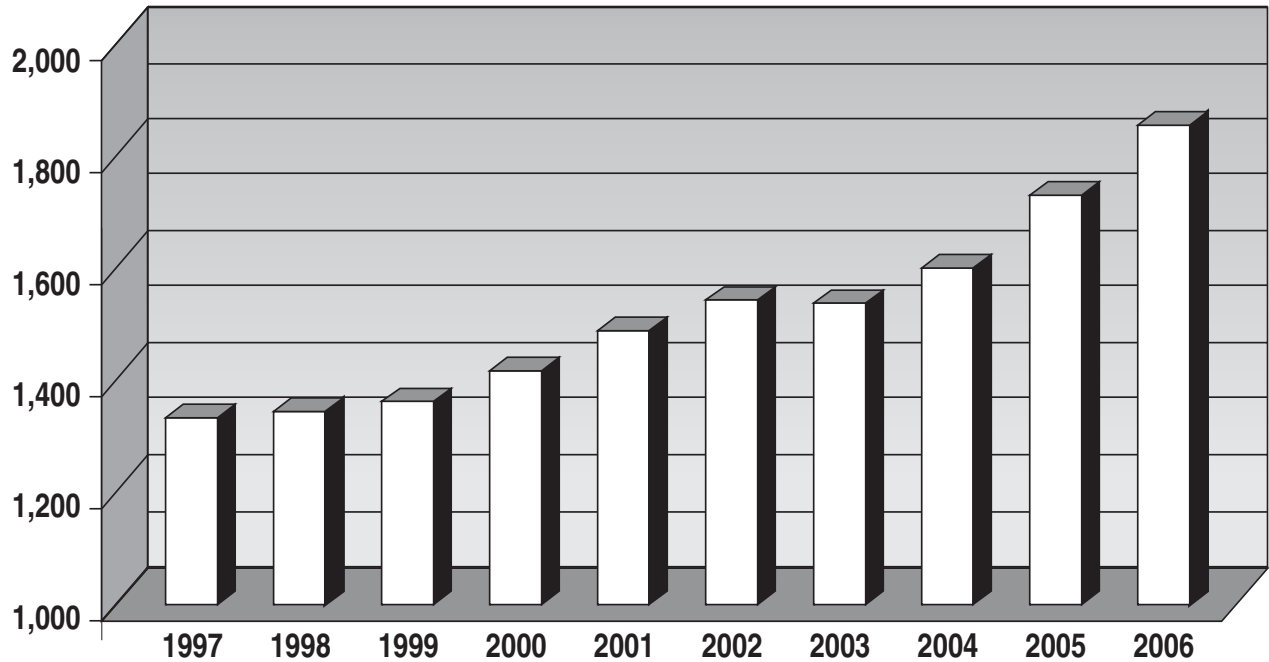


Exhibit 4-3B: Service Board Ridership (in millions)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CTA Bus	288	292	300	303	303	305	294	296	306	300
CTA Rail*	151	154	167	176	182	180	181	179	187	195
Total CTA	439	445	467	480	485	485	475	475	492	495
Metra	72	75	77	79	79	77	75	74	77	81
Pace	38	39	40	39	37	35	34	34	37	38
Total RTA	550	559	584	597	601	597	583	583	606	614
<i>% change</i>	<i>2.6%</i>	<i>1.7%</i>	<i>4.4%</i>	<i>2.3%</i>	<i>0.7%</i>	<i>(0.7%)</i>	<i>(2.3%)</i>	<i>0.0%</i>	<i>3.9%</i>	<i>1.2%</i>

*CTA rail ridership includes cross-platform transfers.

Exhibit 4-4A: **Service Board Operating Expenditures** (dollars in millions)Exhibit 4-4B: **Service Board Operating Expenditures** (dollars in millions)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CTA	781	808	805	851	884	920	897	938	1,021	1,076
Meta	394	379	397	416	431	445	455	466	504	525
Pace	109	111	114	122	127	131	139	147	160	199
Total RTA	1,283	1,297	1,316	1,389	1,442	1,496	1,491	1,552	1,685	1,801
<i>% change</i>	<i>4.1%</i>	<i>1.1%</i>	<i>1.4%</i>	<i>5.6%</i>	<i>3.8%</i>	<i>3.7%</i>	<i>(0.3%)</i>	<i>4.1%</i>	<i>8.6%</i>	<i>6.9%</i>

Exhibit 4-5A: **Service Board Fare Box Revenue** (dollars in millions)

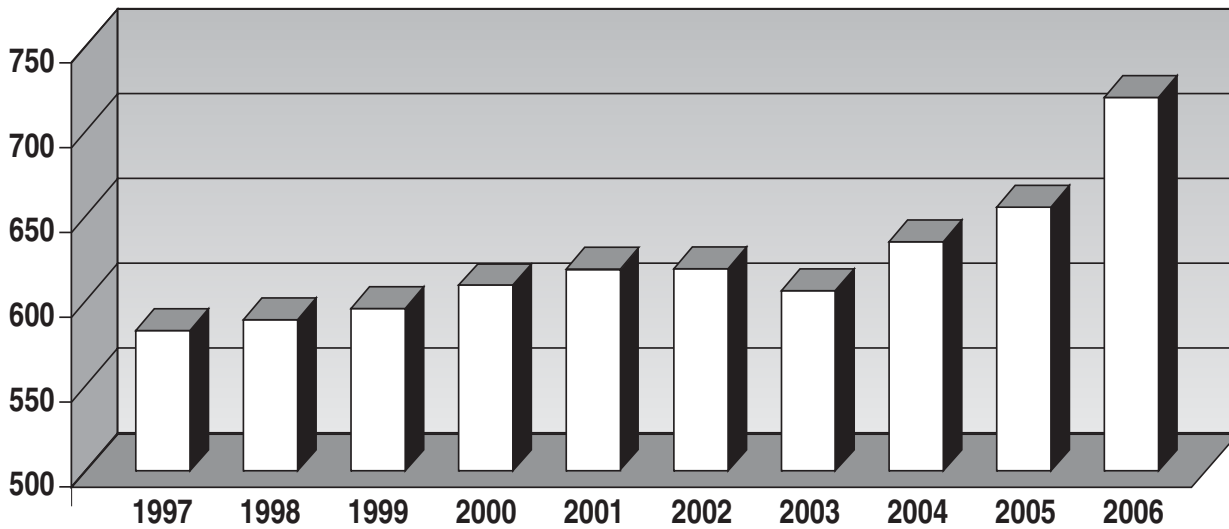
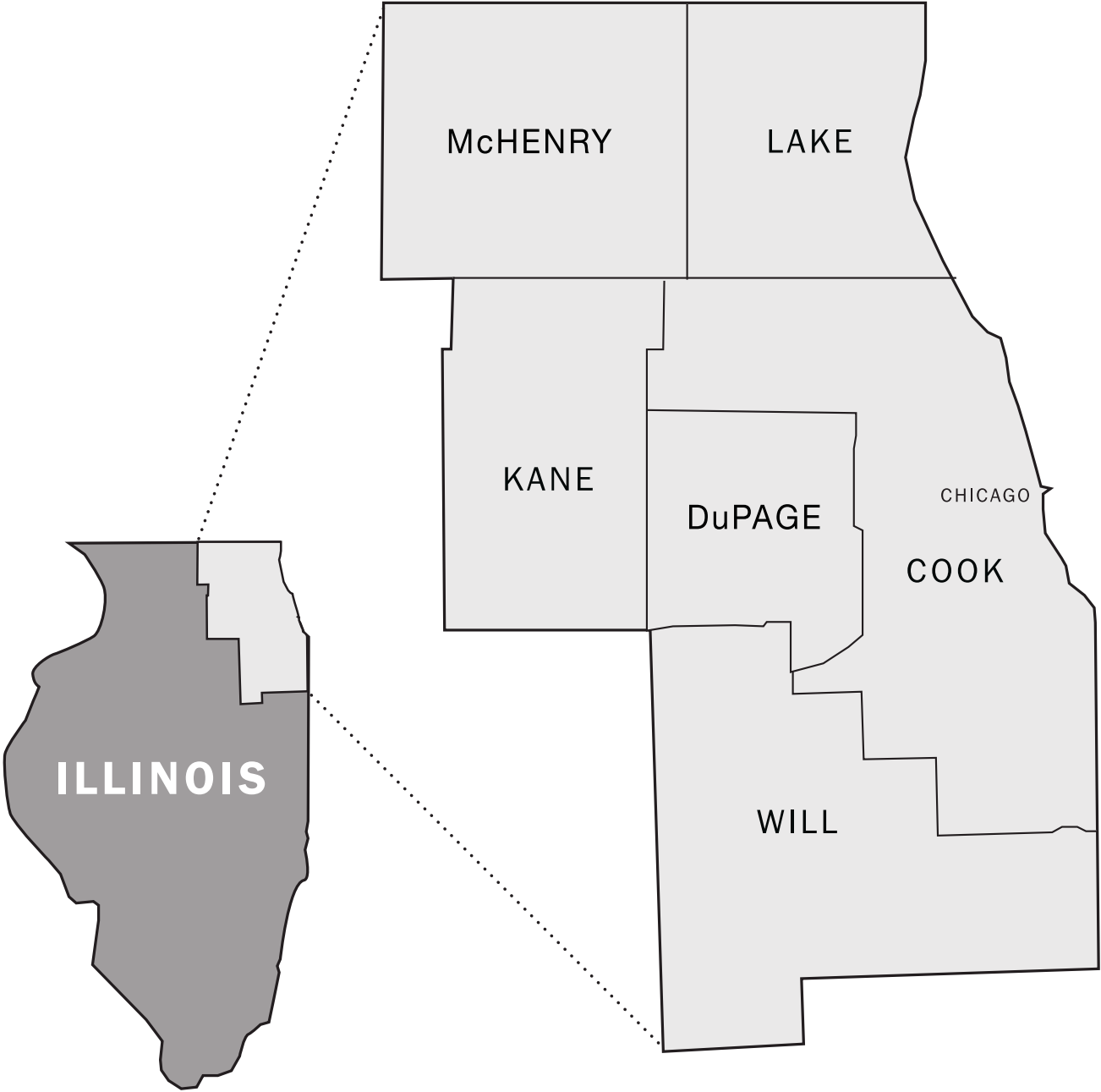


Exhibit 4-5B: **Service Board Fare Box Revenue** (dollars in millions)

	1997	1998	1998	2000	2001	2002	2003	2004	2005	2006
CTA	360	364	366	369	374	384	368	403	417	462
Meta	175	181	186	192	192	190	191	192	198	218
Pace	35	36	35	37	41	34	32	32	32	31
Total RTA	570	580	587	598	607	608	591	627	648	711
<i>% change</i>	<i>2.0%</i>	<i>1.7%</i>	<i>1.3%</i>	<i>1.8%</i>	<i>1.4%</i>	<i>0.2%</i>	<i>(2.7%)</i>	<i>6.0%</i>	<i>3.3%</i>	<i>9.8%</i>

Six-County Region





Regional Transportation Authority

RTA Main Office

175 West Jackson Boulevard, Suite 1550
Chicago, Illinois 60604
(312) 913-3200
www.rtachicago.com

RTA Customer Service

165 N. Jefferson Street
Chicago, Illinois 60661
(312) 913-3110

Community Outreach

(312) 913-3144

RTA ADA Certification Helpline

Voice (312) 663- 4357
TTY (312) 913-3122

Travel Information Center and RTA Reduced Fare Card

Call 836-7000 from any area
code in the six-county region
TTY (312) 836-4949
www.rtachicago.com

RTA Transit Benefit Program

(800) 531-2828

Chicago Transit Authority

567 West Lake Street
Chicago, Illinois 60661
(312) 681-4610
www.transitchicago.com



Metra

547 West Jackson Boulevard
Chicago, Illinois 60661
(312) 322-6760
www.metrarail.com



Pace

550 West Algonquin Road
Arlington Heights, Illinois 60005
(847) 228-4261
www.pacebus.com



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