



## **Regional Transportation Authority**

The six-county  
transportation system  
serving northeastern Illinois

# 2010

Proposed Operating Budget,  
Two-Year Financial Plan and  
Five-Year Capital Programs for the  
Chicago Transit Authority (CTA),  
Metra and Pace

**MOVING BEYOND**  
CONGESTION







# Regional Transportation Authority

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## Letter from the Executive Director

Enclosed is the 2010 budget and operating plan for the Regional Transportation Authority (RTA), which includes Chicago Transit Authority (CTA), Metra and Pace. The severe economic crisis that began in late 2008, and intensified throughout most of 2009, deeply affected the regional transit system. Thankfully, the operating funding and reform legislation that became law in January 2008 provided the regional transit system with the necessary resources to work through this crisis. Without it, the transit system would have been unable to meet the demands of out more than 2 million daily riders.

Over the last year, the RTA worked with CTA, Metra and Pace to maintain reliable, affordable service for our riders while managing the severe economic crisis. The RTA re-allocated resources and helped the transit agencies avoid significant service cuts and fare increases in 2009. While the economy has shown some signs of recovery, we anticipate that significant economic challenges will remain in 2010. Due to the ongoing recession, some service changes and fare increases will be part of the transit agencies' 2010 budget and operating plans.

Despite the economic turmoil experienced over the last year, both the Illinois General Assembly and the federal government approved critical capital investments in our transit system. These important funds will be used to replace aging vehicles, rebuild and replace track and stations and help us improve the overall condition of the system. Just as importantly, the RTA will complete an update to our Regional Strategic Plan next year that will help guide transit investments and operations in the future and will ensure we make the most efficient and accountable use of our resources.

Thank you for your support and confidence in the regional transit system. The RTA is looking forward to a successful year of growth and rejuvenation. We will continue to meet challenges head-on and work to provide reliable, quality service for the region's transit riders. For more information and to receive important updates, visit [www.MovingBeyondCongestion.org](http://www.MovingBeyondCongestion.org), and register as a Partner for Transit.

Thank you again for your support.

Sincerely,

A handwritten signature in black ink that reads "Steve Schlickman". The signature is written in a cursive style with a long horizontal line extending to the right.

Stephen E. Schlickman  
Executive Director, Regional Transportation Authority

# Regional Operating Summary

## RTA

### Overview

As 2009 draws to a close, there can be little doubt that we will continue to face turbulent economic conditions. The economic crisis that has held a tight grip on the nation, state, and cities across the region, has been extremely challenging for our transit system. Over 80% of transit agencies in the country were forced to raise fares and cut service in 2009. However, reform legislation approved in 2008 (Part II Sales Tax and Public Transportation Funds – Exhibit A) was the key reason we were able to weather the economic crisis. While revenue projections for the system were revised downward, twice this year, requiring corresponding belt-tightening at each service board (CTA, Metra, and Pace), we were able to avoid severe cuts that were common in transit agencies across the country.

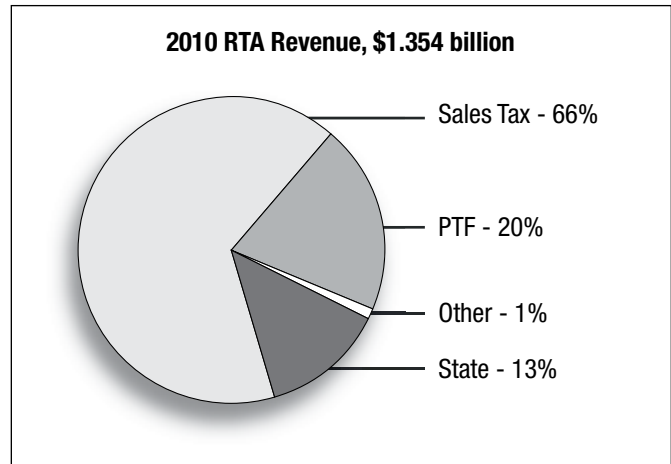
Looking forward to 2010, the State of Illinois, the RTA, and the service boards recently reached an agreement to address pressing problems facing the transit system. In order to avoid dramatic CTA fare increases for the next two years, the RTA was authorized to issue bonds to support CTA capital projects, along with the State's assistance in servicing the bond debt. The agreement which includes state funding for ADA paratransit will also allow Pace to cap fares for those riders at no more than \$3 per trip for the next 2 years (State Funding – ADA & Debt Service – Exhibit A).

### Revenue

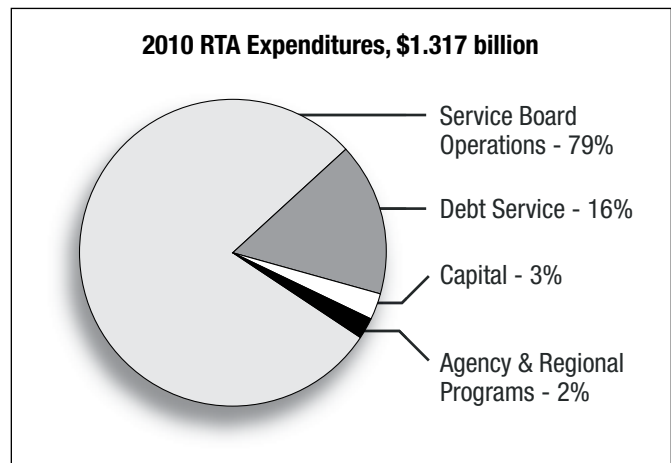
In 2010, total RTA revenues are projected at \$1.354 billion. Of these revenues, \$890 million, or 66% will be generated from RTA Sales Tax. The traditional RTA sales tax (RTA Sales Tax – Part I) has been the major source of funding for public transportation in northeastern Illinois for nearly three decades. As identified on Exhibit A, this major source of revenue is projected at 11% or \$77 million below the amount received in 2008. Public Transportation Fund receipts of \$274 million are 20% of total RTA revenues. State Financial Assistance, State Free Rides/Reduced Fare Reimbursement, State Funding for ADA and Debt Service totals \$172 million or 13% of total revenues. RTA Other Revenue accounts for the remaining balance of \$18 million, or 1%. Total revenues are expected to be \$34 million or 2.6% higher than estimated receipts in 2009.

### Expenditures

Total RTA expenditures (operating, debt service and capital) for 2010 are budgeted at \$1.317 billion. This amount is \$89 million or 6.3% lower than 2008 expenditures of \$1.406 billion and 2.9% over the 2009 estimate of \$1.280 billion. Service Board operating expenses account for 79% of the expenditures, 16% is used to cover the debt service on RTA bonds for service board



capital programs, 3% is used to fund service board capital programs, and the remaining balance or 2% supports agency planning, funding and oversight initiatives of which about 70% of this amount funds region-wide programs such as the travel information center, ADA certification, and region and sub-region studies and initiatives. Information regarding service board operations is outlined later in this document.



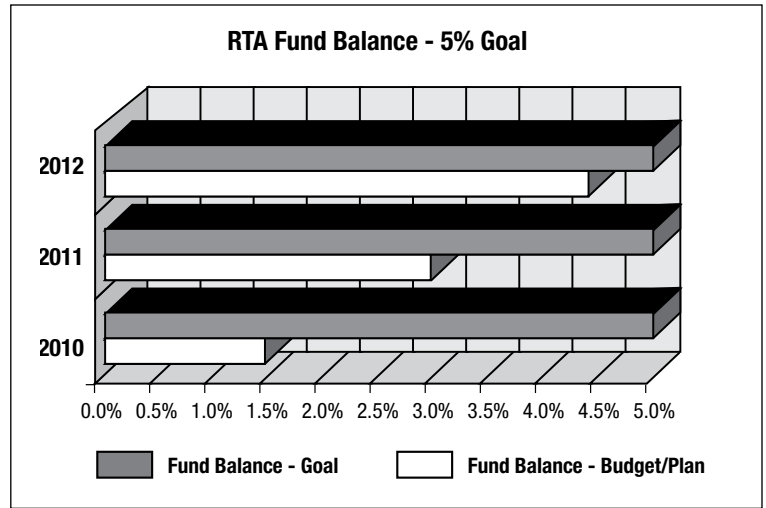
### Fund Balance

In 1998, the RTA Board adopted an ordinance establishing a 5% minimum level in the unreserved and undesignated fund balance. If the amount is below 5%, the financial plan must show full replenishment by the end of the current three-year planning cycle. The percentage is based on total operating expenditures for the year (as shown on Exhibit A). However, continued unfavorable economic conditions created the need to waive, the provision for the 2009-2011 planning period, and the continued uncertainty in the economic environment may necessitate the continuance of this waiver during this 2010-2012 planning cycle, as the ending 2012 fund balance is estimated

to be \$49.6 million or 4.3% of total operating costs of \$1.155 billion.

### Recovery Ratio

The RTA Act requires the RTA Board to set a recovery ratio for the next fiscal (calendar) year for each Service Board. The RTA Act further requires that the combined revenues from RTA operations cover at least 50% (apart from ADA Paratransit service) of the system operating cost. The projected RTA's system-generated revenue recovery ratio for 2010 is 53%. The Act also requires a 10% recovery ratio for ADA Paratransit; the proposed budget meets this stipulation.



### Exhibit A: RTA Statement of Revenues and Expenditures General and Agency Funds (dollars in thousands)

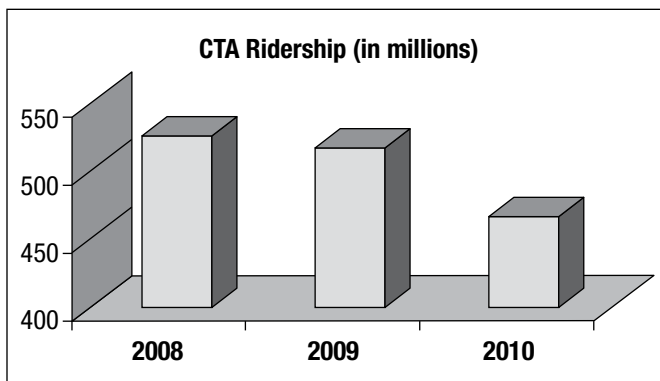
	2008 Actual	2009 Estimate	2010 Budget	2011 Plan	2012 Plan
<b>System Generated Revenue</b>					
RTA Sales Tax (Part I)	726,689	640,000	649,600	668,438	687,823
RTA Sales Tax (Part II)	194,556	237,315	240,875	247,860	255,048
RTA Public Transportation Fund (Part I)	188,830	160,000	162,400	167,110	171,956
RTA PTF (Part II - Includes PTF for RETT)	38,371	109,195	111,343	114,980	118,706
State Financial Assistance	121,870	122,000	122,000	122,000	122,000
State Free Rides/Reduced Fare Reimbursement	36,801	33,570	36,800	36,800	36,800
State Funding for ADA & Debt Service	-	-	13,500	18,600	18,700
RTA Other Revenue	17,325	17,600	17,600	17,600	17,600
<b>Total Revenue</b>	<b>1,324,442</b>	<b>1,319,680</b>	<b>1,354,118</b>	<b>1,393,388</b>	<b>1,428,633</b>
<b>Operating Expenditures</b>					
Total RTA Funds for CTA Operations	591,760	465,244	474,839	505,305	521,681
Total RTA Funds for Metra Operations	278,888	268,660	292,100	305,400	315,600
Total RTA Funds for Pace Suburban Service Operations	115,370	125,772	125,256	128,855	132,572
Total RTA for Pace ADA Paratransit Service	100,000	92,865	107,500	101,421	104,116
RTA Funding for Innovation, Coordination, and Enhancement	10,000	-	333	9,292	9,562
State Free Rides/Reduced Fare Reimbursement/Sales Tax Interest	32,002	35,120	38,500	38,500	38,500
Agency Administration	7,440	8,420	8,024	8,225	8,430
RTA Regional Services and Programs	23,457	21,453	23,321	23,904	24,502
<b>Total Operating Expenditures</b>	<b>1,158,917</b>	<b>1,017,534</b>	<b>1,069,872</b>	<b>1,120,902</b>	<b>1,154,963</b>
<b>Debt Service &amp; Capital Expenditures</b>					
Principal and Interest	186,268	201,620	206,620	214,220	216,820
Regional Technology and Agency Capital	1,870	3,552	2,379	2,438	2,499
Transfer Capital - Metra Funds	8,293	36,822	17,998	13,717	12,797
Transfer Capital - Discretionary RTA Funds to CTA	20,353	20,353	20,353	20,353	20,353
<b>Total Debt Service and Capital Expenditures</b>	<b>216,784</b>	<b>262,347</b>	<b>247,350</b>	<b>250,728</b>	<b>252,469</b>
<b>Total Expenditures</b>	<b>1,375,701</b>	<b>1,279,881</b>	<b>1,317,222</b>	<b>1,371,630</b>	<b>1,407,432</b>
<b>Funding</b>					
Beginning Balance (unreserved/undesignated)	25,648	(53,481)	(17,582)	15,113	32,672
Change in Fund Balance	(51,259)	39,799	36,895	21,758	21,201
Other Funding & Reserves	(27,870)	(4,000)	(4,100)	(4,200)	(4,300)
<b>Ending Unreserved/Undesignated Fund Balance</b>	<b>(53,481)</b>	<b>(17,682)</b>	<b>15,113</b>	<b>32,672</b>	<b>49,573</b>
% of Total Operating Expenditures	-	-	1.4%	2.9%	4.3%
Total System-Generated Revenue Recovery Ratio %	55%	54%	53%	53%	53%
ADA Paratransit Recovery Ratio %	10%	10%	10%	10%	10%

# Service Board Operations Summary

## CTA

### Ridership

The CTA estimates that ridership will decline 1.7% in 2009 from 526.3 million in 2008, reflecting the economic downturn that began in 2008. The CTA projects that ridership will decrease as a result of the sluggish economy and the proposed fare increase and service reductions. The CTA proposes service cuts effective February 7, 2010, that will reduce bus and rail service by 17.7% and 9.8%, respectively. The CTA's proposal includes eliminating nine express bus routes that have a local equivalent, frequency reductions that will eliminate 13.7% of bus service and 9.8% of rail service, and span reductions on 41 bus routes that will eliminate 1.5% of bus service.



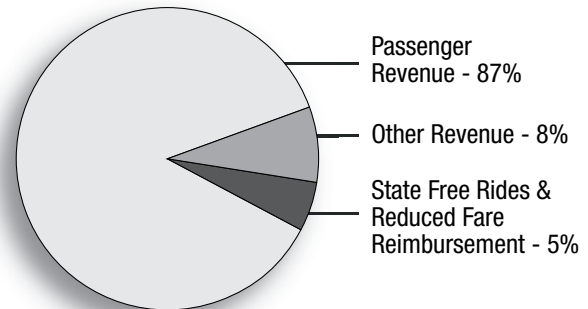
### Fares

In January 2009, the CTA increased bus and rail fares from \$1.75 and \$2.00 (depending on the medium of payment) to \$2.00 and \$2.25.

### Revenue

In 2009, the CTA estimates an 8.9% increase in total revenues from \$552.6 million in 2008. Passenger revenue is estimated to increase 11.4% in 2009 as a result of higher fares, but state free rides and reduced fare reimbursement is projected to decline. The CTA projects that in 2010, total revenues will decrease by 0.2% to \$600.7 million, followed by increases of 13.6% and 18.1% in 2011 and 2012, respectively. In 2010, passenger revenue is projected to decrease 0.7% as a result of service cuts, followed by increases of 10.3% and 19.6% in 2011 and 2012, respectively. The CTA projects state free rides and reduced fare reimbursement to decline from \$31.9 million in 2008 to \$24.2 million in 2009, before returning to \$32 million in 2010 through 2012. The CTA projects that successful innovative ways to raise revenue will contribute to increases in other revenues in 2011 and 2012.

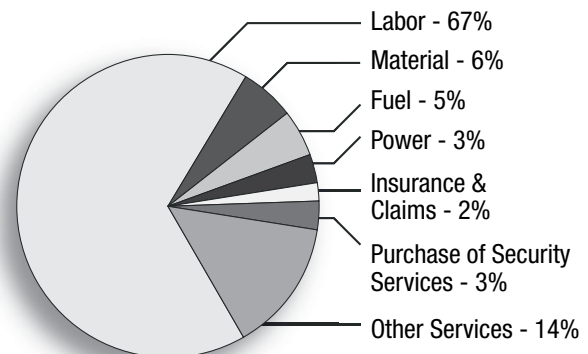
2010 CTA Revenues, \$600.7 million



### Expenses

In 2009, the CTA estimates a 4.7% increase in total expenses from \$1,214.4 million in 2008. Labor and material expenditures are estimated to decrease by 0.3% and 10.3%, respectively, while other services, including pension obligation bond interest and insurance & claims (provision for injuries and damages) are estimated to increase by 62.8% and 159.1%, respectively. The CTA projects that in 2010 total expenditures will decrease by 0.1% to \$1,271.0 million, followed by increases of 7.4% and 4.0% in 2011 and 2012, respectively. In 2010, material and fuel expenditures are expected to decline by 13.9% and 35.6%, respectively, while insurance & claims and other services increase by 40.0% and 50.2%, respectively.

2010 CTA Expenses, \$1,271.0 million



### Deficit Funding

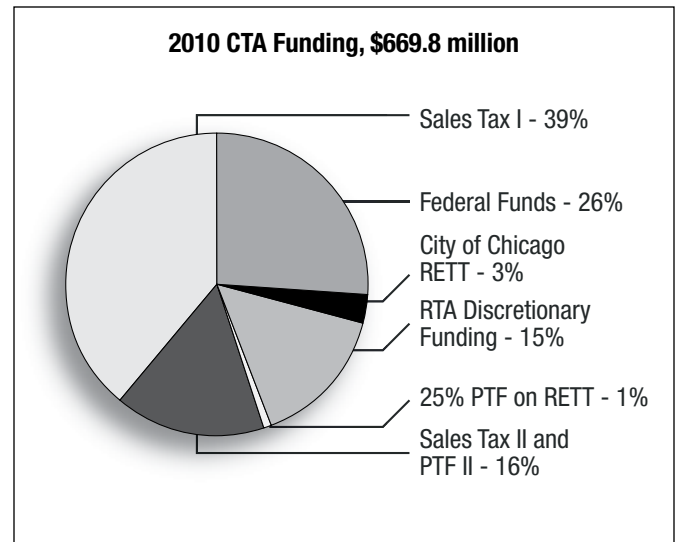
The CTA's estimated 2009 deficit of \$670.0 million matches the budget approved in August by the RTA Board. The CTA's 2010 budget and 2011-2012 plan is balanced by transferring federal



funds from the capital program to operations. In 2010, the amount transferred is \$173 million; the 2011 and 2012 financial plan incorporates transfers of \$153 million and \$65 million, respectively. The RTA marks (sales tax, Public Transportation Funds provided by statute formulas and RTA discretionary funds) total \$474.8 million in 2010, \$505.3 million in 2011, and \$521.7 million in 2012.

### Recovery Ratio

The CTA's recovery ratio equals the total system revenue, plus an estimate of the revenue lost from the Senior Ride Free program and in-kind revenue of \$22 million for services provided by the Chicago Police Department, divided by total operating expenditures, plus an in-kind expense of \$22 million for services provided by the Chicago Police Department, less statutory exclusions for security.



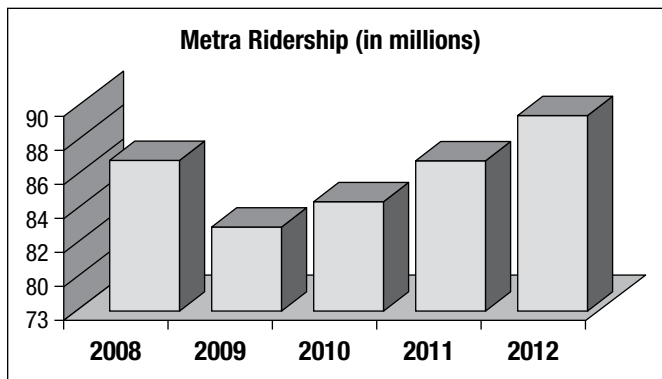
**Exhibit 1-1: CTA 2010 Budget and 2011-2012 Financial Plan** (dollars in thousands)

	<b>2008 Actual</b>	<b>2009 Forecast</b>	<b>2010 Budget</b>	<b>2011 Plan</b>	<b>2012 Plan</b>
<b>Revenues</b>					
Passenger Revenue	471,099	525,033	521,417	575,206	688,063
State Free Rides & Reduced Fare Reimbursement	31,855	24,248	32,200	32,300	32,300
Other Revenue	49,601	52,688	47,089	74,710	85,381
<b>Total Revenues</b>	<b>552,555</b>	<b>601,969</b>	<b>600,706</b>	<b>682,216</b>	<b>805,744</b>
<b>Expenses</b>					
Labor	873,636	870,985	852,081	905,904	933,081
Material	100,568	90,245	77,724	79,278	80,864
Fuel	91,834	99,180	63,879	65,795	67,769
Power	35,442	39,970	38,176	38,940	39,718
Insurance & Claims	7,718	20,000	28,000	28,560	29,131
Purchase of Security Services	32,382	33,044	33,181	34,840	35,537
Other Services	72,807	118,510	178,004	211,204	232,325
<b>Total Operating Expenses</b>	<b>1,214,387</b>	<b>1,271,934</b>	<b>1,271,045</b>	<b>1,364,521</b>	<b>1,418,425</b>
<b>Operating Deficit</b>	<b>661,832</b>	<b>669,965</b>	<b>670,339</b>	<b>682,305</b>	<b>612,681</b>
<b>Funding</b>					
Sales Tax I	292,407	257,749	261,616	269,203	277,010
Sales Tax II and PTF II	49,405	108,409	110,075	113,300	116,617
25% PTF on RETT	-	5,000	5,500	6,000	6,500
RTA ICE Funds	-	5,000	-	-	-
RTA Discretionary Funding	249,949	89,086	97,648	116,802	121,554
City of Chicago RETT	30,071	20,000	22,500	24,000	26,000
Service Board Funds	20,000	-	-	-	-
Federal Funds	20,000	128,574	173,000	153,000	65,000
Working Cash Loan	-	56,147	-	-	-
<b>Total Funding</b>	<b>661,832</b>	<b>669,965</b>	<b>670,339</b>	<b>682,305</b>	<b>612,681</b>

# Metra

## Ridership

Metra estimates that ridership will decline by 4.6% in 2009 from 86.8 million in 2008, reflecting the economic downturn that began in 2008. Despite proposed fare increases in 2010, Metra projects that ridership will increase 2.0% in 2010, 2.8% in 2011, and 3.0% in 2012 as the economy recovers and gas prices rise.



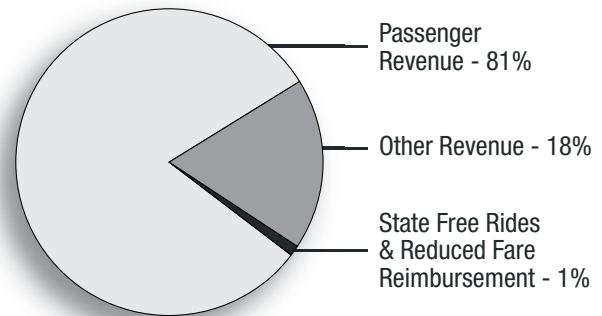
## Fares

Metra is proposing to raise one-way fares by approximately 6%, weekend fares from \$5 to \$7, and the penalty for on-board ticket purchases from \$2 to \$3. These increases would be effective in February 2010. In February 2008, Metra increased its one-way fares by approximately 9%.

## Revenue

In 2009, Metra estimates a 6.2% decline in total revenues from \$315.9 million in 2008. Passenger revenue is projected to decrease 5.1% in 2009 as a result of reduced ridership, but state free rides and reduced fare reimbursement is estimated to increase 18.7%. Metra projects that in 2010, total revenues will increase 4.9% to \$311.0 million, followed by increases of 3.5% and 3.2% in 2011 and 2012, respectively. In 2010, passenger revenue is projected to increase 4.9% as a result of higher fares and ridership growth, followed by increases of 2.8% in 2011 and 3.0% in 2012. Metra projects state free rides and reduced fare reimbursement to remain at \$3.4 million from 2009 through 2012. Metra projects that higher levels of capital project work will contribute to increases in other revenues beginning in 2010.

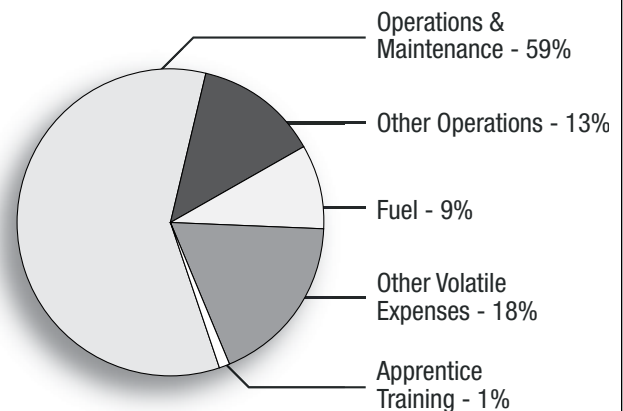
2010 Metra Revenues, \$311.0 million



## Expenses

In 2009, Metra estimates a 5.0% decline in total expenses from \$594.7 million in 2008. Fuel expenditures are estimated to decrease 43.7%. Metra projects that in 2010, total expenditures will increase by 6.7% to \$603.1 million, followed by increases of 4.0% and 3.3% in 2011 and 2012, respectively. In 2010, fuel expenditures are expected to increase 28.4%. Other high volatility expenses (including security, health insurance, credit card fees, pension, and power) are projected to increase by 11.3% in 2010. Increases in both fuel and other highly volatile expense decline significantly in 2011 and 2012.

2010 Metra Expenses, \$603.1 million

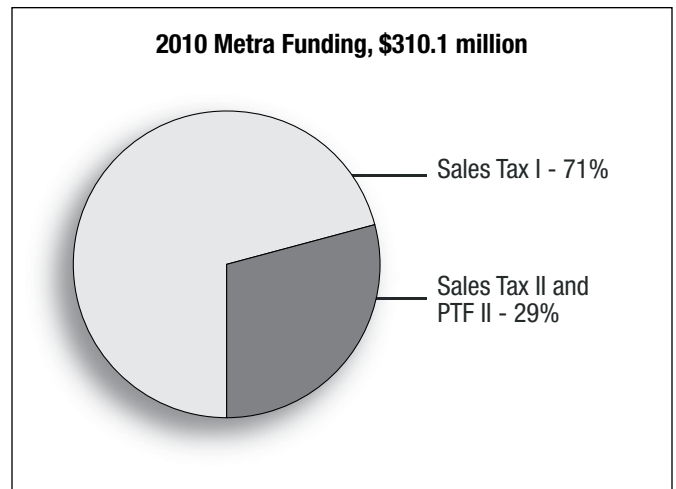


## Deficit Funding

Metra's estimated 2009 deficit of \$268.7 million closely matches the budget approved in August by the RTA Board. The RTA marks (sales tax and Public Transportation Funds provided by statute formulas) of \$310.1 million in 2010, \$319.1 million in 2011, and \$328.3 million in 2012 exceed Metra's deficit by \$18.0 million, \$13.7 million, and \$12.8 million, respectively, which Metra retains for capital program expenditures.

## Recovery Ratio

Metra's recovery ratio equals total system revenue, plus an estimate of the revenue lost from the Senior Ride Free program, divided by total operating expenditures less statutory exclusions for security, depreciation, and facility leases. Metra's proposed budget and two-year financial plan produce a recovery ratio that meets or exceeds its 2010 mark of 55%.



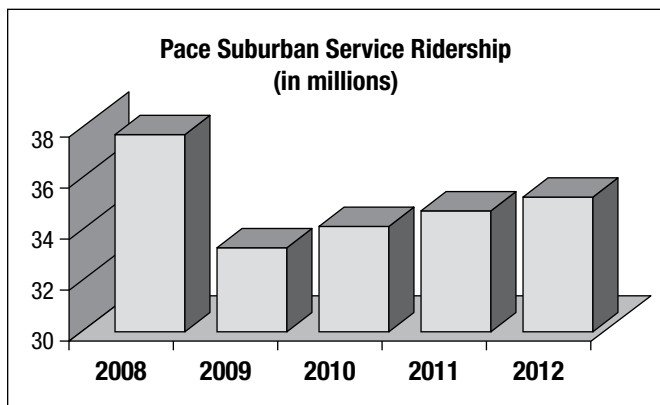
**Exhibit 1-2: Metra 2010 Budget and 2011-2012 Financial Plan** (dollars in thousands)

	<b>2008 Actual</b>	<b>2009 Forecast</b>	<b>2010 Budget</b>	<b>2011 Plan</b>	<b>2012 Plan</b>
<b>Revenues</b>					
Passenger Revenue	251,693	238,900	250,700	257,600	265,300
State Free Rides & Reduced Fare Reimbursement	2,865	3,400	3,400	3,400	3,400
Other Revenue	61,299	54,040	56,900	61,000	63,600
<b>Total Revenues</b>	<b>315,857</b>	<b>296,340</b>	<b>311,000</b>	<b>322,000</b>	<b>332,300</b>
<b>Expenses</b>					
Operations & Maintenance	351,379	348,000	357,450	369,000	380,800
Other Operations	74,631	75,260	78,300	81,700	84,300
Fuel	74,477	41,900	53,800	56,000	57,300
Other Volatile Expenses	93,266	97,540	108,550	115,500	120,100
Apprentice Training	992	2,300	5,000	5,200	5,400
<b>Total Expenses</b>	<b>594,745</b>	<b>565,000</b>	<b>603,100</b>	<b>627,400</b>	<b>647,900</b>
<b>Operating Deficit</b>	<b>278,888</b>	<b>268,660</b>	<b>292,100</b>	<b>305,400</b>	<b>315,600</b>
<b>Funding</b>					
Sales Tax I	247,039	217,400	220,661	227,061	233,645
Sales Tax II and PTF II	40,142	88,082	89,436	92,056	94,751
Federal Funds	-	6,300	-	-	-
<b>Total Funding</b>	<b>287,181</b>	<b>311,782</b>	<b>310,097</b>	<b>319,117</b>	<b>328,396</b>

## Pace Suburban Service

### Ridership

Pace estimates that ridership will decline 11.7% in 2009 from 37.8 million in 2008, as a result of increased unemployment, higher fares, and Pace no longer accepting the CTA 7-Day pass, U-pass, and Visitor/Fun passes. A new Pace/CTA 7-day pass, initiated in 2009, sells for \$5 more than the CTA 7-Day pass which currently sells for \$23. Pace projects that ridership will increase by 2.6% in 2010, followed by increases of 1.6% and 1.7% in 2011 and 2012, respectively. Pace has proposed the elimination of some bus routes and reductions in service hours on other routes in 2010. However, ridership projections do not reflect the proposed reductions in service, which are expected to reduce ridership by 750 thousand in 2010.



### Fares

In January 2009, Pace increased bus fare from \$1.50 in Cook County and \$1.25 in the Collar Counties to \$1.75. Pace also raised Vanpool fares approximately 10%. Pace has not proposed fare increases on Suburban Service in 2010.

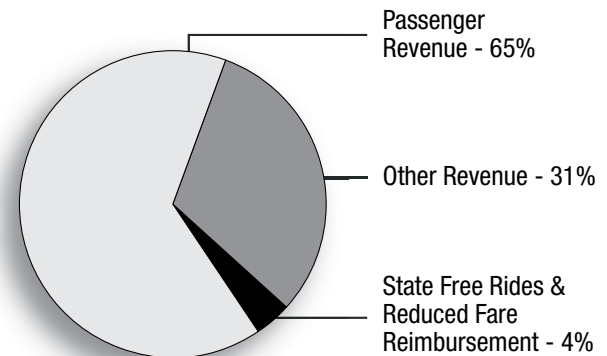
### Revenue

In 2009, Pace estimates a 3.4% increase in total revenues from \$52.0 million in 2008. Passenger revenue is estimated to increase by 20.5% in 2009 as a result of higher fares, but state free rides and reduced fare reimbursement and other revenue are projected to decline by 22.6%. Pace projects that in 2010 total revenues will increase by 2.4% to \$55.0 million, followed by increases of 4.8% and 3.5% in 2011 and 2012, respectively. Passenger revenue is projected to increase at a slightly higher rate than ridership during the three year period, but advertising revenue is projected to decline by nearly 50% from 2008 to 2010 and remain at this level through 2012. These projections do not reflect the proposed reductions in service.

### Expenses

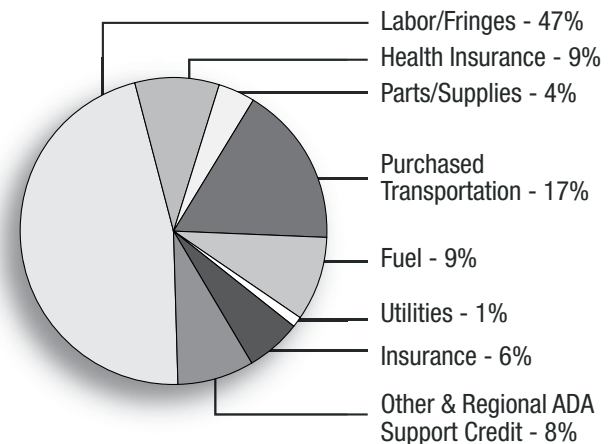
In 2009, Pace estimates a 3.1% increase in total expenses from \$172.0 million in 2008. Personnel expenditures and

### 2010 Pace Suburban Service Revenues, \$55.0 million



purchased transportation are estimated to increase 6.8% and 7.6%, respectively, while fuel expenditures are estimated to decline 40.5%. Pace projects that in 2010, total expenditures will increase by 7.7% to \$190.9 million, followed by increases of 4.3% and 5.1% in 2011 and 2012, respectively. Purchased transportation and fuel expenditures are projected to rise 16.4% and 28.9% in 2010. Expenditures for health insurance are projected to increase by 11.0% in both 2010 and 2011. These projections do not reflect the proposed reductions in service.

### 2010 Pace Suburban Service Expenses, \$190.9 million



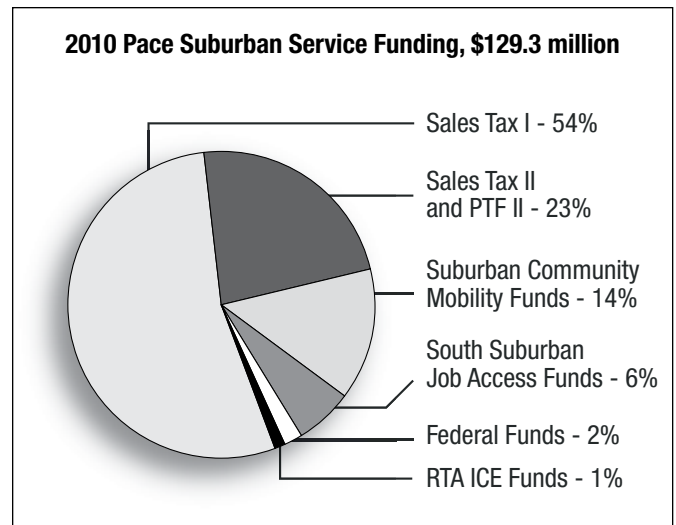
### Deficit Funding

Pace's estimated 2009 deficit of \$123.6 is \$5.5 million less than the Pace's estimate of available funding that reflects the budget approved in August by the RTA Board. The 2010 budget includes deficit reduction actions of \$6.5 million (\$2.7 million of non-service expenses and \$3.8 million of service-related expenses), followed by deficit reduction actions of \$11.1 million and \$16.7 million in 2011 and 2012, respectively. In addition to RTA funding, Pace projects federal CMAQ/JARC/New Freedom funding of \$3.1 million, \$1.2 million, and \$0.3 million in 2010, 2011, and 2012, respectively. Pace's

funding requirements meet the RTA marks (sales tax, Public Transportation Funds, Suburban Community Mobility Funds, and South Suburban Job Access Funds provided by statute formulas and (in 2011 and 2012) RTA discretionary funds) of \$125.3 million in 2010, \$128.9 million in 2011, and \$32.6 million in 2012.

### Recovery Ratio

Pace's recovery ratio equals total system revenue, plus an estimate of the revenue lost from the senior ride free program and ADvAntage program in-kind revenue, divided by total operating expenditures plus an estimate of ADvAntage program in-kind expense. Pace's proposed budget and two-year financial plan produce a recovery ratio that meets its 2010 mark of 36%.



**Exhibit 1-3: Pace Suburban Service 2010 Budget and 2011-2012 Financial Plan** (dollars in thousands)

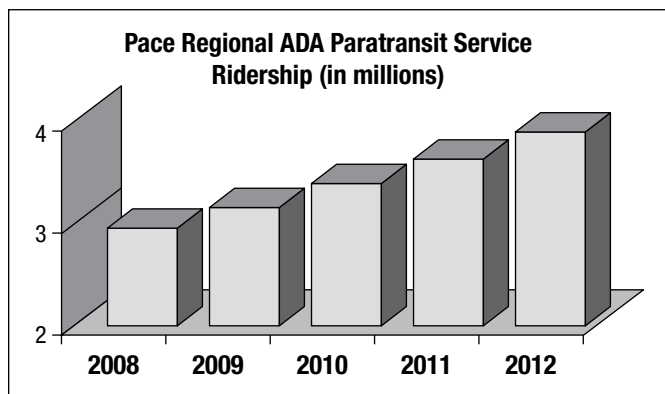
	2008 Actual	2009 Estimate	2010 Budget	2011 Plan	2012 Plan
<b>Revenues</b>					
Passenger Revenue	28,400	34,235	35,511	36,295	37,129
State Free Rides & Reduced Fare Reimbursement	3,089	2,390	2,390	2,390	2,390
Other Revenue	20,473	17,121	17,142	18,999	20,189
<b>Total Revenues</b>	<b>51,963</b>	<b>53,746</b>	<b>55,043</b>	<b>57,684</b>	<b>59,708</b>
<b>Expenses</b>					
Labor/Fringes	82,408	87,140	90,235	93,127	96,492
Health Ins	13,837	15,656	16,283	18,074	20,062
Parts/Supplies	6,706	7,054	7,046	7,244	7,374
Purchased Transportation	25,890	27,854	32,411	33,830	35,439
Fuel	21,969	13,065	16,835	17,596	19,006
Utilities	2,428	2,058	2,046	2,144	2,537
Insurance	7,826	10,653	10,927	11,517	12,208
Other	14,470	17,530	18,978	19,624	20,355
Regional ADA Support Credit	(3,577)	(3,688)	(3,873)	(4,001)	(4,185)
<b>Total Expenses</b>	<b>171,957</b>	<b>177,322</b>	<b>190,888</b>	<b>199,155</b>	<b>209,288</b>
<b>Deficit Reduction Actions (1)</b>	-	-	<b>6,498</b>	<b>11,115</b>	<b>16,720</b>
<b>Operating Deficit</b>	<b>119,994</b>	<b>123,576</b>	<b>129,347</b>	<b>130,356</b>	<b>132,860</b>
<b>Funding</b>					
Sales Tax I	78,240	68,850	69,883	71,909	73,995
Sales Tax II and PTF II	13,380	29,361	29,812	30,685	31,584
Suburban Community Mobility Funds	20,000	17,794	18,061	18,585	19,124
South Suburban Job Access Funds	3,750	7,500	7,500	7,500	7,500
RTA Discretionary	-	2,267	-	175	370
Federal Funds	3,357	3,100	3,105	1,163	287
RTA ICE Funds	-	175	986	339	-
<b>Total Funding</b>	<b>118,727</b>	<b>129,047</b>	<b>129,347</b>	<b>130,356</b>	<b>132,860</b>

(1) Further actions are required to balance the budget. These actions may include, but are not limited to adjusting service, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues.

# Pace Regional ADA Paratransit Service

## Ridership

Pace estimates that ridership will grow by 5.6% in 2009 from 2.7 million in 2008. Pace projects that ridership will increase by 6.0% annually in 2010 through 2012. This ridership growth does not incorporate the fare increases described below.

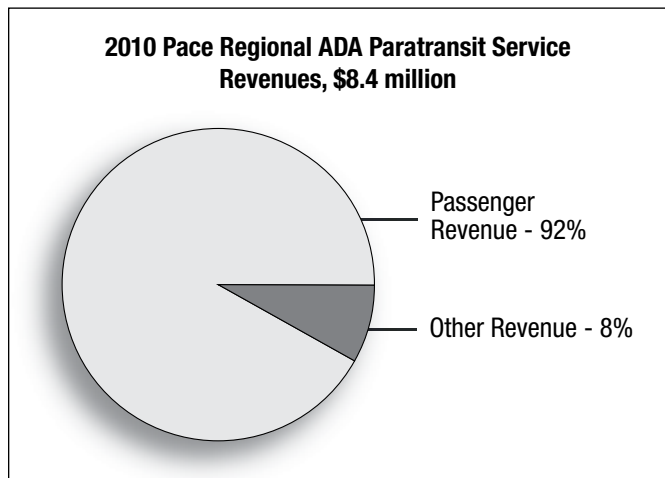


## Fares

Effective November 15, 2009, Pace will raise the ADA paratransit fare from \$2.25 in the CTA service area and \$2.50 in the Collar Counties to \$3.00. The ADA paratransit fare in the remainder of Cook County is already \$3.00.

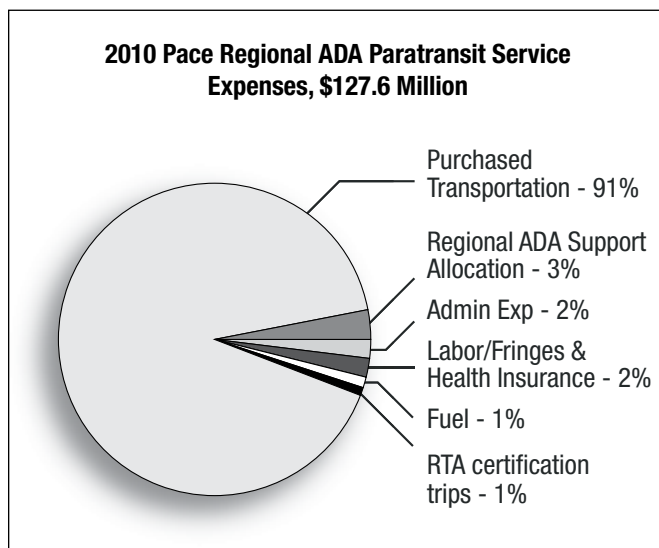
## Revenue

In 2009, Pace estimates a 0.7% decline in total revenues from \$7.9 million in 2008. Passenger revenue is estimated to increase 3.7% in 2009, lagging ridership growth. Pace projects that in 2010, total revenues will increase by 6.0% to \$8.4 million, followed by similar increases in 2011 and 2012, reflecting projected ridership growth during the three year period. These projections do not reflect fare increases.



## Expenses

In 2009, Pace estimates an 8.3% increase in total expenses from \$107.6 million in 2008. Purchased transportation, which accounts for more than 90% of total expenses, is estimated to increase 9.1%, while fuel expenditures are estimated to decline 35.2%. Pace projects that in 2010 total expenditures will increase 9.5% to \$127.6 million, followed by increases of 8.3% and 8.2% in 2011 and 2012, respectively. Purchased transportation expenditures are projected to rise 9.6%, 8.7%, and 8.5% in 2010, 2011, and 2012, respectively. Expenditures for fuel are projected to increase by 29.6% in 2010, while health insurance expenditures are projected to increase by 11.0% in both 2010 and 2011. These projections do not reflect fare increases.

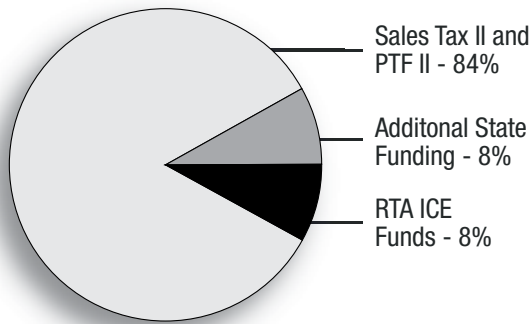


## Deficit Funding

Pace's estimated 2009 deficit of \$106.0 reflects deficit reduction actions (including the November 15 fare increase) of \$2.7 million and matches the budget approved in August by the RTA Board. The 2010 budget includes deficit reduction actions of \$11.7 million, followed by deficit reduction actions of \$16.6 million and \$22.0 million in 2011 and 2012, respectively.



**2010 Pace Regional ADA Paratransit Service Funding, \$107.5 Million**



**Recovery Ratio**

Pace's recovery ratio equals total system revenue divided by total operating expenditures less a portion of costs incurred in paying ADA paratransit contractors for their capital expenses. Pace's proposed budget and two-year financial plan produce a recovery ratio that meets its 2010 mark of 10%.

**Exhibit 1-4: Pace Regional ADA Paratransit Service 2010 Budget and 2011-2012 Financial Plan** (dollars in thousands)

	<b>2008 Actual</b>	<b>2009 Estimate</b>	<b>2010 Budget</b>	<b>2011 Plan</b>	<b>2012 Plan</b>
<b>Revenues</b>					
Passenger Revenue	6,996	37,258	7,692	8,152	8,638
Other Revenue	939	624	661	700	742
<b>Total Revenues</b>	<b>7,935</b>	<b>7,882</b>	<b>8,353</b>	<b>8,852</b>	<b>9,380</b>
<b>Expenses</b>					
Labor/Fringes	2,123	2,382	2,500	2,582	2,701
Health Ins	266	295	307	341	379
Admin Exp	1,533	1,933	2,037	2,081	2,135
Fuel	2,004	1,298	1,682	1,732	1,853
Insurance	353	355	386	407	432
RTA certification trips	657	624	661	700	742
Purchased Transportation	97,113	105,933	116,149	126,284	136,994
Regional ADA Support Allocation	3,577	3,688	3,873	4,001	4,185
<b>Total Expenses</b>	<b>107,626</b>	<b>116,508</b>	<b>127,595</b>	<b>138,128</b>	<b>149,421</b>
<b>Deficit Reduction Actions (1)</b>	<b>-</b>	<b>2,658</b>	<b>11,742</b>	<b>16,630</b>	<b>22,000</b>
<b>Operating Deficit</b>	<b>99,691</b>	<b>105,968</b>	<b>107,500</b>	<b>112,646</b>	<b>118,041</b>
<b>Funding</b>					
Sales Tax II and PTF II	100,000	88,968	90,303	92,921	95,616
RTA ICE Funds	-	3,897	8,697	-	-
Use of Capital Funds for Operations	-	9,000	-	-	-
Additional State Funding	-	-	8,500	8,500	8,500
Working Cash Borrowing (2)	-	4,103	-	-	-
Additional Funding Required	-	-	-	11,225	13,925
<b>Total Funding</b>	<b>100,000</b>	<b>105,933</b>	<b>107,500</b>	<b>112,646</b>	<b>118,041</b>

(1) Further actions are required to balance the ADA Paratransit budget. These actions may include, but are not limited to adjusting service, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues. In 2012, these actions may also include adjusting fares.

(2) In 2010 and 2011, if the funding available for ADA Paratransit service from the ADA Paratransit Fund is insufficient to fund the operating deficit for such service as determined by the RTA Board, and other actions authorized by the RTA are inadequate to eliminate the shortfall, to the extent authorized by law the RTA Board of Directors shall authorize the issuance of Working Cash Notes pursuant to Section 4.04 of the RTA Act, the proceeds of which shall be in an amount equal to the shortfall in funding for ADA Paratransit service in that year and shall be deposited into the ADA paratransit fund.

# Five-Year 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 \$36.4 billion in assets (as measured in terms of replacement value) to good condition and extending or expanding service when demand is justified and funding available. This translates into a need over \$1 billion per year just to maintain and preserve the existing system.

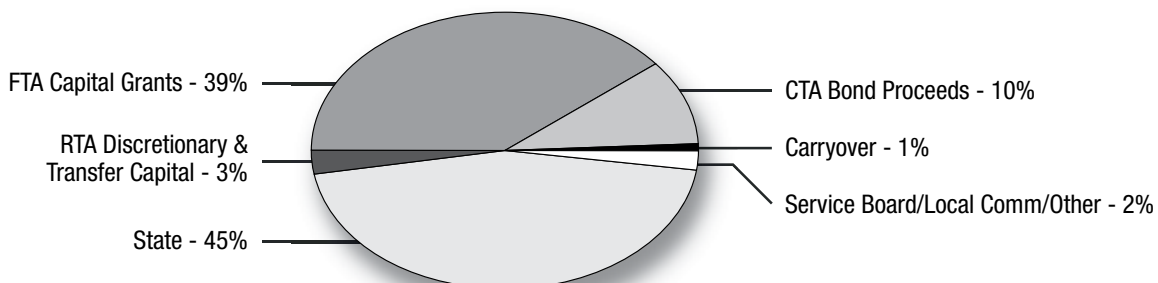
## SOURCE OF FUNDS

On September 15, 2009, the RTA adopted preliminary capital funding marks for 2010-2014. Since then, the RTA received proposals for funds controlled by the Service Boards. When the RTA adopts its budget on December 17, 2009, 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. The funding sources for the RTA capital program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the RTA, and the Service Boards. Of the estimated \$4,102 million of new and carryover funding sources for 2010-2014, State funds account for \$1,846 million or 45%, federal funding accounts for \$1,591 million or 39%, the CTA Bond proceeds account for \$405 million or 10%, RTA funds account for \$145 million or 3%, Service Board and other funds account for \$90 million or 2% and carryover funds from 2009 account for \$25 million or 1% (Exhibits 2-1 and 2-2).

**Exhibit 2-1: RTA 2010-2014 Capital Program Marks** (dollars in millions)

Service Board Capital Funding	CTA	Metra	Pace	Total
FTA Capital Grants	1,404	839	203	2,446
RTA Discretionary & Transfer Capital	145	-	-	145
State	946	810	90	1,846
Service Board/ Local Comm/ Other	34	50	6	90
<b>Total New Service Board Capital Funding</b>	<b>2,529</b>	<b>1,699</b>	<b>299</b>	<b>4,527</b>
De-obligations	-	-	-	-
Carryover	-	24	1	25
CTA Principal and Interest (Federal)	(541)	-	-	(541)
Preventive Maintenance (Federal)	(314)	-	-	(314)
CTA Bond Proceeds	405	-	-	405
<b>Total Service Board Available</b>	<b>2,079</b>	<b>1,723</b>	<b>300</b>	<b>4,102</b>

**Exhibit 2-2: RTA 2010-2014 Capital Program Marks - \$4,102 million**





The total estimated capital funds available for capital projects in 2010 are \$1,034.1 million. This amount reflects a \$126.5 million transfer of federal funds to operations for the CTA preventive maintenance and the CTA's intention to issue additional bonds totaling \$230 million. At this time, the final federal appropriation figures for 2010 have not been determined. Once this amount has been established, the capital program will be adjusted to reflect the available funding. Of the estimated \$1,034.1 million of new and carryover funding sources for 2010, State funds account for \$455.1 million or 44%, federal funding accounts for \$250.1 million or 24%, the CTA Bond proceeds account for \$230 million or 22%, RTA funds account for \$51.7 million or 5%, Service Board and other funds account for \$22.1 million or 2% and carryover funds from 2009 account for \$25.1 million or 3% (Exhibits 2-3 and 2-4).

of Illinois and the federal government acted this spring and approved nearly \$5.3 billion in transit capital investments over the next five years.

The state of Illinois actually approved two measures – a “jump start” capital plan in April and a full Five-Year Capital Plan in May. Combined, these two programs provided the RTA system with \$2.7 billion in capital funds. These funds will allow us to reduce our capital maintenance backlog that had developed over the last four years. With these funds we will also be able to replace aging trains, buses, track, stations and other infrastructure and improve the reliability of the system.

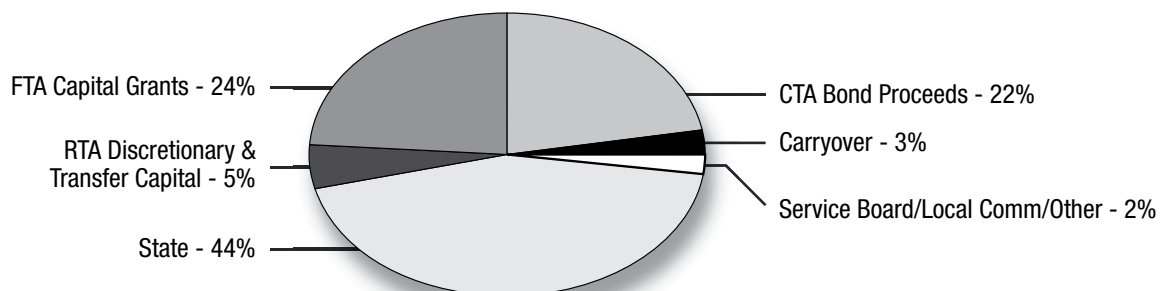
Federal stimulus dollars were also provided this year and helped to address some of our most pressing needs. Because these funds were intended to provide immediate positive effects for the economy, programs were quickly identified and funds were obligated as soon as possible.

Despite the challenging economic times, critical progress was made in 2009 on our capital investment needs. Both the state

**Exhibit 2-3: Capital Funding in 2010** (dollars in thousands)

<b>Service Board Capital Funding</b>	<b>CTA</b>	<b>Metra</b>	<b>Pace</b>	<b>Total</b>
FTA Capital Grants	270,405	165,540	30,740	466,685
RTA Discretionary & Transfer Capital	51,715	-	-	51,715
State	230,100	202,500	22,500	455,100
Service Board/ Local Comm/ Other	6,718	10,660	4,750	22,128
<b>Total New Service Board Capital Funding</b>	<b>558,938</b>	<b>378,700</b>	<b>57,990</b>	<b>995,628</b>
De-obligations	-	-	-	-
Carryover	-	23,760	1,320	25,080
CTA Principal and Interest (Federal)	(90,120)	-	-	(90,120)
Preventive Maintenance (Federal)	(126,462)	-	-	(126,462)
CTA Bond Proceeds	230,000	-	-	230,000
<b>Total Service Board Available</b>	<b>572,356</b>	<b>402,460</b>	<b>59,310</b>	<b>1,034,126</b>

**Exhibit 2-4: Capital Funding in 2010 - \$1,034.1 million**



## USE OF FUNDS

The primary emphasis of the 2010-2014 Capital Program is to continue efforts to bring the system's assets to a state of good repair. When replacing worn out items, it is imperative to utilize modern technologies that often result in improved 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. For the 2010-2014 Capital Program, 97% of the budget is allocated to capital projects that maintain the existing infrastructure. For the 2010 Capital Program, 95% of the budget is allocated to maintain the existing infrastructure. While the current funding level does not satisfy all needs, an

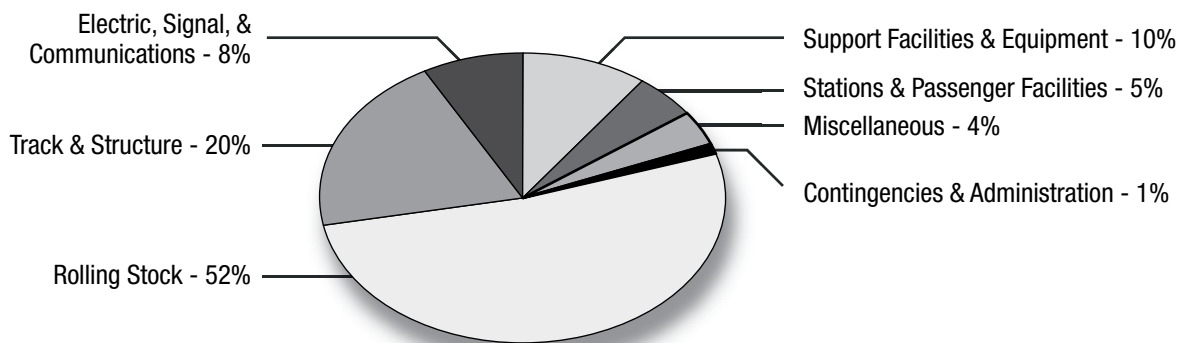
appropriate balance of investment is achieved in light of the current condition of the RTA system.

Investments in the capital program can also be broken down by various asset categories. Exhibits 2-5 and 2-6 show that \$2.1 billion or 52% of the 2010-2014 Capital Program is spent on rolling stock and \$804 million or 20% on track and structure which are considered to have the greatest direct impact on transit users. Substantial investment in other infrastructure is also critical to maintaining safe, reliable transportation services.

**Exhibit 2-5: 2010-2014 Capital Program Uses** (dollars in millions)

Asset Category	CTA	Metra	Pace	Total
Rolling Stock	1,301	618	187	2,106
Track & Structure	450	354	-	804
Electric, Signal, & Communications	132	201	5	338
Support Facilities & Equipment	101	212	82	395
Stations & Passenger Facilities	25	167	19	211
Miscellaneous	54	121	2	177
Acquisitions & Extensions	2	12	-	14
Contingencies & Administration	14	14	3	31
<b>Totals</b>	<b>2,079</b>	<b>1,699</b>	<b>298</b>	<b>4,076</b>

**Exhibit 2-6: 2010-2014 Capital Program Uses - \$4,076 million**



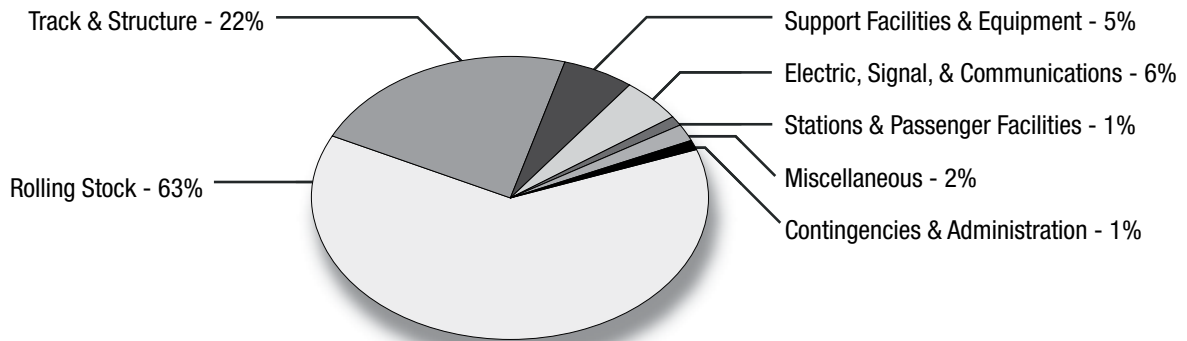
## CTA Overview

The proposed projects in the CTA's portion of the 2010-2014 Capital Program total \$2.1 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: 63% for rolling stock, 22% for track and structure, 6% for electric, signal and communications, 5% for support facilities and equipment, 1% for stations and passenger facilities and 3% for miscellaneous, contingencies and administration. The general categories of capital improvements comprising the CTA's portion of the Capital Program are illustrated in Exhibit 2-7.

### Highlights of projects included in the CTA's proposed 2010-2014 Capital Program are:

- \$440 million for the repair of track and structure
- \$465.3 million for the purchase of 406 rail cars
- \$418.2 million for the rehabilitation and overhaul of rail cars
- \$187.7 million for the continuation of the purchase of buses
- \$178.2 million for the rehabilitation and overhaul of buses
- \$82.4 million for the improvement of facilities

**Exhibit 2-7: CTA Five-Year Assets by Category - \$2.1 billion**



A comprehensive list of CTA Five-Year capital projects can be viewed at [www.rtachicago.com](http://www.rtachicago.com)

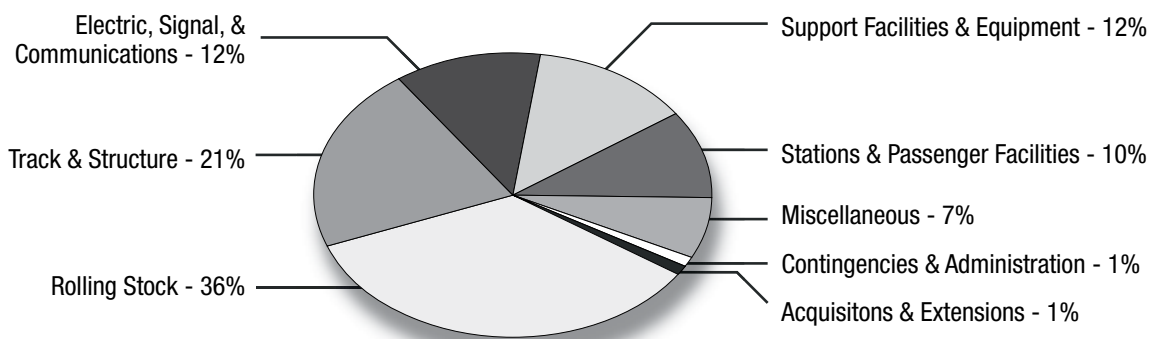
## Metra Overview

Metra's portion of the proposed 2010-2014 Capital Program totals \$1.7 billion. During this five-year period, Metra will continue to renew its extensive commuter rail infrastructure and replace aging rolling stock. The percentage for the general categories of capital improvements of the total program are: 36% for rolling stock, 21% for track and structure, 12% for electric, signal, and communications, 12% for support facilities and equipment, 10% for stations and passenger facilities, 8% for miscellaneous, contingencies and administration and 1% for acquisitions and extensions. The general categories of capital improvements comprising the Metra's portion of the Capital Program are illustrated in Exhibit 2-8.

### Highlights of projects included in Metra's proposed 2010-2014 Capital Program are:

- \$294.3 million to purchase 160 bi-level cars for the Metra Electric District
- \$178.3 million for bridge rehabilitation and renewal
- \$203.6 million for the rehabilitation of commuter rail cars
- \$159.6 million for the construction and renewal of yards, shops and facilities
- \$103.2 million for the rehabilitation and purchase of locomotives
- \$150.3 million for station rehabilitation and improvement

**Exhibit 2-8: Metra Five-Year Assets by Category - \$1.7 billion**



A comprehensive list of Metra Five-Year capital projects can be viewed at [www.rtachicago.com](http://www.rtachicago.com)

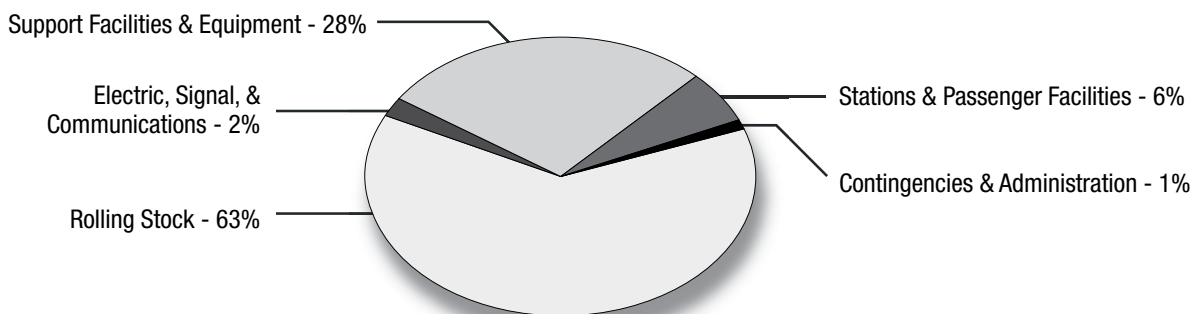
## Pace Overview

Pace's portion of the proposed 2010-2014 Capital Program totals \$298 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: 63% for rolling stock, 2% for electric, signal and communications, 28% for support facilities and equipment, 6% for stations and passenger facilities and 1% for miscellaneous, contingencies and administration. The general categories of capital improvements comprising the Pace's portion of the Capital Program are illustrated in Exhibit 2-9.

### Highlights of projects included in Pace's proposed 2010-2014 Capital Program are:

- \$104.9 million for the purchase of 262 fixed route buses
- \$31.2 million for the purchase of vans and community vehicles
- \$26.4 million for the purchase of 310 paratransit vehicles
- \$4.9 million for the purchase of a replacement farebox system
- \$4 million for the purchase of a replacement of fixed route radio system
- \$14.6 million for the construction and reconstruction of passenger and transfer facilities
- \$12.9 million for the purchase of computer hardware and software
- \$60.5 million for the construction, improvement and renovation of garages and facilities

### Exhibit 2-9: Pace Five-Year Assets by Category - \$298 million



A comprehensive list of Pace Five-Year capital projects can be viewed at [www.rtachicago.com](http://www.rtachicago.com)

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# RTA Budget Hearings Schedule

CHICAGO – The Regional Transportation Authority (RTA) will host its second round of public hearings from December 7-10 to discuss the proposed 2010 budget and provide an update on the Strategic Plan. Eight hearings will be held throughout the transit system’s six county region. RTA Board members will offer opening remarks followed by the RTA senior staff who will conduct presentations. Attendees will have the opportunity to make public comments. Hearings are open to the general public and are ADA Accessible. If you require reasonable accommodation in order to attend a hearing or have questions, please call 312-913-3153 (TTY - 312-913-3111) at least two business days before the hearing.

In addition to the hearings, the budget and Strategic Plan update will be presented through webinars, posted on RTA websites and will be available at certain libraries in addition to other methods to broaden access to the public. The RTA Board will vote to approve the 2010 transit system budget at its December 17 meeting. For more information, visit [www.rtachicago.com](http://www.rtachicago.com).

## CHICAGO

*Central*

**Monday, December 7th**

9:00 am  
RTA Headquarters,  
Suite 2200  
175 W. Jackson Blvd.  
Chicago

## SUBURBAN COOK COUNTY

*South*

**Tuesday, December 8th**

6:00 pm  
South Suburban Mayors &  
Managers (Room 1906)  
1906 W. 174th St.  
East Hazel Crest

*West*

**Tuesday, December 8th**

6:00 pm  
Cicero Public Library,  
Meeting Room  
5225 W. Cermak Rd  
Cicero

## DuPAGE COUNTY

**Wednesday, December 6th**

6:00 pm  
Glen Ellyn Village Hall,  
Clayton North Room  
535 Duane St.  
Glen Ellyn

## KANE COUNTY

**Thursday, December 10th**

6:00 pm  
Aurora Public Library,  
Large Meeting Room  
1 E. Benton St.  
Aurora

## LAKE COUNTY

**Wednesday, December 7th**

6:00 pm  
Waukegan Public Library,  
Bradbury Room  
128 N. County St.  
Waukegan

## McHENRY COUNTY

**Thursday, December 6th**

6:00 pm  
Crystal Lake City Hall,  
Council Chambers  
100 W. Woodstock St.  
Crystal Lake

## WILL COUNTY

**Thursday, December 10th**

6:00 pm  
Joliet Historical Museum,  
Caterpillar Auditorium  
204 N. Ottawa St.  
Joliet





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