

# 2015 Proposed Operating Budget and Capital Program

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



October 2014





# Regional Transportation Authority

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## Letter from the Executive Director

The 2015 Operating and Capital Business Plan proposal presented here represents the culmination of a comprehensive budget process and a commitment to renewing and enhancing the public transportation network for the residents of our region. The 2015 budget, undertaken by new regional transit leadership, aligns with our overall goals for the region: to work in a collaborative manner with the Service Boards focusing on a balanced budget, a regional capital program, and identifying efficiencies here at the RTA. Highlights of the 2015 budget process include:

- Reaching agreement on the operating funding levels for the Service Boards, ahead of the statutory deadline, through a collaborative process;
- Allocating all three Service Boards a share of the sales tax funds not allocated by formula, previously limited to CTA and Pace;
- Increasing funds for the Service Boards by directly programming state authorized Innovation, Coordination and Enhancement (ICE) funds through the budget process; and
- Bond issuances and CTA's federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan that bring more than a billion dollars in capital funding to the region.

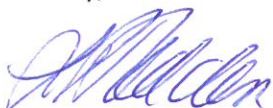
The budgets also include new enhancements for riders. CTA will add service to address rail crowding, open the new Cermak/McCormick Place rail station, and implement new safety and security initiatives and an improved rail and bus cleaning program. Pace will increase off-peak services, restructure routes to improve coordination and schedule adherence, and continue development of Arterial Rapid Transit (ART) service on Milwaukee Avenue. Metra will provide a new mobile ticketing application, enhanced services for special events, and Rock Island service improvements. Additionally, the RTA will launch a consumer marketing campaign to attract new riders to the transit system during off peak hours where capacity exists.

In order to remain a world class region, we must seek an increase in capital investment for our transit system. The latest RTA Capital Asset Condition Report states our region needs to spend \$1.3 billion annually to maintain our existing capital infrastructure and keep our State of Good Repair backlog from growing. This amount is in addition to a \$20 billion backlog in past due projects. The financing programs pursued by the RTA and Service Boards take a step towards addressing chronic state and federal underinvestment in capital infrastructure. These local initiatives add \$1.2 billion to the five-year capital program with \$763 million available in 2015.

To that end, the RTA will again issue \$100 million in bonds for the Service Boards' capital programs, as it did in 2014. Similarly, Metra plans to issue bonds for the first time in its history to support a rail fleet modernization program. Pace will fund new bus facilities, including conversion of one garage to Compressed Natural Gas (CNG) technology, with its first bond issuance and CTA plans to use the TIFIA loan to purchase rail cars and continue the Blue Line O'Hare Branch rehabilitation.

The leaders of the RTA, CTA, Metra, and Pace are committed to working together to maintain balanced budgets and deliver the transit service our region's residents deserve. We will also continue to seek the capital funding needed to achieve the vision of our Strategic Plan to become *"a world-class regional public transportation system providing a foundation to the region's prosperity, livability, and vitality."*

Sincerely,



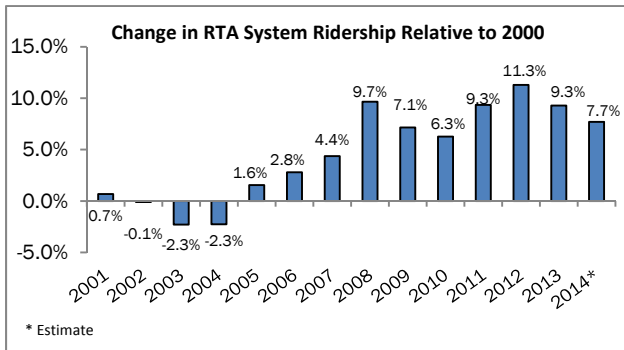
Leanne P. Redden, Executive Director

# Environmental Outlook

## RTA Region

### Ridership

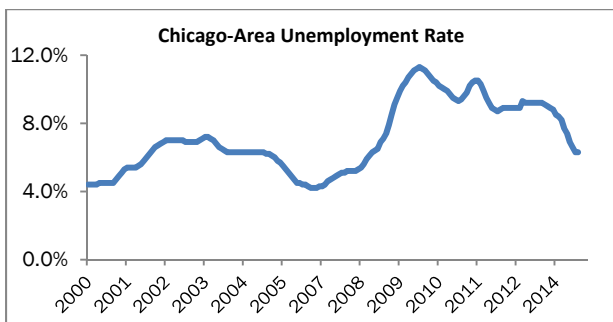
Regional ridership for 2014 is estimated to end the year at 641.9 million, 1.5% lower than 2013. Ridership losses in 2014 are being driven by severe winter weather and unfavorable ridership on CTA bus and Pace Suburban Service. This will mark the second consecutive year of system ridership losses after ridership peaked in 2012 at 666.1 million.



### Regional Economy

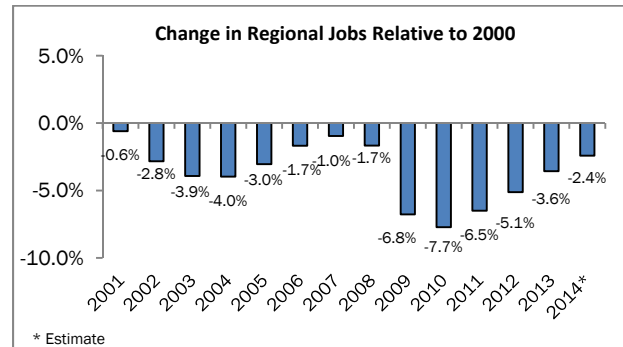
Ridership trends are impacted by regional employment. Increases in ridership are positively correlated to regional job growth.

Since 2000, Chicago-area unemployment rates have ranged from a low of 4.2% in the fourth quarter of 2006 to a high of 11.3% in the fourth quarter of 2009. The unemployment rate hovered around 9.1% in 2013 before decreasing steeply in the second and third quarters of 2014 to 6.3%. Unemployment is projected to remain around 6.3% in the fourth quarter of 2014.

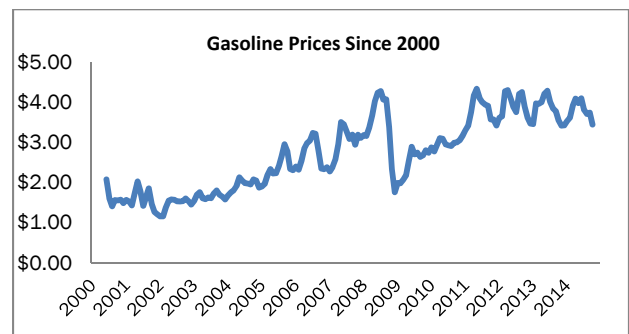


and then improve to 5.9% in 2015, according to the Chicago Federal Reserve.

The availability of jobs in the Chicago region has remained below year 2000 levels. As the chart below indicates, jobs fell dramatically after the economic downturn in 2008, but have steadily increased since 2010. Regional employment improved in 2014, but still indicates 2.4% fewer jobs than at the beginning of the millennium. Also, the underemployment rate is at 13.7% in 2014, indicating many workers are in part-time jobs due to a shortage of full-time opportunities.



The price of gasoline also plays a significant role in the demand for public transportation services, and lower fuel prices may have contributed to system ridership loss in 2014. Gas prices in the region reached an all-time high in 2008 before dropping sharply with the financial crisis. Prices rose steadily between 2009 and 2011 and have remained above an average of \$3.41 per gallon since. Prices declined somewhat in 2014 compared to prior year and are expected to remain relatively low through 2015.



# RTA Region

## Operating Overview

This report contains the proposed Service Board Business Plans submitted to the RTA. These Business Plans, which include the operating budgets and capital programs, are available for public review and comment through public hearings being conducted by the Service Boards and the RTA in October and November.

### Overview

The RTA system is on track to end fiscal year 2014 within budgeted levels. Although extreme winter weather provided a difficult start to the year, all three Service Boards have experienced favorable to budget revenue and expense performance through August. Although the regional economy continued to improve in 2014, ridership trended lower due to both the cold weather and a decline in CTA and Pace bus ridership. The Service Boards were faced with steadily rising operating expenses as they developed their 2015 budgets. Strong actual and projected sales tax performance has helped the Service Boards address expense growth rates which have exceeded operating revenue growth rates.

The Service Boards' 2015 budgets feature stable service levels. Metra has proposed a general fare increase. CTA and Pace have kept fares and pass prices unchanged. Metra expects to maintain current service levels, while CTA will add some peak period and weekend rail trips in late 2014 and in 2015 to mitigate crowding. Pace Suburban Service will expand modestly due to mid-2014 service additions, 2015 service improvements enabled by ICE funding, and continued growth of vanpool. Pace has also submitted a balanced 2015 Regional ADA Paratransit budget.

### Ridership

Regional transit ridership in 2015 is projected at 645.3 million rides, an increase of 0.5%. This follows an estimated ridership decrease of 1.5% in 2014, a year which began with record cold temperatures. By Service Board, Pace ADA Paratransit expects the greatest 2015

ridership increase at 4.9%, followed by Pace Suburban Service at 1.4%. CTA, which continues to provide over 80% of the region's rides, anticipates a modest 0.7% ridership increase. Metra projects a 1.1% ridership decrease in 2015 due to a proposed fare increase averaging 10.8%.

Ridership (in millions)	2013 Actual	2014 Estimate	2015 Budget
CTA	529.2	518.9	522.5
Metra	82.3	83.3	82.4
Pace	35.9	35.5	36.0
ADA	4.0	4.2	4.4
<b>Region</b>	<b>651.4</b>	<b>641.9</b>	<b>645.3</b>
Change:	-2.2%	-1.5%	+0.5%

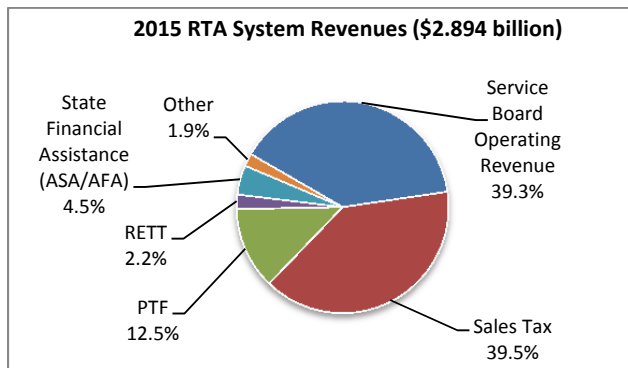
### Operating Revenue

Operating revenue consists of system-generated revenue such as passenger fares, concessions, and advertising, and also includes the State reduced fare reimbursement, which compensates the Service Boards for mandatory free and reduced fare programs. In 2015, the Service Boards are projected to produce \$1.139 billion of operating revenue, an increase of 2.5%, exceeding ridership growth primarily due to the proposed Metra fare increase. Total operating revenue is projected to increase by 2.7% in 2016 and 3.7% in 2017, driven by additional Metra fare increases of 5% and 8.5%, respectively. While the majority of operating revenue comes from passenger fares, the Service Boards continue to seek out other operating revenue sources such as advertising, leasing, and concessions.

### Public Funding

Overall public funding in 2015 is projected at \$1.756 billion, an increase of 4.4% over the 2014 estimate. Almost 40% of the region's revenue for operations comes from a regional sales tax imposed at 1.25% in Cook County and 0.5% in the collar counties. After a sluggish start due to the extremely cold weather in January and February, the regional economy has

continued to improve in 2014 and RTA sales tax receipts are expected to finish the year near budgeted levels, exceeding 2013 actual receipts by 2.6%. National and local forecasts suggest stronger economic growth in 2015, and sales tax receipts are projected to increase by 4.0% over 2014 to a total of \$1.143 billion. The State Public Transportation Fund (PTF), based on a 30% match of sales tax and Real Estate Transfer Tax (RETT) receipts, is projected to grow at a similar rate, totaling \$362.1 million. The Real Estate Transfer Tax (RETT) is forecasted to increase by about 5.0% to \$63.6 million. State funding components of \$130.2 million for debt service reimbursement and \$8.5 million for ADA Paratransit are projected to be flat versus 2014 and RTA revenues from regional programs and investments are projected to decline by 8.2% due primarily to lower federal grants for regional projects.

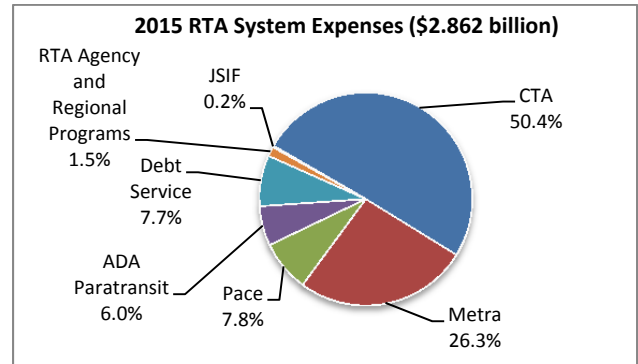


When public funding is combined with operating revenue, total revenue of \$2.894 billion is projected to be available for 2015 RTA system operating expenses.

### Expenses

Service Board operating expenses, which comprise over 90% of RTA system expenses, are projected to increase by 5.3% in 2015, significantly higher than the 3.9% expense growth contained in the 2014 budget. The CTA projects a 4.2% increase in operating expenses for 2015, driven primarily by a 5.5% increase in labor expenses. Metra operating expenses are expected to increase by 6.4% with significant increases in the transportation, maintenance, and administrative expense categories. Metra will also incur new debt service of \$8.4 million on a first-ever bond issuance. Pace Suburban Service forecasts 7.8% growth in operating expenses due to labor expense increases,

service additions, and debt service on a new bond issuance of their own. ADA Paratransit expenses are projected to increase by 7.0% due to ridership growth coupled with contractor price increases.



RTA Agency and Regional Programs expenses are projected to increase by 3.1% in 2015 to \$42.2 million, representing about 1.5% of system expenses. Regional expenses, which include Joint Self Insurance Fund (JSIF) premiums and debt service on bonds issued for Service Board capital funding, comprise the remaining 8% of system expenses. The RTA debt service total of \$221.2 million includes debt service on \$100 million of new RTA bonds planned for issuance in 2015.

When RTA and regional expenses are combined with Service Board operating expenses, total 2015 expenses for the RTA system are projected at \$2.862 billion, an increase of 4.3% over the 2014 estimate. Expenses are subsequently projected to increase by 3.0% and 3.4% in 2015 and 2016, respectively.

### ICE Funding and Proposed Projects

Prior-year ICE reserves of \$22.5 million for 2013 and 2014 will combine with 2015 ICE funding of \$11.6 million to total \$34.2 million of ICE funding for the 2015 budget year. These funds were allocated to the Service Boards for operating or capital purposes in the adopted 2015 funding amounts, contingent upon RTA Board approval of proposed uses. Table 1 on page 7 summarizes the 2015-2017 amounts and proposed uses of these ICE funds for the Service Boards. Only the 2015 uses are currently subject to approval by the RTA Board. The 2016 and 2017 proposed amounts and uses are preliminary and will be finalized during those respective budget processes.



<b>Table 1: Proposed Uses of ICE Funding</b>		<b>2015</b> <sup>1</sup>	<b>2016</b>	<b>2017</b>
(dollars in thousands)				
<b>CTA</b>	<u>Operating:</u>			
	Projects to be determined	-	5,781	5,954
	<u>Capital:</u>			
	Ventra implementation improvements	2,378	-	-
	Communications equipment and outreach	317	-	-
	CTA video enhancement for bus & rail	8,007	-	-
	Software and hardware enhancements	5,703	-	-
	<b>CTA Total</b>	<b>16,406</b>	<b>5,781</b>	<b>5,954</b>
<b>Metra</b>	<u>Operating:</u>			
	Mobile ticketing	330	-	-
	Rock Island enhancement	679	-	-
	Special event services	500	-	-
	<u>Capital:</u>			
	Passenger information	2,726	-	-
	Hybrid fuel vehicles	1,000	-	-
	Automated field IT system	3,500	-	-
	Electronic crew calling	1,750	-	-
	Mobile ticketing	2,845	-	-
	Projects to be determined	-	4,697	4,838
	<b>Metra Total</b>	<b>13,330</b>	<b>4,697</b>	<b>4,838</b>
<b>Pace</b>	<u>Operating:</u>			
	Ventra Operating Fees	1,906	-	-
	Add off-peak and weekend service, restructure, or extend service on 14 routes	2,537	-	-
	Projects to be determined	-	1,566	1,613
	<b>Pace Total</b>	<b>4,443</b>	<b>1,566</b>	<b>1,613</b>
	<b>Total ICE Funding</b>	<b>34,179</b>	<b>12,044</b>	<b>12,405</b>

<sup>1</sup> 2015 allocation includes 2013, 2014, and 2015 ICE funding

## Net Result and Recovery Ratios

As shown in Table 2, system-level net results of \$4 million in 2015 and \$10 million in both 2016 and 2017 represent the Metra farebox capital program of \$10 million, offset in 2015 by \$6 million of operating funding provided to Metra from the RTA fund balance.

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

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

The CTA, Metra, and Pace Suburban Service 2015 operating budget proposals meet or exceed their individual RTA-specified recovery ratios of 54.5%, 52%, and 30%, respectively. As a result, the RTA regional recovery ratio for 2015 is projected at 52.0%, in compliance with the RTA Act. The ADA Paratransit budget also meets its required recovery ratio of 10%.

**Table 2: Statement of Regional Revenues and Expenses** (dollars in thousands)

	2013	2014	2015	2016	2017
<b>Service Board Revenues</b>	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
CTA	668,963	683,531	687,519	694,660	705,215
Metra	363,991	351,538	375,938	398,538	428,838
Pace	57,220	59,652	61,066	61,856	63,868
ADA Paratransit	13,634	15,767	14,013	14,629	15,275
<b>Total Operating Revenues</b>	<b>1,103,808</b>	<b>1,110,487</b>	<b>1,138,536</b>	<b>1,169,683</b>	<b>1,213,195</b>
<b>Public Funding</b>					
RTA Sales Tax	1,071,226	1,099,310	1,143,282	1,183,297	1,218,796
Public Transportation Fund (PTF)	339,188	347,961	362,067	374,925	386,369
Real Estate Transfer Tax (RETT)	56,909	60,559	63,607	66,454	69,101
State Financial Assistance (ASA/AFA)	130,185	130,167	130,167	130,283	130,300
State Funding for ADA Paratransit	8,500	8,500	8,500	8,500	8,500
Federal Funds	6,800	7,982	3,393	8,051	13,739
RTA Regional Capital Project Reserves <sup>1</sup>	22,921	2,921	-	-	-
ICE Reserves (2014)	-	-	11,188	-	-
ICE Reserves (2013)	-	-	11,356	-	-
Other RTA Revenue <sup>2</sup>	25,198	23,963	21,992	22,233	22,447
<b>Total Public Funding</b>	<b>1,660,927</b>	<b>1,681,362</b>	<b>1,755,552</b>	<b>1,793,744</b>	<b>1,849,253</b>
<b>Total Revenues</b>	<b>2,764,735</b>	<b>2,791,849</b>	<b>2,894,087</b>	<b>2,963,427</b>	<b>3,062,448</b>
<b>Service Board Expenses</b>					
CTA	1,366,124	1,385,555	1,443,703	1,484,493	1,517,109
Metra	704,370	707,500	753,100	781,900	821,000
Pace	195,832	206,963	223,209	231,158	243,867
ADA Paratransit	148,129	160,984	172,216	184,697	198,100
<b>Total Service Board Expenses</b>	<b>2,414,455</b>	<b>2,461,002</b>	<b>2,592,228</b>	<b>2,682,248</b>	<b>2,780,076</b>
<b>Region/Agency Expenses</b>					
Debt Service	220,000	220,000	221,200	221,400	221,000
RTA Agency and Regional Programs	41,290	40,928	42,214	38,659	39,970
Transfer Capital	22,000	2,000	-	-	-
Grant Incentive Program	1,615	1,786	-	-	-
Innovation, Coordination, and Enhancement (ICE)	10,902	11,188	-	-	-
Joint Self-Insurance Fund (JSIF)	5,000	6,000	6,180	6,365	6,556
<b>Total Region/Agency Expenses</b>	<b>300,808</b>	<b>281,902</b>	<b>269,594</b>	<b>266,425</b>	<b>267,526</b>
<b>Total Expenses</b>	<b>2,715,263</b>	<b>2,742,904</b>	<b>2,861,822</b>	<b>2,948,673</b>	<b>3,047,603</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	-	-	(28,227)	(4,697)	(4,838)
<b>Net Result</b>	<b>49,472</b>	<b>48,946</b>	<b>4,038</b>	<b>10,057</b>	<b>10,008</b>
<b>Regional Recovery Ratio</b>	<b>54.1%</b>	<b>53.2%</b>	<b>52.0%</b>	<b>51.7%</b>	<b>51.9%</b>

<sup>1</sup> Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and the RTA fund balance.

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

<sup>3</sup> As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.

## RTA Funding Analysis

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

Total funding sources of the RTA are projected at \$1.723 billion in 2015, an increase of 4.6% over the 2014 estimate. Relative to 2014, sales tax and PTF revenues are projected to increase by 4.0%, other State financial assistance and the State reduced fare reimbursement are projected to be unchanged, and RTA Regional Capital Project Reserves will decrease to zero since no funds from the RTA fund balance are being set aside for capital in 2015, unlike in the prior two years. ICE reserve funds of \$22.5 million are shown as a revenue source for subsequent allocation to the Service Boards, as stated earlier in this section.

2015 RTA expenditures are projected at \$1.729 billion, an increase of 5.6% from the 2014 estimate. Of this

expense, \$221.2 million, or 13%, is for payments on regional debt incurred by the RTA on behalf of CTA, Metra, and Pace which does not appear in the individual Service Board budget proposals. RTA expenditures exceed revenues by \$6 million, the amount that was allocated to Metra's 2015 operating funding from the RTA fund balance.

In 1998, the RTA Board adopted an ordinance establishing a minimum unreserved and undesignated fund balance at the end of the three-year planning period of at least 5% of operating expenditures. Since all available 2015 non-statutory funding is being allocated to the Service Boards for operating purposes, the RTA fund balance is forecast to decrease by the \$6 million allocation to Metra in 2015 and end the year at \$11.1 million, or 0.7% of operating expenditures, where it is projected to remain through 2017. Each Service Board will be responsible for maintaining its own fund balance to handle unforeseen funding shortfalls. The 2015-2019 funding amounts ordinance called for the engagement of an independent public auditor to make recommendations regarding an RTA fund balance policy, including the appropriate level of reserves to be maintained at each Service Board.

### Primary RTA Public Funding Sources

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

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

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

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

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

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

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

**Table 3: Statement of RTA Revenues and Expenses** (dollars in thousands)

	2013	2014	2015	2016	2017
<b>RTA Funding Sources</b>	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
RTA Sales Tax I	792,112	811,985	845,394	874,982	901,232
RTA Sales Tax II	279,114	287,325	297,889	308,315	317,564
Public Transportation Fund (PTF - Part I)	198,640	202,996	211,348	218,746	225,308
PTF (Part II)	140,548	144,964	150,718	156,180	161,061
State Financial Assistance (ASA/AFA)	130,185	130,167	130,167	130,283	130,300
State Reduced Fare Reimbursement <sup>1</sup>	26,099	34,070	34,070	34,070	34,070
State Funding for ADA Paratransit	8,500	8,500	8,500	8,500	8,500
RTA Regional Capital Project Reserves <sup>2</sup>	22,921	2,921	-	-	-
ICE Reserves (2014)	-	-	11,188	-	-
ICE Reserves (2013)	-	-	11,356	-	-
Other RTA Revenue <sup>3</sup>	25,198	23,963	21,992	22,233	22,447
<b>Total Funding Sources</b>	<b>1,623,317</b>	<b>1,646,891</b>	<b>1,722,622</b>	<b>1,753,310</b>	<b>1,800,483</b>
<b>RTA Expenses for Operations</b>					
RTA Total Funds for CTA Operations	640,252	657,643	708,983	723,379	742,794
RTA Total Funds for Metra Operations	358,155	364,899	397,021	396,115	406,008
RTA Total Funds for Pace Suburban Service Operations	148,085	151,062	160,750	163,251	167,260
RTA Total Funds for Pace ADA Paratransit Operations	134,495	147,166	158,203	170,069	182,824
Innovation, Coordination, and Enhancement (ICE)	10,902	11,188	-	-	-
State Reduced Fare Reimbursement	26,099	34,070	34,070	34,070	34,070
RTA Agency and Regional Programs	41,290	40,928	42,214	38,659	39,970
<b>Total Expenses for Operations</b>	<b>1,359,278</b>	<b>1,406,956</b>	<b>1,501,241</b>	<b>1,525,544</b>	<b>1,572,927</b>
<b>Debt Service, Capital &amp; JSIF Expenses</b>					
Debt Service	220,000	220,000	221,200	221,400	221,000
Transfer Capital RTA Capital Reserve Funds to CTA	15,000	-	-	-	-
Transfer Capital RTA Capital Reserve Funds to Metra	7,000	2,000	-	-	-
Grant Incentive Program	1,615	1,786	-	-	-
Joint Self-Insurance Fund (JSIF)	5,000	6,000	6,180	6,365	6,556
<b>Total Debt Service, Capital &amp; JSIF Expenses</b>	<b>248,615</b>	<b>229,786</b>	<b>227,380</b>	<b>227,765</b>	<b>227,556</b>
<b>Total Expenses</b>	<b>1,607,893</b>	<b>1,636,742</b>	<b>1,728,622</b>	<b>1,753,310</b>	<b>1,800,483</b>
<b>Fund Balance (unreserved/undesignated)</b>					
Beginning Balance	5,122	9,110	17,063	11,063	11,063
Change in Fund Balance	15,424	10,149	(6,000)	-	-
Transfers	(22,185)	(2,196)	-	-	-
Reconciliation to Budgetary Basis	10,749	-	-	-	-
<b>Ending Balance</b>	<b>9,110</b>	<b>17,063</b>	<b>11,063</b>	<b>11,063</b>	<b>11,063</b>
<b>Ending Balance as % of Total Expenses for Operations</b>	<b>0.7%</b>	<b>1.2%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.7%</b>

<sup>1</sup> Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY 15-18 budgets.

<sup>2</sup> Funds for Service Board or RTA Regional Capital Projects available from funds related to legal settlements from debt service deposit agreements, reprogrammed funds from completed RTA-funded projects, and the RTA fund balance.

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

## Capital Overview

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

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure, which includes bringing the system's \$155 billion in assets (as measured in terms of replacement value and including subway tunnels valued at \$100 billion) into a State of Good Repair and extending or expanding service when demand is justified and funding available. To maintain and preserve the existing system requires a capital investment of more than \$1 billion per year.

## Source of Funds

On September 12, 2014, the RTA Board adopted preliminary capital funding amounts for 2015-2019. The funding sources for the RTA capital program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program, the RTA, and the Service Boards. Additional funding sources (Federal TIFIA, Metra bonds, and RTA ICE) identified after the adoption of the funding amounts on September 12th, which are reflected in Tables 4 and 5, increased capital funding by \$723.8 million. Of the estimated \$3.775 billion of capital funding sources for 2015-2019, federal funds account for \$2.468 billion or 65%; a federal TIFIA loan accounts for \$557 million or 15%; Metra bond proceeds account for \$300 million or 8%; CTA bond proceeds account for \$145 million or 4%; RTA bond proceeds account for \$100 million or 3%; Pace bond proceeds account for \$88 million or 2%; Service Board funds account for \$79 million or 2%; and RTA ICE funds account for \$38 million or 1%. After debt service on previously issued CTA bonds, an estimated amount of \$3.066 billion is available for 2015-2019, as shown in Table 4.

**Table 4: RTA 2015-2019 Capital Program Funding** (dollars in thousands)

	CTA <sup>1</sup>	Metra	Pace	Total	% of Total
Federal Funds	1,400,381	828,394	239,489	2,468,264	65%
Federal TIFIA	557,000	-	-	557,000	15%
RTA Bond Proceeds <sup>2</sup>	50,000	45,000	5,000	100,000	3%
RTA Innovation, Coordination, & Enhancement (ICE)	16,406	21,356	-	37,762	1%
Service Board	22,500	50,000	6,675	79,175	2%
<b>Total New Capital Funding</b>	<b>2,046,287</b>	<b>944,750</b>	<b>251,164</b>	<b>3,242,201</b>	<b>86%</b>
CTA Bond Proceeds	145,000	-	-	145,000	4%
Metra Bond Proceeds	-	300,000	-	300,000	8%
Pace Bond Proceeds	-	-	88,000	88,000	2%
<b>Total Capital Funding</b>	<b>2,191,287</b>	<b>1,244,750</b>	<b>339,164</b>	<b>3,775,201</b>	<b>100%</b>
Debt Service (Federal)	(709,262)	-	-	(709,262)	
<b>Total Capital Funding Available</b>	<b>1,482,025</b>	<b>1,244,750</b>	<b>339,164</b>	<b>3,065,939</b>	

<sup>1</sup> RTA 2014 Board actions included \$255.9 million of funding (\$220.9 million of State Bond funds and \$35.0 million of Federal Core Capacity funds). RTA accounted for these funds in 2014; therefore, did not include them here while CTA's agency capital program accounts for \$255.9 million in 2015.

<sup>2</sup> RTA plans to issue future bonds as capacity becomes available; funding amounts will be included in future capital programs.

## 2015 Funding

As shown in Table 5, the total estimated funds for capital projects in 2015 are \$1.291 billion. This includes additional funding sources (Federal TIFIA, Metra bonds, and RTA ICE) identified after the adoption of funding amounts on September 12th, which increased capital funding in 2015 by \$695.2 million. At this time, the final federal appropriations for 2015 have not been determined. Once these amounts have been established, the capital program will be amended to reflect the available funding. Of the estimated \$1.291 billion of funding sources for 2015, federal TIFIA accounts for \$557 million or 43%; federal funds account for \$485.7 million or 38%; Metra bond

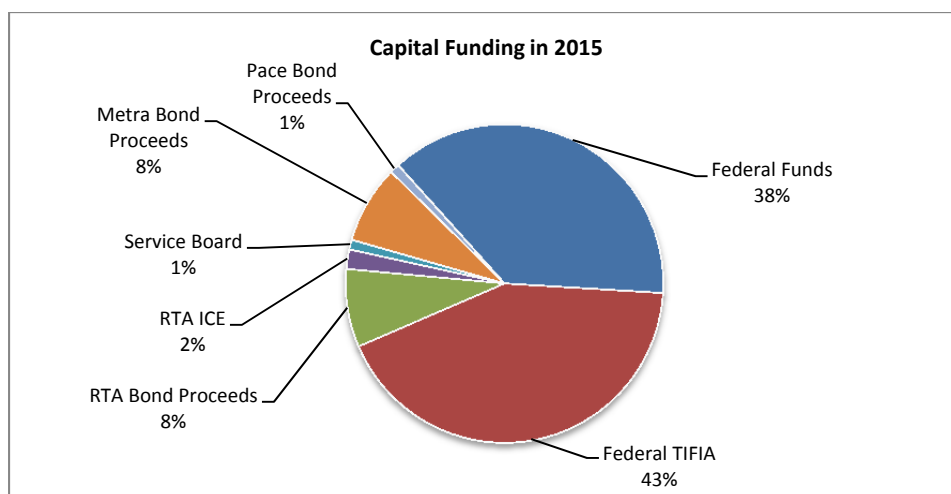
proceeds account for \$100 million or 8%; RTA bond proceeds account for \$100 million or 8%; RTA ICE funds account for \$28.2 million or 2%; Service Board funds account for \$14.6 million or 1%; and Pace bond proceeds account for \$6 million or less than 1%. After CTA debt service on previously issued bonds, an estimated amount of \$1.154 billion of funding is available for 2015.

Progress was made in 2014 on our capital investment needs with the inclusion of state Jump Start funds in the RTA capital program. In 2014, capital funds were utilized on projects such as the CTA Blue Line track and station improvements, Metra Highliner rail cars and stations, and Pace's replacement of aging buses.

**Table 5: Capital Funding in 2015** (dollars in thousands)

	CTA <sup>1</sup>	Metra	Pace	Total
Federal Funds	270,057	160,644	54,985	485,686
Federal TIFIA	557,000	-	-	557,000
RTA Bond Proceeds	50,000	45,000	5,000	100,000
RTA Innovation, Coordination, & Enhancement (ICE)	16,406	11,821	-	28,227
Service Board	1,875	10,000	2,675	14,550
<b>Total New Capital Funding</b>	<b>895,338</b>	<b>227,465</b>	<b>62,660</b>	<b>1,185,463</b>
Metra Bond Proceeds	-	100,000	-	100,000
Pace Bond Proceeds	-	-	6,000	6,000
<b>Total Capital Funding</b>	<b>895,338</b>	<b>327,465</b>	<b>68,660</b>	<b>1,291,463</b>
Debt Service (Federal)	(136,968)	-	-	(136,968)
<b>Total Capital Funding Available</b>	<b>758,370</b>	<b>327,465</b>	<b>68,660</b>	<b>1,154,495</b>

<sup>1</sup> RTA 2014 Board actions included \$255.9 million of funding (\$220.9 million of State Bond funds and \$35.0 million of Federal Core Capacity funds). RTA accounted for these funds in 2014; therefore, did not include them here while CTA's agency capital program accounts for \$255.9 million in 2015.



## Use of Funds

The primary emphasis of the 2015-2019 Capital Program is to continue efforts to bring the system's assets to a State of Good Repair. When replacing worn assets, 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 2015-2019 Capital Program, a significant majority of the budget is allocated to capital projects that maintain the existing infrastructure. While the

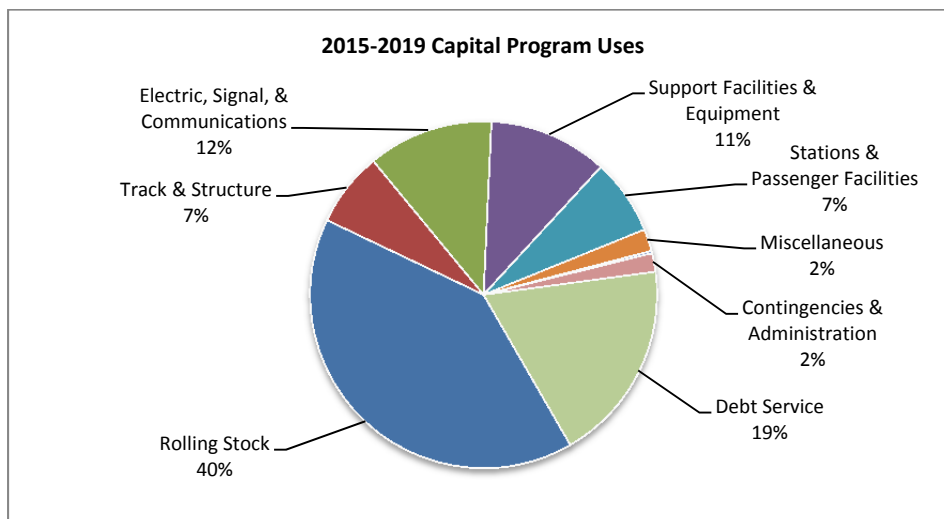
current funding level does not satisfy all needs, an appropriate balance of investment is achieved in light of the current condition of the RTA system.

Investments in the 2015-2019 Capital Program can be broken down by various asset categories. Table 6 shows program expenditures of \$1.525 billion or 40% on rolling stock, \$441.8 million or 12% on electric, signal, and communications, \$418.7 million or 11% on support facilities and equipment, and \$266.5 million or 7% on stations and passenger facilities. In addition, \$709.3 million or nearly 19% is expended on existing CTA debt service.

**Table 6: 2015-2019 Capital Program Uses** (dollars in thousands)

Asset Category	CTA <sup>1</sup>	Metra	Pace	Total
Rolling Stock	851,079	522,717	151,623	1,525,419
Track & Structure	76,681	185,656	-	262,336
Electric, Signal, & Communications	147,259	289,556	5,000	441,815
Support Facilities & Equipment	162,178	114,926	141,550	418,655
Stations & Passenger Facilities	206,978	46,651	12,865	266,494
Miscellaneous	-	52,283	25,360	77,643
Acquisitions & Extensions	5,000	3,500	-	8,500
Contingencies & Administration	32,850	29,461	2,766	65,077
<b>Total Capital Funding Available</b>	<b>1,482,025</b>	<b>1,244,750</b>	<b>339,164</b>	<b>3,065,939</b>
Debt Service	709,262	-	-	709,262
<b>Total Capital Funding</b>	<b>2,191,287</b>	<b>1,244,750</b>	<b>339,164</b>	<b>3,775,201</b>

<sup>1</sup> RTA 2014 Board actions included \$255.9 million of funding (\$220.9 million of State Bond funds and \$35.0 million of Federal Core Capacity funds). RTA accounted for these funds in 2014; therefore, did not include them here while CTA's agency capital program accounts for \$255.9 million in 2015.



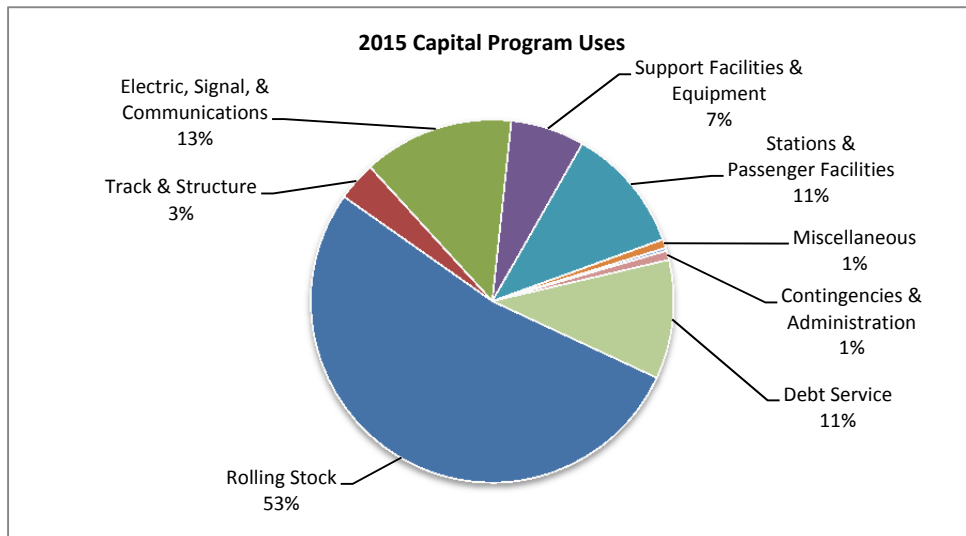
The 2015 Capital Program can also be viewed by the same asset categories. Table 7 shows that \$682.2 million or 53% of the program is spent on rolling stock, \$173.6 million or 13% for electric, signal, and communications, and \$144.6 million or 11% for

stations and passenger facilities, \$85.1 million or 7% for support facilities and equipment, and \$44.8 million or 3% for track and structure. In addition, \$137.0 million or 11% is spent on existing CTA debt service.

**Table 7: 2015 Capital Program Uses** (dollars in thousands)

Asset Category	CTA <sup>1</sup>	Metra	Pace	Total
Rolling Stock	548,829	92,045	41,300	682,174
Track & Structure	7,939	36,884	-	44,823
Electric, Signal, & Communications	41,980	131,626	-	173,606
Support Facilities & Equipment	15,431	44,550	25,160	85,141
Stations & Passenger Facilities	137,500	5,900	1,165	144,565
Miscellaneous	-	9,595	500	10,095
Acquisitions & Extensions	-	3,500	-	3,500
Contingencies & Administration	6,690	3,365	535	10,590
<b>Total Capital Funding Available</b>	<b>758,370</b>	<b>327,465</b>	<b>68,660</b>	<b>1,154,495</b>
Debt Service	136,968	-	-	136,968
<b>Total Capital Funding</b>	<b>895,338</b>	<b>327,465</b>	<b>68,660</b>	<b>1,291,463</b>

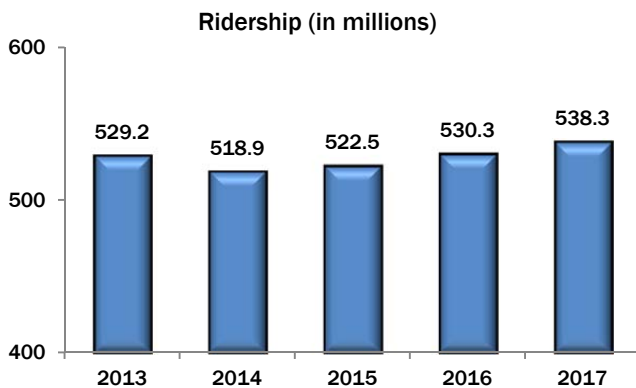
<sup>1</sup> RTA 2014 Board actions included \$255.9 million of funding (\$220.9 million of State Bond funds and \$35.0 million of Federal Core Capacity funds). RTA accounted for these funds in 2014; therefore, did not include them here while CTA's agency capital program accounts for \$255.9 million in 2015.





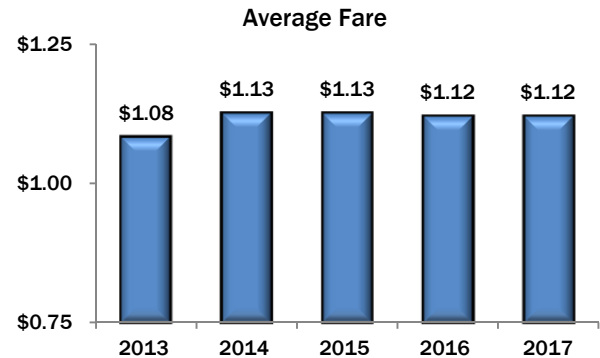
### Ridership

Despite increased rail ridership, CTA saw its overall ridership decline in 2014 due to ridership losses on CTA bus. These ridership losses were driven by extreme weather in the first quarter, lower gas prices, customers' continued response to the 2013 fare increase, and, to a lesser extent, the popularity of alternative transportation options such as Divvy bike share and Uber and Lyft taxi services. Ridership is budgeted to improve moderately in 2015, increasing 0.7% over the 2014 estimate to 522.5 million, but still remain less than the 2014 budgeted ridership amount. Bus ridership is forecasted to increase by 0.4% in 2015 and rail ridership is expected to increase by 1.1%. Ridership is then anticipated to increase by 1.5% in both 2016 and 2017.



### Fares

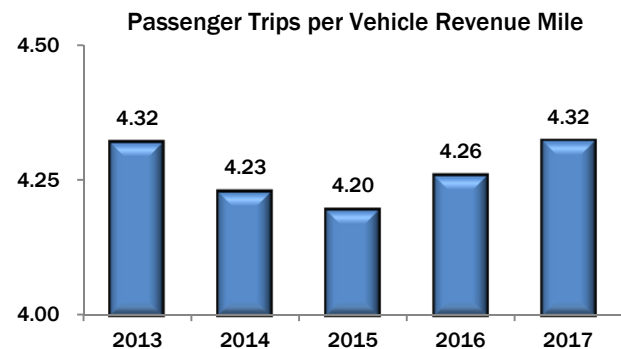
CTA did not budget for a fare increase in 2015 or in the 2016 and 2017 planning years. CTA's average fare increased to \$1.13 in 2014 due to fewer customers using traditional discounted pass options and more paying with cash and utilizing the convenience of the Ventra card and other contactless credit/debit cards' pay-as-you-go feature. CTA has budgeted for the average fare to remain constant at \$1.13 in 2015.



### Service Levels

CTA budgeted for additional service in 2015, mainly on CTA rail, to accommodate demand and reduce crowding. With the added service, vehicle revenue miles are projected to increase by 1.5% in 2015.

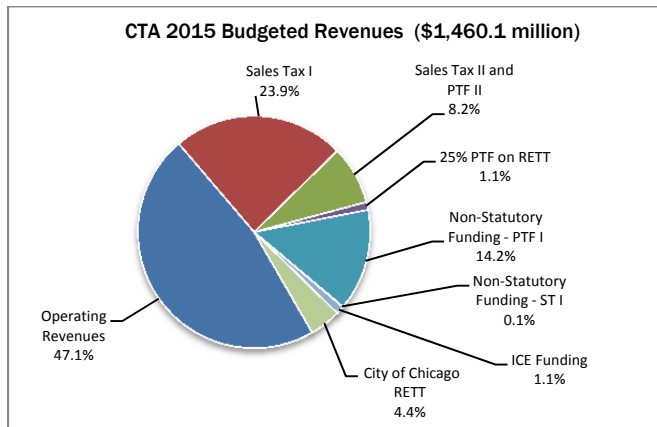
Service effectiveness, as measured by passenger trips per vehicle revenue mile, is expected to decrease in 2015 as CTA adds service to meet existing ridership demand. Adding service without a corresponding increase in ridership reduces the ratio of passenger trips per vehicle revenue mile. However, CTA projects higher ridership growth in 2016 and 2017, which will result in an improvement in service effectiveness.



### Operating Revenue

CTA projects that 2015 total operating revenues will increase 0.6% to \$688 million, followed by increases of 1.0% in 2016 and 1.5% in 2017. Passenger revenue is estimated to increase 0.7% in 2015, 1.0% in 2016, and 1.5% in 2017. Other revenue is projected to decrease slightly in 2015, reflecting property sales that

occurred in 2014 but will not take place in 2015, and then increase steadily in 2016 and 2017.



### Public Funding

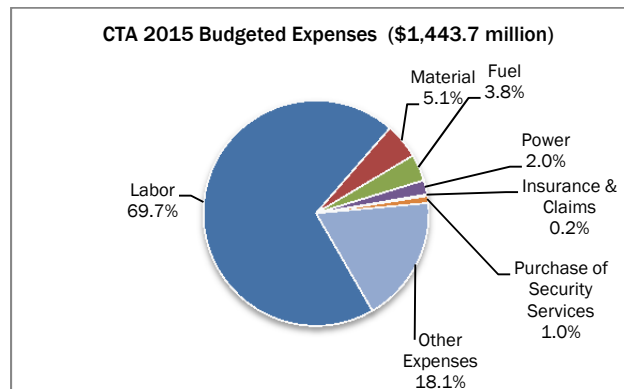
RTA funding (sales tax and Public Transportation Funds) for CTA is budgeted at \$708.9 million in 2015, \$723.4 million in 2016, and \$742.8 million in 2017. CTA also receives Chicago Real Estate Transfer Tax (RETT) funding projected at \$63.6 million in 2015, \$66.5 million in 2016, and \$69.1 million in 2017. Total public funding for CTA in 2015 is \$772.6 million, 7.6% higher than the 2014 estimate. ICE funding for 2015 totals \$16.4 million, with proposed uses for capital projects shown in Table 1 of the RTA Region section. Total public funding is expected to increase by 2.2% and 2.8% in 2016 and 2017, respectively.

### Expenses

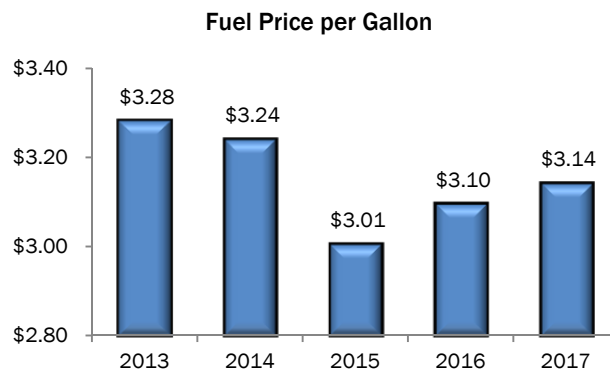
CTA's total budgeted expenses for 2015 will increase 4.2% over the 2014 estimate to \$1.444 billion as a result of increases in labor, insurance and claims, purchase of security services, and other expenses. Expenses are projected to increase by 2.2% and 2.8% in 2016 and 2017, respectively.

In 2015, the 5.5% increase in labor is attributable to contractual increases in wages, group insurance, and other fringe expenses, added service levels, additional bus and rail car service apprentices, an increase in vehicle cleaning resources, and an enhanced safety unit. Material expenses are budgeted to be on par with the 2014 estimate, increasing just 0.2%. Both fuel and power expenses are expected to decrease in 2015, by 3.2% and 12.3%, respectively, due to effective block purchasing strategies. CTA did not allocate any funds to the insurance and claims reserve in 2014 due to it being sufficiently funded. In 2015, CTA will allocate \$3.5 million to the reserve. CTA projects a 5.7% increase in its purchase of security services due to an

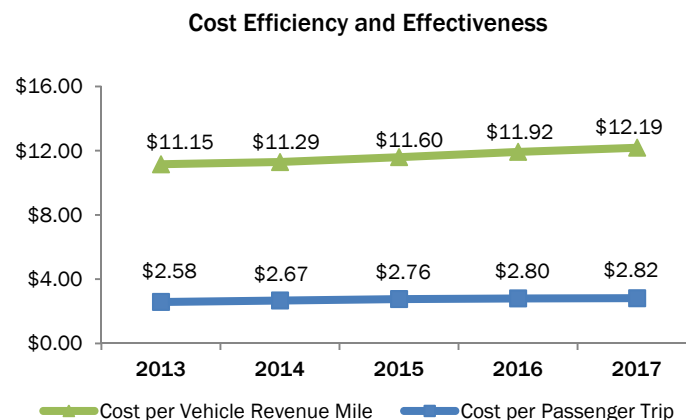
increase in police K-9 unit contract costs. Other expenses are projected to increase by \$6.9 million or 2.7% in 2015. This increase reflects the \$13 per hour minimum wage policy established in 2014 for contractual services.



Fuel for 2015 is budgeted at \$3.01 per gallon, 23 cents lower than the 2014 estimate. For 2016 and 2017, CTA's projected annual average price for fuel is \$3.10 and \$3.14 per gallon, respectively.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 2.2% per year as cost increases occur without corresponding increases in service. Cost effectiveness is shown below as cost per passenger trip, which is projected to increase by 2.2% per year as ridership grows more slowly than operating expenses.



## Net Result and Recovery Ratio

As shown in Table 8, CTA's operating budget is balanced in 2015, with revenues covering expenses and producing a net result of zero after accounting for \$16.4 million in Innovation, Coordination, and Enhancement (ICE) funding that will be transferred to

the capital program. In 2016 and 2017, CTA anticipates a balanced budget with net results equal to zero. CTA's recovery ratios through 2017, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exceed the RTA Board-adopted ratio of 54.5%.

**Table 8: CTA 2015 Budget and 2016-2017 Financial Plan** (dollars in thousands)

	2013	2014	2015	2016	2017
	Actual	Estimate	Budget	Plan	Plan
<b>Operating Revenues</b>					
Passenger Revenue	574,029	\$585,117	\$589,212	\$595,104	\$604,030
State Reduced Fare Reimbursement <sup>1</sup>	21,948	28,322	28,322	28,322	28,322
Other Revenue	72,986	70,092	69,985	71,234	72,862
<b>Total Operating Revenues</b>	<b>668,963</b>	<b>683,531</b>	<b>687,519</b>	<b>694,660</b>	<b>705,215</b>
<b>Public Funding</b>					
Sales Tax I	327,537	335,565	349,569	361,804	372,658
Sales Tax II and PTF II	117,676	117,561	119,086	120,088	119,911
25% PTF on RETT	14,030	15,140	15,902	16,613	17,275
Non-Statutory Funding - PTF I	181,009	188,059	207,121	214,371	220,802
Non-Statutory Funding - ST I	-	-	900	4,723	6,195
Innovation, Coordination, and Enhancement Funding <sup>2</sup>	-	-	16,406	5,781	5,954
Reduced Fare Reimbursement Replacement	-	1,318	-	-	-
City of Chicago RETT	56,909	60,559	63,607	66,454	69,101
<b>Total Public Funding</b>	<b>697,161</b>	<b>718,202</b>	<b>772,590</b>	<b>789,833</b>	<b>811,895</b>
<b>Total Revenues</b>	<b>1,366,124</b>	<b>1,401,732</b>	<b>1,460,109</b>	<b>1,484,493</b>	<b>1,517,109</b>
<b>Expenses</b>					
Labor	948,272	953,576	1,006,335	1,016,399	1,026,563
Material	60,353	73,160	73,331	76,265	77,790
Fuel	61,836	57,246	55,396	57,058	58,770
Power	26,174	33,431	29,320	28,597	29,455
Insurance & Claims	-	-	3,500	12,000	20,000
Purchase of Security Services	24,160	13,654	14,427	14,560	14,696
Other Expenses	245,329	254,487	261,394	279,615	289,835
<b>Total Expenses</b>	<b>1,366,124</b>	<b>1,385,555</b>	<b>1,443,703</b>	<b>1,484,493</b>	<b>1,517,109</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	-	-	(16,406)	-	-
<b>Net Result</b>	<b>-</b>	<b>16,178</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recovery Ratio</b>	<b>59.2%</b>	<b>59.3%</b>	<b>57.0%</b>	<b>55.8%</b>	<b>55.2%</b>

<sup>1</sup> Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY 15-18 budgets.

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

<sup>3</sup> As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.

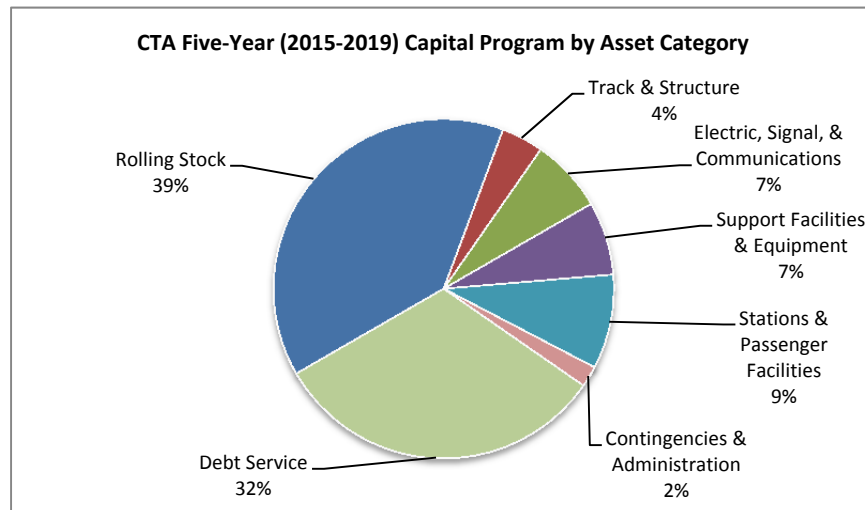
## Capital Overview

The proposed projects in CTA's portion of the 2015-2019 Capital Program total \$2.191 billion and continue the replacement of rail cars and buses. The CTA will move forward on continued system-wide station rehabilitations including the "Your New Blue" initiative. The two largest investment areas are rolling stock (39%) and stations and passenger facilities (9%), while debt service is held at 32%. The general categories of capital improvements comprising the CTA's portion of the Capital Program are illustrated below.

### Highlights of projects included in the CTA's proposed 2015-2019 Capital Program are:

- \$513.0 million for the purchase of rail cars
- \$193.4 million for the purchase of buses
- \$189.8 million to rehabilitate rail stations
- \$111.2 million to upgrade power and signals
- \$91.0 million for the overhaul of rail cars
- \$81.0 million for the improvement of facilities
- \$76.7 million for the repair of track and structure
- \$39.0 million to perform mid-life bus overhauls

### CTA Five-Year (2015-2019) Capital Program by Asset Category: \$2.191 billion



## CTA Five-Year Capital Program (dollars in thousands)

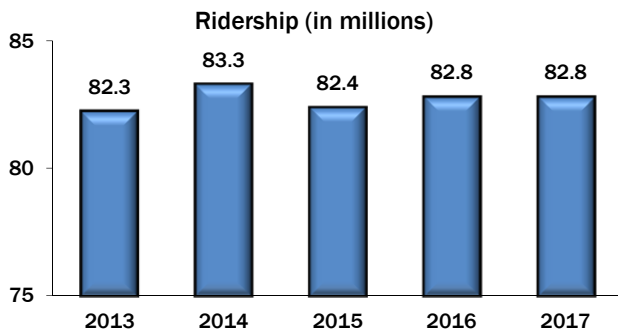
Project & Title	2015	2016	2017	2018	2019	TOTAL
<b>Rolling Stock - Bus</b>						
Perform Bus Maintenance Activities – Systemwide	0	2,335	2,500	2,500	0	7,335
Perform Mid-Life Bus Overhaul – Systemwide	16,579	9,757	12,688	0	0	39,023
Purchase Replacement Buses – Systemwide	74,734	22,550	36,213	30,630	29,276	193,403
<b>Subtotal Rolling Stock</b>	<b>91,313</b>	<b>34,641</b>	<b>51,401</b>	<b>33,130</b>	<b>29,276</b>	<b>239,761</b>
<b>Bus Total</b>	<b>91,313</b>	<b>34,641</b>	<b>51,401</b>	<b>33,130</b>	<b>29,276</b>	<b>239,761</b>
<b>Rolling Stock - Rail</b>						
Perform Rail Car Mid-Life Rehabilitation (3200 Series) – Systemwide	20,516	15,028	27,026	0	0	62,569
Perform Quarter-Life Rail Car Overhaul (5000 Series) – Systemwide	0	0	0	0	28,438	28,438
Perform Rail Car Maintenance Activities – Systemwide	0	2,281	2,500	2,500	0	7,281
Purchase Replacement Rail Cars (2200 and 2400 Series) – Systemwide	0	2,169	0	0	0	2,169
Purchase Replacement Rail Cars (2600 and 3200 Series) – Systemwide	437,000	26,735	5,997	6,341	34,788	510,861
<b>Subtotal Rolling Stock</b>	<b>457,516</b>	<b>46,212</b>	<b>35,523</b>	<b>8,841</b>	<b>63,227</b>	<b>611,318</b>
<b>Track &amp; Structure - Rail</b>						
Repair Track and Structure – Systemwide	7,939	21,656	15,140	16,945	15,000	76,681
<b>Subtotal Track &amp; Structure</b>	<b>7,939</b>	<b>21,656</b>	<b>15,140</b>	<b>16,945</b>	<b>15,000</b>	<b>76,681</b>
<b>Electrical, Signal, &amp; Communications - Rail</b>						
Replace/Upgrade Power Distribution and Signals – Systemwide	24,953	45,655	0	20,000	0	90,607
Replace/Upgrade Power Distribution and Signals – Your New Blue	0	9,624	0	11,000	0	20,624
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>24,953</b>	<b>55,279</b>	<b>0</b>	<b>31,000</b>	<b>0</b>	<b>111,231</b>
<b>Stations &amp; Passenger Facilities - Rail</b>						
Rehabilitate Rail Stations – Systemwide	17,500	24,381	12,951	5,000	10,000	69,833
Rehabilitate Rail Stations – Your New Blue	120,000	0	0	0	0	120,000
Rehabilitate North Mainline – Red/Purple Modernization	0	7,145	0	0	0	7,145
95th Street Terminal Expansion	0	10,000	0	0	0	10,000
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>137,500</b>	<b>41,527</b>	<b>12,951</b>	<b>5,000</b>	<b>10,000</b>	<b>206,978</b>
<b>Rail Total</b>	<b>627,908</b>	<b>164,674</b>	<b>63,614</b>	<b>61,786</b>	<b>88,227</b>	<b>1,006,208</b>
<b>Electrical, Signal &amp; Communications - System</b>						
Implement Security & Communication Projects – Systemwide	3,000	3,000	3,000	8,000	5,000	22,000
Communication Equipment and Outreach (ICE)	317	0	0	0	0	317
CTA Video Enhancement for Bus & Rail (ICE)	8,007	0	0	0	0	8,007
Software and Hardware Enhancements to Improve Efficiency (ICE)	5,703	0	0	0	0	5,703
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>17,028</b>	<b>3,000</b>	<b>3,000</b>	<b>8,000</b>	<b>5,000</b>	<b>36,028</b>
<b>Support Facilities &amp; Equipment - System</b>						
Implement Computer Systems – Systemwide	1,989	1,989	2,207	1,989	2,147	10,320
Improve Facilities – Systemwide	6,189	20,341	9,109	29,163	16,187	80,990
Purchase Equipment and Non-Revenue Vehicles – Systemwide	4,875	44,865	1,875	1,875	15,000	68,490
Ventra Implementation Improvements (ICE)	2,378	0	0	0	0	2,378
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>15,431</b>	<b>67,194</b>	<b>13,192</b>	<b>33,026</b>	<b>33,334</b>	<b>162,178</b>
<b>Acquisitions &amp; Extensions - System</b>						
South Main Line/Red Line Extension (RLE)	0	5,000	0	0	0	5,000
<b>Subtotal Acquisitions &amp; Extensions</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>
<b>Contingencies &amp; Administration - System</b>						
Provide for Program Management – Systemwide	6,690	6,690	6,090	6,690	6,690	32,850
<b>Subtotal Contingencies &amp; Administration</b>	<b>6,690</b>	<b>6,690</b>	<b>6,090</b>	<b>6,690</b>	<b>6,690</b>	<b>32,850</b>
<b>System Total</b>	<b>32,459</b>	<b>75,194</b>	<b>16,192</b>	<b>41,026</b>	<b>38,334</b>	<b>203,206</b>
<b>CTA Total</b>	<b>758,370</b>	<b>281,200</b>	<b>137,297</b>	<b>142,632</b>	<b>162,527</b>	<b>1,482,025</b>
<b>CTA Debt Service</b>	<b>136,968</b>	<b>139,789</b>	<b>142,647</b>	<b>145,564</b>	<b>144,294</b>	<b>709,262</b>
<b>CTA Total with Debt Service</b>	<b>895,338</b>	<b>420,988</b>	<b>279,944</b>	<b>288,196</b>	<b>306,821</b>	<b>2,191,287</b>

# Metra

## Operating Overview

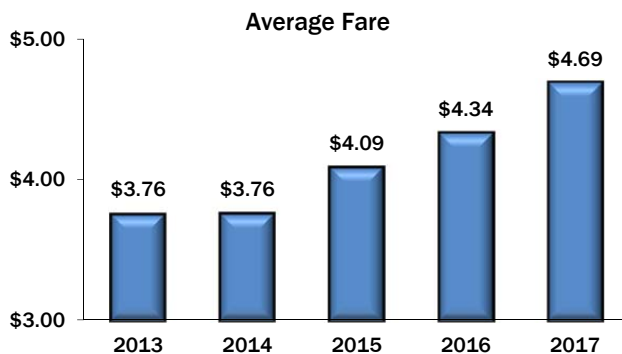
### Ridership

Metra's 2014 ridership is projected to end the year 1.3% favorable to 2013; ridership in 2014 was positively impacted by lower unemployment rates, significant and long-term highway construction projects, and major sporting and recreational activities. Metra anticipates a ridership decrease of 1.1% for 2015 resulting from a proposed 10.8% fare increase, followed by growth of 0.5% in 2016 and no ridership change in 2017.



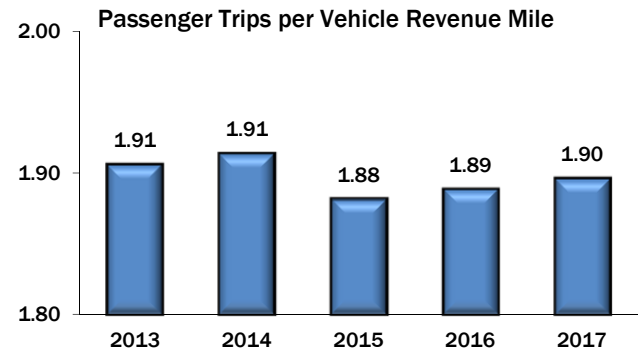
### Fares

Metra has proposed an overall fare increase of 10.8% in 2015, in part to bridge the gap between operating expense needs and revenues. Furthermore, to address significant rolling stock investments and meet federally-mandated Positive Train Control expenses, Metra has proposed issuing bonds for the first time and using fare revenue to cover the debt service. Metra has also proposed fare increases of 5.0% and 8.5%, respectively, in 2016 and 2017.



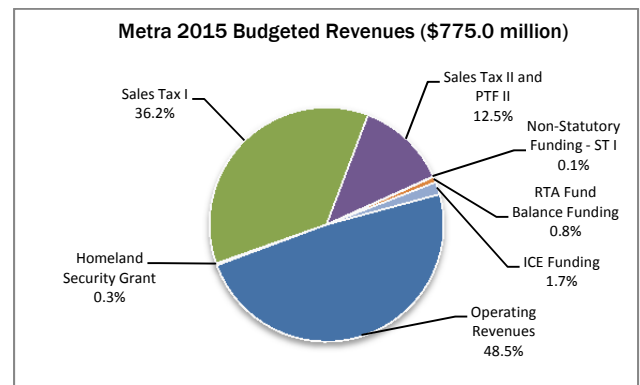
### Service Levels

Metra anticipates a 0.6% increase in vehicle revenue miles in 2015, followed by a 0.1% increase in 2016 and a 0.4% decrease in 2017. Service effectiveness can be shown as the ratio of ridership to service provided, and is illustrated below. Following the expected ridership decline in 2015, ridership and service effectiveness are projected to improve in 2016 and 2017.



### Operating Revenue

Metra projects that 2015 total operating revenues will increase 6.9% to \$375.9 million, followed by increases of 6.0% in 2016 and 7.6% in 2017. Passenger revenue is estimated to increase 7.5% in 2015, 6.5% in 2016, and 8.2% in 2017. Other revenue is also projected to increase, reflecting moderate growth in all items and a change in accounting treatment for Crossing Project work on behalf of the State.

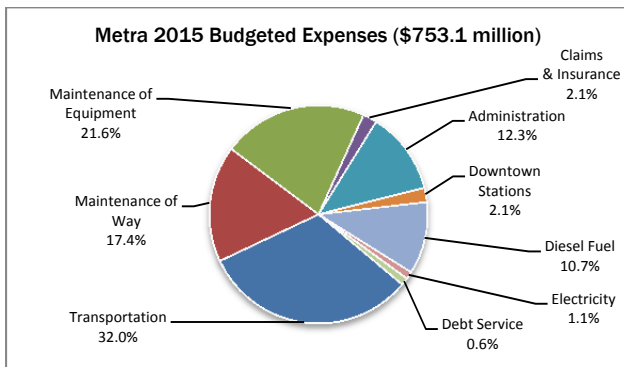


## Public Funding

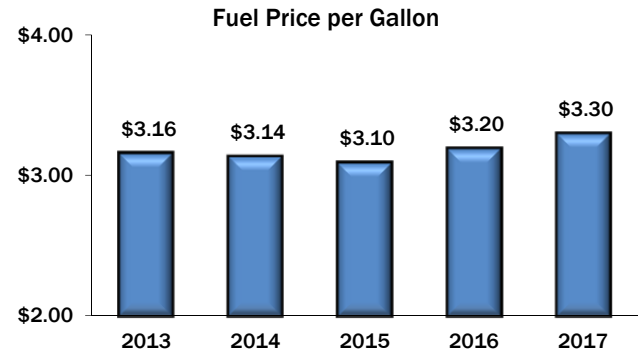
RTA funding (sales tax and Public Transportation Funds) is budgeted at \$397.0 million in 2015, \$394.1 million in 2016, and \$406.0 million in 2017. Innovation, Coordination, and Enhancement (ICE) funds total \$13.3 million for 2015, \$4.7 million in 2016, and \$4.8 million in 2017. Metra's proposed uses for ICE funding are described in Table 1 of the RTA Region section. Metra was also awarded a Homeland Security Grant of \$2.0 million for each year 2015 and 2016 and \$1 million in 2017.

## Expenses

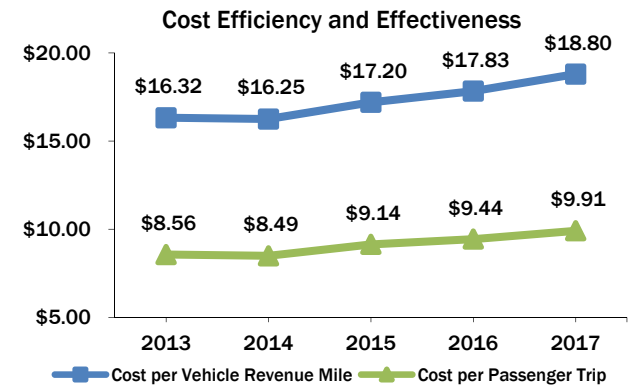
Metra projects that 2015 total expenses will increase 6.4% over the 2014 estimate to \$753.1 million. With stable service levels, expense increases reflect projected increases in each category of operations. Diesel fuel expenditures, comprising approximately 11% of Metra's operating expenses, are projected to increase 2.5% in 2015. Maintenance of Way and Maintenance of Equipment costs are projected to increase by 7.4% and 6.4%, respectively, in 2015, reflecting the increasing costs related to maintaining aging equipment. Administration costs are projected to increase by 9.5% in 2015, due to additional fees related to the rollout of the Mobile Ticketing program and a reclassification of Risk Management staff into Administration. In prior years, this staff was included in Claims & Insurance. Claims and Insurance is expected to decline a corresponding 6.5% compared to the 2014 estimate. Motive electricity, comprising roughly 1% of Metra's total budget, is projected to increase 5.0% in 2015, resulting from higher supply prices and higher usage by the new, more powerful Metra Electric fleet cars. For the first time, Metra operating expenses in 2015 include principal and interest payments on \$100 million of financing proceeds; payments are estimated at \$8.4 million for 2015, \$8.2 million in 2016, and \$16.5 million in 2017, when a second \$100 million will be financed.



Fuel for 2015 is budgeted at \$3.10 per gallon, representing a 4 cent reduction from the 2014 estimate. For 2016 and 2017, Metra's projected annual average price for diesel fuel is \$3.20 and \$3.30 per gallon, respectively.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 2.6% per year as cost increases occur without corresponding increases in service. Cost effectiveness is shown below as cost per passenger trip, which is projected to increase by 3.7% per year as ridership is expected to decline in 2015, then remain essentially flat in 2016 and 2017 as operating expenses steadily increase.



## Net Result and Recovery Ratio

As shown in Table 9, Metra's operating budget is balanced in 2015, with a \$10 million net result that Metra has dedicated for capital purposes. In 2016 and 2017, Metra anticipates additional passenger revenues that will produce positive net results of \$10 million in each year, again to be transferred for capital purposes. Metra's 2015 through 2017 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exceed the RTA Board-adopted ratio of 52%.

**Table 9: Metra 2015 Budget and 2016-2017 Financial Plan** (dollars in thousands)

	2013	2014	2015	2016	2017
<b>Operating Revenues</b>	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
Passenger Revenue	309,448	313,700	337,300	359,200	388,800
State Reduced Fare Reimbursement <sup>1</sup>	2,173	3,138	3,138	3,138	3,138
Capital Credits, Leases, etc. <sup>2</sup>	52,370	34,700	35,500	36,200	36,900
<b>Total Operating Revenues</b>	<b>363,991</b>	<b>351,538</b>	<b>375,938</b>	<b>398,538</b>	<b>428,838</b>
<b>Public Funding</b>					
Sales Tax I	262,543	269,234	280,203	290,010	298,710
Sales Tax II and PTF II	95,612	95,518	96,757	97,572	97,427
Non-Statutory Funding - PTF I	-	-	-	-	-
Non-Statutory Funding - ST I	-	-	731	3,837	5,033
RTA Fund Balance Funding	-	-	6,000	-	-
Innovation, Coordination, and Enhancement Funding <sup>3</sup>	-	-	13,330	4,697	4,838
Reduced Fare Reimbursement Replacement	-	146	-	-	-
Homeland Security Grant	1,200	3,000	2,000	2,000	1,000
<b>Total Public Funding</b>	<b>359,355</b>	<b>367,899</b>	<b>399,021</b>	<b>398,115</b>	<b>407,008</b>
<b>Total Revenues</b>	<b>723,346</b>	<b>719,437</b>	<b>774,959</b>	<b>796,653</b>	<b>835,846</b>
<b>Expenses</b>					
Transportation	223,980	232,400	240,000	249,000	259,000
Maintenance of Way <sup>2</sup>	127,496	121,000	130,000	136,000	142,000
Maintenance of Equipment <sup>2</sup>	150,488	152,200	162,000	169,000	176,000
Claims & Insurance	18,077	16,900	15,800	16,300	16,800
Administration	86,677	84,000	92,000	95,000	98,500
Down town Stations	13,966	14,500	16,000	16,500	17,000
Diesel Fuel	78,098	78,500	80,500	83,100	85,900
Electricity	5,588	8,000	8,400	8,800	9,300
Debt Service	-	-	8,400	8,200	16,500
<b>Total Expenses</b>	<b>704,370</b>	<b>707,500</b>	<b>753,100</b>	<b>781,900</b>	<b>821,000</b>
ICE funding not used for operations - transfer to capital <sup>4</sup>	-	-	(11,821)	(4,697)	(4,838)
<b>Net Result</b>	<b>18,976</b>	<b>11,937</b>	<b>10,038</b>	<b>10,056</b>	<b>10,009</b>
<b>Recovery Ratio</b>	<b>54.8%</b>	<b>52.9%</b>	<b>53.6%</b>	<b>54.6%</b>	<b>56.4%</b>

<sup>1</sup> Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY 15-18 budgets.

<sup>2</sup> The 2014 estimate for Capital Credits, Leases, etc. has been amended to reflect an accounting change for Crossing Project work on behalf of the State that is not considered a Metra asset. An equal offset has been applied to Maintenance of Way and Maintenance of Equipment lines. Accordingly, the 2015 budget and 2016 and 2017 plan years reflect the accounting change.

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

<sup>4</sup> As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.



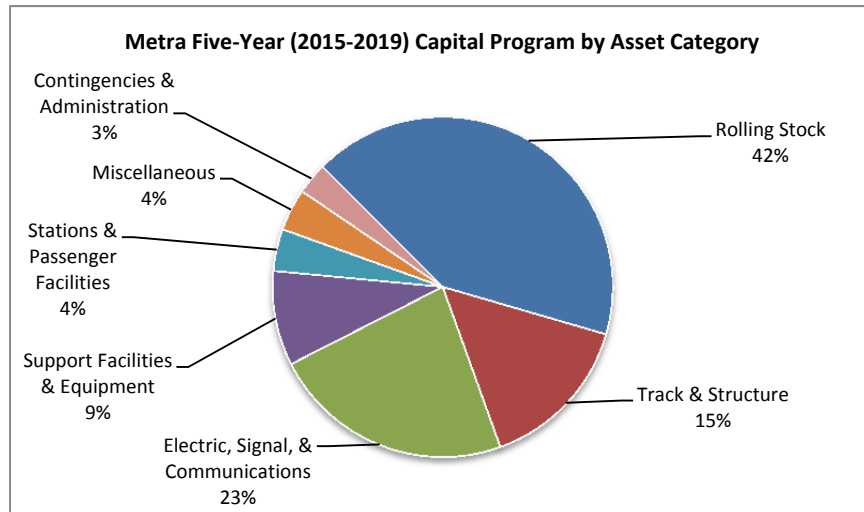
## Capital Overview

Metra's portion of the proposed 2015-2019 Capital Program totals \$1.245 billion. During this five-year period, Metra will continue to rehabilitate and replace aging rolling stock and to renew its extensive commuter rail infrastructure including system bridges and yards. Positive Train Control remains a critical programmed initiative. Investments in rolling stock account for 42% of the program and electric, signal, and communications projects account for 23%. The general categories of capital improvements comprising Metra's portion of the Capital Program are illustrated below.

### Highlights of projects included in Metra's proposed 2015-2019 Capital Program are:

- \$223.0 million for the installation of Positive Train Control (PTC) system
- \$191.3 million for locomotive improvements
- \$162.6 million for the rehabilitation of rail cars
- \$149.3 million for the purchase of rail cars
- \$103.3 million for bridge rehabilitation and renewal
- \$46.7 million to improve stations and parking
- \$45.2 million to improve yards and shops
- \$43.7 million to upgrade signal systems

### Metra Five-Year (2015-2019) Capital Program by Asset Category: \$1.245 billion



## Metra Five-Year Capital Program (dollars in thousands)

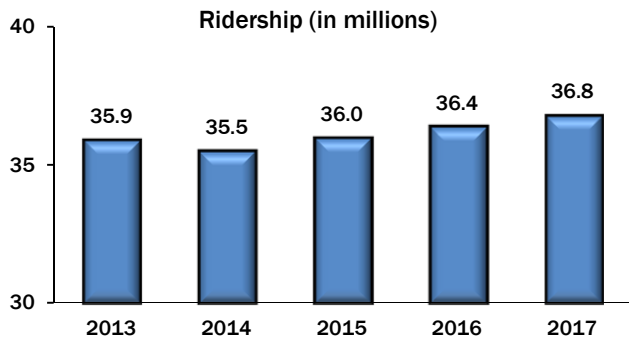
Project & Title	2015	2016	2017	2018	2019	TOTAL
<b>Rolling Stock - Rail</b>						
Provide for Locomotive Improvements – MET	48,845	42,500	55,100	20,300	24,539	191,284
Rehabilitate Commuter Cars – MED, MET	37,700	23,233	65,700	18,000	18,000	162,633
Overhaul Fleet Components – MET	5,500	4,500	3,000	2,500	4,000	19,500
Purchase New Gallery Cars – MET	0	0	29,300	10,000	110,000	149,300
<b>Subtotal Rolling Stock</b>	<b>92,045</b>	<b>70,233</b>	<b>153,100</b>	<b>50,800</b>	<b>156,539</b>	<b>522,717</b>
<b>Track &amp; Structure - Rail</b>						
Provide for Ties, Ballast & Surfacing – MED, MWD, RID, UPR	6,800	4,250	5,620	5,250	7,000	28,920
Upgrade Crossings (Road and Track) – MWD, UPR, MET	2,700	3,325	4,500	1,825	3,825	16,175
Provide for Rail Renewal – BNSF, NCS, UPR, MET	7,635	3,050	3,540	3,035	3,235	20,495
Rehabilitate or Replace Bridges – BNSF, MWD, UPR	17,349	16,700	21,400	21,900	25,917	103,266
Provide for Structural Improvements – BNSF, MED, MWD, RID, UPR, MET	2,400	3,250	3,300	3,750	4,100	16,800
<b>Subtotal Track &amp; Structure</b>	<b>36,884</b>	<b>30,575</b>	<b>38,360</b>	<b>35,760</b>	<b>44,077</b>	<b>185,656</b>
<b>Electrical, Signal, &amp; Communications - Rail</b>						
Upgrade Signal System – MED, RID, UPR, MET	3,500	5,000	7,730	9,700	17,750	43,680
Upgrade Interlockers and Crossovers – MWD, UPR, MET	1,000	0	0	0	0	1,000
Improve Electrical Equipment and Systems – MED	1,400	2,700	3,550	3,850	6,650	18,150
Provide for Communication Equipment – MET	0	0	1,000	0	0	1,000
Passenger Information – MET (ICE)	2,726	0	0	0	0	2,726
Install Positive Train Control (PTC) System – MET	123,000	40,000	30,000	30,000	0	223,000
<b>Subtotal Electrical, Signal &amp; Communications</b>	<b>131,626</b>	<b>47,700</b>	<b>42,280</b>	<b>43,550</b>	<b>24,400</b>	<b>289,556</b>
<b>Support Facilities &amp; Equipment - Rail</b>						
Improve Yards, Shops and Facilities – BNSF, MED, MWD, RID, UPR, MET	20,000	4,100	4,500	7,500	9,103	45,203
Upgrade Buildings – MED, UPR, MET	850	600	577	500	500	3,027
Purchase Equipment and Vehicles – MET	6,400	6,042	4,800	5,827	5,827	28,896
Hybrid Fuel Vehicles – MET (ICE)	1,000	0	0	0	0	1,000
Automated Field IT System – MET (ICE)	3,500	0	0	0	0	3,500
Replace Financial System – MET	12,800	1,000	10,000	2,500	7,000	33,300
<b>Subtotal Support Facilities &amp; Equipment - Rail</b>	<b>44,550</b>	<b>11,742</b>	<b>19,877</b>	<b>16,327</b>	<b>22,430</b>	<b>114,926</b>
<b>Stations &amp; Passenger Facilities - Rail</b>						
Improve Stations and Parking – BNSF, MED, RID, UPR, MET	5,900	5,501	10,750	11,500	13,000	46,651
<b>Subtotal Stations &amp; Passenger Facilities - Rail</b>	<b>5,900</b>	<b>5,501</b>	<b>10,750</b>	<b>11,500</b>	<b>13,000</b>	<b>46,651</b>
<b>Miscellaneous - Rail</b>						
Provide for Unanticipated Capital – MET	1,000	2,153	2,500	2,500	2,000	10,153
Electronic Crew Calling – MET (ICE)	1,750	0	0	0	0	1,750
Mobile Ticketing – MET (ICE)	2,845	4,697	4,838	0	0	12,380
Provide for Winterization Upgrades – MET	1,000	0	0	0	0	1,000
Provide for Capital Program Support Management and Engineering -- MET	3,000	3,000	3,000	8,000	10,000	27,000
<b>Subtotal Miscellaneous</b>	<b>9,595</b>	<b>9,850</b>	<b>10,338</b>	<b>10,500</b>	<b>12,000</b>	<b>52,283</b>
<b>Acquisitions &amp; Extensions - Rail</b>						
Protective Land Acquisition – MET	3,500	0	0	0	0	3,500
<b>Subtotal Acquisitions &amp; Extensions</b>	<b>3,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,500</b>
<b>Contingencies &amp; Administration - Rail</b>						
Provide for Contingencies – MET	1,800	1,647	1,000	2,365	2,838	9,650
Provide for Locally Funded Projects/Match - MET	765	2,000	3,580	4,283	4,783	15,411
Provide for Project Administration – MET	800	800	800	1,000	1,000	4,400
<b>Subtotal Contingencies &amp; Administration</b>	<b>3,365</b>	<b>4,447</b>	<b>5,380</b>	<b>7,648</b>	<b>8,621</b>	<b>29,461</b>
<b>Rail Total</b>	<b>327,465</b>	<b>180,048</b>	<b>280,085</b>	<b>176,085</b>	<b>281,067</b>	<b>1,244,750</b>
<b>Metra Total</b>	<b>327,465</b>	<b>180,048</b>	<b>280,085</b>	<b>176,085</b>	<b>281,067</b>	<b>1,244,750</b>

# Pace Suburban Service

## Operating Overview

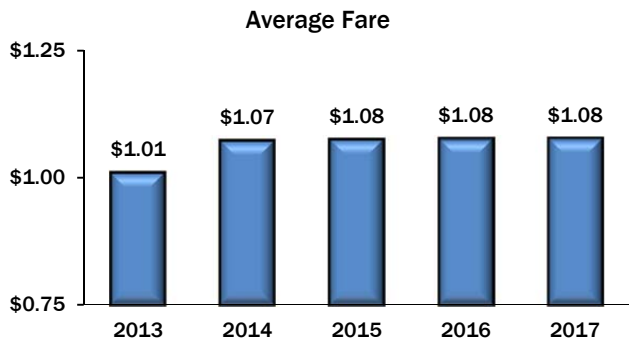
### Ridership

Combined ridership for Pace’s three Suburban Service modes is projected to grow by 1.4% in 2015 to 36.0 million, with fixed-route, Dial-a-Ride, and vanpool growing by 1.2%, 2.2%, and 2.7%, respectively. Pace is forecasting subsequent ridership increases of 1.5% in both 2016 and 2017. This growth follows an estimated ridership decline of 1.1% in 2014, due in part to the extremely cold and snowy first quarter.



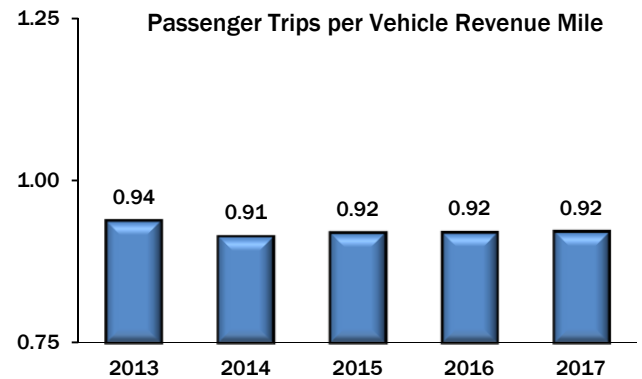
### Fares

Pace has not proposed any fare increases for 2015. The last fare increase for Suburban Service was in 2009. Pace realized an increase in average fare for 2014 as an intergovernmental agreement with CTA took effect, providing Pace with a more equitable revenue share for CTA-sold passes used on Pace.



### Service Levels

Pace projects a modest increase in service levels for 2015, driven by the full-year impact of 2014 additions such as the expansion of I-55 Bus-on-Shoulder service and two new Call-n-Ride operations in Tinley Park and Batavia. Vehicle revenue miles are projected to increase by 0.8% in 2015. Service effectiveness, as measured by passenger trips per vehicle revenue mile, is flat in 2015-2017, after this ratio decreased with the ridership loss of 2014. This indicates that service is being added at a measured and appropriate rate.



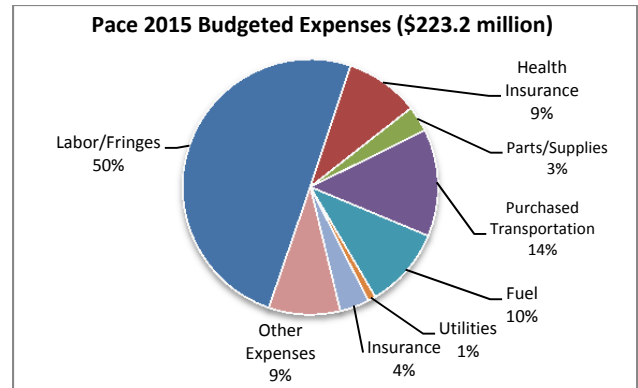
### Operating Revenue

Pace projects that 2015 total operating revenues will increase by 2.4% to \$61.1 million, followed by increases of 1.3% and 3.3% in 2016 and 2017, respectively. Fare revenue is estimated to increase by 1.6% in 2015, consistent with projected ridership growth. The State reduced fare reimbursement is assumed to be provided in 2015 at \$2.6 million, although the adopted SFY 2015 budget contains only half this amount. Other revenue is projected to increase by 4.3%, driven by increased local government contributions to specific Pace services.

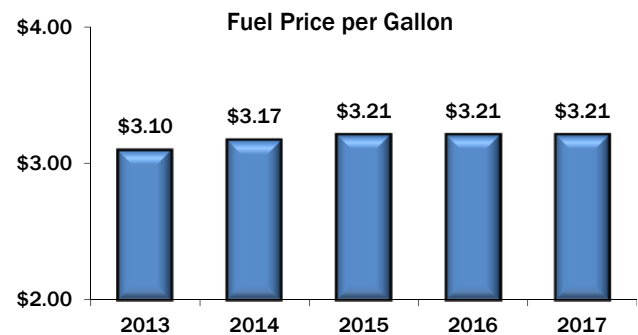
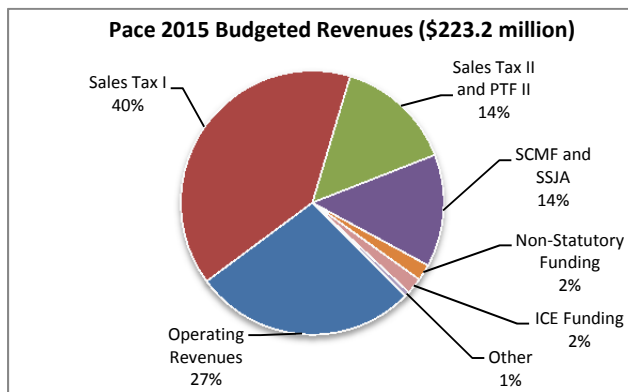
### Public Funding

Pace’s total public funding will grow by 3.9% over the 2014 estimate to \$162.1 million in 2015. Pace’s

public funding assumptions meet the RTA Board adopted marks for sales tax, Public Transportation Funds, Suburban Community Mobility Funds, South Suburban Job Access Funds, RTA non-statutory funding, and ICE funding. Pace is proposing to use ICE funds for off-peak and weekend service additions in 2015 on 14 routes, and to offset \$1.9 million of Ventra annual operating expenses, as shown in Table 1 of the RTA Region section. In addition to RTA funding, Pace is expecting \$1.1 million of federal CMAQ/JARC/New Freedom funding in 2015. Pace is also proposing to use \$250 thousand of Federal 5307 Capital Cost of Contracting funds as operating funding, much less than anticipated for 2015 in the prior multi-year plan.



Pace's fuel expenses are projected to grow by 4.6% in 2015, as consumption increases due to service additions and Pace's fuel price assumption rises from \$3.17 per gallon in 2014 to \$3.21 per gallon in 2015.

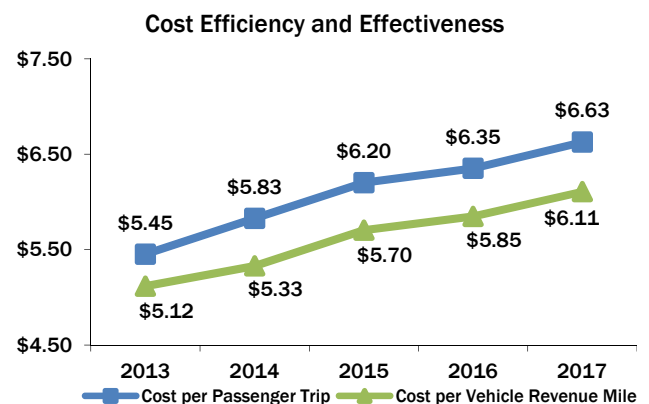


## Expenses

Pace projects that 2015 total expenditures will increase from the 2014 estimate by 7.8% to \$223.2 million, followed by increases of 3.6% and 5.5% in 2016 and 2017, respectively.

The significant 2015 expense growth is being driven by the full-year impact of 2014 service expansions, labor and fringe benefit increases, debt service, the first full year of Ventra operating fees, and a reduced expense credit for regional ADA support. The service expansions, combined with a wage hike, will increase labor and fringe benefits, Pace's largest expense category, by 4.2%. Operating costs for the Ventra fare system comprise \$2.5 million of the 2015 budget. In addition, Pace will be issuing debt for the first time in 2015, with \$1.5 million of debt service on \$12 million of new bonds for the South Garage compressed natural gas (CNG) conversion also contributing to operating expense growth.

Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 4.5% per year as cost increases occur without corresponding increases in service. Cost effectiveness is shown below as cost per passenger trip, which is projected to increase by 5.0% per year as ridership grows more slowly than operating expenses.



**Table 10: Pace Suburban Service 2015 Budget and 2016-2017 Financial Plan** (dollars in thousands)

	2013	2014	2015	2016	2017
	Actual	Estimate	Budget	Plan	Plan
<b>Operating Revenues</b>					
Passenger Revenue	36,290	38,093	38,701	39,176	39,658
State Reduced Fare Reimbursement <sup>1</sup>	1,978	2,610	2,610	2,610	2,610
Other Revenue	18,952	18,949	19,755	20,070	21,600
<b>Total Operating Revenues</b>	<b>57,220</b>	<b>59,652</b>	<b>61,066</b>	<b>61,856</b>	<b>63,868</b>
<b>Public Funding</b>					
Sales Tax I	83,215	85,388	88,813	91,921	94,679
Sales Tax II and PTF II	31,871	31,839	32,252	32,524	32,476
Suburban Community Mobility Fund	21,805	22,376	23,271	24,086	24,808
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
Non-Statutory Funding - PTF I	3,694	3,838	4,227	4,375	4,506
Non-Statutory Funding - ST I	-	-	244	1,279	1,678
Innovation, Coordination, and Enhancement Funding <sup>2</sup>	-	-	4,443	1,566	1,613
Reduced Fare Reimbursement Replacement	-	121	-	-	-
Capital Cost of Contracting	2,778	2,851	250	4,860	6,000
CMAQ / JARC / New Freedom	2,822	2,131	1,143	1,191	6,739
<b>Total Public Funding</b>	<b>153,685</b>	<b>156,044</b>	<b>162,143</b>	<b>169,302</b>	<b>179,999</b>
<b>Total Revenues</b>	<b>210,905</b>	<b>215,696</b>	<b>223,209</b>	<b>231,158</b>	<b>243,867</b>
<b>Expenses</b>					
Labor/Fringes	102,048	106,730	111,255	115,316	119,565
Health Insurance	18,468	19,964	20,773	22,414	24,163
Parts/Supplies	5,617	7,015	7,304	7,749	8,244
Purchased Transportation	27,545	28,512	30,265	31,543	32,937
Fuel	20,925	21,836	22,849	22,141	22,216
Utilities	1,788	2,440	2,214	2,329	2,455
Insurance	7,059	7,881	8,341	8,859	9,435
Other Expenses	12,382	12,585	20,208	20,807	24,852
<b>Total Expenses</b>	<b>195,832</b>	<b>206,963</b>	<b>223,209</b>	<b>231,158</b>	<b>243,867</b>
ICE funding not used for operations - transfer to capital <sup>3</sup>	-	-	-	-	-
<b>Net Result</b>	<b>15,073</b>	<b>8,733</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recovery Ratio</b>	<b>30.0%</b>	<b>30.0%</b>	<b>30.0%</b>	<b>30.0%</b>	<b>30.0%</b>

<sup>1</sup> Amounts for 2015-2017 contingent upon restoration of reduced fare reimbursement funding to \$34.070 million in State FY15-18 budgets.

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

<sup>3</sup> As authorized by RTA Ordinance 2014-54, ICE amounts not required for operating funding may be redesignated for capital projects.

### Net Result and Recovery Ratio

As shown in Table 10, Pace's operating budget is balanced in 2015, 2016, and 2017, with revenues equal to expenditures, producing a net result of zero in each year. Pace's 2015 through 2017 recovery ratios,

calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, exactly meet the RTA Board adopted requirement of 30%.

## Capital Overview

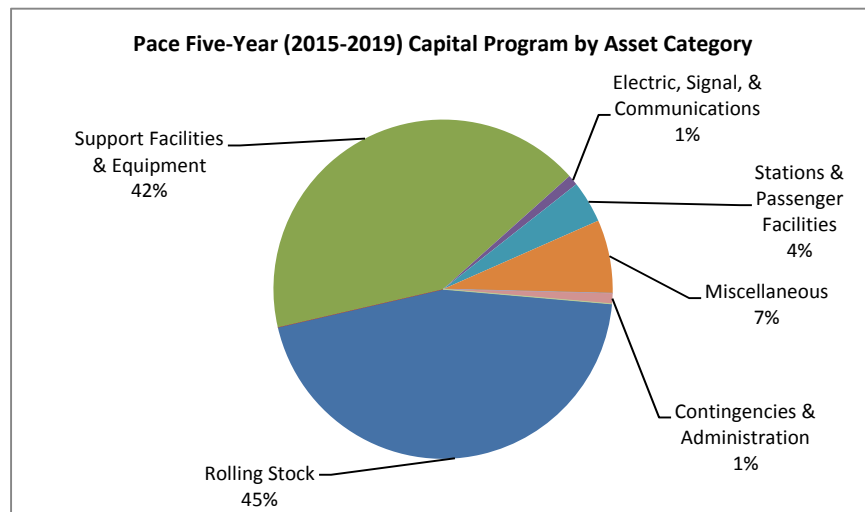
Pace's portion of the proposed 2015-2019 Capital Program totals \$339.2 million. Pace's program funds the renewal and replacement of aging support facilities across the region as well as a portion of its bus fleet and vanpool vehicles. The replacement of aging rolling stock accounts for 45% of the program, with another 42% allocated for investment in support facilities and equipment, as illustrated below.

### Highlights of projects included in Pace's proposed 2015-2019 Capital Program are:

- \$90.0 million for the purchase of buses
- \$60.0 million to construct the Northwest Garage
- \$36.1 million for the purchase of vanpool vans
- \$25.0 million to construct DuPage County paratransit garage
- \$16.5 million for the improvement of facilities system-wide
- \$13.7 million for the purchase of paratransit vehicles

### Pace Five-Year (2015-2019) Capital Program by Asset Category: \$339.2 million

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Pace Five-Year Capital Program (dollars in thousands)

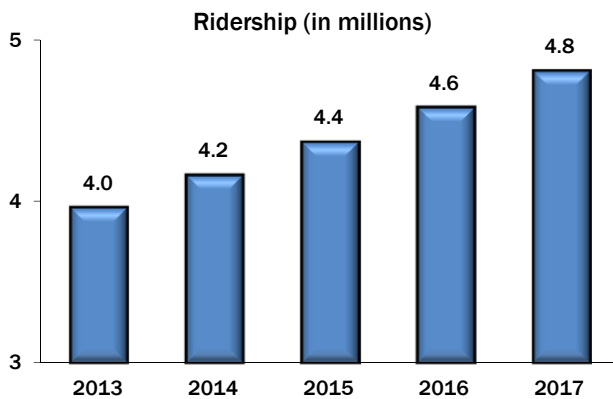
Project & Title	2015	2016	2017	2018	2019	TOTAL
<b>Rolling Stock - Bus</b>						
Purchase 40' Fixed Route Accessible Buses – Systemwide	32,750	12,150	12,000	15,840	17,280	90,020
Purchase Replacement Paratransit Vehicles – Systemwide	0	3,445	3,250	3,360	3,640	13,695
Purchase Community Vehicles – Systemwide	0	500	1,020	1,020	1,020	3,560
Purchase Replacement and Expansion Vanpool Vans – Systemwide	8,550	5,985	6,975	6,975	7,650	36,135
Provide for Diesel Engine Retrofit – Systemwide	0	1,613	2,000	2,600	1,000	7,213
Provide for Associated Capital Items – Systemwide	0	250	250	250	250	1,000
<b>Subtotal Rolling Stock</b>	<b>41,300</b>	<b>23,943</b>	<b>25,495</b>	<b>30,045</b>	<b>30,840</b>	<b>151,623</b>
<b>Electrical, Signal, &amp; Communications - Bus</b>						
Purchase/Install Intelligent Bus System (IBS) and Mobile Data Terminals (MDT) – Systemwide	0	0	2,000	2,000	1,000	5,000
<b>Subtotal Electrical, Signal, &amp; Communications</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>2,000</b>	<b>1,000</b>	<b>5,000</b>
<b>Support Facilities &amp; Equipment - Bus</b>						
Construct Bus Garage – Northwest Cook County	6,000	3,000	51,000	0	0	60,000
Construct Paratransit Garage – DuPage County	0	0	6,000	2,000	17,000	25,000
Expand Garage – North Shore	0	0	0	3,000	1,350	4,350
Improve Security at Pace Facilities – Systemwide	3,300	0	0	0	0	3,300
Improve Facilities – Systemwide	3,050	4,090	2,250	3,250	3,850	16,490
Provide for Transit Infrastructure – I-90 Corridor	1,160	0	0	0	0	1,160
Arterial Rapid Transit (ART) Infrastructure – Milwaukee Avenue	10,400	0	0	0	0	10,400
Purchase Replacement Farebox System – Systemwide	0	5,000	3,000	0	0	8,000
Purchase Computer Hardware and Software Systems – Systemwide	1,000	2,000	2,000	2,000	2,000	9,000
Purchase Maintenance/Support Equipment and Vehicles – Systemwide	250	750	500	500	600	2,600
Purchase Office Equipment – Systemwide	0	250	250	500	250	1,250
<b>Subtotal Support Facilities &amp; Equipment</b>	<b>25,160</b>	<b>15,090</b>	<b>65,000</b>	<b>11,250</b>	<b>25,050</b>	<b>141,550</b>
<b>Stations &amp; Passenger Facilities - Bus</b>						
Passenger Facilities Mid-Life Renovation – Systemwide	0	1,250	1,250	1,250	1,250	5,000
Burr Ridge Park-n-Ride Expansion	1,165	0	0	0	0	1,165
Posted Stops Only Conversion – Systemwide	0	1,700	1,700	0	0	3,400
Install Shelters/Signs/Passenger Amenities – Systemwide	0	1,600	500	500	700	3,300
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>1,165</b>	<b>4,550</b>	<b>3,450</b>	<b>1,750</b>	<b>1,950</b>	<b>12,865</b>
<b>Miscellaneous - Bus</b>						
Provide for Unanticipated Capital – Systemwide	250	500	500	500	500	2,250
Provide for Capital Cost of Contracting – Systemwide	250	4,860	6,000	6,000	6,000	23,110
<b>Subtotal Miscellaneous</b>	<b>500</b>	<b>5,360</b>	<b>6,500</b>	<b>6,500</b>	<b>6,500</b>	<b>25,360</b>
<b>Contingencies &amp; Administration - Bus</b>						
Provide for Project Administration – Systemwide	535	690	471	509	561	2,766
<b>Subtotal Contingencies &amp; Administration</b>	<b>535</b>	<b>690</b>	<b>471</b>	<b>509</b>	<b>561</b>	<b>2,766</b>
<b>Bus Total</b>	<b>68,660</b>	<b>49,633</b>	<b>102,916</b>	<b>52,054</b>	<b>65,901</b>	<b>339,164</b>
<b>Pace Total</b>	<b>68,660</b>	<b>49,633</b>	<b>102,916</b>	<b>52,054</b>	<b>65,901</b>	<b>339,164</b>

# Pace Regional ADA Paratransit

## Operating Overview

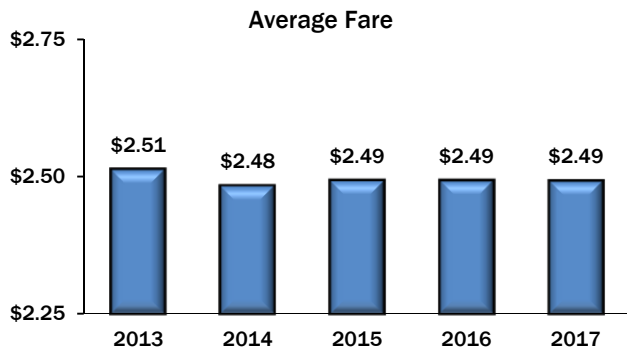
### Ridership

Pace's budget projects that ADA Paratransit ridership will increase by 4.9% to 4.4 million in 2015, slightly lower growth than the 2014 estimate of 5.1%. Demand is expected to continue to grow at 4.9% annually in the planning years of 2016 and 2017.



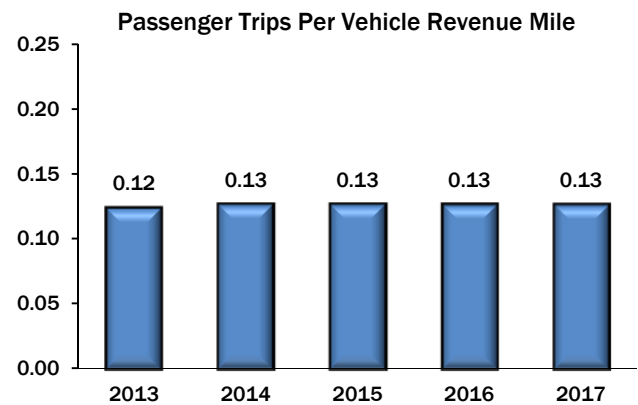
### Fares

Pace has not proposed any ADA Paratransit fare increases in 2015. The most recent fare increase became effective November 15, 2009, when Pace equalized ADA Paratransit fares at \$3.00 region-wide. Because personal care attendants of ADA Paratransit riders are included in ridership totals but do not pay a separate fare, the average fare across all ADA Paratransit riders is about \$2.50.



### Service Levels

ADA Paratransit service levels will increase to respond to customer demand. Pace projects that ADA Paratransit vehicle revenue miles will increase by 5.0% in 2015, 2016, and 2017, in line with projected ridership growth. As a result, service effectiveness, as measured by passenger trips per vehicle revenue mile, trends flat over time since service is being added at the same rate as ridership. Pace's continuing efforts to consolidate rides could drive this metric higher in future years.



### Operating Revenue

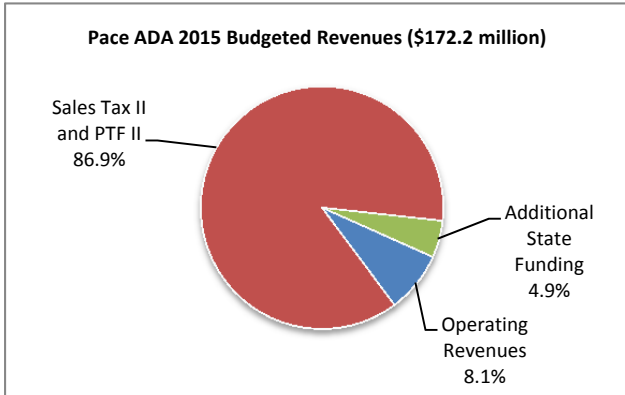
Pace projects that 2015 ADA Paratransit operating revenues will decrease by 11.1% to \$14.0 million as Medicaid reimbursements return to more typical levels after an unusually favorable year for this revenue source in 2014. Operating revenues are then expected to increase by 4.4% in both 2016 and 2017. Passenger fare revenue is estimated to increase by 5.3% in 2015 and 4.9% in both 2016 and 2017, consistent with projected ridership growth.

### Public Funding

In the 2015 budget, Pace projects an ADA Paratransit funding need of \$158.2 million, satisfied by Sales Tax II and PTF II funds of \$149.7 million and additional state

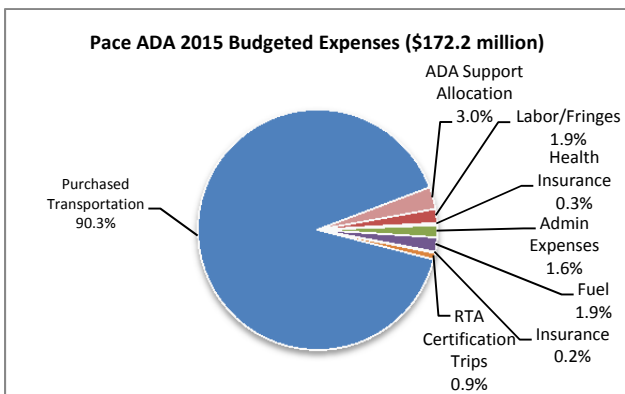


funding of \$8.5 million. The RTA Act was amended in 2011 to ensure that ADA Paratransit operations are fully funded each year. Pace's two-year financial plan indicates that adopted RTA funding levels should also be sufficient in 2016 and 2017, provided that ridership growth remains around 5% and state funding for ADA Paratransit continues at \$8.5 million per year.

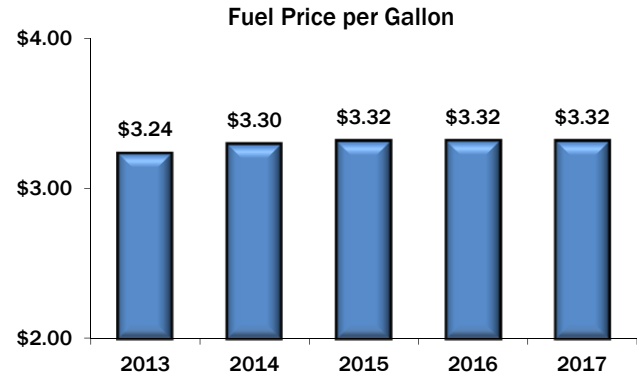


### Expenses

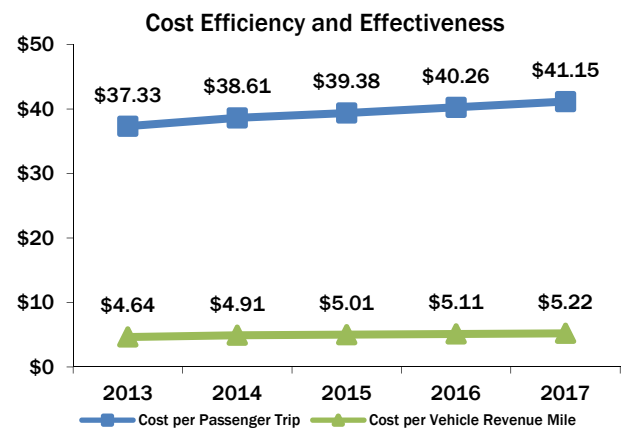
Pace projects that 2015 operating expenditures for ADA Paratransit will increase by 7.0% to \$172.2 million, followed by increases of 7.2% and 7.3% in 2016 and 2017, respectively. Purchased transportation, which accounts for 90% of total ADA Paratransit expenses, is projected to increase by 7.9% in 2015 due to the combined effect of ridership growth and higher contractor rates. Labor/fringe expenses are projected to increase by 14.4% in 2015 to \$3.2 million as Pace expects to add 11 positions to its ADA Paratransit administrative staff. The regional ADA support allocation, which accounts for work done by other Pace departments in support of ADA Paratransit, is projected to decrease by 12.4% to \$5.1 million.



Pace purchases fuel only for the contractors that provide ADA Paratransit service using Pace-owned vehicles in the suburban service area. These fuel expenses are projected to grow by 6.0% to \$3.3 million in 2015 due to growth in service and an increase in the assumed fuel price to \$3.32 per gallon.



Cost efficiency is shown below by the measure cost per vehicle revenue mile, which is projected to increase by an average of 3.0% per year as contractor price increases occur on top of growth in service to meet demand. Cost effectiveness is shown below as cost per passenger trip, which is projected to increase by 2.5% per year as operating expenses grow faster than ridership.



### Net Result and Recovery Ratio

As shown in Table 11, the regional ADA Paratransit operating budget is balanced in 2015, 2016, and 2017, with revenues equal to expenditures, producing a net result of zero in each year.

Pace's 2015 through 2017 recovery ratios, calculated by dividing total operating revenue by total operating expenditures, with approved adjustments, meet the statutorily required level of 10%. Pace's capital cost of

contracting expense exclusion of \$32.1 million in 2015 recognizes that a portion of Pace's purchased transportation expense represents payment to ADA Paratransit contractors for their capital investments.

**Table 11: Pace Regional ADA Paratransit 2015 Budget and 2016-2017 Financial Plan** (dollars in thousands)

	2013	2014	2015	2016	2017
<b>Operating Revenues</b>	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
Passenger Revenue	9,978	10,357	10,908	11,443	12,004
Other Revenue <sup>1</sup>	3,656	5,410	3,105	3,186	3,271
<b>Total Operating Revenues</b>	<b>13,634</b>	<b>15,767</b>	<b>14,013</b>	<b>14,629</b>	<b>15,275</b>
<b>Public Funding</b>					
Sales Tax II and PTF II	125,995	138,666	149,703	161,569	174,324
Additional State Funding	8,500	8,500	8,500	8,500	8,500
<b>Total Public Funding</b>	<b>134,495</b>	<b>147,166</b>	<b>158,203</b>	<b>170,069</b>	<b>182,824</b>
<b>Total Revenues</b>	<b>148,129</b>	<b>162,933</b>	<b>172,216</b>	<b>184,698</b>	<b>198,099</b>
<b>Expenses</b>					
Labor/Fringes	3,007	2,822	3,227	3,576	3,697
Health Insurance	485	488	517	558	601
Admin Expenses	2,476	2,962	2,803	2,859	2,921
Fuel	2,863	3,108	3,293	3,458	3,631
Insurance	246	308	313	333	355
RTA Certification Trips	1,394	1,426	1,486	1,560	1,638
Purchased Transportation	132,542	144,040	155,470	167,064	179,770
Regional ADA Support Allocation <sup>2</sup>	5,116	5,830	5,107	5,289	5,487
<b>Total Expenses</b>	<b>148,129</b>	<b>160,984</b>	<b>172,216</b>	<b>184,698</b>	<b>198,099</b>
<b>Net Result</b>	-	<b>1,949</b>	-	-	-
<b>Recovery Ratio</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>

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

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

# RTA Agency

## Operating Overview

### Overview

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

The RTA's primary source of operating funding is a regional sales tax which is matched by the State of Illinois via the Public Transportation Fund (PTF). More than 85% of the RTA sales tax collections pass directly through the RTA to the CTA, Metra and Pace according to pre-determined, statutory formulas. The remainder of the sales tax is distributed at the direction of the RTA Board. A portion of this funding covers the RTA agency administrative costs, regional services and programs, and regional debt service expense. Public funding for the RTA agency reflects a 4.0% increase in 2015, consistent with the projected increase in total sales tax receipts.

The 2015 operating budget was developed in two parts in order to continue the RTA's support of regional programs and services. First is the *RTA Agency Administration Budget*, which includes the core agency expenses for staff, facilities, information technology, office services, and professional services to support the funding, planning, and oversight mission of the RTA.

Second is the *RTA Regional Programs Budget*, which includes Regional Services provided directly to the public by the RTA such as ADA Certification, Mobility Management Services, Travel Information Center, Customer Service Center, and Reduced Fare and Transit Benefit Programs. Finally, the Regional Programs Budget includes all of the RTA's grant funded projects, RTA funded regional studies and initiatives, and regional capital programs.

### RTA Agency Administration Budget

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In 2015, total Agency Administration operating expenses of \$18.7 million are \$2.4 million or 14.5% higher than the 2014 estimate due mostly to higher

budgeted sales tax litigation fees, and higher marketing and IT related expenses. In 2014 the Agency continued pursuing litigation against businesses that have improperly diverted sales tax revenue out of the six-county region. These increasing legal fees in 2014 will be mostly funded from our professional services reserve that was set aside for this purpose in 2013. Overall, the 2015 Administration expenses reflect only a 2.1% increase over the 2014 budget and are expected to grow by 3.5% and 3.0% in 2016 and 2017, respectively.

The Administration Budget of \$18.7 million accounts for 44% of RTA Agency expenses, and is 13% below the 2015 administrative cap of \$21.6 million set by the RTA Act.

### RTA Regional Programs Budget

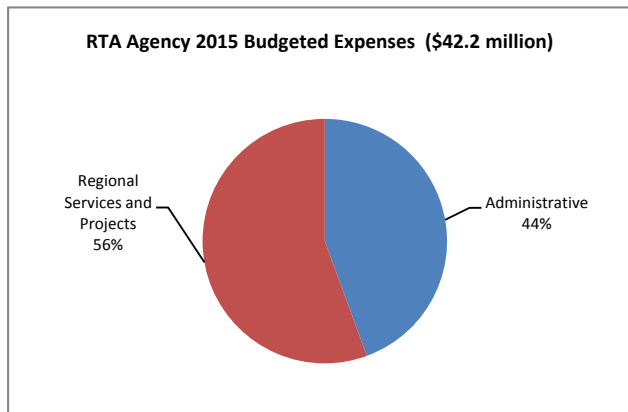
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Total Regional Programs revenue, a combination of the Regional Services Operating Revenue of \$0.6 million and total federal grants for Regional Projects of \$6.2 million, is projected to be \$6.8 million in 2015. This amount is \$2.0 million or 22% lower than the 2014 estimate. In 2014, New Freedom and Job Access Reverse Commute (JARC) funding programs transitioned to Section 5310 of the federal MAP 21 (Moving Ahead for Progress in the 21<sup>st</sup> Century) program. As part of this program, IDOT will also receive additional funds from Section 5310 for paratransit vehicle purchases. In 2015, the region will receive a stable source of Section 5310 funds to improve mobility for seniors and individuals with disabilities. However, as a result of the transition in federal programs and the inclusion of IDOT for some of these funds, the 2015 level of RTA federal funds will be lower than in 2013 and 2014. Estimated Regional Programs revenues in 2016 and 2017 reflect 3.5% and 3.0% annual growth, respectively.

Total Regional Programs expenses, the sum of the Regional Services Operating Expense and the Grant and RTA Funded Project Expenses, of \$23.5 million comprise the remaining 56% of the total RTA Agency

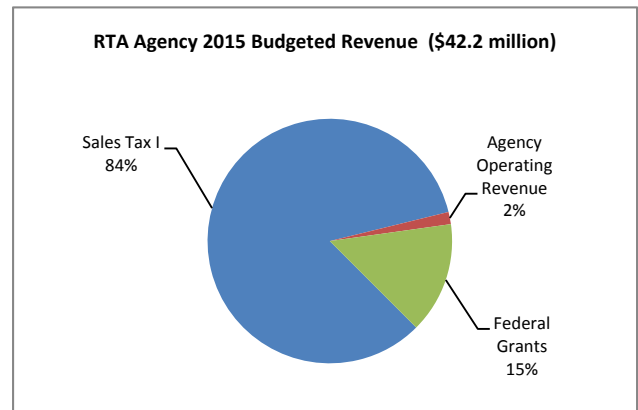
budget expenses. This amount is \$1.1 million or 4.5% lower than the 2014 estimate due to the transition of JARC/New Freedom grant programs to Section 5310. Within the Regional Programs budget, Regional Services (customer-focused operations) expenses will grow by 6.0% in 2015. This expense growth is necessary to handle increases in ADA certification applications and the increased demand for mobility management services in the region.

The overall RTA Agency operating expense of \$42.2 million is projected to be 3.1% higher than the 2014 estimate, due primarily to the 6% increase in regional services expense. Total 2016 expenses are estimated to decrease by 8.4% from a \$5.0 million reduction in the regional services budget. This savings is to be jointly identified by the RTA and Service Boards from opportunities for efficiencies from shared services. In 2017 expenses are projected to increase by 3.4%, consistent with the revenue forecast.



## Public Funding

As shown in Table 12, the combination of operating revenue of \$0.7 million, grants of \$6.2 million, and regional public funding of \$35.3 million comprise total Agency revenue and together balance the overall RTA Agency Operating Budget expenses of \$42.2 million. In 2015, the total budgeted public funding from regional sales tax is \$35.3 million, 4.0% higher than in 2014. Regional public funding in 2015 represents 84% of total Agency funding.



## Regional Capital Programs

There are no new RTA projects in the Regional Capital Programs in 2015. Work continues on projects funded in prior years such as the Regional Transit Signal Priority, Interagency Signage Expansion, Regional Integration of Real Time Information, and Downtown Connections programs.

**Table 12: RTA Agency 2015 Budget and 2016-2017 Financial Plan** (dollars in thousands)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
<b>Total Operating and Grant Revenue</b> (Administration & Regional Programs)	8,614	8,863	6,892	7,133	7,347
<b>Public Funding</b>	32,974	33,963	35,322	31,526	32,623
<b>Total Operating Expense</b> (Administration & Regional Programs)	<b>41,290</b>	<b>40,928</b>	<b>42,214</b>	<b>38,659</b>	<b>39,970</b>
<b>Net Result</b>	<b>298</b>	<b>1,898</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Agency Budget Detail by Administration and Regional Programs** (dollars in thousands)**RTA Agency Administration**

Operating Revenues	32	56	50	52	53
Operating Expenses	17,510	16,368	18,748	19,404	19,986
<b>RTA Agency Administration Net Expense</b>	<b>17,478</b>	<b>16,312</b>	<b>18,698</b>	<b>19,352</b>	<b>19,933</b>

**RTA Regional Programs**Regional Services

Operating Revenues	1,041	872	633	655	675
Operating Expenses	15,082	15,353	16,269	16,839	12,312
Budget Balancing Actions <sup>1</sup>	-	-	-	(5,032)	-
Net Expense	14,040	14,481	15,637	11,152	11,637

Grant and RTA Funded Regional Projects/Regional Capital Prg

Federal UWP/JARC/New Freedom Grants/CMAQ/Section 5310	7,541	7,935	6,209	6,427	6,619
Project Expenses	8,699	9,207	7,197	7,449	7,672
Net Expense	1,158	1,272	987	1,022	1,053

<b>RTA Regional Programs Net Expense</b>	<b>15,198</b>	<b>15,754</b>	<b>16,624</b>	<b>12,174</b>	<b>12,690</b>
<b>Total RTA Agency Net Expense</b>	<b>32,676</b>	<b>32,065</b>	<b>35,322</b>	<b>31,526</b>	<b>32,623</b>

<sup>1</sup> Regional services 2016 budget balancing actions to be identified jointly by the RTA and Service Boards including opportunities for shared services, consolidation, and expense reductions.



**Regional  
Transportation  
Authority**

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