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News Release

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Metra announces $2.4 billion modernization plan

Replacement and repair of rolling stock and PTC will require Metra financing, fare increases and increased state and federal funding over the next decade

CHICAGO, IL (Oct. 9, 2014) – Metra today unveiled a long-term, multibillion dollar modernization plan focused on replacing the agency's aging rail cars and locomotives and addressing the ongoing critical need to maintain safe and reliable service for hundreds of thousands of daily commuters in one of America's busiest urban markets.

Metra Board Chairman Martin Oberman and Metra Executive Director/CEO Don Orseno said the proposed $2.4 billion plan – the first long-term rolling stock plan in Metra history – calls for phased-in purchases of new, modern passenger rail cars and locomotives, renewing a fleet where more than 40 percent of the cars date from the Eisenhower administration to the Reagan administration. The plan also would fund a robust, critically needed rehabilitation and maintenance program for remaining cars and engines and would cover Metra's costs to install the federally mandated Positive Train Control on its system.

To help pay for this modernization plan, Metra would issue its own bonds – which would be the first in its history – or employ similar financing, starting with $100 million in 2015 to be followed by similar amounts in 2017, 2019 and 2022. A portion of the 10.8 percent fare increase in Metra's proposed 2015 operating budget will pay for the debt service on the first $100 million. Metra is taking the unprecedented step of providing riders and the public with a projection of fare increases that will be needed over the next decade both to pay debt service on all the financing and to cover annual anticipated increased costs of doing business. Those projections could change as new funding becomes available.

"Folks may love nostalgia, but it makes a powerful statement when our oldest cars date from the Eisenhower administration," Oberman said. "The majority of our rail cars are older than the majority of our daily commuters. While nobody ever likes fare increases, Metra's fares are significantly lower than our peer railroads in major cities and have not kept pace with inflation. In addition, it's time we do this right. We have to stop pretending that our costs do not go up every year, just like they do for everything else. We hope that our current and prospective riders will see this as a sound, common sense investment that will make commuting a more comfortable and enjoyable experience."

The modernization plan assumes that current state and federal funding sources will total about $710 million of the $2.4 billion program over the next 10 years. With Metra financing covering another $400 million, Metra will need an additional $1.3 billion over the next decade. To cover that amount, Metra will aggressively pursue additional federal and state funding, new financing strategies and alternative financing mechanisms.

"We are only asking our customers to pay about 16 percent of the total cost of this program, but that is an important component of our plan," Oberman said. "Metra believes that by taking the lead to fund its capital needs through financing – which will largely be paid by Metra riders – we will convince government leaders to step up to the plate to provide the additional needed funding."

"We expend a huge amount of resources – time, staff and money – on timely and extensive maintenance so that even our 'vintage' rolling stock is completely safe," Orseno said. "But, as the old saying goes, is this really any way to run a railroad? Safety will always remain our number one priority, but being modern and comfortable is important too – especially if we want to continue attracting riders because they want to use Metra, not just because they have to."

"Frankly even with the proposed increases, commuting on Metra remains a much better value for our passengers than paying for car maintenance, gas and parking," Orseno said.

The need

Metra's capital needs far exceed its capital resources. According to the RTA's 2013 Capital Asset Condition Assessment Update Report, Metra needs $9.9 billion over the next decade to achieve and maintain a state of good repair on its system, and it can roughly expect about a fourth of that amount from traditional state and federal sources. That report said that roughly 50 percent of Metra's assets were estimated to be in marginal or worn condition.

Oberman said that the gap between Metra's needs and its resources forces it to concentrate on its immediate need, and that is replacing its rolling stock. "Replacing rolling stock is the highest priority, due to the age of Metra's fleet and the fact that the condition of our cars and locomotives is so essential to providing high-quality, reliable and comfortable service to our riders," he said.

However, it is important to point out that the modernization plan does not address all of Metra's capital needs. Additional plans will be developed to address other areas, including tracks, structures, signals, facilities, stations and parking.

Rail cars

Metra has 146 locomotives and 837 passenger cars, and it will have 186 Highliner cars for the Metra Electric Line when delivery of new cars finishes next year.

Metra's rail car fleet is the oldest among its peer railroads. The average age of its fleet in 2012 was 29.7 years, while the average age of the fleets of other large commuter railroads was only 19 years. In fact, more than 40 percent of Metra's 837 non-electric passenger cars date from the 1980s or earlier. These assets are not unsafe, but they require more – sometimes significantly more – capital maintenance to avoid degrading service. In addition, Metra has a low ratio of usable spare cars – about 3 percent – and needs to add more spares to improve operational flexibility.

These aging rail cars have not been replaced because Metra has had no reliable funding source to make it possible.

The proposed rail car program will purchase 367 new cars, to replace 318 cars with an average age of 43 years and to increase Metra's spare cars by 49, at a total cost of $1.2 billion. The plan calls for 106 new cars to be delivered between 2018 and 2019 and 261 cars to be delivered between 2020 and 2024. This would serve to retire the oldest cars in the fleet and get Metra closer to a 14-year rehabilitation cycle.

Combined with the new Highliners, the new cars would reduce the fleet's average age to 16.8 years in 2024.

In addition, Metra plans to invest $20 million for improvements to its 49th St. yard facility, where most of its rail car rehabilitation work takes place. That will allow it to boost the number of cars it can work on each year from 40 to 60, allowing it to rehabilitate about 455 cars over the 10-year program. That rehabilitation work will cost about $341 million.

Locomotives

Additionally, 85 locomotives in the fleet will be rebuilt during that same ten-year period, extending the life of this equipment by an estimated 25 years, at an estimated cost of $178.5 million. In 2020, it is anticipated that 52 new locomotives would be purchased for delivery from 2020-2024, at an estimated cost of $416 million.

Positive Train Control

Metra's modernization plan also allocates an additional $275 million to an unfunded federal mandate – Positive Train Control (PTC), a GPS-based safety technology designed to automatically ensure compliance with speed limits and other operating standards. Combined with $133 million that Metra has already set aside for PTC, the modernization money will help Metra complete the implementation of the safety system, which is estimated to cost more than $400 million.

"Metra can no longer 'kick this can down the road' and continue with cobbled-together solutions on its aging system," said Oberman. "We must secure a stable funding stream that allows us to implement ongoing rehabs and replacements. A safe, reliable, comfortable ride has a price tag, and this Board intends to continue tackling the tough challenges – transparently and effectively – to ensure a long future with a rail system commuters can count on."

Proposed 10-Year Fare Increase Plan

Year	Proposed Increase
2015	10.80%*
2016	5.00%
2017	8.50%*
2018	4.00%
2019	7.75%*
2020	3.00%
2021	3.00%
2022	5.75%*
2023	3.00%
2024	3.00%

* Year of Metra financing

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