

Summary of 2017 Proposed REGIONAL BUDGET AND CAPITAL PROGRAM



CTA, Metra, Pace, ADA Paratransit, and RTA

The budgets summarized herein represent the proposed 2017 operating budgets and five-year capital programs of the Service Boards, as released for public hearing, and subject to the review and approval of the RTA Board.

2017 Budget Impact on RTA Customers

The Service Boards' proposed 2017 operating budgets incorporate stable service levels, and include a Metra fare increase across most ticket types which will average 5.8% and provide funding for Metra capital projects. CTA, Pace, and ADA Paratransit have not included any fare increases in their 2017 budgets.

- Metra and CTA will operate service at a level similar to 2016.
- Pace Suburban Bus service will grow modestly due to mid-2016 service additions, new services in the I-90 corridor, and the introduction of Pace Pulse arterial rapid transit (ART) service along Milwaukee Avenue.
- Pace Regional ADA Paratransit will add service as required by customer demand, which is projected to increase by 3.4%.

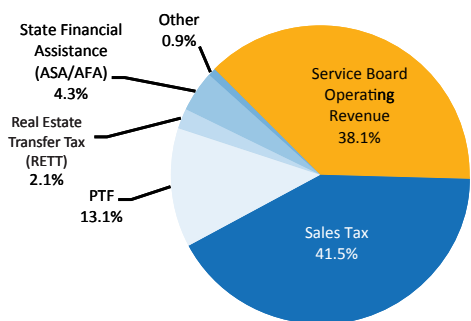
Ridership (in millions)

	2016 Estimate	2017 Budget	2017 Growth
CTA	499.7	496.3	-0.7%
Metra	80.6	80.0	-0.8%
Pace	32.4	33.7	+3.9%
ADA Paratransit	4.4	4.5	+3.4%
Region	617.1	614.5	-0.4%

- 2016 system ridership is expected to finish the year 2.8% lower than 2015.
- Regional transit ridership in 2017 is forecast at 614.5 million rides, a decrease of 0.4% from 2016.

Regional Revenue

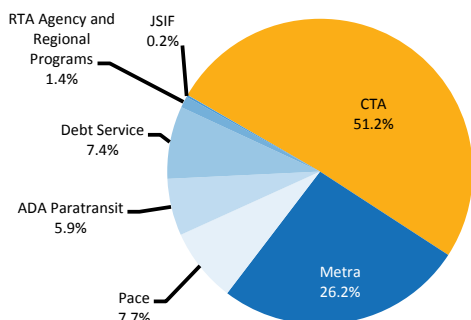
2017 Budgeted Revenues: \$3.022 Billion



- Operating revenue, consisting of passenger fares and other system-generated revenues such as leases and advertising, is projected to increase by 2.2% to \$1.150 billion in 2017, representing 38% of system revenue.
- Public funding, consisting of sales tax, State funding, and other sources, is projected at \$1.872 billion in 2017, representing 62% of system revenue.
- Total 2017 RTA system revenue, the sum of operating revenue and public funding, is projected at \$3.022 billion.

Regional Expenses

2017 Budgeted Expenses: \$2.976 Billion



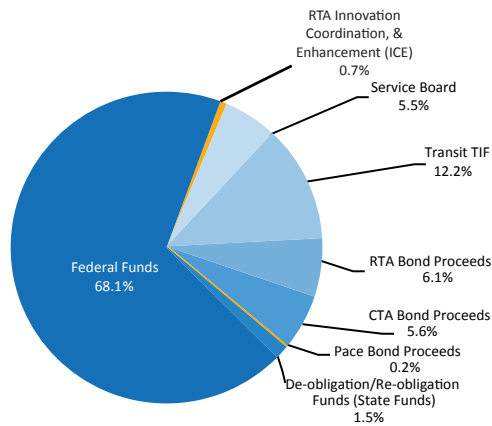
- Total 2017 expenses for the RTA system are projected to increase by 3.7% to \$2.976 billion.
- Service Board operating expenses represent over 90% of total expenses. The remainder is comprised of RTA Agency expense, RTA debt service, and other regional expenses.
- Regional revenues exceed regional expenses because they include RTA Innovation, Coordination, and Enhancement (ICE) funds and operating surpluses that will be used in the Service Boards' capital programs rather than in their operating budgets.

Regional Revenue Recovery Ratio

The region's system-generated revenue recovery ratio, equal to total operating revenues divided by total operating expenditures, with approved adjustments, is projected at 50.2% for 2017, exceeding the statutorily required level of 50%.

Regional Five-Year Capital Program

2017-2021 Capital Funding: \$5.085 Billion



The RTA capital program emphasizes the need to preserve and enhance the region's transit infrastructure. CTA, Pace, and the RTA each plan to issue bonds during the five-year period, totaling \$604 million or about 12% of the total capital funding.

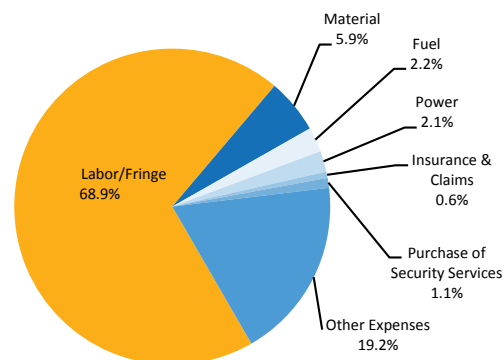
- The five-year capital program includes \$5.085 billion in projected funding.
- The total projected funding for capital projects in 2017 is \$1.791 billion.
- The uses of funds for capital projects are highlighted in each of the Service Board sections that follow.

CHICAGO TRANSIT AUTHORITY (CTA)

Operating Revenue and Public Funding

- Total 2017 operating revenues from fares and other system-generated revenues will increase by 1.5% to \$686.3 million.
- Public funding from RTA sales tax, State Public Transportation Funds, and the Real Estate Transfer Tax (RETT) is projected at \$837.9 million for 2017.

2017 Budgeted Expenses: \$1.524 Billion



- Total 2017 operating expenses will increase by 2.8% to \$1.524 billion, driven by increases in labor, materials, and other expenses.
- CTA's system-generated revenue recovery ratio is projected at 54.9%, exceeding the RTA-set level of 54.75%.

Capital Program

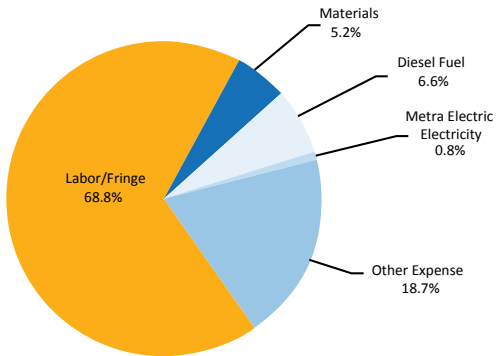
CTA's portion of the proposed 2017-2021 Capital Program totals \$3.536 billion (including expenditures for payment of debt service on bonds) and includes investments to modernize and add transit capacity.

- The most significant project in CTA's capital program is Phase I of the Red and Purple Modernization (RPM) program. Funding for this project totals \$1.75 billion over five years and includes \$656 million in federal funds from a core capacity grant. RPM is a series of proposed major improvements to the North Red Line along the 9.6-mile corridor from just north of Belmont station to the northern terminus at Linden station.
- CTA's program emphasizes modernization of the bus and rail car fleets with the allocation of \$510.8 million for rolling stock enhancements; this includes \$216.0 million to purchase new 7000 series cars to replace a portion of the 2600 series cars that are beyond their useful life, \$114.9 million to perform overhaul programs on the 3200 and 5000 series rail cars to extend their useful life, \$80.0 million for purchase of replacement buses including the purchase of 30 electric buses, and \$74.8 million to perform mid-life bus overhauls to extend useful life.
- To eliminate slow zones and improve travel time, CTA proposes investing \$149.4 million for track and structure and modernization improvements. CTA is also proposing \$73.1 million for station rehabilitation projects system-wide, including \$50.0 million for the new Garfield Gateway Station.

Operating Revenue and Public Funding

- Total 2017 operating revenues from fares and other system-generated revenues will increase by 3.1% to \$389.5 million.
- Public funding from sales tax, Public Transportation Funds, and federal sources is projected at \$428.7 million for 2017.

2017 Budgeted Expenses: \$781.2 Million



- Total 2017 operating expenses will increase by 5.2% to \$781.2 million, driven by increases in labor and materials expenses.
- Metra’s system-generated revenue recovery ratio is projected at 52.9%, exceeding the RTA-set level of 52.5%.

Capital Program

Metra’s portion of the proposed 2017-2021 Capital Program totals \$1.206 billion and includes the following investments to renew its system towards a state of good repair and improve service reliability and comfort for its customers.

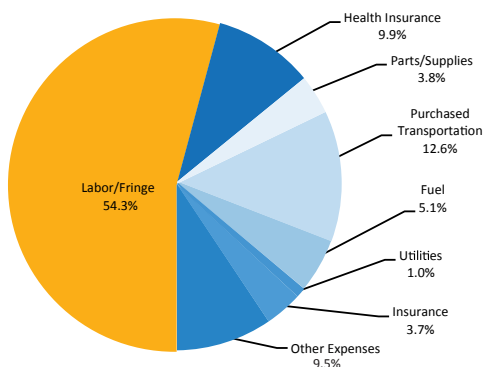
- Metra’s largest area of investment, \$591.9 million, is for modernization of its fleet; this includes \$205.3 million for mid-life rehabilitation of 56 bi-level commuter cars and \$165.7 million for mid-life rehabilitation of 27 locomotives. Commuter car rehabilitation projects include better seating, lighting, climate control, ADA bathroom facilities and electronic charging outlets that will provide passengers with more comfortable and reliable service.
- A total of \$184.8 million has been proposed for track and structure projects to improve the riding quality and speed of the trains and help eliminate the need for slow orders. These projects include \$86.2 million in bridge improvements along the Milwaukee District West (MDW), Metra Electric District (MED), and Union Pacific (UP) commuter lines, \$36.5 million for installation of continuous welded rail on Metra-owned rail lines, and \$33.8 million for tie and ballast replacement.
- Metra is continuing its investment in the implementation of the federally mandated Positive Train Control (PTC) system to improve the operational safety of commuter and freight trains with \$60.5 million included in the capital program.
- Metra has also proposed \$66.5 million for yard, shop, and facility improvements at the 14th Street, Western Avenue and Hill yards and 49th Street diesel shop. In addition, \$64.3 million has been programmed for the rehabilitation of stations system-wide including Metra’s West Chicago, Riverside and Woodstock stations.

PACE SUBURBAN BUS SERVICE

Operating Revenue and Public Funding

- Total 2017 operating revenues from fares and other system-generated revenues will increase by 4.5% to \$59.6 million.
- Public funding from RTA sales tax, State Public Transportation Funds, and federal sources is projected at \$177.8 million for 2017.

2017 Budgeted Expenses: \$228.6 Million



- Total 2017 operating expenses will increase by 6.1% to \$228.6 million, driven by service additions and increases in labor and other expenses.
- Pace’s system-generated revenue recovery ratio is projected at 30.3%, meeting the RTA-set level of 30.3%.

Capital Program

Pace has proposed a five-year capital plan totaling \$341.6 million. Pace's major capital project initiatives lie in the categories of rolling stock and facilities, with many of the projects critical to achieving a State of Good Repair.

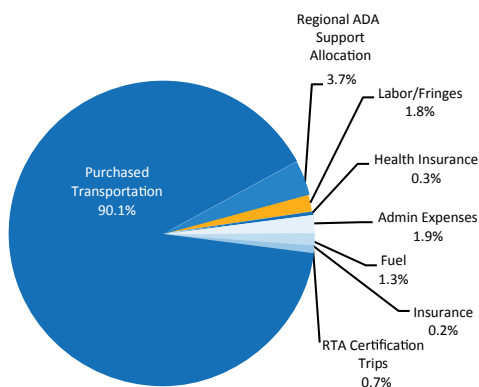
- Pace's largest investment, \$209.1 million, is in rolling stock improvements; this includes the replacement of over 350 fixed-route buses, 530 paratransit buses, 107 community vehicles, and 451 vanpool vehicles.
- A total of \$108.2 million has been included for support facilities and equipment improvements; this includes \$51 million for the construction of two new satellite facilities to support Pace's express bus service on I-55 and I-90, and \$9.0 million for design services and land acquisition associated with constructing a new Northwest Cook Garage.
- Pace also proposes \$18.0 million to renovate passenger facilities system-wide which include updating passenger amenities, replacing concrete and asphalt, and replacing building systems. This includes \$1.9 million for the construction of a new Park-n-Ride lot in Plainfield, and \$2.7 million to continue Pace's Posted Stop Only initiative.

PACE REGIONAL ADA PARATRANSIT

Operating Revenue and Public Funding

- Total 2017 operating revenues from fares and other system-generated revenues will increase by 3.2% to \$14.4 million.
- Public funding from sales tax, Public Transportation Funds, and the State of Illinois is projected at \$160.6 million for 2017.

2017 Budgeted Expenses: \$175.0 Million



- Total 2017 operating expenses will increase by 7.3% to \$175.0 million, driven by ridership growth and contractor price increases.
- The ADA Paratransit system-generated revenue recovery ratio is projected at 10.0%, meeting the statutory requirement.

REGIONAL TRANSPORTATION AUTHORITY (RTA)

The Regional Transportation Authority is the oversight, funding, and planning agency for the three Service Boards: CTA, Metra, and Pace. The total RTA 2017 budget is \$40.9 million and is supported by \$35.1 million in regional public funding and \$5.8 million of federal grants and other revenues.

The Agency budget is comprised of two parts: administrative and regional. The \$18.1 million administrative budget fulfills the mandates required by state law including performance audits, financial oversight, and regional planning functions. This portion of the budget is 24% lower than the cap on RTA administrative expenses imposed by State law.

The \$22.8 million regional programs budget includes \$16.3 million for regional services provided to the public such as ADA Paratransit certification, travel training, the RTA customer service center, and the travel information center (TIC). The remaining \$6.5 million of the regional programs budget is funded mostly by \$4.9 million in federal funds and includes Enhanced Mobility of Seniors and Individuals with Disabilities program, the Regional Transit Strategic Plan, Community Planning and Transit Oriented Development (TOD) studies, Regional Marketing Initiative, RTA Mapping and Statistics, and the Regional Transit Asset Condition Assessment.