

## **Metra Proposes \$945.5 Million Budget for 2016**

*Proposed increase in fare revenue to fund PTC operating costs and huge capital needs*

**CHICAGO (Oct. 15, 2015)** – Metra today proposed a \$945.5 million budget that provides for \$759.8 million in operating costs and \$185.7 million to fund capital improvements in 2016.

Last year, when Metra announced a \$2.4 billion 10-year modernization plan, the agency had projected that it would likely need a 5 percent increase in fare revenue in 2016, including 3 percent to cover expected inflationary operating costs. Metra was able to cover inflationary cost growth with \$5.7 million in budget efficiencies, lower gas prices and higher regional sales tax receipts. Therefore, the agency is now proposing a 2 percent net increase in fare revenue instead of 5 percent for a total of \$6.5 million. This fare increase will pay for the new operating costs for the federally mandated and unfunded Positive Train Control (PTC) safety system and help fund a bare-bones capital budget. Even with this proposed increase, Metra's one-way and monthly fares remain the lowest of any of its peer railroads in the nation.

Metra has huge capital needs – it requires \$11.7 billion over the next decade to achieve and maintain a state of good repair. As part of this year's budget process, it identified more than \$500 million in capital needs for 2016 alone. But, given its limited funding sources, it reduced its list of capital needs to \$185.7 million to fund those projects that represent the bare minimum investment it can make in 2016 to keep the system safe, reliable and able to operate efficiently.

For 2016, Metra is expecting to receive \$165.4 million from federal sources and \$4.7 million from the RTA for its capital needs. It is anticipating no capital money from Springfield – and in fact, about \$400 million that we expected to receive from the state is currently on hold.

Fares paid by Metra customers normally fund the operating budget, though a small portion goes to fund capital improvements. To get to the bare-bones level of capital investment it needs in 2016, Metra plans to allocate \$15.6 million in fares to capital – \$3.2 million more than last year.

The remaining \$3.3 million in new fare revenue is needed to pay for expected higher operating costs for PTC. PTC is an unfunded federal mandate that is expected to cost Metra more than \$350 million to implement. That money must come from Metra's already underfunded capital budget. However, as the agency ramps up PTC implementation, it also affects the operating budget, which must cover the costs of maintaining the complex new system. When PTC is fully implemented by 2019, maintenance and operating costs are expected to be \$15 million to \$20 million a year.

“We told our customers that we would do everything we could to avoid or minimize higher fares next year and that is precisely what we have done,” said Metra Chairman Martin Oberman. “At the same time, we are committed to being a responsible steward of public funds and finding ways to continue to invest in our railroad infrastructure with increasingly limited financial resources.”

“Today, despite operating with the oldest fleet and on the most complex commuter rail system in North America, Metra provides the most reliable on-time service at the lowest cost of any other railroad in the nation,” Oberman added.

Under the new fare proposal, which would begin February 1, 2016:

- Metra customers who buy One-Way tickets would pay a quarter more per ticket, an increase of 2.4 percent to 7.7 percent depending on the zone. If these customers take the train 30 times a year, they will pay an additional \$7.50 annually to ride Metra.
- Metra customers who buy 10-Ride tickets would pay \$1.75 more, or 17 cents more per trip. The increase works out to 1.9 percent to 6 percent, depending on the zone. If these customers ride the train to work about half the time, they will pay \$3.50 more per month and \$42 more per year.
- Metra customers who buy Monthly passes will pay \$2.50 more per month, an increase of 0.9 percent to 2.7 percent, depending on the zone. Assuming most of these customers use Metra to commute full-time to work each month, they will pay about 12 cents more per day and \$30 more per year.
- Other fare increases include an additional 75 cents on the reduced fare 10-Ride ticket and \$1.25 on the reduced fare Monthly pass.

“If not for our growing PTC operating costs and our huge capital needs, we could get by without a fare increase in 2016,” said Executive Director/CEO Don Orseno. “But, we want to be clear – without a state bond program in 2016 and due to the budget stalemate in Springfield, approximately \$400 million of Metra’s capital projects are currently on hold. If the state’s bond program proceeds do not materialize in 2016, we may need an even larger-than-expected increase in fare revenue in 2017.”

Metra’s proposed operating budget, which covers the day-to-day costs of running the railroad, will increase \$15.1 million or 2 percent compared to the 2015 Budget, from \$744.7 million to \$759.8 million. Historically, Metra’s operating costs have increased an average of 3 percent per year.

Metra expects its operating expenses to grow by \$40.2 million in 2016, including \$23.2 million in contractually obligated wages and benefit increases; \$6 million in reduced capital project billings; \$1.5 million in higher snow removal costs; \$1.4 million in new information technology software and system enhancements; \$1 million in increased maintenance costs due to our aging fleet; \$800,000 in added police costs for video surveillance monitoring; \$700,000 for new safety equipment and new positions to enhance safety functions and training regulations; \$500,000 for new marketing initiatives aimed at growing ridership; \$3.3 million in higher PTC operating costs; and \$1.8 million in price changes for materials and utilities, increases in rent, maintenance and utility costs at downtown stations and joint facilities, changes in credit card and bank fees and other changes.

The increases are partially offset by \$5.7 million in efficiencies and \$19.4 million in lower fuel prices, for a net growth of \$15.1 million.

On the revenue side, Metra expects an increase of \$19.6 million in sales tax revenue (assuming no change in state funding policy). That increase is partially offset by a \$5.4 million reduction in other revenue and an expected \$2.4 million reduction in fare revenue as riders switch to cars due to lower gas prices. That leaves a net revenue increase of \$11.8 million.

The remaining operating budget gap of \$3.3 million (\$15.1 million minus \$11.8 million) is wholly attributable to new PTC operating costs.

Metra’s proposed 2016 capital budget includes \$85.4 million for railcar and locomotive work; \$23.9 million for replacing or improvement ties, ballast, crossings and bridges and other track and structure work; \$36.9 million for signal, electrical and communications work; mostly PTC-related; \$17.1 million for facilities and equipment; \$13.2 million in station and parking improvements; and \$9.3 million in support activities. About 57 percent of the total, or \$106.4 million, will go towards the needs identified in Metra’s modernization plan – railcars, locomotives and PTC.

The proposed 2016 Budget will be the subject of a series of eight public hearings throughout the Chicago area, one of which will be webcast live on Metra's website for the first time.

**Wednesday, Nov. 4**

**5 p.m. to 8 p.m.**

McHenry County  
Woodstock City Hall  
121 W. Calhoun St.  
Woodstock

Cook County North  
Hanover Park Police Department  
Community Room  
2011 W. Lake St  
Hanover Park

Cook County South  
Homewood Village Hall  
2020 Chestnut Rd.  
Homewood

City of Chicago –WEBCAST LIVE  
Chicago Union Station  
Legacy Club  
Chicago

**Thursday, Nov. 5**

**5 p.m. to 8 p.m.**

Lake County  
Mundelein Village Hall  
300 Plaza Circle  
Mundelein

Will County  
Will County Office Building/Board Chambers  
2<sup>nd</sup> Floor  
302 N. Chicago St.  
Joliet

DuPage County  
Clarendon Hills Village Hall  
1 N. Prospect Avenue  
Clarendon Hills

Kane County  
Kane County Government Center  
719 Batavia Avenue, Building A/Lower Level  
Auditorium  
Geneva

Metra customers and members of the public are encouraged to attend and provide comments on the proposed 2016 Budget. Comments on the proposed budget can also be emailed to [2016budgetcomments@metrarr.com](mailto:2016budgetcomments@metrarr.com), faxed to 312-322-7094 and mailed to the Assistant Secretary to the Metra Board, Room 1300, 547 W. Jackson Blvd., Chicago, Illinois 60661.

Metra will also include a budget comment form in a special budget issue of the "On The Bi-Level" commuter newsletter. Completed newsletter forms may be mailed to the above address or dropped in one of Metra's Ticket by Mail receptacles located at Chicago Union Station, LaSalle Street Station, Ogilvie Transportation Center, Van Buren Street Station or Millennium Station. All comments received will be posted on Metra's website and be presented to Metra's Board of Directors prior to voting on the final budget in November 2016.

For more information about Metra's proposed 2016 Budget, please visit [www.metrarail.com](http://www.metrarail.com).

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**About Metra**

Metra is one of the largest and most complex commuter rail systems in North America, serving Cook, DuPage, Will, Lake, Kane and McHenry counties in Northeastern Illinois. The agency provides service to and from downtown Chicago with 241 stations over 11 routes totaling nearly 500 route miles and approximately 1,200 miles of track. Metra operates more than 700 weekday trains, providing about 300,000 passenger trips each weekday.