



# On the Bi-Level

SPECIAL EDITION

## THE CTA's "DOOMSDAY" BUDGET—AND WHAT IT MEANS TO METRA RIDERS

*Lawmakers Debate Funding for CTA, and Suburban Metra and Pace Service*

You may have heard about the transit funding debate, initiated by the CTA, that is taking place in Springfield. As members of the Metra Board of Directors, we feel it is our responsibility to keep you informed about how this debate affects Metra commuters.

### CTA proposes cuts

The CTA is reporting it has at least a \$55 million budget deficit and, as a result, it has proposed a "doomsday" scenario of steep service cuts and fare increases. It is calling for Illinois state lawmakers to bail out the CTA to avoid these cuts and fare hikes. While the CTA's proposal may affect your CTA bus service when you arrive in Chicago, it does not affect Metra.

In legislative hearings, the CTA also stated the formula should be changed because the CTA's pension is under funded at 46 percent and will require \$217 million per year in order to be fully funded. Otherwise, the pension fund will be bankrupt by 2014.

The CTA's budget woes have given rise to talk by legislators, CTA officials and city officials about changing the time-tested Regional Transportation Authority (RTA) formula that distributes money to transit agencies. The majority of Metra's operating revenue comes from you the passenger—56 cents of every dollar comes from our fare paying customers. However, more than \$600 million in sales tax revenue is distributed to the region's transit boards each year.

### Regional formula

While the CTA has said it does not want to take any of Metra's funding, it has said the funding formula is outdated.

Under the formula, the CTA receives 60 cents of every transit dollar distributed by the RTA, despite CTA ridership dropping 25 percent over the past 20 years. In addition, the CTA receives 98 percent of RTA discretionary money. At the same time, Metra, which has seen a 25 percent increase in ridership during the past 20 years, and Pace, the suburban bus service, receive the remaining 40 cents of every transit dollar. (See Chart A)

We believe the current formula is more than fair, considering the CTA and Metra, along with Pace, are virtually equal in the service they provide to the region.

### Working together

In the past, Metra, Pace and the CTA worked together to seek state and federal funding for our transit projects. This time around, however, the CTA has unilaterally gone to Springfield seeking funding for itself without any discussions with its sister agencies. Asking for a change in how funds are allocated could potentially take vital funding from Metra and Pace.

We are very concerned about "updating" the formula because there is no new revenue in Springfield. We are on record as strongly opposing any diversion of Metra funds.

Sales tax revenue is down since 9/11, and is only now starting to recover. However, during a year in which the State of Illinois is strapped for cash, Metra decided it was not the right year to seek more money from the state.

To cover its operating shortfall due to lower sales tax revenues, Metra is transferring \$15 million in capital dollars to support day-to-day

*continued inside*

### Frequently Asked Questions

**1. What exactly is the funding formula?**  
*Under the Regional Transportation Act an amount equal to 85 percent of the sales taxes collected for transit in our region is distributed by formula to each of the service boards—CTA, Metra and Pace. Additionally, funding is available through RTA Discretionary Funds.*

*Discretionary funds are the remaining 15 percent of the sales taxes collected from each geographic area and the Public Transportation Fund (PTF) money from the State of Illinois. The majority of the discretionary funds comes from Suburban Cook County and the collar counties.*

*Together with the largest percentage of the sales tax revenues, since 1985, the CTA has received 98 percent of the discretionary funds each year.*

**2. Does the distribution formula change to reflect population changes?**

*No. Over the past 20 years, Metra's ridership has grown by 25 percent, while the CTA's has dropped by 25 percent. But the CTA still receives the greater percentage of funds from the RTA.*

*Presently, nearly 5.2 million people live in the suburbs; while less than 3 million reside within the city of Chicago. Metra and Pace, however, have not asked for the formula to be changed to reflect the population growth in the suburbs.*

**3. Can Metra afford to have the formula changed to bail out the CTA?**

*No. Remember, Metra's ridership has increased by 25 percent, yet we have not received any increased funds. At the same time, the majority of New Start projects and improvements are going to positively impact Suburban Cook County. (see Chart C) This is not the time to divert resources from the suburbs.*

*Long term, as we expand service to meet the fast-growing needs of the region and reduce gridlock, we will need more capital and operational dollars for Metra.*

operations and avoid adding to the state budget problem. Pace, our sister suburban agency, has done the same thing.

In its explanations for seeking a larger portion of the funding pie, the CTA has often stated it provides 80 percent of the region's service and should get 80 percent of the funding counting "unlinked passenger trips" as its basis of measurement. This kind of metric is not used by the federal government or other transit agencies for measuring transit services. The CTA's method means a commuter might be counted as four passengers for taking a bus and El train to work and home again at the end of the day.

Actually, the overwhelming majority of Suburban Cook County doesn't receive any CTA service. In fact, 15 of the 20 largest communities—which generate the largest percentage of sales tax revenue—fall into this category. (See Chart B)

### Metra's plans for growing demand

Metra plays an indispensable role in the region's transit network, and we are committed to serving city commuters and their employers. We provide critically important service to and from downtown Chicago every day. At the same time, we believe our suburban riders want more transit service, not less, especially in areas of Suburban Cook County and the collar counties not presently served by public transportation. Our vision is to link these fast-growing communities.

Among the three current New Start expansion projects set to be completed by late this year or early 2006, eight new or rebuilt stations

are within the City of Chicago, 16 new or rebuilt stations are in Suburban Cook County and 13 new stations are in the collar counties. Metra's four proposed New Start projects will add one new station in the city, 17 new stations in Suburban Cook County and 12 new

stations in the collar counties, including one on the border of Cook and Will counties.

The centerpieces of these New Starts are the Suburban Transit Access Route, or STAR Line, and the SouthEast Service Line. The

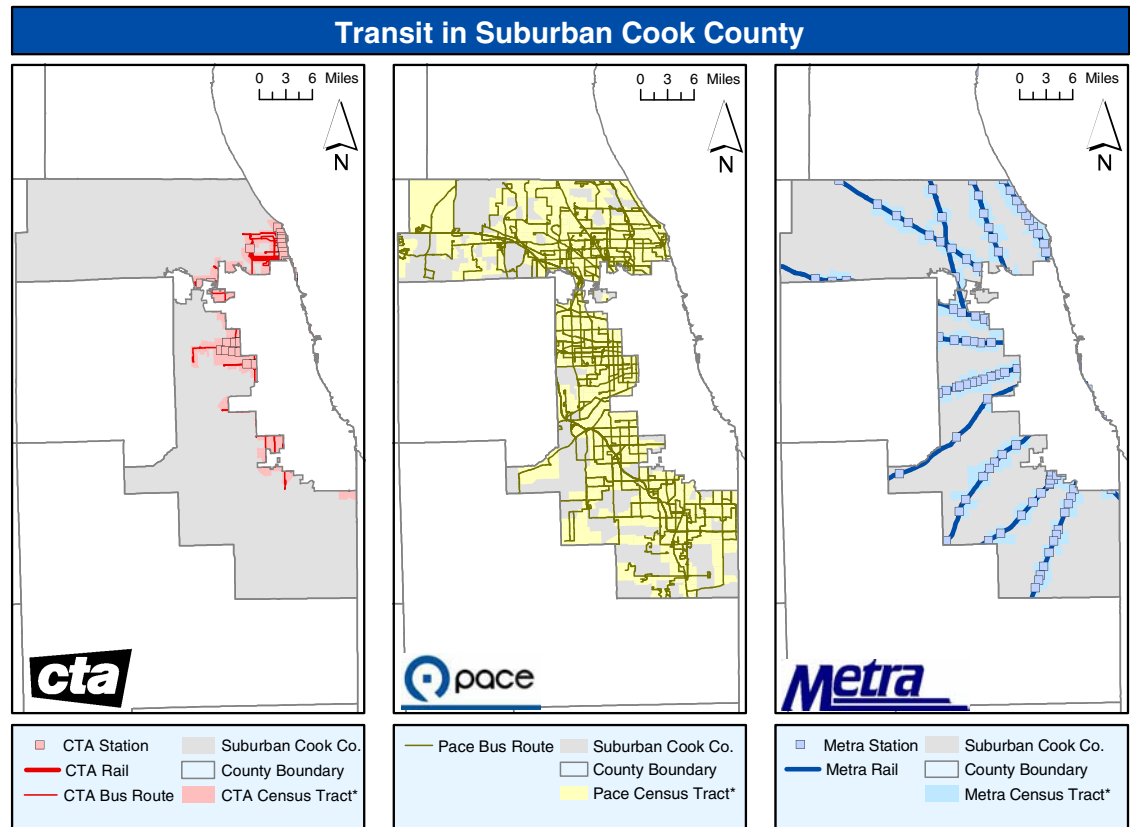
Chart A

Distribution of the 85% Sales Tax Allocated Share			
	CTA	METRA	PACE
City of Chicago	100%	-	-
Suburban Cook	30%	55%	15%
Collar Counties	-	70%	30%

Distribution of FY2005 Discretionary Funds			
	CTA	METRA	PACE
	98%	-	2%
	\$165.3M		\$3.4M

Chart B



\* Census tracts within 1/2 mile of a bus route or 1 mile of a train station.

SouthEast Service Line will have six stations in Suburban Cook County, two stations in Will County and one station at the boundary between Cook and Will counties; while the STAR Line will be comprised of 12 stations in Cook County—including one at O’Hare Airport and six in DuPage and Will counties. (See Chart C)

**Suburban jobs growing**

Chart D shows the suburbs are now the fastest growing source of jobs and economic development. That is why we have proposed long-term plans for the future—the STAR and SouthEast Service lines—to link more than 130 communities from the South Cook County suburbs, to Will County, through DuPage, Kane and Lake counties and the City of Chicago. These rail projects will improve the quality of life for the entire region, create explosive job development and dramatically reduce congestion by removing millions of driving trips from our area roads each year.

Chart E is a map of the current Metra system and the expansion and improvements to service we are making under the current and proposed federal transportation legislation. The map reflects the substantial increase in

service we can provide if we continue to speak with one voice when seeking additional federal funding.

**Regional cooperation needed**

Together, Metra, Pace and the CTA form a cohesive transit network to serve the region’s needs. Because of the growth in jobs and population—and the projections for more growth in these areas—there is a need for more transit funding for all of the transportation agencies to serve these communities. However, this year

the state has limited financial resources.

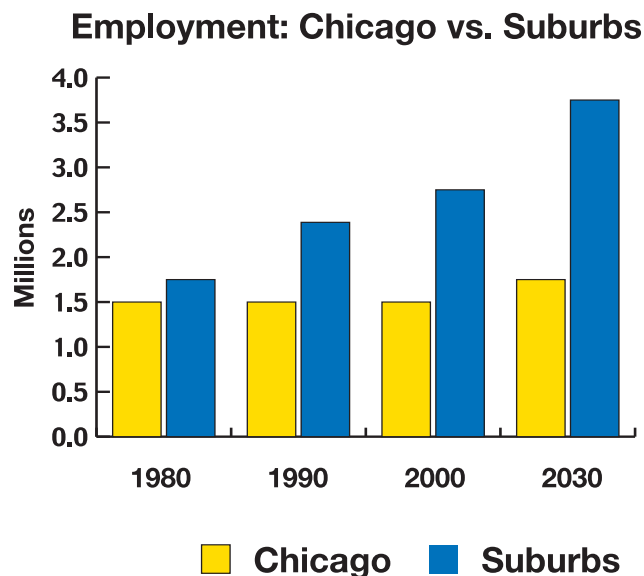
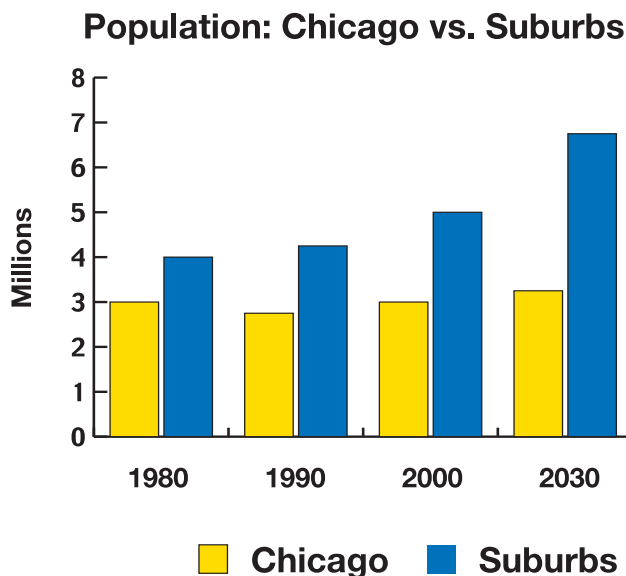
In order for all of the transportation agencies to continue to maintain a successful transportation system and make necessary expansions and improvements to meet growing demand, we cannot sacrifice the needs of one part of the region to meet the needs of another. We will closely monitor the course of the debate this spring and summer, and we will keep you apprised of developments.

*continued on back*

Chart C

New Start Project Stations by Area			
New Start Project	Cook Co.	Collar	Total
NCS Improvements	9	9	18
UP-W Ext & Upgrade	8	11	19
UP-NW Upgrade	16	7	23
SWS Imprvmnts & Ext	11	2	13
SES Line	9	2	11
STAR Line	11	6	17
<b>Total Stations</b>	<b>64</b>	<b>37</b>	<b>101</b>
<b>% of Stations</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>

Chart D



We have provided answers to frequently asked questions about the funding debate in this issue.

We appreciate the opportunity to serve you every day.

Thank you,

The Metra Board of Directors

#### Metra Board of Directors

Jeffrey R. Ladd, Chairman  
Michael K. Smith, Director  
*Kane, Lake, McHenry and Will Counties*

Lonnie W. Hill, Director  
W. Warren Nugent, Vice Chairman  
James Dodge, Director  
*Suburban Cook County*

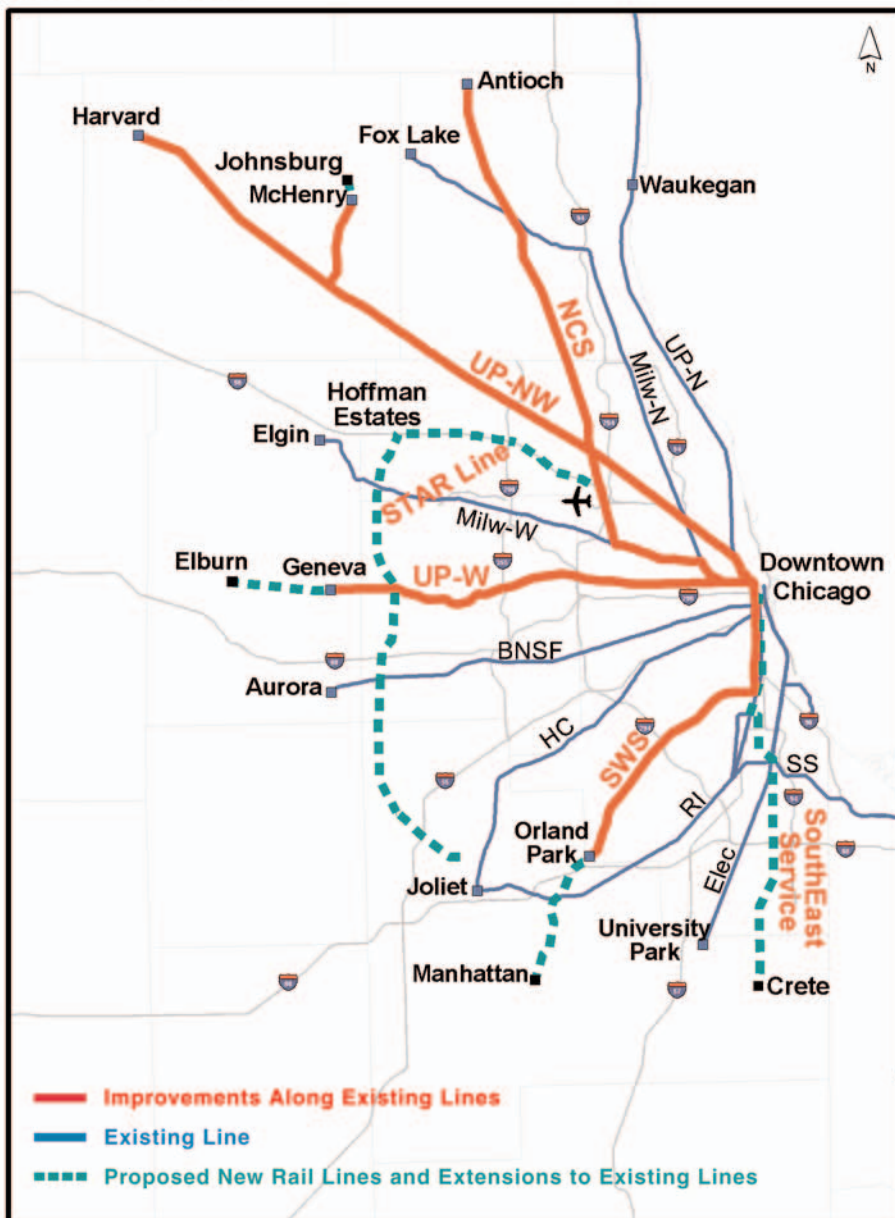
Larry A. Huggins, Treasurer  
*Chicago*

Carole R. Doris, Secretary  
*DuPage County*

Philip A. Pagano, Executive Director

Chart E

#### Metra New Starts



#### Frequently Asked Questions Continued

##### 4. Why aren't Metra and Pace asking for more money?

*We don't feel it is the right time to go to Springfield to ask for more money when the state is facing a budget deficit of its own. It is up to all transit agencies to manage their budgets efficiently and find other ways to fill budget gaps.*

*For example, this year for the first time, Metra is shifting \$15 million from its capital funds to use as operating funds. This flexibility is allowed under the RTA Act.*

*Certainly, there is a need for more funding for transit throughout the region. However, Metra feels that we owe it to taxpayers to make tough decisions in the short term in order to focus on our long term goals that will serve the region well.*

##### 5. What about the suggestion that the state and federal government contribute to the expense of paratransit—will that free up more money for everyone?

*We are not opposed to this suggestion and we certainly will take a look at how it will work out. However, the present suggestion does not take into account any of the services mandated by the federal government that Metra alone must pay out of its operating expenses.*

*For instance, Metra pays for security—a cost that has risen significantly since 9/11. Conversely, the City of Chicago pays a significant amount for the cost of CTA transit police. Metra is also mandated to conduct equipment maintenance on a designated schedule, thus adding to operating costs. The CTA's equipment inspections and servicing are not federally mandated.*

##### 6. Should there be an increase in the collar county sales tax?

*That question is not for Metra to answer, it is for the legislature and elected officials to determine. However, we would note, there is a large segment of outlying communities that do not have the substantial amount of public transportation that exists in the inner city and Cook County suburbs.*