



UIC Forum
Best Practices in Regional
Transit Governance
January 6, 2015

Brief History of the Evolution of the RTA in Northeastern Illinois

Stephen Schlickman, JD
Executive Director
Urban Transportation Center
College of Urban Planning and Public Affairs
University of Illinois Chicago



A Product of Financial Crisis

RTA was born out of financial crisis

RTA was reformed out of financial crisis

Late 1960s Early 1970s

- CTA, controlled by Chicago, is in Financial Trouble
 - Difficulty covering its capital debt
 - 1969/70 Dan Ryan and Kennedy rapid transit lines added to operating deficits
 - 1971 failed to recover operating cost from fares
- Suburban Bus Systems also financially challenged
- Private freight railroads wanted to divest their losing commuter rail operations.

1972 to 1973

- Governor Ogilvie Task Force recommend a nonoperating Regional Authority
 - Coordination of fare schedules, routes & modes
 - Marketing and communications
 - Capital investment planning and programming
 - Distributions and administration of operating and capital funds
 - Set service standards
 - Research and development
 - Major project engineering and development
 - Evaluation of operations

1972-1973 Continued

- Other proposals
 - Expansion of the CTA to the entire region
 - Suburban Area Transit Agency plus CTA and Commuter Rail Services
 - Chicago Metropolitan Area Transportation Authority: the one agency concept
- Legislative compromise and referendum



1974 RTA Referendum Passes

- Barely achieves 50+percent of vote
- RTA: Oversight & Operator
 - Taxing authority (5% gas tax and parking tax)
 - Operating contracts
 - Commuter railroads
 - Suburban transit systems
- Chicago Transit Authority operated
 - Rapid Transit Lines
 - Bus system for Chicago and near in suburbs



RTA Governing Board

- 4 City of Chicago
- 4 Suburban
- Chairman elected by Board
 - Chicago cuts deal to control

Suburban Perception:

Controlled by Chicago to save CTA with
Suburban tax revenue

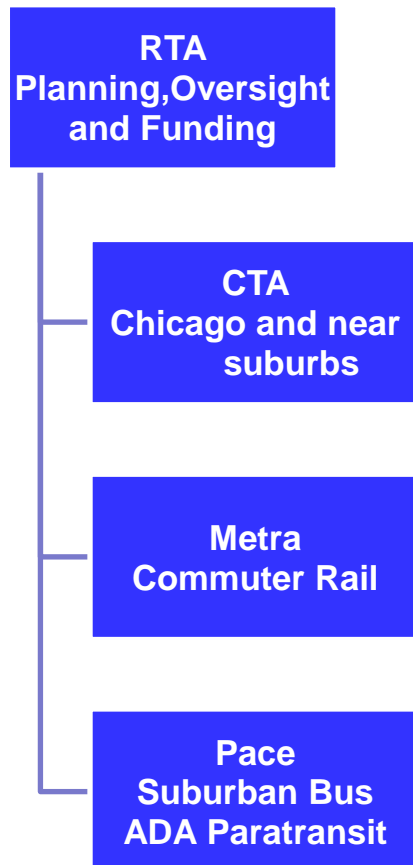
1974 to 1981

- CTA cost continue to escalate
- 1979 RTA short of operating funds
- Differential sales tax replaces RTA gas tax and state subsidies
 - 1% in Cook County and ¼% in the collar counties

1981 to 1983 Doomsday Arrives

- Double digit inflation nationwide
- Sales tax revenue lagged legislative projections
- Legislature blamed RTA & CTA management.
 - Did nothing to avert doomsday
- Massive Fare increases & service cuts
 - RTA imposed 100% increase in fares on Commuter Rail
 - Suburban Bus cuts & some complete shut downs
 - CTA – 50% fare increase and severe service cuts

1983 Chicago & Suburban Mayors Achieve a Legislative Deal



Financial Package

- Retained differential sales tax (new formula)
- New State Assistance 25% match
- 50% Fare Box Recovery Ratio Mandated

Structural Reforms

- RTA Budget Powers
- Supermajority Voting – in effect Chicago veto

New RTA Governance Board

- 5 City of Chicago
 - 7 Suburban
 - 4 Suburban Cook
 - 2 Collar Counties (other than DuPage)
 - 1 DuPage
 - Chairman selected from outside of the Board by supermajority vote

 - CTA Controlled by Chicago Mayor
 - Metra Commuter Rail
 - Pace Suburban Bus
- } Suburban Controlled

2004 – 2008 Prelude to Crisis

- Operating cost growth exceeded inflation
 - ADA Paratransit Growth
 - Fuel Prices Jumped
 - Claims & Insurance
- Had to capitalize operations to pay for funding shortfalls
 - Fed Capital \$ funded operations through preventive maintenance loop hole
- CTA Pension Fund heading to bankruptcy

2007-2008 Funding and Reform

- Every crisis requires some reform
 - Expanded RTA Board
 - 5 Chicago, 5 Suburban Cook, 5 Collar Counties
 - Supermajority election of Chairman
 - City retained effective veto over RTA Board actions
 - RTA Powers Better Defined
 - Auditing
 - 10 year financial forecasting
 - Strategic Planning
 - Performance Measures
 - Capital Budgeting
 - Marketing Coordination

2007-2008 Legislative Action

■ Financial Package

- Across the board $\frac{1}{4}\%$ increase in RTA differential sales tax
 - Chicago forced to increase real estate transfer tax for CTA
 - State subsidy match increased to 30%
- Asked for \$400 million and got \$500 million

January 2015

