

# Appendix E: Summary of Proposed Amendment

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**MASS TRANSIT FUNDING AND REFORM:  
SENATE BILL 572, HOUSE AMENDMENT #3  
(REPLACING AMENDMENTS #1 AND #2)**

**Transit Operating Revenues and Expenditures – A Regional Solution to a Regional Problem**

*Revenues:* Increased operating funds to address the current financial crisis and provide stable funding for the future

- 1/4 of 1% sales tax increase to be imposed by RTA in 6 northeastern IL counties (\$280 million)
- Up to 3/10 of 1% real estate transfer tax (RETT) to be imposed by Chicago Mayor and City Council (\$100 million)
- Continuation of state funding toward paratransit services for disabled riders – computed as an additional 5% match on all revenues, effective in FY08 (\$54 million already in introduced budget)
- 25% traditional state-funded match on new revenues (phased in: -0- in FY08, 12½% in FY09, 25% by FY10)

*Expenditures:*

- Closing the operating funding shortfalls for mainline service at Metra, Pace and CTA: Metra and Pace to receive 52% of new sales tax revenue generated in the region (respectively split 39% and 13%); CTA to receive 48%
- CTA to receive all Chicago-imposed RETT for pension and retiree healthcare costs
- Funding for \$100 million ADA-mandated paratransit services for seniors and disabled provided by Pace
- Funding for new \$20 million Suburban Commuter Mobility Fund – flexible services provided by Pace
- Funding for new \$10 million RTA Transit Innovation, Coordination and Enhancement (ICE) Fund
- Metra to receive new authorization for \$1 billion of revenue bonds, as approved by the RTA Board

*County Transportation Assistance:*

- In 5 collar counties: additional 1/4 of 1% sales tax increase, imposed by RTA, to be used at each county's discretion for local road and other transportation projects (\$120 million)

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**RTA Reforms – An Integrated and Accountable Regional Transit System**

To achieve a coordinated, efficient and accountable regional transit system, and to implement the Auditor General's recommendations, RTA has new responsibilities for regional planning, fiscal oversight, and fare and service coordination, including:

- Adopting and updating strategic plans that outline service, fare and ridership goals, set performance measures and reporting standards, and establish criteria for evaluating proposed capital projects
- Adopting consistent formats, financial practices and assumptions that Service Boards must use in preparing annual budgets, and including details of pension and benefit expenses
- Authorizing RTA to withhold up to 25% of revenues until a Service Board budget is approved
- Requiring RTA to conduct management, performance or financial audits at least once every five years
- Requiring RTA, as an objective analyst, to do "alternatives analysis" for any newly-proposed transit expansion projects with construction costs of over \$25 million where potentially more than one Service Board could be the provider of the proposed service
- Requiring RTA to develop a coordinated regional sales, marketing, advertising and public information program for all transit in the region
- Authorizing the RTA to settle disputes between Service Boards regarding fare coordination, transfers, service coordination, and duplication of service

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## **RTA and Metra Governance Changes – Promoting Regional Representation and Consensus**

RTA Board of Directors changed from 13 to 16 members:

- 5 from Chicago: all appointed by Chicago Mayor (currently 4 by Mayor plus CTA Board Chair)
- 5 from Cook County suburbs: 1 appointed by President of Cook County Board, 4 by suburban members of Cook County Board (currently 4 by suburban members of Cook County Board)
- 5 from collar counties: 1 each appointed by DuPage, Lake, Will County Board Chairs, 1 appointed jointly by DuPage, Lake, Will County Board Chairs, 1 jointly by McHenry/Kane County Board Chairs (currently 1 by DuPage County Board Chair; 2 others jointly by other 4 counties)
- 16<sup>th</sup> is RTA Board Chair selected by other members (from outside); supermajority requirement over most Board decisions changed from 9 to 12, promoting regional consensus

Metra Board of Directors changed from 7 to 11 members:

- 1 from Chicago, appointed by Chicago Mayor (as currently)
- 5 from Cook County suburbs: 1 appointed by President of Cook County Board, 4 appointed from suburban subregions, by Cook County Board suburban members in those subregions (currently 3 by suburban members of Cook County Board)
- 5 from collar counties: 1 appointed by each collar county chair
- Metra Board Chair selected from among the members by a supermajority vote of 7

CTA and Pace Board of Directors are not changed

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## **CTA Pension and Retiree Health Care Reforms – Long-Term Protections for Employees and CTA**

To stabilize the CTA pension and retiree health care system, landmark reforms are adopted, endorsed by the RTA, CTA, unions, Mayor Daley and all business and civic groups, including:

- Increasing contribution rates for both employees and the CTA
  - Changing benefits to reduce costs, e.g. increasing retirement age for full benefits from age 55 to 64
  - Authorizing a \$1.45 billion pension obligation bond, shoring up the pension system (\$1 billion) and seeding a new Retiree Healthcare Trust (\$450 million)
  - Creating a self-sustaining Retiree Healthcare Trust, funded by bond proceeds, 3% payroll tax for all active employees, annuitants to bear up to 45% of costs
  - Adding an additional independent vote to each of the Retirement Plan and the Retiree Healthcare Trust
  - Adding fiscal oversight by the Auditor General regarding bond issuance, required annual contributions
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## **Minority, Female and Citizen Participation – Transit Policies Reflecting the Entire Region**

- Requiring RTA and each Service Board to create a diversity program to promote diversity in employment and contracting
  - Requiring CTA to adopt minority/female procurement program for underwriting and financial services before issuing bonds
  - Requiring specific public meetings and hearings for RTA strategic plan, proposed budget, financial plan and 5-year capital program
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## **Downstate Transit Operating Assistance – Supporting Transit Statewide**

- Increasing operating assistance for all downstate transit agencies and new rural program, at about \$27 million in general revenue funds beginning in FY09 (additional \$10 million immediately)
- Creating new fund for competitive capital grants beginning in FY09 (about \$11 million in general revenue funds)
- Requiring minimum local match; allowing extension of transit service to contiguous counties
- Requiring Illinois Department of Transportation to promulgate rules on eligible operating expenses