Northeastern Illinois PUBLIC TRANSIT Task Force

DATE: Monday, March 31, 2014
TO: The Members of the 98th General Assembly

We are pleased to transmit to you and Governor Pat Quinn, a copy of the Northeastern Illinois Public Transit Task Force report.

We thank you for the opportunity to impact positively the northeastern Illinois public transit system.

This report was prepared and adopted by the Northeastern Illinois Public Transit Task Force, created as a result of Governor Quinn's Executive Order 13-06, issued August 15th, 2013. The order asked the Task Force to make recommendations as to "how the Northeastern Illinois Transit Agencies can improve their operations, repair the damage done to the public trust, and modernize the transit system for the people who depend upon these systems to get them to work, school, home and other destinations."

The Task Force has taken the Governor's charge seriously and worked diligently to develop the recommendations outlined in this report. If the Chicago region is to be globally competitive it must have a globally competitive transit system. Currently we do not. These recommendations will position us to achieve that result.

Our recommendations describe the outcomes we think are essential for success in meeting the charge given to us. Turning these outcomes into legislation is, of course, the responsibility of you and the Governor. The members of the Task Force stand ready to assist you in any way we can.

We want to thank each member of the Task Force. They gave freely of their time, their energy and their ideas. It was a pleasure to work with them.

Finally, we thank you for the opportunity to serve the State and address the critical problems – and opportunities – of transit in Northeastern Illinois.

Sincerely,

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Northeastern Illinois PUBLIC TRANSIT Task Force REPORT

TRANSIT FOR THE 21ST CENTURY

Publication Date: March 31, 2014

Northeastern Illinois PUBLIC TRANSIT Task Force REPORT

TRANSIT FOR THE 21ST CENTURY

Members of the Northeastern Illinois Public Transit Task Force

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PREFACE

The Chicago region would be a poorer, less healthy place without its transit system. Air would be dirtier. Traffic congestion would be even worse. Chicago would not be mentioned today among the top global economic centers if, like many other U.S. regions it had allowed its transit system to wither away in the early 1970s when private transit companies were going bankrupt and closing. Instead, in 1974, the region's voters authorized creation of the Regional Transportation Authority and its transit sales tax.

The referendum creating the RTA was extremely close, passing by only 50.5%. The vote reflected a regional divide that would be a sign of things to come – 71% of Chicago voters were in favor while 68% of suburban voters were opposed. That divide has continually hindered the RTA, as its regional mission has been sidetracked by conflicts over money and turf.

When the RTA was restructured in 1983, the changes reflected those traditional power struggles: the regional oversight body was intentionally weakened; power and authority were vested in three transit service boards; funding was distributed based on location rather than need. Transit was carved up with little to make the system cohesive or adaptable to growth and change.

Another round of reforms in 2008, sparked by a financial crisis and declining transit ridership, intended to create a more connected, coordinated system by increasing oversight powers of the RTA. But the change was not enough to overcome the history and culture of division.

In recent years another problem became impossible to ignore: one scandal after another has plagued the transit agencies. Reports emerged of patronage, financial impropriety, hidden conflicts of interest, and inappropriate influence over contracts.

These ethical failures, along with deep concerns for the future of our transit system prompted Governor Quinn to appoint this Task Force. The evidence we have seen leads to our conclusion that the best way to move beyond a history of division and regain the public trust is to make a bold change that breaks free from the past.

The changes must enable the public to trust that those in charge are acting ethically, are organized in the right way, and taxes and fares are funding the right projects and services. There must be a consensus that the highest priority of the region's transit services is to meet the mobility needs of the region's people, businesses, communities and visitors.

The reforms must also take into account rapidly emerging innovations in transportation technology as well as changing attitudes about transit and mobility. Northeastern Illinois must adapt and take advantage of these changes, or it will be left behind.

Metropolitan Chicago has the third largest transit system in the nation, with more than 650 million passenger trips annually, and compared to its peers, ranks high on operating efficiency. But it ranks low in almost every other measure: ridership has hardly changed in twenty years, the system has barely expanded over the past few decades, and the level of investment is sorely lacking. Northeastern Illinois can, and should, do better. Efficiency is not enough - it cannot and will not meet the region’s needs. If some modicum of efficiency is the best that can be said of the system, then it has failed.

To achieve the world class transit system the region needs, northeastern Illinois must change its perspective from the parochial to the regional. And that leads this Task Force to propose a new approach: an integrated, unified transit agency responsible not only for managing our transit assets, but also for improving mobility for all of us.

270 GOLF MILL

I. INTRODUCTION

The Governor's Charge to the Northeastern Illinois Public Transit Task Force

On August 15, 2013, Governor Pat Quinn issued Executive Order 13-06 creating the Northeastern Illinois Public Transit Task Force (Task Force) to address serious concerns regarding the current structure of the northeastern Illinois public transit system.

Governor Quinn established an ambitious goal for the Task Force:

> "...to study, examine and evaluate the Northeastern Illinois Transit Agencies to determine how the operations of these agencies can be reorganized, streamlined or restructured to, among other things, ensure greater efficiency, accountability, coordination and transparency."

In his Executive Order to the Task Force, the Governor noted the failure of the transit agencies to work collaboratively and efficiently, the absence of adequate oversight and coordination from the Regional Transportation Authority (RTA), the lack of cohesion amongst the transit agencies, and allegations of improper political influence. Governor Quinn established this independent Task Force to study, examine and make recommendations to improve the transit agencies' operations, repair the damage done to the public trust, and modernize the existing transit system for the northeastern Illinois residents, people with disabilities, and visitors who depend upon the system to reach their destinations.

The Governor asked the Task Force to report to him and the Illinois General Assembly its recommendations for creating a world-class transit system for the region. On December 31, 2013, at the request of the Task Force, the Governor issued Executive Order 13-07, extending the original dissolution date of January 31, 2014 to March 31, 2014.

To complete its assignment, the full Task Force has met 11 times, supplemented by individual discussions with leaders of other transit agencies around the nation. The Task Force received detailed testimony and documents from leaders of the RTA and the three service boards (Chicago Transit Authority (CTA), Metra, and Pace). The Task Force invited input from national and local transit experts, as well as the elected officials who appoint the region's transit board

members, and members of the public. Interviews were conducted and research was carried out to collect best practices on other transit agencies.

The Task Force also received expert assistance from Delcan Corporation. This support and assistance was crucial in synthesizing relevant information and providing an analytical basis for timely and meaningful discussions and examination of alternatives. The Technical Memorandum and supporting reports, which are linked within the Appendix, include additional information and analyses provided to the Task Force.

To fully explore the challenges and develop recommendations to achieve a world-class transit system, the Task Force formed four working groups as listed below:

- ***System Performance*** – Kathryn Tholin (Chair), Dr. Adrienne Holloway, Tony Paulauski, Raul Raymundo, Robert Reiter, Jr., Ashish Sen
- ***Finance*** – Carole Brown (Chair), Kathryn Tholin, Sonia Walwyn
- ***Governance*** – Dr. Ashish Sen (Chair), Nick Palmer, George Ranney
- ***Ethics*** – Patrick Fitzgerald (Chair), Robert Guy, Dr. Sylvia Jenkins, Donald Tantillo

Each working group identified priority areas for attention, obtained information and considered possible recommendations. Their work involved interviews with transit officials and experts, review of relevant reports and documents, and examination of the structure, practices, and policies of various transit agencies. Each working group provided the Task Force with a presentation on preliminary recommendations for consideration in the final report due to the Governor and General Assembly on March 31, 2014.

The Findings of the Interim Report

In accordance with Executive Order 13-06, the Task Force prepared an interim report that was delivered to the Governor and General Assembly by the required deadline of October 18, 2013. The report was voted on and approved by the Task Force on October 16, 2013. The report detailed the following initial findings.

1. Portions of the transit system have been plagued by scandal and corruption, to the detriment of the system as a whole.
2. The structure of the current transit system has led to duplication, competition, uncoordinated service, and a lack of accountability.
3. The region does not have a widely accepted plan to increase transit ridership.
4. Our transit system is not adequately supporting our economy.
5. The funding formulas that distribute money to the transit agencies are due for reexamination.
6. We are grossly underinvesting in our transit system.

A link to the interim report can be found in the Appendix.

Guiding Principles to Achieve World-Class Transit Adopted by the Task Force

Shortly after the submittal of the interim report, the Task Force adopted guiding principles to achieve a world-class transit system. The principles were meant to guide the Task Force as it considered options and developed recommendations to achieve such a system. A world-class transit system will:

1. Put the customer first by offering a safe, well-maintained, coordinated, fast, convenient, and accessible system that is a viable transportation alternative.
2. Function in an ethical, efficient, and transparent manner that demonstrates professional competence and clear accountability to all of the region's residents.
3. Benefit and prosper from an experienced, diverse, dedicated, professional, safety conscious workforce that meets the demands and challenges associated with operating a transportation network around the clock, 365 days a year.
4. Promote economic vitality by matching development with transit service, connecting communities, employment centers, and other destinations throughout the region.
5. Plan ambitiously and adapt to change, continually refining transit services and investments to increase ridership, relieve congestion, and provide an abundance of transportation choices.
6. Embrace innovative technology and systems in finance, communications, vehicles, infrastructure, and customer service.
7. Be adequately, predictably, equitably, and sustainably funded to provide high levels of performance and maintain a state of good repair.

In response to the directive outlined in the Governor's Executive Orders, and throughout the Task Force's deliberations and review of collected information, the Task Force has developed a series of recommendations with the guidance of the principles identified above, and the understanding that transportation in metropolitan areas continues to evolve. Northeastern Illinois needs a cohesive, regional transit system that provides flexibility to adapt to the evolution of transit service and transportation as a whole.

The region's economic development is at a pivotal moment. Decisions made today will impact how several generations will live their lives and earn a living. The assessment that follows lays bare the salient transportation issues relating to ethics, systems performance, finance and governance. In many ways, laying out the issues and prescribing solutions is the easy part. The far bigger challenge will be turning analysis and recommendations into action. That will take courage, vision and determination from elected leaders. It will also mean putting aside partisan rancor in exchange for a meaningful debate over fundamental policy questions. The region has grappled with weighty, forward-looking challenges before and has resolved many of them through collaboration and innovation. The decisions made about transportation in the years to come will rank among the most important the region will face.

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Metra
Village Of Round Lake
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II. THE CHANGING CHARACTER OF MOBILITY

Public transit in northeastern Illinois is a small part of a much larger transportation system. The eight million residents of the region have multiple options as they travel to work, visit friends, go shopping, or see a movie. Understanding those options – and more importantly the significant changes that will shape transportation patterns in upcoming decades – is a prerequisite to making recommendations for improving the existing transit system. New trends, such as higher energy costs, changing land use patterns, changing demographics and technology, will all shape the character and purpose of traditional transit agencies.

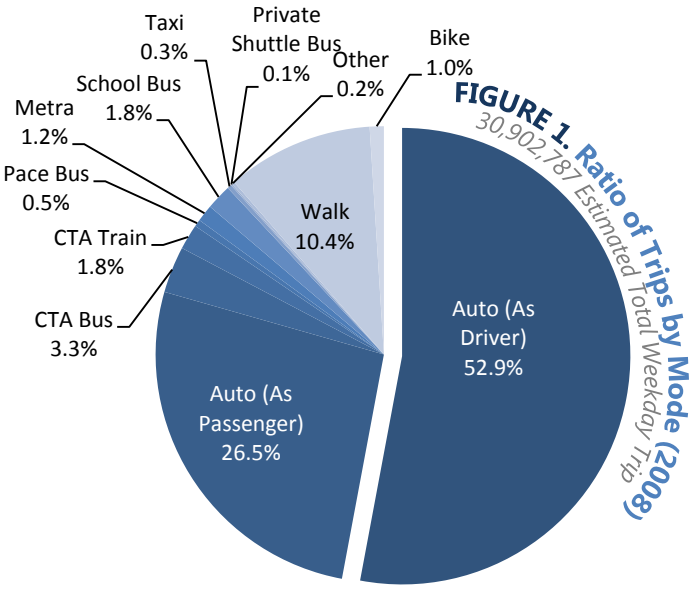


FIGURE 1. Ratio of Trips by Mode (2008)
30,902,787 Estimated Total Weekday Trip

Source: CMAP Chicago Regional Household Travel Inventory (2010)

Current Travel Patterns

The most recent assessment of how residents travel from place to place comes from the Chicago Metropolitan Agency for Planning's (CMAP) 2007-2008 travel tracker survey. Every weekday, an estimated 31 million trips occur in the region with 75% utilizing cars and 6% utilizing Metra, Pace and the CTA ***(Figure 1)***. For work trips, 80% were by car while about 15% used the three transit services ***(Figure 2)***. Work trips represent 13% of total trips taken in the region.[1] However, by 2018 or 2028, these transportation patterns are likely to be significantly different from the ones identified by CMAP in 2008.

Trends Shaping Transportation

The ways people move from place to place in the region are likely to change greatly over the next decade or two. The old patterns of mobility have been evolving and the rate of change is likely to accelerate.

Higher Energy Costs

The cost of gasoline has increased by 85% in the last ten years, a rate of increase that is substantially greater than inflation which grew by 27%.[2] No one is projecting this trend to reverse itself, and many expect increases to continue. As more families recognize that transportation is their second largest expense after housing, they are adopting alternatives that will lower their costs, including transit, car sharing, fuel efficient vehicles, and driving less. These trends have also lowered state and federal tax receipts resulting in a funding shortfall for transportation projects.[3]

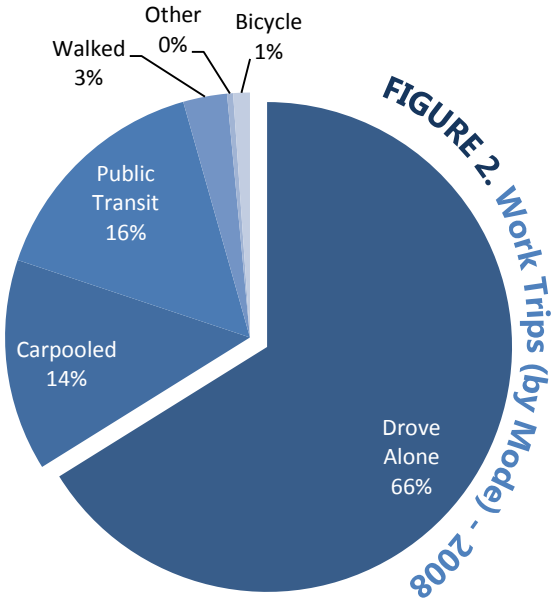


FIGURE 2. Work Trips (by Mode) - 2008

Source: CMAP Travel Tracker Summary - Weighted (2010)

Changing Land Use Patterns

Consumer preferences for more walkable and less vehicle dependent communities continue to grow. The 2013 National Association of Realtors Community Preference survey found that 60% of the respondents wanted homes in mixed-use neighborhoods with pedestrian access to businesses, transit, and places of employment.[4] A growing body of research demonstrates that there are substantial health benefits associated with urban design that is walkable and bike-friendly.[5,6]

CMAP's *GO TO 2040* Plan reflects this preference for growing existing communities rather than building new communities that require a vehicle for every trip.[7] Local municipalities such as Naperville, Park Ridge, Glenview, Aurora, Elgin and many more are building transit-oriented developments that will reduce the demand for vehicle trips and increase the demand for walking, bicycling, and transit.

Changing Demographics

The population of northeastern Illinois region is expected to increase by approximately 28% between 2010 and 2040.[8] Furthermore, the population of Americans 65 and older is expected to grow 60% by 2027.[9] This older population, with fixed incomes, will be searching for new ways to maintain and enhance their mobility. A recent survey by the American Association of Retired Persons (AARP) found that 85% of their members were concerned about the cost of driving and were seeking ways to reduce their travel or find alternatives.[10] To serve their constituents, the AARP has been a strong advocate of more transit and more walkable communities.[11]

Partially in response to this trend, Pace ADA and paratransit services have grown by 41% since 2007, but large portions of the existing transit system are not universally accessible, limiting use by seniors, people with disabilities, and those with sensory challenges.

Changing Attitudes

The younger generation of Millennials has a different view of mobility. Nationally, the number of miles driven by people aged 16 to 34 has declined an extraordinary 23% between 2001 and 2009.[12] Furthermore, only 67% of people aged 16 to 24 possessed a driver's license in 2011 – down from around 80% in 1991.[13] For many younger people, "owning" a vehicle is less important than having "access" to a vehicle through emerging car sharing and ride sharing programs. Developing an infrastructure that can optimally compete with their peer groups in Boston, New York, Hong Kong and London is vital to secure their economic future. If the region wants to attract and retain the brightest people with entrepreneurial savvy, who create jobs, it needs to be at the forefront of transportation innovation.

Changing Technology

New technology promises to have a major impact on how people travel. Smart cars and smart highways are leaving experimental stages and beginning to enter the market. Together they promise to make the driving experience safer, more pleasant, and less congested. Cell phones with sophisticated apps are already changing how consumers hail a cab, a limousine, or even their neighbor's vehicle. Traffic signal priority is technology that can give special treatment to certain vehicles at signalized intersections. It has the potential to revolutionize transit by speeding bus commutes. Technology is a growing part of the transportation mix making ride sharing, car sharing, and taking transit easier.

Driverless vehicles are also emerging from the testing phase. A Small French company, Induct Technology, has developed an automated shuttle bus, known as Navia, that is commercially available to universities and corporate campuses.[14] Likewise, Nissan,[15] Audi,[16] Ford,[17] and other large automobile manufacturers have plans to market autonomous cars by the 2020s.

Changing Patterns Of Mobility

The results of these trends can already be seen in the transportation system today. American culture and history is closely tied to the automobile; it has been one of the most influential factors in this country's development - shaping where we live, where we work, how we spend our time, and our built environment. But in recent years, after decades with little innovation beyond improvements to vehicles and roads, the transportation system has begun to show signs of revitalization. The national love affair with the car is not over, but it is changing.

The number of vehicles per person and the number of miles driven per vehicle is declining. Beginning in 2004, national per capita annual vehicle miles traveled peaked and then began a slow decline.[18] Between 2005 and 2011 annual per capita vehicle miles traveled by Illinois residents declined 6.6% from 8,585 to 8,022; 2012 brought a 1.2% uptick to 8,117.[19,20,21]

At the same time, new alternatives to owning and driving your own vehicle have emerged. In 2012, over 900,000 Americans had a membership to a carsharing program – a 30% increase from 2011. This rapid growth has attracted the interest of traditional car rental corporations; all the major car rental companies now have acquired or have started carsharing operations.

Ridesharing – or carpooling – is not a new idea, but technology has brought about a ridesharing revival. New companies like Lyft (known for the pink mustaches that decorate the grill of each

contracted car) and Sidecar use an app to pair those in need of a ride with ordinary drivers and automobiles.

Likewise, taxis, limousines, black cars and other for-hire private operators have been around a long time, but technology is transforming this industry. Uber and similar companies allow patrons to use a sophisticated smart phone app to identify and summon the closest car. Uber reported approximately $200 million in worldwide annual revenue in 2013.[22]

Transit providers offer vanpools to facilitate "last mile" service between transit stops and final destinations. In the Chicago region, Pace operates the nation's second largest vanpool program with an average of 775 vans logging 2,225,000 rides in 2013.[23] Increasingly, private buses and employer shuttles also offer "last mile" connections between job centers and transit stations that are specifically tailored to the operating hours of businesses served.

Even walking and biking are experiencing a renaissance. Long considered a "forgotten mode," walking is receiving increased attention from policymakers. In 2009, 10.9% of all nationally reported trips – 42.5 billion – were walking trips, a 235% increase from 18 billion reported walking trips in 1990.[24] Within the Chicago region, 10.4% of all weekday trips are walking trips, the second highest proportion behind automobiles.[25]

The U.S. Department of Transportation National Household Transportation Survey found that annual bicycle trips in the United States increased from 1.7 billion to 4 billion – a 235% increase – between 2001 and 2009. Domestic bikeshare programs can be found in 34 cities, with 1,700 docking stations and 17,000 total bikes.[26] Chicago launched its own bikeshare program, Divvy, in late June 2013. As of early January 2014, Divvy had logged 769,204 trips and is poised to expand to 475 stations and 4,000 bikes in 2014 including locations outside Chicago city limits in Oak Park and Evanston.[27] The Illinois Department of Transportation (IDOT) has plans to release Illinois' first statewide bike plan, which has been developed to continue the department's vision of having a seamless and accessible transportation system.

Governments and the Changing Character of Mobility

The changes described here have occurred over a relatively short period and even more drastic developments are expected in the near future. We are on the verge of a transportation revolution. Governments will need to rethink how they will adapt to and shape the changes that are already underway. Chicago and its environs are well positioned to lead the way.

Many governments that we are competing with economically are aggressively confronting this opportunity. Places like Paris, London, Singapore, Hong Kong, San Francisco, and many others are successfully providing integrated mobility solutions for their residents. The result is enhanced mobility for both people and goods, reduced transportation costs, and a more efficient economy. They are piloting and integrating advanced digital technology into all facets of their transit systems. These innovations, not coincidentally, also create high-tech jobs.

They are providing apps for cell phones that compare all the options for getting from place to place. They are matching their land use practices with transportation investments. They are providing universal payment systems that work on all modes of transportation. They are using

transportation revenue streams to build transit oriented developments. They are using highway dollars for transit. They are encouraging new businesses and entrepreuneurial intitatives, such as UBER and Lyft. They are using parking policies to influence transportation choices. They are underwriting non-traditional forms of transit. And, they are figuring out ways to generate new revenue streams from private providers. Most importantly,they are looking to the future.[28]

In northeastern Illinois, the system is highly fragmented. More than 500 units of government are building and maintaining roads. We have four independent transit agencies. We have dozens of communities licensing taxis; dozens of private businesses providing private bus services for their employees; and new service providers such as UBER, Lyft, Sidecar, and many more fulfilling market needs that have not been met.

There are positive signs in the region that this collection of actors is breaking down barriers, providing more integrated services, and thinking more holistically about the challenges of mobility. The Illinois Tollway, for example, now includes transit in its consideration of system expansions and upgrades. IDOT, in collaboration with Pace, the RTA, and the Illinois State Police, implemented the Bus on Shoulder program on Interstate 55, the Stevenson Expressway, in an effort to assist with increased ridership and extreme congestion. Counties and muncipalites have partnered with Pace to expand Dial-A-Ride and shuttle service – such as the Woodfield Mall Trolley – for the disabled, elderly, and commuters in select areas.[29] One of the more promising partnerships is RideDuPage which has posted significant ridership increases.[30] Local companies, such as Walgreens, Discover Financial, and Siemens, have partnered with Pace, Metra, and the Transportation Management Association of Lake Cook to operate “shuttle bug” service between local Metra stops and their corporate campus. In 2009, Chicago’s I-GO carsharing program and the CTA began to offer a fare card that could be used for either service. It is a great start, but there is more that could be done.

Conclusion

The rich diversity of travel options for regional residents will continue to expand. Changing demographics, land use, energy costs, and technology will change the way we think about transportation alternatives, including traditional transit.

Government should promote and encourage these options to serve the future needs of residents and promote economic growth with the fundamental understanding that a strong transit system is central to the success of these other innovative modes of transportation; such alternatives rely on a robust core of transit in order to flourish. The region should remove barriers to innovation while strengthening the core transit services that allow these new transportation alternatives to succeed.

Traditional transit agencies, those that provide bus, van-pool, and rail service, play a critical role in meeting the mobility needs of the region. Such services need to be expanded. Transit agencies should play a leading role in providing a more holistic and integrated system of services, investments, and revenues. They should not be left to simply manage the assets they have inherited. They should be given the resources and the challenge of breaking down the silos and creating an integrated system of mobility.

Rather than competing with other modes, transit should collaborate with them to capitalize on new ideas that can complement and build on existing transit service. This means transit should be designed to seek out new and creative opportunities to increase ridership, encourage "last mile" transportation providers, incentivize new transportation alternatives that can supplement existing service, and partner with private services that enable more of the region's residents to revolutionize the way they think about car ownership. It should serve as a facilitator and catalyst to increasing regional mobility. Transit should serve as the system's backbone, but these alternative services can, in turn, extend transit's reach and leverage existing public investment. The economic health of the region depends on how well we can meet this challenge.

III. FINDINGS: IT'S TIME TO SET A NEW STANDARD FOR REGIONAL MOBILITY

The initial findings and guiding principles adopted by the Task Force led to a much more intensive research and analytical effort by each of the four working groups: System Performance, Finance, Governance, and Ethics. This section summarizes the facts and conclusions from that extensive analysis.

The detailed findings of each working group follows, but the bottom line is this: Business as usual will not lead to a world-class transit system. Change is needed, starting with a new set of standards for system performance, finance governance, and ethics. The common theme is to create excellent, accessible service, easy connections and more mobility options that nurture and strengthen the region's people, businesses and communities. Above all else, the system must be predicated on accountability and transparency while effectively serving the evolving transportation needs of the regions' citizens. Done correctly, the people's trust will be gained and their needs will be better served.

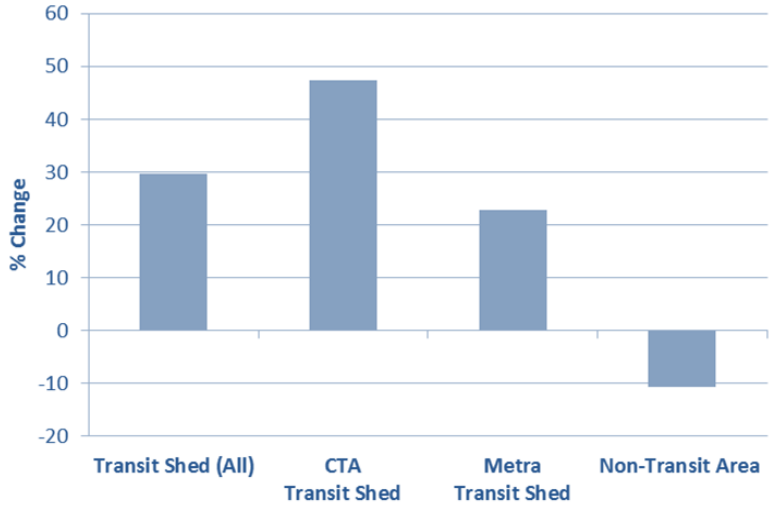
System Performance

The transit system must support and strengthen mobility, economic development, growth, and vitality of the region.

In a global region like northeastern Illinois, high-quality, performance-driven transit means economic prosperity. Transit gives households greater choice between affordable neighborhoods, good paying jobs, and options to commute between the two. It allows businesses to access a talented and diverse workforce and to remain globally competitive. Transit supports communities that encourage frequent interaction, easy transfer of ideas, and innovation. Without effective transit, streets become gridlocked, quality of life is reduced, the costs of living and business increase, human capital grows isolated, and sustainable growth is constrained.

World-class transit does not just rely on the extent to which the agencies operate and maintain the system. Other public actors, from all levels of government, must value transit in making their own decisions about land use, infrastructure, and regional growth. Transit succeeds when a commuter can easily walk from their neighborhood to a train or bus station, take it to work, and use it to run errands. Although development decisions are made outside of transit agencies, the system performance lags when they do not consider transit.

FIGURE 3: **Percent change in average residential sales prices relative to the Chicago region,** *2006-11*



Source: The New Real Estate Mantra

The region owes its legacy to coordinated action. Over a century ago, the Chicago "L", street cars and the interurban railways transformed the Loop into the nation's second-largest business district after Midtown Manhattan. It allowed developers to build new, high-density skyscrapers downtown and livable, compact communities like Evanston and Oak Park.

Originally built to serve the Loop, the combined transit system provides almost 2.1 million rides per weekday. There is much to be proud of in a system that propelled Chicago into a global economic leader for 100 years. But to stay ahead, it needs to transform. The evidence is clear:

- *Businesses want to locate near transit.* After a half century of employment growth in automobile-oriented office parks, many major employers have relocated from non-accessible locations to places where transit service is robust, young urban residents can take transit to work, and other amenities exist close by. Major corporations like United Airlines, Google, Motorola Mobility, and Boeing have already moved towards transit-served locations and away from highway-centered locations. New tech startups are choosing transit-friendly locations. Some suburban office parks have launched vanpooling services to rapid transit stations, while others have struggled to adapt to rising vacancies since 2008.

- *More workers want to take transit to work.* Employees who are able to access their jobs by transit can get to work more reliably, save more money, and pay for a tax-free commute. For some commuters, an hour train ride allows better productivity through increased use of phones, tablets, and laptops. For others, a train commute means less time contending with traffic, lower stress levels, and better quality time with family. Thanks in part to fluctuating gas prices and broader acceptance of transit by Millennials, U.S. public transit commutes have reached their highest level since 1956.

- *Other workers can't commute without transit.* According to the American Automobile Association (AAA), ownership of a new sedan costs a typical household as much as $10,456 every year for the first five years and depreciates the moment it leaves the lot.[31] A significant portion of northeastern Illinois households do not own a vehicle and many of them live near the transit system. Many people with disabilities are transit dependent. While households in the region average 1.68 vehicles, the average drops to 1.34 for those within a half-mile of a CTA or Metra station.[32] A robust transit system helps these households reliably reach the job they want and get to work on time.

- *More people want to live near transit*. For Millennials, preference for active lifestyles, proximity to restaurants and entertainment, and smartphone technology builds demand for housing in transit-served locations.[33] As Baby Boomers age, many have begun to downsize to neighborhoods with better access to retail, amenities, family, and medical services.[34] Demand from both generations helped stabilize the housing market in transit-served neighborhoods during and after the Great Recession. Between 2006 and 2011 the average sales price for a property within one half mile of a CTA or Metra station outperformed the regional average by 29.7%.[35]

- *Developers want to build around transit*. According to PriceWaterhouseCoopers and the Urban Land Institute, investors anticipate that real estate development will follow the location preferences of Millennials, the most urban and multicultural generation in American history.[36] Retailers like Wal-Mart and Target have begun to use urban format stores in walkable neighborhoods in order to reach these consumers.[37] A recently released report from New York's MTA noted, "The Atlantic Ave-Barclays Center station in Brooklyn had an 11.8% (4,200 riders) weekday increase, reflecting a full-year of activities at the Barclays Center which opened in September 2012."[38] Economic boom goes hand in hand with transit.

FIGURE 4: **Typical transportation costs in three regional communities,** *2009*

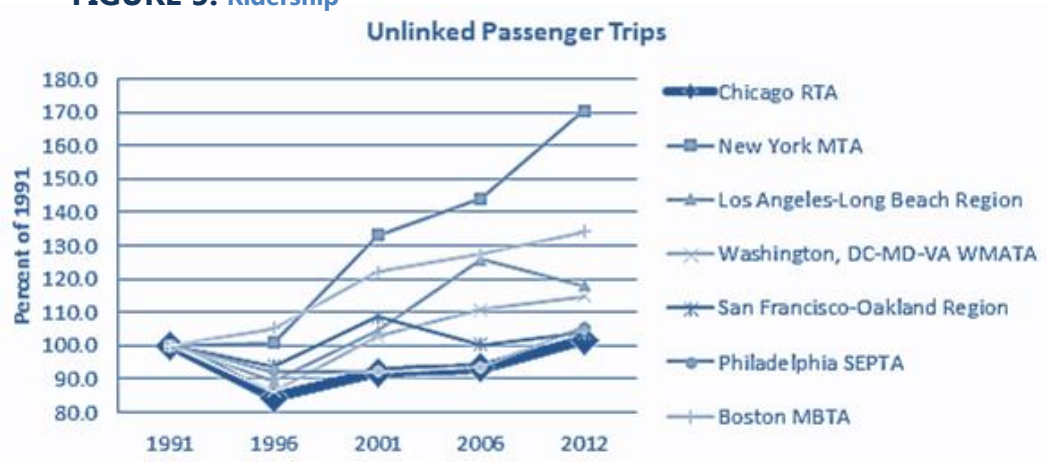
Neighborhood Average	Ravenswood	Brookfield	Marengo
Autos per Household	1.09	1.74	1.99
Household VMT	12,150	16,980	24,438
Commuters Using Transit	42.32%	7.30%	0.98%
Residential Density	22.43 HH/Res. Acre	6.01 HH/Res. Acre	3.22 HH/Res. Acre
Monthly Transportation Costs	$751	$1,104	$1,324

- *Transit saves working households money*. When households can take transit, walk, or bike to jobs, schools, entertainment and retail amenities, they can spend less on gas, own fewer cars, saving money that can be spent on a mortgage, health care, or at a local business. According to the Center for Neighborhood Technology's (CNT) Housing + Transportation (H+T) Affordability Index, average monthly transportation costs would be $1,096 (21.8% of income) in 2009 for a Chicago-area household earning the median income of $60,289. By contrast, in Ravenswood at the Montrose Brown Line average transportation costs for the typical household would be $751 – a savings of nearly $350 every month.[39] The lesson is clear: effective transit is a boon to the economy.

Despite the importance of transit to the economy and livability of the region, the transit system in northeastern Illinois is falling far short of realizing its potential. The region directly competes with others – American regions with extensive legacy systems like New York, the San Francisco Bay Area, Philadelphia, and Boston. Northeastern Illinois leads those regions in lower costs per revenue hour, per revenue mile, and in some cases per trip.[40] But even though the transit system spends money more efficiently, its peers lead in attracting new riders and encouraging new growth around it. As those regions move ahead, the Chicago region stays static:

- *The Chicago region lags its peers in system ridership*. Up until 1996, American transit ridership declined everywhere. As transit ridership surged in the last decade and a half, northeastern Illinois has seen the slowest rebound of any legacy system.[41] While the system saw 132 million additional unlinked trips, 107 million (81%) of those trips came via the CTA rail system. Metra ridership grew by only 11% and Pace ridership decreased.[42]

FIGURE 5: Ridership



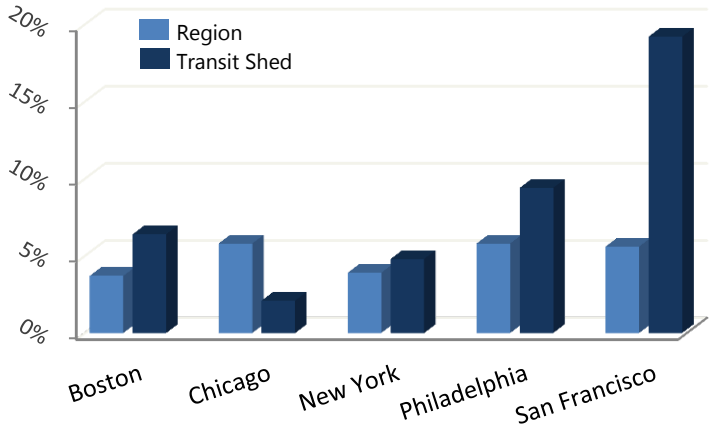
- *Metropolitan Chicago lags its peers in system expansion*. One of the contributing factors to the lag in new ridership is that since 1975, Chicago has increased the extent of the "L" by less than 20 miles.[43] Although the long-range regional transit plan includes several expansion projects, only the 5.3 mile Red Line Extension sits on the Chicago Metropolitan Agency for Planning's (CMAP) list of fiscally constrained projects. By contrast, comparable systems in Los Angeles, San Francisco, and Washington will each have expanded their systems by more than 90 miles between 1975 and 2020. In New York, the Metropolitan Transportation Authority (MTA) is extending the subway line to reach the Javits Convention Center. The expansion made it possible to develop the Hudson Yards, which will have a positive, multi-billion dollar impact on New York City. At the same time, the city is building an entirely new subway line, along the East Side of Manhattan, and doing so at a time of great budget pressure.

- *Metropolitan Chicago lags its peers in innovations to increase ridership*. The Metropolitan Boston Transportation Authority, for example, uses its iconic "T" symbol to brand and effectively unite commuter rail, light rail, buses, trolleys, and ferries as one system. In the Washington, D.C. region, Arlington County Commuter Services helps employers find transit

solutions for their employees, markets the pre-tax transit benefit, promotes walking and biking, and pursues other strategies to boost transit mode share. In Denver, the Regional Transportation District allows the bulk purchase of "EcoPasses" at a discount to encourage transit usage. In northeastern Illinois, CTA deserves great credit for the popular U-Pass program, which provides a similar bulk purchase for university students, but the offer is not extended to include Metra and Pace service.

- *Metropolitan Chicago lags its peers in regional growth around the system.* Out of five peer regions with extensive legacy assets, only northeastern Illinois failed to grow faster around the transit system than away from it. Between 2000 and 2010, the number of households region-wide grew by almost 6%, while the number of households around transit grew by just over 2%. By contrast, the San Francisco Bay Area saw transit-served neighborhoods grow three times as quickly as everywhere else, strengthened by public transportation and housing investments made in Priority Development Areas.[44]

FIGURE 6: **Percent change in total households in the Chicago region and transit shed,** *2000 - 2010*

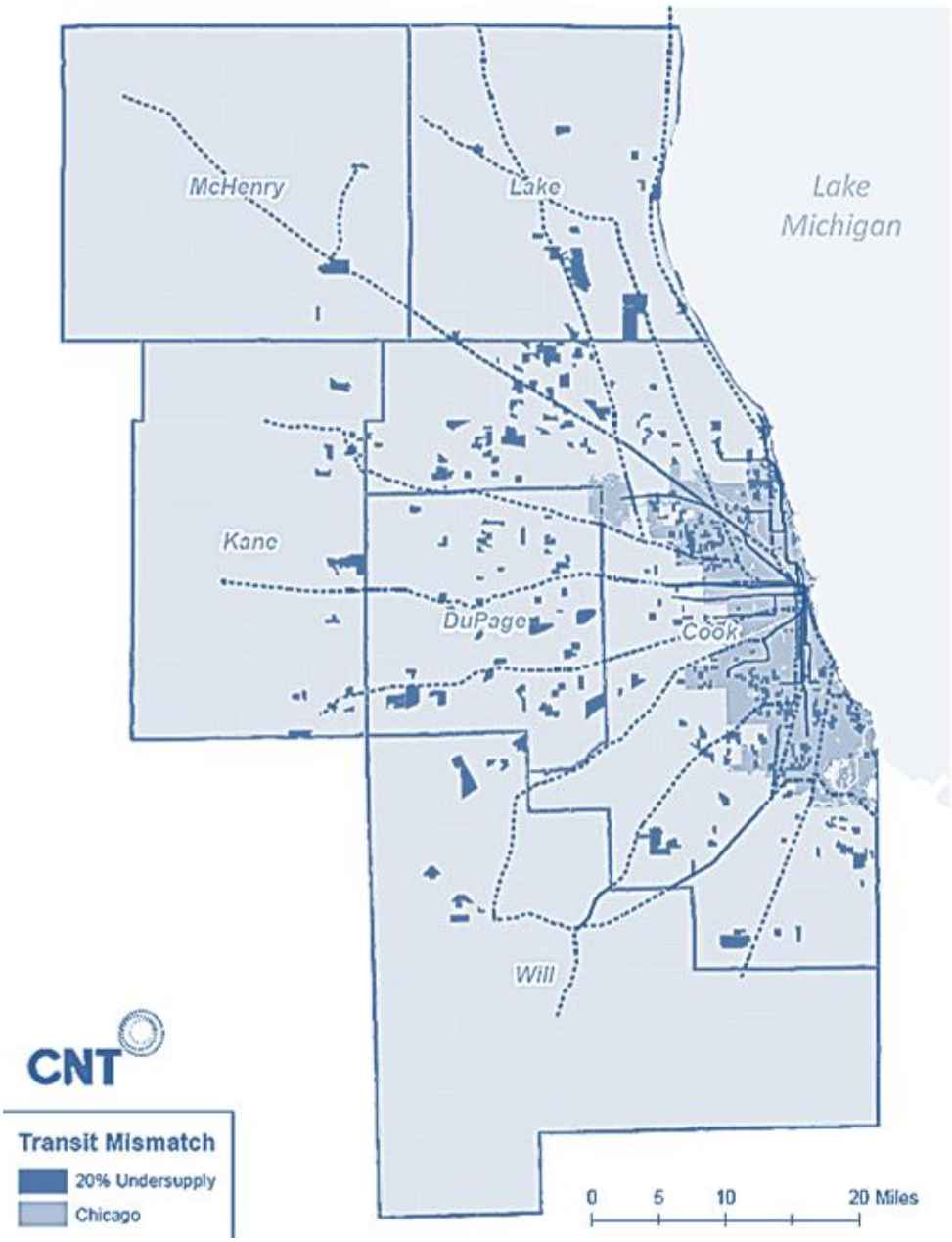


The metropolitan Chicago region built a transit system to serve the Loop and historic satellite cities over a century ago. Since that time, and especially compared to its peers, it neither grew efficiently around that system nor extensively extended it to serve new jobs and neighborhoods. Development decisions occurred without thought to transit access. Transit service has focused almost exclusively on the Loop even as other employment centers grew. This lack of integrated land use planning and transit investment has negatively impacted region's productivity, cost of living, and economic competitiveness.

- *Significant portions of the region are underserved by transit*. Every county within the RTA region possesses neighborhoods with the density of population and employment or low car ownership to support broader service. However, that service does not exist in many places. Although regional and local plans have recognized these gaps and proposed significantly increased connectivity, northeastern Illinois lags in widespread implementation.

- *Four out of the five largest employment centers are poorly served by rapid transit*. Although the systems converge in the Chicago Loop, the next largest suburban employment corridors along I-90 and I-88, representing more than a quarter-million jobs and several Fortune 500 companies, have inconsistent transit access.[45] By 2011, these areas totaled over 210,000 jobs along the Jane Addams Tollway near O'Hare and over 90,000 jobs in and around Oak Brook.[46]

FIGURE 7: **Projected mismatch between transit supply and transit demand**

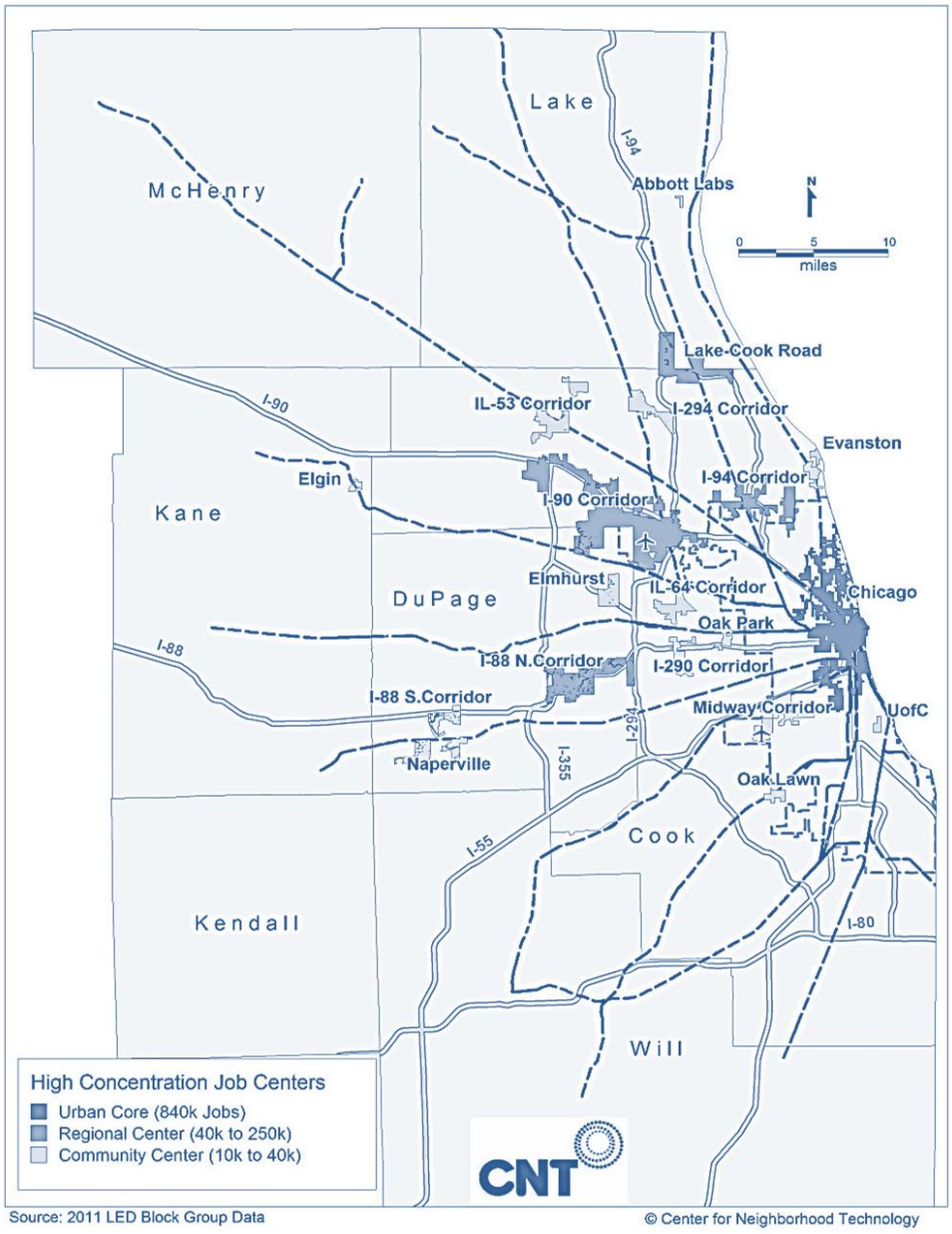


- *The design of suburban office parks discourages efficient transit*. A higher density of jobs makes it more economical to provide fast, frequent service. In the Chicago urban core, the number of jobs per acre is more than four times higher than office parks along I-90 and I-88.[47] Moreover, because bus service on privately-owned land exposes transit providers to liability for accidents, it can be difficult to serve office parks and big box centers built around large parking lots.[48] Pace provides many customized routes to these employers, but service can be infrequent and confusing.

- *Commutes via transit to suburban employers can be long, inconvenient, and impractical.* Infrequent Metra service, inconvenient Pace routes, and long connections can make transit an unreliable option to suburban employment destinations. According to the Brookings

Institution, even though 82% of the region's neighborhoods have some kind of transit service, only 23% of regional residents and 12% of suburbanites can use it to reach a typical job by a 90-minute or less one-way ride.[49] For example, a resident of Altgeld Gardens can reach only 8,201 jobs requiring an Associate's Degree or less within a half-hour transit ride.[50] A commute from Altgeld Gardens to Oak Brook requires almost two hours of bus and train rides.[51]

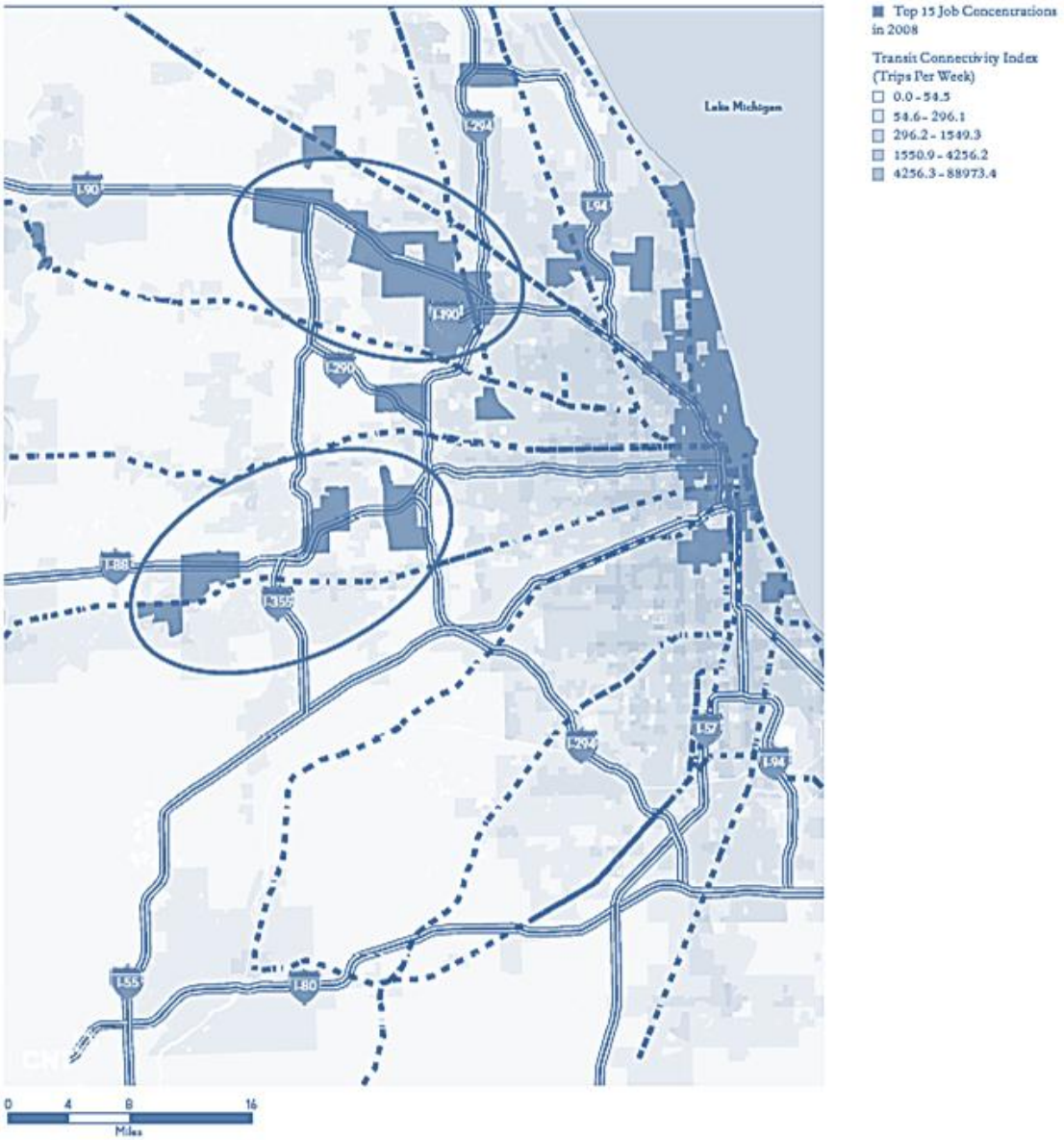
FIGURE 8: Employment clusters and transit infrastructure in northeastern Illinois, *2011*



Source: 2011 LED Block Group Data

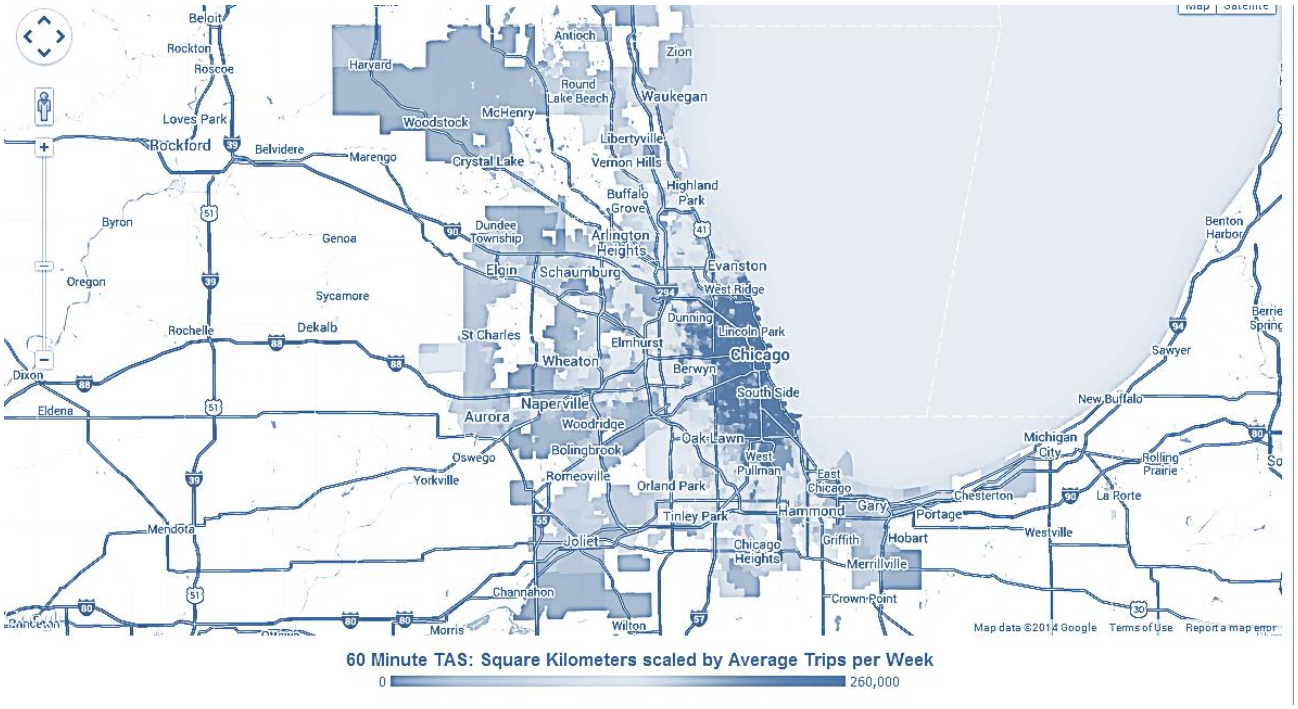
© Center for Neighborhood Technology

FIGURE 9: **Transit connectivity and 15 largest employment centers in the Chicago region in 2008**



- *It is even harder to use much of the system for non-commute trips.* The frequencies of the system are designed for the journey to work, but the commute is only one out of every five trips a household makes.[52] Nationally, two out of every three transit trips are non-work trips.[53] Because many Metra lines have headways of two hours or longer on the weekend, transit is less convenient for trips spent grocery shopping, visiting family, or accessing recreational areas and open space like the region's forest preserves and conservation districts. Numerous transit agencies that increased off-peak service found that ridership increased both during peak and off-peak periods.[54] In 2013, weekend ridership on the MTA in New York increased to 5.8 million, its highest level since 1946.[55]

FIGURE 10: **Jobs easily accessible by a 60 minute transit trip in 2011 (CNT)**



- *Over the last decade, average transportation costs outpaced income growth.* Owing in part to the gaps in the system, households have been buying more cars and driving them further distances. In 2009, a regional household earning the national median income of $51,125 averaged $12,290 in annual transportation costs. Between 2000 and 2009, transportation costs for that household rose 38% while the median income increased only 22%.[56]

FIGURE 11: **Growth in income, housing and transportation costs for the national typical household,** *2000 - 2009*

Source: 2005-09 H+T Index

- *Congestion hampers productivity*. As cars and commuters idle in congestion, they waste fuel, make workers late, diminish air quality, cause needless stress, and take time away from families. The Metropolitan Planning Council estimates that these impacts cost the Chicago region $7.3 billion annually.[57] All these factors decrease the quality of life of regional commuters.

People will use the system if they perceive it to be accessible, safe, and more convenient than driving. For example, CTA's bus and train tracker applications make it easier to use transit every day, even though it did not include Pace and Metra. However, the transit providers have missed numerous other opportunities to improve the ridership experience.

- *The system experiences delays and gaps in service*. Along the CTA Blue Line, for example, trains travel under 35 miles per hour on nearly a fifth of the system.[58] Some Metra lines like the Burlington Northern Santa Fe (BNSF) corridor are plagued with frequent delays, most recently because of inclement weather.[59] Freight traffic limits the frequency of service on other lines, like the Heritage Corridor, which shares its right-of-way with freight rail and runs only six trains per day.[60] Such degradation of service negatively impacts ridership.

- *Many stations suffer from perceptions of poor safety.* CTA has invested in cameras in stations and on vehicles, but many customers remain unaware of the improvements. In comparison, the MTA in New York has done a good job promoting safety developments like cameras on buses. Metra has failed to address concerns of poor lighting and safety at some city and older suburban stations. Perceptions of crime impact ridership and investment in the neighborhoods that surround them. For example, due to budget constraints, Metra chose to retain an isolated tunnel at its underutilized station at Cicero despite community concerns over violent crime. Though recent reconstruction included improvements to station lighting, a station that is perceived to be safe may help Metra increase ridership above 246 riders per day at this station, and attract more investors to development lots across the street.

- *Transit lacks a universal brand.* Although the General Assembly requires that the RTA develop and implement a communication system to ease customer navigation, each agency uses its own set of signs, maps, and informational materials. The RTA consolidated trip planning information with its online RTA Trip Planner, but access to that tool is buried on the service board websites. The RTA has also moved to unify signage, maps, and traveler information at its five pilot transfer locations, but the high quality of this signage reveals the low quality of the typical level of passenger information everywhere else.

- *The agencies have been slow to adopt a universal fare card*. This region has been seeking a universal fare payment system since the inception of the RTA. The General Assembly has mandated that goal be reached by January 2015. The ability of transit riders to have ease of payment will facilitate transit use by eliminating a barrier to easily transfer between systems. A number of systems around the world have had a universal fare card for years. For example, London's Oyster card was launched in 2003, while the Octopus card has been utilized in Hong Kong since 1997.

- *Transit remains inconvenient for the disabled and mobility challenged.* The legacy nature of Chicago's rail infrastructure requires retrofits at many stations to meet universal design standards and to accommodate people with disabilities. The region has made excellent efforts, but much work remains. On the CTA Red Line, despite two major upgrade programs, more than a third of the stations remain inaccessible.[61]

- *The pre-tax transit benefit is underutilized and poorly communicated*. Federal law allows employees to purchase transit passes with pre-tax income without any cost to their employer. But according to the Commuter Benefit Impact Survey for 2010, only 22% of companies within the Loop offer commuter benefits to their employees.[62] Although the RTA has promoted this benefit, many human resource providers do not offer it and many employees do not understand how it works, if they know that it exists at all.[63]

The fragmented system of planning and implementation keeps the region from expanding the system and realizing its benefits. When communities can grow around the system, or plan transit and growth together, they generate more taxes and require fewer services per acre of development. When residents in cities and suburbs can choose transit to get to work or run errands, the regional economy benefits. Transit agencies do not make all of these decisions, but their planning all too often occurs siloed and at cross-purposes with efforts at the state, regional, and local levels. In fact, transit agencies frequently compete against each other for funding at the federal, state and local level. Instead, the region should work together towards a shared aspiration: a system that better connects people to jobs and amenities and ready to embrace the enormous opportunities that will unfold in the future.

Better system performance will require integrated decision-making to achieve those goals. The planned rehabilitation of the I-290 corridor is an example of integrated planning. The Illinois Department of Transportation (IDOT), CTA, and the city of Chicago are planning how cars, trains, buses, bikes and pedestrians share the corridor. Private businesses in the community and the University of Illinois have all participated in this process. CMAP's *GO TO 2040* plan breaks with "business as usual" and calls for coordinated decision making, but fragmentation continues in transportation, land use, and economic development decisions:

- There is no comprehensive set of goals for transit in the region that is utilized and measured throughout the system. The RTA has broad strategic goals, and does compile performance data on a large number of indicators. But these data are not evaluated to assess performance or used to drive decisions about priorities and resource allocations to achieve system goals.
- While planning occurs at the RTA as well as at the individual service boards, better coordination of planning and coordinated implementation of individual plans is needed to address system-wide goals.
- The current structure creates redundant service and gaps in service. Agencies are doing more to coordinate with each other, but synchronization is difficult under the current structure, and coordination tends to be only on a project-by-project basis. For example, CTA's decrowding initiative eliminated 12 bus routes and discontinued 3 route segments. Pace did not always provide continuation of service as suggested by CTA. There is no evidence that Pace was brought into the planning for these service changes.
- *GO TO 2040* sets two goals for transit, increased ridership and job accessibility, but no mechanism currently exists to coordinate planning and investments to achieve those outcomes. Many transit extensions have been proposed that would achieve these goals, but they remain unfunded on *GO TO 2040's* list of fiscally unconstrained projects. For example, the CTA Blue Line West extension would directly link Oak Brook to the rapid transit network.
- There are few mechanisms to target public and private development decisions around transit stations. The RTA's Community Planning Program and CMAP's Local Technical Assistance Program have produced 185 subarea and comprehensive plans that link transportation and land use. However, the region lacks a reliable mechanism to implement them, particularly in smaller suburbs that lack tax capacity. For example, when the RTA assembled an application to fund transit-oriented development (TOD) implementation through the Congestion

Mitigation and Air Quality (CMAQ) program, it found that only four affluent communities had been able to fund the preliminary engineering to qualify.

- The transit agencies do not purchase vehicles together. The Chicago region has two major transit vehicle types, heavy rail and bus. The heavy rail systems of CTA and Metra are not compatible but the buses of CTA and Pace are. Coordinated purchases of buses could reduce costs and save both agencies money if they bid for buses, fare boxes, payment cards, parts, other goods and services together.
- Transit providers have failed to take advantage of other technologies compatible with the region's varied development patterns. Chicago's neighborhoods and older suburbs grew around the streetcar system, but unlike cities like Portland, OR; Washington, D.C.; and Kenosha, WI, northeastern Illinois transit providers have not reinvested in them. Light rail is another technology not found in this region and Bus Rapid Transit (BRT) has only recently been explored. These diverse operating options can help solve "last mile" gaps in different development contexts. With cooperative planning, the region could take advantage of these technologies and diversify transit options to best fit the communities in need of transit services.
- Within the last couple years, IDOT has developed, released and began implementing the Illinois State Transportation Plan. For the first time, this long-range plan provides strategic direction to ensure that Illinois' transportation system, including all modes, is coordinated, planned, and built with the idea that present and future travel options are user focused, accessible, economically supportive, and ecologically sensitive.

Northeastern Illinois has the opportunity to build a world-class transit system – but it requires investment, not just planning. There is a relationship between "build it and they will come" for transit ridership, as well as highway usage. Systems across the country that have provided more service have seen their ridership increase. This requires a commitment to investing in transit expansion so metropolitan Chicago can compete with regions like Los Angeles, the Twin Cities, Seattle, Boston, New York, Portland, Phoenix, Houston, and Dallas that have made billion-dollar investment commitments. Such commitments recognize the economic benefits of a well-developed and robust transit network that serves the region's residents, and have had strong public support. Billions of dollars have been invested in northeastern Illinois' transit system, thanks to programs such as Governor Pat Quinn's Capital Program, Illinois Jobs Now! However, many of these programs have limited duration while the need for transit investments continues.

Strategies for expansion include both long-term and short-term opportunities:

- Extending the system to fill gaps
- Adding capacity to existing lines
- Increasing frequency of service on existing routes
- Adopting traffic signal priority technology
- Expanding operating hours and allocating vehicles and personnel to reflect changing commuter needs such as the growth in reverse commuting

- Complementing fixed-route services with flexible, last mile services
- Improving service through unified fares, more efficient fare collection, particularly at Metra, better connectivity among existing systems, unified information and communications systems for system users and robust transit promotion efforts
- Adopting universal accessibility standards

Several innovative projects in the region demonstrate that the implementing agencies can realize such opportunities when they work together. For example, the reconstruction of the Jane Addams Expressway will include managed lanes, and these can serve as a transit solution for office parks and for the entire corridor. The Western O'Hare Bypass of the Elgin-O'Hare Expressway will include a right-of-way for transit. The Interstate 55 Bus-on-Shoulder pilot between IDOT, RTA, and Pace successfully demonstrates the constituency for transit in that corridor. Coordination on traffic signal prioritization will help speed up bus service. The implementing agencies must do this more often, and on bigger capital projects, to address the gaps in service and coverage the region requires.

If more people can use the system to reach jobs and amenities, and if the region grows more efficiently around it, then overall performance will improve. However, transit agencies cannot do the job alone. Regional land use coordination must value transit. Local communities must follow suit in valuing transit, and state and regional implementers must continue to expand targeting of economic development, transportation, and housing resources to transit-served areas. These actions require a higher level of coordination that starts with a higher value placed on transit. IDOT and the Illinois Tollway have taken significant strides over the last five years to take a multimodal approach to planning and implementing infrastructure investments, but more can be done across the region.

Improved operation of the legacy transit system will not be enough to improve the region's performance. After all, the system does not exist to move trains and buses – it exists to move people. When people have the option to choose a home they can afford, a job they want, and a transportation mode connecting the two, the entire economy benefits. The cost of living decreases, the utilization of the regional workforce improves, and social capital and entrepreneurialism increase. These outcomes go beyond the responsibility of any single entity, but broader coordination will move the region closer to where it needs to be.

Finance

Transit funding must reflect and respond to changing needs and priorities and be sufficient to support the world-class system the region deserves.

The transit system's financing is tied intrinsically to its structure and, together, they result in the level of performance that is seen reflected in the transit system today. The current financing structure, which has remained largely unchanged over the past 30 years, emphasizes returning revenues to the transit providers in the communities that generate the revenues, rather than responding to changes in ridership, population, or investment needs across the region. The complexity of the current allocation formulas and procedures raises concerns about transparency and accountability regarding how funding allocation decisions have been made, which in turn reduces public trust.

At a time of growing needs and constrained resources, continuing past practice is unlikely to provide the region with the ability to invest in and operate a world-class regional transit system. At best, it will preserve the status quo along with greatly increasing intersystem budget battles and lack of public trust; at worst, it will reduce the region's ability to compete economically with other US regions and result in investments that do not reflect the most efficient way to achieve regional goals.

The region lacks a strategic financial plan for transit that does more than show funding gaps based on the status quo. Planning is fragmented, making it difficult to effectively manage a regional approach to transit. There is no clear coordinated planning for investments to increase or improve inter-system connectivity. The CTA and Pace appear to have a robust capital planning and budgeting process. Metra has not released a capital plan since the Future Agenda for Suburban Transportation in 1992; it does little more than list capital improvements in its annual budget. There is limited coordination of planning across service boards to address system-wide goals or to optimize the deployment of limited capital resources. As discussed in greater detail below, transit funding for operations and capital is allocated according to either statutory or historical formulas, rather than any set of objective measures designed to optimize regional mobility.

The problem is exacerbated by each service board's natural desire to maximize their control over their capital program and to minimize RTA oversight. The CTA, Metra, and Pace each function largely independently and seek to maximize capital and operating funds for their own entity and then carry out their own planning and investment priorities.

The overall result is a limited commitment to regional transit goals and a lack of overall management and accountability for the transit system. At a time of growing investment needs and constrained resources, these factors undermine the willingness of agencies to compromise, and make it difficult to generate broad support for new sources of funds.

Operations of the current transit system are sized for available resources. The three main sources for transit operations are:

1. fare box revenue,
2. sales tax revenues, and
3. state funding match through the Public Transportation Fund (PTF).

Sales tax receipts are distributed based on fixed formulas set by state statute in 1983 and amended in 2008. The current statute requires the RTA to operate with a balanced budget. It also requires that 50% of overall operating revenue come from system-generated revenues, also called the fare box recovery ratio.

Operating subsidies required to support the service boards' primary transit operations have grown significantly since 1991, from $422 million in 1991 to $1.2 billion in 2012, an increase of 183.5%. The difference between operating costs and fare revenues, or funding gap, grew rapidly between 1991 and 2012 because the service boards' operating costs grew much faster than fare revenues, 126% versus 77% during this period. The growth in the required subsidy was most noticeable between 1994 and 2006 when operating costs grew by 60% but revenues grew by only about 7%. Because any increase or expansion of service will also increase this funding gap, there is a disincentive to increase service regardless of projected need or demand.[64]

The improvement of revenues in recent years due to fare increases and ridership growth has stabilized the funding gap. However, it appears that operating expenses plateaued somewhat between 2008 to 2011 due in part to the recession and service cutbacks. Following these service reductions, operating expenses have resumed their previous high rate of growth. Ridership and fare revenues must continue to grow at the rates they have since 2009, or the funding gap and resulting subsidy need will continue to increase in the near term, especially if operating expenses grow at a rate faster than fare revenue. On a positive note, the annual rate of growth in sales tax receipts is expected to increase in 2014 and 2015, perhaps reflecting the recent success in closing some loopholes that allowed businesses to divert sales tax that properly belongs in the RTA region. Recent rulings by the Illinois Supreme Court indicate the results will be favorable to the RTA.

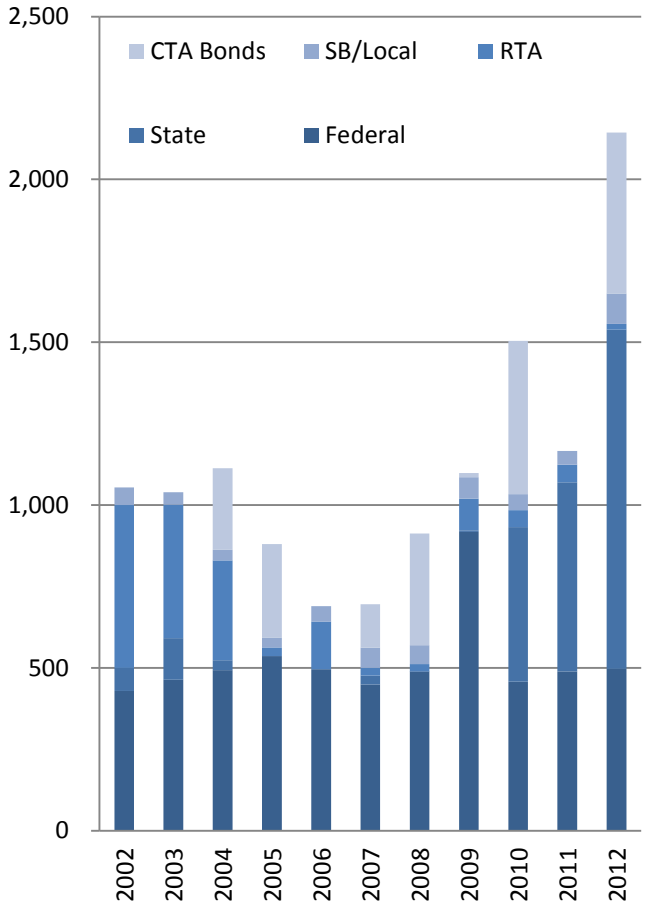
The city of Chicago also has a real estate transfer tax (RETT) that is received directly by the city for the CTA, which is partially matched by the state through the PTF. Since its inception, the RETT has underperformed compared to expectations that originally exceeded $100 million due to the slow real estate market.

Existing funding sources do not meet the current capital needs of the system. According to the RTA, the primary emphasis of its $4.7 billion five-year capital plan is to continue to bring the system's assets to a state of good repair. As a result, the majority of the five-year plan is allocated to capital projects that maintain the existing infrastructure. Chicago's regional transit system comprises some of the nation's oldest transit facilities. As of November of 2013, the RTA estimated that $20 billion more is needed to address the "state of good repair" backlog and an additional $13.4 billion would be required to meet the ten-year need for normal capital reinvestment.[65]

There are four main funding sources for the capital program (***Figure 12***):

- USDOT's Federal Transit Administration (FTA) grants;
- IDOT – largely from bond proceeds and mostly since 2010;
- RTA (mostly bonds); and
- Local – CTA bonds accounting for the bulk of these funds.

FIGURE 12: Capital Funding Sources, 2002-2012 ($ Millions) (RTA)



Federal funding has typically been the largest and most reliable source of capital for the transit system. The Highway Trust Fund (HTF), however, faces a significant funding shortfall. At best, future federal funds for transit will stagnate, at worst they will decline. The current HTF formula provides a transit share of 2.86 cents per gallon for gasoline, diesel and gasohol. In any case, the race for federal funds among urban areas has already become more intense.

The lack of robust funding streams for transit has placed the region at a significant disadvantage relative to other metropolitan areas when competing for scarce federal dollars. To meet the 20% matching requirement attached to federal grants, at the request of the transit agencies, Illinois uses toll credits generated by capital investments made by the Illinois Tollway rather than cash. Although toll credits enable the region to access federal money, they do not provide a single dollar for capital projects, resulting in an estimated 20% gap in state transit investments of federal projects.

The federal funds for capital spending are allocated to the service boards based on a historic split of roughly 58% to CTA, 34% to Metra, and 8% to Pace. This allocation is not mandated by law and FTA has suggested that the region review the formula in light of current conditions. The FTA has indicated to the RTA that it would prefer allocations based on strategic objectives, performance and need, rather than following a fixed formula.[66] The RTA has the authority and discretion to allocate federal capital funds as needed, but has yet to make changes.

State capital funding has historically been provided by the sale of state bonds. The proceeds have been used to match federal funds and finance specific projects, but they have been inconsistent in their availability. From Fiscal Year 2005 to 2009, although the state continued

paying funds enacted under Illinois FIRST, it provided no new capital for transit. In 2009 the "Jump Start" and "Illinois Jobs Now!" bond programs included $2.7 billion in transit resources for the region. As large as these were, this money will eventually run out. The outlook for new capital funding beyond these programs is uncertain.

RTA and service board capital funding is primarily through debt. The RTA and the service boards have the authority to issue debt, although CTA is the only service board to have issued debt (Pace plans an offering later in 2014). Between 2002 and 2011, CTA raised $1.5 billion in bonds and plans an additional $1 billion in bonds between 2014 and 2016. Debt issued by the RTA is allocated among the three service boards. The state of Illinois provides debt service support for two sets of Strategic Capital Improvement Program (SCIP) bonds that have been issued by the RTA. The combined debt service on the SCIP I and SCIP II bonds totals about $130 million per year and is funded by transfers from the State's General Revenue Fund to the Public Transportation Fund. The RTA plans to issue $100 million of debt this year but only has authority to issue an additional $50 million.[67]

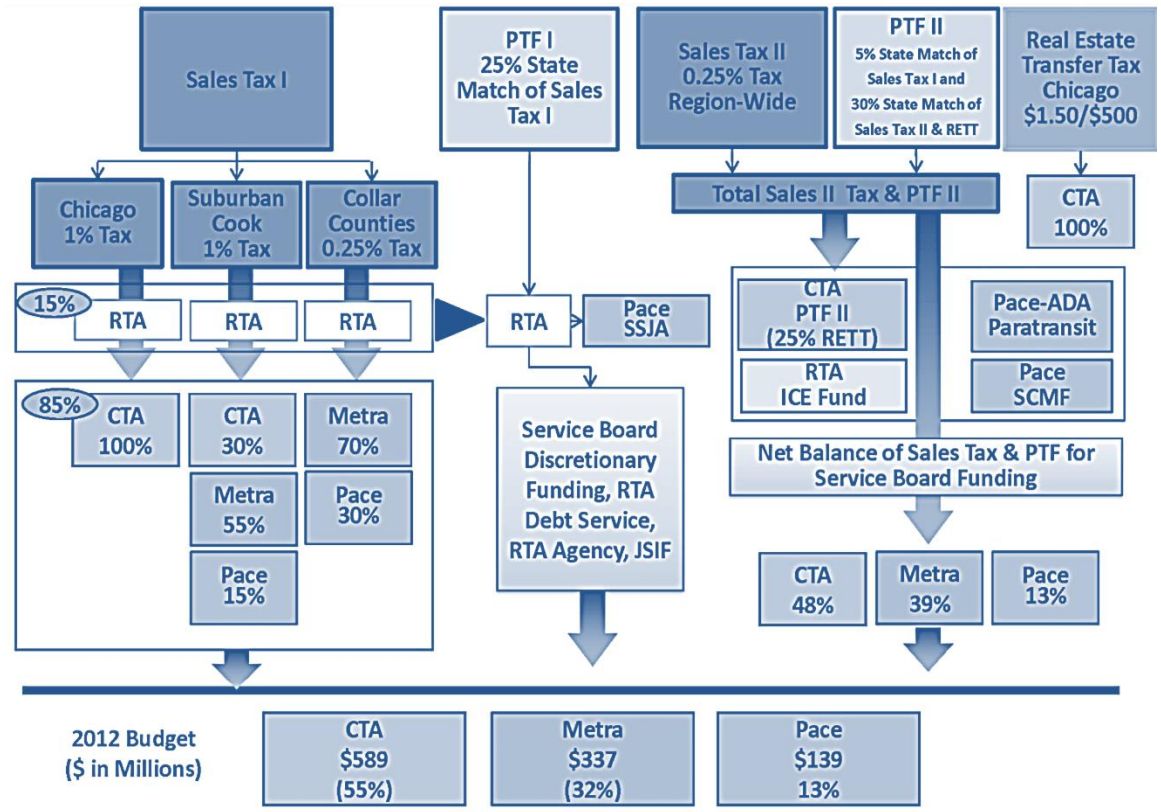
Without more investment in the transit system, the region will struggle to meet the transportation needs of its citizens and economy. The demand for transit capital spending includes the cost to improve the condition and performance of the current system – what FTA terms the State of Good Repair – and the cost to add new routes, whether part of the CTA or Metra rail network or new commuter rail lines. The RTA's $4.7 billion five-year capital plan focuses on bringing the system's assets to a state of good repair, rather than adding capacity or new services. The transit system must be careful to balance these investments so that over time, capacity and new services come on line.

The current mechanism for allocating funds is flawed and complicated. As mentioned earlier, neither operations funding nor capital funding is allocated with the goal of improved regional mobility. The mechanism for funding operations is complicated and is not tied to any type of regular planning and/or review process (***Figure 13***). Likewise, the methodology for allocating capital dollars is somewhat arbitrary, based on historical practice, and is not tied to any regular planning process.

The current RTA allocation formulas emphasize returning revenues to the transit providers in the communities that generate the revenues, but by nature, transit crosses jurisdictions, modes, and service boards. The current methodology for allocating funding is not designed to respond to these realities or to changes in ridership, population, or investment needs. Funding allocation should be dynamic and responsive to changes in the regional economy and the demand for transit services. Allocations should reflect strategic goals and should reward good performance.

Problems with the current transit system make it difficult to generate broad support for new sources of funds. The lack of a strategic regional financial plan and the complexity of the current allocation practice raise concerns about transparency and accountability. It is very difficult for the public to understand how funding decisions are made. This can translate into uncertainty about the true need for investment and skepticism over specific spending decisions. The lack of public confidence makes it very difficult to raise new revenues.

FIGURE 13: Current Allocation of Public Transportation Funding (RTA)



Short-Term Financial Options. There are a series of actions, some of which are common in the private sector that would serve to reduce the magnitude of any funding shortfall and provide encouragement to the region's taxpayers that their money will be well spent:

- Asset management techniques are one way to incorporate life-cycle costing techniques and link investment decisions with strategic goals;
- Performance-based management – this could be linked with allocation of funds among the transit operating agencies;
- Ensure that resources are spent on investments with the greatest regional value;
- Leverage other resources – this might include taking advantage of new technologies and other types of mobility and could cover everything from shared cars and bicycles to telecommuting and autonomous vehicles and signal priority;
- Encourage competition for services and capital investments including private and nonprofit participation, reducing entry barriers for the private sector;
- Encourage innovative financing and project delivery to leverage private sector investment and realize both efficiency and inflationary savings;
- Encourage decision makers at the state level to develop a transit pay-as-you go multiyear program with a reliable and consistent source of revenue ; and,
- Work with Illinois' Congressional Delegation to increase the certainty and growth in federal transit funding.

It is essential to demonstrate that public transit providers are good managers of the existing revenues, good stewards of public money, and worthy of trust to provide the region with the best transit system.

There are several non-revenue opportunities that should decrease costs and save current revenues; allocate scarce resources more efficiently and effectively; and improve the management of transit in the northeastern Illinois region:

- Develop a viable and thorough five-year strategic/business transit regional plan with transparent strategies that tie goals to measurable performance and resource allocations for the transit system.
- Hold individuals and transit entities accountable for meeting the goals – partly through a performance-based allocation of funds.
- Improve employee availability to 90%.
- Eliminate redundant administrative and activities, particularly on the back office side.
- Utilize and integrate technologies that will increase safety, improve performance and eventually lower costs. Plan for the introduction of technologies such as 3D printing to lower maintenance and inventory costs; driverless trains; customer information systems; asset management information systems; signal priority.
- Pool resources and procurement with other transit modes and other transit and transportation agencies.
- Be transparent in all decisions.
- Demonstrate the positive results and benefits of how transit funds are currently invested. This will require a strategic marketing plan and effective, proactive communications that focus on the consumer impact.

The financial strategies above will make the system more efficient with its existing resources and more transparent to the public. Public confidence that the transit system is well managed, provides good customer service, and is ethical and accountable will generate more support for transit. Additional resources to fund both operations and capital investment need to be identified and pursued. Revenue sources should be reliable, predictable, and sufficient to meet the needs of a dynamic 21st Century regional transit system.

In its Technical Memorandum, Delcan highlights 12 revenue options that have been used in various regions. The list below demonstrates the difficulty in generating additional funds. This does not represent a proposal or recommendation, but a scan of some alternatives, which have been implemented and discussed in other urban areas facing similar transit demands. The list is not exhaustive and serves as a reference for future deliberations. See the link to the technical memorandum in appendix for more details.

FUNDING OPTION	PLAYERS	SIMPLICITY	EQUITY	EFFICIENCY	YIELD
Sales Tax on Motor Fuels	State and local governments	High	Moderate	High	Moderate/High
General Sales Tax on Goods	State and local governments	High	Low	Moderate	Moderate/High
Sales Tax on Services	State and local governments	Low	Low/ Moderate	High	Moderate/High
Internet Sales Tax	Federal	High	Low/ Moderate	Moderate	Moderate/High
Corporate Franchise Tax	State governments	Moderate	Moderate	High	Moderate/Low
Land Development Charges	State and local governments, regions	Moderate	High	Moderate	Moderate/High
State Payroll Tax	State governments	High	Moderate	Moderate	Moderate
Dedicated Income Tax	State governments	Moderate/ High	Moderate	High	Moderate/High
State Payroll Tax	State governments	High	Moderate	Moderate	Moderate
Commercial Parking Tax	States and local governments	Moderate	Moderate/High	Moderate	Low/Moderate
Parking Levy	Local governments	Low	Moderate/High	Low/ Moderate	High/Moderate
Vehicle Levy	States and local governments	Moderate/ Low	Moderate	High	Moderate/Low
Congestion Pricing	Local government	Low	Moderate	Moderate	Moderate

The detailed descriptions of the revenue options below were taken from the Delcan Technical Memorandum.

Sales Tax on Motor Fuels: a percentage tax on the full price of motor fuel consumption at the pump or supplier minus government taxes or fees. Motor fuel sales taxes are used in a number of states and local jurisdictions. They are easy and inexpensive to implement and administer, and can generate significant revenues. There is some danger of sales diverting to other states or regions with lower taxes.

General Sales Tax on Goods: a broad based tax that is a percentage of the net purchase price of goods at the retail level. Most states and many local jurisdictions have some form of sales tax on goods. For the most part these revenues have gone into the jurisdiction's general revenue pool and are not dedicated to transportation. When they are used for transportation it is more often highway improvements or construction, rather than public transit. Northeastern Illinois does use

a portion of the sales tax as dedicated revenue for public transit. It can be a stable source of significant revenue. There is also significant interest in taxing internet sales; however, current federal rules limit the ability of many states to collect sales taxes on internet sales.

Sales Tax on Services: a broad based tax that is applied to services, rather than goods. The share of consumer spending on services is rising so this tax would provide a good source of revenue. Services are dependent upon transportation, especially in urban areas. Sales taxes on services are not very widespread, and even less so as a dedicated tax for transit. New York City is the exception with a services tax that is intended as a new revenue stream for public transit. Services taxes are an untapped source that has the potential to bring in high revenues. High tax rates may discourage business and people from locating in the jurisdiction.

Corporate Franchise Tax: a franchise tax is a tax levied on the profit and taxable assets of a business or firm doing business in a state. State franchise taxes are not uncommon, but only two states have used them to support transit. Both states have a per gallon oil tax. This tax would work best in large urban areas where a small percentage tax could yield moderate revenue without pressuring businesses to locate elsewhere.

Land Development Charges: a charge designed to capture some of the increased land values resulting from the availability of high quality public transit. Land development charges include:

- Impact fees - widely used at state and local levels to mitigate the transportation related impacts of new developments on a specific area or a corridor.
- Tax incremental financing (TIF) - TIF districts are a long-standing method of raising funds for specific projects that are intended to improve the value of the area; essentially it is a financing method that gets its revenue stream from rising property taxes as the area becomes more productive. The plummeting property values during the last recession reduced the value of TIFs.
- Value capture programs - the public sector either assesses the future value related to the improvements and shares in the increased value with the developer or partners with the developer to finance the transportation investment. Value capture has been used very successfully abroad in Japan and Hong Kong.

State Payroll Tax: a broad based tax that is a percentage of the payroll tax imposed on all employers in the state or region. New York imposed a so-called Mobility Tax on all employers and self-employed individuals in the region. Existing taxing mechanisms make it easy to implement and collect. Local payroll taxes dedicated to transit in the region would generate a good revenue stream.

Dedicated Income Taxes: transportation provides a broad array of economic benefits for corporations and individuals, which could be used to justify funding from a similar broad tax on income. A transportation-dedicated income tax would have the benefit of being mode indifferent and used where needed. This idea would require a new way of thinking about how funding is raised for transportation.

Commercial Parking Tax: a special tax on parking transactions (when motorists pay directly for parking). Adding an additional surcharge to specifically fund transit is relatively easy to implement. The surcharge could be a flat fee, as it is in Chicago, or a percentage. This type of tax works best in highly urbanized settings where free parking is not abundant.

Parking Levy: a special property tax on non-residential parking spaces throughout the region. Initial set-up for the tax would be difficult because it would require an additional field on property tax records and changes to business processes. Once implemented, the tax would be easy to maintain. Given the high number of non-residential parking spaces in urban areas, the tax has the potential to raise large revenues.

Vehicle Levy: an additional fee on top of existing vehicle registration fees, which could be implemented on a statewide basis or on a regional level. The fees are easy to administer since they can piggyback on existing fee structures. Registration fees are typically not large so the incremental increase tacked on for public transit is not likely to be large. Vehicle levies represent a stable source of income, but are likely not to be a primary source of revenue.

Governance

The structure of the transit system must expedite coordination, accountability, and agility in responding to the region's transportation needs.

A good governance structure is essential for a world-class transit system. It allows leadership to make customer-focused decisions that will achieve results. In northeastern Illinois, the 650 million annual trips on transit occur despite the system's governance structure rather than because of it. The existing governance structure is holding transit back from reaching its full potential. If the region wants expanded service, more ridership, better coordination, and more funding, then it is clear that the governance structure must change.

A History of Division

Transit in northeastern Illinois has a history filled with conflict, controversy, and endless debates about what is to be done. Transit use per capita peaked in the 1920s and since that time, as ridership fluctuated erratically - but mostly downward, the region seems to have been at a loss about how to best take advantage of the invaluable historic assets that make up its transit system.

Records from as early as the 1800s demonstrate public frustration at the lack of a coordinated transit system. In the peak days of transit, dozens of transit providers operated disconnected service throughout the region. As automobiles gained in popularity and the road network and population expanded away from the core, transit use declined and transit providers fell into bankruptcy.

The RTA's creation in 1974 to mend the ailing transit system was marked by heavy campaigning before the required voter referendum. The vote itself was extremely close, with the proposition to create the RTA passing by only 50.5%. The regional divide - 71% of Chicago voters were in favor and 68% of suburban voters were opposed - was a sign of things to come.

When the transit system was last reorganized in 1983, the three service boards (CTA, Metra, and Pace) were designed to be largely autonomous, independent authorities. Each has its own board of directors and the power to hire and fire employees, set standards of service, enter into contracts, set fares, issue bonds, and support its own back office activities, including budgeting, finance, auditing, lobbying, marketing, communications, and more.

Prior to 1983, the RTA itself was responsible for operating suburban bus service and commuter rail service; Metra and Pace did not exist. From its creation in 1947, the CTA operated as a separate and independent unit of government. The 1983 reorganization was designed to create two new transit boards that had the same type of power and authority as the CTA.

After stripping virtually all the functions out of the original RTA and giving them to Pace and Metra, the resultant RTA organization was left with taxing authority, budgeting oversight, and planning functions. The RTA was given the responsibility of ensuring adequate transit throughout the metropolitan region, but without the ability to actually accomplish that task.

The 1983 legislation was designed to make the RTA weaker; it succeeded. The service boards were given sole responsibility to "determine the level, nature and kind of public transportation which should be provided for the metropolitan region."[68] The RTA was given little control over the allocation of resources, with 85% of sales tax revenues divided by a formula set in law. The capital program was little more than a report on the service boards' plans and decisions. All power and authority was vested in the service boards.

Although the RTA was often referred to as the "transit oversight" agency, in reality, the RTA had very few tools at its disposal with which to conduct any oversight. The most significant, called by RTA Chair John Gates "the nuclear option," allowed the RTA to disapprove the entire budget of all the service boards.[69] Because of the drastic nature of this tool, it was never used. The RTA could not subpoena, enforce plans, or compel behavior. To achieve much of its mission, the RTA had only its powers of persuasion on which to rely.

While all the transit board members were appointed by the same group of elected officials, the siloed structure led to competition and infighting. Transit board members were aligned more with the particular interests of their agency and their appointing authority.

Over time, the lack of a strong regional transit system had a noticeable effect on mobility in northeastern Illinois. As the population and employment in transit-rich areas of Chicago and Cook County declined, the transit system changed little in response. Transit ridership lagged. Congestion increased.

The 2008 Reforms Did Not Achieve the Intended Results

In the mid-2000s, a financial crisis for transit was approaching. A group of legislators and stakeholders began a thorough study of the problems with the transit system. It was clear any solution must include both funding and reform. As a part of this study, the Auditor General was requested to review the four transit agencies. The performance audit concluded, "The lack of strong, centralized planning, and the absence of a long-term plan that encompasses financial, programmatic, and operational aspects of the service boards and the RTA contributes to the

problems that face mass transit in northeastern Illinois."[70] The report recommended that the role of the RTA be clarified and strengthened.

Transit advocates developed a bill that would provide additional funding and also strengthen the RTA. Part of the intent of the 2008 legislation was to create an efficient, integrated, and accountable regional transit system from the three independent transit agencies, reforming the RTA Act by adopting the Auditor General's recommendations to give the RTA a new role in regional planning, fiscal oversight, and fare and service coordination. The bill passed in 2008, but the promised improvements never materialized. Because nothing was done to change the overall composition of the RTA Board or alter the independence of the service boards, the RTA has remained a weak agency with little influence over transit in the region.

The 2008 reform gave the RTA new responsibility and authority in strategic planning, performance measurement, and capital programming. It requires the RTA to produce a regional strategic plan and mandates that the service board budgets and financial plans be consistent with the goals and objectives in that plan. This, in effect, allows the RTA to shape the regional transit system through its strategic plan, which must include:

- goals and objectives with respect to increasing transit ridership, coordinating transit service, expanding service to areas with sufficient demand, limiting congestion, and improving mobility;
- a process and criteria with which to evaluate capital improvements;
- performance standards and measurements regarding the adequacy, efficiency, and coordination of regional transit service and the implementation of the goals and objectives in the Strategic Plan.

Yet the Strategic Plan released by the RTA in 2013 does not adequately address the above directives.

The inability of the RTA Board to utilize the strategic plan, which should be a major tool at its disposal, is due to a structure, culture, and history that inhibit regional collaboration. Appointments to the RTA Board are distributed evenly across the region – five from Chicago, five from suburban Cook County, five from the surrounding collar counties – in a distribution that roughly matches the population distribution of the region. Historically, this division has corresponded with the political geography of the region – five board members are aligned with the city of Chicago and the CTA and ten board members are aligned with the suburbs and Metra and Pace. As a result, while the mission of the RTA Board is to serve the interest of the region, its culture is to serve the particular interest of the individual appointing authorities and their favored service board.

In anticipation of just such divisions, the original authors of the RTA Act included provisions for supermajority voting on certain issues. Adoption of the annual budget and financial plan, the capital program, the strategic plan, and other important decisions all require a three-fourths majority vote – that is, 12 of the 16 board members, which means each sub region must be represented. This provision was meant to lead to cooperation, collaboration, and regional

thinking. Instead, because of the siloed nature of the transit agencies, it has led to stalemates, infighting, and dormancy.

Controversial topics that must be addressed, such as the distribution of a small amount of discretionary funding each year, lead to such bitter debates that issues that may be equally divisive are never addressed. Under the current structure, it is easier for the RTA to rely on past practice and tradition, which preserve the status quo, than to make difficult decisions on the region's behalf.

Some have suggested giving the RTA more power and additional tools to use, but the agency's lackluster response to the new authority given to it in 2008 does not inspire confidence. Without a profound structural change to transit system governance, that is free from a culture and history that stifles regional thinking, more tools will likely lead to more of the same.

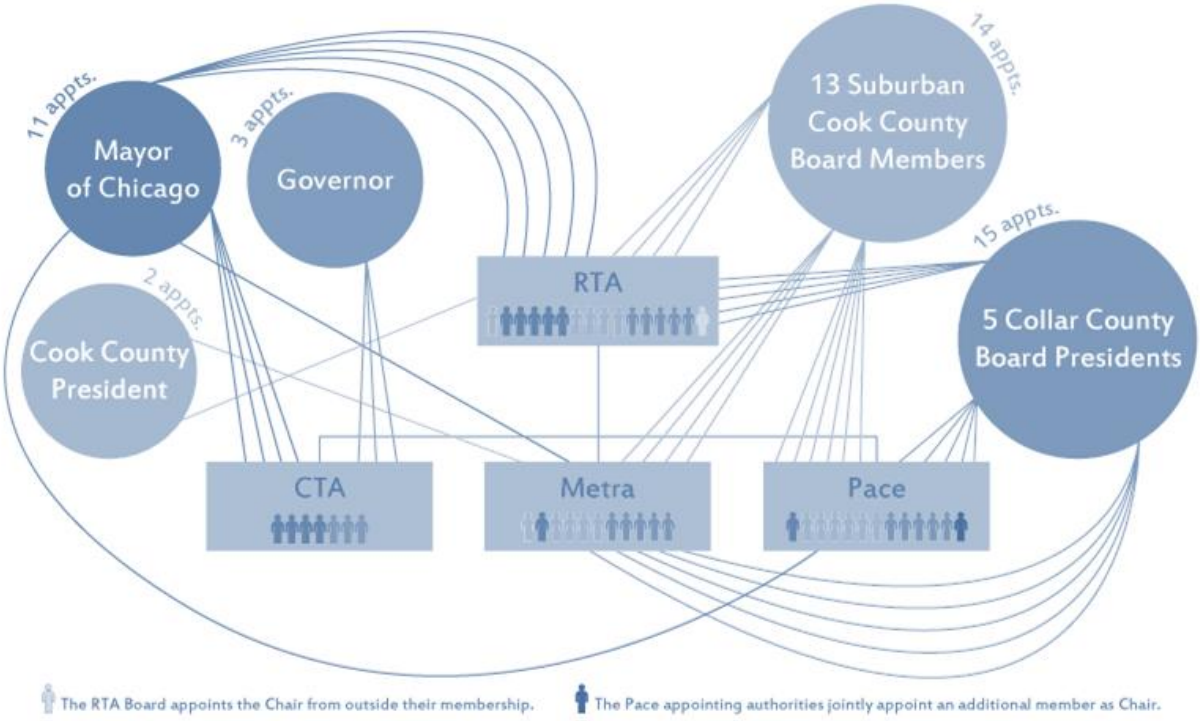
The Authority of the Service Boards

The failings of the RTA effectively leave all power with the service boards, whose record of collaboration and cooperation is uneven at best. From the point of view of the service boards, the RTA adds little value and spends money that could be going to serve transit riders. In a May 30, 2012, letter to the RTA, the President of the CTA and the Executive Directors of Metra and Pace complained, "We also hope you will examine the duplicate layers of bureaucracy created by the RTA . . . These added layers of bureaucracy are burdensome and inefficient, draining vital funds from transit service."[71]

While the CTA, Metra, and Pace can serve their customers efficiently, from a regional perspective they fall short. In a letter to the Task Force, former RTA Executive Director Steve Schlickman discussed what happens in the current structure: "I have been involved in numerous transit controversies during my career, including working seven years each for the CTA, the city of Chicago, and the RTA. What is very apparent from that experience is that under the current organizational structure, it is often very hard to determine which transit agency should take the lead responsibility to achieve a solution. The complexities of the governance structures, service overlap, capital project planning and implementation, equities in the allocation of funding, etc., frequently results in two or more of the transit agencies pointing the finger of blame at each other."[72]

We do not have an integrated transit system designed and operated to meet the needs of the region; we have three independent transit services that operate and manage their assets and serve the geographies they have been assigned. Without an effective regional voice – to plan, divide funds, evaluate projects, and coordinate the system to the benefit of the rider – the transit system as a whole and each service provider cannot meet its potential. The entire region suffers.

FIGURE 14: **The Transit System is Governed by 4 Independent Boards**
with 47 Board Members Appointed by 21 Elected Officials



Evidence from Other Regions Highlights the Link Between Governance Structure and Investment.

Transit systems from around the country demonstrate that there may also be a financial benefit to certain types of governance structure. Testimony from New York Metropolitan Transportation Authority Chair Tom Prendergast indicated that integrated governance was key to increased capital investment in the MTA – transit capital funding per resident in the New York region is nearly triple that in northeastern Illinois.[73]

In general, northeastern Illinois has been underinvesting in transit. The lack of funding is evident from the huge state-of-good-repair backlog, from the lack of system expansion, and from occasional service cuts. The insufficient investment is also obvious when the region's transit system is compared to its peers. Over the past ten years, the six US transit systems with the largest ridership, excluding northeastern Illinois, (Boston, Los Angeles, New York, Philadelphia, San Francisco, and Washington, D.C.) spent, in aggregate, $1,683 per resident on capital for transit. In contrast, northeastern Illinois spent $1,040 per resident.[74]

The contrast in transit investment is even more appreciable when the comparison is limited to the consolidated systems or those with strong regional oversight (Boston, New York, Philadelphia, San Francisco, and Washington, D.C.). Over the past ten years, these systems spent, in aggregate, $2,050 per resident on capital for transit. Had northeastern Illinois invested at the same rate as its better-organized peers, it would have provided an additional $870 million each year for transit.[75]

These peer systems have stronger ties to their states, a more supportive regional tax base, or both, leading to greater investment in transit. Though billions of dollars have been invested in state transit in recent years, northeastern Illinois desperately needs a consistent, stable source of capital for transit. However, the system is not currently organized in a way that can make a strong case for the benefits and impacts of transit investment. An important step to better funding is a better organization of the transit system that will spend it.

Transit Governance Must Be Reformed

It is clear that governance matters. Without changing the governance structure, any recommendations for reform will likely fall short just as they did in 2008. The governance structure must be redesigned so that it is capable of responding to the transportation needs of the region in a way that is customer-focused, integrated, and responsive to changing trends in mobility. It must be able to cultivate a transit system that is "attractive and economical to users, comprehensive, coordinated among its various elements, economical, safe, efficient and coordinated with area and State plans."[76]

Nearly every transit expert and stakeholder who testified to this Task Force recommended that the best way to achieve a world-class regional transit system is to begin with an integrated system of governance. Some examples include:

- The chief elected officials of Cook, DuPage, Kane, Lake, McHenry, and Will counties sent a letter that recommended either strengthening the RTA or consolidating the transit agencies "similar to the MTA in New York." Under this model, each mode of public transit (rail, bus, ferry) is a separate department under the governance and responsibility of one transit agency. Such a structure could eliminate the three boards currently governing the CTA, Pace and Metra."[77]
- New York MTA Chair and CEO Tom Prendergast said that the integrated model in New York "enables the MTA to function as a truly regional transportation agency, setting a unified transportation policy for the entire MTA service territory. It allows us to make informed decisions, and to consider the service we provide in the context of its effect on the 5,000 square miles we serve."[78]
- Transportation experts at Delcan, in a report to the RTA wrote that an integrated system "offers the best potential to achieve regional objectives given its ability to help focus strategic direction and financial management."[79]
- A study conducted by State Senator Daniel Biss' office concluded that transit should be consolidated into a single regional agency. The report said that "by creating a single agency with clear lines of accountability, we will curtail the opportunities for malfeasance and corruption that have plagued the region's transit system in the past. A consolidated RTA would reduce the number of actors involved and provide for better service coordination and more economical allocation of funding."[80]
- Former RTA Executive Director Steve Schlickman led the RTA as the 2008 reforms were negotiated and was the first to implement those changes. In a letter to the Task Force he said, "First and foremost based on public and private business administration principles, one regional transit agency makes the most sense. Despite the region's political sub-boundaries of the city of Chicago, suburban Cook County, and the five collar counties, economically it

works as one integrated expanse. Thus a fully integrated Chicago regional transit system under one agency should serve it."[81]

- RTA Chair John Gates testified that while he would prefer the RTA be given additional tools, "after a thorough analysis and consideration my second preference would be merging all four agencies into one. If you want a truly world-class transit system in northeastern Illinois, then that is an option we and you must consider."[82]

The many transit experts consulted during this process also agreed that unifying the system is only part of the solution. Resources must be sufficient and investments deployed in the right way.

In March 2012, World Business Chicago, the senior business organization chaired by the Mayor of Chicago, released *A Plan for Economic Growth and Jobs* that outlines ten strategies to enhance the region's economic future. That report emphasized the importance of transportation, including transit, to the region's economy. It noted that "multiple transportation agencies compete for funding and do not have a strong history of collaboration or long-term planning." It recommended a strategy to "reduce fragmentation and improve inter-governmental coordination and cooperation to provide a greater return on public investment."[83]

Redesigning transit governance in northeastern Illinois will take a much more thoughtful process than imitating an off-the-shelf solution conceived by a peer region. While the region can learn from other examples, northeastern Illinois is unique; it has its own history and circumstances that must shape the details of any new design. It must ensure balanced representation, regional consensus, and clear accountability to the public. It must offer financial and operational stability yet have the flexibility to change over time. It must recognize the billions of dollars in investments that the state of Illinois has made in building and maintaining the region's transit assets. It must acknowledge the special relationship between the city of Chicago and the CTA.

The city of Chicago's relationship with the CTA presents a significant challenge to creating an integrated transit system. The Mayor of Chicago makes four of the seven appointments to the CTA Board. The city of Chicago owns the Orange and Green Lines and the subway portion of the Red and Blue Lines, and enacted a RETT within the city to help fund CTA expenses. The Chicago Police provide police protection in CTA stations and on trains and buses.

At the same time, the CTA is not merely a city entity; it is a regional asset. By law it is authorized to serve much of suburban Cook County and currently serves 38 Cook County suburbs with both trains and buses, and a significant portion of the CTA's operating budget comes from outside Chicago. In addition to revenue from fares paid by riders, 31% of the CTA's public funding in 2012 came from taxes collected in the suburbs; 23% came from the state's PTF; 45% came from taxes in the city of Chicago. (Likewise, Metra and Pace, excluding the ADA/paratransit fund, receive a portion of their funding from Chicago: 4% and 7%, respectively, in 2012.)[84] The governance framework should reflect Chicago's critical role and continuing leadership.

From 1983 to 2008, the RTA was so weak that virtually all power and authority was vested in the service boards. This model proved to be ineffective. After the 2008 reform, the RTA was strengthened, but has almost entirely failed to use its new authority, due to its structure, history, and culture. For these reasons, the strengthened RTA model has failed. World-class transit will not exist in northeastern Illinois without a new governance structure. The culture of division that has split the region has fractured the transit system along with it. It is time to move beyond that history and restructure the transit system in a way that will best serve the region as a whole.

Ethics

The transit system needs to operate in a manner that is ethical, professional, and earns the respect and confidence of riders and residents of the region.

Our Mandate

It is the mandate of the Northeastern Illinois Public Transit Task Force to propose an approach to transportation governance that will result in a world class transportation system for the northeastern Illinois area. As such, our mandate is inherently forward looking. The Task Force was not established to be an investigative commission, and in particular the Task Force has not sought to determine whether particular individuals broke any laws. However, in order to propose ethics and governance rules that would create an environment in which a world class transportation system is feasible, we cannot divorce our analysis from reality: we need to have an appreciation for the challenging environment in which the transit agencies have historically operated and currently operate. In particular, we need to be aware that the transit agencies transit system operates in a state and region in which political hiring and patronage have long been conducted by persons in positions of power. Sadly, patronage hiring has been condoned at times by the public, either out of self-interest on the part of those who benefit or out of a sense of resignation by those who do not. Thankfully, the public seems less tolerant of patronage in more recent years.

Mindful that we need to make proposals for transportation that are intended to have a real and lasting effect, we cannot make great plans for northeastern Illinois transportation if we do not address the handicap patronage places on the transit agencies and transit boards and agencies. In particular, we cannot recommend any effort to seek additional funding for transit needs without addressing the need to regain the public trust. Recognizing that, all six of the County Executives that are in the RTA region and make appointments to the four transit agencies, produced a joint letter that asked the Task Force to, "…issue strong recommendations designed to restore public confidence in the mass transit agencies that serve northeastern Illinois."

Background of Patronage in Illinois Generally and in the Region

The Rutan Case

Patronage has been a longstanding (and bipartisan) reality in Illinois. Indeed, this part of our history led the United States Supreme Court to take up the case of *Rutan v. Republican Party of Illinois* in 1990. In that case, the Supreme Court held that it was unconstitutional to take political affiliation into account in hiring and promotion decisions for public employment positions, with limited exception for certain policy making positions.

The Ryan Case

The pervasiveness of patronage in Illinois was evidenced by lists that became public in the series of prosecutions of former Governor George Ryan and his associates. Over a period of eight years, the Ryan administration parceled out jobs and state contracts to amass influence. When catalogued at trial, the list of favors dispensed by the Ryan administration was 555 pages long.[85]

The Shakman Decree

The Supreme Court's *Rutan* decision extended the ruling of its earlier patronage decision, *Elrod v. Burns*, a 1976 case which concerned patronage in the Cook County Sheriff's Office. During that same era, endemic patronage led to a lawsuit against a number of entities (including the Democratic Organization of Cook County) that resulted in a federal consent decree prohibiting patronage in government hiring in more than 40 state and citywide offices, commonly referred to as the "*Shakman* decree."[86]

The Sorich Case

The pervasiveness of patronage in Chicago was made plain in the federal criminal prosecution of city of Chicago officials for honest services fraud in the case known as *United States v. Sorich*.[87] The *Sorich* case exposed the wholesale violation of the Shakman decree by departments of the city through 2005. In that case as well, a "clout" list relating to patronage hiring became public.[88] Reports of patronage continue to the present.[89]

The Findings of Prior Commissions and Panels

The 2004 OEIG Panel

In 2004, the Office of the Executive Inspector General for Illinois compiled a report showing that employees aligned with Governor Blagojevich's Office of Intergovernmental Affairs were controlling hiring in "complete and utter contempt for the law."[90]

The 2009 Illinois House Report

In January 2009, in a Final Report of the Special Investigative Committee of the Illinois House of Representatives, that committee, among many other things, identified state offices that directed patronage efforts to provide jobs to political allies and donors of former Governor Blagojevich.[91]

The 2009 Illinois Reform Commission

In early 2009, Governor Quinn appointed a blue ribbon panel called the "Illinois Reform Commission" which was charged with looking into meaningful ethics reform for the State of Illinois. The Commission issued a "100-Day Report" on April 28, 2009. That report spoke of "widespread abuse involving patronage hiring, manipulation of the personnel system, and the need for improvement in ethics training."[92] In addressing these issues, that Commission proposed reforms noting that '[t]he dispiriting effect on employee morale, and the deleterious consequences for the People of Illinois, cannot be [overstated]. To be meaningful, legislative solutions must be accompanied by a corresponding change in attitudes."[93] Early in the report, the Commission asked: "What will Illinois' response to this current crisis of integrity be? Our nation is watching."

The University of Illinois Admission Scandal

Following the release of that 100-Day Report, a scandal emerged involving the University of Illinois admissions process, which had been tainted by political influence ("clout") exerted on behalf of favored applicants during the period from 2005 to 2009. After investigation by a commission chaired by Judge Abner Mikva, the panel recommended that all trustees resign and thus allow the governor to decide who should be reappointed.[94] The Commission also recommended, among other things, creation of a firewall between school officials and those officially tasked with admissions decisions.[95]

The Background of Scandals at Metra

Against the above backdrop (which describes some, but by no means all, of the prior public findings on patronage in Illinois), there has been a sad history of corruption and patronage affecting some of the service boards.

The Udstuen Scandal

Donald Udstuen, a Metra board member, was prosecuted as part of the series of cases arising out of the investigation of Governor Ryan. Udstuen publicly admitted to being a patronage chief for a prior Illinois governor, and later became a lobbyist. Udstuen was appointed to the Metra board in 1984 by the then county board chairmen of Kane, Lake, McHenry and Will counties. In 2002, after eighteen years of sitting on the Metra board of directors, Udstuen pleaded guilty to taking bribes related to his role at Metra. These bribes were accepted from 1985 to 2002 for passing out confidential bidding information he received as a Metra board member and otherwise steering contracts to the bribe payers.[96]

The Pagano Scandal

In May 2010, then Metra Director Phil Pagano tragically killed himself while under investigation for misappropriating a large sum of money – approximately $475,000 – from Metra. The investigation of his misdeeds revealed that he awarded himself and his aides additional vacation pay and compensations under a life insurance program, forged the Board Chair's signature to hide the theft, and used his Metra credit card to pay for dubious charges.[97] Subsequently, Metra and the RTA spent more than $3 million on audits, consultants, legal fees and other expenses associated with the scandal.

In the aftermath of the Pagano scandal, legislation was proposed to install an independent inspector general to oversee Metra. At the outset, the proposal was opposed by both Metra and the RTA.[98] The initial bill would have established an oversight authority similar to one created at that time for the Illinois Tollway. The inspector general was to have been appointed by the governor and then approved by the state Senate.[99] Metra argued against the additional oversight, claiming it was unnecessary, and noted that the agency took rapid steps towards reform after Pagano's abuses were discovered.[100] Given the scale of the fraud, however, a former inspector general for the city of Chicago testified that he would have thought that Pagano's wrongdoing was self-evident.[101] Legislators expressed doubt about the agency's ability to monitor itself.[102] Ultimately, in February 2011, Governor Quinn signed Senate Bill 3965, which expanded the jurisdiction of the OEIG to include the RTA and the service boards.

On May 26, 2010, the firm of Hillard Heintze was appointed acting Inspector General for Metra. Thereafter, the firm issued reports in 2011 and 2012 concerning the year 2010 and 2011 respectively. In the 2010 report, the firm noted: "Our investigation determined that the hiring of several current Metra employees was initiated by personal referrals made by Illinois state legislators to Phil Pagano."[103]

The Impetus for the Current Examination of the Regional Transit Boards

The 2012 Patronage and Procurement Allegations

This Task Force was created by Governor Quinn in response to the outcry that followed the departure of the former Chief Executive Officer of Metra, Alex Clifford, and the settlement agreement offered to him by Metra to terminate his employment contract.[104] Mr. Clifford claimed that he was fired in response to his refusal to engage in patronage hiring on behalf of elected officials or approve of deviations from Metra's contracting process. In particular, in a now publicly available April 2013 memorandum, Mr. Clifford claimed that there was undue influence by the Speaker of the Illinois House of Representatives and two Metra directors on hiring and promotion decisions within the agency. Mr. Clifford also alleged that there was board and congressional influence on procurement issues, citing a particular example involving a Metra Director and a U.S. Congressman. During the Englewood Flyover contracting process, the Metra Director undertook negotiations—independent of Metra—to award a disadvantaged business enterprise contract and wished to have Metra direct a $50,000 consulting contract to a particular entity. This third party contract was arranged with the Congressman or his staff. Further, it was reported that a business partner of the Metra Director had been awarded a non-competitive $200,000 contract related to the same project.[105] These allegations have been sent to the OEIG for investigation.

The Patronage Files

In addition, since the time that this Task Force was appointed, some further historical information has come to light regarding Metra patronage hiring. In particular, we were advised by Metra that there were historical materials dating from roughly 1983 until 1991 which reflected patronage hiring at Metra.[106] The files included 3 boxes of index cards, holding more than 800 three by five inch cards, relating to persons who were referred for jobs, promotions, or raises by various public officials or persons influential with political parties. While there is nothing inherently improper (much less illegal) about a person recommending someone else for a job or promotion, there is something systemically wrong when such references on behalf of politically connected individuals seem to dominate and control the process to the detriment of better qualified candidates. And these referrals and hiring and promotion decisions need to be viewed in light of the law generally prohibiting political hires for the transportation agencies involved.

A fair reading of these concededly dated materials shows that a large number of people made references, while a smaller number of people made multiple references on behalf of multiple people. When candidates were recommended by politically connected people, those candidates were at times hired or promoted or provided raises and at times not. But in a number of cases it appears that recommendations from particular officials carried greater weight and caused candidates to obtain jobs, raises or promotions. Recommendations came from a number of individuals, including members of the boards of Metra and CTA as well officials in Cook

County, the State Legislature and others. One prominent participant in this patronage process was Don Udstuen (since convicted of federal crimes), but he was not alone. Another prominent participant was the current Speaker of the Illinois House of Representatives, the same person who allegedly sponsored patronage hiring in 2012 leading to the creation of this Task Force. The records, fairly read, show that in some cases he did not recommend people to be hired – he in effect decided they were hired.[107]

A review of the files demonstrates the corrosive effect of patronage: one person was hired during this period even though he acted inappropriately during his interview, including wearing a hat on which the words "F--- You" were written. (That individual was recommended by Don Udstuen.)

The Metra Police Department "In Crisis"

In addition, after the creation of this Task Force, Metra begrudgingly produced to the Task Force and the public in January 2014 a report completed five months earlier by an outside firm that showed that the police force was seriously mismanaged.[108] The police force was described as a "department in crisis" where there was a lack of mission with "passive acceptance of status quo at every level."[109] Police officers had not qualified for two to three years on the weapons they were carrying and rarely rode passenger trains. The police force did little to coordinate with other law enforcement agencies in the homeland security effort. There were "artificial minimum staffing requirements" and "virtually unlimited overtime."[110] For many police officers, more than half of their annual compensation was earned in overtime and sworn officers were serving in positions that did not require sworn officers. These issues, while formally presented in the report by Hillard Heintze, were not entirely novel to the agency. Metra had been made aware of concerns involving the safety and security of passengers and employees on agency trains and property, including station platforms.[111]

The Issues Go Beyond Metra

One of the points made by the transit agencies other than Metra is that it is not their conduct which has occasioned the work of this Task Force. There is some merit to that observation. But we would be remiss if we were blithely to assume that patronage issues are confined to Metra.

RTA Allegations

We should be clear that many of the allegations that prompted this Task Force have not been finally resolved, even though some basic facts may not be in dispute. This Task Force has not sought to make independent factual determinations about disputed events. But we do need to address the fact that the public—whose trust must be won over to support any effort to obtain more funding—has been reading about various allegations concerning the service boards. We need to consider those perceptions in framing reforms but wish to make clear up front that we are not passing judgment on whether unresolved allegations are meritorious. We proceed to discuss those allegations with that disclaimer.

While the current inquiry arose in part because of alleged interference by the Speaker of the House into hiring decisions at Metra (as well as alleged political interference by a Congressman with regard to the award of a contract), it should be noted that two weeks after the February 11, 2011 Hillard Heintze report referencing political hires at Metra, RTA, which is charged with overseeing Metra and asserts that it just needs to be given the authority to do so, hired the son-in-

law of the Speaker as a deputy executive director, in charge of the oversight of the agency's government affairs department – effectively he was brought in as the agency's chief lobbyist.

In particular, in late February 2011, at a time when the press was reporting that there were rumors that the Speaker might have been seeking to abolish the RTA and an amendment to a Senate bill sought to remove the RTA Chairman, the Speaker's son-in-law was hired as the RTA's chief lobbyist with a salary of $130,000 per year.[112] The RTA denied that the hiring had anything to do with the familial connection to the Speaker.[113] According to a press report in *Crain's Chicago Business*:

> "We wouldn't call it a peace offering," the [RTA] spokeswoman said. "We'd call it the hiring of a person for a posted vacancy who we have determined is very highly qualified."[114]

In turn, the Speaker's representative stated at the time that the chief lobbyist, an attorney who had formerly worked for the Speaker's office, "is a talented guy." Hiring him "probably was a good decision."[115] Approximately one year later, the RTA's chief lobbyist was promoted to Chief of Staff.

On June 6, 2012, an anonymous letter sent to the RTA board raised allegations regarding the conduct of the Chief of Staff and then, a complaint was filed about his conduct and that of the Executive Director.[116] The allegations do not appear to have been focused on the hiring or promotion of the Chief of Staff. The complaint led to a special board meeting on June 14, 2012 and a referral to an independent attorney who conducted an investigation. Of relevance here, the independent investigator reportedly noted a perception that politics was involved in the decision to promote the Chief of Staff, and the promotion was a "morale deflator."[117]

It is understandable that the public that uses or funds public transportation in northeastern Illinois would wonder whether the RTA thought it would advance its cause in the state legislature by hiring the Speaker's son-in-law to lobby the state legislature at what was reported to be a sensitive time. That perception damages the agency's credibility as a solution to the problem of patronage.

The Reverend Crider Scandal

Moreover, on February 21, 2013, the Office of the Executive Inspector General of Illinois released publicly a redacted Final Report regarding its investigation of retired RTA director Reverend Tyrone Crider, who was appointed to the RTA board in 2008.
The OEIG initiated its investigation after receiving an anonymous complaint alleging that an RTA director recommended the investment of RTA funds with a minority-owned bank, and may have received consideration in exchange for the placement of those funds. The OEIG determined that the director was Rev. Crider.[118] The Final Report states that while Rev. Crider owed Highland Bank nearly $40,000, he successfully lobbied the agency to invest $100,000 in funds with the bank in September 2009. Later, in September 2012, when he was subject to a judgment that would have allowed the bank to garnish his RTA salary, Rev. Crider convinced the RTA to invest $250,000 with Highland Bank.

In addition to the $25,000 per year that Rev. Crider received for his service as a Director on the RTA Board, a monthly newspaper that he ran, the Gospel Tribune, started doing business with Metra, receiving $60,000 as payment for advertisements and to hold conferences to help train minority contractors on "how to do business with Metra."[119] This was reported publicly by the Chicago Sun-Times in September 2010. In that story, Crider stated that he saw nothing wrong with doing business with Metra while he sat on the RTA board, and claimed that a Metra lawyer blessed his activities. The newspaper quoted a statement by RTA indicating that RTA's "policy governing employees' and board members' outside business relationships were not violated, and the work that Gospel Tribune performed was highly valuable to both Metra and many disadvantaged businesses."[120]

Crider was sued by the State of Illinois on January 5, 2011, for failing to comply with the conditions of a state grant he had received. It was unclear if the funds were intentionally misspent, or if his record keeping was simply inadequate. On January 11, 2013, the Circuit Court of Cook County entered summary judgment against Rev. Crider in the amount of $91,000 – the value of the grant received. Even after this reporting and the expiration of his appointed term in February 2013, Crider was allowed to continue to serve on the board until he resigned on July 31, 2013.[121]

In 2012, it appears Crider sought to have the RTA Chief of Staff intervene improperly with Illinois Attorney General to affect a case brought by the state against Crider. The Chief of Staff appropriately declined to do so and reported the matter to management in September 2012, and those matters were then brought to the attention of the OEIG.[122]

RTA's Opposition to the Efforts of the OEIG

The RTA referred the above-discussed allegations of misconduct against the former Executive Director and the Chief of Staff to an independent attorney for review in June 2012.[123] The matter was evidently forwarded to the OEIG at a later time.[124] As noted above, in September 2012, the Crider matter was referred to the OEIG. During this same time frame, the RTA opposed efforts by the OEIG to fill two auditor spots by letter dated October 17, 2012. Thereafter, RTA sought to reduce the OEIG budget in a letter written to the Illinois General Assembly dated April 10, 2013.

In essence, RTA made efforts to reduce the ability of the OEIG to audit the service boards while the RTA itself had not adequately supervised a police department in "crisis," endured a crisis resulting from patronage hiring, and while one of the RTA board members (Rev. Crider) was known by the board to have engaged in questionable conduct under investigation by the OEIG and while the Chief of Staff and the Executive Director were under investigation for a matter that would later be referred to the OEIG.[125]

The Vice of Patronage

The harm that is caused by patronage is insidious but severe. It is appropriate for high ranking policy positions to be given to persons who share a common approach with elected officials. But for other positions, hiring based upon political considerations is corrosive to good government. First, it deprives honest, ordinary citizens of a fair chance at employment or promotion that can affect their ability to provide for their families. It also is demoralizing to a workforce to learn that merit takes a back seat to other considerations. It fosters a work force tilted towards one political

ideology or another. And it creates an environment where it is easier for both corruption and mismanagement to flourish. One other aspect of corruption that is little discussed is the unfair taint of suspicion that it casts on the ethics and qualifications of those employees not hired due to political influence. Indeed, there is a risk that persons hired due to political influence may be well qualified and work diligently and honestly but have their performance judged by how they were hired. In short, there is every reason to believe that patronage costs taxpayers in terms of honesty and efficiency, and undermines public confidence. And, not to put too fine a point on it: patronage hiring for non-policy positions, as a general matter, is illegal under the relevant statutes.

An Approach to Reform: Culture First

As discussed elsewhere in this report, there is a recommendation to create a single board entity for governance and efficiency purposes. The reasons for that consolidation are compelling.

A key element of establishing a new board structure is to restore the public's confidence to the greatest extent possible. The public is justifiably upset by the misconduct and mismanagement of some past RTA and service board members and executives. Accordingly, the public will question whether any reorganization is a genuine reformation of the boards and agencies or just a repackaging effort. This is particularly true where many of the boards have reacted to past scandals by assuring the public that the wrongdoing has been stopped and that real reforms will be undertaken. The public needs to know that the transit agencies, however reconstituted, are genuinely ready for reform. It is especially important for the hard-working and ethical board members and employees of any reconstituted agency or board to have the trust of the public moving forward.

It is important to recognize how critical culture is to the performance of an organization. An organization or board will either have a culture where patronage is acceptable or it will not. Any transition to a new governance structure is a singular opportunity to change culture for the better. While the recommendations presented later in this report to address particular rules and safeguards that will minimize the corrupting influence of patronage in hiring and contracting decisions, adopting rules and policies will only work if there is a systemic change in culture.

In that regard, there are serious concerns about adopting as the solution some "new and improved" version of the RTA, if only by default. The RTA has not been shy about putting itself forward, viewing any past problems at Metra as things that would have been prevented had RTA been given the tools to do the job.

The most recent scandal involving Reverend Crider, as described above, does not inspire confidence. In addition, to the extent that one of the main issues plaguing Metra has been its domination by patronage, RTA cannot claim to be an institution where the public can be confident that hiring decisions are free from such influence. Simply put, we cannot credibly vouch to the public that the answer to decades of patronage that involved dozens of officials from both parties is to place that board under the more rigorous oversight of an agency who chose to select the Speaker's son-in-law as chief lobbyist under the circumstances described above. The appearance alone of politically motivated hiring hurts the image and credibility of an agency.

The current need to reconstitute the boards is an opportunity for a fresh start. Illinois has one good clean shot at pressing the reset button with appointment and personnel decisions at the birth of a new board that would create both the reality and appearance of an end to patronage. To that end, we would strongly endorse a plan whereby the members of a new board would be appointed only after a thorough vetting by an independent civic panel.

Summary

Current Trends Point To Stagnation and Decline – We Must Reset the Trajectory.

In the long run, the ethics failures – as serious as they are – that led to creation of this Task Force, are only part of the region's problems. There absolutely must be honesty and accountability, but it is not enough unless:

- transit service adapts to changing technology;
- transit service keeps up with growth and the mobility needs of the region's people, businesses and communities;
- money is allocated based on region-wide performance standards and goals rather than decades-old formulas; and,
- transit agencies and boards operate with collective vision and coordinated strategy and implementation.

It is clear that current funding levels are insufficient to maintain and improve transit service – current levels will lead to stagnation and decline. But money alone is not enough; there must also be a serious overhaul and redirection of the public transit system.

Reforms must happen because without them transit service will decline, traffic delay on the system's roads will worsen, fewer jobs will be accessible without driving, and the region's economy will suffer. There is already evidence of this as public transit is serving a declining share of the region's travelers. The share of work trips provided by public transit is 35% less today than in 1990.[126] And fewer work locations can be easily reached by transit – on average, a resident can reach less than one out of every four jobs through a 90 minute transit ride.

A reformed and rejuvenated public transit system can provide the foundation for private sector innovators to add the most practical and cost-effective ways to help people move about easily and quickly. Those new options can help reverse the downward trend and enable transit to serve more people and gain market share. Thus, the reformed public transit system must embrace a larger mission – to encourage and reward innovations, both public and private, and to create an interconnected network of services that maximize mobility for everyone.

We can do better by learning from others. Our research has shown that major transit regions including New York, Hong Kong, London, Boston and Washington, D.C. are achieving better results, and practices that have worked well in other places could be adopted to improve performance here.

In the end, if the region's transit system is successful, it will provide excellent customer service and conveniently connect communities. It will present customers with an accessible, integrated, coordinated network of public and private transit services that can help them go almost anywhere in the region easily. And it will achieve this with an ethical, unified, transparent, effective and accountable organization that aligns policies and funding to deliver outstanding system performance that deserves to be called world-class. This vision underlies our recommendations for action.

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IV. RECOMMENDATIONS

These recommendations respond to the Governor's Executive Order to set the course toward "world-class" transit for northeastern Illinois. Options for action that did not measure up to that standard for results were set aside.

Some of the recommended actions can and should be taken immediately. Others might take longer to implement. But addressing one need without considering the whole won't succeed. Action on ethics issues is crucial, but it is not enough if the system is not working well. Raising more money won't help if it is not well spent in a coordinated fashion with a focus on system-wide priorities. The required actions are inter-related – the region needs an ethical, transparent, accountable, effectively governed, properly funded transit system that spends money wisely and delivers the highest quality results. Northeastern Illinois is competing with regions around the world to attract and retain business to propel our economy. A world-class transit system is vital to that ambition.

System Performance

The ultimate goal of transit is to enable residents and visitors to easily, conveniently, and affordably access jobs, amenities, and opportunities throughout the region, and to contribute to creating a healthy, vibrant, and sustainable region. Simply focusing on the operation and maintenance of the legacy transit system is not enough – the goal must be to meet the mobility needs of the region's residents and businesses, including those who do not currently use it.

We believe we must establish a new, broader mandate for transit. The transit system will

- improve overall regional mobility for residents, people with disabilities and visitors;
- increase transit ridership;
- increase transportation affordability;
- expand access to jobs, labor markets, and other key destinations;
- instill a service-oriented culture and provide outstanding customer service;
- strengthen northeastern Illinois' economic competitiveness; and,
- adopt universal accessibility standards.

These goals for transit require effective planning and implementation by the transit system. But transit cannot achieve these goals on its own. Local and regional government, partnering with the

state, must enact policies and promote development that take advantage of the region's existing transit system, and plan land use and transit together to maximize the mobility and economic benefits of each.

Clear regional goals are a vital part of developing an integrated regional plan. While these goals are set at the highest levels of planning and policy in the region after extensive public involvement, they need to drive implementation and accountability throughout the transit system.

We also recommend five specific actions:

1. ***Create and implement a plan to improve regional mobility and increase transit ridership throughout the region.*** The plan should be designed to achieve the targets set by CMAP in *GO TO 2040*: 13.5% of weekday trips be made via transit, 75% of the population and 80% of jobs be within walking distance of transit.

   This plan should address:

   1. Increasing access to job centers and population centers underserved by transit
   2. Improving system integration and connectivity and service levels and coordination
   3. Effectively communicating transit information and benefits to current and potential riders
   4. Identifying short-, medium-, and long-term expansion priorities
   5. Increasing transit-oriented development and location efficiency and prioritizing development near transit
   6. Integration of transit with new mobility options and last-mile services
   7. Expanding accessibility and Americans with Disabilities Act (ADA) paratransit through a commitment to the principles of universal design
   8. Using public investment and incentives (transit and non-transit) to achieve plan goals

2. ***Align existing transportation, housing, economic development, and financing resources at the state, regional, and municipal levels so that transit goals are integrated with land use and development.*** Prioritizing state funds for housing and economic development in existing transit zones and areas for transit expansion and new transit investment will support the efficiency of the region and maximize the value of existing and future infrastructure investments using current expenditures. In the San Francisco Bay Area, for example, communities served by transit extensions are required to develop and implement housing and land use plans to manage the impact of development. MTC now targets transportation investments to these Priority Development Areas to implement its plans and augments these transportation investments with the $50 million Transit-Oriented Affordable Housing fund to build and preserve affordable housing in TODs.

3. ***Create regional performance measures that assess progress toward implementing the plan and achieving its goals.*** How we measure the performance of transit matters. In a time of scarce public resources, transit needs to maximize economic benefits to the region. System efficiencies are important, for example, but efficiencies alone won't measure the local economic or quality of life benefits that transit brings. Benchmarking against global competitors should also be considered.

   i. These regional performance measures should include:

      a. Transit service and expansion:
      b. Increased ridership
      c. Access to jobs and other destinations
      d. Transit mode choices and connectivity
      e. Percentage of stations accessible by the disabled
      f. Level of service, including hours of operation and frequency
      g. Cost-effective operation
      h. Progress toward achieving a state of good repair
      i. Public involvement in identifying and prioritizing transit service expansion
      j. Speed improvements
      k. Access to forest preserves and conservation areas

   ii. Transit and economic development:

      a. The degree to which regional development and investment is linked to transit
      b. Transportation investments made around the system as opposed to away from it
      c. How much riders save by not having to rely on private vehicle use
      d. Reducing the share of income that is expended for transportation and housing
      e. Location decisions made by businesses with transit being one of the top factors
      f. Proportion of regional growth that is accessible to transit
      g. Share of subsidized and public housing units in transit-served neighborhoods
      h. Share of subsidies and incentives for businesses in transit-served neighborhoods

   iii. Transit and the environment:

      a. Energy use and greenhouse gas emissions reduction
      b. Reduction of number of cars owned, number of cars on the road, and traffic congestion

4. ***Prioritize universal accessibility.*** Universal accessibility would not only benefit people with disabilities; it would also aid seniors, children and infants, families using strollers, and many others. It has the potential to reduce costs for both disabled individuals and transit

providers – if the transit system is universally accessible, fewer people will need to rely on more expensive paratransit service. Universal accessibility goes beyond elevators and lifts; it also means communicating through closed captioning and Braille, and thoughtful design, such as designated quiet areas for individuals with sensory issues.

5. ***Enable new public and private transit service.*** This begins with eliminating overly restrictive laws to allow additional public service, like local buses, and private service, like jitneys. Current law states that any public transportation by bus within the metropolitan region, other than CTA service, is subject to the jurisdiction of the Suburban Bus Board. This law should be changed to allow local governments to offer additional bus service, provided they are able to fund such a service and coordinate with existing service to reduce/eliminate costly duplication. This service would not receive formula operating allocations from the RTA sales tax revenues. Laws to allow jitneys and other such services should be designed to ensure customer safety. Protections can be built into the law to prevent the duplication of routes with existing transit service.

Finance

It is clear that northeastern Illinois' transit system is underfunded; there is not enough money to maintain the current system, much less expand it to meet demand. Part of solving this problem is renewing trust in the transit system's ability to spend public money wisely. For too long, the transit system has relied on outdated formulas and historic practices that don't respond to changing needs. The overall needs of the region have been neglected in favor of maintaining the status quo and protecting entrenched interests.

While the following recommended changes may sound aggressive, we recognize the importance of predictability in funding. Any modifications should provide stability in the near term while allowing for change over time. The path forward should be built on sound management practices, transparency, public engagement, and innovation. As public trust is earned, we set the stage for greater investment.

1. ***Implement a regional financial planning process that supports the guiding principles and, in the most efficient manner possible, creates a framework for allocating operating and capital funds on a consistent and sustainable basis.***

   i. Fund operations based on a multi-year integrated, regional strategic plan tied to short- and long-term goals and performance metrics.
   ii. Tie the distribution of PTF monies to competitive and performance-based programs for the transit operating units.
   iii. Ensure that state capital funding for transit is allocated according to a transparent process that is based on criteria set by a regional plan.

2. ***Develop a public outreach program in order to advocate for increased investment in transit.***

   i. Ensure that equity considerations are applied to the funding of transit.

   ii. Create greater public advocacy for increased investment in transit through new funding sources.

   iii. Engage stakeholders including system users regularly to hear feedback and enhance transparency.

3. ***Identify a new funding framework for transit operations that supports the guiding principles, and in the most effective manner possible, generates adequate resources to meet the investment needs of the system on a consistent and sustainable basis.***

   i. Eliminate the current operating formula and allocate the existing operating funds according to a dynamic formula that will change based on performance metrics. This revised formula should include the funds currently designated as discretionary and should initially be consistent with the recent historic funding split, to provide stability for the operating units, but would be regularly examined to allow change over time.

   ii. Consider new funding options to expand resources for operations and capital investments.

   iii. Divide new funds between a competitive program and a performance-based program.

   iv. Distribute competitive funds based on criteria that address regional transit goals. Such a program could encourage creativity by targeting funds for specific objectives each year.

   v. Distribute performance funds based on the performance of the transit operating units on specific measures against an established baseline.

   vi. Allow funding for collaborative projects that increase or establish connectivity among the different operating units.

4. ***Revise the Capital Funding Allocation to maintain a safe and reliable system while allowing for appropriate service improvements that are aligned with regional transit goals and performance measures.***

   i. Stop using the historic formulas for capital.

   ii. Allocate the bulk of capital dollars from current sources through a dynamic formula that will change based on the funding needed to reach a state of good repair and rooted in the five year capital plan.

   iii. Establish a pool of funds to be divided between a competitive program and a performance-based program.

   iv. Distribute competitive funds based on the ability of the transit operating units to reach regional transit goals.

v. Distribute performance funds based on criteria that address regional transit goals and performance of the operating units.

vi. Create a new multi-year capital program that is funded on a pay-as-you go basis and identify reliable, predictable and sustainable funding sources to implement the program.

5. ***Eliminate financial disincentives to expanding service.*** The northeastern Illinois transit system is required to achieve aggregate system-generated revenue ("farebox recovery ratio") of at least 50%. The farebox recovery ratio has been effective in maintaining fiscal discipline and encouraging fare increases, but it discourages increased transit service unless fares return more than 50% of the cost. This system worked reasonably well for many years, but now serves to hamstring progress by discouraging expansion and incenting service reductions.

6. ***To mitigate limited public resources for funding, eliminate barriers to entry for the private sector.***

   i. Capitalize on new and innovative mobility solutions. To help reach regional transit goals, allow private transit providers to compete for funds from the competitive programs.

   ii. Encourage private sector partnerships where practicable.

   iii. Allow innovative financing and project delivery alternatives based on need and demand.

7. ***Establish performance-based management practices across the system.***

   i. Evaluate performance-based management practices across the operating units that may generate savings for the system. These may include: joint procurements, maximizing the use and deployment of existing staff, and/or consolidating certain administrative functions.

   ii. Establish five-year milestones for achieving savings through these parameters.

8. ***Seek new revenues.***

   i. Use the public outreach program to create broad based buy-in for increased investment in transit.

   ii. Ensure the integrity of sales tax collections by enforcing existing sales tax laws and preventing efforts to avoid payment of regional sales tax revenues that are reasonably due.

   iii. To ensure the region has a consistent source of capital to better leverage increasingly competitive federal funds, designate new revenues as a funding source for capital.

   iv. Use new funding sources for long-term expansion.

Governance

Create an Integrated Transit Governance System for Northeastern Illinois. Transit governance should be consolidated into a single integrated agency with one board and (initially) three operating units. The board would be responsible for setting policy and strategic direction, determining funding allocations, and prioritizing investments for the regional transit system. The operating units would be responsible for the day-to-day operations of transit service.

The Governor and the General Assembly will be responsible for crafting the legislation that will reform transit governance for northeastern Illinois. We recommend the following principles to guide the design of the final legislation.

- ***The authority to make transit board appointments should remain largely within the region and should ensure balanced representation from Chicago, Suburban Cook County, and the Collar Counties.*** Appointments should be made by the Mayor of Chicago, the Cook County President, and the chief elected officials of the Collar Counties (DuPage, Kane, Lake, McHenry, and Will).
- ***The state should have adequate representation on the Board.*** The state has a major financial and economic interest in the transit system and contributes significant operating and capital funding – including $2.7 billion from bond programs since 2009. The Governor should appoint some members of the transit board. The state should continue to provide financial support to the system and support the transit oversight role of the Executive Inspector General.
- ***Recognize that the city of Chicago has a unique role in the management and ownership of transit.*** The city owns the subways, the Orange Line and the Green Line that are used by the CTA. A portion of the city's RETT revenue is invested in transit. The Chicago Police provide police protection. The integrated governance structure should accommodate Chicago's longstanding role in leading the CTA and investing in the transit system.
- ***Include safeguards to promote a regional perspective and prevent gridlock.*** Any board action should require the vote of a majority of the board and must include votes from each participating region: Chicago, Cook County, the Collar Counties, as well as the state. Additional institutional mechanisms should be put in place to minimize gridlock on controversial policy issues.
- ***Provide clear accountability for the Chief Executive Officer (CEO) and operating divisions.*** Board committees should include members from each of the three regions and the state. Board Committees, when initially formed, would oversee operations of transit agencies, as well as additional areas such as finance or auditing and compliance.
- ***Provide near-term stability with the ability to evolve.*** Initially, the funding allocations to operating units should follow historic practice to ensure that current service and funding levels do not diminish. In response to a thorough, unified regional planning process, operations, funding, and service area changes should be made to meet the changing needs of the region.

- ***Reduce overhead and administrative costs and invest savings in transit operations.*** As soon as practicable, consolidate back office functions and establish performance-based management practices.
- ***Appoint qualified board members.*** The board should include members with proven leadership qualities, vision, and relevant professional experience in transportation, construction and engineering, finance, law, information technology, services to people with disabilities, business, academia, or other transportation related fields.
- ***Facilitate engagement of transit users with special needs and interests.*** Provisions should be made for involving users of the system and individuals with disabilities through board membership, advisory committees, and other activities.

The integrated transit board should be charged with implementing the recommendations in this report. It should plan regionally for transit, set goals, measure performance, and allocate resources to achieve those goals. It should function and operate in a manner that merits public support for added investments in transit. It should engage public and private partners to increase investment in transit system innovation and expansion.

FIGURE 15: Integrated Transit Governance Concept – Illustrative Example*

One New Board would replace the four existing boards of the RTA, CTA, Metra and Pace.

Governing Board – responsible for approving goals, policies, plans, budgets, capital programs, debt, fares, organizational structure, service and performance standards, following recommendations from the relevant standing committees.

- **21 voting members**: 5 residents of Chicago appointed by the Mayor of Chicago; 5 suburban Cook County residents appointed by the Cook County President with consent of the suburban Cook County Commissioners; 5 collar county residents appointed by the 5 collar county chief executives; 5 residents of the region appointed by the Governor; and the Board Chair who is appointed by the Governor.

Voting – All Board actions require a majority vote that must include at least 2 appointees of each of these: Mayor of Chicago, Cook County President, Collar Counties, and Governor.

Chair – Appointed by the Governor with consent of the Mayor of Chicago, the Cook County President, and a majority of the Collar County Board Chairs.

- The Chair may vote on any Board matter.
- Chair appoints the CEO with consent of the Board.
- Chair appoints Board committees as provided below.

Board Committees – comprised only of Board members, appointed by the Chair with consent of the Mayor of Chicago for Chicago appointees, consent of the Cook County President for Cook County appointees, and consent of a majority of the Collar County chief executives for collar county appointees. Board Committees as initially formed would oversee operations of transit agencies as well as Finance, Capital Program, and Audit and Compliance, and recommend actions to the Board.

- CTA – 9 members – 4 Chicago, 1 Cook, 1 Collars, 3 Governor
- Metra – 7 members – 2 Chicago, 2 Cook, 2 Collars, 1 Governor
- Pace – 7 members – 1 Chicago, 2 Cook, 3 Collars, 1 Governor
- Paratransit and Innovations – 8 members – 2 Chicago, 2 Cook, 2 Collars, 2 Governor
- Budget and Finance – 8 members – 2 Chicago, 2 Cook, 2 Collars, 2 Governor
- Planning and Capital Program – 8 members – 2 Chicago, 2 Cook, 2 Collars, 2 Governor
- Audit and Compliance – 4 members – 1 Chicago, 1 Cook, 1 Collars, 1 Governor

CEO – appointed by the Chair with consent of the Board.
Appoints Presidents of Operating Divisions with consent of Board committees.

Operating Units – The operating units might change over time, but initially would be:

- CTA – President appointed by CEO with consent of CTA Committee
- Metra – President appointed by CEO with consent of Metra Committee
- Pace – President appointed by CEO with consent of Pace Committee

*This is merely an example of how an integrated model may be structured.

Ethics

Guidelines for New Ethics Rules

In seeking to arrive at a level of ethics consistent with a world class transportation system, it should be stated plainly that there is a need in certain areas for the transportation boards to do more than just meet best practices standards that similar boards in other regions are currently following. First, the transit agencies in northeastern Illinois have been steeped in a culture of patronage for a significant period of time—literally decades. That legacy warrants some strong corrective measures that would not be necessary in a different environment. Moreover, there is a compelling need to restore public confidence in the agencies and boards in light of the contemplated effort, described elsewhere in this report, to raise or borrow significant capital to make the transportation system world class. A series of strong corrective measures will serve as a warranty to the public that the transit agencies will be better stewards of the public trust than they have been in the past.

1. *Appointment Process*

Currently the requirements to be appointed to the Board of Directors of the transit agencies are dominated by residency. The Regional Transportation Authority Act sets forth the requirements for the RTA, Metra, and Pace. The Metropolitan Transit Authority Act sets forth the requirements for the CTA.

For the RTA and Metra, the requirements are wholly residential. For Pace, certain appointees are required to be the chief executive officer of a municipality within the counties by which they are appointed. In addition, the Commissioner of the Mayor's Office for People with Disabilities (of the city of Chicago) serves as an ex-officio member. Finally, the Chairman of the Pace board is elected by other board members.

For the CTA, Directors are appointed by the Governor, with the advice and consent of the Senate; and the Mayor, with the advice and consent of the City Council. The Mayor of Chicago and the Governor must approve each other's appointments. Additionally, there are residential and representational requirements.

These appointment requirements are limited in that the directors need not have any substantive knowledge or expertise for the position, and are not subject to any independent review. We defer on the substantive governance issues as to what other qualifications would be appropriate, but observe that from an ethics perspective it is important to create the reality and appearance that appointments are not motivated by political reasons and that the persons appointed are not persons who will promote patronage. In this regard, the greater the level of public transparency and participation the better. Justice Brandeis was famously quoted in 1913 as saying "Sunlight is said to be the best of disinfectants." That century old observation still holds true today. And there is need for a lot more sunlight on the transportation boards.

Recommendation

The Task Force recommends a multi-stage appointment process that would involve an independent group to promote civic accountability. The independent panel would propose a slate of candidates for all board openings, considering prior experience, relevant technical

skills (see Governance recommendations) and any information on the candidate's background that would bear on the candidate's commitment to ethics and good governance, including the commitment to oppose, not condone, patronage. The Governor or other appointing authority would then select an individual from this slate and make that selection public, and provide a period of time for comment by the general public. A gubernatorial appointment could then be confirmed by the Illinois Senate or other appropriate entity. An appointment by other appointing authorities could be confirmed by a representative entity which would consist of officials from the City, Cook, and the collar Counties. Under such a system, the caliber of the appointments to the initial independent panel would be critical to demonstrate a new approach to governance in the public transportation arena.

Background Checks

Many transit agency employees must undergo a background check prior to employment, yet there is no similar requirement at the board level. Requiring a background check of candidates prior to appointment would give both the appointing authority and the public assurance that no hidden ethical or financial conflicts exist.

The Task Force recommends that any revised statute include language similar to the following:

> Background checks. Before making any appointment, the appointing authority must submit to the Executive Inspector General the candidate's name and such other information as the Executive Inspector General may require. Within 30 days after receiving the candidate's name, the Executive Inspector General shall conduct a criminal background check and such other investigation of the candidate as the Executive Inspector General deems necessary and report the results to the appointing authority. The appointing authority shall not proceed with an appointment unless and until it receives the Executive Inspector General's report and determines that the candidate has no ethical or financial conflict that would interfere with his or her service on the Board or any criminal history that, in the appointing authority's discretion, demonstrates unfitness to serve on the Board. However, if the Executive Inspector General does not make a report to the appointing authority within 30 days after receiving a candidate's name, the appointing authority may proceed with the appointment of the candidate.

Conflict of Interest

Currently, transit board members are required to submit a Disclosure of Economic Interest and Affiliation after they have been appointed and on an annual basis. Requiring candidates to submit this disclosure prior to appointment and requiring copies of other such disclosures in the candidates' recent past will provide the appointing authority with a more comprehensive picture of the candidate. In addition, board members should be required to file updates on the Disclosure of Economic Interest and Affiliations when any changes occur.

The Task Force recommends that any revised statute include the following language:

> Disclosure of Economic Interest and Affiliation. Each candidate for appointment must submit to the appointing authority (a) a verified written statement of economic interest containing a list of all economic interests required to be disclosed by a person appointed to the governing board of a special district pursuant to 5 ILCS 420/4A-102, in the form specified by 5 ILCS 420/4A-104 and (b) a copy of any other economic interest disclosure statements that the applicant has filed with the Secretary of State, any county clerk, or any other governmental entity within the past three years.

2. *Removal Process*

Currently, RTA, Metra, and Pace board members can be removed from the board by a vote of their own members upon a formal finding of incompetence, neglect of duty, or malfeasance in office or by the Governor in response to an ethics violation report (as described in the State Officials and Employees Ethics Act) received from the Executive Inspector General, provided he or she has an opportunity to be publicly heard in person or by counsel prior to removal.

CTA appointments, however, can be removed by their respective appointing authorities for cause. The Governor can also remove any appointee upon receipt of a report of an ethics violation from the Executive Inspector General. Currently the MTA Act states:
The Governor and the Mayor, respectively, may remove any member of the Board appointed by him or her in case of incompetency, neglect of duty, or malfeasance in office. They may give him or her a copy of the charges against him or her and an opportunity to be publicly heard in person or by counsel in his or her own defense upon not less than 10 days' notice. The Governor may remove any member in response to a summary report received from the Executive Inspector General in accordance with Section 20-50 of the State Officials and Employees Ethics Act, provided he or she has an opportunity to be publicly heard in person or by counsel prior to removal. In case of failure to qualify within the time required, or of abandonment of his or her office, or in case of death, conviction of a crime or removal from office, his or her office shall become vacant.
70 ILCS 3605/21.

Recommendation

In light of the circumstances of the last year, this Task Force recommends a procedure allowing a more swift removal of board members. We acknowledge, however, that the need to create a more responsive removal process must also respect the need to maintain protection for those board members that may act in an unpopular, yet ethical and principled manner.

Accordingly, the Task Force recommends that board members be subject to removal by the relevant appointing authority based upon: (1) a recommendation of a supermajority of the board; (2) for cause, including official misconduct, inefficiency, neglect of duty, breach of duty, or misconduct in office; or (3) upon becoming a candidate for statewide, federal, or judicial elected office. Separately, the board member's seat should be deemed vacated upon

conviction of any felony crime without the need for the appointing authority or the board to take any action.

3. *Employment Actions*

Currently, the RTA and MTA acts prohibit discrimination based upon political affiliation or support, but, in the past, these statutory prohibitions have been ignored in both board action and in employee hiring. There is no current rule that prohibits politicians from recommending candidates for jobs, promotions or raises. While we have not seen precedent for such a rule in other states, few states can compete with Illinois's track record in the area of patronage. Employment actions are an area in which the strongest corrective measures need to be applied.

While, as discussed above, there is nothing inherently wrong with a person offering a reference on behalf of a job seeker, a culture arose where applicants had political "sponsors" and the hiring and promotion decisions were skewed as a result. This is not the first time that political sponsorships have tainted the reputation of a public institution. An analogous issue happened at the University of Illinois in 2009. In response to a report from a commission chaired by Judge Abner Mikva, the University of Illinois Board of Trustees implemented a "firewall" policy around admissions. That policy allowed only an applicant or his or her parent, guardian, spouse, or guidance counselor to communicate with admissions staff about the student's status. Third parties, which included trustees, government officials, and other University of Illinois employees, were banned from contact, and any contact in violation of the policy was required to be logged.[127] That solution was proposed in response to a single patronage scandal at the University. In the arena of the transit agencies, where patronage issues have been far from singular, no less should be done.

Recommendation

The Task Force recommends the implementation of a firewall prohibiting communications between elected officials or their representatives and the transit agencies regarding matters of hiring, promotion, or raises for individuals. In the event of a breach of this protocol, the agency should be required to disclose that breach to the general public via a publicly available and regularly updated database. In the limited circumstance where an applicant's relevant work experience is directly with an elected official, an exception could be made to the public disclosure policy for a written letter of recommendation, if a copy of the letter is also forwarded to the Office of the Executive Inspector General.

4. *Procurement and Business Dealings*

The transit agencies have sophisticated, but diverse, procurement processes in place designed to ensure the principled assignment of contracts and the benefits of agency assets. As we have seen in the recent past, however, that has not prevented board members or elected officials from inserting their interests into this process.

Recommendation

The Task Force recommends the implementation of a firewall prohibiting discussions by elected officials or their representatives, or board members, regarding the prospective

awarding of any specific contract to any vendor. This rule would not forbid a generalized inquiry into the extent of Disadvantaged Business Enterprises (DBE) in carrying out the work of the transit agencies, but would prohibit elected officials or board members from weighing in on particular active contracts, subcontracts, procurements, or vendors.[128]

5. *Certification Regarding Employment Actions and Procurement Decisions*

It appears that—at least until recently—there were limited certifications filled out by management of the transit agencies that attested that hiring, promotion or compensation decisions were not being made based upon political considerations. CTA and Metra have some controls in place, but the requirement is not uniform. The President of the CTA certifies to the CTA Board that the list of the exempt, at-will positions, does not exceed a statutory percentage maximum. Recently, Metra modified an existing certificate form to include a certification by hiring managers and interviewers that they did not take "political reasons or factors" into consideration.

Recommendation

Management of the reconstituted transportation agency should certify that hiring, termination or promotion decisions are not being made based upon political considerations. In addition, if an allowance is to be made for a small number of "policy" positions in upper management, the number should be a small number, rather than a large number that makes the exception to a ban on patronage hiring the rule.

Similarly, there should be a certification by management regarding procurement and contracting decisions that political considerations were not a factor.

6. *Lobbying*

Currently, as municipal agencies, the transit agencies are not bound by the Illinois Lobbyist Registration Act (the "ILRA"). The ILRA requires persons who undertake to influence executive, legislative or administrative action by a direct lobbying communication with certain elected state officials and members of any board to register as a lobbyist with the Illinois Secretary of State.[129] In addition to registration with the State, a lobbyist is subject to certain reporting requirements. The ILRA requires that registered individuals disclose to the State, among other things, their contact information, the name and address of their clients for whom they appear, a brief description of the governmental action for which their service is rendered, the agency they expect to lobby during the registration period, and the nature of their client's business.[130] Further, lobbyists must report expenditures related to lobbying. The report is required to itemize each individual expenditure or transaction and include the name of the official on whose behalf the expenditure is made, the name of the client if made on behalf of a client, and the amount and a description of the expenditure, among other things.[131] Further, with some exceptions, persons required to be registered under the ILRA may not serve on a board, commission, authority, or task force authorized or created by state law.[132]

Recommendation

The Task Force recommends that the ILRA should apply to the transit agencies. Any revised statute regarding the public transit management authority should mandate that it is subject to these State obligations.

7. *Ethics Training*

It is striking that, given the prominence of patronage in Chicago, Cook County and Illinois, the Rutan decision and the Shakman decree; the Ryan, Sorich and Blagojevich prosecutions; multiple public findings by commissions and committees; and statutes on the books that prohibit hiring or promotions based upon political factors as described below, there had been limited emphasis provided in policies or training materials given to Metra, CTA, Pace, and RTA employees as to the impropriety of political hiring. By contrast, the training materials specifically address the issues of race, gender, and sexual orientation discrimination. Even where the issue has been addressed, it has not been addressed with any clarity.[133]

Recommendations for Board Members

To further ensure appropriate conduct by board members and senior management, very specific training on ethical compliance issues – specifically including the obligation not to hire or fire based upon political considerations – is needed to provide clarity, and accountability, for the board members and confidence for the public.[134]

The Task Force recommends that any revised statute include language similar to the following: Each director and executive shall comply with the provisions of the Illinois Governmental Ethics Act and carry out his or her duties and responsibilities in a manner that preserves the public trust and confidence in the Authority. A director, including the spouse and immediate family members of such person, shall not:

i. use or attempt to use his or her position to secure or attempt to secure any privilege, advantage, favor, or influence for himself or herself or others;

ii. hold or pursue any private employment, business, or occupation that may conflict with his or her official duties;

iii. influence or attempt to influence the hiring, promotion, compensation, discipline, or termination, of any employee of or applicant for employment with the Authority, other than the Executive Director, except when acting in his or her official capacity as a member of the Board at a public meeting;

iv. influence or attempt to influence the Authority to select or initiate a contract with any particular person or entity seeking to do business with the Authority, except when acting in his or her official capacity as a member of the Board at a public meeting;

v. even at a public meeting, the director should not seek influence or attempt to influence the hiring, promotion, compensation, discipline, or termination, of any employee of or applicant for employment with the Authority or influence or attempt to influence the Authority to select or initiate a contract with any particular person or entity seeking to do business with the Authority, based upon political considerations

[except for any position for which the ban on political considerations has been specifically excepted];

vi. influence or attempt to influence any person or corporation doing business with the Authority to hire or contract with any person or corporation for any compensated work;

vii. engage in any activity that constitutes a conflict of interest; or

viii. have a financial interest, directly or indirectly, in any contract or subcontract for the performance of any work for the Authority or a party to a contract with the Authority, except this does not apply to an interest in any such entity through an indirect means, such as through a mutual fund.

Recommendations for Employees

We recommend parallel training and guidance be given to all employees. Further, we recommend board members execute acknowledgement forms certifying that they have received and understand the formal ethics policy applicable to her or his position.

8. OEIG Oversight

In the course of our work, the Task Force has had the opportunity to consider the ability of entities to investigate allegations of wrongdoing by the transit agencies. In responses to our correspondence seeking information to assist the evaluation of the Ethics Working Group, we were met with general references to exceptions under the Illinois Freedom of Information Act and related to investigations of the OEIG. Towards the end of our working timeline, the Task Force learned of the contents of the Hillard Heintze report concerning the Metra Police Department and the final redacted report concerning former RTA board member Rev. Crider even though responses to prior inquiries had not flagged that these issues were pending.[135]

We note this for three reasons. First, the Task Force does not warrant that it is fully familiar with all the information it would like to have known concerning the ethics issues with which the transit agencies have been dealing. The conclusions of the Task Force, however, would not likely change if we were to delay the report to await more information: the challenges the boards face are already plain. However, further information would likely make the case for the Task Force's recommendations stronger.

Second, while the OEIG is prohibited from discussing pending investigations, the work of the OEIG should not serve as a shield to protect the transit agencies from disclosing information pursuant to a FOIA or similar request. Reading the relevant statutes to prohibit the disclosure of transit agency materials and information relevant to a matter under investigation by the OEIG would, in a perverse way, impose less transparency when serious misconduct is involved.

To that end, the Task Force received a letter dated March 13, 2014, from Executive Inspector General Ricardo Meza which outlined a similar concern. In his written statement to the Task Force, Mr. Meza noted that:

> [A]gencies, including [Regional Transit Boards], have sought to use confidentiality provisions and restrictions imposed upon the OEIG as the basis to withhold information contained *in their agency files* from disclosure. Specifically, at the July 11, 2013 House Mass Transit Committee hearing, Metra representatives informed committee members that Metra could not disclose internal Metra documents to the committee because the documents had been turned over to the OEIG and thus were "confidential." In response to Metra's incorrect assertions, I was obligated to inform House committee members that Metra was incorrect and that only *OEIG documents and files* are confidential, not documents Metra provided to the OEIG or documents otherwise in Metra's possession. Although the law may be unclear as to the disclosure of OEIG files, there is really no dispute that agency files, including RTB files or documents, are *not confidential or exempt* from disclosure simply because the OEIG either requested the documents or because a RTB provided the documents to the OEIG.[136]

(Emphasis in original.)

Similarly, the letter from Mr. Meza also outlined a concern that the transit agencies were not providing all the information sought by his office due to an assertion of the attorney-client privilege. Mr. Meza expressed concern in his letter, and during his appearance before the Task Force on March 17, 2014, that the RTA had been reluctant to waive the attorney-client privilege concerning its materials, while at a similar point in time had demanded that Metra waive its privilege. Secondly, he expressed concern that there is no practical way for the OEIG to test the legitimacy of the assertion of the privilege if the transit agency does not seek review from the Executive Ethics Commission.

We note this issue as it also goes to the completeness of the information provided to the Task Force. We further observe that the issue of how state agencies address issues of attorney-client privilege when interacting with the OEIG (and what the downstream consequences there are for litigation between the agencies and third parties) warrants further study and clarification. This is an issue with broader application than just northeastern Illinois transportation and we urge action on a scope beyond that of this Task Force.

Recommendations

First, we recommend that the relevant state statutes regarding requests to the transit agencies under the Freedom of Information Act be clarified to allow for the production of pre-existing agency material related to issues under investigation by the OEIG.

Second, we recommend consideration of an amendment of the Ethics Act to allow an inspector general to seek an immediate and independent review by the Executive Ethics Commission, and prompt determination, of any privilege claim.

9. *Board Member Compensation*

RTA and CTA board members currently receive $25,000 annually. Metra board members receive $15,000 annually plus reimbursement for expenses and the chairs receives $25,000 plus reimbursement for expenses. Pace board members receive $10,000 annually and the chair receives $15,000 plus reimbursement for expenses up to $5,000 annually.

For smaller transit systems within Illinois, state statute provides that each mass transit district trustee will receive $100 for each day devoted to the business of the Board but not more than $400 per month (each district determine what constitutes a business day). Trustees are also entitled to the necessary expenses, including traveling expenses, incurred in the discharge of his duties. (70 ILCS 3610/4)

A review of six of the largest transit agencies in the country (those in New York, Los Angeles, Boston, Washington D.C., Philadelphia, and San Francisco) revealed that no other boards receive compensation. A 2002 survey of transit agencies conducted by the Transit Cooperative Research Program showed that of the 213 respondents, only 31 agencies or 15% compensated board members. Of those, many offered compensation on a per meeting basis, with $50 being the average per meeting. In most cases, compensation was limited to citizen members of the board.

While aggregate compensation will be reduced if the current aggregate total of 47 board members is reduced, and the total compensation will be a small fraction of the transit budget, we believe that elimination of board compensation would be a good signal to the public that the members of the transit boards seek no personal benefit from their service and will have no financial reasons to remain silent in the face of questionable conduct. Further, the elimination of compensation will support a more efficient removal process. If a dispute were to arise regarding a board member's removal, financial compensation for service may be cited as support for the argument that a director had a legal right, or property interest, in their position.

Recommendation

Members should not be compensated for their service, other than incidental expenses related to travel and meals. In the alternative, members should receive a small stipend per meeting attended consistent with 70 ILCS 3610/4.

Implementation

The Task Force recommendations set a very high bar because bold actions are needed. At the same time, we know that the necessary changes won't all happen at once. With that in mind, the goals and recommendations in this report can serve as a guide for taking thoughtful and logical steps that grind determinedly toward the goal. Knowing transit's critical importance to the region's people, communities, and the economy, every action should be measured by asking, "Will this achieve the results we need?"

In general, implementation of the recommendations should include the following steps:

A. ***Immediately set clear standards for ethics and accountability.*** The state should act now to clearly establish a new standard for behavior and performance that includes strengthened requirements for ethics, performance measurement, and public accountability. Ethics legislation should be introduced this spring to get this started.

B. ***Immediately form a transition steering committee to design an integrated transit governance system.*** Creating an effective, integrated governance structure is key to achieving the required service and performance improvements. This is a very sensitive matter and must be handled with the utmost care. To begin this process, a transition steering committee should be convened, consisting of the Mayor of Chicago, the six county elected chief executives, the president of the Metropolitan Mayors Caucus, and the Governor. Legislative leaders should also be engaged in this process. Within a year, the steering committee should prepare a detailed governance plan that includes an integrated transit governance structure, delineation of powers and duties, safeguards to ensure continuity of funding and operations, a transition plan, and draft legislation to implement the changes.

C. ***Adopt transit governance reforms.*** Legislation should be crafted based on the transition steering committee recommendations and a timetable set for required governance system reforms. The new system should be established within one year after the steering committee completes its report. The steering committee should remain active to ensure that the reforms are effectively implemented.

D. ***Prepare a plan to improve regional mobility and increase transit ridership and a correlated strategic financial plan.*** As one of its first initiatives, the new integrated transit board must begin a regional planning process to achieve "world-class" transit, accompanied by a performance measurement system to evaluate progress and set priorities for investments. This plan must include a new performance-based approach for allocating funds and effectively deploying public and private resources to achieve excellent results. It must also include a strategy for raising needed funds.

E. ***Win public confidence and support for needed investments.*** Once the ethics, governance, system performance reforms and the required financial plan are underway, the necessary components will be in place to win public support for the needed investments and raising the necessary funds to improve and expand service. This will involve a major public outreach effort.

Experiences with transit governance reform in other places, including New York, show that it can take some time to substantially change a culture that has taken several decades to settle in. Overhauling a board structure can happen quickly, but it can take much longer to change habits, attitudes, and relationships. Operating silos don't break down overnight, but creating a sound structure with newly energized leadership and principles can set the right tone and lead to a series of incremental changes that together will achieve the desired results.

pace
BUS STOP
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CONCLUSION

The Task Force has found that the region's transit system, one of the nation's largest, has great potential, but changes must be made in order to achieve the results we need. The northeastern Illinois region will not have a transit system that is anywhere close to world-class by clinging to the status quo. If too many are preoccupied with defending the turf of multiple boards and a wasteful and often dysfunctional bureaucracy, it will lead to the decline of the transit system and drag down our economy. The recommendations in this report were designed to prevent that.

To achieve the results needed, the transit system must place the needs of transit customers – all of the region's residents, visitors and communities – above all else. That requires unified and coordinated leaders—both inside and outside of the transit system itself – who set high goals and mobilize all possible public and private resource to achieve them. It requires a commitment to ethics and accountability for results. It requires creating an environment that encourages and rewards innovation and creativity.

Small changes will not do. It is time to put the needs of the public first, and that requires the types of actions recommended in this report.

Acknowledgements

The Task Force would like to give special thanks to the many individuals, organizations and businesses that provided advice and assistance.

First, we thank Governor Pat Quinn, for creating this Task Force and urging us to aim high, to recommend what is needed to achieve "world class" transit in northeastern Illinois.

We thank the many northeastern Illinois residents who submitted thoughtful comments.

The Task Force is grateful to the senior elected officials who submitted testimony and provided a great deal of information to aid the Task Force in its analysis:

- Dan Cronin, Chairman, DuPage County Board
- Tina Hill, Chairman, McHenry County Board
- Chris Lauzen, Chairman, Kane County Board
- Aaron Lawlor, Chairman, Lake County Board
- Toni Preckwinkle, President, Cook County
- Larry Walsh, Will County Executive
- Mayor Rahm Emanuel, City of Chicago

We appreciate the leaders and staff of the region's transit and planning agencies who provided helpful information and testimony:

- Chicago Metropolitan Agency for Planning
- Regional Transportation Authority
- Chicago Transit Authority
- Metra
- Pace

Illinois State Senator Daniel Biss provided a very thoughtful analysis of transit system governance options.

U.S. Congressman Daniel Lipinski submitted a letter with helpful advice to the Task Force.

Mort Downey, Senior Advisor, Parsons Brinckerhoff, provided expert advice and testimony based on his extensive experience.

Thomas Prendergast, Chairman/CEO, Metropolitan Transit Authority, New York, presented very helpful expert testimony and advice.

Stephen E. Schlickman, Executive Director, UIC Urban Transportation Center, submitted recommendations and presented expert testimony.

Sharon Feigon, Center for Neighborhood Technology and CEO, Alternative Transportation for Chicagoland, Inc. presented "Transit Innovations: Last Mile Solutions Through Shared Use."

Several others contributed advice and recommendations that aided Task Force deliberations:

- Steve Heminger, Executive Director, Metropolitan Transportation Commission, San Francisco Bay Area of California
- Dr. Robert Paaswell, City University of New York and Consultant to Metropolitan Transportation Authority
- Dr. Beverly Scott, General Manager, Massachusetts Bay Transportation Authority
- Joseph Casey, General Manager, Southeastern Pennsylvania Transportation Authority
- Metropolitan Planning Council

We are exceedingly grateful to TransitCenter and its President, David Bragdon for contributing financial support for the completion of the Technical Memorandum.

Dr. Richard Mudge, President, Compass Transportation and Technology Inc. served as the lead consultant in preparation of the Technical Memorandum, along with experts from Delcan Corporation, Eno Foundation, TranSmart Technologies and Transportation Solutions.

The Center for Neighborhood Technology contributed in depth research, analysis and text for the System Performance sections of the report, under the direction of Kathy Tholin.

Primary staff support for the Task Force was furnished by the Illinois Department of Transportation and Metropolis Strategies.

Appendix

Executive Orders

1. Executive Order 13-06 established the Task Force: click here.

STATE OF ILLINOIS

EXECUTIVE DEPARTMENT

SPRINGFIELD, ILLINOIS

FILED
INDEX DEPARTMENT
AUG 15 2013
IN THE OFFICE OF
SECRETARY OF STATE

EXECUTIVE ORDER **13 - 06**

ESTABLISHMENT OF THE NORTHEASTERN ILLINOIS PUBLIC TRANSIT TASK FORCE

WHEREAS, riders of mass transit in Northeastern Illinois expect fairness, transparency and efficiency in the operation and administration of the transit agencies, including, without limitation, the Regional Transportation Authority ("RTA"), Chicago Transit Authority ("CTA"), Metra, and Pace (the "Northeastern Illinois Transit Agencies" or the "Transit Agencies"); and

WHEREAS, the Northeastern Illinois Transit Agencies represent the third largest transit system in the United States, with over two million daily riders; and

WHEREAS, in the wake of another scandal, the State of Illinois must step in and fix the failure of the Northeastern Illinois Transit Agencies to work collaboratively and efficiently; and

WHEREAS, as Governor of the State of Illinois, I am committed to ensuring the fair, equitable, efficient, transparent and well-coordinated operation of the Northeastern Illinois Transit Agencies and to eliminating waste, fraud and abuse wherever it occurs; and

WHEREAS, coordination, transparency, efficiency and fairness in the operation of the Northeastern Illinois Transit Agencies must be improved, including the elimination of duplicative efforts and excess board membership; and

WHEREAS, allegations of improper political influence and other recent events at Metra have highlighted the failed leadership of the existing Board of Directors, an absence of adequate oversight and coordination from the RTA, and an overall lack of coordination and cohesion amongst the Transit Agencies that must provide customers with access to transportation throughout the Chicagoland region; and

WHEREAS, current law does not permit the Governor or any agency of the State of Illinois to timely remove Board Members or employees of the Transit Agencies for incompetence or negligence, temporarily replace Board Members to ensure continued operation of existing Transit Agencies, prohibit golden parachutes from being awarded, or eliminate duplicative efforts and costs amongst the existing Transit Agencies; and

WHEREAS, an independent task force is necessary to study, examine and make recommendations to the Governor and the Illinois General Assembly for both the veto and spring sessions as to how the Northeastern Illinois Transit Agencies can improve their operations, repair the damage done to the public trust, and modernize the transit system for the people who depend upon these systems to get them to work, school, home and other destinations;

THEREFORE, I, Pat Quinn, Governor of Illinois, pursuant to the authority vested in me by Article V of the Illinois State Constitution of 1970, hereby order as follows:

I. CREATION

There is hereby created the Northeastern Illinois Public Transit Task Force (the "Task Force") as an independent advisory body having the duties set forth in this document.

II. PURPOSE

The purpose of the Task Force is to study, examine and evaluate the Northeastern Illinois Transit Agencies to determine how the operations of these agencies can be reorganized, streamlined or restructured to, among other things, ensure greater efficiency, accountability, coordination and transparency. The Task Force shall:

a. Examine and evaluate the structures, practices and policies of each of the Transit Agencies to determine their impact and effect on the working relationships of the Transit Agencies and to achieve improved inter-agency coordination, transparency, accountability, and overall operating efficiency;
b. Examine and evaluate the appropriate oversight and authority that the Illinois Department of Transportation shall have over the Transit Agencies to ensure taxpayers are getting the best return on their investments of limited tax resources;
c. Submit, no later than October 18, 2013, a written interim report, detailing immediate measures necessary to address short-term and long-term solutions to ongoing problems at the Transit Agencies; and
d. Submit a final report no later than January 31, 2014, to the Governor and General Assembly, providing specific recommendations to improve the efficiency, accountability, coordination and transparency of the Transit Agencies.

III. MEMBERSHIP

a. The Task Force shall be composed of two (2) Co-Chairpersons and at least thirteen (13) additional members, for a total membership of at least fifteen (15) Task Force members. The Co-Chairpersons and Task Force members shall be appointed by the Governor. The Co-Chairpersons and Task Force members shall serve without compensation. The Governor may appoint additional Task Force members as desired.

b. The Task Force shall terminate on January 31, 2014, upon completion of a final report providing comprehensive recommendations to the Governor and the General Assembly.

IV. INDEPENDENCE

a. The Task Force shall function as an independent advisory body, with the discretion to arrange its affairs and proceedings in the manner it deems appropriate.

b. The Illinois Department of Transportation shall provide administrative support o the Task Force, including, but not limited to, providing an Ethics Officer for the Task Force, responding to FOIA requests on behalf of the Task Force, and assisting the Task Force in complying with the Open Meetings Act. At the direction of the Governor, any executive agency shall provide assistance to the Task Force to accomplish their goal of making recommendations to the Governor and General Assembly.

V. TRANSPARENCY

In addition to whatever policies or procedures it may adopt, all operations of the Task Force will be subject to the provisions of the Illinois Freedom of Information Act (5 ILCS 140/1 et seq.) and the Illinois Open Meetings Act (5 ILCS 120/1 et seq.). This section shall not be construed so as to preclude other statutes from applying to the Task Force and its activities.

FILED
INDEX DEPARTMENT
AUG 15 2013
IN THE OFFICE OF
SECRETARY OF STATE

VI. EFFECTIVE DATE

This Order shall take effect immediately upon its execution.

Pat Quinn

Pat Quinn, Governor

Issued by Governor: August 15, 2013
Filed with Secretary of State: August 15, 2013

INDEX DEPARTMENT
AUG 15 2013
IN THE OFFICE OF
SECRETARY OF STATE

2. Executive Order 13-07 provided an extension to the Task Force: click here.

STATE OF ILLINOIS

EXECUTIVE DEPARTMENT

SPRINGFIELD, ILLINOIS

FILED
INDEX DEPARTMENT
DEC 31 2013
IN THE OFFICE OF
SECRETARY OF STATE

EXECUTIVE ORDER **13-07**

EXTENSION OF THE NORTHEASTERN ILLINOIS PUBLIC TRANSIT TASK FORCE

WHEREAS, on August 15, 2013, Executive Order Number 13-06 established the Northeastern Illinois Public Transit Task Force; and

WHEREAS, the purpose of the Task Force is to study, examine and evaluate the Northeastern Illinois Transit Agencies to determine how the operations of these agencies can be reorganized, streamlined or restructured to, among other things, ensure greater efficiency, accountability, coordination and transparency; and

WHEREAS, the Task Force has conducted numerous public meetings, public hearings and received comments and testimony from the Northeastern Illinois Transit Agencies and their leadership, governmental bodies, nationally-recognized transit experts and everyday commuters; and

WHEREAS, the Task Force on December 11, 2013 requested an extension to allow additional time to present recommendations to improve the transit agencies of Northeastern Illinois; and

WHEREAS, as Governor of the State of Illinois I am committed to improving the operations of the Northeastern Illinois Transit Agencies, repairing the damage done to the public trust and modernizing the transit system for the people who depend upon these systems to get them to work, school, home and other destinations; and

WHEREAS, we must take advantage of this opportunity to transform the Northeastern Illinois transit system and provide the Task Force with additional time to make recommendations to the Governor and General Assembly;

THEREFORE, I, Pat Quinn, Governor of Illinois, pursuant to the authority vested in me by Article V of the Illinois State Constitution of 1970, hereby order as follows:

I. TASK FORCE FINAL REPORT

The Task Force shall submit a final report no later than March 31, 2014 to the Governor and General Assembly, providing specific recommendations to improve the efficiency, accountability, coordination and transparency of the Transit Agencies.

II. TASK FORCE TERMINATION DATE

The Task Force shall terminate on March 31, 2014, upon completion of a final report providing comprehensive recommendations to the Governor and the General Assembly.

III. EFFECT ON EXECUTIVE ORDER 13-06

Executive Order 13-06 Sections II.d. and III.b. are hereby nullified. All other provisions of Executive Order 13-06 shall remain in full force and effect as amended.

IV. EFFECTIVE DATE

This Order shall take effect immediately upon its execution.

Pat Quinn

Pat Quinn, Governor

Issued by Governor: December 31, 2013
Filed with Secretary of State: December 31, 2013

Supplements

Sources of Public Funding for Transit Operations 2012 -Figures in 000s

	CTA		Metra		Pace	
Source	Total	%	Total	%	Total	%
Chicago Taxes	$292,657	45.3%	$14,707	4.3%	$9,458	6.6%
Suburban Taxes	$201,405	31.2%	$300,389	86.9%	$109,783	76.4%
State PTF	$151,462	23.5%	$29,315	8.5%	$22,811	15.9%
Federal	-	-	$1,200	0.3%	$1,703	1.2%
Total	$645,524		$345,611		$143,755	

Source: Regional Transportation Authority

CTA sources of public funding for operations include: Sales Tax I and II (in Chicago and Cook, DuPage, Lake, McHenry, Kane, and Will Counties), the RTA Discretionary Fund (comprised of a portion of Sales Tax I in Chicago and the six RTA region counties and State PTF funds), the Real Estate Transfer Tax (in Chicago), State PTF match of the Real Estate Transfer Tax, and State PTF match of Sales Tax II.

Metra sources of public funding for operations include: Sales Tax I and II (in Chicago and the six RTA region counties), the State PTF match of Sales Tax II, and a Grant from Homeland Security.

Pace sources of public funding for operations include: Sales Tax I and II (in Chicago and the six RTA region counties), the RTA Discretionary Fund (comprised of a portion of Sales Tax I in Chicago and the six RTA region counties and State PTF funds), the Suburban Community Mobility Fund (from Sales Tax II in Chicago and the six counties and the PTF match of Sales Tax II), the South Suburban Job Access Fund (from Sales Tax I in Chicago and the six counties and State PTF funds), the State PTF match of Sales Tax II, and Federal CMAQ/JARC/ New Freedom funds.

Please note this does not include the ADA/Paratransit Fund (approximately $80.2 million) and the Innovation Coordination and Enhancement Fund (approximately $7.2 million).

The Financial Implications of Reform

Capital programs such as Illinois Jobs Now! have invested billions into the northeastern Illinois region. However, when compared to certain peer cities, the region is underinvesting in transit compared to its peers. Boston, Chicago, New York, Los Angeles, Philadelphia, San Francisco are the seven transit systems with the highest ridership in the US. The table below aggregates capital funding over ten years in order to attain a longer-term trend, as capital is not necessarily consistent each year. The total is divided by the region's population to compare funding per capita.

	Capital Funding 2002-2012	Urbanized Area Population	Capital Funding Per Resident Est.
Boston	$5,047,163,496	4,181,019	$1,207
Los Angeles	$7,336,874,345	12,150,996	$604
New York	$52,242,359,517	18,351,295	$2,847
Philadelphia	$4,122,881,796	5,441,567	$758
San Francisco	$6,736,202,802	3,281,212	$2,053
Washington DC	$5,298,557,989	4,586,770	$1,155
Six Region Total	**$80,784,039,945**	**47,992,859**	**$1,683**
Chicago	**$8,940,582,331**	**$8,608,208**	**$1,039**

Source: National Transit Database

New York MTA Chair and Executive Director Tom Prendergast said the MTA's governance structure was a major factor in increased capital funding for transit in the New York region. An analysis of the historic capital funding in peer transit systems with consolidated or strong regional oversight governance structures shows the potential for northeastern Illinois to increase funding.

Northeastern Illinois' five transit system peers that have a consolidated or strong regional structure are Boston, New York, Philadelphia, San Francisco, and Washington DC.

	Boston, New York, Philadelphia, San Francisco, Washington DC	Northeastern Illinois
Total capital funding, 2002-2012	$73,447,165,600	$8,940,582,331
Total Urbanized Area Population	35,841,863	8,608,208
Capital funding per resident	$2,049	$1,039

Source: National Transit Database

Supporting Materials and Resources

With the assistance of numerous staff and agencies, the Task Force compiled many resources to help guide them through the development of the interim report and final report and recommendations. These resources included reports from transportation organizations, materials submitted in response to requests for information, written and verbal testimony, and many others. The Task Force received dozens of public comments through their public meetings as well as the webpage that was created to ensure transparency and proper communication of the Task Force's proceedings. Additionally, the Task Force received numerous letters, not only acknowledging the Task Force's charge, but also providing input on transit in the region. The following materials can be found on the Task Force's webpage. Links to the material have been provided.

1. Interim Report: click here.
2. Delcan Corporation and Eno Transportation Center Materials: Technical Memorandum - click here.
3. Meeting Schedule, Supporting Documents and Working Group Materials: click here. Working Group materials can also be accessed below:
    a. System Performance
        i. Report
        ii. PowerPoint
        iii. Transit Innovations PowerPoint
    b. Finance
        i. Report
        ii. PowerPoint
    c. Governance
        i. Report
        ii. PowerPoint
    d. Ethics
        i. PowerPoint
4. Public Comment: click here.
5. Correspondence: click here.

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[85] Matt O'Connor and Ray Gibson, *Ryan clout list a who's who of rich, infamous,* Chicago Trib., Jan. 31, 2003, at N1. The 555 page publicly available list included numerous line items for Don Udstuen, who was a member of the Metra board on the dates noted in the list.
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[87] 523 F.3d 702 (7th Cir. 2008).
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[89] As but one example, in 2013, Arnold Randall, appointed Superintendent of the Cook County Forest Preserve in December 2011, stated publicly that the hiring process for the Preserve at the time of his appointment was set up not to recruit and employ the best qualified applicants, but rather to hire the politically connected. (*Available at* http://www.dnainfo.com/chicago/20130205/chicago/monitoring-of-forest-preserve-once-patronage-dumping-ground-end, last visited Mar. 10, 2014.)
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Commission heard testimony from the University of Illinois Alumni Association ("UIAA"), former University presidents, and others regarding the process for appointing trustees, and recommended that the Governor undertake a review of the Trustee selection process "to determine whether the current process should be revised to include greater involvement of organizations, such as the UIAA, whose members share the interests of the University." *Id*. at 42.

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[98] *Who will mind Metra?* Chicago Trib., July 29, 2010 at C24 (*available at* http://articles.chicagotribune.com/2010-07-29/opinion/ct-edit-metra-20100729_1_phil-pagano-board-member-donald-udstuen-inspector, last visited Mar. 18, 2014.)

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[102] In the fall of 2010, Metra was reported to support a subsequent bill that would have appointed an inspector general to oversee Metra, Pace, and the RTA. Certain RTA board members expressed concerns about who would have the power to appoint the proposed inspector. Richard Wronski, *Metra Scandal points to need for new 'watchdog' office*, Chicago Trib., Oct. 22, 2010 (*available at* http://articles.chicagotribune.com/2010-10-22/news/ct-met-watchdog-metra-20101021_1_interim-inspector-inspector-general-legislation-metra-officials, last visited Mar. 18, 2014).

[103] Hillard Heintze, *The Metra Office of Inspector General Annual Report 2010* at 31.

[104] Metra agreed to pay Clifford up to $871,000 over 26 months, to terminate his contract eight months early. Rosalind Rossi. *California here he comes: Ex-Metra CEO Clifford in line for transit gig*, Mar 27, 2014 (*available at* http://www.suntimes.com/news/26483334-418/california-here-he-comes-ex-metra-ceo-clifford-in-line-for-transit-gig.html, last visited Mar. 30, 2014).

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[106] Some of the recorded employment actions stretched back to 1976.

[107] One candidate recommended by the Speaker of the House—noted as a "high priority"—appears to have received treatment above what we would expect for a standard applicant. After learning that the candidate had a disconnected phone number, Metra sent a letter to his address asking him to contact the agency. A note in his file stated that the he would be positioned at a Metra facility "as soon as he calls and we can get him in for interview, physical, etc." It appears as if the hiring decision was made before the first interview. Other recommendations were more perfunctory, including a cover letter that attached a "list of individuals for the five summer jobs from [the Speaker] for the Blue Island yard." Additional correspondence indicates a process by which a private attorney appears to have recommended individuals on behalf of the Speaker of the House. Approximately 26 individuals were recommended by the Speaker and the private attorney, collectively.

[108] The delay of this disclosure took place despite the statement on September 3, 2013, after the first meeting of this Task Force, by the then acting, but now permanent, Executive Director of Metra: "We stand ready to provide any information that's needed and we're going to be a partner in this." Phil Rogers, *Quinn Urges Task Force to Fix Metra*, NBC Chicago, Sept. 3, 2013 (*available at* http://www.nbcchicago.com/traffic/transit/quinn-metra--222230981.html, last visited Mar. 12, 2014).

[109] Hillard Heintze, *The Crucial Need to Transform the Metra Police Department*, Aug. 28, 2013 at 15.

[110] *Id*. at 17 and 42.

[111] Letter from John O'Brien, Vice Chairman, Illinois Legislative Board, United Transportation Union to William Tupper, Acting Executive Director, Metra (June 15, 2010); Letters from John O'Brien, Vice Chairman, Illinois Legislative Board, United Transportation Union to Sharon Austin, Senior Director, Metra (June 27, 2011 and

Oct. 25, 2011); Letter from Bob Guy, State Director, Illinois Legislative Board, United Transportation Union to Alex Clifford, Executive Director, Metra (Jan. 9, 2013).

[112] Greg Hinz, *RTA Hires House Speaker Madigan's son-in-law for lobbying job*, Crain's Chicago Business, Feb. 25, 2011. (*Available at* http://www.chicagobusiness.com/article/20110225/BLOGS02/302259993/rta-hires-house-speaker-madigans-son-in-law-for-lobbying-job, last visited Mar. 12, 2014); Marni Pyke, *Report: Complaints of racial, sexist comments at RTA 'credible'*, Daily Herald, Dec. 18, 2013 (*available at* https://www.dailyherald.com/article/20131218/news/712189952/, last visited Mar. 14, 2014). *See* Illinois H.B. 1548, 97th General Assembly (2011).

[113] We note that it is not in the province of this Task Force to make a factual determination of whether anyone sought on behalf of the Speaker to have his son-in-law hired by RTA. (Indeed, we are aware of no allegation that that occurred.) Nor do we claim that it was wrong for his son-in-law to seek or accept the position offered. We note simply that, true or not, there is a genuine perception issue with regard to the reasons for the hiring of the then RTA deputy executive director.

[114] *RTA Hires House Speaker Madigan's son-in-law for lobbying job*, Crain's Chicago Business, Feb. 25, 2011.

[115] *Id*.

[116] *Report: Complaints of racial, sexist comments at RTA 'credible'*, Daily Herald, Dec. 18, 2013.

[117] *Id*. That investigation led RTA to refer the matter to the Executive Inspector General and to refer the Chief of Staff and Executive Director for management training. (Tim Novak and Dave McKinney, *Madigan son-in-law 1 of 2 RTA officials in harassment probe*, Chicago Sun-Times, Sept. 30, 2013 (*available at* http://www.suntimes.com/22623009-761/madigan-son-in-law-1-of-2-rta-officials-in-harassment-probe.html, last visited Mar. 18, 2014).) The Chief of Staff vigorously denied the allegations. In December 2013, while the Executive Inspector General's investigation was reportedly still pending, the Executive Director announced that he had decided to retire in early 2014. (Richard Wronski, *RTA director stepping down*, Chicago Trib., Dec. 11, 2013 (available at http://articles.chicagotribune.com/2013-12-11/news/ct-rta-director-resigns-20131211_1_donald-totten-chairman-john-gates-jr-rta-chairman, last visited Mar. 12, 2014).)

[118] OEIG Final Report (Redacted), OEIG Case No. 12-02289 (Nov. 18, 2013).

[119] *RTA official Crider profits off transit agencies*, Chicago Sun-Times, Sept. 27, 2010 (*available at* http://www.suntimes.com/2239743-417/crider-rta-says-gospel-tribune.html, last visited Mar. 14, 2014. The Gospel Tribune, published by the Rev. Tyrone Crider, was described by the Sun-Times as a "Christian-oriented newspaper . . . which is distributed to black churches in the Chicago area and claims a readership of 50,000 people." *Id.*

[120] *Id*.

[121] Greg Hinz, *Another transit mess as RTA member resigns under fire*, Crain's Chicago Business, July 31, 2013 (*available at* http://www.chicagobusiness.com/article/20130731/BLOGS02/130739953/another-transit-mess-as-rta-member-resigns-under-fire, last visited Mar. 14, 2014). The Regional Transportation Authority Act allows a board member to continue in service to the board at the conclusion of their term until a replacement director is appointed.

[122] Richard Wronski, *State watchdog faults ex-RTA board member*, Chicago Trib., Feb. 23, 2014 (*available at* http://articles.chicagotribune.com/2014-02-23/news/ct-rta-inspector-general-met-20140223_1_inspector-general-rta-board-crider, last visited Mar. 14, 2014). During that investigation, the RTA declined to waive the attorney-client privilege with respect to what the General Counsel was told about this incident, even while it pressed Metra to waive the attorney client privilege regarding the patronage scandal that caused the formation of this Task Force. Yet, the RTA publicly claimed that it "had cooperated fully with the investigation, producing all of the witnesses and documents requested."

[123] *Report: Complaints of racial, sexist comments at RTA, 'credible,'* Dec. 18, 2013.

[124] Reports of the matter being forwarded to the OEIG were published in September 2013. *See supra*, n.117.

[125] The Task Force notes that despite repeated correspondence to the agencies requesting documents and information related to our work, we have been surprised more than once by events as they have unfolded, or been reported publicly, such as the Hillard Heintze report on a police department in crisis; the resignation of an RTA official under investigation; and the Crider incident. Despite our months of work, we cannot say that new information will not turn up after we issue our Final Report.

[126] US Census. Journey to Work Survey. 1990. American Community Survey. 2010.

[127] Letters of recommendation for freshman candidates are strongly discouraged. On the public webpage for freshman application procedures, the University notes that any letters of recommendation submitted "will be shredded." *See* http://admissions.illinois.edu/apply/tips_freshman.html, last visited Mar. 24, 2014.

[128] Any such language should be drafted with consideration to any other statutes or regulations that would apply to the members of the board of the governing body. Our goal in making this recommendation is not to duplicate policies or controls already in place, but to further insulate the assignment of transit contracts from undue influence.

[129] 25 ILCS 170/3.

[130] 25 ILCS 170/5.

[131] 25 ILCS 170/6.

[132] 25 ILCS 170/3.1.

[133] As an example, the RTA's enabling statute dictates that "[n]o unlawful discrimination . . . shall be made in any term or aspect of employment nor shall there be discrimination based upon political reasons or factors." 70 ILCS 3615/2/14. Yet the RTA's parallel language in its employee handbook prohibits discrimination on the basis of "race, sex, color, religion, national origin, disability, citizenship, age, marital or veteran status, sexual orientation, or *any other basis provided by applicable law*." RTA Employee Handbook, Sec. 7, RTA Policies and Procedures (Jan. 2013). Concerns for political discrimination, or favoritism, appear to have been folded in to a catch-all clause under a general EEO statement. Similarly, when we asked the CTA to identify the policies and procedures in place to control outside influences on hiring and promotions, the agency informed us that Administrative Procedure 151 dictates consistent and uniform procedures for hiring. However, on its face, AP151 is ambiguous. Subsection H, Referrals, states that "[a]ny unsolicited resumes submitted to an employee of the Authority, including Human Resources' personnel, *may or may not* be processed by Human Resources for consideration in filling any open position depending on the level of recruiting efforts necessary to fill open positions." (Emphasis added.) A policy that tells people that they "may or may not" consider resumes forwarded outside of the ordinary process is not good guidance.

[134] As the ultimate jurisdictional authorities, the Governor for the transit board members, and the transit boards for their respective employees are required to implement ethics training programs. 5 ILCS 430/5-10; see 5 ILCS 430/1-5 (defining "ultimate jurisdictional authorities"). Transit Board Members and employees must complete the ethics training a minimum of once a year. 5 ILCS 430/5-10; see 5 ILCS 430/75-5 (applying State Officials and Employees Ethics Act to the transit boards). The Ethics Commission and Executive Inspector General, in consultation with the Illinois Attorney General's Office, must oversee the ethics training programs. 5 ILCS 430/5-10.

[135] While Metra initially withheld the Hillard Heintze report regarding its police force as "exempt under 7(1)(f) as a record proposing policies and actions," it was ultimately produced. Illinois statute 5 ILCS 140/7(f), excludes from disclosure "[p]reliminary drafts, notes, recommendations, memoranda and other records in which opinions are expressed, or policies or actions are formulated. . ."

[136] Executive Inspector General Meza informed the Task Force that it was his understanding that Metra publicly released the materials at issue the next day.

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