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# Presentation on Technical Memorandum

*Prepared for the*

Northeastern Illinois  
PUBLIC TRANSIT Task Force

January 14, 2014

# INTRODUCTION

## Agenda

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- Introduction
- System Performance
- Finance
- Governance and Organizational Structure
- Ethics

# INTRODUCTION

## Memo Overview

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Memo contains background on four topics

- Information comes from secondary sources and selected interviews
- Topics represents key dimensions of a successful transit system

Four topics have important interactions

1. **System Performance** depends on effective Governance (management) structure and finance (adequate resources)
2. **Finance** depends on Governance and Ethics and a plan to improve System Performance
3. **Governance** depends on Ethical system and access to adequate finance
4. **Ethics** depends on effective Governance structure

# INTRODUCTION

## Observations

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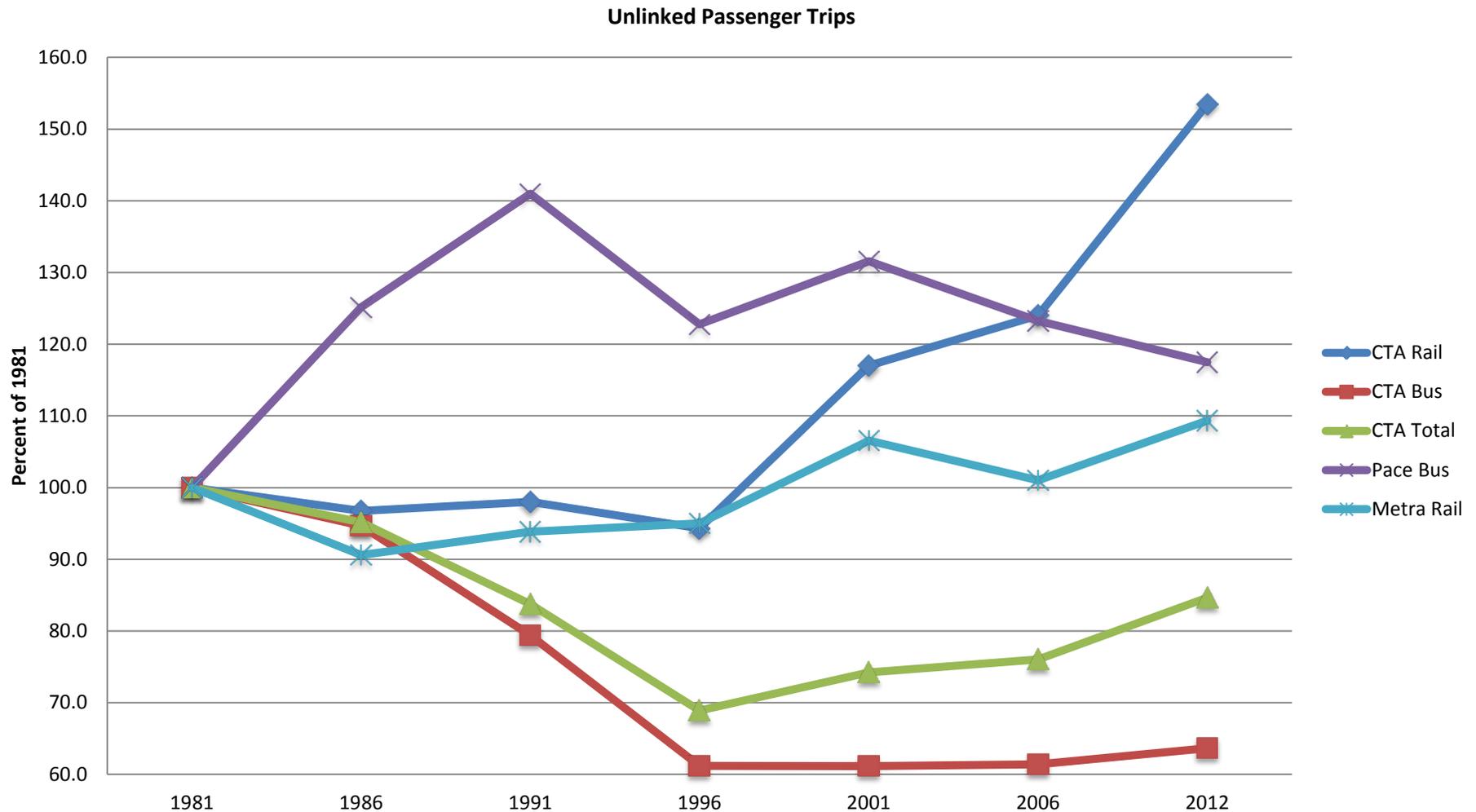
### General Observations

Based on literature review and case studies

- Clear regional goals are important
- Organized changes should be part of a strategy and are more effective if part of a process that is transparent, targeted, objective and focused on results
- Focus on customers is a key part of a world class system
- Case studies showed
  - A clear overall benefit to consolidation
  - State involvement can be advantageous

# SYSTEM PERFORMANCE

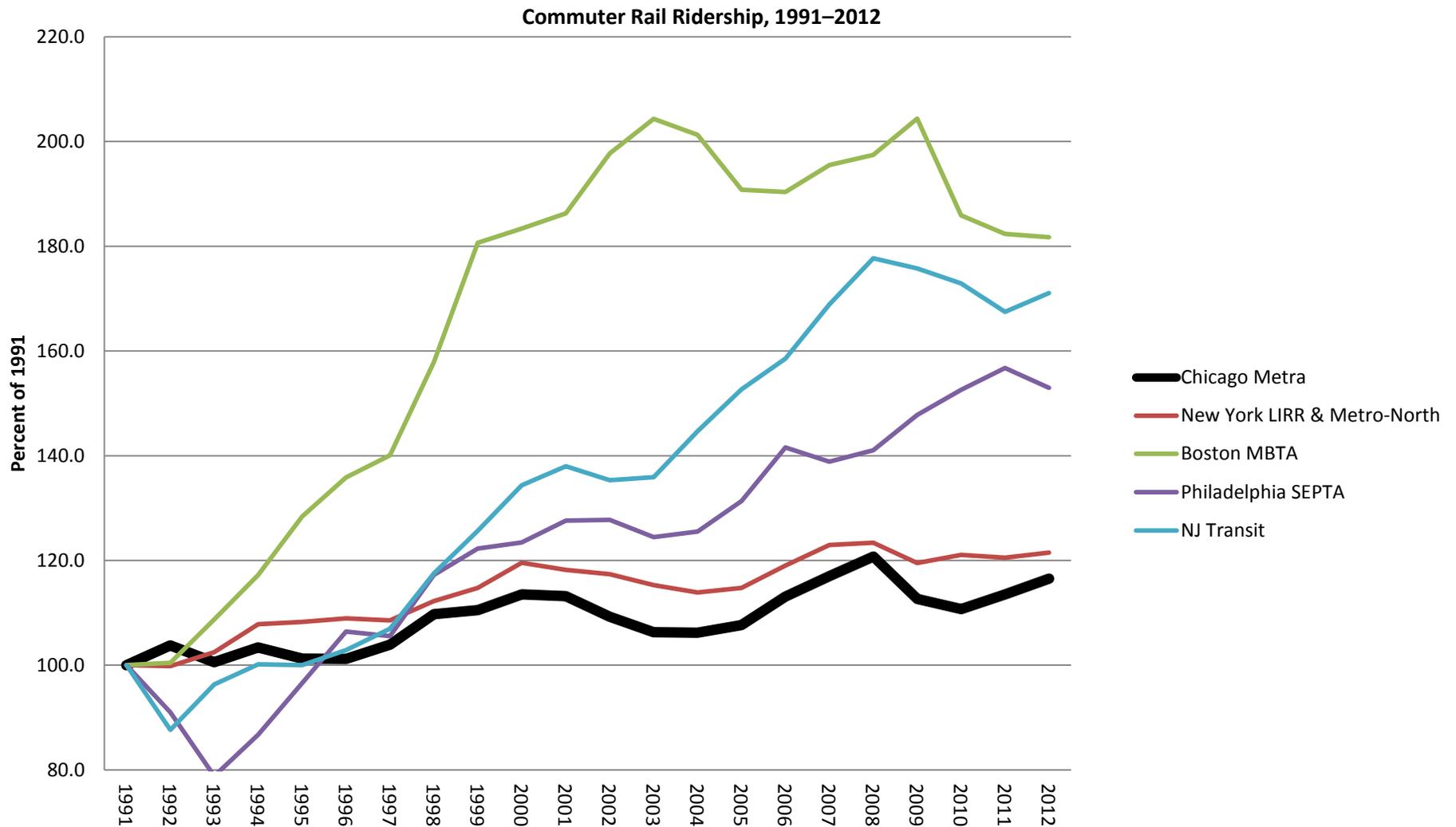
## Trends In Unlinked Trips By Service Board and Mode



Service Board Ridership, 1981 – 2012 (percent of 1981 trips).  
Data Source: National Transit Database

# SYSTEM PERFORMANCE

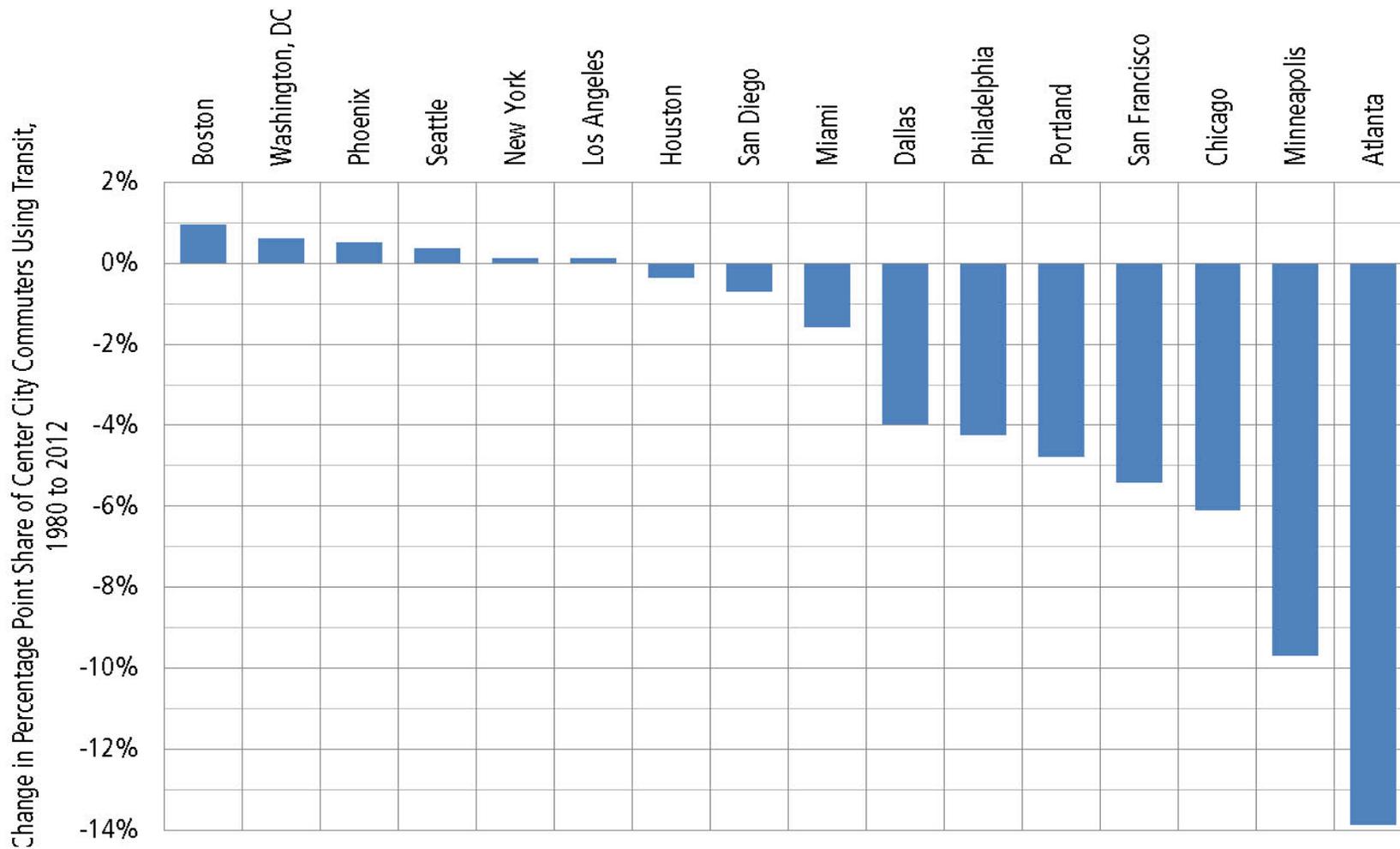
## Metra Growth Compared With Other Metro Areas



Comparison of Change in Commuter Rail Ridership, 1991-2012.  
Data Source: National Transit Database

# SYSTEM PERFORMANCE

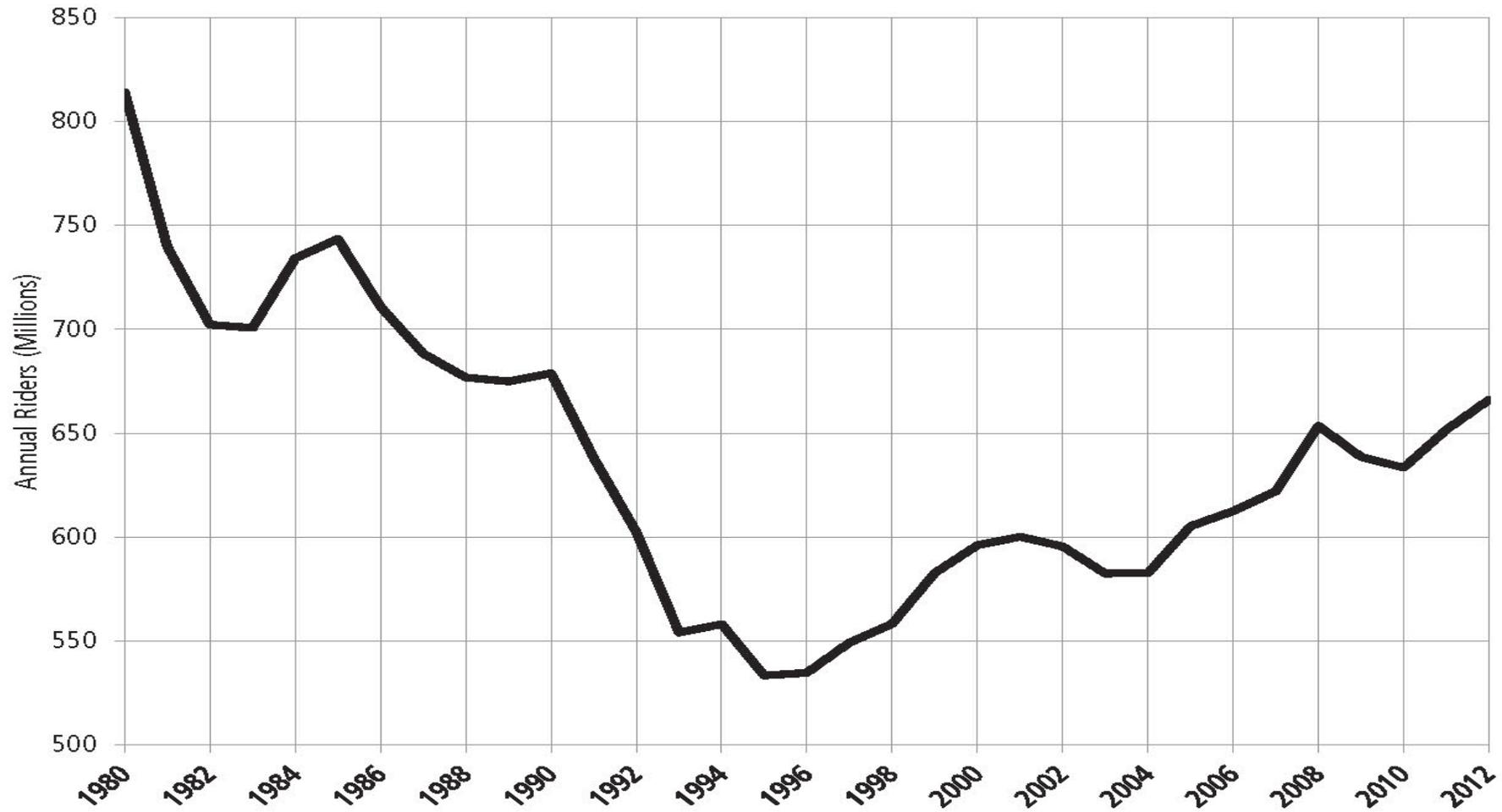
## Change In Reliance On Transit Since 1980 For US Metro Areas



Change in Share of Central City Residents Using Transit for Commuting, 1980-2012  
Source: Metropolitan Planning Council, 2013

# SYSTEM PERFORMANCE

Total NEIL Transit Ridership Has Grown By 25 % Since 1995



Change in Annual Ridership on Chicago-Region Transit Services  
Source: Metropolitan Planning Council, 2013

# SYSTEM PERFORMANCE

## Vehicle Revenue Miles

In terms of service (measured as revenue miles) strong growth since 1991 by CTA rail, Pace, and Metra. Decline since 2005 other than for Metra.

Agency	1991	1995	2000	2005	2012	1991-2012 change (%)	2005-2012 change (%)
CTA Rail	57.6	45.3	55.6	68.9	65.2	13.2	-5.4
CTA Bus	71.7	70.7	61.9	66.8	52.4	-26.9	-21.5
Pace Bus	18.4	18.9	19.6	20.4	20.2	9.5	-1.0
Metra Rail	29.8	32.3	35.9	38.3	43.2	44.6	12.8
<b>NEIL Total</b>	177.6	167.1	173.1	194.4	181.0	1.9	-6.9

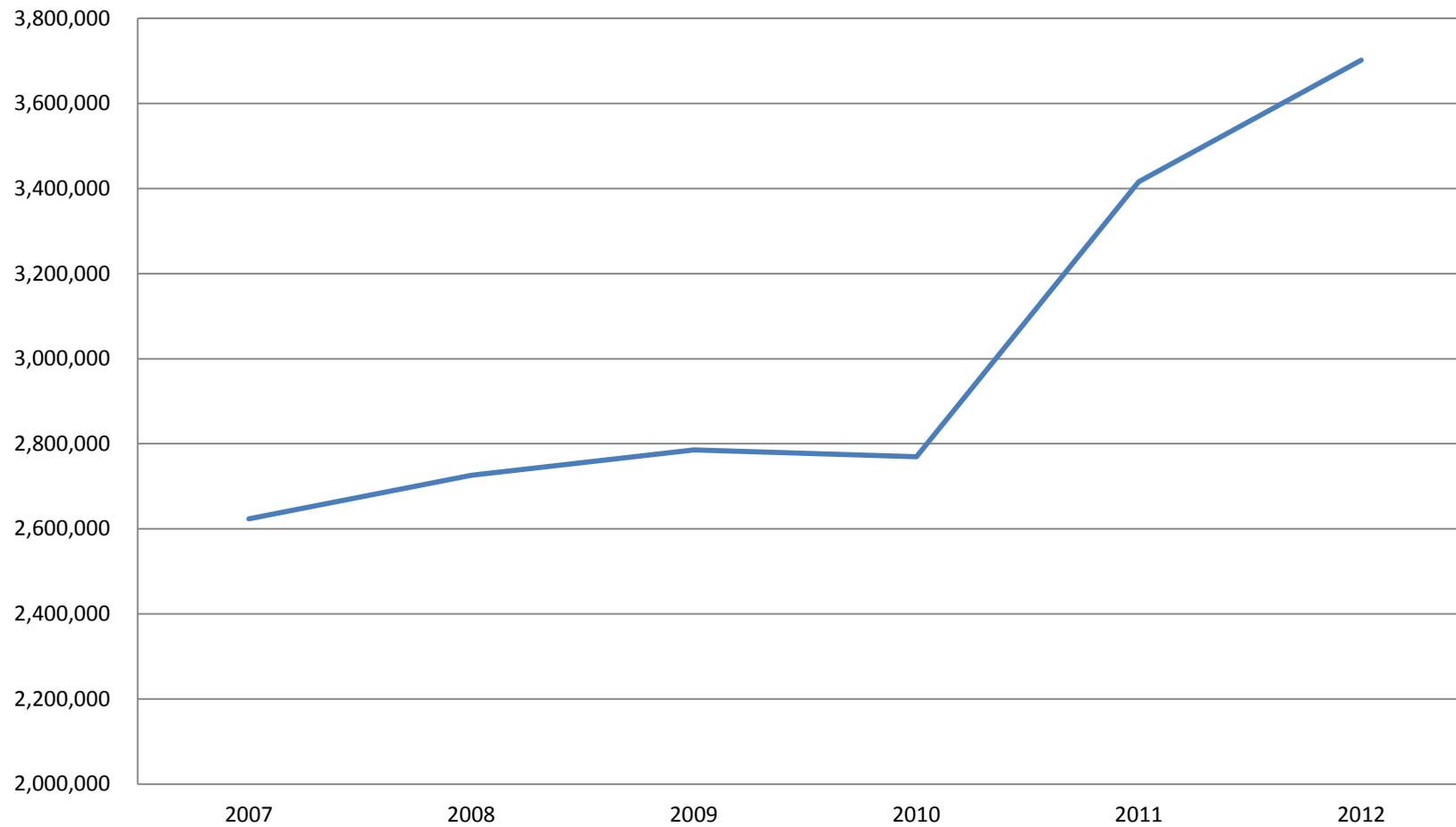
Vehicle Revenue Miles (millions)

Data Source: RTA

# SYSTEM PERFORMANCE

## ADA/Paratransit Service is Fastest Growing Budget Item

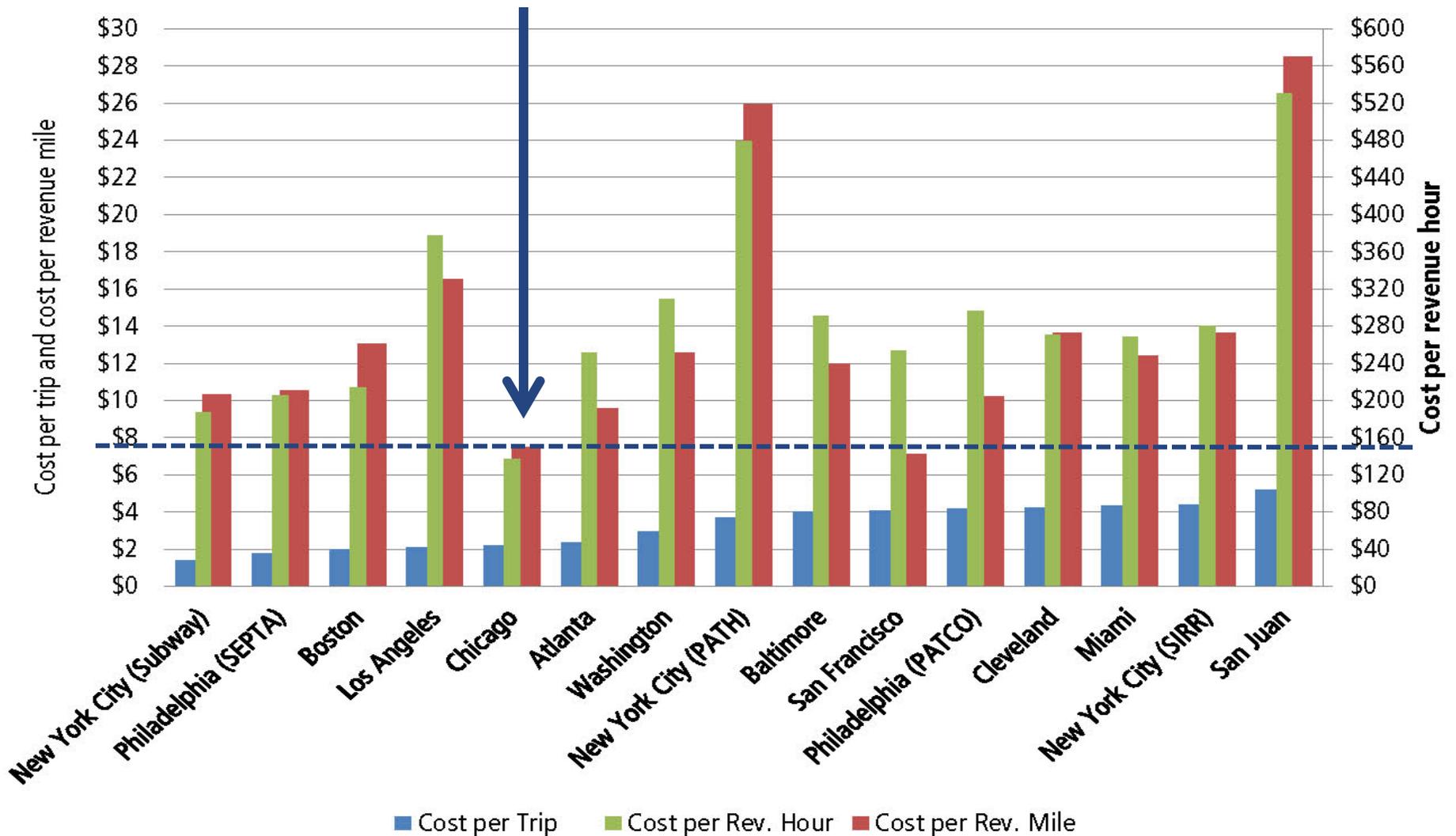
Pace ADA Passenger Trips



Pace ADA Passenger Trips  
Data Source: RTA

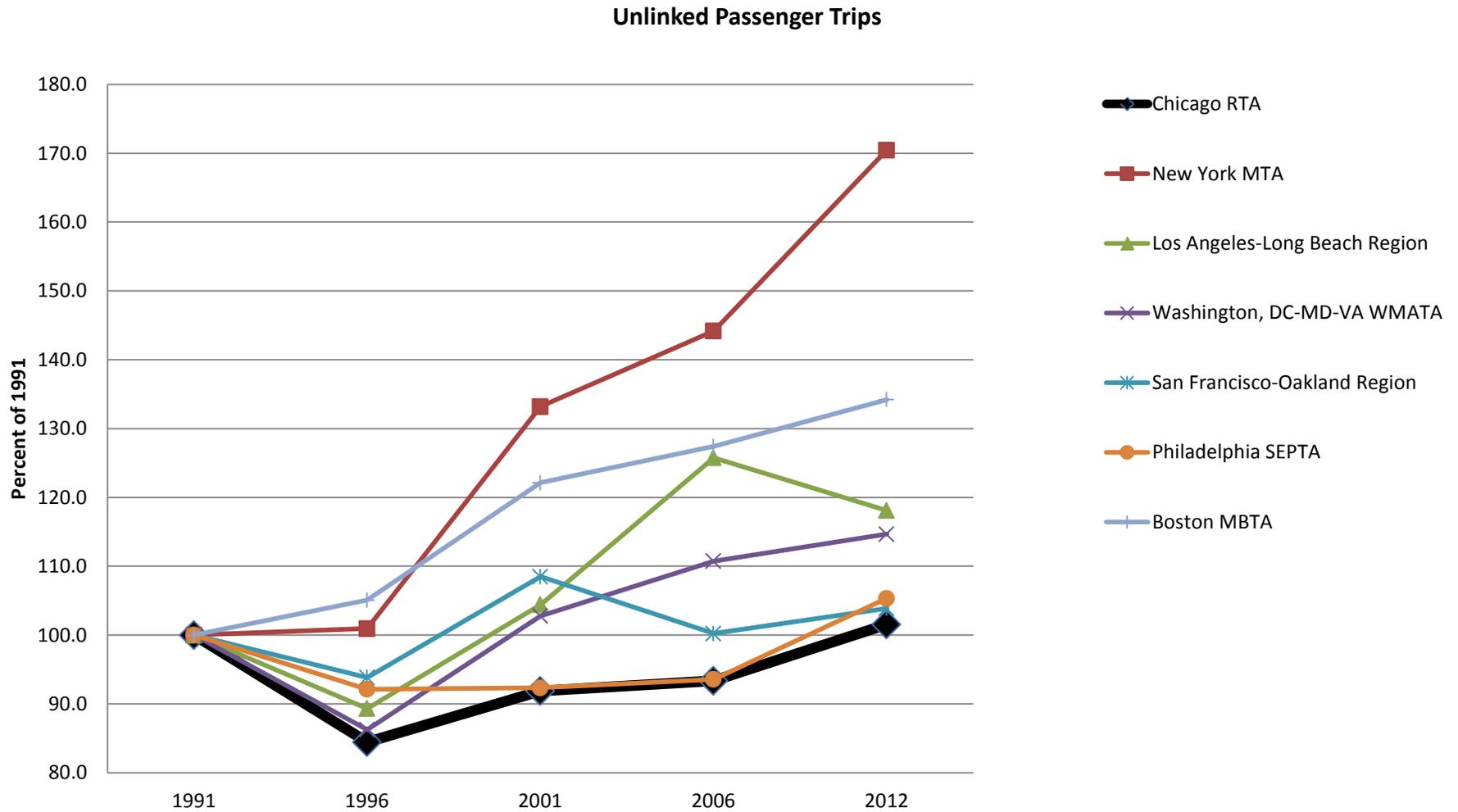
# SYSTEM PERFORMANCE

## Service Boards are Among the Least Expensive Transit Systems



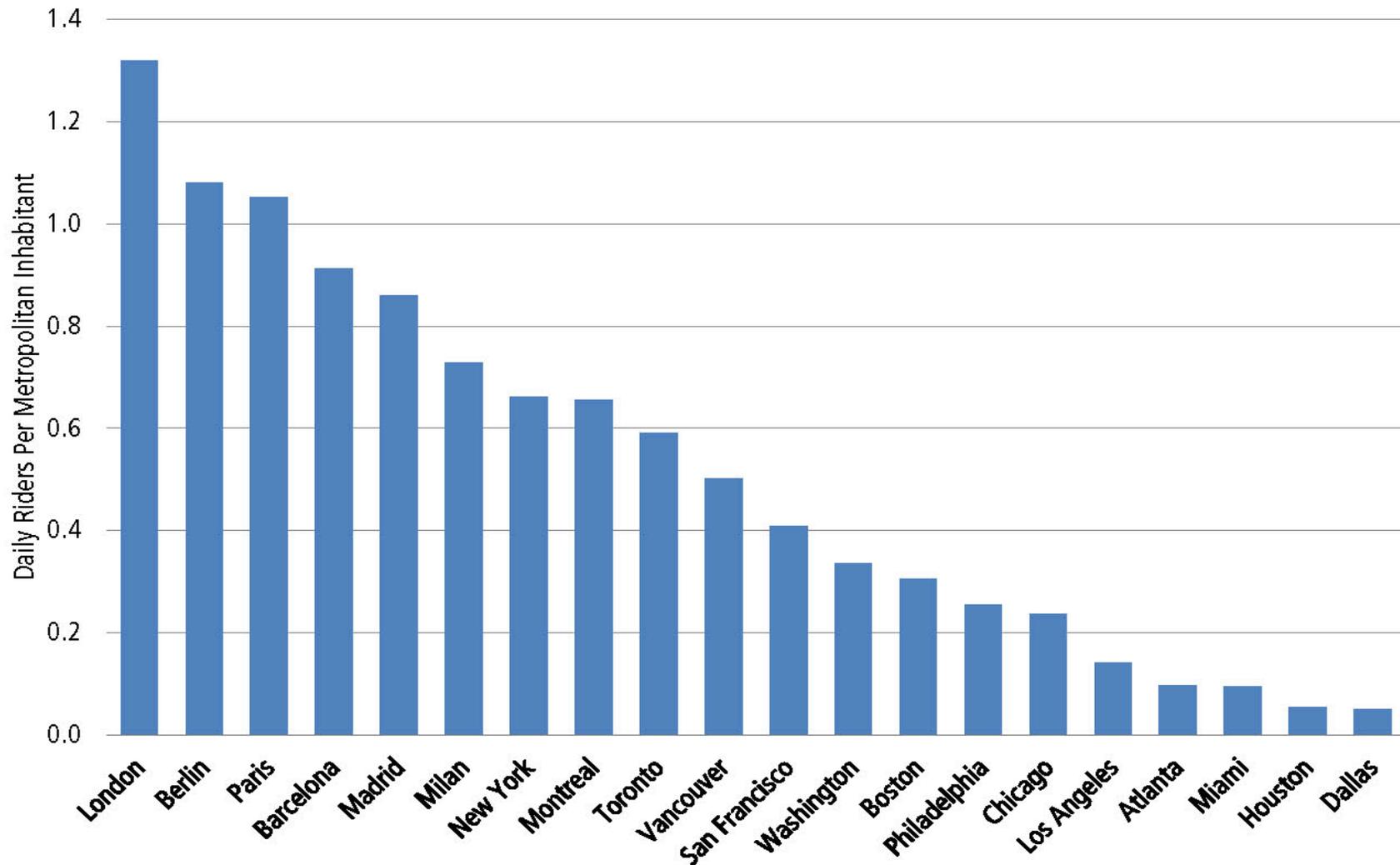
# SYSTEM PERFORMANCE

## Unlinked Transit Trips Since 1991 For Selected Metro Areas



# SYSTEM PERFORMANCE

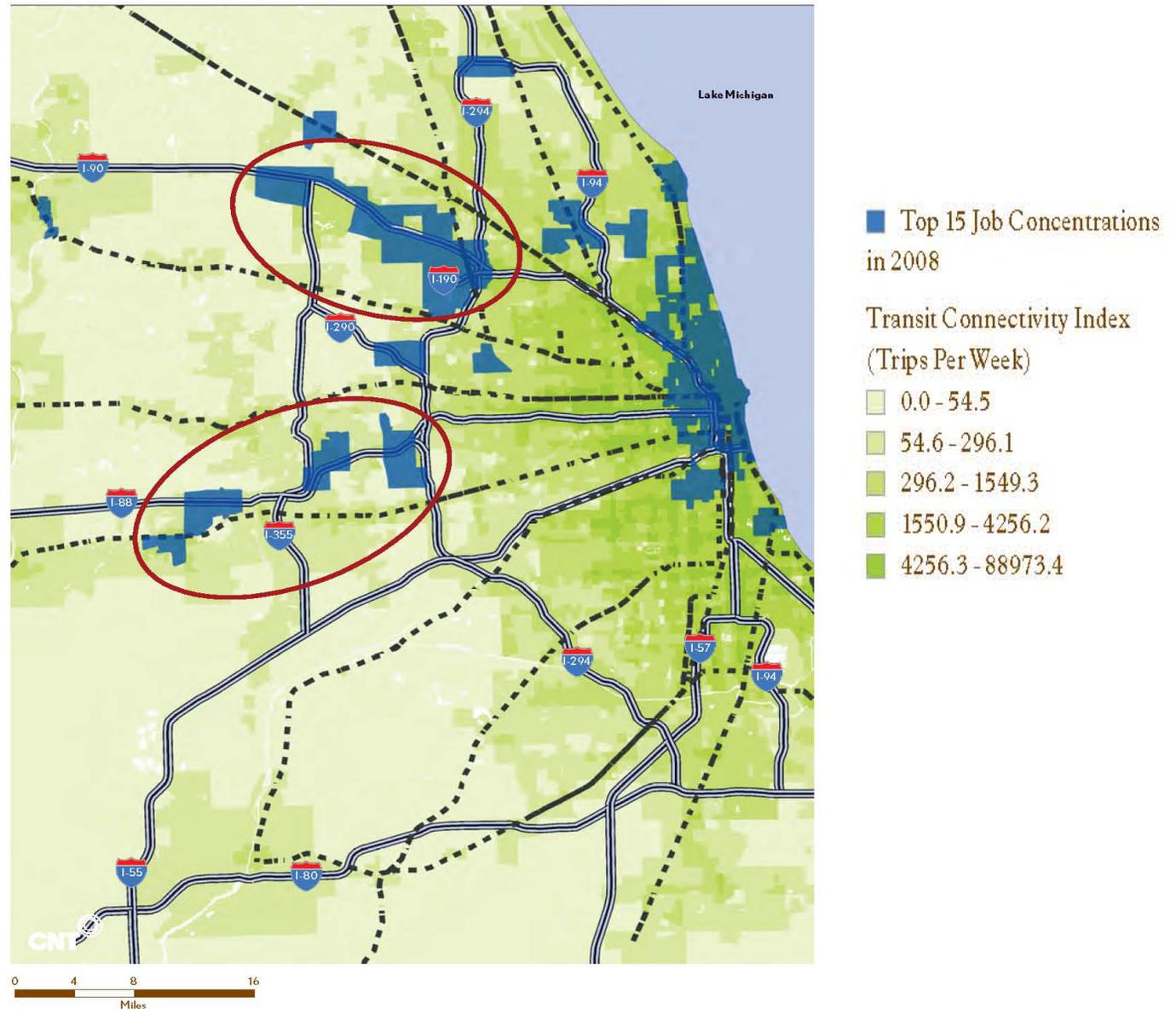
## Daily Per Capita Ridership for Selected International Metro Regions



Source: Metropolitan Planning Council, 2013

# SYSTEM PERFORMANCE

## Several Suburban Job Centers Are Not Located Near Rail Lines



Transit connectivity and 15 Largest Job Centers  
Source: Center for Neighborhood Technology

# SYSTEM PERFORMANCE

## Perception of Transit

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Business recruiters emphasize these factors

- Reliability
- Frequency – off peak in particular
- Seamless – few transfers
- Convenient to housing and employment
- Clean, friendly, and customer focused
- Safe

NEIL transit quality not cited as the primary reason firm's selected other locations – but often mentioned in the top 2-3 reasons

# SYSTEM PERFORMANCE

## State of Good Repair

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\$31 billion backlog For NEIL Region

- Buses in good shape
- Rail cars older – 50-60 percent beyond FTA's minimum life
- SGR numbers probably high
- But overall probably low since they do not include the need to expand service

# SYSTEM PERFORMANCE

## State of Good Repair

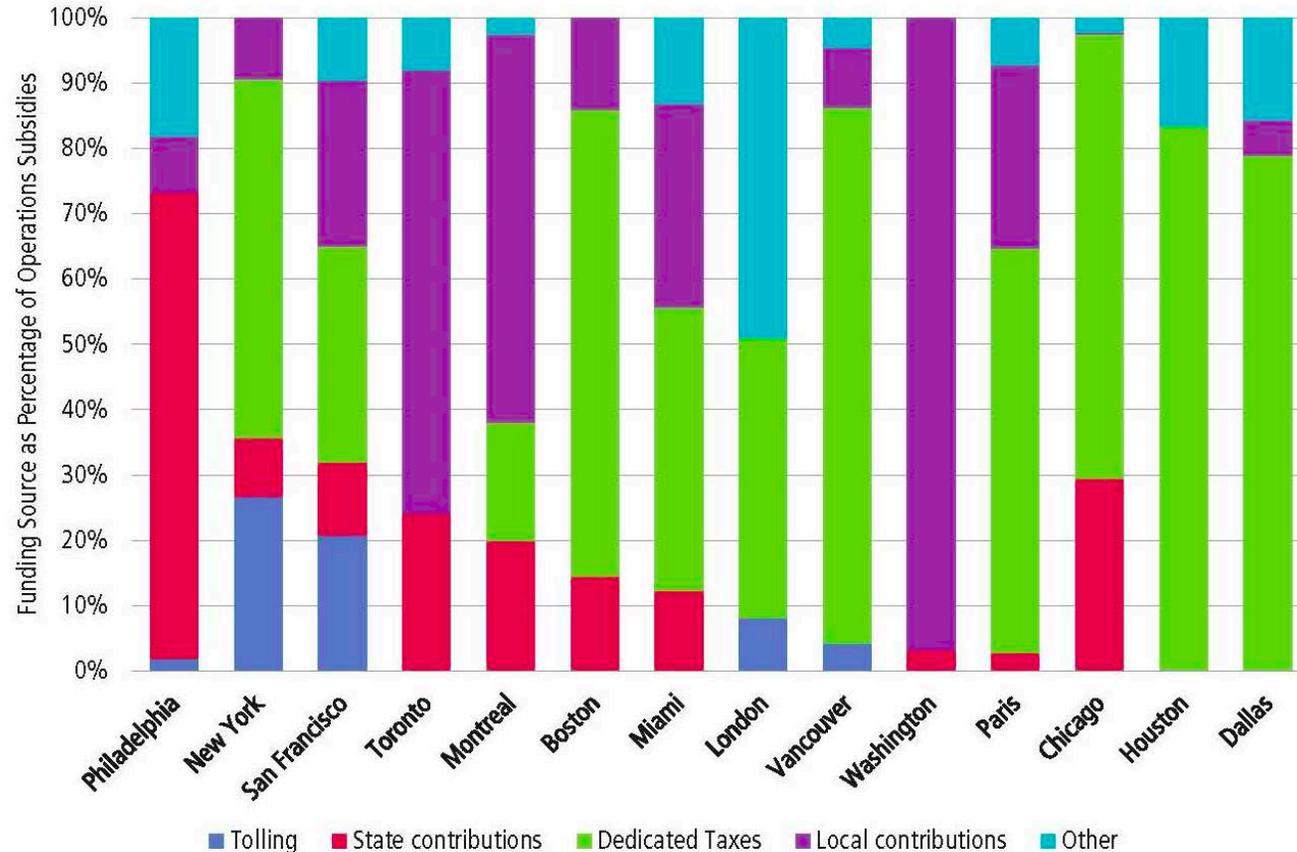
Agency	Average Age (years)	Beyond Useful Life (%)	FTA Minimum Life
CTA Bus	6.3	0.0	12 years/500k miles (see note)
CTA Rail	24.3	54.1	25 years
All CTA	13.8	22.6	-
Pace Bus	7.7	5.5	12 years/500k miles (see note)
Metra	29.7	59.8	25 years
RTA Average	14.4	30.3	Not applicable

# FINANCE

## Funding Sources

No consistent pattern among metro areas in source of operating subsidies. NEIL region depends on dedicated sales taxes (as do half a dozen others) and on state aid (second to Philadelphia)

*Sources of transit operating subsidies, above fare revenue, 2012 (all modes, all agencies)*

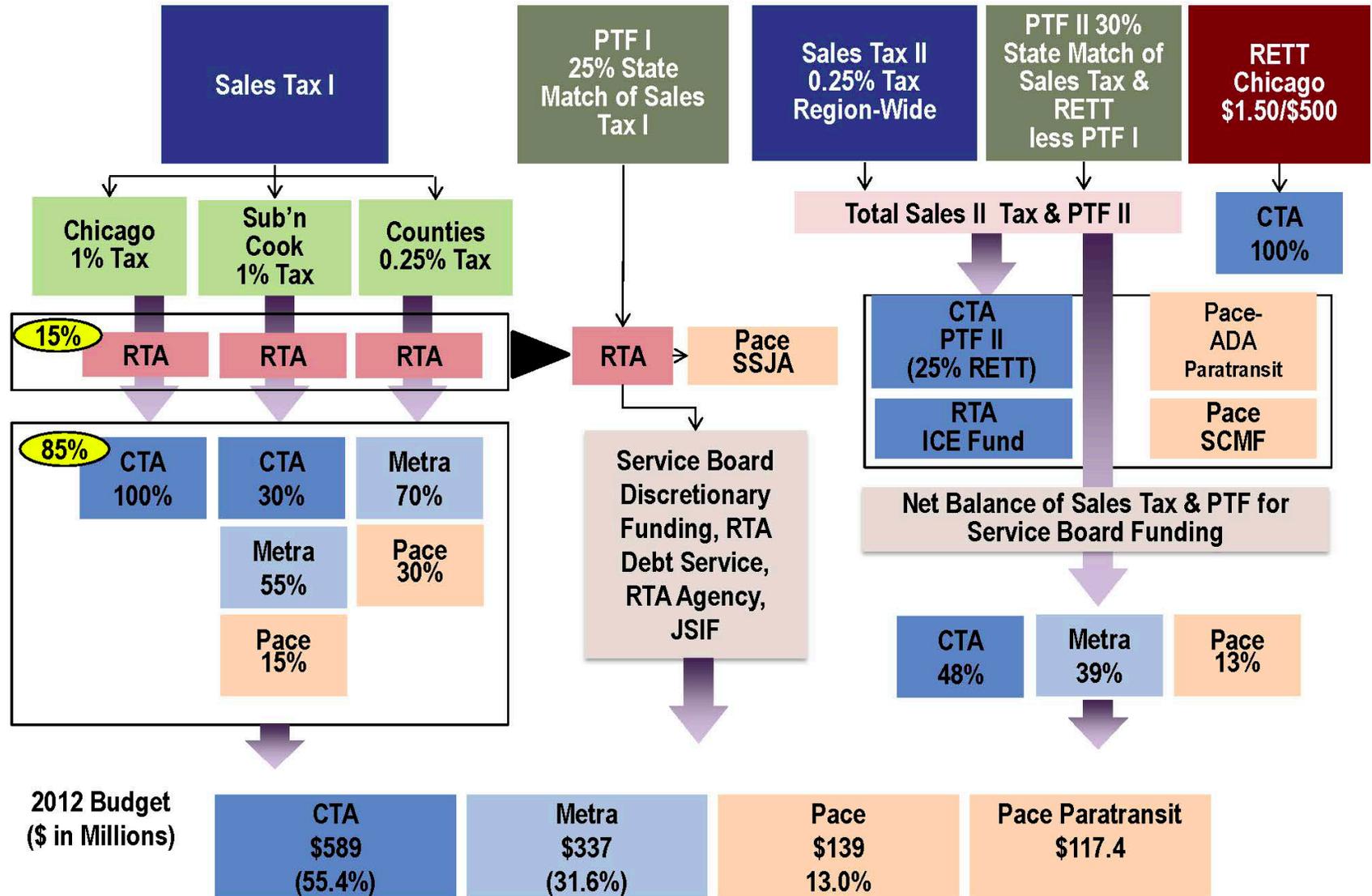


Funding Source as Percentage of Operations Subsidies  
Source: Metropolitan Planning Council, 2013

# FINANCE

## Current Allocation of Public Transportation Funding

Complex Flow of Funds With Rules Developed Over Past 30 Years



Current Allocation of Public Transportation Funding at RTA

# FINANCE

## There are More Options Than Simply Raising Taxes...

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### *Lessons Learned* from private transit operations

- Use standard equipment types (Southwest Airlines model)
- Improve employee availability
- Use corporate asset management techniques

# FINANCE

## There are More Options Than Simply Raising Taxes...

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1. ***Performance Based Management***, demonstrating that the new or existing governance entity can manage the existing funding and service effectively is a critical element for public trust in investing in the services. Four examples include:
  - Pooled Purchases
  - Maximize use of existing staff
  - Organizationally driven asset management
  - Consolidation of administrative functions

# FINANCE

## There are More Options Than Simply Raising Taxes...

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2. Take advantage of new *Urban Mobility*
  - Shared assets rather than owned – cars and bicycles
  - Transportation network firms – Uber is best known
  - Private shuttle buses
  - Telecommuting
  - Autonomous vehicles

# FINANCE

## There are More Options Than Simply Raising Taxes...

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### **3. *New Technology***

- 3-D Printing
- Integrate asset management with information systems (and location information)

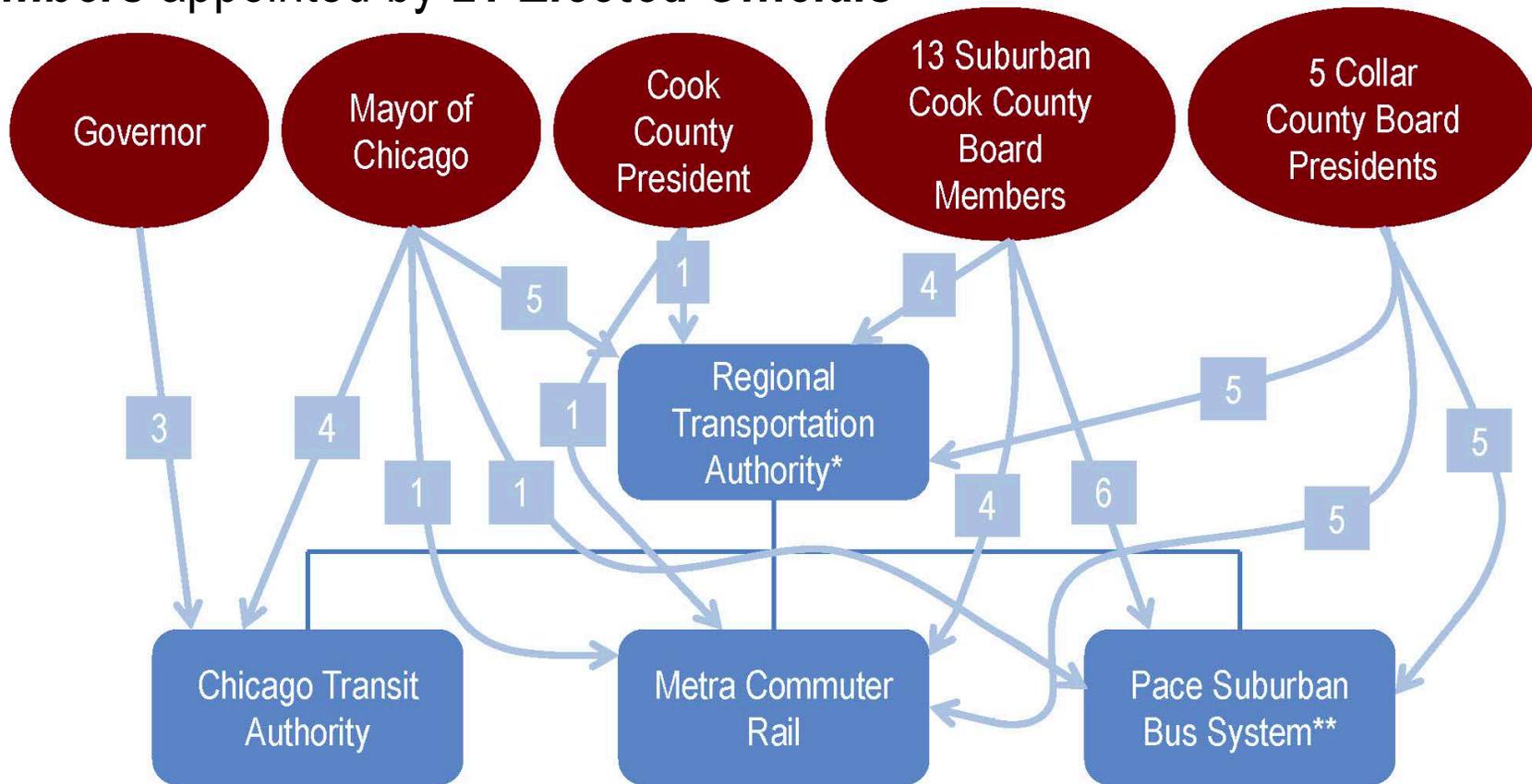
### **4. *Fare Increase***

### **5. *Increased Tax Receipts***

# GOVERNANCE AND ORGANIZATIONAL STRUCTURES

## The Current System is Complex

The Transit System is Governed by **4 Independent Boards** with **47 Board Members** appointed by **21 Elected Officials**



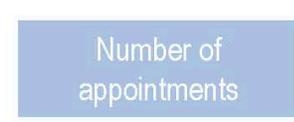
KEY:



Appointing Authority



Transit Board



Number of appointments

\* The RTA Board appoints the Chair from outside their membership.

\*\* The Pace appointing authorities jointly appoint an additional member as Chair.

# GOVERNANCE AND ORGANIZATIONAL STRUCTURES

## Agencies in the Region

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### RTA

- Reviews and approves annual financial plans for the three Service Boards
- Prepares five-year capital program and strategic plan
- Provides oversight of programs
- Can issue bonds
- Super majority approval required for budgets

IDOT, CMAP, City Of Chicago and Individual Service Boards

# GOVERNANCE AND ORGANIZATIONAL STRUCTURES

## Case Studies

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- Reviewed governance and funding practices for
  - Boston,
  - New York,
  - San Francisco, and
  - Los Angeles
- Governance models vary widely
- Financial structure varies as well. Additional funds linked to crises as well as governance changes.

# ETHICS

## Legal Requirements, But Culture is Important

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- Federal
- State
  - Ethics training by Attorney General
- Regional
- Survey Carried Out Of Ethics Practices
  - RTA and Service Boards
  - Transit agencies in Boston, Philadelphia, New York, and San Francisco

# ETHICS

## Legal Requirements, But Culture is Important

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- Appointment process and qualifications for board members
  - Compensation for board members
  - Term limits
- Executives and employees
  - State of Illinois law
  - Office of the Executive Inspector General

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**Questions?**