

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

Brief History of the Evolution of the RTA in Northeastern Illinois

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A Product of Financial Crisis

RTA was born out of financial crisis

RTA was reformed out of financial crisis

Late 1960s Early 1970s

- CTA, controlled by Chicago, is in Financial Trouble
 - Difficulty covering its capital debt
 - 1969/70 Dan Ryan and Kennedy rapid transit lines added to operating deficits
 - 1971 failed to recover operating cost from fares
- Private Commuter Rail Operations and Suburban Bus Systems also financially challenged
- Public funding debate begins

1972 to 1973

- Governor Ogilvie Task Force Recommend a Regional Authority but retained CTA
- Suburban Legislators Proposed One Regional Operating Authority
- Referendum set on the RTA



1974 RTA Referendum Passes

- Barely achieves 50+percent of vote
- RTA: Oversight & Operator
 - Taxing authority (5% gas tax)
 - Operating contracts
 - Commuter railroads
 - Suburban transit systems
- Chicago Transit Authority operated
 - Rapid Transit Lines
 - City bus system



RTA Governing Board

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

Suburban Perception:

Controlled by Chicago to save CTA with
Suburban tax revenue

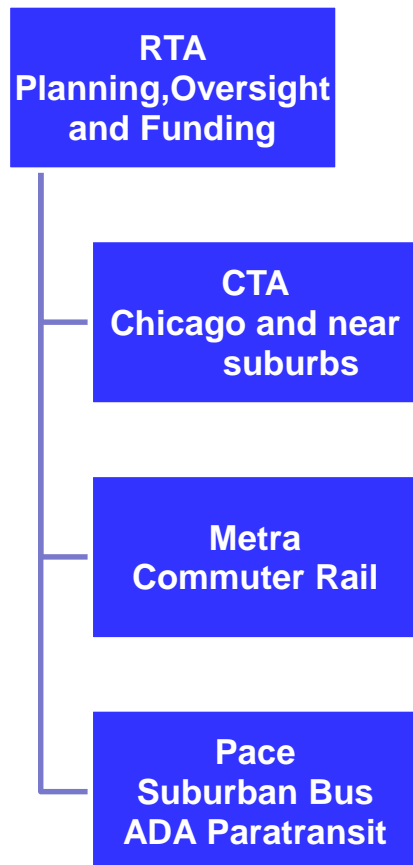
1974 to 1981

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

1981 to 1983 Doomsday Arrives

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

1983 Chicago & Suburban Mayors Legislative Deal



Financial Package

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

Structural Reforms

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

New RTA Governance Board

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

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

2004 – 2008 Prelude to Crisis

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

2007-2008 Funding and Reform

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

2007-2008 Legislative Action

■ Financial Package

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

January 2015

