

## **Building a Great Transit System for the Chicago Region**

### **Introduction**

The Chicago region incurs economic damage every day it fails to improve its transit system. Its people pay unnecessarily high costs to get to work and school, losing countless hours of family and personal time to highway congestion and transit slow zones.

As long as we avoid fixing the system, we are inviting the deterioration of the quality of life in suburbs and city alike – a decline that will hurt us all deeply in the global competition for quality jobs and good workers.

Remarkably, though, the need to pay for operating and capital costs of the system, and the need to reform the agencies that run it, are barely mentioned in Springfield as our elected officials debate massive increases in our taxes.

We believe that this region's health depends on immediate and extensive improvements in the way the transit system is managed, and a simultaneous commitment to new and continuing revenue sources for transit.

This statement is a summary of our recommendations to save the system. These are the first steps toward building the world-class transportation system that a world-class region must have to be a great place to live and work in the 21<sup>st</sup> century.

The arguments for transit reform and investment have been building:

- Other regions in the country are investing more in their systems.
- Other regions are experiencing faster growth rates in transit ridership.
- The strategic plan of the Regional Transportation Authority (RTA), *Moving Beyond Congestion*, lays out the case for investing more in the transit system.
- The Illinois Auditor General's report on the RTA makes the case for more money and a reform of the system.
- Newspaper editorials have urged decisive action.

One particularly compelling and obvious argument is that bus and train riders deserve a transit system that works well. They deserve faster movement, more frequent service, well maintained and reliable equipment – and a daily experience that becomes more a pleasure than an ordeal.

An improved transit system will take pressure from crowded highways and help accommodate the transportation needs of a growing population. And a world-class transit system will accomplish that goal even more effectively, and make our communities even more livable and accessible.

The changes we propose will enable the RTA to start fixing current problems and begin planning a transit system that can eventually become the world's best. Our proposals redesign, refinance and reorganize the current structure, which hasn't been modified since 1983, despite the major changes in the region and its growing need for transit.

The following is a brief outline of how we would amend the legislation that governs transit in the Chicago region. It discusses three categories of issues:

- 1) Giving the RTA the authority, responsibility and accountability necessary to create and run a truly regional system,
- 2) Providing adequate long-term revenue sources, and
- 3) Making the governing structure of the RTA and the three Service Boards more regional and more accountable.

### **1) The Authority and Responsibility of the RTA.**

The current system consists of the RTA and three operating "Service Boards": Metra, the region's commuter railroad; Pace, the suburban bus system; and the CTA, serving Chicago and 40 suburbs with rail and bus service. The RTA is a non-operating umbrella agency. Each of the four agencies has its own board of directors, staff, and budget.

The RTA statute now gives virtually all responsibility and authority for creating a regional transit system to the three Service Boards. By law and custom the role of the RTA is limited. It serves an administrative function in creating a unified budget and capital plan for the region, but has rarely set direction with respect to regional priorities. Coordination among the three Service Boards has been limited. We want the RTA to live up to its name and become the authority for regional transit.

The Service Boards should retain their authority to operate their parts of the system, but only within a context established by the RTA. To accomplish this, the following changes should be made to the RTA Act. Many of them are contained in House Bill 1841 introduced by Rep. Julie Hamos.

- Require the RTA to plan and coordinate the regional transit system.
- Require the RTA to establish goals, objectives, and performance standards for the Service Boards. Hold the RTA accountable for insuring that the Service Boards meet the performance standards and require the RTA to allocate any new state-authorized transit funds based on performance against established goals.
- Require the RTA to establish coordinated fare and passenger transfer policies and establish a universal fare instrument that can be used on any of the region's transit services.

- Empower the RTA to mandate connections between services and eliminate duplication of services.
- Make the RTA responsible for consolidated ticket sales, marketing, advertising, and public information programs that promote the use of transit services within the region.
- Empower the RTA to promote transit-oriented land development throughout the region as a means to enhance transit ridership and to accommodate population growth without depending solely on highway construction.
- Authorize the RTA to conduct management, performance, and financial audits of the Service Boards.
- Authorize the RTA to enter into agreements with the City of Chicago and each of the counties in the RTA service area, to undertake and fund transit-related plans, programs or projects that support the RTA's goals and objectives.
- Require the RTA to prepare and adopt a capital improvement plan and budget for the region that identifies investments for expansion of the system and includes a plan for covering operating costs. The Service Boards will continue to be responsible for planning and budgeting system maintenance.
- Require the RTA to allocate federal transit formula funds for capital projects based on clear criteria consistent with RTA goals, policies and performance standards. Require prior approval by the RTA of any federal transit capital grant applications in the RTA region.

## **2) Financing Transit in the Region.**

The Chicago region can't compete in the global economy without an effective transit system, but we are failing to maintain the system or create new interconnected services to meet the region's changing needs. We are letting the system slide into second-class status and the RTA does not currently have the funds to keep that from happening.

The RTA's current budget has a \$226 million operating deficit. Its recently adopted strategic plan spells out the need to invest an additional \$400 million annually in transit operations. This presumes that reforms will be made in the CTA pension and health systems to make them financially sound. When the current funding approach was devised in 1983, the federal government subsidized transit operations, but that ended in the 1990s. Now, money for transit operations comes from fares, state subsidies, and a 1% sales tax in Cook County and a 0.25% sales tax in the five collar counties. Without additional money, existing service will deteriorate and new service for growing areas won't happen.

The RTA strategic plan calls for investing \$2 billion annually over 30 years in capital infrastructure – about 70% to maintain the existing system, 10% to provide enhancements like reverse-commute and suburb-to-suburb service, and 20% to expand the system. In the past local officials have tried to get the federal and state governments to pay for our capital investments, but that strategy is becoming unreliable. Federal funds for transportation will run short in 2009 unless there is an increase in the federal gasoline tax.

And the State hasn't come up with any new capital funds for transit since Illinois FIRST expired in 2004.

We need to face the reality that if we are to build and maintain the type of transit system our region needs, we will have to raise most of the \$2.4 billion needed yearly ourselves.

To establish a realistic, sustainable strategy to pay for both transit operations and capital improvements, the state must give the RTA the authority to raise additional revenue, which it is prevented from doing under current law.

To pay for the \$400 million needed for operations, the new revenue raised by the RTA needs to total \$320 million per year, which would be matched by \$80 million in state money under current law.

In the next five years, the additional \$2 billion needed every year for capital investments should come from \$700 million in new revenue raised by the RTA and \$700 million from the State that would match the RTA commitment. Those revenues would support a combination of bonding and pay-as-you-go capital funding. This would be in addition to the \$600 million anticipated (though with some uncertainty) from federal sources.

Two principles should be applied in raising the money:

- 1) The beneficiaries of the transit investments – users of the roads now choked by congestion and delay, and the riders on our transit system – should be directly involved in paying for the system.
- 2) The tax burden should be shared fairly and funds should be distributed fairly to meet transit needs throughout the region.

The measures listed below apply these principles. Some combination of these should be approved by the Illinois General Assembly:

- An RTA-imposed gasoline tax of up to 5%. (Each 1% would raise about \$65 million. The RTA is now allowed to have either a general sales tax or a gasoline tax but not both.)
- An increase in the RTA sales tax to 1.25% from the current 1% in the CTA service area and an increase in each of the collar counties from the current 0.25% to at least 0.5% and not more than 1%. The existing 1% tax would continue in those parts of Cook County not served by the CTA. (An added 0.25% in the CTA service area could generate \$85 million annually, while each 0.25% increase in the collar counties could yield about \$115 million.)
- An RTA fare system that recognizes benefits to users based on distance, speed, time of day, cost of driving and market conditions. (A 10% increase in fare revenue through various pricing measures could generate \$90 million per year.)
- An integrated fare system with an electronic payment method that makes it easier for people to use and pay for transit. (Easier payment can lead to more transit use and increase fare revenues. A 4% increase in fare revenue resulting from such increased use could yield \$36 million per year.)

- A broadened RTA sales tax that includes all consumer services, which would accompany state action to broaden the general sales tax to include consumer services. (A broadened RTA sales tax could yield over \$200 million.)
- An RTA tax on non-residential off-street parking. Current statutes permit a parking tax only where facilities charge a fee. (Estimates of potential revenue range from \$100 million to \$300 million per year.)
- The General Assembly should accompany authorization of new RTA revenues with changes in the structure and financing of the CTA pension and health systems that would make those systems financially sound. The Auditor General's report pointed out the precarious financial position of the CTA pension and health systems and the need to act.

### **3) The Governing Structure of the RTA and the Service Boards.**

Transit in our region is the responsibility of four separate boards of directors. It has been suggested from time to time that a single governing body for transit would be the most effective and efficient way to manage the system. The counter argument is that each of the Service Boards is responsible for a large and unique part of the total system and that policies should be set by separate governing boards. The counter argument has merit so long as the RTA has clear responsibility and authority to unify and coordinate the system as described in section one of this document.

The recommendations that follow assume the continuation of the four separate boards, but would lead to a more effective governing system. They would better integrate the boards and facilitate communication and coordination while maintaining geographic and regional balance.

RTA Board – (add 5 voting members to the 13-member board)

- Authorize each of the six County Board Chairmen to make one appointment to the Board. Eliminate the “one man / one vote” reapportionment provision in order to allow each county to appoint an RTA Board member. (Now the Cook County President does not appoint anyone, the DuPage County Board Chairman appoints one, and the other four collar county chairmen share two appointments. This change would result in 3 additional members.)
- Authorize the mayor of Chicago to make two additional appointments, and change the CTA Chairman from a voting member of the RTA Board to a non-voting member. (This would result in one additional voting member.)
- Add the chairs of the Metra and Pace boards as non-voting members. They currently have no representation on the RTA Board.
- Add one appointment by the Governor, recognizing the major investment that the State makes in the RTA. (This would add one member.)

CTA Board – (maintain the current board size of 7 voting members)

- Add one voting member appointed by the RTA Board. To accommodate this change, reduce the number of Governor’s appointments from three to two.
- Increase suburban representation by requiring that the Governor’s appointments reside in the suburban area served by the CTA.
- Add representatives from Metra and Pace to be non-voting members to facilitate service coordination and integration.

Metra Board – (add 2 voting members to the 7-member board)

- Add one member appointed by the RTA Board.
- Increase the number of members appointed by the mayor of Chicago from one to two, recognizing that Metra is a regional service.
- Add Pace and CTA representatives’ as non-voting members.
- Eliminate the confusing reapportionment requirement that Metra board members are to reflect “morning boardings” of the system.

Pace Board – (add 1 voting member to the 12-member board)

- Add one member appointed by the RTA board.
- Add Metra and CTA representatives’ as non-voting members.
- Eliminate the requirement that Pace Board members be only mayors or former mayors. Allow any qualified person to be appointed to the board.