

Metra's 2016 budget hearings

Wednesday, Nov. 4
5 pm to 8 pm

McHenry County
Woodstock City Hall
121 W. Calhoun St.
Woodstock

Cook County North
Hanover Park
Police Department
Community Room
2011 W. Lake St.
Hanover Park

Cook County South
Homewood Village Hall
2020 Chestnut Rd.
Homewood

City of Chicago
Chicago Union Station
Legacy Club (in Great Hall)
(webcast live)

Thursday, Nov. 5
5 pm to 8 pm

Lake County
Mundelein Village Hall
300 Plaza Circle
Mundelein

Will County
Will County Office Building
Board Chambers 2nd Floor
302 North Chicago St.
Joliet

DuPage County
Clarendon Hills Village Hall
1 North Prospect Ave.
Clarendon Hills

Kane County
Kane County Govt. Center,
Building A
719 Batavia Ave.
Lower Level Auditorium
Geneva

Metra unveils 2016 budget

Proposed increase in fare revenue to fund PTC costs and help with capital needs

Metra has proposed a \$945.5 million budget that provides for \$759.8 million in operating costs and \$185.7 million to fund capital improvements in 2016.

Last year, when Metra announced a \$2.4 billion 10-year modernization plan, the agency had projected that it would likely need a 5 percent increase in fare revenue in 2016, including 3 percent to cover expected inflationary operating costs. Metra was able to cover inflationary cost growth with \$5.7 million in budget efficiencies, lower gas prices and higher regional sales tax receipts. Therefore, the agency is now proposing a 2 percent net increase in fare revenue instead of 5 percent for a total of \$6.5 million. This fare increase will pay for the new operating costs for the federally mandated and unfunded Positive Train Control (PTC) safety system and help fund a bare-bones capital budget. Even with this proposed increase, Metra's one-way and monthly fares remain the lowest of any of its peer railroads in the nation.

Metra has huge capital needs – it requires \$11.7 billion over the next decade to achieve and maintain a state of good repair. As part of this year's budget process, it identified more than \$500 million

Proposed Fare Changes effective Feb. 1, 2016

- **Metra customers who buy One-Way Tickets would pay a quarter more per ticket**, an increase of 2.4 percent to 7.7 percent depending on the zone. If these customers take the train 30 times a year, they will pay an additional \$7.50 annually to ride Metra.
- **Metra customers who buy 10-Ride Tickets would pay \$1.75 more**, or 17 cents more per trip. The increase works out to 1.9 percent to 6 percent, depending on the zone. If these customers ride the train to work about half the time, they will pay about \$3.50 more per month and about \$42 more per year.
- **Metra customers who buy Monthly Passes will pay \$2.50 more per month**, an increase of 0.9 percent to 2.7 percent, depending on the zone. Assuming most of these customers use Metra to commute full-time to work each month, they will pay about 12 cents more per day and \$30 more per year.
- Other fare increases include an additional 75 cents on the reduced fare 10-Ride Ticket and \$1.25 on the reduced fare Monthly Pass.

in capital needs for 2016 alone. But, given its limited funding sources, it reduced its list of capital needs to \$185.7 million to fund those projects that represent the bare minimum investment it can make in 2016 to keep the system safe, reliable and able to operate efficiently.

For 2016, Metra is expecting to receive \$165.4 million from federal sources and \$4.7 million from the RTA for its capital needs. It is anticipating no capital money from Springfield – and in fact, about \$400 million that we expected to receive from the state is currently on hold.

Fares paid by Metra customers normally fund the operating budget, though a small portion goes to fund capital improvements. To get to the bare-bones level

of capital investment it needs in 2016, Metra plans to allocate \$15.6 million in fares to capital – \$3.2 million more than last year.

The remaining \$3.3 million in new fare revenue is needed to pay for expected higher operating costs for PTC. PTC is an unfunded federal mandate that is expected to cost Metra more than \$350 million to implement. That money must come from Metra's already underfunded capital budget. However, as the agency ramps up PTC implementation, it also affects the operating budget, which must cover the costs of maintaining the complex new system. When PTC is fully implemented by 2019, maintenance and operating costs are expected to be \$15 million to \$20 million a year.

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Budget

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“We told our customers that we would do everything we could to avoid or minimize higher fares next year and that is precisely what we have done,” said Metra Chairman Martin Oberman. “At the same time, we are committed to being a responsible steward of public funds and finding ways to continue to invest in our railroad infrastructure with increasingly limited financial resources. Today, despite operating with the oldest fleet and on the most complex rail system in North America, Metra provides the most reliable on-time service at the lowest cost of any other railroad in the nation.”

“If not for our growing PTC operating costs and our huge capital needs, we could get by without a fare increase in 2016,” said Executive Director/CEO Don Orseno. “But, we want to

be clear – without a state bond program in 2016 and due to the budget stalemate in Springfield, approximately \$400 million of Metra’s capital projects are currently on hold. If the state’s bond program proceeds do not materialize in 2016, we may need an even larger-than-expected increase in fare revenue in 2017.”

Metra’s proposed operating budget, which covers the day-to-day operating costs, will increase \$15.1 million or 2 percent compared to the 2015 Budget, from \$744.7 million to \$759.8 million. Historically, Metra’s operating costs have increased an average of 3 percent per year.

Metra expects its operating expenses to grow by \$40.2 million in 2016, including \$23.2 million in contractually obligated wages and benefit increases; \$6 million in reduced capital project billings; \$1.5 million in higher snow removal costs; \$1.4 million in new information technology software and system enhance-

ments; \$1 million in increased maintenance costs due to our aging fleet; \$800,000 in added police costs for video surveillance monitoring; \$700,000 for new safety equipment and new positions to enhance safety functions and training regulations; \$500,000 for new marketing initiatives aimed at growing ridership; \$3.3 million in higher PTC operating costs; and \$1.8 million in price changes for materials and utilities, increases in rent, maintenance and utility costs at downtown stations, changes in credit card and bank fees and other changes.

The increases are partially offset by \$5.7 million in efficiencies and \$19.4 million in lower fuel prices, for a net growth of \$15.1 million.

On the revenue side, Metra expects an increase of \$19.6 million in sales tax revenue (assuming no change in state funding policy). That increase is partially offset by a \$5.4 million reduction

in other revenue and an expected \$2.4 million reduction in fare revenue as riders switch to cars due to lower gas prices. That leaves a net revenue increase of \$11.8 million.

The remaining operating budget gap of \$3.3 million (\$15.1 million minus \$11.8 million) is wholly attributable to new PTC operating costs.

Metra’s proposed 2016 capital budget includes \$85.4 million for railcar and locomotive work; \$23.9 million for replacing or improvement ties, ballast, crossings and bridges and other track and structure work; \$36.9 million for signal, electrical and communications work; mostly PTC-related; \$17.1 million for facilities and equipment; \$13.2 million in station and parking improvements; and \$9.3 million in support activities. About 57 percent of the total, or \$106.4 million, will go towards Metra’s modernization plan – railcars, locomotives and PTC.

Please leave us feedback on our 2016 Budget

Metra would like to hear from you regarding our 2016 budget proposal. You can do that a variety of ways: attend one of our public hearings (see page 1), send us written comments via U.S. mail to the attention of Lisa Murphy, Assistant Secretary to the Commuter Rail Board, Room 1300, 547 W. Jackson Blvd., Chicago, Illinois 60661, send us an email at 2016budgetcomments@metrarr.com or fill out this form at drop it in one of the Ticket by Mail dropboxes at Metra’s downtown stations or mail it to the above address. All comments must be submitted no later than 24 hours after the conclusion of the hearings on Nov. 5. Feel free to add sheets of paper as necessary.

Name _____ Date _____ Home address _____

City & state _____ Zip _____ Organization (if any) _____

Please give us your input: _____

