CITY OF CRYSTAL LAKE
AGENDA
CITY COUNCIL
REGULAR MEETING

City of Crystal Lake
100 West Woodstock Street, Crystal Lake, IL
City Council Chambers
February 20, 2024
7:00 p.m.

Agenda Item 15 Note: Brief presentations by the Petitioner and the representatives of the Registered Interested Parties relating to this petition will be allowed. Public input/comment on this matter will be limited (not exceeding two minutes per person).

1. **Call to Order**

2. **Roll Call**

3. **Pledge of Allegiance**

4. **Approval of Minutes – February 6, 2024 Regular City Council Meeting**

5. **Accounts Payable**

6. **Public Presentation**
   The public is invited to make an issue oriented comment on any matter of public concern not otherwise on the agenda. The public comment may be no longer than 5 minutes in duration. Interrogation of the City staff, Mayor or City Council will not be allowed at this time, nor will any comment from the Council. Personal invectives against City staff or elected officials are not permitted.

7. **Mayor's Report**

8. **City Council Reports**

9. **Consent Agenda**
   a. **Resolution Regarding CMAP's Report Entitled Plan of Action for Regional Transit (PART)**
   b. **Private Activity Bond Volume Cap Reservation**
   c. **Board and Commission Appointments – Economic Development Committee**
   d. **Ordinance Amending Chapter 329-3 and 329-4 of the City Code**

10. **Bid Award – Tree Removal for Three Oaks Recreation Area Water Access Road and Path**

11. **Proposal Award – Fire Self Contained Breathing Apparatus (SCBA) Purchase**

12. **Bid Award – Lift Station 2 Wet Well Lining**

13. **Proposal Award - Construction Engineering Services and Motor Fuel Tax (MFT) Appropriation for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement and the Pedestrian Connections to the Regional Prairie Trail Improvement**

14. **Local Agency Agreement for Federal Participation with IDOT for construction and appropriation of Motor Fuel Tax (MFT) funds for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement**

15. 7013 Sands Road, NVA Trucking - Rezoning from M-L Manufacturing Limited and M Manufacturing to M PUD Manufacturing; Special Use Permit for a Freight Terminal; Preliminary and Final Planned Unit Development; Deferral from the requirement to bury the overhead utility lines and install sidewalks until there is an area wide program; Variation from City Code Stormwater Ordinance 595-30 and 595-26 E. (4)(b)[5] to allow retaining walls as design in the storm water basins

16. Memorandum of Agreement between the City of Crystal Lake and the Crystal Lake Professional Firefighters Association Local #3926

17. Collective Bargaining Agreement between the City of Crystal Lake and the International Union of Operating Engineers Local 150

18. Council Inquiries and Requests

19. Adjourn to Executive Session for the purpose of discussing matters of pending and probable litigation, the sale, purchase or lease of real property, collective bargaining and personnel.

20. Reconvene to Regular Session

21. Adjourn

If special assistance is needed in order to participate in a City of Crystal Lake public meeting, please contact Melanie Nebel, Executive Assistant, at 815-459-2020, at least 24 hours prior to the meeting, if possible, to make arrangements.

Agenda Item No: 9a

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Resolution Regarding CMAP's Report Entitled Plan of Action for Regional Transit (PART)

Staff Recommendation: Motion to adopt a Resolution Regarding the Chicago Metropolitan Agency for Planning (CMAP) Report Entitled Plan of Action for Regional Transit (PART)

Staff Contact: Eric T. Helm, City Manager

Background

The McHenry County Council of Governments (MCCG) requests that members adopt a resolution in response to a report from the Chicago Metropolitan Agency for Planning (CMAP) relating to the regional transit system (CTA, Metra and Pace). The report was presented to the General Assembly outlining a plan to address an estimated $730 million transit operating budget shortfall.

The MCCG informed the City that several items in the report are of concern to municipalities in McHenry County, including a potential sales tax increase and diminishing representation on transit boards, especially collar counties. The MCCG requests that member municipalities consider passing the attached resolution to show unity in McHenry County and maintain a McHenry County "voice" for transit in the County.

Votes Required to Pass:

Simple majority

Res. _____

RESOLUTION

Regarding CMAP's Report Entitled
PLAN OF ACTION FOR REGIONAL TRANSIT (PART)

WHEREAS, transit agencies in Northeastern Illinois are facing an estimated $730 million operating budget shortfall beginning in 2026 due to changes in travel behavior following the COVID-19 pandemic and expiration of federal *American Rescue Plan Act (ARPA)* emergency assistance funds; and

WHEREAS, through *Public Act 102-1028* in 2022, the Illinois General Assembly tasked the *Chicago Metropolitan Agency for Planning (CMAP)* with identifying options regarding funding and governance for the Chicago region's transit system; and

WHEREAS, CMAP considered the findings of the *Regional Transportation Authority (RTA)* strategic plan, *Transit is the Answer*, and CMAP's *Mobility Recovery* project; conducted multiple discussions at various levels from riders to system administrators and boards; and developed an in-depth analysis of three question areas: the system we want, how to pay for it, and how to implement it; and

WHEREAS, CMAP completed its' analysis and final report in the last half of October 2023 and will submit the report to the General Assembly for review and consideration during the 2024 Legislative Session;

NOW, THEREFORE BE IT RESOLVED, that the City of Crystal Lake supports all efforts to strengthen the region's transit system and understands that transit is crucial to addressing the region's goals of improving mobility, increasing economic development and competitiveness, combating climate change, and building a more equitable region; and

BE IT FURTHER RESOLVED, that the City of Crystal Lake supports a combination of new revenue options in the form of: System Generated Revenues, Baseline Actions and Durable Sources, as well as Transformational Investment and Meaningful Change, all outlined in the PART report. The City of Crystal Lake does so recognizing new revenue options as necessary to maintaining the region's transit system and making visionary, targeted improvements and investments for the future. However, the City of Crystal Lake strongly voices the position that any new revenue generated from residents of McHenry County be largely directed to service improvements in areas of McHenry County currently unserved or underserved by transit; and

Draft

BE IT FURTHER RESOLVED, that the City of Crystal Lake strongly opposes the integration of the RTA board and associated service boards (CTA, METRA and PACE) into one single regional transit agency governance unit. Instead, the Council strongly supports keeping the current transit governance structure with the unique service boards and strengthening of the RTA; and

BE IT FURTHER RESOLVED, that the City of Crystal Lake also strongly opposes any changes made to regional board appointments that would dilute the voices of suburban residents who today feel underrepresented in regional transit decision-making. Instead, the Council strongly supports increased local government representation from collar counties; and

BE IT FURTHER RESOLVED, that regardless of the governance structure, funding allocation policy remain the same as current policy; that is, CTA 58%, METRA 34% and Pace 8%, and that a super majority vote be required to pass any budget or funding for any City or suburban program or project; and

BE IT FINALLY RESOLVED, that copies of this resolution be forwarded to The Honorable Governor JB Pritzker, Members of the Illinois General Assembly, Chicago Regional Councils of Governments, the Chicago Metropolitan Agency for Planning and the Metropolitan Mayors Caucus to make them aware of the commitments of the City of Crystal Lake regarding regional transit.

DATED this 20th day of February, 2024.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
Haig Haleblian, MAYOR

SEAL

ATTEST:

_____
Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024
APPROVED: February 20, 2024

Draft

DECEMBER 2023

Plan of Action for Regional Transit

for Northeastern Illinois

PART | Chicago Metropolitan Agency for Planning

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INTRODUCTION

When the Illinois General Assembly tasked the Chicago Metropolitan Agency for Planning (CMAP) with developing legislative recommendations on the region's transit system, one thing was clear: this called for big, bold solutions. How else to address the looming $730 million annual budget gap and an impending crisis with the potential to decimate service, cripple local economies and downtowns, and diminish quality of life for residents?

The Plan of Action for Regional Transit (PART) identifies solutions for the immediate funding crisis and outlines the vision of a reimagined and financially secure regional transit system for the Illinois General Assembly. It is time to finally move the needle on a transit system that will transform and strengthen northeastern Illinois. Transit is integral to our region and its benefits apply to riders and non-riders alike — providing access to jobs, education, healthcare, community, family, and so much more.

PART envisions a financially viable system that is regionally coordinated and comprehensive; safe, secure, clean, and efficient; and supportive of efficient land use. The plan also highlights the strong connections between investments in transit and other regional and state priorities, especially those related to equity, climate, and economic growth. With guiding principles — ensure financial viability in 2026 and beyond; identify where the state has a role in implementing solutions; rebuild a system that is stronger than it was before COVID-19; prioritize the users of the system; and identify big, bold solutions — this report proposes the transit system the region wants, as well as how to fund and implement it.

The cost of inaction is far too great, much greater than the cost of action. The loss of operational funding would lead to extreme service cuts. Communities throughout the region would see the transit service they have relied on for more than a century vanish. Residents would lose access to jobs and education, and the region's economy would suffer as a result. Health and quality of life would be at risk without a transit system that promotes better air quality and climate. And through all these aspects and more, longstanding inequities would only get worse. But these outcomes can be avoided if we act now. With new investments and reforms, we have the unique opportunity to create a system that works better for everyone, leveraging the transportation network to promote regional goals for resilience and inclusive growth.

CMAP is grateful to the steering committee of regional stakeholders representing civic, community, business, environmental, and labor perspectives that guided PART's development. We are also grateful for partnership among the CMAP Board, MPO Policy Committee, and other public bodies, such as county boards and municipal councils of governments. And finally, we are grateful for the public input provided by CMAP's Community Alliance for Regional Equity, project focus groups, public surveys, and the significant prior public engagement completed by the Regional Transportation Authority in its strategic planning process.

Regional success relies on transit, and the multitude of individuals involved in PART's development believe that a well-connected, accessible, reliable, and affordable transit system will make us stronger. The time is now to reimagine and reshape the future of our regional transit system.



Erin Aleman
Executive director

EXECUTIVE **SUMMARY**

REIMAGINE OUR **TRANSIT SYSTEM**

Purpose

This Plan of Action for Regional Transit (PART) fulfills the requirements of Illinois Public Act 102-1028 tasking the Chicago Metropolitan Agency for Planning (CMAP) with developing legislative recommendations on the region's transit system.

The problem

The COVID-19 pandemic resulted in drastic shifts in transit ridership across the region with the prevalence of remote work and changes to where, when, and how people traditionally traveled.

This resulted in major revenue loss, forcing transit providers to rely on federal assistance to operate. Those funds will soon expire which means a $730 million annual budget gap by 2026 simply to return to pre-pandemic service levels.

Opportunity for transformation

As required by the statute, the recommendations envision a financially viable system that is:

- Regionally coordinated and comprehensive
- Safe, secure, clean, and efficient
- Supportive of efficient land use

It specifically addresses required topics, such as:

- Regional fare systems
- Sales tax
- Recovery ratio
- Governance

The report also highlights the strong connections between investments in transit and other regional and state priorities, especially those related to equity, climate change, and economic growth.

Recommendations reflect diverse voices from across the region

CMAP convened a steering committee of regional stakeholders representing civic, community, business, environmental, and labor perspectives to guide the plan's development in partnership with the CMAP Board, MPO Policy Committee, and other public bodies, such as county boards and municipal councils of governments.

The plan also includes input from the public through focus groups and builds on the significant public engagement completed by the Regional Transportation Authority (RTA) in its recent strategic planning process.

> PART is grounded in sound public policy; builds on previous regional plans; and includes meaningful public engagement, data, models, analysis, findings, alternatives, and recommendations consistent and aligned with the region's goals outlined in ON TO 2050.

While the timeline for this report was accelerated both out of necessity and by statute, the report draws on the extensive research, planning, and policy development conducted by CMAP, RTA, the service boards, and other regional partners in recent years. Among many other documents, PART builds on the recommendations laid out in the region's long-range plan, ON TO 2050; RTA's strategic plan, Transit is the Answer; and CMAP's post-pandemic planning effort, Mobility Recovery.

LAWMAKERS:
BE BOLD

The legislation sponsors asked for big, bold solutions to the pressing fiscal challenges facing our region's transit system in 2026 — and for recommendations that transform and strengthen the system for the future.

We are stronger and healthier when we have a well-connected, accessible, reliable, and affordable regional public transit system.

To achieve the vision of a reimagined and financially secure regional transit system and also address the immediate funding crisis, PART outlines a series of recommendations for the Illinois General Assembly to consider and act on.

Principles to guide recommendations

- Focus on ensuring the transit system is financially viable in 2026 and beyond
- Identify recommendations where the state has a role in implementing solutions
- Rebuild a transit system that is stronger than it was before COVID-19
- Center the users of the system
- Be bold

"This is the moment where we can really seriously talk about changing transit and changing the way it's structured, and really look at the big picture. My hope is that ten years from now, our transit system looks very different. We must reimagine our system. It needs to be a first choice for people."

- Representative Eva-Dina Delgado (Illinois District 3) Legislation sponsor

This plan leverages findings and input from the Regional Transportation Authority's strategic plan





PART
RECOMMENDATIONS

The system we want
Rebuild public confidence, increase ridership, and improve the user experience so that it is seamless and affordable.

How to pay for it
Identify necessary reforms and funding options to close the operating budget shortfall and build the transit system the region wants.

How to implement it
Identify necessary reforms to governance structures and funding distribution.

The system we want

Focus on transit service.
Stable funding to maintain and expand transit service levels; a more robust funding framework that would allow regional transit service providers to make targeted investments that improve the quality and availability of transit throughout the region.

Provide integrated and affordable fares.
Fare integration across the region's transit providers and other complementary modes; a commitment to keep fares on pace with inflation and provide more affordable fares and passes for low-income travelers and youth to balance any required fare increases.

Enable faster and more reliable bus service.
Planning, funding, staff capacity, and enforcement necessary to advance bus priority initiatives.

Bolster public confidence.
Physical investments, funding for staff, and new policies to improve the safety, security, and cleanliness of the regional transit system.

Build back a ridership base.
Incentives and policies that can foster more transit-supportive land use and development decisions, as well as support for Metra's evolution to a regional rail service model.

Invest in a universally accessible system.
Planning and funding to accelerate physical system accessibility on the transit system and at crucial access points; investments to bolster existing paratransit and demand-responsive transit services.



The steering committee met five times over the course of this year. For a list of members, meeting agendas, minutes, and presentations, visit cmap.is/PART.

How to pay for it

To achieve the stronger transit system envisioned by PART, the region and state will need bold and creative leadership. But it will also require new operating revenues, including funds to stabilize the existing system and to invest in its future. The difficult question of how to pay for transit in northeastern Illinois has been an enduring policy challenge since before RTA was established in the early 1970s and across recurring fiscal crises. However, despite repeated efforts, past solutions have relied on inadequate funding sources, rigid and inflexible distribution formulas, and other compromises that have not stood the test of time. This moment presents an opportunity to craft a regional solution that puts northeastern Illinois on a stable path to having the modern, useful, safe, clean, and affordable transit system everyone wants.

When considering how to structure needed transit investments, decision makers should consider these **principles for funding:**



The transit system itself must continue to contribute substantial revenues to help meet operating needs. Through regular fare increases and responsible financial stewardship, system actions can continue to constitute a substantial portion of transit funding, even after accounting for pandemic-related ridership declines.



The state should provide more robust support for transit in northeastern Illinois. Both national peers and downstate operators in Illinois receive substantially greater proportional operating support.



Paratransit must have stable, dedicated funding. National demographic change is driving cost growth in this federally required service, necessitating a targeted funding solution beyond what the transit system alone can provide.



Transportation revenues should fund transportation investments. Transit is a core component of the statewide mobility system. Revenues coming from flexible federal sources and transportation user fees should support the goals of the entire surface transportation system.



Funding solutions should deliver co-benefits for equity and climate goals. Wherever possible, revenues should be designed to introduce more progressivity into existing taxes and fees, mitigate greenhouse gas emissions, and prioritize the needs of low-income households.



Revenues must maintain buying power over time. The inability of revenues to keep pace with the real cost of fuel, materials, and labor has been a chronic issue plaguing transit for the last fifty years. To avoid the gradual decay of transit funds, decision makers should provide for automatic or periodic inflation adjustments over time.

The system the region wants requires investment

To achieve "the system we want," the region and state will need to make significant and sustained investments in the regional transit system. PART recommends an approach to improve revenue sources and practices that is informed by what has worked well in the past and what has not. As shown in Figure 1, this would include $1.5 billion in new operating support for transit and at least $400 million annually in complementary capital investments. An investment of this scale would reflect the many social, environmental, and economic benefits that transit can deliver for the region and the state. It would also enable a huge leap forward in modernizing the transit system and creating compelling reasons for riders to return.

This level of transformational investment will require the coordinated efforts of state officials, regional leaders, and the region's transit service providers. Together, they can deliver the system efficiencies and public revenues needed to address the current funding gap and invest in a stronger transit system.

PART recommends transit funding solutions that put these priorities into action for 2026 and beyond. The revenue options explored include savings and system-generated revenues, as well as a set of baseline revenues that include:

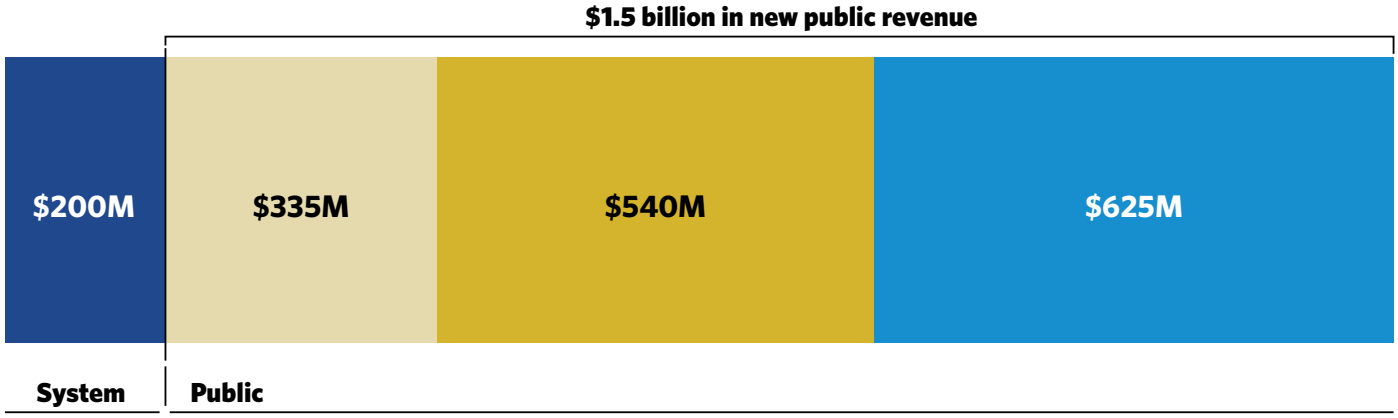
- Full state funding for paratransit.
- Full state funding for existing reduced fare mandates.
- A modernized state sales tax base that includes services, delivering needed revenues for the transit system, state, counties, and local communities.

The regional transportation system would also benefit from additional revenues, including flexing federal funds for transit and new road revenues (e.g., tolling, parking taxes, and vehicle registration surcharges). The report outlines the details behind these revenue concepts and others that could be available to fund transit system investments.

The state and region have many options to consider to best meet the region's goals. CMAP analyzed dozens of potential revenue sources, to help define a short list of options for decision makers to consider.

It is also important to note that these new investments would only partially address the existing and unfunded backlog of "state of good repair" (SOGR) projects. Addressing this $20+ billion backlog will require sustained investments like those recently made by the state and federal governments. CMAP will continue to support efforts to address these long-term capital needs through the regional transportation planning process.

Figure 1. Operating revenues necessary to fund a transformational investment



System actions
Revenues from additional fares and containment of future costs.

Example: Raising fares to keep pace with inflation.

Baseline actions
Opportunities for the state to play a bigger role in funding transit.

Example: Full state funding for paratransit.

Durable sources
Revenues that make sense both now and into the future.

Example: Expanding the state sales tax base to include additional services.

Diminishing or stopgap sources
Revenues that can meet current needs but should be retired over time as more sustainable options come online.

Example: Motor fuel tax surcharge, eventually replaced by funds from new sources like congestion pricing or tolling.

How to implement it

The governance changes that would enable the region to reimagine our transit system include:

Create one regional entity
Integrate RTA and the service boards (CTA, Pace, Metra) into one regional transit entity

Empower a regional coordinating agency
Maintain service boards as operating agencies

The report detailed these two paths for structural reform that would make the other changes possible. The report also identifies factors to consider when contemplating which path to take. Regardless of which path is chosen, the report establishes baseline principles for reform that would make transit more effective in meeting the region's needs.

BASELINE PRINCIPLES **FOR REFORM**

The state should prioritize the following recommendations when considering governance reform options.

Funding allocation

- Prioritize regional goals and decision making instead of statutory funding formulas.
- Grant more regional discretion over how funds are allocated.

Regional coordination of transit functions

- Implement the regional decision making and oversight necessary to advance system goals.
- Provide sufficient tools to strengthen the regional entity.

Performance metrics and farebox recovery ratio

- Reduce the farebox recovery ratio requirement.
- Empower the regional agency to look beyond the fare recovery ratio and set updated performance metrics based on regional strategies and goals, including mobility, climate, and equity concerns.

Regional board structures and appointments

- Design board appointment and voting structures to advance regional progress while building local consensus.
- Integrate more regional perspectives.
- Provide a greater role for the state, especially as it increases its funding support.
- Ensure that regional board membership reflects population, ridership, and funding sources.
- Appoint board members with relevant and diverse experiences.
- Provide avenues for local input.

The report details the two options for structural reform including their respective strengths and challenges. Recognizing that additional analysis is needed and that implementing governance reform may take time, CMAP encourages the General Assembly to reach consensus on one of the structural reform options and establish an implementation plan for how that approach could achieve the baseline principles for reform.

As lawmakers consider the recommendations related to governance and PART overall, success will require clearly defined responsibilities, timelines for implementation, and strategies to place riders' experiences at the center of decision making.

Why this matters

Transit is critical to the success of northeastern Illinois. This funding crisis has the potential to decimate service, cripple local economies and downtowns reliant on transit, and diminish quality of life for residents.

PART is guided by ON TO 2050, the region's long range plan. Advancing ON TO 2050's principles of an inclusive and thriving region is only possible with a robust and effective public transit system.

	Risks of no action	ON TO 2050 commitment
 **Mobility** Transit moves riders and non-riders	A 20 percent cut to operations funding would likely equate to about 40 percent in service cuts. Transit enables mobility for riders and non-riders alike. Without transit, the region's transportation system would grind to a halt.	**Create a system that works better for everyone**. This requires that all residents have effective mobility options, especially those who do not use a personal vehicle. A modern, multimodal system adapts to changing travel demand and promotes inclusive growth.
 **Economy** Transit drives the region and state's economy	Our region accounts for 75% of the state's gross domestic product. Without a well-connected transit system, our region, state, and countless local economies anchored around transit will suffer in a deeply competitive global market. Residents will lose access to jobs, education, and more.	**Make transit more competitive**. Transit is a valuable asset that helps the region compete nationally for new businesses and residents. Public transit provides crucial connections between residents and employers, enhancing the region's economic competitiveness.
 **Climate** Transit improves air quality and climate	The region is not currently on track to meeting its greenhouse gas reduction targets, which puts health and quality of life at risk.	**Transform transportation systems to reduce emissions**. The expansion of public transit and transit-oriented development remains critical to reducing emissions.
 **Equity** Transit connects people to opportunities	Inequity in the form of disparities — including in employment, health, educational attainment, and income — will persist for transit riders, especially from households with low income, communities of color, seniors, and residents with disabilities.	**Leverage the transportation network to promote resiliency and inclusive growth**. Long-term economic prosperity requires that the region address inequity issues and take action to increase opportunity and improve quality of life for all residents. Transit plays a key role in creating pathways to opportunity; our region and its communities are stronger when everyone has access to reliable and affordable transportation.

CALL TO **ACTION**

PART recommends bold actions for lawmakers to act on. Our region has analyzed and brought forward other reports which inform this plan. The time is now to reimagine our regional transit system.

As stated in ON TO 2050, "Regional success relies on transit." The creators of this report believe the cost of inaction is far greater than the cost of action.

> "We must strive to provide reliable access to public transit, and with it, access to job opportunities, healthcare, and other essentials. Illinois must build an equitable future for public transportation that prioritizes all of our neighbors."
>
> **- Senator Ram Villivalam**
> **(Illinois District 8) Legislation sponsor**



OVERVIEW:
PLAN OF ACTION FOR REGIONAL TRANSIT

This report outlines an ambitious and visionary plan and recommendations to reimagine our transit system — not simply restore the system that existed before the COVID-19 pandemic. It includes recommendations on how the state and regional partners can address transit's fiscal cliff and strengthen the system by enhancing its effectiveness and financial viability in the long term.

The plan identifies specific actions on topics ranging from fare policy to transit system funding to decision-making structures and more. Each recommendation addresses one or more challenges facing the transit system — whether COVID-related or longstanding — and their potential benefits are outlined in each section.

This report also includes potential approaches to assessing the relative priority of different recommendations. These approaches to investment are meant to demonstrate what might be possible with different levels of resources and investment. This principles-based assessment aims to make it clear that some investments — such as restoring and maintaining regional transit service levels — are a critical foundation without which other recommendations will not be able to proceed.

In identifying strategies, CMAP relied on a set of guiding principles as well as the regional goals and priorities from documents like ON TO 2050 and Transit is the Answer.

PART **RECOMMENDATIONS**

THE SYSTEM **WE WANT**

Opportunities for both state and regional leaders to address the concerns of transit riders — including service levels, safety, speed, reliability, fare policy, accessibility, and more.

HOW TO **PAY FOR IT**

Strategies on how the regional transit system could both address the fiscal cliff and fund the investments needed to achieve this more ambitious vision, with recommendations on sales taxes, road system revenues, state funding support, and others.

HOW TO **IMPLEMENT IT**

Complementary changes to the decision making and governance structure for transit. These include reforms that would both allow the region to achieve the vision of a stronger transit system more easily and to make the most effective use of both existing and any new levels of funding.

REFORM **CONSIDERATIONS**

There is no single revenue source, operational improvement, or system reform that will be enough to secure transit's future. It will take a combination of ideas, policies, and strategies to ensure the region's transit system can emerge from the pandemic stronger and more financially secure.

And while many recommendations, by necessity, focus on the near-term fiscal crisis, this report also grapples with systemic problems that predate the pandemic.

Solving each of these challenges will require a mix of near-, medium-, and long-term strategies that can be advanced through legislation, local efforts, and other ongoing regional planning processes.

It is important to consider the scale of resources needed and obstacles facing the adoption of this report's recommendations. While some of the recommendations have minimal financial costs, most, if not all, will need the political will to overcome additional challenges including funding, administrative complexity, and time to implementation.



Focus on ensuring the system is financially viable in 2026 and beyond

The most important outcome of this process is to ensure that transit remains financially viable, not only in the near-term but also sustainably over time. None of the recommendations will matter if the transit system no longer has the resources needed to provide the service on which the region has come to rely. In addition to new funding sources, the recommendations prioritize strategies that can help to reduce transit operating costs, such as bus priority investments that allow transit providers to offer more service with their existing staff and capital resources.



Identify recommendations where the state has a role in implementing solutions

The primary audience of this report is the Illinois General Assembly. The recommendations are targeted toward areas where the state currently has (or could have) a role. The enabling legislation for PART also specifically highlights some topics, such as long-term financial sustainability and regional fare policy. These topics serve as a focal point. However, as with all PART recommendations, additional improvements would be possible with greater focus and resources.



Rebuild a system that is stronger than before COVID-19

The pandemic highlighted and exacerbated many longstanding challenges facing the regional transit system. The goal of this report is not to return to a pre-COVID status quo but instead to identify recommendations and investments that can both deepen and broaden transit's value to the entire region even while making progress toward the goal of financial sustainability. The recommendations also recognize that the goal of the region's transit system is to provide mobility options for residents and visitors — not to exist for its own sake. The recommendations center the experiences of those users, rather than relying on those users to navigate jurisdictional silos.



Center the users of the system

The recommendations include changes that could address long-term state and regional goals for transit. The central theme is a focus on restoring and investing in transit service levels — how frequently, how often, and where transit service runs. The recommendations are designed to ensure that in any scenario, transit providers can rely on new funding to maintain (and ideally build upon) these service levels. This is the most common and long-running concern of regional transit riders across all modes and should be a core element of any transit solutions.



Be bold

The report outlines recommendations that could be possible with varying levels of resources — many of which could be considered bold even without the challenge of identifying new funding sources to match. The recommendations also commit to a significant level of new investment in the region's transit system, with a goal of enabling a fundamental transformation of regional mobility.

LOOMING **FISCAL CLIFF**

RTA expects all federal relief funding to be fully exhausted by 2026, prompting a significant — and ongoing — operating budget shortfall. While the region's transit system has faced funding crises before, the scale and scope of this crisis is unprecedented and unique.

To endure this time of uncertainty in ridership levels and fare revenue, critical regional transit operations have been buoyed by significant federal support. RTA projects there will be an unprecedented **operating budget shortfall of at least $730 million annually in 2026**.[1]

The causes of this funding gap include sharp declines in ridership related to the pandemic, reductions in average fare prices, and increased operating costs relative to pre-pandemic trends.

The Eno Center for Transportation found that transit agencies at the greatest risk for fiscal shortcomings are those that have large budgets, rely heavily on fares, and provide a combination of both commuter and heavy rail.

Source: Garrett Shrode, "The Mass Transit Fiscal Cliff: Estimating the Size and Scope of the Problem," Eno Center for Transportation.

Budget gap impact

Without new funds, CTA, Metra, and Pace would have limited options to address the anticipated shortfall. The most likely of these would be a combination of fare increases and service cuts.

The scale of the budget gap — roughly 20 percent of annual operating costs — cannot be sustainably solved with these strategies alone. Addressing this gap could require cutting service by 30 to 40 percent or more. Service cuts of that magnitude would lead to a vicious cycle: cuts would lower ridership; lower ridership would mean less fare revenue, which, in turn, would require further cuts to address the growing budget gap. These consequences would be felt throughout the region and state by residents, employers, local governments, visitors, and many more.

Notably, closing the gap would not account for any additional operational investments required to expand service, nor does it account for new capital investment funding to address maintenance backlogs or improve the region's transit system.

Figure 2. The vicious cycle of service cuts

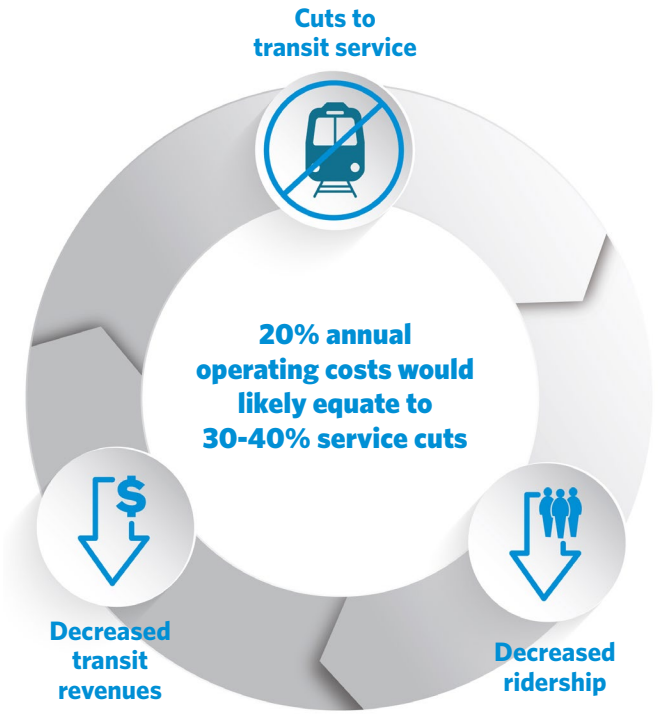
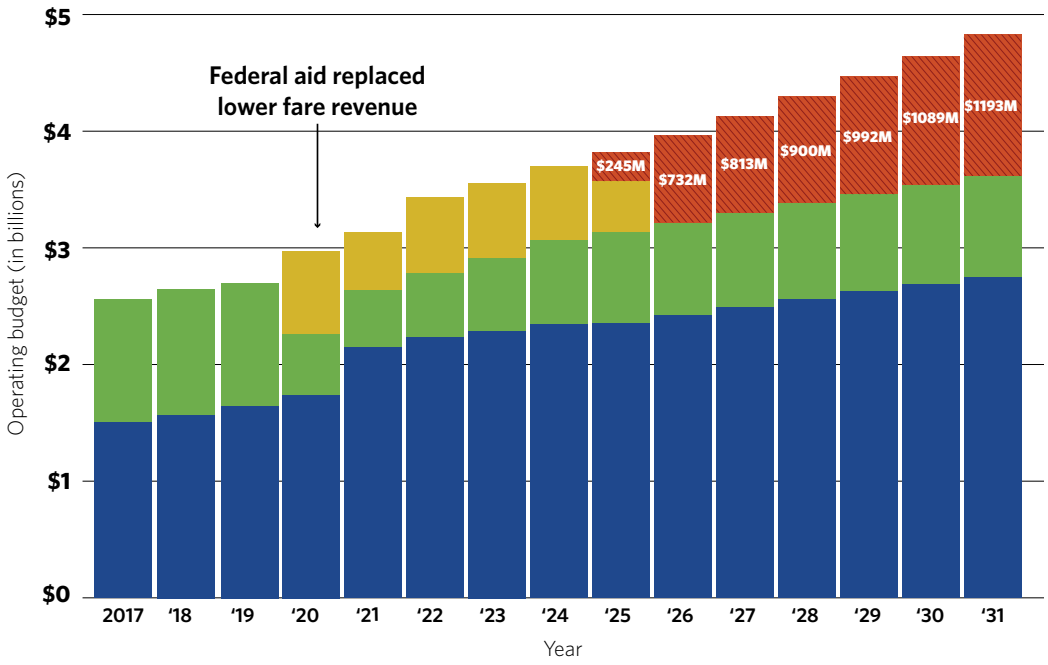


Figure 3. Transit faces an expected $730 million (and growing) gap in 2026

RTA 10-year financial plan baseline budget gap scenario

- State and regional funding
- System-generated revenues
- Federal support
- Budget gap



Source: CMAP analysis of RTA 10-Year Financial Plan Technical Working Group Memo and RTA budget data.

How northeastern Illinois compares

Peer regions such as Boston, Philadelphia, and Washington, D.C., face similar operating funding crises as they exhaust their remaining federal relief funds. The overwhelming majority of transit systems in the U.S. do not rely on fares for a large portion of their operating budgets. Their fiscal cliffs, if any, are not nearly at the same scale as this region's. Other peer regions have also begun to implement their own state and local solutions, such as New York City's recent package of new funding and fare increases.[2] Given the limited number of agencies facing a similar fiscal cliff, federal aid for transit operations is unlikely.

Importantly, the Illinois General Assembly took action to invest in transit. In 2019, the Governor signed into law Rebuild Illinois, a $45 billion capital investment in critical infrastructure across the state, including public transit. While it did not fully address the significant capital funding needed for system maintenance and investment, Rebuild Illinois provided transit agencies with dedicated capital funding for the first time in the state's history, while also providing $2.6 billion in new bonding authority. However, these capital funds will not resolve the region's annual operating shortfall.

THE VALUE **OF TRANSIT**

Transit benefits the entire region. For riders, the transit system in northeastern Illinois has provided critical mobility options throughout the pandemic and the region's ongoing recovery. For non-riders, the transit system anchors the region to a legacy of investments that are critical to a thriving economy, as well as addressing climate change. Perhaps most importantly is the consideration of what these recommendations could collectively mean for the transit system and its most important constituency, the people who call this region home.

Transit impacts real people and their everyday lives

The working mom who knows that even if she misses one bus, the next one won't be far behind — and that it won't get stuck in traffic. Her kids, who can rely on a transit system that gets all of them through the region for a price they can afford.

The university student who can easily and seamlessly rely on all of the region's transit options to get around, whether he is taking the CTA Red Line to class or catching a Metra train to visit family in the region.

The retired couple who aren't worried about aging in place because they know that transit will be there when they need it — and with options that remain accessible even as their mobility needs change.

The nurse who knows that his ride will be safe and comfortable, no matter the time of day or night.

The small-business owner who can rely on a transit system that connects them to a vast talent pool, and the new regional resident who knows that they'll get to their interview in time to make a good impression.

The region's residents live their lives around transit. They count on it to be there, where and when they need it. As the region and state consider all the many benefits that transit brings — mobility, economic vitality, environmental sustainability, equity, and more — we cannot underestimate the value it brings to residents' daily lives. Just as importantly, the state should consider how transit could be built around the residents and visitors it serves each day.



Transit enables mobility for riders and non-riders alike

Millions of residents rely on transit. Transit is integral to regional mobility — providing access to jobs, education, healthcare, community, family, and so much more. The mobility benefits of transit extend beyond daily riders.

Before the COVID-19 pandemic, the transit system provided more than 1.8 million rides on an average weekday. While the pandemic did cause ridership decreases, rides have returned to roughly 60 percent of pre-COVID levels, averaging about 1 million trips daily.[3]

Many transit riders would otherwise rely on a car for their trips. Making these trips by transit helps to significantly ease roadway congestion for remaining car and truck travelers. CMAP modeling has found that without the mobility provided by the regional transit system, regional drivers would spend an extra 444,000 hours driving per weekday, adding up to $3.6 billion per year in additional costs related to the time spent in weekday congestion alone.

On corridors like the Kennedy and Dan Ryan expressways, accommodating those extra travelers would require the equivalent of adding a new interstate lane through some of the region's densest and most built-up areas — a multi-billion-dollar effort which would displace many homes and businesses and would conflict with regional goals to address emissions and climate change. The region would also be less mobile, with modeling from the Argonne National Lab showing that residents would cancel more than a quarter of all non-work travel if transit were no longer available.[4]

Figure 4. Without transit, regional travelers would face billions of dollars of increased costs

2030 Projected congestion and costs impacts if transit were no longer available



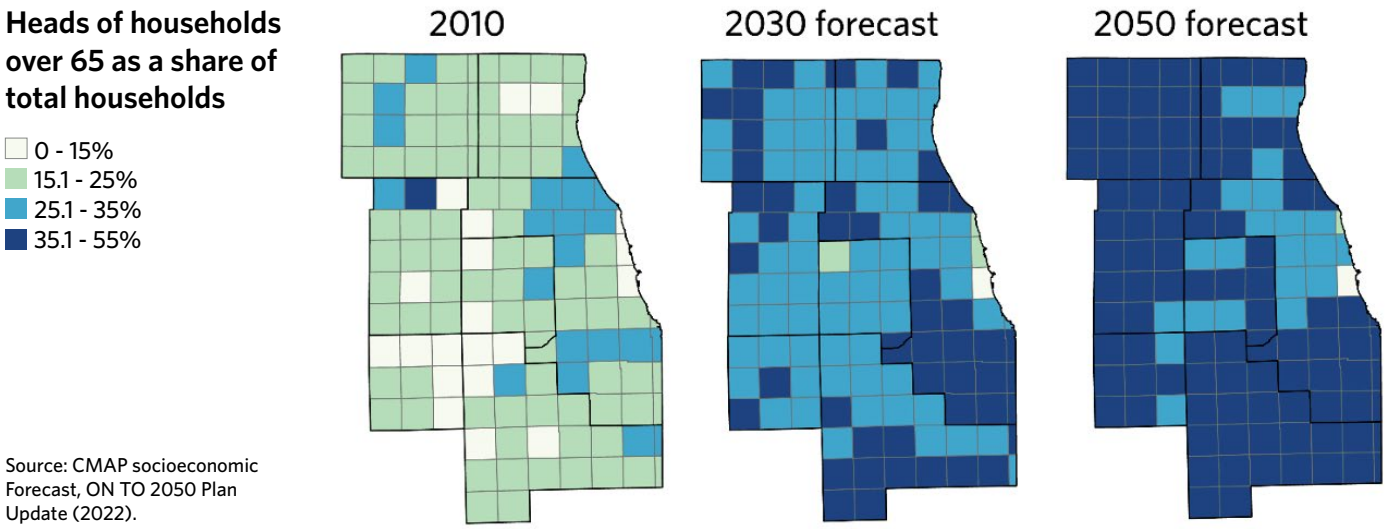
Note: The value of extra time spent in traffic was calculated using methodology recommended by the U.S. Department of Transportation for determining the value of travel time savings and reflects the mix of passenger vehicles and commercial vehicles on the roadways.

Source: Bureau of Labor Statistics and analysis of CMAP's regional travel demand model.

The transit system also provides regional residents with alternatives when the unexpected happens — a broken down vehicle, snowstorm, or medical condition — thereby ensuring continued mobility in the face of uncertainty. Transit also provides options for residents throughout their lives — whether they are a teenager traveling to school, an adult going to work or shopping for groceries, or a senior traveling to a doctor's appointment or visiting friends.

Today, 15 percent of the region's residents are over 65 years old, a share that is expected to grow significantly in the coming years (see Figure 5).[5] By 2050, roughly 21 percent of regional residents will be 65 or older.[6] Transit and paratransit will play an increasingly important role in enabling residents to age in place securely and maintain their ability to move around the region safely, even if they can no longer travel by car or other modes on which they used to rely.

Figure 5. The region's average age will rise significantly in coming decades



Source: CMAP socioeconomic Forecast, ON TO 2050 Plan Update (2022).

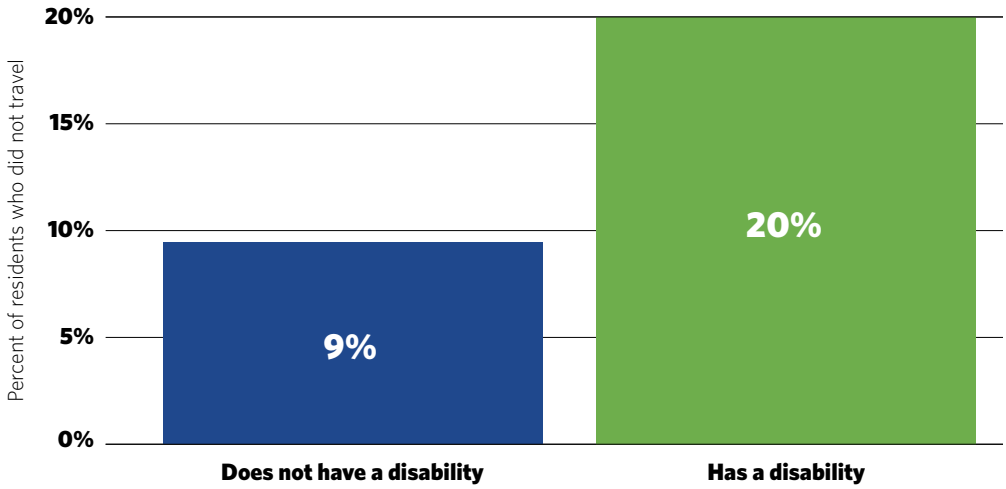
The regional transit system also provides mobility options to those who have been historically marginalized, particularly residents with low income, people of color, and people with disabilities. In the context of rising transportation costs and high inflation, public transit is a lifeline for many who have limited options to access affordable transportation. Transit is also critical for residents with disabilities, who rely on both the region's fixed-route transit services and the complementary paratransit system.

Like the region's aging population, a large and growing share of residents have one or more disability. From 2010 to 2020, the region's population with disabilities has grown by roughly 65,000.[7] As shown in Figure 6, CMAP research has found that residents with disabilities are already less likely than other residents to travel. Without the mobility provided by regional transit, this inequity would almost certainly grow.

> The total after-tax disposable income for working-age people with disabilities is nearly $500 billion, representing the significant and growing economic power of the disability market.
>
> **- Source: American Institutes for Research**

Figure 6. Pre-COVID, residents with disabilities were less likely to travel than were others in the region

Impact of disabilities on resident's travel choices on an average weekday, 2019



Note: Includes trips by residents age 16 and older of the CMAP seven-county region, Grundy, and Dekalb.

Sample size:
-Without disability (22,785);
-With disability (1,286).

Source: Chicago Metropolitan Agency for planning analysis of My Daily Travel data.

Transit is also critical to achieving the region's travel safety goals. While there have been recent concerns about the safety and security of regional transit, public transit remains significantly safer than traveling in a personal car.[8] A recent analysis found that average traffic fatality rates in regions with high per-capita transit ridership (including northeastern Illinois) are about half that of traffic fatality rates with low per-capita transit ridership.[9] By investing in transit, the region and state will ensure these safer travel options continue to be available.

Transit fosters a vibrant and connected regional economy

Transit's importance extends far beyond its role in the broader regional transportation system. As ON TO 2050 highlights, transit is also crucial to the economic prosperity of the region and state. Transit connects residents to economic opportunities — jobs, education, and training. Hundreds of thousands of residents rely on the transit system every day to access these opportunities.



"The Thompson Center will provide employees with unparalleled public transit access as the only building in the city where six L train lines converge, easily connecting Chicago's South, West and North sides."

- Google

As shown in Figure 7 below, many of the region's job centers, including those outside of downtown Chicago, have strong connections to transit. And for many regional residents, that transit system is the difference between an opportunity being available or not. Without reliable transportation, a job or degree might remain out of reach, limiting the economic potential of both residents and their communities. Figure 7 also highlights the importance of considering transit and transportation in a regional context. The region has employment centers throughout northeastern Illinois; residents make employment choices accordingly.

Prior to the pandemic, CMAP found that more than half of regional employees commuted across county boundaries. Even in Chicago, more than a third of residents commute to jobs in suburban communities.[10] Transit already supports many of these trips. With new investments and new strategies (such as those recommended in the sections below), it could support even more.

While the number of regional employees working remotely has increased since the pandemic, most people still travel to work at least some of the time. Further, 60 percent of regional employees have jobs for which remote work is not typically an option — such as manufacturing, transportation and logistics, and retail. The transit system plays a critical role in ensuring that these employees can make it to the jobs that regional employers want to fill.

Transit is an important asset for businesses as they compete to attract talent and grow. Those same transit assets also make the region and state a more attractive global destination for businesses and special events. The region's transit system enables the thousands of attendees at conventions, concerts, parades, and sporting events to move throughout the region safely, efficiently, and affordably.

Transit's benefits can also be felt at a very local scale, with significant positive effects on property values and tax bases demonstrating that transit brings economic value to the communities it reaches and fosters a more connected economy at a regional scale.

Stakeholder input from focus groups

"Public transit is an important selling point for companies."

"There are people who can't get to the warehouse jobs because there is no public transportation. Those jobs just aren't available to them."

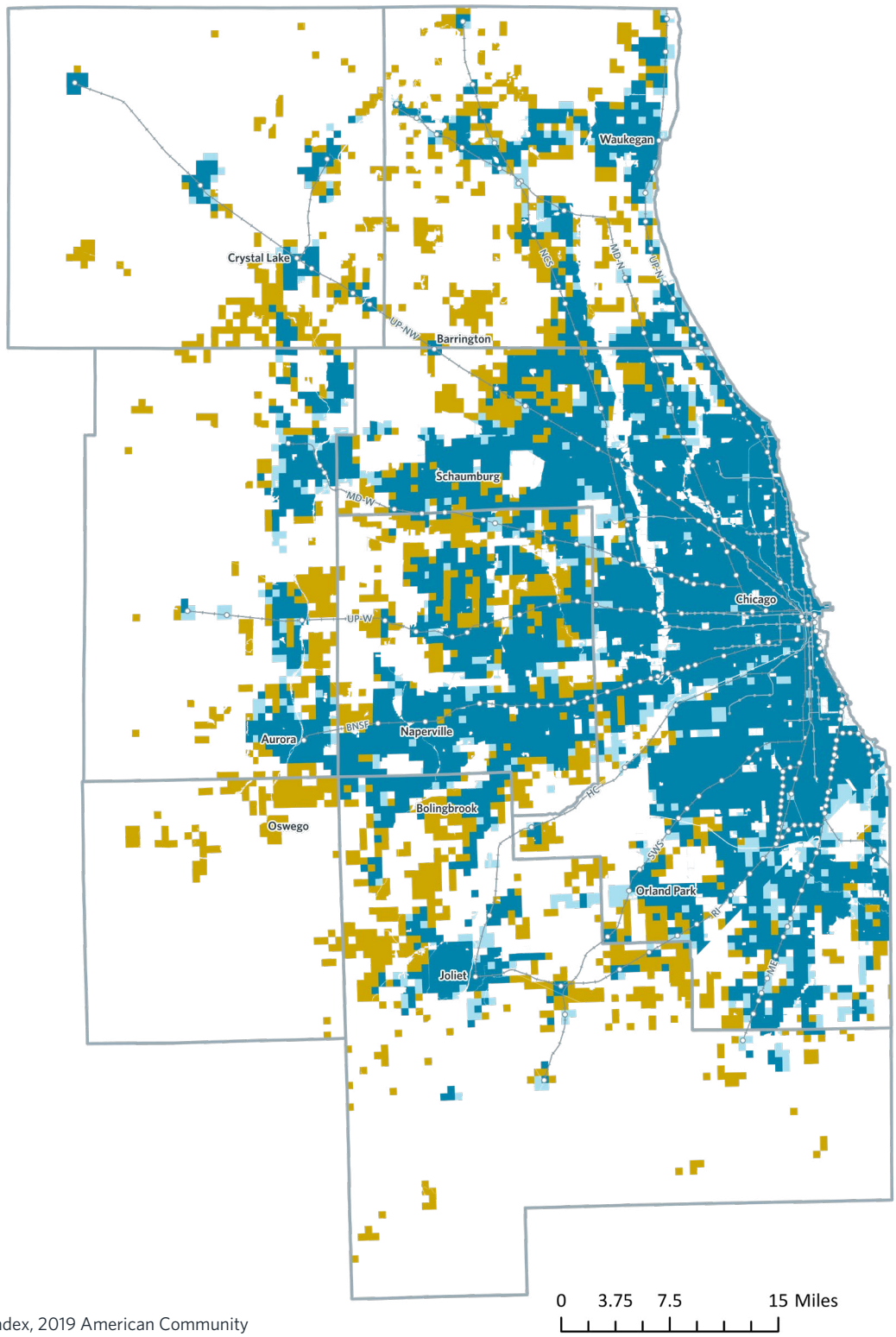
"Transit is important to majority of our employees — all anecdotal from various conversations but never far from our thoughts."

Figure 7. Many regional employment and population centers benefit from high levels of transit availability

Transit availability in the context of population and employment

Transit availability	Population and employment vs. regional median
Moderate to high	Above
Moderate to high	Below
Low	Above

- CTA rail stations
- Metra rail stations
- County boundaries
- CTA rail lines
- Metra rail lines



Source: 2019 CMAP Transit Availability Index, 2019 American Community Survey 5-year estimate population data, and 2020 Illinois Department of Employment Security data.

Note: Subzones with "moderate to high" transit availability have a score of 3 out of 5 or above on CMAP's 2019 Transit Availability Index; "low" subzones have an index of less than 3. Parks and bodies of water are not included in the data shown. The map was updated in November 2023 to reflect corrected population and employment figures for a small proportion of subzones.

Regional transit service coverage

Pace/Pace ADA serves 274 suburban municipalities and all 77 Chicago community areas

Metra serves more than 146 municipalities and 35 Chicago community areas

CTA serves all 77 Chicago community areas and 35 suburban municipalities

Previous research by RTA found that proximity to CTA and Metra stations increases property values, with a 26 percent increase in values for homes 500 feet from a station versus those a mile away.[11] Other studies have confirmed this positive impact of transit station proximity on property values, with premiums as high as 75 percent in London.[12] Transit stations also support a cycle of inclusive growth. The availability of transit enables greater levels of commercial development and economic activity. The resources this activity generates can be used to reinvest in local communities — with positive effects for residents, local governments, and regional employers.

In its 2023 strategic plan, RTA noted that the region receives a return on investment of nearly four dollars for every dollar invested in transit.[13] The compounding benefits of transit are seen in the increased mobility, safety, economic activity, and environmental relief that public transportation delivers. RTA's analysis demonstrates that transit leads to an additional $1 billion in annual tax revenue through activity such as increased property values, development decisions, and consumer spending.

Transit enables the region to mitigate and adapt to climate change

ON TO 2050 calls for major reductions in regional greenhouse gas emissions by 2050, with a goal of an 80 percent reduction relative to 2005 levels. To prevent the most severe impacts of climate change and achieve these goals, northeastern Illinois needs to reduce greenhouse gas emissions by approximately 5 percent annually.[14] The region is already taking steps to meet these climate goals. The Metropolitan Mayors Caucus led development of the 2021 Climate Action Plan for the Chicago Region, which includes a comprehensive set of climate mitigation and adaptation recommendations, including strategies for decarbonizing the transportation sector. All Chicago area councils of government as well as DuPage, Kane, Lake, McHenry, and Will counties have adopted the Greenest Region Compact, which is the largest regional sustainability collaborative for municipalities in the country.

Transit will be critical to realizing these climate goals. In northeastern Illinois, the transportation sector produces the second-highest amount of regional greenhouse gas after energy generation and use. Transportation emissions are growing, the vast majority of which are from car and truck travel.

Conversely, transit — which made up only 2 percent of transportation emissions[15] but roughly 7 percent of trips in 2019[16] — presents an alternative to passenger vehicle travel. Transit must be part of the region's solutions for reducing greenhouse gas emissions.

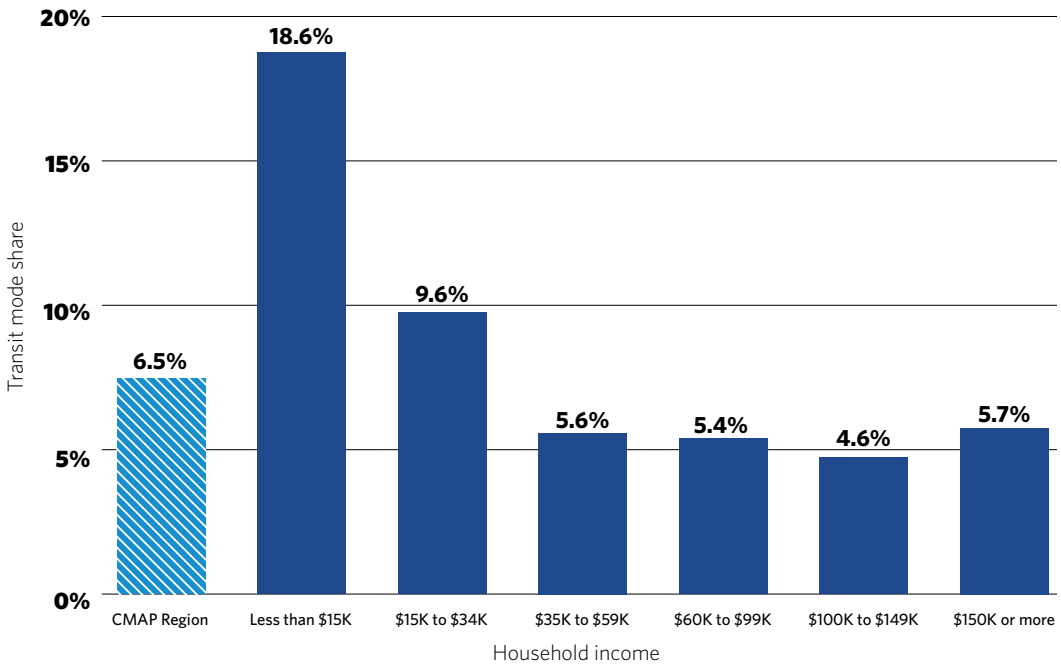
Transit also enables more environmentally sustainable land use and development patterns, including the kinds of compact and walkable communities that ON TO 2050 prioritizes. CMAP's Greenhouse Gas Inventory finds that communities with these characteristics, such as Chicago, have lower average transportation emissions.[17]

Transit is critical to advancing regional equity

If the region's transit system were significantly weakened, the whole region would suffer. As discussed above, residents from communities throughout northeastern Illinois would have fewer and worse options in terms of mobility, economic opportunity, and sustainability. But the brunt of these effects would be felt by the groups least able to afford it — like seniors, residents in households with low income, people who are unable to drive due to a disability, and residents from communities of color. Data shows that residents from households with low income are nearly three times more likely to rely on transit than the regional average.[18]

Figure 8. Regional households with low incomes rely on transit the most

Dependence on transit by household income, 2019



Note: Includes trips by residents age 5 and older of the CMAP seven-county region, Grundy, and Dekalb. Includes only trips that were within, to, and/or from one of those counties.

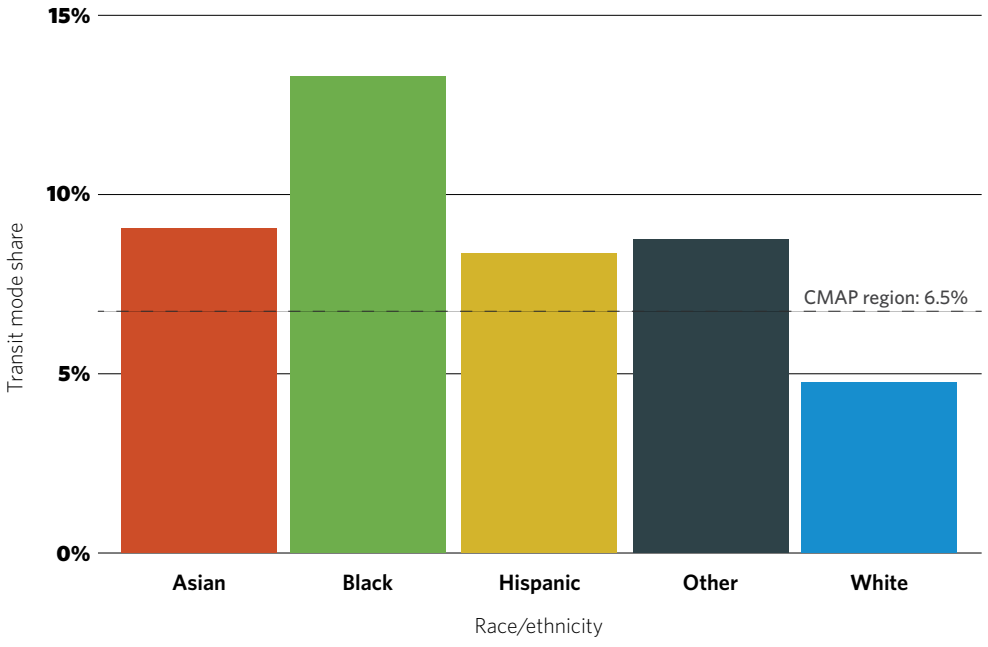
Sample size: Figures are based on total of 97,230 recorded trips. Travelers with household incomes below $15,000 have the lowest sample size, with 4,119 records.

Source: Chicago Metropolitan Agency for Planning analysis of My Daily Travel data.

One reason household with low income rely on transit is its affordability. CMAP analysis found that regional residents with low incomes spend 16 percent of their total income on transportation, compared to only 6 percent of residents with higher income. That makes transit, which costs significantly less than driving, a vitally important option — provided that the service meets riders' daily needs. Prior CMAP analysis found that in northeastern Illinois, the annual cost of driving (including vehicle purchase, maintenance, and fuel) exceeds $8,000 per year.[19] In contrast, an annual pass for nearly all CTA, Metra, and Pace services throughout the region currently costs $1,560 per year.[20]

Figure 9. Transit is especially important to the travel choices of residents from communities of color

Transit mode share by race and ethnicity, 2019



Source: CMAP analysis of My Daily Travel Survey, 2019.

Transit is also especially important to residents from communities of color throughout the region. CMAP research has found that these residents — including those identifying as Black, Asian, and Latino — were significantly less likely than the regional average to rely on a car for their transportation. Transit was a critical part of their travel choices, particularly for Black residents, for whom transit represented 13 percent of all trips (see Figure 9 above). And because many of these regional residents already also face longer trips than others,[21] a weakened transit system would only exacerbate existing inequities.

This reliance on transit was magnified during the COVID-19 pandemic. RTA surveys found that Black and Latino residents were significantly more likely to continue to ride transit throughout the pandemic. For example, on CTA, more than two-thirds of white riders stopped using the system during the pandemic, compared to roughly 40 percent of Black and Latino riders. Similar (although slightly smaller) disparities also existed on Metra and Pace.[22]



BACKGROUND: THE TRANSIT SYSTEM IN NORTHEASTERN ILLINOIS

THE REGION RELIES ON ITS **EXTENSIVE TRANSIT SYSTEM**

Northeastern Illinois has the second largest public transit network in the country, serving millions of riders across six counties: Cook, DuPage, Kane, Lake, McHenry, and Will. This network is coordinated by RTA, which conducts strategic planning and oversees the finances and accountability of three transit service boards: CTA, Metra, and Pace.

To see the extent of the region's rail, bus, and demand-responsive/paratransit services, please see the appendix's "Overview of regional transit operations" and related documents like RTA's 2023 operating budget and capital plan.

COVID-19 EXACERBATED THE **REGION'S TRANSIT CHALLENGES**

The COVID-19 pandemic created enduring challenges to the region's transportation system. At the onset of the pandemic, travel patterns changed drastically as residents adjusted to restrictions, closures, remote work, and online learning. Some elements of the regional mobility system, such as car and truck travel, appear to have returned to or even exceeded pre-pandemic levels.[23] However, other changes, including shifts in how and when residents rely on transit, are still evolving and may be longer lasting. Many of these shifts have also exacerbated pre-COVID trends.

Transit ridership plummeted

Following the onset of the pandemic in March 2020, regional transit ridership fell by as much as 80 percent.[24] As of October 2023, ridership remains well below pre-pandemic levels. However, ridership has gradually regrown since mid-2020, and has now returned to around 60 percent of its pre-COVID levels.[25]

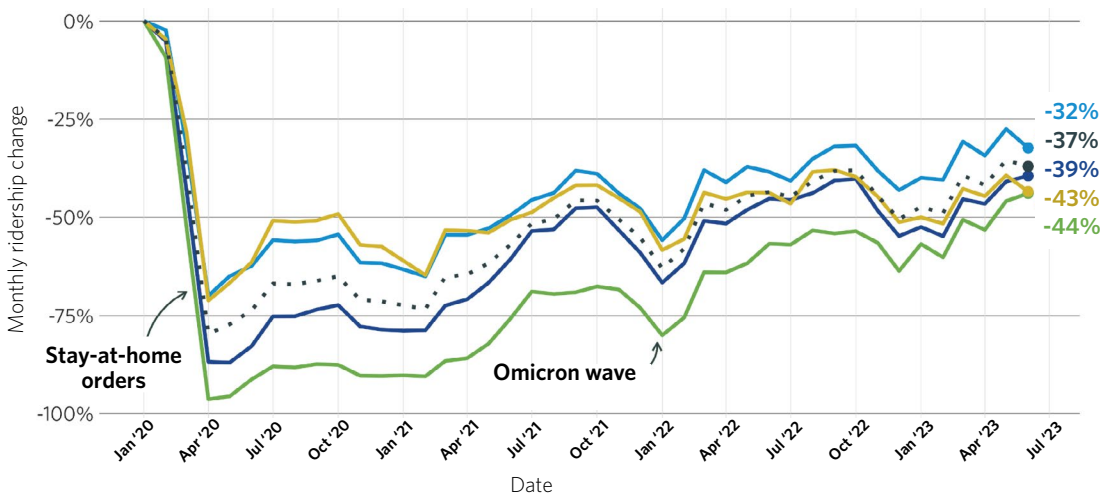
Figure 10. Monthly transit ridership declined since January 2020

Change in monthly transit ridership, January 2020 - June 2023

- CTA bus
- CTA rail
- Metra
- Pace
- Total

Source: Chicago Metropolitan Agency for Planning analysis of National Transit Database data through the month of June 2023.

Note: Pace ridership does not include ADA paratransit.



It is important to note that ridership is not the only metric of success for regional transit. Even with lower ridership, the region's public transit system maintained critical transportation services through the pandemic. A survey conducted by CTA found that 26 percent of respondents would not have had access to their workplaces without CTA services during the stay-at-home orders.[26] And while ridership is lower than pre-COVID levels, the region's transit system is still moving more than a million people on an average weekday.[27] Transit continues to provide residents with access to jobs, healthcare, education, friends, family, and more.

Throughout the country, transit ridership is not expected to return to pre-pandemic levels this decade.[28] In northeastern Illinois — according to baseline scenario projections from RTA's 2023 strategic plan — system ridership is projected to reach only 68 percent of pre-COVID levels by 2026 and 74 percent by 2031.[29]

Remote work changed the future of transit ridership

While the ultimate shape of the post-pandemic economy remains uncertain, it appears likely that remote and hybrid work will remain at significantly higher levels than before the pandemic, with long-term impacts on transit ridership.[30]

For example, weekday transit ridership is now highest on Tuesday, Wednesday, and Thursday, reflecting hybrid and remote work scheduling preferences.[31] CMAP analysis found that as many as 23 percent of workers in the region are now expected to work remotely on an average weekday — compared to around 7 percent before the pandemic.

The growth of remote work will be a factor in communities throughout the region, with impacts for where and when regional residents choose to travel. However, the concentration of remote-friendly jobs in areas like downtown Chicago that are well-served by transit will have significant consequences for transit ridership — as workers shift from riding the system five days a week to two or three.

Despite the shift, many of the region's workers hold jobs in industries where remote work is not always a realistic option. For instance, in the retail industry, only about one out of ten workers is likely to have the ability to work remotely on a regular basis. Similarly, in the manufacturing sector, only about a quarter of roles can be done remotely. And while telework may replace some transit trips in the long term, there are far more transit trips, work-related or otherwise, that are not affected by the rise of remote and hybrid work.

While telework has significantly affected transit use in the region, it is not the sole cause of recent ridership declines. As shown in Figure 11 below, regional transit ridership was falling even before the pandemic.

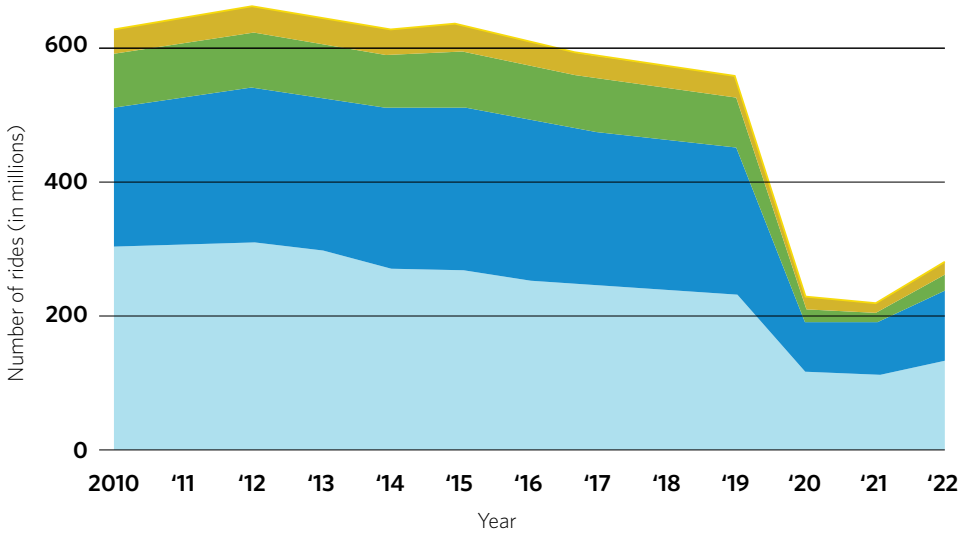
Figure 11. Even before COVID-19, transit ridership was gradually declining

System ridership, 2010-2022 (annual unlinked passenger trips, in millions)

- CTA bus
- CTA rail
- Metra
- Pace
- Pace ADA

Note: Unlinked passenger trips are defined as the number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles, no matter how many they use for their trip.

Source: Regional Transportation Authority Mapping and Statistics.



The sections later in this report will review some of the specific (and more longstanding) concerns raised by regional riders, such as safety and security, cleanliness, reliability, and transit's competitiveness with other modes, including newer options like Uber and Lyft. COVID-19 exacerbated many of these challenges, causing abrupt shifts in behavior and, potentially, leading regional residents to form new habits and preferences.[32]

Changes forced the transit system fiscal crisis

The sudden decrease and slow recovery in post-pandemic ridership drove the need for federal operating support and has created a looming fiscal cliff. As soon as federal funding is depleted (currently estimated to happen in 2026), the service boards will face a substantial operating deficit that, if realized, will necessitate drastic cuts to operations and service (e.g., staff layoffs and running fewer trains and buses).

Prior to the pandemic, transit operations had faced other funding crises. Funding crises led to reforms and new investments, but as prior reports have repeatedly noted, these changes were never sufficient to address transit's ongoing financial sustainability. The stresses caused by the pandemic have exacerbated these longstanding challenges. When combined with recent issues and the looming exhaustion of federal aid, the regional transit system has never faced such a significant and sudden financial threat. It is critical, therefore, that PART identifies and addresses the various causes for the current operating gap as part of long-term financial sustainability for transit operations.

PART focuses on this immediate operating shortfall, along with strategies and investments that could improve the system for both existing and potential new users. However, the region's transit system also faces a $20+ billion unfunded backlog of investments necessary to maintain the system, commonly referred to as "state of good repair" (SOGR) efforts. Recent state and federal capital bills have only started to address the backlog. Even if the current levels of capital funding are maintained, it will still take decades to eliminate the backlog.[33] The success of operations and system enhancements recommended by PART will rely on a robust state and federal commitment to addressing these SOGR concerns, so that the system can continue to provide safe and reliable service throughout the region.

The estimated $730 million operating funding gap has multiple causes. Three significant drivers include:

Declining ridership. Transit ridership is only expected to return to about two-thirds of pre-COVID levels by 2026. Decreases in ridership equates to a significant reduction in fare revenue versus pre-pandemic trends, making it the single largest contributing factor to the anticipated funding gap in 2026.

Reduced average fares. The transit service boards have made changes to their pass and transfer structures. These changes have helped to attract riders back to the system and accounted for new hybrid work patterns, but they have lowered the average fare paid by the systems' riders.

Increased costs to operate transit. The costs of providing transit services in the region are also projected to grow faster than they did before the pandemic. This is due to the pandemic's economic effects on the supply chain, rising labor costs, and persistent inflation.

The funding shortfall would be even greater if it were not for higher-than-expected collections from the RTA sales tax.[34]

Transit helps the region to achieve its goal to become a more inclusive, prosperous, and equitable place to live, work, and thrive. The challenges facing northeastern Illinois' transit system are significant; so too are the risks the region faces from the scale of cuts inaction would require.



The transit system **the region wants**

The public transit system in northeastern Illinois is one of our greatest assets, offering residents and visitors access to mobility options throughout the region. Whether by bus, rail, or paratransit, transit moves hundreds of thousands of people every day. The benefits of that system also extend far beyond just those who ride transit. Transit is critical to achieving the region's economic, climate, and equity goals. And while the transit system looks different now than it did before the COVID-19 pandemic, the system's importance to those regional goals remains.

Even before the pandemic, the region's transit system, and the users who rely on it, faced significant challenges. Historically, transit served some types of trips quite well, such as weekday rush hour trips to and from downtown Chicago. However, for other travelers — those traveling at different times of day or between different places — transit was not always competitive or convenient, if it was even available at all.

Before COVID-19, transit saw more competition — and falling ridership. Services like Uber and Lyft drew some riders away from transit. Added congestion slowed down bus service. Gaps in the sidewalk network and inaccessible rail stations meant that some riders had no choice but to find other options or not travel at all. Uncoordinated fares and services increased costs and travel times for riders. Service cuts, especially on CTA, left riders with fewer and worse choices.

While the pandemic exacerbated some of those challenges, it also introduced new ones. The growth in remote work has reduced the kinds of trips — rush hour commutes — which transit is currently most well-equipped to serve. With fewer of those trips, transit agencies have less fare revenue to operate all their services. Regional concerns about safety and security on the regional transit system were magnified by both reduced ridership levels and broader societal challenges. Service reliability suffered as transit providers dealt with significant staffing shortages.

These challenges reinforce one another. Less frequent and reliable service can leave riders feeling unsafe while waiting for transit. Residents who are riding less often may decide to stop using the system entirely due to frustrations with reliability. Potential new transit employees may be dissuaded from applying due to safety concerns. Collectively, these challenges and others have left the system at risk of a downward spiral — with fewer riders, service cuts, and a region that is less connected.

> "Public transit is a public service people need. It's a lifeline for many."
>
> **- Focus group participant, labor representatives**

> "A lack of public transportation limits what people can do."
>
> **- Focus group participant, Will County social service agency**

The state should play a role to address each of these challenges. It is uniquely empowered to equip transit to succeed. By acting across the many issues that impact transit's success, the state could unlock a virtuous cycle, rather than a downward spiral — with service, ridership, mobility, and regional connectivity growing in tandem. A stronger transit system would better support state goals to address the effects of climate change and reduce greenhouse gas emissions. It would be better positioned to enable equitable access to opportunities for all regional residents. And it would be a more powerful tool to advance the global attractiveness and economic health of the region and state.

This report will outline how the state can support the priorities of that stronger regional transit system, with actions to:

Focus on transit service: Secure funding to maintain and expand transit service levels; a more robust funding framework that would allow regional transit service providers to make targeted investments that improve the quality and availability of transit throughout the region.

Provide integrated and affordable fares. Fare integration across the region's transit providers and other complementary modes; a commitment to keep fares on pace with inflation and provide more affordable fares and passes for low-income travelers and youth to balance any required fare increases.

Enable faster and more reliable bus service. Planning, funding, staff capacity, and enforcement to advance bus priority initiatives.

Bolster public confidence. Physical investments, staff funding, and new policies to improve safety, security, and cleanliness.

Build back a ridership base. Incentives and policies that foster more transit-supportive land use and development decisions; support for Metra's evolution to a regional rail service model.

Invest in a universally accessible system. Planning and funding to accelerate physical system accessibility and at crucial access points; investments to bolster existing paratransit and demand-responsive transit services.

The recommendations included in this report each represent significant opportunities to strengthen and improve the regional transit system. Advancing any one of them would have benefits for both transit riders and the broader region. But their effects would be heightened if implemented collectively. PART recommends that state and regional leaders consider these recommendations as a combined package of solutions. If adopted, these recommendations could enable transformational improvements for mobility, sustainability, economic vitality, climate preparedness, and equity in northeastern Illinois.

It is also important to highlight that in any package of solutions, PART recommends that the state fully address the anticipated fiscal cliff and enable significant improvements to the regional transit system. Without these additional resources, many if not all of these improvements would not be possible. Any lower levels of new funding might enable the system to stave off the worst consequences of the looming fiscal cliff. However, simply filling the funding gap would not align with PART's goal to "rebuild a system that is stronger than before COVID-19." In a more constrained scenario, transit providers would at best be able to partially restore service levels and make modest progress on regional priorities like fare integration. Many priorities identified through PART — such as expanded service, a low-income fare subsidy, or investments to improve the rider experience — could not be achieved. Even more worryingly, the system would remain at risk of the downward spiral that could undermine both transit funding and ridership in the long term.

> "How to improve public transit? Affordable fares, more reliable and frequent service, and safety."
>
> **- Focus group participant, Belmont-Cragin student group**

> "(Our clients) use transit for everything. They rely on buses to get to grocery stores, food, church, work, schools, everything."
>
> **- Focus group participant, Will County social service agency**

Some recommendations could be advanced with an initial level of funding but would benefit from additional resources. Others would require or benefit from changes to transit system governance and decision making. These connections, including potential funding strategies and alignment with recommended governance reforms, are explored in later sections of this report.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.[35]

FOCUS ON
TRANSIT SERVICE

Spotlight on state and regional priorities

Equity. A transit system with improved service would benefit all residents, but especially those from households with lower incomes and communities of color.[36] The scale of investments outlined in this section would represent a significant and critical investment in advancing regional equity.

Economy. A more frequent, reliable, and robust transit system would expand regional access to both job opportunities (for workers) and talent pools (for employers). It would also maintain and grow an asset that is critical to the national and global competitiveness of both northeastern Illinois and the entire state.

Climate. A strong transit system is critical to achieving regional and state climate goals. These investments would enable residents to switch to more environmentally sustainable modes, as well as support the vibrancy of the compact, walkable, and transit-oriented communities throughout the region that make those choices realistic and attractive.

The most fundamental concern for PART is protecting and reinforcing what transit makes possible — a more prosperous, environmentally sustainable, mobile, and equitable region. Transit has long played that role in northeastern Illinois, but those benefits will only continue to be possible if there is still a transit system to provide them. PART's first priority is to ensure that transit providers can maintain robust service levels and pave the way for additional investments that improve frequency, reliability, and coverage in the region.

Riders want better service. Surveys from both before and during the COVID-19 pandemic have shown that riders prioritize issues like frequency and reliability over other potential improvements.[37]

Even before COVID-19, riders faced challenges with the availability of regional transit service. In 2019, overall transit service levels were lower than they were in 2007 (Figure 12). While Metra and Pace added service over the decade before the pandemic, this growth was more than offset by changes to CTA service relating to ongoing funding shortfalls (discussed in more detail in "Funding the transit system the region wants"). Following the 2008 recession, CTA cut more than 10 percent of its service, with the reductions impacting CTA bus service the most.

> In a workshop with CMAP's Community Alliance for Regional Equity (CARE) members, participants shared that greater reliability and frequency were their top priority for improved transit service.
>
> "There's a lot of people in the Chicago area whose transit commutes are almost as long or longer than their workday."
>
> **- CARE member**

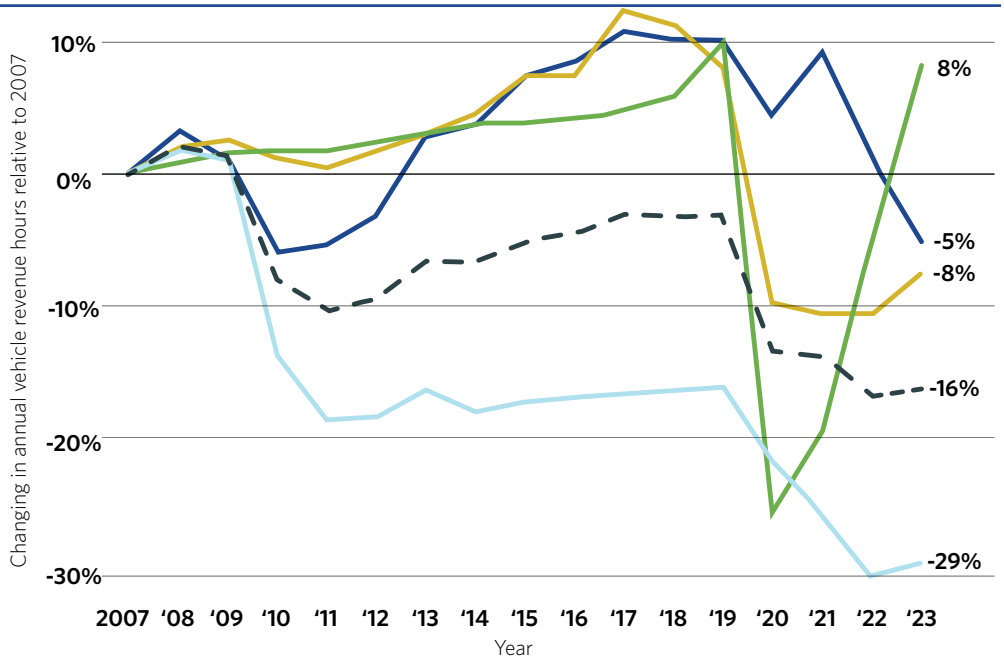
These changes are the product of several factors, but one of the most important is the amount of funding. Like other modes of transportation, transit relies on a mix of user funding (e.g., fares) and public subsidies (e.g., RTA sales tax) to operate. The region's transit service providers are already more cost-efficient than most of their peers. Thus, while there are opportunities to minimize cost growth, for the most part, more service requires more funding — from the public, from fares, or both.

While funding is important, it is not the only factor. Another significant factor is that operators can only provide as much service as they have staff to run it. The region's transit operators have also faced challenges in maintaining and hiring staff. For example, CTA has hundreds of unfilled positions for both rail and bus operators.[38] This has been a major contributor

Figure 12. Overall transit service levels had fallen even prior to COVID-19

Change in vehicle revenue hours over time

- CTA bus
- CTA rail
- Metra
- Pace
- System Total



Source: Chicago Metropolitan Agency for Planning analysis of National Transit Database data.

Note: 2007-2021 data relies on 2021 Annual Time Series: TS2.1 Service Data and Operating Expenses Time Series by Mode. 2022 figures rely on unaudited monthly figures from Complete Monthly Ridership (with adjustments and estimates). 2023 figures are extrapolated using the same unaudited monthly figures from which the 2022 figures are derived.

to recent changes to CTA's service levels, which have declined markedly between summer 2020 and today. CTA has adjusted schedules to match service levels with available staff capacity while hiring efforts continue. This has improved service reliability, but it has not been able to address the fundamental issue: the system cannot currently provide as much service as riders need. This problem is also not unique to CTA: 84 percent of transit agencies around the country, including both Metra and Pace, have reported workforce challenges that have impacted service quality.[39]

The demand for different kinds of transit service has also changed. For example, while the weekday rush hour remains transit's most important market, that importance has lessened — especially on Fridays.[40] Instead, ridership has recovered to a greater extent at other times, like weekends and midday. However, these off-peak times faced challenges even before the pandemic, with less frequent service or, in some cases, no service at all.

The region's transit providers are already adjusting service to better serve these changing demands. Pace has reallocated service from low-ridership, commute trip-oriented "feeder routes" to enable increased frequencies on other parts of the system.[41]

Metra is evaluating how it can restore service in a way that responds to new travel markets and increase frequencies, including during off-peak times.[42] CTA's recent changes have helped address long gaps in service during lower frequency periods like evenings and midday.[43]

However, without additional resources, the region's transit providers will only be able to do so much to respond. Today's temporary staff constraints would become permanently reduced levels of capacity. To better serve one market or time of day, transit providers will usually need to reduce service to another. There may be some opportunities to do this strategically, such as reallocating some peak period Friday service to other times or days. But these opportunities are limited and pursuing them too aggressively could leave the system unable to provide the quality of service residents want and deserve.

A more ambitious approach is possible. By adopting the recommendations below, the state could enable a much more robust set of improvements — ones that do not require reallocating transit service within today's current levels, but that instead allow transit providers to expand service in ways that meet both changing and established travel needs.

Recommendation: Prioritize restoring and investing in regional transit service levels

Operating cost: $1-1.25B annually
Capital: $50-150M+ annually
Note: Capital costs could vary significantly depending on service patterns; these funding amounts would not be sufficient to address transit's $20+ billion state of good repair backlog but could support targeted investments that support increased service.

Governance component:
Yes

The state should ensure the region's transit providers have the resources necessary to provide robust levels of service throughout the region and throughout the day. While there are many potential uses for new funds for transit, this focus on service should remain at the forefront.

Consistent with this principle, PART prioritizes service above all other potential investments, accounting for a large majority of all new public funds. New resources at these levels would address the anticipated funding shortfall, allowing operators to maintain service at pre-COVID levels in an evolved regional transit network. But these new resources would also enable significant investments in more transit, allowing more frequent service at more times and in more places throughout the region. Along with other fare revenue, financial stewardship strategies, and capital funds, the proposed operating funding increases could enable incremental service investments ranging from $250 million to $500 million annually. New public funds would also leverage additional fare revenue from new riders, enabling a proportionally larger increase in service (even if at a lower rate than the pre-COVID farebox recovery ratio).

These additional resources also support transit operators as they continue aggressive recruitment efforts while exploring innovative workforce practices to remain competitive and attractive places to work.[44]

Recommendation: Require transit providers to develop an overarching regional transit service framework

Operating cost: $1-$2M for planning
Capital: N/A

Governance component:
Yes (funding allocation)

The looming fiscal cliff presents a stark challenge for the region's transit operators, one that could force the transit system to make damaging service cuts. However, if the state made sufficient resources available to not only address the gap but also go beyond, transit would operate under a new paradigm. Rather than deciding which transit services to cut, transit operators should identify where and when to add and improve service.

To maximize the value of any new public investments, the state should require transit providers to develop an overarching regional framework for transit service decisions. The framework should build on the region's existing vision for transit: "safe, reliable, accessible public transportation that connects people to opportunity, advances equity, and combats climate change."[45] It should articulate goals for the desired level of service in different contexts throughout the region. It should also reflect current and future changes in travel demand, with greater attention given to ensuring that transit can accommodate travelers throughout the day.

Key decisions would include:

Mode. Which type of service is best suited to meeting which travel demands (e.g., bus, urban rail, or regional rail).

Frequency. How often service will arrive throughout the day on different modes.

Span. What time service will start and end.

Coverage. What modes and frequencies are appropriate in which places.

It is important to note that the potential levels and types of transit service would continue to vary throughout the region, just as they do today. The framework would need to account for the factors that influence the effectiveness of regional transit, such as potential ridership demand, the surrounding land use and development context, and connections to last-mile services and other transportation modes. The framework would also need to incorporate broader concerns about both equity and climate issues, reflecting transit's crucial role in enabling physical mobility, access to economic opportunities, and environmental sustainability.

This concept is not new to the region. Each transit service provider already makes decisions about minimum service standards, and leverages it's individual approach when allocating resources within their systems.[46] RTA also maintains some discretionary funds, such as the Innovation, Coordination, and Enhancement program, with a goal of incentivizing broader regional coordination across modes.[47] However, most existing transit operating funds are allocated according to fixed statutory formulas. That funding does not appropriately account for the regional nature of either the transit system or residents' travel needs.

Recommendation: Leverage the regional transit service framework to guide decisions on service improvements and related capital investments



Operating cost: Staff time
Capital: N/A



Governance component:
Yes (funding allocation)

The state should require transit providers to incorporate the regional framework into regional transit service investment decisions. This would represent a philosophical shift in funding allocation and allow more strategic investment in transit service that meets regional goals, regardless of which mode(s) of transit are required to achieve those goals. This funding allocation model would also allow transit providers to consider evolving trends in travel, population, and employment — and enable them to respond proactively to challenges and opportunities as they emerge.

As noted in the transit governance recommendations in this report, the goal of this recommendation is not to reduce existing service levels in any part of the region. When accompanied by new resources, the framework will ensure that all regional transit users maintain the access they have come to rely upon, even while new investments are targeted to achieve additional regional transit service goals.

Even with significant new funds, there would still be both financial and logistical limitations on how much service could be offered — relating to cost, staffing, fleet size, track capacity, and more. In the near term, these limitations should lead transit operators to prioritize adding service that is feasible within the constraints of existing capital resources. This could include greater investments in off-peak and weekend services, by adopting more frequent minimum headways for all-day service on both bus and rail (e.g., every 5-10 minutes on CTA rail or hourly service on Metra). More frequent all-day service would align with investments made by global peer systems, such as in Berlin[48] and New York City.[49] These investments would complement other recommendations, such as the evolution to regional rail and a more aggressive pursuit of bus priority projects. They would support travelers on all the region's transit modes, from CTA rail to Pace ADA paratransit. And while fixed-route and paratransit services will and should remain the core of the region's transit service, these investments could also support targeted improvements for better coordination and deployment of the region's various demand-responsive services.

This approach would also build on recent service board efforts to streamline and rationalize service provision. Each of the region's transit operators has services that overlap with one another, such as Pace and CTA in outer Chicago neighborhoods and inner Cook County suburbs, or Metra and CTA on rail corridors throughout the urban core. This model could reward operator efforts like the North Shore Coordination Plan, which maximized the effectiveness of CTA and Pace's complementary bus services in part of northern Cook County.[50]

This regional transit framework should also inform how the region approaches longer-term investments in transit operations and related enabling capital

investments. Even with additional resources, if some elements of the region's service standards remain out of reach, the framework could guide the pursuit of additional operating and capital funds. For example, many of the system's backlog of capital investment needs, such as rail slow zones, have a direct impact on how much transit operators can provide today. If staff levels continue to be a constraint, the region could also maximize the value of staff who are available by investing in related PART recommendations like bus priority or exploring longer-term investments in strategies like automated train operations.[51]

This approach would also guide decisions about how to weigh conflicting priorities. For example, both CTA and Pace have committed to transitioning their bus fleets to zero emissions by 2040. As they pursue this important goal, it will be crucial to ensure that these investments do not come at the expense of transit service.

Implications for transit system funding and governance

Improved transit service is at the core of PART. It would require significant new resources to cover the incremental operating costs of increased service (e.g., more operators, maintenance, and fuel) and future capital investments (e.g., updated rolling stock and station upgrades).

This recommendation also informs PART's broader approach to transit system governance and decision making. Adopting the regional transit service framework would become a core function of regional transit governance. Just as important, it would become a foundational element of how that system allocates funding to provide regional transit service.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.



PROVIDE INTEGRATED AND **AFFORDABLE FARES**

Spotlight on state and regional priorities



Equity. The interrelated recommendations around fare increases, fare affordability, and fare integration intend to strike the proper balance between adequately funding the transit system while providing appropriate support to the region's most vulnerable riders. These changes would also allow riders to choose the mode of transit that works best for them — rather than incentivizing the most cost-sensitive riders to choose an option that might be slower or less convenient, simply because it is cheaper.



Economy. These changes would also expand access to opportunities for regional riders. Travelers with limited incomes would have more affordable options to get to work or to school. Riders throughout the region would be able to access more destinations throughout the region easily and affordably. Employers could draw from a larger pool of workers for whom transit is a realistic option.



Climate. The recommendations also serve to improve the quality and usefulness of the transit system, including by increasing its attractiveness for many different kinds of trips throughout the region. A robust, well-funded, integrated transit system is essential to broader regional goals, including providing sustainable transportation options and reducing greenhouse gas emissions.

Transit fares are and will continue to be a vital source of operating funding for the region's transit system. CMAP has consistently emphasized the importance of user fees in the overall transportation funding structure.[52] Fares support and enable service, vehicle maintenance, operator pay, and much more. At their best, fares are equitably priced, easy to understand, easy to pay, and seamless when using more than one service to complete a trip. When fare collection falls short of these principles, it can result in a burdensome, inequitable, or confusing transit experience. This can discourage people from considering public transit or lead them to take a trip that is slower or more expensive than it should be.

The region has also heavily invested in the system's ability to improve fare collection and payment. The implementation of the Ventra system carried a capital cost of hundreds of millions of dollars. Ongoing improvements are also underway, with CTA and Pace procuring a next-generation Ventra system expected to cost an additional $100 million or more.

> In a workshop with CMAP's CARE cohort, participants shared that **discounted fares for low-income households and youth would help to maintain affordability**, but it would also be important to invest additional resources in better and expanded transit service.

Before the COVID-19 pandemic, both CTA and Metra ranked among the top 10 transit agencies in the country for farebox recovery, both covering more than 40 percent of annual operating costs from fares.[53] This has led to an unexpected dynamic, where regional transit is now at risk from the model built on its success. Prior to the pandemic, this high level of fare revenue meant that transit operators required a smaller public subsidy to provide services than many of their peers.

With lower levels of ridership and fare revenue expected in the coming years, the region will need to consider a new model — one where fare revenue still makes up a stable source of operating revenues, but at a lower level than before. As transit providers adapt, they will have opportunities to also consider how their fare decisions can enable a stronger, more equitable, and more integrated mobility system.

Recent fare increases have been irregular and inconsistent

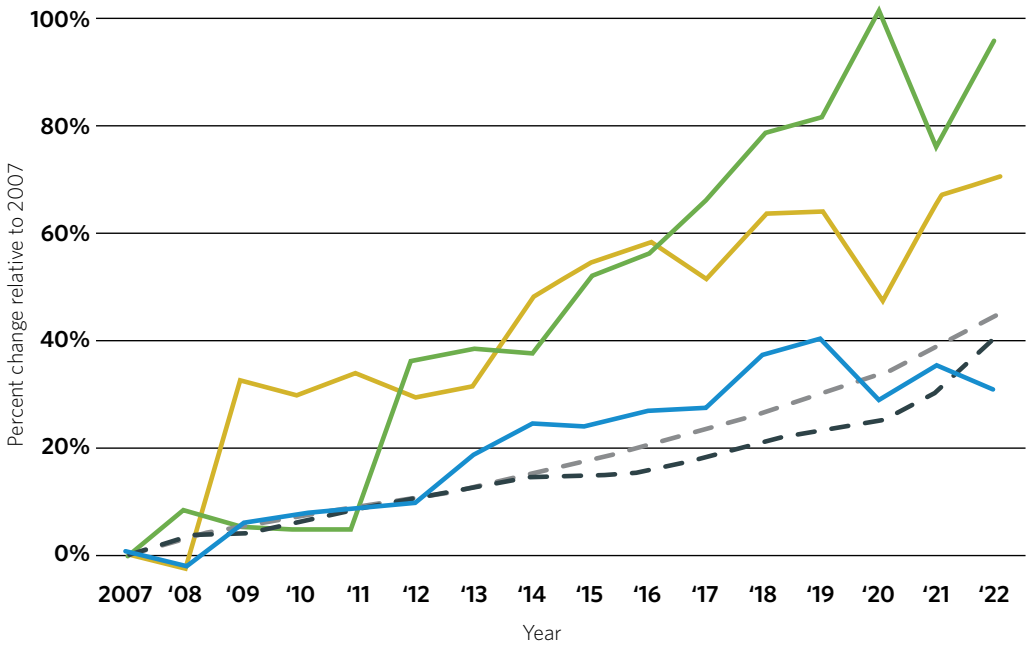
Over the past two decades, the service boards have increased fares at irregular intervals. Fares have been adjusted to close budget gaps when necessary, or in some cases to support capital investments. Fare increases have not been coordinated across agencies and have occurred at different times and in different amounts. Since 2007, the average fare collected by CTA has increased by approximately 30%, while Pace fares have increased around 70% and Metra fares have nearly doubled. This means CTA's fare increases have kept pace with inflation, on average, while Pace and Metra have exceeded it (Figure 13).

The cadence of irregular fare increases while costs regularly grow with inflation creates a precarious financial situation for transit service providers. This often creates pressure to reduce service or cut costs in other ways.

Figure 13. Average fares have generally kept pace with or exceeded inflation over time

Changes in average fares and inflation, relative to 2007

- CTA
- Metra
- Pace
- Consumer Price Index (CPI-U)
- Employment Cost Index (ECI)



Note: 2022 fare figures are unaudited. CPI-U reflects average inflation for all urban consumers. ECI reflects total civilian compensation.

Source: RTA Budget Documents 2007-2022, U.S. Bureau of Labor Statistics, Federal Reserve Economic Data (FRED)

CMAP estimates that if fares had kept pace with recent inflation, fare revenue would be $50 to $200 million higher in 2026. This revenue alone would not be sufficient to close the anticipated funding gap. The fare increases required to fully close the gap would be so large that they would likely lead transit riders to choose other options or not travel at all. However, one element of the solution should be a modest fare increase (keeping pace with inflation) and an ongoing commitment to maintaining stable fare revenue through regular increases. Establishing a predictable and inflation-protected policy on fare increases would better align the system's revenues with its operating costs long-term and provide riders, agencies, and elected officials with more predictable expectations for how fares and revenues will change over time.

Recommendation: Plan for ongoing fare increases to keep pace with inflation

Operating cost: Estimated $100M additional revenue in 2026 with increases to partially offset recent inflation. Future revenue would remain stable due to ongoing adjustments.
Capital: N/A

Governance component:
Yes (centralized fare policy)

The state should require the region's transit providers to consider regularly recalculating base fares and passes based on the rate of inflation (e.g., at least every four years, potentially using the Consumer Price Index), similar to efforts pursued by peer agencies like LA Metro.[54] This would be the default basis for projected future fare increases and for annual agency budgeting purposes. The analysis above demonstrates that overall, this would not lead to a markedly different average increase in fares. Its goal is instead to ensure that fares can remain a stable and ongoing source of revenue for transit operations in the future, with greater predictability for both riders and transit operators.

To preserve flexibility, the state should also enable transit providers to deviate from inflation under extraordinary circumstances (e.g., a public health emergency), as well as to accommodate broader changes in fare structures outside the scope of regular inflation adjustments. This authority should be integrated into the overall governance structure that centralizes fare policy at the regional level.

PART also recommends that fare increases be a part of the broader funding solution for 2026 and beyond. Peer systems, such as New York City's MTA, have recently adopted fare increases as one element of their overall funding solution.[55] Any fare increases could be adopted in conjunction with an ongoing commitment to keep pace with inflation and should be considered alongside a thorough Title VI analysis and public input process. PART assumes an increase in fare revenue of $100 million annually versus baseline projections with unchanged fares. However, it is important to note that increasing fares can have negative impacts on ridership and equity, particularly for riders with low income who would be impacted the most. The recommendations below would mitigate these effects.

Existing fare discount programs do not meet transit riders' needs

Riders from households throughout the region rely on transit. However, the transit system is disproportionately important to riders from low-income households. Transit is more affordable than other options, like driving a car. Affordability matters and is part of the reason these riders have come to rely on transit to access jobs, education, and other opportunities.

However, as noted above, all riders care about more than just the affordability of transit. Affordability is only relevant if the system can meet traveler needs. If the bus is not running when a traveler needs it, it does not matter whether the fare is $2 or $10. This highlights an important tension: unless replaced by an outside funding source, any reduction in fare revenues will reduce the resources available for transit operators to maintain and improve the quality of transit service. Given the necessity to maintain fares as a stable source of operating revenue with inflation-protected increases, fare policies and programs that strategically increase the affordability of transit are necessary to avoid disproportionately burdening the ability to move across the region. However, the cost of these strategies must be carefully balanced and weighed against opportunities to dedicate resources for improving transit service.

Today, the region's transit providers offer several eligibility-based discounts and subsidies. The most significant are RTA's Ride Free and Reduced Fare programs, available to riders who receive social assistance from federal or state programs, including Medicare recipients, people with disabilities, and riders over 65. These programs are unfunded mandates.

> "Who would benefit most from reduced fares? Low-income people, people with disabilities, seniors, the unemployed, and students."
>
> **- Focus group participant, Will County social service agency**

All three service boards also independently provide discounts for youth and students, as well as other groups like veterans and military personnel. However, there are variations in discount amounts, eligibility requirements, and limitations on when discounts are available. These variations can be confusing to riders and may lessen program effectiveness.

Most transit customers are not eligible for these discount programs. For these customers, the most widely available method to save on transit fares is the purchase of unlimited-ride passes. These passes are available for time periods ranging from a single day to a month (varying by service board). Unlimited ride passes offer substantial savings over the cost of a single fare, with the deepest discount generally available for monthly passes (up to 50 percent less than individual fares for frequent transit users). While these passes can offer substantial discounts for riders, those with lower incomes — among the most frequent users of the transit system — may not be able to afford the upfront cost. As a result, riders who would most benefit from discounted fares end up paying more than they should.

Transit's role in regional mobility emphasizes the need to maintain and improve its affordability and cost-competitiveness, with a targeted focus on riders who rely on transit the most. The state plays a crucial role in facilitating this goal while also ensuring that resources can continue to support riders' top priorities: better transit service.

Recommendation: Establish regional fare subsidy programs that include youth and riders with low income



Operating cost: Varies depending on program, with scale of costs ranging from $15-150M annually (depending on discount, eligibility, and uptake).
Capital: N/A



Governance component:
Yes (centralized fare policy)

The state should require the region's transit providers to establish a consolidated fare subsidy program for youth and travelers from low-income household. The specific thresholds and discounts could be a function of regional fare policy decision making and could be informed by the upcoming report on fare subsidies that RTA is required to submit by June 2024. High-level features should include:

- Discounted fares available to residents from low-income households regardless of age or disability status.
- New fare subsidy programs to ease the administrative burden on both riders and transit operators by leveraging existing state functions (e.g., enrollment in SNAP or Medicaid).
- Discounts, eligibility, and allowed uses applied consistently across transit providers (e.g., unifying existing subsidies for students and youth into a regional youth pass product).
- Program costs accounted for and incorporated into the overall transit funding structure, while also fully funding existing programs like RTA Ride Free and Reduced Fare programs.

This recommendation would bring the region forward in adopting a growing body of best practices around fare policy for youth and people from low-income households. Peer regions such as Seattle, Los Angeles, and New York City have recently adopted means-tested fare discounts. Adopting these discounts would make the region's transit fares more equitable and would mitigate some of the negative effects of the ongoing fare increases required for transit's financial sustainability.

Recommendation: Implement fare capping

Operating cost: Minimal but depends on implementation. There are fare revenue implications, but pass rates could be adjusted to achieve revenue neutrality if desired.
Capital: $25-$50M

Governance component:
Yes (centralized fare policy)

The state should require the region's transit providers to implement a fare structure that includes fare capping. This allows riders to buy into a time-based pass automatically without the significant upfront cost of the current passes. With fare capping, riders pay individual fares for each trip; once they have spent an amount equal to the cost of a pass over a particular duration (e.g., daily, weekly, or monthly), additional rides during that period are automatically free. This model is increasingly common in peer regions, including in Los Angeles, San Diego, and New York City.[56]

Fare capping could be introduced by one or more service boards independently of the others with progression towards a single combined fare cap across all three service boards. Given that CTA and Pace fares are already closely integrated, it would be logical for the two agencies to offer a combined fare cap as a first step. To maximize the value of fare capping, the system should apply a combined cap for all service boards. Achieving that goal likely requires implementation of an integrated regional fare with free or discounted interagency transfers, delivered through an integrated fare collection system.

The state should provide the funding required for the transition to a fare capping structure, which at a minimum will require back-office software changes to the fare collection system to program the new fare approach. Legislative action to bring about seamless and integrated interagency fares and transfers, as discussed in the next section, is also an essential step toward regionwide fare capping.

Transferring between transit agencies requires multiple payment methods and paying multiple fares

The region's three transit providers offer overlapping, but at times inconsistent, systems of fare pricing, transfers, and fare collection technology. Uncoordinated fare and transfer structures disincentivize transit trips that combine Metra with Pace or CTA by requiring customers to pay two fares and use two different payment methods. This limits the types of trips riders will consider making on transit.

Transit providers have made progress toward more integrated fares over the past two decades. For example, the Regional Connect Pass, introduced in June 2022, offers unlimited rides on CTA, Metra, and Pace.[57] CTA and Pace fares are now largely integrated — both through the combined fare collection system and joint and discounted transfers when paying per ride.

However, Metra fares are still largely separate from the rest of the system, with a different method for collecting fares and discounted transfers available only to monthly pass holders. Fully integrating Metra fares with Pace and CTA is complex due to different fare pricing philosophies (zone-based versus flat), collection methods (visual inspection versus tap-on validation), and separate back-office systems for processing electronic fare payment transactions. Metra lacks the infrastructure to conveniently accept Ventra cards, which would likely exceed $100-150 million to install.

One consequence of the lack of fare integration between Metra and the other service boards is that relatively few passengers make these connections, most likely due to the high cost of two fares for a single trip. This represents a potentially new market that, if accommodated, could grow transit ridership.

Additionally, complementary connections that could extend the reach of the region's transit network (e.g., South Shore Line service to northwest Indiana, Amtrak routes that provide service to Metra stations in the region, and the Divvy bikeshare system) are not integrated with the region's fare system. Doing so would extend the reach of the transit system and provide additional mobility options using existing assets.

Fare integration is also about more than just a seamless rider experience. It would have significant positive impacts on the equity of regional transit services. For example, many neighborhoods and communities within the CTA service area are closer to a Metra station than they are to CTA rail. These neighborhoods and communities tend to have lower incomes and higher proportions of people of color than those directly served by CTA rail.[58] The higher fares charged by Metra, and lack of discounted transfers to connecting CTA bus and rail service from Metra stations, limits mobility options and reduces access to fast, affordable transit for many of the riders who would most benefit from high quality rail service.

Recommendation: Fully integrate fares among the three service boards and other complementary systems



Operating cost: $10M/year in new operating costs for administration and maintenance. Fare revenue impacts would depend on overall fare structure (impacts of $50-125M are possible but could be lower depending on desired approach).
Capital: More than $100-150M in one-time implementation costs with periodic replacement.



Governance component:
Yes (centralized fare policy)

To provide a seamless and affordable experience across multiple travel modes, the state should expand upon the previous mandates contained in the RTA Act, articulating specific principles for integration, including the requirement for a regional entity to be responsible for implementation. The specific principles to address in fare integration should include the following:

Unify fare system administration and payment methods. The state should establish a structure that enables a fully integrated fare system, including a regional owner for fare policy decision making and a fixed timeline for implementation. These requirements should be paired with the funding necessary to achieve full integration, including both initial capital and ongoing operations and maintenance.

Enable free or discounted interagency transfers. The state should require that all transit service boards offer free or discounted transfers between services, including for both single-ride and unlimited-ride pass products. The state should account for any potential revenue losses in the overall transit funding structure and empower the regional fare policy owner to oversee implementation.

Align fare structures across agencies for similar trips. The state could extend the previous recommendation by requiring the region's transit providers to align fare structures for similar trips (fares based on origin and destination, irrespective of which agency provides the trip). As above, the state should also account for revenue losses and governance implications.

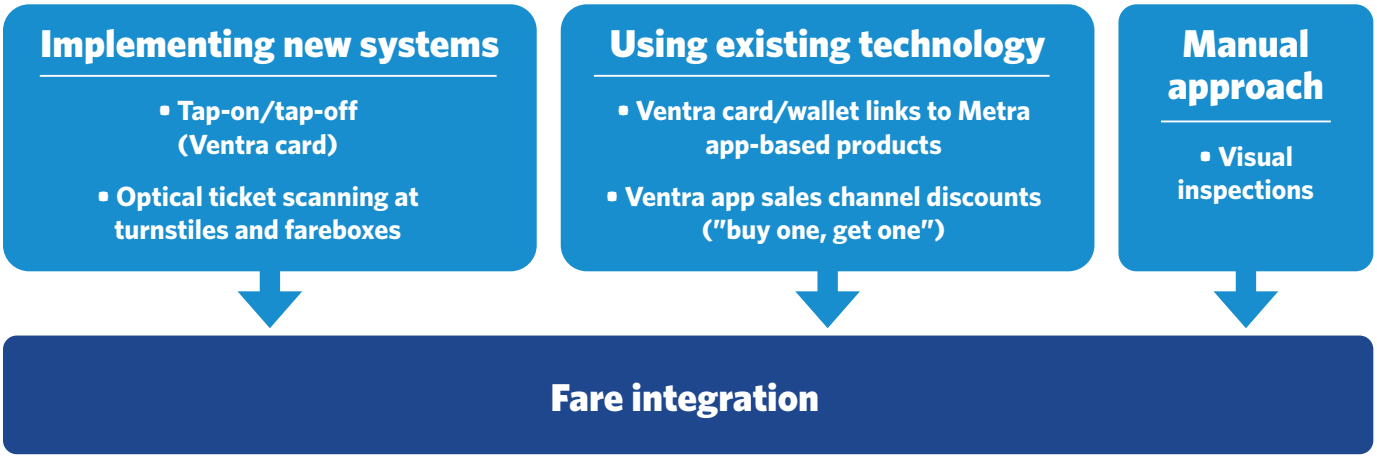
Integrate with complementary modes and systems. The state should encourage and facilitate fare integration with other complementary modes, including regional transit/rail service providers (e.g., South Shore Line and Amtrak) and micromobility (e.g., Divvy bike-share). The state should also expand data-sharing requirements for private mobility providers to better assess how they can support regional transit.

The first component, *unified system administration and payment methods*, is the key to unlocking the other components. The ability of the region's transit operators to offer integrated fare and pass products and seamless transfers is predicated on compatible systems for establishing, selling, validating, and tracking fares. Implementation of common business rules and governing policies like transfer periods and durations of pass products are also essential. This is one reason why a regional implementing entity is crucial to achieving a fully integrated fare system.

The most comprehensive (and costly) approach to technology integration would be the installation of equipment and back-office systems to allow Metra to accept the Ventra card, known as a tap-on/tap-off system — so-called because Metra's zone-based fares would require customers to tap their Ventra cards twice, once before boarding and again after getting off.

However, tap-on/tap-off is not the only option. There are other less comprehensive approaches, such as multi-agency pass products that are scannable/tappable on CTA and Pace buses and trains and visually inspected on Metra; or the inclusion of barcodes on Metra tickets that could be read at CTA stations. It may also be possible to modify the existing account-based fare collection system to link app-based Metra tickets and pass sales to Ventra card taps on buses and CTA trains, and apply a transfer discount. See Figure 14 for a summary of these potential approaches. Note that only two of the options shown below (Link Ventra card to Metra app-based products; and tap-on/tap-off) would provide full compatibility for systemwide fare capping.

Figure 14. Technological approaches to fare integration



Recommendation: Grant authority to transit agencies to enforce fare violations

Operating cost: If implemented, could be designed to be revenue neutral (staff costs offset by enforcement fines).
Capital: N/A

Governance component: N/A

The state should grant transit providers the authority to perform fare inspections and issue fare violation tickets using non-law enforcement transit personnel.

Many of the fare integration strategies discussed in the previous recommendation would result in Metra moving fare collection/validation from onboard the train to the platform. On the Metra system, a transition to off-board fare payment would shift the responsibility of conductors or other onboard personnel from *collecting* fares to *verifying* fares.

Not every transit passenger on every vehicle would need to be checked, but checks would need to be frequent enough to incentivize compliance. The penalty for non-compliance would likely be a fine. Any fines and enforcement strategies should also be structured to mitigate equity concerns.

Implementing fare inspectors would result in a new operating cost to the agencies. However, it is assumed that fines would be set at a level to offset both lost fare revenue from non-compliance and the cost of enforcement. It could also be implemented in tandem with the transit ambassadors program recommended below. Therefore, this recommendation can be cost-neutral.

Enabling fare enforcement by agency staff would also unlock service improvements, as seen in peer regions like San Francisco and Washington, D.C.[59] For example, these changes would allow (but not require) CTA and Pace to implement strategies like offboard fare collection and all-door boarding on buses. These strategies can substantially speed up bus service and would align with the broader recommendations to improve bus speed and reliability.

Implications for transit system funding and/or governance

Fares are a significant source of funding for transit service providers. If adopted, these recommendations would balance the need to ensure fare revenue stability with the impacts on both affordability and the rider experience. The costs to implement the strategies above could be partially offset by increased transit ridership across the system.

Implementation of these recommendations will require leadership at a regional level. Peer regions across the country that have achieved ambitious projects such as interagency fare integration have done so with the leadership of a centralized body where all transit operators are represented. Northeastern Illinois should take a similar approach, with fare policy decision making and ownership of the fare system vested in a central regional authority.

ENABLE FASTER AND MORE **RELIABLE BUS SERVICE**

Spotlight on state and regional priorities



Equity. The state could provide significant equity benefits by investing in faster and more reliable buses. Residents with low income and those from communities of color are disproportionately likely to rely on transit, but even more so to rely on buses. For example, among residents from households making less than $35,000, more than 70 percent of all transit trips relied on a bus — a much higher share than for any other income group.[60] During the pandemic, the relative resilience of bus ridership demonstrated how important bus service was to providing essential mobility for all kinds of trips.



Economy. Reliable transportation options are critical for both employers and employees. If adopted, these recommendations would improve connections to regional job opportunities, including in areas not well served by rail transit options.



Climate. Even with existing fleets, buses make up a smaller share of greenhouse gas emissions than other travel options such as single-occupancy vehicles. Faster and more reliable bus service will make the transit system a more attractive option for travelers, which will be important as the region and state pursue aggressive greenhouse gas reduction goals.

Both CTA and Pace bus services are critical elements of the region's public transit system, connecting residents with opportunities, healthcare, friends, family, and more. During the COVID-19 pandemic, more riders stayed on the bus than on either CTA or Metra rail. The resilience of bus ridership highlighted the importance of investing in the region's buses, as well as the need to address rider requests for more frequent and reliable bus service.[61]

The investments in additional service discussed earlier in this section are an important part of the solution, but even with more service, buses (and the riders who rely on them) face significant challenges. Competing for space on congested roads makes the bus less reliable, less equitable for those who depend on it, and more expensive to operate. It also positions the bus at a competitive disadvantage, compared to driving a personal vehicle. Despite some recent successes by both CTA and Pace, average bus speeds have slowed over the last two decades and bus ridership has fallen from its peak levels in 2008.

> "We need more bus services to industrial areas — lots of people here want to work but they don't have transportation to get there. Buses don't go to those locations and people are limited to where they work because of that."
>
> **- Focus group participant, Will County social service agency**

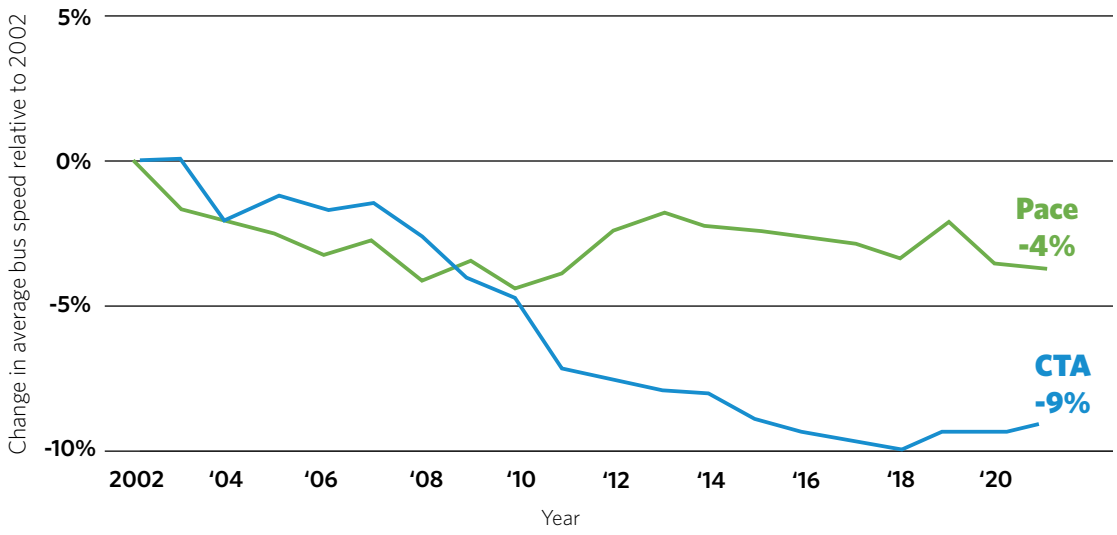
A faster, more reliable transit system will enhance mobility for those who depend on the bus today. And it will make it more attractive for new riders to consider taking the bus.

However, the region's transit agencies cannot achieve a faster and more reliable bus system on their own. Buses run on streets and highways owned, operated, and maintained by state and local agencies. Experience from peer regions shows that any successful efforts to increase the speed and reliability of buses throughout the region will require a coordinated, multijurisdictional approach. The state could play a leading role in making that ambition possible.

Figure 15. Bus speeds have consistently declined over the past two decades

Bus speed on CTA and Pace, 2002-2021

CTA
Pace



Source: CMAP analysis of National Transit Database data.

Recommendation: Develop a regional bus priority plan and establish an interagency structure accountable for its implementation

Operating cost: Staff costs (potential $1-2M planning effort)
Capital: N/A

Governance component: Yes

The state should require the creation of a regional plan for bus priority investments. The plan should address:

A regionally connected network of bus priority corridors. The plan should identify corridor-specific improvements (e.g., dedicated infrastructure, signal priority, and stop spacing adjustment) that can support faster and more reliable bus service. This network should build on existing and upcoming work, including the Pace Pulse network,[62] Pace's upcoming bus network redesign,[63] and CTA/CDOT's Better Streets for Buses Plan.[64] It should also integrate with other complementary efforts, such as leveraging new fare policy approaches to enable all-door bus boarding and strengthening connections and transfers to regional rail stations.

Complementary changes to state roadway design manuals and performance measures. As an element of the plan, the state could direct the Illinois Department of Transportation (IDOT) to update relevant design manuals to incorporate best practices and confer special status for transit priority corridors. The state could also direct IDOT to revise the performance measures used for traffic analysis and intersection design approvals to prioritize increased ridership and reduced overall vehicle miles traveled.

Requirements for state and local roadway agencies regarding the implementation of the bus priority plan. The plan should include near-term strategies that can be quickly implemented, interim milestones to demonstrate progress, and ambitious targets for corridor-level implementation. The plan should

also incorporate strategies that could accelerate implementation. For example, any project on a designated bus priority corridor could be required to accommodate the identified bus priority investments as a condition of funding eligibility

To ensure that the region makes regular progress toward implementing the bus priority plan, the state should also establish an interagency structure that can be held accountable for its implementation, such as a bus priority working group. The working group would need to include transit agencies, regional planning agencies, local governments, IDOT, and the Illinois Tollway, and could be convened through an existing or new coordination structure (e.g., CMAP's Transportation Committee).



Chicago Better Streets for Buses Plan

Recommendation: Dedicate funding to implement bus priority plan

Operating cost: N/A (reduces costs)
Capital: $25-100M annually (could scale depending on interest)

Governance component: N/A

The state should consider establishing a dedicated funding stream for bus priority improvements to support implementation of the bus priority plan. This could leverage the recommended adoption of "flexing" federal funds toward transit, discussed in detail below. Funds could be channeled to CMAP for allocation in accordance with the regional bus priority plan.

Dedicated funding would accelerate the implementation of priority projects and leverage federal grants, which are currently at historic levels and highly favorable to bus priority projects. These capital investments would also enable projects that can improve the productivity of regional buses, enabling transit operators to provide more service for the same operating cost.

Recommendation: Build staff capacity at roadway agencies to support bus priority projects

Operating cost: $1-$2M annually
Capital: N/A

Governance component: N/A

Even with sufficient funding, bus priority projects cannot advance without the efforts of roadway agency staff. Successful efforts in other states, such as Minnesota, have shown the importance of close collaboration between these agencies and transit operators.[65] Additional staff capacity is needed at IDOT, CDOT, and other local and county governments to implement the bus priority plan and resulting improvement projects. The state could require and fund the creation of new positions within the agencies

with the greatest concentration of bus operations (e.g., IDOT and CDOT). The state could also provide or fund technical assistance for communities with lower levels of bus service on a project-by-project basis.

These staff capacity investments would complement dedicated state funding for bus priority improvements. This initiative could also extend beyond northeastern Illinois, and could support the staff capacity necessary to advance bus priority investments on roadways in other jurisdictions statewide.

Recommendation: Enable automated camera enforcement for bus lanes and stops

Operating cost: N/A (revenue positive)
Capital: N/A (revenue neutral)

Governance component: N/A

Even the most ambitious bus priority program will still include many buses that run next to or in mixed traffic. As a result, buses can be (and often are) obstructed by other vehicles, such as those that are driving or parking in a bus lane or stop. The state should enable and support automated camera enforcement for bus lane and bus stop violations, including for both moving and parked vehicles. This policy would improve bus speed and reliability, as it has in peer regions like New York City.[66] It would also maximize the benefit of state-supported investments in transit priority infrastructure and bus service.

The state should also account for the multijurisdictional nature and widespread geographic coverage of regional bus operations. It should explicitly authorize the use of cameras mounted on buses for automated enforcement, and should allow for regional entities (e.g., transit agencies and/or counties) to administer citations, in partnership with municipalities like the City of Chicago.[67]

The state should direct revenue generated from this enforcement toward program costs. If incremental revenue is available, it should support additional investments in bus priority infrastructure. The state should also consider strategies to address equity concerns in the fine structure.[68]

Implications for transit system funding and governance

A robust program of bus priority investments should yield improved service and operational efficiencies. However, accelerating the implementation of these projects would require additional capital investments, either from existing funds or a new dedicated revenue source.

This bus priority program would also benefit from strong coordination between bus operators and other relevant agencies. This could go beyond the creation of an interagency working group structure and could be formalized through a more centralized capital and service planning function for regional transit investments.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.



An example of bus priority lanes

BOLSTER PUBLIC CONFIDENCE **IN THE SYSTEM**

Spotlight on state and regional priorities

Equity. These recommendations could advance equity outcomes by improving the experience for existing transit riders, who are disproportionately from lower-income communities and communities of color. Many of these riders have highlighted the intersection of safety and security issues within their communities and those on transit. By ensuring that transit is and remains a safe mode for all its riders, the state could help these residents continue to access critical regional opportunities.

There are also strong connections between the cleanliness of the transit system and its accessibility to riders with disabilities. When the only accessible elevator to a station is covered in urine, riders who cannot use the stairs are left with no options. Addressing these challenges would improve the usability and dignity of the transit system for all users.

Climate and economy. Transit is critical to regional and state goals for environmental sustainability and economic growth. However, if riders do not feel confident that their transit journey will be safe and secure, many of them will seek other options — including ones that have much greater greenhouse gas emissions, such as single-occupancy vehicles. And if those options are not available or viable, they may instead not travel at all, losing access to the tremendous economic opportunities available throughout the region.

Transit currently faces more than just purely operational challenges. The region's transit providers must also ensure the public has confidence in the system — that it will be able to get them from where they are to where they want to be safely, securely, cleanly, and with dignity.

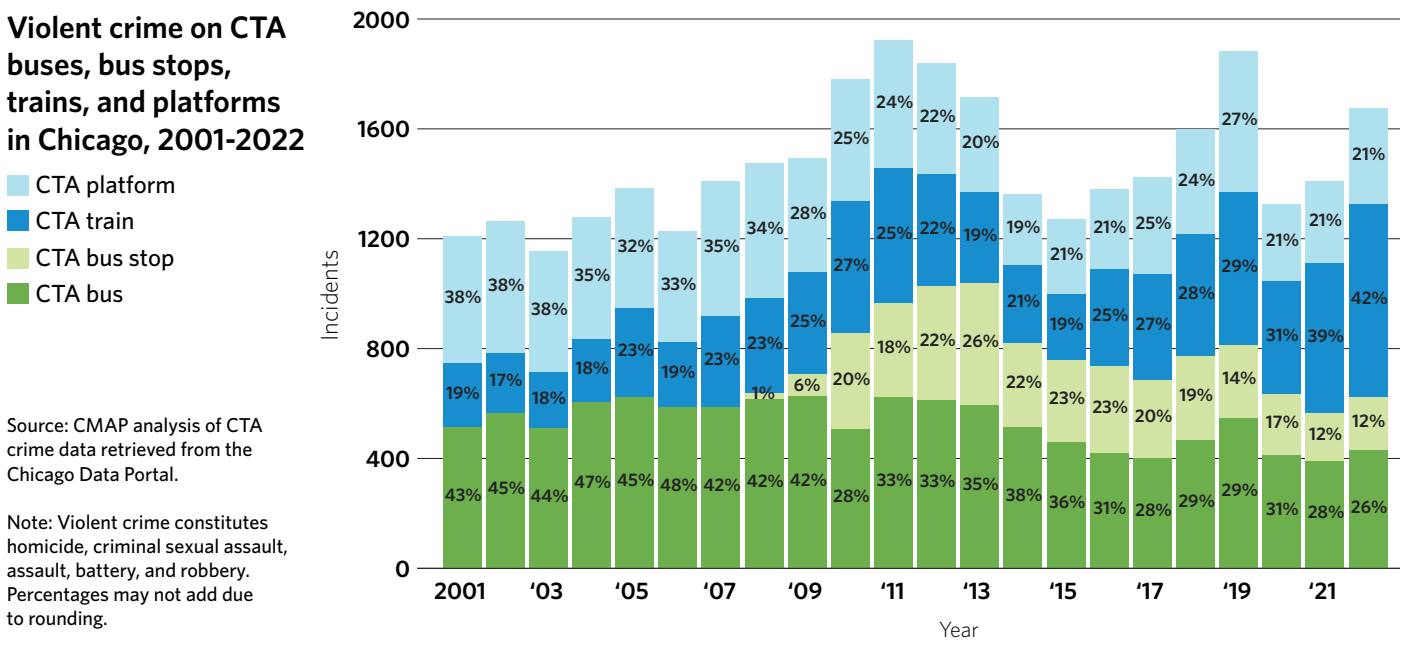
While the pandemic impacted the transit rider experience in many ways, safety and security have emerged as primary areas of rider concern. These concerns have also been magnified by the operational challenges noted above, with decreased service reliability and frequency leading riders to feel less safe while on the system.

Rider surveys[69] and news media have highlighted that these concerns are widespread. Available data also show an increase in incidents of violent crime on transit, with the greatest increase found on the CTA rail system (Figure 16). Overall violent crime levels remain below prior peaks, but lower ridership may mean that remaining riders are more likely to observe or experience this increase. And while this development is not as severe on Metra, Pace, or CTA bus services, increases in violent activities on one mode can impact perceptions of safety for both riders and staff systemwide, with consequences for ridership, hiring, and retention.

It is important to note that rates of violent crime remain extremely low across the regional transit system. For context, CTA rail provided over 100 million rides in 2022, with roughly 700 reported incidents of violent crime. Recent CTA analysis shows that both overall and violent transit crime is down in 2023 compared to 2022 levels.[70] And despite these challenges, public transit also remains significantly safer than traveling in a personal car.[71]

Figure 16. Violent crime on CTA is below prior peaks, but has risen on CTA rail since 2019

Violent crime on CTA buses, bus stops, trains, and platforms in Chicago, 2001-2022



Source: CMAP analysis of CTA crime data retrieved from the Chicago Data Portal.

Note: Violent crime constitutes homicide, criminal sexual assault, assault, battery, and robbery. Percentages may not add due to rounding.

Transit has also faced related challenges that extend beyond the kinds of incidents captured in these official statistics. For example, there have been increased reports of smoking and drug use on the system, especially on CTA.[72] Riders have also noted continued concerns about public urination and defecation, especially when in confined spaces like system elevators. When combined with other challenges, such as the cleanliness of the system, these kinds of behaviors can discourage current and potential riders from using transit.

These challenges extend beyond the transit system — they are regional and societal in scope, and transit is only one part of that broader regional ecosystem. Many of the safety, security, and cleanliness concerns need to be addressed operationally by the service boards. However, these concerns also stem from issues that are not specific to the transportation system and require solutions that go outside the scope of this report. These include broader societal trends in crime, the number of regional residents experiencing homelessness, and the treatment options available for residents with mental illness. While not specific to transit, these trends nonetheless have an impact that is felt on the region's transportation system, and especially on transit. Addressing these concerns will be critical to maintain and grow ridership, as well as to build support for the additional investments needed to support transit as the system confronts the fiscal cliff. As transit providers work to respond, they can build on the successes of recent and ongoing efforts, both in northeastern Illinois and in peer regions:

- In Los Angeles,[73] Philadelphia,[74] and San Francisco,[75] transit agencies created new transit ambassador programs to increase the visible staff presence on their system.
- CTA[76] and Philadelphia's SEPTA[77] expanded partnerships with social service providers to connect riders in need to the resources that can make a difference.
- Atlanta[78] and Boston[79] agencies experimented with new physical infrastructure (such as sensors) that address rider concerns about cleanliness.

To enable these efforts, and others, the state should provide the region's transit operators with sufficient funding to hire staff and make new investments in the system. PART recommends the state consider the following recommendations as part of the broader package of transit system improvements.

Recommendation: Increase staff presence through a pilot transit ambassadors program



Operating cost: $20-40M annually
Capital: N/A



Governance component:
N/A

The state should require the creation of a pilot transit ambassadors program, building on the models deployed in San Francisco, Los Angeles, Philadelphia, and others. The cost of this program should be accounted for in the larger funding structure for regional transit operations.

A transit ambassadors program would increase staff presence on the system, with the potential to reduce the likelihood of both criminal incidents and other disorderly behaviors. This added staff presence could also help address rider perceptions and experiences, including during emergency situations. Transit ambassadors could also provide additional services or functions, like assisting new or inexperienced system users, supporting de-escalation, and more.

The region's transit operators should monitor the effectiveness of the program as a potential candidate for wider deployment, informed by the program's effects on both system incidents and customer perceptions (e.g., customer survey data). Transit operators should also consider additional strategies to leverage existing staff to address these incidents, such as system station attendants. With additional resources, the coverage of any pilot and/or program could be scaled up.

Recommendation: Expand partnerships with local and state social services agencies



Operating cost: Staff time
Capital: N/A



Governance component:
Yes (state role)

Any investments in increased staff presence should also be made in parallel with broader approaches to public safety and social services. Transit providers like CTA have already announced partnerships with agencies like the Chicago Department of Family and Support Services, which provides a model for future collaboration. The state should facilitate stronger partnerships and require additional coordination between transit agencies, private and public social services agencies, and research or advocacy organizations. For example, the state could instruct social service agencies to place a specific focus on transit system incidents, or to investigate and address the root causes of drug and alcohol use on transit systems.

Recommendation: Invest in infrastructure that meets riders' concerns about transit security



Operating cost: Funding would scale based on desired investments. A minimum of $25 million in new annual support for safety, security, and cleanliness investments (in operating and/or capital funds) would enable visible progress.



Governance component:
N/A

While staff presence is an important element of both perceived and real transit system safety, there are also opportunities to invest in physical infrastructure that address these concerns. The state should consider increased funding for coordinated investments to improve safety, such as improved lighting at and around rail stations and bus stops, additional bus shelters, cameras and camera feed displays, public address systems, and callboxes that allow riders to communicate with transit system staff. This

recommendation could leverage the complementary investments in transit ambassadors and other transit system staff, who could help to track and respond to rider concerns.

Recommendation: Invest in infrastructure that improves system cleanliness



Operating cost: Funding would scale based on desired investments (e.g., number of stations that are targets of renewal efforts). Bathroom access would require additional funding (e.g., $10M+ in both operating and capital investments).



Governance component: N/A

The state should support additional investments in the cleanliness of the transit system. As noted earlier, riders often associate incidents like smoking with the safety and security of transit. Other issues, such as urination on transit system platforms, vehicles, or elevators, can have a significant impact on the experience and accessibility of the transit system. Transit operators have already increased their investments in station renewals and other cleanliness efforts. With additional resources, operators could invest in these strategies and other best practices at a larger scale.

A more significant investment could enable the region's transit providers to expand bathroom access. Some of the region's transit hubs and facilities, such as Metra's trains and downtown terminals, already have bathroom access.[80] However, there are no public restrooms available at most CTA rail stations. With additional resources, transit providers could provide greater restroom access either within the system or immediately nearby. Any improvements should leverage complementary efforts by other public entities, such as the City of Chicago.[81]

Recommendation: Improve two-way communication between riders and transit operators, by using existing and new mobile applications



Operating cost: $1M
Capital: N/A



Governance component: N/A

Even with the investments and strategies noted above, the scale of regional transit means that there will continue to be incidents and issues that affect the rider experience. The state should support service board efforts to implement new tools that enable riders to share those concerns quickly and easily. These tools can enable a faster and improved resolution, as well as allow transit operators to communicate when an issue has been resolved or addressed.

One near-term strategy is the creation and widespread implementation of mobile applications and/or other communications tools that allow riders to report incidents, including those related to safety, security, and cleanliness. The state could require the service boards to make such tools available to the public and establish a timeline by which they would need to certify compliance. To support these efforts, the state could make funding available for the creation and integration of these platforms into a regional approach (including their relationship with existing platforms, such as the Ventra app and the Metra COPS app[82]).

Recommendation: Improve monitoring and reporting of transit system safety outcomes and best practices

Operating cost: Staff time
Capital: N/A

Governance component: N/A

The state recently enacted legislation that will require the service boards to publish a monthly comprehensive set of data on issues including transit safety and security through 2025.[83] Transit providers and state officials should leverage this data to inform ongoing planning and work to address safety and security issues. If successful, the state should consider requiring this on an ongoing basis.

Transit providers should also continue to monitor strategies deployed in other regions to address safety, security, and cleanliness concerns. This would build on RTA's planned safety and security summit. Depending on the outcomes of that summit, the state could require the formalization of this approach, potentially guided by input from both transit operators and the public.

Implications for transit system funding and/or governance

To advance these strategies, the state would need to dedicate new resources to the region's transit providers — including investments in both system operations and complementary capital improvements. However, as noted above, many of these strategies are related to challenges that extend well beyond the regional transit system. There may be opportunities to leverage non-transportation funding streams and programs to address these challenges, including those related to social services and public safety.

These multi-agency challenges also highlight the opportunity for greater coordination between regional transit governance and complementary stakeholders. As discussed below, the system could benefit from a more formalized inclusion of these perspectives in regional governance (e.g., with a role for both the state and rider and advocate representatives).



BUILD BACK A RIDERSHIP **BASE FOR THE SYSTEM**

Regional travel patterns have changed significantly in recent years, in ways that have challenged some of transit's most competitive markets, such as the downtown work commute. This section includes recommendations on two related topics that could help rebuild transit's ridership base in response to changing travel demands: support Metra's evolution into a regional rail provider and encourage transit-supportive land use and development practices. These focus areas would also mutually reinforce the broader investments called for in prior recommendations, including a significant increase in overall service across modes.

WHAT REGIONAL RAIL LOOKS LIKE

Changing travel patterns have led to a growing mismatch between Metra's service and the region's travel needs. Like other regional transit, Metra's ridership had been gradually declining even before COVID-19, beginning around 2008. This trend only accelerated with the pandemic, when Metra saw a larger drop in ridership than CTA or Pace. This trend is most directly attributable to Metra's traditional customer base — downtown office workers — commuting less frequently. Early data and surveys on post-COVID-19 travel patterns suggest this will continue as a permanent change in travel behavior. While Metra serves nearly as many unique customers every week as it did before the pandemic, these customers use the system less frequently than before.

However, not all types of transit trips have been equally impacted. While Metra's traditional downtown commuter ridership has declined significantly, other types of trips — those on weekends, off-peak hours, reverse commute trips, and that do not go to or from downtown Chicago — have not declined nearly as much. The result is that travel on Metra today is more spread throughout the day, less peak-focused, and less downtown-oriented. Due to remote work habits, weekday travel is also skewed towards the middle of the week with lower ridership on Mondays and Fridays.

Peak-period and downtown-oriented trips will remain the foundation of Metra's service and ridership. Even with the impacts of remote work, millions of residents continue to commute to and from work every day. And the Metra system is especially well-suited to serving many of these trips. However, Metra has already identified the necessity to meet the changing desires of its current and potential customers. Metra's most recent strategic plan calls for transitioning its system to a regional rail service model that emphasizes frequent all-day service to more places.[84] Regional rail can help the region to take full advantage of its vast railroad infrastructure — a tremendous asset— but this transition will require state support to become a reality.

Spotlight on state and regional priorities



Equity. In the areas of the region where CTA and Metra both offer rail service, those who reside near Metra stations but far from CTA rail stations tend to be both lower income and a higher proportion of people of color as compared to those who live close to CTA stations. Expanding the frequency and usefulness of reliable rail transit service to these areas would yield a significant equity benefit to the region.



Economy. Regional rail would expand access to job opportunities and talent pools by improving connections to non-downtown opportunity centers. Freight activity is critical to state and regional economies, especially given northeastern Illinois' prominence in the national rail system; infrastructure investments to expand the rail system's overall capacity offer a significant economic benefit.

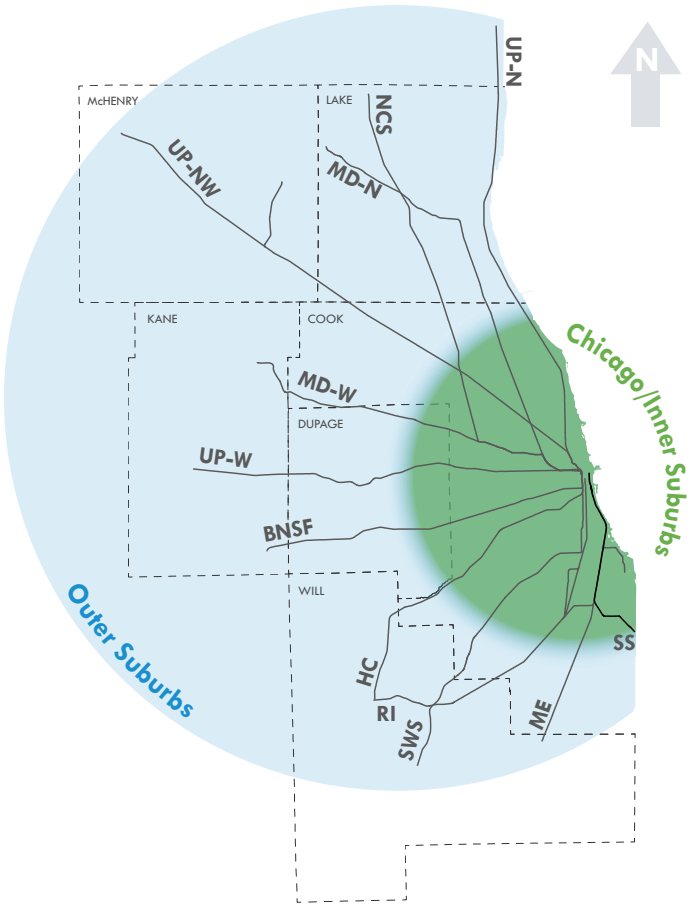


Climate. Regional rail would make transit a more attractive option for new types of trips, providing residents with more environmentally sustainable options. New and more efficient rolling stock could also reduce the greenhouse gas emissions related to transit vehicle operations.

Figure 17. Understanding regional rail

Fast, frequent, all-day service	Nimble and modern trains	Regional connections	Integrated, affordable fares	Suburban and urban benefits
Schedules that are simple and more convenient. More trips outside of traditional commute periods.	Faster starts and stops with quicker boarding. Lower operating costs and scalable to demand. Low or no emissions.	Convenient transfers between lines. "Through-running" to provide direct service *through* the Loop, not just to the Loop.	Seamless transfers, including Pace and CTA. More options for getting around regardless of mode.	Increased frequency for those closer to Chicago's core. Faster, streamlined express service for riders in outer suburbs. Lower unit costs allow for more service at similar costs.

Figure 18. Service to meet regional needs



* *Boundaries are approximate*

To implement the regional rail concept in northeastern Illinois, Metra must tailor its services to meet the different characteristics of its core/inner and outer suburban service areas.

Inner suburbs and Chicago neighborhoods would benefit from more frequent trains operating at regular intervals throughout the day in the highest ridership areas, more like the rapid transit service offered by CTA today. This service would be most effective if it used different equipment than Metra operates today.

Outer suburban areas — primarily in the collar counties where stations are spaced further apart, and density is lower — would benefit from faster trains running express to downtown on regular schedules. Key transfer stations would link the inner and outer service areas to ensure connectivity throughout the region.

Jurisdictional and financial barriers create challenges for Metra to quickly adapt its system:

Ownership. Metra does not own most of its trackage and only fully controls two of its eleven lines. Its two busiest terminal stations are also owned and/or managed by other railroads.

Capital investments. Adopting a regional rail service model will require Metra to modernize its fleet and upgrade its maintenance facilities, tracks, and signals.

Freight conflicts. Freight traffic limits how much Metra can grow service on many of its lines. These conflicts would constrain near- and medium-term implementation on some corridors. In the long term, full conversion to a regional rail model would require close coordination with freight railroad operators to minimize interference and prioritize passenger rail.

Existing terminals. All four of Metra's downtown terminal stations are stub end terminals, meaning trains must reverse direction and depart the way they arrived. This reduces the effective capacity of its downtown tracks, constrains the number of origins and destinations that can be served without transferring, and results in more out-of-service "deadhead" trips between terminal stations and nearby railyards. Regional rail benefits would be maximized if Metra could operate through trains that pass through downtown rather than only terminating there. However, the capital cost to enable this at even just one station (Chicago Union Station) would be significant. But opportunities for partnership exist, both with freight railroads and Amtrak, to identify investments with shared benefits between Metra and the other railroads with which Metra shares its network.

Through careful and proactive planning, Metra and its partner railroads can identify these investments, pool resources, and jointly pursue federal grants. These could include through-running, separation of freight and passenger tracks, better service to O'Hare airport, and more. Following the blueprint of the Chicago Region Environmental and Transportation Efficiency (CREATE) Program, the state could play a leading role in supporting Metra's evolution toward this new model.

Recommendation: Identify needs and dedicate funding to support Metra's transformation into a regional rail provider



Operating cost: New costs would scale depending on corridors and should be expected to grow over time (e.g., incremental $1-10M/year as additional service is launched).

Capital: Could vary significantly; full implementation would require at least $250M/year over 10 years for minimally viable model (cost does not include through-running). Lower levels of investment could unlock incremental implementation on specific corridors.



Governance component: Yes (capital planning)

Major changes to Metra's rail network will require additional capital and operational funding to catalyze its transformation. Investment in regional rail would maximize the value of existing assets by expanding service and mobility options without requiring significant new construction (e.g., new rail lines). Additional operational funding and updated labor agreements will be needed to accommodate the new service model. The capital cost to implement regional rail would primarily fund a fleet replacement program. This would not only modernize Metra's fleet but also replace a portion of its diesel locomotive-hauled trains with more efficient self-propelled trains that are better suited to frequent stopping patterns. Capital funds would also support investments in tracks, signals, and vehicle maintenance facilities.

State support is critical to leverage federal grants by providing required local match. Specific investments that benefit both regional and intercity rail (Amtrak) or freight rail could be eligible for Federal Railroad Administration grants. To fund regional rail, the state could appropriate additional funding and/or direct IDOT to flex existing capital funds in support of passenger rail system investments. Given the state's significant ongoing investment in the CREATE Program, there is also an opportunity to better align that program's investment priorities with Metra's regional rail goals. Some of these costs, especially fleet replacement, could be also addressed through existing state of good repair investments (e.g., replacing rail cars that are beyond the end of their useful life).

Recommendation: Support station-area development and infill station opportunities to spur economic activity and address gaps in access



Operating cost: Minimal (increased operating costs partially offset by new fare revenue).
Capital: $5M-$50M per station depending on site constraints.



Governance component:
N/A

To maximize the value of the region's rail networks, the state should support strategic infill station investments that address rail transit service gaps and build on current efforts. Metra is currently developing two infill stations in the City of Chicago on two of its busiest lines using significant funding from the state.[85] On the inner portion of the system, the new regional rail service model (with lighter trains that can start and stop more quickly) would increase the feasibility of additional infill stations, especially where significant gaps exist. Similar funds could also support targeted investments for infill stations on CTA rail lines, recognizing the fact that the region's rail networks (both Metra and CTA) should be considered as one coordinated system. A combined approach to infill station development, including new connections between these complementary networks, would provide both transit riders and taxpayers with the greatest value.

As noted in the complementary land use and development recommendations below, the state should pair any infill station investments with a more comprehensive approach to encouraging transit-supportive land use and development practices. Transit oriented development (TOD) around new stations would introduce new, valuable real estate that improves local property and sales tax revenues, offering a potential pathway to offset some of these capital costs and yield a positive local fiscal impact. Supporting station-area development would also increase access to transit, bolster the effectiveness of transit, grow ridership, improve quality of life in communities, and contribute to regional equity goals.

Recommendation: Integrate planning for regional rail into railroad and freight system investments



Operating cost: Highly scalable, depends on further study and preliminary scoping.



Governance component:
N/A

The state should consider collaborative investments, long-term planning, and negotiation in northeastern Illinois, integrating regional rail planning into existing and future public-private partnerships like the CREATE Program.

The IDOT Office of Intermodal Project Implementation should study opportunities to better align the use of freight rail-owned land with regional rail goals. Opportunities to relocate rail yards near the region's core could in turn yield significant new TOD opportunities along existing passenger rail corridors. Opportunities for additional purchases of freight railroad assets for public use would empower the region's public agencies to prioritize passenger rail and would mirror successful efforts in peer regions like Boston.[86] The state could also support Metra in its ongoing negotiations with Amtrak and the private railroads to run additional passenger trains during more hours of the day.

Implications for transit system funding and/or governance

While regional rail could be implemented incrementally (i.e., one line at a time), it would require significant new investment in capital infrastructure. There are significant federal grant opportunities that could potentially cover half or more of these costs but would require matching state and local funds to maximize federal funding opportunities. The operating cost of regional rail would also depend on Metra's progress in transforming its fleet and adapting its workforce accordingly. Using Metra's existing fleet, operating significantly more frequent service throughout the day would be prohibitively expensive. However, adopting new, more cost-effective rolling stock would bend the cost curve, enabling Metra to operate significantly more service throughout its inner suburban service area at a modest incremental operating cost.

Transit leaders would also need to simultaneously advance other recommendations that would maximize the value of these investments. This could include coordinated service planning, timed transfers, integrated and seamless fares, and more, all of which would be overseen by a more integrated regional transit governance structure.

FOSTER TRANSIT-SUPPORTIVE LAND-USE AND DEVELOPMENT

Throughout northeastern Illinois, there are many different types of development — from the urban core of Chicago to suburban downtowns and main streets throughout the region. In their many forms, these different developments provide regional residents with opportunities, such as housing, employment, education, and more. And regional residents take advantage of this diversity of options when they make important choices — like finding a community or neighborhood to live in that suits their needs, or a job that is close enough for a reasonable commute.

Those land use patterns also have a significant impact on the region's transit system. The population, employment density, and pedestrian environment near transit each affect the number of riders the system can expect to serve and the number of destinations they can expect to access. These factors positively reinforce one another. Greater levels of service can enable new developments that support additional service, as well as a more financially sustainable system overall. That financial sustainability matters, because a stronger transit system can continue to provide and expand the kinds of services upon which regional residents and communities rely every day.

However, the feedback loop can also go in reverse. Without transit-supportive conditions, providing useful transit service is both more difficult and more expensive, reducing the long-term viability of the system. As noted in ON TO 2050, "The region cannot meet its transit ridership goals without supportive development near bus and rail."[87]

To support these connections, many communities have pursued the TOD model. Train stations and bus stops should be surrounded by a concentration of both housing (potential transit users) and office, retail, or other land uses (potential destinations).

Spotlight on state and regional priorities



Equity. Transit is an affordable mobility option for residents throughout the region, but its affordability makes it particularly important for households with lower incomes. However, the transit system is only as useful as the destinations and opportunities it connects. By concentrating more housing, employment, and commercial activity near transit, the region would improve access to affordable alternatives and lower daily costs for residents at all income levels. In doing so, the region and state would also support the long-term viability of the transit system on which so many residents rely.



Economy. Greater alignment between land use, development, and transit would increase the regional transportation system's effectiveness in connecting residents with economic opportunities. Employers would have access to a more robust talent pool and customer base. And communities would have more options to strengthen local business activity and diversify their tax bases for covering the cost of high-quality services and infrastructure.



Climate. As CMAP research has shown, communities with more transit-supportive land use practices also have lower per capita greenhouse gas emissions. Communities throughout the region should help to achieve ON TO 2050's goal to reduce emissions by better aligning land use and development policies with the success of regional transit.

In addition to supporting transit, TOD lowers household transportation costs, improves access to economic opportunities, increases revenues for local infrastructure and services, and enhances quality of life for residents.

Until recently, market demand favored other development patterns over these traditional forms, leading to lower density, greater dependence on cars, and an overabundance of parking. Today, there are many barriers to a more widespread adoption of transit-supportive practices in the region. These include:

Regulatory and policy limitations (e.g., density limits, parking minimums, and financing restrictions) that discourage or prohibit transit-supportive development decisions. ON TO 2050 notes that there are significant opportunities to "Update plans, zoning codes, and development regulations to require greater densities and mixed uses near rail stations and along high-priority bus corridors with a preference toward employment rich land uses."

A lack of alignment of existing programs toward TOD. The public sector provides incentives and financial support for some development projects but has not always prioritized the use of public funds or assets toward transit-supportive development. This is contrary to the market's growing trend towards dense walkable development as the region's population ages and younger residents show preference for these types of places.

An oversupply of parking in proximity to transit. Even before the growth of remote work, many regional transit stations had significant amounts of unused or underused parking nearby, which reduces the number of potential riders and destinations within walking distance of transit.



In 2019, there were 27,000 unused Metra parking spaces on an average weekday

The full costs of private sector decision making. Employers' location decisions also factor heavily into transit's competitiveness as a reliable mode. For example, the growth of e-commerce has fueled demand for new warehouses in rural or urban edge communities — often with limited commute options and missing last-mile connections.

"We need more housing developments in areas with transit access."

- Focus group participant, CMAP Citizens' Advisory Committee

"Plan transit services with municipalities along the train lines."

- Focus group participant, labor representatives



Recommendation: Leverage public assets and investments to foster transit-supportive land use



Operating cost: N/A
Capital: Could scale depending on incentives and capital investments; investments could range from $25-50M or more annually.



Governance component: N/A

In the near term, both state and local governments can play a direct role in promoting transit-supportive land use and development by realigning the uses of existing assets and investments.

Pursue transit-oriented redevelopment of publicly owned surface parking lots and vacant parcels

Many of the region's municipalities and transit providers own and/or operate parking lots next to transit stations. The most common example is parking lots next to Metra stations, but there are also significant amounts of parking near both CTA and Pace facilities. While some parking lots remain heavily used, both as transit assets and as parking for other nearby destinations, many now provide significantly more capacity than demand currently warrants.

The state should create and fund a TOD "implementation pilot" program that offers assistance (e.g., grants, loans, and tax credits) targeted to communities that are interested in redeveloping surface parking lots or other vacant parcels near regional transit assets. Resources could initially focus on communities and sites included in transit-oriented planning efforts, such as those completed in partnership with CMAP and RTA.

Align existing incentive programs with transit-supportive priorities

There are significant opportunities within existing funding streams and incentive programs to promote transit-supportive practices. Local and state governments already commit significant resources to help fund and finance development projects throughout northeastern Illinois, such as the EDGE tax credit, sales tax rebates, tax increment financing (TIF), and Low-Income Housing Tax Credits. While some programs already encourage or reward transit-supportive practices, this is not universal. Many of these programs should be modified to better reflect the long-term financial benefits of transit-supportive land use. State and local governments should adjust eligibility and selection criteria to align more resources with transit-oriented projects.

Recommendation: Reinforce private sector decisions that support transit



Operating cost: Initially $0 but could scale depending on incentives.
Capital: N/A



Governance component: N/A

While the public sector can play a role in directly funding and developing projects, most of the region's land use and development decisions are driven by the private sector. State and local governments should consider the following strategies to support private sector decisions that make it easier for transit to succeed.

Develop a comprehensive framework of transportation demand management requirements and incentives for employers

While remote work has grown significantly, most workers continue to work in person at least some of the time. To encourage transit use for commutes, the state should consider the following strategies:

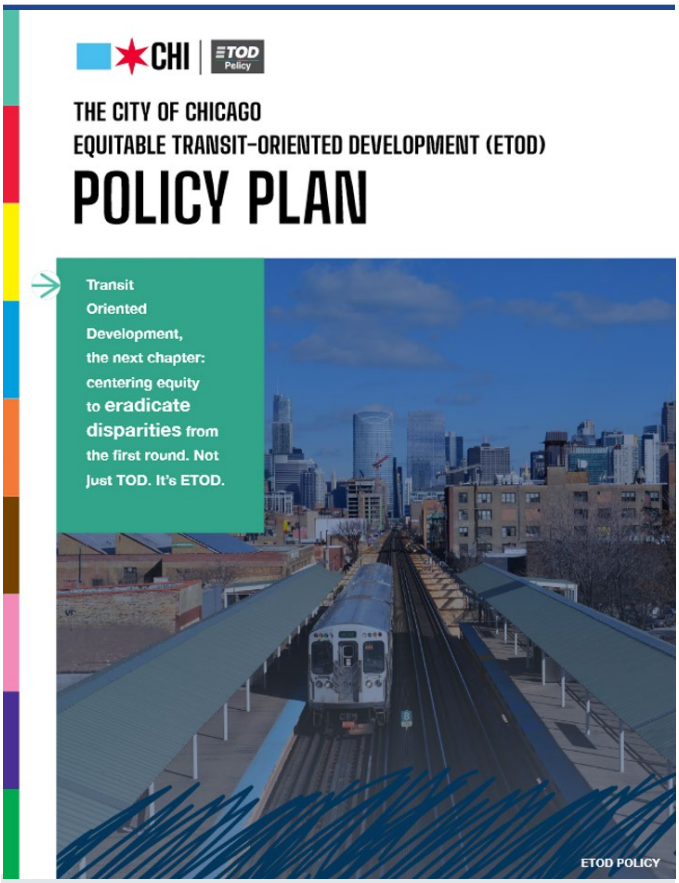
Require major employers to develop Commute Trip Reduction Programs. Through these programs, employers are required to set targets for commute reductions by single occupancy vehicle, and to provide sufficient benefits or incentives to their employees to achieve those targets. This would build on successful models in Washington state; the recently enacted Illinois requirement for large employers within one mile of transit in the RTA region to participate in the federal pre-tax transit benefits program;[88] and the City of Chicago's new requirements for most new developments to implement transportation demand management programs.[89] Unlike the latter two regional examples, any new program should also apply to employers located farther away from transit.

Incentivize private employers to provide greater support for transit. For example, Colorado recently passed legislation that will provide refundable tax credits to employers that offer benefits for non-car travel options, such as transit passes. Other states, such as California, have implemented parking cash out policies wherein large employers that provide free or subsidized parking to drivers offer a comparable benefit to employees that opt to use other modes, including transit.[90] Recent research from the Federal Highway Administration has found that these policies could significantly reduce overall vehicle miles traveled by commuters.[91]

Streamline processes for transit-supportive developments

The state should explore how best to support a more streamlined review and approval process for transit-supportive developments near existing transit nodes. Streamlining the approval process should accelerate development timelines and reduce costs, enabling more development that will appeal to residents and businesses at varying levels of income and affordability. Local communities also stand to benefit, through increased revenues from property and sales taxes.

Communities could build on recent successful efforts in the region and elsewhere. For example, the City of Blue Island's TOD zoning district created a streamlined approval process and clear timelines for reviews. The streamlined process works as an incentive to developers to meet the existing regulations and avoid costly hearings and approval processes.[92] The City of Chicago has also made significant progress on these policy goals in recent years, through its Connected Communities Ordinance and its Equitable Transit-Oriented Development policies.[93] These have significantly expanded the number of TOD-eligible parcels in the city and encouraged a broader diversity of TOD throughout the city, with a focus on equitable development.



The City of Chicago Equitable Transit-Oriented Development Policy Plan

Long-term considerations: Strengthening the connection between transit and land use

In the longer term, the strategies outlined above could be reinforced by additional efforts to shape decision making and improve the connection between transit and land use. Examples include:

Transit's role in development. Development decisions matter a great deal to the success of transit systems. Transit providers could engage in multiple stages throughout the process, including financing development, engaging in development policy and review, or even acting as a developer.

Transit funding via increased property values. The state already recognized that public investment in high-quality transit increases private property values, as evidenced by the Transit TIF program.[94] The state should build on this model for other transit investments, such as those necessary to advance regional rail and transit service expansion.

Improving the broader development environment. State, regional, and local partners should continue to assess how the regulatory and policy environment impacts regional development decisions. Ongoing work in northeastern Illinois as well as other regions has explored changes to parking minimums (e.g., California[95]), the allowance of accessory dwelling units (e.g., Chicago[96]), and adjustments to zoning and density near transit (e.g., Massachusetts[97]).

Implications for transit system funding and/or governance

In addition to these targeted land use and development recommendations, the state should consider the implications of related PART revenue recommendations for land use, development, and travel decisions. For example, increased parking taxes could help to both fund transit needs and increase transit ridership.[98] Raising taxes, either on paid commercials parking users or parking lot owners,[99] could have significant positive impacts on the transit system by encouraging both transit use and transit-supportive development. These kinds of complementary transportation effects should be an important consideration in state and local action to secure the sustainable, long-term revenue necessary to support transit and broader transportation concerns.

Building on a context-sensitive approach, the state should also consider how the allocation of transit funding (for both operating and capital investments) could encourage land use and development decisions to support the system in the long term. Given limited resources, these factors should also be considered when evaluating and implementing other PART recommendations — particularly in a constrained package of system improvements. For example, the success and financial viability of a new regional rail approach would depend significantly on the market context surrounding stations. That context should be a leading factor in prioritizing corridors for initial implementation in a multi-phase approach.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.



INVEST IN A UNIVERSALLY **ACCESSIBLE SYSTEM**

Spotlight on state and regional priorities



Equity. A more inclusive transit system that accommodates riders of all ages and abilities increases freedom of mobility and opportunity for everyone. A universally accessible system, and service that meets the needs of an aging region, reflects a commitment to equity and recognizes the diverse needs of residents.



Economy. Improving regional transit accessibility can generate greater economic returns by expanding opportunities for people with disabilities to reach more places at more times with fewer barriers. Greater transit accessibility improves workforce opportunities for people with disabilities, which is especially important given that the unemployment rate for persons with a disability is about double the rate of those without a disability.[100] Additionally, increased transit use reduces individual transportation costs, freeing up income for other purposes, which generates economic activity.

Many regional travelers cannot access public transit because of physical, visual, technological, or other barriers

Transit plays a critical role in connecting people with opportunities throughout the region. However, the region's transit system is not equally accessible to all residents, with particular concerns for residents with a disability or other mobility challenges.

The Americans with Disabilities Act (ADA) requires transportation providers to serve travelers of all different abilities. And the region's transit providers have made significant progress towards that goal. Every bus and rail car on the region's transit system is now accessible. Many of the region's existing rail stations have been upgraded with elevators, ramps, and other accessibility improvements in recent years. Transit providers have identified strategies to complete these efforts, including comprehensive plans like CTA's All Stations Accessibility Program (ASAP). And additional projects are underway, including work at several CTA and Metra stations funded by large competitive federal grants[101] and a new Pace transit center and ADA transfer facility.[102]

Despite this progress, significant challenges remain. As of today, 29 percent of CTA stations and 21 percent of Metra stations remain inaccessible (those figures will drop to 19 percent and 16 percent respectively, once ongoing and already funded projects are completed). And in addition to these physical barriers, some travelers face other kinds of challenges. For example, smartphone adoption is increasingly prevalent, but it is not universal, leaving some residents with limited access to real-time travel information or transit fare products. Signage and wayfinding are available, but not always coordinated — and in some cases, may not be useful to riders with visual impairments. And while transit agencies make efforts to provide information in multiple languages, such as English and Spanish, some travelers may still encounter a system that they cannot understand.

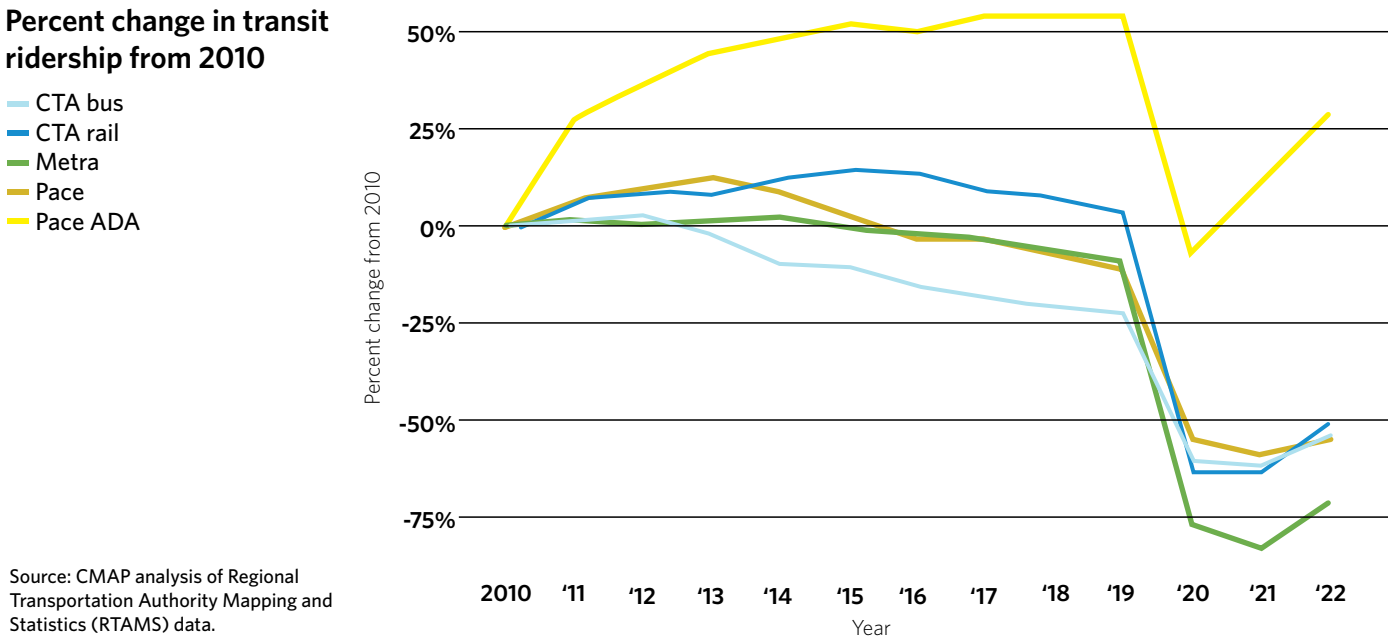
Transit also exists within the broader transportation system, which poses additional accessibility barriers. A traveler in a wheelchair cannot access a wheelchair-accessible bus if there is no continuous and step-free sidewalk to get to the bus stop. Recent analysis based on CMAP's sidewalk inventory found that these missing connections are all too common. For example, only 35 Metra stations (14 percent of the system) have full sidewalk coverage within a half-mile.[103] A 2019 analysis from the Metropolitan Planning Council found that only one percent of Pace bus stops had full sidewalk coverage within a half-mile.[104] While CTA bus and rail systems are more likely to have good sidewalk connectivity, those sidewalks are only as useful as their weakest link — a missing curb cut or a broken slab. Other barriers, such as traffic signals not accessible to visually impaired travelers, can also pose significant obstacles to accessing transit. And because

of the multijurisdictional nature of these connections, improvements to off-system accessibility barriers require integrated planning and coordination between municipalities, roadway agencies, and transit providers.

Improving demand-responsive transit is critical to achieving a universally accessible system

Regional travelers also benefit from a network of demand-responsive services that complement the bus and rail networks operated by CTA, Metra, and Pace. For many residents, these services — especially the federally required paratransit services — are a critical option to access regional opportunities. As shown in Figure 19 below, paratransit ridership regrew more quickly than any other transit mode in the wake of the pandemic. And as the region's population continues to age, this need will only increase.

Figure 19. Paratransit ridership has seen a stronger post-COVID recovery than bus and rail services



Source: CMAP analysis of Regional Transportation Authority Mapping and Statistics (RTAMS) data.

Pace operates the federally required ADA paratransit services on behalf of the region.[105] To expand access, it launched options for paratransit riders such as the Taxi Access Program (TAP) in Chicago and the Rideshare Access Program (RAP) which expanded partnerships with ride-hailing companies in suburban communities. These programs offer additional travel options at a lower cost to both riders and service providers, which is especially important as the costs of paratransit have increased significantly over the last decade. Between 2015 and 2022, the operating cost per Pace ADA paratransit ride increased by 34 percent when adjusted for inflation.[106]

There is also a range of other demand-responsive services in the region. Across the suburbs, various dial-a-ride programs at the municipality, township, and county levels provide demand-responsive rides for seniors, residents with disabilities, and/or other residents who need access to non-car travel options. While these services connect tens of thousands of people to opportunities throughout the region, they may have restricted service areas, specific eligibility requirements, and unique or narrow hours. *For an overview of existing demand-responsive services and service areas, see Figure 53 in the appendix.*

Pace and other providers have made significant progress over the past three decades to build and operate a system that meets the complex mobility needs of people with disabilities and those who rely on demand-responsive services. This includes improvements in non-ADA dial-a-ride services. For example, McHenry County improved its local patchwork approach with its MCRide program, which consolidates, coordinates, and subsidizes dial-a-ride trips throughout the entire county. Other counties, such as Lake, DuPage, and Kane have recently sought to emulate this approach in their own jurisdictions.

However, residents still face a complicated patchwork of demand-responsive transit programs with different service limitations, eligibility requirements, and unique service hours, particularly where non-ADA service (e.g., dial-a-ride) is provided. Riders and disability advocates also report challenges related to on-time performance, lengthy trips, and complicated transfers. And while options like TAP and RAP offer same-day service for ADA paratransit users, traditional paratransit service must be booked a day ahead of the trip.

It is important to note that the challenges Pace ADA paratransit and other demand-responsive services face, such as rising costs and increased wait times, are not unique to the region or to Pace. Demand-responsive services in any form are expensive to provide. Many of the most common critiques of existing service are also linked to efforts to manage and minimize cost growth. Steps to address costs and on-time performance are likely to involve significant tradeoffs, so potential adjustments should be considered carefully.

Despite functioning as distinct services, the success of demand-responsive transit also relies on a fully accessible fixed-route system. Improving the accessibility of rail stations and bus stops can enable those who would otherwise rely on ADA paratransit or dial-a-ride service to switch to fixed-route service, freeing up the capacity of demand-responsive service to support those who need it most more effectively.

Recommendation: Develop a comprehensive plan to prioritize transit accessibility investments

Operating cost: $1-2M
Capital: N/A

Governance component: N/A

The state should require the development of a regional accessibility plan with a clear timeline and investment needed to achieve full transit system accessibility. This should include on-system priorities, such as ramps and elevators at CTA and Metra stations. It should also include off-system priorities with a link to transit, such as key sidewalk connections to rail stations, bus stops, and bus terminals. Any plan should build on the robust efforts already underway, including CTA's ASAP plan, Pace and Metra's ongoing accessibility investments, and CMAP's ongoing work to support ADA transition planning efforts by local governments.

Like the bus priority plan recommendation above, this effort would benefit from ongoing coordination among the regional stakeholders responsible for implementation, including transit providers, roadway agencies, and municipalities.



Recommendation: Leverage technology to improve transit's digital accessibility and ease of use



Operating cost: N/A
Capital: Costs would vary significantly depending on projects; potential $20M investment could support initial efforts.



Governance component:
N/A

The state should support ongoing efforts to improve transit's digital accessibility and ease of use. Any regional accessibility plan should include common principles, with the goal of making the transit system easier to navigate — both for riders with mobility challenges and the general public. These efforts should also build on existing work to improve the user experience, such as Pace's partnership with the Transit app which will incorporate its demand-responsive services into the app's trip planning functions.[107] These kinds of communication tools can allow more rapid information-sharing for riders with visual and auditory impairments. They can also allow riders to communicate issues (e.g., out of service elevators) quickly and easily as they arise.

Recommendation: Provide funding for improvements identified in a regional accessibility plan



Operating cost: N/A
Capital: Investments could vary widely. A new state funding stream (e.g., $50-80M) could unlock additional federal investments.



Governance component:
N/A

The state should accelerate these efforts by dedicating new funding to support accessibility investments. The state should also consider how other partners, such as roadway agencies, could leverage their existing resources to support critical investments that improve accessible connections to the transit system. Any additional funding would also allow transit agencies and local governments to leverage the significant funding currently available through ongoing competitive federal grant programs.

Recommendation: Support ongoing efforts to improve options for ADA paratransit users



Operating cost: (See paratransit funding recommendation below).
Capital: N/A



Governance component:
N/A

The state should provide robust funding support for regional paratransit service. This would ensure the ongoing financial stability of these crucial (and federally required) services. It would also be important to consider how this support could evolve if the region were to pursue investments in additional transit service, as recommended above. Among other impacts, it could increase the scale and span of the region's paratransit service coverage.

Additional state support would also complement Pace's ongoing efforts to improve options available to those users even while lowering program costs, such as the recently announced RAP. As ADA paratransit continues to grow as part of the overall transit system and the need for this service increases, improving service delivery and reducing cost growth will enhance the quality and financial sustainability of the overall transit system.

Recommendation: Strengthen non-ADA demand-responsive transit service with improved coordination, integration, and governance



Operating cost: Varies depending on scope of reform. Unified dial-a-ride at county level could entail $5-10M in funding support.
Capital: Integrated eligibility application could entail capital costs for development (variable depending on approach). More robust integration (e.g., fare system integration) would entail additional costs.



Governance component:
Yes

The state can also play a key role in strengthening and improving regional non-ADA demand-responsive service. Building on recent efforts in the region, the state should both require and fund the integration of demand-responsive programs at a larger geographic scale (e.g., county-level).

The state could maximize the impact of new funds by considering how demand-responsive service could be more robustly integrated into the transit governance and operational structure. Whether under the current service board approach or a reorganized governance structure, the state should consider reforms that improve coordination of demand-responsive services and rider experiences across the region. This could include consolidating responsibilities for determining eligibility, administering enrollment, and operating service (e.g., with Pace). Such structural reforms could also enable improvements in the customer experience, by promoting the adoption of a unified eligibility and enrollment system regionwide and/or shifting to a unified fare and payment system. State funding could also help to offset any costs related to unifying eligibility thresholds, especially if transit providers wanted to maintain access for all riders currently eligible across the various services.

Implications for transit system funding and/or governance

Many of these recommendations — especially improved support for paratransit — will require significant additional funds. However, some investments could enable cost savings over time, by enabling current paratransit riders to take advantage of newly accessible fixed-route options. Additional state funds could also unlock significant and unprecedented levels of federal funding for accessibility investments.

Leveraging new and existing funding to address system accessibility also requires a targeted, comprehensive approach to achieve the goals of a regional accessibility plan. This approach benefits from a centralized regional transit entity that can work with stakeholders (e.g., county and city DOTs and municipalities) to identify infrastructure needs, potential funding programs, and coordination opportunities around transit-adjacent facility improvements. Reforms to demand-responsive services would also require significant coordination. As noted above, these could include a more robust oversight and centralization of demand-responsive services within overarching transit system governance.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.



Funding the transit system **the region wants**

Bold and creative leadership is needed to embrace the transit system envisioned in PART as well as to provide new revenues that will both stabilize the existing system and invest in its future. The difficult question of how to pay for transit in northeastern Illinois has been an enduring policy challenge since before RTA was established in the early 1970s and across recurring financial crises. However, despite repeated efforts, past solutions have relied on inadequate funding sources, rigid and inflexible distribution formulas, and other compromises that have not stood the test of time. This moment presents an opportunity to craft a regional solution and put northeastern Illinois on the path to having the modern, useful, safe, clean, and affordable transit system everyone wants.

Outside of the most recent disruptions caused by the COVID-19 pandemic, transit's persistent difficulties have been driven by recurring funding issues that plague the system and shape its decision-making environment. These issues — insufficient and uneven revenue growth, distribution formulas that do not reflect regional ridership trends and system costs, and escalating paratransit costs — have repeatedly prevented transit providers and the region from realizing system goals. Riders, especially the most vulnerable across the region, have suffered as a result of these failures. Given the ongoing and present challenges, these structural issues must be understood and addressed in tandem with new funding solutions to resolve the current fiscal cliff.

No one strategy or revenue source will produce this future state. Instead, there will need to be several solutions — some short term and some more durable and transformational — that together will enable consistent, adequate funding across the service boards to empower them to deliver the transit system the region wants. At the same time, it is essential that the funding sources that are pursued meet the policy priorities of the region and the state. This moment presents a rare opportunity to ensure the entirety of the funding system — new and existing revenues sources alike — is equitable and minimizes future impacts of climate change.

THE HISTORY OF TRANSIT FUNDING **IN NORTHEASTERN ILLINOIS**

The region's transit service was originally developed and operated by a broad patchwork of private mobility companies, ranging from nineteenth century horse-drawn streetcars operating in Chicago's Loop to interurban motor coaches operating as late as the 1970s.[108] The availability of these transit resources has been inexorably linked with the physical development of the region, enabling real estate development and commerce spreading outward from central Chicago.

However, as the private automobile gained regional prominence, many private operators began to disinvest or withdraw from the transit market. Recognizing transit's public importance and positive quality of life impacts, the region's midcentury leaders saw the need to safeguard it. To this end, the City of Chicago municipalized CTA in 1947 and, following a period of financial trouble, the state took responsibility over CTA, commuter rail, and private suburban streetcar and bus companies when it created RTA in 1973. RTA was ratified by regionwide referendum in 1974.[109]

To ensure the authority and viability of this newborn regional transportation system, RTA was provided with quasi-taxing powers and a state-funded annual operating subsidy of approximately $75 million. Direct state support for RTA was ultimately replaced by local revenue sources in the years that followed. Originally introduced in 1979, the RTA sales tax was made permanent in 1983 and was accompanied by a permanent state funding match equivalent to 25 percent of annual RTA sales tax receipts. Reforms in 1983 also established Metra and Pace as they exist today and implemented a farebox recovery ratio of 50 percent to ensure fare revenues accounted for a substantial portion of the regional system's operating budget.

The 1983 reforms also established the practice of distributing RTA sales tax revenues based on where they were collected. This decision is now an artifact of history and the state and regional political process rather than an expression of the true costs of operating the public transit system or the unique costs of maintaining formerly private transit assets of varying ages. Instead, it reflects a compromise between urban and suburban interests. This decision has had long lasting effects, as seen in subsequent funding crises. Despite these efforts, the service boards once again faced budget shortfalls by the mid-2000s. To address these funding issues — both for the transit system overall and CTA specifically — the state passed a package of transit funding reforms that took effect beginning in 2008.

The 2008 reforms solved some— but not all — fiscal issues facing the transit system

The 2008 package of transit reforms substantially advanced several pressing financial challenges facing the system:

- Public revenues did not keep pace with labor cost inflation.
- Paratransit costs escalated.
- CTA faced pension insolvency.

However, reforms related to these challenges did not fully address issues arising from the 1983 funding distribution formulas, resulting in disparate impacts to the service boards.

Inflation outpaced revenue growth

Prior to the 2008 reforms, all three service boards indicated sales tax and its associated matching funds delivered through the Public Transportation Fund (PTF) were generally not keeping pace with either inflation or the cost growth of key transit service inputs, such as labor and fuel. From 2001 to 2007, labor cost inflation grew at a compound annual growth rate (CAGR) of 3.5%, compared to just 0.3% for public revenues following a sharp drop in 2007 (Figure 20). Revenue shortfalls caused the service boards to regularly divert capital funds to cover operational costs or face service cuts. The 2007 budgets for the three service boards served as warnings for the urgent threats facing the system:

Pace noted that budgeted 2007 public funding only exceeded 2003 levels by 1.8 percent, despite increasing service costs due to growth in labor, healthcare, insurance, and fuel.[110] This cost growth and stagnant revenue created a growing operating gap, which was filled with federal funds meant for the capital program, resulting in deferred capital maintenance and improvements.

Metra noted how capital investment had improved service provision and reduced operating costs, yet the agency was forced to divert $68 million from capital to operations in 2006 due to operating cost growth exceeding fare revenue and public funding growth. They budgeted another $71 million transfer in 2007.[111]

CTA mirrored the actions taken by Pace and Metra, cutting capital budgets and transferring the funding to operations. CTA noted that, between 1985-2004, their public funding trailed inflation by more than one percent annually. If the funding had kept pace with inflation since 1985, the CTA estimated it cumulatively would have received $1.6 billion more public funding for operations by 2004.[112]

One way that transit agencies have coped with a long history of underfunding is to defer capital maintenance. These actions have resulted in a large capital backlog that continues to grow. The RTA's most recent estimate found that the backlog is over $20 billion across the three operators. This leads to higher operating costs and user experiences that fall short of what transit riders deserve.

There has been recent progress. The 2019 Rebuild Illinois capital program from the state provided $2.6 billion in bonds and an estimated $227 million in annual motor fuel tax revenue for transit agencies to replace aging assets and enhance the system. Recent increases in federal funding for transit capital investments, matched with Rebuild Illinois funds, are helping to move the region in the right direction. This new capital funding is projected to pause the increase in the capital backlog. However, the backlog took decades to develop, and it will take decades of consistent capital funding at these levels or higher to address it.

In response, the state increased public funding in 2008 to make the service boards' public revenues more competitive relative to inflation and cost growth. First, the RTA sales tax was increased by 0.25 percent across the region. Second, the state match of RTA sales tax revenue was increased by 5 percentage points (to 30 percent). Finally, a supplemental Real Estate Transfer Tax (RETT) of $1.50 per every $500 of the property transfer value was added onto the existing RETT in Chicago, which was dedicated to CTA and supported by a 30 percent state match (25 percent, or 5/6 of the match, goes to CTA and the remaining 5 percent is split between the service boards via the funding distribution formula).Adding RETT to the funding package in 2008 was specifically meant to buoy CTA's operating revenues, although anticipated funds did not materialize in subsequent years.[113]

Figure 20. Public revenues lagged inflation while costs continued to grow

Regional transit public revenue growth in relation to inflation, 2001 - 2007

- Public revenues for transit
- CPI-U
- ECI

Source: CMAP analysis of RTA budget data, BLS, and FRED.

Note: CPI-U is the Consumer Price Index for All Urban Consumers. ECI is the Employment Cost Index (all civilian total compensation).

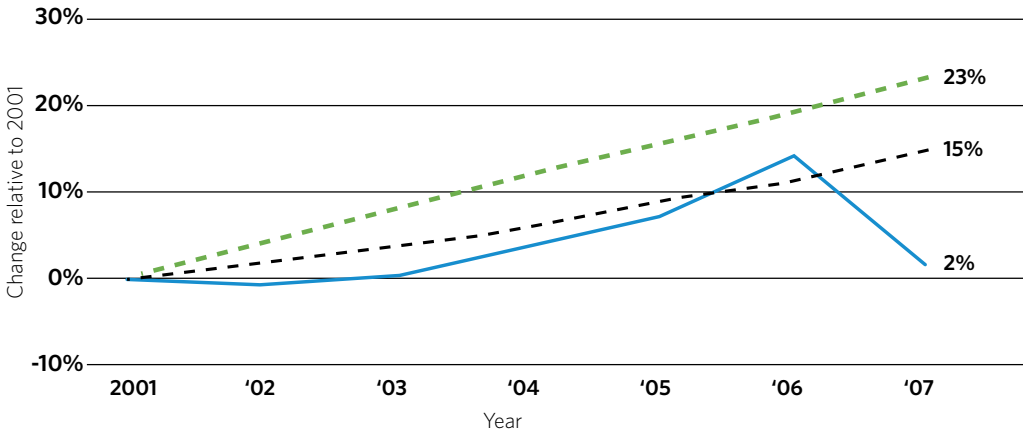


Figure 21. Summary of public revenues for transit, pre- and post-2008 reforms

Revenue source	Pre-2008 sources	2008 additions	Combined sources
RTA sales tax (on general merchandise)[1]	Sales tax I (ST I): • 0.75% in Cook County • 0.25% in collar counties	Sales tax II (ST II): • 0.25% in Cook County • 0.25% in collar counties	ST I + ST II: • 1.00% in Cook County • 0.50% in collar counties
Additional sales tax revenues[2]	Cook County's 0.25% portion of state rate	Cook County's 0.25% portion of state rate	Cook County's 0.25% portion of state rate
Real Estate Transfer Tax (RETT)	N/A	$1.50 per every $500 of transfer price	$1.50 per every $500 of transfer price
Public Transportation Fund (PTF)	PTF I: • 25% of ST I revenues	PTF II: • 5% of ST I revenues • 30% of ST II revenues • 30% of RETT revenues	PTF I + PTF II: • 30% of ST I revenues • 30% of ST II revenues • 30% of RETT revenues

Notes:
1. The 2008 rate increase in the collar counties was 0.5%. Half of the increase — 0.25% — is directed to RTA, and the other half is distributed to the respective county governments for local transportation and public safety expenses. Following the 2008 reforms, the actual amount that stays with RTA is equivalent to 0.5% out of the total 0.75% collar county RTA sales tax rate.
2. Since 1990, the State of Illinois sales tax rate on the sale of general merchandise has been 6.25%. The equivalent of a 0.25% rate on sales is redistributed to the county in which the sale occurred, except for Cook County, where those funds are directed to RTA. Before and after the 2008 reforms, the effective RTA sales tax rate in Cook County is 1.00% and 1.25%, respectively. For more information, see the latest version of the sales tax memo on the PART webpage.

Paratransit costs escalated

In 1990, the Americans with Disabilities Act (ADA) mandated the provision of comparable transportation services for individuals who are unable to access a fixed-route transit service due to a disability, referred to as "paratransit services." ADA paratransit has a meaningful impact on mobility options for people with disabilities, offering those residents a means to access employment, education, medical care, and other important services.[114] The federal government does not fund this mandate; instead, states, local governments, and transit agencies must come up with local funding solutions. Initially, responsibility for providing paratransit service was shared between CTA and Pace, with Pace taking full responsibility for ADA paratransit in 2006.

Paratransit provides an essential service that supports the mobility of vulnerable residents in the region, and it has proven increasingly costly over time. In the RTA region, total expenses for paratransit have almost doubled over the last fifteen years, mirroring trends observed in other large metropolitan regions across the country. This increase in cost is driven primarily by growth in ridership demand that is expected to continue as the population ages.

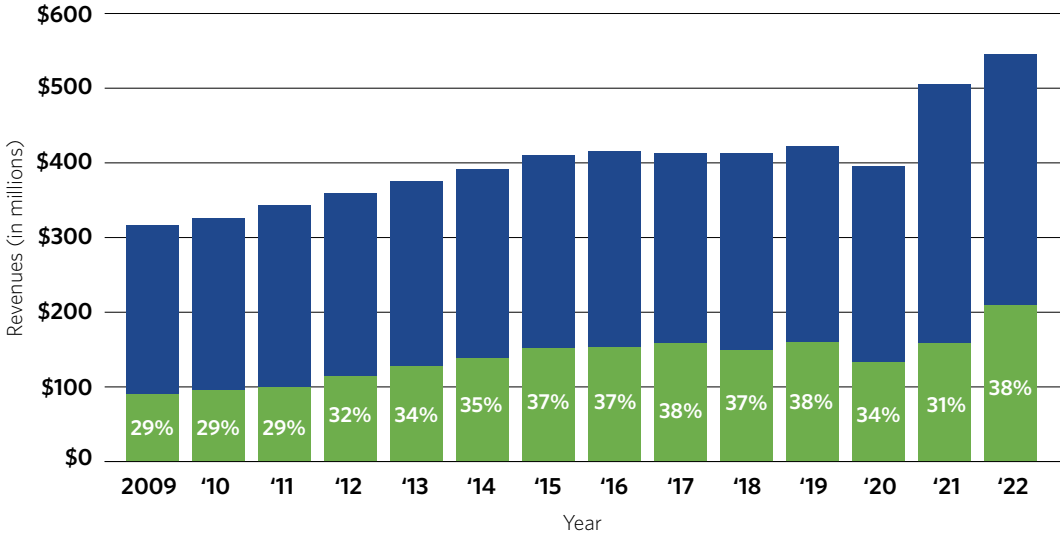
Federal requirements also cap fares for paratransit rides, which constrains the system-generated revenues available to cover costs. Under the Federal Transit Act, federally subsidized transit providers may not charge more than half of the peak fare for fixed route transit during off-peak hours for seniors, people with disabilities, and Medicare cardholders. This is not an ADA requirement, but a general condition placed on those receiving federal funding from the Federal Transit Administration (FTA).

Prior to 2008, the state supported paratransit services through its annual budget appropriation process, providing $54 million annually from 2005-2007. Because state funds did not cover the total expense of paratransit, the 2008 reforms dedicated a new funding source. By law, revenues generated from this source (Sales Tax II) must first be allocated to paratransit before funding fixed-route service in the region.

However, as costs continue to grow, the share of new local revenues allocated to paratransit has also grown. In 2022, paratransit service drew down about $118 million more than in 2009 (Figure 22). As a result, the additional revenues remaining for CTA, Metra, and Pace to fund fixed-route bus and train service have been substantially eroded. With a greater share of Sales Tax II dedicated to paratransit every year, that source is once again losing its ability to keep revenue growth on pace with inflation. While the state continues to provide a small annual appropriation for paratransit service ($8.4 million in FY2023), the need for the state to sustainably fund paratransit persists. Many peer states support paratransit more robustly. As an example, Minnesota will fund 100 percent of paratransit costs for the Twin Cities region starting in 2025.[115]

Figure 22. Pace ADA became a larger share of Sales Tax II and Public Transportation Fund II revenues

Statutory paratransit funding as a share of sales tax II revenues and the associated state match, 2009-2022



Source: CMAP analysis of RTA budget data.

CTA's pension faced insolvency

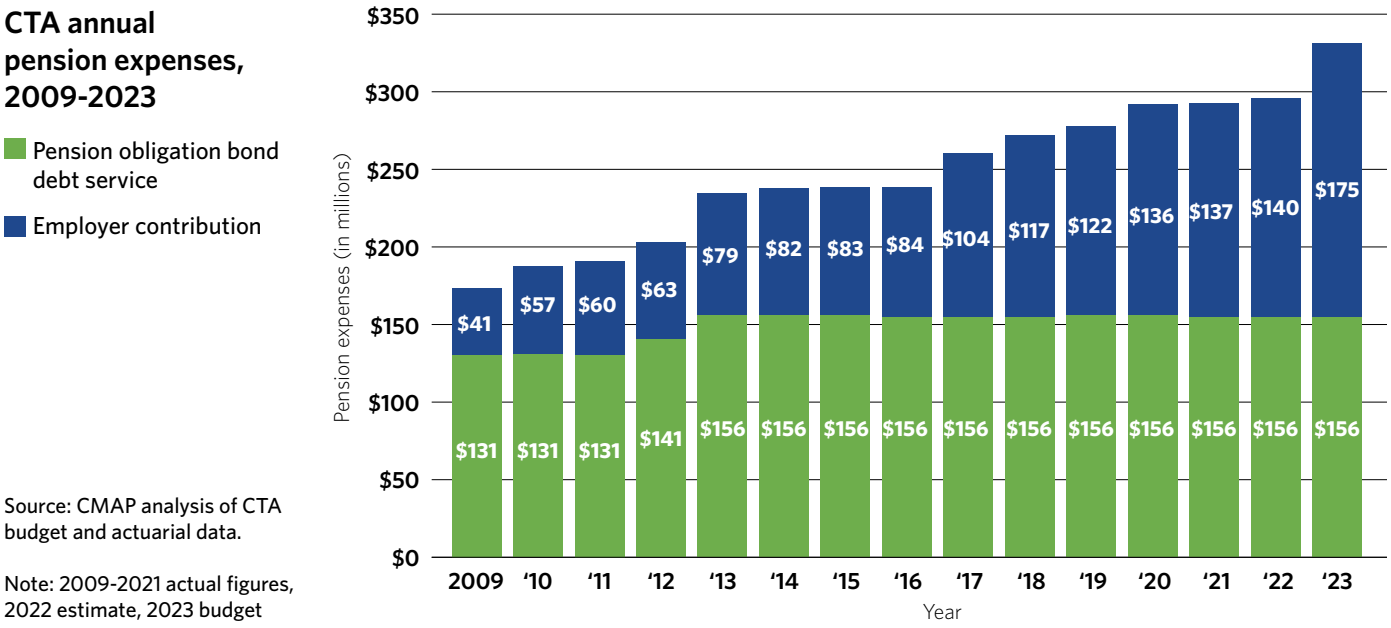
Another central objective of the 2008 transit reforms was averting a CTA pension collapse. By 2007, CTA's pension was only 30 percent funded and faced imminent insolvency.[116] In response, the state authorized CTA to use pension obligation bonds (POBs) to inject $1.1 billion into the pension fund, while also separating retiree healthcare, relieving CTA of any future responsibility for healthcare costs.

The reforms also introduced new requirements that compel CTA to continue to make financial progress toward meeting its retirement obligation to retirees. By issuing the pension bonds, CTA assumed responsibility for paying POB debt service, drawing down about $156 million per year through 2040, in addition to the employer contributions required to meet the statutory funding schedule (Figure 23). Specifically, the legislation requires that CTA maintain a minimum 60 percent funded level in the pension through 2039 and reach 90 percent funded by 2060. If the pension is less than (or falls below) 60 percent funded prior to 2039, contribution rates (both employer and employee) are increased to achieve the 60 percent level within ten years. CTA payment of POB debt service and employer pension contributions comes from its annual operating budget.

For several years, the CTA pension has been below 60 percent funded (e.g., 55 percent funded in January 2022), resulting in drastic CTA contribution increases to comply with the statutory requirements. CTA's employer contribution was $41 million in 2009 but has grown to a budgeted $175.3 million contribution in 2023. Employee contributions have also increased, more than doubling from 6 percent of payroll in 2008 to 13.2 percent in 2023. Taken together, CTA and its employees are now paying over $400 million toward the pension annually.[117]

Figure 23. CTA annual employer pension contributions have increased significantly since 2009

CTA annual pension expenses, 2009-2023



Source: CMAP analysis of CTA budget and actuarial data.

Note: 2009-2021 actual figures, 2022 estimate, 2023 budget

While the 2008 reforms successfully averted the collapse of the CTA pension fund and put it on a corrective path towards solvency, the new statutory requirements obligate an increasing amount of funding from CTA's operating budget each year. In 2023, employer contributions and POB debt service account for almost 20 percent of CTA's annual operating budget and consume all of CTA's 2023 distributions from the 2008 reforms (ST II, PTF II, and RETT).

When CTA's pension is fully funded, it should generate returns that match the required contributions and no longer rely upon operating budget subsidies. The current contribution schedule would fully fund the pension by 2038. However, while CTA is obligated to maintain 60 percent pension funding until 2040, there is no mandate that it meet 90 percent or full pension funding before the statutory deadline of 2060. Once CTA exceeds the 60 percent threshold, it is within its rights to reduce contributions and target 90 percent funding by 2060. Doing so will only prolong the strain that pension contributions place on CTA's operating budget. Even if CTA continues to pursue an aggressive contribution schedule, the discount rate used to calculate future unfunded pension liabilities is also quite high — 8.25 percent — which could be underestimating the funding needed to stabilize the pension.

Distribution formulas continue to reflect revenue collections, not system needs

In 2008, new distribution formulas for the incremental sales tax revenues added specific set-asides, such as distributions for paratransit and CTA's RETT funding. The remainder of the new funds (ST II and PTF II) were distributed according to a ratio that was developed in part to reflect the prior, location-based distribution levels (Figure 24). As a result, although overall public revenues for transit grew following the reforms, their distribution continued to emphasize the geographic source of revenue over the costs of where service is provided.

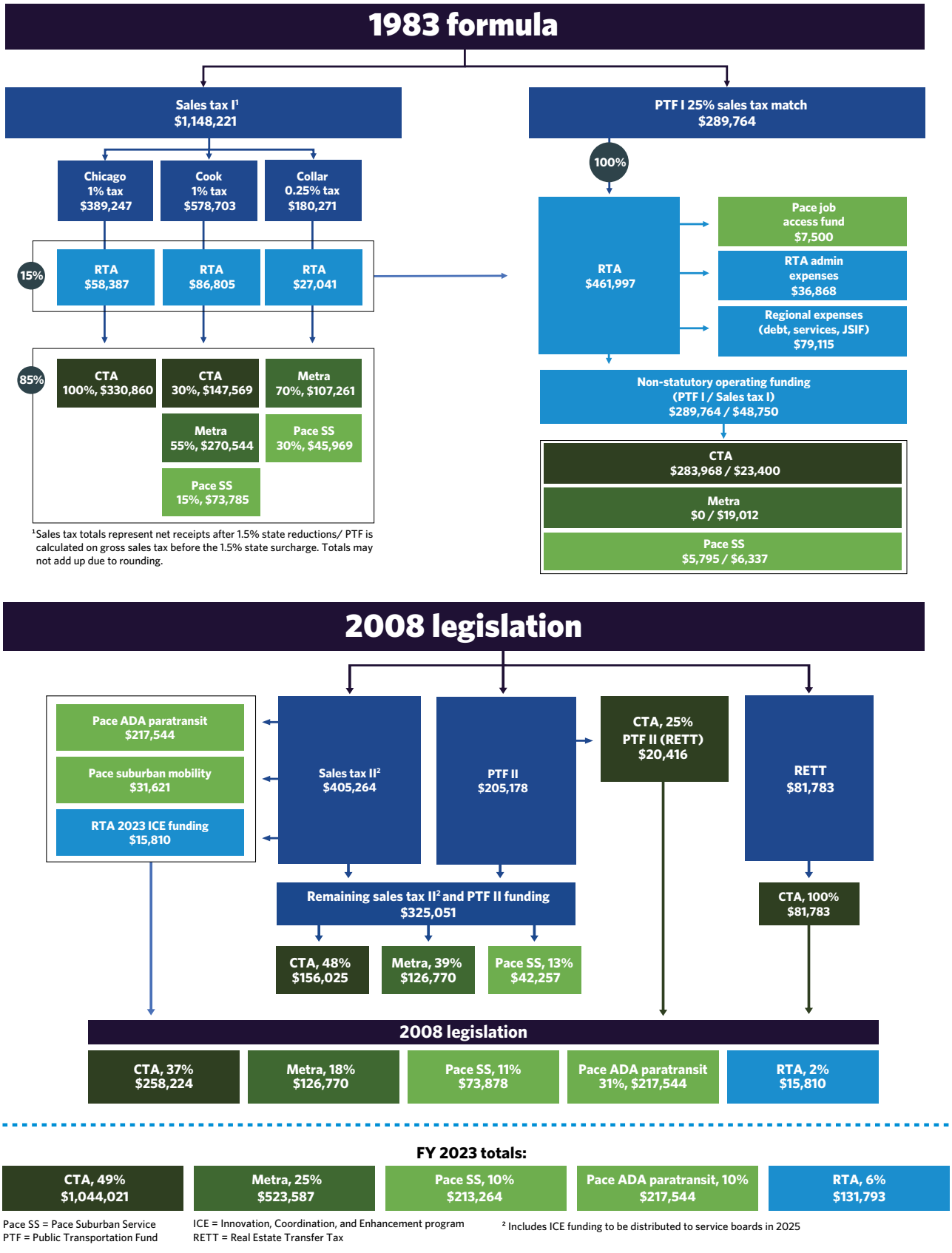
Figure 24. Distribution formulas

ST I (after RTA distributions)	Statutory distributions based on location			Effective distribution formula
	Chicago	Cook (remainder)	Collar counties	
CTA	100%	30%	-	49%
Metra	-	55%	70%	39%
Pace	-	15%	30%	12%
PTF I	Discretionary			

ST II and PTF II (after ADA and other distributions)	Statutory distribution formula
CTA	48%
Metra	39%
Pace	13%

Source: CMAP analysis of RTA budget data.
Note: Effective distribution formula for ST I funds is calculated based on 2023 funding and the subsequent allocations.

Figure 25. The 2008 reforms layered additional complexity on the existing 1983 funding distribution structure



Source: CMAP analysis of RTA budget data.
Note: Effective distribution formula for ST I funds is calculated based on 2023 funding and the subsequent allocations.

Revenue impacts differed across the service boards after 2008

These forty-year-old distribution formulas fail to meet the changing needs of the region. This is best illustrated by the disproportionate budget trends observed across the service boards in the decade between the 2008 reforms and the COVID-19 pandemic, and the decisions about service provision that followed.

Between 2009 and 2019, Metra and Pace's total inflation-adjusted revenues — which are a result of both public and system-generated revenues — grew by 19 and 11 percent, respectively, while CTA's total inflation-adjusted revenues grew by just 3 percent. Metra and Pace benefitted from the influx of ST II and PTF II revenues and no longer needed to rely on transfers from capital to provide service. As discussed above, they also both increased fares at a rate that exceeded inflation. As a result, both service boards experienced revenue growth (their total inflation-adjusted revenue grew at a CAGR of 1.7 percent and 1.0 percent, respectively). The cost to provide a given amount of transit service also grew over time, but not as quickly as revenues. This dynamic allowed both Metra and Pace to enhance their service levels despite ridership declines.

Conversely, the new revenues that flowed to CTA through the funding distributions were insufficient to account for previous operating deficits, to accommodate the effectively new pension obligation costs, and to continue providing service at the same level. Compared to Metra and Pace, CTA's inflation-adjusted revenues grew at a CAGR of just 0.2 percent between 2009 and 2019, which was insufficient on its own to cover increases in the costs of providing transit service over the same period (Figure 26). The new public revenues did allow CTA to limit and eventually eliminate its prior practice of diverting federal capital dollars toward operations. While this allowed for increased capital investment, it also offset what would otherwise have been increased operating funding. And although CTA raised fares slightly faster than the rate of inflation, its inflation-adjusted, system-generated revenues were essentially flat between 2009-2019 due to ridership declines.

Figure 26. Revenue and cost growth by service board

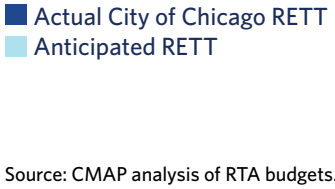
Compound annual growth rate, 2009-2019 (adjusted for inflation)	CTA	Metra	Pace Suburban Service
Revenue growth (includes both system-generated revenues and public funds)	0.2%	1.7%	1.0%
Growth in the costs of transit service provision (cost per vehicle revenue hour)	1.3%	1.1%	0.7%
Difference (revenue-cost)	**-1.0%**	**0.6%**	**0.4%**
Service change (vehicle revenue hours)	**-0.7%**	**0.8%**	**0.5%**

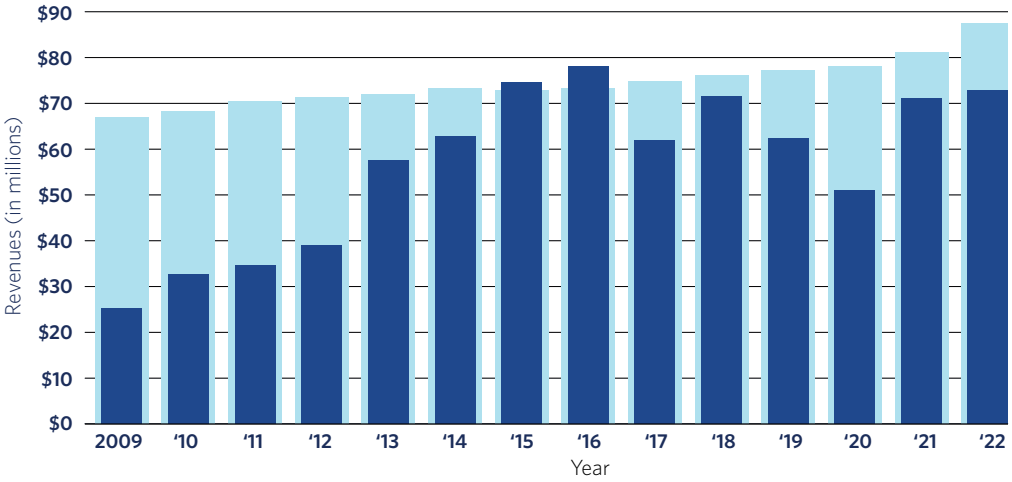
Source: CMAP analysis of RTA budget data.
Note: Revenue and cost figures were adjusted for CPI-U rates. Public funds include transfers from capital funding sources. Pace Suburban Service figures do not include revenue or costs related to Pace ADA paratransit. Numbers may not add due to rounding.

Another key reason the 2008 reforms have not benefitted CTA in the long run is the chronic underperformance of the City of Chicago's RETT as a revenue source for transit. Created in 2008 as a CTA-specific funding source, RETT was originally projected to generate $67.5 million in 2009 and serve as a revenue source to secure CTA's pension obligation bonds.[118] In reality, RETT only generated $25.1 million in 2009 due to the collapse of the housing market and subsequent Great Recession.[119] With underperforming public revenues and only modest fare revenue growth, CTA began to cut service to maintain a balanced budget shortly thereafter. Following the region's recovery and stabilization of the housing market, annual RETT revenues have rarely met anticipated levels.

Figure 27. Revenues to CTA from the Real Estate Transfer Tax

Anticipated and actual RETT receipts, 2009-2022





Source: CMAP analysis of RTA budgets.

Note: Anticipated RETT figures based on original 2009 projection, $67 million, and annual percent change in Consumer Price Index for All Urban Consumers (CPI-U) to show figures in respective unadjusted year of expenditure

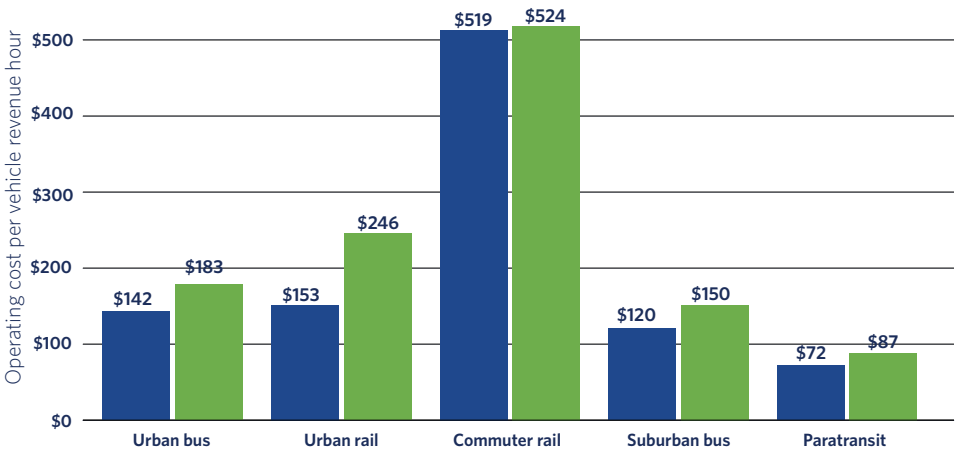
Cost trends were favorable prior to the pandemic

Since the influx of new public funding from the 2008 reforms, the service boards have demonstrated responsible financial stewardship. The service boards were more efficient than peer metropolitan transit systems across service types prior to the pandemic (Figure 28). In 2019, CTA spent $41 and $93 less per vehicle revenue hour for urban bus and urban rail service, respectively, in comparison to peer averages. Pace similarly spent $30 and $15 less than peer averages for suburban bus and paratransit service, respectively, in the same year. Despite the present-day macroeconomic challenges from inflation and a tight labor market, the service boards continue to practice cost containment by operating service at efficient unit costs that confirm responsible stewardship of public funding.

Figure 28. RTA service boards' cost efficiency relative to peers

RTA service boards vs. peers: operating cost per vehicle revenue hour, 2019





Source: CMAP analysis of the 2019 RTA sub-regional peer review.

Notes: 1. Operating cost per vehicle revenue hour: total operating cost divided by the hours that vehicles travel while in revenue service.
2. Averages are calculated from select peers by mode in the RTA's 2019 benchmarking.
3. Urban bus and urban rail = CTA, Commuter rail = Metra, Suburban bus = Pace, Paratransit = Pace ADA

There are opportunities to learn from past reforms

The 2008 reforms ultimately had mixed results that should inform the next set of policy solutions. Although public revenues are stronger than they once were, neither their level nor distribution mechanisms reflect the present-day or future needs of the entire region. And despite the identification of dedicated paratransit funds and progress on CTA pension funding, regional costs continue to impact the system's sustainability and impede progress toward the system the region wants.

Like many public entities around the state, CTA's pension fund will continue to serve as an operating cost center until it is fully funded. It is recognized that a significant amount of operational funding is being diverted to the pension, a situation that must be addressed if transit funding is to be viable and sustainable. Solving the CTA pension crisis is beyond the scope of this document as it demands a deeper understanding of the potential solutions (and their anticipated effects) than this process has allowed. As the state assesses the various underfunded pension systems throughout Illinois, it should convene the necessary subject matter experts and engage in the required actuarial and legal analyses to craft a holistic solution.

NEW REVENUE SOLUTIONS FOR A **STRONGER TRANSIT SYSTEM**

A strong transit system plays an important role in addressing our shared goals of equity, climate resiliency, and economic growth. New revenue solutions also present the opportunity to solve existing structural funding issues once and for all. The region and state have many options to consider to best meet these goals. CMAP analyzed dozens of potential revenue sources to help define a reasonable universe of options for the legislature and regional leaders. Through PART, six principles have emerged to help frame the discussion around revenue options.

Transit funding principles

The transit system must continue to contribute substantial revenues to help meet operating needs

RTA and the service boards need to raise passenger fares over time to keep pace with inflation, while also demonstrating responsible financial stewardship through cost containment and efficiency measures. The region expects system-generated revenues to continue to constitute a substantial portion of transit funding, even after accounting for pandemic-related ridership declines.

The state should provide more robust support for transit in northeastern Illinois

At 17 percent of total operating revenues in 2019, the Chicago region receives less state support for transit compared to metropolitan peers. Even within Illinois, downstate fixed route and paratransit systems have up to 65 percent of their operating needs met by the state.[120] Substantial, predictable, and sustainable state support is needed to operate a regional transit system that meets user and stakeholder expectations.

Paratransit must have stable, dedicated funding

The cost of providing federally required transit service for people with disabilities has more than doubled over the last two decades. As the country's population continues to age, paratransit demand and costs will only increase. The region's transit system should not be expected to shoulder this burden alone. Direct state support is needed to sustainably fund these critical mobility services.

Transportation revenues should fund transportation investments
Transit is a core component of the statewide mobility system. Revenues coming from flexible federal sources and transportation user fees should support the goals of the entire surface transportation system. Over time, revenue sources with a strong tie to transportation should become a greater share of the sources dedicated to meeting the overall system's needs.

Funding solutions should deliver benefits for equity and climate goals
Wherever possible, revenues should be designed to help introduce more progressivity into the existing tax or fee structure and responsibly manage any burdens placed on low-income households. Similarly, revenues that can help mitigate greenhouse gas emissions by managing congestion or changing the incentive structure around driving should also be prioritized. These strategies can help the state meet its broader policy commitments.

Revenues must maintain buying power over time
The inability of revenues to keep pace with the real cost of fuel, materials, and labor has been a chronic issue plaguing transit for the last fifty years. To avoid the gradual decay of transit funds, decision makers should take care to provide for automatic or periodic adjustments over time. Typically, this is done by indexing a tax or fee rate to inflation or some other benchmark.

A transformational investment

To achieve "the system we want," the region and state will need to make significant and sustained investments in the regional transit system. As shown in Figure 30, that system would require $1.5 billion in new operating support for transit, along with a combination of one-time and annual capital investments. This would be a transformational commitment that reflects the many social, environmental, and economic benefits that transit can deliver for the region and the state. It would also enable a huge leap forward in modernizing the transit system and creating compelling reasons for riders to return.

Figure 29. Operational cost needs by improvement area

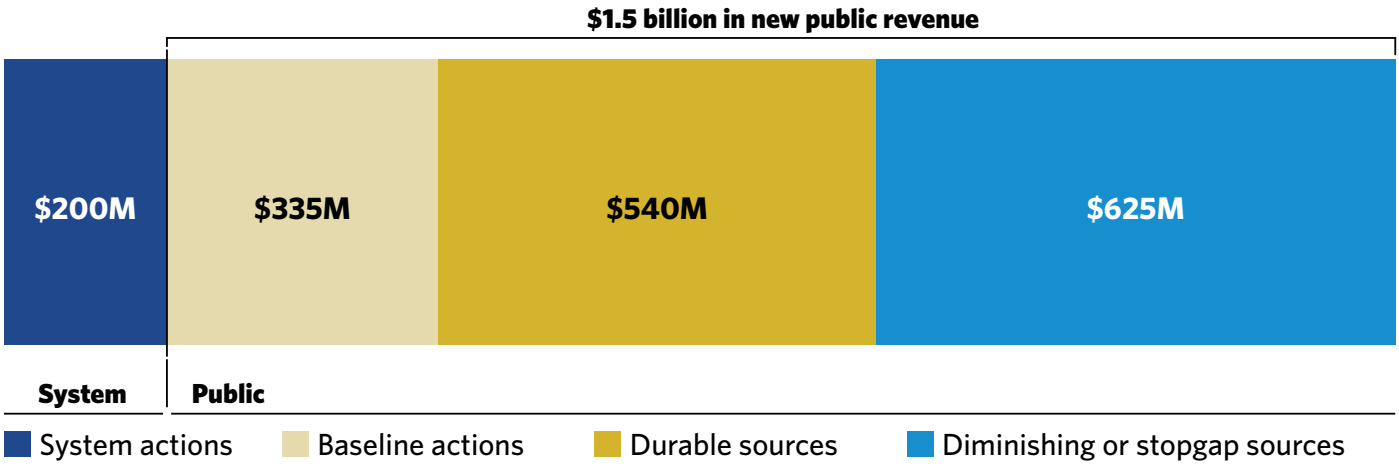


Note: Values are approximate, illustrative of scale, and would require complementary capital investments.

It will take a combination of revenues sources to fund these transformational investments. Success will require a coordinated effort between state and regional leaders and the region's transit providers, who together can deliver the system efficiencies and public revenues needed to address both transit's longstanding fiscal challenges and the current funding gap.

Figure 30 outlines a funding package that can serve as a jumping off point for the General Assembly's consideration of the opportunities and tradeoffs related to designing a transit funding solution for 2026 and beyond.

Figure 30: Revenues to support a transformational investment



System actions	$200M
Contain cost growth and ensure fare revenue stability	$200M

Baseline actions	$335M
Full paratransit funding from the state	$220M
Fully fund existing state reduced fare mandates	$85M
Remove state service fee on RTA sales tax	$30M

Durable sources	$540M
Expand sales tax base, lower state rate — broad selection of services	$315M
New sales tax state match flowing through existing formulas (broad)	$95M
Expand commercial parking tax in downtown Chicago	$65M
In-region vehicle registration surcharge (+$10/car)	$65M

To address the rest of the identified operating funding need ($625M):

The state should consider a near-term selection of diminishing or stopgap sources . . .

Diminishing or stopgap sources	
Raise RTA sales tax in region by 0.25% (including base expansion)	$545M
Raise tolls on existing Tollway facilities (excluding trucks)	$180M
MFT surcharge (+5¢/gallon)	$135M

. . . while planning for stable long-term revenues that align with climate, equity, and mobility goals

Long-term revenue sources
Road usage charge (transit increment and/or congestion pricing)
Expand tolling to un-tolled expressways
Introduce CBD cordon
Financialize future carbon policies

Transformational investment would require additional capital investment, estimated to be $400M+ annually and $220M in one-time investments

Revenue categories

The revenue options explored in this plan differ substantially from one another in terms of their administrative feasibility, implementation timeline, and expected performance over time. To support the discussion about how revenues could fit together, they are divided into six categories.

SYSTEM ACTIONS

While new public funds will be required to address the fiscal cliff and fund transit system improvements, there are also opportunities for the transit system and its users to help close the gap. The regional transit system will need to maximize the value of new funds by containing cost growth, while also maintaining stable contributions from riders through reasonable transit fare increases.

BASELINE ACTIONS

PART has identified a set of baseline actions will help close the $730M gap. These actions will share the burden of transit agencies' state and federal mandates with the state, but do not speak to how the state should fund its baseline support.

DURABLE SOURCES

Durable solutions are revenues sources that are reasonably expected to continue to generate revenues for the foreseeable future. These sources align with the funding priorities for selecting revenues and can feasibly be implemented in the required timeframe. Figure 30 includes four durable sources that CMAP recommends be adopted in any package of new transit funds.

If implementation is stalled on one or more of the recommended durable sources, PART also includes a discussion on other durable solutions that could be available as an alternative.

DIMINISHING OR STOPGAP SOURCES

These sources are reasonable short-term funding streams that are not fully aligned with the priorities for selecting revenues. These revenues would enable the transit system to begin the journey toward becoming a world-class system until more appropriate and sustainable sources can be produced. The General Assembly could select a subset of the sources displayed on Figure 30 to address the remaining funding need.

LONG-TERM REVENUES

Several of the revenues are highly aligned with revenue priorities, but will require significant planning, federal rule changes, or new technology to implement. Therefore, these revenues are not practical short-term solutions to avoid the fiscal cliff. However, work should continue to move the system to more equitable revenues that have a strong nexus with transportation. Action today can accelerate the movement toward these revenues. As these revenues become available, other revenues from any diminishing or stopgap sources could be retired.

CAPITAL INVESTMENT OPTIONS

Improving or transforming the transit system cannot be done with operating means alone. While primarily focused on meeting the operating budget shortfall, PART identifies capital improvements designed to achieve the system we want and incentivize transit ridership. Many of those improvements have capital costs.

The capital funding sources identified in Figure 31 are relatively flexible funding sources that can be adjusted or combined in different ways to fit the funding needs identified by the legislature. While there will be implementation considerations for each capital funding source included, short-term capital options can feasibly be realized by 2026. The sources identified as long-term capital options will require more planning, coordination, and technological progress before they can be realized. As noted below, some revenue sources might also be available as both operating revenues and capital investment sources.

It is important to note that, in addition to these costs, the region continues to experience large state of good repair backlogs (estimated to be $22.1 billion between 2023 and 2050 in the region's Financial Plan for Transportation). With the passage of Rebuild Illinois and the Infrastructure Investment and Jobs Act, growth of the state of good repair backlog has been paused, but the backlog remains and will grow again if current funding levels are not sustained.

A PACKAGE OF **REVENUE SOLUTIONS**

The transformational investment concept shown in Figure 30 maximizes baseline actions and durable revenue sources to address the impending funding gap. It also includes all the baseline actions identified, including the state fully funding mandated paratransit and reduced fare costs. The package further relies on durable sources that should be implemented to make the system's funding more fiscally sustainable, progressive, and climate-friendly: expanding the sales tax base to include a broad range of services, increasing commercial parking taxes in downtown Chicago, and imposing a regional surcharge on vehicle registrations. If the region and state are unable to reach consensus on these revenues, other durable revenues outlined below could replace them, such as a higher parking tax, a higher vehicle registration surcharge, or a payroll tax.

To meet immediate funding needs, some diminishing sources will be needed to achieve transformational investment. Raising the RTA sales tax rate in combination with a sales tax base expansion would provide funds that are critically needed to avoid the transit system's financial collapse. However, as more appropriate sources are identified and implemented, this temporary RTA sales tax increase can sunset. Similarly, increasing tolls for passenger cars on existing toll highways and dedicating that increment to transit provides the funds needed in the near-term, while other solutions that provide greater ties with road usage, congestion management, and climate outcomes — such as road usage charges and congestion pricing — should be explored over time.

Figure 31. Capital funding options to support improvements

Short-term capital options	
MFT surcharge (+5c/gallon)	$135M
MFT surcharge (+10c/gallon)	$270M
Flexing state federal road funding to transit (low)	$100M
Flexing state federal road funding to transit (high)	$150M
Raise tolls on existing Tollway facilities (excluding trucks)	$180M
Raise tolls on existing Tollway facilities (including trucks)	$450M

Long-term capital options	
Road usage charge — increment on MFT replacement	varies
Road usage charge — congestion pricing	varies
Expand tolling to un-tolled expressways	varies
Introduce CBD cordon (low-fee scenario, NYC model)	up to $765M
Introduce CBD cordon (high-fee scenario, London model)	up to $1.3B
Financialize future carbon policies	varies

With fewer resources, some elements of *transformational investment* would remain out of reach

Achieving the full vision of "the system we want" will require an unprecedented funding commitment from the region and state. Without full funding for those improvements, however, the region's transit system would have to scale back its ambitions, falling short of achieving "the system we want" in important ways. To inform legislative discussions on the tradeoffs involved in lower levels of funding, Figure 32 below outlines what might be possible in the full *transformational investment* package in comparison to a more limited (although still significant) *meaningful change* package of $1 billion in new annual operating investments and at least $200 million in ongoing capital investments.

Figure 32: Transformational investment could enable a fundamental shift in regional mobility but meaningful change can still be realized in incremental ways

Recommendation	Transformational investment	Meaningful change
Restoring and investing in transit service		
Prioritize restoring and investing in regional transit service levels: Address the gap	Included	Included
Require transit providers to develop an overarching regional transit service framework	Included	Included
Leverage the regional transit service framework to guide decisions on service improvements and related capital investments	Included	Included
Prioritize restoring and investing in regional transit service levels: Invest in new transit service	$500M operating + necessary capital	$250M operating + necessary capital
Integrated and affordable fares		
Plan for ongoing fare increases to keep pace with inflation	Included	Included
Provide a low-income fare subsidy	Included	Included
Provide a youth fare subsidy	Free for youth	Unified discount for youth
Implement fare capping	Included	Included
Fully integrate fares among the three service boards and other complementary systems	Additional funds would allow for some revenue loss with integration	Included
Grant authority to transit agencies to enforce fare violations	Included	Included
Faster and more reliable bus service		
Develop a regional bus priority plan and establish an interagency structure accountable for its implementation	Included	Included
Dedicate funding to implement bus priority plan	Larger program	Smaller program
Build staff capacity at roadway agencies to support bus priority	Included	Included
Enable automated camera enforcement for bus lanes and stops	Included	Included

Public confidence		
Increase staff presence through a pilot transit ambassadors program	Larger program	Smaller program
Expand partnerships with local and state social services agencies	Included	Included
Invest in infrastructure that meets riders' concerns about transit security	Larger program	Smaller program
Invest in infrastructure that improves system cleanliness	Larger program, could include bathroom access	Smaller program
Improve two-way rider communication between riders and transit operators, by using existing and new mobile applications	Included	Included
Improve monitoring and reporting of transit system safety outcomes and best practices	Included	Included
Rebuilding a ridership base		
Identify needs and dedicate funding to support Metra's transformation into a regional rail provider	Larger program, could include additional corridors	Smaller program, fewer corridors
Support station-area development and infill station opportunities to spur economic activity and address gaps in access	Included	N/A
Integrate planning for regional rail into railroad and freight system investments	Larger program (could include funding)	Smaller program (planning)
Leverage public assets and investments to foster transit-supportive land use	Larger program	Smaller program
Reinforce private sector decisions that support transit	Included	Included
Universal accessibility		
Develop a comprehensive plan to prioritize transit accessibility investments	Included	Included
Leverage technology to improve transit's digital accessibility and ease of use	Included	Included
Provide funding for improvements identified in regional accessibility plan	Larger program	Smaller program
Support ongoing efforts to improve options for ADA paratransit users	Included	Included
Strengthen non-ADA demand-responsive transit service with improved coordination, integration, and governance	Larger program, could include additional investments in demand-responsive service	Smaller program
Cost		
Operating	$1.5 billion annually + $200M in savings/fare increases	$1 billion annually + $200M in savings/fare increases
Ongoing capital	$400M+	$200M
One-time capital	~$220M	~$220M

OPTIONS FOR **FUNDING PACKAGES**

The state has numerous options for providing new resources to support transit. This section summarizes the top sources assessed by CMAP for PART.

System actions

Throughout the PART process, stakeholders from across the region have emphasized the importance of good fiscal stewardship by the entities entrusted with the transit system's operation. Although the service boards in northeastern Illinois have already achieved substantial efficiencies in comparison to their national peers, there is a strong desire to see the system itself take a leading role in the financial solution to the fiscal cliff. To achieve this goal, the transit system can pursue efforts to contain future cost growth and ensure that fare revenue remains a stable and significant source of funding overall.

Operational and structural savings System

Responsible financial stewardship by the transit system is the utmost priority. In addressing the fiscal cliff, RTA and the service boards must continue to identify efficiencies and cost savings that demonstrate the system is adapting to the current financial and ridership situation. The service boards do already have a strong record of financial stewardship. Historically, the service boards in the RTA region have outperformed peers by providing transit service at a cheaper per unit cost (Figure 28), but inflation has impacted transit operations across the country and labor markets are highly competitive. To contain costs as much as possible moving forward, the service boards must continue this success and seek innovative solutions and best practices that unlock greater efficiencies and savings. For context, a one percentage point reduction in system cost growth rate relative to 2023 budgets would yield more than $100 million in savings annually by 2026.[121]

It is important to note that any savings and efficiencies should be pursued with the rider in mind. Actions that save money today while making the system less attractive for its users are unlikely to yield long-term success. However, the PART report has also identified some recommendations that could reduce costs while improving the rider experience. For example, investments in bus priority can increase average bus speeds, thus allowing operators to increase the amount of service they run without increasing costs. Based on 2021 figures, increasing bus speeds by an average of 10 percent could enable more than $50 million in annual savings.[122] More broadly, rethinking how the service boards can provide more productive or cost-efficient service with existing assets is a key pathway to realizing greater efficiencies and cost savings.

Maintaining fare revenue System

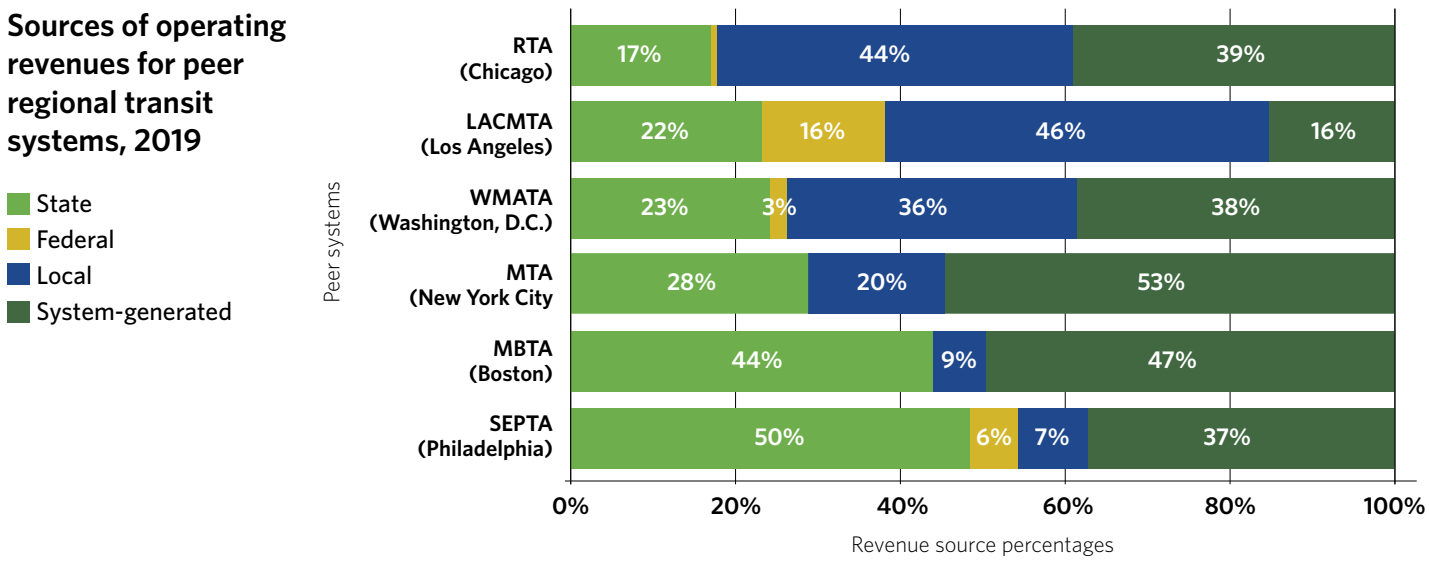
CTA, Metra, and Pace have regularly increased fares over the last two decades to align system-generated revenues with system costs. These fare increases have kept pace with, and in most cases exceeded, the annual rate of consumer price inflation (CPI) and employment costs. However, as the cost of labor, materials, and energy continue to rise faster than before the pandemic, operating expenses will continue to grow faster at a time when the agencies face an unprecedented fiscal cliff. While the service boards reduced fares to attract riders back to post-pandemic transit, PART recommends a return to fare increases and an expansion of income-based fare subsidies. As noted above, adjusting fares to partially offset recent inflation could yield $100 million in additional fare revenue.

Existing fare revenue forecasts also assume that ridership will remain significantly below pre-COVID levels through the end of the decade. If the service boards succeed in attracting former, current, and new riders to use the system in greater numbers, the associated fare revenue would also provide additional system-generated funding for ongoing operations.

State funding for mandated programs

The State of Illinois' current support for RTA is insufficient and, as a portion of total operation revenues, lags the levels of support provided to peer transit systems (Figure 33). To address this funding shortfall, the state should fully fund paratransit services and other mandated programs such as fare subsidies.

Figure 33. State support for transit as a share of total operating revenues is greater for peer transit systems



Source: CMAP analysis of RTA and National Transit Database data.

Notes: 1. State and federal revenue sources are assistance from those levels of government. Local revenue sources includes local government assistance and agency revenue from taxes and fees. System-generated revenue includes fare revenue, donations, and other agency generated funds.

2. The Regional Transportation Authority (RTA) includes the Chicago Transit Authority (CTA), Metra, Pace Suburban Bus, and Pace ADA paratransit. The Metropolitan Transportation Authority (MTA) includes New York City (NYC) Transit, Metro-North Railroad, Long Island Railroad, MTA Bus, and MTA Staten Island. The Los Angeles County Metropolitan Transportation Authority (LACMTA), Massachusetts Bay Transportation Authority (MBTA), Southeastern Pennsylvania Transportation Authority (SEPTA), and Washington Metropolitan Area Transit Authority (WMATA) are independent public agencies.

State funding for paratransit **Baseline**

Required by the ADA, paratransit services are comparable transportation services for individuals who are unable to access a fixed-route transit service due to a disability. Paratransit services must be provided within a three-quarter mile buffer around any fixed-route bus or rail transit during service hours and fares cannot exceed twice the cost of a full-fare, similar fixed-route trip (commuter rail is not included in the service requirement, so this does not apply to Metra). Provision of paratransit is an unfunded federal mandate, requiring states, local governments, and transit agencies to come up with local funding solutions.

Given paratransit requirements and both the nature and need for the service, paratransit is considerably more expensive than traditional, fixed-transit service. A 2012 report from the U.S. Government Accountability Office found that the average cost of an ADA paratransit trip was $29.30, which was about 3.5 times more expensive than the average cost of a fixed route trip ($8.15).[123] Total expenses have increased annually for paratransit providers across the country until only recently, when decreased ridership from the pandemic caused a brief reduction in spending.

As discussed above, securing sustainable paratransit funding that is responsive to expense growth is a consistent challenge for the region. Despite receiving $54 million in annual state funding in 2005-2007, regional paratransit services were operating at a deficit prior to the 2008 transit reforms. Through the reforms, the state legislature reduced its annual appropriations for paratransit and replaced state paratransit funding with a 0.25 percent increase in the RTA sales tax rate (ST II) and an increase in the state match of local sales tax revenues (PTF II). The state required that revenues from ST II be allocated to cover paratransit prior to funding other, fixed-route transit service in the region.

The 2008 funding reform effectively shifted the paratransit funding burden from state line-item appropriations to the RTA service region.

Consequently, since 2008, state appropriations for paratransit have dwindled in comparison to the funding needed to provide the service ($8.4 million in 2022). Although the state reduced its dedicated paratransit support by decreasing annual appropriations, it increased discretionary transit funding through the state match on the RTA sales tax. The state also provided more funding via the increased RTA sales tax rate and the increased state match, which initially helped to offset the region's greater responsibility to fund paratransit. However, this funding solution has failed to address continued growth in paratransit costs. Coupled with growing demand, paratransit services have increasingly commanded ST II revenues over time, leaving less funding for fixed-route transit service. In 2009, mandatory paratransit funding accounted for less than a third of combined ST II and PTF II funds; by 2022, it was almost 40 percent. ST II and PTF II now cover about $118 million more in paratransit costs than they did in 2009.

To prevent this trend from continuing, the state should take greater financial responsibility for paratransit services in the RTA region. The state should fully fund the paratransit operating cost, less system-generated revenues, by amending the RTA Act and enshrining this support in law.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

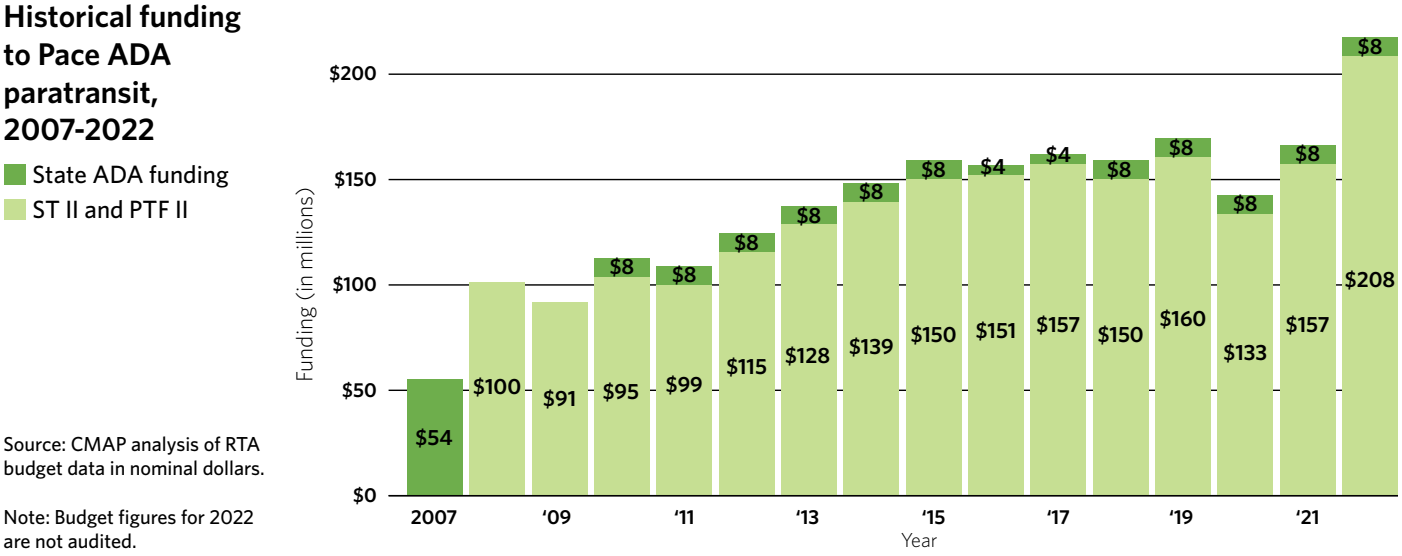
State funding for reduced fares **Baseline**

RTA service boards, like all other transit agencies in Illinois, are required by the state and federal governments to provide free and reduced fare programs for some vulnerable travelers. This includes half-price (at most) fares for seniors, people with disabilities, and Medicare cardholders during off-peak hours as required by the FTA, and free rides to low-income seniors and qualifying military personal as required by the State of Illinois.

In return, the state provides a partial reimbursement to RTA to offset the loss of revenues, which is redirected to the service boards. The state reimbursement was almost $40 million in 2007 but was reduced to $16 million in 2015. Annual funding has since remained around 2015 levels although a $1.5 million increase in the FY24 state budget appropriation will bring state support to $19.1 million. FY24 funding levels are still less than half of the previous 2007 funding levels, and less than a quarter of the actual cost of providing these programs ($83 million annually).[124]

The state should fully fund these and any other future, state-enacted reduced fare requirements. Most notably, these should also include funding in support of the related PART recommendation that the state require transit providers to offer discounted fares to all low-income travelers.[125]

Figure 34. State support for paratransit has dwindled over time, while growth in demand has increased annual costs



Source: CMAP analysis of RTA budget data in nominal dollars.

Note: Budget figures for 2022 are not audited.

Sales tax solutions

The RTA sales tax has long been the primary public funding source for transit operations in northeastern Illinois. First implemented in 1979, the RTA sales tax was most recently increased in 2008 to generate additional transit funding. While it has performed well and has recently benefitted from the Leveling the Playing Field for Illinois Retail Act — which enabled the collection and remittance of some state and local sales taxes from remote retailers and marketplace facilitators — current RTA sales tax revenues and the state match provided through PTF will be insufficient to cover the transit operating budget shortfall projected to begin in 2026.

Nevertheless, the RTA sales tax continues to be critical for funding transit and should serve as a cornerstone revenue source in any funding package to address the looming fiscal cliff. Rather than simply raise the RTA sales tax rate, the state should consider larger reforms and expand the state sales tax base to include services, which are largely untaxed in Illinois. In addition to enhancing this important local funding source for transit, this change would also increase revenues at the state level. The state could use a portion of these new revenues to strengthen its support of the transit system by way of PTF.

Current sales tax

The State of Illinois' 6.25 percent state sales tax rate is assessed on general merchandise and qualifying food and drugs, and is comprised of a 5.0 percent rate retained by the state and 1.0 and 0.25 percent rates distributed to municipalities and counties, respectively. In addition to state sales taxes, home rule counties, municipalities, and special districts can impose their own sales taxes. Collectively, these rates comprise the composite rate, which is what consumers see when purchasing taxable goods. In Cook County and the collar counties, the composite rates on general merchandise range from 9.0-11.0 percent and 7.0-8.75 percent, respectively. The statewide average composite tax rate in Illinois ranks 8th highest nationally, and City of Chicago consumers are charged the 2nd highest sales tax rate in the nation.

The current Illinois sales tax primarily taxes goods (or general merchandise) rather than services. Decades of academic and policy research have suggested that imposing sales taxes on services would be a more sustainable and equitable funding mechanism for state and local governments. In part, the research is based on national consumer expenditure data that indicates consumers increasingly spend more of their household income on services rather than goods (Figure 35). Through its overreliance on goods, the Illinois sales tax is dependent on a declining sector of the economy and, as a result, should expect uncertainty in future receipts.

Broadened state sales tax base to services

There are several advantages to broadening the tax base to include additional services:

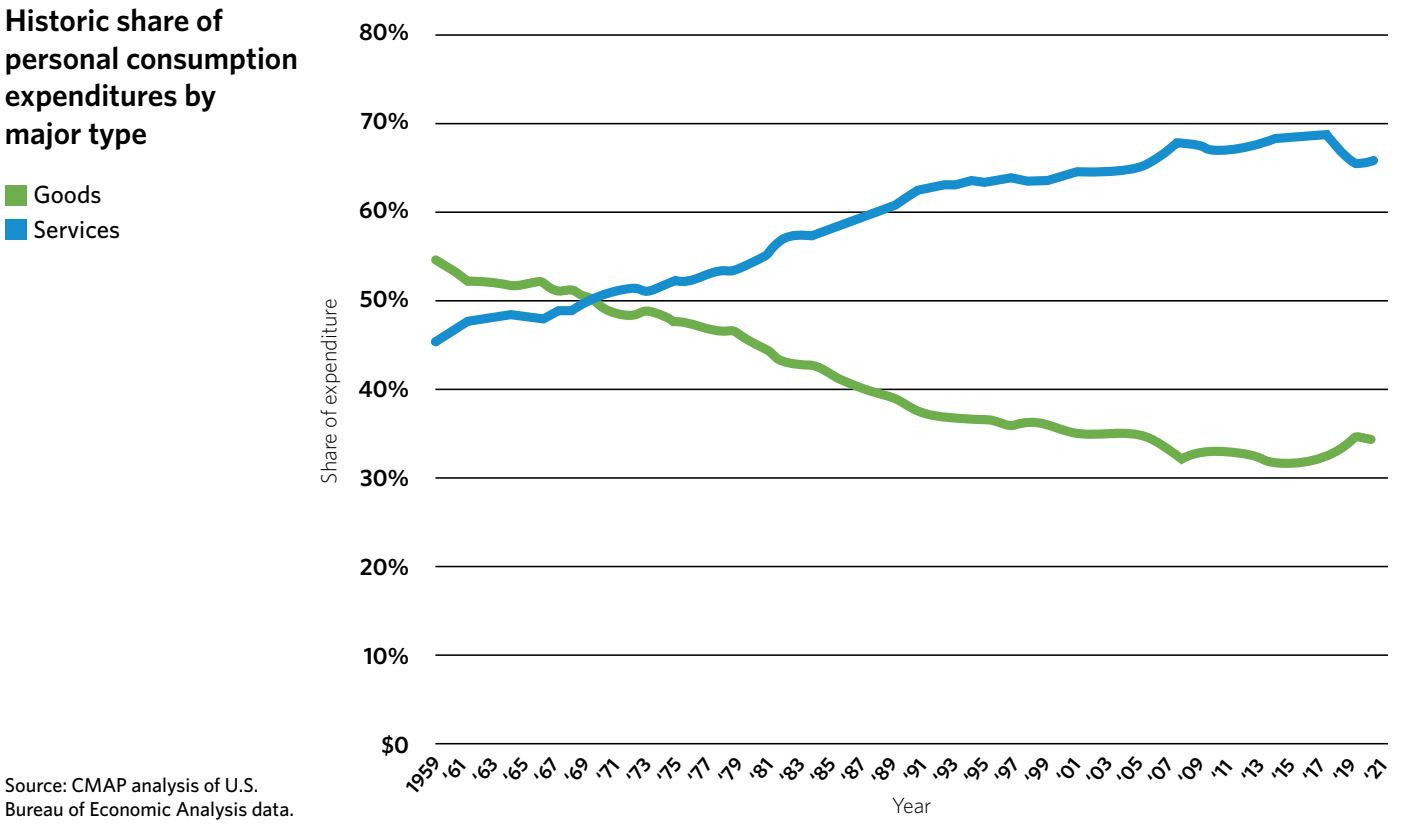
Service sales are less sensitive to economic downturns. Goods purchases are highly susceptible to economic downturns as households elect to reduce spending on big-ticket items. During economic downturns, service spending can even increase as people will often defer purchases in exchange for lower-cost repairs.

Taxing services is less regressive than taxing goods. While some household costs are relatively fixed across income bands (e.g., groceries), upper-income households are more likely than lower-income households to spend a greater share of their income on prepared foods, entertainment, and services.[126]

Technology advancements have led to an increased focus on service-based delivery models. Many products which would have been purchased (and taxed) as goods a decade ago have shifted to a service-based delivery method. For example, most software applications have shifted from one-time purchase model to a software as a service model, thereby becoming exempt from sales taxes.

However, when comparing the Illinois service tax base with peer or geographically adjacent states, Texas taxes the most services (90) either at the state or local level and California taxes the fewest (21). Among adjacent states, Iowa taxes the greatest number of services (89). Recent changes to the Iowa tax code expanded taxable services to include emerging industries such as streaming subscriptions, electronic data storage, and other web-based services. In comparison, Illinois currently taxes only 29 services at either the state or local level.

Figure 35. Consumers have increasingly spent more of their household incomes on services rather than goods



Source: CMAP analysis of U.S. Bureau of Economic Analysis data.

Expanded statewide sales tax base to include services and reduced statewide sales tax rate

To modernize the Illinois sales tax base and bolster sustainable funding for transit, the state should expand the state sales tax base to include services. This would bring the sales tax base more in line with neighboring and peer states. It would also make the sales tax more progressive overall.

Additionally, to ease the burden of new services taxes on consumers, an expansion of the sales tax base should be coupled with a reduction in the state share of the existing statewide sales tax rate on general merchandise. Incremental decreases in the state rate would lower composite sales tax rates and provide relief to Illinois consumers, especially lower-income households who spend a larger share of their income on goods. Lower composite tax rates would also improve Illinois' economic competitiveness by softening the high-tax climate in the state. This could lead to less distortionary consumer activity — like traveling to purchase goods in adjacent jurisdictions — and could support businesses interested in expanding or locating within Illinois.

Figure 36. Summary of new revenues anticipated from sales tax changes under different scenarios (2026[1])

Option 1. Expand the base to cover services; keep rates the same					Durable
Services scenarios	**RTA[2]**	**Collar counties [3]**	**Regional municipalities**	**State of Illinois[4]**	**Counties & municipalities outside region**
Expansive services option	$315M	$26M	$293M	$1.9B	$110M
Top performers option	$224M	$14M	$202M	$1.2B	$46M
Equity option	$212M	$15M	$193M	$1.1B	$31M

Option 2. Expand the base to cover services; lower the state rate by 0.5-0.75%					Durable
Services scenarios	**RTA[2]**	**Collar counties [3]**	**Regional municipalities**	**State of Illinois[4]**	**Counties & municipalities outside region**
Expansive services option	$317M	$26M	$293M	varies	$111M
Top performers option	$225M	$14M	$203M	varies	$46M
Equity option	$213M	$15M	$194M	varies	$31M

Option 3: Expand the base to cover services; lower the state rate by 0.5-0.75%; raise the RTA rate by 0.25%				Durable	Diminishing or stopgap
Services scenarios plus 0.25% RTA rate increase	**RTA[2]**	**Collar counties [3]**	**Regional municipalities**	**State of Illinois[4]**	**Counties & municipalities outside region**
Expansive services option	$861M	$26M	$294M	varies	$111M
Top performers option	$746M	$14M	$202M	varies	$46M
Equity option	$733M	$15M	$194M	varies	$31M

Option 4. Raise the RTA rate by 0.25% alone					Diminishing or stopgap
	RTA[2]	**Collar counties [3]**	**Regional municipalities**	**State of Illinois[4]**	**Counties & municipalities outside region**
Services Scenarios	N/A				
Rate increase	$470M	-	-	-	-

Source: CMAP, SB Friedman.

Notes: 1. 2026 figures assume 75% compliance with the sales tax on services, anticipated to reach 90% at full implementation by 2027. Forecasts and assumptions are described in greater detail in the latest version of the sales tax memo on the PART webpage.
2. RTA's sales tax revenues include Cook County's 0.25 percent portion of the state rate (as discussed above, and further below).
3. The collar county estimates assume they retain their portion of the RTA sales tax rate (0.25 percent).
4. The service scenarios identified above refer to three possible permutations of services to tax that were modeled for PART. The "expansive services" option includes the broadest number of services, which were identified based on services taxed in an adjacent state, while the "top performers" and "equity" options examine narrower bases that have different policy implications. The "top performers" option covers the three service categories anticipated to generate the most revenue. The "equity" option selects services more likely to be used by higher income households. See the latest version of the sales tax memo on the PART webpage for more information. Compared to Option 1, any new revenues collected by the state from service taxes in Options 2 and 3 will be offset by the reduced rate on general merchandise. The exact figures will vary by the scale of the rate reduction and the services selected to tax.

Sales tax revenue estimates

The beneficiaries of these options include not only the region's transit system, but also the state, counties, municipalities, and consumers statewide. Figure 36 summarizes the estimated revenue impacts of various options for expanding the state sales tax base. Modeling shows that increasing the number of services subject to the existing state tax rate of 6.25 percent could generate between $1.1-1.9 billion dollars in 2026 (Option 1). All sales tax revenue estimates are represented as ranges to reflect the variations between a narrow or broad base of services. If the state expands the base and lowers its portion of the 5 percent statewide sales tax rate by 0.5-0.75 percent (to 4.25-4.5 percent), the state could still benefit from increased revenues (Option 2 and 3).

The impacts of an expanded base would also flow to RTA. If the RTA sales tax rate remains unchanged, RTA will benefit from $212-317 million in new revenue for the transit system in 2026 (Option 1 or 2). A lower state sales tax rate could also be paired with a 0.25 percent increase in the RTA sales tax rate, which would still result in a lower composite rate overall. This would result in $733-861 million in new revenue for the transit system in 2026 (Option 3). This RTA revenue estimate includes the funds from expanding the base ($261-390 million) and raising the rate ($470 million). Additionally, the state's 30 percent match of RTA sales tax revenues should adjust to reflect the new revenues, which the state could fund using its own increased service tax receipts.

The state's composite rate of 6.25 percent is comprised of both the state share (5.0 percent) with the remaining percentages distributed to municipalities and counties (1.0 percent and 0.25 percent, respectively). Any expansion of the base should be structured to ensure new revenues from the state tax on services are similarly distributed to local governments. Using the existing distribution formulas, counties and municipalities in the RTA region are projected to collect $14-26 million and $194-294 million, respectively, from service taxes in 2026. This does not include the additional funds that communities could collect through their local sales tax levies.

Expanded sales tax base statewide — a better policy choice than raising the RTA sales tax rate alone

Illinois' already high sales tax distorts some consumer behavior and negatively impacts the state's economic competitiveness. Given the burden of existing composite sales tax rates, the state should not increase the RTA sales tax rate as a standalone solution to raise revenue for transit (Option 4). Doing so risks causing greater economic distortions in the region, while continuing to burden low-income households that disproportionately purchase goods.

Given the transit system's immediate funding needs, it may be prudent to raise the RTA sales tax rate in the near-term. If the state finds this action appropriate as a stopgap funding measure, any increase should be considered temporary and should ultimately be replaced by other, more durable and/or long-term revenue sources.

Key considerations for implementation

The state would need to authorize any expansion of the sales tax base to services, as well as any changes to existing sales tax rates (a reduction of the state rate and/or an increase to the RTA rate in the near and/or long-term). Nevertheless, with political will and leadership, implementation could occur by 2025. Reaching full compliance will take about three years, which means new revenues could be fully realized by 2027.

Successfully implementing the base expansion to services will require consensus around the exact nature of the services that will be included. The state could choose to capture a broad base, such as those taxed by peer states (e.g., Iowa), or it could select a narrower set of services based on various policy goals. For example, a narrower base could include only sectors that would contribute the greatest revenues, a select set that avoids potentially negative impacts on small business service providers with limited profit margins (e.g., barbers and other personal service providers), or a variety of other permutations. To avoid tax pyramiding — taxing the same service at multiple intermediate points on its way to final sale — it is generally recommended that service taxes not be imposed on business-to-business services such as accounting or legal services.

Any increase in RTA sales tax revenues — whether achieved through a base expansion, a rate change, or a combination — should continue to receive the state's 30 percent match. This could similarly be funded through a base expansion that results in increased revenues at the state level.

Finally, another consideration for implementation is how to best distribute the new service tax revenues to counties and municipalities across the state. If implemented, the Illinois Department of Revenue (IDOR) would need to administer the collection of tax revenues from service providers. Due to the way state sales taxes in Illinois are collected and receipts are disbursed, CMAP has long recommended state disbursement formulas be reformed to help municipalities that have high service needs but currently receive relatively lower shares of state revenue.[127] Although the state's formulas for disbursing funds to local governments include additional state funding beyond the sales tax revenues (use, income, and motor fuel tax revenues are distributed based on population), sales tax revenues are currently distributed based on where sales are generated. This creates variations depending on local land use decisions and the resulting development patterns in different communities. An expansion of the sales tax base to services in Illinois — which would result in additional revenues for many communities — could provide an opportunity for the state to revisit state disbursement formulas.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

Illinois Department of Revenue surcharge removal

Baseline

IDOR imposes a 1.5 percent administrative surcharge on all local sales tax receipts collected by the agency, including the RTA sales tax. The surcharge, which was reduced from 2.0 percent in 2018, is a flat fee that is not associated with the actual administrative cost of collecting and processing the revenue on behalf of local governments.[128] Nevertheless, in 2022, RTA lost $22.5 million in revenue to the IDOR surcharge. The surcharge is forecasted to grow to $26.7 million by 2026 and almost $30 million by 2030.

Given the impending fiscal cliff and the need to consider all revenue sources, the state should also eliminate its surcharge on sales tax collections. This change would benefit the RTA sales tax, and therefore transit, as well as other jurisdictions that rely on sales tax revenues.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.



Road revenues

A strong and well-operated transit system benefits roadway users and advances state and regional multimodal strategies to improve mobility, regional economic competitiveness, climate resilience, and overall quality of life. New and existing roadway-generated revenues present opportunities to provide greater support to transit, and to ensure transportation revenues are a primary resource for addressing transportation needs.

To better support the state and region's multimodal goals, several opportunities exist to leverage roadway-generated revenues that support transit needs in northeastern Illinois. Some of the road revenues identified could be useful to meet transit's imminent fiscal cliff but should not (or cannot) be part of a long-term solution. Other, more durable sources make sense as part of the overall transit funding structure. These revenues can not only provide additional funds for transit, but also incentivize more people to switch from driving to transit, thereby increasing ridership. Given the clear relationship between the roadway and transit systems (i.e., congestion management and greenhouse gas emission mitigation), roadway-generated revenues can and should provide solutions to a range of regional transportation issues — especially in place of or in conjunction with other revenue sources identified.

Road fees are often imposed directly on vehicles, which increases the cost of driving and therefore encourages mode shift to alternate forms of travel. In Illinois, the two primary car-based user fees are vehicle registration fees and the motor fuel tax. Both fees are currently levied by the state, as well as many local government jurisdictions, to support statewide and local transportation needs, respectively.

Rather than levy fees on vehicles, user fees are structured to collect revenues from drivers who use certain components of the transportation system: some users choose to pay for access to faster or more direct routes (tollways), while others choose alternate routes or means of travel (i.e., non-tolled roadways or transit). Accordingly, user fees are best used as congestion management strategies and are important tools for minimizing climate impacts of the transportation system. However, they also provide revenues that can be used to support the transportation system.

In 2019, policy components of Rebuild Illinois — the state's most recent capital investment program — implemented improvements to both vehicle registration fees and the motor fuel tax (MFT) to improve their revenue generation potential.

Vehicle registration fees

Durable

Following Rebuild Illinois, the annual Illinois vehicle registration fee is a flat fee of $151 per fuel-powered vehicle, while electric vehicles (EVs) pay an additional annual $100 surcharge because they do not pay state MFT. Registration costs in Illinois are considered relatively high compared to some neighboring states (Wisconsin, Indiana, and Missouri) but are lower than others (Minnesota, Iowa, and Michigan). Using historic vehicle registration data and population forecasts, CMAP estimates the region could generate between $60-70 million for transit operations from every $10 levied on top of the existing state fee.

Although Illinois is not the only state that imposes a flat registration fee (which is charged regardless of vehicle value or income), this fee structure is more regressive than other state fees that are calculated according to factors such as vehicle weight, value, and age (which are more likely to correspond to a vehicle owner's income). If the vehicle registration process were modernized to assign costs according to vehicle characteristics, the system could lead to more equitable taxation outcomes. Charging higher fees for heavier vehicles would also better align the fees collected with the impacts they have on the roadways.

Motor fuel tax

Diminishing or stopgap | Capital

MFT is a critical piece of the state's transportation funding strategy. However, improvements to vehicle fuel efficiency and the uptake of EVs are eroding MFT's sustainability as a revenue source. Rebuild Illinois included changes to the tax and provided MFT revenues to support transit capital expenditures. Specifically, the program doubled the base MFT rate to 38 cents per gallon, tied future annual MFT increases to inflation, and directed incremental MFT revenues to a newly established Transportation Renewal Fund (TRF). TRF provides capital funds for state and local transportation investments like previous funding structures, as well as the newly established Regional Transportation Authority and Downstate Mass Transit District capital improvement funds.

Despite these changes, the existing state MFT does not provide funds to support transit operations. Imposing an MFT surcharge within the RTA region could provide a secure, dedicated revenue source for additional transit capital investments and/or transit operations. CMAP estimates that every additional $0.05 per gallon surcharge imposed in the RTA region would generate an additional $135 million in annual revenues.

An MFT surcharge could be implemented in the RTA region quickly using RTA's taxing authority and existing MFT collection mechanisms. It would be levied on top of existing MFTs and would not detract from the MFT revenues collected by other local jurisdictions. However, improvements to vehicle fuel efficiency (including growing uptake of EVs) and anticipated changes in travel behavior are expected to continue eroding the productivity of MFT revenues over time and increasingly make it a more regressive revenue source. Other revenue tools will ultimately be needed to replace MFT and support the transportation system.

Parking Durable

There is a strong connection between parking and transit, particularly in transit-rich areas. Taxing commercial parking in targeted ways can incentivize users to shift from single-occupancy vehicles to transit and other transportation alternatives (e.g., micromobility and active modes), thereby reducing congestion and emissions. The City of Chicago, Cook County, and the State of Illinois already impose taxes on commercial parking.

An additional commercial parking tax to support transit could be implemented in several ways. The funds could be generated through an increase to the existing tax rate or an additional flat fee (e.g., $2.50 per parking transaction). Geographically, the increased cost should be levied within the Chicago central business district because of its robust transit network, which provides travelers (particularly vulnerable populations who are less likely to drive) with low-cost transportation alternatives through urban bus and rail or commuter rail.

- Option 1. The City of Chicago could increase its parking fees and earmark funds raised to transit.
- Option 2. The state could amend the RTA Act to remove the restriction regarding levying a regional parking tax alongside the existing RTA sales tax and to focus the regional tax on commercial facilities (rather than public).

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

Cordon Long-term Capital

Cordon pricing is a congestion management and road pricing strategy that imposes a fee on vehicles entering a defined geographic boundary. Cordons tend to be implemented in central business districts where vehicle congestion is high, air quality is a concern, and transit is an available alternative.

Implementing cordon pricing in the Chicago CBD provides an opportunity to account for the negative impacts imposed by driving, like increased congestion and decreases in both air quality and traffic safety. At the same time, cordon pricing incentivizes travelers to shift to other means of travel. The Chicago CBD is a strong candidate for cordon pricing because of its robust transportation network, which provides travelers (particularly vulnerable populations who are less likely to drive) with various low-cost transportation alternatives through walking, biking, taxi, urban bus and rail (i.e., CTA), and commuter rail (i.e., Metra).

Modeling results show that cordon pricing could generate significant revenue. Based on cordon pricing characteristics from New York City and London, CMAP estimates annual revenues of $765 million for a low-fee scenario (comparable to New York City) and $1.3 billion for a high-fee scenario (comparable to London).

Implementing a cordon would require significant capital infrastructure and considerable coordination with and support from the City of Chicago. The charge could be operated by a public entity such as the Chicago Department of Transportation or through a public-private partnership, as in London. This fee would take several years to implement and should be coordinated with other tolling and road pricing strategies.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

Tolling

Tolls serve an important system demand management role by imposing the true cost of vehicle trips on drivers using certain roadway assets, incentivizing mode shift and transit ridership, and reducing congestion. There are two primary ways that the region could increase toll revenues to support transit:

1. Increase existing Illinois Tollway tolls.
2. Expand tolling to un-tolled Illinois Department of Transportation (IDOT) expressways.

Existing toll increase

Diminishing or stopgap | Capital

If desired and directed by the state, the Illinois Tollway could dedicate a portion of its revenues to transit, which could be funded by increasing tolls. Given potential impacts to the Tollway's creditworthiness, this change can be implemented in coordination with and with support from the Tollway and their bondholders to ensure perceptions of risk are minimized.

Increasing tolls by 30 percent within the RTA region is estimated to generate an additional $450 million in annual revenue. This revenue estimate includes increasing tolls paid by freight trucks, which are currently indexed to CPI and adjusted on an annual basis. In general, trucks already shoulder a disproportionate share of the costs imposed through tolling, and the connection between commercial vehicles and transit is less straightforward. Therefore, while it is important to ensure freight trucks continue to pay for their use of the tollways, excluding trucks from a toll increase for transit would reduce the estimated annual revenues to $180 million. The Illinois Tollway may consider an initial increase in passenger car rates to bring passenger car and freight truck rates into better proportion. This could be followed by an annual CPI adjustment to the rates for passenger cars to maintain future parity with trucks.

Expanded tolling to un-tolled expressways

Long-term | Capital

Instead of increasing existing tolls, tolling could be expanded to all the IDOT expressways within the RTA region that are not currently tolled. Comprehensively expanding tolling to all facilities would provide the greatest congestion management and revenue generation benefits for the region, but managed lane and variable pricing strategies could also be considered. Accordingly, modeling that applies a toll rate of $0.15-0.20 per mile of freeway in the RTA region indicates this option could raise an additional $1.7 billion in gross annual revenue.

Most of the revenues generated by tolling the existing IDOT system would need to be dedicated to rebuilding those facilities over the next thirty years. Anticipating the need to reconstruct these aging assets, the region's Financial Plan for Transportation has identified tolling IDOT expressways targeted for reconstruction as a "reasonably expected revenue."[129] That said, opportunities exist to introduce an additional increment that can generate consistent, reliable funding for transit while also advancing the region's expressway state of good repair needs.

Currently, tolls are imposed in parts of the RTA region where few alternatives to driving exist. Conversely, transit-rich areas within the region have fewer tolls, are more likely to experience congestion, and are in built-up environments where additional roadway expansion poses significant challenges. Tolling expressways in transit-rich parts of the region — such as the expressways within Chicago and Cook County (e.g., Interstate 90/94) — would incentivize mode shift to transit and advance congestion management across the highway system. Likewise, expanding tolling in areas that experience high levels of truck congestion would improve travel times for all users of the roadway system while generating funds to support the state of good repair needs across the region. Finally, working to ensure parallel transit service (e.g., Pace's Bus on Shoulder program) is integrated into newly tolled facilities located in transit-poor areas of the region will be critical to support a coordinated tolling system that more accurately matches the transportation alternatives available to travelers with the costs of driving in the region. Additionally, depending on the nature of the physical and technological investments made, the tolling system could be sufficiently flexible to adapt to future travel patterns and allow the state to enact a form of congestion pricing on certain IDOT regional infrastructure.

Adding tolls to un-tolled assets is currently only permitted by the federal government on a limited basis. To implement this option, the federal government would need to provide an exception to the region or include the region in a program such as the Value Pricing Pilot Program.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

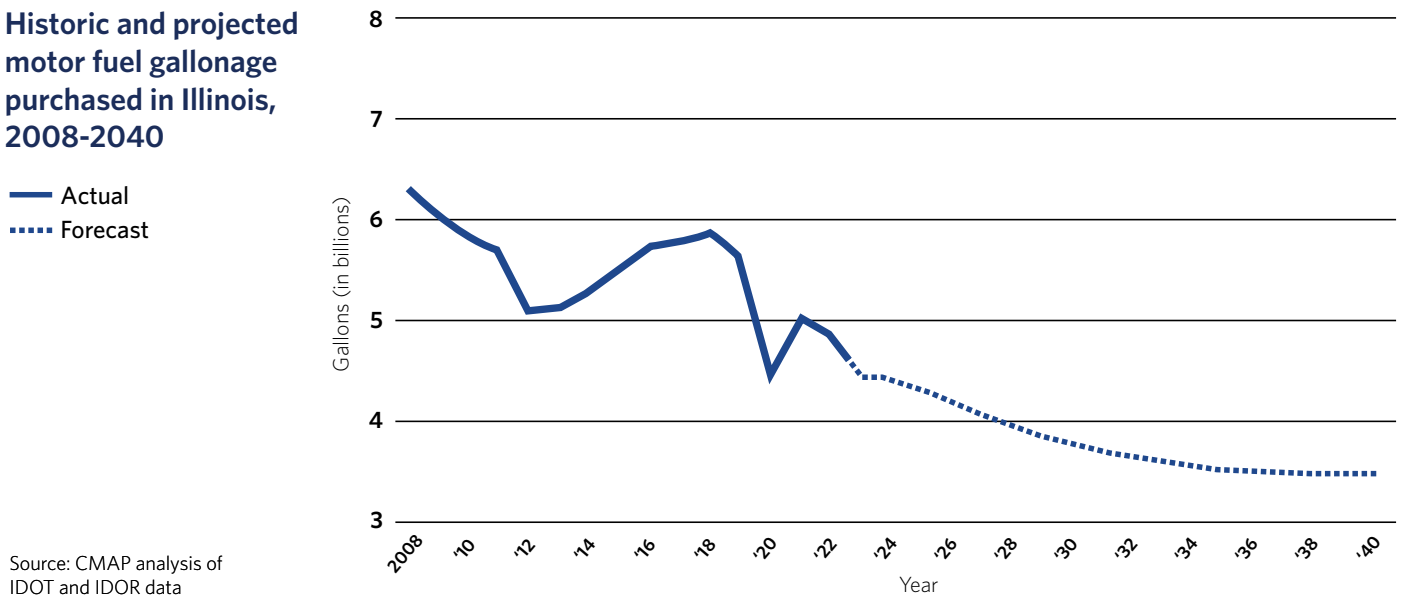
Road usage charges Long-term Capital

In 2019, Rebuild Illinois doubled the state MFT rate to 38 cents per gallon and indexed the rate to inflation. After a decade of stagnant growth in MFT revenues driven by decreased fuel consumption and a flat MFT rate — statewide MFT revenues were $1.4 million less in 2018 than in 2008 — these new revenues represented an important investment in the state's transportation system. In addition to continuing to provide essential revenues to support roads and bridges across the state, Rebuild Illinois directed 20 percent of incremental MFT revenues to support capital improvements for RTA and downstate transit agencies.

These incremental revenues continue to be important as the state of good repair needs across the transportation system continue to grow. By indexing the rate to inflation, the state offset the impact of decreased fuel consumption due to vehicle fuel efficiency increases in the short term. Nevertheless, even after the changes implemented via Rebuild Illinois, MFT will be an unsustainable and regressive funding source for transportation (both roadways and transit) in the long term. Fuel consumption has continued to decline since 2018 and is projected to continue declining indefinitely as vehicle efficiency standards are improved and EVs become more common (Figure 37). At the same time, transportation capital costs are growing at a rate that far exceeds inflation.

Figure 37. Motor fuel consumption is projected to decline indefinitely

Historic and projected motor fuel gallonage purchased in Illinois, 2008-2040



Source: CMAP analysis of IDOT and IDOR data

Motor fuel tax versus actual road use

As stated previously, MFT is a user fee that aligns fuel purchases with payments into the transportation system. When MFT was first conceptualized in the middle of the twentieth century, there was little variation in vehicle fuel efficiency and drivers traveling the same distance paid proportionally. Today, the advent of highly fuel efficient and electric vehicles means road use and fuel tax payment are no longer as connected as they once were. This has several policy implications:

- EVs are notably heavier than their gas-powered predecessors, which is anticipated to cause greater levels of damage to roadways and generate additional maintenance needs for the system.[130] Attempts to offset reductions in MFT revenues associated with EVs — such as the new annual in-lieu-of-motor-fuel-tax registration surcharge of $100 instituted through Rebuild Illinois — typically represent less than a motorist would pay each year in motor fuel tax and are likely insufficient to cover these added maintenance costs.

- Disparities are emerging between drivers of relatively more and less fuel-efficient vehicles, as motorists who own less fuel-efficient vehicles carry a heavier burden relative to their actual road usage than those who drive more fuel-efficient vehicles. Average households with lower income drive fewer miles, own fewer cars, and own older (and therefore typically less fuel-efficient) cars than higher-income households. This results in higher MFT payments from lower-income households relative to their travel behavior, while higher-income households' payments are a greater reflection of the fuel efficiency of their vehicles. This disparity will only continue to widen as electric and highly fuel-efficient vehicles increasingly penetrate the market.

Options for moving toward a road usage charge

For these reasons, and to provide the sustainable and flexible funding needed to support statewide and regional transportation needs, MFT should be replaced with a road usage charge (RUC) — also known as a vehicle-miles-traveled tax — over the long term.

Out of all the alternatives to MFT, national consensus has generally centered around a RUC. The National Surface Transportation Infrastructure Financing Commission's Paying Our Way report evaluated various revenue alternatives and landed on a RUC as the best alternative.[131] Locally, leaders in northeastern Illinois supported the concept of transitioning to a RUC when they adopted ON TO 2050 in 2018. ON TO 2050 recommends that the state and region replace MFT with a per-mile road usage charge and index it to inflation.[132]

There are many options available for structuring a RUC. A simple per-mile RUC would ensure drivers who travel the same number of miles are charged equivalently. A more real-time RUC would also allow for more complex charges that depend on users' specific impacts on the transportation system — based on vehicle type or size; roadway type or congestion level; urban, suburban, or rural location; or other factors. RUCs provide significantly more flexibility than other types of user fees to adapt as the transportation system's needs and vehicles evolve. Additionally, due to its direct relationship to auto movement rather than fuel efficiency, this user fee has a better tie to congestion management and climate goals than other car- and user-based fees. Implementing a RUC provides an opportunity to realign transportation funding with transportation use, and therefore represents an opportunity to add a small increment to support transit as well.

To advance Illinois' preparation for this transition, the state should instruct CMAP to undertake a RUC feasibility study. This study would develop detailed recommendations for implementing this revenue innovation, given northeastern Illinois' unique position as the center of a midwestern, tri-state megaregion.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

Federal funds for transit

Given that the transit system is part of the broader regional transportation network, the state should consider how all transportation system funds, including those provided by the federal government, could support critical investments in the regional transit system. While the state and regional funding agencies do leverage some federal highway funds in

support of transit, there are significant opportunities to expand on these efforts. Specifically, the state should consider increasing the use of highway funds for transit investments and investigating additional tools to leverage federal funds.

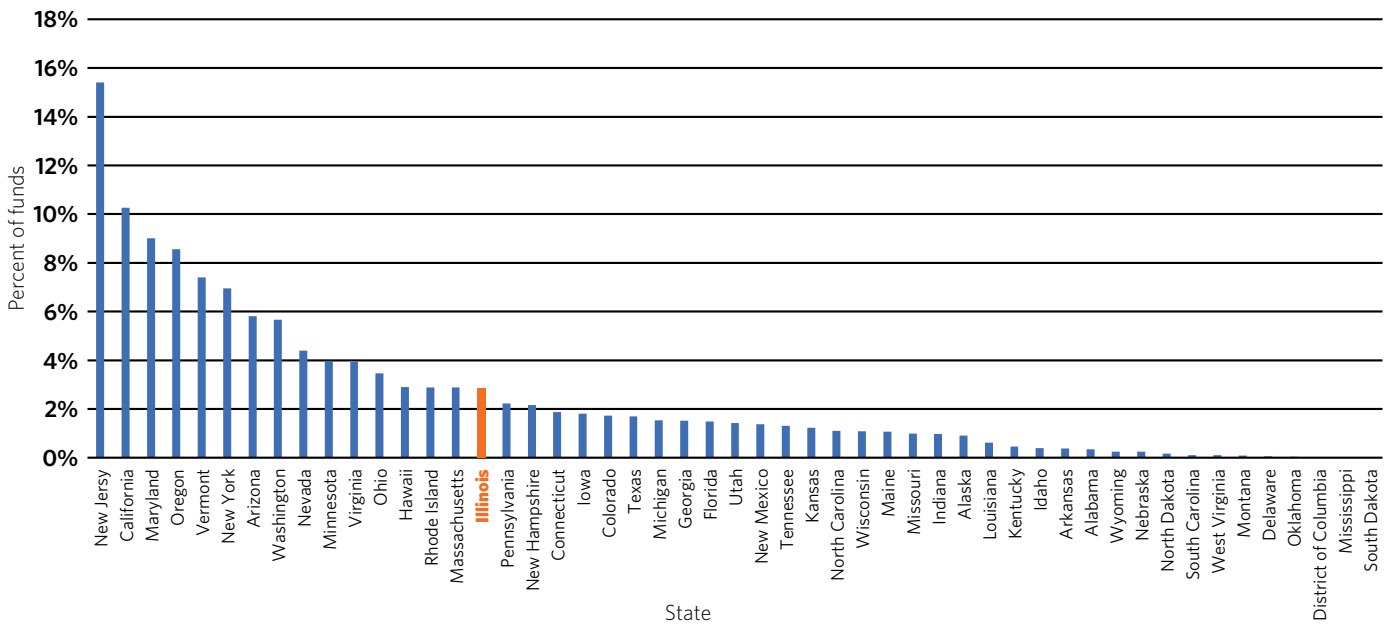
The federal government is also positioned to fund investment in both transit operations and capital programs, which provide numerous benefits to the nation's workforce, economy, and climate. While the federal government directly supported urban transit operations in the past, it does not presently do so to the same degree. There are many additional pathways for sustainable federal support for transit operations that should be explored.

Highway fund flexing for transit investments

Diminishing or stopgap | Capital

The federal government gives states more than 90 percent of highway funds using formulas based on each state's contribution to the highway trust fund.[133] Federal highway fund flexing is a mechanism that allows states to use part of their allocated federal highway funds for eligible non-highway transportation projects, such as transit. Fifteen states flex more funding from highway programs to transit programs than Illinois.[134] Many of them have large transit systems, such as California and New Jersey. While Illinois only flexes roughly 2 percent of its highway funds to transit, this share is as high as 10 percent in California and nearly 16 percent in New Jersey.

Figure 38. Percent of highway funds flexed to transit by state, 2013-2020



Source: Transportation Research Board, National Cooperative Highway Research Program 2022 Research Report 1023.

Currently, CMAP programs the Congestion Mitigation Air Quality improvement program, a major source of funds flexed from highway to transit. One benefit of flexing funding to transit, even for expenses that are otherwise covered by highway programs, is that the FTA is often more familiar with certain types of infrastructure such as rail station improvements, making administration and oversight more efficient. However, no flexing is required for many improvements, such as traffic signals that give priority to transit or highway-rail grade crossing safety improvements. Either by flexing funds or direct spending, IDOT could use more highway funds to support transit.

The ability to flex federal transportation funds is generally limited to 50 percent of apportionment funds for each program. In addition, flexed funds are generally limited to capital expenditures including vehicles, planning, engineering, crime prevention and security equipment, mobility management, workforce development, stations, track, preventative maintenance, and expansion.

Additional tools to leverage federal funds Capital

The state should also explore process innovations that could improve delivery of needed investments over time. Two of these innovations could include maximizing the use of Transportation Development Credits and broadening the Illinois Finance Authority's mandate to finance transit.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

Additional revenue options and considerations

There are additional opportunities to bolster support for northeastern Illinois' transit system. These options speak to the interrelatedness between a robust transportation system, a strong regional economy, and a healthy climate, and therefore represent viable revenue options both in combination with and — if needed — in place of the revenue sources identified above.

Other federal funding Long-term

The federal government has a long history of providing funding support for transit but has generally been focused on funding for capital infrastructure and improvements rather than operating assistance (outside of recent pandemic relief funds). Given the limited federal support provided to transit agencies and the restrictive nature of federal funding, the federal government should play a larger role in supporting transit moving forward. Many of the federal actions called out in CMAP's Federal and State Advocacy Agenda[135] would help address fiscal challenges identified through the PART process.

Payroll tax Durable

Businesses benefit greatly from the social and economic conditions of their regions and states. In turn, business taxation is a revenue generating tool that provides a way for businesses that benefit from public resources to contribute to their success. In northeastern Illinois, businesses especially benefit from the regional transportation system, including a connected, integrated, and reliable transit system that supports workers traveling to and from their places of employment, customers looking for amenities and resources, and tourists visiting and exploring cultural and recreational opportunities.

While businesses can currently support their employees by participating in existing RTA pre-tax benefit programs, Illinois corporate income tax revenues do not support the transportation system overall nor the transit system. Imposing a small, additional corporate tax could provide significant support for regional transit operations.

The most prominent example of this is New York City's Metropolitan Commuter Transportation Mobility Tax, a payroll tax applied to firms on a quarterly basis based on their total payroll to generate funds for transit. Taxing corporations in this way ensures firms with lower payrolls — which are typically smaller in size or are associated with particular sectors — are not overly burdened. A similar payroll tax in northeastern Illinois could prove to be an important revenue source for transit in the event the state is unable to reach consensus on other funding options.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

Future carbon policies Long-term

The State of Illinois has demonstrated its commitment to holistic and innovative climate policy in recent years through the passage of the Climate and Equitable Jobs Act in 2021, as well as the targeted use of funds from the federal Infrastructure Investment and Jobs Act to support carbon reduction and vehicle electrification. And yet, the State of Illinois does not currently have any formal carbon pricing policies or climate mitigation goals in place. As the state continues to evolve its climate approach and expand its efforts to mitigate climate change, it will be critical to support the maintenance and expansion of public transit as a means of reducing greenhouse gas emissions. Other states have demonstrated how funds generated by market-based carbon reduction programs have successfully supported transit investments.



Implementing the system **the region wants**

MAXIMIZE OPPORTUNITIES **FOR REFORM**

In establishing PART, the state legislature required that this set of recommendations include a discussion of both governance structures and funding distribution mechanisms.[136] This directive recognizes the connections between how transit is governed and the system's effectiveness in delivering successful, rider-centric transit services. Governance also plays a critical role in ensuring the responsible financial stewardship of public resources, which is crucial when making the case for expanded levels of investment.

Given the inherent relationship governance has with implementing system improvements and funding solutions, CMAP assessed reforms based on the ability to achieve the vision, goals, and actions described in this report. Recommendations focus on maximizing the efficiency of transit functions and respond to the implementation barriers identified by past research and input from regional transit stakeholders. With a focus on improving how riders, taxpayers, and governments experience the transit system, PART identifies governance recommendations not for their own sake but for what they mean for the system's ability to achieve regional goals.

It is also important to understand what governance reforms cannot achieve. Most importantly, in isolation, governance reform will not automatically address either COVID-related or longstanding funding challenges. Even with more coordinated decision making, an underfunded system will remain underfunded. The fiscal cliff will continue to be a looming threat, regardless if it is faced by today's transit governance structure or an entirely new one. Simply put, the regional transit system needs more resources to succeed.

> "We have to have a complete shift in our approach to public transit now."
>
> **~ Focus group participant, labor representatives**

> "With one board, these challenges become everyone's problem."
>
> **~ Focus group participant, labor representatives**

CONTEXT:
TRANSIT GOVERNANCE IN NORTHEASTERN ILLINOIS

Current structure: RTA and the service boards

In 1974, the state established RTA to oversee transit providers in the region, which at the time included CTA and a patchwork of suburban bus and commuter rail operations. Significant reforms followed in 1983, when the state created the entities now known as Pace (suburban bus) and Metra (commuter rail) under the auspices of RTA. Other significant reforms followed in the 2000s, shifting all paratransit operations to Pace in 2006 and making changes to board appointments and voting structures in 2008.

While not the only factor, the need to identify funding solutions for transit was a primary motivation for each of these governance reforms. As new funding was secured, governance reforms were included to dictate how new funds would be allocated and provide greater financial accountability and oversight. It is important to acknowledge, however, that these past attempts at reform did not achieve a full funding solution for the region's transit. Without sufficient baseline funding, previous attempts at governance reform have fallen short of their objectives.

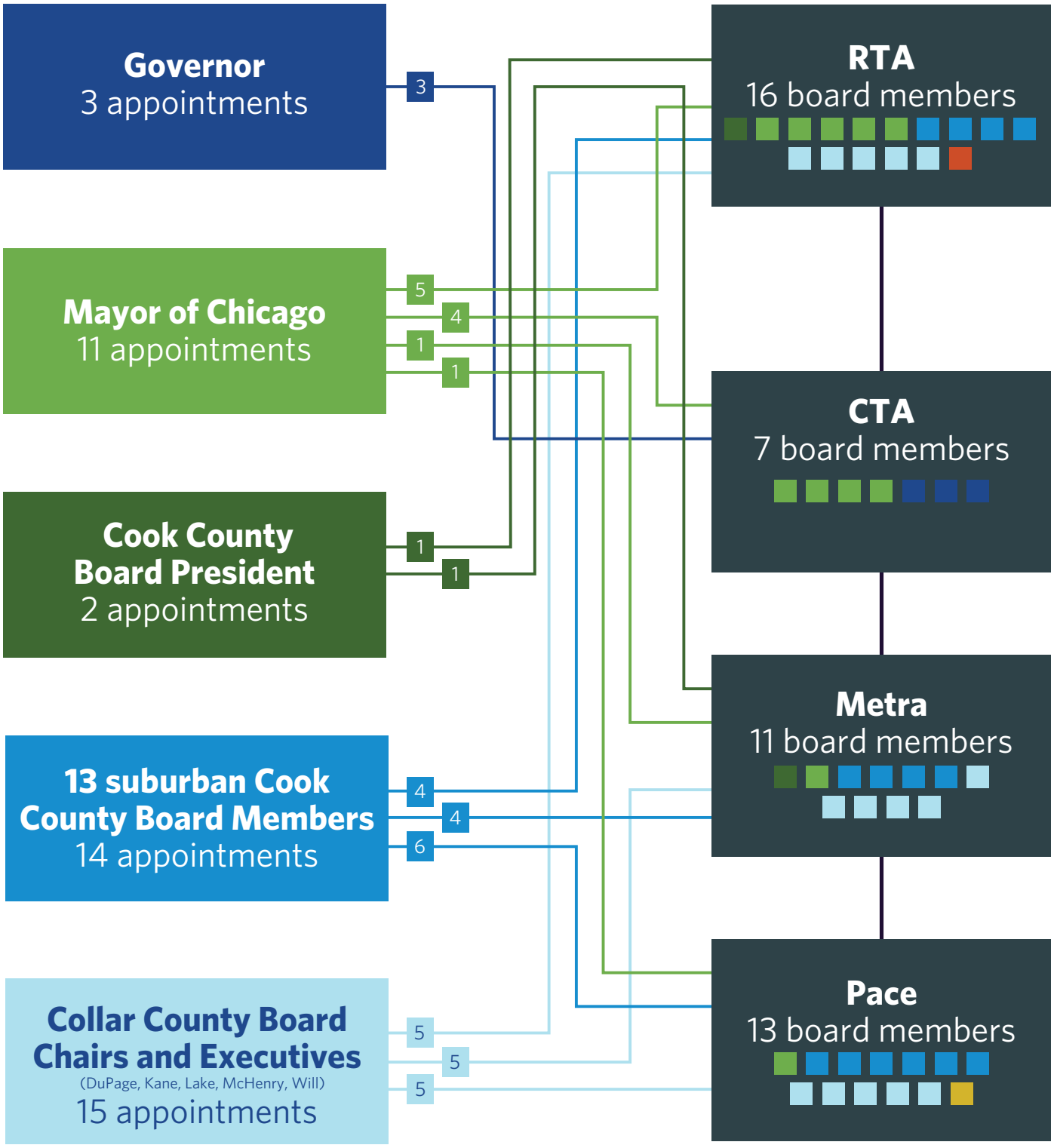
As a result, past recommendations made by transit advocates to increase regional coordination for planning, policy, and funding allocation remain unfulfilled.[137] The desire for governance change has been heightened by the dramatic and ongoing impacts of the COVID-19 pandemic.[138]

Current agency oversight: A multi-agency and distributed structure

Today, transit governance in northeastern Illinois is layered and complex. RTA is responsible for providing transit oversight to three service boards, but the four agencies operate as independent, autonomous entities. Across these four agencies, there are four separate boards with a total of 47 board members that are appointed by 21 elected officials. Figure 39 provides a visual representation of the governance structure of all four boards and their respective appointing authorities. These four organizations also exist within the larger context of transportation system governance.

Buses run on roads owned and operated by the Illinois Department of Transportation, the Chicago Department of Transportation, and many other local and county agencies. Many transit assets — including stations, right-of-way, and parking lots — are owned and maintained by other public or private sector entities. Transit funding and capital programming are an integral part of the region's long-range transportation plan, developed by the CMAP. Through these connections and others, transit's success also depends on decisions made by organizations outside of the explicit transit governance structure.

Figure 39. Regional transit is governed by four boards with overlapping appointing authorities



Note: CTA and Metra board chairs are existing members of the board.

Current funding allocation: A formula-based approach

Revenue from the sales tax and other public funds are distributed to CTA, Metra, and Pace to fund operating costs that are not covered by system-generated revenues. Most funds from the RTA sales tax are distributed via fixed statutory formulas based on where in the region the tax was collected (established in the original 1983 RTA Act). When the state enacted the second RTA sales tax in 2008, the distribution of funds added specific set-asides, for paratransit and the CTA's RETT funding. Remaining public funds are distributed to the service boards at RTA's discretion.

However, funding has historically been insufficient to cover operating costs. As a result, RTA's allocation of discretionary funding has served to overcome the shortcomings of the statutory formulas to support baseline transit operations. A past report found that "RTA has historically provided almost all of the operating discretionary funding to the CTA, based on the assumption that CTA funding needs are not fully covered by statutory formulas and that its operating shortfall requires discretionary funds to make up that difference." The region's use of discretionary funding to cover baseline operating costs contrasts with other metropolitan regions, where regional transit agencies leverage significant discretionary funding to implement priorities and pursue innovation.

Current performance metrics: Farebox recovery ratio

As part of the 1983 transit funding reforms, the state instituted what has become the primary performance metric for regional transit — the farebox recovery ratio. By law, RTA service boards must cover half of their operating costs (with exclusions) using system-generated revenues, which are primarily from fares.[139]

The mandated 50 percent fare recovery ratio has become increasingly challenging for the service boards to achieve in the face of the COVID-19 pandemic and its ongoing effects. Recognizing that pandemic-related conditions have made this requirement unattainable, the state temporarily waived the requirement in 2021 and again in 2023.[140] As of August 2023, the regional transit system is achieving about 20 percent fare recovery. While that percentage may grow as ridership continues to recover, it is not expected to return to pre-pandemic levels in the near, medium, or potentially even long term.[141]

However, even prior to the pandemic, studies found the fare recovery requirement inhibited responsiveness to changing travel demands and agency innovation. Coupled with statutory funding formulas, the recovery ratio contributes to an unsustainable and inflexible funding approach.

THE GOVERNANCE CHALLENGES **PART ADDRESSES**

As this report has outlined, the transit system faces serious challenges. Many of these challenges, including the looming fiscal cliff, are the result of far more than just the system's governance structure. However, transit governance has a direct impact on the system's ability to implement transit priorities and sustainable funding solutions. Today, transit governance faces challenges that are both longstanding and urgently emerging as the impacts of the COVID-19 pandemic continue to affect the region.

The PART process, with analysis from CMAP and the Eno Center for Transportation, has identified five interrelated aspects of transit governance that reforms should address: decision making, funding allocation, service coordination, accountability, and state and regional roles. These focal points build on the findings of past reports, analysis of governance approaches elsewhere, and feedback from transit stakeholders in northeastern Illinois.

Decision making

Over the last century, reforms to northeastern Illinois' transit governance have trended toward an increase in regional oversight and coordination. However, past reports and stakeholder feedback emphasized that efforts to strengthen regional coordination have fallen short of their intended outcomes. As a result, priorities and decisions are often made in a decentralized fashion and lack a common vision and plan for execution. One example of this challenge relates to a long-held state and regional priority: fare integration. There has been progress over time, including closer alignment of fare structures and the adoption of the Ventra platform across all three systems. However, decisions on fare levels, payment methods, and transfer policies remain fragmented, even when those decisions — like changes to the Ventra platform — have implications across the whole system. This longstanding goal has not yet been achieved. These overarching decision-making challenges are also present in many specific aspects of transit system governance, as noted below.

Figure 40. Examples of connections between system improvements, funding, and governance

PART principles and recommendations	The role of governance
Investments that focus on transit service	A structure that ties funding allocation to strategic decisions about where, when, and how much service to run throughout the region
Integrated and affordable fares	A unified "owner" of fare policy decisions that can establish coordinated fares, allowing riders to move seamlessly across the region while providing stable revenue for transit operations
Faster and more reliable buses	A stronger connection between transit and the agencies (e.g., IDOT) that own and operate the roadways that bus operations rely on to succeed
New revenues to support transit	A regional entity that has the discretion necessary to ensure new revenues are allocated to support regional goals (e.g., mobility, climate, equity)
Financial stewardship	A regional entity that has the authority to set and monitor ongoing performance on key metrics to demonstrate financial stewardship while making the case for additional efforts or investments

Funding allocation

Today, most regional transit funding flows through fixed formulas to the three service boards. This statutorily required funding distribution for transit operations incentivizes silos. It is also inflexible to address actual and evolving needs.

The COVID-19 pandemic is the most recent crisis to highlight the importance of flexibility in the face of unexpected challenges. However, there were significant issues with this approach even before the pandemic. The static approach to funding allocation forces the service boards to focus on their own bottom lines, which encourages detrimental competition between the transit agencies. It has also challenged the implementation of regional priorities, like fare integration, which would require a comprehensive approach to sharing fare revenue between the service boards. But the fixed funding formulas would not account for these kinds of changes, or any others necessary to achieve regional goals.

Service coordination

Each transit service board is responsible for making decisions about where, when, and how often to run transit service. But their individual transit services also combine into a larger transit network. Each of the services operates in ways that complement one another, toward the collective regional goal of ensuring that residents have access to robust and reliable transit. However, under the current structure, service planning strategies have historically produced outcomes that are specific to the service boards' respective goals and priorities, ultimately hampering the vision of fully coordinated regional mobility.

System improvement recommendations indicate that greater regional coordination for service planning will be essential to implement transit priorities. As each of the region's transit service providers consider how to adjust to changing travel demands, they must consider how their services can mutually reinforce one another. For example, as Metra pursues its evolution into a regional rail service, its new investments would benefit from stronger coordination with Pace and its upcoming bus network redesign project. Similar opportunities would be possible across the regional transit system.

Accountability

Each of the region's transit service providers maintains a separate governing board. In some instances, this provides riders and the broader public with multiple avenues to provide input. Despite this, having multiple governing boards with overlapping representation and different missions challenges accountability. Complex relationships exist between the service boards, their governing bodies, and the appointing authorities. Many transit system responsibilities, such as demand-responsive services, span both transit providers like Pace and other agencies, such as municipalities, counties, and townships.

These complex relationships have historically made it difficult to enforce transparent accountability. As the region considers potential opportunities to invest in an expanded and more robust transit system, it is not always clear which agency has the authority or ability to appropriately prioritize, plan, and coordinate these investments to maximize their effectiveness.

State and regional roles

The State of Illinois and the region's transit system both rely on each other to achieve their goals. In addition to providing critical funding, the state is a partner in the provision of transit service — it owns and operates many of the roads on which buses run and multiple transit rail lines operate alongside IDOT expressways. Similarly, northeastern Illinois' transit system is integral to many of the state's priorities. For example, transit is an essential component of the region and state's goals to decrease carbon emissions. Building on the climate leadership displayed through passage of Climate and Equitable Jobs Act, the state now has a critical opportunity to accelerate transportation decarbonization through investments in robust public transit.

The state currently plays a limited role in transit system governance, with three seats on the CTA board. Relative to other major metropolitan regions, the state is significantly less involved in transit governance and decision making within the RTA region.[142] Other regional stakeholders, such as municipal and county leaders, have a voice in regional transit governance. However, other key transportation partners are often missing from the conversation.

The lack of partnership with relevant state and regional entities for transit planning and funding has siloed revenue options and inhibited broader mobility outcomes. For example, state officials could play a more active role to enable faster and more reliable bus service on their facilities. There are also significant opportunities to leverage revenues from the transportation system at large to pay for its needs broadly, which would promote more comprehensive mobility options rather than constraining revenues to a particular mode. Recognizing the need for more integrated transportation governance, the state established the Blue-Ribbon Commission on Transportation Infrastructure Funding and Policy in 2022.[143] Through these efforts, a more robust involvement of the state in transit governance could advance shared mobility priorities and improve coordination across the many agencies involved in the success of regional transit.

RECOMMENDATIONS TO **IMPROVE TRANSIT GOVERNANCE**

There are significant opportunities to address each of these challenges through reforms to the existing transit governance structure. The section below outlines a series of baseline principles that the state should consider implementing in any governance reform, including changes to funding allocation, centralization of specific transit functions, performance metrics, and overall regional board structures and appointments. Further, there are two potential structural options that could implement these principles. These include a fully integrated agency structure or a significantly empowered regional coordinating function within the existing structure. Both structural approaches have the potential to address the issues outlined above, but would face different challenges in adoption and implementation.

Baseline principles for reform

Regardless of the governance structure, stakeholders have emphasized outcomes any changes to transit governance should achieve. The state should prioritize the following recommendations when considering governance reform options.

Funding allocation

Prioritize regional goals and decision making instead of statutory funding formulas

Historic use of fixed funding formulas has contributed to an inflexible funding approach, unresponsiveness to changing conditions, and detrimental resource competition between the service boards.[144] CMAP, the Federal Transit Administration, and others have noted that the region could more strategically disburse funding by basing its allocation on performance, rather than fixed formulas.[145]

Eliminating statutory formulas and giving a regional entity more discretion over funding allocation may support the transit system more effectively in meeting baseline needs and implementing regional priorities, including to address mobility, equity, and climate concerns. This change could be implemented over time and with distinct phases that empower the region to define its transit vision and anticipate costs. Regional strategic plans can set financial goals, standards, and performance metrics that ensure accountability and guide funding allocation strategies.

Grant more regional discretion over how funds are allocated

The state should empower the regional agency to align regional transit goals with funding allocation for both operations and capital investments. To reliably meet baseline funding needs, the region should articulate a transit vision that defines expectations for baseline transit services, like the system improvement packages described earlier in this report. Essential operations and baseline capital investment needs should be provided through a transparent and predictable allocation approach. Once those baseline needs are met, the region should use additional funding to advance the implementation of broader regional goals. Available revenues can be leveraged to make the regional transit system more effective, innovative, and responsive to changing conditions. For example, the Bay Area's metropolitan planning organization used discretionary funding to incentivize more than 20 transit agencies to adopt a universal fare card.[146] With similar discretionary resources, the regional entity will be more empowered to deliver PART recommendations.

A previous report about transit funding allocation options in northeastern Illinois outlined the following options for potential funding programs:[147]

Innovation: Intended to encourage creativity to improve the regional transit system, this program funds transit operators that advance innovation while helping reduce their financial risks.

Performance: Depending on the regional economy, changing travel demands, or other conditions, the region could set goals to align funding allocation with performance-based metrics. This program responds to changing conditions and rewards optimized performance with funding allocation.

Competition: Driven by goals set in a regional strategic plan, the region could fund capital projects, transit activities, and other initiatives that are open for bid by entities outside of the service boards. This program helps achieve regional transit goals by promoting creativity and innovation through external competition.

Regional coordination of transit functions

Implement the regional decision making and oversight necessary to advance system goals

Regardless of the governance structure, at least some transit functions should be more centralized at the regional level. For example, any reform should include a more centralized approach to integrating fare policy, a longstanding regional policy goal. The existing decentralized approach to fare policy decisions has yielded some integration, but significant gaps remain. Examples from other regions show that a more coordinated and centralized approach would be more likely to finally achieve systemwide fare integration.[148]

Importantly, the regional agency should continue to be the financial steward of the system. In addition to existing financial oversight responsibilities, the regional agency should set and monitor performance measures for regional priorities and operational efficiencies. Similarly, the regional agency should lead funding allocation strategies to achieve baseline operational funding, implement capital projects, and advance innovation in the face of changing conditions.

There are additional transit functions that would be more effectively administered at the regional level. For example, the regional agency should engage more in regional service planning by helping inform which markets to serve. Furthermore, the regional agency should have a stronger role in planning, prioritizing, and funding capital projects — especially for system expansion projects. The regional agency should also coordinate demand-responsive services and review large or regionally applicable procurement decisions.

Provide sufficient tools to strengthen and re-envision the regional entity

For any structural reforms to be successful, increased authority and resources need to supplement the regional entity's responsibilities. For example, the regional entity should have greater review authority over systemwide budgeting as the financial steward of the system. In an integrated structure (Option 1), the regional entity should determine operational budgets for all operating units. In a structure with an empowered regional coordinating agency (Option 2), it should be able to veto or require changes to line items in the service boards' budgets. Without additional authority or resources, reforms to strengthen the regional coordination of transit will face implementation barriers.

Performance metrics and farebox recovery ratio

Reduce the farebox recovery ratio requirement

The state should revise the 50 percent farebox recovery ratio requirement. PART highlighted that fare revenue remains and should continue to be an important element of overall transit funding. However, achieving the 50 percent farebox recovery rate will not be achievable in the near, medium, or potentially even long term. Maintaining a 50 percent threshold (and a funding structure built around that assumption) would hinder needed improvements to the regional transit system.[149]

In either of the two structural reform paths proposed below (Option 1 or 2), the regional coordinating entity should still decide how best to prioritize and allocate public funds for transit service — including what an acceptable level of fare recovery should be. Farebox recovery should not be the only metric considered — there are opportunities to consider accessibility, equity, regional service standards, and more.

However, it could continue to play an important role in demonstrating financial stewardship to state and regional stakeholders. Rather than enshrining a fixed figure in statute, the state should consider establishing a target range within which the regional entity could set a systemwide recovery ratio floor (e.g., 20-40 percent). The regional entity could be given latitude to adjust this figure over time, depending on system performance and other regional priorities.

Empower the regional agency to look beyond the fare recovery ratio and set updated performance metrics based on regional strategies and goals

A regional entity that is empowered to establish and oversee systemwide performance metrics should identify metrics that advance regional priorities and goals. Through strategic planning, performance metrics can be periodically revisited and updated (e.g., every 3-5 years). Governance reform should enable the regional transit agency to more effectively set, monitor, and adjust performance metrics to align with strategic plans, service standards, and regional and state climate and equity goals.

Performance metrics can include measures beyond the region's historic reliance on the farebox recovery ratio. For example, to improve rider experiences with bus services in London, Transport for London set reliability and satisfaction metrics such as excess wait time, on-time performance, and measures of customer satisfaction. Additionally, Stockholm Public Transport sought to increase transit ridership by providing bonuses to transit operators according to their number of "verified paid boardings," as well as other factors such as cleanliness, customer service, and more frequent and reliable schedules.[150]

Regional board structures and appointments

Either of the two structural approaches outlined in the next section would maintain and increase the importance of a regional transit decision-making structure, with a goal of improving regional transit system outcomes. While there could be variation based on the specific structural approach, all governing boards and relevant committees should be consistent with the principles outlined below.

Design board appointment and voting structures to advance regional progress while building local consensus

Past reports determined that voting rules (e.g., supermajority requirement) and board membership composition have inhibited the implementation of regional priorities by creating parochial voting blocs. Reforms to board appointments and decision-making procedures should ensure that a regional strategy can advance effectively.

Integrate more regional perspectives

While local input is crucial, board members with regional perspectives can help balance discussions and prioritize comprehensive regional mobility. Stakeholders who are well positioned to provide these perspectives include policy advocacy organizations, community advisory committee leadership, and CMAP as the region's metropolitan planning organization.

Provide a greater role for the state, especially as it increases its funding support

If the state contributes more funding to northeastern Illinois' transit system, representatives of the state should participate on regional transit boards and committees. National case studies about peer regions revealed that state government in Illinois is uniquely distant from regional transit decision making and funding. Having greater state government involvement in transit can help advance a regional vision that aligns with statewide priorities.

The state appointments, along with the regional representatives noted above, are intended to provide additional perspectives and thus help overcome potential decision-making impasses. Their role is not intended to give the state a controlling role on the regional agency board and/or other governing boards. The regional appointees should be empowered to advance their vision where regional consensus exists.

Ensure that regional board membership reflects population, ridership, and funding sources

Board representation should mirror those who ride, fund, and live near transit. Engaging stakeholders who subsidize and experience the regional transit network is a governance best practice and helps produce

outcomes that benefit a wide range of constituencies. Basing board representation off these measures also enables boards to periodically adjust their membership to reflect changing conditions.

Appoint board members with relevant and diverse experiences

Having diverse perspectives on the regional boards and committees will promote decision making that improves the transit experience for a broader set of stakeholders. Board appointees should have diversity in their expertise, professional experience, geographic connections, and past involvement with the transit system. Disability representation should also be required on the regional board and on any additional boards or committees for entities that provide paratransit services.

Provide avenues for local input

Local knowledge is an invaluable asset that guides strategic planning throughout the region, as those who possess it are the closest to the ridership constituency. Ongoing communication with local governments can inform service planning, capital priorities, and policy changes.

Options for structural reform

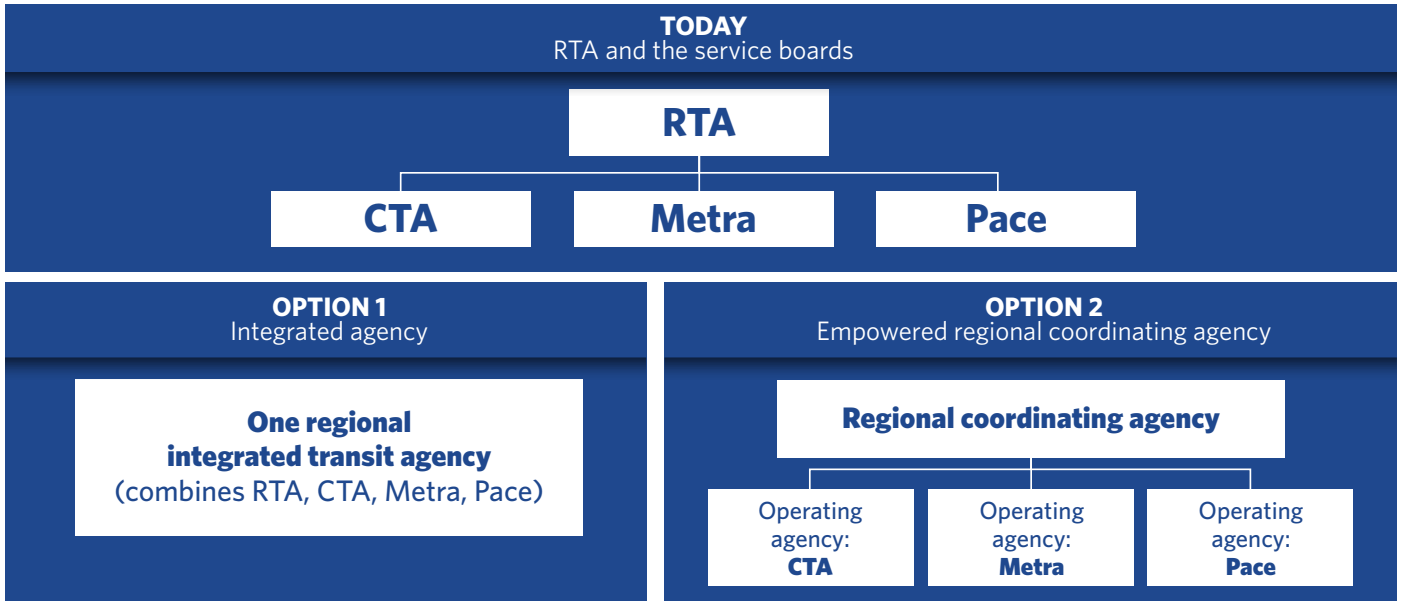
Regions throughout the U.S. and across the globe have taken distinct approaches to transit decision making, funding allocation, and oversight in ways that reflect their local histories and contexts.[151] Peer experiences vary widely in terms of both form (i.e., the number of transit agencies and their relationship to one another) and function (i.e., which agencies are responsible for different elements of the overall transit system).

The strengths and weaknesses of northeastern Illinois' particular approach to transit governance have been extensively discussed. Multiple reports have analyzed relevant challenges, recommended funding allocation reform, and highlighted potential paths to improve the effectiveness of regional transit governance.[152]

Based on both peer region examples and prior analyses of the RTA system, CMAP considered five general paths for transit governance reform. While there could be significant variation within each of these broad approaches, they generally exist along a spectrum from most decentralized to most centralized. These include:

- Decrease the responsibilities and authorities of RTA.
- Maintain the governance status quo.
- Maintain the current structure, but reform funding allocation.
- Empower a regional coordinating agency while maintaining the service boards.
- Integrate the RTA and service boards into one regional transit agency.

Figure 41. Overview of governance reform options vs. today



Evaluate reform options and recommendations

Prior analysis concluded that there is no clear ideal governance model that is universally applicable. Different regions have taken different approaches to reflect their unique institutional, political, and historical contexts.[153] However, both northeastern Illinois and peer regions indicate that some models are more likely than others to achieve system improvements and address the governance challenges noted above.

Out of the five potential approaches, the last two paths make significant progress towards resolving identified governance challenges and enhancing the effectiveness of PART's transit system improvement recommendations. This assessment aligns with past reports about the region's transit governance: improving outcomes for outcomes for riders, taxpayers, and transit decision makers will require either empowering the regional coordinating agency or creating an integrated agency.[154]

Ultimately, it was assessed that integrating RTA and the service boards into one regional transit agency has great potential to support the implementation of PART recommendations and to address historic challenges. However, with sufficient provisions, empowering the regional coordinating agency while maintaining the service boards as operating agencies is also a strong option.

Option 1: Integrate agency and the service boards into one regional transit entity

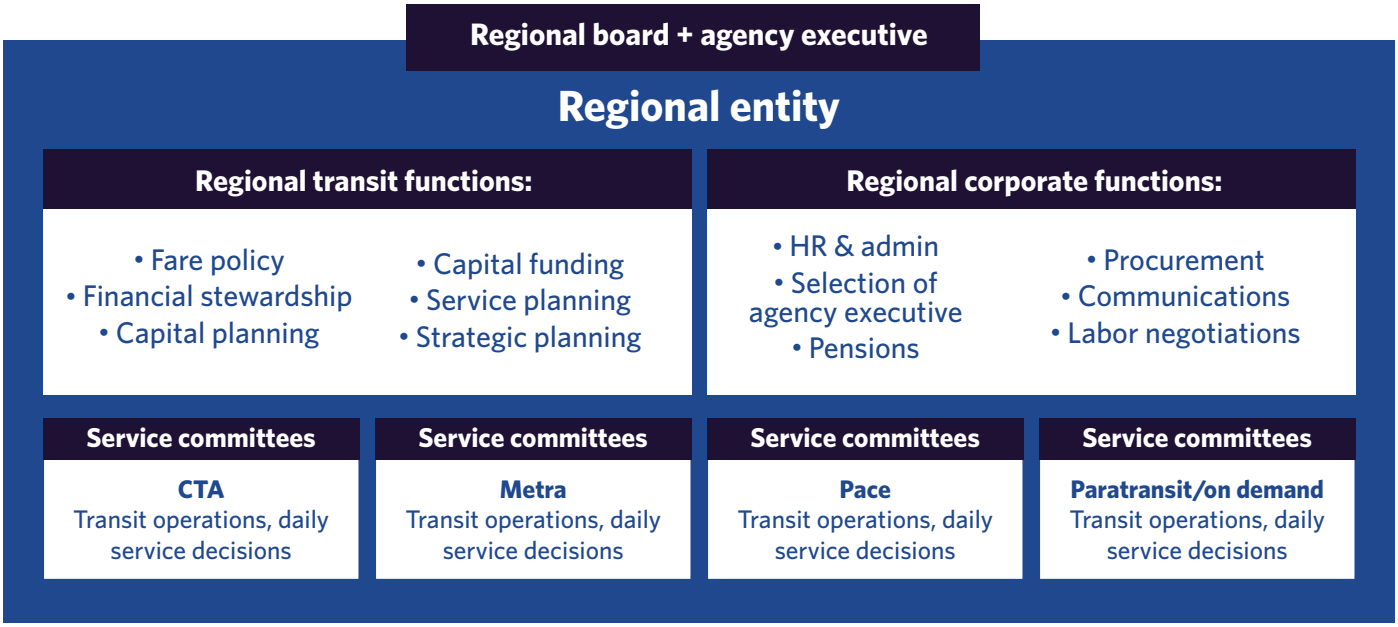
General structure description

In this option, RTA and the service boards would be integrated into one regional transit agency. The service boards' current service delivery responsibilities would be divided among service units. Depending on regional priorities, these operating units could achieve different objectives:

- Provide continuity with existing structures by having one unit each for CTA, Metra, Pace, and a distinct unit for paratransit and on-demand services.
- Increase the regional coordination by having one unit each for bus, rail, and paratransit and on-demand services.

The regional agency would be represented by one board and one agency executive. To provide additional opportunities for input, the operating units could be represented by service committees that report to the regional board.

Figure 42. Sample structure of an integrated agency



Division of transit and corporate functions
In this option, the integrated regional entity would administer all corporate functions, such as human resources, communications, and the selection of the agency executives. Existing systems for procurement, pensions, and labor negotiations would be merged under the integrated agency, which would require additional considerations (discussed in "Strengths and challenges of structural options" below).

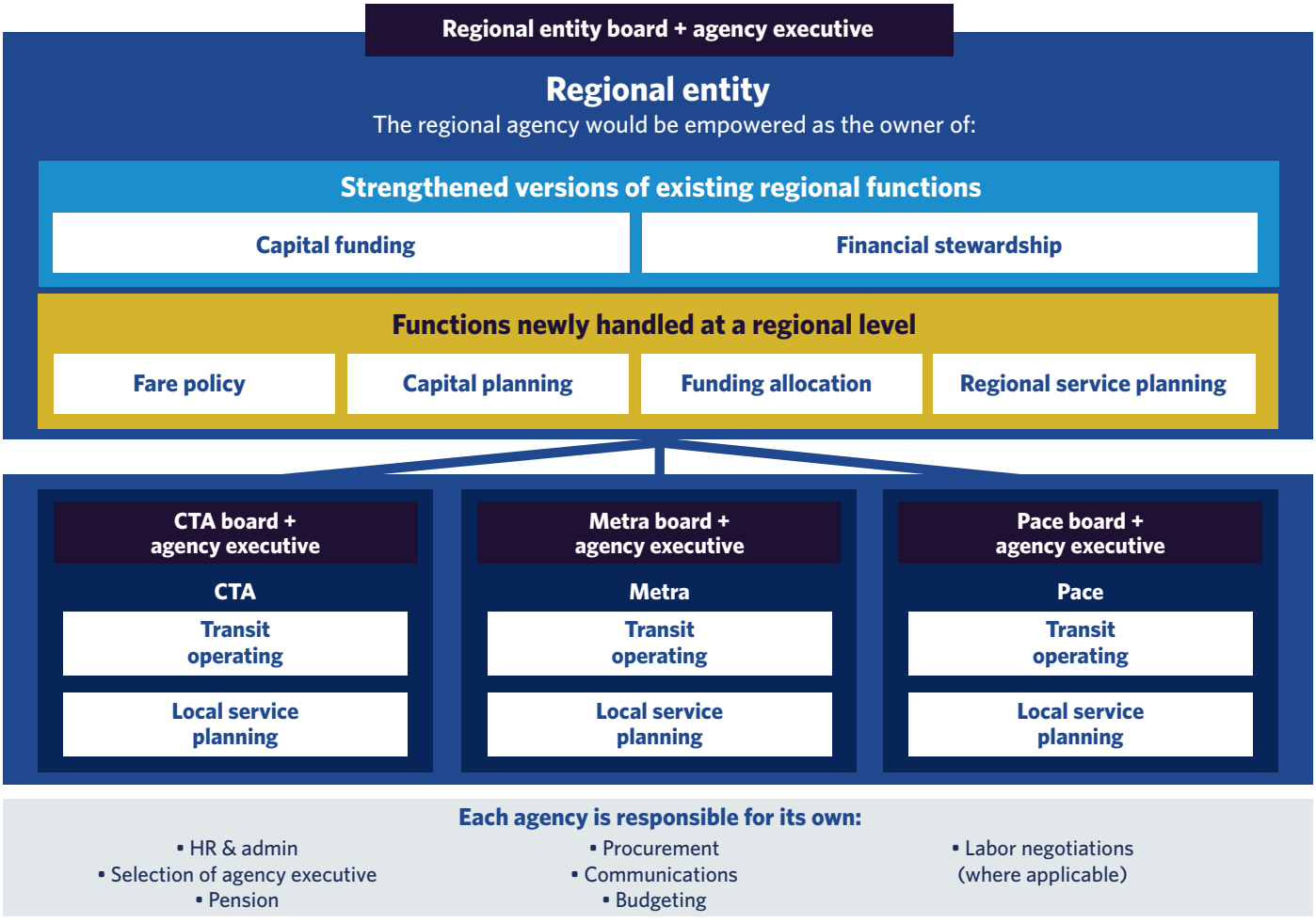
The regional entity would also lead many transit functions. Systemwide fare policy, funding allocation, and capital and service planning would be centralized at the regional level. The operating units would be responsible for daily transit operations and service delivery within the overarching, regional vision set by the integrated regional entity.

Funding allocation
As part of an integrated governance structure, the regional entity would allocate most, if not all, funding. All system-generated revenue and funds from state and federal partners would be disbursed by the regional entity to cover systemwide operating costs, implement regional priorities, and fund capital projects.

Option 2: Empower a regional coordinating agency to lead transit across the service boards

General structure description
The service boards would continue to exist as three, separate agencies that are led by a regional coordinating agency. The service boards would provide transit operations and local service planning, while the regional entity would be strengthened with greater authority and resources to develop regional policies, coordinate comprehensive mobility planning, and allocate funding to the service boards. All four agencies would have their own agency executives and governing boards. Membership, structures, and procedures for each board would be consistent with the baseline principles for reform outlined above.

Figure 43. Sample structure of an empowered regional coordinating agency



Division of transit and corporate functions

The regional coordinating agency would strengthen its current roles and assume responsibility for transit functions that are currently overseen separately by the service boards. These functions include:

Fare policy. The regional coordinating agency would determine regional fare policy, which would include setting fare and transfer policies, selecting payment technologies, and establishing procedures to share fare revenue between the service boards.

Financial stewardship. The regional coordinating agency would inherit the existing financial oversight functions provided by RTA today. It would also set and monitor systemwide standards for operational efficiencies and progress on regional priorities, such as capital planning, climate resilience, and the regional vision.

Capital planning and funding. The regional coordinating agency would be responsible for and empowered to prioritize capital funding. It would also be empowered to plan both system expansion projects and efforts to achieve a state of good repair. The regional agency's responsibility to prioritize capital projects would also require that it represent the region in seeking capital funding (as well as complementary operating investments) from state and federal partners.

Regional service planning. The regional entity would coordinate bus, rail, and paratransit/demand-responsive service planning throughout the region to prevent disconnections or duplications in service. Additionally, the regional entity would conduct analyses to determine how different markets should be served by transit, identifying which service(s) can best meet the different needs of travelers throughout the region.

Funding allocation. The regional entity would have greater authority than the existing RTA to allocate discretionary funding in alignment with regional priorities and plans. The agency would collect system-generated revenues as well as funding from state and federal partners to distribute among the service boards — including any new revenues identified through the state's consideration of PART.

This power would be critical to the regional entity's ability to fulfill its other responsibilities, such as regional service planning and fare policy.

The service boards would be responsible for transit operations, daily service decisions, and local service planning. While the current structure of three service boards could be maintained, the state should also consider reorganizing some transit services (such as the existing and fragmented nature of demand-responsive services throughout the region).

Each agency would also maintain its essential corporate functions, such as:

- Selecting an agency executive.
- Managing employee benefits and human resource departments.
- Administering pension, budget, and procurement systems.
- Publishing communications and marketing materials.
- Negotiating labor agreements (where applicable).

Oversight

In this model, the regional entity and the service boards would each maintain separate governing boards. As noted above, however, these boards would differ in both responsibility and composition from the existing governing boards for the region's transit system. The membership and decision-making structures of each board would be consistent with the baseline principles for reform. The regional entity board would also be the owner of the functions noted above, such as fare policy and regional service planning. The governing boards for the transit service boards would have a narrower focus on corporate functions and day-to-day operations.

This reform path echoes models seen in European cities, such as Berlin.[155] While this approach to governance is flexible and varies by location, the regional coordinating agency — also known as the "network manager" — generally determines systemwide budgets, rather than transit operators independently setting their own.

Additional details on this topic are available in a companion PART appendix memo, found at cmap.is/PART.

Strengths and challenges of structural options

The options to create an integrated agency or empower a regional coordinating agency share multiple strengths and challenges. Importantly, both options have strong potential to improve rider experiences by enabling the implementation of PART recommendations. Both reform options would set the region up to achieve fare integration, respond to consumer demands, and better coordinate transit services across the region.

Both options would also improve accountability to Illinois taxpayers. Instead of considering the needs and priorities of the transit system in silos, each option envisions a regional financial steward identifying and prioritizing funding for the entire system, thereby increasing the potential for long-term cost efficiencies and investments. Increased regional stewardship of system funding also has the potential to provide greater transparency around transit budgeting. Instead of each agency having a distinct approach to financial reporting, a regional entity would set systemwide standards to achieve clearer and more consistent reporting about transit costs and revenues.

Coupled with the essential changes and principles detailed in this section, both options also help address longstanding and emerging challenges. Past reports about governance in northeastern Illinois have come to similar conclusions: either empowering a regional coordinating agency or creating an integrated agency will improve outcomes for riders, taxpayers, and transit decision makers.[156]

While there are many strengths in the recommended governance options, both face logistical and political challenges. It will take time, resources, commitment, and intentional planning to enact governance reform. Also, stakeholders in both the suburbs and Chicago share concerns that they may lose resources to the other, and historical tensions will need to be addressed regardless of the option.

Some stakeholders are also concerned that greater centralization may lead to more bureaucracy and less nimble decision making. As the state considers any implementation plan for governance reform, it should develop protocols and procedures to ensure timely decision making and responsiveness to stakeholders. Widespread collaboration and coordination with key stakeholders will help develop reforms that produce benefits to all involved.

Strengths and challenges: Integrate RTA and the service boards into one regional transit entity (Option 1)

By fully centralizing decisions about the regional transit system, it is more likely that longstanding regional priorities and goals will be implemented. Having one regional voice for transit may decrease opportunities for progress to be delayed by parochial interests and siloed decision making. Creating an integrated agency has the potential to facilitate the implementation of regional strategies more effectively.

Additionally, having one regional agency for transit may promote greater regional mobility by coordinating service planning and operating across the system. Instead of transit services being administered separately by mode and jurisdiction, an integrated agency would consider the regional transit network as a whole. Centralized oversight for service planning and operating may decrease instances of duplications or disconnections in service.

There is, however, uncertainty about the potential for cost efficiencies. On one hand, creating an integrated agency may produce long-term cost savings by consolidating procurement, merging office spaces, and optimizing service planning and operating. On the other hand, it may take multiple years to completely merge four agencies, and up-front costs may be significant. Additional analysis will be required to accurately assess the potential costs or savings of creating an integrated agency.

Lastly, there is uncertainty about the impacts of merging pension systems, labor agreements, and outstanding debt. There are a multitude of options when considering how to approach potentially combining the transit system's pensions, labor negotiations, and other contracts. Additional analysis and key stakeholder engagement will be crucial to determine how to approach these important assets in a potentially integrated governance structure.

Strengths and challenges: Empowering a regional coordinating agency to lead transit across the service boards (Option 2)

An empowered regional coordinating agency may provide substantial accountability and oversight to the service boards. When RTA was created in the 1973, lawmakers intended to establish an entity that could monitor the performance and finances of the region's transit operators. A more empowered regional agency would augment that oversight role.

By maintaining the service boards as separate entities, the region could preserve existing avenues for local input, institutional knowledge, and the agencies' respective specialties by mode and geography. Through decades of providing distinct transit services in specific jurisdictions, the service boards have established valuable relationships with stakeholders and developed expertise about planning and operating different forms of transit. Maintaining their current structure may ensure that these professional assets continue to benefit the region.

However, the reforms detailed in this report could face implementation barriers if the regional entity lacks sufficient authorities and resources. State mandates for regional transit will fall short if the implementers are not empowered to enact reform. Notably, past attempts to strengthen RTA have fallen short of the intended outcomes. The state should be mindful of permissions, resources, or additional support that changes to governance may require. As highlighted above, this could include adjustments to voting structures (e.g., supermajority thresholds), appointing authorities (e.g., a significant but not controlling role for the state) and clearly defined allocations of which responsibilities rest with which entity (e.g., fare policy as an exclusive responsibility of the regional board).

These considerations would be important in either path of reform, but are especially critical in Option 2, given the continuing existence of multiple agencies and governing boards. The dynamics between multiple boards may continue to challenge regional decision making and funding allocation. Historic tensions may continue to divide stakeholders and impede progress. Consequently, governance reform must be inclusive of perspectives from a wide range of stakeholders, and efforts should be made to prevent silos on governing boards.

Figure 44. Example implementation considerations for each structural option

Implementation considerations	Option 1: Integrated agency	Option 2: Empowered regional coordinating agency
Existing debt, pension obligations, and labor agreements	Requires stakeholder engagement and additional analysis to mitigate risks and plan implementation.	Maintains current conditions.
Cost implications on transit operations	Incurs upfront costs to consolidate and rebrand the system. May result in long-term cost efficiencies related to both system administration and service delivery, but further analysis is required.	Requires funding for the regional entity to implement changes and address personnel for new responsibilities (only some of which exist within service boards today). May result in long-term cost efficiencies related to service delivery, but further analysis is required.
Existing third-party contracts and agreements	Requires legal analysis of existing private and intergovernmental agreements to mitigate risks and unintended consequences.	Generally maintains current conditions, but may require revisions to contracts that pertain to new responsibilities for the regional entity (e.g., fare policy).

IMPLEMENTATION AND **NEXT STEPS**

Recognizing that additional analysis is needed and that implementing governance reform may take time, CMAP encourages decision makers to consider the unique strengths and challenges of each of the structural governance reform options and reach consensus on one. A critical next step in achieving these baseline principles is through new or revised legislation. Figure 45 provides an overview of the unique legislative considerations that would need to be undertaken for each option to be responsive to each of the baseline principles. As shown in Figure 46, these statutory changes would also need to be coupled with an implementation plan for the chosen option to account for the unique challenges and considerations noted in the previous section.

Figure 45. Examples of legislative actions to achieve baseline principles for governance reform

Baseline principles for reform	**Option 1: Integrated agency** *New enabling legislation would replace the RTA Act and the Metropolitan Transit Authority Act, with provisions to create a new integrated agency, including:*	**Option 2: Empowered regional coordinating agency** *Significant reforms would be required to the RTA Act and the Metropolitan Transit Authority Act to modify the responsibilities of the regional coordinating agency and the service boards, including:*
Funding allocation	• Sunset formulas and give the integrated agency full authority to allocate funding between its service offerings	• Sunset formulas and give the regional agency the authority to allocate funds to operating agencies • Ensure funding allocation provides operating agencies with transparent and predictable baseline funding and aligns with regional goals and service framework
Regional coordination of transit functions	• Provide integrated agency with required authority to coordinate transit policies and services regionally • Require an implementation plan to establish the integrated agency's structure, including process to transition responsibilities into new entity	• Expand the regional agency's authority over newly assigned functions (e.g., fare policy), explicitly limiting service board authority in those areas • Require an implementation plan to manage transition of responsibilities and assumption of new roles by the regional entity
Performance metrics and farebox recovery requirement	• Establish protocols to set, monitor, and update performance metrics, including required farebox recovery levels	• Authorize the regional agency to set, monitor, and update performance metrics, including required farebox recovery levels • Provide the regional agency with effective tools to ensure operating agency compliance (e.g., funding allocation, line item veto)
Board composition	• Establish membership and appointment process for the regional board and service committees that reflects baseline principles (e.g., state and regional perspectives)	• Change existing statutory membership and appointment processes for the regional board and operating agency boards to better reflect baseline principles (e.g., state and regional appointees on regional board, additional perspectives on operating agency boards)
Board function	• Establish roles and procedures for the regional board and advisory service committees, including structured avenues for local input • Develop voting rules that will reflect regional consensus but avoid potential for parochial voting blocs (e.g., allowing state and regional appointments to overcome decision-making impasses)	• Establish the roles, procedures, and relationships between the boards of the regional agency and service boards • Update voting rules to advance regional consensus while mitigating against parochial voting blocs (e.g., allowing state and regional appointments to overcome decision-making impasses)

Past examples of governance reform in other regions provide a roadmap for northeastern Illinois. Research about peer regions that increased their regional transit coordination reveal that it will be important for the beginning the transition process. Once governments commit to governance reform, domestic and international precedent reveals that implementation often takes multiple years. It may include additional analyses, transitional stages, and multiple phases of iterative implementation.

For example, New York City has been centralizing its transit governance since the 1960s. Initial efforts to consolidate previously private operators have led to more recent efforts to bring planning, engineering, and funding for capital projects under one regional agency. Today, efforts continue to increase the regional coordination of transit operators.[157] Other metropolitan regions in the U.S. have transitioned toward stronger regional governance of transit. In 2002, the California state legislature authorized a plan to consolidate transit operators in San Diego into one regional transit agency.[158] The legislation detailed actions to ensure the implementation of reforms, such as changes to board structures, funding allocation adjustments, and dates when reforms would take effect. After several years and multiple phases of a transition process, the San Diego transit system was consolidated.[159]

These kinds of governance reform efforts have also happened globally in recent years, in European cities that transitioned to a network manager governance approach. For example, in 1999 the Greater London Authority voted to reinstate citywide governance of transit and ultimately established Transport for London (TfL). Initially, TfL assumed many of the governance responsibilities from its predecessor, London Regional Transport. Over a few years, however, TfL received additional responsibilities, such as operating the London Underground network and overseeing contracts with private operators.

While merging agencies can be logistically challenging, one aspect of the San Diego effort stands out for special consideration. San Diego focused on achieving an integrated experience from the riders' perspectives in advance of finalizing the legal and bureaucratic procedures that completed the merger. A report that studied San Diego's transition noted, "What was remarkable was the gradual, step-by-step evolution from separate transit agencies into a unified and fully coordinated system of bus and light rail routes. To the eyes of the transit rider, [the San Diego Metropolitan Transit System] was a single transit system years before the actual legal consolidation of assets took place in 2003."[160]

As the state considers the PART report's recommendations on governance, that focus — centering the transit system users' experiences — should remain paramount. Any changes to regional transit governance will require detailed planning and thoughtful implementation. They will also require consideration of the effects on transit riders, with particular attention to the equity impacts of any potential changes. Thus, after committing to a particular governance approach, the state should establish a process through which the region's transit operators can work in concert toward these broader regional goals. Success will require clearly defined responsibilities, timelines for implementation, and strategies to ensure that transit continues to serve rider needs.

Figure 46: Next steps for the Illinois General Assembly on governance reform

- **Select a preferred conceptual approach to governance reform (integrated agency, empowered regional coordinating agency)**
- **Develop and fund an implementation plan that identifies clear timelines, costs, and strategies to mitigate equity and mobility impacts.**
- **Establish an implementation working group with service boards, legal counsel, transit experts, and others (e.g., CMAP) to execute on the implementation plan**
- **Enact governance reforms; oversee and monitor implementation to ensure success in conjunction with broader investments in strengthening the region's transit system**

A stronger transit system is possible

When taken as a whole, the recommendations in the PART report — from system improvements, to funding, to governance — are all in service of that vision of a stronger and more user-centric transit system. Achieving the system users want will require a combined approach. As this report has outlined, the elements of the PART report build upon and reinforce one another. A more frequent and reliable transit system will improve mobility for existing users and attract new ones. The fares those riders pay will provide operators with a stable funding source, magnifying the impact of significant new investments from the region. And a stronger regional transit governance structure will identify how those funds can best be invested, ensuring that everyone who calls northeastern Illinois home can affordably and seamlessly move throughout the region.

ON TO 2050 makes it clear that "regional success relies on transit." Transit enables mobility, equity, sustainability, and economic vitality, with impacts that extend across Illinois. The crisis facing the region's transit system is as profound as any since the initial creation of the RTA and the service boards. Addressing these challenges will require significant action and investment. But the region's transit system — the legacy of more than a century of sustained leadership and investment — is too important to let fail.



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- All the members of CMAP's Board and MPO Policy Committee, and a special thanks to the Board advisers:
  - Matt Brolley
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  - Karen Darch
  - Stefan Schafer
- CMAP's Committees and other standing bodies, like the Community Alliance for Regional Equity
- Chicago Community Trust, which provided funding to support the launch of the PART process
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- Consultant support
  - Eno Center for Transportation
  - SB Friedman Development Advisors
  - HNTB
- Leadership and staff from RTA, CTA, Metra, and Pace for their time, partnership, and contributions to this process
- All of those who participated in presentations, focus groups, and discussions

PART Steering Committee

The 27 Steering Committee members fulfilled the legislative mandate to include representatives of business, community, environmental, labor, and civic organizations. While members offered diverse professional backgrounds, CMAP also looked to racial and geographic demographics so that the committee reflected the region's diversity.

Members included:

MarySue Barrett, MSB Policy Consulting/Brookings Institution

Randy Blankenhorn, former Secretary, Illinois Department of Transportation (Co-chair)

Carole Brown, PNC (Co-chair)

Deborah Carroll, University of Illinois Chicago, Government Finance Research Center

Kevin Considine, Lake County Partners

Dan Cronin, Former Chair, DuPage County Board (Co-chair)

Mark Denzler, Illinois Manufacturers' Association

Derek Douglas, Civic Committee and Commercial Club of Chicago (Co-chair)

Jacky Grimshaw, Center for Neighborhood Technology (Co-chair)

Julie Hamos, Office of Medicaid Innovation

Darlene Hightower, Metropolitan Planning Council

Rob Karr, Illinois Retail Merchants Association

Jack Lavin, Chicagoland Chamber of Commerce

David Leopold, Microsoft

Juan Carlos Linares, Association House of Chicago

Tom Livingston, CSX

Justin Marlowe, University of Chicago, Harris School of Public Policy

David Narefsky, Mayer Brown

Jorge Perez, Lake Effect Community Development

Doug Pryor, Will County Center for Economic Development

Bob Reiter, Chicago Federation of Labor

Roberto Requejo, Elevated Chicago

Amy Rynell, Active Transportation Alliance (Co-chair)

Stephen Schlickman, University of Illinois Chicago, College of Urban Planning and Public Affairs

Karen Tamley, Access Living

Jen Walling, Illinois Environmental Council

Sarah Wetmore, The Civic Federation

APPENDIX

PART
LEGISLATION

In May 2022, the State of Illinois enacted Public Act 102-1028, which required CMAP to submit a report of recommendations regarding the long-term financial viability of the regional transit system by January 1, 2024.[161]

As required by the statute, the final recommendations envision a system that is regionally coordinated, safe and secure, clean, efficient, and supportive of efficient land use. The report specifically addresses required topics such as regional fare systems, sales tax, the recovery ratio, and governance. The report also highlights the strong connections between investments in transit and other regional and state priorities, especially those related to equity, climate change, and economic growth.

This report reflects the combined input of stakeholders throughout the region. CMAP convened a steering committee of regional stakeholders to oversee the report's development. This steering committee, which included representation from civic, community, business, environmental, and labor perspectives, provided guidance alongside input from other public bodies, such as county boards, municipal councils of governments, CMAP's Board and MPO Policy Committee. CMAP staff also conducted focus groups and public outreach, building on the significant public engagement completed by RTA in its recent strategic planning process. For more information on the PART steering committee and other public engagement conducted through the process, see the PART webpage.

Public Act 102-1028

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Regional Transportation Authority Act is amended by adding Section 5.10 as follows:

(70 ILCS 3615/5.10 new)

Sec. 5.10. Report of legislative recommendations.

(a) By January 1, 2024, the Chicago Metropolitan Agency for Planning and its MPO Policy Committee, in coordination with the Authority, shall develop and submit a report of legislative recommendations to the Governor and General Assembly regarding changes to the recovery ratio, sales tax formula and distributions, governance structures, regional fare systems, and any other changes to State statute, Authority, or Service Board enabling legislation, policy, rules, or funding that will ensure the long-term financial viability of a comprehensive and coordinated regional public transportation system that moves people safely, securely, cleanly, and efficiently and supports and fosters efficient land use. In developing the report, the vision, principles, and recommendations of the Authority's strategic plan required by Section 2.01a shall be considered. The report shall also consider recommendations on how the Authority and Service Boards can better address racial equity, climate change, and economic development. The development of the report shall include meaningful public engagement led by the Chicago Metropolitan Agency for Planning and its MPO Policy Committee and should be developed with the support of a steering committee composed of representatives of business, community, environmental, labor, and civic organizations. The report shall be adopted by the MPO Policy Committee prior to submission to the Governor and General Assembly. The report shall be separate from the Strategic Plan required under Section 2.01a.

(b) This section is repealed on January 1, 2025.

Section 99. Effective date. This Act takes effect upon becoming law.

Effective date: 5/27/2022

OVERVIEW OF **REGIONAL TRANSIT OPERATIONS**

Each of the service boards contributes one or more important elements to the broader regional transit network. The figures below highlight their coverage areas, services, ridership, and the scale of their 2019 and 2023 operating budgets. System maps of the rail, bus, and demand-responsive services in the RTA region are included at the end of this appendix.

Figure 47. High-level overview of regional transit operations

Agency	Coverage	Services	Ridership (2019)[162]	Ridership (2022)[163]	Operating budget (2019)[164]	Planned operating budget (2023)[165]
CTA[172]	City of Chicago and 35 surrounding suburbs in Cook County	Bus (127 routes) and rail (8 lines)	456 million trips (219 million rail and 237 million bus)	244 million trips (104 million rail and 140 million bus)	$1.515 billion	$1.828 billion
Metra	Cook, DuPage, Kane, McHenry, Lake, and Will counties, with service to southeast Wisconsin	Rail (11 lines)	74 million trips	24 million trips	$802 million	$980 million
Pace[173]	Cook, DuPage, Kane, McHenry, Lake, and Will counties	Bus (137 routes), Vanpool, On Demand	29 million trips	15 million trips	$225 million	$303 million
Pace ADA (paratransit)		Paratransit services	4.2 million paratransit trips	3.8 million paratransit trips	$184 million	$238 million
RTA	Cook, DuPage, Kane, McHenry, Lake, and Will counties	Financial oversight and strategic planning	N/A	N/A	$42 million	$37 million*
Total			562 million	287 million	$3 billion	$3.5 billion

* Excludes RTA regional debt service expenses (note these are included in the overall 2019 and 2023 totals).

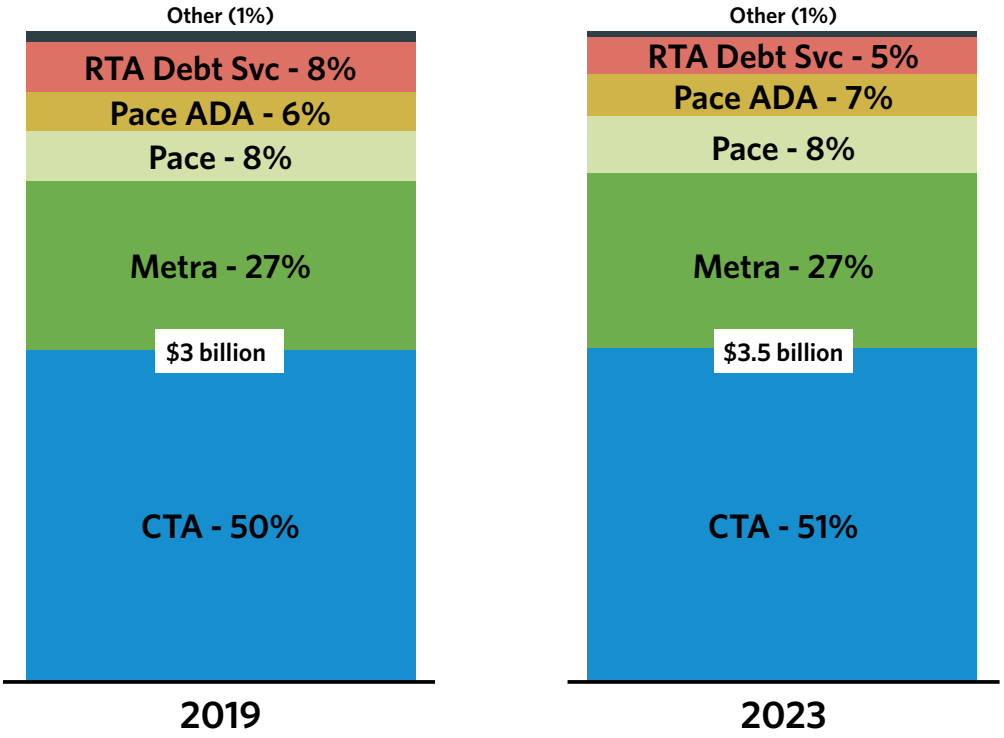
Governance of northeastern Illinois' transit system is complex and layered. While RTA is largely responsible for providing financial oversight to the three service boards, the four agencies primarily operate as independent, autonomous entities and exist under a complex governance structure. Across the four agencies, there are 47 board members appointed by 21 elected officials.

Regional transit operations and capital programs are further impacted by decisions made by other government agencies and authorities, including state, regional, county, and municipal transportation agencies. The service boards and RTA are also located within CMAP's slightly larger jurisdiction, which includes RTA's six-counties and Kendall County. For more information on regional transit governance, see "Implementing the system the region wants."

CTA has the largest overall operating budget of the three service boards. CTA represents roughly half of all planned expenses in 2023. Metra represents slightly more than a quarter at 27 percent. Pace's operating expenses are split, with roughly half of its funding supporting services like suburban bus, vanpool, and demand-responsive services, and the remainder going toward the federally required ADA paratransit services that it provides throughout the region. Most remaining funds go toward regional debt service issued by RTA on behalf of the service boards, along with a relatively small share to cover RTA's agency operating budget and other expenses.

Figure 48. Operating expenses by service board have remained proportionally stable

RTA regional transit system operating budget, 2019 (actual) and 2023 (budgeted)



Source: RTA Adopted 2019 Operating Budget.

Other expenses include RTA agency operations, regional programs, joint self-insurance fund, and other miscellaneous expenses.

Large operating expense categories for transit agencies have historically included:

Labor. Labor is the primary driver of transit cost growth over time. Transit system staff oversee stations, drive buses, and operate trains. Staff also maintain capital assets and perform key administrative, planning, and corporate functions.

Supplies and materials. Agencies must buy the supplies and materials needed to provide service and maintain stations, such as cleaning supplies and tires.

Power and fuel. Transit relies on electricity and fuels like diesel and compressed natural gas to operate.

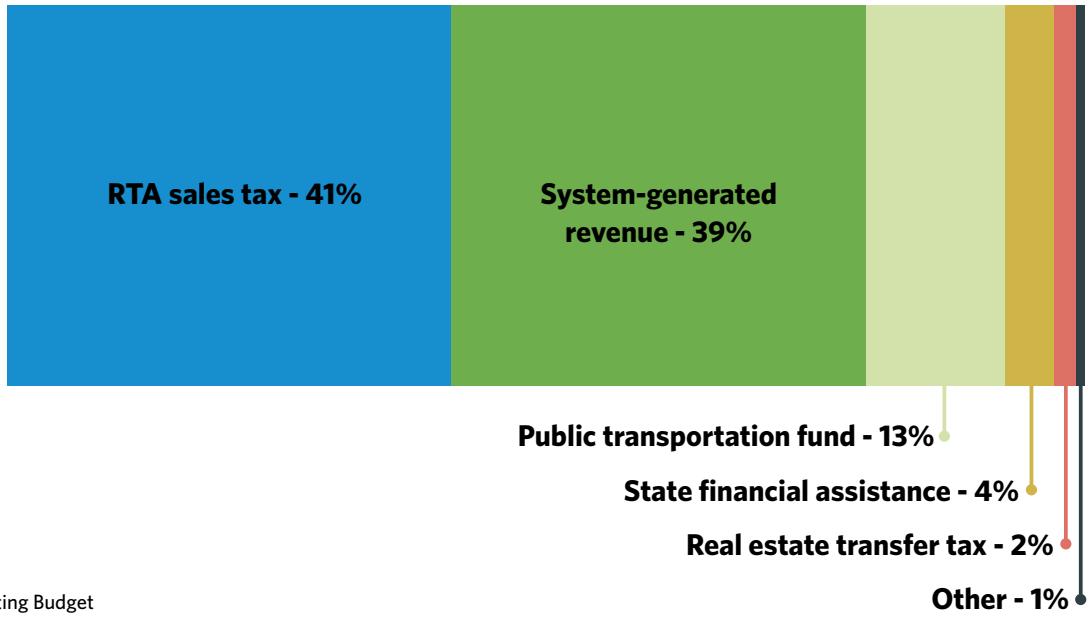
Debt service. RTA, Pace, and CTA pay debt service on bonds issued to fund capital investments or (for CTA) pension benefits.

Transit relies on both fares and public funds to operate

Funding for the operating budget of the region's public transit comes from two sources: system-generated revenues and public funding.

Figure 49. RTA operating revenues by source, 2019

System-generated revenues made up almost 40% of the total operating revenue in 2019



Source: RTA Adopted 2019 Operating Budget

The state currently requires system-generated revenues to cover half of operating costs

Before the pandemic, state law required the service boards to cover 50 percent of their operating costs from fares and other system-generated revenue (referred to as the recovery ratio requirement). System-generated revenues mainly come from passenger fares, as well as smaller amounts from sources such as advertising, investment income, and concessions, as well as the state's partial reimbursement for the cost of statutorily required reduced fare programs. Due to allowed exclusions (e.g., paratransit expenses), system-generated revenues typically accounted for roughly 40 percent of total operating expenses (not adjusting for exclusions) before 2020.

The farebox recovery ratio requirement has temporarily been waived during the COVID-19 pandemic, with that waiver recently extended through 2025. As discussed above and as noted by RTA in its recently adopted strategic plan, a more permanent reform will be required as part of any broader transit system investments.

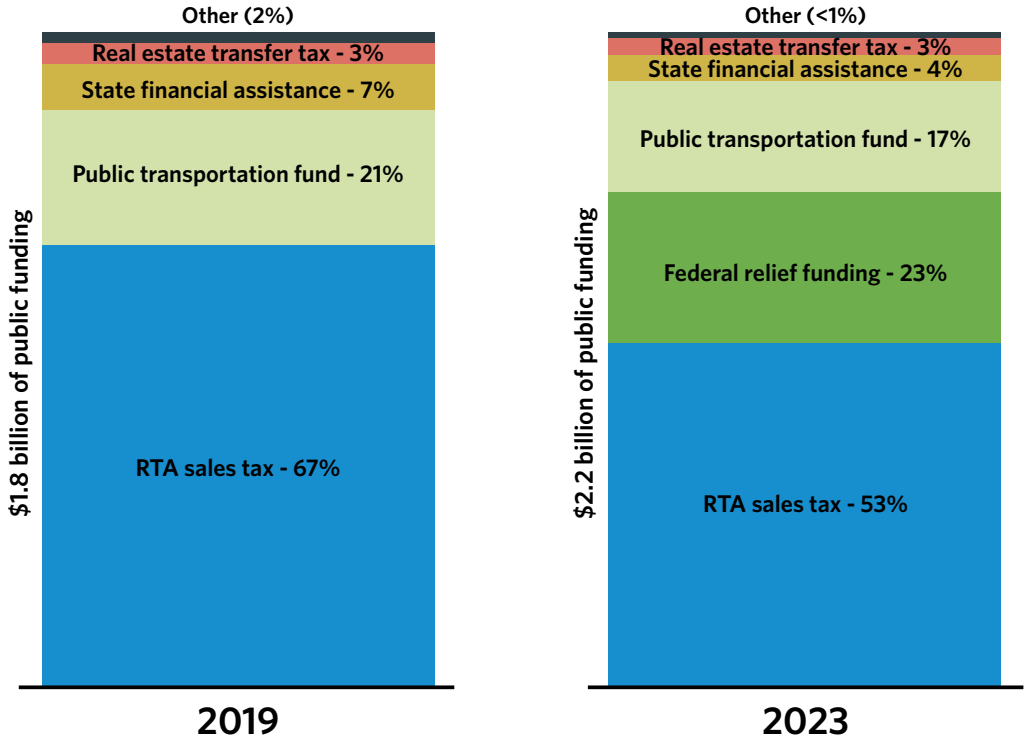
Public funding for transit includes sales taxes and other sources

Most remaining transit funds come from various public sources, including:

- A regional sales tax levied by RTA.
- A real estate transfer tax levied by the City of Chicago.
- Matching funds provided by the state for both sales tax and RETT revenues out of the Public Transportation Fund.
- Additional state financial assistance, such as reimbursing certain debt service payments.

Figure 50. RTA public operating funding by source as a share of total public funding dollars in 2019 and 2023

RTA public operating funding, 2019 (actual) and 2023 (budgeted)



Other public funding comes from the state for ADA paratransit, federal discretionary funding, positive budget variances, and other RTA revenues.

Source: RTA Adopted 2019 and 2023 Operating Budget.

Regional sales tax

An RTA sales tax is imposed in the six counties of its service area in northeastern Illinois. In Cook County, the rate is 1.25 percent; in DuPage, Kane, Lake, McHenry, and Will counties, the rate is 0.75 percent, although 0.25 percent is directed back to the counties to support local transportation and public safety costs. In 2023, RTA estimates the sales tax will generate approximately $1.5 billion.[166]

Real estate transfer tax

In 2008, the state gave the City of Chicago authority to increase the Real Estate Transfer Tax (RETT) by $1.50 per $500 of value to support CTA. CTA's portion of RETT is projected to be approximately $82 million in 2023.[167]

State matching program

Before the state deposits receipts into the General Fund, funds are distributed to the Public Transportation Fund equal to 30 percent of the revenue from the RTA sales tax and 30 percent of the revenue realized from CTA's portion of RETT. In 2023, this is budgeted to provide roughly $495 million of direct state support for transit.[168]

Other state funding

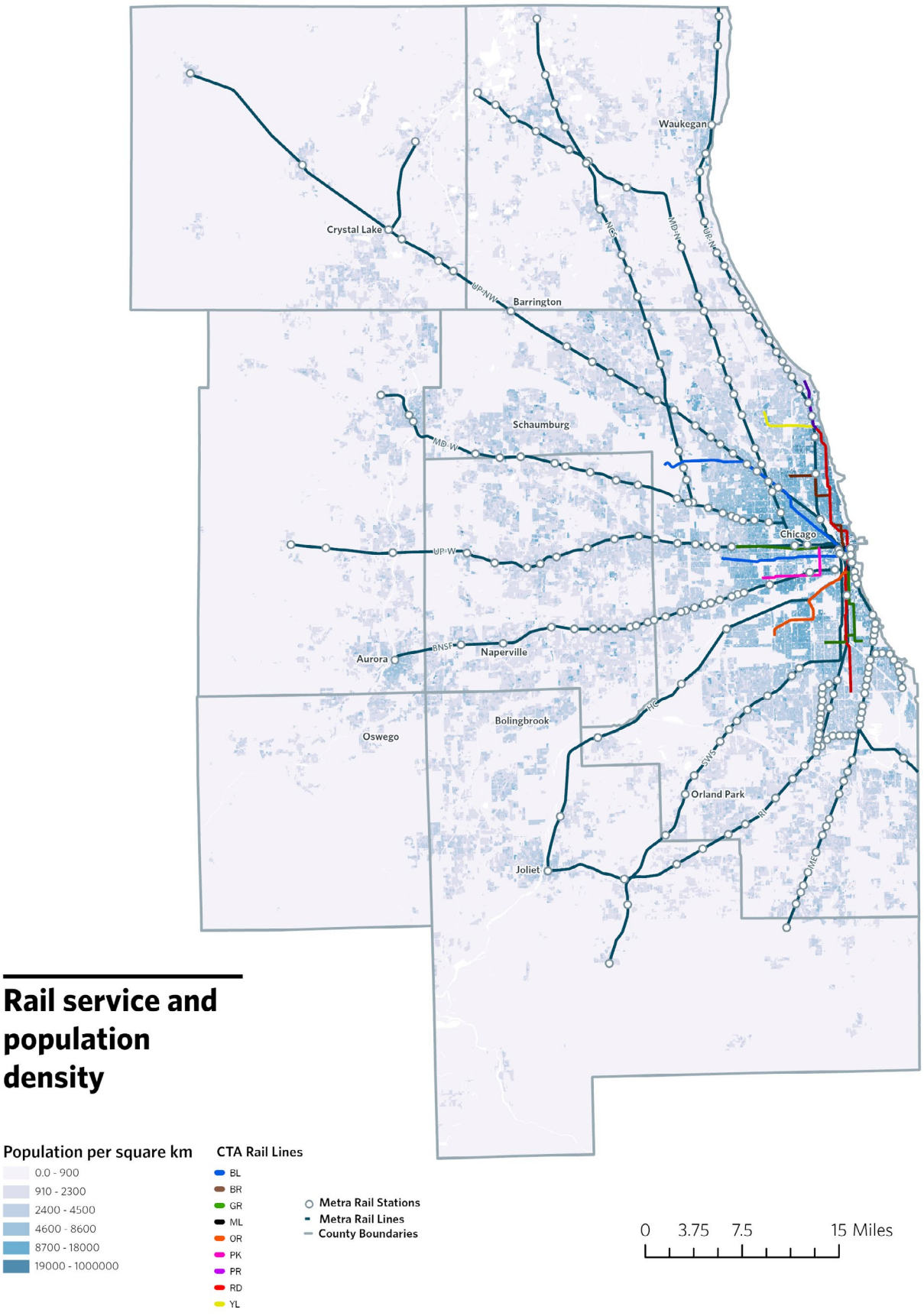
Beyond matching funds, the state makes additional contributions. These include a reimbursement of RTA's debt service on Strategic Capital Improvement Program bonds. As the oldest of these bonds mature, the level of state financial assistance is anticipated to decline. The state also contributes roughly $8 million annually in support of the region's paratransit services.

System operations depend on robust capital investment

While this report focuses primarily on the operational costs of regional transit, those operations rely on extensive capital investments made over more than a century. With additional capital improvements, transit service can be more frequent, reliable, and comfortable for riders. To make those investments, the region's transit operators traditionally rely on a mix of federal, state, and local funds, including newly dedicated transit capital resources available through the Rebuild Illinois capital program. Despite the recent infusion of capital funding, however, the RTA region still faces a significant capital backlog due to decades of inconsistent state funding prior to Rebuild Illinois. RTA estimates that the region needs an annual investment of $3.5 billion over the next 10 years to fund critical capital maintenance and investment, more than double the current level.[169]

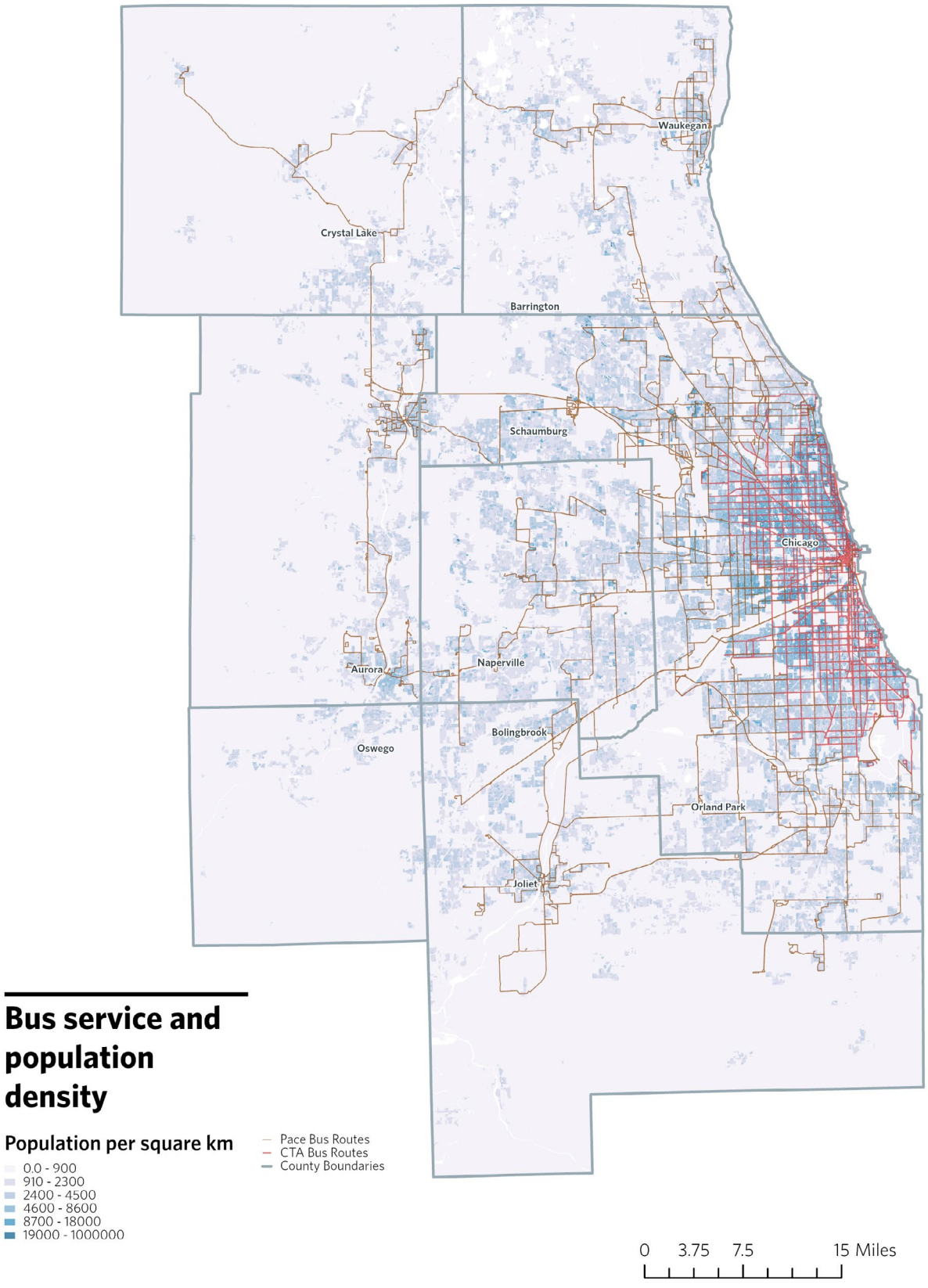
Where relevant, PART recommendations highlight opportunities where capital investments could unlock improved and/or more efficient service provision. More information on transit capital funding sources and investments is available in recent publications by CMAP and RTA.[170]

Figure 51. The region's rail services



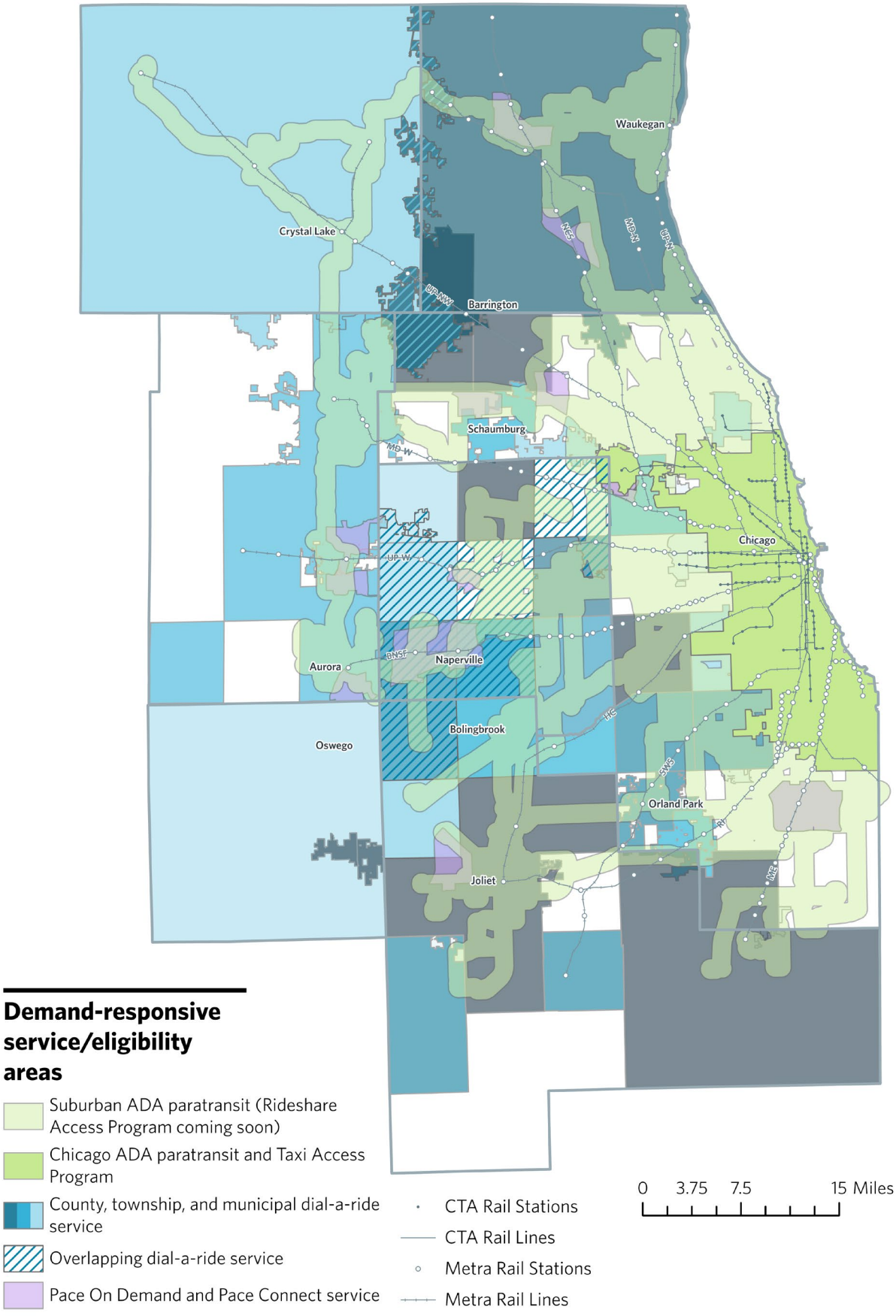
Source: U.S. Census Bureau (Block Level Tabulated TIGER/Line 2022).

Figure 52. The region's bus services



Source: U.S. Census Bureau (Block Level Tabulated TIGER/Line 2022).

Figure 53. The region's demand-responsive/paratransit services



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The Chicago Metropolitan Agency for Planning (CMAP) is the region's comprehensive planning organization. The agency and its partners developed and are now implementing ON TO 2050, a long-range plan to help the seven counties and 284 communities of northeastern Illinois implement strategies that address transportation, housing, economic development, open space, the environment, and other quality-of-life issues.

See **cmap.illinois.gov** for more information.

433 West Van Buren Street
Suite 450
Chicago, IL 60607

cmap.illinois.gov
312-454-0400

Chicago Metropolitan Agency for Planning

Agenda Item No: 9b

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Private Activity Bond Volume Cap Reservation

Recommendation: Motion to adopt an Ordinance reserving the State of Illinois volume cap for private activity bonds.

Staff Contact: Kathryn Cowlin, Director of Community Development
Heather Maieritsch, Economic Development Manager

Background: The City of Crystal Lake received notification from the Governor's Office regarding the reservation of Crystal Lake's volume cap. Private activity bonds can be issued as Industrial Revenue Bonds using the volume cap allocation. Annually, the State requires that all eligible municipalities pass an Ordinance to reserve their volume cap for the fiscal year.

For 2024, each home rule municipality is authorized a volume cap amount equal to $125 per capita. Using this formula, Crystal Lake's allocation equals $5,082,625, based upon the State's assigned population of 40,661.

At this time, there have been no official applications from private businesses for the City to allocate our volume cap in the form of Industrial Revenue Bonds. However, staff has had discussions with businesses previously regarding the issuance of Industrial Revenue Bonds for pending or prospective developments. According to the State Office of Management and Budget, after the volume cap has been reserved, the municipality is required to allocate the amount reserved for private activity bonds by December 31 of that year. If the City does not allocate its volume cap by December 31, it can request to carry-over the allocation for up to three years for a variety of different projects, but not for qualified small issue bonds (Industrial Revenue Bonds). The Ordinance reserves the City's allocation for possible future use.

There is no obligation to the municipality in issuing Industrial Revenue Bonds. All the payment responsibility rests with the private party. The lien is on the property, secured by the Industrial Revenue Bonds. Under Federal law, the City can utilize the authorized volume cap as additional incentive for industrial firms to relocate or expand facilities within its jurisdiction. Industrial Revenue Bonds can be attractive to industrial firms because of the difference to the bond buyers between tax-free interest rates and prevailing taxable interest rates.

Votes Required to Pass: A simple majority vote.

Ord. No.
File No.

AN ORDINANCE RESERVING VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, AND RELATED MATTERS.

WHEREAS, the City of Crystal Lake, McHenry County, Illinois *(the "Municipality"),* is a Municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended *(the "Code"),* provides that the Municipality has volume cap equal to $125 per resident of the Municipality in each calendar year, which volume cap may be reserved and allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, *30 Illinois Compiled Statutes 1998, 345/1 et seq.,* as supplemented and amended *(the "Act"),* provides that a home rule unit of government may transfer its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to reserve all of its volume cap allocation for calendar year 2024 to be applied toward the issuance of private activity bonds *(the "Bonds"),* for unidentified projects, as provided in this Ordinance, or to be transferred, as permitted by this Ordinance.

BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, McHENRY COUNTY, ILLINOIS, as follows:

SECTION I: That, pursuant to Section 146 of the Code and the Act, the entire volume cap of the Municipality for calendar year 2024, in the amount of $5,082,625 based upon the State of Illinois assigned population of 40,661, is hereby reserved by the Municipality, which shall issue Bonds using such volume cap, or shall transfer such cap, without further action required on the part of the Municipality; and the adoption of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or such other bonds, provided that

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any such transfer shall be evidenced by a written instrument executed by the Mayor or any other proper officer or employee of the Municipality.

SECTION II: That the City of Crystal Lake shall maintain a written record of this Ordinance in its records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

SECTION III: That the Mayor, the City Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Ordinance.

SECTION IV: That the provisions of this Ordinance are hereby declared to be separable, and if any section, phrase, or provision of this Ordinance shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases, and provisions of this Ordinance.

SECTION V: That this Ordinance shall be in full force and effect from and after its passage and approval as provided by law.

DATED at Crystal Lake, Illinois, this 20th day of February, 2024.

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_____

Haig Haleblian, MAYOR

SEAL:

ATTEST:

_____

Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024

APPROVED: February 20, 2024

CITY OF
Crystal Lake
ILLINOIS

February 21, 2024

Office of the Governor
Governor's Office of Management and Budget
555 W. Monroe Street- Suite 1500-S-GOMB
Chicago, IL 60661

Attn: Sophia Ronis

ATTENTION: Debt Management Unit

RE: Issuer: City of Crystal Lake, McHenry County, Illinois
Type: A home-rule unit of government
Total 2024 Volume Cap Allocation: $5,082,625.

Volume cap allocations **reserved** by Issuer resolution on February 20, 2024:

Principal Amount of Reservation: $5,082,625

A copy of the allocation Ordinance is attached.

Total Allocation Granted $5,082,625

Sincerely

Heather Maieritsch

Heather Maieritsch
Economic Development Manager
(815)356-3737
hmaieritsch@crystallake.org

Attachment
Cc: Eric Helm, City Manager
Jodi Hartman, Finance Director

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STATE OF ILLINOIS



Draft

GUIDELINES AND PROCEDURES

FOR THE

ALLOCATION OF PRIVATE ACTIVITY BONDING AUTHORITY

IN ACCORDANCE WITH THE TAX REFORM ACT OF 1986

AND 30 ILCS 345

OFFICE OF THE GOVERNOR

Effective January 2, 2024

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Questions regarding these guidelines and procedures may be directed to the Capital Markets Unit of the Governor's Office of Management and Budget at (312) 814-0023**. ** Please note that the Hard Copy Submission Address has changed to 555 W. Monroe Street, Suite 1500-S-GOMB, Chicago, IL. 60661**

INTRODUCTION

The Federal Tax Reform Act of 1986 (the "Code") as amended, imposes a limit on the aggregate amount of "tax exempt private activity" bonds (also known as "Volume Cap") that can be issued by a state. While the Code provides an allocation scheme for specific issuing authorities, it also provides that a state may, by law, provide a different formula for allocating the State ceiling among the governmental units in the State having authority to issue such bonds. The State of Illinois ("the State") has adopted procedures for the allocation of Volume Cap pursuant to the Illinois Private Activity Bond Allocation Act, 30ILCS 345 (the "Illinois Allocation Act").

The Governor's Office is the entity charged with authority to allocate Volume Cap among the political subdivisions within the State. In the event of conflict between the Code and Illinois Allocation Act and these "2024 Guidelines and Procedures" (the "Guidelines"), the Code and the Illinois Allocation Act shall control. Any matters not covered by the Code or the Illinois Allocation Act or the Guidelines shall be decided by the Governor's Office, and the Governor's Office reserves the right to amend the Guidelines at any time.

These Guidelines are provided by the Governor's Office to assist issuers in understanding how the allocation formula will be administered. They do not represent a binding legal interpretation of either the Code or the Illinois Allocation Act. The Governor's Office will not make a legal determination of the applicability of the Code to an issuer, nor will it determine an issuer's compliance under the Code. Issuers should consult their own legal counsel to make these determinations.

The Guidelines require certain issuers to submit requests to the Governor's Office for allocations of Volume cap. In addition, they require issuers within the State to report on reallocations and their use of Volume Cap.

PLEASE NOTE – ALL REQUESTS AND REPORTING SUBMISSIONS, AS DESCRIBED HEREIN, MUST BE SUBMITTED IN BOTH (i) HARD AND (ii) ELECTRONIC FORMATS (ADOBE ACROBAT "PDF") TO THE FOLLOWING ADDRESSES:

HARD COPY SUBMISSIONS TO:

Governor's Office of Management and Budget
Capital Markets Unit– Volume Cap Submission
555 W. Monroe Street – Suite 1500-S-GOMB
Chicago, IL 60661
Attn: Sophia Ronis

ELECTRONIC (PDF) SUBMISSIONS TO:

Omb.volumecaprequest2024@Illinois.gov

Please indicate the (i) name, (ii) status of your organization (Home Rule, Non-Home Rule or State Agency) and (iii) type of submission (either a "REPORT" or a "REQUEST") in the "SUBJECT" line of your submission e-mail. Please include the following information for a primary and secondary contact person in the body of each electronic submission (email):

Name
Title
Department/Division
Phone Number
Email address

IMPORTANT NOTE – The time and date stamp of the email will be used for the purpose of determining the order in which the submissions are received unless otherwise noted herein.

**** Please note that the Hard Copy Submission Address has changed to 555 W. Monroe Street, Suite 1500-S-GOMB, Chicago, IL. 60661**

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Calendar Year 2024 State Ceiling and Allocations

2024 State Ceiling – Background and Calculation

Section 146 of the Code limits the amount of qualified private activity bond debt that may be issued in a state during a calendar year ("the State Ceiling"). Section 146(d) of the Code was amended by H.R. 5662, the "Community Renewal Tax Relief Act of 2000 (the "CRTF Act")," to specify that beginning in calendar year 2002 the limit shall be the greater of $75 multiplied by a state's population or $225 million. The CRTF Act further specifies that beginning in calendar year 2003 the volume limit may be adjusted annually for inflation. Pursuant to Revenue Procedure 2008-66 published by the Internal Revenue Service, the volume limit on qualified private activity bonds adjusted for inflation for calendar year 2024 is ($125 multiplied by the state's population).

Section 146(j) of the Code further requires that the calculation of the State Ceiling be based on the most recent resident population estimate released by the U. S. Bureau of the Census before the beginning of the calendar year. On December 30, 2019, the Population Division of the U.S. Census Bureau issued "Table 1: Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2000, to July 1, 2022 (NST-EST2022-01)" which reports Illinois's estimated population as 12,549,689.

Illinois 2024 State Ceiling is $1,568,711,125.00 ($125 x 12,549,689).

Allocations

Pursuant to the Statute, the table below denotes the initial allocation of the 2024 State Ceiling.

Home Rule Units	$1,006,088,000.00
Non-Home Rule Units	$281,311,562.50
State Agencies/Authorities	$281,311,562.50
Total	$1,568,711,125.00

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HOME RULE UNITS

Allocation

January 1 Benchmark
As described in "2024 State Ceiling – Background and Calculation" above, each Home Rule community is allocated an amount equal to ($125 multiplied by its population and Cook County, as a Home Rule County, is allocated an amount equal to $125.00 multiplied by the population of its unincorporated area). Based on the most recent US Census estimates the total amount for all Home-Rule units has been determined to be $ 1,006,088,000.00. Appendix C attached identifies the list of Home Rule units and the population count used by the Governor's Office for the volume cap allocation. Special census estimates or other estimates for individual municipalities are not recognized by the Governor's Office.

During the period from January 2, 2024, through May 1, 2024, Home Rule units may not apply to the State for an allocation under the Illinois Allocation Act. Rather, Home Rule units must determine and monitor their own private activity bond limits as provided in the Illinois Allocation Act. Please see reporting requirements detailed below in "Home Rule Reporting".

June 1 Benchmark
Of the total amount available to each Home Rule unit of government with less than 2,000,000 inhabitants, the amount that has not been granted, transferred, or reserved by Home Rule units for specific projects or purposes as of May 1, 2024, shall be reserved to the Governor's Office on June 1, 2024 (the "home Rule Pool"). From the period of June 1 through July 15, 2024, one-half of the home rule Pool will be available to all Home Rule units with less than 2,000,000 inhabitants (the remaining half is available for allocation to the State or State Agencies as herein after described).

The Governor's Office will accept Home Rule units' requests for volume cap from the Home Rule Pool beginning on the first State business day on or after June 1, 2024. Requests will be accepted, via the methods described on page 3, only on or after 8:30 a.m., June 1, 2024. No requests can or will be accepted prior to this date and time. **On the first date that applications may be received all applications received between 8:30am and 5pm on such date shall be deemed equally first in line and the Governor's Office shall grant cap as it may determine. If more than one request is received in a day, other than the first day that applications may be submitted, completed requests will be logged in by the time the electronic submission is received, and processed on a first come, first-granted basis.**

If a determination is made that there is a sufficient amount of allocation remaining in the Home Rule Pool upon a request made, an allocation approval letter will be sent to the applicant. The approval letter will be mailed by first class U.S. Mail to the signatory of the application letter Express mail will be used upon request and at the issuer's expense. The allocation is valid for a period of 60 calendar days from the date of the letter or December 28 of the year of the allocation. This period is set by Illinois Allocation Act and cannot be extended.

July 15 Benchmark
On and after July 15, 2024, the amount of the unused allocation from the Home Rule Pool shall be available to both Home Rule units of government (with less than 2,000,000 inhabitants) and to State agencies. Requests submitted prior to July 15 that are not completely fulfilled must be re-filed after July 15 if cap still is requested.

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The Governor's Office will accept Home Rule units' requests for volume cap from the Home Rule pool beginning on the first State business day on or after July 15, 2024. Requests will be accepted, via the methods described on page 3, only on or after 8:30 a.m., July 15, 2024. No requests can or will be accepted prior to this date and time. **On the first date that applications may be received all applications received between 8:30am and 5pm on such date shall be deemed equally first in line and the Governor's Office shall grant cap as it may determine. If more than one request is received in a day, other than the first day that applications may be submitted, completed requests will be logged in by the time the electronic submission is received, and processed on a first come, first-granted basis.**

Please Note –

- **A completed "Allocation Request Letter" (Appendix A) and a copy of an "Official action", as defined in the Statute, must accompany all request submissions (June 1 or July 15). A submission will not be deemed complete unless a copy of Official action is included in the transmittal.**
- **No Home Rule unit may be granted more than 10% of the amount of total allocation initially available for Home Rule units for a single project. Home Rule units may submit separate requests for multiple projects. Requests must be for specific projects, not general use. Requests will be processed only for allocation to be used directly by the requesting Home Rule unit. Joint requests from more than one unit or requests from one unit for allocation that will also be used by other units of government will not be considered. Once an allocation is given to a specific unit, the Governor's Office will not object if units pool their allocations and join together in a bond issue as advised by legal counsel.**
- **The allocation approval letter to Home Rule units of government is valid for a period of 60 calendar days from the date of the letter or through December 31, 2024, whichever date comes first. If an issuer's allocation has expired, it may apply for a new allocation if allocation is still available. Such application will be processed by the Governor's Office in the same manner as any other new application.**
- **The State, a State agency or Home Rule unit may reallocate all or a portion of its ORIGINAL allocation to a Home Rule Unit, the State, a State agency or a Non Home Rule Unit of local government. Home Rule units may reallocate by official action of their governing body only as to volume cap reserved prior to May 1, 2024. Home Rule units MAY NOT reallocate any allocation granted by the Governor's Office after June 1. Please see "REALLOCATION PROVISIONS" for further details.**

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Home Rule Reporting

Confirmation of Issuance
Pursuant to Section 7 of the Illinois Allocation Act, any Home Rule unit utilizing Volume Cap (regardless of its source) is required to report, within 10 calendar days of issuance, the following:

(a) Name of the Issuer.
(b) Principal amount of the issue.
(c) Purpose for which the private activity bonds were issued.
(d) The amount, if any, used to refund any prior issue of private activity bond; and
(e) IRS 8038

A form of the "Confirmation of Bond Issuance" letter is provided in Appendix A.

If the amount of bonds issued as stated in the confirmation letter is less than the amount approved for allocation for that project, the amount of unused allocation shall be added to the remaining pool allocation available. This "lapsed" volume cap will be offered first to all issuers who have requested volume cap whose requests were not completely fulfilled, in the order that such requests were initially filed. If more than one request was initially filed at the same time, the order of filing will be randomly assigned for purposes of offering lapsed cap. Volume cap is not considered lapsed unless the issuer or issuer's representative states in writing that all or a portion of the cap will not be used.

Mid-Year Reporting
No later than May 10, 2024, each Home Rule unit with less than 2,000,000 inhabitants must report to the Governor's Office in writing on volume cap (i) granted, (ii) transferred, or (iii) reserved by official action of the unit's governing body prior to May 1, 2024. The form described in Appendix A is provided for this purpose – "Report of Allocation Granted by Home Rule".

Once Volume Cap is properly reserved by a Home Rule unit prior to May 1, 2024, the Governor's Office will not object to the subsequent transfer or reallocation of such cap or filing of a carry-forward of such volume cap, and no notice to the Governor's Office of any such subsequent action is required. {Please note, however, that Home Rule units must provide notice to the Governor's office, as provided in Section 6 of the Illinois Allocation Act, within fourteen days of said reallocation.}

Please Note - Copies of "Official Action", as defined in the Illinois Allocation Act, must accompany this reporting submission. Submission will not be deemed complete unless a copy of Official Action is included with the submissions.

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NON-HOME RULE UNITS

Allocation Requests

January 1 Benchmark
The 2024 allocation of Volume Cap available on or after January 2, 2024, to be issued by Non-Home Rule units of local government is expected to be $281,311,562.50. Non-Home Rule units are defined as municipalities or counties, other than Home-Rule units. All other forms of government, such as local water districts or airport authorities, must apply for Volume Cap as a State Agency.

The Governor's Office will accept Non-Home Rule units' requests for Volume Cap from the Local Government Pool beginning on the first State business day on or after January 2, 2024 (January 3, 2024). Requests will be accepted, via the methods described on page 3, only on or after 8:30 a.m., January 3, 2024. No requests can or will be accepted prior to this date and time. **On the first date that applications may be received all applications received between 8:30am and 5pm on such date shall be deemed equally first in line and the Governor's Office shall grant cap as it may determine. If more than one request is received in a day, other than the first day that applications may be submitted, completed requests will be logged in by the time the electronic submission received, and processed on a first come, first-granted basis.**

If a determination is made that there is a sufficient amount of allocation remaining in the total available allocation, an allocation approval letter will be sent to the applicant. The approval letter will be mailed by first class U.S. Mail to the signatory of the application letter. Express mail may be used upon request and at the issuer's expense.

July 15 Benchmark
Of the total amount allocated to Non-Home Rule units, the amount of remaining allocation as of July 14, 2024 (the "Non-Home Rule Pool") shall be reserved to the Governor's Office on July 15, 2024, to be allocated to the State, State agencies or Non-Home Rule units as described in the Illinois Allocation Act. Requests submitted prior to July 15 that are not completely fulfilled must be re-filed on or after July 15 if volume cap is still requested**.**

The Governor's Office will accept Non-Home Rule units' requests for Volume Cap from the Non-Home Rule Pool beginning on the first State business day on or after July 15, 2024. Requests will be accepted, via the methods described on page 3, only on or after 8:30 a.m., July 15, 2024. No requests can or will be accepted prior to this date and time. **On the first date that applications may be received all applications received between 8:30am and 5pm on such date shall be deemed equally first in line and the Governor's Office shall grant cap as it may determine. If more than one request is received in a day, other than the first day that applications may be submitted, completed requests will be logged in by the time the electronic submission is received, and processed on a first come, first-granted basis.**

Please Note –

- **A completed "Allocation Request Letter" (Appendix A) and a copy of an "Official Action", as defined in the Illinois Allocation Act, must accompany all request submissions (January 1 or July 15). A submission will not be deemed complete unless a copy of Official Action is included in the transmittal.**
- **No Non-Home Rule unit may be granted more than 10% of the amount of total allocation initially available to units of local government for a single project. Non-Home Rule units may submit separate requests for multiple projects. Requests must be for specific projects, not general use. Non-Home Rule units do not have power under statute to transfer or reallocate cap to other Non-Home Rule or Home-Rule units. Requests may be made only for cap that will be used within the Non-Home Rule unit's jurisdiction, as evidenced by such documentation or evidence as the Governor's Office shall request. Letters of intent from**

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lenders shall be deemed prima facie evidence. Units planning to pool their allocations must certify their intent to comply with this section in their request letter.

- **The allocation approval letter is valid for a period of 60 calendar days from the date of the letter. This period is set by the Illinois Allocation Act and cannot be extended.**
- **Pursuant to Section 6 of Illinois Allocation Act, a Non-Home Rule unit IS NOT AUTHORIZED TO REALLOCATE all or any unused portion of its allocation. Direct and indirect reallocations by Non-Home Rule Units are strictly prohibited. This prohibition is discussed more fully in the "Reallocation Provisions" of these Guidelines.**
- **The** proceeds from bonds utilizing Volume Cap allocated to a Non-Home Rule unit pursuant to these Guidelines must be used within the jurisdiction of the Non-Home Rule unit.

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Confirmation of Issuance

Pursuant to Section 7 of the Illinois Allocation Act, Non-Home Rule units are required to report, within 10 calendar days of issuance, the following:

(a) Name of the Issuer.
(b) Principal amount of the issue.
(c) Purpose for which the private activity bonds were issued.
(d) The amount, if any, used to refund any prior issue of private activity bond; and
(e) IRS 8038

A form of the "Confirmation of Bond Issuance" letter is provided in Appendix A.

If the amount of bonds issued as stated in the confirmation letter is less than the amount approved for allocation for that project, the amount of unused allocation shall be added to the remaining pool allocation available. This "lapsed" volume cap will be offered first to all issuers who have requested volume cap whose requests were not completely fulfilled, in the order that such requests were initially filed. If more than one request was initially filed at the same time, the order of filing will be randomly assigned for purposes of offering lapsed cap. Volume cap is not considered lapsed unless the issuer or issuer's representative states in writing that all or a portion of the cap will not be used.

Annual Reporting of Housing Projects

The Illinois Allocation Act requires Non-Home Rule units to provide an annual report of all private activity bonds issued for any housing purposes which utilizes volume cap allocated by the State. Details on the reporting requirement can be located in the Section 7.5 of the Illinois Allocation Act. A form to aid reporting has been provided in Appendix B to these Guidelines. Calendar Year 2024 submissions are to be sent via the instructions set forth on page 3 of these Guidelines by February 1, 2024. An additional copy of this report only must also be submitted to the Illinois Housing Development Authority ("IHDA") at the following address:

Illinois Housing Development Authority
Attention: General Counsel
401 North Michigan Avenue
Chicago, IL 60611

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STATE AGENCIES

Allocation Requests

For calendar year 2024 there is expected to be $281,311,562.50 for use by State Agencies, (the "State Agency Pool"), defined as any State agency, commission, board, authority, or body politic and corporate of the State authorized by law to issue Private Activity Bonds, other than a Non-Home Rule or Home-Rule unit.

The Governor's Office may allocate among all State agencies from the State Allocation Pool available after January 2, 2024. In addition, State agencies may apply beginning on or after the first State business day after June 1, 2024, for the allocation retained by the Governor's Office from the Home-Rule Pool and beginning on or on July 15, 2024, for the allocation retained, if any, from the Non-Home Rule Pool. Requests submitted prior to June 1 which are not completely fulfilled, and requests submitted prior to July 15 which are not completely fulfilled must be re-filed after July 15 if cap from the Non-Home Rule pool is requested. Please see "HOME RULE" and "NON-HOME RULE" sections for submission procedures.

Please Note-

- **Requests will be processed only for allocation to be used directly by the requesting State agency. Requests may be requested and granted on a lump-sum by private activity bond category or individual project basis as the Governor's Office may determine. Joint requests from more than one State agency or units of government or requests from one State agency for an allocation that will be used by other units of government will not be considered. Once an allocation is given to a specific State agency, the Governor's Office will not object if units pool their allocations and join together in a bond issue as advised by legal counsel.**
- **State agencies may submit requests for allocations of any amount. The 10% limit does not apply to State Agencies**
- **The Governor's Office may consult with State agencies prior to submission of their allocation requests and determine the amount of allocation that shall be requested and approved. The allocation shall be valid through the end of the calendar year.**
- **State agencies may reallocate their unused allocation in the manner described in "REALLOCATION PROVISIONS" with the approval of the Governor's Office. A State agency that issues bonds after receiving a reallocation from a Home-Rule unit or another State agency shall submit the information described in the "Reporting" section below.**
- **State agencies also may file a carry-forward of an allocation remaining at the end of one calendar year to the next under certain circumstances, with the approval of the Governor's Office. Issuers should consult their legal counsel with respect to the applicability of this provision to their circumstances.**

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State Agency Reporting

Confirmation of Issuance
Pursuant to Section 7 of the Illinois Allocation Act. State Agencies are required to report, within 10 calendar days of issuance, the following:

(a) Name of the Issuer.
(b) Principal amount of the issue.
(c) Purpose for which the private activity bonds were issued.
(d) The amount, if any, used to refund any prior issue of private activity bond; and
(e) IRS 8038

A form of the "Confirmation of Bond Issuance" letter is provided in Appendix A.

If the amount of the bonds issued as stated in the confirmation letter is less than the amount approved for allocation for that project, the unused allocation amount shall be retained by the State Agency unless otherwise directed by the Governor's Office.

Annual Reporting of Housing Projects
Pursuant to the Illinois Allocation Act, State Agencies are required to provide an annual report of all private activity bonds issued for any housing purposes which utilizes volume cap allocated by the State. Details on the reporting requirement can be located in Section 7.5 of the Illinois allocation Act and a form has been provided in Appendix B for submission. Calendar Year 2024 Submissions are to be sent via the instruction set forth on page 3 of these guidelines by February 1, 2024. An additional copy of this report only must also be submitted to the Illinois Housing Development Authority ("IHDA") at the following address:

Illinois Housing Development Authority
Attention: General Counsel
401 North Michigan Avenue
Chicago, IL 60611

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REALLOCATION PROVISIONS

Reallocations by the State, a State Agency, or a Home Rule Unit

The State, any State Agency or Home Rule unit may voluntarily reallocate to any Non-Home Rule unit of local government, Home-Rule unit, the State or any State agency all or any portion of its unused allocation. {The State Agency or Home Rule unit reallocating all or a portion of its unused allocation must provide notice to the Governor's office within fourteen days of said reallocation.}

Consistent with the Illinois Allocation Act and these guidelines, entities that issue private activity bonds on the basis of reallocations must submit to the Governor's Office written evidence of such reallocation and a confirmation of bond issuance letter within ten calendar days from the date the bonds are issued.

Reallocations by a Non-Home Rule Unit Are Prohibited

Non-Home Rule units may not reallocate to any issuer. This prohibition applies to direct reallocations and to reallocations attempted via an intergovernmental or other agreement. Allocations made to Non-Home Rule units pursuant to the Illinois Allocation Act and these Guidelines may not be used in an issuance by another governmental entity on behalf of the Non-Home Rule unit or as a surrogate for the Non-Home Rule unit via an intergovernmental or other agreement.

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APPENDIX A

STANDARD FORM OF LETTERS

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(Letterhead of Signatory)

ALLOCATION REQUEST LETTER
FROM ALL ISSUERS

(Date)

Office of the Governor
Governor's Office of Management and Budget
555 W Monroe Street - Suite 1500 S GOMB
Chicago, IL. 60661

Attn: Sophia Ronis

ATTENTION: Debt Management Unit

RE: Issuer: _____
Type: (Home-Rule, Non-Home Rule or State agency)
Maximum Principal Amount: _____
Bond Description: (project, beneficiary, location, type/category of bonds)

Dear Governor J B Pritzker:

In accordance with the Tax Reform Act of 1986 as passed by 99th Congress 2nd Session (1986), as amended, and *30 ILCS 345*, the (name of issuer) respectfully requests an allocation for the above-captioned private activity bonds. In preparation for this bond issue to date, all applicable Federal and State requirements have been complied with. A copy of the inducement resolution or similar official action for this issue has been attached herewith.

[(The following is required only of Non-Home Rule units which expect to join other units in a single bond issue as described in the guidelines): I hereby certify that (name of issuer) intends to comply with requirements set forth in the Governor's Office guidelines and will not transfer or reallocate any cap received from the Governor's Office to other Non-Home Rule or Home-Rule units and will use the cap only within our jurisdiction.]

I hereby certify under penalty of perjury, that to the best of my knowledge, the issuance of the Private Activity Bond was or will not be made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Please forward the allocation approval letter to the undersigned [or to: _____]. Bond counsel for these bonds [is expected to be _____, who may be reached at [phone number]] [has not yet been selected].

Sincerely,

(Name of issuer)

_____
(Signature of authorized public official)
(Title)
(Phone number)

[Note: The Bond description cannot be materially changed after submission.]

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(Governor's Letterhead)

BOND ALLOCATION APPROVAL LETTER

(Date)

Allocation Number (our assigned number)

(Name of issuer)

Attention: (Name of Official)

Re: Issuer: _____
Type: (Home-Rule, Non-Home Rule or State agency)
Maximum Principal Amount: _____
Bond Description: (project, beneficiary, location, type/category of bonds)

Ladies and Gentlemen:

In accordance with the Tax Reform Act of 1986, as amended, and *30 ILCS 345*, the above-captioned Issuer has requested an allocation for Private Activity Bonds with respect to the above-captioned bonds. In support of this request, I have been presented with the resolution duly adopted by the Issuer or similar official action with respect to the above-captioned bonds.

I hereby allocate $_____ of the State's 2024 maximum limit on private activity bonds to the above-captioned Issuer.

Pursuant to Section 6 of the Illinois Private Activity Bond Allocation Act, this allocation is only valid if:

(1) the proceeds from the bonds (the "Bonds") utilizing the bond volume cap are to originate single family mortgages to finance the purchase of homes located within the jurisdiction of the unit local government applying for the bond volume cap, or the costs associated therewith, or, if not so used, applied to redeem the Bonds; and

(2) the unit of local government is the Issuer of the Bonds.

"Issuer" as used herein is the entity named on the Bonds and obligated for the repayment of the Bonds and does not include an entity for whom bonds have been issued by another party via an intergovernmental or other agreement.

This allocation is valid through and including _____. If the above-captioned bonds have not been issued by said date this allocation automatically expires and is available for reallocation.

Sincerely,
J B PRITZKER

Governor

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(Letterhead of Signatory)

CONFIRMATION OF BOND ISSUANCE
TO BE PROVIDED BY ISSUER

(Date) [Within 10 calendar days of issuance]

Allocation Number: (assigned by us in the allocation approval letter)

Office of the Governor
Governor's Office of Management and Budget
555 W Monroe Street - Suite 1500 S GOMB
Chicago, IL. 60661
Attn: Sophia Ronis

ATTENTION: Debt Management Unit

Re: Issuer: _____
Type: (Non-Home-Rule, Home-Rule or State agency)
Date of Issuance: _____
Principal Amount Issued: _____
Bond Description: (project, beneficiary, location, type/category of bonds)

Dear _____:

In accordance with the Tax Reform Act of 1986, as amended, and *30 ILCS 345*, the above-captioned Issuer is giving notice that the above-captioned private activity bonds have been issued. With regard to the issuance of these bonds, all applicable federal and state requirements have been complied with. The total allocation provided for this bond issue in the Allocation Approval Letter dated _____ was $_____. The total principal amount actually issued was $_____ and, therefore, the amount of $_____ is unused allocation that may be added to the total available allocation.

Sincerely,

(Name of issuer)

_____
(Signature of authorized public official)
(Title)

Attachments

[Note: If the bonds were issued on the basis of a voluntary reallocation of unused allocation or as a result of a carry-forward of allocation from a prior year, this fact should be so stated in this confirmation letter and a copy of the written evidence of such reallocation or carry-forward should be attached.]

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(Letterhead of Signatory)

REPORT OF ALLOCATION GRANTED
BY HOME-RULE UNITS

(Date) [Due Thursday, May 10, 2024]

Office of the Governor
Governor's Office of Management and Budget
555 W Monroe Street - Suite 1500 S GOMB
Chicago, IL. 60661
Attn: Sophia Ronis

ATTENTION: Debt Management Unit

Re: Issuer: (Home-Rule unit)
Total 2024 Volume Cap Allocation: [see list attached to guidelines for population, multiplied by $125.00]

Volume Cap allocations granted, transferred, or reserved by Issuer resolution prior to May 1, 2024:

1. Principal Amount of Issue: _____
Bond Description: (Type of bond)
(Repeat as necessary identify all specific allocations)
If reallocated to another issuer, state name of issuer: _____

Copies of allocation resolutions or ordinances are attached. [Note: Memorandums of agreements with businesses need not be attached.]

Total Allocation Granted or Reallocated $_____

Sincerely,

(Name of issuer)

_____
(Signature of authorized public official)
(Title)
(Phone number)

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APPENDIX B

ANNUAL HOUSING REPORT

SAMPLE FORM

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Bond Issuer Annual Reporting Form

Statutory Requirement (30 ILCS 345/7.5)	Explanation/Detail	Insert Required Information
Information Required for All Bond Issues		
Bond Issuer	Entity Issuing Bonds:	
Person Completing Report (Drafter)	Name:	
Drafter Contact Information	Company:	
	Address:	
	Address:	
	City, State, Zip:	
	Phone:	
	E-mail Address:	
Reporting Period	Calendar Year:	
Date of Report	Date (no less than 45 days prior to end of Reporting Period):	
Bond Proceeds Used for Projects and Loans	Percentage of Total Issuance:	
Total Cost of Issuance	Amount:	
Bond Proceeds Used to Refund Prior Bonds	Amount:	
Unused Proceeds at Time of Report	Amount:	
Plan for Use of Any Unused Proceeds	*Attach Narrative and Supporting Documentation ShowingCommitments to Utilize Proceeds, including timetable for use.*	
For Multifamily Rental Units Only		
Total Number of Developments	Total:	
Total Number of Units	Total:	
Income Levels for All Units (using Area Median Income, or "AMI")	No. Units at 30% AMI or less:	
NOTE: The table of current AMI figures to be used in compiling this information may be found by calling the Illinois Housing Development Authority at 312-836-5200.	No. Units at 40% AMI:	
	No. Units at 50% AMI:	
	No. Units at 60% AMI:	
	No. Units at 80% AMI:	
	No. of Other Restricted Units (% AMI):	
	No. of Other Restricted Units (% AMI):	
	No. of Other Restricted Units (% AMI):	
	Unrestricted (Market Rate):	
Annual Comprehensive Housing Plan Priorities (see below for priority key)	*Attach detail showing the number units serving the priority populations described below, along with documentation showing efforts to serve Priority Populations, when available.*	
For Single Family Units Only		
Loans and Households Achieving Homeownership with Bond Proceeds	Number of Mortgage Loans:	
	Number of Households:	
Loan Amounts, Actual and Effective Interest Rates	*Attach List of Individual Loan Amounts, detailing the actual and effective interest rate for each loan.*	
Annual Comprehensive Housing Plan Priorities (see below for priority key)	*Attach detail showing the number units serving the priority populations described below, along with documentation showing efforts to serve Priority Populations, when available.*	
First-time Homebuyers	Number:	
Homeownership Counseling	No. of assisted homeowners who received any homeownership counseling:	

Key to Priorities

Disabled - No. Units Serving People with Disabilities (as defined in the Illinois Comprehensive Housing Plan, found at www.ihda.org; choose "Housing Policy and Planning" in the left margin)

Extremely Low Income - No. Units Serving Very Low-Income (less than 30% AMI) Households and Families

Homeless - No. Units Serving Homeless People and Families and Those At-Risk of Homelessness

Live Near Work - No. Units Serving Low and Moderate-Income Families and People Unable to Find Affordable Housing Near Employment or Transportation

Preservation - No. of Units for Low-Income Families and People Living in Existing Affordable Housing that is in Danger of Becoming Unaffordable

Very Low Income - No. Units Serving Very Low-Income (31 to 50% AMI) Households and Families

QUESTIONS?

Any questions on how to complete this form should be directed to IHDA's CFO or General Counsel at 312-836-5200 or TTD 312-836-5222.

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APPENDIX C

POPULATION ESTIMATES

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Home Rule Unit[1]	Population[2]	Home Rule Unit[1]	Population[2]
Addison Village	35,127	East Dundee Village	3,130
Alsip Village	18,357	East Hazel Crest Village	1,245
Alton City	25,217	East St. Louis City	17,919
Arlington Heights Village	75,195	Edwardsville City	26,654
Aurora City	177,866	Elgin City	113,177
Bannockburn Village	1,011	Elk Grove Village Village	31,659
Barrington Hills Village	4,019	Elmhurst City	45,272
Bartlett Village	40,154	Elmwood Park Village	23,604
Bartonville Village	5,817	Elwood Village	2,197
Batavia City	26,122	Evanston City	75,544
Bedford Park Village	586	Evergreen Park Village	19,211
Belleville City	41,295	Fairview Heights City	16,324
Bellwood Village	18,081	Flora City	4,719
Belvidere City	25,169	Forest View Village	766
Benton City	6,618	Freeport City	23,413
Berkeley Village	5,145	Galesburg City	29,255
Berwyn City	55,021	Gilman City	1,701
Bloomingdale Village	22,324	Glendale Heights Village	32,484
Bloomington City	78,864	Glen Ellyn Village	28,364
Bolingbrook Village	74,031	Glenview Village	47,258
Bridgeview Village	16,467	Glenwood Village	8,352
Bryant Village	166	Golf Village	499
Buffalo Grove Village	42,569	Granite City City	27,121
Burbank City	28,433	Gurnee Village	30,303
Burnham Village	3,905	Hanover Park Village	36,376
Cahokia Heights City	17,366	Harvey City	19,590
Calumet City City	34,709	Harwood Heights Village	8,722
Calumet Park Village	6,755	Hazel Crest Village	12,897
Carbon Cliff Village	1,798	Herrin City	12,202
Carbondale City	21,717	Highland Park City	30,163
Carlock Village	543	Highwood City	5,335
Carol Stream Village	39,044	Hillside Village	8,005
Carpentersville Village	37,288	Hodgkins Village	1,470
Carterville City	5,815	Hoffman Estates Village	50,682
Champaign City	89,241	Homer Glen Village	24,446
Channahon Village	13,926	Hopkins Park Village	588
Chicago City	2,665,039	Huntley Village	28,138
Chicago Heights City	26,465	Inverness Village	7,362
Chicago Ridge Village	13,971	Jacksonville City	17,279
Christopher City	2,644	Johnston City City	3,325
Cicero town	81,919	Joliet City	150,033
Collinsville City	23,972	Kankakee City	23,602
Cook County, Unincorporated	101,248	Lake Barrington Village	5,095
Country Club Hills City	16,170	Lake Bluff Village	5,549
Countryside City	6,205	Lake Forest City	19,252
Crainville Village	1,469	Lake in the Hills Village	28,700
Crystal Lake City	40,661	Lansing Village	28,000
Danville City	28,472	LaSalle City	9,423
Darien City	21,584	Lincolnshire Village	7,922
Decatur City	69,097	Lincolnwood Village	12,989
Deerfield Village	18,950	Lockport City	26,105
DeKalb City	40,220	McCook Village	240
De Pue Village	1,599	McHenry City	28,117
Des Plaines City	58,594	Manhattan Village	10,340
Dolton Village	20,621	Marion City	16,729
Downers Grove Village	49,354	Mascoutah City	8,634
Du Quoin City	5,721	Matteson Village	18,439

Draft

1. Home Rule Communities: Secretary of State – Index Department
2. Population Data Source: Population Division of the U.S. Census Bureau - "Table 1: Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2020, to July 1, 2022 (NST-EST2022-POP-17) on December 29, 2023

Home Rule Unit[1]	Population[2]	Home Rule Unit[1]	Population[2]
Maywood Village	22,932	Robbins Village	4,521
Melrose Park Village	23,897	Rockdale Village	1,976
Mettawa Village	538	Rock Island City	36,256
Midlothian Village	13,815	Rolling Meadows City	23,564
Moline City	42,028	Romeoville Village	40,117
Monee Village	5,084	Rosemont Village	3,806
Monmouth City	8,650	Round Lake Beach Village	26,879
Morton Grove Village	24,371	St. Charles City	32,750
Mound City City	497	Sauget Village	134
Mount Prospect Village	54,843	Savoy Village	8,903
Mount Vernon City	14,284	Schaumburg Village	76,225
Muddy Village	58	Schiller Park Village	11,283
Mundelein Village	31,612	Sesser City	1,861
Murphysboro City	7,033	Sherman Village	4,625
Naperville City	149,936	Shorewood Village	18,271
Naples town	99	Skokie Village	65,497
Nauvoo City	927	South Barrington Village	4,992
New Lenox Village	27,594	South Chicago Heights Village	3,871
Niles Village	29,805	South Holland Village	20,685
Normal town	52,838	Springfield City	113,273
Norridge Village	14,769	Standard Village	221
Northbrook Village	34,182	Stickney Village	6,873
North Chicago City	30,490	Stone Park Village	4,426
Northfield Village	5,578	Streamwood Village	38,151
Northlake City	12,401	Summit Village	10,732
North Utica Village	1,325	Sycamore City	18,652
Oakbrook Terrace City	2,694	Thornton Village	2,297
Oak Forest City	26,460	Tilton Village	2,590
Oak Lawn Village	56,286	Tinley Park Village	54,287
Oak Park Village	52,553	Tuscola City	4,650
O'Fallon City	32,140	University Park Village	7,020
Old Mill Creek Village	161	Urbana City	38,468
Onarga Village	1,296	Valier Village	545
Orland Park Village	57,511	Valmeyer Village	1,219
Oswego Village	35,850	Vernon Hills Village	26,759
Palatine Village	65,485	Volo Village	6,582
Park City City	7,848	Warrenville City	14,841
Park Forest Village	20,954	Washington City	15,890
Park Ridge City	38,278	Watseka City	4,556
Pekin City	31,260	Waukegan City	87,976
Peoria City	111,021	West Chicago City	25,166
Peoria Heights Village	5,785	West City Village	643
Peru City	9,771	West Dundee Village	7,914
Phoenix Village	1,642	West Frankfort City	7,176
Plainfield Village	46,243	Wheaton City	52,984
Posen Village	5,386	Wheeling Village	37,936
Prairie Grove Village	1,951	Williamsville Village	1,435
Quincy City	38,942	Willowbrook Village	9,056
Rantoul Village	12,122	Wilmette Village	27,264
Riverdale Village	10,266	Winnetka Village	12,370
River Grove Village	10,391	Woodridge Village	33,587
Riverwoods Village	3,746	Woodstock City	25,665

Draft

1. Home Rule Communities: Secretary of State – Index Department
2. Population Data Source: Population Division of the U.S. Census Bureau - "Table 1: Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2020, to July 1, 2022 (NST-EST2022-POP-17) on December 29, 2023

Agenda Item No: 9c

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Board and Commission Appointments – Economic Development Committee

Mayor's Recommendation: Motion to appoint Charles Dunlop to the Economic Development Committee to fill the vacant member at-large position for a term ending September 30, 2025 and appoint Catherine Peterson as the Chamber of Commerce member for a term ending September 30, 2026.

Contact: Haig Haleblian, Mayor

Background:

The Economic Development Committee (EDC) consists of nine (9) voting members, one nominated by the Chamber of Commerce, one nominated by the Main Street program, and seven at-large members. The members serve rotating three year terms unless they are filling a vacant position. They are subject to the approval by a majority vote of the Mayor and City Council of the City of Crystal Lake.

Charles Dunlop would fill the vacant member at-large position that expires at the end of September 2025. Catherine Peterson would fill the vacant Chamber of Commerce seat, which expired at the end of September in 2023.

Economic Development Committee appointments and reappointments are nominated and confirmed by the Mayor and the City Council.

Should the Council have any questions, please contact Mayor Haig Haleblian.

Votes Required to Pass:

Simple majority

Charles A. Dunlop

Partner & Owner

Charles Dunlop has represented businesses of all sizes since the 1980s. This representation includes negotiating and drafting contracts and, when necessary, litigating those contracts. Mr. Dunlop has litigated in many other areas of law as well. These areas include: will contests, divorce, probate, and employment discrimination and harassment. Mr. Dunlop has prepared and advised both businesses and individuals on employee handbooks.

Professionally, Charles Dunlop taught at The John Marshall law School for 7 years as a member of the adjunct faculty (1987-1994). Mr. Dunlop was later asked by the presiding judge for the Northern District of Illinois to serve on a panel to develop mediation rules for the Northern District of Illinois Federal Court. Once the rules were adopted, Mr. Dunlop was in the first group of lawyers to become certified Federal Mediators.

Charles Dunlop has lectured in various states on recognizing and preventing sexual harassment in the work place. During his career, Mr. Dunlop has been active in various community organizations such as the Lions Club, Chamber of Commerce, Police Pension Board, and the Police and Fire Board where he served as a police commissioner for 12 years.

Mr. Dunlop has lectured extensively to financial planners, accountants, and business owners on the benefits and effects of using the Illinois Business Corporation Act. Mr. Dunlop also created Defensive Business Solutions, Inc. a company designed to, among other things, inform and educate business owners on effective business solutions to everyday employee issues including how to recognize and avoid sexual harassment in the work place.

Licensed:

- Supreme Court of Illinois
- District Court: Northern District of Illinois
- Federal Trial Bar

- Federal Mediator
- Seventh Circuit Court of Appeals

Crystal Lake Chamber Announces Catherine Peterson as New President and CEO



Greater Crystal Lake Area Chamber of Commerce Announces New President and CEO

Crystal Lake, IL November 28th, 2023 – The Greater Crystal Lake Area Chamber of Commerce is pleased to announce the appointment of Catherine Peterson as its new President and CEO.

Recent Posts

Crystal Lake Chamber Announces Catherine Peterson as New President and CEO (https://www.clchamber.com/2023/11/28/crystal-lake-chamber-of-commerce-announces-

Catherine has been in the public sector for 30 years, the last fifteen years spent serving as the Village Manager of Lakewood and brings an extensive economic development and policy background. Catherine also served as the Dean of Aurora University Woodstock Center for nearly seven years, where she established a partnership with McHenry County College to create a university center.

“We are excited to welcome Catherine as the new Chamber President and CEO,” said Board Chair Mike Wheeland. “We are confident that her background and skill set will help us develop and execute a strategic plan that will pave the way towards growth and prosperity of both the Crystal Lake Chamber and the Crystal Lake community.”

Wheeland and the board also appreciate Interim President and CEO Ben Volling’s service. “We want to thank Ben for his leadership during these past six months; not only did he oversee the daily operations, but he executed a rigorous and ultimately successful recruitment process. We appreciate his efforts.”

Catherine officially began her duties as President and CEO on November 27th. “I am honored to have been selected to lead the Greater Crystal Lake Area Chamber of Commerce & Industry at this phase in its history. I look forward to meeting with our diverse business community and stakeholders to promote economic growth and strengthen the quality of life for all residents.”

About The Crystal Lake Chamber of Commerce

The Crystal Lake Chamber works to promote and strengthen the local economy, represent business interests with governments, develop leaders, and provide opportunities to establish and build relationships. We invite you to explore our website for the numerous opportunities for you, your business, and your employees to join us and get engaged.

catherine-peterson-as-new-president-ceo/)

Honoring the Legacy of Mark Elmore (https://www.clchamber.com/2023/02/20/honoring-the-legacy-of-mark-elmore/)

Crystal Lake Chamber of Commerce Announces Randy Leggee as new President/CEO (https://www.clchamber.com/2022/11/07/crystal-lake-chamber-of-commerce-announces-randy-leggee-as-new-president-ceo/)

Business News | SBA Offers Disaster Assistance to Illinois Small Businesses Affected by Highland Park Parade Mass Shooting and Related Investigation (https://www.clchamber.com/2022/08/04/sba-disaster-asssistance-small-businesses-highland-park-mass-shooting/)

Business News | Sales Tax Holiday (https://www.clchamber.com/2022/08/02/sales-tax-holiday/)

Categories

Select Category

Agenda Item No: 9d

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Ordinance Amending Chapter 329-3 and 329-4 of the City Code

Staff Recommendation: Motion to adopt an Ordinance amending Section 329-3 and 329-4 of the City Code with respect to availability of liquor licenses for applicants that have a history of a felony conviction.

Staff Contact: Nicholas Hammonds, Assistant City Manager
Melanie Nebel, Executive Assistant

Background:

Prior to 1990, Section 6-2 the Illinois Liquor Control Act (235 ILCS 5/6-2) (the "Act") provided that any person that had been convicted of felony was prohibited from obtaining a liquor license. Since 1990, the Act has been amended by the Illinois legislature to allow the Illinois Liquor Control Commission ("ILCC") to consider factors, including rehabilitation of the applicant to determine whether the prior felony conviction impairs the ability of the applicant to operate its business in accordance with a liquor license. Section 6-2.5 of the Act allows the ILCC to consider a number of factors including, the age of the applicant at the time of the criminal offense; the relationship between the criminal offense and the responsibilities of being a liquor license holder and whether the five years from the date of conviction or 3 years since the date of confinement have passed (whichever is later) without a subsequent conviction.

Section 329-4(D) of the City Code essentially mirrors the total prohibition against issuance of a license to a person convicted of a felony which was removed from the Act more than 30 years ago. Further, Section 329-3(A)(7) of the City Code requires that an applicant seeking a liquor license include in their application a statement that "the applicant has never been convicted of a felony".

The proposed ordinance would amend Section 329-4(D) of the City Code to allow the Liquor commissioner to consider approving an application for a liquor license by a person convicted of a felony upon a determination by the Liquor Commissioner that the applicant "has been sufficiently rehabilitated to warrant the public trust after considering matters set forth in such the applicant's application and the Liquor Commissioner's investigation". It should be noted that several communities throughout the area include similar rehabilitation provisions in their codes/ordinances. These communities include: Vernon Hills, Schaumburg, Buffalo Grove, Huntley, Cary, Algonquin, Lake in the Hills, Hoffman Estates, Woodstock, Mount Prospect, and Highland Park.

The ordinance would further amend Section 329-3(A)(7) of the City Code to remove the affirmative statement in the application for a liquor license that the applicant has never been convicted of a felony and replace that requirement with a statement as to whether the applicant has ever been convicted of a felony. If the applicant answers that they have been convicted of a felony, this would trigger the ability of the Liquor Commissioner to conduct an investigation in order to allow the possible issuance of a liquor license. Factors in the investigation could include the age of the applicant at the time of the criminal offense; the relationship between the criminal offense and the responsibilities of being a liquor license holder and whether the five years from the date of conviction or 3 years since the date of confinement have passed (whichever is later) without a subsequent conviction. City legal counsel and the Police Department would be consulted in this process.

Votes Required to Pass:

A simple majority vote of the corporate authorities is required for adoption of the ordinance.

Ordinance #:
File #:

ORDINANCE AMENDING SECTION 329 OF THE CODE OF ORDINANCES OF THE CITY OF CRYSTAL LAKE REGARDING PRIOR FELONY CONVICTIONS IN RELATION TO THE ISSUANCE OF LIQUOR LICENSES

WHEREAS, Prior to 1990, Section 6-2 the Illinois Liquor Control Act (235 ILCS 5/6-2) provided that any person that had been convicted of felony was prohibited from obtaining a liquor license; and

WHEREAS, this absolute prohibition against the issuance of a liquor license to a person convicted of a felony has been removed from the Illinois Liquor Control Act (the "Act") and presently allows such a person to hold a liquor license upon a finding by the Illinois Liquor Control Commission (the "ILCC") that the applicant's ability to operate pursuant to a license will not be impaired by the prior conviction; and

WHEREAS, Section 329-4(D) of the Code of Ordinances of the City (the "Code") prohibits the issuance of a liquor license to any person who has "been convicted of a felony under any federal or state law", but makes no provision for an exemption from this restriction; and

WHEREAS, Section 329-3(A)(7) of the Code requires that an applicant asking a question for a liquor license include in their application that "the applicant has never been convicted of a felony"; and

WHEREAS, the Mayor and City Council have found and determined that it would be in the best interests of the City and its residents to provide a mechanism to allow for the issuance of a liquor license to applicants who have been convicted of a felony who have demonstrated that their ability to operate pursuant to license would not be impaired by such conviction.

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Draft

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE THAT:

SECTION ONE. Recitals. The foregoing recitals are incorporated as though fully set forth herein.

SECTION TWO. Amendment to Section 329-4 (D). Section 329-4(D) is hereby amended by deleting said section, in its entirety, and replacing it with the following:

(D) An applicant who has been convicted of a felony under any state or federal law, unless the Liquor Commissioner determines that such person has been sufficiently rehabilitated to warrant the public trust after considering matters set forth in such the applicant's application and the Liquor Commissioner's investigation. The burden of proof of sufficient rehabilitation is on the applicant.

SECTION THREE. Amendment to Section 329-3(A)(7). Section 329-3(A)(7) is hereby amended by as follows:

[deletions are shown as ~~strikethroughs~~ and additions are shown in **bold** and underlined]

7) A statement that **as to whether** the applicant has ~~never~~ **ever** been convicted of a felony ~~and~~ **or** is disqualified to receive a license by reason of any matter or thing contained in this chapter, laws of this state or the ordinances of this City.

SECTION FOUR. Effective Date. This Ordinance shall be in full force and effect after its passage, approval, and publication in pamphlet form in the manner provided by law.

DATED this 20th day of February, 2024

APPROVED:

_____
Haig Haleblian, MAYOR

ATTEST:

_____
Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024
APPROVED: February 20, 2024

Published in pamphlet form by the authority of the Mayor and City Council of the City of Crystal Lake.

Draft

Agenda Item No: 10

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Bid Award – Tree Removal for Three Oaks Recreation Area Water Access Road and Path

Staff Recommendation: Motion to award the bid for Tree Removal required for the first phase of the Three Oaks Recreation Area Loop Trail and the first phase of the Three Oaks Water Level Control to the lowest responsive and responsible bidder, Uno Mas Landscaping, Inc., and adopt a Resolution authorizing the City Manager to execute a contract with Uno Mas Landscaping, Inc. in the amount of $15,625.00, execute change orders for up to 20% of the contract amount, and approve warranted completion date change orders relating to the contract

Staff Contact: Michael Magnuson, P.E., Director of Public Works and Engineering

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Background:

Many City construction projects require tree removal as part of their scope of work whether it be for roadway widening, new utility lines, sidewalk, etc. Recent regulatory changes for projects funded with State or Federal funds now mandate that tree removal take place between November 1 and March 30 of each calendar year. This requirement is a result of Federal and State action protecting bat habitat. There are three exceptions to this regulation:

- Trees that are diseased
- Trees that pose a hazard
- A habitat study has concluded no presence of bats

Two upcoming projects at the Three Oaks Recreation Area require advance tree work for engineering studies and future construction. These projects are:

Three Oaks Recreation Area Loop Trail Segment 1: The first segment of the loop trail will extend the current east trail south to near Rakow Road and is scheduled for construction in 2025. This section of path will include retaining walls that must be designed based on actual soil conditions

(geotechnical engineering studies). Trees will need to be removed to provide access to conduct soil borings and other engineering studies. The Engineering will take place in 2024.

Three Oaks Recreation Area Water Level Control Access Road and Path: The City has been investigating ways to control the water level at the Recreation Area in times of flooding and heavy precipitation. The proposed project will include a pump station and storm sewer line to the west. In order to construct the pump station and storm sewer, an access road is needed from Rakow Road down to the southwest corner of the property. This access road will also serve as a portion of the future Loop Trail. The access road and portion of loop trail will be constructed this summer.

City staff estimated the quantities and sizes of trees that need removal at the location of the upcoming Three Oaks Recreation Area Loop Trail Segment 1 and the Water Level Control Access Road and Path project. They have also solicited bids from multiple tree removal companies. On February 14, 2024, staff publicly opened and read aloud the bids received for the tree removal. The breakdown of bids is as follows:

Three Oaks Tree Removal			√ Uno Mas Landscaping, Inc.		Trees R Us, Inc.		Homer Tree Service, Inc.		FJR Tree, Inc.	
Description	Quantity	Unit	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
TREE CUTTING SPECIAL (3 TO 15 UNITS DIAMETER)	550.0	UNIT	$25.00	$13,750.00	$32.00	$17,600.00	$40.00	$22,000.00	$35.00	$19,250.00
TREE CUTTING SPECIAL (OVER 15 UNITS DIAMETER)	75.0	UNIT	$25.00	$1,875.00	$34.00	$2,550.00	$50.00	$3,750.00	$86.80	$6,510.00
Contract Amount:				$15,625.00		$20,150.00		$25,750.00		$25,760.00

√ Indicates recommended lowest responsible bidder

Recommendation:

It is the recommendation of City staff to award the Three Oaks Tree Removal contract to the lowest responsive and responsible bidder, Uno Mas Landscaping, Inc., in the amount of $15,625.00. A twenty percent contingency is proposed ($3,125) because of the small contract amount.

This contract is being presented pursuant to a competitive bidding process. Under such process, the contract is to be awarded to the "lowest responsive and responsible bidder." The lowest responsive and responsible bidder is the contractor: (i) whose bid substantially conforms to the material provisions of the bid specifications, (ii) who demonstrates the financial capacity and ability to undertake and complete the project in question in accordance with bid specifications, and (iii) whose bid price is lowest among the responsive and responsible bidders. Selecting a contractor on bases not set forth in the bid specifications can lead to challenges to the City's award.

City staff has reviewed the bids and have found them to meet all of the City's requirements. The City has previously worked with Uno Mas Landscaping, Inc. Funds are available in the current fiscal year budget for this work.

Votes Required to Pass:

Simple Majority

RESOLUTION

WHEREAS the tree removal is a necessary part of upcoming construction projects at the Three Oaks Recreation Area; and

WHEREAS in order to maintain compliance with applicable State and Federal regulations, it is necessary to conduct tree removal activities for these projects between November 1st and March 30th of each calendar year unless habitat studies are conducted; and

WHEREAS the CITY received and publicly opened bids for Three Oaks Tree Removal on February 14, 2024; and

WHEREAS the lowest responsive and responsible bidder is Uno Mas Landscaping, Inc., Elgin, Illinois;

NOW THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the foregoing recitals are repeated and incorporated as though fully set forth herein; and

BE IT FURTHER RESOLVED that the City Manager is authorized to execute a contract between the CITY OF CRYSTAL LAKE and Uno Mas Landscaping, Inc. for Three Oaks Tree Removal in the bid amount of $15,625.00; and

BE IT FURTHER RESOLVED that the City Manager is authorized to execute change orders for up to 20% of the contract amount and to approve warranted completion date change orders relating to the contract.

Draft

DATED this 20th day of February, 2024.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
Haig Haleblian, MAYOR

SEAL

ATTEST

_____
Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024
APPROVED: February 20, 2024

Draft

Contractor: Uno Mas Landscaping

Project Cost

Tree Removal for Three Oaks Recreation Area, City of Crystal Lake, Illinois

No.	Pay Item No.	Description	Quantity	Unit	Unit Price	Total Price
1		TREE CUTTING SPECIAL (3 TO 15 UNTIS DIAMETER)	550.0	UNIT	$ 25.00	$ 13,750 -
2		TREE CUTTING SPECIAL (OVER 15 UNTIS DIAMETER)	75.0	UNIT	$ 25.00	$ 1,875 -

CONTRACT AMOUNT $ 15,625.00 -

Arnulfo Rodriguez
Contractor Representative

Contractor: Trees "R" Us Inc

Project Cost

Tree Removal for Three Oaks Recreation Area, City of Crystal Lake, Illinois

No.	Pay Item No.	Description	Quantity	Unit	Unit Price	Total Price
1		TREE CUTTING SPECIAL (3 TO 15 UNTIS DIAMETER)	550.0	UNIT	$32.00	$17,600.00
2		TREE CUTTING SPECIAL (OVER 15 UNTIS DIAMETER)	75.0	UNIT	$34.00	$2,550.00

CONTRACT AMOUNT $ -

Nick Willis
Contractor Representative

Contractor: Homer Tree Service, Inc.

Project Cost

Tree Removal for Three Oaks Recreation Area, City of Crystal Lake, Illinois

No.	Pay Item No.	Description	Quantity	Unit	Unit Price	Total Price
1		TREE CUTTING SPECIAL (3 TO 15 UNTIS DIAMETER)	550.0	UNIT	$40.00	$ 22,000.00 -
2		TREE CUTTING SPECIAL (OVER 15 UNTIS DIAMETER)	75.0	UNIT	$50.00	$ 3,750.00 -

CONTRACT AMOUNT $ 25,750.00 -

Don Reboom

Contractor Representative

Contractor: FJR TREE, INC

Project Cost

Tree Removal for Three Oaks Recreation Area, City of Crystal Lake, Illinois

No.	Pay Item No.	Description	Quantity	Unit	Unit Price	Total Price
1		TREE CUTTING SPECIAL (3 TO 15 UNTIS DIAMETER)	550.0	UNIT	$35.00	$ 19,250 -
2		TREE CUTTING SPECIAL (OVER 15 UNTIS DIAMETER)	75.0	UNIT	$86.80	$ 6,510 -

CONTRACT AMOUNT $ 25,760
-

Nichole Roewer, Vice President
Contractor Representative

Agenda Item No: 11

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Proposal Award – Fire Self Contained Breathing Apparatus (SCBA) Purchase

Staff Recommendation: Motion to adopt a Resolution authorizing the City Manager to execute an agreement with Air One Equipment (MSA SCBA) for the purchase of Fire Self Contained Breathing Apparatus equipment in the amounts proposed

Staff Contact: Craig Snyder, Fire Rescue Chief

Background:

On Monday, February 12, 2024, the City of Crystal Lake opened the proposals received for Fire SCBA pricing. The most responsive proposer will furnish the new SCBA and components for the Fire Rescue Department. Prices for each individual pay item were evaluated for compliance and compared against the other proposers. The SCBA units are on a 15 year life cycle. All of the sales representatives presented their SCBA for the department to evaluate over a period of 30 days.

Proposals for fire SCBA were solicited in February of 2024 through the City's online procurement platform, QuestCDN. Three vendors submitted proposals, which were opened on February 12, 2024. Listed below are the proposals for 60 SCBA units and requested components:

Proposer	*Total Price*
Air One Equipment (MSA SCBA) South Elgin, IL	$655,885.00✔
Dinges Fire Company (Drager SCBA) Amboy, IL	$518,815.75*
Municipal Emergency Services (Scott SCBA) Lombard, IL	$729,654.00

✔Indicates recommended lowest responsive and responsible proposal.

* Did not submit full proposal

The lowest proposal by the Dinges Fire Company includes the Drager SCBA. The Drager brand of SCBA that Dinges proposed is coming to the end of its sale life in the later part of 2024. Drager is in production of a new SCBA which will not be available until after August of 2024, according to the sales representative, so they proposed their existing SCBA. Because the SCBA

has a 15 year life span, the Crystal Lake Fire Rescue Department is concerned with the availability of service and replacement parts for the current Drager SCBA in the long-term. Drager also failed to provide pricing for the complete requested proposal, and any maintenance work on the Drager SCBA has to be sent to Texas for repair. For these reasons, although Dinges Fire Company was the lowest proposal, the Crystal Lake Fire Rescue Department is not recommending the Drager product.

The Crystal Lake Fire Rescue Department is recommending the MSA brand SCBA from the Air One proposal. The Air One proposal was the next lowest proposal and provided all of the required components of the request for proposal. MSA is also the SCBA brand that is used by most of our neighboring communities which would provide better continuity of operations with our MABAS partners. The Air One proposal also provided a more prompt delivery time than the MES proposal.

The Department's intentions are to order 60 SCBA units and proposed accessories as soon as possible for delivery after May 1, 2024 as our existing units begin to reach their 15 life span in April of 2024. This Capital Budget item was previously approved for the 2024B budget year. This SCBA order will keep the Crystal Lake Fire Rescue Department compliant with the National Fire Protection Association (NFPA) standards for SCBA.

Municipal Emergency Services (MES) provided pricing in their proposal for SCBA and accessories, but were at a higher proposed price compared to the Air One proposal with a longer delivery time.

Recommendation:

Staff has reviewed all proposals received for completeness and accuracy. Per the City's Request for Proposals (RFP) terms and conditions, the City reserves the right to waive any details in proposals received whenever the waiver is in the best interest of the City. It is staff's recommendation to award the proposal to the most responsive and responsible proposer, Air One Equipment, in the submitted proposal amounts. The proposed prices received for the aforementioned equipment will be valid until May 31, 2024. Appropriate funds for this project have been budgeted for the 2024B budget year.

Votes Required to Pass:

Simple majority

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager be and he is hereby authorized and directed to execute an agreement for Fire Self Contained Breathing Apparatus equipment purchases with Air One Equipment in the amounts proposed.

DATED this 20th day of February, 2024.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
Haig Haleblian, MAYOR

SEAL

ATTEST

_____
Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024
APPROVED: February 20, 2024

Draft

Notes on discrepancies between the SCBA Manufacturers.

DELIVERY: (for custom cylinders, like we want, LUXFER is stating 120 days)

- SCOTT delivery is 150 days
- MSA is 90 working days
- Drager is 80 days

HARNESS'

- SCOTT price is for the harness only. NO CYLINDERS, NO MASK.
- MSA price is for a complete system (Harness, Mask, 2 CYLINDERS) Integrated amplifier.
- Drager price is for (Harness and 1 cylinder)

MASKS:

-

CYLINDERS:

- Per MSA, all manufacturers have a 120 delivery day for custom cylinders to be built. This is due to LUXFER, the only manufacturer of SCBA cylinders. Our cylinders expire at the end of April 2024.
- Remove the 26 additional cylinders from each quotation. This was in error on our part because we counted the cylinders on the rack. These cylinders are part of the harnesses on in the SCBA room.
-

Item	Qty:	Unit	Total
SCBA harness with 1 cylinders	60	$5,254.95	$315,297.00
SCBA HAZMAT Packs	0	$0.00	$0.00
Additional Regulators	0	$0.00	$0.00
CBRN Cannister	80	$115.95	$9,276.00
CBRN Adaptor	80	$122.95	$9,836.00
Cylinders	60	$1,146.95	$68,817.00
Masks	60	$546.95	$32,817.00
Addt. 60 min cyl	16	$1,410.95	$22,575.20
RIT pack	6	$4,418.95	$26,513.70
Buddy Breather hoses	60	$520.00	$31,200.00
Accountability System	0	$0.00	$0.00
Quick Connect for fill station	3	$827.95	$2,483.85
Battery Charger	3	$0.00	$0.00
TIC	4	$0.00	$0.00
Gear Washer	0	$0.00	$0.00
Trade-In Existing SCBA	0	$0.00	$0.00
Trade-In Posi-Check	0	$0.00	$0.00
Scectakle Kit	0	$0.00	$0.00
Fit Test Adaptors	0	$0.00	$0.00
			$518,815.75

DRAGER

Notes:	This removes the 26 additional cylinders
	This removes the 50 vehicle mounts
	Does this include a cylinder for the RIT Kit? (complete kit?)
	NO Spectacle Kit
	NO Fit Test Adaptor

Item	Qty:	Unit	Total
SCBA harness only / no cylinders	56	$7,295.00	$408,520.00
SCBA HAZMAT Packs	4	$6,690.00	$26,760.00
Additional Regulators	6	$1,656.00	$9,936.00
Cylinders	120	$540.00	$64,800.00
Masks	90	$337.00	$30,330.00
Addt. 60 min cyl (8Hazmat/8dive)	16	$706.00	$11,296.00
RIT pack	6	$3,396.00	$20,376.00
RIT Pack Cylinders (CGA fitting)	6	$706.00	$4,236.00
Buddy Breather hoses (incl. in airpack)	0	$0.00	$0.00
CBRN Canisters	80	$56.00	$4,480.00
CBRN Adaptor	80	$65.00	$5,200.00
Quick Connect Block (Adaptor)	8	$588.00	$4,704.00
Voice Amplifier	60	$720.00	$43,200.00
Accountability System	1	$2,740.00	$2,740.00
Quick Connect for fill station	3	$0.00	$0.00
Battery Charger	3	$0.00	$0.00
TIC	56	$999.00	$55,944.00
Aluminum Caribinar Mount for SEEK	56	$31.00	$1,736.00
Gear Washer	1	$31,900.00	$31,900.00
Gear Washer Installation	1	$1,500.00	$1,500.00
Gear Washer Shipping	1	$800.00	$800.00
Trade-In Existing SCBA	1	$0.00	$0.00
Trade-In Posi-Check	1	$0.00	$0.00
Scectakle Kit	20	$54.00	$1,080.00
Fit Test Adaptors	2	$58.00	$116.00
			$729,654.00

MES
SCOTT

Notes:	This removes the 26 additional cylinders
	This removes the 50 vehicle mounts

d

Item	Qty:	Unit	Total
SCBA w/2cyl	60	$7,495.00	$449,700.00
Addtl. Face piecs	30	$350.00	$10,500.00
Addt. 60 min cyl	16	$1,250.00	$20,000.00
RIT pack	6	$5,250.00	$31,500.00
G1 APR adaptor kit & CBRN canister	80	$180.00	$14,400.00
Buddy Breather hoses	60	$520.00	$31,200.00
Accountability System	1	$22,650.00	$22,650.00
Quick Connect for fill station	3	$0.00	$0.00
Battery Charger	3	$0.00	$0.00
TIC	56	$1,075.00	$60,200.00
Gear Washer	1	$28,995.00	$28,995.00
Trade-In Existing SCBA	1	-$15,000.00	-$15,000.00
Trade-In Posi-Check	1	-$1,000.00	-$1,000.00
Scectakle Kit	20	$119.00	$2,380.00
Fit Test Adaptors	2	$180.00	$360.00
			$655,885.00

Notes:	This removes the 26 additional cylinders
	This removes the 50 vehicle mounts

d

MSA

Agenda Item No: 12

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Bid Award - Lift Station 2 Wet Well Lining

Staff Recommendation: Motion to award the bid for Lift Station 2 Wet Well Lining to the lowest responsive and responsible bidder, KIM Construction Company, Inc., and adopt a Resolution authorizing the City Manager to execute a contract with KIM Construction Company, Inc. in the amount of $25,500.00, execute change orders for up to 10% of the contract amount, and approve warranted completion date change orders relating to the contract

Staff Contact: Michael Magnuson, P.E., Director of Public Works and Engineering

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Background:

Sanitary Lift Station 2, located at 318 Berkshire Drive, was constructed in 1962 with additional wet well structural improvements built in 1984. The wet well at a sanitary pump station is a subgrade structure typically made of concrete which collects sanitary wastewater and houses pumps responsible for moving the collected wastewater through the collection system. Over time, due to the corrosive nature of wastewater, the concrete walls of a wet well degrade and require maintenance or replacement. Wet well lining involves applying an epoxy coating to the concrete walls, helping to maintain structural integrity, and extend the life expectancy of the wet well. Based on a visual assessment and the age of the concrete walls of the Lift Station 2 wet well, City Staff has determined that it is appropriate to coat the interior of the wet well with an epoxy lining. This protective measure will enhance the longevity and structural integrity of the wet well, helping to safeguard it against potential deterioration.

On January 31, 2024, staff publicly opened and read aloud bids received for Lift Station 2 Wet Well Lining. The breakdown of bids is as follows:

Bidder	Bid
KIM Construction Company, Inc. √	$25,500.00
Hoerr Construction, Inc.	$29,824.00
RP Coatings, Inc.	$52,625.00

√ Indicates recommended lowest responsible bidder

Recommendation:

It is the recommendation of City staff to award the Lift Station 2 Wet Well Lining contract to the lowest responsive and responsible bidder, KIM Construction Company, Inc., in the amount of $25,500.00.

This contract is being presented pursuant to a competitive bidding process. Under such process, the contract is to be awarded to the "lowest responsive and responsible bidder." The lowest responsive and responsible bidder is the contractor: (i) whose bid substantially conforms to the material provisions of the bid specifications, (ii) who demonstrates the financial capacity and ability to undertake and complete the project in question in accordance with bid specifications, and (iii) whose bid price is lowest among the responsive and responsible bidders. Selecting a contractor on bases not set forth in the bid specifications can lead to challenges to the City's award.

City staff has reviewed the bids and have found the bid from KIM Construction Company, Inc. to meet all of the City's requirements. Funds are available in the current fiscal year budget for this work.

Votes Required to Pass:

Simple Majority

RESOLUTION

WHEREAS Lift Station 2 located at 318 Berkshire Drive was constructed in 1962 with additional wet well structural improvements constructed in 1984; and

WHEREAS the corrosive environment created by sanitary wastewater slowly degrades the concretes structure of the of the lift station wet well requiring eventual structural maintenance or replacement of the wet well; and

WHEREAS the application of an epoxy liner to the concrete walls of the lift station wet well helps to maintain structural integrity and extend the life expectancy of the wet well; and

WHEREAS CITY staff City Staff have determined that it is appropriate to coat the interior of the wet well with an epoxy lining to enhance longevity and structural integrity of the wet well; and

WHEREAS the CITY received and publicly opened bids for the Lift Station 2 Wet Well Lining on January 31, 2024; and

WHEREAS the lowest responsive and responsible bidder is KIM Construction Company, Inc., Steger, Illinois.

NOW THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the foregoing recitals are repeated and incorporated as though fully set forth herein; and

BE IT FURTHER RESOLVED that the City Manager is authorized to execute a contract between the CITY OF CRYSTAL LAKE and is KIM Construction Company, Inc. for the Lift Station 2 Wet Well Lining project in the amount of $25,500.00; and

BE IT FURTHER RESOLVED that the City Manager is authorized to execute change orders for up to 10% of the contract amount and to approve warranted completion date change orders relating to the contract.

DATED this 20th day of February 2024.

Draft

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
Haig Haleblian, MAYOR

SEAL

ATTEST

_____
Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024
APPROVED: February 20, 2024

Draft

Agenda Item No: 13

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Proposal Award - Construction Engineering Services and Motor Fuel Tax (MFT) Appropriation for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement and the Pedestrian Connections to the Regional Prairie Trail Improvement

Staff Recommendation:

1. Motion to award the proposal for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement and the Pedestrian Connections to the Regional Prairie Trail Improvement for Construction Engineering Services to the most qualified, responsible and responsive proposer, Baxter and Woodman, and adopt a Resolution authorizing the City Manager to execute an agreement with Baxter and Woodman in the amount of $358,280.00 with a 10% contingency for changes in scope and approve warranted completion date extensions

2. Motion to adopt a Resolution appropriating $255,000 in MFT funds for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement

3. Motion to adopt a Resolution appropriating $15,000.00 in MFT funds for the Pedestrian Connections to the Regional Prairie Trail Improvement

Staff Contact: Michael Magnuson, P.E., Director of Public Works & Engineering

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Background:

The Three Oaks Road/Lutter Drive/Sands Road intersection will install a new traffic signal to better facilitate vehicle movements through the intersection as well as a southbound left turn lane and northbound right turn lane. Sands Road will be reconstructed to reduce the vertical profile and a new multiuse path will be added along the south side of Three Oaks Road from the intersection east to connect to the existing path.

The Pedestrian Connections to the Regional Prairie Trail project will construct critical sidewalk gaps for residents and pedestrians to access the regional Prairie Trail, portions of the IL Route 14 commercial corridor, the historic Downtown, both Metra stations, and the post office, at the following locations:

- Main Street and Commonwealth Drive/Shopping Center Back Entrance: Upgrade existing traffic signal to accommodate pedestrians, add new sidewalk along the east side of Main Street from Commonwealth Drive to the existing sidewalk to the north, and add new sidewalk to access the Shopping Center;
- Fill in missing sidewalk along the south side of Congress Parkway just east of Commonwealth Drive; and
- Fill in missing sidewalk along the north side of Virginia Road from IL Route 14 to Berkshire Drive.

A consultant will need to be utilized for the construction engineering for both improvements as both projects must follow federal guidelines. The Pedestrian Connections to the Regional Prairie Trail project is a smaller improvement so it was advantageous to group these projects together.

Consultant Selection Process

The Public Works and Engineering Department followed City Code Section 102-9 Procurement of architect, engineering, and land surveying services using federal funding to solicit proposals from consulting engineering firms for construction engineering services for these projects. The City received proposals from seven firms. The proposals were reviewed based on the consultants' technical approach, firm experience, and staff capabilities. The qualifications criteria considered during the review were:

- Firm Experience
- Staff Experience, specifically with IDOT Federal projects
- Scope of Services
- Relevant Federal Project Examples

The following provides a summary of the qualification review:

Proposal Ranking Excellent = 5 Very Good = 4 Good = 3 Acceptable = 2 Poor = 1 Unacceptable = 0	Committee's Relative Weight of Importance	B&W		Bowman		Engineering Services Group		GRAEF		GSG		HLR		Mackie	
Criteria	(1-10)	Rating (0-5)	Weighted Rating	Rating (0-5)	Weighted Rating	Rating (0-5)	Weighted Rating	Rating (0-5)	Weighted Rating	Rating (0-5)	Weighted Rating	Rating (0-5)	Weighted Rating	Rating (0-5)	Weighted Rating
Understanding of Project Scope: Did the consultant properly identify key aspects of the project and not submit a generic approach?	6	4.0	24.00	3.0	18.00	1.3	8.00	1.0	6.00	2.7	16.00	5.0	30.00	3.0	18.00
Lead Inspector / RE demonstrated experience and relevant municipal experience in project examples.	10	2.7	26.67	1.7	16.67	2.0	20.00	2.0	20.00	3.3	33.33	4.7	46.67	2.3	23.33
Project supporting team and firm examples are pertinent and aligned with the proposed scope.	8	3.0	24.00	1.7	13.33	1.0	8.00	2.0	16.00	2.0	16.00	3.0	24.00	1.7	13.33
RE Experience with IDOT Federally Funded Improvements	8	3.0	24.00	1.0	8.00	0.7	5.33	1.3	10.67	2.7	21.33	5.0	40.00	0.7	5.33
Total Weighted Rating	32		98.67		56.00		41.33		52.67		86.67		140.67		60.00
PROPOSAL RANKING		3.08		1.75		1.29		1.65		2.71		4.40		1.88	

Staff requested fee proposals from the top three most qualified consulting firms. The following provides a summary of those fees:

	√ **Baxter and Woodman**	GSG Consultants	Hampton, Lenzini & Renwick
Three Oaks Rd at Lutter Dr./Sands Rd.	$231,793.00	$319,244.00	$370,216.00
Pedestrian Connections	$126,487.00	$158,308.00	$194,112.00
TOTAL	***$358,280.00***	***$477,552.00***	***$564,328.00***

Recommendation:

This contract is being presented pursuant to the request for proposal process. Under such process, the contract is to be awarded to the vendor whose proposal "will be the most advantageous to the City". City staff has reviewed the proposals received, and determined that the recommended consultant meets the requirements for the project and therefore will be the most well-suited for the project.

Based on the proposals received and the experience and qualifications noted, it is the recommendation of Public Works staff to select Baxter and Woodman to provide construction engineering services for the Three Oaks Road at Lutter Drive/Sands Road intersection improvement and the Pedestrian Connections to the Regional Prairie Trail improvement. Baxter and Woodman is overseeing the Dole Avenue Reconstruction project and staff has been satisfied with their performance and they have a good reputation within the industry.

The City will utilize $255,000 in MFT funds for the Three Oaks Road at Lutter Drive/Sands Road intersection improvement for this portion of the project. For the Pedestrian Connections to the Regional Prairie Trail Improvement project, Federal Illinois Transportation Enhancement Program ITEP) funding will cover 80% of the construction engineering portion with the State of Illinois covering 10%. The City's share will be 10% which will be paid for utilizing MFT funds.

The Illinois Department of Transportation (IDOT) administers MFT funds and therefore the City must follow IDOT procedures and requirements. IDOT requires a separate resolution to allocate MFT funds. Any MFT funds that are obligated through IDOT and not spent will be returned to the City's unobligated balance once the project is complete.

This project is proposed in the Fiscal Year 2024B budget. The City has sufficient reserves in its MFT Fund for this expenditure.

Votes Required to Pass:

Simple Majority

RESOLUTION

WHEREAS, the CITY OF CRYSTAL LAKE has identified the need to improve the intersection of Three Oaks Road at Lutter Drive/Sands Road with auxiliary lanes and a traffic signal; and

WHEREAS, the CITY OF CRYSTAL LAKE has identified the need to fill its sidewalk gaps which leads pedestrians to the Regional Prairie Trail; and

WHEREAS in order to ensure the project is designed and constructed in accordance with federal requirements, consulting engineering services for construction engineering are required; and

WHEREAS the CITY OF CRYSTAL LAKE received proposals for Construction Engineering Services for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement and the Pedestrian Connections to the Regional Prairie Trail Improvement.

NOW THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the foregoing recitals are repeated and incorporated as though fully set forth herein; and

BE IT FURTHER RESOLVED that the City Manager is authorized to execute an agreement between the CITY OF CRYSTAL LAKE and Baxter and Woodman for Construction Engineering Services associated with the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement Project and the Pedestrian Connections to the Regional Prairie Trail Improvement in the amount of $358,280.00; and

BE IT FURTHER RESOLVED that the City Manager is authorized to approve change orders for up to 10 percent of the agreement amount, and execute warranted contract completion date change orders.

DATED this 20th day of February, 2024.

Draft

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
Haig Haleblian, MAYOR

SEAL

ATTEST

_____
Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024
APPROVED: February 20, 2024

Draft

Illinois Department of Transportation

Resolution for Improvement Under the Illinois Highway Code

Is this project a bondable capital improvement?
☐ Yes ☐ No

Resolution Type	Resolution Number	Section Number
Original		22-00134-00-TL

BE IT RESOLVED, by the Council (Governing Body Type) of the City (Local Public Agency Type)
of Crystal Lake (Name of Local Public Agency) Illinois that the following described street(s)/road(s)/structure be improved under the Illinois Highway Code. Work shall be done by Contract (Contract or Day Labor).

For Roadway/Street Improvements:

Name of Street(s)/Road(s)	Length (miles)	Route	From	To
Three Oaks Road		FAU 4051	at Lutter Dr/Sands Rd	

For Structures:

Name of Street(s)/Road(s)	Existing Structure No.	Route	Location	Feature Crossed

BE IT FURTHER RESOLVED,
1. That the proposed improvement shall consist of
Intersection improvement with new traffic signal and channelization including a new multiuse path.

2. That there is hereby appropriated the sum of two hundred fifty-five thousand dollars and no cents Dollars ($255,000.00) for the improvement of said section from the Local Public Agency's allotment of Motor Fuel Tax funds.
BE IT FURTHER RESOLVED, that the Clerk is hereby directed to transmit four (4) certified originals of this resolution to the district office of the Department of Transportation.

I, Nick Kachiroubas (Name of Clerk) City (Local Public Agency Type) Clerk in and for said City (Local Public Agency Type)
of Crystal Lake (Name of Local Public Agency) in the State aforesaid, and keeper of the records and files thereof, as provided by statute, do hereby certify the foregoing to be a true, perfect and complete original of a resolution adopted by
Council (Governing Body Type) of Crystal Lake (Name of Local Public Agency) at a meeting held on February 20, 2024 (Date).

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal this 20 (Day) day of February, 2024 (Month, Year).

(SEAL, if required by the LPA)

Clerk Signature & Date

Approved

Regional Engineer Signature & Date
Department of Transportation

Draft

Illinois Department of Transportation

Resolution for Improvement Under the Illinois Highway Code

Is this project a bondable capital improvement?
☐ Yes ☐ No

Resolution Type	Resolution Number	Section Number
Original		21-00131-00-SW

BE IT RESOLVED, by the Council (Governing Body Type) of the City (Local Public Agency Type)
of Crystal Lake (Name of Local Public Agency) Illinois that the following described street(s)/road(s)/structure be improved under the Illinois Highway Code. Work shall be done by Contract (Contract or Day Labor).

For Roadway/Street Improvements:

Name of Street(s)/Road(s)	Length (miles)	Route	From	To
Main Street	0.05	FAU 0124	Walkup Avenue	Driveway
Congress Parkway	0.1	FAU 3857	Commonwealth Drive	Driveway
Virginia Road	0.29	FAU 0121	Darlington Lane	Berkshire Drive

For Structures:

Name of Street(s)/Road(s)	Existing Structure No.	Route	Location	Feature Crossed

BE IT FURTHER RESOLVED,
1. That the proposed improvement shall consist of
Intersection improvement with new traffic signal and channelization including a new multiuse path.

2. That there is hereby appropriated the sum of fifteen thousand dollars and no cents Dollars ($15,000.00) for the improvement of said section from the Local Public Agency's allotment of Motor Fuel Tax funds.

BE IT FURTHER RESOLVED, that the Clerk is hereby directed to transmit four (4) certified originals of this resolution to the district office of the Department of Transportation.

I, Nick Kachiroubas (Name of Clerk) City (Local Public Agency Type) Clerk in and for said City (Local Public Agency Type)
of Crystal Lake (Name of Local Public Agency) in the State aforesaid, and keeper of the records and files thereof, as provided by statute, do hereby certify the foregoing to be a true, perfect and complete original of a resolution adopted by
Council (Governing Body Type) of Crystal Lake (Name of Local Public Agency) at a meeting held on February 20, 2024 (Date).

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal this 20 (Day) day of February, 2024 (Month, Year).

Draft

Illinois Department of Transportation

Resolution for Improvement Under the Illinois Highway Code

(SEAL, if required by the LPA)

Clerk Signature & Date

Approved

Regional Engineer Signature & Date
Department of Transportation

Draft

Agenda Item No: 14

City Council
Agenda Supplement

Meeting Date: February 20, 2024

Item: Local Agency Agreement for Federal Participation with IDOT for construction and appropriation of Motor Fuel Tax (MFT) funds for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement

Staff Recommendation: 1. Motion to adopt a Resolution authorizing the City Manager to execute the Local Agency Agreement for Federal Participation with Illinois Department of Transportation (IDOT) for construction of the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement.

2. Motion to adopt a Resolution appropriating $1.2 million in MFT funds for the Three Oaks Road at Lutter Drive/Sands Road Intersection Improvement.

Staff Contact: Michael Magnuson, P.E., Director of Public Works & Engineering

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Background:
The Three Oaks Road/Lutter Drive/Sands Road intersection will install a new traffic signal to better facilitate vehicle movements through the intersection as well as a southbound left turn lane and northbound right turn lane. Sands Road will be reconstructed to reduce the vertical profile and a new multiuse path will be added along the south side of Three Oaks Road. The new path will extend from the intersection to the east and connect to the existing path.

The total project cost is approximately $2.6 million. The City has secured $1.5 million in Federal Surface Transportation Program (STP) funding and various developer funding for construction of this project. The City's estimated share of the project is $1.1 million in MFT funds. The attached agreement is a standard agreement that is used for all projects using federal funds. Once this agreement has been executed and all necessary approvals have been secured, the project will be placed on the IDOT April 26, 2024 letting. The City will oversee the construction scheduled to begin this summer.

The City's share of the project will be budgeted using MFT funds. It is recommended that the City appropriate $1.2 million in MFT funds. This appropriation is for the City's share of the construction.

Any funds that are obligated and not spent will be returned to the City's unobligated balance once the project is complete. The City has sufficient reserves in its MFT Fund for this expenditure. This project is proposed in the budget for Fiscal Year 2024B.

Votes Required to Pass:
Simple majority

RESOLUTION

WHEREAS, the CITY OF CRYSTAL LAKE has identified the need to improve the intersection of Three Oaks Road at Lutter Drive/ Sands Road with additional turn lanes, a traffic signal and a multi-use path; and

WHEREAS, the City was awarded $1,500,000 in Federal Surface Transportation Program (STP) funds for the improvement; and

WHEREAS, it is necessary to enter into a Local Agency Agreement with the Illinois Department of Transportation (IDOT) in order to utilize Federal STP funds for the project.

NOW THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the foregoing recitals are repeated and incorporated as though fully set forth herein; and

BE IT FURTHER RESOLVED that the City Manager is authorized to execute a Local Agency Agreement for federal participation with the Illinois Department of Transportation (IDOT) for the improvements at the intersection of Three Oaks Road at Lutter Drive/ Sands Road;

DATED this 20th day of February, 2024.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
Haig Haleblian, MAYOR

Draft

SEAL

ATTEST:

_____

Nick Kachiroubas, CITY CLERK

PASSED: February 20, 2024

APPROVED: February 20, 2024

Draft

Illinois Department of Transportation

Joint Funding Agreement for Construction Work

LOCAL PUBLIC AGENCY

Local Public Agency	County	Section Number
City of Crystal Lake	McHenry	22-00134-00-TL

Fund Type	ITEP, SRTS, HSIP Number(s)	MPO Name	MPO TIP Number
STP	NA	CMAP	11-22-0003

Construction

State Job Number	Project Number
C-91-147-23	61K35

☒ State-Let Construction ☐ Locally Let Construction ☐ Construction Engineering ☐ Utilities ☐ Railroad Work

This Agreement is made and entered into between the above local public agency, hereinafter referred to as the **"LPA"** and the State of Illinois, acting by and through its Department of Transportation, hereinafter referred to as **"STATE"**. The **STATE** and **LPA** jointly propose to improve the designated location as described below. The improvement shall be consulted in accordance with plans prepared by, or on behalf of the **LPA** and approved by the **STATE** using the **STATE's** policies and procedures approved and/or required by the Federal Highway Administration, hereinafter referred to as **"FHWA"**.

LOCATION

Local Street/Road Name	Key Route	Length	Stationing From	Stationing To
Three Oaks Road	FAU 4051	0.66 miles		

Location Termini: at Lutter Drive/Sands Road

Current Jurisdiction	Existing Structure Number(s)	
City of Crystal Lake	NA	Add Location / Remove

PROJECT DESCRIPTION

Intersection improvement to add a new traffic signal and channelization

Draft

LOCAL PUBLIC AGENCY APPROPRIATION - REQUIRED FOR STATE LET CONTRACTS

By execution of this Agreement the **LPA** attests that sufficient moneys have been appropriated or reserved by resolution or ordinance to fund the **LPA** share of project costs. A copy of the authorizing resolution or ordinance is attached as an addendum.

METHOD OF FINANCING - (State-Let Contract Work Only)

Check One

☐ METHOD A - Lump Sum (80% of LPA Obligation _____)

Lump Sum Payment - Upon award of the contract for this improvement, the **LPA** will pay the **STATE** within thirty (30) calendar days of billing, in lump sum, an amount equal to 80% of the LPA's estimated obligation incurred under this agreement. The **LPA** will pay to the **STATE** the remainder of the **LPA's** obligation (including any nonparticipating costs) in a lump sum within thirty (30) calendar days of billing in a lump sum, upon completion of the project based on final costs.

☐ METHOD B - _____ Monthly Payments of _____ due by the _____ of each successive month.

Monthly Payments - Upon award of the contract for this improvement, the **LPA** will pay to the **STATE** a specified amount each month for an estimated period of months, or until 80% of the **LPA's** estimated obligation under the provisions of the agreement has been paid. The **LPA** will pay to the **STATE** the remainder of the **LPA's** obligation (including any nonparticipating costs) in a lump sum, upon completion of the project based upon final costs.

☒ METHOD C - **LPA's** Share $1,080,584.00 divided by estimated total cost multiplied by actual progress payment.

Progress Payments - Upon receipt of the contractor's first and subsequent progressive bills for this improvement, the **LPA** will pay to the **STATE** within thirty (30) calendar days of receipt, an amount equal to the **LPA's** share of the construction cost divided by the estimated total cost multiplied by the actual payment (appropriately adjust for nonparticipating costs) made to the contractor until the entire obligation incurred under this agreement has been paid.

Failure to remit the payment(s) in a timely manner as required under Methods A, B, or C shall allow the **STATE** to internally offset, reduce, or deduct the arrearage from any payment or reimbursement due or about to become due and payable from the **STATE** to the **LPA** on this or any other contract. The **STATE** at its sole option, upon notice to the **LPA**, may place the debit into the Illinois Comptroller's Offset System (15 ILCS 405/10.05) or take such other and further action as may be required to recover the debt.

THE LPA AGREES:

1. To acquire in its name, or in the name of the **STATE** if on the **STATE** highway system, all right-of-way necessary for this project in accordance with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and established State policies and procedures. Prior to advertising for bids, the **LPA** shall certify to the **STATE** that all requirements of Titles II and III of said Uniform Act have been satisfied. The disposition of encroachments, if any, will be cooperatively determined by representatives of the **LPA**, the **STATE**, and the **FHWA** if required.
2. To provide for all utility adjustments and to regulate the use of the right-of-way of this improvement by utilities, public and private, in accordance with the current Utility Accommodation Policy for Local Public Agency Highway and Street Systems.
3. To provide for surveys and the preparation of plans for the proposed improvement and engineering supervision during construction of the proposed improvement.
4. To retain jurisdiction of the completed improvement unless specified otherwise by addendum (addendum should be accompanied by a location map). If the improvement location is currently under road district jurisdiction, a jurisdictional addendum is required.
5. To maintain or cause to be maintained the completed improvement (or that portion within its jurisdiction as established by addendum referred to in item 4 above) in a manner satisfactory to the **STATE** and the **FHWA**.
6. To comply with all applicable Executive Orders and Federal Highway Acts pursuant to the Equal Employment Opportunity and Nondiscrimination Regulations required by the U.S. Department of Transportation.
7. To maintain for a minimum of 3 years after final project close out by the **STATE**, adequate books, records and supporting documents to verify the amounts, recipients and uses of all disbursements of funds passing in conjunction with the contract. The contract and all books, records, and supporting documents related to the contract shall be available for review and audit by the Auditor General and the **STATE**. The **LPA** agrees to cooperate fully with any audit conducted by the Auditor General, the **STATE**, and to provide full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this section shall establish presumption in favor of the **STATE** for recovery of any funds paid by the **STATE** under the contract for which adequate books, records and supporting documentation are not available to support their purported disbursement.
8. To provide if required, for the improvement of any railroad-highway grade crossing and rail crossing protection within the limits of the proposed improvement.
9. To comply with Federal requirements or possibly lose (partial or total) Federal participation as determined by the **FHWA**.
10. To provide or cause to be provided all of the initial funding, equipment, labor, material, and services necessary to complete locally administered portions of the project.
11. (Railroad Related Work) The **LPA** is responsible for the payment of the railroad related expenses in accordance with the LPA/ railroad agreement prior to requesting reimbursement from the **STATE**. Requests for reimbursement should be sent to the appropriate IDOT District Bureau of Local Roads and Streets Office. Engineer's Payment Estimates shall be in accordance with the Division of Cost.
12. Certifies to the best of its knowledge and belief that it's officials:
    a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;
    b. have not within a three-year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State anti-trust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements receiving stolen property;
    c. are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, Local) with commission of any of the offenses enumerated in item (b) of this certification; and
    d. have not within a three-year period preceding the agreement had one or more public transactions (Federal, State, Local) terminated for cause or default.
13. To include the certifications, listed in item 12 above, and all other certifications required by State statutes, in every contract, including procurement of materials and leases of equipment.
14. That execution of this agreement constitutes the **LPA**'s concurrence in the award of the construction contract to the responsible low bidder as determined by the **STATE**.
15. That for agreements exceeding $100,000 in federal funds, execution of this agreement constitutes the LPA's certification that:
    a. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of congress, an officer or employee of congress, or any employee of a member of congress in connection with the awarding of any federal contract, the making of any cooperative agreement, and the extension, continuation, renewal, amendment or

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modification of any Federal contract, grant, loan or cooperative agreement.

b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of congress, an officer or employee of congress or an employee of a member of congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard form - LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

c. The LPA shall require that the language of this certification be included in the award documents for all subawards (including subcontracts, subgrants and contracts under grants, loans, and cooperative agreements), and that all subrecipients shall certify and disclose accordingly

16. To regulate parking and traffic in accordance with the approved project report.

17. To regulate encroachments on public rights-of-way in accordance with current Illinois Compiled Statutes.

18. To regulate the discharge of sanitary sewage into any storm water drainage system constructed with this improvement in accordance with the current Illinois Compiled Statutes.

THE STATE AGREES:

1. To provide such guidance, assistance, and supervision to monitor and perform audits to the extent necessary to assure validity of the **LPA**'s certification of compliance with Title II and III Requirements.

2. To receive bids for construction of the proposed improvement when the plans have been approved by the **STATE** (and **FHWA**, if required) and to award a contract for construction of the proposed improvement after receipt of a satisfactory bid.

3. To provide all initial funding and payments to the contractor for construction work let by the **STATE**. The **LPA** will be invoiced for their share of contract costs per the method of payment selected under Method of Financing based on the Division of Costs shown on Addendum 2.

4. For agreements with federal and/or state funds in construction engineering, utility work and/or railroad work:
   a. To reimburse the **LPA** for federal and/or state share on the basis of periodic billings, provided said billings contain sufficient cost information and show evidence of payments by the **LPA**;
   b. To provide independent assurance sampling and furnish off-site material inspection and testing at sources normally visited by **STATE** inspectors for steel, cement, aggregate, structural steel, and other materials customarily tested by the **STATE**.

IT IS MUTUALLY AGREED:

1. Construction of the project will utilize domestic steel as required by Section 106.01 of the current edition of the Standard Specifications for Road and Bridge Construction and federal Buy America provisions

2. That this Agreement and the covenants contained herein shall become null and void in the event that the **FHWA** does not approve the proposed improvement for Federal-aid participation within one (1) year of the date of execution of this agreement.

3. This agreement shall be binding upon the parties, their successors, and assigns.

4. For contracts awarded by the **LPA**, the **LPA** shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any USDOT - assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The **LPA** shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of USDOT - assisted contracts. The **LPA**'s DBE program, as required by 49 CFR part 26 and as approved by USDOT, is incorporated by reference in this agreement. Upon notification to the recipient of its failure to carry out its approved program, the **STATE** may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S. C 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C 3801 et seq.). In the absence of a USDOT - approved **LPA** DBE Program or on **state** awarded contracts, this agreement shall be administered under the provisions of the **STATE**'S USDOT approved Disadvantaged Business Enterprise Program.

5. In cases where the **STATE** is reimbursing the **LPA**, obligation of the **STATE** shall cease immediately without penalty or further payment being required if, in any fiscal year, the Illinois General Assembly or applicable federal funding source fails to appropriate or otherwise make available funds for the work contemplated herein.

6. All projects for the construction of fixed works which are financed in whole or in part with funds provided by this agreement and/or amendment shall be subject to the Prevailing Wage Act (820 ILCS 130/0.01 et seq.) unless the provisions of the act exempt its application.

FISCAL RESPONSIBILITIES:

1. **Reimbursement Requests**: For reimbursement requests the **LPA** will submit supporting documentation with each invoice. Supporting documentation is defined as verification of payment, certified time sheets or summaries, vendor invoices, vendor receipts, cost plus fix fee invoice, progress report, personnel and direct cost summaries, and other documentation supporting the requested reimbursement amount (Form BLR 05621 should be used for consultant invoicing purposes). **LPA** invoice requests to the **STATE** will be submitted with sequential invoice numbers by project.

2. **Financial Integrity Review and Evaluation (FIRE) program: LPA's** and the **STATE** must justify continued federal funding on inactive projects. 23 CFR 630.106(a)(5) defines an inactive project as a project which no expenditures have been charged against Federal funds for the past twelve (12) months. To keep projects active, invoicing must occur a minimum of one time within any given twelve (12) month period. However, to ensure adequate processing time, the first invoice shall be submitted to

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the **STATE** within six (6) months of the federal authorization date. Subsequent invoices will be submitted in intervals not to exceed six (6) months.

3. **Final Invoice**: The **LPA** will submit to the **STATE** a complete and detailed final invoice with applicable supporting documentation of all incurred costs, less previous payments, no later than twelve (12) months from the date of completion of work or from the date of the previous invoice, whichever occurs first. If a final invoice is not received within this time frame, the most recent invoice may be considered the final invoice and the obligation of the funds closed. Form BLR 05613 (Engineering Payment Record) is required to be submitted with the final invoice for engineering projects.

4. **Project Closeout**: The **LPA** shall provide the final report to the appropriate **STATE** district office within twelve (12) months of the physical completion date of the project so that the report may be audited and approved for payment. If the deadline cannot be met, a written explanation must be provided to the district prior to the end of the twelve (12) months documenting the reason and the new anticipated date of completion. If the extended deadline is not met, this process must be repeated until the project is closed. Failure to follow this process may result In the immediate close-out of the project and loss of further funding.

5. **Project End Date**: The period of performance (end date) for state and federal obligation purposes is five (5) years for projects under $1,000,000 or seven (7) years for projects over $1,000,000 from the execution date of the agreement.

   Requests for time extensions and joint agreement amendments must be received and approved prior to expiration of the project end date. Failure to extend the end date may result in the immediate close-out of the project and loss of further funding.

6. Single Audit Requirements: If the **LPA** expends $750,000 or more a year in federal financial assistance, they shall have an audit made in accordance with 2 CFR 200. **LPA's** expending less than $750,000 a year shall be exempt from compliance. A copy of the audit report must be submitted to the **STATE** (IDOT's Office of Internal Audit, Room 201, 2300 South Dirksen Parkway, Springfield, Illinois, 62764) within 30 days after the completion of the audit, but no later than one year after the end of the LPA's fiscal year. The ALN number for all highway planning and construction activities is 20.205. Federal funds utilized for construction activities on projects let and awarded by the **STATE** (federal amounts shown as "Participating Construction" on Addendum 2) are not Included in a **LPA's** calculation of federal funds expended by the LPA for Single Audit purposes..

7. **Federal Registration**: **LPA's** are required to register with the System for Award Management or SAM, which is a web-enabled government-wide application that collects, validates, stores, and disseminates business Information about the federal government's trading partners in support of the contract award and the electronic payment processes. To register or renew, please use the following website: https://www.sam.gov/SAM/

ADDENDA

Additional information and/or stipulations are hereby attached and identified below as being a part of this agreement.

☒	1.	Location Map
☒	2.	Division of Cost
☒	3.	Resolution*
☐	4.	

*Appropriation and signature authority resolution must be in effect on, or prior to, the execution date of the agreement.

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The **LPA** further agrees as a condition of payment, that it accepts and will comply with the applicable provisions set forth in this agreement and all Addenda indicated above.

APPROVED

Local Public Agency

Name of Official (Print or Type Name)

Eric Helm

Title of Official

City Manager

Signature | Date

The above signature certifies the agency's TIN number is

36-600584 conducting business as a Governmental Entity.

DUNS Number 021427505

UEI 021427505

APPROVED

State of Illinois
Department of Transportation

Omer Osman, P.E., Secretary of Transportation | Date

By:
George A. Tapas, P.E., S.E., Engineer of Local Roads & Streets | Date

Stephen M. Travia, P.E., Director of Highways PI/Chief Engineer | Date

Yangsu Kim, Chief Counsel | Date

Vicki Wilson, Chief Fiscal Officer | Date

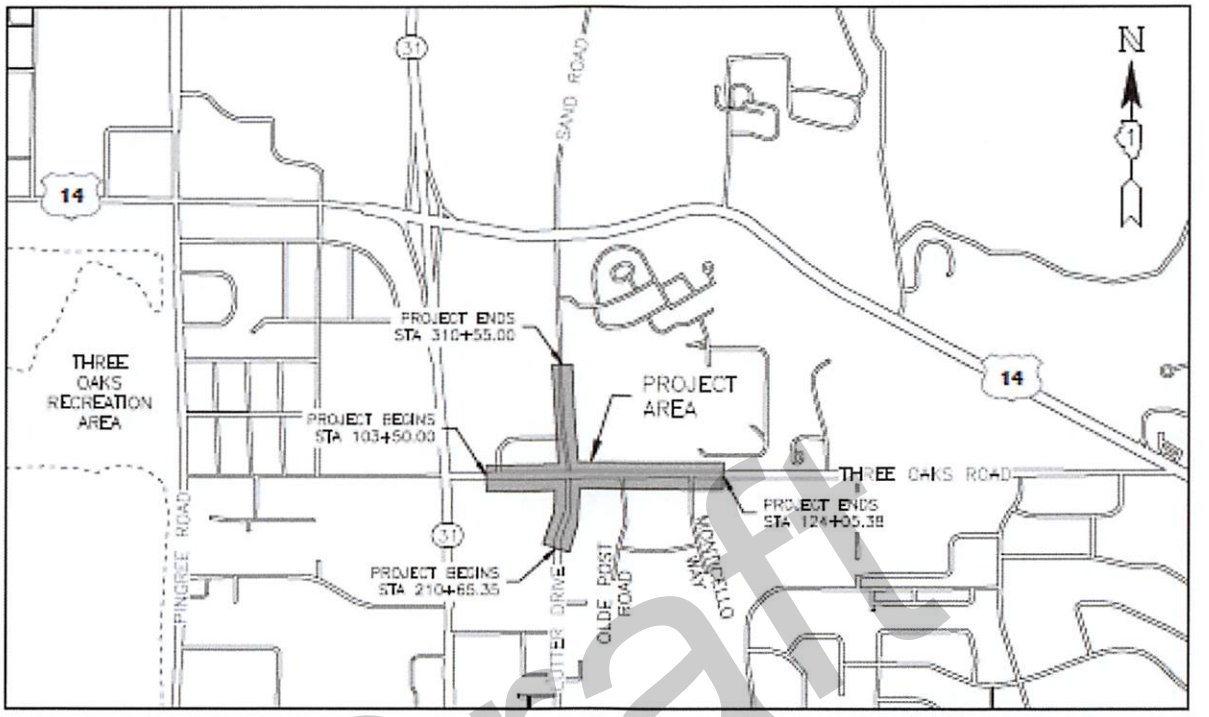
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NOTE: A resolution authorizing the local official (or their delegate) to execute this agreement and appropriation of local funds is required to be attached as an addendum. The resolution must be approved prior to, or concurrently with, the execution of this agreement. If BLR 09110 or BLR 09120 are used to appropriate local matching funds, attach these forms to the signature authorization resolution.

☒ Please check this box to open a fillable Resolution Form within this Addenda.

ADDENDA NUMBER 1

LOCATION MAP



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ADDENDA NUMBER 2

Local Public Agency	County	Section Number	State Job Number	Project Number
City of Crystal Lake	McHenry	22-00134-00-TL	C-91-147-23	61K35

DIVISION OF COST

	Federal Funds			State Funds			Local Public Agency			
Type of Work	Fund Type	Amount	%	Fund Type	Amount	%	Fund Type	Amount	%	Totals
Participating Construction	STU	$1,500,000.00	*				Local	$1,080,584.00	*	$2,580,584.00
Total		$1,500,000.00		Total			Total	$1,080,584.00		$2,580,584.00

If funding is not a percentage of the total place an asterisk (*) in the space provided for the percentage and explain below:

*Maximum STU is $1.5 million

NOTE: The costs shown in the Division of Cost table are approximate and subject to change. The final **LPA** share is dependent on the final Federal and State participation. The actual costs will be used in the final division of cost for billing and reimbursement.

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ADDENDA NUMBER 3

Resolution No. 1

A Resolution for:

Section Number 22-00134-00-TL

State Job Number C-91-147-23

Project Number 61K35

WHEREAS, the City of Crystal Lake is proposing to improve the intersection of Three Oaks Road at Lutter Drive/Sands Road

WHEREAS, the above stated improvement will necessitate the use of funding provided through the Illinois Department of Transportation (IDOT); and signee

WHEREAS, the use of these funds requires a joint funding agreement (AGREEMENT) with IDOT; and

WHEREAS, the improvement requires matching funds; and

NOW, THEREFORE, be it resolved by the City of Crystal Lake

Section 1: The City of Crystal Lake hereby appropriates $1,200,000.00 or as much as may be needed to match the required funding to complete the proposed improvement from MFT funding and furthermore agree to pass a supplemental resolution if necessary to appropriate additional funds for completion of the project.

Section 2: The City Manager is hereby authorized to execute an AGREEMENT with IDOT for the above-mentioned project.

Section 3: This resolution will become Attachment 3 of the AGREEMENT.

Section 4: The City Clerk of Crystal Lake is directed to transmit 3 (three) copies of the AGREEMENT and Resolution to IDOT District 1 Bureau of Local Roads and Streets.

I, Nick Kachiroubas Clerk in and for Crystal Lake, Illinois, and keeper of the records and files thereof, as provided by statute, do hereby certify the forgoing to be a true, perfect and complete copy of the resolution approved by the City of Crystal Lake, Illinois, and keeper of the records at its meeting on the 20 day of February, 20 24.

INTESTIMONY WEREOF; I have unto set my hand and seal, at my office, this 20 day of February, 20 24.

(seal)

Haig Haleblian
Crystal Lake Mayor

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