



Red Line Extension Project

Financial Plan

Submission for Full Funding Grant Agreement (FFGA)

October 11, 2024



Version 7.0 - October 2024

REVISION TABLE		
Revision	Date	Description
1.0	August 26, 2022	Submission for rating for the <i>FY24 Annual Report on Funding Recommendations</i>
2.0	September 20, 2022	Includes updates in response to FTA and FMOC QA/QC comments received September 10-12, 2022
3.0	March 17, 2023	Submission for Entry into Engineering
4.0	January 31, 2024	Interim Update
5.0	June 20, 2024	Submission for Full Funding Grant Agreement (FFGA)
6.0	September 13, 2024	Interim Update
7.0	October 11, 2024	Submission for Full Funding Grant Agreement (FFGA); <i>see submission note below for additional details</i>

Version 7.0 Submission Note:

This Financial Plan (Version 7.0) serves as Chicago Transit Authority's submission for a Full Funding Grant Agreement (FFGA) for the Red Line Extension (RLE) Project. Version 7.0 builds upon the Financial Plan (Version 6.0) submitted to FTA on September 13, 2024, which aimed to facilitate open communication between CTA and FTA and its Financial Management Oversight Contractor (FMOC) and initiate an earlier viewing for the Financial Capacity Review.

Version 7.0 - summary of updates since Version 6.0:

- Incorporates adjustments to the Project budget and contingency as a result of the August 2024 Risk Refresh. Based on the award of the RLE Design-Build Contract on August 14, 2024, the Cost Risk Model indicated that CTA would need an additional \$407 million in contingency to meet FTA's required P65 value of \$5,277 million (excluding financing). This results in a total Project contingency of approximately \$956 million (21.5% contingency).
- Reflects CTA Board approval on October 9, 2024 to commit additional CTA bond proceeds and State PayGo capital grants to meet the CTA's required 100% financial commitment for the RLE Project, corresponding with the aforementioned increase to the Project budget and contingency (plus associated finance charges).
- CMAP and CTA have coordinated to hold a special session to formally and administratively amend the Transit Improvement Plan (TIP) ahead of the regular CMAP Transportation Committee meeting on November 22, 2024. The special Transportation Committee for the RLE TIP amendment will be held on October 25, 2024.

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Local Financial Commitment Checklist - Supporting Documentation

The following Local Financial Commitment Checklist includes download links for packages of supporting documentation for FTA's review.

#	Name	Rev	File Link
1	Financial Model	7.0	https://app.e-builder.net/da2/dalanding.aspx?QS=c776cf891904977a2b8ecbb24b22214
2	Assumptions		Refer to the various materials below:
	<i>RLE O&M Model</i>	5.0	https://app.e-builder.net/da2/dalanding.aspx?QS=d3eedf143c5947bbb4f98180b5be8516
	<i>RLE O&M Cost Model Methodology & Results Report</i>	5.0	https://app.e-builder.net/da2/dalanding.aspx?QS=62cf588e78ca48e4a0c3c8d4086d5752
	<i>RLE Financial Model Assumptions</i>	5.0	https://app.e-builder.net/da2/dalanding.aspx?QS=a7e84d3bb5e04f1db3d3ed38abf9778a
	<i>RLE Basis of Estimate</i>	11.0	https://app.e-builder.net/da2/dalanding.aspx?QS=f0b4de92ba0348aea9128752c4082d9b
3	RLE Project Narrative and New Starts Template	4.0 7.0	https://app.e-builder.net/da2/dalanding.aspx?QS=afaa79723bfe432a843a08db33089dc7 https://app.e-builder.net/da2/dalanding.aspx?QS=1abe3920fe094780b708ba26a845bd22
4	RLE Capital Cost Estimates	13.0	https://app.e-builder.net/da2/dalanding.aspx?QS=66754949ea8944f993455746d8e5043a
5	RLE Financial Model Sensitivity Analysis; ^[1] Debt Capacity Memo	4.0 5.0 5.0 4.0 4.0 4.0	Sales Tax: https://app.e-builder.net/da2/dalanding.aspx?QS=48cde3a9aea9496186a7384bca9d31b3 Capital Cost: https://app.e-builder.net/da2/dalanding.aspx?QS=80964a96c88140b08d71b7db04c171c8 O&M Cost: https://app.e-builder.net/da2/dalanding.aspx?QS=6fab1b59cb09403c9d163f0dea80d9c2 TIF Lower Growth: https://app.e-builder.net/da2/dalanding.aspx?QS=1ab7dd8ba2c74603aa940a9854540d00 TIF Recession: https://app.e-builder.net/da2/dalanding.aspx?QS=d37575c9e05745398933e582c8312e50 Debt Capacity: https://app.e-builder.net/da2/dalanding.aspx?QS=d64413b9c6e140c89c8034798c57ef9c
6	CTA Financial Statements	3.0	https://app.e-builder.net/da2/dalanding.aspx?QS=f0f3993ce15546589a7cab467753a0b2
7	Commitment Documents	6.0	https://app.e-builder.net/da2/dalanding.aspx?QS=ec29e94dbf8246a4afca0c5c8ad05157
8	TIF Enabling Legislation	2.0	https://app.e-builder.net/da2/dalanding.aspx?QS=72b475b39def4b319e1c9f92b2f488ae
9	Joint Development Agreements (N/A)	1.0	https://app.e-builder.net/da2/dalanding.aspx?QS=b34eebe398a749a9940329a7736d4d4d
10	CTA Budget Books	3.0	https://app.e-builder.net/da2/dalanding.aspx?QS=d284011d8842466a8017bac109d53ad5
11	CTA Audited Financial Statements	3.0	https://app.e-builder.net/da2/dalanding.aspx?QS=46eafdae07fb4ccb86dbb411bfb80b12
12	CTA CAFRs	3.0	https://app.e-builder.net/da2/dalanding.aspx?QS=b6eb8be601204b49a938e015e9844c25

#	Name	Rev	File Link
13	CTA Background Information	4.0	https://app.e-builder.net/da2/daLanding.aspx?QS=6e27b4a3975c449c99eac9797adf4efa
14	Evidence of RLE in TIP	4.0	https://app.e-builder.net/da2/daLanding.aspx?QS=34d30fe6129d4d0690545d055a536ae6
15	Regional Long Range Transportation Plans	1.0	https://app.e-builder.net/da2/daLanding.aspx?QS=e7f4ec4fe4c9480bb4d821f675f2372e
16	CTA CIP	3.0	https://app.e-builder.net/da2/daLanding.aspx?QS=28111462eee346ba8fc4a868829700e8
17	CTA Bus and Rail Fleet Management Plans (FMPs)	2.0	https://app.e-builder.net/da2/daLanding.aspx?QS=0a9c2f5600164c64966eacbff67ecd8
18	CTA Revenue Bonds	1.0	https://app.e-builder.net/da2/daLanding.aspx?QS=6f94b82404584af0a0e5fdea1e3a1474
19	Local Development, Demographic, and Economic Studies in Financial Plan	3.0	https://app.e-builder.net/da2/daLanding.aspx?QS=c83a26ebf64e481491ca968b84f3f268
20	CTA Transit Asset Management Plan	3.0	https://app.e-builder.net/da2/daLanding.aspx?QS=ae92a683cc584e759d9fba8d4d40050a

[1] Narrative descriptions to accompany the sensitivity tests are included in Section 6.

Section 1 - Local Financial Commitment

1.1 Introduction

The COVID-19 pandemic has presented unprecedented challenges to public transit operators across the United States. The Chicago Transit Authority (CTA), the second largest public transit agency in the country, has continued to find ways to meet this unique moment in order to deliver quality, affordable transit services that link people, jobs, and communities, all while protecting our front-line employees and customers.

The pandemic has also underscored the unassailable importance of transit as an essential service that affords economic mobility, equity, and sustainability in our city and the Chicago region. CTA is confident that its service will continue to play a crucial role in Chicago's post-pandemic resurgence in the years to come. CTA's Red Line continues to be Chicago's most-traveled rail line with millions of rides each year. It carries more than 30% of CTA's rail customers and is one of a handful of U.S. transit lines that operates 24/7.

The Red Line Extension (RLE) Project ("Project") will extend the benefits of equity, accessibility, connectivity, economic opportunity, and sustainability to Chicago's Far South Side. This transformational investment in communities is what the Far South Side needs and deserves in our collective fight for recovery.

The purpose of this Financial Plan is to document the financial capacity of the CTA to construct and operate the RLE Project, using funds from the Federal Transit Administration's (FTA) Section 5309 Capital Investment Grant (CIG) Program. The Financial Plan will assist the FTA in understanding and evaluating CTA's financial capacity to implement the RLE Project while continuing to operate, maintain, and enhance the existing transit system. Included in the plan is a review of CTA's recent financial history and current financial condition, documentation of the projected capital and operating costs and proposed revenue sources for RLE and the existing transit system, and review of the key assumptions underlying the cost and revenue projections.

The CTA will leverage current and past experiences with major capital construction projects in delivering the RLE Project, including Phase One of the Red and Purple Modernization Program (RPM Phase One), which is currently under construction, and several recent major capital projects that have been successfully completed. These include the Red Line South Reconstruction (2013),

Chicago's economic recovery, equity goals, and climate change commitments **depend on a robust public transit system**, including CTA rail and bus service:

- CTA serves the **City of Chicago & 35** surrounding suburbs
- On multiple days in August and September 2023, CTA provided more than **one million** daily rides for the first time since the pandemic. ^[1]
- **96%** of survey respondents agree that maintaining transit service is important to access essential services ^[2]
- **92%** believe that CTA is vital to Chicago's pandemic recovery ^[2]

Source:

[1] CTA FY24 Budget Book.

[2] CTA *Meeting the Moment* Scorecard, Jan 2023. Oct 2022 data.

the 95th Terminal Project (2019), multiple projects under the Your New Blue Program (2014-2022), and the Wilson Station Reconstruction (2017), as well as past CIG projects including the Brown Line Capacity Expansion Project (2009) and the Douglas Branch Reconstruction (2006).

The Financial Plan is required under the regulations and guidance applicable to FTA's CIG program, which provides discretionary federal funding for major fixed guideway transit projects. As a result, this Financial Plan has been written to meet the requirements of the FTA's June 2000 [Guidance for Transit Financial Plans](#) and the January 2023 updated [CIG Policy Guidance](#). Any subsequent guidance issued by FTA will also be incorporated in future versions.

The Financial Plan presents:

- A description of funding partners;
- An overview of the financial analysis methodology;
- Assumptions and analysis of capital and operating sources and uses of funds for the Project;
- An agency-wide 20-year forecast of operating and capital cash flows;
- A discussion of the major risk factors that may affect the Financial Plan, sensitivity analysis, and mitigation strategies to address these risks, including recovery of ridership and revenues associated with COVID-19 impacts; and
- Local Financial Commitment Checklist, Finance Template, and supporting documentation.

This Financial Plan is underpinned by a financial model, which includes both historic financial data and a 20-year cash flow forecasts for CTA as a whole and for the RLE Project. The financial model is included as item 1 of the supporting documentation. All dollar figures in this Financial Plan are presented in year-of-expenditure dollars (YOE\$), unless stated otherwise. Additionally, unless stated otherwise, all figures are presented on the basis of the CTA Fiscal Year (FY), which runs from January 1st through December 31st.

1.2 FTA CIG New Starts Program Overview

The discretionary Section 5309 CIG program provides funding for fixed guideway investments such as new and expanded rail lines. The New Starts portion of the program applies to new fixed guideway projects or extensions to existing fixed guideway systems with a total estimated capital cost of \$400 million or more, or that are seeking \$150 million or more in Section 5309 CIG program funds. New Starts projects are statutorily limited to a maximum CIG program share of 60%. The 2022 Bipartisan Infrastructure Law (BIL), enacted as the Infrastructure Investment and Jobs Act (IIJA), raised the New Starts eligibility threshold, and increased the amount of funding available under the CIG program to \$3 billion per year in annual appropriations and \$1.6 billion per year in advance appropriations as a supplement to annual appropriations.

As a \$5.3 billion (excluding finance charges) extension to the existing CTA rail system, the RLE Project is eligible under the New Starts Program.

1.3 Project Summary

CTA is proposing to extend the Red Line to 130th Street from the existing 95th Street Terminal, a project known as the Red Line Extension (“RLE” or the “Project”). The 5.5-mile planned heavy rail extension will include four new fully accessible stations near 103rd Street, 111th Street, Michigan Avenue, and 130th Street, as shown in **Figure 1-1**. Multimodal connections at each station will include bus, bike, pedestrian, and park & ride facilities. The Project will also include a new rail yard and shop near 120th Street. The RLE Project is a major component of CTA’s Red Ahead program, a priority agency initiative to maintain, modernize, and expand the entire Red Line. RLE Project benefits are included in the RLE Project Narrative provided as supporting documentation item 3.

The RLE Project is a component of the regional Transportation Improvement Program (TIP) and is a regionally significant project in the regional Long Range Transportation Plan; for additional information, refer to supporting documentation items 14 and 15, respectively.

1.3.1 Project Area and Project Map

RLE will provide affordable rapid transit to historically underserved and predominantly African American communities on Chicago’s Far South Side. The Project Area for the RLE is approximately 11 miles south of the Loop (Chicago’s central business district) on Chicago’s Far South Side. The Project Area encompasses approximately 20 square miles. The boundaries of the Project Area are 95th Street on the north, Ashland Avenue on the west, Stony Island Avenue on the east, and the Calumet-Sag Channel/Little Calumet River and 134th Street on the south.

The Project Area encompasses parts of nine community areas in the City of Chicago and the eastern section of the Village of Calumet Park. Chicago community areas include Beverly, Washington Heights, Roseland, Morgan Park, Pullman, West Pullman, Riverdale, Hegewisch, and South Deering. The overall Project Area has residential (primarily single-family and lower-density multi-family), commercial (urban mixed-use), industrial, transportation, utility, and vacant land uses. Commercial land uses are clustered around the major thoroughfares in the area, including Michigan Avenue and Halsted Street.

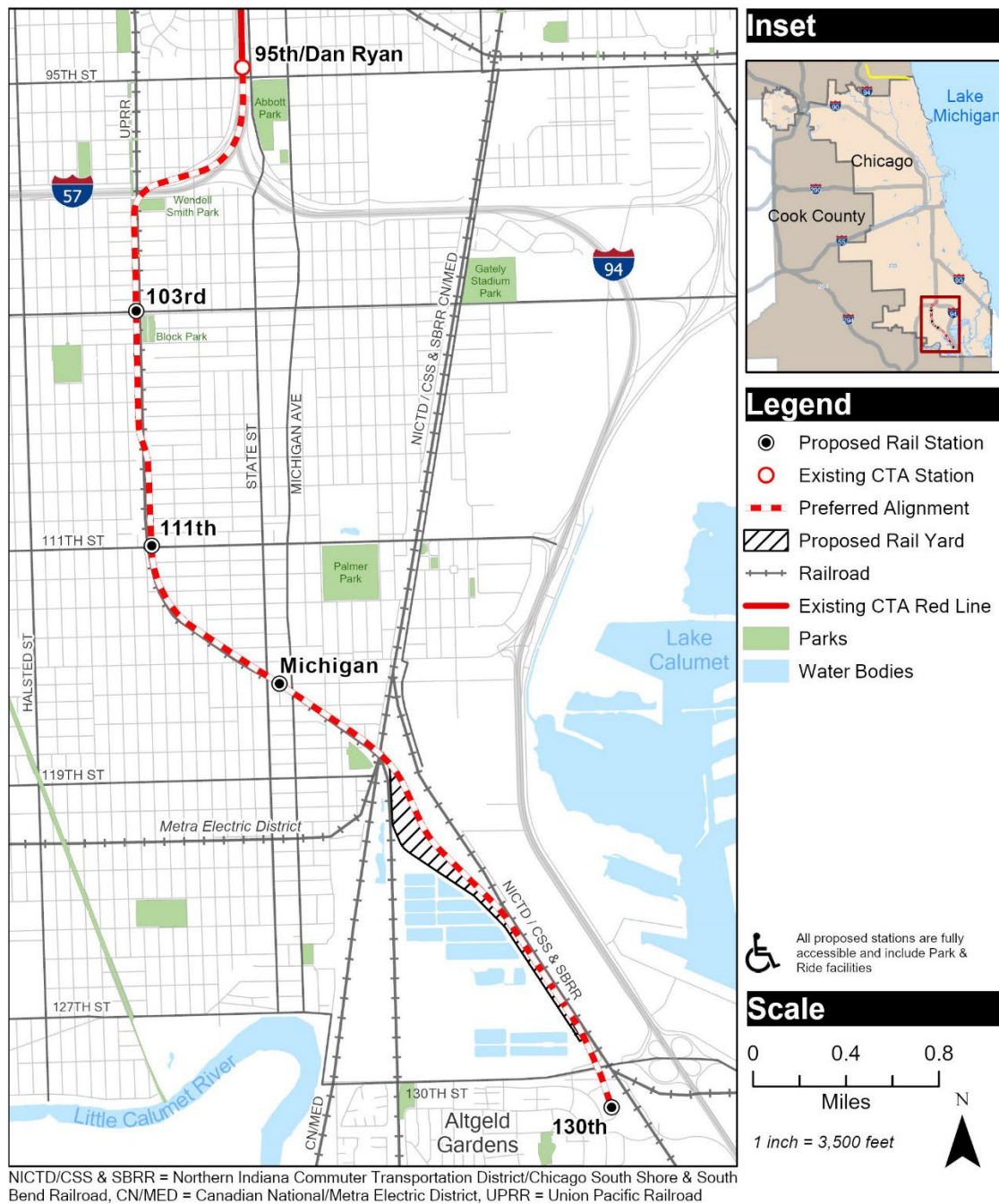


Figure 1-1: RLE Project Map

1.3.2 Project Area Existing Conditions

The following elements outline the current conditions of the RLE Project Area.

1.3.2.1 Project Area Demographics

The Project Area is home to more than 100,000 residents and nearly 36,000 households. The Project will improve access and mobility for transit-dependent residents in the Project Area, where over 23% of households lack access to an automobile. Approximately 24% of residents in the RLE Project Area live below the poverty level, compared to a Chicago average of 18%, and the majority of residents are African American. Employment opportunities in the Project Area have become scarce after years of economic disinvestment.

The median annual household income in the Project Area is approximately \$56,745, which is below the citywide median of \$65,781.¹ Some community areas, such as Riverdale, have median annual household incomes as low as \$17,697.²

About one quarter of Project Area workers travel 60 minutes or more to access their jobs, compared to the Chicago average of 16%. The RLE Project will help address these issues by providing up to 30 minutes of time savings to riders traveling from the RLE's 130th Street terminal station to the Loop. The Project is also expected to increase newly accessible jobs within a 45-minute commute of the Project Area by 47%.

The RLE will also help reverse decades of disinvestment in local business districts by catalyzing Station Area redevelopment and enhancing economic opportunity through connections to employment, educational opportunities, housing, and other services.

For additional information on the Project Area and existing conditions, refer to New Starts Template I under supporting documentation item 3.

¹ Source: 2015-2019 American Community Survey five-year estimates.

² Chicago Transit Authority. Combined Final Environmental Impact Statement / Record of Decision and Section 4(f) Evaluation. Published August 2022. Retrieved August 2022. https://www.railwayage.com/wp-content/uploads/2022/08/CTA_RLE_FEIS_20220805_CombinedFinalEIS-ROD_1of1.pdf

Table 1-1: Project Area Demographics

Community	Beverly	Hegewisch	Morgan Park	Pullman	Riverdale	Roseland	South Deering	Washington Heights	West Pullman	Calumet Park	Total/ Average	City of Chicago
Total Population	20,027	10,027	21,186	6,820	7,262	38,816	14,105	25,065	26,104	7,025	176,437	2,746,388
Median Income	\$113,824	\$57,686	\$66,486	\$53,577	\$17,697	\$45,993	\$32,104	\$55,428	\$48,636	\$52,696	\$56,745	\$65,781
Unemployment	7.56%	11.25%	10.53%	15.83%	26.30%	18.36%	13.02%	14.44%	19.90%	14.28%	14.91%	8.42%
Households without Cars	4.31%	11.55%	12.10%	16.45%	43.68%	24.18%	23.73%	17.58%	20.71%	9.00%	18.12%	26.41%
Race/Ethnicity												
White	55.30%	39.56%	30.11%	11.31%	0.29%	1.69%	5.18%	1.45%	0.57%	1.42%	13.33%	33.09%
Hispanic/Latinx	7.24%	52.53%	4.13%	8.23%	2.70%	1.49%	31.91%	0.98%	6.64%	7.30%	8.86%	28.73%
Black	32.39%	7.64%	62.28%	77.54%	95.56%	94.86%	62.68%	96.14%	90.45%	86.42%	75.45%	28.76%
Asian	1.35%	0.01%	0.49%	0.10%	0.00%	0.25%	0.01%	0.12%	0.00%	0.00%	0.28%	6.75%
Other	3.73%	0.27%	2.99%	2.83%	1.45%	1.71%	0.22%	1.31%	2.34%	4.86%	2.08%	2.66%

Source: Chicago Metropolitan Agency for Planning (CMAP) Community Data Snapshots, July 2023 release, 2017-2021 American Community Survey five-year estimates.

1.3.3 Existing Transit Conditions

The existing Red Line provides 24-hour train service between Howard on Chicago's North Side and the 95th Street Terminal on the South Side via subway through downtown Chicago. Red Line service currently terminates at the 95th Street Terminal in the northern portion of the RLE Project Area. From there, a network of CTA and Pace bus routes provide connecting service to the east, west, and south of the terminal, serving surrounding Far South Side neighborhoods and many suburban communities. The 95th Street Terminal is among CTA's busiest stations and many residents in the Project Area use the bus service at the terminal to transfer to the Red Line. Existing Red Line stations on the Dan Ryan branch (defined as stations south of Roosevelt Road) lack park & ride facilities, which limits access for some potential riders.

Most bus service south of 95th Street operates with an average frequency of 10 to 15 minutes. Buses in the RLE Project Area are frequently delayed by congestion on arterial streets leading to the existing 95th Street Terminal where several of these routes converge. The following [bus routes](#) serve the proposed Project corridor:

- CTA bus routes: 3, 4, 8A, 9, 24, 30, 34, 95, 100, 103, 106, 108, 111, 112, 115, 119
- Pace suburban bus routes: 352, 353, 359, 381, 395

Metra operates commuter rail service in the RLE Project Area, including the Metra [Rock Island District](#) and the Metra [Electric District \(MED\)](#) mainline and Blue Island branch. The Northern Indiana Commuter Transportation District (NICTD) operates the [South Shore Line](#), which shares tracks with the MED mainline north of 115th Street. These commuter rail lines primarily serve suburban commuter markets through peak hour, peak direction service to and from downtown Chicago for premium fares. Many trains run express and do not serve all station stops, and there is infrequent commuter rail service outside of peak periods.

COVID-19 Ridership Recovery

The significant effects of the dual health and economic crisis brought about by COVID-19 have impacted transit agencies across the country. These effects have also highlighted how urgently the RLE Project is needed. CTA continues to be a lifeline to many in the region, including health care workers, eldercare providers, sanitation workers, emergency responders, and others who depend on CTA for access to jobs and essential services.

In fact, at the beginning of the pandemic, ridership dropped the least on the South Side compared to other areas of the city. The 95th Street Terminal was the 14th busiest in the system prior to the COVID-19 pandemic, with 8,950 daily weekday entries in 2019. During the pandemic in 2020, the 95th Street Terminal became the system's busiest CTA station. These findings support the need for additional transit investment in the form of RLE on the city's South Side.

Between August and mid-October 2023, CTA saw 21 days where more than one million daily rides were taken for the first time since the pandemic.³ Ridership has tripled from pandemic lows in 2020 and the number of customers continued to increase throughout 2023 — a recognition of the importance of transit to the region's recovery.

1.3.4 Project Purpose and Need

The RLE Project purpose includes the following:

- Reduce commute times for residents both within and south of the RLE Project Area
- Improve mobility and accessibility for transit-dependent residents in the RLE Project Area
- Improve rapid transit rail service to isolated areas and provide viable linkages between affordable housing (e.g., the Altgeld Gardens neighborhood), jobs, services, and educational opportunities, thereby enhancing livability and neighborhood vitality
- Provide an opportunity for potential connections and linkages to other public transportation modes, including regional commuter rail in the RLE Project Area
- Foster economic development in the RLE Project Area, where new stations may serve as catalysts for neighborhood revitalization and help reverse decades of disinvestment in local business districts
- Provide a modern, efficient railcar storage yard and shop facility to provide storage and cost-effective preventive maintenance for railcars associated with the RLE Project, railcars currently stored in the existing 98th Street Yard and Shop, and railcars supporting additional Red Line expansion of service

The need for the RLE Project is demonstrated by the following existing conditions:

- Transit trips to jobs are longer for Far South Side residents than they are for residents in the Chicago seven-county region as a whole ⁴
- Transit-dependent populations in the RLE Project Area have limited direct access to rapid transit rail service
- The RLE Project Area is geographically isolated from major activity centers and provides residents limited viable transportation options, which limits access between affordable housing (e.g., the Altgeld Gardens neighborhood) and employment centers outside of the RLE Project Area
- Existing transit markets are underserved, and transit connectivity is challenging in the RLE Project Area
- Disinvestment and limited economic development in the RLE Project Area have negatively affected Far South Side communities
- The existing 98th Street Yard does not have capacity to store railcars for any substantial increase in Red Line capacity to accompany future Red Line expansion

³ CTA. Retrieved January 2024. <https://www.transitchicago.com/cta-ridership-breaks-post-pandemic-record/?keyword=ridership>

⁴ The Chicago seven-county region includes the counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will in Illinois.

Additional information on the Purpose and Need, including justification of the Project Purpose and Need, is documented in the Combined Final Environmental Impact Statement / Record of Decision and Section 4(f) Evaluation document (Final EIS/ROD), available under separate cover.

1.3.5 Proposed Procurement Approach

The RLE Project plan for project delivery and procurement is described in the RLE Project Delivery and Procurement Plan (PDPP), available under separate cover as a subplan of the RLE Project Management Plan (PMP). The purpose of the PDPP is to document decisions regarding the most appropriate project delivery methods and contract packaging for the CTA RLE Project. The PDPP was developed to be consistent with CTA's *Procurement Policy and Procedures*. **Table 1-2** summarizes recommendations from the PDPP.

Table 1-2: Contract Packages and Delivery Methods

Contract Packages	Delivery Method
Mainline Corridor Right of Way, Systems, Stations, Traction Power Substations, and All Other Work	Design-Build
Yard and Shop, including Yard Substation and Radio Tower; Advance Earthwork; Parking Structures	Design-Bid-Build
Advanced Utility Relocation	Advanced Utility Work by Utility Companies
Real Estate Demolition	Design-Bid-Build
Real Estate Property Management	Professional Services Contract

Source: CTA, RLE Project Delivery and Procurement Plan.

1.3.6 Status of NEPA Compliance

The National Environmental Policy Act of 1969 (NEPA) requires the evaluation of potential environmental impacts associated with federal projects and actions. CTA undertook an extensive Alternatives Analysis (AA) process beginning in 2006, which identified heavy rail transit via the Union Pacific Railroad (UPRR) Corridor as the Locally Preferred Alternative (LPA). The Chicago Transit Board adopted the LPA in August 2009.

Following the AA process, an Environmental Impact Statement (EIS) was prepared to document the Project's Purpose and Need, evaluate the impacts and benefits of the LPA in comparison to the No Build Alternative, and establish mitigation measures to address any environmental impacts to the surrounding community. CTA initiated the NEPA process in late 2009 with Scoping and evaluated the environmental impacts of constructing and operating the RLE Project in the Draft EIS, including a No Build Alternative and two UPRR Alternative options: the East Option and the West Option. The CTA and FTA published the Draft EIS in 2016. In January 2018, CTA selected the Preferred Alignment, a combination of the two UPRR Options.

On January 31, 2022, CTA publicly released the Supplemental Environmental Assessment (EA) and Section 4(f) Evaluation to document RLE Project changes since the Draft EIS, including the 130th Street station relocation from north to south of 130th Street. The Supplemental EA also includes an assessment of the Preferred Alignment and the UPRR crossing at approximately 107th Place, which was announced in 2018, as well as refinements to the alignment near the proposed 120th Street Yard and Shop. The Final EIS and Record of Decision (ROD) and Section 4(f) Evaluation was signed by FTA on July 28, 2022 and published on August 12, 2022. The Final EIS/ROD includes a matrix of mitigation commitments.

After the signing of the Project's combined Final EIS/ROD, a NEPA re-evaluation was undertaken in early 2024 due to refinements to the location of the 120th Street Yard and Shop. CTA received concurrence from FTA on March 25, 2024 that the refinements described in the NEPA re-evaluation will not result in new impacts to the environment, that appropriate measures have been incorporated into the project to mitigate the impacts of the changes where needed, and that the findings of the signed combined Final EIS/ROD and Section 4(f) Evaluation published on August 12, 2022 are still valid.

An additional NEPA re-evaluation was initiated in August 2024, due to refinements from contractor negotiations as part of the Design-Build procurement process, specifically during the Best and Final Offer (BAFO) stage. CTA received concurrence from FTA on October 9, 2024 that the refinements described in the NEPA re-evaluation will not result in new impacts to the environment, that appropriate measures have been incorporated into the project to mitigate the impacts of the changes where needed, and that the findings of the signed combined Final EIS/ROD and Section 4(f) Evaluation published on August 12, 2022 are still valid.

1.3.7 Project Schedule

The major RLE Project milestones are summarized in **Table 1-3** below.

Table 1-3: RLE Project Schedule

Phase	Milestone	Milestone Date
New Starts	Entry into New Starts Project Development	December 15, 2020 ^[a]
	Request Project Rating for inclusion in the <i>FY2024 Annual Report</i>	August 26, 2022 ^[a]
	Preliminary Engineering (30% design) complete	October 2022 ^[a]
	Completion of readiness requirement documentation and activities to obtain a Project Justification rating and to request Entry into New Starts Engineering	March 17, 2023 ^[a]
	Entry into New Starts Engineering	August 28, 2023 ^[a]
NEPA	Public Release of the Supplemental EA and Section 4(f) Evaluation	January 31, 2022 ^[a]
	Final EIS/ROD published	August 12, 2022 ^[a]
Transit Tax-Increment Financing (TIF)	Transit TIF designation by City of Chicago	December 14, 2022 ^[a]
Full Funding Grant Agreement (FFGA)	Anticipated receipt of FFGA from FTA	Q4 2024
Design-Build Contractor (DBC)	DBC shortlist selected	May 12, 2023 ^[a]
	RFP Issuance	September 8, 2023 ^[a]
	DBC Selection Announced by CTA Board	August 14, 2024 ^[a]
	Anticipated DBC Notice to Proceed	Q1 2025
Construction	Anticipated duration of construction	2026-2030
Revenue Operations	Anticipated start of revenue service	2030
Project Closeout	Anticipated conclusion of closeout of RLE Project	2032

Note: [a] denotes actual date. The remaining dates are anticipated based on the RLE Master Project Schedule.

1.4 Project Sponsor

1.4.1 Organization

CTA is an independent governmental agency created and empowered by the Illinois [Metropolitan Transit Authority Act \(70-ILCS-3605\)](#) enacted in 1945 (MTA Act). The CTA began operating on October 1, 1947, after it acquired the properties of the Chicago Rapid Transit Company and the Chicago Surface Lines. On October 1, 1952, CTA became the sole operator of Chicago transit when it purchased the Chicago Motor Coach system.

The seven-member Chicago Transit Board governs the operations of the CTA. The Board deliberates and votes to adopt resolutions pertaining to CTA's business, including financial, budgetary, construction, real estate, and asset management matters. The Metropolitan Transit Authority (MTA) Act also empowers the CTA Board to enter into agreements to acquire transportation assets, to borrow money for acquiring such assets, and to replace worn out and obsolete equipment and facilities. The Governor of Illinois appoints three members, and the Mayor of the City of Chicago appoints the remaining four members. The Mayor's appointees are subject to the approval of the Governor and the Chicago City Council. Similarly, the Governor's appointees are subject to the approval of the Mayor and the Illinois State Senate. CTA's Chairman of the Board is Lester Barclay and CTA's day-to-day operations are directed by President Dorval R. Carter, Jr. Additional background information and a description of the CTA, including organizational structure and enabling legislation, is included in the supporting documentation under item 13.

CTA generates revenue from both farebox collections and non-farebox revenues, and also receives supplemental funding for operating expenses through the Regional Transportation Authority (RTA). The RTA was established in 1974 to oversee local transportation operators in the six-county Chicago metropolitan area. Illinois state law requires the three RTA service boards – CTA, Metra (the suburban rail system), and Pace (the suburban bus system) – to recover collectively at least 50% of operating costs from farebox and other system revenues, which is one of the most aggressive farebox recovery requirements in the country. CTA has historically (prior to the COVID-19 pandemic) exceeded the 50%⁵ farebox recovery requirement.

As a result of COVID-19 impacts, the Illinois General Assembly approved a three-year suspension of CTA's fare recovery requirement in effect from 2021 to 2023. In May 2023, the Illinois General Assembly took another critical step in extending relief for the transit system by extending the current suspension of the requirement through 2025.

CTA and RTA are considering options to lower the mandatory farebox recovery ratio, in coordination with identifying additional public subsidy sources, in light of the long-term effects of the pandemic on ridership. Under the most recent forecasts, CTA does not expect to return to 2019 ridership levels in

⁵ The farebox recovery requirement is set at 50% at the regional level. There are certain revenues and costs that are excluded from this calculation, so the regional number does not fully match what CTA reports in the National Transit Database (NTD) number.

the near future, which is similar to other large transit systems. Permanently lowering the mandatory farebox recovery ratio will require the approval of the State legislature.

1.4.2 System

The CTA operates the second largest public transportation system in the United States, covering the City of Chicago and 35 surrounding suburbs. The CTA rail system comprises eight rail lines and 145 stations. Of this, 88 stations are elevated, 21 are in the subway, and the remaining 36 are at-grade. CTA's bus system has 127 routes⁶ and over 10,700 bus stops. The agency is a significant regional employer, with over 10,000 employees in the greater Chicago region.⁷



Table 1-4 provides an overview of CTA's bus rolling stock, including documentation of average bus fleet age. Most of CTA's buses are standard 40-foot buses that provide seating for 36 to 39 passengers, while a smaller number are larger 60-foot articulated buses with room for 50 to 62 seated passengers for use on CTA's most popular routes. CTA plans on regularly purchasing vehicles (approximately 100+ annually) to balance the needs of operations and maintenance, while also distributing capital costs and actively lowering the average fleet age in the coming years. The current bus fleet composition includes diesel, hybrid, and electric buses across eight series. However, CTA is committed to fully transitioning its fleet to electric buses by 2040 and does not plan to purchase diesel buses beyond 2026.⁸ For additional information on average fleet age calculations, refer to the CTA's 2022 Bus Fleet Management Plan provided as item 17 of the supporting documentation.

⁶ Chicago Transit Authority. 2022 Bus Fleet Management Plan. Published February 2023. Retrieved February 2023.

⁷ Regional Transportation Authority. Regional Transit Authority Mapping and Statistics (RTAMS). <https://rtams.org/>

⁸ Chicago Transit Authority. Charging Forward: CTA Bus Electrification Planning Report. Published February 2022. Retrieved August 2022. [https://www.transitchicago.com/assets/1/6/Charging_Foward_Report_2-10-22_\(FINAL\).pdf](https://www.transitchicago.com/assets/1/6/Charging_Foward_Report_2-10-22_(FINAL).pdf)

Table 1-4: CTA Bus Rolling Stock

Fleet Type	Vehicle Types in Fleet	Total Number of Vehicles ^[1]	Average Fleet Age
Bus	Nova 6400-series (diesel), New Flyer 1000-series (diesel), New Flyer 4000-series (articulated hybrid), New Flyer 4300-series (articulated hybrid/diesel mix), New Flyer 700-series (electric), Nova 7900-series (diesel), Proterra 600-series (electric)	1,924	10.8 years ^[2]

^[1] Includes vehicles on long-term hold.

^[2] Reflects the average composite fleet age for the year 2024.

Source: CTA 2022 Bus Fleet Management Plan

CTA has four types of rail cars in service including the 2600-, 3200-, 5000-, and 7000-series. The 7000-series rail cars are currently comprised of cars built by CRRC Qingdao Sifang Co., Ltd. Delivery of a base order of 400 cars began in June 2022. By contract, the CTA may elect to purchase additional cars (totaling 846 cars) as options to the original contract if so desired and if funding is available. Assuming all options are exercised, a portion of the new 7000-series cars is expected to be used for fleet expansion. In the event the CTA does not exercise all the options for the 7000-series cars, actions to retain existing rail cars and/or pursue additional rail car procurements will be considered but do not impact CTA's ability to provide service for the RLE Project.

1.4.3 Current Financial Condition

As described in more detail in **Sections 3 and 4**, the types of debt CTA typically issues are sales tax receipts revenue bonds, capital grant receipts revenue bonds, and Transportation Infrastructure Finance and Innovation Act (TIFIA) financing secured by farebox revenue; planned debt can also be secured by Tax Increment Financing (TIF) revenues. **Table 1-5** presents current credit ratings and final maturity for CTA's outstanding debt obligations. CTA's credit ratings remain strong despite the pandemic and are bolstered by the strong recovery in sales tax revenues. Kroll rates all of CTA's senior sales tax lien bond issuances AA. Both Kroll and Standard & Poor's (S&P) rate CTA's outlook as stable as of December 2023. In February 2023, S&P raised its long-term rating from A to A+ on CTA's capital grant receipt revenue bonds (GARVEE) backed by FTA Section 5307 funds due to improved debt service coverage. The bond issuance documentation for Series 2022A, CTA's most recent issuance, is included as item 18 of the supporting documentation.

Table 1-5: Credit Ratings and Final Maturity Dates of CTA's Debt Obligation

Issue Date/ Series	Revenue Pledge	Final Maturity	Fitch Ratings		Kroll Bond Ratings Agency		Standard & Poor's Global Ratings	
			Rating	Outlook	Rating	Outlook	Rating	Outlook
2022A	Second Lien Sales Tax	2057	N/A	N/A	AA-	Stable	A+	Stable
2020B	Sales Tax	2040	N/A	N/A	AA	Stable	AA	Stable
2020A	Second Lien Sales Tax	2055	N/A	N/A	AA	Stable	A+	Stable
2017	Second Lien Sales Tax	2051	N/A	N/A	AA-	Stable	A+	Stable
2014	Sales Tax	2049	N/A	N/A	AA	Stable	AA	Stable
2010B	Sales Tax	2040	N/A	N/A	AA	Stable	AA	Stable
2008A and 2008B	Sales Tax & Transfer Tax	2040	N/A	N/A	AA	Stable	AA	Stable
2017	GARVEE - 5307	2026	BBB	Stable	N/A	N/A	A+	Stable
2021	GARVEE - 5307	2029	BBB	Stable	N/A	N/A	A+	Stable
2015	GARVEE - 5337	2026	BBB	Stable	N/A	N/A	A+	Stable
2017	GARVEE - 5337	2026	BBB	Stable	N/A	N/A	A+	Stable
2021	GARVEE - 5337	2028	BBB	Stable	N/A	N/A	A+	Stable
2006 PBC	Lease Payments	2033	N/A	N/A	N/A	N/A	A+	Stable
2014 TIFIA 95th St	Farebox Revenue	2050	N/A	N/A	N/A	N/A	A+	Stable
2015 TIFIA Your New Blue	Farebox Revenue	2052	N/A	N/A	AA-	Stable	A+	Stable
2016 TIFIA Railcars	Farebox Revenue	2056	N/A	N/A	AA-	Stable	A+	Stable

Source: CTA FY2024 Budget Book, S&P Ratings

CTA's FY2024 budget includes funds for the payment of principal and interest costs associated with sales tax bond series issued in 2008, 2010, 2014, 2017, 2020, and 2022. Funding has also been budgeted for the payment of principal and interest costs for GARVEE bonds issued in FY 2015, 2017, and 2021.

To date, CTA has received three TIFIA loans. In 2014, CTA received its first TIFIA loan for \$79.2 million as part of an overall \$280 million funding package to renovate the Red Line's 95th Street Terminal. In 2015, CTA received a second \$120 million TIFIA agreement to support the \$410.6 million Your New Blue Program. In 2016, CTA received a third TIFIA loan for \$254.9 million as part of \$719.8 million project to purchase 400 new 7000-series rail cars. In December 2024, CTA expects to reach financial close on its fourth TIFIA loan for \$ 374.1 million for the \$2.1 billion RPM Phase One Project.

Table 1-6 summarizes CTA's recent current ratio (current assets divided by current liabilities). Based on the audited Financial Statements and Supplementary Information for FY2019 to FY2023, CTA's current operating ratio has ranged between 0.84 and 0.96 over the last five years.

Table 1-6: CTA Current Ratio (FY2019-FY2023)

	2019	2020	2021	2022	2023
Current Assets (\$000s)	\$633,635	\$728,508	\$803,920	\$860,552	\$882,779
Current Liabilities (\$000s)*	\$758,750	\$809,667	\$854,590	\$898,365	\$966,343
Current Ratio	0.84	0.90	0.94	0.96	0.91

*Current liabilities exclude the portion of the line of credit that is due within the year (see supporting documentation item 6 for CTA's audited financial statements)

Source: CTA Financial Statements

1.5 RLE Funding Partners

The following entities are anticipated to serve as funding partners for the RLE Project:

Federal Transit Administration: The FTA is the proposed primary funding partner for the RLE Project. Capital investment from the FTA is assumed in the Financial Plan for capital assistance. CTA is applying for approximately \$1.974 billion (YOE\$) in FTA Section 5309 New Starts funding to implement RLE. FTA Section 5307 Urbanized Area Formula funds, Section 5337 State of Good Repair Program Formula Program funds, and Section 5339 Bus and Bus Facilities Formula Program funds are proposed to provide assistance for ongoing capital expenditures, including state of good repair for the background transit system.

FTA also awarded a \$450,000 FY21 Areas of Persistent Poverty (AoPP) grant to fund a local engagement plan for RLE. FTA awards AoPP funds on a competitive basis to state and local governments, transit agencies, and nonprofit organizations to create better transit for residents who have limited or no transportation options. For RLE, the plan, as developed by local partner(s), will support existing CTA outreach efforts by outlining strategies to better reach people where they are, ensure broad community awareness of RLE, and build community ownership in RLE. See supporting documentation item 7 for documentation within the TIP.

US Department of Transportation (USDOT) Congestion Mitigation and Air Quality (CMAQ) Program and Carbon Reduction Program (CRP): The USDOT Federal Highway Administration (FHWA) allocates flexible CMAQ program funding on a regional basis. FHWA also allocated CRP funding by state per the 2022 BIL. Similar in nature to the CMAQ program, CRP is focused on the reduction of carbon dioxide emissions with project types identical to those eligible under CMAQ. CMAQ and CRP funding is administered by the region's Metropolitan Planning Organization (MPO), the Chicago Metropolitan Agency for Planning (CMAP). In 2021, CTA received an award of \$30 million for RLE in CMAP's FY2022-2026 CMAQ program, programmed for FY2026 (see supporting documentation item 7 for the approval letter from CMAP). On October 11, 2023, CTA was awarded an additional \$100 million in CRP funding for the RLE Project in CMAP's FY2024-2028 CMAQ and CRP program (see supporting documentation item 7 for the approval letter from CMAP).

US Department of Housing and Urban Development (HUD) Community Project Funding (CPF) Program: Congress awards grants to communities under the Economic Development Initiative for the purpose of community project funding/congressionally directed spending. In 2022, the Congressional Grants Division of HUD's Office of Community Planning and Development administered an \$1.5 million grant (earmark) to the CTA for workforce development (Grant #: B-22-CP-IL-0300). The RLE Workforce Initiative will help address inequities by strengthening economic prospects of community members by connecting individuals with employment opportunities. See supporting documentation item 7 for documentation within the TIP.

City of Chicago: As described in more detail in **Section 2**, the City of Chicago designated a Transit TIF district for RLE, and the authorizing ordinances were approved by the City Council in December 2022. The designation of the Transit TIF district represents a significant source of capital revenues for RLE (\$950 million total in PayGo funds and bond repayments) and a demonstration of the local commitment to the Project.

State of Illinois: As described in more detail in **Section 2**, CTA will use a portion (\$440.5 million) of its allocation of State PayGo funds to fund RLE capital costs.

Regional Transportation Authority (RTA): While not a direct funding partner for RLE, the RTA is the financial oversight agency for transit providers in the Chicago region. Through the Regional Transportation Authority Act (RTA Act), the Illinois General Assembly created the RTA as a fiscal policy oversight agency to the CTA, Metra commuter rail, and Pace suburban bus. The RTA Act provides for the funding of public transportation in the six-county region of northeastern Illinois, and the RTA approves the CTA's proposed budget and two-year financial plans.⁹

Others: CTA may also pursue funding from RTA and/or Cook County that could offset CTA bonds, if attained.

⁹ Regional Transportation Authority. Retrieved August 2022. <https://www.rtachicago.org/about-us>

1.6 Regional Economic Conditions

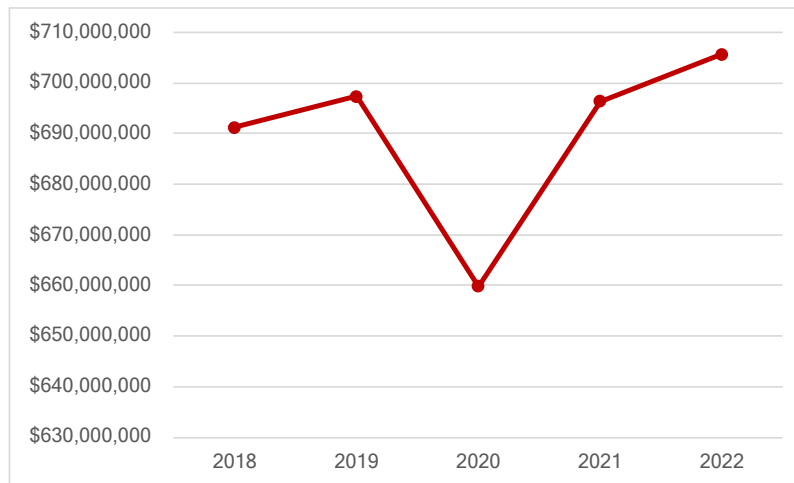
The Chicago metropolitan area is a major diversified employment center. The following provides a summary of key local economic conditions.

Employment Base: As of March 2024, the seasonally adjusted non-farm employment in the Chicago metropolitan statistical area was 4,728,100, a net increase of 0.1% compared to March 2023.¹⁰ This was below the average 2.0% increase in employment for the U.S. over the same period.

Unemployment: As of March 2024, the seasonally adjusted unemployment rate for the Chicago metropolitan statistical area was 4.9%, a slight increase from 4.3% in March 2023. This matches national trends, with the national unemployment rate up to 3.9% in March 2024 from 3.9% in March 2023.¹¹ Overall, unemployment is higher than the national average in the Chicago area.

Consumer Inflation: Prices in the Chicago area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), increased by 3.13% over the 12-month period ending in March 2024. This was a lower increase than the United States city average of 3.5%.¹²

Gross Domestic Product (GDP): GDP for the Chicago metropolitan area grew steadily by an average of 1.0% annually over the period 2018 to 2022, which included a decline of 5.4% in 2020 as a result of the COVID-19 pandemic. The annual GDP growth in 2022 was 1.34%, compared to 1.9% at the national level.¹³ Refer to **Figure 1-2**.



Source: Bureau of Economic Analysis

Figure 1-2: Real GDP for the Chicago-Naperville-Elgin Metropolitan Statistical Area, 2018-2022

¹⁰ Bureau of Labor Statistics. Chicago Area Economic Summary. Retrieved May 2024, https://www.bls.gov/regions/midwest/summary/blssummary_chicago.pdf

¹¹ Bureau of Labor Statistics. Chicago Area Economic Summary. Retrieved May 2024, https://www.bls.gov/regions/midwest/summary/blssummary_chicago.pdf

¹² Bureau of Labor Statistics. Chicago Area Economic Summary. Retrieved May 2024, https://www.bls.gov/regions/midwest/summary/blssummary_chicago.pdf

¹³ U.S. Bureau of Economic Analysis, "CAGDP1 County and MSA gross domestic product (GDP) summary". Retrieved May 2024, <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1&acrdn=5>

1.7 Financial Plan Summary

This section presents an overview of the CTA's Financial Plan to deliver the RLE Project. The complete capital plan for RLE is presented in **Section 2**. RLE is part of the CTA's five-year Capital Improvement Program (CIP) for the period FY2024-FY2028. The Financial Plan reflects the most recently adopted CTA Budget for FY2024.

1.7.1 RLE Financial Plan Summary

As shown in **Table 1-7**, the estimated capital cost of RLE, starting with Project Development stage of the New Starts Program, is \$5,276.6 million in YOEs before accounting for finance charges. As documented in **Section 2**, of the total capital costs, \$4,531.4 million are in New Starts Standard Cost Categories (SCC) 10 – 80 and \$745.2 million is included in SCC category 90 for Unallocated Contingency. Total allocated and unallocated contingency for the Project represents 21.5% of total project costs (excluding latent contingency).

Finance Charges for the Project through the FFGA period are \$473.4 million in YOEs. The total Project cost including Finance Charges is \$5,750.0 million in YOEs.

As described in detail in **Section 2**, 34% of the funding is anticipated to be funded through an FTA Section 5309 FFGA, for a total value of \$1,974.0 million, which includes \$130.9 million toward Finance Charges and \$1,843.1 million toward capital costs. The remaining 66% non-Section 5309 share of the capital costs will be funded through CTA Bond Proceeds, State PayGo funds, CMAQ/CRP funding, Transit TIF funding (PayGo and financed), federal AoPP and CPF grants, and a small share of federal formula and insurance proceeds. The CTA share (72%) of the Finance Charges is \$342.5 million and will be paid for through operating and Transit TIF revenues. Transit TIF revenue forecasts have incorporated robust financing assumptions to support debt payments.

Total CTA Bonds, Transit TIF, State PayGo Funds, CMAQ/CRP funding, and AoPP and CPF grants of \$3,776.0 million has been committed to this Project, representing 100% of the \$3,776.0 million non-CIG share of capital costs. Additional information on the financial commitments is available in supporting documentation item 7.

Table 1-7 below summarizes the capital sources and uses of funds for RLE. Note that these amounts are displayed by CTA fiscal year, which is the same as the calendar year and does not match the Federal fiscal year.



Table 1-7: RLE Sources and Uses of Funds (YOY \$)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Section 5309 New Starts CIG Funds	\$-	\$-	\$-	\$746,000,000	\$350,000,000	\$350,000,000	\$-	\$132,000,000	\$132,000,000	\$131,978,348	\$-	\$1,973,978,348
CMAQ	\$-	\$-	\$-	\$-	\$-	\$30,000,000	\$-	\$-	\$-	\$-	\$-	\$30,000,000
CRP	\$-	\$-	\$-	\$30,000,000		\$10,000,000	\$15,000,000	\$45,000,000	\$-	\$-	\$-	\$100,000,000
RLE TIF PayGo	\$-	\$-	\$-	\$-	\$-	\$19,090,000	\$19,560,000	\$35,165,000	\$21,587,421	\$-	\$-	\$113,502,421
State of Illinois PayGo Funds	\$-	\$-	\$-	\$25,000,000	\$44,009,069	\$76,000,000	\$76,000,000	\$60,882,569	\$-	\$78,514,758	\$80,085,053	\$440,491,449
CTA Bond Proceeds (Sales Tax) ¹	\$46,579,007	\$58,290,816	\$-	\$115,980,519	\$80,730,033	\$-	\$450,000,000	\$600,000,000	\$559,507,810	\$-	\$-	\$1,911,088,186
CTA Bond Proceeds (TIF District)	\$-	\$-	\$-	\$-	\$-	\$154,000,000	\$382,639,250	\$154,000,000	\$145,858,329	\$-	\$-	\$836,497,579
HUD Community Project Funding	\$-	\$-	\$-	\$1,500,000	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1,500,000
FTA Areas of Persistent Poverty Grant	\$-	\$-	\$450,000	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$450,000
Interim Financing	\$-	\$-	\$-	\$-	\$-	\$-	\$1,839,873	\$206,419,760	\$(208,259,632)	\$4,086,490	\$(4,086,490)	\$-
Finance Costs paid by CTA ²	\$-	\$-	\$-	\$5,320,632	\$10,394,004	\$15,064,067	\$34,720,339	\$69,300,667	\$98,308,818	\$109,388,138	\$-	\$342,496,664
Total RLE Sources of Funds	\$46,579,007	\$58,290,816	\$450,000	\$923,801,151	\$503,233,106	\$654,154,067	\$1,111,759,462	\$1,302,767,996	\$749,002,746	\$323,967,733	\$75,998,563	\$5,750,004,647
RLE Capital Expenses	\$17,190,401	\$45,823,970	\$107,269,662	\$201,069,669	\$543,734,028	\$1,061,722,767	\$1,230,922,741	\$1,206,978,926	\$511,238,746	\$274,647,946	\$75,998,563	\$5,276,597,420
RLE Finance Costs	\$-	\$-	\$-	\$7,354,307	\$14,366,845	\$20,821,921	\$47,991,297	\$-	\$135,884,841	\$151,198,947	\$-	\$473,407,227
Total RLE Uses of Funds	\$17,190,401	\$45,823,970	\$107,269,662	\$208,423,976	\$558,100,873	\$1,082,544,688	\$1,278,914,039	\$1,302,767,996	\$647,123,587	\$425,846,892	\$75,998,563	\$5,750,004,647

1. CTA Bond Proceeds include a small share of previously allocated insurance proceeds and Section 5307 funding.

2. Finance Costs paid by CTA are assumed to be sales tax and TIF revenue streams. TIF finance costs were incorporated in original TIF projections. These are accounted for in debt service estimates.

Source: Financial Model

1.7.2 CTA Systemwide Financial Plan Summary

The financial plan for the CTA system as a whole is based on historic sources and uses of funds, five-year forecasts included in the FY2024 CTA Budget Book, and the CTA agencywide financial model for longer term projections. **Table 1-8** summarizes systemwide capital expenditures and revenues, inclusive of the RLE Project, over the period FY2024-FY2043. **Section 3** provides more detail on the CTA systemwide capital plan.

Table 1-9 summarizes systemwide Operations and Maintenance (O&M) expenditures and revenues, inclusive of the RLE Project, over the period FY2024-FY2043. **Section 4** provides more detail on the CTA systemwide operating plan.

Table 1-8: CTA Systemwide Projected Capital Sources and Uses, FY2024-FY2043 (\$000s)

Capital Sources of Funds	\$000s	Capital Uses of Funds	\$000s
RLE Capital Funding	\$5,643,185	Bond and TIFIA Debt Service	\$5,752,105
FTA Formula Funds	\$10,541,348	Capital Leases	\$61,878
Other Federal Funds	\$268,706	Red Line Extension	\$5,579,721
RTA Funds	\$3,591,398	Rolling Stock	\$3,899,432
Local Funds*	\$15,899	Rail Projects	\$3,235,514
TIF District	\$1,062,569	Systemwide Projects	\$1,163,593
CTA Bond Proceeds	\$409,372	Support Facilities, Others	\$961,823
Prior Funds for Current Year	\$0		
Operating Match	\$625		
Total Sources	\$21,533,101	Total Uses	\$20,654,066

Source: Financial Model

*Local funds are CTA's share of competitive grant awards

Table 1-9: CTA Systemwide Projected Operating Sources and Uses, FY2024-FY2043 (\$000s)

Operating Sources of Funds	\$000s	Operating Uses of Funds	\$000s
Fare Revenue	\$9,127,032	Labor	\$37,908,712
Incremental RLE Fare Revenue	\$65,105	Material	\$3,891,559
Other Operating Revenue	\$2,000,843	Fuel	\$982,450
Public Funding	\$45,133,400	Power	\$978,874
		Security Services	\$1,775,146
		Injuries and Damages	\$453,363
		Other	\$4,713,678
		Incremental RPM Phase One	\$165,372
		Incremental RLE	\$729,684
		2008 POB Bonds	\$2,661,760
		95th Street TIFIA	\$90,197
		Railcar TIFIA	\$189,045
		Your New Blue TIFIA	\$98,360
Total Sources**	\$56,326,380	Total Uses	\$54,638,199

**Revenue exceeds expenditures beginning in FY2027 under current forecast assumptions

Source: Financial Model

1.7.3 Key Performance Indicators Summary

CTA continues to adapt to the unprecedented challenges posed by the COVID-19 pandemic and has undertaken significant efforts to continue to deliver quality, affordable transit services that link people, jobs, and communities. As part of the development of this Financial Plan, CTA has evaluated Key Performance Indicators as of June 2024 as summarized in **Table 1-10**. This analysis has helped CTA better understand how this Financial Plan may be rated as part of the federal CIG process.

Through this process, CTA has developed recommendations for the approach, after careful consideration of the unique and changing circumstances posed by the pandemic. The following information, however, is only provided to FTA for informational purposes. CTA understands that the ultimate authority and discretion lies with FTA and its consultant teams to evaluate this Financial Plan and assign a rating in accordance with the statutory criteria evaluating local financial commitment set forth under the IIJA.

Additional information on each of these Local Financial Commitment factors can be found throughout this document and summarized in **Section 5**. The preliminary ratings reflect the ranges by which FTA evaluates proposed New Start projects under published CIG guidance.

Table 1-10: Key Performance Indicators Summary

KPI	Value	Preliminary Rating
Current Condition		Medium
Average bus fleet age	10.8 years	Medium-Low
Current ratio	0.91 (FY2023)	Low
Bond rating trends	All senior sales tax lien bond issuances are rated A+ by S&P (AA by Kroll), with a Stable outlook	Medium
Cash flow shortfalls	Historically positive cash flows; COVID relief funding not fully expended until FY25	Medium-High
Service cutbacks	None prior to 2020; service was maximized during COVID-19 pandemic despite staff shortages	Medium-High
Commitment of capital and operating funding		High
Capital funding commitment	100% of non-CIG capital funding committed in the form CTA Bonds, State PayGo funds, CMAQ/CRP, FTA 5307 Urbanization, federal AoPP grant, federal CPF grant, and RLE Transit TIF district	High
Operating funding commitment	CTA has financial capacity to cover expenditures, including incremental RLE costs	Medium-High
Reasonableness of capital/operating cost estimates & planning assumptions / capital funding capacity		Medium-High
Reasonableness of capital and operating cost estimates, and planning assumptions	Capital cost estimates based on 30% Design plans, incorporates construction approach, labor productivity, current commodities pricing, and robust inflation rates. Conservative assumptions for operating costs based on historic data, expected level of service post-COVID.	Medium-High ^[1]
Capital funding capacity	CTA has access to additional bonding capacity from sales tax revenues, farebox, and TIF revenues. Per sensitivity scenarios, capacity is sufficient to cover a 15% capital cost increase to the RLE Project cost. Overall, CTA has access to an additional \$4.6 billion in debt capacity under its senior lien, and \$6.8 billion in debt capacity under its junior lien, which could be accessed to resolve cost increases and funding shortfalls.	High
Summary Local Financial Commitment Rating		Medium-High
CIG Share	The CIG share of total Project costs (34%) is less than 50% and the anticipated summary Local Financial Commitment rating (Medium-High) is a Medium or higher.	+1 level
Overall Local Financial Commitment Rating		High

[1] CTA and regional partners are actively evaluating new sources of funding for transit operations, which is more fully described in **Section 4**. This rating takes into account that the region is committed to funding a viable transit system, including equity-focused service such as RLE.

1.7.4 Financial Risk/Sensitivity Test Summary

Sensitivity analyses were run to determine the impact of several changes to capital and operating sources of funds on the overall Project. **Table 1-11** summarizes the results of these sensitivities, which were run using the Financial Model. Details on additional risk mitigation strategies are included in **Section 6** of this plan.

Item 5 in the supporting documentation includes five sensitivity cases, as well as documentation of CTA's debt capacity. Details on the risk mitigation strategies are included in **Section 6** of this plan. Overall, CTA has access to an additional \$4.6 – 6.8 billion in debt capacity, which could be accessed to resolve cost increases and funding shortfalls.

Table 1-11: Sensitivity Analyses

Sensitivity Description	Impact
15% increase in capital costs	CTA would need to issue \$824.5 million in additional sales tax bonds to afford the Project, resulting in \$22.7 million in additional debt service in 2030, \$45.3 million in additional debt service each year from 2031 - 2040, and \$73.3 million in additional debt service each year from 2041 through 2058. The additional debt service would decrease the amounts available for other capital projects and the operating budget.
12.5% increase in systemwide O&M costs	Results in an operating gap of \$211.0 million in 2032. This number would decrease every year until it would be eliminated in 2042, shortly after the debt service on the Pension Bonds would be paid off. The total shortfall from 2032-2042 would be \$1.69 billion.
10% decrease in annual sales tax receipts	Shortfall of approximately \$101.3 million per year systemwide through 2040, totaling \$1.72 billion through 2040. The shortfall would be eliminated in 2041 when the debt begins to be retired.
TIF lower growth scenario	TIF PayGo is reduced by approximately \$13.2 million, requiring \$13.2 million in additional TIF supported sales tax bonds to be issued and repaid by TIF. TIF revenues would still be sufficient to fund all the debt service due on the bonds. In addition, \$472,000 of non-TIF supported sales tax bonds would need to be issued.
TIF recession scenario	TIF PayGo would fall to \$1.66 million and an additional \$111.8 million in TIF supported sales tax-backed bonds would need to be issued. In this scenario, TIF revenues in years 2028-2036 would not be sufficient to pay the entire amount of debt service that would be due on the bonds and CTA would need to use their sales tax revenues to pay \$139.8 million of the debt service in these years. An additional \$4.3 million in non-TIF supported sales tax bonds would need to be issued, increasing sales tax debt service by \$3.4 million through 2043.

Section 2 - RLE Capital Plan

2.1 Project Capital Costs

This section summarizes the capital plan for the RLE Project. Assumptions pertaining to the capital plan for RLE are documented below. Additionally, assumptions that are used in the Financial Model are documented in item 2 in the supporting documentation.

2.1.1 Capital Cost Estimate Methodology

For additional information on the capital cost estimate methodology, refer to item 2 in the supporting documentation for the RLE Basis of Estimate document, updated in June 2024.

Capital costs include a one-time expenditure required to build the Project and include costs associated with the guideway, track, stations, structures, signalization and communications systems, support facilities, vehicles, and right of way acquisition. “Soft costs” for items such as engineering, construction services, project management, surveys, testing, insurance, legal, permits, and owner’s costs are also included as part of the overall capital cost. Contingencies, allocated and unallocated, are applied to the capital cost to account for uncertainty in both the estimating process and the scope of the Project.

As the level of design detail increases, more and more items are specifically estimated, leading to lower contingency costs in the estimate. Ideally, such project design and cost estimating maturation will not materially change the overall total capital cost estimate but will make the estimate far more specific in nature. As final contract amounts are known, they are incorporated into the estimate.

Capital cost estimates were prepared using the format and procedures currently required for project evaluation by the FTA. The FTA methodology includes the use of Standard Cost Categories (SCC) and groupings for organization of the data, and detailed spreadsheets for development of forecast year estimates and annualized capital costs.

Basis of Quantities

The development of an accurate and credible capital cost estimate starts with the estimation of quantities that adequately reflect the scope of a project or program. The quantities were estimated by direct measurement and calculation of construction elements as depicted on the preliminary engineering drawings (i.e., volumetric quantification) or as assumed by experienced engineering staff where required details were inadequate on the preliminary engineering drawings.

Basis of Cost

The cost-based estimate approach was utilized in the development of the RLE Capital Cost Estimate and utilizes a “bottom-up” detailed pricing methodology which utilizes quantity take-offs, labor crew sizes and labor costs, production rates, material and equipment costs, contractor overhead and profit, and contractor general requirements such as mobilization, insurance, overhead, and profit.

Contractor overhead and profit is added on top of direct construction cost to have a complete in-place cost estimate. This approach is based on the contractor’s field staffing which includes indirect costs

such as office space, field consumables, bonds, insurance, and contractors' home office overhead and margin. A contractor's final design costs as required in the Design-Build process are developed as a percentage of construction cost associated with DB Construction and is a standalone cost under SCC 80. Additional information on Final Engineering costs can be found in the Basis of Estimate in Section 5.3 found under separate cover. As referenced above, this approach is only used until the final contract amounts are known.

Environmental Mitigation

Allowance for environmental mitigation is used to address items noted in the Final EIS issued in August 2022 found under separate cover.

Right of Way

Right of Way (ROW) requirements, including permanent acquisitions, temporary easements, and applicable acquisition and relocation costs are based on preliminary engineering design documents and available land valuations based on the RLE Real Estate Acquisition Management Plan (RAMP) and the RLE Relocation Plan, found under separate cover.

Professional Services

Professional services required to implement the program range from initial planning, preliminary engineering, environmental evaluation, and program management to final design, construction management, and start up. Estimates for CTA and major contract consultants are based on a detailed staffing plan that aligns with CTA's RLE Management Capacity and Capability Plan (MCCP) and include:

- CTA Engineering and Planning Staff
- CTA Force Account
- CTA Support Services
- Program Management Consultant (PMC)
- Preliminary Engineering Consultant (PEC)
- General Engineering Consultant (GEC) for the 120th Street Yard and Shop
- Advance Construction Management Team
- RLE Construction Management Team (overseeing Design-Build and Design-Bid-Build contracts)
- Demolition Design Teams
- Property Management Team
- Community Office Design Team

In addition to the detailed staffing level estimates, other future contract consultants such as a workforce partner are noted in the estimate with an estimated value based on historical data.

CTA will implement a Contractor Controlled Insurance Program (CCIP) for the Design-Build contract and assumes standard contractor insurance for the Yard and Shop and other construction contracts. These costs are accounted for in the Contractor's Overhead and Profit calculation and has since been

deducted from the SCC 80.05 budget. Additional information on Contractor Overhead and Profit cost calculation is available in Section 5.3 of the Basis of Estimate under separate cover.

Contingencies

The Capital Cost Estimate includes two types of contingencies: allocated and unallocated. Allocated contingencies are added to each cost category based on an assessment of the level of design information, complexity of design element, means and methods, and site accessibility available for individual items of work. The resulting allocated contingencies implemented in the estimate range between 5% and 30% reflecting professional judgment and experience related to the cost variability typically seen for items of work within each cost category. Allocated contingency as a percentage of total capital construction costs in base year dollars is 5.21%. In the August 2024 SCC Workbook, all allocated contingency associated with the design build contract was used to support the higher-than-anticipated bid amount.

Unallocated contingency is intended to address any additional costs because of unanticipated events that could add costs such as differing site conditions, commodity pricing fluctuations, or unfavorable market conditions. Unallocated contingency as a percent of total capital construction cost in base year dollars is 16.32%. Combined, the allocated and unallocated contingencies reflect the total contingency of 21.53%.

Pricing was not adjusted to reflect any risks such as bid risk, agency reputation in the contracting community, or supply chain restraints. These adjustments are addressed with the application of allocated and/or unallocated contingency.

Review and Optimization

Upon completion of the cost estimate based on preliminary engineering plans, a series of meetings were held assessing major scope changes, cost trends, and other influencing factors.

It was recognized that although preliminary engineering documents tend to capture the entire project footprint for complete environmental analysis and clearance aimed at minimizing the risk of supplemental evaluations in the future, it also results in a conservative design subject to optimization through subsequent design development stages. Optimization measures were applied to the 30% Design update from September/October 2022. These measures included the following adjustments, which were incorporated into the estimate for the Design-Build procurement:

- Utilize segmental precast concrete box construction for the entire aerial guideway in lieu of structural steel girder construction over expressways and railroads.
- Reduce the canopy size at the stations from a 10-car length to an eight-car length.
- Reduce the width of the concrete station platforms.
- Eliminate the West Pedestrian Canopy at the Michigan Avenue Station.
- Eliminate the Middle Track at the Michigan Avenue station location.
- Move 130th Street station 300 feet to the north.

Year of Expenditure

The baseline year of expenditure costs are determined by cost loading the program planning schedule with the costs in 2024 dollars. It is then escalated to YOE\$ with annual capital cost escalation rates matching **Table 2-1**. Property management services of acquired parcels commenced in 2023 and construction will start in 2024 with property demolition and advance utility relocations. The Design-Build and Design-Bid-Build contracts for the Guideway and Yard and Shop are anticipated to commence in 2025 and will continue through 2030 with Project closeout in 2032.

Table 2-1: Construction Cost Index

ENR Construction Cost Index

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ENR Avg Index (By Year)	% Increase (By Year)
2024	13,515	13,518	13,532	13,532	13,532								13,820	3.46%
2023	13,175	13,176	13,176	13,230	13,288	13,345	13,425	13,473	13,486	13,498	13,511	13,515	13,358	2.70%
2022	12,556	12,684	12,791	12,899	13,004	13,111	13,168	13,171	13,173	13,175	13,175	13,175	13,007	7.20%
2021	11,627	11,698	11,749	11,849	11,989	12,112	12,237	12,463	12,464	12,464	12,467	12,481	12,133	5.82%
2020	11,392	11,396	11,397	11,412	11,418	11,436	11,439	11,455	11,499	11,539	11,579	11,626	11,466	1.64%

For inflation calculations, costs have been spread based on their expected year of expenditure based on a cost loaded schedule. Costs were categorized by SCC and summarized by SCC code and by project. The details supporting the distribution of costs by year can be found in the RLE SCC Workbook, provided as item 4 of the supporting documentation. This Financial Plan complies with the latest CIG Reporting Instructions issued by FTA in April 2024, including project cost information reported in 2024 constant dollars within the RLE SCC Workbook.

Table 2-2: Inflation Rates by Federal Fiscal Year

	FFY 2024	FFY 2025	FFY 2026	FFY 2027	FFY 2028	FFY 2029	FFY 2030	FFY 2031
Inflation Rate	4.0%	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

The financing costs in SCC 100 were determined by totaling the interest costs during the FFGA period of the two types of debt that CTA will be using to complete the Project. The two types are long term bonds that will be issued under CTA's existing sales tax lien (including some to be repaid using TIF revenues), and a short-term interim borrowing expected to be repaid with FFGA revenues. The interest rates assumed for each type vary due to the differing term and market for the debt. The bonds and interim financing assumed interest rates of 5.5% and 4.0% respectively.

2.1.2 Capital Cost Estimate by FTA SCC

The total capital cost estimate for RLE is approximately \$5.3 billion in YOE\$, excluding finance charges and including a total contingency (unallocated + allocated) of 21.53%. The cost estimate by FTA SCC is presented below in **Table 2-3**. The complete SCC Workbook for RLE, updated as of October 2024, is included as item 4 in the supporting documentation.

Table 2-3: RLE Capital Cost Estimate by SCC Category Including Financing Costs

SCC Cost Category	Cost in \$000s (2024\$)	Cost in \$000s (YOE\$)
10 Guideway and Track Elements	\$598,652	\$655,454
20 Stations, Stops, Terminals, Intermodal	\$524,605	\$581,866
30 Support Facilities: Yards, Shops, Admin. Bldgs.	\$279,754	\$312,546
40 Sitework & Special Conditions	\$526,324	\$567,819
50 Systems	\$646,032	\$738,465
<i>Construction Subtotal (10 - 50)</i>	<i>\$2,575,368</i>	<i>\$2,856,151</i>
60 ROW, Land, Existing Improvements	\$120,453	\$116,019
70 Vehicles	\$281,666	\$322,695
80 Professional Services	\$1,139,101	\$1,236,556
<i>Subtotal (10 - 80)</i>	<i>\$4,116,587</i>	<i>\$4,531,421</i>
90 Unallocated Contingency [16.32%]	\$638,680	\$745,177
<i>Subtotal (10 - 90)</i>	<i>\$4,755,268</i>	<i>\$5,276,597</i>
100 Finance Charges	\$402,934	\$473,407
Total Project Cost (10 - 100)	\$5,158,202	\$5,750,005

2.2 Project Capital Funding Sources

Table 2-3 summarizes the proposed capital sources of funds for the RLE Project. The current Project funding plan relies on the following sources of funds: FTA Section 5309 New Starts funds (FFGA), CMAQ/CRP grant award funds, HUD Community Project funding, FTA AoPP grant, proceeds from the RLE Transit TIF district, State funds, and CTA funds, which include CTA bonds. Potential capital sources of funds may also include State, RTA, County, or other federal or local sources in the future.

The funding strategy reflects a CIG Section 5309 FFGA that will cover 34% of the total RLE Project cost. The proposed 66% non-CIG Section 5309 match includes CTA sales tax bonds (33%), CMAQ/CRP grant award funds (2%), State PayGo funds (8%) and proceeds from the RLE Transit TIF district (17%). Finance costs to be repaid by CTA represent a 9% share. The total federal share including Section 5309, HUD CPF, FTA AoPP, and CMAQ/CRP is approximately 37%. The current total committed non-CIG funds are \$3,776.0 million, which is 100% of the non-CIG share and 72% of the total capital cost (excluding finance charges). Evidence of various commitment documents demonstrating CTA's non-CIG match requirement is cataloged under item 7 in the supporting documentation.

Table 2-4: Proposed Capital Sources of Funds for RLE (\$000s)

	Source Type	Total (in \$000s)	Share
<i>Sources of Funds</i>			
Section 5309 New Starts CIG Funds	Federal	\$1,973,978	34%
CMAQ	Federal	\$30,000	0.5%
CRP	Federal	\$100,000	2%
HUD Community Project Funding	Federal	\$1,500	0.03%
FTA Areas of Persistent Poverty Grant	Federal	\$450	0.01%
RLE TIF PayGo	Local	\$113,502	2%
State of Illinois PayGo Funds	Local	\$440,491	8%
CTA Bond Proceeds (Sales Tax) ¹	Local	\$1,911,088	33%
CTA Bond Proceeds (Sales Tax - Repaid with available TIF funds)	Local	\$836,498	15%
CTA Share of Finance Costs ²	Local	\$342,497	6%
Total RLE Sources of Funds		\$5,750,005	100%
<i>Uses of Funds</i>			
RLE Capital Expenses		\$5,276,597	92%
RLE Finance Costs		\$473,407	8%
Total RLE Uses of Funds		\$5,750,005	100%

Notes:

1. CTA Bond Proceeds include a small share of previously allocated insurance proceeds and Section 5307 funding.

2. Finance Costs paid by CTA are assumed to be sales tax and TIF revenue streams. TIF finance costs were incorporated in the original TIF projections. These are accounted for in debt service estimates.

2.2.1 Federal Funding

Multiple federal programs are proposed to provide funding for RLE: the New Starts category of the FTA Section 5309 CIG Program, the CMAQ Program, the CRP Program, the HUD CPF Program, and the FTA AoPP Program. In total, the federal funding programs are projected to provide approximately 37% of the total Project funding (34% New Starts + 2.2% CMAQ/CRP + Less than 1% CPF + Less than 1% AoPP). For detailed descriptions of these federal funding partners, refer to **Section 1.5**.

2.2.2 Local Funding

Local (defined as non-federal) funding will be provided by CTA bond proceeds, Transit TIF revenues, and capital grants including State PayGo funds.

2.2.2.1 CTA Bonds

The Project funding plan includes \$2,748 million of sales tax-backed bonds which includes \$911.0 million to be repaid from sales tax revenues and \$836.5 million repaid primarily from Transit TIF revenue and a smaller share paid from CTA capital revenue. Transit TIF PayGo funding is estimated at \$113.5 million. The amended FY2024-2028 CIP includes a commitment of \$1.25 billion for the period FY24-28 and \$562,341,191 in the out years in CTA sales-tax backed bonds for RLE.

CTA does not typically request authorization from the Board to let the bonds until immediately prior to their sale. The total capital cost estimate for RLE finance costs associated with CTA bond issues reflects the following assumptions:

- 35-year term;
- Interest-only debt service payments through 2041 on all series of bonds;
- 5.0% total interest cost (TIC) for the 2016 Bonds and 5.5% TIC for the future bonds; these are estimates as of February 2023 and will be updated as needed in a quickly evolving market;
- 0.75% for cost of issuance; and
- Section 5309 funds will pay for 28% of finance costs through the FFGA period and CTA's revenues will pay the remaining 72% of finance costs.

The principal of and interest on bonds are payable from sales tax receipts deposited into the sales tax receipts fund maintained by CTA under the Trust Indenture for sales tax bonds dated July 1, 2008. The collection and distribution by the State of the RTA Sales Tax, State Sales Tax, and Public Transportation Funds represent irrevocable and continuing appropriations by the Illinois General Assembly. The official statement for Series 2022A is included as supporting documentation under Item 7 to show how principal and finance charges are committed by the Board resolution on bond issuance and the existence of the Trust Indenture. No reserve fund is used for the sales tax bonds as the expense of funding the reserve is more than any possible interest saving that may be achieved with the reserve.

Based on analysis, CTA maintains that the 5.5% interest rate is a conservative assumption to use for the Financial Plan. At current market rates, as of October 8, 2024, the longest term bond would have a yield of about 4.2% after considering both the long term municipal rates and CTA's credit spread.

Historically over the last ten years, the highest interest rate that a CTA bond would incurred would have been 5.2%.

CTA may elect at a later date to pursue a TIFIA loan for the eligible portion (to maximize federal participation, similar to the CTA RPM Phase One project) but this Financial Plan is showing bonding as the committed financing strategy.

2.2.2.2 State Funds

State PayGo funds are expected to provide \$440.5 million. CTA receives State of Illinois *Rebuild Illinois* (RBIL) grant program PayGo revenues, funded by a 2019 \$0.19 per gallon increase in the State's motor fuel tax (MFT). CTA uses the annual allocation of RBIL PayGo funds to meet rehabilitation and replacement needs for the revenue fleet, facilities, and infrastructure, and to support anticipated federal discretionary grants to secure the necessary local match for project award, including RLE as described in the FY2024 CTA Budget Book. The State PayGo funds are intended to partially fund the progress from the Project engineering phase to construction.

The Motor Fuel Tax Law 35 Illinois Compiled Statutes (ILCS) 505/8b) Section (2) (A), specifies that the PayGo portion of the MFT is deposited into an RTA fund, over which the RTA has full control:

90% shall be deposited into the Regional Transportation Authority Capital Improvement Fund, a special fund created in the State Treasury; moneys in the Regional Transportation Authority Capital Improvement Fund shall be used by the Regional Transportation Authority for construction, improvements, and deferred maintenance on mass transit facilities and acquisition of buses and other equipment;¹⁴

MFT PayGo funds are stored in State Fund 0964 Regional Transportation Authority Capital Improvement Fund, which is fully controlled by RTA. The RTA distributes the State PayGo funds to the three service boards (CTA, Metra, and Pace) using the same allocation formula as other RTA funds (see **Section 3.2.2** for a detailed description).

CTA submitted a list of projects to be funded by State PayGo funds, including RLE, to the RTA and the Illinois Department of Transportation (IDOT) in early December 2023 under the proposed capital program for 2024-2028.

The review period before RTA board adoption of the 2024-2028 capital program included RTA's review of each project to ensure that it is a suitable project of the region, a presentation from each of the service boards to the RTA board (this occurred at the November 2023 board meeting and is available for review on the RTA website), a public comment and review period, a public hearing and then finally board consideration and adoption under Ordinance 2023-59 of the capital program at the December 14, 2023 board meeting.

¹⁴ Illinois General Assembly, Illinois Compiled Statutes, accessed December 2023 at <https://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=610&ChapterID=8>

The State PayGo funds are considered committed to the RLE Project by the RTA Board Ordinance 2023-59 and by the CTA Board Ordinance no. 024-128, which are both included in the supporting documentation under item 7.

A formal grant agreement between RTA and CTA will be developed and reviewed by all parties. After this budget review and approval and grant agreement development, the funds will be programmed in the TIP.

Evidence of Commitment

Copies of relevant documents are included in the supporting documentation under item 7:

1. CTA Board Approval
 - *Refer to corresponding supporting documentation E1: Ordinance no. 023-131 approving the FY2024-2028 CIP, adopted by the CTA Board on November 15, 2023; E2: Ordinance 024-94 amending previous ordinances and committing funding of the entire CIP; and E3: Ordinance no. 024-128 authorizing the use of capital revenue funds to meet the CTA's local share commitment for the Red Line Extension Project in FY2030 and 2031.*
2. RTA Board Approval
 - *Refer to corresponding supporting documentation F, Ordinance 2023-59 adopted by the RTA Board on December 14, 2023.*
3. CTA CIP Amendment
 - *Refer to corresponding supporting documentation E3, Ordinance no. 024-128 authorizing the use of capital revenue funds to meet the CTA's local share commitment for the Red Line Extension Project in FY2030 and 2031.*

2.2.2.3 RLE Transit TIF

The City of Chicago, through the Department of Planning and Development (DPD), following the formal approval of City Council on December 14, 2022, designated a Transit TIF district to support the construction of the RLE Project. The CTA will partially fund the RLE Project with revenue generated from a Transit TIF as described in the Illinois TIF Act.

Transit TIF Authorization

The Illinois TIF Act (65 ILCS 5/Art. 11 Div. 74.4), included in supplemental documentation item 8, allows for the creation of a special Transit TIF district for Redevelopment Project Areas (RPAs) within transit facility improvement areas (otherwise referred to as "Transit TIF").¹⁵

A Transit TIF captures the property taxes from increases in property value in a Redevelopment Project Area that arise in part from being in the area of, or along the same line as, upgraded transit facilities. Within the legislation, "transit facility" is defined as an "existing or proposed transit passenger station,

¹⁵ Illinois General Assembly. Illinois Compiled Statutes, 65 ILCS 5 Illinois Municipal Code. Retrieved August 2022.
<https://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=006500050HArt%2E+11+Div%2E+74%2E4&ActID=802&ChapterID=14&SeqStart=213100000&SeqEnd=215400000>

an existing or proposed transit maintenance, storage, or service facility, or existing or proposed right of way for use in providing commuter transit services.”¹⁶

Specific transit facility improvement areas and projects authorized under the legislation include:¹⁷

- CTA Red and Purple Modernization (RPM)
- CTA Blue Line Modernization and Extension
- CTA Red Line Extension
- Chicago Union Station Master Plan

More recently, SB1822 was signed into law by Illinois Governor Pritzker and became effective on August 27, 2021.¹⁸ SB1822 included an administrative amendment to the State TIF Act (65 ILCS 5/) that will help the CTA and the City of Chicago keep existing TIF districts intact during the designation of the RLE Transit TIF. Notably under the amendment, the Transit Facility Improvement Area (TFIA) satisfies the statutory contiguity requirement as long as the Transit TIF RPA is located within the boundary of the TFIA. In addition, Transit TIF revenues can be used to fund eligible transit project costs anywhere within the TFIA, regardless of if they are within the RPA. Last, the amendment also permitted the extension of the southern boundary of the RLE TFIA to 134th Street to fully encapsulate RLE’s terminus near 130th Street. Note that the RLE Transit TIF was designated in conformance with the current legislation.

A similar Transit TIF for the CTA RPM project was approved by the Chicago City Council in November 2016. The City of Chicago will provide up to \$625 million towards the RPM project, with the Transit TIF funds serving as a large component of RPM’s non-CIG funding match under the federal Core Capacity program.

Transit TIF Overview

Under the TIF Act, there are two distinct geographies that constitute a Transit TIF:

- Transit Facility Improvement Area (TFIA), which is the maximum boundary for a potential Transit TIF and demarcating the area that transit facility improvements can be constructed using Transit TIF funds, as defined in the Act for certain transit projects. For the RLE Project, this is generally defined as the area within one-half mile from the right of way of the existing and future Red Line from Madison Street to 134th Street.
- Redevelopment Project Area (RPA), or Transit TIF district, which consists of certain parcels within the TFIA that generate tax increment. Note that the term “RLE RPA” is used interchangeably with “RLE Transit TIF.”

The RLE TFIA and RLE RPA are shown in **Figure 2-2**.

¹⁶ See 65 ILCS 5/11-74.4-3.3

¹⁷ Note that a \$622 million Transit TIF was approved by the Chicago City Council in November 2016 for the RPM Phase One project.

¹⁸ Illinois General Assembly. Amendment to Senate Bill 1822. Retrieved August 2022. <https://www.ilga.gov/legislation/102/SB/10200SB1822ham001.htm>

Similar to a traditional TIF district, Transit TIF districts generate revenue through growth in property values. Transit TIFs are a special type of TIF district that can support significant transit investments. A summary of how Transit TIF differs from traditional TIF is included in **Figure 2-1** below.

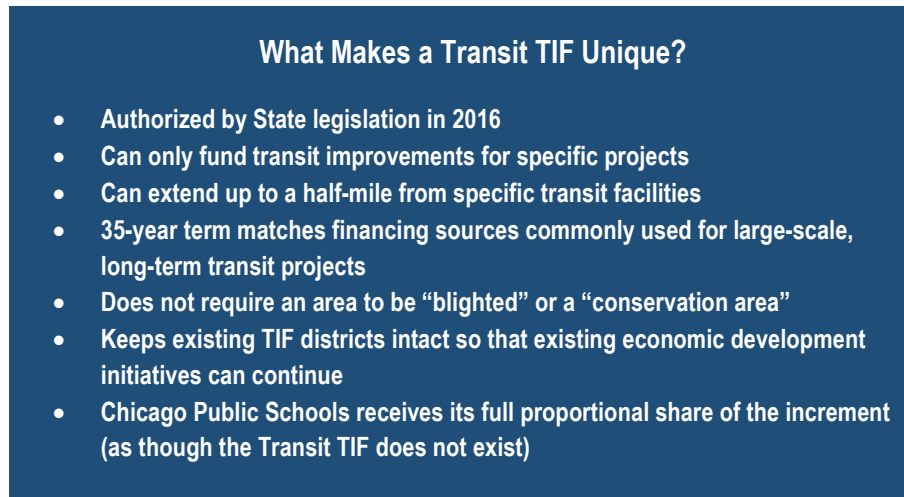


Figure 2-1: Transit TIF Overview



Source: City of Chicago, Chicago Transit Authority, Cook County Assessor, Esri, SB Friedman

Figure 2-2: RLE TFIA and RLE RPA (RLE Transit TIF)

Preliminary Revenue Projections for the RLE Transit TIF

The RLE RPA is a subset of parcels within the RLE TFIA south of Madison Street and north of Pershing Road in Chicago, excluding parcels in existing overlapping Redevelopment Project Areas (RPAs or TIFs). Revenues generated within the Transit RPA can be spent anywhere within the TFIA on the eligible project. This allows existing traditional TIF districts to remain intact to continue to provide important economic development incentives.

Based on preliminary projections and coordination with the City of Chicago, the RLE Transit TIF is projected to produce \$950 million of principal (plus associated interest and other financing costs) in net proceeds to support the Project. The RLE Transit TIF serves as a non-CIG funding source for the RLE Project. For purposes of evaluating the revenue stream and sizing the Transit TIF boundary, the analysis assumed that the entire \$950 million would be financed.

A formal Feasibility Study produced by CTA's consultant SB Friedman Development Advisors, LLC (SB Friedman) is included under item 19 of the supporting documentation. SB Friedman, who also developed the Transit TIF revenue forecast for the RPM Phase One Transit TIF, conducted a preliminary projection of Transit TIF revenues for RLE. Key inputs for the projection of revenues over the 35-year duration of the RLE Transit TIF district include inflationary growth in property values, growth from near-term known new development, levy increases (which impact the citywide tax growth rate), anticipated citywide tax rates, and estimated collection loss. Baseline assumptions underpinning the Transit TIF revenue projections are listed in **Table 2-5** below. Additional information is included in the feasibility study (item 19 of the supporting documentation).

Table 2-5: Key Assumptions for Transit TIF Revenue Projection

Forecasting Assumptions	Baseline Value
Base EAV (2021)	\$7.2 billion
Inflationary growth rate	2.9% - 5.7% (varies across district sections)
Citywide tax growth rate	2.91%
Collection loss	3.3% - 7.9%

Source: SB Friedman, February 2023

Transit TIF revenues are generated in the same manner as traditional TIF revenues. To designate a TIF district, the county assessor first establishes a "base" value for all taxable properties located in the district (the base equalized assessed value or base EAV). The base EAV is then frozen for the life of the district. Once a base value is established, TIF funds, or increment, are the property tax revenues generated by the increased property value within the district. Transit TIF revenues are generated by the property tax rate applied to the incremental equalized assessed value (EAV) in a Transit TIF district and distributed according to the Illinois TIF statute. The County distributes the incremental property tax revenues within a Transit TIF in the following manner, as shown in **Figure 2-3**:

- Chicago Public Schools (CPS) receives its full proportional share of the revenues based on its share of the Citywide tax rate
- The City and other taxing bodies receive 20% of the remaining revenues, distributed in proportion to their share of the Citywide tax rate

- The remaining revenues (80% of the non-CPS revenues) are deposited in the Transit TIF fund to be used for the eligible transit improvements
- Transit TIF revenue is generated annually for the duration of the Transit TIF (up to 35 years).

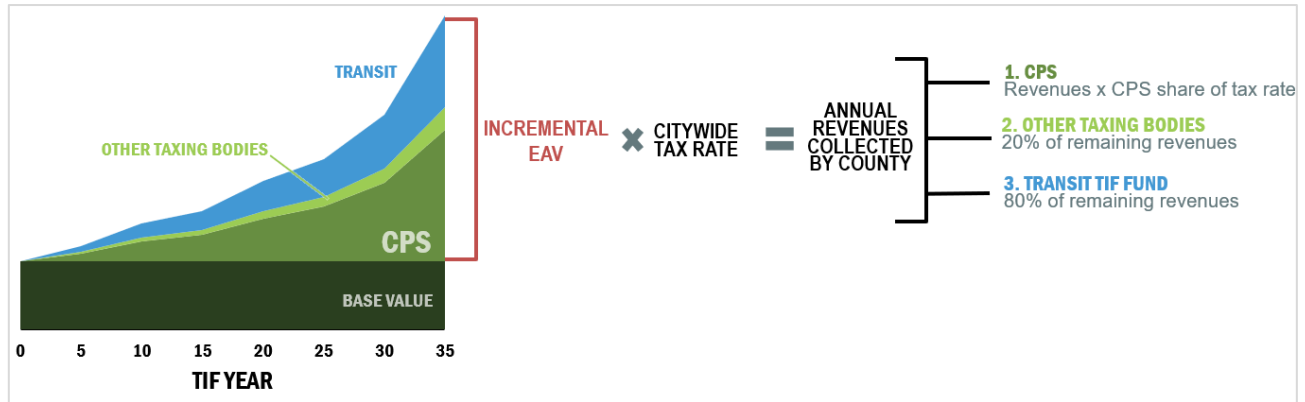


Figure 2-3: Transit TIF Increment and Revenue Distribution

Evidence of RLE Transit TIF Designation

Similar to traditional, non-transit TIF districts, establishing the RLE Transit TIF district included a robust public process, including a public meeting (publishing a feasibility study and redevelopment plan), a public hearing at the City of Chicago Community Development Commission for their approval, Plan Commission approval of the land use plan, a Joint Review Board meeting, and a City Council Finance Committee meeting. The Chicago City Council then voted to approve the Transit TIF for official designation via a series of ordinances on December 14, 2022.

The City adopted the following five authorizing ordinances related to the designation; copies of these ordinances are included in the supporting documentation under item 7:

1. Designation of the RLE RPA as a Redevelopment Project Area under the Act
 - Refer to corresponding supporting documentation: SO2022-3807
2. Designation of RLE TFIA
 - Refer to corresponding supporting documentation: O2022-3808
3. Approval of TIF Redevelopment Plan and Project
 - Refer to corresponding supporting documentation: SO2022-3809
4. Adoption of TIF for RLE RPA
 - Refer to corresponding supporting documentation: SO2022-3810
5. Approval of the Redevelopment Agreement (RDA)/Intergovernmental Agreement (IGA)
 - Refer to corresponding supporting documentation: O2022-3811

These TIF authorizing ordinances became effective upon adoption by City Council on December 14, 2022, and will not require further approval by any other unit of government.

The mechanism by which the Transit TIF funds are made available from the City to the CTA is a Redevelopment Agreement, also referred to as an Intergovernmental Agreement (the “IGA”) with the CTA. The IGA authorizes the City to provide Transit TIF funds to CTA for the RLE Project. The IGA includes terms and provisions that are customary for TIF agreements between the City and other units of local government, including the CTA. The IGA states that TIF revenues could be used both to repay a financing mechanism and as pay-as-you-go (“PayGo”) revenues. As noted above, the financial assumptions assumed a revenue stream to fund a financing mechanism for the full \$950 million (plus associated financing costs) commitment. TIF funds paid pursuant to the IGA are intended to provide a portion of the non-CIG share commitment as required by FTA to receive an FFGA.

The IGA has been approved by both the City of Chicago and the Chicago Transit Board. The IGA for the RLE Project is included in the supporting documentation under item 7:

6. Chicago Transit Board Approval of the Intergovernmental Agreement (IGA)
 - *Refer to corresponding supporting documentation: Ordinance No. 022-144*
7. Redevelopment and Intergovernmental Agreement
 - *Refer to corresponding supporting documentation: CTA RLE Redevelopment and Intergovernmental Agreement*

Reasonableness of Approach

As mentioned above, a formal RLE Transit TIF Feasibility Study is included under item 19 of the supporting documentation. Key inputs for the projection of revenues over the 35-year duration of the RLE Transit TIF district include inflationary growth in property values, growth from near-term known new development, levy increases, anticipated citywide tax rates, and estimated collection loss.

For complete information, refer to the Feasibility Study. Note that the Study includes various sensitivity analyses, in addition to the sensitivity analyses included in this Financial Plan. Select excerpts from the Feasibility Study are provided below to demonstrate that reasonable and conservative assumptions were employed:

- **Exclusion of new development:** No long-term new development was assumed in projections. Only known new development anticipated to be completed by 2024, with the full value of properties reflected in 2025, was included in projections. Historically, there has been substantial new development within the RLE RPA. The RLE RPA compound annual EAV growth rate including new development from 2001 and 2021 was 7.41%. However, the assumed growth rates for the projections range from 2.91% to 5.73% and exclude all value related to future new development (aside from under construction and permitted projects).
- **Conservative growth rates:** Even though growth rates excluding new development south of Roosevelt Road exceeded the citywide EAV growth rate over the past two decades, they were reduced over ten years to 2.91%.

- **Consideration of Historic Economic Cycles and Recessions:** Growth rates were calculated to include multiple economic cycles. The growth rates were based on 2000-2021 EAV, a period which includes the Dot Com Recession, Great Recession, and Pandemic Recession.
- **Consideration of Pandemic Recovery:** Growth rates in the near-term (2022-2024) were further reduced to 2.91%, the citywide tax revenue growth rate, to account for possible impacts from the recovery of the Pandemic.
- **Collection Loss:** The Collection Loss assumption is conservative for two reasons: 1) taxes that were partially paid are considered to not be paid at all; and 2) in many cases, taxes will ultimately be paid, although they are paid late.

The Transit TIF approach has been used successfully by CTA in support of the Red Purple Modernization (RPM) Phase One project, which was partially funded by the CIG Core Capacity program. This megaproject, which will achieve construction substantial completion in 2025, saw greater-than-expected returns on the RPM Transit TIF in comparison to the approved RPM Financial Plan. The original RPM financial plan (submitted September 1, 2016) assumed all of the Transit TIF revenues (\$622 million) would be drawn to support a TIFIA loan. Instead, because of the TIF's higher than anticipated rates of return, CTA has been able to coordinate nine biannual pay-as-you go payments from the TIF with the City of Chicago for a total of \$339 million. CTA has also applied lessons learned from the RPM Transit TIF to the development of the RLE Transit TIF agreement. In addition, there exists greater flexibility within the RLE Transit TIF, as revenue-generating parcels may exist in more areas than the RPM Transit TIF, which was constrained to the project area.

Lastly, TIF in Illinois poses less risk compared to other states. First, Illinois TIF districts have a longer lifespan of 23 years, with a potential 12-year extension upon approval, allowing more time for revenue generation. Second, property taxes in Illinois are based on a levy system, which offers significant control and stability in revenue generation. The tax levy establishes a fixed dollar amount to be collected, regardless of changes in property values. Unlike a millage system that is based on total assessed property values (which may fluctuate), the Illinois levy ensures that local taxing authorities receive a predictable revenue stream.

2.3 Project Capital Funding Sources and Uses Summary

The proposed sources of funds, by year, for RLE are summarized in Table 2-6.

Table 2-6: RLE Capital Sources and Uses Summary (YOE \$)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Section 5309 New Starts CIG Funds	\$-	\$-	\$-	\$746,000,000	\$350,000,000	\$350,000,000	\$-	\$132,000,000	\$132,000,000	\$131,978,348	\$-	\$1,973,978,348
CMAQ	\$-	\$-	\$-	\$-	\$-	\$30,000,000	\$-	\$-	\$-	\$-	\$-	\$30,000,000
CRP	\$-	\$-	\$-	\$30,000,000		\$10,000,000	\$15,000,000	\$45,000,000	\$-	\$-	\$-	\$100,000,000
RLE TIF PayGo	\$-	\$-	\$-	\$-	\$-	\$19,090,000	\$19,560,000	\$35,165,000	\$21,587,421	\$-	\$-	\$113,502,421
State of Illinois PayGo Funds	\$-	\$-	\$-	\$25,000,000	\$44,009,069	\$76,000,000	\$76,000,000	\$60,882,569	\$-	\$78,514,758	\$80,085,053	\$440,491,449
CTA Bond Proceeds (Sales Tax) ¹	\$46,579,007	\$58,290,816	\$-	\$115,980,519	\$80,730,033	\$-	\$450,000,000	\$600,000,000	\$559,507,810	\$-	\$-	\$1,911,088,186
CTA Bond Proceeds (TIF District)	\$-	\$-	\$-	\$-	\$-	\$154,000,000	\$382,639,250	\$154,000,000	\$145,858,329	\$-	\$-	\$836,497,579
HUD Community Project Funding	\$-	\$-	\$-	\$1,500,000	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1,500,000
FTA Areas of Persistent Poverty Grant	\$-	\$-	\$450,000	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$450,000
Interim Financing	\$-	\$-	\$-	\$-	\$-	\$-	\$1,839,873	\$206,419,760	\$(208,259,632)	\$4,086,490	\$(4,086,490)	\$-
Finance Costs paid by CTA ²	\$-	\$-	\$-	\$5,320,632	\$10,394,004	\$15,064,067	\$34,720,339	\$69,300,667	\$98,308,818	\$109,388,138	\$-	\$342,496,664
Total RLE Sources of Funds	\$46,579,007	\$58,290,816	\$450,000	\$923,801,151	\$503,233,106	\$654,154,067	\$1,111,759,462	\$1,302,767,996	\$749,002,746	\$323,967,733	\$75,998,563	\$5,750,004,647
RLE Capital Expenses	\$17,190,401	\$45,823,970	\$107,269,662	\$201,069,669	\$543,734,028	\$1,061,722,767	\$1,230,922,741	\$1,206,978,926	\$511,238,746	\$274,647,946	\$75,998,563	\$5,276,597,420
RLE Finance Costs	\$-	\$-	\$-	\$7,354,307	\$14,366,845	\$20,821,921	\$47,991,297	\$-	\$135,884,841	\$151,198,947	\$-	\$473,407,227
Total RLE Uses of Funds	\$17,190,401	\$45,823,970	\$107,269,662	\$208,423,976	\$558,100,873	\$1,082,544,688	\$1,278,914,039	\$1,302,767,996	\$647,123,587	\$425,846,892	\$75,998,563	\$5,750,004,647

1. CTA Bond Proceeds include a small share of previously allocated insurance proceeds and Section 5307 funding. CTA bond proceeds annual amount is calculated to meet 50% non-CIG match requirement.

2. Finance Costs paid by CTA are assumed to be sales tax and TIF revenue streams. TIF finance costs were incorporated in the original TIF projections. These are accounted for in debt service estimates.

Source: Financial Model

2.4 Project Operating Costs and Fare Revenues

2.4.1 Project O&M Cost Model Overview

Refer to the *RLE Operations and Maintenance Cost Model – Methodology and Results* technical memorandum and the RLE O&M Cost Model spreadsheet (both provided in the supporting documentation under item 2) for comprehensive detail about the methodology used to develop the O&M Cost Model for the RLE Project. This section of the RLE Financial Plan provides a summary overview.

The Project-specific RLE O&M Cost Model estimates the annual incremental operating cost impact of the Project to inform planning, budgeting, and FTA New Starts application efforts. The O&M Cost Model uses a cost per unit of service derived from 2022 actual CTA operating expenses. The Model incorporates Project-specific and CTA systemwide service- and infrastructure-related “cost driver” statistics in alignment with CTA 2022 General Ledger (GL) operating cost data. At this time, the 2022 GL data represents the most recent actual data available per the published FY2024 President’s Budget Recommendations.¹⁹

FTA requires a fully allocated cost model for O&M costing of New Starts projects to inform the following:

- **Cost Effectiveness:** Projected design year O&M cost is a key input to determine the cost effectiveness of New Starts Projects; and
- **Financial Planning:** Annual O&M cost projections are key to developing financial plans that cover multiple years of construction and operation of New Starts projects.

For continuity, the RLE O&M Cost Model is based on the CTA RPM Phase One O&M cost model framework. FTA previously reviewed the RPM Phase One O&M cost model as a component of that project’s CIG Core Capacity submission. RPM Phase One was awarded an FFGA in January 2017.

The RPM Phase One model used CTA’s GL data and project-specific and systemwide service- and infrastructure-related statistics to estimate the incremental O&M costs associated with implementation of the RPM Phase One project. Like the RPM Phase One O&M cost model, the *RLE* O&M Cost Model assigns all of CTA’s existing expenditures to various service and infrastructure attributes (known as cost drivers) to develop a unit cost associated with each cost driver for planning and budgeting purposes. The model allocates total system operating costs using actual year-end financials. These unit costs are then used to estimate how operating costs will change as a result of the Project.

¹⁹ Chicago Transit Authority. Presidents 2024 Budget Recommendations. Retrieved November 2023.
[https://www.transitchicago.com/assets/1/6/FY_2024_Budget_Book_\(Web_Version\).pdf](https://www.transitchicago.com/assets/1/6/FY_2024_Budget_Book_(Web_Version).pdf)

This model is based on the following data input categories:

2.4.1.1 Expenditures

The RLE O&M Cost Model sources the most recent audited financial data from CTA's annual GL, as provided by CTA's Accounting Department. The annual GL includes all operating expenses for the year, organized by financial Accounts, Activities, and Organizations (or "Orgs"). The CTA Accounting team also provided the subset of Accounts within the full GL that represents operating expenditures as reported in CTA's annual President's Budget Recommendations. To reflect total operating expenditures, these "expense accounts" are the only Accounts included in the cost model.

2.4.1.2 Cost Drivers

The RLE O&M Cost Model uses CTA service and infrastructure data, primarily sourced from metrics provided to the annual National Transit Database (NTD). Additional cost driver variables for rail infrastructure and fleet are sourced from CTA Scheduling and Asset Management databases. Project-specific data was sourced from the best available data at the time of the annual model update, including estimated rail and bus service statistics and preliminary design related to station and guideway elements.

2.4.2 Project O&M Cost Model - Results

This section documents the results of the most recent RLE O&M Cost Model update. Once the RLE O&M Cost Model is calibrated to reflect existing systemwide conditions, scenarios were tested in which one or more cost driver units were changed to reflect the Project. To estimate the Incremental RLE Cost (documented in the O&M Model's "Results" tab), the O&M Model adds RLE-specific cost drivers to the existing CTA system, applying the new combined total system cost drivers to the systemwide unit costs to determine the annual systemwide O&M cost, and the incremental cost specifically attributable to the RLE Project.

Table 2-7 summarizes the O&M Model's cost drivers, unit costs, systemwide units and costs, and the annual incremental O&M cost associated with the Project for the year 2022. Monetary values in the table are shown in 2022 dollars; aligning with the most recent year of audited general ledger data available. The 2022 annual incremental O&M cost of the Project is estimated at \$34,475,340 (2022\$), or \$36,930,846 (2024\$), using an annual cost escalation factor of 3.5%.

Table 2-7: 2022 Annual System and Incremental RLE O&M Cost Estimate

Mode	Model Cost Drivers	Unit Cost	System Units	System Cost	Incremental RLE Units	Incremental RLE Cost
R	Track-Miles	\$293,823.64	288	\$84,668,220	15.9	\$4,683,549
R	Station [+Platform] Area (sq. ft.)	\$9.21	2,421,212	\$22,302,414	59,100	\$544,385
R	Manned Station Entrances	\$574,188.36	169	\$97,037,833	4	\$2,296,753
R	Station Elevator & Escalators	\$34,453.09	331	\$11,403,972	6	\$206,719
R	Total Actual Train Revenue Hours	\$220.63	527,014	\$116,275,027	29,070	\$6,413,710
R	Total Actual Car Revenue Miles	\$1.76	66,984,263	\$117,972,100	5,655,888	\$9,961,101
R	Average Scheduled Peak Car Req.	\$35,609.71	759	\$27,009,962	64	\$2,279,021
R	Average Scheduled Peak Trains	\$317,152.05	146	\$46,145,623	8	\$2,537,216
R	Rail System Subtotal (pre-overhead)			\$522,815,152		\$28,922,455
B	Total Actual Bus Revenue Hours	\$75.76	4,830,866	\$365,978,899	-12,921	-\$978,875
B	Total Actual Bus Revenue Miles	\$5.62	44,199,272	\$248,346,203	-141,009	-\$792,299
B	Average Scheduled Peak Bus Req.	\$43,057.79	1,274	\$54,855,620	-5	-\$215,289
B	Bus System Subtotal (pre-overhead)			\$669,180,721		-\$1,986,463
S	System Operations Subtotal (R + B)			\$1,191,995,873		\$26,935,992
S	Variable Overhead Rate	28.0%		\$333,638,054		\$7,539,348
S	Total Allocable Cost			\$1,525,633,928		\$34,475,340
S	Fixed Overhead costs			\$55,915,004		\$0
S	Total Operating Cost (Total Model Calculated Value)			\$1,581,548,931		\$34,475,340
S	New Total System O&M Cost					\$1,616,024,271

Mode Note: R (Rail); B (Bus); S (Systemwide). Note: Monetary values in 2022 dollars.
Source: RLE O&M Cost Model

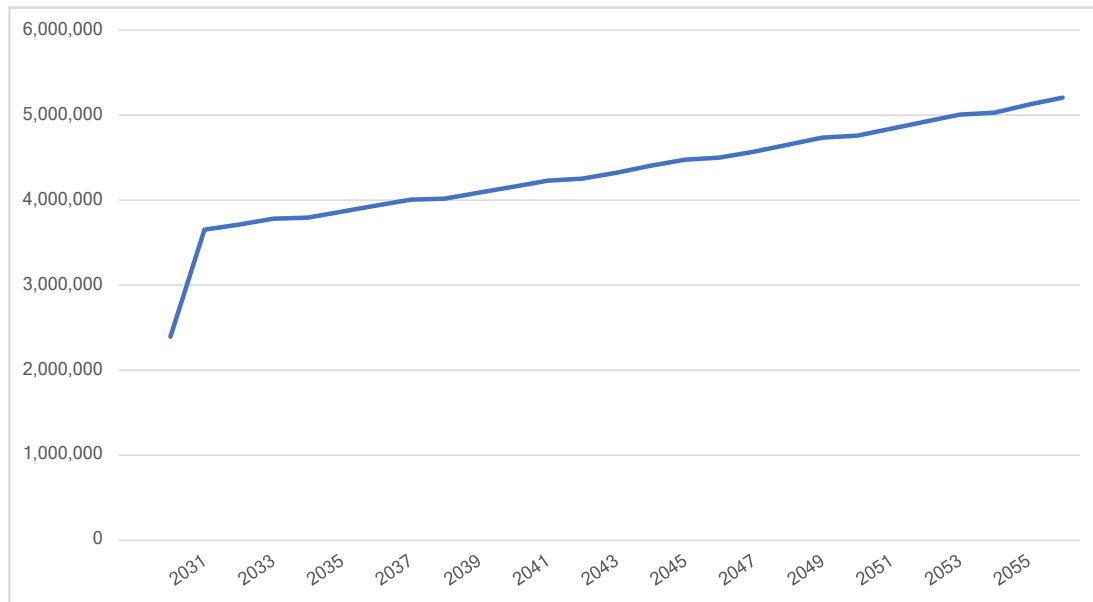
Note that Project cost drivers and other quantities are subject to further refinement as the Project advances through the New Starts program. Changes in design may result in refined values for Project-specific inputs such as track-miles, station and platform area, manned entrances, and elevators/escalators. The design could also result in slight revisions to the running time which would impact revenue-hours.

Therefore, the Model reflects a “snapshot” of the best available data at the time of model update. The Incremental RLE Cost reflects preliminary bus statistics and preliminary rail operating plans developed for analysis purposes. In developing the Incremental RLE Cost, rail revenue-hours, revenue-car-miles, peak trains, and peak cars were estimated based on the assumption that all existing Red Line trips will be extended the full length of the Project corridor, operating the full length of the Red Line between Howard station and 130th Street station, with no “short turns” or other atypical service patterns. For additional information, refer to the RLE Operating/Service Plan under separate cover.

With several years remaining before RLE opens for service, precise service and operating levels are subject to change, either due to changes in the existing service provided in the Project Area, or as demand and other conditions change before RLE is implemented. CTA continues to carefully monitor service to adapt to community needs and changing conditions and will update the RLE Operating/Service Plan and RLE O&M Cost Model accordingly.

2.4.3 Project Ridership and Fare Revenue

CTA's historical ridership and fare policy are described in detail in **Section 4.4**. The basis for the RLE ridership projections is the FTA Simplified Trips-on-Project Software (STOPS) model. By 2031 the RLE Project is forecasted to add 3.6 million new annual transit trips across all regional operators, as shown in **Figure 2-4** below.



Source: Financial Model

Figure 2-4: Forecasted Incremental Annual RLE and Other Transit Ridership FY2030-FY2056

CTA suspended fare increases during the pandemic and provided discounts to draw riders back. The Financial Plan assumes that no further discounts will be granted after FY2022, including in FY2023, and fares will revert to their long-term average growth rate. The long-term assumption for fare increases is a 4.10% fare increase every four years, which applies systemwide, including RLE.

Transit ridership projections for each mode are presented in **Table 2-8**. For additional information and context related to the RLE ridership projections, including STOPS model calibration, assumptions, and results, refer to the *RLE STOPS Model Setup and Calibration Results Technical Memorandum – Update* and *RLE Ridership Report*, under separate cover.

Table 2-8: Systemwide Average Weekday Boardings, by Operator, by Mode

	2019 No Build	2040 No Build	2019 Build			2040 Build		
Operator / Mode	Scenario	Scenario	Scenario	Raw Chg. from No Build	% Chg. from No Build	Scenario	Raw Chg. from No Build	% Chg. from No Build
CTA Bus	790,759	860,435	790,858	99	0%	857,705	(2,730)	0%
CTA Rail	744,622	785,566	768,974	24,352	3%	819,855	34,289	4%
Pace Bus	115,358	129,607	121,100	5,742	5%	135,198	5,591	4%
Metra	249,271	276,546	241,596	(7,675)	-3%	268,413	(8,133)	-3%
South Shore	10,724	17,965	9,909	(815)	-8%	16,840	(1,125)	-6%
O'Hare People Mover	801	943	821	20	2%	954	11	1%
Systemwide	1,911,535	2,071,062	1,933,258	21,723	1%	2,098,965	27,903	1%

Note: Table reflects unlinked trips (boardings) by operator and by mode.
Source: FTA STOPS Model developed for RLE, May 2022.

Projected RLE incremental revenue is presented in **Table 2-9**. Year 2031 represents the first full year of revenue operations. Incremental RLE revenue accounts for approximately 1% of systemwide fare revenues. The average fare is assumed to be \$1.24 in FY2031. The average fare is calculated by taking the average fare per CTA's budget in 2025 (\$1.14) and increasing it by 4.1% every four years starting in 2026 to simulate a fare increase.

Table 2-9: Projected Incremental RLE Fare Revenue, FY2031-FY2043, \$000s

Year	2031	2032	2033	2034	2035	2036	2037
RLE Revenue	\$3,024	\$3,077	\$3,131	\$3,273	\$3,330	\$3,389	\$3,449

Year	2038	2039	2040	2041	2042	2043
RLE Revenue	\$3,605	\$3,668	\$3,733	\$3,798	\$3,970	\$4,040

Source: RLE Financial Model

2.4.4 Net Operating Cost Increase

The Project O&M cost for RLE net of projected incremental fare revenue is presented below in **Table 2-10**. Year 2032 represents the first full year of revenue operations.

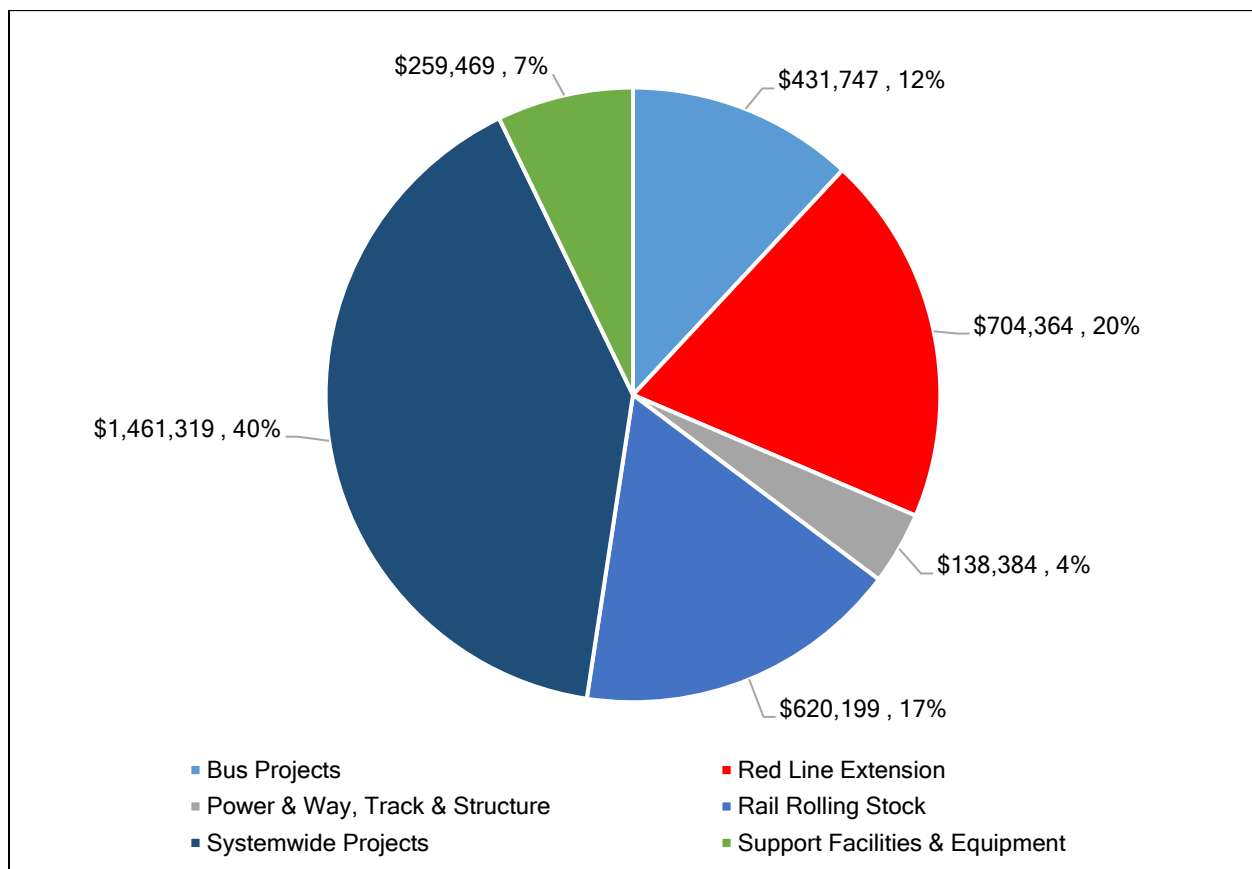
Table 2-10: Projected Net Operating Cost Increase from RLE, \$000s

	2024	2032
RLE Incremental Operating Cost	\$36,931	\$48,631
RLE Incremental Fare Revenue		\$4,582
Net Operating Cost Increase		\$44,049

Section 3 - CTA Systemwide Capital Plan

3.1 Systemwide Capital Expenditures

CTA's CIP for FY2024-FY2028 totals \$3.6 billion (**Figure 3-1** and **Table 3-1**). CTA's major projects under the CIP include, in addition to the RLE Project, RPM Phase One, bus electrification, the All Stations Accessibility Program and the modernization of the Forest Park Branch of the Blue Line, among others. For additional information on CTA capital projects refer to <https://www.transitchicago.com/planning/> and <https://www.transitchicago.com/projects/>.



Source: FY2024 Budget Book

Figure 3-1: Projected Capital Expenditures, by Category (\$000s, FY24-FY28)

Table 3-1: Projected Annual Capital Expenditures by Category, FY2024-FY2028

CIP Category	2024	2025	2026	2027	2028	Total
Bus Rolling Stock and Projects	\$74,281,869	\$113,044,501	\$93,670,458	\$82,541,615	\$68,208,564	\$431,747,008
RLE	\$385,480,519	\$76,000,000	\$106,000,000	\$76,000,000	\$60,882,569	\$704,363,088
Power & Way, Track & Structure	\$9,595,891	\$9,595,891	\$9,595,891	\$55,752,512	\$53,843,379	\$138,383,562
Rail Rolling Stock	\$199,765,065	\$79,230,851	\$160,964,169	\$65,160,849	\$115,077,734	\$620,198,667
Systemwide Projects	\$364,407,680	\$309,688,970	\$282,415,970	\$241,639,178	\$263,167,680	\$1,461,319,478
Support Facilities and Equipment	\$58,826,806	\$14,218,262	\$33,018,169	\$91,836,546	\$61,570,141	\$259,469,924
Total CIP	\$1,092,357,830	\$601,778,475	\$685,664,656	\$612,930,700	\$622,750,067	\$3,615,481,728

Source: CTA Finance, December 2023

CTA is committed to advancing its state of good repair and documenting progress in its FTA-compliant Transit Asset Management (TAM) Plan, provided in the supporting documentation under item 20. CTA began development of a TAM Plan prior to a federal requirement, and the most recent update is dated Q2 2023. The TAM Plan covers a five-year period, concurrent with CTA's five-year Capital Improvement Program. CTA's TAM and state of good repair (SGR) policy was issued via Executive Order effective October 1, 2018.

In March 2023 with the Entry into Engineering request, CTA provided a letter to the FTA to describe CTA's progress toward meeting TAM Plan SGR targets. In advance of the forthcoming FFCA request, CTA provided an updated TAM SGR letter to FTA in April 2024. This letter was provided in response to FTA's January 2023 update to CIG policy guidance necessitated by the enactment of the Infrastructure Investment and Jobs Act (IIJA). This letter demonstrates CTA's commitment to making progress on its SGR needs, including near term investment of capital resources in rehabilitation and replacement of assets, as well as CTA's historic commitment to significant reconstruction and modernization initiatives.

CTA conducts an annual solicitation process to request new and revised capital project proposals from CTA departments based on experts' knowledge of the current state of system. The solicitation is conducted and compiled using a database and standard forms, which facilitate consistent analysis and evaluation of funding requests across projects and departments. Capital requests are submitted using a standardized Request Form, with supporting documentation and information to inform an evaluation rubric. The Request Form collects high-level information about the capital need (e.g., asset category, location, estimated costs, departmental sponsorship) as well as descriptions of project objectives and other means of project justification.

In addition to new project requests being submitted each year, outstanding requests are also reviewed and as necessary updated by subject matter experts based on current state of assets/systems, industry environment, and cost factors.

Based on the annual capital project requests submitted and ongoing reviews by CTA bus and rail engineering, the current FY2024-28 CIP is reflective of the current revenue fleet management plan. For the out years of the capital funding projection (beyond the current five-year CIP), the Financial Plan takes a conservative approach and does not forecast bond issuances and other sources of funding (e.g., state programs and competitive grants) for major capital investments. As noted in **Section 3.2.2** below, new State of Illinois *Rebuild Illinois* bond funds and ongoing State PayGo funds (supported by Motor Fuel Tax, or MFT) are primarily dedicated to SGR projects.

In 2022, CTA developed an FTA-compliant Bus Fleet Management Plan²⁰ and an FTA-compliant Rail Fleet Management Plan to guide major capital investments in the revenue vehicle fleet. The current Rail Fleet Management Plan covers the period 2019-2033 and details peak vehicle requirements and rail car availability needs to support service levels and efficiently manage the rail fleet. It also identifies proper maintenance practices and new rail car procurements to support future capital investments. The current Bus Fleet Management Plan also covers the period 2019-2033 and details bus fleet needs in terms of capital purchases and targeted investments to provide effective and efficient service into the future. The Plan also addresses CTA's commitment to transition to a fully electric bus fleet by 2040.

For additional information on bus fleet requirements, purchases, and related considerations, as well as a summary of major capital projects, refer to the 2022 Bus Fleet Management Plan and 2022 Rail Fleet Management Plan as item 17 in the supporting documentation.

3.2 CTA Capital Funding Sources

In order to fund its capital program, CTA has historically supplemented the funds programmed annually through the RTA budget process and the FTA annual formula funds with competitive grants and discretionary funding. The State Capital program has historically been intermittent. The new PayGo MFT funds will support SGR/capital maintenance needs, but CTA has had to supplement with its own financing to be able to address system needs. Additionally, CTA annually evaluates their capacity to finance capital investments through sales tax and farebox revenue bonds, USDOT TIFIA loans, and other financing options.

3.2.1 Federal Sources of Funds

FTA CIG Funds

CTA is receiving Section 5309 CIG Core Capacity funds for the RPM Phase One project. Under the 2017 FFGA, the CIG funding share is \$956.61 million, disbursed in annual increments of \$100 million to \$256 million, as shown in **Table 3-2** below.

²⁰ CTA completed a modest update to one section of this document in February 2023 to address feedback from the PMOC. The most recent version of the Bus Fleet Management Plan is rev02.

FTA Formula Funds

FTA formula funds for the Chicago Urbanized Area are allocated among CTA, Pace, and Metra by the RTA based on a historical subarea allocation methodology. The Financial Plan reflects CTA's allocation share for the FY2024-FY2028 CIP under this historic methodology. In 2025, the RTA is planning on changing this methodology, with 50% of funding allocated through the old formula and the other 50% based on performance measures (see Regional and Local Funding below).

Section 5307 (Urbanized Area) funds have broad applicability. Eligible activities include: planning, engineering, design, and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment, and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. The Financial Plan assumes CTA will receive a total of \$923 million over the FY2024-FY2028 period. For the period FY2029-FY2041, the Financial Model uses a blended growth across all FTA formula programs; this blended rate is lower than the compound average growth rate (CAGR) for the sum of all FTA formula funds, but can be higher than the CAGR for individual line items.

Section 5337 (State of Good Repair) funds are SGR funds that are available for capital projects that maintain a fixed guideway or a high intensity motorbus system in a state of good repair, including projects to replace and rehabilitate rolling stock, track, line equipment and structures, signals and communications, power equipment and substations, passenger stations and terminals, security equipment and systems, maintenance facilities and equipment, and operational support equipment, including computer hardware and software, as well as to implement transit asset management plans. The Financial Plan assumes CTA will receive a total of \$1,256 million over the FY2024-FY2028 period.

Section 5339 (Buses and Bus Facilities Program) provides funding for capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities. The Financial Plan assumes CTA will receive a total of \$66.7 million over the FY2024-FY2028 period.

Other Federal Funds

Congestion Mitigation Air Quality Improvement Program (CMAQ) and Carbon Reduction Program (CRP): Within the Chicago urbanized area, CMAQ and CRP funding is allocated through a competitive grant application process. The CMAQ program provides funds for surface transportation improvements designed to improve air quality and mitigate congestion. The CRP is focused on the reduction of carbon dioxide emissions with project types identical to those eligible under CMAQ. CMAP awarded CTA \$30 million in CMAQ funding for RLE in the 2021 funding cycle, and \$100 million in CRP funding in the 2023 funding cycle. A total of \$74.3 million in CMAQ/CRP funds is budgeted for FY2024-FY2028 as shown in **Table 3-3**. This includes the \$30 million committed to RLE in FY2026.

Rail Vehicle Replacement Program: The FTA made available on a competitive basis a total of \$600 million in FY 2022 and 2023 Section 5337 State of Good Repair Program funds for rail vehicle replacement projects. CTA was awarded a total of \$200 million to buy up to 300 new electric propulsion passenger railcars to replace older rail cars, operating since the 1980s. \$103.1 million of these funds are programmed in FY24.

The **Department of Homeland Security (DHS) Transit Security Grant Program (TSGP)** directly supports transportation infrastructure security activities. DHS focuses its available transit security grant dollars on the highest risk systems (such as CTA) and has identified critical infrastructure assets that are vital to the functionality and continuity of major high risk transit systems and whose incapacitation or destruction would have a debilitating effect on national security, public health, safety, or any combination thereof. Operators of public transportation agencies (which include intracity bus, intercity bus, commuter bus, ferries, and all forms of passenger rail), compete for funding both locally and nationally. The CTA is a direct recipient of TSGP awards and utilizes funding to protect critical transit infrastructure and the traveling public from acts of terrorism. The CTA CIP programs \$6.0 million annually over the FY2024-FY2028 period (\$30.0 million total).

Others: The Financial Plan assumes CTA will receive a total of \$2.5 million over the FY2024-FY2028 period in Section 5303 Unified Work Program (UWP) Planning funds, which are comprised of FTA and FHWA planning funds administered by CMAP. UWP planning funds require that CTA provide a share of funding for this annual competitive grant, CTA share of grant awards, assume \$125,000 per year totaling \$625,000. The FY2024 Budget Book also includes line items for Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program (\$1.4 million, administered by RTA) State and Local Sources of Funds

State Funding

The traditional avenue for State transit funding is through a legislatively mandated bond program for a five-year period, usually allocated on a formula basis. The most recent of such legislation, *Rebuild Illinois*, was signed in 2019. The result of this approach is periodic large annual proceeds provided to CTA: from FY2012-FY2021, CTA received a total of \$1.5 billion in State bond proceeds in increments ranging from \$0.7 million to \$426 million. The budget for FY2024-FY2028 does not anticipate any additional *Rebuild Illinois* bond funding. The next five-year State bond program would be in FY2025.

In addition, CTA receives an annual allocation of State PayGo proceeds through RTA, which is funded by the 2019 increase in the State's Motor Fuel Tax (MFT) of \$0.19 per gallon. Historically, CTA has not received any State or local MFT. This new program is forecasted to provide PayGo proceeds of \$733.1 million over FY2024-FY2028 and is intended to be used for multiple capital projects. In addition to \$440.5 million allocated to RLE (see **Section 2.2.2**), these funds will be used for fleet replacement, state of good repair programs, the 95th Street Terminal Electrification project and the All Stations Accessibility Program (ASAP). State PayGo funding is assumed to increase by 3.5% per year starting in 2025 based on favorable gas tax receipts.

Regional and Local

The RTA regularly issues new debt as bonding capacity is made available from the retirement of existing capital debt obligations. The RTA's bonding capacity is statutorily restricted to a debt service of no more than 40% of average annual sales tax receipts over the last two years. When RTA issues bonds, proceeds have typically been allocated as follows: 50% go to CTA, 45% to Metra, and 5% to Pace. RTA bond proceeds are not included in the FY2022-FY2026 CIP but have historically been an important source of funding. The CTA expects that, if RTA issues bonds in the future, it will use these proceeds for the purchase of new rail cars and buses as well as improvements to track and infrastructure.

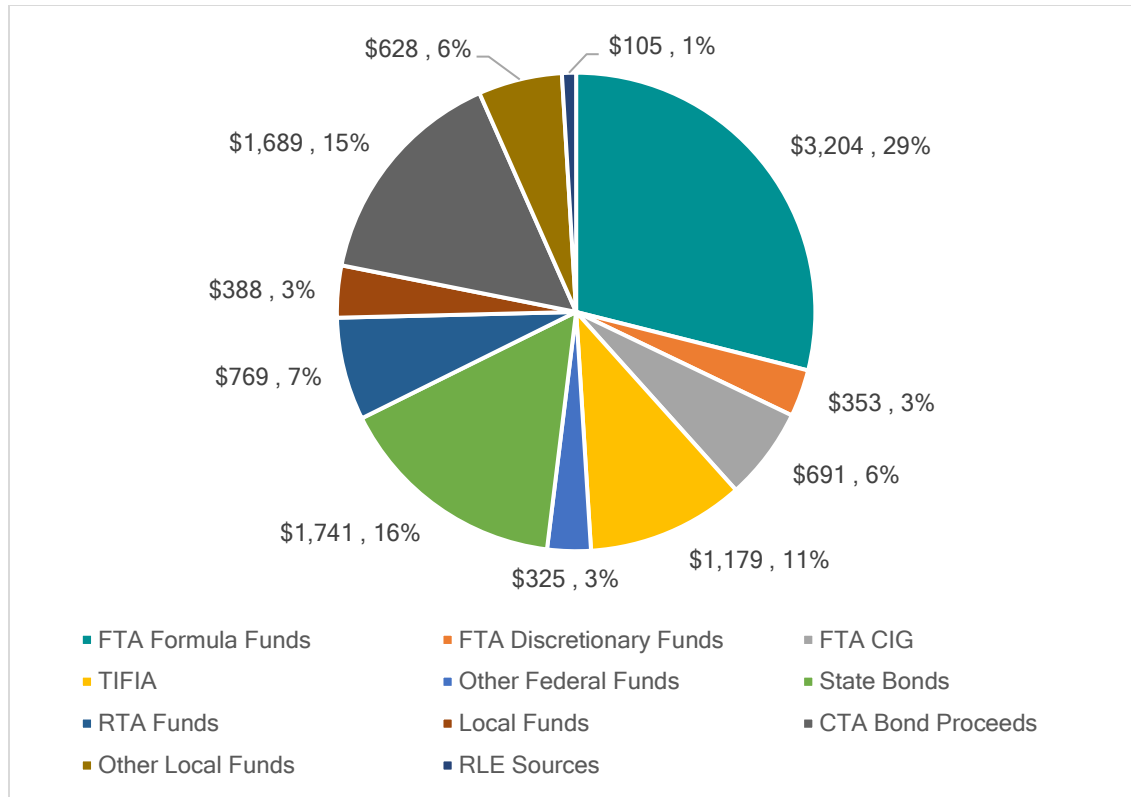
Local funds in the forecasted capital funding sources include CTA matching funds for competitive grants. Other local sources of funds include annual revenue from a variety of sources such as the allocation of prior year funds, operating match, proceeds from sale of land and miscellaneous assets, RPM TIF revenue, insurance proceeds, and other revenues.

CTA Bond Proceeds

CTA Capital Bonds are financed with grant and sales tax receipts. Since FY2004, CTA has used over \$3.1 billion in bond proceeds for critical capital projects systemwide. CTA's bond program was established in response to the unpredictable nature of previous state funding receipts and a growing SGR backlog. Planned bond issuances for FY2024-FY2028 include \$409.4 million to advance key projects that touch all elements of the CTA system.

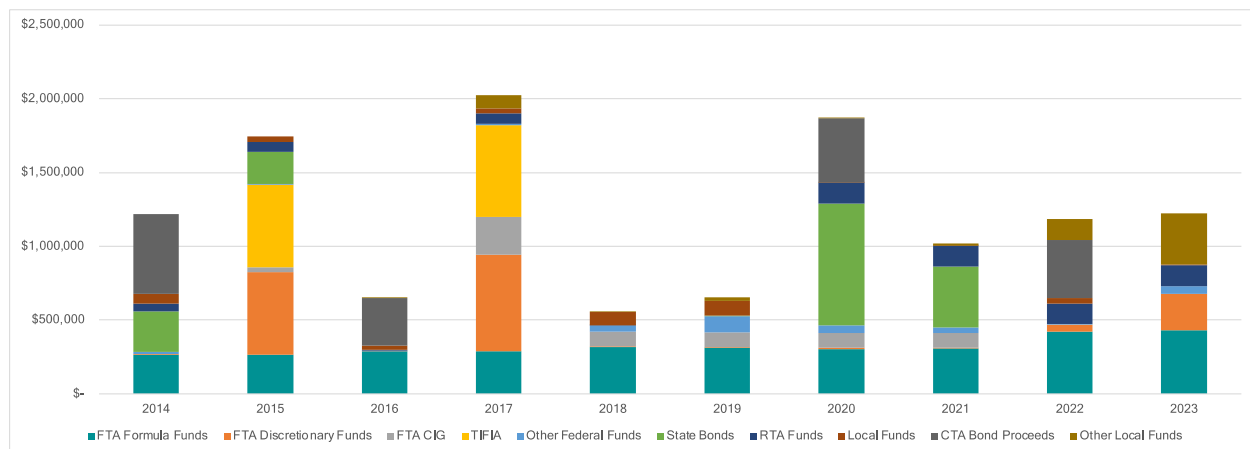
3.2.2 Historic and Planned Sources of Capital Funds

As shown in **Figure 3-2**, over the past ten years, the primary source of capital revenue (39% of total funding) has been formula and discretionary funds from the FTA. CTA-issued bond and loan proceeds accounted for 16% of funding. State and local funding sources provided 18% and 10% of total funding, respectively. TIFIA loan proceeds represented 11% of funds and other federal revenue accounted for 3% of total funds. **Figure 3-3** shows the annual breakdown of these funding sources over the period FY2014-FY2023. FY2023 numbers are estimated actuals. Details on the various revenue sources are provided in **Sections 3.2.1** and **3.2.2** and in the figures and tables on the following pages. Complete audited financial statements (CAFRs) for FY2014-FY2023 are included as item 6 of the supporting documentation. Annual budget books for CTA for FY2022 to FY2024 are included as item 10 of the supporting documentation. Excerpts from the budget books covering the CIP for FY2024-FY2028 are included as item 16 of the supporting documentation. Annual sources of capital funding are shown in detail in **Table 3-2**.



Source: Financial Model

Figure 3-2: Capital Funding Sources, FY2014-FY2023, \$million



Source: Financial Model

Figure 3-3: CTA Historical Capital Sources of Funds, FY2014-FY2023, \$000s

Table 3-2: CTA Historical Annual Capital Sources of Funds, FY2014-FY2023, \$000s

(\$000s)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
5303 UWP Planning	\$0	\$820	\$400	\$1,040	\$0	\$747	\$720	\$500	\$625	\$671	\$5,522
FTA Section 5307	\$125,579	\$124,917	\$125,717	\$127,116	\$125,071	\$128,356	\$131,501	\$131,524	\$167,175	\$170,594	\$1,357,551
FTA Section 5337	\$129,580	\$130,132	\$149,619	\$151,138	\$177,216	\$171,413	\$158,031	\$160,742	\$242,887	\$246,379	\$1,717,138
FTA Section 5339	\$11,898	\$12,115	\$11,057	\$11,539	\$15,192	\$13,956	\$14,429	\$13,195	\$12,662	\$13,063	\$129,106
CMAQ	\$4,056	\$0	\$4,056	\$0	\$25,000	\$83,000	\$33,891	\$20,270	\$0	\$38,694	\$208,967
FTA New Starts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTA 5309 Core Capacity	\$0	\$35,000	\$0	\$256,000	\$100,000	\$100,000	\$100,000	\$100,000	\$265,476	\$0	\$956,476
FTA Discretionary	\$1,281	\$0	\$1,450	\$31,898	\$2,690	\$1,480	\$9,131	\$8,172	\$47,666	\$249,165	\$352,934
TIFIA Loan Proceeds	\$0	\$557,000	\$0	\$622,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,179,000
DHS	\$10,280	\$3,000	\$3,000	\$5,592	\$20,930	\$25,637	\$14,858	\$13,963	\$648	\$13,086	\$110,993
State Bonds	\$275,282	\$220,900	\$0	\$0	\$0	\$6,000	\$825,434	\$413,472	\$0	\$0	\$1,741,088
RTA Funds	\$55,205	\$66,406	\$4,837	\$75,000	\$380	\$0	\$141,875	\$141,875	\$141,875	\$141,875	\$769,328
Local Funds	\$64,809	\$37,366	\$27,589	\$32,339	\$88,032	\$97,773	\$1,222	\$220	\$37,615	\$1,437	\$388,401
CTA Bond Proceeds	\$541,538	\$0	\$319,367	\$0	\$0	\$0	\$437,500	\$0	\$390,939	\$0	\$1,689,344
Prior funds directed toward current year	\$0	\$0	\$200	\$0	\$0	\$26,380	\$1,500	\$15,463	\$82,169	\$349,485	\$475,198
Operating Match	\$0	\$0	\$100	\$88,159	\$974	\$368	\$1,117	\$1,434	\$60,241	\$168	\$152,561
RLE Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,579	\$58,291	\$450	\$105,320
Total Capital Funds	\$1,219,508	\$1,187,656	\$647,393	\$1,401,821	\$555,484	\$655,110	\$1,871,209	\$1,067,409	\$1,508,269	\$1,225,066	\$11,338,925

Source: Financial Model

The FY2024 CTA Budget Book anticipates \$2.4 billion in federal formula and discretionary grant funding for the CIP, exclusive of RLE. State commitments include the annual State PayGo program that is dedicated to meet deferred maintenance capital needs in public transit. Local funding sources include the issuance of approximately \$410 million in CTA bonds. Details on projected sources of funding are presented in **Table 3-3** and **Table 3-4** below.

Table 3-3: CTA Annual Projected Capital Sources of Funds, FY2024-FY2028, \$000s

\$000s	2024	2025	2026	2027	2028	Total
<i>Federal</i>						
FTA 5307 Urbanized Formula	\$170,594	\$185,184	\$187,036	\$188,906	\$190,795	\$922,514
FTA 5337 State of Good Repair	\$246,379	\$248,671	\$251,158	\$253,670	\$256,206	\$1,256,084
FTA 5339 Bus and Bus Facilities Formula	\$13,063	\$13,212	\$13,344	\$13,478	\$13,613	\$66,711
CMAQ	\$0	\$0	\$44,255	\$0	\$0	\$44,255
FTA Discretionary	\$104,451	\$0	\$0	\$0	\$0	\$104,451
Section 5303 UWP Planning	\$500	\$500	\$500	\$500	\$500	\$2,500
Transit Security Grant Program (DHS)	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$30,000
<i>Total Federal</i>	<i>\$540,987</i>	<i>\$453,567</i>	<i>\$502,293</i>	<i>\$462,554</i>	<i>\$467,114</i>	<i>\$2,426,515</i>
<i>Local</i>						
State Transit Motor Fuel (PayGo)	\$141,875	\$140,262	\$145,171	\$150,252	\$155,511	\$733,072
RTA ICE	\$0	\$7,824	\$8,075	0	0	\$15,899
CTA Bond Proceeds	\$409,372	\$0	\$0	\$0	\$0	\$409,372
CTA Share for Competitive Grants (Operating Match)	\$125	\$125	\$125	\$125	\$125	\$625
<i>Total State and Local</i>	<i>\$551,372</i>	<i>\$148,211</i>	<i>\$153,371</i>	<i>\$150,377</i>	<i>\$155,636</i>	<i>\$1,158,967</i>
Total Available Funding*	\$1,092,358	\$601,778	\$655,664	\$612,931	\$622,750	\$3,585,482
RLE Sources of Funds**	\$922,301	\$503,233	\$654,154	\$1,111,759	\$1,302,768	\$4,494,216

Source: FY2024 Budget Book; Financial Model, September 2024 update

*Excludes RLE sources.

**RLE sources of funds include CTA bond proceeds, State PayGo Funds, TIF revenues, FTA CIG anticipated disbursements, and CMAQ/CRP funds.

Table 3-4: CTA Annual Projected Capital Sources of Funding, FY2024-FY2043 (\$000s)

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
RLE Capital Funding	\$922,301	\$503,233	\$654,154	\$1,111,759	\$1,302,768	\$749,003	\$323,968	\$75,999	\$0	\$0
Federal Formula Funds	\$430,536	\$447,567	\$452,038	\$456,554	\$461,114	\$470,978	\$481,575	\$492,410	\$503,489	\$514,818
Other Federal Funds	\$110,451		\$50,255	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
RTA Funds	\$141,875	\$140,262		\$150,252	\$155,511	\$159,399	\$163,384	\$167,468	\$171,655	\$175,946
Local Funds		\$7,824	\$8,075	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TIF District*	\$0	\$0	\$0	\$0	\$33,932	\$48,689	\$63,447	\$71,693	\$75,704	\$75,704
CTA Bond Proceeds	\$409,372	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Funds for Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Match	\$125	\$125	\$125	\$125	\$125	\$0	\$0	\$0	\$0	\$0
Total Capital Sources of Funds	\$2,014,660	\$1,105,011	\$1,309,818	\$1,724,690	\$1,959,450	\$1,434,069	\$1,038,373	\$813,570	\$756,849	\$772,468

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
RLE Capital Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,643,185
Federal Formula Funds	\$526,401	\$538,245	\$550,356	\$562,739	\$575,401	\$588,347	\$601,585	\$615,121	\$628,961	\$643,112	\$10,541,348
Other Federal Funds	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$268,706
RTA Funds	\$180,345	\$184,854	\$189,475	\$194,212	\$199,067	\$204,044	\$209,145	\$214,374	\$219,733	\$225,226	\$3,591,398
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$15,899
TIF District*	\$75,704	\$75,704	\$75,704		\$75,704	\$75,704	\$75,704	\$104,078	\$29,697	\$29,697	\$1,062,569
CTA Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$409,372
Prior Funds for Current Year	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Operating Match	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$625
Total Capital Sources of Funds	\$788,451	\$804,803	\$821,535	\$838,655	\$856,172	\$874,095	\$892,434	\$939,572	\$884,390	\$904,035	\$21,533,101

* TIF District funding to repay RPM TIFIA debt
Source: Financial Model

3.3 CTA Debt Service Costs

On October 14, 2004, the Chicago Transit Board approved a debt policy for CTA, which was amended on May 8, 2019. The debt policy applies to all short- and long-term bonds and notes, direct borrowing programs, and other long-term lease obligations. The debt policy notes that it is the CTA's preference to use a pay-as-you-go funding mechanism for all capital projects where possible. As such, CTA explores the use of available cash to fund all or part of a capital improvement project and other long-term financial needs before proposing the use of debt.

Short-term debt may be used by CTA as a cash management tool to provide interim financing or to bridge temporary cash flow deficits within a fiscal year. As of November 2023, CTA had \$155.1 million of outstanding capital line of credit notes.

CTA's debt policy prohibits the use of long-term debt to fund operations. However, long-term bonds are deemed appropriate to finance essential capital activities and certain management initiatives. The CTA may also use long-term lease obligations to finance or refinance capital equipment. Prior to entering any lease financing, CTA will evaluate three factors: the useful life of assets financed; the terms and conditions of the lease; and the budgetary, debt capacity, and tax implications. CTA is not subject to statutory debt limitations for capital investment.

CTA's long-term debt obligations as of December 31, 2022 include sales and transfer tax receipts revenue bonds, sales tax receipts revenue bonds, capital grant receipts revenue bonds, TIFIA loans, and capital lease obligations.

Sales Tax Revenue Bonds are secured by the portion of sales tax revenues received by the CTA from the RTA, representing the CTA's share of 1) RTA Sales Taxes imposed through the Northeastern Illinois Transit Region, which includes the Counties of Cook, DuPage, Kane, Lake, McHenry and Will; 2) Replacement Revenues paid to the RTA by the State; and 3) Public Transportation Fund Revenues paid to or on behalf of the RTA by the State.

Capital Grant Revenue Bonds, also known as "GARVEEs" (Grant Anticipation Revenue Vehicles) are backed by the CTA's revenues from FTA formula funds (Section 5307 and Section 5337). CTA prefunds all GARVEE debt service obligations at the start of each federal fiscal year.

In 2014, CTA received its first TIFIA loan for \$79.2 million as part of an overall \$280 million funding package to renovate the Red Line's 95th Street Terminal. In 2015, CTA received a \$120 million TIFIA Loan to support implementation of the Your New Blue Improvement Program. On March 30, 2016 CTA received a third TIFIA loan for \$254.9 million to support the CTA's Rail Car Purchase Program. The loans received in 2015 and 2016 were included in the FY2015-FY2019 CIP. CTA expects reaching financial close on a fourth TIFIA loan for \$341 million for the RPM Project; the initial amount of \$622 million sought from TIFIA has been reduced due to PayGo TIF funding already received.

The CTA executed several lease agreements in FY2008-FY2013. Under the lease financing, the CTA executed a long-term lease for applicable assets with trusts established by equity investors – trusts which concurrently leased the respective assets back to CTA under sublease agreements. Each sublease contains a fixed date and a fixed price purchase option that allows the CTA, at its option, to purchase the assets back from the lessor. CTA's only existing outstanding capital lease agreement is the Public Building Commission Lease (office building headquarters).

Annual debt service costs are detailed in **Table 3-5** below.

Table 3-5: Annual Projected Debt Service Costs by Type and by Year, FY2024-FY2043, \$000s

\$000s	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
FTA 5307 Bonds	\$24,663	\$24,659	\$26,044	\$35,334	\$20,974	\$0	\$0	\$0	\$0	\$0
FTA 5309 Bonds	\$29,107	\$29,103	\$7,475	\$14,417	\$0	\$0	\$0	\$0	\$0	\$0
CTA Bonds*	\$151,981	\$157,372	\$157,353	\$157,325	\$157,847	\$157,844	\$157,853	\$157,854	\$157,854	\$157,847
RPM TIFIA**	\$0	\$0	\$0	\$0	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697
RLE Debt Service***	\$4,165	\$5,768	\$8,957	\$14,404	\$25,024	\$52,120	\$91,669	\$131,801	\$151,117	\$151,117
Other debt service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Leases	\$6,187	\$6,188	\$6,188	\$6,188	\$6,186	\$6,191	\$6,187	\$6,189	\$6,187	\$6,188
Total Annual Debt Service	\$216,102	\$223,090	\$206,017	\$227,667	\$239,176	\$245,854	\$285,397	\$325,540	\$344,854	\$344,857

\$000s	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
FTA 5307 Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	40	\$131,673
FTA 5309 Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,101
CTA Bonds*	\$164,051	\$164,051	\$164,050	\$164,049	\$164,061	\$164,055	\$164,055	\$178,980	\$114,403	\$114,402	\$3,126,736
RPM TIFIA**	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697	\$29,697	\$475,147
RLE Debt Service***	\$151,117	\$151,117	\$151,117	\$151,117	\$151,117	\$151,117	\$151,117	\$244,486	\$0	\$0	\$1,938,449
Other debt service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Leases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$61,878
Total Annual Debt Service	\$344,865	\$344,865	\$344,864	\$344,863	\$344,875	\$344,868	\$344,869	\$453,163	\$144,100	\$144,099	\$5,813,983

*Secured by sales tax revenue

Other TIFIA loans are repaid from fare revenue (see **Table 4-2)

*** Includes sales tax bonds and interest cost on interim financing

Source: Financial Model

3.4 CTA Systemwide Capital Funding Sources and Uses Summary

CTA's CIP for FY2024-FY2028 includes a combination of SGR and new projects, for a total of \$3.6 billion. Sources of capital revenue include FTA formula funds, CTA bonds, TIFIA loans, and state and local funds. The CTA has retained strong credit ratings despite the downturn in ridership revenues and has the capacity to continue to issue debt to finance capital investments, including RLE. **Table 3-6** summarizes CTA's projected capital funding sources and uses over the period FY2024-FY2043.

Table 3-6: Annual Projected CTA Sources and Uses of Capital Funding, FY2024-FY2043

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Capital Sources of Funds										
RLE Funds	\$922,301	\$503,233	\$654,154	\$1,111,759	\$1,302,768	\$749,003	\$323,968	\$75,999	\$0	\$0
Federal Funds	\$540,987	\$453,567	\$502,293	\$462,554	\$467,114	\$476,978	\$487,575	\$498,410	\$509,489	\$520,818
Local Public Funding	\$141,875	\$148,086	\$153,246	\$150,252	\$155,511	\$159,399	\$163,384		\$171,655	\$175,946
TIF Revenues	\$0	\$0	\$0		\$33,932	\$48,689	\$63,447	\$71,693	\$75,704	\$75,704
CTA Bond Proceeds	\$409,372	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Funds for Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Match	\$125	\$125	\$125	\$125	\$125	\$0	\$0	\$0	\$0	\$0
Total Capital Sources of Funds	\$2,014,660	\$1,105,011	\$1,309,818	\$1,724,690	\$1,959,450	\$1,434,069	\$1,038,373	\$813,570	\$756,849	\$772,468
Capital Uses of Funds										
Debt Service*	\$216,102	\$223,090	\$206,017	\$227,667	\$239,176	\$245,854	\$285,397	\$325,540	\$344,854	\$344,857
Capital Expenses	\$501,397	\$314,645	\$494,793	\$405,856	\$444,480	\$439,212	\$429,008	\$412,031	\$411,994	\$427,612
RLE Capital Expenses	\$208,424	\$558,101	\$1,082,545	\$1,278,914	\$1,302,768	\$647,124	\$425,847	\$75,999	\$0	\$0
Total Capital Uses of Funds	\$925,923	\$1,095,835	\$1,783,355	\$1,912,436	\$1,986,424	\$1,332,189	\$1,140,252	\$813,570	\$756,849	\$772,468

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
Capital Sources of Funds											
RLE Capital Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,643,185
Federal Funds	\$532,401	\$544,245	\$556,356	\$568,739	\$581,401	\$594,347	\$607,585	\$621,121	\$634,961	\$649,112	\$10,810,054
Local Public Funding	\$180,345	\$184,854	\$189,475	\$194,212	\$199,067	\$204,044	\$209,145	\$214,374	\$219,733	\$225,226	\$3,607,297
TIF Revenues	\$75,704	\$75,704		\$75,704	\$75,704	\$75,704	\$75,704	\$104,078	\$29,697	\$29,697	\$1,062,569
CTA Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$409,372
Prior Funds for Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Match	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$625
Total Capital Sources of Funds	\$788,451	\$804,803	\$821,535	\$838,655	\$856,172	\$874,095	\$892,434	\$939,572	\$884,390	\$904,035	\$21,533,101
Capital Uses of Funds											
Debt Service	\$344,865	\$344,865	\$344,864	\$344,863	\$344,875	\$344,868	\$344,869	\$453,163	\$144,100	\$144,099	\$5,813,983
Capital Expenses	\$443,585	\$459,938	\$476,671	\$493,792	\$511,297	\$529,227	\$547,565	\$486,410	\$505,603	\$525,246	\$9,260,362
RLE Capital Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,579,721
Total Capital Uses of Funds	\$788,451	\$804,803	\$821,535	\$838,655	\$856,172	\$874,095	\$892,434	\$939,572	\$649,703	\$669,345	\$20,654,066

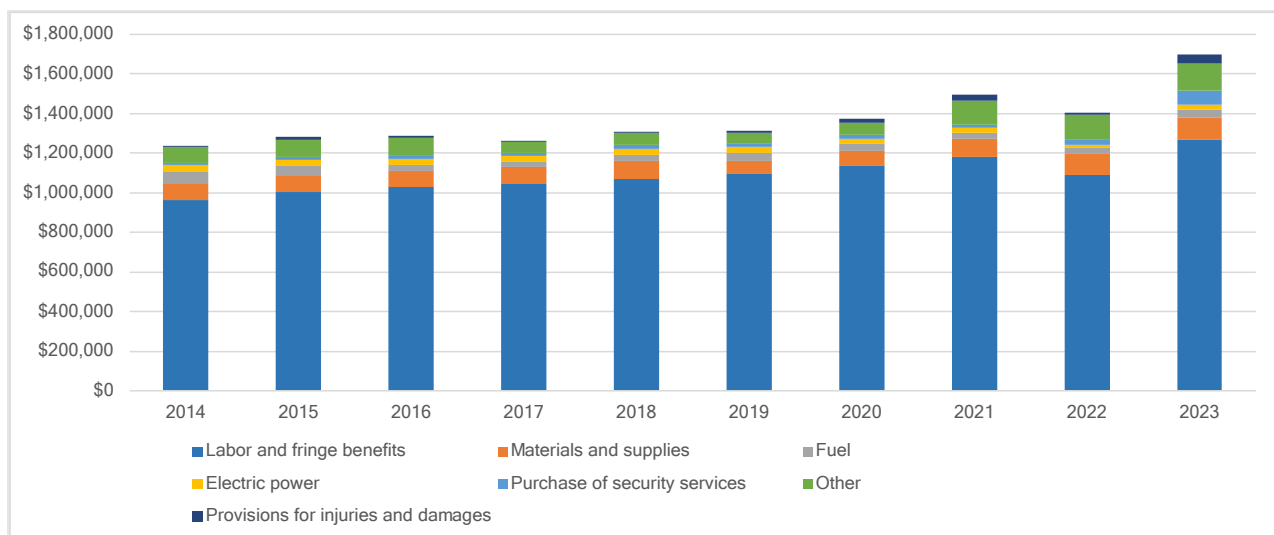
Sources: CTA FY2024 Budget Book; Financial Model

*The capitalized interest is being netted out the debt service number because CTA is projecting that it will capitalize interest for the first 24 months of each bond issuance. These interest costs are being repaid by proceeds of the bond issuances, and it is common municipal finance practice to net out any interest that was capitalized when showing the debt service amount due. The amount is still included in the RLE project financing costs in the SCC Workbook because it is an interest payment that is being paid during the period of the FFGA.

Section 4 - CTA Systemwide Operating Plan

4.1 Historic and Projected O&M Expenditures

Growth in O&M expenditures has been steady over the period FY2014-FY2023, with a compound average growth rate (CAGR) of 3.24%. **Figure 4-1** presents the breakdown of O&M expenditures over the period on a budgetary basis (not Generally Accepted Accounting Principles or GAAP). Historically, labor has been the largest component of CTA's O&M expenditures, accounting for 80% of O&M costs over the last 10 years.



Source: CTA Financial Statements

Figure 4-1: CTA O&M Expenditures, FY2014-FY2023, \$000s (Budget Basis)

The following assumptions for annual O&M costs reflect the growth in costs experienced over the last 10 years. Due to the wide-ranging impacts of the COVID-19 pandemic between FY2020 and FY2022, the Financial Plan uses FY2019 as the base year for ridership revenue and takes into account the increase in costs since FY2022. CTA budget assumptions are used for the period FY2024-FY2026, with straight-line growth rates beginning in FY2027 through FY2043. The following historic data was sourced from CTA's financial statements and is presented on a budgetary basis.

Labor accounts for the largest share of CTA's O&M costs, amounting to \$1,265 million in FY2023. The 10-year CAGR for labor costs for the period FY2014-FY2023 was 2.7%, reflecting contractual wage increases, the cost of fringe benefits (including higher employer contributions to the pension plan), and the changes in headcount over the period. This Financial Plan assumes labor costs will increase 3% per year over the modeling period FY2027-FY2043 to account for the inflationary pressure on wages.

Materials and supplies historically accounted for 6% of total O&M costs and are expected to remain at similar levels in the Financial Plan. Materials and supplies costs increased over the past 10 years by a CAGR of 3.5%. In FY2022, CTA spent \$114.7 million on materials and supplies. Materials costs are driven by the number of vehicles to maintain and the cost of vehicle parts on rail cars and buses coming out of warranty. CTA has been successful at controlling these costs, and the assumption for future growth reflects this fact. This Financial Plan assumes that materials and supplies will grow by 3% per year over the period FY2027-FY2043. This forecast reflects the continuation of strategic capital investments, such as the overhaul of some bus and rail cars, facilities, and infrastructure improvements. The forecast also includes an allowance for some continuation of the added expenditures brought on by the COVID-19 pandemic, including the purchase of personal protective equipment and cleaning and disinfecting products.

Fuel costs decreased in FY2021 and FY2022 but increased again in FY2023. In FY2023, CTA's spending on diesel fuel was \$37.6 million. Even before 2020, fuel costs were decreasing year-on-year, with a 10-year CAGR of -4.5%. CTA implemented a strategy of fixed price fuel purchasing contracts, which, combined with lower fuel prices, led to the cost decreases. The fixed price fuel purchasing also provides more budget certainty. This Financial Plan reflects CTA's projection of a larger budget increase based on the recent increase in fuel prices. Over the longer term, this Financial Plan assumes that fuel costs will increase 1% per year over the period FY2027-FY2043.

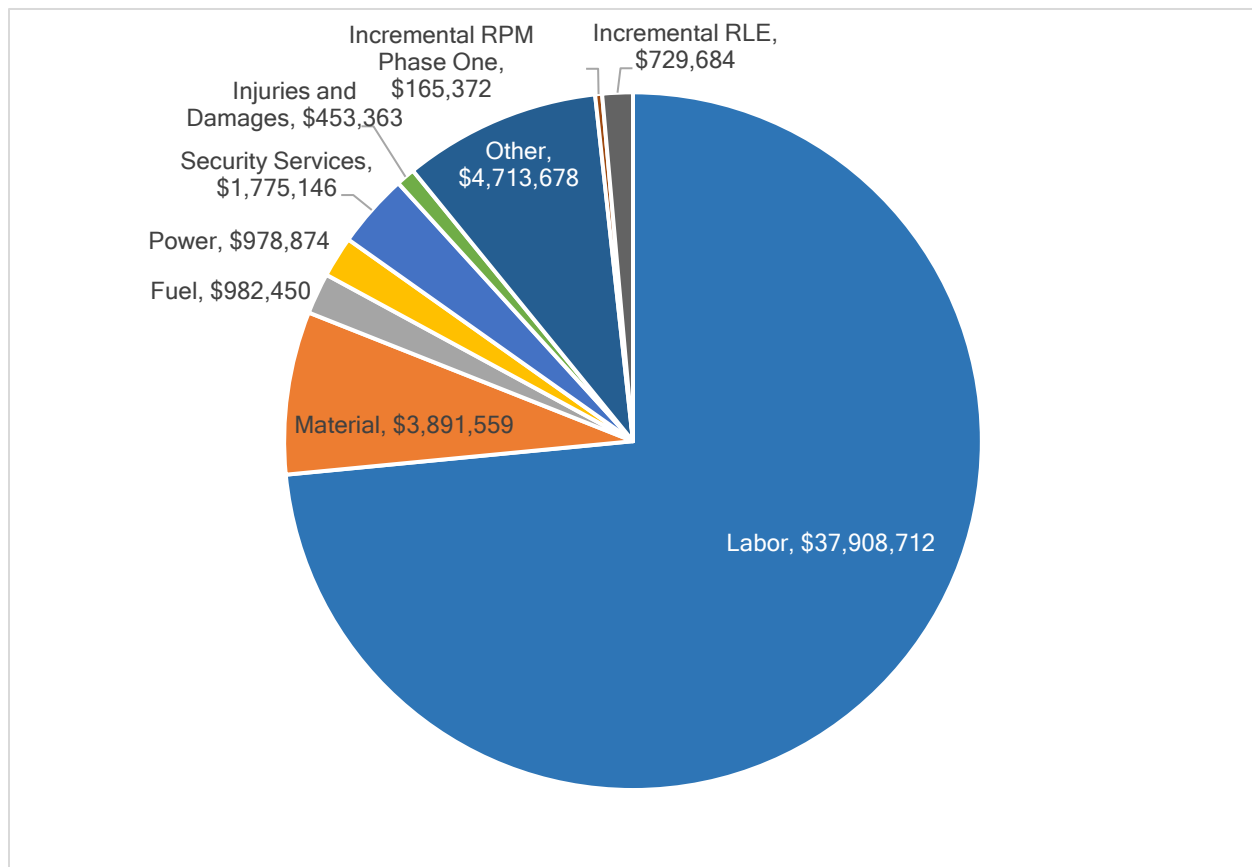
Electric power accounted for 2% of CTA's O&M costs over the past 10 years, and experienced a net decrease in costs, with a CAGR of -2.0%. Power costs in FY2023 amounted to \$27.3 million. As a result of CTA locking in a fixed price for electricity supply starting in January 2020, the agency was insulated from significant cost increases in electricity capacity and transmission, saving about \$1 million annually, but this is offset by increases in ComEd delivery rates. This lowers electricity consumption by more than 10% system wide. Both trends are incorporated in this Financial Plan's assumption that power costs will grow by 1% annually over the modeling period FY2027-FY2043.

Purchase of security services accounted for 1.6% of total O&M costs and had a CAGR of 17.6% over the period FY2013-FY2023. Costs had been decreasing until FY2023. These costs include inter-governmental agreements with the police departments of Chicago, Oak Park, and Evanston, plus some contract security services. The inter-governmental agreement with the Chicago Police Department is for a term of three years and a not-to-exceed dollar value, which limits the overall growth rate for security expenses. The Financial Plan assumes that security services costs will increase 3% per year over the period FY2027-FY2043.

Injuries and damages represent expenses for claims and litigation for incidents that occur on CTA property, as well as incidents involving CTA vehicles. The annual amount is determined by the CTA's actuaries and reviewed annually. It is based on actual claims history and future projections. Over the past 10 years, the provision has increased by a CAGR of 13.5%, and the cost in FY2023 was \$46.1 million. This Financial Plan assumes that the provision for injuries and damages will grow by 1% per year over the modeling period FY2027-FY2043, to account for the annual fluctuations.

Other expenses include pension obligation bond debt, contractual services, utilities, noncapital grant, travel, lease, and other general expenses. Other expenses accounted for 6.4% of total O&M costs and grew at a CAGR of 5.8% over the past 10 years. The Financial Plan assumes that other costs will increase 3% per year over the modeling period FY2024-FY2043.

Overall projected O&M expenditures for the period FY2024-FY2043 are detailed in **Figure 4-2** and **Table 4-1** below.



Source: CTA Financial Model

Figure 4-2: CTA Projected O&M Expenditures, FY2024-FY2043, \$000s

Table 4-1: Annual Projected O&M Expenditures by Category, FY2024-FY2043, \$000s

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Labor	\$1,359,830	\$1,428,845	\$1,499,931	\$1,544,929	\$1,591,277	\$1,639,015	\$1,688,186	\$1,738,831	\$1,790,996	\$1,844,726	\$1,900,068
Material	\$130,628	\$143,401	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	\$195,716
Fuel	\$49,074	\$47,770	\$45,150	\$45,602	\$46,058	\$46,518	\$46,983	\$47,453	\$47,928	\$48,407	\$48,891
Power	\$36,729	\$44,692	\$45,754	\$46,212	\$46,674	\$47,140	\$47,612	\$48,088	\$48,569	\$49,054	\$49,545
Security Services	\$65,150	\$68,082	\$70,124	\$72,228	\$74,395	\$76,626	\$78,925	\$81,293	\$83,732	\$86,244	\$88,831
Injuries and Damages	\$19,850	\$20,446	\$21,059	\$21,270	\$21,482	\$21,697	\$21,914	\$22,133	\$22,355	\$22,578	\$22,804
Other	\$157,941	\$176,221	\$187,043	\$192,655	\$198,434	\$204,387	\$210,519	\$216,835	\$223,340	\$230,040	\$236,941
Incremental RPM Phase One	\$6,281	\$6,457	\$6,637	\$6,823	\$7,014	\$7,211	\$7,413	\$7,620	\$7,833	\$8,053	\$8,278
Incremental RLE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,578	\$48,631	\$50,333	\$52,095
Total Operating Expenses	\$1,825,483	\$1,935,914	\$2,030,199	\$2,088,852	\$2,149,242	\$2,211,421	\$2,275,442	\$2,360,938	\$2,457,864	\$2,529,450	\$2,603,168

	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total 2024-2043
Labor	\$1,957,070	\$2,015,782	\$2,076,255	\$2,138,543	\$2,202,699	\$2,268,780	\$2,336,844	\$2,406,949	\$2,479,157	\$37,908,712
Material	\$201,587	\$207,635	\$213,864	\$220,280	\$226,888	\$233,695	\$240,706	\$247,927	\$255,365	\$3,891,559
Fuel	\$49,380	\$49,874	\$50,372	\$50,876	\$51,385	\$51,899	\$52,418	\$52,942	\$53,471	\$982,450
Power	\$50,040	\$50,541	\$51,046	\$51,557	\$52,072	\$52,593	\$53,119	\$53,650	\$54,187	\$978,874
Security Services	\$91,496	\$94,241	\$97,068	\$99,980	\$102,979	\$106,069	\$109,251	\$112,528	\$115,904	\$1,775,146
Injuries and Damages	\$23,032	\$23,262	\$23,495	\$23,730	\$23,967	\$24,207	\$24,449	\$24,693	\$24,940	\$453,363
Other	\$244,049	\$251,371	\$258,912	\$266,679	\$274,680	\$282,920	\$291,407	\$300,150	\$309,154	\$4,713,678
Incremental RPM Phase One	\$8,510	\$8,748	\$8,993	\$9,245	\$9,504	\$9,770	\$10,044	\$10,325	\$10,614	\$165,372
Incremental RLE	\$53,918	\$55,805	\$57,758	\$59,780	\$61,872	\$64,038	\$66,279	\$68,599	\$71,000	\$729,684
Total Operating Expenses	\$2,679,083	\$2,757,259	\$2,837,764	\$2,920,670	\$3,006,047	\$3,093,970	\$3,184,516	\$3,277,763	\$3,373,793	\$51,598,838

Source: Financial Model

4.2 Projected Debt Service Paid from Operating Funds

As noted in **Section 3.2.2**, the vast majority of CTA's bond issuances are backed by sales tax revenues or grant receipts. However, all previously executed TIFIA loans are backed by farebox revenues and are repaid from operating funds. Additionally, a portion of financing costs on other issuances is also repaid from operating funds. **Table 4-2** details projected debt service paid from operating funds over the period FY2024-FY2043.

Table 4-2: Annual Projected Debt Service Paid from Operating Funds, FY2024-FY2043, \$000s

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
2008 Pension Obligation Bonds (Series A and B)	\$156,575	\$156,575	\$156,575	\$156,574	\$156,574	\$156,571	\$156,575	\$156,575	\$156,576	\$156,575
95th Street TIFIA	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510
Railcar TIFIA	\$0	\$356	\$2,210	\$5,264	\$5,721	\$5,794	\$9,314	\$9,542	\$9,770	\$9,998
Your New Blue TIFIA	\$9,222	\$9,422	\$9,422	\$9,422	\$9,422	\$9,422	\$1,787	\$1,787	\$1,787	\$1,787
Total Debt Service from O&M	\$170,306	\$170,862	\$172,717	\$175,770	\$176,226	\$176,297	\$172,187	\$172,414	\$172,643	\$172,870

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total 2024-2043
2008 Pension Obligation Bonds (Series A and B)	\$156,571	\$156,574	\$156,576	\$156,577	\$156,570	\$156,573	\$156,575	\$0	\$0	\$0	\$2,661,760
95th Street TIFIA	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$4,510	\$90,197
Railcar TIFIA	\$10,226	\$10,681	\$10,681	\$13,546	\$13,717	\$13,887	\$14,286	\$14,457	\$14,798	\$14,798	\$189,045
Your New Blue TIFIA	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$7,456	\$7,456	\$7,456	\$98,360
Total Debt Service from O&M	\$173,093	\$173,552	\$173,554	\$176,421	\$176,584	\$176,757	\$177,158	\$26,422	\$26,764	\$26,764	\$3,039,361

Source: Financial Model

4.3 Summary of Projected Annual O&M Expenditures and Debt Service Costs

Projected annual O&M expenditures and debt service costs repaid from operating funds are summarized in **Table 4-3** below.

Table 4-3: Projected Annual O&M Expenditures and Debt Service from Operating Funds by Category, FY2024-FY2043, \$000s

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Expenses	\$1,825,483	\$1,935,914	\$2,030,199	\$2,088,852	\$2,149,242	\$2,221,421	\$2,275,442	\$2,360,938	\$2,457,864	\$2,529,450
Debt Service from O&M	\$170,306	\$170,862	\$172,717	\$175,770	\$176,226	\$176,297	\$172,187	\$172,414	\$172,643	\$172,870
Total O&M Expenditures	\$1,995,789	\$2,106,776	\$2,202,916	\$2,264,622	\$2,325,468	\$2,387,718	\$2,447,629	\$2,533,352	\$2,630,507	\$2,702,320

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total 2024-2043
Operating Expenses	\$2,603,168	\$2,679,083	\$2,757,259	\$2,837,764	\$2,920,670	\$3,006,047	\$3,093,970	\$3,184,516	\$3,277,763	\$3,373,793	\$51,598,838
Debt Service from O&M	\$173,093	\$173,552	\$173,554	\$176,421	\$176,584	\$176,757	\$177,158	\$26,422	\$26,764	\$26,764	\$3,039,361
Total O&M Expenditures	\$2,776,262	\$2,852,635	\$2,930,812	\$3,014,185	\$3,097,254	\$3,182,804	\$3,271,128	\$3,210,938	\$3,304,527	\$3,400,556	\$54,638,199

Source: Financial Model

4.4 O&M Revenue Forecast

Operating revenues for CTA include farebox revenue, other operating revenue, and public funding. Historical amounts over the period FY2014-FY2023 are presented in **Table 4-4**, **Table 4-5**, **Table 4-6**, and **Table 4-7**. On average, CTA increases fare prices every four years. Ridership and farebox revenues reached a peak in 2015 and 2018, respectively, before dramatically declining in 2020 with the COVID-19 pandemic. Concessions/advertising and other non-operating revenues were increasing steadily before 2020, providing supplemental revenue for operations.

Table 4-4: 10-Year History of Fare Media Prices

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bus Fare	\$2.00	\$2.00	\$2.00	\$2.00	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Rail Fare	\$2.25	\$2.25	\$2.25	\$2.25	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Transfer	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.00	\$0.00
30-Day Pass	\$100.00	\$100.00	\$100.00	\$100.00	\$105.00	\$105.00	\$105.00	\$105.00*	\$75.00*	\$75.00
Reduced Fare - Bus	\$1.00	\$1.00	\$1.00	\$1.00	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
Reduced Fare - Rail	\$1.10	\$1.10	\$1.10	\$1.10	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25

*Changes effective November 2021 eliminated the transfer fee, lowered the cost of the 30-day pass to \$75 and also lowered the cost of other passes not included in this table.
Source: FY2024 Budget Book

Table 4-5: 10-Year History of Ridership and Fare Revenue

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bus Ridership (millions)	276.10	274.30	259.10	249.20	242.20	237.28	121.45	117.36	140.0	158.4
Rail Ridership (millions)	238.10	241.70	238.60	230.20	225.90	218.30	76.05	78.62	103.5	115.1
Total Ridership (millions)	514.20	516.00	497.70	479.40	468.10	455.20	197.50	195.98	243.5	273.5
Fare Revenue (\$ million)	\$577.0	\$587.1	\$577.0	\$559.5	\$588.8	\$585.3	\$232.8	\$242.9	\$290.9	\$326.6

Source: FY2024 Budget Book; CTA Financial Statements; CTA Annual Ridership Reports

Table 4-6: 10-Year History of Operating Revenues, \$000s

\$ million	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fare Revenue	\$583,466	\$587,108	\$577,007	\$559,495	\$588,791	\$585,297	\$232,830	\$242,864	\$290,891	\$328,810
Other Operating Revenue	\$97,376	\$88,410	\$99,562	\$90,383	\$108,542	\$111,880	\$81,233	\$37,287	\$43,636	\$40,018
Total Operating Revenues	\$680,842	\$675,518	\$676,569	\$649,878	\$697,333	\$697,177	\$314,063	\$280,151	\$334,527	\$368,828

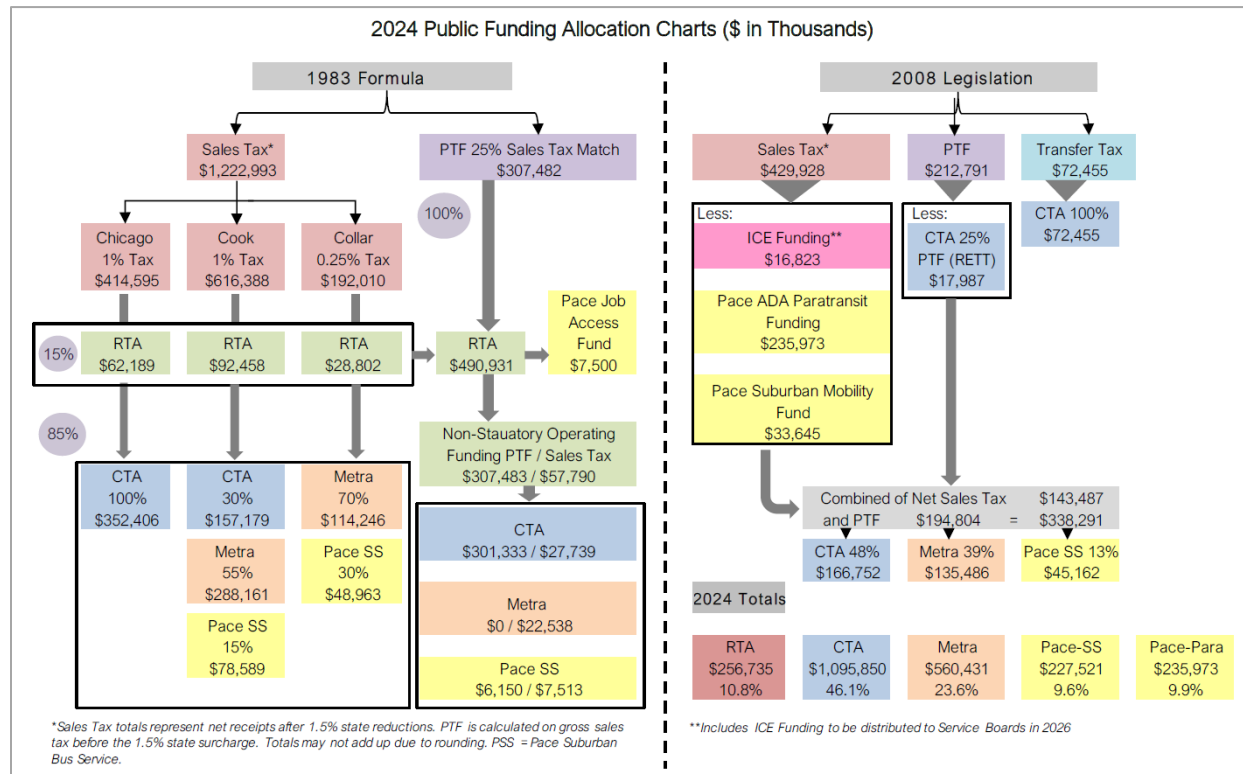
Source: CTA Financial Statements

Table 4-7: 10-Year History of Public Funding, \$000s

\$ million	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Funding (RTA)	\$739,238	\$813,327	\$809,748	\$778,462	\$809,353	\$818,211	\$740,613	\$950,394	\$1,053,873	\$1,058,386
Federal COVID Recovery Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$483,150	\$305,164	\$151,935	\$240,255
Total Public Funding	\$739,238	\$813,327	\$809,748	\$778,462	\$809,353	\$818,211	\$1,223,763	\$1,255,558	\$1,205,808	\$1,298,641

Source: CTA Financial Statements

CTA receives operating funding from the RTA under the 1983 allocation formula and directly under the 2008 state legislation. The details of the operating funding allocation, and amounts for FY2024, are presented in **Figure 4-3** below.



Source: CTA FY2024 Budget Book

Figure 4-3: CTA Operating Funding Allocation for FY2024 (\$000s)

The Financial Plan assumes a long-term annual growth rate of 3.00% for Real Estate Transfer Tax and 3.50% for all other public funding, based on recent trends.

Ridership Forecast

Like all transit agencies in the United States and globally, CTA was significantly affected by the COVID-19 pandemic and subsequent stay-at-home orders that began in March 2020. During the first few months, ridership dropped by approximately 80%, but CTA continued to provide full scheduled service and to carry more than a quarter of a million riders every weekday. Providing full scheduled service allowed for social distancing on buses and trains.

CTA anticipates reaching 2019 ridership levels in the mid-2030s, following a gradual recovery. In an effort to rebuild ridership, CTA implemented fare discounts with promotions on passes, which were piloted in 2021 and made permanent in 2022.

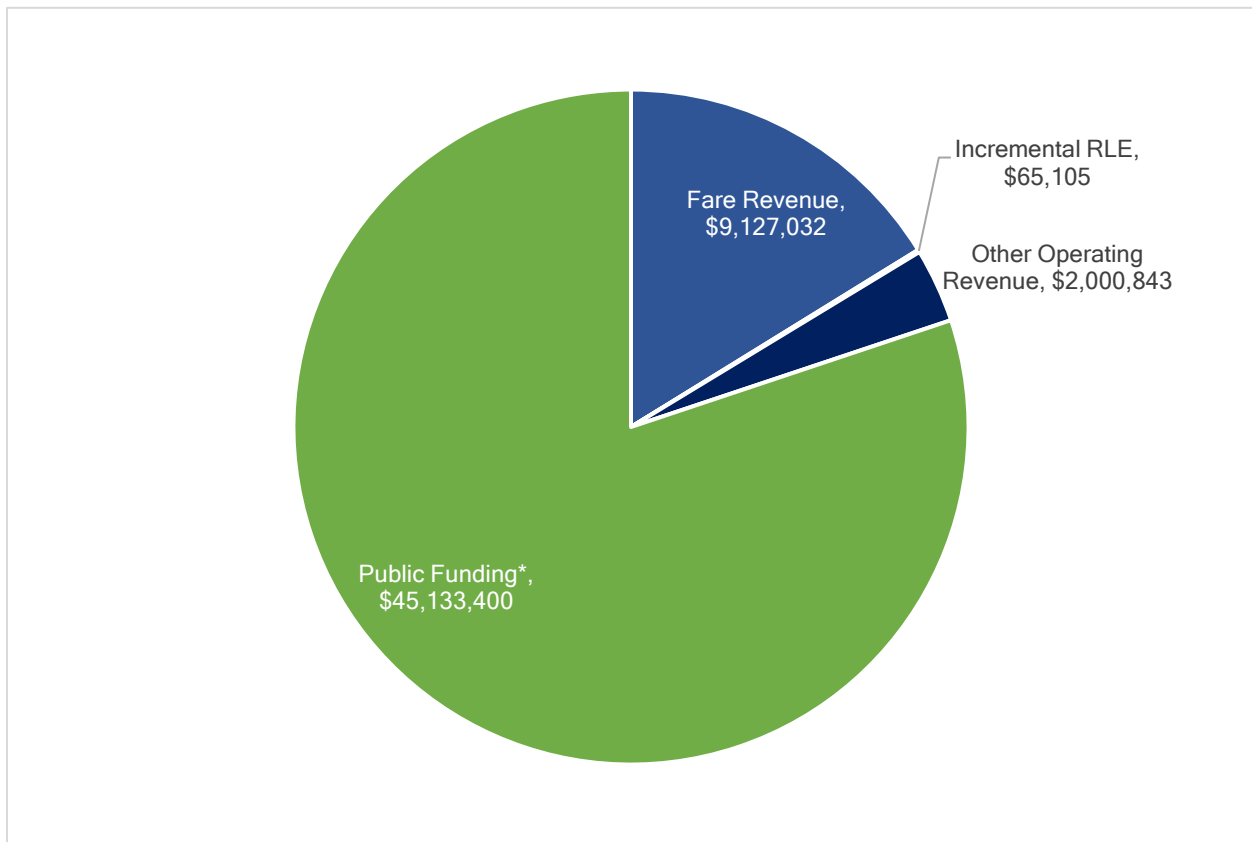
Under the base case scenario for this Financial Plan, ridership across the system is assumed to reach 63% of 2019 levels in FY2024, 6% higher than in FY2023, consistent with CTA's FY2024 Budget Book. Recovery is expected to continue gradually, reaching 66% of 2019 levels in FY2025 and 70% of 2019 levels in FY2026, at which point the model transitions to a long-term growth rate of 1% annually for both bus and rail ridership.

Fare Revenues Forecast

Historically, as detailed in this **Section 4.4**, CTA implemented fare increases across all modes every three to five years for 30-day passes and reduced fares, and less frequently (every eight years) for single bus and rail fares. The last fare increase occurred in 2018. While previous fare increases were implemented for budgetary considerations, the lasting effects of the COVID-19 pandemic have made transit affordability a more prominent concern. There is regional interest in keeping fares affordable as well as recovering ridership post-pandemic. Determining CTA's fare structure is therefore no longer solely a budgetary decision, but has strong equity impacts, particularly for riders that will use the RLE Project.

Historically, CTA exceeded its 50% mandatory farebox recovery ratio. The requirement was suspended by the Illinois legislature for FY2020-FY2023 to allow CTA and the other service boards to take advantage of the stronger sales tax growth while fare revenues are recovering more slowly. In 2023, the legislature extended this provision through FY2025. As noted above, CTA and RTA are working on addressing the long-term impact of the pandemic on the recovery ratio. The RTA and transit operators will work together with the Illinois General Assembly to obtain continued recovery ratio relief while developing permanent funding structural reform. The RLE Financial Model forecasts ratios that are below 50% for the period FY2024-FY2043. Additional information in the following sections provides context and assumptions for the growth in public subsidy revenue.

The base case O&M revenues for the period FY2024-FY2043 are presented in **Figure 4-5** and **Table 4-8** below.



*Public funding includes CTA share of federal relief funding in FY2024 and FY2025; public funding also includes future funding, as discussed below

Source: Financial Model

Figure 4-4: Projected CTA O&M Revenues, FY2024-FY2043, \$000s

Table 4-8: Projected O&M Revenues by Category and by Year, FY2024-FY2043, \$000s

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Fare Revenue	\$345,117	\$361,125	\$380,429	\$387,419	\$394,538	\$401,788	\$419,723	\$427,436	\$432,863	\$441,069
Incremental RLE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,876	\$4,582	\$4,662
Other Operating Revenue	\$82,306	\$82,300	\$83,244	\$85,116	\$87,044	\$89,030	\$91,075	\$93,182	\$95,352	\$97,587
Public Funding*	\$1,568,366	\$1,663,352	\$1,739,243	\$1,796,849	\$1,856,373	\$1,917,879	\$1,981,435	\$2,047,107	\$2,114,968	\$2,185,090
Total Revenue for Operations	\$1,995,789	\$2,106,777	\$2,202,916	\$2,269,384	\$2,337,955	\$2,408,697	\$2,492,233	\$2,569,601	\$2,647,764	\$2,728,408

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total 2024-2043
Fare Revenue	\$460,549	\$469,280	\$478,177	\$487,242	\$508,762	\$518,407	\$528,235	\$538,249	\$567,933	\$578,692	\$9,127,032
Incremental RLE	\$4,873	\$4,959	\$5,046	\$5,135	\$5,368	\$5,462	\$5,558	\$5,656	\$5,912	\$6,016	\$65,105
Other Operating Revenue	\$99,890	\$102,261	\$104,703	\$107,219	\$109,810	\$112,479	\$115,228	\$118,059	\$120,976	\$123,980	\$2,000,843
Public Funding*	\$2,257,550	\$2,332,424	\$2,409,796	\$2,489,747	\$2,572,365	\$2,657,739	\$2,745,962	\$2,837,128	\$2,931,337	\$3,028,690	\$45,133,400
Total Revenue for Operations	\$2,822,862	\$2,908,925	\$2,997,722	\$3,089,343	\$3,196,305	\$3,294,087	\$3,394,982	\$3,499,092	\$3,626,158	\$3,737,377	\$56,326,380

*Public funding includes CTA share of federal relief funding for FY2024 and FY2025; public funding also includes future funding still to be identified, as discussed below
Source: Financial Model

4.4.1 Potential additional sources of revenue

The COVID-19 pandemic has posed unprecedented challenges to public transit operators across the U.S., including CTA. The combination of decreased fare revenues, the end of temporary pandemic-era federal operating support, and inflationary pressure on operating costs is anticipated to result in a projected operating deficit of \$50 million in FY2025 after Federal Relief Funds are exhausted and a \$577 million gap in FY2026.

CTA will continue to play a crucial role in Chicago's post-pandemic resurgence in the years to come. Additionally, equitable investment in communities is what the Far South Side needs and deserves in our collective fight for recovery, as evidenced by the fact that the bus routes and rail stations in the vicinity of the Project maintained a higher share of pre-pandemic ridership than the system as a whole, and recovered more quickly in the years that followed. For these reasons, it is imperative that this essential service continue to be funded commensurately, such as with the emergency federal assistance for transit approved by Congress in recent years.

The long-term financial viability of transit is an issue that will require regional cooperation to resolve. The region recognizes that cost reductions alone cannot resolve the shortfall, without assuming major service cuts, which would directly contradict the shared local, regional, and federal goals of increasing transit use, combatting climate change, and fostering equity for disadvantaged populations.

The Chicago region has seen strong, cross-sector cooperation towards maintaining transit as a priority. The three regional service boards of CTA, Metra, and Pace are aligned under RTA to receive additional funding. Additionally, CMAP, as the region's MPO, and the City of Chicago continue to play a strong role in programming transit funding, developing recovery plans, and advocating for additional transit infrastructure investment.

Plan of Action for Regional Transit (PART)

In recognition of this priority, [Illinois Public Act 102-1028](#) required CMAP to work with the RTA to submit legislative recommendations to the Governor and Illinois General Assembly on how to ensure long-term funding for the regional public transportation system in advance of the fiscal cliff in 2026. This Act also includes a review of the farebox recovery requirements for all three RTA service boards.

As summarized in **Figure 4-5**, CMAP and a [diverse group of leaders](#) across northeastern Illinois developed the [Plan of Action for Regional Transit](#) (PART) throughout 2023. PART contains an extensive set of recommendations to guide the region toward a stronger and more financially secure transit system, including legislative recommendations for improvements to the system, how to pay for it, and how to implement reforms. PART



recommendations address regional policies for bus and rail transit to improve service, increase ridership, and leverage transit-supportive land uses, including regional transit fare integration and system efficiency.

"We need subways and trains and buses and [transit] is vital to our economy. We're going to do whatever is necessary."

- J. B. Pritzker, Governor of Illinois
[Daily Herald, November 2023](#)

"We cannot shy away from the scale of the funding needs our transit system faces. It is significant, but the value transit provides for the city and for our region is immeasurable."

- John Roberson, COO, City of Chicago
[WTTW, December 2023](#)



Figure 4-5: PART Timeline - Executed Milestones

CTA was a key stakeholder in the development of PART, providing CMAP with detailed financial projections and policy input, meeting with CMAP staff throughout the development of the plan and providing technical and policy review of the draft final report.

As a major advancement for the region, PART was approved by the CMAP Board and MPO Policy Committee on October 11, 2023. With the action taken by the CMAP Board and MPO Policy Committee, CMAP formally submitted PART to the Governor and State Legislature for their consideration on December 7, 2023.

PART recommends several potential revenue sources to support system improvements and address transit's fiscal cliff. The potential revenue sources include state funding for mandated paratransit programs, sales tax solutions, road revenues, and additional options. PART recommends \$1.5 billion in new public revenues to fund a transformational investment in the regional transit system. PART calls upon the Governor and Illinois General Assembly to act in 2024 to enact long-term sustainable funding solutions. Recommendations, including the commitment of new sources of funds, are anticipated to be implemented in advance of the fiscal cliff in 2026.

Mobility Recovery Plan

Prior to PART, CMAP was already in the process of developing a [Mobility Recovery Plan](#) for the region. CMAP initiated its Mobility Recovery action plan development in early 2021. The CTA served on the project steering committee, which met six times in 2021 and 2022. This effort has helped to inform CMAP's *Financial Plan for Transportation* for the regional long-range plan (ON TO 2050) update. This Plan assesses the anticipated expenditures and revenue sources necessary to carry out the operation, maintenance, and expansion of the region's surface transportation system over the planning period of 2023-2050. Potential revenue sources have been identified to encourage the region to pursue additional public funding.

Transit is the Answer

The RTA has also undertaken a review of potential new funding sources for transit as part of its five-year regional transit strategic plan titled [Transit is the Answer](#), which was approved by the RTA board in February 2023. Identifying new sources of stable funding for transit is at the core of the plan, with RTA forecasting a \$730 million annual operating budget shortfall across the three service boards (CTA, Metra, and Pace) by 2026 when federal subsidies are projected to be depleted. RTA ranked potential sources of funding based on four criteria: stability, nexus with transit, equitable outcomes, and ease of administrative implementation. The highest scoring sources were increasing the RTA sales tax, increasing the State MFT, implementing congestion pricing and expanding the RTA sales tax to a broader tax base.

2024 RTA Legislative Agenda

In addition, the [2024 RTA Legislative Agenda](#) was released in November 2023 following conversations with over 40 state legislators, the Governor's Office, and transit stakeholders after the conclusion of the Spring 2023 legislative session. The legislative agenda prioritizes securing additional operating funding to fully fund the region's transit system.

4.5 O&M Funding Sources and Uses Summary

Projected annual O&M and debt service expenses and O&M revenue detailed in **Sections 4.1, 4.2, 4.3, and 4.4** above are summarized in **Table 4-9** below.

Table 4-9: Projected O&M Funding Sources and Uses, by Category, by Year, FY2024-FY2043, \$000s

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Expenses	\$1,825,483	\$1,935,914	\$2,030,199	\$2,088,852	\$2,149,242	\$2,211,421	\$2,275,442	\$2,360,938	\$2,457,864	\$2,529,450
Debt Service from O&M	\$170,306	\$170,862	\$172,717	\$175,770	\$176,226	\$176,297	\$172,187	\$172,414	\$172,643	\$172,870
Total O&M Expenditures	\$1,995,789	\$2,106,776	\$2,202,916	\$2,264,622	\$2,325,468	\$2,387,718	\$2,447,629	\$2,533,352	\$2,630,507	\$2,702,320
O&M Revenues	\$1,995,789	\$2,106,777	\$2,202,916	\$2,269,384	\$2,337,955	\$2,408,697	\$2,492,233	\$2,569,601	\$2,647,764	\$2,728,408

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total 2024-2043
Operating Expenses	\$2,603,168	\$2,679,083	\$2,757,259	\$2,837,764	\$2,920,670	\$3,006,047	\$3,093,970	\$3,184,516	\$3,277,763	\$3,373,793	\$51,598,838
Debt Service from O&M	\$173,093	\$173,552	\$173,554	\$176,421	\$176,584	\$176,757	\$177,158	\$26,422	\$26,764	\$26,764	\$3,039,361
Total O&M Expenditures	\$2,776,262	\$2,852,635	\$2,930,812	\$3,014,185	\$3,097,254	\$3,182,804	\$3,271,128	\$3,210,938	\$3,304,527	\$3,400,556	\$54,638,199
O&M Revenues	\$2,822,862	\$2,908,925	\$2,997,722	\$3,089,343	\$3,196,305	\$3,294,087	\$3,394,982	\$3,499,092	\$3,626,158	\$3,737,377	\$56,326,380

Source: Financial Model

Acronym List

AoPP	Area of Persistent Poverty
APTA	American Public Transportation Association
BIL	Bipartisan Infrastructure Law
CAGR	Compound Average Growth Rate
CDOT	Chicago Department of Transportation
CIG	Capital Investment Grant
CIP	Capital Improvement Program
CMAP	Chicago Metropolitan Agency for Planning
CMAQ	Congestion Mitigation and Air Quality
CPI-U	Consumer Price Index for All Urban Consumers
CPS	Chicago Public Schools
CRP	Carbon Reduction Program
CTA	Chicago Transit Authority
DHS	Department of Homeland Security
DPD	Department of Planning and Development
EA	Environmental Assessment
EAV	Equalized Asset Value
EIS	Environmental Impact Statement
ESA	Environmental Site Assessment
FFGA	Full Funding Grant Agreement
FHWA	Federal Highway Administration
FMOC	Financial Management Oversight Contractor
FMP	Fleet Management Plan
FTA	Federal Transit Administration
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GARVEE	Grant Anticipation Revenue Vehicles
GL	General Ledger
GDP	Gross Domestic Product
ICC	Illinois Commerce Commission
IDOT	Illinois Department of Transportation
IGA	Intergovernmental Agreements
IHB	Indiana Harbor Belt Railroad
IIDC	Illinois Indiana Development Company
IJA	Infrastructure Investment and Jobs Act
KPI	Key Performance Indicators
MCCP	Management Capacity and Capability Plan
MED	Metra Electric District
MFT	Motor Fuel Tax
MPO	Metropolitan Planning Organization
MPS	Master Project Schedule
MTA	Metropolitan Transit Authority
MTA Act	Metropolitan Transit Authority Act
MWRD	Metropolitan Water Reclamation District
NAAQS	National Ambient Air Quality Standards
NEPA	National Environmental Policy Act
NICTD	Northern Indiana Commuter Transportation District
NPV	Net Present Value
NS	Norfolk Southern
NTD	National Transit Database
O&M	Operations and Maintenance
OUC	Office of Underground Coordination
PART	Plan of Action for Regional Transit
PayGo	Pay-As-You-Go

PD	Plan Development
PDPP	Project Delivery Procurement Plan
PEC	Preliminary Engineering Consultant
PMC	Program Management Consultant
PMOC	Program Management Oversight Contractor
PMP	Project Management Plan
POB	Pension Obligation Bonds
PTF	Public Transportation Fund
RAMP	Real Estate Acquisition Management Plan
RETT	Real Estate Transfer Tax
RLE	Red Line Extension
ROD	Record of Decision
ROW	Right of Way
RPA	Redevelopment Project Area
RPM	Red and Purple Modernization
RTA	Regional Transportation Authority
SABS	Stripped Adjusted Baseline Schedule
SCC	Standard Cost Categories
SGR	State of Good Repair
STOPS	Simplified Trips-on-Project Software
STP	State Transportation Plan
T-District	Transportation District
TAM	Transit Asset Management
TFIA	Transit Facility Improvement Area
TIC	Total Interest Cost
TIF	Tax-Increment Financing
TIFIA	Transportation Infrastructure Finance and Innovation Act
TIP	Transportation Improvement Program
TSGP	Transit Security Grant Program
UPRR	Union Pacific Railroad
USDOT	U.S. Department of Transportation
UWP	Unified Work Plan
VDOT	Virginia Department of Transportation
YOE	Year-of-Expenditure
YOE\$	Year-of-Expenditure dollars