



## Memorandum

**To:** Erin Aleman  
**From:** CMAP staff  
**Date:** September 1, 2023  
**Subject:** The Eno Center for Transportation's technical memo submission to CMAP

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On August 31, 2023, The Eno Center for Transportation (Eno) submitted a technical memo about potential governance models for consideration by the Chicago Metropolitan Agency for Planning (CMAP). In that document (attached below), Eno provides context about transit governance in northeastern Illinois, describes the challenges that governance reform should aim to solve, details the options for reform, and offers their independent evaluation of different governance models.

Eno's technical memo builds on additional research previously provided to CMAP for consideration. In early 2023, Eno interviewed PART Steering Committee members, service board leadership, and other regional transit stakeholders.<sup>1</sup> Eno also produced case studies about the governance of transit systems in metropolitan regions in the United States and abroad.<sup>2</sup>

While Eno's work informed the PART process, the technical memo is a stand-alone document that is separate from the final PART report. The document serves as a resource about Eno's perspective regarding potential solutions that may align with northeastern Illinois' unique history and context. However, the analysis and recommendations included in the document are Eno's alone and do not necessarily represent the views of CMAP.

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<sup>1</sup> Eno Center for Transportation (Eno), "Summary of Eno's Interviews with Transit Stakeholders," June 29, 2023, [https://www.cmap.illinois.gov/documents/10180/1523087/Summary+of+interviews+with+transit+stakeholders\\_Eno.pdf](https://www.cmap.illinois.gov/documents/10180/1523087/Summary+of+interviews+with+transit+stakeholders_Eno.pdf).

<sup>2</sup> Eno, "Coordination and Governance in Transit: Lessons from Six Case Studies," June 29, 2023, [https://www.cmap.illinois.gov/documents/10180/1523087/Coordination+and+governance+in+transit\\_Eno.pdf/](https://www.cmap.illinois.gov/documents/10180/1523087/Coordination+and+governance+in+transit_Eno.pdf/).



# The Eno Center for Transportation's Technical Memo on Potential Governance Models for Northeastern Illinois

Submitted to CMAP on August 31, 2023

<b><i>Introduction</i></b> .....	<b>4</b>
<b><i>I. Highlights from Previous Reports</i></b> .....	<b>7</b>
a. Northeastern Illinois Public Transit Task Force Report.....	7
b. Delcan Report.....	9
c. Eno’s “Getting to the Route of It” Report .....	10
d. Stakeholder Interviews (recommendations).....	11
e. Eno’s Six Case Studies.....	13
f. Network Managers.....	17
<b><i>II. Problems, Opportunities, and Guidance</i></b> .....	<b>21</b>
a. Five problems / opportunities observed by Eno .....	21
b. Problems that CMAP identified based on Steering Committee feedback. ....	27
c. Steering Committee Survey.....	28
d. Steering Committee’s recommended potential improvements.....	29
<b><i>III. Narrowing Down Options</i></b> .....	<b>30</b>
Option: Minimize the RTA’s Role.....	31
Option: Retain Structure but Revise Formulas .....	31
Option: Strengthen RTA and retain three service boards. ....	32
Option: Fold service boards into one regional transit agency. ....	32
Do options address problems? .....	33
<b><i>IV. Potential Ways to Strengthen RTA Institutionally</i></b> .....	<b>35</b>
<b><i>V. Eno’s Definition of Models #1 and #2 (strengthening the RTA)</i></b> .....	<b>42</b>
Defining Model #1: Stronger coordinating agency .....	44
Defining Model #2: Regional Network Manager .....	46
<b><i>VI. Eno’s Definition of Models #3 and #4 (single regional entity)</i></b> .....	<b>47</b>
Forms and existing functions .....	47
Board of Directors and Administrative Units .....	48
a. Options on structuring operating units.....	49
b. Options for Board committees .....	50
c. Options regarding Board membership.....	51
d. Options regarding voting, toll agencies, and audits.....	52
Defining Model #3 and Model #4.....	52
<b><i>VII. Evaluating and Comparing the Models</i></b> .....	<b>54</b>

a. Dividing responsibilities between RTA and the Service Boards (or operating units).....	54
b. Agency executives: appointment and reporting under different models .....	61
c. Do models help solve problems identified by CMAP based on steering committee feedback? .....	62
d. Do models help address problems and opportunities identified by Eno.....	64
e. Advantages and disadvantages of each model (as defined by Eno) .....	70
f. Evaluation Matrix .....	80
<b>VIII. Eno’s Recommendations .....</b>	<b>84</b>
Recommended Model.....	84
Alleviating Concerns.....	87
Transition of Governance in San Diego .....	89
Further research and planning are needed prior to implementation.....	90
Next Steps.....	91

# Introduction

The Chicago Metropolitan Agency for Planning (CMAP) has been asked by the Illinois state legislature to deliver regional recommendations that support transit reform and identify legislative actions and administrative changes at the state level to implement those reforms.

The purpose of this document is for Eno to provide CMAP with an independent view and assessment of governance reform proposals based on Eno's review of other regions and its participation in CMAP's Plan of Action for Regional Progress (PART) process. While CMAP has led the effort to engage a regional discussion of governance reform through PART, Eno's efforts have been conducted in parallel to allow for an independent assessment of detailed reform proposals that have been more generally discussed through PART.

**Section I** contains highlights of five reports that relate to transit governance reforms in Northeast Illinois. It also explains the European network management concept of coordinating transit services in metropolitan areas.

The first three reports -- prepared in 2013 and 2014 by the Northeastern Illinois Public Transit Task Force, Delcan, and Eno -- recommended fundamental reforms to the region's transit governance. At the time, there was considerable tension between the service boards, and the public was justifiably upset by the misconduct and mismanagement of some past transit agency board members and executives. While the service boards, by many accounts, are now working better together than ever before, these 2013 and 2014 recommendations are still applicable because they can help the region overcome persistent problems and take fuller advantage of its rich transit resources.

The fourth report is Eno's 2023 case study analysis that looked at transit governance in six regions: New York, San Francisco, Seattle, Toronto, London, and Boston. The fifth report, also prepared by Eno, identified key issues and potential recommendations raised by PART's Steering Committee members and transit stakeholders during a series of interviews conducted in January and February 2023. This section ends with a discussion of regional network managers; these organizations found in many European cities ensure seamless transit service by integrating schedules, fares, ticketing, and customer information.

**Section II** identifies problems relating to transit governance in northeast Illinois and discusses the guidance provided by the PART Steering Committee relating to governance-related problems and potential solutions.

In 2023, Eno conducted an independent analysis of transit-related problems. Likewise, CMAP identified governance-related transit problems (based on PART Steering Committee feedback) after determining that the Chicago region's existing structure was inhibiting

decision-making and coordination. CMAP noted that the existing transit governance structure has resulted in problems relating to decision-making, service coordination, funding allocation, accountability, and state and regional roles.

CMAP also conducted a survey of the Steering Committee members in 2023. The survey was designed to get a sense of their opinions about consolidating certain transit agency functions. The results found a high-level of consensus for consolidating certain functions relating to fare policy, financial stewardship, and capital planning. The Steering Committee had a medium level of consensus for consolidating several additional functions.

This section also considers the implications for governance reforms related to the Steering Committee's preliminary recommendations for system improvements and potential ways to pay for them. Note that Eno's work related to this section has been informed by the Steering Committee, stakeholders, as well as by CMAP staff (who have been regularly soliciting feedback from the CMAP Board and its MPO Policy Committee.)

**Section III** explains how Eno initially considered four different options relating to governance reform. The first two -- minimizing RTA's role and revising the funding formulas -- were *not* advanced for further analysis. The next two -- strengthening the RTA and folding the service board into a regional transit agency -- are further defined and analyzed in subsequent sections.

The first option envisioned minimizing the RTA's role, an idea that was raised in 2013 and 2014 because the RTA was considered just strong enough to be an obstruction, but not strong enough to have any real planning influence over the region. The second option would have retained the existing transit structure but revised the funding formulas, an option that could shift resources to help achieve regional goals but still provide the service boards with predictable funding levels.

The third option would strengthen the RTA and retain three service boards, an option that could provide the RTA with accountability along with meaningful governance and budgetary oversight. The fourth option would fold the service boards into a single regional transit agency; this is the option that would lead to the most significant change in transit governance.

This section identifies some of the advantages and disadvantages of each option and has a table that considers how each option would address the problems that CMAP identified based on Steering Committee feedback. It concludes by referring to the Steering Committee's preference of eliminating the first two options and focusing the analysis on governance models that would either strengthen the RTA or consolidate the transit agencies.

In **Section IV**, Eno identifies and considers legislative and policy changes that could help the RTA achieve the region's transit goals and undertake functions relating to fare policy,

financial stewardship, and planning. Although the RTA already has considerable powers, it is not using them to their full extent.

**Section V** describes how four distinct models of transit governance will be evaluated for the remainder of this report. The first two would strengthen the RTA and retain the three service boards, while the next two would dissolve the service boards and create one regional agency. Model #1 is referred to as a stronger coordinating agency and Model #2 as a regional network manager (a type of organization discussed in Section I).

**Section VI** explains how Eno defines two different models that would integrate the three service boards into one regional agency. Model #3 would have operating units and board committees that correlate with the current service boards. The service boards would continue to exist as legal entities even though they would be merged with the regional agency. Model #4 would more fully integrate the service boards.

This section describes functions that a new regional transit entity (one that would replace the RTA) would perform. It also identifies various ways that departments (or operating units) could be structured. Various options are discussed such as those for board committees, board membership, advisory committees, and voting mechanisms.

**Section VII** compares the four models (as defined by Eno) in various ways including how responsibilities would be divided between the RTA (or a different regional entity) and the service boards (or operating units). The models are then assessed by how they help address problems identified by Eno and also those problems identified by CMAP (based on Steering Committee feedback).

This section then describes the advantages and disadvantages of each model. An evaluation matrix in this section is designed to help visualize the potential impacts of the four models, allowing for further discussion and more informed decision-making.

**Section VIII** explains why Eno recommends that northeast Illinois move towards Model #3, the form of transit governance that offers the best option for maximizing benefits and minimizing risk.

Model #1 would help meet some of the region's goals, but it is not the governance structure that would best serve northeast Illinois. Instead of a single accountable entity prioritizing the region's needs, a patchwork of agencies would continue focusing on their own interests as they develop plans, undertake projects, and provide services in a less than efficient manner.

Models #2 and #3 would better meet the needs of northeast Illinois by centralizing decision-making and improving the transit network's efficiency. Since transit services and projects would be planned from a regional perspective without first considering the provider, these

models will lead to the provision of more integrated and efficient services. Model #2 will appeal to many stakeholders because the existing service boards would continue to be responsible for operating services. However, Eno prefers Model #3 because more functions would be consolidated, the reporting structure and accountability would be clearer, and potential cost savings greater.

This section also identifies the need for further research and implementation issues. In addition, a list of potential concerns about governance reforms are raised and then ways to alleviate these concerns are discussed.

## **I. Highlights from Previous Reports**

This section contains highlights of five reports that relate to transit governance reforms in Northeast Illinois. It also explains how European metropolitan areas have created network managers to coordinate and improve the efficiency of transit services.

The first three reports -- prepared in 2013 and 2014 by the Northeastern Illinois Public Transit Task Force, Delcan, and Eno -- recommended fundamental reforms to the region's transit governance.

The fourth and fifth reports were prepared by Eno in 2023. A case study looked at transit governance in six regions: New York, San Francisco, Seattle, Toronto, London, and Boston. A summary document identified key issues and potential recommendations raised by PART's Steering Committee members and transit stakeholders during a series of interviews conducted in January and February 2023. These two recent Eno reports are available at [www.cmap.illinois.gov/programs/regional-transit-action](http://www.cmap.illinois.gov/programs/regional-transit-action).

This section ends with a discussion of network managers which is a form of transit governance that is widely used in European metropolitan areas.

### **a. Northeastern Illinois Public Transit Task Force Report**

The following are highlights from the Northeastern Illinois Public Transit Task Force report dated March 31, 2014, and the technical memo prepared by the task force in January 2014.

#### The problem

The task force reported, "We do not have an integrated transit system designed and operated to meet the needs of the region; we have three independent transit services that operate and manage their assets and serve the geographies they have been assigned. Without an effective regional voice – to plan, divide funds, evaluate projects, and coordinate the system to the



benefit of the rider – the transit system as a whole and each service provider does not meet its potential. The entire region suffers.”

The task force also wrote, “some have suggested giving the RTA more power and additional tools to use, but the agency’s lackluster response to the new authority given to it in 2008 does not inspire confidence.”

### The recommendation

The task force recommended that the service boards be consolidated into a single integrated agency with one board and (initially) three operating units. Operating units would be responsible for the day-to-day operations of transit service, and back-office functions would be consolidated.

The board would be responsible for setting policy and strategic direction, determining funding allocations, and prioritizing investments for the regional transit system. It would have balanced representation with appointments made by the Chicago mayor, the Cook County president, and the chief elected officials of the collar counties. The task force suggested that the governor should appoint some members of the transit board.

Board action would require majority vote and include votes from each of the three regions. Board committees would oversee operations of operating units and should include members from each region (and potentially the state). Initially, the funding allocations to operating units should follow historic practice to ensure that current service and funding levels do not diminish.

The task force recommended that users of the system and individuals with disabilities be involved through board membership, advisory committees, and other activities.

### Board and senior management

The task force suggested that one example of how the board might be set up is by having 21 voting members with 5 appointments made by the Chicago mayor, 5 by suburban Cook County, 5 by the collar counties, and 6 by the governor (including the Board Chair).

All actions would require a majority vote with at least 2 appointees from each group. The board chair would appoint the agency CEO with board consent. In turn, the CEO would appoint the heads of operating divisions with consent of board committees.

The board committee makeup would reflect different appointing bodies. For example, a 9-member CTA committee could have 4 appointed by the Chicago mayor, 2 by the suburbs, and 3 by the governor. A 7-member Metra committee could have 1 from Chicago, 5 from the suburbs, and 1 appointed by the Governor.

## Benefits

The task force said that consolidation and state involvement would help resolve the fighting that was occurring at the time between operators. Consolidation would also improve communication and planning. With a single agency, shifting funds to where there is the most pressing need would be much easier.

The task force thought its recommendation would save money and help the region raise more funds. Reducing duplicative tasks could lead to cost saving opportunities and a consolidated regional agency would be more effective at organizing efforts to raise state and local taxes.

The task force reported that state involvement could help limit parochial fighting between jurisdictions and the agencies, and also encourage the state to contribute more to the funding of the systems. Likewise, the task force wrote that a closer association between toll roads and transit would lead to better collaboration between road and transit infrastructure, provide a vital source of revenues, and be more effective at creating HOV (high occupancy vehicle) and HOT (high occupancy toll) lanes.

## **b. Delcan Report**

In 2013, Delcan (a consulting firm) published a report titled, “Determining the Equitable Allocation of Public Funding for a Regional Transit System Submitted to the RTA by Delcan with Support from the Eno Center for Transportation and TranSmart.”

This report included an analysis with various governance and funding options. One option was to revise fixed formulas for capital improvements so that they would focus primarily on the state of good repair needs. This would focus funding on necessary improvement. A drawback noted by Delcan was that the service boards would have incentives to generate higher cost estimates for the state of good repair.

Other options looked at strengthening the RTA (or creating a regional agency) that would allocate more funds on a competitive basis. Funding could be based on various objectives such as performance, cost, safety, technology, asset management, etc. Delcan wrote that this would encourage new solutions to traditional problems; however, the service boards would not have predictable funding for their programs. Although these options would encourage a focus on important performance measures and accountability, it would lead to a debate over which performance measures should be used and require changes in organizational structure, practices, and enforcement.

Three major conclusions of the report were: (i) the funding allocation process should emphasize regional goals, (ii) changes in how funds are allocated should not be viewed in

isolation, but rather as part of the efforts to improve regional governance, planning and coordination of public transit service in the RTA region; and (iii) any change in how funds are allocated should involve a process that is transparent, targeted, objective and that demonstrates results.

Eight scenarios evaluated in the report were:

- *Status Quo*: This provided a benchmark with governance structure, funding process and allocation rules continuing as they were.
- *Decentralized/Service Board Focus*: This scenario called for a weakened organizational structure for the RTA with budget savings used to support transit operations at the service boards.
- *New Fixed Formulas*: Capital funds would be allocated in proportion to the costs to reach a state of good repair, although resources would fall well short of meeting that goal. Operating funds would be allocated based on three performance measures: vehicle revenue miles, passenger revenue miles and route miles.
- *Competitive Program*: While the bulk of funds would be allocated according to the formulas used in the second scenario, a portion of funds would be part of a competitive program for operating or capital projects designed to encourage creative solutions. This program would be open to entities beyond the service boards.
- *Performance-Based Allocation*: The bulk of funds would be allocated according to formulas used in the second scenario, but some funds would be awarded based on achieving key performance goals (customer satisfaction, efficiency and safety). Another bonus pool would support new efforts, such as expanded service or technology improvements.
- *Flexible Sub-Area Equity*: Funds (other than certain federal and state capital grants) would be allocated in two steps: first among the counties (including suburban Cook) in proportion to where taxes were paid and second to RTA which would allocate funds among the service boards that serve these counties in ways that support the region's strategic long-range transit plan.
- *Asset Management Focus*: Asset management describes a group of analytic techniques that can help improve the rate of return on investment, control costs, manage safety, improve customer satisfaction, and assist organizational readiness.
- *Combination of Scenarios*: This concept would combine the competitive focus of the fourth and fifth scenarios.

### **c. Eno's "Getting to the Route of It" Report**

The Eno Center for Transportation issued a 2014 report titled, "Getting to the Route of It: The Role of Governance in Regional Transit." Eno wrote that RTA should either be strengthened or eliminated. Either one would be preferable to the current situation where the RTA was just strong enough to be an obstruction, but not strong enough to have any real planning influence over the region. Eno thought that for the RTA to be able to use its discretionary funds to push

individual agencies toward regional goals, it would need much greater autonomy than it currently enjoys.

An argument for eliminating the RTA was that given the battles engendered by the RTA, the individual transit agencies could work together better and do a better job of coordinating service and planning capital investments if they and their funding streams were completely separate from one another.

The benefits of eliminating the service boards and having the RTA operate all three transit providers would likely result in much better coordination, planning, and funding allocation.

Eno thought that it was shortsighted to have no state involvement when transit has such a large impact on the economic success of the state: A lack of state involvement was leading to a dearth of state funding and contributing to the Chicago region's perpetual transit funding crises.

#### **d. Stakeholder Interviews (recommendations)**

The following considerations were raised during the Eno Center for Transportation's interviews with stakeholders (which included select members of the MPO policy committee and Steering Committee) between January 16 and February 6, 2023.

##### How the RTA could be strengthened (according to the stakeholders):

- Require service board executive directors to answer to the RTA board in some formal way.
- Give RTA the power to approve hiring (and possibly firing) of transit agencies' executive directors.
- Provide the RTA with greater discretion in allocation of funds (with less reliance on mandated formulas.)
- Enable the RTA to veto major line items in agencies' budgets.
- Give RTA the authority to approve certain types of contracts that are regional in nature (e.g., contracts with lobbyists).
- Change the requirement that the RTA needs a super majority vote for it to take on sole responsibility for conducting an alternatives analysis and preliminary environmental assessment for any project over \$25 million. (This dollar threshold could also be raised to account for inflation.)
- Change the RTA's super majority requirements for approval of strategic plan, capital program, budget, and two-year financial plan.
- Ensure that RTA has the resources and autonomy to conduct in-depth and independent audits.

Advantages of strengthening the RTA (according to the stakeholders):

- Provides the RTA with accountability along with meaningful governance and budgetary oversight.
- RTA might be able to do a better job integrating fares, coordinating and consolidating services, establishing bus lanes and BRT, integrating customer information, building more transit centers, and designing and installing wayfinding signs.
- RTA may be able to issue more informed studies and report cards on status, problems, and issues (e.g., safety).
- Could redesign transit network by looking at all services together.
- Transit would better speak with one voice (and not have lobbyists who compete with each other.)

Disadvantages of a stronger RTA (according to the stakeholders):

- A bigger bureaucracy would not be as nimble or efficient in its decision making.
- City of Chicago would be concerned that a stronger RTA would take away its control of CTA. Suburbs would be concerned that a stronger RTA would shift more resources to the city.
- RTA board members would have more battles over allocating funds.
- Bigger bureaucracy might not be as responsive to municipalities.

Consolidate service boards into the RTA (according to the stakeholders):

Some stakeholders recommended eliminating the three service boards and having the RTA board responsible for all CTA, Metra, and Pace services. This could lead to potential savings in operations, personnel, procurement, legal, marketing, etc.

Many of the same concerns were raised about strengthening and consolidating the RTA. An additional concern is that there are advantages of having separate boards that focus specifically on one mode.

Eliminate the RTA and transfer its essential functions (according to the stakeholders):

Stakeholders were asked about the pros and cons of eliminating the RTA. Although, it would eliminate a level of bureaucracy, a number of potential problems were raised including:

- Without the RTA, there would be less consistency and coordination among agencies.
- There would still be a need for an organization to administer the regional tax.
- The region would still want an agency to hold the transit agencies accountable.
- No agency would speak on behalf of all agencies to the public, Springfield, and advocacy groups.
- Service boards would need to administer reduced fare permits and assess ADA paratransit eligibility.

### Greater state role (according to the stakeholders):

Stakeholders discussed how to get the state more involved so that they could bring more money to the transit agencies. For example, the governor could be given the power to appoint members to the RTA board (note that the governor currently appoints 3 members to CTA's 7-member board).

However, several interviewees expressed concerns about the governor interfering with the region's priorities (e.g., "we're better off dealing with folks in the Chicago region than a governor who has to please downstate and upstate"). One interviewee suggested that we should identify a role for the state. "If they are going to want more oversight in return for more money, it's better that we define it than them."

### Tolling Related (according to the stakeholders):

Some stakeholders recommended merging an existing and/or new tolling agency with the RTA and use its tolls to subsidize transit. Another option was for tolling agencies to help subsidize transit, but remain separate from the RTA. An advantage of merging tolling authority with the RTA is that toll funding might be more reliable. If a tolling agency is separate, the legislature may be more likely to change the amount of funds that are allocated to transit.

## **e. Eno's Six Case Studies**

For its case study report, CMAP staff and the Eno Center identified six different regions with populations of more than four million with robust transit networks -- New York, San Francisco Bay Area, Seattle, Boston, Toronto, and London. None of the six case study regions have the same type of transit governance as Northeast Illinois. Every approach to governance and transit funding reflects a combination of a region's history, laws, growth patterns, geography, economic development, and other local circumstances.

For example, unlike Northeast Illinois, Boston and London have one transit agency that controls nearly all of its transit services. In the Boston region, the Massachusetts Bay Transportation Authority operates light rail, heavy rail, commuter rail, trolley, buses, paratransit and ferries. Transport for London, created in 2000, combines nearly all public transportation services and it also regulates taxis, and manages major arterials and traffic controls.

The other four regions (New York, San Francisco, Seattle, Toronto) do not have one mega-agency that controls all the transit services in its region.

New York's largest transit agency manages the subway and bus network, as well as two commuter railroads. However, the region also contains other very large transit agencies that

operate their own transit services. Both Seattle and Toronto have regional transit agencies, but they do not provide the bulk of transit services in their region. The Bay Area does not have one single transit agency, but rather 27 different ones.

The agencies in the case study report fall under five different types – those established and managed by intercounty agreements (e.g., Caltrain), counties (e.g., San Francisco, Washington’s King County), cities (e.g., Toronto), regions (e.g., New York), and states (e.g., New Jersey and Boston). Although the Chicago region can apply elements from each of the case studies, it would be inappropriate to completely adopt any of them.

Eno looked at various elements of transit governance in each region including funding, rules governing the boards of directors, accountability, oversight, and fare coordination.

#### Wide variety of funding sources including tolls

The agencies rely on a wide range of funding sources. In New York, thanks to widespread support for public transportation, the state has authorized numerous taxes to support transit including payroll, parking, fuel, sales, ridesharing, and real estate transfer taxes. The MTA also has high tolls on its tolled bridges and tunnels to support transit.

States can also enact laws that encourage transit. For example, the state of Washington is not contributing funds towards Sound Transit’s rail building program, but it does have a law which requires many large worksites to develop and manage their own programs to reduce the number and length of drive-alone trips.

Transit agencies in the case studies use a wide range of funding sources for their operating and capital needs.

In the Bay Area, BART relies upon sales tax and property taxes while the metropolitan planning organization collects more than \$600 million a year in bridge tolls and allocates these funds for bridge, highway, and transit projects. In Seattle, approximately half of King County Metro’s fare revenue is paid by businesses and institutions, including Amazon, Microsoft, and the University of Washington.

Toll revenue is an important funding source in New York and Jersey. More than one billion dollars in annual toll revenues from the MTA’s bridges and tunnels is used to support transit. In fiscal year 2023, the NJ Turnpike Authority provided \$721 million to NJ TRANSIT. From the transit perspective, New York’s governance structure has an important advantage over New Jersey’s. The MTA sets the toll rates and how much of the toll revenue is used to support transit while NJ TRANSIT controls neither.

London's congestion pricing program has deterred motorists and encouraged more transit use. New York is now poised to implement a congestion pricing program for vehicles entering Manhattan below 60<sup>th</sup> Street.

To make up for the decrease in transit ridership and in anticipation of the elimination of COVID relief funds, both Seattle and New York have raised taxes to subsidize their transit services.

#### Board of directors in case studies

Some board members can help bring in outside funds and further coordination efforts between other government agencies. For example, NJ TRANSIT's chair is also the chair of the NJ Turnpike Authority. Board members can also encourage coordination between transit agencies. For example, at Seattle's Sound Transit, at least half of the board members (from each county) must serve on the governing body of a local public transportation system.

At Sound Transit, board members must be elected officials. However, Ontario policy makers made a different choice when they set up Metrolinx. They thought it would be better not to have any politicians or government officials on the board because that might lead to turf wars with local officials protecting their interests. The board is certainly not free of political influence, however, since the province's minister of transportation has considerable power in all decision-making.

When affluent board members do not use their own transit agency's services, they can be seen as out-of-touch with the needs and desires of their customers. To address that concern in San Francisco, SFMTA board members are required to ride Muni on average once a week. At least four of them must be regular Muni riders.

In the United States, board members at most transit agencies are supposed to be independent and serve for their full term of office. However, Transport for London was not set up with that intention. Board members usually hold their positions for two or four years, but they serve at the pleasure of the mayor. The London mayor can terminate an appointment at any time by providing three-months' notice.

Some boards ensure geographical diversity by requiring that its members come from different jurisdictions. NJ TRANSIT also ensures some political diversity by specifying that a maximum number of board members can be from a single political party.

Some boards have *non-voting* members. For example, NJ TRANSIT has one board member who represents a bus union and another from a rail union, while the MTA's board in New York has a non-voting member who represents a state-sponsored riders group. The MTA also has board members who do not have a full vote. Members representing four of the smallest suburban counties in the MTA service area collectively cast one vote.



Some boards, like Chicago's RTA, elect their own chair. In Massachusetts and New Jersey, the state's transportation commissioner is the chair of MBTA and NJ TRANSIT, respectively. Likewise in New York, the governor selects the MTA's chair. In Washington, the state DOT secretaries sit on the Sound Transit Board while the agency's board chair rotates every 2 years between the three county executives. This helps promote a strong relationship between the regional transit agency that is building the new rail lines and the three counties in its service area that are providing most of the transit services.

Most transit agencies in the case studies require that appointees to boards are confirmed by a legislative body. In Chicago, appointees go through a confirmation process, but the RTA's board members do not.

Many transit agency boards have advisory committees. For example, King County Metro has a regional transit committee that includes local elected officials, as well as geography-based committees, a special needs committee, and a paratransit advisory committee.

King County also incorporates equity into its decision-making processes. It has a mobility equity cabinet, and its Strategic Plan and its Service Guidelines incorporate equity-based principles that are used to evaluate, design, and modify transit services.

### Accountability and Oversight

The leaders of the government body that established the transit agency are typically accountable for the transit services. Accountability in the Chicago region in many ways is more dispersed than in any of the case studies.

In New York and New Jersey, the governors control board appointments to the MTA and NJ TRANSIT. In Seattle, the county executives are responsible for their county-operated services as well as for Sound Transit. In London, the mayor is accountable for nearly all transit services in the region.

Governments oversee powerful transit agencies in a variety of ways. After the SFMTA approves a budget, it is then either approved or rejected by the 11-member San Francisco Board of Supervisors (7 votes are needed to reject a budget).

In New York, the state's Capital Program Review Board must approve MTA's capital program. The Review Board's four voting members represent the governor, State Senate leader, State Assembly leader, and the New York City mayor. In the Bay Area, the California governor appoints BART's Inspector General who identifies opportunities to improve the efficiency and effectiveness of BART operations, and the delivery of capital projects.

In the six case study regions, transit agency board members are typically not paid. In places like New York and Toronto, board members are not paid although it is considered a high-profile public service role. At organizations like San Francisco's Muni, members receive minimal compensation for attending meetings. In King County, Washington the members are elected officials and not paid directly for their transit agency board participation. Transport for London board members, which serve at the pleasure of the mayor, are paid about USD \$20,000 each year.

### Fare Coordination

Every region discussed in this document integrates fare payment in some manner.

In London and Boston, a single transit agency determines fare policies and associated technology for multiple modes. A cap limits how much London riders pay for all their journeys in one day or week. When the fares of transit riders add up to a certain amount, they are not charged for any additional rides. Transport for London sets different caps based on the times of day that riders travel and the services they use.

The Seattle, San Francisco, and Toronto regions all have smart cards that can be used across multiple agencies. Businesses in the Seattle region can purchase passes for unlimited rides on all bus and rail lines. Funds received from the purchase of regional passes are allocated in proportion to the total value of services used on each agency during the period in which the pass is valid.

When Ontario set up Metrolinx, the transit agency was given the charge to implement a card that could be used across the province. The same fare card that is used in Toronto can now also be used in Ottawa, 280 miles away.

The Bay Area's metropolitan planning organization, the Metropolitan Transportation Commission (MTC), manages the Clipper card that is used by 24 agencies. MTC was able to corral these agencies into accepting the same card because California has given MTC discretion in spending over hundreds of millions of dollars in annual federal and state funds. MTC uses these funds to get operators to adhere to its transit coordination requirements including those related to the Clipper card as well as 511 traveler information, regional transit hub signage, maintenance of coordinated service, transit rider surveys, fare and schedule requirements, and regional transit information displays.

## **f. Network Managers**

Eno has prepared the following materials about European regional network managers.<sup>3</sup>

### About Regional Network Managers

Public transportation in most European metropolitan areas is more extensive, frequent, and readily accessible than their U.S. counterparts. These differences can be explained by a number of factors including land use, density, and levels of government subsidies. The presence of regional network managers is another factor. These organizations coordinate public transportation services within metropolitan areas, and make transit more user friendly and accessible by easing transfers between services.

Various names are used in Europe to describe network management organizations including network transit manager, transportation associations, regional transit coordinator, public transport authority, and metropolitan transport authority. In German-speaking countries, they are usually referred to as *verkehrsverbund*. This report will continue to use the term “regional network manager” or “network manager.”

One of the most important goals of network managers is to ensure seamless transit service. They coordinate services by integrating schedules, fares, and ticketing. They also coordinate marketing and customer information.

Network managers establish performance measures and then enter into contracts with either public or private operators to provide transit services. In some regions, more than two dozen different entities operate train and bus services. The network managers monitor performance and then reward good service and penalize poor service.

Branding is an important element because it can make transit easier to use, more convenient, and customer oriented. Just as drivers in Northeast Illinois operate their cars across state, city, and county roads without thinking about who owns the roadways – transit users in regions with network managers can navigate numerous transit services, seamlessly. While drivers traveling from Maine to Minnesota can use the same E-ZPass tag, transit users in those states are not offered that same level of convenience.

Network managers in Europe typically offer discounted annual and monthly tickets to entice customers and discourage automobile use. Once individuals purchase one of these passes,

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<sup>3</sup> Sources for this information include the following: “The Metropolitan Transport Authority in Europe. Towards a Methodology for Defining Objectives, Responsibilities and Tasks”, 2012; “A European Model for Public Transport Authorities in Small and Medium Urban Areas,” 2015; “Promoting Public Transportation: Comparison of Passengers and Policies in Germany and the United States,” 2009; “Regional Coordination in Public Transportation: Lessons from Germany, Austria, and Switzerland,” 2015; “Characteristics of Effective Metropolitan Areawide Public Transit: A Comparison of European, Canadian, and Australian Case Studies,” 2020; Eno’s interviews in 2023 with Paul Lewis, Principal of D.B. E.C.O. North America Inc.

they are more likely to use transit because the choice of every additional trip is effectively fare-free.

Where a network manager is established, the transit operators do not determine their own budgets or fares. Instead, the network manager collects revenues (fares as well as federal and state funds) and then redistributes revenues to the transit operators. Local funds also go to the network manager, but in some cases they are also given directly to a local operator to supplement the resources provided by the network manager.

A regional, unified fare structure has been defined as one in which travelers only need a single ticket. Transit riders do not incur any additional fare for changing vehicles or modes. Trips are priced by the distance of their journey, thus they are mode- and operator-neutral. This integration of fares removes a barrier to transferring between operators and offers riders more choices once they have purchased a ticket.

Network managers do not just determine service levels and fares. They also lead capital planning efforts and prioritize construction projects. Some network managers undertake these projects on behalf of a transit operator.

After network managers have been established, metropolitan areas typically see an increase in transit ridership and better perceptions of transit. They have also been credited with reducing some costs (especially those related to administration, marketing, and maintenance) by eliminating redundancies and taking advantage of economies of scale.<sup>4</sup>

#### Different types and organization structures

Just as U.S. metropolitan areas have a wide range of transit governance structures, historical circumstances and local conditions have shaped the development of network managers. For example, some rely more on private operators rather than public agencies to provide transit service. Likewise, regions vary in determining how much power to give the network manager. In some cases, the network manager determines specific routes and sets schedules, while in other cases it identifies the market that will be served.

Network managers can be considered more a family of governance models than a single model. They have different structures, funding models, redistribution formulas, and levels of government participation. A network manager can be an independent public body, the department of an existing public government agency, or a confederation of local transit companies. They are often, but not always, set up as public corporations owned by state or local governments.

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<sup>4</sup> Kenji Anzai and Eric Eidlin, “Routes to Seamlessness: Options for Establishing a Network Manager Based on the Political History of the German Verkehrsverbund”, 2021.

Some network managers are large transit agencies in their own right. For example, Transport for London can be considered both a regional transit operator and a network manager. It operates its own rail services, but also manages a competitive bidding process for approximately 700 bus service routes in which the terms of service are prescribed in detail including service routes, frequencies, and fares. From the customers' perspective, the buses are all Transport for London buses.

The board of directors for network managers can comprise representatives of local and national governments, as well as representatives of private transit operators. They incorporate customers' perspectives in different ways. Some have transit users serve on the network manager's board (either as voting or non-voting members), while others set up transit users' committees and regularly conduct customer satisfaction surveys.

In Germany, some network managers operate as an alliance of private transit companies. Others are controlled by local governments. Some have aspects of both, with transit companies and governments sharing control of the organization.

Researchers have not identified a single best practice for network managers because many of them appear to be effective. According to San Jose State University's Mineta Institute, "the underlying commonality is the fact that there is an entity with the authority to coordinate the many pieces of the regional transit network puzzle, especially fares and schedules."<sup>5</sup>

Staff at the network managers and transit operators must work collaboratively. It has been estimated that it takes three to five years for a network manager to establish the expertise necessary to take on all of its responsibilities.<sup>6</sup>

An association, the European Metropolitan Transport Authorities ([www.emta.com](http://www.emta.com)), helps network managers exchange information and best practices in planning, integrating and financing public transport services in metropolitan areas. The association has 34 authorities from 21 different European countries.

### The Berlin Example

The network manager in the Berlin region is known as the Verkehrsverbund Berlin-Brandenburg (VBB). It was established as a limited liability company with the states of Berlin and Brandenburg each owning one-third, with the remaining one-third divided equally by 18 local municipalities. Each of these entities is responsible for providing subsidies based on the

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<sup>5</sup> Mineta Transportation Institute "Characteristics of Effective Metropolitan Areawide Public Transit: A Comparison of European, Canadian, and Australian Case Studies," 2020.

<sup>6</sup> Naniopoulos, Genitsaris, and Balampekou, "The Metropolitan Transport Authority in Europe. Towards a Methodology for Defining Objectives, Responsibilities and Tasks," 2012, pages 2010-2011.

percentage of their ownership. (Note that Berlin is both a city and state, surrounded by the state of Brandenburg.)

VBB contracts with 36 public and private transit operators in its region. It has 26 members on its board of directors: 4 representatives from Berlin and 4 from Brandenburg. The other 18 represent the local municipalities.

The board of directors' voting structure has applicability to the Chicago region. For major decisions, a majority vote is required from each of the three factions. That means 3 representatives from both Berlin and Brandenburg must vote in favor of an action, as well as 10 representatives from the municipalities. Thus, the vote of one state representative typically carries greater weight than the vote by a single representative of a municipality.

## II. Problems, Opportunities, and Guidance

This section details the following:

- (a) governance related transit problems and opportunities identified by Eno
- (b) problems that CMAP identified based on Steering Committee feedback
- (c) results of a survey taken by Steering Committee members about consolidating certain transit agency
- (d) discussion of some potential system improvement and funding recommendations identified by Steering Committee that relate to governance.

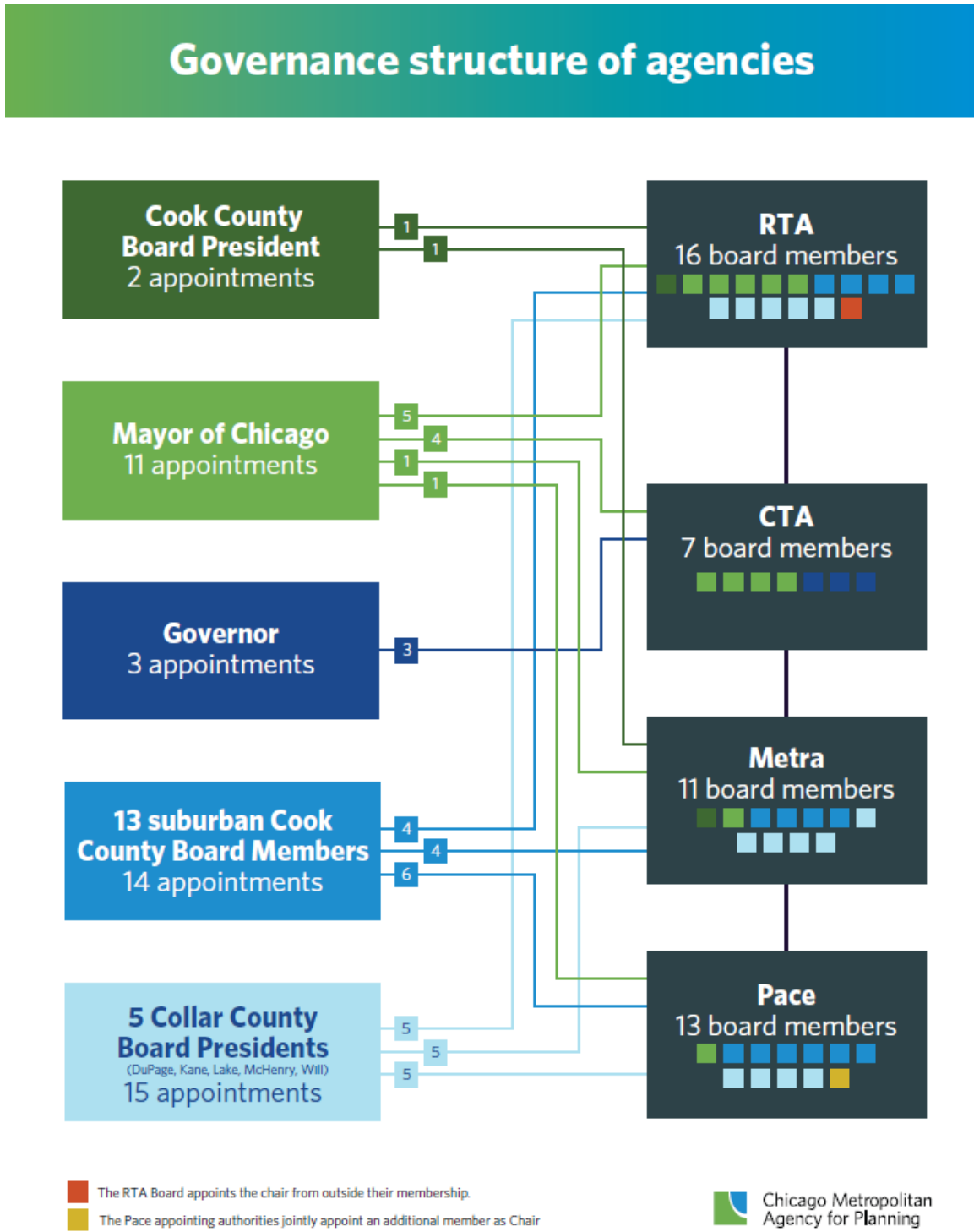
### a. Five problems / opportunities observed by Eno

After conducting a series of interviews and reviewing data provided by CMAP staff, Eno has confirmed that transit in the Chicago region is the backbone of the metropolitan transportation network, but in the wake of the COVID-19 pandemic serious fault lines have emerged. The lack of regional cohesion stymies agencies' ability to address these issues, which are exacerbated by decade-long ridership declines on both bus and rail, and its resulting funding shortfalls. The existing governance model is not robust enough to address the region's current shortfalls nor does it prepare the region for its vision of a safe, reliable, accessible public transportation that connects people to opportunity, advances equity, and combats climate change.

As shown in the chart below, the governance structure of the agencies is based upon a delicate balance of powers that prioritizes neither a regional perspective nor a single accountable entity. Because of super majority requirements, this structure has protected the interests of Chicago, suburban Cook County, and the collar counties – but has made it difficult to develop

a regional vision for transit and then execute on components that would integrate services, information, and technology.

**Figure II-1: Transit agency board appointments**





Eno has identified the following five transit problems / opportunities in the region that are directly tied to governance. Note that solving many of these problems requires governance reforms as well as additional funding.

1. Chicago does not have a truly integrated transit system
2. Customer information is not well integrated
3. Service and fares are not well integrated.
4. Capital projects and new routes are not designed with a regional perspective.
5. RTA does not take full advantage of its powers to prioritize regional needs, conduct extensive audits, and analyze alternatives for major projects.

**Problem / Opportunity #1. Chicago does not have a truly integrated transit system.**

Chicago does not have a truly integrated transit system because the extent of collaboration and competition between CTA, Metra, and Pace is not ideal. For example:

- Pace and CTA have some overlapping / duplicative bus services in suburban Cook County.
- Not only do the agencies compete over discretionary funds at the RTA, they also compete in Springfield and Washington, D.C. For instance, each agency and the RTA have their own lobbyists.
- The agencies also compete for riders. Metra sees Pace as a competitor; stakeholders said that Metra was resistant to Pace operating buses on shoulder lanes because it could shift riders from trains to buses. Likewise, CTA seems to see Metra as a competitor since CTA did not participate in the Fare Transit South Cook pilot because it could divert riders from CTA to Metra.

**Problem / Opportunity #2. Customer information is not well integrated.**

More cooperation between the transit agencies could help lead to the following improvements:

*Integrated Information:* Customers could obtain better integrated customer information (with electronic and wayfinding signs) at stops, stations, buses, trains, and online.

*Ambassadors:* The region could deploy ambassadors to help customers with information about all the region's transit services. The ambassadors could also help deal with issues associated with the unhoused and individuals with mental health issues.

**Problem / Opportunity #3. Service and fares are not well integrated.**

Better coordination could help integrate services and fares, improve real-time coordination, and foster multi-modal planning.

*Integrating Services:* Riders could have easier and more convenient connections between modes of transportation, regardless of who is operating the service, allowing for increased mobility across the region.

*Fare Integration:* Riders could purchase one universal fare card and the transit providers could offer integrated fares with free transfers, reduced fare options, maximum (daily or monthly) fare for riders of multiple services, and integrated payment with bike sharing.

*Real-time Coordination:* One control center could monitor and manage all services real-time so that agencies can more easily modify services during an incident. Pace could also better coordinate arrival and departure times with Metra trains.

*Multi-Modal:* Planning for transit services and fares is not fully integrated with ridesharing, bikes, and scooters. The region's three transit service boards could also more strongly integrate with the hundreds of hundreds of additional bus and demand-response transit service options provided by municipalities, recreation departments, counties, and universities (some of which, although not all, are operated in partnership with Pace).

#### **Problem / Opportunity #4. Capital projects and new routes are not designed with a regional perspective.**

*Service Planning:* Ideally, transit services would be planned from a regional perspective without first considering the provider. Thus, planners would first identify the need for a new service and then determine (based on costs and various service attributes) who could best provide the service. Service could be revised to better match changing travel patterns (suburb to suburb, teleworking, fewer Monday and Friday trips, ride hailing apps, etc.)

*Capital Planning:* Projects could be identified and developed based on regional needs and how the existing transit services compete and complement each other (e.g., if the Red Line extension was planned from a regional perspective, the preferred alternative might be better optimized and Metra could amplify benefits of the proposed project). Planning for the following capital improvements could produce better regional outcomes if organized at the regional level:

- Bus lanes / bus rapid transit lines, and transit centers.
- Traffic signal prioritization by identifying standards and priority locations.
- New bus technologies (e.g., alternative fuels)

*Metra's Chicago Stations:* The condition of Metra stations varies widely because Metra relies on municipalities to upgrade and maintain them. Some stations in Chicago appear to be in poor condition and desolate, especially those where trains only stop if passengers are visible. Overall service could possibly be improved by consolidating stations and improving existing ones, but it can be difficult to do so because Metra is limited in the types of services it can provide to replace any lost service.

**Problem / Opportunity #5. RTA does not take full advantage of its powers to prioritize regional needs, conduct extensive audits, and analyze alternatives for major projects.**

The RTA was created by the state of Illinois to coordinate the Chicago region's transit system, oversee its financing with transparency and accountability, and plan for a future with adequate, accessible, and equitable public transportation. In 2008, the RTA Act was amended to enhance the RTA's responsibilities, but the Act's super majority requirement along with state mandated funding formulas hamper the RTA's ability to set budgets and conduct comprehensive planning.

How the Super Majority works: RTA has 15 board appointments: 5 by mayor, 4 by Cook County board, 1 by Cook County president, and 5 by chairs of each collar county. The chair (16<sup>th</sup> member) is elected by the board. At least 12 board members must approve strategic plans, capital programs, budgets, and two-year financial plans. The requirement does protect the interests of Chicago, Cook County, and the collar counties; however, it effectively gives the mayor a veto. Likewise, if the members from Cook County or Collar Counties unite, they can also wield a veto.

Budgeting and programming: The super majority approval requirement makes it harder for the RTA to shape capital programs and operating budgets. Note that the RTA approves service boards' budgets, but it does not have line-item veto over them.

Not planning major projects: The RTA can take on sole responsibility for conducting an alternatives analysis and preliminary environmental assessment for any project over \$25 million. But it is not doing so because that requires 12 votes.

RTA is not taking advantages of its powers: The RTA could use the recovery ratio requirement to prioritize resources, but it does not. When the requirement is in effect, the RTA's annual budget and two-year financial plan must show that fares are equal to at least 50% of its aggregate costs. This gives RTA the power to determine the recovery ratio each agency must meet, but instead RTA has used historic formulas to set them.

Audits: RTA is apparently not taking full advantage of its power to conduct independent and in-depth audits. Per the RTA Act, the RTA is supposed to audit the Service Boards no less

than every five years. Such audits may include management, performance, financial, and infrastructure condition audits. Although the RTA does meet its legal requirement (see <https://www.rtachicago.org/about-rta/transparency/audit>), it could take on a more vigorous role.

Avoiding conflict has consequences. In 2014, Eno reported that “a culmination of circumstances has led to political gridlock that has rendered the region unable to effectively maintain, coordinate, and fund its transit network.” The transit agencies and RTA have overcome much of the conflict that was endemic a decade ago. However, to avoid conflict, the RTA typically does not tell the three agencies what to do, but instead tries to suggest and convince them. The RTA, apparently, does not publish reports unless all its service boards approve them. RTA typically focuses on issues on which it will get the least pushback and seems to minimize agency problems or chooses not to address them (such as CTA’s recent bus reliability problems.)

#### **b. Problems that CMAP identified based on Steering Committee feedback.**

The PART Steering Committee members have a diverse range of perspectives on the needs and challenges facing both the region’s transit system and its users. Based on Steering Committee feedback, CMAP has identified problems relating to the following five areas, many of which reflect the structure of the RTA and its service boards.

Solving these problems, through additional funding and governance reforms, would enhance the transit system’s effectiveness, help attract more transit riders, and improve services and facilities for transit riders.

1. *Decision-making:* Priorities and decisions are made in a decentralized fashion, lacking in a common vision and plan for execution. This problem manifests itself in service that is optimized to meet the goals of the service boards, rather than the region. It also leads to unnecessary competition in overlapping markets, and cost inefficiencies.
2. *Service coordination:* Service board-specific strategies focus on the interests of their own governing bodies, hampering the vision of fully-coordinated regional mobility. This leads to uneven levels of transit access (either gaps in service or duplication of service), a fragmented transit experience for multi-modal riders, and makes it harder to adapt to new travel patterns and markets.
3. *Funding allocation:* The statutorily required funding distribution for transit operations incentivizes silos and is inflexible to address actual and evolving needs.
4. *Accountability:* Multiple governing boards with overlapping representation and different missions challenge accountability. Each service board must be responsive to their own

governing boards and political representation. This has exacerbated tensions and undercut efforts at regional coordination.

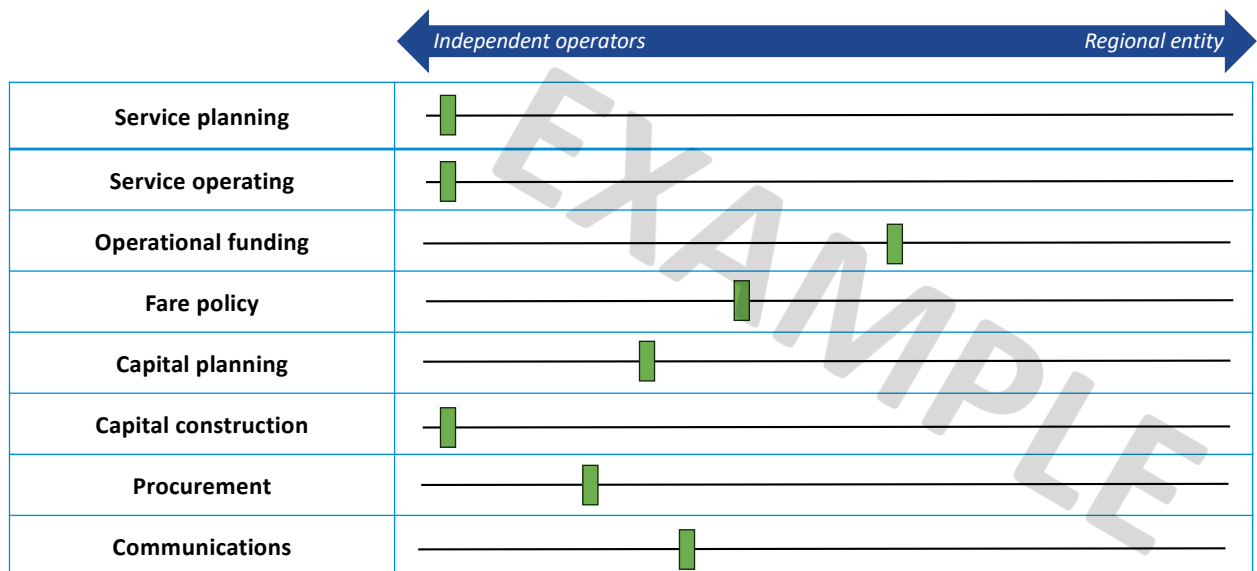
5. *State and regional roles*: The lack of partnership with relevant state and regional entities (in transit planning and funding) silos revenue options and inhibits broader mobility outcomes. As a result, joint highway and transit improvements are not as well coordinated as they could be, and transportation revenues are not well aligned with all mobility needs.

### c. Steering Committee Survey

In June 2023, CMAP conducted a survey of Steering Committee members to get a sense of their thoughts about consolidating the following transit agency functions: fare policy, service planning and operations, financial stewardship, capital planning and execution, and general insights.

The survey was intended to ascertain a sense of the Steering Committee’s opinions on consolidation. The members were *not* given specific examples of these functions nor the pros and cons of centralizing functions. Steering Committee members were shown the following figure to illustrate how transit agency functions could be decentralized or centralized, and how that falls along a spectrum.

**Figure II-2: The responsibility of different functions can fall along a spectrum between independent operators and a regional entity.**



The following table shows the number of members who favored centralization and decentralization for each of the functions surveyed. Some respondents indicated scores that fell in between centralization and decentralization. The table is grouped into functions that had a high level of consensus for consolidation, as well as those functions with a medium and relatively low level of consensus.

**Table II-1: Results of Steering Committee Survey on Centralization of Functions**

<b>Area</b>	<b>Aspect</b>
<i>High consensus for consolidation</i>	
Fare policy	Set fare and transfer policies
Fare policy	Establish revenue sharing policies
Financial stewardship	Set performance measures for regional priorities
Financial stewardship	Oversight and accountability
Financial stewardship	Set performance metrics for operational efficiencies
Fare policy	Select payment technologies and approaches
Capital planning	Prioritize capital funding
<i>Medium consensus for consolidation</i>	
Service planning	Determine which markets to serve
Service planning	Set performance standards and objectives
Capital planning	Plan for system expansion
<i>Relatively low consensus for consolidation</i>	
Capital planning	Plan for state of good repair
Capital planning	Capital construction
Service planning	Day-to-day service planning
Operations	Operate service

**d. Steering Committee’s recommended potential improvements**

The PART Steering Committee has discussed a number of system improvements relating to governance. Nearly all of these improvements would either benefit from, or require, more regional coordination. For example, the committee members would like to integrate fares so that transit riders can have more seamless transfers.

Committee members would like to see transit ambassadors deployed to provide customer information and to enhance safety. If ambassadors could provide information about Metra and Pace services that would certainly be more beneficial to transit user than just providing CTA information. Likewise, the committee members want better integration with complementary modes (such as Divvy and dial-a-ride services); that would be best accomplished by better coordination between all the transit services.

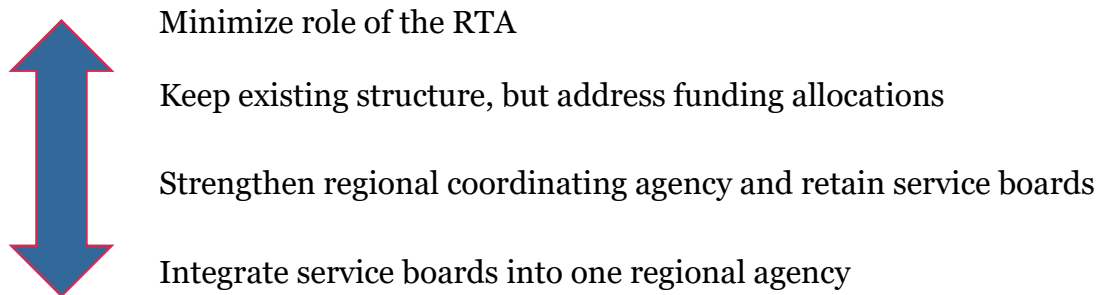
Some improvements require coordination amongst numerous municipalities, as well as transit agencies. For example, creating a bus priority infrastructure and associated enforcement needs support from numerous players in the region. Bus improvements would also benefit from closer ties to state agencies, as would developing state land use incentives to promote transit oriented development.

The Committee has also recommended some potential new funding sources such as parking fees, vehicles registration surcharges, and tolling. Governance-related decisions will need to be made on how these additional resources would be allocated and administered.

### III. Narrowing Down Options

To improve transit services in the Chicago region, and support potential funding and system improvements, Eno and CMAP identified four governance reform options. These options were informed by previous sections of this report and ranged from minimizing the RTA's role to a regional agency that controlled all transit services. The four options are shown in the chart below.

**Figure III-1: Range of Options**



The first option envisions minimizing RTA's role, an idea raised in 2013 and 2014. The second option retains the existing transit structure but revises the funding formulas.

The third option strengthens the RTA and retains three service boards, an option that could provide the RTA with accountability along with meaningful governance and budgetary oversight.

The fourth option, folding the service boards into a single regional transit agency, would lead to the most significant change in transit governance.

This section identifies some of the advantages and disadvantages of each model and includes a table that considers how each of the models would address the problems that CMAP identified based on Steering Committee feedback (as discussed in the previous section).

### **Option: Minimize the RTA's Role**

Given the battles between the individual transit agencies in 2013, one option on the table was eliminating the RTA because it was considered just strong enough to be an obstruction, but not strong enough to have any real planning influence over the region.

Given its role administering funds, eliminating the RTA is not an ideal option. However, its budget could be reduced to the minimum needed for the pass-through of current funds. In this option, the RTA would have no discretionary funding and additional funds would go directly to the service boards. The RTA could continue to administer reduced fare permits and assess ADA paratransit eligibility or turn over that role to the three service boards.

An advantage of this option is that allocation rules would be clear and funding would be more predictable. However, this option has serious disadvantages. Unless the RTA's role is replaced, there would be less oversight of service boards, their priorities and their finances. The region would have less consistency regarding customer information and fare policies. Moreover, no single agency would speak on behalf of all the transit agencies to the public, state legislators, and advocacy groups.

### **Option: Retain Structure but Revise Formulas**

In this option, the existing structure would remain, but the formulas for capital and operating funds would be revised. For example, capital funds could emphasize state of good repair needs. Operating fund allocations could be based on a combination of factors such as passenger miles, vehicle revenue miles, route miles.

The advantage of this option is that allocation rules would be clear and funding levels predictable. Capital funding could be aligned to regional or state goals such as the need to reach a state of good repair. However, this option does have disadvantages. The agencies might have an incentive to generate higher estimates associated with state of good repair needs, and to operate service with more than necessary vehicle revenue miles, passenger miles, and route miles.



### **Option: Strengthen RTA and retain three service boards.**

In this option, the RTA's roles and responsibilities would be strengthened. For example, the following changes could be made regarding hiring, budgeting, contract approval, voting procedures, and auditing.

- RTA could be given greater discretion in the allocation of funds with less reliance on mandated formulas. RTA could also be given line-item veto power for major projects in the agencies' budgets.
- RTA board could be required to approve certain types of contracts that are regional in nature (e.g., contracts with lobbyists).
- Super majority requirements could be eliminated (or changed) for approval of strategic plan, capital program, budget, and two-year financial plan. Also, the super majority requirement could be eliminated (or changed) for giving the RTA the sole responsibility for conducting a project's alternatives analysis and preliminary environmental assessment.
- RTA could be given more resources and autonomy to conduct in-depth and independent audits.

The advantage of this option is that it provides the RTA with accountability along with meaningful governance and budgetary oversight. The RTA might be in a better position to achieve regional goals of promoting bus rapid transit, integrating customer information, building more transit centers, installing wayfinding signage, integrating fares, and coordinating and consolidating services.

This option would enable the RTA to issue more informed studies and report cards on status, problems, and issues. The RTA could redesign the transit network by looking at all services together. Furthermore, transit may be able to better speak with one voice (and not have lobbyists who may compete with each other.)

However, the option has disadvantages. The City of Chicago might be concerned that a stronger RTA would weaken the CTA (which it now controls). Likewise, the suburbs might be concerned that a stronger RTA would shift resources from suburban areas to the city. Furthermore, with a stronger RTA, board members may be more likely to battle over the allocation of resources. That could lead to uncertainty for the transit agencies regarding their budgets.

### **Option: Fold service boards into one regional transit agency.**

This option would eliminate the three service boards and have one regional agency responsible for all CTA, Metra, and Pace services. The board would be responsible for setting policy and strategic direction, determining funding allocations, and prioritizing investments for the regional transit system.

This option has similar advantages to the previous option in that it provides the regional agency with accountability along with meaningful governance and budgetary oversight. The regional agency could focus its investments on regional objectives relating to service, fares, and capital improvements. The board would have the ability to shift funds to where there is the most pressing need.

Under this option, the region is likely to have better coordination of schedules, long-range planning, fare policy, marketing, and branding. Unlike the previous option, merging the transit agencies offers the potential for significant savings in operations, personnel, procurement, legal, marketing, and other back-office functions.

However, the option does have significant disadvantages. As with the previous option (strengthening the RTA), the City of Chicago and the suburbs might be concerned that a regional agency would shift power and resources. Likewise, stakeholders might be concerned that a larger bureaucracy would not be as responsive to their needs.

One advantage of having separate boards (as in the previous option) is that board members would be able to focus their attention on one agency. This issue could be somewhat alleviated by setting up separate board committees.

Another disadvantage of having one large transit agency (compared to three smaller transit agencies) is that it might not be as nimble in its decision making or as responsive to local concerns. Furthermore, board members may be more likely to battle over the allocation of resources.

### **Do options address problems?**

In the following table, each of the options are assessed on whether they would help solve the problems that CMAP identified based on Steering Committee feedback. These related to decision-making, service coordination, funding allocation, accountability, and state and regional roles.

The first option would not help solve any of those problems. The second option would help the funding allocation problem, but not the problems relating to decision-making, service coordination, or accountability. The third and fourth options could help solve all the problems, although its potential to enhance the state and regional roles would depend upon how the options were implemented.

**Table III-1: Evaluating four options using problems that CMAP identified based on Steering Committee feedback.**

Problem	Does “ <b>Minimizing RTA</b> ” help solve problems?	Does “ <b>Revising Formula</b> ” help solve problems?	Does “ <b>Strengthening RTA</b> ” help solve problems?	Does “ <b>Folding Service Boards</b> ” help solve problems?
<i>Decision-making:</i> Priorities and decisions are made in a decentralized fashion, lacking in a common vision and plan for execution.	No	No	Yes	Yes
<i>Service coordination:</i> Service board-specific strategies focus on the interests of their own governing bodies, hampering the vision of fully-coordinated regional mobility.	No	No	Yes	Yes
<i>Funding allocation:</i> The statutorily required funding distribution for transit operations incentivizes silos and is inflexible to address actual and evolving needs.	No	Yes	Yes	Yes
<i>Accountability:</i> Multiple governing boards with overlapping representation and different missions challenge accountability.	No	No	Somewhat	Yes
<i>State &amp; regional roles:</i> The lack of partnership with relevant state and regional entities (in transit planning and funding) silos revenue options and inhibits broader mobility outcomes.	No	Somewhat	Maybe (depending upon how it is implemented)	Maybe (depending upon how it is implemented)

The first two options (Minimizing RTA, Revising Formulas) would have a minimal impact on solving the problems that CMAP identified based on Steering Committee feedback. However,

the third and fourth options (Strengthening RTA and Folding Service Boards) would lead to fundamental changes that could help solve these problems. As a result, the first two options were eliminated from further analysis.

## IV. Potential Ways to Strengthen RTA Institutionally

The previous section showed how the option of strengthening the RTA could help address the problems that CMAP identified based on Steering Committee feedback. This section considers measures that could help strengthen the RTA institutionally. Although the RTA already has considerable powers, it is not using them to their full extent.

In 2008, RTA-related state legislation was amended to enhance the RTA's responsibilities relating to regional planning, fiscal, oversight, and fare and service coordination. The RTA was expected to award funding to projects based on an objective analysis of each project and improve coordination (such as developing a universal fare card).<sup>7</sup> However reform efforts have not met expectations in part because the state has continued earmarking funds to service boards and the RTA has retained its super majority requirements.

For example, the RTA adopts capital programs but it plays a minimal role in prioritizing agency projects. Likewise, the RTA can take on sole responsibility for conducting an alternatives analysis and preliminary environmental assessment for projects over \$25 million, but it has not done so.

This section considers 22 legislative reforms and policy changes that could help the RTA achieve the region's transit goals by undertaking functions identified in the Steering Committee survey such as those relating to fare policy, financial stewardship, and planning.

The reforms, as described below, are divided into the following groups: those relating to budgets, board appointments, voting mechanisms, enhancing legitimacy and prominence, decision approvals, financial oversight, and planning. Below these descriptions are tables that relate these reforms to the problems that CMAP identified based on Steering Committee feedback and the functions relating to the Steering Committee survey.

### **Budgets**

1. Line-item veto over major items in budgets: The RTA can now only vote to approve or reject agencies' operating and capital budgets. A line-item veto would allow the RTA to eliminate an expense that does not conform with its goals for the region. (This

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<sup>7</sup> RTA," 2008 Annual Report."

recommendation was suggested by Chicago transit stakeholders during Eno's 2023 interviews).

2. Fare revenue sharing: The RTA could determine (in consultation with the agencies) how much each agency would receive from the revenues generated by a regional fare card. The RTA could also determine (in consultation with the agencies) how much each agency will pay to set up and administer the costs associated with regional fare cards and transfer discounts. (In other regions, revenue sharing decisions are performed either by interagency agreements or a regional transit agency).
3. More discretionary funding: The RTA could get more discretionary funding while a smaller percentage of transit funding would be subject to state-mandated formulas. The RTA could tie funding decisions to agencies' progress on meeting performance goals that are related to regional priorities. (This recommendation was suggested by regional transit stakeholders during Eno's 2023 interviews).

### **Board appointments**

Many transit agency boards in the U.S. have one or more gubernatorial appointments. For example, the secretary of the Washington State Department of Transportation serves on the Sound Transit Board. In New Jersey, the toll agency is even more integrated with the transit agency. The NJ TRANSIT board chair is also the Turnpike Authority chair and the state's transportation commissioner.

4. State representative on board: Various options to having state representatives on the board include having the governor appoint members and having the secretary of the Illinois DOT serve as an ex-officio board member.
5. Shared board members with toll agencies: The head of the Illinois State Toll Highway Authority could be an ex-officio board member. Likewise, the RTA executive director could serve on the toll agency's board.
6. No compensation for board members: RTA board members are currently paid \$25,000 to serve on the board. In many other regions, transit agency board members do not receive compensation for their services.

### **Voting Mechanisms**

Most transit agency boards in the U.S. require a majority, rather than a super majority vote. (Changing the super majority vote in northeast Illinois was suggested by steering committee members as well as other transit stakeholders during Eno's 2023 interviews.)

7. Change super majority requirement for budget, capital program, financial plan: Currently, votes are needed from at least 12 of 16 RTA board members to approve a

strategic plan, capital program, budget, and two-year financial plan. This could be changed to requiring a majority vote with at least one member from the city of Chicago, suburban Cook County, and a collar county. A super majority could still be required for the strategic plan.

8. Change super majority for studying large projects. Today, the RTA can take on sole responsibility for conducting an alternatives analysis and preliminary environmental assessment for any project over \$25 million. But it needs 12 of 16 board member votes to do so. This could be changed to requiring a majority vote with at least one member from the city of Chicago, suburban Cook County, and a collar county.

### **Enhancing legitimacy and prominence**

One of the lessons learned from other regions is that a regional transit authority can more effectively represent a region and integrate services when it has both credibility and legitimacy, i.e., it is seen as the appropriate organization to take on certain functions. RTA could become the public face for both customers and potential funders by consolidating the following three administrative functions now performed by the transit agencies. This would help the RTA become more accountable for the region's transit system and help it achieve the legitimacy among elected officials that it needs to obtain funding, set fare policies, and speak for the region.

9. Consolidate customer information services. The RTA could take over responsibility for providing information about transit services via the phone and the internet.
10. Consolidate marketing. The RTA could assume responsibility for all advertising, and public relations.
11. Consolidate lobbying. The service boards could be required to coordinate all their lobbying efforts with the RTA.

### **Decision approvals**

In many other metropolitan areas, one entity is accountable and responsible for transit policy. The following measures correspond with the role of regions that have one consolidated transit agency.

12. Sole entity responsible: The RTA would be the only organization empowered to make decisions or perform specific functions, in contrast to a more distributed approach where it must decide (and vote) to take control of a regional decision in lieu of the operating agencies' individual approaches.
13. Hiring of transit agency heads: The RTA executive director or the RTA board could be required to approve hiring of CTA's president, Metra's CEO, and Pace's executive

director. The RTA could also dismiss the agency heads for good cause. (This recommendation was suggested by Chicago transit stakeholders during Eno's 2023 interviews.)

14. Fare changes: The RTA could be responsible for determining and approving all fare changes, not only those related to regional passes and transfers.
15. Fare payment types: The RTA could determine options that customers can use to pay fares (e.g., tickets, cash, card, phone).
16. Fare equipment: The RTA could be required to approve procurement of all fare technologies including software, vending machines, card readers, and turnstiles.
17. Regional contracts: RTA approval could be needed before the service boards execute contracts that are regional in nature, e.g., contracts with lobbyists and intermodal stations. (This recommendation was suggested by Chicago transit stakeholders during Eno's 2023 interviews.)
18. Grants: The RTA would be responsible for identifying grant opportunities and then applying and administering grants on behalf of the agencies.

### **Financial oversight**

19. Audits: The RTA staff could be provided with additional resources to conduct audits. Auditing is an important financial oversight tool because it provides an independent and objective analysis of the efficiency and effectiveness of the transit agencies' programs, operations, and activities. (This recommendation was suggested by Chicago transit stakeholders during Eno's 2023 interviews).
20. Information Access: The RTA would be given authority by the legislature to access all agency information and interview any agency staff member that the RTA deems necessary to conduct an audit. (This would provide the RTA with the type of powers that inspector generals in other regions are given. Eno learned during its interviews that the RTA has had difficulty obtaining relevant information from the service boards).
21. High-value contracts: The RTA would need to approve all contracts over a certain amount.

### **Planning**

22. System expansion: As noted in the 'voting mechanism' group above, the RTA at its discretion, can now take the lead on planning for projects costing more than \$25 million. This could be changed to *requiring* the RTA to take the lead on planning all system expansion projects.

23. Markets served: The RTA could determine where Pace and CTA operate buses. (Eno learned during its interviews that the RTA cannot currently properly perform this role because it has difficulty obtaining pertinent information from the service boards).

The following two tables relate these 23 measures with topics previously discussed. The first table shows how the reforms are related to the functions that had high and medium levels of consensus in the Steering Committee survey. The second table shows whether a reform is likely to help solve the problems that CMAP identified based on Steering Committee feedback.



**Table IV-1: Relating potential reforms with survey-related functions**

<i>Potential Reforms</i>	<i>Survey-Related Functions</i>			
	<i>Fare policy</i>	<i>Financial Stewardship</i>	<i>Capital Planning</i>	<i>Service Planning</i>
<b>Budgets</b>				
1. Line-item veto over major budget items		√	√	√
2. Fare revenue sharing	√	√		
3. More discretionary funding		√	√	√
<b>Board appointments</b>				
4. State representative on board		√	√	√
5. Share board members with toll agencies		√	√	√
6. No compensation for board members		√		
<b>Voting Mechanisms</b>				
7. Change super majority for budget, capital program, financial plan	√	√	√	√
8. Change super majority for large projects		√	√	
<b>Enhance legitimacy &amp; prominence</b>				
9. Consolidate customer info services	√	√	√	√
10. Consolidate marketing	√	√	√	√
11. Consolidate lobbying	√	√	√	√
<b>Decision approvals</b>				
12. Sole entity responsible	√	√	√	√
13. Hiring of agency presidents	√	√	√	√
14. Fare changes	√	√		
15. Fare payment types	√			
16. Fare equipment	√			
17. Regional contracts	√		√	√
18. Grants		√	√	
<b>Financial oversight</b>				
19. Information Access		√		
20. Audits		√		
21. High value contracts		√		
<b>Planning</b>				
22. System expansion		√	√	√
23. Markets served		√	√	√

**Table IV-2: Can reform help solve problems identified by CMAP based on Steering Committee feedback?**

Potential Reforms	Decision-making	Service coordination	Funding allocation	Accountability	State & regional role
<b>Budgets</b>					
1. Line-item veto over major budget items	√	√	√	√	
2. Fare revenue sharing	√	√	√		
3. More discretionary funding	√		√	√	
<b>Board appointments</b>					
4. State representative on board					√
5. Share board members w/toll agencies					√
6. No compensation for board members	√	√		√	
<b>Voting Mechanisms</b>					
7. Change super majority - budget, capital program, financial plan	√	√	√	√	
8. Change super majority - large projects	√			√	
<b>Enhance legitimacy &amp; prominence</b>					
9. Consolidate customer info services	√	√		√	
10. Consolidate marketing	√	√		√	
11. Consolidate lobbying	√	√	√	√	
<b>Decision approvals</b>					
12. Sole entity responsible	√	√	√	√	
13. Hiring of agency presidents	√	√		√	
14. Fare changes	√	√	√	√	
15. Fare payment types	√			√	
16. Fare equipment	√			√	
17. Regional contracts	√	√	√	√	
18. Grants	√		√	√	
<b>Financial oversight</b>					
19. Information Access	√			√	
20. Audits	√			√	
21. High value contracts	√			√	
<b>Planning</b>					
22. System expansion	√	√		√	
23. Markets served	√	√	√	√	

## **V. Eno's Definition of Models #1 and #2 (strengthening the RTA)**

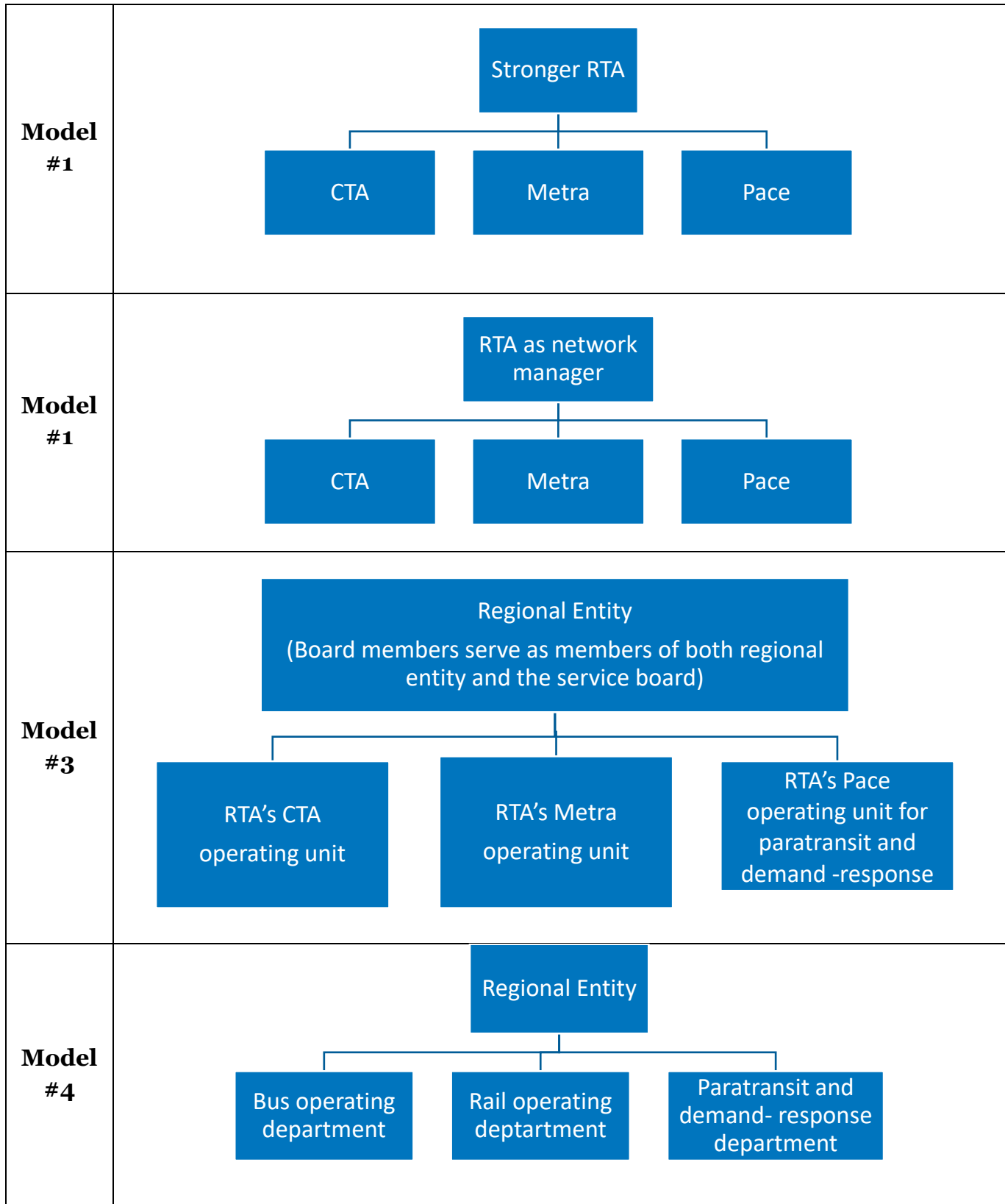
Section III explained how either strengthening the RTA or consolidating the service boards into a regional transit agency could help address the problems that were identified by CMAP (based on Steering Committee feedback.) In this section, Eno takes these two options and from them, identifies four distinct models of transit governance that will be evaluated for the remainder of this report.

The first two options strengthen the RTA and retain the three service boards. Model #1 is referred to as a stronger coordinating agency and Model #2 as a regional network manager.

The next two options would create one regional transit agency that replaces the RTA. Model #3 is a regional agency with operating units and board committees that correlate with the existing service boards. Board members would serve as members of both the regional entity and the service boards. The fourth model is a regional agency that fully integrates the service boards.

The figure below shows the four different models that will be evaluated for the remainder of this report. The first two will be defined in this chapter and the next two will be defined in the following chapter.

**Figure V-1: Four different models that will be evaluated**



The following subsections define each of the four models.

### **Defining Model #1: Stronger coordinating agency**

The results of the Steering Committee survey (discussed in Section II) help define this first model. In that survey, the committee was asked which functions would be best centralized at the regional level and which would be best left at a more local level.

With a high level of consensus, the committee indicated that seven different functions (relating to fare policy, financial stewardship, and performance metrics) should be centralized. In this first model, the RTA would be given responsibilities and decision-making relating to these seven functions, listed below.

- Set fare and transfer policies (*fare policy*)
- Establish revenue sharing policies (*fare policy*)
- Set performance measures for regional priorities (*financial stewardship*)
- Oversight and accountability (*financial stewardship*)
- Set performance measures for operational efficiencies (*financial stewardship*)
- Select payment technologies and approaches (*fare policy*)
- Prioritize capital funding (*capital planning*)

For purposes of this analysis, Eno has defined the functions, as shown in the table, below.

**Table V-1: Defining Model #1**

<b>Functions (High Consensus)</b>		<b>Functions Defined for Analysis of Model #1</b>
Fare policy	Set fare and transfer policies	RTA would determine fares and discounts for customers who use multiple services (e.g., transfers and unlimited ride passes). RTA board approval would also be needed for every fare change (including those involving only one transit agency) and all contracts associated with fares (e.g., vending machines, card readers).
	Establish revenue sharing policies	RTA would determine how much each agency will pay and receive for services associated with regional fare cards and transfer discounts.
	Select payment technologies and approaches	RTA would set guidelines and standards for fare technologies. Over time, the RTA would take over contracts for all fare payment systems, and determine fare media that customers can use to pay fares (e.g., tickets, cash, card, phone).
Financial Stewardship	Set performance measures for regional priorities	RTA would set performance measures for intermodal centers (e.g., wait times, frequency, hours of operation, signage, service connections). The RTA would also establish guidelines for all wayfinding signs, phone and online customer information, disability access, etc. The RTA would use these measures as part of its discretionary funding allocations.
	Oversight and accountability	RTA would be provided with sufficient resources to conduct independent in-depth audits and would be given access (per legislation) to all the agency information that it deems necessary to conduct audits. The RTA would also establish agency-wide procurement standards and procedures, and board approvals would be required for the purchase of all major items that are regional in nature.
	Set performance metrics for operational efficiencies	RTA would set performance metrics (e.g., farebox recovery, cost per vehicle hour, cost per vehicle trip, cost per passenger). The RTA would use these metrics as part of its discretionary funding allocations.
Capital planning	Prioritize capital funding	RTA would identify the process for allocating <i>all</i> capital projects and it would also be given line-item veto power over major items in the agencies' capital programs. (Note that RTA is now leading a performance-based capital allocation method which is used to apportion state PAYGO funds and federal formula funds beginning with 2025 allocations.)

Eno has defined these functions in a way that is consistent with Steering Committee discussions. They could be defined and understood in many other ways. For example, RTA's role in fare policy could be limited to developing a universal fare media and allocating revenues between transit agencies. Likewise, "prioritizing capital funding" could be interpreted to give the RTA even more power so that it was responsible for identifying and planning all capital projects.

## **Defining Model #2: Regional Network Manager**

The previous model defined Model #1 as giving the RTA responsibilities for those functions that received a high level of consensus for centralization among Steering Committee members.

Under Model #2, the RTA would also be given responsibilities and decision-making for an additional three functions relating to capital and service planning. The following three functions had a medium level of consensus for centralization among Steering Committee members.

- Determine which markets to serve (*service planning*)
- Set performance standards and objectives (*service planning*)
- System expansion capital planning (*capital planning*)

This second model will be referred to as a regional network manager because it would be similar to many European network managers that coordinate transit services in their metropolitan areas. See Section I(f) of this document for more information about network managers.

In regions with network managers, transit agencies work together like they are in one agency, but they do not actually merge. Cities often retain control over their local transit agencies and determine how much local tax revenue is used to support its services. However, the local government and its agency lose much of their autonomy when it comes to fares, revenue, and services.

If this model were replicated in northeast Illinois, the RTA would have decision-making authority over most budgeting, capital planning, and service decisions. State-mandated funding formulas would no longer be used to allocate funds between the service boards, instead the RTA would decide how to allocate state transit funds. The RTA would determine the services that each transit agency would operate and then enter into agreements with those providers.

The board structure in Berlin could be applied to Illinois' RTA board. Because the collar counties comprise more municipalities, the board could have more members from the collar counties than members from the city of Chicago. Even though the collar counties might have more board members they could, collectively, have the same power as the Chicago members.

For example, the City of Chicago could be given 5 appointees to the RTA board, suburban Cook County given 5, and the collar counties given 9. Decisions would not require a majority of the 16 representatives, but rather a majority of each faction (3 votes from Chicago, 3 from Cook County, and 5 from the collar counties.) Note these numbers are simply used to demonstrate how the board could include more members without changing the balance of power between the three regions.

Because the existing agencies would remain intact, Illinois political leaders may find a network management governance structure more appealing than merging agencies. Many existing contracts, labor agreements, ownership rights, and debt obligations could remain in place. This structure is also flexible to accommodate any potential new transit operator.

## **VI. Eno's Definition of Models #3 and #4 (single regional entity)**

This section considers two different models associated with integrating the RTA, CTA, Metra, and Pace service boards into one regional entity that would be responsible for transit services in the region. Model #3 would have operating units and board committees that correlate with the current service boards while Model #4 would more fully integrate the service boards.

This section first discusses many forms that a single regional transit agency can take, and the range of functions currently performed by the RTA and its three transit agencies. It then discusses the role of a regional transit entity's board and numerous options relating to the entity's structure, board, administrative units, voting mechanisms, and other features.

### **Forms and existing functions**

A single regional transit agency can take many forms. The organization of New York's MTA has relevance to northeast Illinois. The MTA has the responsibility for developing and implementing a unified mass transportation policy for the City of New York and seven New York suburban counties. MTA carries out these responsibilities directly and through its subsidiaries and affiliates, which are also public benefit corporations.

For example, the Long Island Rail Road Company and the Metro-North Commuter Railroad Company are subsidiaries of the MTA. These organizations are known to the public as MTA



Long Island Rail Road and MTA Metro-North Railroad.<sup>8</sup> The MTA's chair, pursuant to state statute, serves as the chair of the railroads' boards. Likewise, the members of the MTA Board concurrently serve as board members for these MTA subsidiaries.

NYC Transit Authority (which operates the city's subway and bus services) is an affiliate rather than a subsidiary. While the MTA's executive director is also NYC Transit Authority's executive director, the Transit Authority has its own management structure which is responsible for its day-to-day operations.<sup>9</sup> Many of the MTA's properties are actually owned by the City of New York, and are being used by the MTA in accordance with the terms of a master lease agreement between the MTA and New York City.<sup>10</sup>

New York's structure is an example of how transit agencies can be centralized into one regional entity without eliminating the existing organizations. When determining the optimum form for transit governance in Northeast Illinois, it is helpful to consider the range of functions currently performed by the RTA and its three transit agencies. These functions, seven of which are listed below, would have to be consolidated and then managed by a single regional entity.

*Planning and Policy Support:* recommend strategic policy and planning, performance standards, service planning.

*Capital Program:* planning, engineering, construction, oversight.

*Operations:* service operations, maintenance, customer service, wayfinding.

*Financial Management:* budgeting, accounting, grant management, auditing, insurance, risk management.

*Administration:* procurement, information technology, legal, real estate.

*Human Resources:* recruitment, compensation, labor relations, training.

*Communications:* marketing, public relations, community relations, government affairs.

### **Board of Directors and Administrative Units**

The board of directors for the regional transit entity would set policy and strategic direction, determine funding allocations, prioritize investments, establish fares and fare policies, set performance standards, and approve contracts.

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<sup>8</sup> MTA, "2020 Subsidiary Public Benefit Corporations Report," <https://new.mta.info/document/78966>

<sup>9</sup> MTA, "The Related Entities," <http://web.mta.info/mta/investor/pdf/2002app-a-v2.pdf>

<sup>10</sup> Office of the NYS Comptroller, "Metropolitan Transportation Authority Real Estate Portfolio," <https://web.osc.state.ny.us/audits/allaudits/093010/09s10.pdf>

Numerous decisions would have to be made about the regional entity’s organization structure. For instance, the board would need committees and advisory groups. An executive director would need to be hired to lead departments, each of whom would have day-to-day responsibilities.

Departments would need to be established that operate rail, bus, paratransit and other demand-response services. (The term “operating unit” is used in this report to describe a “department” that is responsible for operating services and maintaining facilities). The regional entity could have one procurement department and one human resources department that perform functions for each of the operating units. Or, each operating unit could have its own separate procurement and human resources department.

The following are options relating to (a) structuring operating units, (b) board committees, (c) board membership, and (d) voting, toll agencies, and audit -- that need to be considered, if northeast Illinois pursues either Model #3 or Model #4. After these options are discussed Models #3 and #4 will be defined for purposes of analysis.

**a. Options on structuring operating units**

The following are four potential ways to structure operating units. In the table below, each column shows a different way to structure the departments. For example, “column i” assumes that the functions of the three existing transit agencies would be performed by three separate operating units with the head of each unit reporting to the head of the regional transit agency. In “column ii”, four different operating units would be created: one for bus, one for city rail, one for commuter rail and another for paratransit and demand-response services.

**Table VI-1: Potential ways to structure operating units**

<b>Group</b>	<b>(i) Based on existing groups</b>	<b>(ii) Combine bus services</b>	<b>(iii) Combine rail services and combine bus services</b>	<b>(iv) Suburban bus and Metra together</b>
<b>Operating Unit #1</b>	City rail and bus (CTA)	City and suburban bus	City and suburban bus	City rail and bus
<b>Operating Unit #2</b>	Commuter rail (Metra)	City rail	City rail and commuter rail	Suburban bus and commuter rail
<b>Operating Unit #3</b>	Suburban bus, paratransit, demand-response (Pace)	Commuter rail	Paratransit, demand-response	Paratransit, demand-response
<b>Operating Unit #4</b>		Paratransit, demand-response		

## b. Options for Board committees

There are numerous options regarding the number of board committees and their responsibilities.

According to a Transit Cooperative Research Program report, titled *Public Transit Board Governance Guidebook*, “transit boards often use committees to divide the responsibilities of the board among members in order to conduct the business of the board. Committees are used to accomplish specific tasks and to address the board’s needs. The most commonly used committees are: Executive Committee, Finance/Budget Committee, Human Resources Committee, Planning Committee, Legislative/Government Relations Committee, and Marketing Committee.

The role of committees can be incorporated into legislation and/or agency bylaws. For example, NJ TRANSIT’s authorizing legislation requires the agency to set up an audit and administrative committee, an operations and customer service committee, and a capital planning and privatization committee.<sup>11</sup> Note that NJ TRANSIT does *not* have committees that separate out bus and rail services.

In Georgia, the Metropolitan Atlanta Rapid Transit Authority’s bylaws indicate that the agency should have committees for planning and capital programs, operations and safety, business management, external relations, and audit. The committees oversee functions and report back to the board, but they do *not* have decision making powers.<sup>12</sup> Notably, the transit agency operates bus, rail, and streetcars services, but the board does *not* have committees that do focus on just one mode.

Several of the board committees for New York’s MTA correspond to services provided by its subsidiaries that were previously independent transit organizations. For example, it has a Long Island Rail Road committee. The MTA Board chair appoints three or more MTA board members to the railroad’s committee and its responsibilities include monitoring and updating the Board on the railroad’s operating performance, safety record, and finances. The committee is not authorized to approve procurements, but it does review and make recommendations to the full board regarding them. (Note that the railroad committee has begun meeting jointly with the MTA’s Metro-North railroad committee).<sup>13</sup>

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<sup>11</sup> New Jersey state legislation is available at [https://pub.njleg.gov/bills/2020/A9999/5333\\_I1.HTM](https://pub.njleg.gov/bills/2020/A9999/5333_I1.HTM)

<sup>12</sup> By-Laws of the Metropolitan Atlanta Rapid Transit Authority, as amended December 2019, [https://www.itsmarta.com/uploadedFiles/More/About\\_MARTA/MARTA%20By-Laws%20as%20of%20December%202019.pdf](https://www.itsmarta.com/uploadedFiles/More/About_MARTA/MARTA%20By-Laws%20as%20of%20December%202019.pdf).

<sup>13</sup> Long Island Rail Road’s charter is available at MTA, “The Metropolitan Transportation Authority Committee on Operations of the Long Island Rail Road and the Metropolitan Suburban Bus Authority,” <https://new.mta.info/document/102741>.

### **c. Options regarding Board membership**

Board composition: Currently, the RTA board has 5 members appointed by the Chicago mayor, 5 from Cook County (4 appointed by the county board and 1 by the county president), and 5 from the collar counties. The regional entity could be set up to reflect changing demographics. For example, the number and/or voting strength of board members who are selected from each part of the region could be proportionate to population and recalculated after every U.S. census. Or, the number and strength could be proportionate to other factors such as the number of transit users in each region.

Board member requirement: A certain number of board members could be required to meet certain requirements, such as being a regular transit rider or a representative from a disadvantaged community.

State seat on board: The state could be given one or more seats on the board. A stronger state role could encourage it to allocate more funds for transit and help overcome parochial fighting between jurisdictions. This could be achieved by having the governor appoint certain members to the transit board or by having the Secretary of Illinois DOT become an ex-officio board member within the regional entity. Note that this would impact the number of votes (or the proportion of votes) needed for a super majority.

Shared board members with toll agencies: The head of the tollway authority could be an ex-officio board member. Likewise, the head of the regional transit agency could serve on the toll agency's boards.

Non-voting board member: The board could have non-voting members such as individuals who represent labor and riders.

Board confirmation: To help promote a more regional perspective, the state legislature could be required to confirm board members.

Board compensation: Salaries for board members could be eliminated, although members could still be reimbursed for nominal expenses related to attending meetings. To attract board members, a greater emphasis would have to be placed on the intrinsic rewards and civic importance of board membership.

Advisory committee: The RTA currently has a transit access citizens advisory board. To ensure that more voices are heard, the regional transit agency could establish a general advisory committee as well as committees related to specific issues such as bicycles, businesses, riders with limited English skills, security, and specific neighborhood committees.

#### **d. Options regarding voting, toll agencies, and audits**

The following are other options to consider.

Merge transit agencies with toll agencies: The regional transit agency could be merged with the tollway authority and the toll revenues used to subsidize transit. The revenues could provide transit with a vital and reliable source of revenues. A merger could also improve collaboration between road and transit infrastructure that might lead to more effective and faster implementation of bus rapid transit lines.

Super majority requirement: Currently, votes are needed from at least 12 RTA board members to approve the strategic plan, capital program, budget, and two-year financial plan. Likewise, 12 votes are needed for the RTA to take on sole responsibility for conducting alternatives analysis and preliminary environmental assessment for a project. This could change with the regional transit agency. For example, it could require a majority vote with at least one member from the city of Chicago, suburban Cook County, and a collar county.

Audit: A new entity could be created to provide some level of oversight over the regional transit agency. For example, the governor could appoint an independent inspector general who identifies measures to improve efficiency and effectiveness, and also investigates complaints concerning alleged fraud, waste, and abuse.

#### **Defining Model #3 and Model #4**

For purposes of differentiating and analyzing the models in this report, the following is assumed about the regional transit entity under *both* Models #3 and #4.

Board members would be appointed by the City of Chicago, Cook County, the collar counties, and the state. The chair would be elected by the board. Board actions would require a majority vote with at least one member from the city of Chicago, suburban Cook County, and the collar counties. Only board members could serve on board committees.

To ensure input from a wide range of stakeholders, board advisory committees would be established. And, to provide oversight over the regional entity, the governor would establish an independent inspector general.

The two models would differ by boards, operating units and committee structures.

Model #3 would have three operating units that correlate with services that are currently provided by CTA, Metra, and Pace. The heads of these units would report to the executive director of the regional transit entity. The board of directors would have committees that correlate with these three units.

The committee structure of the regional transit board would *not* be representative of the regional agency board. Instead, it could be used to give suburban members greater oversight over suburban services and Chicago members greater oversight over city services. For example, the committee that focuses on city services would have 3 members from the city of Chicago, but only 1 from suburban Cook County and 1 from a collar county. Likewise, the committee that focuses on commuter rail would have 2 board members from suburban Cook, 2 from the collar counties, but only 1 from the city of Chicago.

Model #3 would be informed by the MTA's experience in New York. The board members of the regional entity would also be the board members of CTA, Metra, and Pace. The service boards would remain as legal entities and they could retain their existing contracts, pension obligations, debt, and assets. However, all the decisions relating to these agencies would be made by the board of the regional agency.

Model #4 would eliminate the existing service boards and more fully integrate their functions.

This model would have separate operating units, but instead of correlating with the existing service providers, they are divided by mode. One unit would be responsible for the services that are now operated by CTA and Metra. The second would be responsible for bus services that are now operated by CTA and Pace, and the third would oversee paratransit and other demand-response services. Under this scenario, all committees would have the same ratio of city to suburban members as the board does.

Model #4 can be informed by the experience in the Philadelphia region. The fixed-route service delivery is organized into four functional divisions at SEPTA (Southeastern Pennsylvania Transportation Authority):<sup>14</sup>

- City Transit Division (fixed-route bus, elevated subway, trolley/light rail, trackless trolley)
- Suburban Transit, Victory Division (fixed-route bus, high-speed rail line, trolley/light rail)
- Suburban Transit, Frontier Division (fixed-route bus)
- Regional Rail Division (regional/commuter rail)

These divisions are a legacy of the various operations and collective bargaining agreements that were absorbed by SEPTA between 1968 and 1983. Though revenue and costs are accounted for by division, the operating and staff departments exist in a matrix structure and

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<sup>14</sup> Southeastern Pennsylvania Transportation Authority Transit Performance Review, [https://www.penndot.pa.gov/Doing-Business/Transit/InformationandReports/Documents/Act%2044%20Performance%20Reviews/Act%2044%20Performance%20Reviews%20Round%202/Report-SEPTA-TPR2-Final\(v12\).pdf](https://www.penndot.pa.gov/Doing-Business/Transit/InformationandReports/Documents/Act%2044%20Performance%20Reviews/Act%2044%20Performance%20Reviews%20Round%202/Report-SEPTA-TPR2-Final(v12).pdf)

function as a cohesive unit. SEPTA has an operating department and separate departments for audit, employee development, finance, human resources, procurement, customer experience, public affairs, legal, planning, and system safety.<sup>15</sup>

## VII. Evaluating and Comparing the Models

Eno defined four models in the previous two sections: (1) RTA as a stronger coordinating agency, (2) RTA as a regional network manager, (3) regional transit agency with operating units and board committees correlating with services currently provided by the three agencies, (4) regional agency that fully integrates the service boards.

This section compares and evaluates these four models, and contains the following subsections:

- a. Division of responsibilities between the RTA and service boards (or operating units) for each model
- b. Reporting of transit leaders under each model
- c. Whether models help address problems identified by CMAP based on Steering Committee feedback (as described in Section II)
- d. Whether models help address problems identified by Eno (as described in Section II)
- e. Advantages and disadvantages of each model.
- f. Evaluation matrix

### **a. Dividing responsibilities between RTA and the Service Boards (or operating units)**

The following tables (Table VII-0 through VII-4) show how responsibilities would be divided between a regional agency and transit operators under each model. Table VII-0 shows how the existing functions are currently divided between the RTA and the service boards. Table VII-1 and VII-2 shows this division for Models #1 and #2. Since Models #3 and #4 would divide responsibilities in a nearly identical manner, they are combined into one table (Table VII-3).

In these tables, the first column refers to functions (which were first described in Section VI) and defined as follows:

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<sup>15</sup> See Exhibit 1 of Southeastern Pennsylvania Transportation Authority Transit Performance Review, [https://www.penndot.pa.gov/Doing-Business/Transit/InformationandReports/Documents/Act%2044%20Performance%20Reviews/Act%2044%20Performance%20Reviews%20Round%202/Report-SEPTA-TPR2-Final\(v12\).pdf](https://www.penndot.pa.gov/Doing-Business/Transit/InformationandReports/Documents/Act%2044%20Performance%20Reviews/Act%2044%20Performance%20Reviews%20Round%202/Report-SEPTA-TPR2-Final(v12).pdf)

*Planning and Policy Support:* recommend strategic policy and planning, performance standards, service planning.

*Capital Program:* planning, engineering, construction, oversight.

*Operations:* service operations, maintenance, customer service, wayfinding.

*Financial Management:* budgeting, accounting, grant management, auditing, insurance, risk management.

*Administration:* procurement, information technology, legal, real estate.

*Human Resources:* recruitment, compensation, labor relations, training.

*Communications:* marketing, public relations, community relations, government affairs.



**Table VII-o: Existing division of functions between RTA and service boards.**

<b>Function</b>	<b>Role of RTA</b>	<b>Role of Service Boards</b>
<i>Planning and Policy Support</i>	RTA approve budgets and long-term plans with a super majority requirement. <i>Fare Policy:</i> RTA has no formal role. <i>Intermodal Transit Service:</i> RTA has no formal role.	<i>Fares:</i> Service boards determine policies relating to fare and fare technology.
<i>Capital Program</i>	RTA is now leading a performance-based capital allocation method which will be used to apportion state PAYGO funds and federal formula funds beginning with 2025 allocations.	Service boards plan, design, construct, and program capital projects.
<i>Operations</i>	RTA does not have a direct role in operations.	Service boards operate services and maintain their equipment and facilities.  <i>Transit Service:</i> Service boards determine service schedules, stops, and times of service.
<i>Financial Management</i>	RTA approves strategic plans and budgets.	Service boards manage their own finances.
<i>Administration</i>	RTA manages its own staff.	Service boards perform this role.
<i>Human Resources</i>	RTA have HR responsibilities for its own staff.	Service boards perform this role.
<i>Communications</i>	RTA issues an RTA map.	Service boards perform this role.

**Table VII-1: Model #1 (stronger coordinating agency model): division of functions**

Function	Role of RTA	Role of Service Boards
<i>Planning and Policy Support</i>	<p>RTA would continue its role approving budgets and long-term plans.</p> <p><i>Fare Policy:</i> RTA would determine all fares and discounts.</p> <p><i>Intermodal Transit Service:</i> RTA would set performance measures and establish guidelines for all wayfinding signs, phone, and online customer information.</p>	<p><i>Fares:</i> Service boards would recommend policies relating to fare and fare technology, but they would be subject to RTA approval.</p>
<i>Capital Program</i>	<p>RTA would identify the process for allocating <i>all</i> capital funds and it would also be given line-item veto power over major items in the agencies' capital programs.</p> <p>(Note RTA's current role in previous table.)</p>	<p>Service boards continue to plan, design and construct capital projects.</p>
<i>Operation</i>	<p>RTA would set performance metrics (e.g., farebox recovery, cost per vehicle hour, cost per vehicle trip, cost per passenger). The RTA would use these metrics as part of its discretionary funding allocations.</p>	<p>Service boards continue to operate services and maintain their equipment and facilities.</p> <p>Service boards continue to determine service schedules, stops, and times of service.</p>
<i>Financial Management</i>	<p>RTA would establish agency-wide procurement standards and procedures, and board approvals would be required for the purchase of all service board major items that are regional in nature.</p>	<p>Service boards continue to manage their own finances.</p>
<i>Administration</i>	<p>RTA continue to manage its own staff.</p>	<p>Service boards continue to perform this role.</p>
<i>Human Resources</i>	<p>RTA continue to have HR responsibilities for its own staff.</p>	<p>Service boards continue to perform this role.</p>
<i>Communications</i>	<p>RTA would coordinate efforts relating to marketing, public relations, community relations, and government affairs.</p>	<p>Service boards would continue performing this role in coordination with the RTA.</p>

**Table VII-2: Model #2 (Regional network manager model): division of functions**

<b>Function</b>	<b>Role of RTA</b>	<b>Role of Service Boards</b>
<i>Planning and Policy Support</i>	The RTA would identify markets served and set performance standards.	
<i>Capital Program</i>	RTA would lead planning efforts. The RTA would determine which projects are funded.	Design and construction of projects could be delegated to service boards.
<i>Operation</i>	RTA would require operators to meet operational performance standards (e.g., routes, frequency, hours, safety, wayfinding, etc.). RTA could require service boards to operate along certain routes and to stop at specific locations, or it could identify certain objectives (e.g., relating to markets and destinations) and leave details up to the service boards.	Service boards would operate services, and maintain their equipment and facilities based upon their agreement with the RTA.
<i>Financial Management</i>	RTA would enter into an agreement with the transit agencies to provide service for a certain amount of funding.	Service boards would have to manage their own finances.
<i>Administration</i>	RTA could set procurement and technology standards. RTA would continue to manage its own staff.	Service boards would continue to administer their programs and services. They would retain their assets and manage their own real estate.
<i>Human Resources</i>	RTA would continue to have HR responsibilities for its own staff.	Service boards would continue to perform human resources roles (hiring, firing, training, labor negotiations, etc.) The service boards would select their own presidents / executive directors.
<i>Communications</i>	RTA would coordinate all marketing, public relations, community relations, and government affairs efforts.	Service boards could continue to perform their own community relations and government affairs functions. They would also advocate for their needs at the RTA.

**Table VII-3: Models #3 and #4 (Regional transit agency): Division of functions**

<b>Function</b>	<b>Role of Regional Agency</b>	<b>Role of Operating Units</b>
<i>Planning and Policy Support</i>	Regional agency would identify markets served and set performance standards.	Operating units would make recommendations.
<i>Capital Program</i>	Regional agency would determine which projects are planned, designed and funded.	Operating units would make recommendations.
<i>Operations</i>	Regional agency would set operational performance standards (e.g., routes, frequency, hours, safety, wayfinding, etc.).	Operating units would provide services, and maintain their equipment and facilities based upon guidance from the regional agency.
<i>Financial Management</i>	Regional agency would be responsible.	
<i>Administration</i>	Regional agency would be responsible.	
<i>Human Resources</i>	Regional agency would have overall decision-making role including labor negotiations.	Head of operating units would lead their departments following regional agency's policies.
<i>Communications</i>	Regional agency would have leading role.	Operating units may perform some community relations and government affairs functions, but they would be under the regional agency's direction.

The previous tables showed how functions were divided between the RTA (or regional agency) and the service boards (or operating units). The following table compares the three models in how the divided responsibilities for each of the functions.

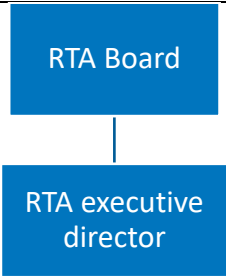
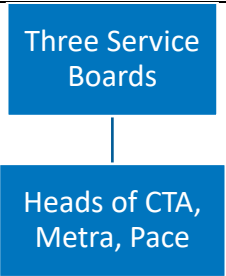
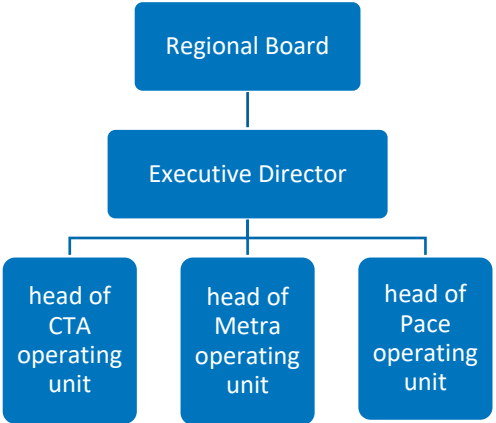
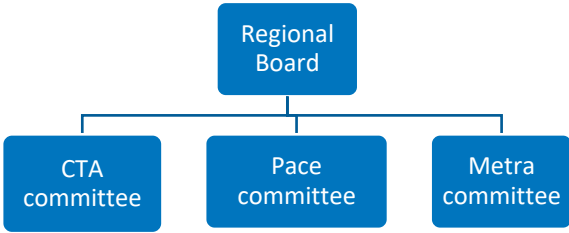
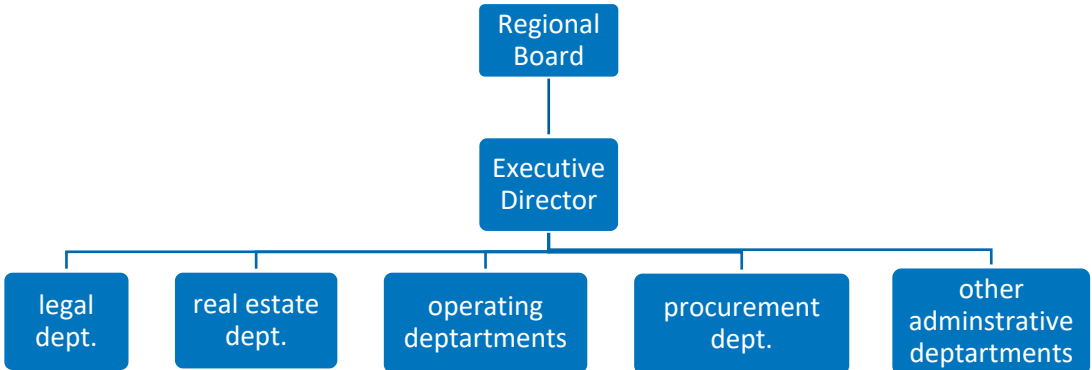
**Table VII-4: Comparing how functions are divided for all models.**

<b><i>Function</i></b>	<b>Model #1 (Stronger RTA)</b>	<b>Model #2 (RTA as Network Manager)</b>	<b>Models #3 and #4 (Regional Agency)</b>
<i>Planning and Policy Support</i>	RTA takes lead on all fare policies and intermodal centers. Service Boards lead on most other roles.	RTA leads	Regional entity responsible
<i>Capital Program</i>	RTA identifies process for allocating all capital funds and it would also be given line-item veto power over major items in the agencies' capital programs. Service boards conduct engineering and construction.	RTA leads. Design and construction of projects could be delegated to service boards.	Regional entity responsible
<i>Operations</i>	Service boards operate service and maintain facilities.	Service boards operate service and maintain facilities.	Regional entity responsible
<i>Financial Management</i>	Service Boards lead, but RTA Board would establish agency-wide procurement standards and would have to approve purchase of all major items that are regional in nature.	RTA leads	Regional entity responsible
<i>Administration</i>	Service Boards	Service Boards manage own staff.	Regional entity responsible
<i>Human Resources (HR)</i>	Service Boards responsible for HR decisions regarding their employees.	Service Boards responsible for HR decisions regarding their employees.	Regional entity responsible
<i>Communications</i>	Service Boards	RTA and Service Boards work together	Regional entity leads

**b. Agency executives: appointment and reporting under different models**

The following table shows who would appoint agency executives and who they would report to, under each model.

**Table VII-5: Reporting Structure for each model**

<p><b>Models #1 and #2</b> On left, existing structure of RTA. On right, structure of service boards.</p>	 <pre> graph TD     RTABoard[RTA Board] --- RTAExecDir[RTA executive director]             </pre>	 <pre> graph TD     ThreeServiceBoards[Three Service Boards] --- Heads[Heads of CTA, Metra, Pace]             </pre>
<p><b>Model #3:</b> On left, exec. director reports to board of regional entity. On right, regional board has committees that corresponding to existing service boards.</p>	 <pre> graph TD     RegionalBoard[Regional Board] --- ExecDir[Executive Director]     ExecDir --- HeadCTA[head of CTA operating unit]     ExecDir --- HeadMetra[head of Metra operating unit]     ExecDir --- HeadPace[head of Pace operating unit]             </pre>	 <pre> graph TD     RegionalBoard[Regional Board] --- CTACommittee[CTA committee]     RegionalBoard --- PaceCommittee[Pace committee]     RegionalBoard --- MetraCommittee[Metra committee]             </pre>
<p><b>Model #4:</b> Executive director, reports to the board. All dept. heads report directly to executive director.</p>	 <pre> graph TD     RegionalBoard[Regional Board] --- ExecDir[Executive Director]     ExecDir --- LegalDept[legal dept.]     ExecDir --- RealEstateDept[real estate dept.]     ExecDir --- OperatingDepts[operating departments]     ExecDir --- ProcurementDept[procurement dept.]     ExecDir --- OtherAdminDepts[other administrative departments]             </pre>	

**c. Do models help solve problems identified by CMAP based on steering committee feedback?**

Section II described five problems that CMAP identified based on Steering Committee feedback. These problems relate to decision-making, service coordination, funding allocations, and accountability, along with state and regional roles.

The table below asks for each model, whether or not it is likely to help solve these five problems. The three different answers are: “yes”, “limited improvement” or “no.”

**Table VII-6: Do four models address problems that CMAP identified based on Steering Committee feedback? (yes, limited improvement, or no)**

<b>Problem</b>	<b>Does Model #1 help?</b>	<b>Does Model #2 help?</b>	<b>Does Model #3 help?</b>	<b>Does Model #3 help?</b>
<i>Decision-making:</i> Priorities and decisions are made in a decentralized fashion.	Yes, for fare policy. No for most decisions about operations, capital program, communications, and other functions.	Yes, because most major decisions would be made by a regional body. (Although day-to-day decisions regarding operations and maintenance would be made by the heads of CTA, Metra, Pace.)	Yes, because major decisions would be made by a regional body.	
<i>Service coordination:</i> Service board-specific strategies focus on the interests of their own governing bodies.	Limited effect. Each service board would still determine routes and services. No effect on uneven levels of transit access, fragmented transit experience for multi modal riders, or ability to adapt to new travel patterns and markets.	Yes, because regional agency would be responsible for determining services to be provided.		
<i>Funding allocation:</i> The statutorily required funding distribution for transit operations incentivizes silos.	Limited effect because funding would continue to be guided by state-mandated funding formulas rather than an approach that optimizes regional operations/investment as if a single system.	Yes, because the regional body would make all funding decisions.		
<i>Accountability:</i> Multiple governing boards with overlapping representation	No. Each transit operator would still be responsive to their own governing boards	Yes, for major policies, priorities, and areas where	Yes, because one agency would be clearly accountable. However, a new oversight entity (such as an office of inspector general)	



and different missions challenge accountability.	and political representation. RTA super majority requirement would continue to challenge ability for the RTA to shape capital programs and operating budgets.	there are overlaps and gaps. But accountability would not be clear for issues associated with ongoing services and issues that arise.	would be needed to provide oversight of the regional entity.
<i>State and regional roles:</i> The lack of partnership with relevant state and regional entities silos revenue options and inhibits broader mobility outcomes.	No. With the possible exception that the RTA might be in a stronger position (than individual agencies) to establish partnerships regarding fare policies with bike share companies and other service providers.	Limited effect. This helps somewhat more because the regional entity would be better able to speak on behalf of all the major transit providers in the region. The state's role would not be enhanced, though.	

**d. Do models help address problems and opportunities identified by Eno**

In Section II, Eno identified the following five transit problems and opportunities in the region that are directly tied to governance:

1. Chicago does not have a truly integrated transit system.
2. Customer information is not well integrated.
3. Service and fares are not well integrated.
4. Capital projects and new routes are not designed with a regional perspective.
5. The RTA is not prioritizing regional needs, conducting extensive audits, and analyzing alternatives for major projects because it does not take full advantage of its powers.

The following tables shows how the four different models can address each of these problems and opportunities.

**Table VII-7: Comparison of Models for Problem / Opportunity #1 (Chicago does not have a truly integrated transit system.)**

	<b>Model #1</b>	<b>Model #2</b>	<b>Model #3</b>	<b>Model #4</b>
Pace and CTA have some overlapping / duplicative bus services in suburban Cook County.	Little change to status quo.	RTA / regional agency would decide on routes.		
Agencies fight over discretionary funds at the RTA, they also compete in Springfield and Washington, D.C.	Agencies would still compete at the RTA and with funders.	More funding battles would occur within the RTA. But, RTA would reduce rivalries in D.C. and state capitol.	Single agency would ensure region speaks with one voice and there would be fewer conflicts.	
The agencies compete for riders.	Agencies will still act as competitors.	Agencies will compete but RTA will act as referee.	Competition will still exist but it will be between operating units that are led by a single executive director.	

**Table VII-8: Comparison of Models for Problem / Opportunity #2 (Customer information is not well integrated.)**

	<b>Model #1</b>	<b>Model #2</b>	<b>Model #3</b>	<b>Model #4</b>
<i>Integrated Information:</i> Customers could obtain better integrated customer information (with electronic and wayfinding signs) at stops, stations, buses, trains, and online.	This may help because the RTA can set standards and encourage agencies.	RTA / regional entity has power to take advantage of this opportunity.		
<i>Ambassadors:</i> The region could deploy ambassadors to help customers with information about all the region’s transit services. The ambassadors could also help deal with issues associated with the unhoused and individuals with mental health issues.	This may help because the RTA can encourage agencies to work together on ambassador program.	RTA can set aside funding for this.	RTA could set up an ambassador department through one department or as a coordinated effort across departments.	

**Table VII-9: Comparison of Models for Problem / Opportunity #3 (Service and fares are not well integrated.)**

	<b>Model #1</b>	<b>Model #2</b>	<b>Model #3</b>	<b>Model #4</b>
<i>Integrating Services:</i> Riders could have easier and more convenient connections between modes of transportation, regardless of who is operating the service, allowing for increased mobility across the region.	Little change to status quo.	RTA (or regional agency) would be responsible for integrating services.		
<i>Fare Integration:</i> Riders could purchase one universal fare card and the transit providers could offer integrated fares.	RTA (or regional agency) would be responsible for fare integration.			
<i>Real-time Coordination:</i> One control center could monitor and manage all services real-time so that agencies can more easily modify services during an incident and for late connecting services.	Unlikely to occur.		More likely to occur.	

<i>Multi-Modal:</i> Planning for transit services and fares is not fully integrated with ridesharing, bikes, and scooters.	Changes could occur since one entity is in charge of fare policy.	Multi-modal integration is more likely to be integrated.
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**Table VII-10: Comparison of Models for Problem / Opportunity #4 (Capital projects and new routes are not designed with a regional perspective.)**

	<b>Model #1</b>	<b>Model #2</b>	<b>Model #3</b>	<b>Model #4</b>
Plan service from a regional perspective without first considering the provider.	There would be little change to status quo.	<i>Service would be planned from a regional perspective under these scenarios.</i>		
Coordinated effort to build more bus lanes / bus rapid transit lines and accelerate traffic signal prioritization.	Little change to status quo.	RTA (or a regional agency) would be in a somewhat stronger position to coordinate bus improvements with other government agencies.		
Coordinated effort to build more transit centers.	Somewhat stronger position to build.	RTA (or a regional agency) would be able to determine changes.		
Identify and develop projects based on regional needs and how the existing transit services compete and complement each other.	Little change to status quo.	Capital projects would be planned from a regional perspective under these scenarios.		
Coordinated approach to implementing new bus technologies.	Little change to status quo.	Better integration of projects.	Best integration.	
Overall service could possibly be improved by consolidating stations and improving existing ones. It is sometimes difficult to do so because each agency is limited in the types of services it can provide to replace any lost service.	No change to status quo.	Changes are much more likely to occur because the RTA / regional entity would determine all services and select all projects.		



**Table VII-11: Comparison of Models for Problem / Opportunity #5 (RTA does not take full advantage of its powers to prioritize regional needs, conduct extensive audits, and analyze alternatives for major projects.)**

	<b>Model #1</b>	<b>Model #2</b>	<b>Model #3</b>	<b>Model #4</b>
<i>Budgeting and programming:</i> The super majority approval requirement makes it harder for the RTA to shape capital programs and operating budgets.	Super majority requirement continues to be an obstacle. (If a super majority of the board does not agree, the decision will often be left to the service boards).	This should be less of an obstacle, even if the super majority requirement is retained, because the RTA would control the resources (both fare and non-fare revenues).	If the super majority requirement is needed at a regional agency, it would be less of an issue because there are no service boards that would fill the void in the absence of a decision.	
<i>Not planning major projects:</i> RTA is not taking responsibility for conducting alternatives analysis and preliminary environmental assessment for large projects.	Problem would continue to exist.	This should no longer be an issue because the RTA would probably take on this planning role.	This would no longer be an issue.	
<i>RTA is not taking advantage of its powers:</i> The RTA could use the recovery ratio requirement to prioritize resources, but it does not.	Problem would continue to exist.	RTA / regional entity would have power to allocate resources.		
<i>Audits:</i> RTA is apparently not taking full advantage of its power to conduct independent and in-depth audits.	RTA would be provided with sufficient resources and access to information that is necessary to conduct independent in-depth audits.		No longer an issue because the service boards would no longer exist.	

<p><i>RTA is risk averse:</i> To avoid conflict, RTA typically focuses on issues on which it will get the least pushback. Furthermore, the agencies reportedly are not sharing all of their data which makes it harder for the RTA to perform proper planning.</p>	<p>RTA would have more responsibilities and would be empowered to make more decisions (including those relating to capital programs and procurements).</p>	<p>RTA will hold the purse strings, so it should be less risk averse.</p>	<p>The regional entity would have full control of budgets and data, so it could more easily implement changes.</p>
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**e. Advantages and disadvantages of each model (as defined by Eno)**

This subsection considers the advantages and disadvantages of each model.

All four models will help the Chicago region better address its transit governance problems and help the region achieve its goals for a transportation system that increases mobility, promotes economic development, connects people to opportunity, advances equity, and combats climate change.

However, as currently defined, all four models have the following disadvantages. Note that measures to address these shortcomings will be discussed in a subsequent section.

- A larger bureaucracy may not be as nimble or efficient in its decision making about local services (although decision making relating to regional problems might be made more efficiently and effectively)
- The City of Chicago may be concerned that a stronger RTA would take away its control of CTA. Likewise, the suburbs may be concerned that a stronger RTA would shift more resources to city.
- With a stronger RTA or one single agency, it may be harder for the board to focus on relatively small, yet important, issues that the current service boards address.
- If the state legislature cedes more power over funding to a regional agency, the agency’s board members may have more battles over allocating funds.
- A larger bureaucracy might not be as responsive to municipalities as a smaller service board.
- None of the models, on their own, will necessarily lead to more resources.
- Since transit relies upon state and federal funds, the models will not lead to more stable and predictable funding.

- The state’s role does not change with any of these models.
- Planning for transit services and fares is not fully integrated with ridesharing, bikes, scooters, and the numerous on-demand services provided by municipalities.

**Model #1 (stronger coordinating agency): Advantages and Disadvantages**

As described in Section V, Eno has defined the key features of Model #1 as follows:

*Fare policy:* RTA would be responsible for determining all fares and over time, would take over contracts for all fare payment systems, and determine fare media that customers can use to pay fares.

*Financial Stewardship:* RTA would set performance measures for intermodal centers and it would need to approve the purchase of all major items that are regional in nature. RTA would be given sufficient power to conduct effective audits and it would set performance metrics for operational efficiencies as part of its discretionary funding allocations.

*Capital Planning:* RTA would identify the process for allocating *all* capital projects and it would also be given veto power over major line items in the agencies’ capital programs.

The advantages and disadvantages of Model #1 are below.

Advantages of Model #1

*Political and administrative feasibility:* This is the most politically feasible model because it is closest to the status quo. Model #1 would retain the existing service boards and reporting structures. There is no change to asset ownership nor does it change responsibilities for debt. Likewise, it would be the fastest and easiest to implement because it requires the fewest changes. It effects the fewest number of jobs and involves the smallest change when it comes to staffing up a regional agency (in this case, the RTA). Because it involves the least change, it would have the lowest risk.

*Accountability and oversight:* Model #1 provides the RTA with more accountability. The enhanced auditing powers would allow the RTA to produce more informed studies and report cards on status, problems, and issues. The RTA would continue to monitor the service boards’ activities.

*Fare policy:* Model #1 gives the RTA the tools to coordinate fare policy so that riders may one day be able to purchase a universal fare card and transit providers could offer integrated fares.



*Funding Flexibility:* This model provides somewhat more flexibility to address capital needs from a regional perspective, but very little regarding operating needs (except for intermodal centers).

*Transition:* This model could be an important first step towards more integration.

#### Disadvantages of Model #1

*RTA still not strong enough:* If a super majority is still needed for many of the RTA board actions, a small faction of members can prevent the RTA from using its expanded set of powers. Furthermore, this model does not provide the RTA with line-item veto power over major items in operating budgets.

*Accountability:* Although RTA is given accountability along with meaningful governance and budgetary oversight, there is no single entity that is accountable for transit services.

*Services not well integrated:* Compared to the other models, this is the least likely to optimize services across the region. For example, Pace and CTA bus services will continue to be planned independently and lead to overlapping and duplicative bus services in suburban Cook County.

*Multiple voices:* The transit agencies will not speak with one voice and will continue to compete in D.C. and Springfield for funding.

*Regional perspective not prioritized:* Opportunities for better integration and more efficient service will be lost because services and projects will not be planned from a regional perspective. Service boards would continue to focus on the interests of their own governing bodies rather than the region's needs.

*Not enough funding flexibility:* Although the RTA will have more flexibility to address the region's capital needs, funding formulas will still be the primary source of operating funds.

*Capital planning not integrated enough:* Compared to the other models, this model is the least likely to improve intermodal transit centers or coordinated projects. Since control of services and projects is still decentralized, it will be harder to consolidate some stations that are underused, duplicate existing services, and are in poor condition.

*Regional bus improvements:* This model does little to help coordinate efforts to build more bus lanes / bus rapid transit lines and accelerate traffic signal prioritization.

*Integrated Information:* This model will lead to limited improvements regarding integrated customer information (via electronic signs, wayfinding signs, and ambassadors) at stops, stations, buses, trains, and online.

*Real-time Coordination:* This model does not improve the monitoring and managing of services on a real-time basis.

## **Model #2 (RTA as regional network manager): Advantages and Disadvantages**

### Key features of Model #2 (as defined by Eno)

The service boards of CTA, Metra, and Pace would cede control over most of their budgeting, capital planning, and service decisions. State-mandated funding formulas would no longer be used to allocate funds between the service boards, instead the RTA would decide how to allocate state transit funds.

The RTA would plan for seamless transit services by integrating schedules, fares, and ticketing. The RTA would also coordinate marketing and customer information.

The RTA would establish performance measures and then enter into agreements with transit operators to provide transit services. The service providers would be responsible for operating services and maintaining their facilities per their agreements with the RTA.

Transit users would be able to use the same fare payment technology across the region. Customers would not incur any additional fare for changing vehicles or modes. Trips could be priced by the distance of their journey and not dependent upon who provides the service and what mode is used. Passes would be sold that offer customers an unlimited number of rides on all the region's transit services.

Transit operators would not determine their own budgets or fares. Instead, the RTA would collect revenues (fares as well as federal and state funds) and then redistribute revenues to the transit operators.

The super majority provision would be changed. The number of suburban board members would be increased, but the balance of powers between the city and suburbs would not change. The City of Chicago would be given 5 representatives, suburban Cook County 5 representatives, and the collar counties could have more representatives (e.g., 9 or even more). Decisions would not require a majority of the 19 representatives, but rather a majority from each geographic area. Thus, 3 votes would be needed from board members appointed by Chicago, 3 from Cook County, and 5 from the collar counties. Note that for purposes of this report, Eno is using an odd number of board members from each geographic area (5 and 9) because it is easier to get 3 votes out of 5, rather than 3 votes out of 4.

The advantages and disadvantages of Model #2 are below.

### Advantages of Model #2

*Accountability and oversight:* Model #2 provides the RTA with much more accountability since it would be the primary decision maker for transit policies. However, responsibilities would still be split between numerous transit agencies.

*Fare policy:* This model gives the RTA the tools to develop a coordinated fare policy.

*Funding Flexibility:* This model provides maximum flexibility to address capital and operating needs from a regional perspective.

*Regional bus improvements:* Since bus routes would be planned by one entity in an integrated manner, this puts the region in a better position to coordinate efforts for building more bus lanes / bus rapid transit lines and accelerating traffic signal prioritization.

*Integrated Information:* Since the RTA can determine standards, this model should lead to better integrated customer information (via electronic signs, wayfinding signs and ambassadors) at stops, stations, buses, trains, and online.

*Accommodate numerous operators:* This structure is flexible to accommodate any potential new transit operator. This is important to consider since it could include services operated by municipalities, schools, employers, and private transit companies.

*Integrating services:* Since Pace and CTA bus services would be planned together, this model should lead to the elimination of overlapping and duplicative bus services in suburban Cook County. This should also provide riders with better connections between suburban train stations and employer locations, and more choices for riders about using either CTA or Metra.

*A regional perspective comes first:* Since services and projects will be planned from a regional perspective without first considering the provider, there are more opportunities to integrate services and make them more efficient.

*Funding flexibility:* The RTA will have flexibility to address both the region's capital and operating needs.

*Capital planning integrated:* This model can lead to improved intermodal transit centers and the implementation of more coordinated technologies. If it is deemed beneficial to consolidate some underused stations that are underused, it would be easier to do so in this model rather than Model #1 because the RTA could have another transit operator provide replacement services.

*Existing agencies remain intact:* Because the existing agencies would remain intact, Illinois political leaders may find a network management governance structure more appealing than

merging agencies. Many existing departments, contracts, labor agreements, ownership rights, and debt obligations could remain in place.

*Political feasibility:* This is a more politically feasible model than eliminating the service boards.

#### Disadvantages of Model #2

*Multiple voices:* The transit agencies may not speak with one voice and may continue to compete in D.C. and Springfield for funding.

*Conflicting reporting and decision-making:* Needing approval from the boards of two different authorities may slow down some decision-making. The heads of the CTA, Metra, and Pace may feel as though they are reporting to two different boards, which is problematic if they are given conflicting guidance.

*Administrative feasibility:* Compared to Model #1, it would take longer to implement because the RTA would take on new functions. European researchers have estimated that it takes three to five years for a network manager to establish the expertise necessary to take on all of its responsibilities.

*Real-time Coordination:* This does not improve the monitoring and managing of services on a real-time basis.

### **Model #3 (Regional transit agency with operating units and boards correlating with service boards): Advantages and Disadvantages**

Before discussing the advantages and disadvantages of Models #3 and #4 -- the two models that integrate the service boards into one regional agency -- it is helpful to understand lessons from other regions about consolidation. Two reports are especially informative when considering the advantages and disadvantages of these two models.

A 2020 report about consolidation evaluated the creation of the Los Angeles County Metropolitan Transportation Authority (Metro) which was formed in 1993 from the merger of the Southern California Rapid Transit District and the Los Angeles County Transportation Commission.

The report found that creating Metro improved decision-making: “Rather than two agencies and two boards of directors receiving the same information and making redundant or contradictory decisions, the consolidated Metro leadership and its board of directors acted as

the sole decision-making body for delivery of Los Angeles County’s mobility services and projects.”<sup>16</sup>

Consolidation, the report concluded, “was not the solution for structural budget shortfalls and poor transit performance but could be the catalyst for better outcomes if other supporting actions were taken to make the consolidation more effective and efficient.” The report determined that “Restructuring takes time – often years – to see lasting effects and should involve a transition period with targeted implementation steps aimed at achieving very specific change objectives. The LA Metro consolidation was rushed with critical decisions made following the merging of its predecessor agencies, which resulted in administrative challenges, including labor strikes and prolonged retention of duplicative staff.”

The second report was prepared for a North Carolina council of governments in 2003.<sup>17</sup> It identified a number of benefits of consolidation including:

- service on overlapping routes can be coordinated so that duplicate service is not provided
- timing at transfer connections can be more easily optimized
- advocating transit interests at the federal and state levels with one voice is one of the key advantages perceived by other regions in considering consolidation
- more effective long-range planning
- engineering issues affecting major transit investments can be more effectively addressed by consolidating transit engineering resources
- efficiencies of consolidating customer phone information function can reduce costs and extend hours of service
- offering a larger and consolidated advertising market could materially increase revenue
- information technology function could be more cost-effective due to the rapid advance of technology, and the economies of scale in system development investments.
- coordinated pass sales and fares to allow a passenger to travel seamlessly throughout the region, without having to purchase multiple tickets
- economies of scale in contracting for some transit-unique professional service contracts such as drug and alcohol testing and service planning
- larger fleet more easily available for special events

The North Carolina report noted that the major disadvantage of consolidation relates to losing local knowledge. Regional system leaders are unlikely ever to be as aware of local conditions and the service histories as in smaller systems. Likewise, representatives providing information on the phone at larger systems tend to have less detailed knowledge of local

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<sup>16</sup> WSP, “San Bernardino County Transportation Authority: Consolidation study and innovative transit review,” August 4, 2020.

<sup>17</sup> AECOM Consult, “Analysis of Transit Systems and Consolidation Stages Final Report: Prepared for Triangle J Council of Governments,” May 2003.

destinations and the vicinity of major bus stops (although this can be mitigated by assigning specialists.)

One aspect could be considered either a positive or negative, depending upon one's perspective and the outcome. The report noted that "history has shown that some parity is often granted in wages, work rules, and benefits over the course of time when disparate work forces are consolidated."

#### Key features of Model #3 (as defined by Eno)

All the functions of CTA, Metra, and Pace would be consolidated into one regional entity under Model #3. The regional entity would have three operating units that correlate with services that are currently provided by CTA, Metra, and Pace. The heads of these units would report to the executive director of the regional transit entity.

The board of directors would have committees that correlate with these three units. These committees of the regional transit board would not be representative of the regional agency board. Instead, this committee structure would be used to give suburban members from suburban communities a greater supervisory role over suburban services and members from Chicago a greater role over city services. These committees would not have decision-making powers.

The existing boards would not be eliminated, but rather the board members of the regional entity would also be the board members of CTA, Metra, and Pace so that existing contracts, union relationships, pension obligations, debt, and asset ownership could continue.

To ensure input from a wide range of stakeholders, board advisory committees would be established. To provide oversight over the regional entity, the governor would establish an independent inspector general.

The advantages and disadvantages of Model #3 are below.

#### Advantages of Model #3

*Accountability and oversight:* This model makes one single decision maker responsible and accountable for transit policy and operations.

*Fare policy:* The regional entity could develop a coordinated fare policy.

*Funding Flexibility:* In this model, the regional entity could address capital and operating needs from a regional perspective.

*Regional bus improvements:* Since bus services would be planned by one entity in an integrated manner, this puts the region in a better position to coordinate efforts to build more bus lanes / bus rapid transit lines and accelerate traffic signal prioritization.

*Integrated Information:* This would position the regional entity to better integrate customer information (via electronic signs, wayfinding signs and ambassadors) at stops, stations, buses, trains, and online.

*Existing agencies remain intact:* Because the existing boards would remain intact, Illinois political leaders may find this model more appealing than Model #4 (which completely eliminates the existing service boards.) With Model #3, many existing contracts, labor agreements, ownership rights, pension obligations, and debt obligations could remain in place.

*Integrating services:* Bus services would be planned together, which should lead to the elimination of overlapping and duplicative bus services (e.g., in suburban Cook County). This should also provide riders with better connections between suburban train stations and employer locations, and more choices for riders about using either CTA or Metra.

*A regional perspective comes first.* Opportunities for better integration and more efficient service can be taken advantage of because services and projects would be planned from a regional perspective without first considering the provider. (This assumes that the regional entity has a planning department that coordinates services between the operating units.)

*Funding flexibility:* The regional entity would have flexibility to address region's capital and operating needs.

*Potential cost savings:* Potential for significant savings in operations, personnel, procurement, legal, marketing, and other back-office functions.

*Capital planning integrated:* This model can lead to improved intermodal transit centers, coordinated bus technologies, and other capital projects. If it is deemed beneficial to consolidate some underused stations that are underused, it would be easier to do so in this model rather than Model #1 because the RTA could have another transit operator provide replacement services.

*One voice:* The transit operators will speak with one voice and will no longer compete in D.C. and Springfield for funding.

*Clear reporting and decision-making:* A important benefit compared to Model #2 is that approval is only needed from the board of one (and not two) authorities. This could improve

and speed up decision-making and provide clearer direction to the heads of the operating units.

*Real-time Coordination:* This model could improve the monitoring and managing of services on a real-time basis.

### Disadvantages of Model #3

*Administrative feasibility:* Model #3 (compared to Models #1 and #2) would take longer to implement because the regional entity would have to be established and take on new functions. The regional entity and service boards would have to take on additional work and short-term costs during a transition phase, which could be disruptive to staff and morale.

*Existing obligations:* Although the existing boards would not be eliminated, there may be some issues regarding existing contracts, labor agreements, ownership rights, pension obligations, and debt obligations that will need to be further studied.

## **Model #4 (Regional agency that fully integrates service boards): Advantages and Disadvantages**

The key features of Model #4 (as defined by Eno) are as follows:

All the functions of CTA, Metra, and Pace would be consolidated into one regional entity. The existing CTA, Metra, and Pace boards would be eliminated.

The regional entity would *not* have operating units that correlate with services that are currently provided by CTA, Metra, and Pace. Instead, separate operating departments would be created for rail, bus, and on-demand services (including paratransit). The board would *not* have committees that correlate with these three units, but instead would look at the services in an integrated manner.

To ensure input from a wide range of stakeholders, board advisory committees would be established. To provide oversight over the regional entity, the governor would establish an independent inspector general.

The advantages and disadvantages of Model #4 are below.

### Advantages of Model #4

The following advantages are the same as described above for Model #3:

- Accountability and oversight
- Fare policy
- Funding flexibility



- Regional bus improvements
- Integrated information
- Integrating services
- A regional perspective comes first
- Funding flexibility
- Potential cost savings
- Capital planning integration
- One voice
- Reporting and decision-making
- Real-time coordination

An advantage of Model #4 compared to Model #3 is that the traditional silos of planning and operations for three separate service boards would be eliminated. This could lead to even more integration between rail services and bus services. It could also lead to improving the monitoring and managing of services on a real-time basis.

#### Disadvantages of Model #4

*Existing obligations:* Because the existing boards would be eliminated, any existing contracts, labor agreements, ownership rights, pension obligations, and debt obligations may need to be renegotiated.

*Administrative feasibility:* Compared to the other models, this would take the longest to implement because it requires the most changes and effects many existing obligations.

### **f. Evaluation Matrix**

Using a wide range of criteria, the following evaluation matrix compares the four different models (as defined by Eno) with the status quo. All the criteria in this matrix have been discussed throughout this report.

- The *service-related* criteria refer to whether decisions will be more centralized, service and fare policies better coordinated, and decisions based on regional needs.
- The *funding* criteria indicate whether a model provides more flexibility to address regional needs, if it is likely to enable the region to obtain more resources, and whether it would lead to more stable and predictable funding to the service boards.
- The *general* criteria refer to whether a model will lead to greater accountability and cost savings. It also considers efficiency which considers reducing inefficiencies related to duplicated efforts and linking previously disparate systems in a cost-effective way.

Note that the budget information that would be needed to quantify potential cost savings are not available at this time.

- The *relations* criteria refer to whether a model is likely to improve partnerships with local, regional and state entities, and whether it would improve or degrade the transit agencies' responsiveness to localities.
- The *support and execution* criteria indicate whether a model is politically feasible, its administrative feasibility (i.e., the ability of the agencies to administer the changes needed to transition towards a new model), and how long it will take to implement. It also considers the risk involved in implementing the model. Risk in this context refers to the possibility that the changes would not be effective or counterproductive (e.g., legal issues arise that prevent reforms, the changes result in increased costs, or transit service deteriorates during a transition phase).

Note that the scores assigned to each criteria are simplified, preliminary, and subject to debate. Despite these caveats, the matrix is a useful tool to highlight the relative strengths and weaknesses of each scenario. It is designed to help CMAP visualize and comprehend the potential impacts of the four models, allowing for further discussion and more informed decision-making.

It is premature to assess a model's likely consequence in certain areas. Notably, the table does not evaluate criteria such as economic growth, environmental sustainability, equity, transit ridership and user experience. For these criteria, the level of funding and the decisions made by transit leaders will be much more determinative than governance reform.

As shown below, seven different numbers (and associated colors) are used to measure how well the model performs on a certain criteria.

-3	Most Negative
-2	Strongly Negative
-1	Negative
0	Neutral or Minimal Change
1	Positive
2	Strongly Positive
3	Most Positive

**Table VII-12: Matrix comparing the models (as defined by Eno) with the status quo**

Evaluation Criteria		Model #1	Model #2	Model #3	Model #4
Service Related	Centralized decision-making	1	2	3	3
	Service and fare policy coordination	1	2	3	3
	Regional-based decisions	1	2	3	3
Funding	Flexibility to address regional needs	1	2	2	2
	Obtain more resources	0	1	1	1
	Stable and predictable funding to agencies	0	-1	Not applicable	Not applicable
General	Accountability	0	2	3	3
	Cost Savings	0	0	1	1
	Efficiency	0	1	2	2
Relations	Partner with regional & state entities	0	1	1	1
	Partner with local entities	0	-1	-1	-1
	Responsiveness to localities	0	-1	-2	-2
Support and Execution	Political feasibility	-1	-2	-2	-3
	Time to implement	-1	-1	-2	-3
	Administrative feasibility (during transition)	-1	-2	-3	-3
	Risk	-1	-1	-2	-3

Here are a few key takeaways from this matrix.

Model #1 provides the fewest benefits since it does the least to improve the efficiency of the existing system or integrate transit services. However, it could be implemented the fastest with the least disruption to the existing agencies.

Models #2 and #3 both offer strong benefits. Model #3 scores better on certain criteria because it centralizes more functions, but it would be harder to implement, take longer to set up, and would be somewhat riskier because it involves so many organizational changes.

Model #4 most completely integrates operations, resources, and functions into one single, unified organization. However, when compared to Model #3 its benefits would be minimal. These two models have high scores for service-related criteria because they both consolidate policy and operational decisions into one entity. They have similar scores when it comes to funding, relations with other government agencies, and general criteria. However, Model #4 would be the model that the service boards would be most likely to oppose, it would be the least politically feasible to implement, it would be the hardest to administer, and it involves the highest risk because of the service board's existing assets and liabilities.

## VIII. Eno’s Recommendations

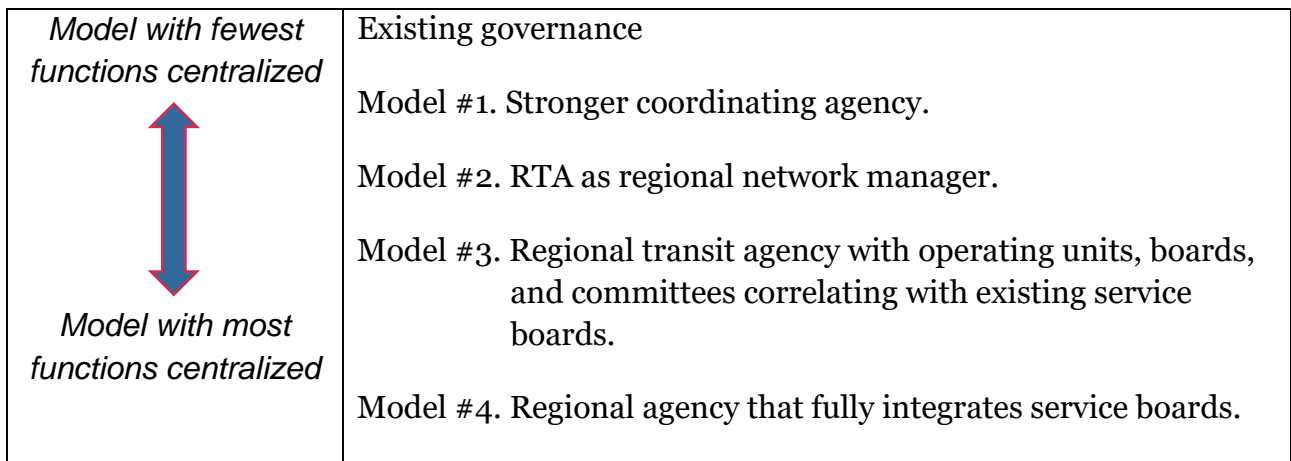
This final section of the report discusses Eno’s recommendations regarding transit governance reform in northeast Illinois. It also identifies concerns about potential reforms that are likely to be raised and ways to alleviate these concerns.

This report concludes with a brief discussion of further research and planning that are needed, as well as next steps. San Diego’s experience reforming and reorganizing its transit agencies is discussed since its transition is especially relevant to the governance changes that northeast Illinois is now considering.

### Recommended Model

As shown in the figure below, this report evaluated four models that were developed on a continuum, with the fewest to the most functions centralized.

**Figure VIII-1: Centralization of Four Models**



Based upon our analysis, Eno believes that Model #3 would best meet the needs of northeast Illinois. We consider Model #2 to be the second-best choice. The following two pages explain how we arrived at this recommendation.

Model #1 would help meet some of the Steering Committee and stakeholders’ goals. The RTA would be given more authority to develop and implement a regional fare policy, demonstrate financial stewardship, and take a more active role in capital planning. However, Model #1 is not the governance structure that would best serve the region because instead of a single accountable entity prioritizing the region’s needs, a patchwork of agencies focusing on their own interests would still be developing plans, undertaking projects, and providing services in a less than efficient manner.

The RTA should be given more decision-making authority over funding decisions than envisioned in Model #1. That means relying less on state-mandated formulas and allowing the RTA to determine where resources are most needed. As Eno documented in its case study report, a regional agency that holds the purse strings can gain cooperation on a region's priorities from transit agencies. For example, the San Francisco Bay Area's metropolitan planning organization, the Metropolitan Transportation Commission (MTC), was able to convince more than 20 transit agencies to accept the Clipper card as its fare media because the MTC allocates funds based on regional priorities.

The RTA can more effectively represent the region and integrate services, if it takes on a more prominent role. The RTA could become the public face for both customers and funding agencies by consolidating several administrative functions now performed by the transit agencies such as providing customer information (on the phone and the internet), marketing, lobbying, and public relations. In the future, rebranding the service boards could also lead to fundamental changes. For example, in the 1990s changing the name of the "Long Island Rail Road" to "MTA Long Island Rail Road" and the "New York City Transit Authority" to "MTA New York City Transit" sent a powerful signal about the MTA's role in unifying transit services.

To succeed, RTA needs credibility and legitimacy from a wide range of stakeholders (elected officials, funding agencies, service boards, transit advocates, etc.). Giving the RTA a more prominent role would help it become more accountable for the region's transit system and help it obtain more funding, set fare policies, and speak for the region.

Even with these suggested changes, Model #1 still has a serious drawback: the region's priorities may be thwarted by the super majority requirement. The RTA would still require a super majority to pass its strategic plans, capital programs, operating budgets, and financial plans. This will continue to be an obstacle towards implementing changes.

With the super majority provision, if 12 of 16 voting board members do not agree, many decisions would be left with the service boards. This could very well happen even with projects and programs that are clearly regional in nature, such as intermodal centers and fare policy. Eno recommends that if Model #1 is implemented, the super majority rule should be revised so that the board can take bolder actions.

Eno suggests one way to revise the super majority requirement is by having the Illinois transportation secretary serve as an ex officio board member and have the governor appoint another RTA board member. These two state representatives can help overcome some parochial interests and with two additional voting members, the super majority requirement would change from a  $\frac{3}{4}$  requirement (12 of 16) to a  $\frac{2}{3}$  requirement (12 of 18). This slight weakening of the super majority would still promote regional consensus, but the RTA could more easily develop a regional vision for transit and then execute on its components.

Compared to Model #1, both Models #2 and #3 would better meet the needs of northeast Illinois by creating a transit governance structure that is in a better position to provide transit riders with more seamless and integrated transit services, and to do so in a more cost effective and efficient manner.

Models #2 and #3 are consistent with previous transit reform recommendations. For example, the Northeastern Illinois Public Transit Task Force in 2014 reported, “Without an effective regional voice – to plan, divide funds, evaluate projects, and coordinate the system to the benefit of the rider – the transit system as a whole and each service provider does not meet its potential. The entire region suffers.”

Model #2 will appeal to many stakeholders because the existing service boards would continue to be responsible for operating services. However, Eno prefers Model #3 because the reporting structure would be more streamlined, accountability would be clearer, real-time services could be better coordinated, and potential cost savings would be greater. Lessons learned from Los Angeles and North Carolina reveal that with Model #3, the region will avoid the potential problem of having multiple boards that make redundant and contradictory decisions; instead the region will be served by having one unified and stronger voice that will advocate transit interests at the federal and state levels.

At this time, Eno does not recommend moving towards Model #4 because Model #3 would provide nearly all the same benefits and it would be much easier to implement than Model #4. As discussed in the previous section, under Model #3 some of the service board’s contracts, labor agreements, ownership rights, pension obligations, and debt obligations could continue to remain in place.

Model #3 could be implemented over the course of the next several years, or over an even longer period, by implementing Model #2 and then moving towards Model #3.

#### Board Structure Recommendations

After considering the structure of the RTA’s board of directors, Eno recommends that only modest changes need to be made. These recommendations would also apply to a regional entity’s board in Models #3 and #4.

Many aspects of the board should be kept in place because they are working well. For example, the existing five-year term of office gives board members an appropriate degree of autonomy from the elected officials who selected them. Although transit agencies in some other regions require certain professional backgrounds for their board members, the legislature does not need to require this for RTA board members because northeast Illinois has a long and proud tradition of appointing board members with a wide range of skills and experience.

Eno recommends three ways that the board should be revised.

First, Eno recommends that under all four models, the Illinois DOT secretary serve as an ex officio board member and the governor be given one additional appointment. This was discussed above in terms of weakening the super majority requirement, but it has other benefits. The two state representatives offer a perspective that is less compromised by subregional allegiances, and they can also help secure state resources and coordinate state initiatives with the region’s transit-related plans and programs. This is critical for encouraging transit-oriented land uses and developing a bus priority network. Many U.S. transit agencies benefit from board members appointed by state officials. For example, in Washington, the secretary of the state’s transportation department also serves on Sound Transit’s board.

Second, at least one board member from every geographic area should be a regular transit rider. Regular riders are likely to be more familiar with problems and sensitive to customers’ needs. Note that the San Francisco MTA board has an even more stringent requirement; at least four of its seven members must be regular riders of its services.

Third, additional advisory boards should be established. The formation of these committees will depend upon which model is used. For example, Pace currently has two ADA advisory committees. Under Model #2, the RTA would benefit from having its own ADA advisory committee as well. Under Models #3 and #4, a regional entity will need to set up new advisory committees; these can focus on certain geographic areas and specific services.

### **Alleviating Concerns**

Undoubtedly, stakeholders will raise concerns about various governance models that strengthen the RTA or create a regional transit entity. The table below shows potential concerns and ways to alleviate them.

**Table VIII-1: Concerns and Ways to alleviate them.**

<b>Concern</b>	<b>Ways to alleviate concern</b>
A larger bureaucracy would not be as responsive to the needs of the City of Chicago and suburban communities.	Some community relations and government affairs functions could remain with the service boards / operating units. The regional agency would coordinate these functions, but each board/unit would continue to have direct relations with neighborhood groups and community leaders.



	Advisory committees can be set up and/or the board could include non-voting board members.
Board members of a regional entity may not be able to delve into the same level of detail as board members can at the service boards.	Separate board committees could be set up to focus on certain services.
Decision making at a large transit agency would not be as nimble at a smaller transit agency.	Board committees would help the board identify issues earlier and take actions faster to resolve issues.  One large agency might be more (rather than less) nimble in addressing regional issues because it would not need to negotiate agreements between three different service boards.
A stronger RTA or regional agency would weaken the City of Chicago's control over city's transit services.	A regional agency or a stronger RTA may be able to obtain more state transit funds that would benefit city residents and businesses.  For a regional entity, a board committee that focuses on Chicago's rail and buses with mostly city representatives could be established.  City stakeholders will have a stronger voice in the oversight of transit services in the suburbs (many of which are used by city residents).
A stronger RTA or a regional agency would shift resources from suburban areas to the city.	Allocations for transit agency services could follow historic practice for a limited number of years to ensure that current service and funding levels do not diminish.  A certain number of board members could be required to be regular riders of suburban services.  Suburban stakeholders will have a stronger voice in the oversight of transit services in the city (many of which are used by city residents).
The RTA currently provides oversight over the service boards. If there is only one regional agency, no one would ensure that it is	The state can appoint an independent inspector general.  The state can have representatives (including the DOT secretary) on the board as voting members.

performing its duties in an efficient and ethical manner.	
A stronger RTA or a regional transit agency would lead to more battles over the allocation of resources.	<p>Board members representing the state can help overcome parochial fighting between jurisdictions.</p> <p>Stakeholders concerned about this should recognize the benefit of having a regional board empowered to make decisions based on changing needs and opportunities, rather than having the region constrained by decisions made in Springfield.</p>
A large regional agency will be less responsive to transit customers.	<p>A certain number of board members could be required to be regular riders of city and suburban services.</p> <p>Non-voting members could be added to the board and advisory boards established.</p>
Sudden change will harm existing transit customers.	<p>Changes could be phased in. For example, funding allocations for CTA, Metra, and Pace services could follow historic practice for a limited number of years.</p> <p>Different rules could be applied for how to use new revenue sources compared to using existing sources.</p>
Governance reforms will distract service boards from focusing on current service.	A phased-in, carefully prepared implementation plan can minimize this risk.

### **Transition of Governance in San Diego**

Changing the governance of transit systems to improve coordination and take advantage of opportunities is neither a quick nor a static process.

For example, the integration of previously private operators in New York is still an ongoing process. Between the 1960s and early 1980s, the MTA consolidated the operators of railroads, buses, and subways, but it was not until 2003 that construction of very large capital projects was brought together under one department. In 2019, the MTA started consolidating the engineering and construction of all capital projects. For decades, the board had separate committees for its Long Island Rail Road and Metro-North Railroad subsidiaries; these committees only began to meet together a few years ago.

Although San Diego was not one of the case studies, its transit governance is especially relevant to northeast Illinois because of the way it has transitioned. Over two decades, San Diego moved through three distinct stages that started with the coordination of agencies and ended with their consolidation into one agency.

In 1975, the California legislature created San Diego’s Metropolitan Transit Development Board (MTDB) to plan, construct, and operate transit guideways, and the legislature also gave it responsibility for all the region’s transit funding decisions. During the first five years of its existence, MTDB focused almost exclusively on building the first phase of a light-rail system.

After the San Diego Trolley service opened in 1981, MTDB pursued the concept of creating an umbrella organization to coordinate routes, fares, transfers, and service policies, rather than becoming a direct operator. MTBD senior staff were familiar with the European network manager concept. Although MTDB had the authority to become a transit operator, it chose to retain some insulation from operations, so that it would not interfere with the umbrella organization concept.<sup>18</sup> In the 1980s and 1990s, duplicative transit routes were eliminated, and a number of functions were consolidated including selling transit passes, providing customer information, and marketing transit services.

After the state legislature passed a transit consolidation law in 2002, one agency MTDB (which would be renamed the San Diego Metropolitan Transit System) began managing nearly all bus and light rail operations in the region. In addition, many of the transit agency’s planning and programming functions were merged with the region’s MPO, the San Diego Association of Governments. The impetus for merging functions and agencies was a rapidly growing population (1.9 million in 1980 to 2.8 million in 2000) and a desire to reduce traffic congestion and limit sprawl in the region.<sup>19</sup>

A Transit Cooperative Research Program report titled, *Regional Organizational Models for Public Transportation*, highlighted San Diego’s transition and stated, “What was remarkable was the gradual, step-by-step evolution from separate transit agencies into a unified and fully coordinated system of bus and light rail routes. To the eyes of the transit rider, MTS was a single transit system years before the actual legal consolidation of assets took place in 2003.”

### **Further research and planning are needed prior to implementation**

Although Eno has extensively documented governance issues, more information is needed to help quantify the advantages and disadvantages of each model. Eno suggests that CMAP and the transit agencies meet with transit officials who have been intimately involved with

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<sup>18</sup> See the 1987 TRB report by Thomas Larwin titled “Public Transportation Development and Coordination: San Diego Case Study” to learn more about MTDB’s early years and formation.

<sup>19</sup> A consolidation study conducted in 2020 on behalf of the San Bernardino County Transportation Authority provides more information about legislation and impetus for the organizational changes; see <https://omnitrans.org/wp-content/uploads/2020/09/Item-F2-Attachments-C-F-1.pdf>; The 2002 law creating a consolidated agency is available at <https://www.sandag.org/-/media/SANDAG/Documents/PDF/footer/legal/senate-bill-no-1703.pdf>. It called for the consolidated agency to develop a transition plan to ensure the efficient and timely transfer of the transit boards’ functions and responsibilities.

governance reforms in other regions. CMAP and the transit agencies should learn more about how other regions developed and modified their plans, built coalitions, overcame challenges, and implemented changes.

Eno particularly recommends talking to individuals with experience consolidating agencies and coordinating transit agency functions in London, San Francisco, New York, Los Angeles and San Diego – as well as representatives of the European Metropolitan Transport Authorities who can provide information about the network manager model. In this document as well as in the case study document, Eno has identified regions and agencies that have implemented fundamental reforms.

To understand potential cost savings, detailed budget information is needed for each of the agencies. At this time, CMAP only has expense information that relates to very broad budget categories such as labor, materials, and fuel. Important elements are missing; for example, the budget for CTA shows a line item for contractual services without breaking it down into individual components. It does not reveal whether these services are in areas where consolidation could offer significant benefits such as legal, marketing, and human resources.

In addition to budget details, other information needed relates to staffing levels and vacancies, administrative functions, as well as agency assets, liabilities, and contractual obligations. Not only is more data needed, but ideally it would be measured, calculated, and formatted in a consistent manner across the transit agencies.

Although potential cost savings have not yet been calculated, it is essential to recognize that governance reform will not change the need to secure additional resources to operate and upgrade the existing transit system. The region's transit agencies are facing a \$730 million annual budget gap beginning in 2026 and the potential savings from governance reform are not likely to have more than a modest impact on that number.

## **Next Steps**

Later this year, CMAP and its MPO policy committee will submit a report of recommendations to the governor and General Assembly regarding changes to funding, governance structures, and related issues that will ensure the long-term financial viability of a comprehensive and coordinated regional public transportation system.

As the next step, Eno envisions the state legislature indicating its support for CMAP's recommendations and then establishing a transit reform task force to flesh out the details of governance and funding reforms, assess their financial and policy implications, and then recommend legislative changes.

The task force's explicit objective should be to propose legislation, and it should have a defined and restricted timeframe for its activities. The task force would include members

appointed by the House speaker and Senate president (two of whom would serve as co-chairs); the heads of RTA, CTA, Metra, and Pace; as well as other stakeholders.

The task force should set up committees to focus on specific issues, and the agency heads should assign staff members to be active participants on these committees. The task force members will need to conduct a careful legal analysis that considers existing agreements, obligations, and potential asset transfers. They will need to consider all the functions currently performed by the RTA and the service boards, such as operations, maintenance, financial management, communications, and construction (See Section VI for a more detailed list).

Once the legislature passes a transit reform bill, the RTA or a new regional entity will need to take on new responsibilities, establish policies, fill key roles, and execute transfer agreements. A multi-agency team will need to manage the transition and oversee major integration activities.

A report prepared for the American Public Transportation Association shares seven lessons that legislators should keep in mind as it embarks on its reforms.<sup>20</sup>

1. Every region is unique and precise governance choices for public transportation must fit the region.
2. Recognize and capitalize on windows of opportunity for governance change.
3. Governance and financing for public transportation are so closely interrelated, they must be addressed together.
4. Governance change takes time and is never static.
5. Leadership and champions are critical to change in public transportation governance.
6. Advocacy groups and individuals can be extremely helpful.
7. Good working relationships with other public agencies are critical to successful organizational transformation.

Changes to transit governance in northeast Illinois should not be a zero-sum game. It can be implemented in a way that residents and businesses in the City of Chicago, Cook County suburbs, collar counties and downstate all benefit because the new structure will provide better service in a more efficient, accountable, and responsive manner. Identifying the optimum governance structure is a never-ending challenge. The region will need to be flexible as its needs change, opportunities arise, and institutions are transformed.

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<sup>20</sup> Booz Allen Hamilton and Paul N. Bay, “Regional Organizational Models for Public Transportation TCRP Project J-11 / Task 10,” 2011.