Metra seeks rider input

Many of you no doubt saw the news last week that Metra is facing a budget deficit in 2012 that will require us to make some hard choices about service cuts and/or fare increases. We are trying to be responsible by alerting our riding public about the issues early in the budgeting process so that everyone with a stake can provide input to us. That’s why we are now asking you to go to www.metrarail.com starting Monday, July 25 and take a survey that will inform us as we put the 2012 budget together in the coming months.

This budget shortfall has been years in the making, and a variety of factors are responsible. The first is that the faltering economy has caused the revenues from the regional transportation sales tax to plummet. That sales tax, collected in the six-county area, is the primary way that the Regional Transportation Authority funds Metra and our sister agencies, CTA and Pace. Those revenues are far below what was expected when the sales tax was last revised in 2008 and they are not expected to recover soon. In fact, the projected cumulative shortfall in sales tax revenues alone is $350 million from 2008 to 2013.

The second factor is the worrisome rise in the cost of diesel fuel. This year, diesel fuel will cost Metra about $18.3 million more than budgeted. We believe we can cover that deficit through $6.2 million in cuts to administrative costs, a slight increase in revenues, the end of the Senior’s Ride Free Program and some federal funds we expect to receive that will help defray the costs of the February blizzard. But looking at a worst-case scenario for 2012, we could need another $28 million next year just for diesel.

The third factor is that Metra can no longer continue a couple of strategies that helped us manage the problem until now.

To explain one of those strategies requires some background. Under the provisions of the RTA Act, the RTA system is required to recover 50 percent of its operating expenses through fares and other revenues. This is known as the recovery ratio. While the recovery ratio was to transfer money from our capital budget – used to repair, upgrade and replace our aging infrastructure and rolling stock – to fund operations. This practice is not sustainable and must stop; we already have a gap of billions of dollars between what we need to keep our system in a state of good repair and what we have available. Further depleting the capital budget to pay for operations will only make the problem worse and eventually result in impacts on our service and service delays.

That leads us to the 2012 budget process. At the July 15 meeting of the Metra Board of Directors, we presented the board with options to meet our 55 percent recovery ratio by increasing fares with or without service cuts. Over the past four years, we have aggressively cut administrative expenses. For example, we have left positions unfilled, combined jobs, frozen non-contract salaries, curtailed overtime, deferred an apprentice program, increased employee contributions to health care, eliminated company contributions to 401(k) plans and undertaken other measures to control costs.

In the way of service reductions, Metra staff has proposed cutting two to four trains from every line except the Heritage Corridor (which only has six trains a day), reducing weekend service on the Milwaukee North, UP North and SouthWest Service and eliminating extra service for Bears and White Sox games. With proposed service cuts, fare increases could be up to 20 percent depending on other factors such as fuel prices and mandated recovery ratio. Without service cuts, these increases could be as high as 25 percent.

Please understand that we do not make this proposal lightly. Metra has never reduced service and has been far less aggressive than other U.S. commuter railroads in raising fares. Base fares have been increased only seven times in the last 28 years, and the last across-the-board increase was in 2008. We believe that demonstrates Metra’s sensitivity to the needs of our riders. As a result, our fares have not kept pace with inflation, and our fares are about half the average fare of our peers. They also remain a good value compared with the costs of driving.

We know our riders will have a lot to say about this issue and we want to hear from you. Please take our survey at our website, www.metrarail.com to tell us what you think. Our board will be discussing this matter at its next few meetings, starting with its August 12 meeting. Public hearings will be scheduled in the fall after a proposed budget is adopted by the board.

Thank you for your input.

Please see the reverse side for charts that illustrate points made here. For more charts, see the July board presentation at www.metrarail.com
For more charts explaining Metra's budget situation, please see the July Board Meeting Presentation on the homepage or in the Newsroom at www.metrarail.com.