

EXHIBIT 11

Board Minutes Related to Patronage or any Related Issue

MINUTES OF A PUBLIC MEETING OF THE BOARD OF DIRECTORS OF THE COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY

The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority met in a public session for a Meeting of the Board on Friday, December 14, 2012 at 9:00 a.m. The meeting was held in the Metra Board Room at 547 West Jackson Boulevard, Chicago, Illinois, pursuant to notice.

The roll was then taken.

ROLL CALL

Present: Brad S. O'Halloran, Chairman
Paul C. Darley
Don A. De Graff
Larry A. Huggins
James C. LaBelle
Mike W. McCoy
Arlene J. Mulder
Jack Partelow
Stan C. Rakestraw-Tele-Conference
Jack Schaffer
William A. Widmer, III

PLEDGE OF ALLEGIANCE

Chairman O'Halloran asked Director Mulder to lead the Board, and other participants, in the Pledge of Allegiance.

PUBLIC COMMENT

Chairman O'Halloran asked if there were any registered individuals in the audience for public comment. Garland Armstrong stated that he hopes that for 2013, Metra has a good state of repair program, so that all the stations on the Metra lines can be ADA accessible. He explained that some of the stations that he and his wife have come through have different bumps, and with the wheelchair it can be difficult. He is hoping that in 2013, all of the platforms at the different stations can be smoothed out.

MINUTES

1. Approval of the Minutes from the November 16, 2012 Board Meeting

Director Partelow moved, and Director Mulder seconded the motion to approve the minutes from the November 16, 2012 Board meeting. The motion carried with ten ayes.

**APPROVED BY THE
METRA BOARD OF DIRECTORS
ON THURSDAY, JANUARY 17, 2013**

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, and Chairman O'Halloran

ABSTAINED: Director Widmer

CONSENT AGENDA

Procurement (\$100,000 or greater)

2. Blanket Purchase Order for the Repair and Return of Petrolatum Filled Impedance Bonds
3. Blanket Purchase Order for Medium Grit, 50 lb. Bag, De-Icing Salt
4. Blanket Purchase Order for Data Center Servers and Storage Equipment
5. Blanket Purchase Order for Fence and Fence Material
6. Blanket Contract to Furnish and Install Metra Station Signs
7. Master Purchase Agreement for Walkover and Flip Seats for the Amerail Rehabilitation Project

Procurement - Professional Services

8. Professional Services Contract for Federal Transit Administration (FTA) Circular 4220.1F Procurement Assessment Consulting Services

Real Estate and Contract Management

9. Intergovernmental Agreement with the City of Chicago
10. Land Lease Agreement with Chain O'Lakes Lumber Company

Personnel

11. Consent by the Board for Personnel Appointment

Chairman O'Halloran asked the Directors if there is any item they would like pulled from the consent agenda. Director Partelow requested Item 7 be pulled from the agenda. Chairman O'Halloran requested a motion on Items 2, 3, 4, 5, 6, 8, 9, 10, and 11.

Director Schaffer moved, and Director De Graff seconded the motion to approve Items 2, 3, 4, 5, 6, 8, 9, 10, and 11. The motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Director Partelow stated that when he was reading the Master Purchase Agreement for walkover and flip seats he noticed that a decision will be made somehow on whether or not to have flip seats or stationary seating. He asked for an explanation on this. Mr. Ryan, Chief Mechanical Officer stated that what they are alluding to is that there was only one bidder on this particular procurement. One

of the reasons is because Metra and the South Shore are the only two railroads left in the country using what is referred to as a walk-over seat. Metra could get more competition and more bids if we used stationary seats. However, going to a stationary seat would also change the culture at Metra, because right now on every train the passengers have the advantage of facing in the direction of movement. Director Partelow commented that this was his concern, and asked how this decision would be made. Mr. Ryan responded that it is something that they are going to study. They would like to take a look at the possible savings, and the competitive bids that would be available to us. He pointed out that a seat manufacturer came in and met with him yesterday. After staff studies this, it will be presented to Mr. Clifford, who in turn would discuss it with the Board. He added that as the Board knows, we rehab cars regularly and perhaps we could try a couple of the rehab cars to see if there was any interest. Again, it would be well discussed and everybody would be involved in the decision before anything would go forward.

Director Mulder stated that obviously the study sounds like a good idea to evaluate the cost difference between the flip seats and the stationary. However, as a mother and grandmother, when you can flip the seat and have a four seater, it makes it a lot easier to put five or six little people in those seats so that the parent can keep a watchful eye on their children. She does not know if everyone cares whether or not the seats are flip or stationary, but she does think that families do. Mr. Ryan responded that this is a good point. What staff thought they would do is to start a pro and a con list to do a comparison on the seats. He said that the seats that Metra uses are relatively cheap in the industry. A lot of the fiberglass or plastic single-molded seats are as much as a thousand dollars more per seat.

Director Schaffer said that he noticed on the train that the back-facing seats on the way in, in the morning and on the way out are always the last ones people want to sit in. He stated that this tells him something; people want to look forward. He would suggest that it needs to be one heck of a cost savings to do something that won't be viewed negatively by the riders. Mr. Ryan responded that one other option is to take the current seat and modify it a little bit. He continued that they are now selling similar seats that are more formed and have a headrest. These seats are a bit more of an individual seat, than the bench seat that is used today. He said that we could keep the walk-over seat, but perhaps do a little modernization that would not be extremely expensive, and would be more comfortable for the rider.

Director Partelow moved, and Director Mulder seconded the motion to approve Item 7 from the Consent Agenda. With leave from the Board for the previous roll call, the motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

DISCUSSION WITH POSSIBLE ACTION

12. Capital Program Amendment

Lynnette Ciavarella, Senior Division Director, Capital & Strategic Planning explained that in October, the Board adopted Ordinance MET 12-22. The ordinance for today includes all the changes since

adoption of that ordinance. She continued that the only change being proposed from a source standpoint is the addition of \$26.1 million from IDOT's Bureau of Railroad funds. Five different capital project program revisions are being proposed. The first one is for CREATE. The P1 project is receiving IDOT Bureau of Railroad funds for the segment B force account work in the amount of \$18.7 million. Metra is also receiving IDOT funding in the amount of \$7.4 million for phase one of material purchases, labor and track for signal construction, as well as flagging and communications for the Rock Island District right-of-way project in Joliet.

She said that staff has looked at the 2012 capital program and have identified \$2 million from the financial system replacement project, which will implement the ERP System. This will not be expended during that time period, and as a result, the \$2 million will be reprogrammed. She explained that \$1 million would be moved into the contingency category, and \$1 million would be used for MIS equipment. She stated that MIS equipment is being proposed for purchasing of a job applicant tracking software system, the creation of a stations database, an issues database tracking complaints, as well as, the purchasing of some additional computer hardware and equipment. She concluded that the proposed ordinance includes all of these changes and includes the \$26.1 million Metra is receiving from IDOT as a pass-through for the first two projects identified. The ordinance package includes all of these changes, and requests approval of the ordinance.

Director Mulder moved and Director McCoy seconded the motion. Director Schaffer asked what the CREATE, P1 project was. Mr. Lorenzini responded that the CREATE project is the grade separation at the Englewood interlocker, where the Rock Island line crosses the Norfolk Southern tracks. The Chicago area received about \$140 million for a grade separation at this location. He continued that this project is currently under construction. The additional \$18 million is to cover the work for our forces.

Director Darley asked if he understood this correctly that \$1 million was being put aside in contingency on the ERP system in the event that there is a budget over run. Ms. Ciavarella responded that actually the \$1 million is being moved from the ERP budget and is being added into the contingency pot. The contingency pot is for the entire capital program, and right now it is less than a percent. Industry practice usually has the contingency pot around 5% or possibly higher. Over the last few years, we have tried to put as few dollars in the contingency pot as possible, but it seems prudent to beef that up slightly. Director Darley stated that his company just implemented an ERP system and this project is notorious for being not on time and well over budget, so just a bit of caution to staff. He is not a big advocate of hiring a lot of consultants, but he would like to suggest to staff to look at hiring a consultant to develop a scope of work for that ERP system.

Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave for the previous roll call, and the motion passed with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 12-29

(Please See Attached No. 1)

RECEIVE AND FILE

13. Corporate Website Activity Report for the period of November 1, 2012 to November 30, 2012
14. Monthly Management Personnel Report
15. Metra Procurements of \$100,000 and Under for October 24 – November 16, 2012
16. Commuter Rail System On-Time Performance Report for October 2012
17. Monthly Legislative Update

Chairman O'Halloran asked the Board if there is anything under the receive and file category that they would like to be addressed.

Director LaBelle stated that he had a question about the legislative report. He continued that he has been hearing that there might be some transportation items in whatever this fiscal cliff negotiation is. He asked if staff has any idea what might be out there. Mr. Smith responded that he has been hearing some words of a possible stimulus action or proposal included in the fiscal cliff negotiations. He continued that this isn't the first time that a stimulus or capital stimulus component has been proposed over the last two years, and he cannot really say how likely this is to be included in the final package. However, he will come back to the Board with more details as they come along. Director LaBelle asked about the funding side as well. He wondered if there is anything about a gas tax or anything like that. Mr. Smith responded that he knows that there was a gas tax increase included in one of the proposals. He said that again, the likelihood of that actually getting through at this date is not very likely.

Director McCoy stated that a couple of months ago at a Legislative Ad Hoc Committee meeting, there was some mention on the transportation oriented development grants in the federal transportation bill. He asked Mr. Smith to comment on this. Mr. Smith responded that this was included in MAP 21, the Surface Transportation Authorization bill. He believes that it was funded for \$17 million, which is not a large amount of money nationwide. However, currently they are waiting for the rule-making process from the FTA. He explained that they expect a flurry of proposed rules to come out the first quarter of next year that the industry will have to go through before a final rule is implemented. At that point, we will begin to know how the FTA plans on administering the program. He said that right now it is in law, but there is no actual details on how they are actually going to do the program, what they are looking for and what the components will be to score these programs.

Director Partelow stated that he had a question regarding the Monthly Management Report. He pointed out that Mr. James Renfrow is going from management to union, and asked how this is handled. He asked if this can go the other way, union to management, too. Ms. Brenda Smith, Acting Senior Corporate Director of Human Resources, responded that Mr. Renfrow was initially in a union position and was promoted into a management position. However, Mr. Renfrow had the right to retain his seniority in the craft that he was in when he left the union. Mr. Renfrow had to pay a certain amount to retain that, so if at any point he decided to go back to his craft, he would be able to exercise his seniority and do that. She explained that he can go back to the union if there is a job

for him to bid on, as he has that right of seniority. She added that in order to come back from a union job to a management position he would have to be selected.

18. ORAL - - COMMUTER RAIL SYSTEM RIDERSHIP FOR OCTOBER 2012

Lynnette Ciavarella, Senior Division Director Capital & Strategic Planning reported that during the month of October, Metra provided 7.1 million, which is flat when looking at October of 2011. She pointed out that October did have two additional weekdays when compared to last year, and two fewer weekend days, one less Saturday and one less Sunday when compared to last year. She said that when adjusted for those calendar differences, the ridership is actually 2.9% down. She continued that when taking a closer look at full fares, October 2012 versus October 2011 ridership is 0.2% higher on the full fare category than last year. Year-to-date, this category is essentially flat, and is down 0.3%. She said that as the Board is aware, August of 2011 was the last full month of the senior ride free program, and now two months of reporting without the free ride program. When comparing October of 2012 through October 2011, ridership in this free ride category increased about 4%, or 3,700 additional rides when looked at from last year. She stated that when staff looked at the reduced ticket sales themselves, there was a very small increase from where they were last year as well. Year-to-date, when compared to last year's free rides to reduced rides, this has decreased about 19%. From January 2011 to October 2011, Metra provided 4.9 million reduced and free rides. From January 2012 to October 2012, Metra provided 3.9 million reduced and free rides.

She stated that when looking at ticket sales, the number of monthly tickets in October decreased by about 1% compared to last October. She pointed out that this number is going to need to be watched. Given the two additional weekdays in the month, she would have anticipated this number to have been slightly higher between the ticket types. The ten-ride ticket sales are essentially flat from last year, and the one-way ticket sales are up. She believes that the shift between the conductor onboard versus the station sales can be attributed in part to the new ticket vending machines that were put in at Ogilvie Transportation Center and at Union Station. About 60,000 tickets were sold through the ticket vending machines, with the majority of them accounting for OTC and Union Station. The downturn is the 2.9% decrease on weekend ticket sales. This is attributed to the fact that there were two fewer weekdays to account for in total.

She explained that based on the trend, year-to-date staff is estimating that Metra provided 68 million trips so far, which is 1.3% lower than last year at this time. Year-to-date throughout the rest of the year, staff is predicting that there will be around 81 million passenger trips to close out 2012. She concluded that this is going to be about a 2% decline from last year, which is right on target with the budget that was projected.

Director Mulder stated that she believes that there should be an asterisk over those months that had the seniors ride free program. She knows that a lot of people who were full-time employees and worked in the City were riding for free, even though at first they felt guilty about it. If there is an asterisk over those months, when someone looks at these numbers in three years, people can understand that we really didn't lose riders, it was just that the senior ride free program ended.

Director LaBelle said that when you add up the full fare and the reduced fare numbers, it looks like Metra had an increase in reduced fare tickets and a little bit down in the full fare. He asked that in terms of fare paying customers, are there a little bit more or a little bit less than last year. Ms. Ciavarella responded that we are essentially flat in the full fare paying category. Director LaBelle then asked if you put the two together, are there more or fewer people buying tickets this year than last year. Ms. Ciavarella responded that through the course of the year, there were slightly more people purchasing tickets than last year. Director LaBelle asked if the decline in ridership is really due to the decline in the free rides. Ms. Ciavarella responded that there are a lot of different factors at play, and we can talk about the sliding scale of people shifting between ticket types, turnover rates, and free rides. However, free rides definitely accounted for a good portion. It is difficult to pinpoint how many of the free rides transferred into the reduced category. She continued that what she can say is that they know last year Metra provided 4.9 million free rides and this year provided only 3.9 million, so we are off about 20% there and that makes up for it.

Director LaBelle stated that he noticed on the responses from the hearings, as well as the email responses received, that people were saying that if you make the ten-ride ticket ten for ten, they will just buy a lot of single tickets. He wonders if staff is anticipating anything like that, and what kind of changes in ticket purchasing will be seen after the change is made. Ms. Ciavarella responded that staff has looked at this, but it is difficult to say what that shift is actually going to be. Some of the ten-rides might shift up to the monthly ticket, but she cannot put a percentage on that. However, as been discussed, it is a convenience factor on having that ten-ride ticket in your pocket. Director LaBelle said that he read some of those comments where riders are suggesting, and he is assuming that these are from people who do not have a station attendant, that they might just buy the ticket on the train from the conductor. They will not have to pay the penalty, but they will just clog up the system a little more with the conductor taking more time to collect tickets. Also, he added, that there are others who have said that instead of buying ten-ride tickets they will just buy a clump of single-ride tickets, which is going to take people more time. He asked if staff thought that this might really happen. Mr. Clifford responded that it would be hard to speculate what people might do. He thinks that what they need to do is look at the data that they have from last year when ten-ride tickets went from the price of eight trips to nine. He said that they did not really see a burden on the conductors, although there was some shift among mechanisms. He continued that there are several different ways this can go, but certainly staff will try to encourage customers to stay with the ten-ride ticket. It still is a convenience to them. Staff is working to promote the Ticket-by-Mail and Ticket-by-Internet programs that allow customers to buy their monthly or ten-ride tickets. A big push on this will be in January and February to try to move customers over to pre-purchasing their tickets. He thinks the success will depend on how aggressive the marketing campaign will be to retain those ten-ride ticket customers.

Director De Graff commented that he thinks that this overall discussion about fares and strategies relative to the single, ten-ride or monthly ticket does lend itself to prior discussions about the overall fare structure going forward. He seriously believes that staff and the Board will need to think about creating incentives for buying tickets for longer periods of time. He thinks that the Board is making a good decision relative to the ten-ride ticket in this particular go around. But he does think in the future they need to seriously look at providing incentive for the purchasers to buy longer term tickets from a budgeting standpoint and from a convenience standpoint. He believes that this should be the Board's next area of focus.

Chairman O'Halloran agreed with Director De Graff on his remarks. He added that he thinks that Metra should also look at some other products, as well. He continued that certainly part of this all turns into how to address the technology to do this more efficiently going forward. He thinks that once this is done, it will provide other options as to how to structure fares probably more efficiently and more responsibly from a marketing standpoint.

Mr. Clifford responded that staff shares Director De Graff's desire to get to providing incentives to customers to buy longer term tickets and make ticket purchasing more convenient for our riders. He thinks, and his hope is, that down the road it will be decided that whatever this future tool looks like for paying your fare, will offer those kinds of opportunities. He continued that right now someone buying a long term ticket, say it was a 60, 90 or 120-day ticket, there is some risk when a customer makes that type of large investment. If it gets lost or stolen on the train, there is no way of knowing who it was and where they bought it and reimbursing them for that. He hopes in the future there will be some type of payment mechanism where a person could register their ticket. If they bought a 30-ride ticket, for example, they could register that they bought those 30 rides, and then electronically tell how many rides they used. If the ticket was lost, the customer could be reimbursed because we would be able to tell how many rides they used. This is where he hopes to get in the future.

He stated that as far as technology is concerned, one of things that he has instructed the team to look at is ways to implement those kinds of technologies sooner, rather than just waiting for whatever this ultimate fix is that meets the State mandate of 2015. For example, the team is heavily investigating the smart phone technology. MBTA in Boston has had enormous success with that, and he thinks it holds a great opportunity for Metra. The other thing that he has asked is for the Finance team to look at ways in trying to implement credit card sales on the train earlier. He said that he hopes to get away from having cash on the train, and figure out how to use one of those mechanisms to swipe your card, print out some sort of receipt and complete the transaction. He hopes to try this type of mechanism soon. He concluded that these are several things that they are looking at, and hope to do this as soon as they can.

19. ORAL - - STATE OF METRA OPERATIONS

Don Orseno, Chief Operations Officer, reported that for the month of November on-time performance was 95.8%. Of those delays, 48% were in the six to ten minutes range, and 22% were in the 11 to 15 minute range. Year-to-date, Metra's on-time performance is up by 1.8%. Of the major delays for the month of November, 68 delays were due to freight interference, 61 were due to mechanical, track construction accounted for 42 delays and right-of-way accidents accounted for 31 delays. However, there were 153 switch and signal delays, which includes the 47 delays due to the Amtrak airing system. This is the type of dispatching system used on Amtrak. The dispatching system went down during two of the rush hour periods, one in the morning and one in the evening. If you subtract those out, the delays for the switch and signal failure is pretty consistent with what was going on in the previous months. Amtrak has been working diligently to get that corrected and so far it looks like they have gotten that taken care of. He concluded that on-time performance by line during the peak period is 96%, with the total on-time performance for November at 95.8%.

Director Mulder asked for a greater detailed explanation on the 153 signal and switch failure delays. Mr. Orseno responded that as he said, 153 of those delays included the 47 airing system delays, which is due to the Amtrak dispatching system. Taking those out, you have just a little bit over a hundred. In the wintertime, with the frost and changing of the ground, the components of the switches are very close tolerances. If you get a little frost or get a little something that it doesn't meet perfectly, you will get something like a signal failure. He said that although it is not really a signal failure, it is doing what it is designed to do, which is providing safety. You would not want a train to go over a switch that was gapped and then have an accident. What happens is that the trains are put on a restricted speed, and then the maintainers are sent out to the scene to fix those problems. Those were some of the issues besides the Amtrak airing system problem. Director Mulder asked if there is anything that can be done to improve that. Mr. Orseno responded that there is a regular maintenance that is done on the switches, but when you get the variances in the weather, like at night when the temperature goes down below freezing, and then it gets warmer during the day you get frost and other issues that can really play havoc with the system. However, it is designed to do what it is expected to do, which is bring the trains to a restricted speed so that the maintainers can identify the problem and get it fixed. He added that the crews have more expectations in the wintertime for the frost across the contacts and things like that, but these are some of the things that you are blessed with in switches and signals.

20. ORAL - - MONTHLY FINANCIAL REPORT

Tom Farmer, Chief Financial Officer, stated that on the revenue side passenger revenue is pretty much on budget. However, inside of the other revenue he would like to bring to the Board's attention that Metra is continuing to underrun in the grant project credits. These are the project credits Metra receives for doing capital work. He said that earlier in the year he mentioned to the Board that he thought that there would be an under run because capital funding for force account work is not happening and that has come back to Metra. Year-to-date this is almost at zero, but he believes that this is going to continue to run unfavorably and will end the year a couple million dollars unfavorable in that line item. As mentioned, this is strictly a function of not having enough capital money to spend on forced account labor.

He continued that the other thing he would like to bring to the Board's attention is in the diesel fuel area. There was a little bit of unfavorable usage, which he would like to talk about later when he gets to the full year number. Claims and insurance were favorable to budget because there was some good news on both the insurance cost and in the claims activity. For the full month of October the operating deficit was almost even, and slightly worse on the revenue recovery ratio number. On the full year number, passenger revenue is favorable to budget. Other revenue is slightly unfavorable, and again this is due to the grant project credits.

He explained that last month he was asked a question about why revenue was going up at a rate that was a couple percent higher than the ridership. He continued that the answer, unfortunately, is due to a lot of little things happening. The total equates to about a 2% difference on a \$250 million revenue base, so it is about \$500 million. He stated that what this comprises on, and Ms. Ciavarella just spoke about this, is when staff first started with the budget they thought that a lot of the free ride customers were going to become reduced fare riders. However, those individuals used the system a lot less than staff thought they would. What happened, though, is that the people who

weren't using the system at reduced rides were fortunately replaced by people who rode the system at full fare. The other thing that happened, which was a little bit of a surprise by the team in terms of the budget assumptions, is when the fares went up and the ten-ride ticket went from eight to nine rides, there was basically no change in the percentage of monthlies, ten-rides and single fare tickets year-over-year. There was some belief that riders would shop a little differently, change from a ten-ride fare to a monthly and all that. As mentioned, there was the belief that Metra riders would shop a little differently, but it does not appear to have happened.

Director LaBelle remarked that those numbers do not sound right. Mr. Farmer responded that he is looking at the tickets sold, not the ridership. He added that he is looking at ticket sales strictly for his own purpose, just counting the revenue, which is a somewhat different number than ridership, as obviously, people ride different amounts on the monthlies.

Mr. Farmer continued that, once again, the operating expense was mainly due to not having major snow storms earlier in the year, and some issues that Metra had of not filling in some positions. He explained that we are running a little bit favorable in diesel this year. The practice this year was to purchase 75% of the diesel fuel ahead of time. Diesel fuel was bought at \$3.08, or \$3.085 to be exact, and the other 25% was budgeted at \$3.22. Year-to-date, diesel fuel has been running favorable because of the 25% that was budgeted at \$3.22. Through most of the year, staff has been buying diesel somewhat less than that. However, for this coming year staff has budgeted diesel fuel at \$3.22, but as Mr. Clifford alluded to last month during the budget discussion, there has not been a dip in fuel prices that would allow Metra to do a favorable lock-in like what has been done in prior years. He said that right now, the price of fuel yesterday was \$3.01, but the forward prices are a lot higher than that.

Director Darley asked what the forward price is today. Mr. Farmer responded that he believes staff looked at a full year forward price yesterday and it was \$3.27 or something like that. However, this really means that effectively we would end up paying more than that, because when the price is locked in, we end up having a lot of the fuel delivered to outlying locations and that sort of thing. He continued that we would end up paying another three to five cents a gallon from that. Director Darley asked what the plan is. He asked if the plan to let this ride at \$3.01 or whatever the current low price is and wait to lock it in. Mr. Farmer replied that as he mentioned, unfortunately the locked in prices for the full year have been running 20 to 25% above what the current market price is. He added that if they find something where they can lock in at a decent price, they will jump on that. Mr. Clifford added that staff is monitoring prices every day, but to answer the Director's question, the plan is to float with the market right now.

Chairman O'Halloran asked where we are with the hedging legislation. Mr. Clifford responded that it appears that it had died on the grapevine for this year. Staff plans on reintroducing it again next year.

Director LaBelle asked if Metra has a \$15 million positive budget for this year. Mr. Farmer responded that this is correct. Director LaBelle then asked if Mr. Farmer believed that this is what it will be at the end of the year, and if so, does this automatically become available for capital. Mr. Farmer responded that, by law, Metra's overspent balances would become available capital. In this particular case, he wants the Board to understand that Metra has roughly \$25 million of Metra

funded capital that has been approved by prior year capital programs that needs to be funded. The use of this funding would go towards funding a large chunk of that. Director LaBelle asked Mr. Farmer to further explain. Mr. Farmer stated that at the moment, Metra has about \$25 million of capital that is waiting to be spent that needs to be funded. He continued that capital projects were funded in prior years out of Metra funded capital. Staff needs to make sure that there is money available to pay those bills when they come in. He explained that what happens is you have a statutory number which you can spend to. Theoretically this is the retained earnings number. However, the retained earnings number is not necessarily the cash balance. He said that what would soak up that cash balance that had been assumed to be there when this was approved way back when, and is also the biggest single thing that is sitting on the books, is a large receivable from the State of Illinois. As the Board knows, the various monies come in late, and the RTA has borrowed \$375 million in order to fund that. In addition, though, before the RTA started stepping up to fund this some years ago, they were into Metra for four or five months worth of PTF. He added that there is approximately \$20 million receivable on the books from them. This is what has soaked up a lot of the cash that would have been otherwise available. He does not see the State paying that off any time soon.

21. ORAL - - MAJOR PROJECT STATUS UPDATE - - STATIONS

Joe Lorenzini, Chief Engineering Officer stated that Metra has 241 stations within the six-county area. There are close to 90,000 parking spots, and 31 new stations have been built since 1983, with 31% of the stations located in the City of Chicago. The Metra Electric District has the most stations. He continued that between 1989 and 1992, Metra rebuilt the Rock Island Line LaSalle Street Station at a cost of \$80 million. Between 1991 and 1996, Metra rebuilt the Ogilvie Transportation Center at a cost of \$138 million, and in 2007, the Millennium Station on the Metra Electric Line was completed at a cost of about \$25 million. He explained that the new Midlothian Station on the Rock Island Line was built in 2002 at a cost of about \$2.6 million, but the Village built the clock tower at the station. Metra typically builds a functional station, with the size depending on ridership. If a Village wants upgrades such as bricks, slate roofs and copper gutters, the Village pays for those extra costs. He showed a map of the new stations that have opened since Metra was formed, and pointed out that 15 stations were actually closed in those years. Most of the new stations that have been opened were due to the expansion of the Metra system. This includes the starter service on the North Central, the extension of service on the SouthWest Service out to Manhattan and the extension to Elburn on the Union Pacific West Line. The new 35th Street Station on the Rock Island was added last year at a cost of about \$11 million, and the Crystal Lake/Pingree Road Station was added on the UP/NorthWest Line at \$13.6 million.

He continued that adding a station serves a certain need, but does not help get Metra's existing stations to a state of good repair. He stated that the following are station projects that have been recently completed. The old platforms at the Naperville Station on the BNSF Line were removed and new ones were constructed. At the Highland station, crews used a similar method to rebuild the station with new lighting and fencing. The lighting was LED and the new fencing was paid for by the West Suburban Mass Transit District for their portion of the project. He explained that the original Winnetka station on the UP/North Line was refurbished both inside and out. The State Historical Preservation Office required that Metra refurbish the existing windows, woodwork and benches as much as possible. The Village paid to upgrade the roof to slate and to have decorative

light fixtures and fencing put in. Platforms were rebuilt with new warming shelters, and the elevators were also rehabbed.

Mr. Lorenzini explained that the Metra Electric District stations are unique in the sense that the main line stations are all elevated. These stations also offer the unique benefit of level boarding. Also because these stations are elevated there is a big benefit for the train service, because there are no street crossings and no risk of car accidents. The Metra Electric Line also has the most frequent service of any other Metra train line and the quietest since the trains are all electric. However, there is a disadvantage to this line being elevated as the station design options are limited due to the limited space for construction. Construction is more expensive because the station is sandwiched between two tracks, all material must be brought up from ground level, and crews have to work below the elevated wires. He then explained the reconstruction of the 211th Street Station on the Metra Electric Line. The Tinley Park station at 80th Avenue has been completed. He said that this station has the highest ridership on the Rock Island Line. The old station was severely undersized and the platform was in severe disrepair. The Village did pay about half of the cost of this station. Director Schaffer asked how much the station cost. Mr. Lorenzini responded that the total cost of the project was about \$13.2 million, of which the Village paid about half.

He continued that current station projects include the rebuilding of the old Cicero station on the BNSF line, the Fox River Grove station on the UP/NorthWest Line and the Healy station on the Milwaukee North Line. The existing Ravenswood station on the UP/North Line is being rebuilt as part of the UP/North Line bridge project. He stated that with regards to the ADA access, when Metra rebuilds a station ADA access requirements must be met. On the Metra Electric District, the original stations had stairs. When those stations were rebuilt ramps were put in. All components such as door handles, drinking fountains and elevators meet ADA requirements on the new or rehabbed stations. The rebuilt platforms have tactile warning strips that are clearly visible and have raised bumps for the visually impaired so that they are able to feel where the edge is. Also the crosswalks are depressed for handicapped access. Metra complies with the Federal ADA Act. One station per fare zone, per line, was designated as a key station and made ADA accessible, which was accomplished sometime ago. Any station rehab that costs over 50% of the station's total rehab value must meet ADA accessibility. This is done anytime a station is rehabbed. When rehabilitating an existing station all ADA issues are reviewed and brought into compliance. A Station Assessment was completed in 1995 and will be updated by 2014 under the current asset study. He stated that since 1995, \$967 million has been spent on station or parking lot projects. He pointed out that of the eleven lines, Metra has spent the most on the Metra Electric district.

He concluded that as the Board has heard from Mr. Clifford, \$7.4 billion is needed in the next ten years to keep Metra in a state of good repair. Approximately \$1 billion of that, according to the RTA study, is needed for station work. Lastly he showed a slide of the Lemont Station on the Metra Heritage Corridor Line. The Lemont station is the oldest station on the system, but to put things into perspective, the station was built in 1853 and was there in 1865 when President Lincoln's train went by on his way to his final resting place in Springfield.

Director Schaffer stated that he did read the email comments regarding the ten-ride proposal, but one of the comments that struck a note with him was, one person said that Metra needs to look around for other revenue sources such as putting vending machines in the stations. He continued

that there are 241 stations within the region, and some of them have coffee shops in them, and obviously the downtown stations are well served. His guess, though, is that there are probably close to 200 stations that have nothing. He said that he does recognize that there are problems with wiring, security, garbage clean up, and he is sure that staff could give him a list of problems about this. However, he would bet that there would be a couple of companies that would be willing to assume all of those costs and responsibilities, and would pay Metra a reasonable amount of money for the right to have vending machines. He pointed out that if you are going to do this, we would obviously want to wire the place for the ticket vending machines that he believes will be put in all the stations one day. He continued that he has never heard any discussion about this idea, and now he sees on the media today that we would have to put healthy items in the vending machines. He wonders if Metra is missing a revenue opportunity and asked if this has been explored by staff. Mr. Clifford responded that he is not sure what the history of this is, but he can guarantee that he will add this to the list of things that the new Business Development Manager, once on board, will do. He continued that he spoke about this about a year ago, but it has been slow in getting that up and running. However, this position is being recruited for, and that person will be in charge of maximizing the non-fare revenue line item in the budget, and growing those opportunities.

Director Schaffer said that now that he has told staff how to raise money, he will tell them how to spend it. He is thinking security cameras in the stations would need to be part of that. Exactly who monitors them he does not know. However, if he were to put \$30 or \$40,000 worth of vending machines somewhere, he would probably want a camera on it. This is only a suggestion.

Director Huggins commented that he would like to see more parking spaces for the City of Chicago. He then asked, out of the 90,000 parking spaces in the Metra system how many of the parking spaces are actually in the City. Mr. Lorenzini responded that he does not have that information readily available, but he will get that information for the Director. Director Huggins remarked that one of the things that he knows is if there is an increase in parking, there will be an increase in ridership. He continued that with the CTA Red Line going under construction in 2013, there is an opportunity for Metra to take some of those riders. But Metra needs to provide parking.

Director LaBelle stated that as part of the Strategic plan, it would be worth looking at not just how many parking places Metra has, but what the utilization is and what the relationship is between having those spaces and the ridership. It would be worth having that understanding for him at least. Mr. Clifford responded that the Strategic Plan definitely has to look at parking and its utilization. As the Board knows, as Metra approached the peak of the market or the recession, the agency had ridership growing at a very large rate and a lot of the stations parking lots were pretty maxed out. Some are still maxed out today. The challenge will be when the economy recovers, Metra will continue to grow, and if Mr. Carlton does really well with the marketing programs those parking lots will grow as well. The question will be do we wait until those parking lots are maxed out then start thinking about finding money and going through the two, three, or four year process to expand and build parking decks, or do we plan appropriately through the Strategic Plan to lay out where parking capacity is needed in anticipation of those riders coming back. He would like to figure out a way to get ahead of the game and get ready for that growth.

He continued that he would like to go back to Director Huggins comments, too. He said that he had a chance to ride with Director Huggins on the Metra Electric line, and one of the things that struck

him the most is that the Metra Electric District is at a disadvantage compared to a lot of the other stations. There is opportunity there to figure out ways to add parking to those lines. There are a number of vacant buildings or vacant lots adjacent to the City stations where parking could be added, so he tasked Mr. Smith to work with the aldermen in those areas to see where Metra can identify parking opportunities along the Electric Line. He pointed out that this is a real priority and Director Huggins has taken the lead on this. He hopes to have some good things to report down the road.

Director Schaffer commented that during his first couple of years on the Board, the biggest problem that he had is having people call him up and say that there is no parking at the stations in his area. He has noticed to this day that you will see a station with 20 to 30 handicapped parking spots, and he has never seen more than four cars in those spots. He will add that he did sponsor the original handicap parking law, and he is very sympathetic to them, but he thinks that Metra needs to monitor those handicapped spots and if there is excess spots in an area take the proper steps to try to get a little relief. He knows that there are some legal requirements, but he does believe that there is an appeal procedure. Mr. Lorenzini responded that he checked with Glen Peters, who is the ADA expert on staff, and by law you have to have so many handicapped spots per so many parking spots. Director Schaffer responded that laws can be changed, and someday the economy will recover and there might not be enough parking spaces in the system to provide for an increase in ridership.

Glen Peters, Senior Director of Capital Projects, stated that this issue has been addressed when it came up about eight years ago at the Wilmette Station. Staff went to the State, the ones who controls the number of spaces, and asked for some relief. However, they would not allow us to reduce the number of spaces. It is totally based on the number of parking spots provided. Director Schaffer stated that his attitude is to figure out what is needed and find some way to fix it. His guess is that it would not involve legislation, it would involve going to Springfield. However, he thinks that if staff goes down to Springfield and have the numbers to prove our case, maybe they would provide some relief. Mr. Peters stated that there are two things that Springfield requires; the total number of spaces and the handicap spaces that are required based on the total number of spaces comes from Federal Law. In Illinois, Metra is required to have eight and eight. Staff has been working to have the Illinois law relaxed and have the aisle space reduced. This is the only approach we can take with Illinois. He said that if we want to change the total number of handicapped spaces at a station, staff would have to work with the federal government.

Director Mulder commented that of the 241 stations, probably not even 12 of them are similar. The stations are all unique and different, and operate differently. She said that the two stations she has in her village and they are completely different. She assumes that it must depend on who owns the station, because her village rents space for a vendor who sells gum, lotto tickets and that kind of thing. But the station is open when he is there, and he tends to keep it open for as many hours as he is willing to stay there. She said that initially, though, there was a McDonald's at that station, but without a drive-through, they could not make it work. Now there is a coffee vendor that comes in, because there was a kitchen area that was built out. However, that vendor is only there until 8:30 or so in the morning. She continued that recently they had someone petition them to see if a shoeshine chair could be put into the station. She is having staff look into this. They also have a camera in the station that is hooked up to the police station. So every station is different and unique. She wonders if Metra staff could come up with perhaps a cooperative way that Metra might

be able to make some money out of those stations, and asked for staff to get creative about it. Mr. Clifford responded that he will have staff take a look at this.

Director De Graff stated that this may be a little out of the box, but he has been thinking about what Director Huggins said relative to the City and the need for parking spaces and the construction of the Red Line, as well as the need that exists relative to handicapped parking. To take a broader view, he would guess that the question he would have is this the time to explore, in conjunction with the City and the suburbs, opportunities for park-and-rides. He asked if there is some merit about how Metra could either network with our sister agencies, or maybe under the supervision or in conjunction with the RTA, CTA and/or Pace, to consider spaces nearby stations where we could look at expanded parking spaces that create microcosms. Those stations could provide people ample opportunity for handicap parking and mass parking where we could bring more and more people to use Metra. This would also coordinate activity between the sister agencies. He does not know if there are many park-and-rides along Metra's system, but it seems to him that there may be some merit to looking at this. He continued that when you look at the new development of some old buildings, and there may be some existing plots around not too far away from stations, he is thinking particularly about the Red Line where people could maybe hop on a park-and-ride and take advantage of something like this. This would also redevelop an area that is not developed and bring people to and from those stations. This may be an opportunity for staff to explore that concept in greater detail and put it upon the RTA, if you will, to have us work with them on this project. Mr. Lorenzini replied that whenever there has been an opportunity to work with CTA or Pace, staff certainly has worked with them. However, he does not recall much of that lately where they have come to us looking for an opportunity. He also added that in regards to Director Huggins comment, there are certainly a lot of stations in the City that have little or no parking. However, Metra has built parking wherever possible. He pointed out that at the Gresham Station there is an entire parking lot that is about 90% empty. But where there is an opportunity when rebuilding a station, staff certainly takes a look at parking.

22. ORAL -- FINAL 2013 BUDGET APPROVAL

Tom Farmer, Chief Financial Officer stated that staff is requesting from the Board, final approval of the 2013 Program & Budget. Director Schaffer asked if there have been any new revenue sources in the last month that the Board is unaware of. Mr. Farmer responded that there has not. Staff continues to look hard for other sources of grant money, which would really help the capital program, but the search is still ongoing.

Director De Graff moved, and Director LaBelle seconded the motion. Director McCoy stated that consistent with previous comments, he is going to vote against this. He is not against the budget document in general, but he is against the fare increase. He continued that last year he went along with the very large rate increase, and he said then that he won't vote for one again until he sees some type of a budget policy document that ties the fare increases in the future to indices or some type of market-driven formula that gives the Board some guidelines. He thinks that this needs to be done, and believes that this is important. He thinks that this is something that the Board can talk about quarterly as the Board goes forward in the year and prepare the users of the system for that type of thing. He said, who knows, maybe they will go down. However, he has not seen sufficient justification for a fare increase this year, and consistent with statements that he has made in the

past, he will vote against this. He stated that to say that the fare increase is going to help us with state of good repair when we are talking about \$7 billion over the next ten years and this is going to put \$5 million into the fare box capital program, he believes that we better come up with a better solution than this.

Director McCoy continued that if we have to fill a budget hole in the future and we are going to pick out a quarter of our ridership to fill it with, he wants to see some kind of demographic breakdown of the 22% versus let's just fill the budget hole. He explained that if there is a hole to fill, he would rather fill it across the board and share the pain then pick out a group and saddle them with a fare increase to fill that budget hole. He said that last year when there was the large fare increase we gave some demographic groups relief from that and for good reason. However, if we are going to single out a group and ask them to fill that budget hole, he wants to know what the breakdown of that group is. He concluded that he is not against the budget in general and the spending, but he is trying to make a statement and that is why he is going to vote against this.

Director LaBelle stated that he agrees with the points that Director McCoy has made, and added, that we should do all of those things. He explained that he had a different view on what should be done with fares, and he thinks it just reinforces what the Chairman has said, which is that we can't get to electronic collection soon enough. This will give us more capability to be strategic and really understand the market and think more carefully about fares. He is going to vote for the budget, and overall he thinks that the budget is responsible and he accepts that Metra needs the revenue.

With a motion and a second, the roll call was taken. The motion to approve the 2013 Program & Budget was approved with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

NAYS: Director McCoy

ORDINANCE NO. MET 12-30

(Please see Attachment No. 2)

23. ORAL - - CHIEF EXECUTIVE OFFICER'S REPORT

Alex Clifford, CEO, reported that Metra's Marketing Department put together a program called "It's a Wonderful Ride" December marketing event. The overall goal of that event was to grow discretionary riders by incentivizing them to take the train into town. He explained that focusing on some of the reports seen by the Board over the last couple of months, they seem to imply that we have been losing riders, and more than likely, losing them on the weekends, which is the discretionary rider category. On December 9th, the marketing event included the Midnight Circus Aerobic Troop, Santa Claus, face painters, and balloon artists. There were two shows, with 500 the first day, and 300 the second day. He continued that this past week on December 11th, Metra had the first annual Toys for Tots event. Ms. Sharon Austin took the lead in that program, which was supported heavily by the Marketing and Communications department. The United States Marines

joined Metra in this event. Bins were placed at all of the downtown stations, and there was a lot of employee involvement. An estimated 3,000 toys were dropped off at the first annual event. He added that the maintenance crews at the Western Avenue facility got so involved in this that they were able to pull together, just by themselves, 143 toy donations from the Western Avenue maintenance shops. The other thing that was noted was how people would get off the trains and mention to the Marines that they did not have a toy, but asked if they would take a donation. The Marines collected \$3,500 in cash at that event. He hopes to do this again next year, and build upon the event.

He continued that this past Saturday he, along with Rick Mack of Community Affairs and Mike Gillis of the Communications department, attended the Grayslake Station dedication. The design of that station looks very similar to the design that they had in the last 1800's at this station. He added that the station was almost entirely funded by the City themselves, with Metra participating in the way of support and flagging and some other administrative things. He concluded that the Chairman and staff participated in the Tinley Park dedication, which was covered in Mr. Lorenzini's presentation. This is a beautiful station and a nice addition to the Metra system.

24. ORAL - - ORDINANCE ESTABLISHING METRA BOARD COMMITTEES

Rick Capra, Chief Audit and Compliance Officer, stated that he would first like to commend Chairman O'Halloran on this initiative. The Chairman assigned the task to staff to come up with in a petition an open framework for committees here at Metra. He said that staff surveyed a number of peer agencies along with other governmental entities to look at the type of structures they had, along with looking at the work that has come before the Board for the past few years, and they tried to create a committee structure that would fit with all of that work that came before. He wanted to thank one of his colleagues, Mr. Rich Osborne, Metra's Compliance Analyst, who put in a substantial amount of work organizing the structure along with putting together the charters.

He continued that the structure that they are proposing would have four standing committees, and the current committee structure and the Ad Hoc Committees would be suspended. The committees would be the Audit and Finance Committee, Capital Oversight Committee, Employment Practices Committee and Executive Committee. In a brief rundown, the Audit and Finance Committee would deal with those usual financial matters, including budget, accounting, insurance and real estate. The Capital Oversight Committee would deal with capital projects from beginning to end, including capital procurements and expenditures. The Employment Practices Committee would deal with the usual HR issues. In addition, it would deal with EEO succession planning and those sort of long-term work force planning issues. Lastly, the Executive Committee will deal with corporate governance, ethics, strategic planning and intergovernmental agreements. He commented that the Board received in their packets the draft charters. He would like to make two amendments to those charters, and these would be amendments that are being made to all the charters. He explained that the charters had talked about the Board committees having the ability to expend funds to bring on assistants, consultants or whatever assistance the Board needed. The charter is being amended to say the expenditure of those funds would have to be with consent of the Board. The second change that is being made to the charter involves the potential removal of any committee member. He said, basically at this point with the amendment that is being made, a committee member would be removed for cause by the Board Chairman with the consent of the Board.

Mr. Capra stated that he would like to talk a little bit about the benefits of the committee structure. He believes that there are three main benefits with the new committee structure. The first will promote significant Board oversight, because there will now be five Board members sitting on every committee. This will allow Board members to get involved in Metra work at a lower level, not just a high level as is happening now here at the Board meetings. Secondly, and he hopes that this new committee structure will speed up the Board meetings, a lot of the work that needs to be done and a lot of the analysis and questions that would be asked at the Board meetings will be dealt with in the committee meetings. He concluded that the last benefit and he thinks this is an important factor that needs to be considered, this will bring greater transparency to the organization. The Committee work and the organization's work in these committee meetings will now be in an open forum. The public will have the ability to come and listen to the Committee meetings and have the ability to learn more about Metra.

Director McCoy moved, and Director LaBelle seconded approval of the ordinance. Director McCoy stated that he would like to commend Mr. Capra and the Chairman for putting this together. He agrees with Mr. Capra on the goals, especially bringing the committee business under the Open Meetings Act in public. He thinks that this will help the Board meetings and will break up the work in a better manner. He continued that there has been discussion about the charters, but it does say right in the ordinance that they are draft charters. He believes that the charters are a work in progress. He thinks the ordinance itself is pretty basic and it gets this going, and he does not see any reason not to start this right away.

Director LaBelle stated that he also thinks that this is a reasonable step and is responsible. This will bring a little more order to the way the Board does business. He stated that in the charter it mentions that there will be a minimum of four meetings a year. He asked if it is Chairman O'Halloran's intent, and the Board's intent that we basically use the committee system to prepare for each month's agenda. Chairman O'Halloran responded that it is. Director LaBelle stated that this is how he envisioned it, and asked if this will really be monthly meetings. Chairman O'Halloran responded that they needed to put a minimum in there of some kind, but it really looks to him like it would be a monthly situation if everything flows through to the committee and then to the Board. Director LaBelle asked if this would affect the way the agenda was put together. Chairman O'Halloran responded that it would. He continued that as Director McCoy alluded to, this is certainly a work in progress. The Board may get down the road and say that perhaps the name of the committee did not make sense, or perhaps a task should be moved to another committee, but when he analyzed this he did not realize that there were 14 Ad Hoc Committees, and 3 semi-standing committees, which had a number of members assigned that are no longer here. He thinks that this makes more sense, and makes it clearer to everyone who is involved. He will also take the feedback by Mr. Clifford that although he would like to move on this quickly, staff might need some time getting adjusted to the committee structure. He would welcome any input from Board members if this is passed. Also, he would be pleased to receive the Board member's preference by committee. He would like to try to put folks with different backgrounds, talents and skills on different committees to compliment each other.

Director Rakestraw asked if this version includes some of the suggested changes that Mr. Clifford had, or is this Chairman O'Halloran's initial draft. Mr. Capra responded that the draft version was submitted to Mr. Clifford and he also assumes staff. He received input from Mr. Clifford with

respect to the naming of certain committees and suggestions with respect to what would be included in certain committees. Changes were made with regard to the names of various committees to better reflect the work that was going to be done in the committee. Chairman O'Halloran added that, as he mentioned, this is something that will probably be adjusted. He believes that once this gets going, feedback will come from those committee members, and the chair of the committee that something may need to be adjusted. None of this is set in stone. He said that they just needed to come up with something to get going.

Director Schaffer asked if this is the ordinance that gets the Board into the hiring business. Chairman O'Halloran responded that it is not. Director Schaffer stated that his only comment is that the one committee that has the hiring business should be called the patronage committee.

Director Mulder stated that she would like to join the other two directors, and commend the Chairman for this initiative. She pointed out that she will say that she got to know her fellow Board members a lot better on the Ad Hoc Committees that she served on. She thinks that in the Board's effort to be more transparent, the new committee structure will also help with knowing one another a little bit better as opposed to seeing one another for a couple of hours once a month. It will definitely be not only more transparent to the public, but more importantly, it is going to have a few more of the members being involved in giving, she thinks, the typical citizen input. The Board members hear it, because if the public knows that you are on the Metra Board they are going to talk to you. She said that she enjoyed the Ad Hoc Committee, but this structure looks as if this will just enhance that. She is pleased to see it move forward. She added that she is not particular about what the committees will be called as long as the work gets done. There is truly engagement by the members of this board to work with staff, not at staff, and she thinks that they are going to learn a lot more about some of the challenges that the staff has to face.

Director Widmer stated that he also applauds the effort at transparency, and the establishment of the committees is a positive step. He also appreciates that amendments have been made to certain areas with respect to consultants. His concern is that while it is certainly not the intent of the establishment of a hiring committee, he thinks that the reality will be that Board members, and as Director Mulder just acknowledged, people know who is on the Board and the Board could become go-to people in efforts to get hired. He applauds the structure, but he is concerned about the direct involvement in the hiring process. He certainly believes that the Board should have a say-so for positions \$75,000 and above, salary, benefits, perks all of those issues. He thinks that the Board should set those parameters or have a role in establishing those parameters. His concern is that should that role be taken one step further to become the entity that hires.

Mr. Capra stated that he would like to address a point that Director Widmer mentioned. The Employment Practices Committee that is being established, at least as the charter is drafted, is only going to look at HR policies and policies with respect to the hiring and benefits. That committee is not going to take on any active role in getting involved in the hiring process. Also, he added, that this can be amended if that needs to be cleared up. However, the establishment of the Employment Practices committee was really for the purpose, on a global level, of looking at policies that address the entire organization, not getting involved in the individual hiring decisions.

Chairman O'Halloran stated that there has been a motion and a second to establish the Committee Structure of the Metra Board. He requested a roll call. The motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 12-31

(Please see Attachment No. 3)

(At this point in the meeting, communication from Director Rakestraw was lost)

25. ORAL - - ORDINANCE RECOMMENDING BOARD OVERSIGHT ON HIRING PRACTICES

Iain Johnston, Board Counsel, stated that the draft ordinance in front of the Board is a draft that was placed on the Board table. This is different than the draft that was posted on the Internet on Wednesday, and he will discuss the amendment to that document. However, the goal of the ordinance is two-pronged. The first is to ensure more Board oversight and control, and secondly, transparency in the Metra hiring operations. Mr. Johnston said that he is going to provide some historic perspective, which he thinks is useful in the discussion. Back in 2010, Metra was investigated and there were multiple reviews, audits, assessments by multiple departments and agencies, including the RTA hiring Ernest and Young as well as Metra itself, through the action of the Board, hiring Blackman Kallick. He explained that after Ernst and Young completed what they called a review of Metra compensation programs they made several recommendations. Among those recommendations was more Board control and oversight of hiring and compensation at Metra. After Ernst and Young made those recommendations, the RTA, pursuant to its Ordinance 2010-123, authorized the RTA and its executive director to take steps to ensure that Metra implemented those recommendations. He continued that since that time, and even before then, the Metra Board took multiple steps to ensure control over all aspects of hiring and compensation. The Board has passed an anti-nepotism policy, passed a whistle blower policy, eliminated two 401 (k) contributions without the Board consent, and it has eliminated 457 (f) contributions without Board consent. The Board took many steps in this regard.

He explained that Blackman Kallick also did a risk assessment of Metra, and one of its recommendations related to more Board oversight and control of hiring, compensation and benefit systems. The purpose of this ordinance is to close out the circle on the RTA Ernst & Young review and ordinance, and to give the Metra Board not only more control and oversight, but also to make it more transparent. The draft ordinance in front of the Board is patterned off of the DuPage County policy. He knows that there has been some concern expressed about salaries being posted and those types of things, but quite honestly, that ship has sailed. The Illinois General Assembly has passed a Statute requiring all State employees, all local government, township, County employees to have their salaries and benefits posted on a website. He added that in fact the Board members are able to go on the Better Government Association website right now and pull up Metra employee salaries today, so hopefully this will address that concern.

He continued that the draft that is in front of the Board, which needs to be pointed out that it applies only to non-contract employees. It does not apply to contract employees, and as Director Widmer pointed out the draft in front of the Board applies to employees who are making \$75,000 and higher. The hiring practices and policies will proceed just as they have done up to this point. What this does is give the Board a document at the end of the process to look at and see who was hired, what their salary was, what additional benefits were provided so that the Board will know that. It does not involve the Board in the actual hiring process and the day-to-day HR process. Mr. Johnston concluded that the two goals of the draft ordinance are oversight and transparency.

Director Widmer stated that he heard what Mr. Johnston said about the Board not having any direct role in hiring. However, he would like to understand how that statement can be read in conjunction with paragraph four of the proposed ordinance, which says, "All such employment offers will be contingent upon approval of the proposed hiring resolution by the full Board, and no employment, new hires, etc., can commence before Board approval." He said that he is assuming that the resolution they would get is they want to hire X for position Y, he is going to be paid 1, 2, 3 and so forth, so this is not a policy, that is the Board hiring. Mr. Johnston responded that this is the Board giving final approval on the hiring process. The Board is not involved in the steps up to that point, but it is the offer that would be contingent upon that approval. He stated that this would be similar to an agency or governmental body that settles a lawsuit where there is a settlement, but then the body itself needs to make the final call on it. Director Widmer said that he understands settling lawsuits, as it is something that he does. He also understands that if somebody knows that there is a group of people that has final say on their being hired, why wouldn't they lobby that person to make sure that their application is considered and is given a favorable consideration. He continued that he believes in transparency, he likes what this is doing and he certainly thinks that the Board should have a role in the parameters of what the position is going to receive, but he does have a problem with how the ordinance reads.

Director Darley said that he thinks that this is very similar to procurements. The Board is certainly subject to being challenged or approached by any contractor out there. He thinks the approval process, is very similar to the procurement process committee. Mr. Johnston replied that it is very similar to the process where we flipped the procurement and the Board was getting notified after the fact. The Board is now involved before the fact. The same arguments could be made with somebody trying to get a contract from Metra, saying that they know a particular Director. He also pointed out that there are multiple layers of statutes and regulations and the OEIG, as well as his strong belief that every member of the Board would not succumb to that kind of pressure.

Director Mulder stated that she believes that she has some reservations on just the term "hiring," in the fact that she thinks of hiring as a role that the Board played in the selection of the Executive Director, and possibly a role with higher management. She continued that when she first read this, she thought that she has no experience and is too old to learn to be an HR director. She felt that the original wording of the ordinance looked like it was asking the Board members to micro-manage. As a Board member, she thinks that this is not their mission, it is oversight. However, she thinks that there was some terminology in there, and thinks it has been rewritten and thanked Mr. Johnston on that to try to flesh this out. She knows that in her current position as Mayor, she does not hire anyone except for the Manager. From there, the HR department does the rest of the hiring. She thinks that is how this should work. Her only concern with any of this particular area of hiring

is that the Board should have knowledge of the procedures. Personally, though, she does not feel that she wants to make that decision as she is not qualified.

Director Schaffer commented that he has been involved as long or longer than anybody on the Board in politics. No one would accuse him of not being political. He said that he saw the end of patronage politics, and he knows what patronage is. He explained that there is an old line that he is very fond of: "Patronage is you have one job with five applicants, you end up with four enemies and one ingrate." He stated that he wants no part of it, and if the Board is final authority, then they are involved. The members of the Board will be pressured, and right now he kind of enjoys when people call him and he tells them about the website and wish them good luck. This is the role that he wants. He continued that if you are talking about the Executive Director wanting to create a new position at a very high salary for some function that is not here, he would think that the Director should come before the Board for permission for that. He believes that in the Metra handbook there are standard payments to pay someone to help them move. If for some reason there is an amount that is necessary to go to a higher amount, he does not have a problem with the Executive coming back for permission to do that. However, to become involved in the hiring process, he thinks Metra could become more political or patronage oriented than the CTA. He does not think that the Board wants to do that, and \$75,000 is a very low figure. This is a big chunk of the management staff. He said that he only has eight parking spots in front of his business. He does not have room for all the applicants that would come banging on his door. He does not want to be part of that, and does not think that the Board should be part of that. He added that again, if it is a new position that is being created he thinks that the Board should be involved and provide permission. If for some reason there is a bizarre situation where we have to get a really top notch person, and moving expenses need to be provided, then the Executive Director should talk to the Chairman and get permission, or take it to the full Board. He concluded that he believes that this is a step in the wrong direction. He explained that when Metra was created in 1983, he was in the room, and they wanted to keep politics away from the organization. It did not work perfectly, but there are politics in everything. They wanted to get away from what they saw as abuses in other systems. He does not think that this Board should open this door. It is a mistake that will not serve Metra or the riders.

Director LaBelle stated that his preference, not only for this but for the Board, is to focus as much as possible on policy. He thinks it is possible to have clear policies that set really clear parameters for what is allowed and what isn't. His preference would be for the Board to deal with exceptions. He continued that right now there are some things that maybe are not addressed in Metra's policies that should be. However, this does not mean that the Board needs to get involved in hiring. At the same time, he wants to see Metra as transparent as we can be, and the Board has taken a lot of steps in the past couple of years to become much more transparent about the way Metra operates. He said that the report the Board receives every month about who is hired, what they are paid and all the rest, that maybe there are some things that are not in that report that should be. He commented that the Board has just created a really good committee system. He believes that the Board should use it and take this issue and hand it to the Employment Practices Committee to look at this proposal, and perhaps come up with what is the best practice for the Board to adopt. He would prefer to spend more time on the other elements of really important policies that the Board handles and just deal with the exceptions on hiring.

Director LaBelle stated that he would like to make a motion to table this for 30 days to allow the committee to not only consider the proposal, but what is the best practice that should be adopted by the Board. He added that the Board wants to be open and transparent, but also wants to make sure that the Board is spending time on the kinds of decisions that this Board should apply its expertise to doing. Director Widmer seconded the motion to refer this ordinance to committee.

Chairman O'Halloran stated that he would like to hear from some of the other Directors and maybe another opinion. He said that he certainly has an opinion, and asked if any other Board members had anything else to add.

Director McCoy said that he does not view this in any way, shape or form as the Directors trying to increase their patronage power. He stated that he actually takes offense at that. He agrees with Director Darley regarding the procurement procedure. This is really not much different. The Board does not solicit bids for procurement or try to recommend who gets them or anything like that. The Board has final approval. This is the same type of process. He continued that he also has no problem of looking at this a little longer. However, to try and characterize it as the Board trying to increase their patronage power, he finds that ridiculous and somewhat offensive. Director Widmer responded that he is certainly not suggesting that, but he does think that this is an issue that might be better served and to get to where the whole Board wants to go with a little more study and consideration.

Director Partelow stated that he has to agree with Director McCoy. He does not see this as a patronage thing at all. He continued that as a matter of fact, he does not see it originally as being anything other than a package at the end of the month for the whole Board to consider.

Director De Graff remarked that this particular issue is obviously very thorny. He said that philosophically he has a problem with the Board being in the hiring business. He believes that the Board members are policy makers. He also believes that the Board needs to provide necessary oversight and accountability measures to make sure things are done in the proper way. He does concur with Director LaBelle that he believes that the best policy is done through exceptions as opposed through mandating hiring or overseeing hiring above a certain level. The Board members are not administrators, and should not be in the business to hire. He said that this being said, his preference would be to table this item for now.

Director Schaffer commented that first he would like to suggest that he does not think anyone on the Board is trying to create a patronage army. He is suggesting that this structure will expose the Board to people who want the Board to create a patronage army. He thinks that Director LaBelle is on the right track, and the Board should be concerned about exceptions. Metra does have salary structures, and at some point the Board will be discussing Class and Comp, although he had not heard that mentioned, which frustrates him a little because it is long overdue. He explained that if the Executive Director for some reason needs an exception, either to add a position or upgrade a position or whatever, then he thinks that this is an appropriate thing to come back to the Board for. However, for the Board to be involved in hiring in any way, shape or form is a mistake.

Mr. Johnston responded that obviously the goal of the draft ordinance is not to increase patronage in this body. He pointed out that he has been here for two years as Board Counsel, and has not seen

that issue raised yet. He does not think that this draft ordinance would in any way have that specter appear, and thinks that Director Darley is correct in that this is a similar version with the purchasing process. He continued that additionally, having lived in Chicago and worked in the State government for most of his professional career, he is familiar with how patronage works, and it rarely works out in the public in the bright light of day. This ordinance, in fact, places the people's names in front of each and every one of the Board members to see. It will be posted on the Internet, the BGA will see it and the press will see it. He is highly doubtful that someone is going to say that they need to get a job and that they are going to approach a director and that director will convince ten others to hire that person when everybody else can see it. He finds that pretty hard to believe that this will happen. He also thinks that if someone were to come to a member of the Board and if the concern is that people are going to be beating down your door, the response should be that anyone who gets hired still needs to go through the process. Initially that person's name is going to go on a list, and it will go on the Internet and is going to be subject to public scrutiny and everyone is going to see it.

Director LaBelle asked why this could not be put on the Internet anyway. He continued that the public documents that come to the Board every month, about who is hired and what they are paid and so forth, could go up on the Internet without doing the step that is being talked about. This way we can have complete transparency and diversity as well, so that we get the whole thing. Mr. Johnston replied that the Board can do that, and there is the Monthly Management Personnel report that can be put on the Internet. He said that this is the Board's defense. If someone comes to a member of the Board and you are concerned that your door is going to be beaten in because someone is looking to get a job, besides all the criminal statutes that would caution you from doing that, as well as the ethics and backbone that he has seen the Board show over the last two years, he thinks that they can say that this is going to be a matter of public record for everybody to see as well as ten other Board members.

Chairman O'Halloran stated that he had a question from Director Mulder that the ordinance as presented has a \$75,000 minimum and asked if this is correct. Mr. Johnston responded that this correct. He continued that he would like to make a comment on how we got here today, and this is really not what he would call any kind of hiring process involvement. This is a notification process involvement. It is so this Board knows at a certain level of employee and above what type of offer has been made, what are the perk lists involved prior to it being set in stone. He said that it does not inhibit, and he had this chat with Mr. Clifford, it does not inhibit any of the above. He explained that even in the hiring process itself, it takes quite some time to get through the process, but this is sort of another issue. Chairman O'Halloran stated that he also has to take offense to what Director Schaffer has said about the patronage, because that is not the case. For the Director to say that they created an agency in Metra to eliminate abuses politically, in the context of what Metra just went through a few years ago, which was probably one of the largest abuses in the State, he does not think that the Board can just forget the past. He explained what this is will just kind of open up that window on what is going on and only at the high end.

Chairman O'Halloran continued that what if Metra is hiring someone and is giving them a specific signing bonus. Wouldn't the Board want to know that before instead of having it dropped on to the table when the Board gets there? He would. At the end of the day the buck kind of stops with the Board, and he would think that the Board would want to know this kind of information. He also

asked how this would get the Board involved in the hiring process, because this is all he has heard. This does not get the Board involved in hiring at all. It gets the Board involved in the information process, and the information process is one like the procurement process. In the past staff just told the Board that they purchased \$3 million of whatever, and if the Board wanted to undue it, go right ahead. This made absolutely no sense, and went on forever at Metra. Now everything comes before the Board so the Board is aware of what is being purchased, how much is being purchased and the cost of what is being purchased through the consent agenda process, and all of the Board members get a chance to look at it and vet it. He thinks that the Board should be looking and vetting the top aspects of what is being offered in this agency. He stated that Mr. Clifford's decisions have been made on several wonderful individuals that he has built his executive team with, and he would not change one thing with that. But the Board would have known about it. It would not have slowed anything down, but the Board would have known about it. Not only would we have known about it, but everyone else involved would have known about it. The press would have known about it. He commented that he spoke to a member of the press earlier this week who hunted him down, and told this person that when this information comes out, the press will see it when the Board sees it. Again, he asked how this would get the Board involved in the hiring process. He pointed out that this was an issue that just sat in committee and had a debate going on back and forth with respect to it. He wants to move it forward, and thinks that this agency needs to move it forward. He thinks that this is the kind of tone that needs to be set going forward. He said that he hates to use the word transparency, but this is transparency and this agency needs transparency.

Director Huggins stated that he has been kind of silent on this topic, and he has been silent for a reason. However, he would like to echo what the Chairman just said. He pointed out that to his friend, Alex Wiggins, he wanted to say that he has done a great job since he has been here, but he had to say that when Mr. Wiggins was hired, he believes everyone here was shocked and surprised when he was announced. Director Huggins said that people looked at him to see if he knew what was going, which he really didn't. He believes that Mr. Clifford made an excellent decision bringing Mr. Wiggins on because he has proven to be a good Deputy Executive Director. He continued that when Mr. Clifford announced his team, the members of the Board did not really know who he had chosen. He understands the Chairman's point very well. He remarked that, in terms of when decisions are made and people are hired, there could have been a possibility that the person would not have been a good guy and could have done something wrong in the past. At the end of the day, if Mr. Clifford does something wrong, it is the Board who get blamed for that, so he understands the Chairman's position on letting the Board have a look at who those top level management people are going to be. He said that having said this, he has never believed in micro-managing so he does get torn between this decision. He thinks that the Executive Director should be able to hire someone, and he has done that and will continue to do that, but the Chairman has made an excellent point. The last thing that he would like to see is for the Board to be sitting here having a public discussion about what is being talked about. He thinks that this is something that should have been addressed in executive session, not to be addressed here in the public.

Director Widmer stated that he has the sense that there is a majority of the Board that wants to get to a particular place, and he thinks that place is somewhat framed by this ordinance. His question is does the Board lose anything by tabling and referring it for further discussion and refinement. He thinks that this will enhance the possibility of getting to the place of having virtually total Board support. He does not think that anything will be lost by tabling it at this point.

Director Darley asked the Chairman if he sees anything pending that in delaying an answer for 30 days would be a critical issue. Chairman O'Halloran responded that he believes the challenge is that there is some diametric opposition from a philosophical difference. He said that you can engineer this 50 ways from Sunday but you are going to end up at the same spot. If an individual feels that this is a manipulation of the employment process then they are seeing it totally different than how he is seeing it, and he believes other individuals are seeing it. His question would be is anything going to change with respect to that. He continued that you can wordsmith it to death, but basically he feels very strongly that the Board needs to have something that is before the fact on some of these things, versus after the fact. He explained that to be informed and to sit on this Board and accept the responsibility of that as an after-the-fact type of thing, he is diametrically opposed to that. He is not going to change that thinking. He believes that some of the other members of the Board think the same way. However, obviously there are some folks that feel differently, but that is what having a Board is about.

Director Widmer stated that he does not think that anybody supports after the fact. He thinks that everybody, and he cannot speak for everyone, and so that his comments are not misinterpreted, he thinks there is a place that the Board should be with respect to policies and what is done and how it is done. He thinks that the Board will lose nothing by devoting a little more time to attempting to put in place a structure that has, if not unanimous support, has a strong majority of support, and he does not believe that the Board will lose anything by devoting the time, a brief period of time, to attempt to get to that place.

Director Darley asked if the ordinance is passed today, is there anything that would stop the Board from making amendments to that ordinance that would allow the Board to make those modifications at a later date. Mr. Johnston replied that there is not.

Director LaBelle agreed with Director Widmer. He said that he thinks that the Board does want to know what is going on before it happens, and there can be an ordinance with a procedure that requires that without having to say the Board is hiring. He continued that he thinks that the Board can do a lot of things that accomplish what he thinks the Chairman wants and what the rest of the members want by having clear policies that require a number of things to be done. He would personally like to see if an alternative ordinance could be prepared that would be along those lines. What are the policies and parameters the Board wants on this hiring process, and does the Board want to know before certain hiring decisions are made. If there are any exceptions to the policies the Board not only wants to know that, but those exceptions should be approved by the Board. He stated that there are a number of things that he thinks can be accomplished with this ordinance, but still respects that there is an Executive Director who is running the administrative mechanism of this organization, and the Board can deal with the policies and the exceptions to those policies. This is what he would like to see within the next 30 days.

Director McCoy stated that he has a point of order. He asked if there was a motion to table this item for 30 days. Director LaBelle responded that he made a motion to table. Director McCoy commented that this is really not the proper motion. To "table" is to refer to later in the meeting by Roberts Rules. Director Schaffer commented that he believes that Director LaBelle moved to table and refer this to committee. Director McCoy responded that he did not really hear a motion, but if there is a motion he will second it. Director LaBelle stated that he would like to change his motion

to refer this ordinance to committee until the next Metra Board meeting. Chairman O'Halloran responded that the Employment and Practices Committee has yet to be established. Mr. Johnston stated that to address a point of order. He said that there was an ordinance just passed to create a committee. Those committees have not been established yet. Director LaBelle stated that the Chairman, though, can appoint members at any time. Mr. Johnston replied that the Chairman has the authority to appoint members at any time, but the Chairman of the Committee would schedule a meeting. Director Widmer asked if he could amend the motion to refer it to the committee immediately upon the committee being formed and established, for a meeting to be called no less than 15 days after the establishment of the committee by the chairman of that committee, and to consider the proposed ordinance at that time.

Mr. Johnston stated that there is a motion to amend the motion to refer it to the committee. Director Widmer moved, and Director Darley seconded the motion. Chairman O'Halloran remarked that one of the challenges with this is that the Board is trying to establish this committee system. He would like to get this resolved one direction or another. This does not necessarily need to be done today, but he would like to get it resolved. He said that he heard Director Widmer's point with respect to getting a more unanimous situation, but he would like to get this resolved sooner. He stated that against his own conviction of moving away from the Ad Hoc Committee, he would like to refer this back to the current Ad Hoc Committee, with the understanding of what the goals are, and he believes those members are Directors' Darley, De Graff and Mulder who have been kind of through this process to a certain extent. He would like for them to meet and bring the issue back to the Board at the next meeting for some sort of conclusion.

Director Widmer withdrew his motion and adopted the Chairman's suggestion. Chairman O'Halloran stated that his suggestion would be to refer to the former Ad Hoc committee, which he hopes will be the end of the Ad Hoc Committees, with that committee coming back to the Board and address those issues that he thinks were brought up pretty eloquently today. He said that this includes how the Board gets to a point where they receive notification up front on hires at a certain level and above that the Board has to live with later on. This is not the hiring part of the process, but the knowledge part of the process so that this is more transparent for everyone. He said that one of his goals as Chairman is to move Metra forward to be as transparent as possible. He added that the community he has served for 20 years is the only community in the State of Illinois with 100% transparency rating, and he wants Metra to get to this level. This agency needs to set that kind of a standard. He said he has asked Mr. Johnston and Mr. Capra as well as anyone else involved to figure out what it is going to take to do that because that is the direction he thinks Metra should be going. There is a new motion, and he asked if there is a second.

Mr. Johnston stated that Director Widmer withdrew his motion, and supports the Chairman's recommendation. Mr. Johnston asked if Director LaBelle was withdrawing his motion. Director LaBelle responded that he would withdraw his motion. Director Widmer moved and Director Darley seconded the motion. The motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Schaffer, Widmer and Chairman O'Halloran

Director Schaffer stated that he finds himself agreeing with what Director LaBelle has said almost in total. He does believe that this Board does want to know what is going on, and what the salaries will be that are being approved. He just does not think that that Board wants to say that it is going to be "Joe and not Sam."

Director Darley added that there has been some innuendo that this is an effort to cut back the reins of the CEO and his staff, and he would like to express his support for Mr. Clifford and his team. He believes that he does an outstanding job, and this is not where this is coming from. Directors' Widmer, Schaffer and Huggins agreed with this statement.

24. ORAL - - ORDINANCE AMENDING THE COMMUTER RAIL DIVISION REGULATIONS GOVERNING PUBLIC BIDDING

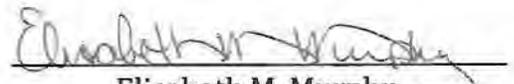
Chairman O'Halloran requested a motion to put this ordinance into the new committee structure. Director De Graff moved, and Director Mulder seconded. Chairman O'Halloran asked for leave from the Board for the previous roll call. The Board granted leave, and the motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

27. ADJOURN TO EXECUTIVE SESSION FOR MATTERS RELATING TO EXECUTIVE SESSION MINUTES (Section 2 (c) (21)), COLLECTIVE NEGOTIATING MATTERS (Section 2 (c) (2)), AUDIT (Section 2 (c) (28)) and PERSONNEL (Section 2 (c) (1))

Chairman O'Halloran requested a motion to adjourn to Executive Session. Director De Graff moved, and Director Schaffer seconded. Chairman O'Halloran asked for leave from the Board for the previous roll call. The Board granted leave, and the motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran


Elisabeth M. Murphy
Assistant Secretary to the Board

I, Arlene J. Mulder, in my capacity as Board Secretary of the Commuter Rail Board of the Regional Transportation Authority do hereby attest that the following minutes are a true and accurate reflection of the Board's meeting on the date so stated. In compliance with the Illinois Open Meetings Act, I do hereby authorize their release and publication.


Arlene J. Mulder, Secretary
Metra Board of Directors

**Commuter Rail Board
Ordinance No. MET 12-29**

An Ordinance amending Ordinance MET-12-22 with respect to the 2012 Capital Program, and 2012-2016 Capital Program.

WHEREAS, the Commuter Rail Division has been advised by the Illinois Department of Transportation of available funds for the CREATE P-1 Project and the Joliet Transportation Center project;

NOW, THEREFORE, BE IT ORDAINED THAT:

1. The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority ("Commuter Rail Division") hereby amends the 2012 Capital Program and Budget, and the 2012-2016 Capital Program, copies of which are attached hereto as Attachment B and made a part hereof, and further authorizes their transmittal to the Board of Directors of the Regional Transportation Authority ("Authority") in full compliance with Section 4.11 of the RTA Act.

2. The Executive Director of the Commuter Rail Division is hereby authorized and directed to take such action as he deems necessary or appropriate to implement, administer, and enforce this Ordinance.

3. This Section shall constitute the annual program of the Commuter Rail Division for services to be provided, operations to be continued or begun, and capital projects to be continued or begun during the fiscal year beginning January 1, 2012 and ending December 31, 2012. Authorization is hereby given that the programs and projects herein named may be implemented, or actions toward their implementation taken, during said fiscal year.

4. Sections 5 through 7 of this Ordinance shall constitute the Budget for operations of the services ("Operations") provided by the Commuter Rail Division other than for technical studies and capital projects as provided in Sections 8 through 10 of this Ordinance for the fiscal year beginning January 1, 2012 and ending December 31, 2012. Sections 8 through 10 of this Ordinance shall constitute the capital budget for project expenditures incurred during the fiscal year beginning January 1, 2012 and ending December 31, 2012.

5. The estimated Commuter Rail Division Operating Funds expected to be available from all sources during 2012 are (in 000's):

Total Operating Revenues (excluding Capital Farebox Revenues)	\$348,600
Metra 2012 Sales Tax	246,410
Metra 2012 Sales Tax & PTF (New Transit Funding)	90,590
Transportation Security Grant	<u>1,200</u>
Total Sources of Operating Funds	<u>\$686,800</u>

6. The following named sums, or so much as may be necessary, are hereby appropriated for the specified use (in 000's):

Operating Commuter Rail Services and Support	<u>\$686,800</u>
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7. The following are estimates of the revenues and expenses for the Commuter Railroads (in 000's):

Operating Revenues	\$348,600
Operating Expenses	<u>686,800</u>
 Total Funded Deficit	 <u>\$338,200</u>

8. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects which remain unexpended as of December 31, 2011, is hereby reappropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2012 and ending December 31, 2012 (in 000's):

Total	<u>\$849,699</u>
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9. The estimated Commuter Rail Division Capital Funds expected to be available from all sources to finance the 2012 Capital Program are revised as follows (in 000's):

		<u>Revised</u>
Federal Transit Administration	\$134,630	\$134,630
Federal Congestion Mitigation and Air Quality (CMAQ)	8,088	8,088
Transportation, Community & System Preservation	1,304	1,304
Federal Surface Transportation Program	1,000	1,000
Federal TIGGER	2,208	2,208
Federal SGR	196	196
Federal Department of Homeland Security	5,000	5,000
State of Illinois Bond Funds	89,125	89,125
Illinois Department of Transportation Bureau of Railroads	115,875	141,955
RTA Capital Assistance	5,050	5,050
RTA Innovation Coordination and Enhancement (ICE)	4,790	4,790
Metra 2012 Capital Farebox Revenues	5,552	5,552
Metra Retained Earnings	2,635	2,635
Municipal Matching Funds	<u>755</u>	<u>755</u>
 Total Sources of 2012 Capital Funds	 <u>\$376,208</u>	 <u>\$402,288</u>

10. The following named sum, or so much thereof as may be necessary, as revised, respectively, for technical studies and capital projects, are hereby appropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2012 and ending December 31, 2012 (in 000's):

		<u>Revised</u>
Rolling Stock	\$ 54,784	\$ 54,784
Track & Structure	159,838	178,515
Signal, Electrical & Communications	83,752	83,752
Support Facilities & Equipment	21,591	20,591
Stations & Parking	43,504	50,906
Support Activities	<u>12,740</u>	<u>13,740</u>
Total Uses of 2012 Capital Funds	\$ <u>376,208</u>	\$ <u>402,288</u>

* 2012 includes \$89 million of Illinois State Bond funds

December 14, 2012

**Commuter Rail Board
Ordinance No. MET 12-30**

This proposed budget and financial plan is submitted to comply with the RTA Act. The following 2013 Operating and Capital Program and Budget, 2014-2015 Financial Plan, and 2013-2017 Capital Program are based upon the funding estimates provided by the Regional Transportation Authority.

WHEREAS, the Commuter Rail Board ("Board") has held at least one meeting for consideration of the program and budget with the county board of each of the several counties in the metropolitan region; and

WHEREAS, the Board has held at least one public hearing for consideration of the program and budget in each of the counties in the metropolitan region in which the Division provides service, and the Board has held at least one public hearing for consideration of the change in the price of the full-fare Ten-Ride Ticket in each of the counties in the metropolitan region in which the Division provides service; and

WHEREAS, the Board has reviewed the various fare and policy change scenarios and has determined that the Ten-Ride Ticket fare should be based upon the full 10 rides and not 9 rides; and

WHEREAS, the 2013 Operating and Capital Program and Budget, the 2014-2015 Financial Plan and the 2013-2017 Capital Program are based upon the RTA estimate of funds to be made available to the Commuter Rail Board and conforms in all respects to the program and budget requirements of the RTA Act.

NOW, THEREFORE, BE IT ORDAINED THAT:

1. The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority ("Commuter Rail Division") hereby approves the 2013 Operating and Capital Program and Budget, the 2014-2015 Financial Plan, and the 2013-2017 Capital Program, copies of which are attached hereto and made a part hereof, and further authorizes their transmittal to the Board of Directors of the Regional Transportation Authority ("Authority") in full compliance with Section 4.11 of the RTA Act.
2. The Executive Director/Chief Executive Officer ("CEO") of the Commuter Rail Division is hereby authorized and directed to take such action, as he deems necessary or appropriate to implement, administer, and enforce this Ordinance.
3. This Section shall constitute the annual program of the Commuter Rail Division for services to be provided, operations to be continued or begun, and capital projects to be continued or begun during the fiscal year beginning January 1, 2013 and ending December 31, 2013. Authorization is hereby given that the programs and projects herein named may be implemented, or actions toward their implementation taken, during said fiscal year.
4. Sections 5 through 7 of this Ordinance shall constitute the Budget for operations of the services ("Operations") provided by the Commuter Rail Division other than for technical studies and capital projects as provided in Sections 8 through 10 of this Ordinance for the fiscal year beginning January 1, 2013 and ending December 31, 2013. Sections 8 through 10 of this Ordinance shall constitute the capital budget for project expenditures incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013. Funds expected to be available from all sources during 2013 which are not identified herein for use in the operating or capital budget are to be used for potential funding shortfalls and working cash.
5. The estimated Commuter Rail Division Operating Funds expected to be available from all sources during 2013 are (in 000's):

Total Operating Revenues (excluding Capital Farebox Revenues)	\$366,360
Metra 2013 Sales Tax 1	254,827
Metra 2013 Sales Tax 2 & PTF 2 (New Transit Funding)	91,113
Transportation Security Grant	<u>1,200</u>
Total Sources of Operating Funds	<u>\$713,500</u>

6. The following named sums, or so much as may be necessary, are hereby appropriated for the specified use (in 000's):

Operating Commuter Rail Services and Support	<u>\$713,500</u>
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7. The following are estimates of the revenues and expenses for the Commuter Railroads (in 000's):

Operating Revenues	\$366,360
Operating Expenses	<u>713,500</u>
Total Funded Deficit	<u>\$347,140</u>

8. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects which remain unexpended as of December 31, 2012, is hereby reappropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

Total	<u>\$806,897</u>
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Note: Includes a portion of \$585.1 million in State of Illinois bond funds

9. The estimated Commuter Rail Division Capital Funds expected to be available from all sources to finance the 2013 Capital Program are (in 000's):

Federal Transit Administration	\$136,310
Federal Department of Homeland Security	5,000
State of Illinois Bond Funds	170,825
RTA Capital Funds	7,000
RTA Capital Funds	800
Metra 2013 Capital Farebox Revenues	<u>5,500</u>
Total Sources of 2013 Capital Funds	<u>\$325,435</u>

10. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects, are hereby appropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

Rolling Stock	\$33,700
Track & Structure	104,875
Signal, Electrical & Communications	77,381
Support Facilities & Equipment	39,219
Stations & Parking	47,050
Support Activities	<u>23,210</u>
Total Uses of 2013 Capital Funds	<u>\$325,435</u>

11. Effective February 1, 2013, the price of the full fare Ten-Ride Ticket shall be based upon the full fare of ten rides.

COMMUTER RAIL BOARD
ORDINANCE NO. MET 12-31

WHEREAS, on May 14, 2010, the Board (“Board”) of the Commuter Rail Division of the Regional Transportation Authority (“Metra”) established a Financial Practices and Reporting Review Committee and an Executive Committee for the purpose of overseeing the operations of Metra;

WHEREAS, the Board seeks to further implement the recommendations of the Ernst & Young Executive Compensation Review of 2010 and the Blackman Kallick Risk Assessment dated November 5, 2010;

WHEREAS, the Board is committed to furthering the transparent and efficient operation of commuter rail services; and

WHEREAS, the Board is committed to furthering proper control and oversight of Metra’s operation;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD AS FOLLOWS:

1. The Recitals are hereby incorporated herein;
2. The Financial Practices and Reporting Review Committee and the Executive Committee, established on May 14, 2010, are suspended;
3. The **Audit and Finance Committee** is established, with oversight of all financial activities not covered by other committees, as well as audit activities, all non-capital procurements and all matters relating to the operating budget.
4. The **Capital Oversight Committee** is established, with oversight of the development, funding, approval and implementation of the capital program. This would include approval of all contracts and procurements relating to the capital program.
5. The **Employment Practices Committee** is established, with oversight of policies and actions relating to employee hiring, compensation, personnel policies, labor contracts, labor/management interactions and safety.
6. The **Executive Committee** is established, with oversight of issues related to corporate governance, compliance, strategic planning, legislative affairs, operational performance, policies not personnel-related and adoption of intergovernmental agreements.

7. The draft charters attached hereto establishing the committees set forth in paragraphs 3-6 above are enacted.

December 14, 2012

Committee Charter: Audit and Finance

Purpose

The Audit and Finance Committee will assist the Chairman and the Board in the following ways:

- Monitoring and overseeing Metra's financial reporting process, the application of accounting principles, and the engagement of outside auditors and/or accountants.
- Monitoring and overseeing the performance of audit work performed by Metra's Audit & Compliance Department and the work of any outside auditors employed by Metra.
- Monitoring and overseeing Metra's internal controls and risk management systems.
- Monitoring and overseeing general matters relating to legal, regulatory, and ethical compliance in Metra.
- Reviewing, providing guidance, and making recommendations regarding Metra's core financial policies.
- Reviewing, providing guidance, and making recommendations with respect to Metra real estate matters.
- Reviewing, providing guidance, and making recommendations regarding procurements relating to banking and financial services, outside audit, and all procurements that are not part of Metra's capital program, including professional services contracts.

Committee Authority

The Committee has the power to investigate any matter brought to its attention. To facilitate any such investigation, the Chair of the Committee shall have access to all books, records, facilities, and staff of Metra. The foregoing is not intended to alter or curtail existing rights of individual Directors to access books, records, facilities, or staff in connection with the performance of their duties.

Committee Membership

The Committee will consist of 5 members of the Board, appointed by the Board Chairman. The Chairman may serve as an ex officio member of the Committee. The Chairman will appoint the Chair of the Committee. In the absence of the Chair at a meeting of the Committee, the Committee will elect a temporary Chair for that meeting. A member of the Committee may be removed for cause by the Board Chairman upon consent of the Board.

Committee Meetings

The Committee will meet on a regularly-scheduled basis at least 4 times per year, and more frequently as circumstances may require. The Committee will comply with the Illinois Open Meetings Act. The Committee will ensure the keeping of adequate minutes of all proceedings and records of any actions taken. Meetings will be open to the public and afford time for public comment on business before the Committee.

The Committee may request that any member of the Board, the Executive Director, any Metra staff member, or any other person whose advice and counsel are sought by the Committee attend any meeting to provide information pertinent to Committee business. Metra staff will provide to the Committee all materials pertinent to business on the agenda and necessary to carry out the Committee's purposes, and inform the Committee Chair of any matters not already on the agenda that should be added in order for the Committee to effectively carry out its purpose.

Committee Reports

The Committee Chair will report to the Board on the Committee's proceedings, and any recommendations made.

Key Responsibilities

The following responsibilities are set forth as a guide for the Committee's activities. It is not intended to be an exhaustive list, and Committee may diverge as appropriate. The Committee is authorized to carry out these and other responsibilities assigned by the Board Chairman or the Board, and take any actions reasonably related to its charter.

To fulfill its purpose the Committee will do the following:

- Review Metra's annual budget, ensure that it is balanced, based on reasonable and prudent assumptions and projections, and operates in the manner required by applicable law.
- During the fiscal year, monitor Metra's compliance with the budget.
- Review any proposals to deviate from the budget.
- Review any proposals relating to the incurrence or repayment of debt or other financing arrangements.
- Review procurements submitted to the Committee, including professional services contracts.
- Review the scope and terms of Metra's insurance policies and coverage.
- Review and make recommendations to the Board with respect to the leasing, acquisition, disposition, or conveyance of real property, licensing of customer services, maximizing of marketing advertising opportunities, and the adoption or amendment of any policies relating thereto.
- Oversee the audit work of the Audit & Compliance Department and any outside auditors employed by Metra and provide advise to the Chairman and Board regarding the appointment and dismissal, evaluation, and compensation of outside auditors and the Chief Audit and Compliance Officer.
- Review and discuss with relevant Metra employees, internal and outside auditors, any significant audit findings during the year, any changes to the audit plan for the year, Audit & Compliance Department budget and staffing, the coordination of audit activities, and the adequacy of internal audit resources.
- Oversee corrective actions taken by Metra management in response to any significant audit findings.
- Review and discuss with relevant Metra staff accounting policies that may be viewed as critical as well as any recent or proposed significant changes in Metra accounting policies, and views as to the application of accounting principles by Metra.
- Monitor the consistency and comparability of Metra's financial reporting processes.
- Monitor the consistency, comparability, and integrity of Metra's financial reports and other financial information provided by Metra to any other governmental or regulatory body, the public or other users.
- Review and discuss with relevant Metra staff the adequacy of Metra's internal and disclosure controls and procedures.
- Review and discuss with relevant Metra staff any significant risks to exposures Metra has and assess the steps taken to minimize those risks.

- Review and discuss with relevant Metra staff legal and regulatory matters that may have a material impact on the financial statements of Metra.
- Annually review the adequacy of its charter, suggesting revisions when appropriate.
- Engage outside consultants as appropriate upon consent of the Board.
- Conduct an annual self-evaluation of the Committee's performance, including its effectiveness and compliance with its charter.
- Report regularly to the Chairman and the Board on findings and recommendations and any other matters the Committee deems appropriate.
- Consider any matter referred to the Committee by the Board or Chairman.

Committee Charter: Capital Oversight

Purpose

The Capital Oversight Committee will assist the Chairman and the Board in monitoring the effective and efficient development, approval, and implementation of Metra's capital program, including the approval of any contracts and procurements necessary to do so.

Committee Authority

The Committee has the power to investigate any matter brought to its attention. To facilitate any such investigation, the Chair of the Committee shall have access to all books, records, facilities, and staff of Metra. The foregoing is not intended to alter or curtail existing rights of individual Directors to access books, records, facilities, or staff in connection with the performance of their duties.

Committee Membership

The Committee will consist of 5 members of the Board, appointed by the Board Chairman. The Chairman may serve as an ex officio member of the Committee. The Chairman will appoint the Chair of the Committee. In the absence of the Chair at a meeting of the Committee, the Committee will elect a temporary Chair for that meeting. A member of the Committee may be removed for cause by the Board Chairman upon consent of the Board.

Committee Meetings

The Committee will meet on a regularly-scheduled basis at least 4 times per year, and more frequently as circumstances require. The Committee will comply with the Illinois Open Meetings Act. The Committee will ensure the keeping of adequate minutes of all proceedings and records of any actions taken. Meetings will be open to the public and afford time for public comment on business before the Committee.

The Committee may request that any member of the Board, the Executive Director, any Metra staff member, or any other person whose advice and counsel are sought by the Committee attend any meeting to provide information pertinent to Committee business. Metra staff will provide to the Committee all materials pertinent to business on the agenda and necessary to carry out the Committee's purposes, and inform the Committee Chair of any matters not already on the agenda that should be added in order for the Committee to effectively carry out its purpose.

Committee Reports

The Committee Chair will report to the Board on the Committee's proceedings, and any recommendations made.

Key Responsibilities

The following responsibilities are set forth as a guide for the Committee's activities. It is not intended to be an exhaustive list, and Committee may diverge as appropriate. The Committee is authorized to carry out these and other responsibilities assigned by the Board Chairman, or the Board, and take any actions reasonably related to its charter.

To fulfill its purpose the Committee will do the following:

- Monitor the current and future availability of funds for Metra's capital programs and plans.

- Approve award of contracts and approve procurements consistent with federal and state statutes and regulations for capital program projects.
- Monitor the progress of capital projects and identify causes for significant delays or cost overruns.
- Review the relationship between capital expenditures for projects under the capital plan and current and future budget requirements.
- Monitor the proposed benefits for approved projects in the capital program during the life of the project to ensure that expected benefits materialize.
- Annually review the adequacy of its charter, suggesting revisions when appropriate.
- Engage outside consultants as appropriate upon consent of the Board.
- Conduct an annual self-evaluation of the Committee's performance, including its effectiveness and compliance with its charter.
- Report regularly to the Chairman and the Board on findings and recommendations and any other matters the Committee deems appropriate.
- Consider any matter referred to the Committee by the Board or Chairman.

Committee Charter: Employment Practices

Purpose

The Employment Practices Committee will assist the Chairman and the Board in oversight of Metra's employee compensation and benefit system, human resource policies, safety program, executive hiring and collective bargaining.

Committee Authority

The Committee has the power to investigate any matter brought to its attention. To facilitate any such investigation, the Chair of the Committee shall have access to all books, records, facilities, and staff of Metra. The foregoing is not intended to alter or curtail existing rights of individual Directors to access books, records, facilities, or staff in connection with the performance of their duties.

Committee Membership

The Committee will consist of 5 members of the Board, appointed by the Board Chairman. The Chairman may serve as an ex officio member of the Committee. The Chairman will appoint the Chair of the Committee. In the absence of the Chair at a meeting of the Committee, the Committee will elect a temporary Chair for that meeting. A member of the Committee may be removed for cause by the Board Chairman upon consent of the Board.

Committee Meetings

The Committee will meet on a regularly-scheduled basis at least 4 times per year, and more frequently as circumstances require. The Committee will comply with the Illinois Open Meetings Act. The Committee will ensure the keeping of adequate minutes of all proceedings and records of any actions taken. Meetings will be open to the public and afford time for public comment on business before the Committee.

The Committee may request that any member of the Board, the Executive Director, any Metra staff member, or any other person whose advice and counsel are sought by the Committee attend any meeting to provide information pertinent to Committee business. Metra staff will provide to the Committee all materials pertinent to business on the agenda and necessary to carry out the Committee's purposes, and inform the Committee Chair of any matters not already on the agenda that should be added in order for the Committee to effectively carry out its purpose.

Committee Reports

The Committee Chair will report to the Board on the Committee's proceedings, and any recommendations made.

Key Responsibilities

The following responsibilities are set forth as a guide for the Committee's activities. It is not intended to be an exhaustive list, and Committee may diverge as appropriate. The Committee is authorized to carry out these and other responsibilities assigned by the Board Chairman or the Board, and take any actions reasonably related to its charter.

To fulfill its purpose the Committee will do the following:

- Monitor and review Metra's employee compensation and benefit systems.

- Monitor and review Metra's labor relations activities.
- Provide oversight for Metra's safety program.
- Monitor and review Metra human resource, staffing, and employee EEO policies and practices.
- Monitor and review personnel practices that have a substantial effect on the well being of Metra employees or the reputation and financial strength of Metra.
- Monitor and review Metra succession planning.
- Review the performance and compensation of the Executive Director/CEO.
- Annually review the adequacy of its charter, suggesting revisions when appropriate.
- Engage outside consultants as appropriate upon consent of the Board.
- Conduct an annual self-evaluation of the Committee's performance, including its effectiveness and compliance with its charter.
- Report regularly to the Chairman and the Board on findings and recommendations and any other matters the Committee deems appropriate.
- Consider any matter referred to the Committee by the Board or Chairman.

Committee Charter: Executive Committee

Purpose

The Executive Committee will assist the Chairman and the Board in matters of corporate governance, ethics, strategic planning, overseeing operational performance, and the review and approval of policies and intergovernmental agreements.

Committee Authority

The Committee has the power to investigate any matter brought to its attention. To facilitate any such investigation, the Chair of the Committee shall have access to all books, records, facilities, and staff of Metra. The foregoing is not intended to alter or curtail existing rights of individual Directors to access books, records, facilities, or staff in connection with the performance of their duties.

Committee Membership

The Committee will consist of 5 members of the Board, appointed by the Board Chairman. The Chairman may serve as an ex officio member of the Committee. The Chairman will appoint the Chair of the Committee. In the absence of the Chair at a meeting of the Committee, the Committee will elect a temporary Chair for that meeting. A member of the Committee may be removed for cause by the Board Chairman upon consent of the Board.

Committee Meetings

The Committee will meet on a regularly-scheduled basis at least 4 times per year, and more frequently as circumstances may require. The Committee will comply with the Illinois Open Meetings Act. The Committee will ensure the keeping of adequate minutes of all proceedings and records of any actions taken. Meetings will be open to the public and afford time for public comment on business before the Committee.

The Committee may request that any member of the Board, the Executive Director, any Metra staff member, or any other person whose advice and counsel are sought by the Committee attend any meeting to provide information pertinent to business on the agenda and necessary to carry out the Committee's purposes, and inform the Committee Chair of any matters not already on the agenda that should be added in order for the Committee to effectively carry out its purpose.

Committee Reports

The Committee Chair will report to the Board on the Committee's proceedings, and any recommendations made.

Key Responsibilities

The following responsibilities are set forth as a guide for the Committee's activities. It is not intended to be an exhaustive list, and Committee may diverge as appropriate. The Committee is authorized to carry out these and other responsibilities assigned by the Board Chairman or the Board, and take any actions reasonably related to its charter.

To fulfill its purpose the Committee will do the following:

- Monitor and oversee the corporate governance activities of the Board and Metra.
- Monitor and oversee Metra employee and board ethics policies and training.

- Review periodically with relevant Metra staff the level of compliance with applicable ethics codes, guidelines and regulations.
- Oversight of Metra compliance and whistleblower activities.
- Oversight of the performance of compliance work performed by Metra's Audit & Compliance Department.
- Oversight of strategic planning activities, and monitoring the implementation of the strategic plan.
- Oversight of operational performance.
- Review and approval of intergovernmental agreements not relating to capital program activities.
- Review and approval of Board and Metra policies not within the responsibilities of other Board committees.
- Review of proposed changes to Board bylaws.
- Oversight of Metra lobbying and policy advocacy activities, including the review of contracts for outside lobbyists.
- Annually review the adequacy of its charter, suggesting revisions when appropriate.
- Engage outside consultants as appropriate upon consent of the Board.
- Conduct an annual self-evaluation of the Committee's performance, including its effectiveness and compliance with its charter.
- Report regularly to the Chairman and the Board on findings and recommendations and any other matters the Committee deems appropriate.
- Consider any matter referred to the Committee by the Board or Chairman.

MINUTES OF A PUBLIC MEETING OF THE BOARD OF DIRECTORS OF THE COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY

The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority met in a public session for a Meeting of the Board on Thursday, January 17, 2013 at 9:00 a.m. The meeting was held in the Metra Board Room at 547 West Jackson Boulevard, Chicago, Illinois, pursuant to notice.

Chairman O'Halloran noted that pursuant to the Open Meetings Act and the Metra Board By-Laws, if one of the Directors is absent for business reasons the Director is able to participate in the meeting by telephone conference. Director Arlene Mulder has provided notice that due to business reasons she would be participating by telephone.

The roll was then taken.

ROLL CALL

Present: Brad S. O'Halloran, Chairman
Paul C. Darley
Don A. De Graff
Larry A. Huggins
James C. LaBelle
Mike W. McCoy
Arlene J. Mulder – Tele-Conference
Jack Partelow
Stan C. Rakestraw
Jack Schaffer
William A. Widmer, III

PLEDGE OF ALLEGIANCE

Chairman O'Halloran asked Director Partelow to lead the Board, and other participants, in the Pledge of Allegiance.

PUBLIC COMMENT

Eric Poders, resident of Morton Grove, stated that he would like to make a simple request. He explained that he has a petition from 49 residents of Morton Grove, particularly seniors, who are concerned about the lack of communication devices at the station. There was an incident with an elderly gentleman who was left stranded at the station, and cannot afford a cell phone. This gentleman brought his concern to the Advisory Commission on Aging in Morton Grove, a meeting that Mr. Poders attends regularly. He said that people are requesting that a pay phone or some type of emergency phone be placed at the station so that if someone needs to call for a cab or even a ride from the station they will be able to do so.

**APPROVED BY THE
METRA BOARD OF DIRECTORS
ON FRIDAY, FEBRUARY 15, 2013**

William Baltutis, Executive Director of the TMA of Lake Cook, stated that the TMA is a business organization whose mission is to improve employees commute to work. The TMA represents over 45 firms and 40,000 employees in the suburban northern Cook and Lake Counties. He said that he would like to speak in support of agenda Item 13, the Pace/Metra Consolidated Service under the Consent Agenda Calendar. He pointed out that the TMA and the employers in the Cook and Lake County region, are also a partner of the shuttle bus program as a funding participant and contributes about 50% of that operating cost. Mr. Baltutis said that he would like to first thank the Metra Board and staff for their past support of the shuttle bus program. Since 1999 the TMA's work with Metra, particularly the Marketing Department, to fund, market and particularly expand the service of the shuttle bus for employers in Cook and Lake County. Right now the shuttle bus program provides shuttle connections on 12 routes, accessing six Metra stations, on the Union Pacific North, Milwaukee North and Union Pacific NorthWest lines. The service is a vital transportation link that provides employees commuting on Metra trains to transfer onto Pace buses and take them on the last mile for a seamless commute to their suburban jobs. The shuttle bus ridership has grown to about 15% in 2012, and about 60% of those riders are reverse commute riders on Metra. This shuttle bus provides a critical service for those employees to get to their jobs.

PRESENTATION TO THE BOARD BY THE MARINE CORPS FOR METRA'S PARTICIPATION IN TOYS FOR TOTS CAMPAIGN

Sergeant Dixon, along with Sergeant Spencer of the United States Marine Corps, made a presentation to the Board to thank Metra for the success of the Toys for Tots Campaign. He explained that he received a call in early fall regarding Metra's participation in this program. Metra was a part of this fight in a big way and he appreciates that. He pointed out that 5,000 toys were collected and over \$4,000 in donations in that one day event, and hopes that Metra will again participate next year in this program. He presented to the Board, a plaque and letter, which he read out loud, and added that they appreciate everything that Metra did to make 160,000 kids in the Chicago region happy. Chairman O'Halloran thanked Sergeant Dixon and Sergeant Spencer for all that they do for this country. He added that he too, hopes that this will become an annual event for Metra.

1. ORAL - - RESOLUTION HONORING METRA POLICE OFFICER LORENZO ESQUEDA

Chairman O'Halloran read the resolution into the record of the proceedings.

RESOLUTION NO. MET 13-01

WHEREAS, Metra Police Officer Lorenzo Esqueda while on patrol in the vicinity of the Tinley Park station observed an obviously distraught male walking southbound on the street and entering the area of the main line tracks at 2:45 a.m. on December 30, 2012; and

WHEREAS, Officer Esqueda immediately stopped train traffic including a CSX freight train which was heading toward the area and exited his vehicle, approaching the individual along with Tinley Park Police Officers who had responded to his call for assistance; and

WHEREAS, after questioning the individual and determining that his intentions were to enter the tracks in order to end his life, Officer Esqueda remained with the individual until medical attention arrived to transport him to the hospital for care; and

WHEREAS, Officer Esqueda is to be highly commended for his actions related to this incident and for the exemplary service in the execution of his duties as a Metra Police Officer; and,

NOW THEREFORE BE IT RESOLVED, that the Commuter Rail Service Board ("Board") of the Commuter Rail Division ("Metra") on behalf of Metra and its riders commend and gratefully acknowledge the actions and performance of Metra Police Officer Lorenzo Esqueda for his demonstrated excellence in the execution of his duties.

BE IT FURTHER RESOLVED, that this resolution be read into the minutes of the Board proceedings and that a true copy be tendered to Officer Esqueda as an expression of our appreciation.

Director Schaffer stated that he wishes that there were 50 more of Officer Esqueda in 50 different places in the course of a year. It certainly would be a much nicer world.

Director Widmer moved, and Director De Graff seconded the motion to approve the resolution. The motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

2. ORAL - - RESOLUTION HONORING METRA TRANSPORTATION EMPLOYEE ROBERT CONWAY

Chairman O'Halloran read the resolution into the record of the proceedings.

RESOLUTION NO. MET 13-02

WHEREAS, Metra Milwaukee North Line District Road Foreman of Engines Mr. Robert Conway was on duty on December 4, 2012 and learned via his railroad communications radio that train traffic in the vicinity of the Round Lake Station facility needed to halt due to reports of a woman intending to end her life by entering upon the tracks; and

WHEREAS, Mr. Conway was on duty at a work location in Fox Lake and promptly drove to Round Lake observing a woman in the parking facility east of the Round Lake station facility that had exited her vehicle and approached the right-of-way locating herself close to the tracks; and

WHEREAS, Mr. Conway via radio communicated with the engineer of an approaching train advising the engineer to slow down and be prepared to stop the train due to the development of a possible emergency situation; and

WHEREAS, due to Mr. Conway's quick and decisive actions the woman returned to her vehicle as she observed that the train was slowing down; and

WHEREAS, Mr. Conway continued to provide for the safety and well-being of the woman in that he pulled his vehicle behind her vehicle so as not to allow her to leave the location until law enforcement and emergency medical personnel arrived to provide assistance and appropriate care; and

WHEREAS, the swift and thoughtful actions of Mr. Conway averted what could have been a more serious life-threatening situation; and

WHEREAS, Mr. Robert Conway is to be highly commended for his actions related to this incident and for outstanding service in the execution of his duties as a Metra employee; and

NOW THEREFORE BE IT RESOLVED, that the Commuter Rail Service Board ("Board") of the Commuter Rail Division ("Metra") on behalf of Metra and its riders commend and gratefully acknowledge the actions and performance of Mr. Robert Conway for his demonstrated excellence in the execution of his duties.

BE IT FURTHER RESOLVED, that this resolution be read into the minutes of the Board proceedings and that a true copy be tendered to Mr. Conway as an expression of our appreciation.

Director Darley moved, and Director Partelow seconded to approve the Resolution. The motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Chairman O'Halloran commented that for the first two resolutions of the year, he doesn't think that they could pass something that says more about our staff, their concern, or their ability to keep a watchful eye on certainly what has become somewhat of a challenge for Metra. He would like to commend them. He can't think of any better way to start off the year, with Resolutions Number One and Number Two. He thanked the two individuals for what they did, and the difference that they made in those two individual lives.

Director Rakestraw added that he would like to say to Mr. Clifford and his staff that acknowledging these good things is very important to the continued effort of the staff to provide the services that is needed from Metra. He would like to add that Mr. Clifford found out about somebody doing something good and acknowledged it and this is a great thing.

MINUTES

3. Approval of the Minutes from the December 14, 2012 Board Meeting

Director De Graff moved, and Director Widmer seconded approval of the Minutes from the December 14, 2012 Board Meeting. The motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

CONSENT AGENDA

Procurement (\$100,000 or greater)

4. Change Order for Maintenance Service Agreement for IBM Printers
5. Contract for Construction Services at Metra's 18th Street Weldon Yard Shop
6. Purchase Order for Cisco Networking Equipment
7. Contract Change Order for Outside Counsel Litigation Services
8. Blanket Purchase Order for Police Uniforms and Duty Equipment

Real Estate and Contract Management

9. Inter-rail Agreement with the BNSF Railway Company
10. State Rail Agreement with Illinois Department of Transportation
11. Amendment No. 2 to the IGA with CTA and Pace
12. Metra's School Safety Program Sponsorship Agreement
13. Metra/Pace 2013 Consolidated Service Agreement
14. Electric Facility Service Acknowledgement with Commonwealth Edison Co.
15. Exchange of Property Pursuant to an Agreement between Metra and the Union Pacific Railroad Company

Chairman O'Halloran asked if any member of the Board wishes to remove an Item from the Consent Agenda. Director LaBelle moved and Director Partelow seconded to remove Item 9 from the consent agenda. The motion to remove Item 9 from the Consent Agenda carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Chairman O'Halloran asked for a motion to approve Items 4 through 8, and 10 through 15 on the consent agenda. Director Widmer moved and Director LaBelle seconded the motion. Chairman O'Halloran requested leave for the previous roll call. The Board granted leave, and the motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Alex Clifford, CEO, stated that Items 9 and 10 are actually linked together. Item 9 is the arrangement in which we are procuring materials from the BNSF and Item 10 provides for an agreement with the State such that Metra is being reimbursed for those costs along with the costs of Metra's labor to accomplish the project in the corridor. These items are before the Board because the State would like to continue its goal of implementing high speed rail, Chicago to St. Louis line, by no later than 2015. In keeping with this deadline, the State asked Metra to expedite the procurement of the Joliet project. The State originally applied for, he believes, TIGER grant funds and the original schedule was based on successfully obtaining that grant. However, the State was not awarded the TIGER grant.

Mr. Clifford continued that the State had to figure out how they were going to continue to fund this project and while they did figure that out, the end result is what he would call schedule compression. In other words, the State does not want to change the implementation by the 2015 schedule and now, because the schedule is a bit more compressed, more has to be accomplished within a shorter time frame. He explained that when the State discovered our normal procurement process takes about six to nine months, they realized that this will upset their deadline of 2015. The State asked if Metra can expedite the procurement. Metra staff proposed through these actions to procure the materials needed for this project direct from the BNSF. This is an allowable process under the bidding regulations and the State has agreed to this particular approach. The materials will cost about \$3.1 million, and the labor forces work will be approximately \$4.3 million, but again the State will reimburse Metra for this cost.

Joe Lorenzini, Chief Engineering Officer, described for the Board the Joliet Multimodal Transportation Center project. This project is part of the high speed rail program, and also will be part of the transportation hub center that the City of Joliet wants to take on. He then showed an aerial view of the Joliet Station and pointed out where the Rock Island line track was located. There are approximately 66 Metra trains that come out of the yard, cross the diamonds, stop at the station and wait to load. Once they load, they would then go on into Chicago. Again, there are 66 moves a day. He pointed out that on the north/south line, the BNSF, UP, Amtrak and Metra's Heritage Corridor trains run on that line. He said that there are approximately 59 freight moves, 10 Amtrak trains and the 6 Heritage Corridor trains. He also pointed out the connecting track, which is key to this discussion. He continued that the Heritage Corridor trains are stored in the storage yard near this connecting track. The trains come out of the yard, come down the connecting track, onto the Heritage Corridor line to stop and load to go downtown.

He explained that as part of the program, the plan is to build a new parking deck and a new station for Metra and Amtrak in the northeast quadrant. In the southeast quadrant there is already some parking in this area, which is going to stay. However, in the southwest quadrant this is where the new multimodal center will be going up. There will be more parking and a major bus facility at this center. He said that this project is being funded by the State, the City of Joliet and partially by Pace. The cost of the project is \$52 million. He then described where the new platforms would be going. He said that the old platform is to the west of the diamonds. The new platform will be moved to the east of the diamonds so that there will be no conflicting move between Metra trains and the freight trains. This will truly be a win-win situation for both parties.

He stated that the connecting track that he spoke about will now come into the middle of the new platform. Because of this, we cannot have a switch in the middle of the platform, so that connecting track will be moved and connected back into the main line further to the east. However, because of this move, signal work will need to be done as well as additional track work. Metra forces are going to be building this platform and providing communication on the platform, and the City will be rehabilitating the two bridges for the new track that is going in. Metra will be providing flaggers to protect the contract during the construction.

He concluded that all of the track and signal work is being done by Metra forces, and we are asking that the BNSF purchase the track and signal material for this project. The BNSF's purchasing

procurement procedures do meet all the State requirements because they are also purchasing the same type of material along the north/south corridor as well as the Union Pacific Railroad.

Director Huggins asked if Mr. Lorenzini was concerned about any cost overruns on this particular project, with the \$4 million that we have just for the labor part of it. Mr. Lorenzini responded that they have gone over that estimate many times and he is pretty confident that this is a good number. He asked Liz Flood, Senior Associate General Counsel, to comment. Ms. Flood responded that the \$4 million work is the cost determined by FTA regulations. She continued that the additives and the overhead is based on what Metra is required to do under federal regulation. This is for our own forces, and under union contacts. Our forces have the right to do that work, so this work would not go out for bid. She said that as far as the BNSF purchase of materials is concerned, Metra has held the BNSF to the same standard that they are giving the State, as well as an acquisition at their cost, plus their freight delivery charges and additives. Staff has tried very carefully to make sure that Metra is not being treated any differently than the State.

Director LaBelle asked if it is federal money coming through the State or is there actually State money involved. Ms. Flood responded that it is State money. Director LaBelle asked why we would still need to meet the federal regulations on this if it is State money. Ms. Flood responded that on the labor expenses, Metra has to comply with federal regulations.

Director Partelow asked what the anticipated completion date is for the project. Mr. Lorenzini responded that basically all of the railroads want to get their work done by this year, so that the project can progress in 2014. Once all the railroad work is done, there will be a completely new signal in place and then the existing signal tower can come down. This is where the new depot will be built. It is expected that the entire project will be completed by the end of 2014.

Director Schaffer asked what the materials that are being used are. Mr. Lorenzini responded that of the \$3.1 million being spent on materials, \$2.6 million of that is for signal. The balance is for track material.

Director McCoy asked if Metra is purchasing the material for the BNSF or are they purchasing the material for us. Mr. Lorenzini responded that they are purchasing it for us according to our needs. Director McCoy asked Mr. Lorenzini why we would not purchase it ourselves. Mr. Lorenzini responded that Metra's purchasing process takes longer than the BNSF's, and we are trying to meet the end of the year deadline. Director Huggins added that because of how large they are in their buying power, they could buy cheaper than Metra could anyway. Mr. Lorenzini responded that this is a reasonable assumption.

Director Darley asked if there is transparency involved in the BNSF process, and would Metra be seeing the invoices from the manufacturers. Mr. Lorenzini responded that Metra would be seeing the invoices.

Director LaBelle moved, and Director De Graff seconded the motion to approve Item 9. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave. The motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

DISCUSSION WITH POSSIBLE ACTION

16. Two Emergency Procurements

- 1) 547 W. Jackson Building Façade Inspection/Remediation Work
- 2) Purchase Order for LaGrange Road Station Emergency Stabilization and Temporary Repair

Joe Lorenzini, Chief Engineering Officer stated that regarding the building's façade, this building was built in 1912, and has a steel frame. However, there is a brick infill between the frame and then a terracotta face on it. The building is inspected once a year, according to city code. Every fourth year there is a detailed inspection. During the inspection workers found, on the east elevation and on the southeast corner, some loose terracotta and several areas where there was loose mortar. He continued that this work needs to be done right away, and staff is requesting approval to waive the normal bidding process for this emergency work. He continued that back on December 20th, at the LaGrange Road Station on the BNSF, a person in the area hit the accelerator instead of the brake and went through the wall of the station. He explained that this is a load-bearing wall, so action had to be taken immediately. Metra's own forces went out to put up some timber to shore up the ceiling to keep anything from caving in. Metra then went out for bids from several contractors to come in there and take out all the loose brick to put up more permanent shoring. This is what the first action was, and the second bid will be for the final brickwork and to finish up the work.

Director Huggins stated that he assumes that this cost would be reimbursed by the insurance company. Mr. Lorenzini responded that it would be reimbursed. Ms. Barnett, General Counsel, added that staff is working to get Metra's money back as we speak.

Director Rakestraw stated that he sees that on this issue there was time to go out to bid. He asked why staff didn't go out to bid on the terracotta project. Mr. Lorenzini responded that the terracotta project is much smaller than the LaGrange Station project. Also, there is not nearly as many people who specialize in terracotta projects. Lastly, we do have to report any violation when there is a terracotta inspection to the city so there is also a violation notice that is involved. The company involved in the work specializes in terracotta work and have done work for Metra in the past. All of the numbers have been checked and believed to be reasonable. Director Rakestraw asked if the authority to do this without bidding is the fact that it was identified as an emergency. Mr. Lorenzini responded that this is correct.

Director De Graff asked that given the age of the building, is the city's inspection requirement of every four years enough. Mr. Lorenzini responded that staff believes that it is fair because several years ago, Metra spent several million dollars on a major terracotta rehab on the building. Staff is confident in the process of a visual every year and then a major inspection every fourth year.

Director McCoy asked when this major rehab was done. Mr. Lorenzini responded that it was about seven or eight years ago.

Director Mulder moved and Director Darley seconded the motion to approve Item 16. Chairman O'Halloran requested leave for the previous roll call. The Board granted leave, and the motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

RECEIVE AND FILE

17. Corporate Website Report for the period of December 1, 2012 through December 31, 2012
18. Monthly Management Personnel Report
19. Metra Procurements of \$100,000 and Under for November 19 - December 14, 2012
20. Commuter Rail System On-Time Performance Report for November 2012

Chairman O'Halloran asked if any member of the Board had a question regarding the receive and file reports. No questions were asked by the Board.

21. ORAL - - STATE OF METRA OPERATIONS

Don Orseno, Chief Operations Officer, reported that the on-time performance for December was 96.9% , as opposed to 95.8% for last month. Of the delays, 56% were between six and ten minutes. He continued that of all the major delays, there were 66 freight delays, 29 mechanical delays, 20 track construction delays, 51 right-of-way accidents, and 76 switch and signal failure delays. He pointed out that on the switch and signal delays, last month there were close to 153 delays. A question was asked on why there were so many delays. He wants to make sure that everyone understands that one switch or signal failure at the wrong time of day at Chicago Union Station can cause 30 to 40 delays. It is the domino effect. It is not individual signal and switch failures, it is an accumulation. For the December 2012 on-time performance by line, there was only one line below the 95%. Everything else was about 95%.

Director Partelow asked about the 76 delays for switch and signal failure delays and asked for an explanation. Mr. Orseno responded that this includes any of the delays that are on lines that Metra owns. If we are operating on a line that is owned by another railroad, such as the Heritage Corridor running on the CN line, if there is a problem on the CN there will be a problem for Metra as well. He said that of the 703 trains that we run as revenue trains, that really is not a lot of delays. Director Partelow asked if there is a relationship here between state of good repair and the failures. Mr. Orseno responded that state of good repair will definitely help on some of these issues, and is very prominent in any type of item that you have wear and tear on.

Mr. Orseno continued that on December 24th, there was a derailment of train number 7452. This was a deadhead train into Chicago Union Station. We did not experience a lot of delays because there were some alternate routes at the time it happened at Chicago Union Station. He added that he also wants to point out that there were no injuries. There were no passengers aboard this train, and the employees provided a very timely response, and again there were no delays. He stated that

as this happened on Christmas Eve, employees came out on their own, without even being asked, from the yard to help. If it wasn't for the dedication of those employees from many different disciplines, police, transportation, mechanical, the managers, we would have some major delays. He explained that he would next like to discuss Metra's on-time performance throughout the years. Metra's 2012 on-time performance has vastly improved over 2011 and a lot of that has to do with the amount of communication that staff has with our freight partners. Staff constantly meets with our freight partners. There are two teleconference meetings a day, and any delay that happens is talked about while the people are still at work to try to figure out what the problem is. This is paying dividends for us. Director LaBelle remarked that the other part of this comparison is that in the prior years, we were treating some delays differently than we are today. Mr. Orseno responded that this is correct.

Director Schaffer stated that he never ceases to be impressed by the dedication of the Metra staff. He then asked what caused the derailment. Mr. Orseno replied that the derailment was caused because there was a worn track and also the elevation of the track at Chicago Union Station's property. It was considered a combination effect. If you went out and looked at it you just wouldn't see one thing, there is a lot of track dynamics with interaction with the truck and the rail. Because of the elevation change and the worn rail, when the car came around the curve, it actually climbed the side of the rail. Amtrak has checked all the rails at Union State to make sure that everything is up to snuff.

Mr. Orseno concluded with the introduction of Pete Zwolfer as the Chief Transportation Officer. He said that after graduating from Northeastern Illinois University in 1983, Mr. Zwolfer began his career at Metra as an entry-level clerk. Two years later, he was promoted to an Assistant Trainmaster and since 1986 he has held various positions from Trainmaster to Senior Director of Suburban Operations on all three Metra districts. He was the Superintendent of the Metra Electric District for nine years, and also Senior Director of Suburban Operations at CUS for five years. He added that Mr. Zwolfer will celebrate his 30th year with Metra in August, and asked the Board to join him in congratulating Mr. Zwolfer. Chairman O'Halloran and the Board congratulated Mr. Zwolfer on the job of Chief Transportation Officer.

Director Huggins commented that he recently attended the NRC convention in Miami with Director Rakestraw. He said that he has to say that as a Board member he was very proud to have all of the railroads talk about what the Metra agency does on a national level. Metra is very well respected and he understands that there was a gentleman by the name of Al Bobby whom he understands just retired from Metra, who was very well respected by those in the railroad business. He stated that as he has always said as an agency it is truly amazing the people that work for this company and how very well they are respected. He would like to constantly commend management, and Director Rakestraw and he were truly pleased with the feedback that came from the railroads across the country as to what they think about Metra as an agency.

22. ORAL - - MONTHLY FINANCIAL REPORT

Tom Farmer, Chief Financial Officer stated that the budgeted passenger revenue was \$1.5 million unfavorable to budget, and other revenue was \$1.4 unfavorable to budget. He explained that there is a little bit of a story behind revenue that he would like to discuss. He said that when you do the

budget for your revenue, you look at your annual ridership and such to try to lock into a number and triangulate it several ways so that you can feel good about that annual number. Then you spread it among the months. When you spread it among the months, you look at the prior year's history and you use that to spread the number. However, he continued, staff used early December last year, and November was still kind of fresh in terms of the data. November, though, was a very high month. It had some anomalies in it that if they had more time to look at the data, they should have realized that they should have taken that and spread it. He said that although the full year number is good, the revenue should have been spread better. He explained that what he is saying is that passenger revenue of \$1.5 million really is more the fact that they did not spread it among those few months as opposed to what happened to the ridership. The ridership did not just suddenly disappear on us. In fact, when the Board looks at the ridership numbers they are much closer. He stated that the next question that he asked himself was why the financial budget didn't look like the ridership budget. The answer to that is because the ridership budget was cut off fairly early in the year, such as June or something like that, and the financial budget was done in December. The team thought that with the benefit of the November month, it would have been an improved number. It turned out that it was not. He continued that Ms. Ciavarella would explain the anomalies that made November a rather strange month.

Mr. Farmer continued his financial presentation and stated that in terms of other revenue, we have the grant project credits. Essentially the lack of capital money flowing in continues to hurt this number. This is a trend that they have seen all year, and something that will be seen again in the December numbers. He thinks that with the advent of PTC work coming to us next year, we will start to see that stabilize. He does not think that it will drop forever to zero. He stated that the only other thing he would like to talk about, because most of these items are pretty close to budget, is the claims and insurance number. He pointed out that for November, there was a pretty good month in claims and insurance. However, the Board may be wondering why one month this is \$1 million unfavorable to budget, and the next it is \$1 million favorable. He explained that the problem with claims and insurance forecasting is it is kind of lumpy. In other words, based on Metra's history, he has a pretty good idea that they are going to spend approximately \$19 million in claims and insurance over the course of a year. However, the problem is he really does not know what month that is going to come in. In an ideal world, the plaintiffs would file a nice medium-sized lawsuit every 12 months, but that does not happen. He said on a full year, he feels pretty good about the forecasting ability there, but on the month it is up and down. The team does its best to try to forecast what is coming.

Chairman O'Halloran stated that it sounds like there is somewhat of a disconnect timing-wise with respect to the forecasting on ridership versus the forecasting on the budget. He asked if this is something that can be tightened. Mr. Farmer responded that the team has already had that discussion, and they are taking steps in 2013 to make sure that it is more in sync.

Mr. Farmer stated that for the month, again largely due to the revenue issue he just spoke about, the revenue recovery ratio was unfavorable to budget. On a full year basis, though, we are okay. On a full year passenger revenue is favorable to budget and tracking fairly well with the ridership numbers. Other revenue is again largely the grant project credits. This is under budget and will likely be that way in December. In the other items, the story is not much different, but for operations and maintenance, it was partly a good winter. There was no snow in November, and

basically none in December, so we did really well earlier in the year, and also a lot of unfilled positions and other good attention to spending helped favorably. On the administrative and regional services this was favorable to budget due to the vacant positions. In terms of diesel fuel, that number is about an \$800,000 price variance and \$500,000 usage variance. He said that this has really been a very accurate fuel usage and price budget for the year. He continued that regarding claims and insurance, that is over for the year and this is largely because at the advice of our auditors, we increased our reserves and again that was just an accounting accrual entry. This was not an actual expenditure of funds. Lastly, for the full year Metra is about 2% better than the recovery ratio budget.

Director Schaffer asked if the \$2.3 million unfavorable to budget under the security operating assistance is due to NATO. Mr. Farmer responded that it is not. He said that this is due to a small dispute with the RTA over how that should be described. This is money that is actually funded by grants from the Department of Homeland Security. When speaking to the RTA, he commented that this is funded by grants, and since it is not charged, he said that he is going to keep this out and just treat it like other capital expenditures. The RTA said no to this. They said that what they want Metra to do is actually show it as tax funding, which does not show up here, and then show the cost here. He said that he lost this dispute. The team has remedied that situation also for next year, adding it into the tax funding and also included a line in the expense budget to show that. Director Schaffer asked if we are reimbursed for that. Mr. Farmer responded that we have been reimbursed for that. This is not any budget variance in the sense that we overspent. Director Schaffer asked what this is exactly. Mr. Farmer replied that what it would be is money that is provided to Metra by the government, for example, perhaps for the Taste of Chicago. The government might say that they think that there might be a security risk out there so they want us to put on a surge to make sure the trains and stations are safe from hostile acts. This is what that kind of thing would fund. Director Schaffer remarked that he would think that we would be making the decision when we believe there is a security problem. Mr. Farmer responded that we would, but this is the kind of grants that they give us to fund, and then we chase the money.

Director LaBelle asked where we are right now with the diesel purchase situation. Mr. Farmer responded that staff has looked at this quite a bit. As the Board knows, we purchase about \$25 million a year of fuel. The spot price on the market as of the other day was \$2.93. The budget price is \$3.22. Staff has been checking our ability to lock diesel fuel prices and for the first quarter the number was about \$3.30. For a full year, the number was about \$3.39. He continued that staff has talked to several energy consultants on this sort of thing, and they have said a couple of things. One is that you probably do not want to lock yourself into a hedge or a futures contract in this case when diesel is at an all time high. The second thing that they said is when you look at the spreads between the spot and the hedge you want to look for about a 15% premium. He stated that they said that if you can get something like that it would be good. If it is a little more than that, you are probably not getting a good deal. Since the spot right now is running around \$2.93, we would be looking for something at maybe around \$3.08. The fact that we are seeing the numbers at \$3.30, \$3.35 this is not a good deal, and the energy consultants said that we should not do that. Director LaBelle asked what they assumed in the budget for diesel fuel. Mr. Farmer responded that for this year, they budgeted at \$3.22, and since we have been running about \$3.00 on average this year, we are beating this so far. He added that in 2012, fuel was budgeted at \$3.12. Staff was able to lock in

75% of the usage at \$3.085, and the amount that we are going to buy at spot, the other 25% of our usage, was budgeted at \$3.22.

Director McCoy commented that he knows that he has asked this before about the security operating assistance. However, to understand better, this is shown as an expense this year, but Mr. Farmer wanted to treat it like an off budget pass through money but the RTA said no. Mr. Farmer responded that what he is doing is showing it as a line item in his approved budget, but in fact, Metra is being reimbursed for every dime of it. Director McCoy asked if this shows up in revenue. Mr. Farmer responded that it shows up not in the revenue that is seen here, but in the tax funding. The RTA said that because it is coming from the government, you want to treat it like sales tax coming in.

Mr. Clifford asked that Mr. Farmer describe what was done in the FY13 to correct this. Mr. Farmer responded that what the team did in 2013 is looked at what the 2012 expected expenditures are, and added a line in the tax revenue to the RTA's tax marks. The RTA said that this is how much they think we will get in sales taxes. Staff said that we want them to add this in because we are going to get this for grant funding. The number was about \$3 million, or so, and was added as a corresponding offset in the expense budget. Director McCoy asked if this should balance out next year. Mr. Farmer responded that it would.

23. ORAL - - COMMUTER RAIL SYSTEM RIDERSHIP REPORT FOR NOVEMBER 2012

Lynnette Ciavarella, Senior Division Director of Capital & Strategic Planning reported that during the month of November, Metra provided 6.8 million passenger trips, which was a 4.5% decrease when compared to the previous month of October. She pointed out that this is normal, given that October is one of Metra's strongest ridership months, and as we enter into the holiday season, we see fewer work related trips. This is why November ridership is typically lower than October. When comparing November ridership to the previous year, there is a 3.2% of a decline even though there were the same number of weekdays, Saturdays and Sundays as last year.

She continued that there are a couple of items to note, which is what Mr. Farmer was referencing during his presentation. She would like to point to the ticket sales themselves. When staff looked at monthly tickets bought for November, there was a decrease of about 2%. While this is a decrease in the monthly tickets overall, when you compare this to the previous year, you will notice that 2012 is actually the fifth highest monthly ticket sales that we had, so actually it is a fairly good month in terms of monthly ticket sales. She stated that another thing that staff noticed is when looking at ten-ride ticket sales, you will notice that there was a 10% decrease when comparing this back to 2011. However in 2011, the sales were higher than what we would normally anticipate for a month of November. On average, Metra sells about 146,000 ten-ride tickets a month. In 2012, 154,000 ten-ride tickets were sold, which is more than what the ten-year average is. In 2011, 172,000 ten-ride tickets were sold, which is well above the average. Part of that anomaly could be a couple of things. First of all, there was the Senior Ride Free program that was discontinued in September 2011. She believes that in September, October and November many seniors were figuring out what type of ticket they may buy. Also, the fare increase was announced, which was a rather substantial fare increase. While stockpiling measures were implemented, they were not implemented until the middle of November. This may explain some of the shift. When she looked at every single month

for the entire 30-year history that she has, ten-ride ticket sales for November of 2011, ranks number six, which again, is extremely high for a November.

She explained that when staff looked at the one-way ticket sales, the conductor onboard sales decreased 16.9%, which is in contrast to the fact that the number of one-way tickets sold at the stations increased 6.3% and the weekend tickets increased by almost 37%. She mentioned that the large spike in weekend ticket sales is associated with the fact that in 2012, Metra offered a special weekend ticket for Thanksgiving Day and the day after Thanksgiving. On those two days, riders were able to purchase a weekend ticket good for those two days. In 2011, this particular ticketing option was not offered, and people would have needed to buy either a one-way ticket or a ten-ride or use their monthly pass on those two days. She added that in addition, staff believes that the increase in one-way ticket sales could be attributed to the implementation of ticket vending machines at the downtown terminals. The TVM's have become quite popular at the downtown stations.

Ms. Ciavarella stated that when they looked at the reduced fare and the free trips and mapped it out, they noticed that ridership is pretty similar when the two populations are added together. However, if you break them apart, you will actually see that in November 2012, Metra provided 10% higher free rides than in November 2011. On the converse side of that, Metra sold about 2% fewer reduced tickets in 2012 versus 2011. Population again is about the same. This was just a slight shift in free rides versus the reduced tickets that were paid. She said that year-to-date, when comparing last year, there is about a 17% decrease in overall free rides and reduced rides. In 2011, there were 5.3 million trips year-to-date, and for 2012, there have been 4.3 million passenger free trips. Looking at a line level, for most part every rail line experienced a decline. Those declines varied from .2% on the UP West Line to .7% on the North Central line.

She continued that year-to-date Metra provided 75 million passenger trips, which is 1.4% lower than the same time period of 2011. She stated that we are about .9% favorable to overall budget ridership productions for year-to-date. She explained that just to key on one of the points that Mr. Farmer made. When staff looked at the ridership forecast during the budgeting season, this was in the September time period. However, staff had actual data up until June and at that point froze the ridership forecasting. The team did not go back and true up, so to speak, as they were forecasting off of 2010 data, which explains a little bit of the anomaly. She said that Mr. Farmer and she have been speaking almost daily on what needs to be done, and will come up with a solution in terms of making sure that the two become more in sync.

She concluded that based on the latest trends that she has seen for December, she is estimating that Metra will provide 81.3 million passenger trips for 2012. This is going to be a decrease of 1.7% over the 2011 numbers, and if the Board recalls, staff did factor in a slight decrease in ridership based on the fare increase, so we are right on target from what was budgeted.

Director Darley remarked that just looking at the last seven years, ridership is either down or flat. He asked if there are any plans to grow ridership. Mr. Carlton, Chief Communications and Marketing Officer responded that he does have plans. He said that at a very high level last year he asked his team to sit down and develop a comprehensive plan across marketing and communications. He continued that today he would like to talk about a very specific initiative to

grow Metra's ridership by 2%, and this campaign will be launched this month. It is a full year campaign, which will be focused on two specific markets. The first market would be the potential riders that are already here in the central business district. Staff is looking at some ways to get their attention. Currently, the Marketing department works with companies who are relocating to the CBD. He said that staff is adding to that outreach to include some of the building management firms, as well as other relationships that we have, so that we can get directly to employers and employees. The other target segment that his team is looking at is the folks who are sitting in their cars on the way downtown to their jobs. His team has developed a fully integrated campaign that looks at billboards, radio and digital elements to target those segments specifically with messages about the benefits of taking Metra.

Director Darley remarked that he thinks one last area that should be looked at is the increase of the tax-free fare benefit program from \$120 to \$240, or whatever the numbers are. He said that he has talked to a number of people about this program, and asked if there is a way to make this easier for the small or midsize businesses. He feels that this can be an opportunity. Mr. Carlton responded that this will be part of their message strategy as his team reaches out to these local firms here in the central business district to make that part of the conversation.

Director Mulder asked if staff has looked at whether or not people went back to driving to work because of the decrease of gasoline prices. She asked that secondly, has staff looked at how many employers are allowing their employees to work remotely because of technology. Mr. Carlton stated that on the second question about technology, staff does not currently have any really good data that would tell us the number of firms or the number of employees that now have policies that allow them to telecommute and have jobs that allow them to telecommute. He believes that over the past five years there has been more opportunity for employees to telecommute or work from alternative locations. However, at the same time there has been some report of companies saying that they are pulling back on those policies. Director Mulder remarked that every time the thought of discussion goes forward on a fare increase that impacts people, she is sure that we do lose a percentage. However, she has to wonder whether or not we gain those riders back after a few months. Mr. Carlton responded that this is a very interesting point. He said that just recently his department did a survey and reached out to about 40,000 of their marketing database, as well as those who follow Metra on Twitter. He continued that they asked them to take a short survey, and the early analysis of that survey said that the cost factor does not seem to be among the top one or two issues. From the survey, what his team saw more of tends to be around flexibility of schedules, and their work or the ability for them to actually have a train that they can get to. He pointed out that this gets into a bigger issue, though, which is the capital dollars that Metra would need to provide that extra service. He added that the messaging for our traditional riders will include some messaging points of the convenience, the cost and dollar savings that they do not have to spend on parking or gas, which is a part of the attributes that influence their decision to take Metra.

Mr. Clifford asked that Mr. Carlton speak about attrition. Mr. Carlton responded that when looking at the survey, one of the biggest factors around attrition was that they simply did not have a need. They had either changed jobs or lost a job. He thinks that folks that are employed and continue to stay working, if they take the train they continue to take the train. It is convenient, it saves time, and saves money. One of the biggest factors is around people losing a job or changing a job. The train then is really not an option for them anymore.

Director Rakestraw said that he is wondering if staff has looked into Director Huggins request for parking lots in the city. He continued that it would seem to him that Metra should conduct a survey or a study to see what impact parking lots in the City would have on increasing ridership. This is definitely an area he believes warrants some attention to see if bringing parking would improve the ridership at those city stations. Mr. Clifford responded that, as mentioned last month, a study will be conducted as part of the strategic plan. He continued that the team, including Mr. Smith, Ms. Ciavarella and Mr. Carlton, are working together to identify those potential opportunities and will bring this back to the Board as they become identified and may become an opportunity to take advantage of.

Mr. Clifford continued that the point that he asked Mr. Carlton to make about attrition is an extremely important point. In any given year, he believes approximately 13% of our ridership will be gone due to normal attrition, people losing their jobs or what not. This is a very high percentage. However, with this survey it has shown that people are not leaving in droves because of the fare increase, it is this normal attrition that occurs. He said that we cannot control people losing jobs, or having their hours change. However, Metra staff does need to figure out how to aggressively replace those riders, and in his short experience being at Metra, the existing marketing program needs some help. Some of these programs have become a bit stale. For example, some of the signs on the freeways need to be refreshed periodically. People may notice them the first time the billboard goes up but then they just don't pay attention after that. These messages need to be refreshed. He explained that also there are ongoing discussions that we are having about Wi-Fi and electrical outlets on trains. He pointed out that a lot of the Metra riders are new riders, many of them are younger, but regardless of age they all love their devices and we need to figure out how to help accommodate them. He concluded that the team is going to be making some real aggressive moves to try to address that area of attrition, because this is where the ridership loss is coming from.

Director Huggins remarked that he thinks that Metra needs to do a better job of trying to get riders in the City of Chicago to start using Metra. He does not think that we are marketing this in terms of where the Metra stations are located. There are a lot of people who don't even know that a station is in their area. He believes that they don't see the signage directing people to use our trains. He also believes that we need to look at the pricing structure. He said that Metra has an opportunity now that the Red Line is going to be reconstructed for five months. He stated that Metra needs to look at a marketing plan to get people to start using the Metra trains in the City of Chicago. He thinks that this could be a huge market for Metra and a big increase in ridership. Mr. Carlton responded that his team is working on a marketing campaign to promote the ten-ride ticket as a convenience pass that does not exist on a one-way ticket. The campaign will mention the length of time that you can use it, as well as the ability to only go to the ticket window once for ten-rides. Some other tactics include station posters, rack cards, as well as, asking the conductors to hand out a card to folks who may or may not be using a ten-ride to let them know the convenience benefits of this ticket. He continued that as part of their broader campaign to get the message out, they will be looking at using media that specifically reaches folks who really do have an opportunity to take the train. He explained that they will be looking at billboard and radio use, particularly radio that we know they listen to. He concluded that they will also be trying to recruit some younger riders through some digital media, and will also refresh all of the billboards that are currently out there to get the message out about the benefit of riding Metra.

Director Huggins then asked about the pricing structure. Mr. Clifford responded that the Board members are the policymakers, and this is certainly a decision that they would need to make. However, he continued, from previous staff presentations he would not recommend decreasing the price of a ticket within the City. What he would recommend is to actually fix the A-B Zone problem where the fare is actually underpriced. He said that staff will take guidance from the Board on this issue, but this is something that staff talks about annually when we go through the budget process and talk about fare increases and fare structure.

Director Mulder remarked that Metra used to do a lot with promoting weekend family pricing, usually in conjunction with special events in the city. She knows that some of those things have been cut back by the city, and asked if this maybe one of the reasons in the decrease of ridership. Ms. Ciavarella responded that, in terms of ridership, what her team sees is that the monthly ticket holders are the ones that have the most influence on the overall ridership numbers themselves. However, monthly ticket numbers have come down compared to last year. She said that the discretionary and weekend ridership tends to go up and down depending upon the events that are actually being offered in the City of Chicago. Weather, too, has a big impact on the discretionary riders. It is difficult to pinpoint those programs to say that this is the discretionary riders. The loss in ridership is more along the lines of the everyday commuter.

Director McCoy stated that he agrees with all the comments on marketing and he spoke to Mr. Carlton a little bit about this before the meeting. However, he thinks that one thing that Metra needs to really improve on is how staff collects demographic data of the users. He said that he knows that it is hard to get demographic data out of Metra because he has tried many times on different occasions, and what he receives is the results of a customer survey from 2005. In order to develop proper marketing strategies to increase ridership you must have an up-to-date current and accurate analysis of what is happening. This is something that Metra does not have. He continued that all of the marketing ideas are good, but they are just ideas, and he does not see a lot of backup data to say that this is the right thing to do. He thinks that when Metra gets into a more modern ticketing, and maybe Wi-Fi, he believes that it will be easier to collect more data out of the users so then we would know how to increase the ridership. Mr. Carlton remarked that he is actually a big advocate of collecting data before we launch any sort of campaign, and unfortunately, we do have limited data about Metra riders in term of their demographics. He pointed out that the campaigns that have recently been developed are for the team to get hold of that data and analyze it with some reasonable assurances, focusing on the right segments and the right messages. This is, of course, aligned with a media plan to touch those segments of where they work and live. He added that for this 2% campaign he spoke about earlier, the team sent an email survey out to try to get some additional data specifically around messaging and the attributes that influence folk's decision to ride Metra, but more is always good.

Ms. Ciavarella stated that as a point of reference, the RTA did work with the Service Boards on a customer satisfaction survey back in 2011. Some of these results have been shared with the Board, and right now her team is crunching some of that data. Once the data is validated, staff will be able to use that information. The RTA is gearing up to do another round of that survey this fall, and as a matter of fact the RTA plans on conducting a customer satisfaction survey every other year. She said that in terms of getting better demographic data and having that data available, this should be forthcoming and is something that staff is working on with the other sister agencies. She added that

it is important to note that it is not only Metra data, it is also the data that is being done with CTA and Pace. This allows staff to track and see the transfers between the agencies, the trends that they have versus the trends that Metra has, and the overall performance of not only the region, but then being able to bring it down to our level as well.

Director De Graff remarked that earlier today, there was a message about sharing the idea of consolidated service agreements. Speaking of data, and about ridership in the City of Chicago, he is wondering whether there is any recent data or needs to be accumulated; data relative to reverse commute. He pointed out that we always think about commute from the suburbs and/or the city into the city. He asked if there is a growing or decreasing amount of reverse commute, and does this play a role in the marketing of Metra in 2013 and beyond. He continued that if it does, and if indeed there is a shift or an ongoing shift, it seems to him that there maybe a significant amount of ridership if we were to begin to key in upon that market. Mr. Clifford responded that Director De Graff is absolutely right. Again, one of the guiding principles for Mr. Carlton and his team is to grow that market. He continued that Mr. Baltutis earlier today spoke about the Lake Cook Road shuttle. This is an excellent example. He has asked the team to see if this type of service can be used elsewhere in the six-county region. He pointed out that he is not as enthusiastic about those kinds of things on the inbound where we are already covered. It is the outbound movement where there is a lot of capacity. Director De Graff remarked that this is the area he believes that the vacuum exists. In his mind, historically, you think about everybody coming from the suburbs to the city, and we talk about increasing ridership in the city. He is not sure that all the people in the city go to the city. Some people go south and west and northwest and north, and it seems to him the focus could potentially be on providing that kind of ridership from the city out.

Director Rakestraw stated that he just wanted to reiterate what was mentioned earlier, which was that there are too many Metra stations in the City of Chicago that have no signage at all. People just don't know that they are there. When you speak of reverse commute, obviously Metra will get more ridership if people know where those stations are. He pointed out that it is kind of embarrassing that there are stations that really have no signage, no lighting to let people know that they are actually safe to enter. He said that this definitely needs to be looked at, and he hopes with the state of good repair plans, that this will be part of the solution.

Chairman O'Halloran asked Ms. Ciavarella if we are doing any peer comparables with respect to the market, and what is happening with their ridership compared to Metra's. He added that if so, he thinks that the Board should get that information perhaps on a quarterly basis. Ms. Ciavarella responded that her team surveys the peers pretty much every month to see where they are. This information is sometimes put into the ridership presentation. However, it was not included in this month. She continued that right now the trend is kind of a mixed bag across the board. Some agencies are down. She believes that for the month of November, ridership was down for most. She stated that we are going to have to keep in mind all the storms that Metra's peers out east have had, especially when looking at the statistics. She pointed out that she would have the peer information available on a quarterly basis for the Board.

Chairman O'Halloran said that he has one more comment, and he believes that this will be touched upon later this afternoon. He thinks that everyone knows that the big challenge right now is getting proper information to make the proper decisions regarding the antiquation of the Metra system.

Once we go to an automated system, a system that can give us data continuously, where we can understand where people are exactly getting on the trains, where they are buying their tickets and the movements of everyone that is on that train, we will be able to do a much better job. Until we get to that type of a system versus the current ticket punch program, it is going to be a challenge from a standpoint of pricing, or from a standpoint of marketing. He thinks that once we can start to collect that data, we can start making a lot more informed decisions.

Director LaBelle commented that this is a great discussion, and it does set up for the afternoon meeting. In his mind this is one of the key things that should be thought about in every investment that is made. What is the payback going to be in terms of improved service for customers, which means more people will use the service, so he is definitely in agreement with what has been said during this discussion.

Mr. Clifford stated that he wanted to double back to support the comment that Director McCoy made as well as the Chairman. He continued that certainly as we move into better technology, we will collect better data. He knows that Mr. Carlton's team is going to look forward to that. He said that it has certainly been frustrating that there has not been an origin and destination survey since 2006, and as a result of that whenever we get questions, we reproduce 2006 data. This should have been done much more frequently, probably every two years, and it will be done this year. He concluded that we need to know where the customers board, where they are going and update the marketing program appropriately.

24. ORAL - - REGIONAL FARE PAYMENT UPDATE

Lynnette Ciavarella, Senior Division Director of Capital & Strategic Planning, stated that staff has been providing regular updates to the Board on where we are with the regional fare payment. We are on target, and have produced through the working group an RFP for the project management oversight consultant to manage the fare product. She hopes to get that released towards the end of this month. The RFP is going to have a development and government process. It is one of the work tasks that the consultant will have. They will look at the overall solution and look at trying to integrate that solution into the agency as a whole. She continued that one of their work tasks is going to help us through those pilot projects and to understand and learn from those. The final task that the consultant will have to help us develop the final procurement for the solutions as well as do the oversight of the actual implementation. She said that we understand the urgency and the need to move the project forward and we are bumping up the timeline as quick as we can.

She explained that initially they proposed to have the PMO coming onboard first, then the pilot projects, having them actually work on the RFP for us for the pilot projects and then being able to release those. She said that the RFP pilot project has been bumped up considerably. In fact they have a working draft that is working through the working group right now. They hope to release that in February. What this means is that they hope to get back to the Board with a final selection on that group for the June Board meeting, understanding that there is not a July Board meeting.

She said that the pilot project RFP is going to have a variety of different solutions. We are going to ask specifically for a mobile ticket solution. We are going to ask specifically for sales on credit card transactions, and will also ask them to solicit other thoughts and ideas in addition to that, with the

idea that we will be able to do one, two or three pilots in the fall of next year. Once we get them onboard in June there will be a little bit of time for them to wrap up and then to actually implement the pilot. She said that we will test that pilot program out, and once it is tested, we will be able to go ahead and have the PMO do a final RFP. In addition, the team will be working very closely with the other peer agencies, MBTA, DART and SEPTA. There is a general consensus around the commuter rail properties that we want to learn from everyone's mistakes, so that anything we have learned can just help with the process and the projects moving forward.

She continued that this is specifically with mobile ticketing. Pretty much the majority of the commuter rail properties in some fashion are looking at mobile ticketing. They either have an RFI and are doing some kind of pilot project or are experimenting with it. She stated that later this afternoon, her team has a conference call with the working group and the working group of DART to walk through where they are and some of the lessons that they have learned. Everything from the peer research has been information on both the PMO RFP as well as the RFP for the pilot project, and they continue to do their best to coordinate with the RTA and the outreach with them. The RTA is aware of the timeline. She concluded that the RTA is supportive of the timeline. Also, as the Board is aware, they have provided ICE funding for the first year, plus the commitment for an additional year of the PMO contract. They will also help us through any of the pilot projects if there is any funding that Metra will need for the pilot projects.

Director Rakestraw asked if any of these projects will be directed to joining the CTA and Pace's common process that they are coming out with this year. Ms. Ciavarella responded that in essence they can be. What they are looking at is mobile ticketing and mobile ticketing can be ultimately tied to some kind of credit card. A credit card is what the Pace and CTA system is going to be based on. If we have a mobile ticketing solution their credit card would be able to be used as a basis for the mobile ticketing. With onboard credit card sales, if we are able to implement that and work through that test pilot, the credit card program that the CTA and Pace will be using will be able to be used. She said that these are just two of the ways that the CTA and Pace solutions could be incorporated into some of the work that Metra is doing. This may not be the only solution and the only way of doing it, which is why there is that other solution. There might be some other way and we will let the vendor community come back to us and make some solicitation and proposal on that.

Director Rakestraw commented that in this process it seems to him that Metra is starting basically from scratch. He stated that we are not utilizing their consultants that they have hired to develop their technology, or networking with them. He asked how is that going to be done. Mr. Clifford responded that the history of that is that the CTA actually went out there on their own. He continued that if we could turn the clock back, he would have preferred that there had been a collaborative effort to finding a solution. However, we are in the unfortunate position of trying to figure out what the right solution is for Metra and how to integrate that properly into their solution to meet the 2015 mandate. The card that the CTA and Pace will be using is the Ventra card, which is a credit card. If Metra finds a solution for onboard sales, that will be great. They should be able to use that onboard and then in addition to that, of course, we have the point of sale devices, which they should be able to use down the road. He believes that there will be good integration with that down the road. He stated that as Ms. Ciavarella pointed out, if the technology community comes up with something new that can really work well for commuter rail, we are going to put it out there so that it offers the opportunity to present us that solution.

Director LaBelle asked that when all this is done, if he is a CTA customer and he wants to get a Metra ticket, will he be able to get it at a CTA station, or if he is a Metra rider and he wants to get a CTA ticket can he get it at a Metra station. He asked if this will be in the plan. Mr. Clifford responded that he thinks that it is premature for us to say anything like this today. He certainly believes that this would be on our list of goals to try to obtain through this process. However, this does require a clearing function or a back office function. But this is part of what has to be started out down the road.

Chairman O'Halloran asked if there is any way to accelerate the second part of this program, the pilot programs. He hears about this all the time about onboard sales, and asked if we can't get the same thing the airlines or the rental car companies have, whether it is turning in a car or buying a drink. He would think at the end of the day no matter which direction we decide to take something of that nature would have to be part of it. Ms. Ciavarella responded that staff will go ahead and look at bumping this up as quickly as they can. This can be a little more complicated than just giving the conductors handheld devices. There is the connectivity, the learning curve, and the infrastructure. The intention is to have the RFP out to get the Project Management team on board. If they can shorten that time window we will look at that to see how they can expedite it further.

Director Rakestraw asked if Metra put out an RFI. Ms. Ciavarella responded that we did not do an official RFI, but over the last year, staff has met with a variety of different vendors. Staff has sat down with them and talked about what information they have available. This has been open to anybody from financial institutions, to people with the mobile ticketing devices, to TVMs, to passenger accounting. With the RFI, you would have to go through a procurement process with that. Then you would have to go through another procurement process and possibly do a pilot project. After discussions internally, it was determined that we did not necessarily have to do an RFI, that we could do the RFP to get the pilot projects. This was one way of expediting the process a little bit.

Director LaBelle asked if the cell phone ticketing would be part of the pilot program. Ms. Ciavarella responded that mobile ticketing would be part of the pilot program. She explained that some of the vendors said that you would have to have a smart phone, and other vendors said that one of the solutions could be a text message. Some of the solutions only worked on a Blackberry. What the team is going to ask is for them to actually come in and do that proposal for us. The way she sees it, and the way a good portion of the working group sees it, is that it would allow somebody who wants to get on the Metra train to pull out their phone and purchase the ticket right from the phone and board the train. This would be their paper ticket, so they wouldn't have to wait in line.

Director Schaffer remarked that he strongly suspects that one of the things that we are going to end up with is giving the conductors some form of wand or gadget. He continued that Director Mulder and he was discussing this a couple of train rides ago. Both of them ride the UP/NorthWest line, and of course, the conductors are UP employees in a Metra uniform. He said that he noticed on their belt massive sets of large keys, radios, flashlights, etc., and he is concerned that if this wand is too heavy, we are going to start to have wardrobe malfunctions. He asked if there is a reason as to why they have to carry all this stuff. Mr. Clifford responded that Mr. Orseno, who represents Operations, has been very in tune to that, so we are very cognizant of that. Whatever the solution is, it might be whatever this device is that validates smart phones, may also be the same device that

processes credit cards. However, again, he is very aware that we need to be careful about putting one more thing on the tool belt.

25. ORAL - - OFFICE OF BUSINESS DIVERSITY & CIVIL RIGHTS QUARTERLY UPDATE

Janice Thomas, Director of the Business Diversity & Civil Rights Office, stated that over the third quarter, her department received and reviewed 49 files, which is a combination of initial files, firms who are applying for certification for the first time, and affidavits of no change. Annually you are required to go through the no change process, and the continued eligibility affidavit is the five year renewal process. The department also reviewed the personal net worth of 49 firms, which is done for all categories of businesses to make sure that the majority business owner's personal net worth does not exceed the \$1.32 million. In that process, her team also approved 51 files. Two of those files were denied. Staff conducted 15 on-site interviews, and had three withdrawals/removals. The total number of files processed during the third quarter was 169. For the year, the number of files processed was 242.

She continued that during the third quarter, there were only nine contracts awarded under the capital/operating contract compliance. The value of those contracts was \$29.3 million, with the DBE participation at \$5.1 million. The DBE's that participated in those contracts are for HVAC, electrical and construction contracts. Director Rakestraw asked that when she says commitment, is that an actual or is that a commitment. Ms. Thomas responded that this is a commitment. She explained that when a contract is awarded, a part of the procurement process is if there is a goal on it the prime has to submit their commitment. Director Rakestraw asked if this means that we have actually selected and identified who that contractor is going to be. Ms. Thomas responded that this is correct. She said that with the professional services contract, most of these are for the engineering contracts. During this quarter, only two contracts were awarded. The value of those contracts is \$2.7 million, and the DBE commitment is \$466,000. She stated that her team participated in 18 pre-bid, pre-proposal, pre-award and pre-construction meetings. This is where they have the opportunity to make sure that all the contractors understand the DBE requirements, the labor compliance requirements and what the procedures are as far as how we monitor the goal and the expected participation from both the prime and DBE subcontractor.

She pointed out that her team also participated in 24 bid opening and conducted five construction site visits. She explained that staff uses a questionnaire to interview either the DBE subcontractors, the workers or the primes and also takes pictures to use in the file to validate the commercial use or function of a DBE contractor. For this quarter, her team reviewed 1,228 certified payrolls under the labor compliance report. This is looking at all the certified payrolls of the prime contractors and all of the subs. This is part of complying with the Davis Bacon and related acts. For the third quarter 24 applications for payments were reviewed. She added that this is one of the new initiatives in her department, one that they are very proud of. She continued that with regards to the race neutral initiative by quarter, if a goal is not put on a project her staff will continue to take the initiative to send out emails to the DBE firms that can provide a particular service or a commodity. Her team uses a little note to encourage them to please bid on the Metra projects. For the first quarter, her team sent out 136 emails, and had 16 DBE's respond. Six of those DBE's were awarded contracts. This is a separate participation aside from the race conscious efforts. During the third quarter, her team participated in 18 outreach events, with a total participation for outreach events for 2012 of

51. With the assistance of the Marketing and Procurement departments, a pop-up display booth was bought, which explains the Metra process. She said that her team wants the public to know that Metra is here to work with them and to explain the process.

Ms. Thomas stated that their third quarter goals include finalizing the SBE verification process and procedures. The federal government has required all DBE programs to add an initiative that includes small businesses that are not a minority. What they had to do was to identify what the process would be and include it in the DBE program. We would then need to submit it to the FTA and, as of right now, we are still waiting on the approval of what Metra recommended. In the meantime, Metra took the lead on developing what would be our verification application that those individuals would complete. This is the annual no change verification. This has been shared with the CTA, the city, the Illinois Department of Transportation and Pace. It appears that this form is going to be adopted. She added that one of the things that they want to do, which is something that was discussed with the Illinois UCP, is to centralize the process. The FTA gave us a directive, but did not provide a lot of instructions on how to put this in place. She is hoping to centralize the process so that if a firm applies to be verified as a small business with Metra, or if they are doing business with the CTA or one of the other UCP partners, they will not have to go through that verification process again and in this process it will also include a site visit. One of the recommendations from the meeting with the Illinois UCP was the need to all agree that we will accept each other's verifications like what is done with the DBE certification process, and there will need to be somewhere to centralize the information so that the agencies can share.

She said that their goal for compliance in the third quarter was to conduct training for the vendors and the employees. She added that they need the staff to understand the importance of doing contract compliance and labor compliance. The FTA now requires the individuals that are monitoring the contract to sign-off and take on a responsibility that they have validated the commercially useful function. Her team is constantly seeking out opportunities to share knowledge with the vendors and as they move forward in 2013, they will be having a training module, and they will also make sure that they submit to the FTA their reports on time. One of the stretch goals includes trying to host the (NTI) DBE training at Metra, and they are hoping to be selected. She said that another one of their goals is to maintain the process in the certification files within the 60 to 90 days. This area will always be a goal because it will always vary. Sometimes the vendors take all day or forever, as they say, to give them the information. Sometimes they don't quite understand what it is being asked. This is why they are developing a training that helps them understand that after being certified, here are some things that you need to do to maintain the certification, and also to know how to submit the information for certification.

She continued that her department is developing a DBE best practice manual, which is about 90% complete. This is something that they will be using in their training and when they provide outreach. She explained that her department has also developed a Title VI brochure. Metra is required to comply with Title VI, which is part of the Civil Rights Act of 1964. This brochure has been placed in all the five downtown stations, and the complaint process has been enhanced so a vendor can go online, use the fax number or even call to submit their complaint if they believe they have a Title VI complaint. She stated that one other thing that they have decided to do was to get some feedback from the firms about some of the positive things about doing business with Metra. Her team has called this "The Buzz about Metra." Her staff has looked at some of the vendors who

have done business with Metra, or are currently doing business within the recent three year period, and reached out to them. Staff has worked with the Marketing department to develop a survey to ask them some questions. Some of the questions included what they would identify as some of their biggest benefits of being a certified vendor. The buzz words they heard were that they had an opportunity to gain access and were contacted. They also had some positive feedback about Metra's procurement process. They also felt that the staff was very friendly, open, and knowledgeable of the process.

She concluded that she believes that it is important to continue to restate that as an agency, Metra is dedicated to customer service. When they are asked to describe their business experience with Metra, they have said that it was a very easy process. They understand that the Office of Business Diversity is dedicated to making sure that Metra is doing the right thing.

Director Huggins asked Ms. Thomas that now that the small businesses are able to compete on projects at Metra, has she seen the success of that program versus the DBE side of the ledger. Ms. Thomas responded that they have not yet rolled out that program. Also she would like to state that all DBE's are considered a small business enterprise. This will automatically include them and then it will add opportunities for non DBE's to participate. The direction from the FTA is not so much of setting a goal on a project, it is really the race neutral effort, and how Metra unbundles projects and provide opportunity for them to compete. She will say that in all honesty, this will probably become an issue because now you have all of the women and all of the minority business groups, once they understand this competing against individuals who are nonminority. This is why it is so important to have a verification process. She said that the answer to the Director's question today, is that we really do not know what the impact of the program will be. However, as her department starts to roll it out, one of her focuses is to make sure that they keep up with how it impacts the two, and then if need be, to get further direction from the FTA on how they should continue to comply with the DBE requirement and to also be inclusive. Director Huggins replied that this is very important, and that he really wants to keep a watch on this.

Director Rakestraw asked if Ms. Thomas could provide an update on the process for the contract agreement project with the contractors so that they hire within specific economic zones. He said that secondly, the program that Ms. Thomas has is very good in dealing with the DBE's, assisting them with bonding and such, but he asked how her team is getting the word out. He asked that when an RFP goes out, is there any information included to let the DBE know that this project might be a little larger than they are normally used to, but now they know that they can get some assistance from the agency to get bonding. Ms. Thomas asked that Director Rakestraw clarify his first question. Director Rakestraw mentioned that he spoke with her several months ago about the contract agreement project, where contractors would agree to hire employees within a specific economic zone. Mr. Clifford responded that this project is still in committee. He said that they are going to try to schedule that sometime early this year to keep this moving.

Ms. Thomas stated that regarding the second question, when there is a large project and there is a goal, her department goes through their normal process of letting them know. However, the other issue that they are dealing with and is being addressed through a new committee called Illinois Transit and Transportation Roundtable, a committee she put together that includes the CTA, Pace, CDOT and the Illinois Tollway, is to try to understand how to identify assistance in the area of

bonding. She continued that they are trying to understand what opportunities are available as far as funding and how they can identify the information and have a source of information to share with vendors or to identify the entity that they need to go to get the assistance. She stated that to answer the Director's question, we are still trying to talk through this process and Metra is taking the lead on saying how important this is. She pointed out that no matter how good we are in contract compliance, or certifying firms, if we do not provide an opportunity for them to participate, don't help them understand bonding, and don't help them to understand the importance of insurance, then we are not doing their job. Also, as an agency we need to look at our insurance requirements to see if there is room to possibly reduce that, as long as it does not put the agency at risk. She stated that this is part of their initiative and they do work with risk management when they have those kinds of situations that arise and ask if this is an area where we can perhaps reduce our insurance requirement or relax it as long as it does not put the agency at risk. She concluded that to summarize, the agencies are working together to see how we can best participate in helping vendors get access to assistance with bonding.

Chairman O'Halloran asked what the reciprocity is with respect to other agencies. He asked if there is reciprocity with the City of Chicago or Cook County. Ms. Thomas responded that Metra has an agreement within the Illinois Unified Certification Program (UCP) that does include the City of Chicago, CTA, Metra, Pace and IDOT. What this agreement does is if Metra certifies a firm as a DBE, then they will recognize it. However, we do not have reciprocity out of the DBE program or MWBE because that is really local state funding. She is working on developing Metra's own reciprocity agreement when it comes to SBE verification. Chairman O'Halloran asked Ms. Thomas about the County of Cook. Ms. Thomas responded that Cook County does not participate because their funding is mainly local and state dollars. The DBE program does not allow for you to have reciprocity when it comes to certification because they certify as a minority female, and Metra certifies based on social and economic status of an individual.

Director Schaffer remarked that going through the procurements every month, he occasionally sees a low bidder who was disqualified because they did not submit the blue page or didn't sign on a page, although they signed elsewhere, but because of this they did not get the contract. He said that he has to wonder how much this is costing Metra because someone forgot to sign a page. He asked that before a decision is made, why is it not possible to just call people, let them know that a decision has not been made, but let them know that their bid is deficient without the blue form, or the signature. He believes that there has to be some way to make this process a little more user friendly to the vendors and financially friendlier to the taxpayers and riders. Ms. Barnett, General Counsel, responded that she would first like to assure everyone here that they go through an entire separate legal process every time they see someone other than the low bidder get the award. They will sit down in Law and examine it. They look at any possibility that something could be waived, deem it a clerical error, or could interpret it in a way that allows Metra to award to a low bidder within the legal parameters. She continued that with respect to the blue form, if they do not sign it this is equivalent of having not submitted a bid at all because from a legal standpoint, you have to bind yourself to the offer and if they have not signed the blue form, they simply have not bound themselves to the offer.

She explained that Metra's ability to go back to them to waive that is very limited under both federal guidelines and state procurement law. The law states that everyone must be treated fairly. What

this means is that you have to submit a bid on time, it has to be signed, and they have to commit themselves to that. She said that there are these few, few rules that are very hard and fast, and Metra has very little leeway. She wants to assure the Board that in any instance where they do have leeway they try to exercise their ability to help the bidders. Also, they try to educate consistently. The pre-bid meetings is where they are constantly trying to educate potential bidders as to the strict requirements, and what will knock their bid out if they are not careful. In terms of Buy America, there is absolutely no leeway. The federal government dictates when we can deem that a responsive bid and when we must reject it. She concluded that again, she wants to assure the Board that they have heard this message before, and they are always diligent about this.

Chairman O'Halloran asked how much of this can be automated so that it kicks back to the bidder and says something such as they need to go back to this page and fill it out right, and if they don't fill it out right it comes back out and says that they did not fill out section whatever. Ms. Barnett responded that they could do that, but pointed out that the bid process requires that all the bids must be in by X time, and if it is late then you have to discount it. Chairman O'Halloran remarked that the system would automatically cut off at whatever time that time is. Ms. Barnett responded that they could talk to Procurement about a system by which people could submit the bid early. However, you cannot open the final bid until after the deadline. The only official bid that can be evaluated is the one that was received sealed before the deadline.

Chairman O'Halloran remarked that he has to believe that somewhere this is being done. He asked if staff could check with Metra's peers to see what they are doing. He has to believe that there is a safeguard on the other end that could be put in technologically, which would basically let them know that they need to make sure that they have filled in all these different blanks and then the information will prompt them on whether or not they signed everything. Mr. Wiggins, Deputy Executive Director of Administration stated that one of things that the current team is looking at for 2013 is electronic bidding. There are a number of software applications out there. He said that Ebid is just but one of many tools that would actually make that a Web based process where there would be on the side of the vendors submitting information a fail-safe to make sure that they have submitted the proper documents.

Director Schaffer remarked that he would think that most of the time, it is going to be somebody that is dealing with Metra for the very first time. He wonders if it is possible to include in the bid packet a simple one page paper saying that these are the five things that will make you a non starter. Mr. Kisielius, Senior Division Director of General Administration responded that they do have a bid checklist that must be provided with their bid.

Ms. Thomas added that sometime ago, the Board asked about conducting a survey to get some feedback from vendors on their experience as far as the procurement process and DBE process is concerned. This survey has been launched, with the results coming in. This was done for the entire UCP database of vendors. Once her department gets the data back, they will go through it, source it, analyze it and will share the information with the Board, the Procurement department, as well as the peer agencies.

Director Rakestraw commented that at the convention Director Huggins and he attended it was mentioned a number of times that the vendors who have done business with Metra were very pleased with the experience and especially the fact that they get paid on time.

Director De Graff stated that to that point, he is very impressed with what Ms. Thomas is doing. He said that as a department, he thinks that OBDCCR is really very progressive and very much on top of this.

26. ORAL - - MONTHLY LEGISLATIVE UPDATE

Sam Smith, Legislative Affairs Officer, reported that the 112th Congress in Washington and the 97th General Assembly wrapped up their respective work with their lame duck session the first two weeks of this month. The new Congress was sworn in on January 3rd and the new General Assembly was sworn in on January 9th. He continued that in Congress the lame duck session was dominated by discussions over the fiscal cliff. The bill was signed by the Senate ultimately on New Year's Day, signed by the House of the following day and signed by the President four days later. The final bill included a number of tax measures, but did not include any sort of stimulus or infrastructure funding. However, the bill did include a one-year increase in the pre-tax transit benefit, the \$240 a month, bringing it in parity with the parking benefit as Director Darley noted earlier. The final agreement, however, essentially just kicked the can down the road for two months. This will set up another fiscal cliff negotiation in just a few weeks, but this time this will also be in the context of the need to increase the debt ceiling, which will raise the drama in this ongoing battle.

He continued the looking forward, although Congress and the Administration will be concentrating on those issues just mentioned, there will be some transit related items that will be dealt with by the new Congress. One of them is the MAP-21 Rule Making process. This is the surface transportation law that was signed last year. Also, there is the reauthorization that will need to be dealt with because again it was a two-year bill. There is also the Passenger Rail Investment and Improvement Act, or PRIIA. This reauthorization was passed in 2008, and will be expiring. One of the key provisions in that Act is PTC. This will be dealt with in that reauthorization process, as well as a number of safety provisions that will be included. He stated that another issue is the Buy America provision, which is something that he will definitely be paying close attention to. The Buy America provision is essentially the federal rule that requires governments to purchase materials made or manufactured in the U.S. where at all possible. This became an issue in 2011, he believes, with the stimulus bill. He explained that when that passed, and transit agencies like Metra received quite a bit of stimulus funding, there was a rule put in place by the FTA that they would not consider any waivers on any projects funded by stimulus funding. However, what happened is that the FTA has carried that higher standard forward beyond stimulus funding, essentially stating that it is highly unlikely that they would be so willing to just hand out waivers when applied for.

He stated that for transit what this means is that 60% of any project funded by the federal government has to be built from material that are sourced in the country and ultimately built here. For Metra that has become a problem, in particular, the Amerail Rail Car Rehabilitation project that is ongoing. There are many instances where the components that are purchased are not made in this country at all. Also there may be only one or two manufacturers in the world that actually make this component so we have to go through the process of applying for waivers with the FTA.

He said that he is going to see how that goes, but it raises a larger issue because the intent of this legislation obviously was to create jobs in this country. With the rail car rehab facility project, in particular, if we have to make adjustments with the project because we can't get the equipment that is needed, we may need to actually slow that process down and lay off people. This is something that his team will be watching as this goes forward.

Mr. Smith continued that turning to the State, the General Assembly returned to Springfield the first two weeks of January to go through their lame duck session. He explained that their talks were dominated by the debate over the state pension reform. This item ultimately failed to garner enough support for passage, and it is likely that some form of pension reform will dominate the first part of this upcoming session. In terms of a transit related outlook for the session what he will continue to track will be a push for a new State capital bill, but as always funding is the issue. Metra will be joining the Governor and others for that push. Also, his team will be working with the RTA and the Service Boards, to explore ways for the state to essentially pay the RTA the PTF in a more timely fashion. He mentioned that he was at the RTA Board meeting where it was reported that the State has closed out 2012. The PTF funding caught them up, which is about \$350 million that came to the RTA late last year. However, the State works on a fiscal year, not a calendar year, so their fiscal year begins July 1st, and the RTA has not been paid any PTF for 2013. They are only six months behind now, but he will continue to work with them to find out ways to get them paid on a more regular basis.

He explained that Metra recently received notification from the State that they had increased Metra's cap on the funding that was due to us from the Illinois Jobs Now State Bond program. As the Board may recall, the Illinois Jobs Program authorized Metra to receive \$810 million in this program. To date, Metra has received about \$623 million. This left \$186 million outstanding. Metra received notification being able to enter into grant agreements to spend down 90% of the outstanding money, or \$106 million. Also, the Board may recall, that last March when this was brought to the Board's attention it was agreed to spend \$186 million in the following categories. He said that \$8 million would go towards engineering of the stations on the list. There is no money for construction. He stated that \$62 million would go towards completing the first eleven bridges on the UP/North bridge project, and \$115 million would go towards PTC. Because Metra is not receiving the full \$186 million, staff will come back to Board in February with a potentially slightly modified plan for spending down the \$106 million. However, they will stick to those three categories.

He concluded that in February he hopes to bring to the Board a draft Federal and State legislative agenda. He pointed out that one key goal of his, which is carried over from last year, is to not lose any State or Federal money, which we certainly did not do last year, and in fact gained money. He will certainly continue his best efforts to continue that moving forward.

Director De Graff asked Mr. Smith that with regards to PTC and given the \$80 million deficit, does he believe that there will be any changes in the thinking process relevant to timing of the cutoff date. Mr. Smith responded that from a timing standpoint, he would not say that there is any change, but he will say that the general feeling is that the deadline of 2015 will be pushed to 2018. This will be caught up in the PRIIA Reauthorization debate. In terms of what will likely be presented to the

Board, because ultimately it will be the Board's decision, there will be significant commitment from staff's standpoint to continue with the best faith effort to build out PTC.

27. ORAL - - PROFESSIONAL SERVICES CONTRACT FOR METRA WI-FI PILOT PROJECT

Alex Wiggins, Deputy Executive Director of Administration, stated that he is asking the Board to authorize the Executive Director to finalize terms for the team to negotiate and execute final terms of a contract with Xentrans, Inc. to assist in the pilot project for Wi-Fi. He stated that as the Board recalls, staff took a look at implementing Wi-Fi on the commuter rail system last year and securing a vendor. This was a little challenging. Metra was looking for a no-cost solution, but mostly wanted to identify a vendor who delivers this at no risk to Metra. This was a bit problematic, as they were unable to locate a vendor who could deliver and meet those expectations.

He continued that instead of looking at another in-house attempt, staff looked at our relationships with our intercity rail providers, and the commuter rail peers to see what they found out and what they were doing. Essentially the trend is to look at bringing on a firm to provide professional project management oversight to help develop a business case for and develop the RFP for Wi-Fi services. This is the recommendation that he is bringing to the Board to authorize the Executive Director to enter into a professional services contract with Xentrans to do just that.

He explained that Xentrans is actually leading the industry right now working with a number of partners. They are working with Amtrak for both the I-95 corridor as well as Amtrak California. Xentrans is also working with Santa Clara Valley Transportation Authority to provide PMO services for Wi-Fi, as well as a major project on the east coast. This particular professional services contract will have two phases to it. The first phase is to develop the business case analysis to help identify Metra's technological needs. The second phase is to determine whether or not it is feasible to implement a Wi-Fi pilot on one of the Metra lines. This could help us develop that RFP and evaluate potential vendors so that we could attract and contract with the most qualified vendor to install Wi-Fi on the Metra system.

He concluded that Metra customers are beginning to expect Wi-Fi as they travel and move around the city, whether they are at the airport, or at the park. Everyone wants access to information. He thinks that this is a prudent course for Metra to go back to the drawing board, bring on some technical assistance and see if this enhancement can be delivered to the Metra customers.

Director Darley asked if the Wi-Fi offered will be at no cost to the riders. Mr. Wiggins responded that as the Board is aware, the original goal was to implement Wi-Fi at no cost to Metra. However, what is being learned by our peers is that this may not be the case. The PMO will help to determine what that financial model will be and determine what the costs are associated with Wi-Fi. There are some infrastructure investments that the agency will need to make also. The benefit, though, is to support a number of other goals that we have. Earlier the Board talked about wanting more real time passenger information systems onboard the train. This may help to support this. He pointed out that we have surveillance systems throughout the entire system. That technology may serve as a platform to actually help to improve security throughout the system, as well as a number of other areas where we can leverage that technology.

Director Darley asked if one of those areas is fare collection. Mr. Wiggins replied that this could help support mobile ticketing. He stated that the problem with Wi-Fi on trains is that the train is constantly moving, and you need to maintain a signal relative to where the receiver towers are. If you want to offer a reliable mobile ticketing solution, you need a reliable connection. He added that they want to be able to leverage this and serve as a platform for not just passenger Wi-Fi, but all of those Metra benefits as well.

Director Darley commented that Mr. Wiggins cited that Xentrans has worked successfully with other rail companies. He asked if in those cases was Wi-Fi available at no charge to the passengers. Mr. Wiggins replied that the trend right now is that passengers are not willing to pay for Wi-Fi services. All of the research indicates that if they are going to pay for access to Wi-Fi, they are probably going to go out and buy one of the various air cards that are out on the market. What the agencies have really struggled with was a way to introduce that enhancement to the customer at a very reasonable cost to the agency and the taxpayer. The goal would be to provide a Wi-Fi connection at a minimal to no cost to the customer. Mr. Clifford added that the way this is structured is that the company will come on board and help to make some additional assessments. The team will then take a pause before proceeding any further to come back to the Board to tell them what has been said. Also, staff wants to know early on whether there are any offsets like advertising opportunities or whatnot to try to offset the cost.

Director Darley stated that he understands that, but based on their experience it would seem as if they would have some type of ballpark figure. He said that Metra is not different than any other rail agency that they have worked with. Mr. Wiggins responded that what is challenging is that the system is actually so large, it is easy for us to be crushed under our own weight. The vast majority of commuter rail systems in the country do not handle the amount of ridership that Metra does. They also don't have the number of rail cars. He continued that when he looks at the system he was at in San Diego, if they carried 10,000 riders in a day they would be happy. Here at Metra, we carry 1,500 passengers in one trip. There is a lot of infrastructure and geography that they have to cover. The costs, if we are not careful, can very quickly spiral upward. He wants to take a very educated look at what those costs are before bringing this recommendation to the Board to proceed with a pilot program.

Director Schaffer remarked that the other thing should be is that we need to come up with a system that the users will like, or they will just keep using their own system. He continued that this morning on the train he was again amazed how many people had laptops. This is a savvy crowd and he hopes that we do not come up with something that has 38 pop-ups before you are able to get to anything you want, because if this happens, people will use something else and we would have spent all this money for nothing. Mr. Wiggins responded that one of the challenges across the country for both commuter rail and intercity rail is the ability to maintain speed and reliability that customers want. Customers have expressed frustration of either lost or dropped connections or slow service. If we do proceed with Wi-Fi, Metra wants to be able to deliver a system that is fast and reliable, which is what our passengers would expect. Director Schaffer added that he noticed that Pace is putting Wi-Fi on their buses that they are going to run from the suburbs into the city. He would be interested in seeing what their system is. He understands that this is not as complex as providing Wi-Fi on the trains, but he was impressed to see that they were providing this service.

Director Rakestraw asked for clarification with phase one and phase two. Mr. Wiggins responded that their intention is to do phase one, and then we will pause because after phase one the consultant will be able to provide us information on the business case analysis, the technical analysis and the financial modeling. Staff will then come back to the Board with the costs that the consultant has identified to see if the Board would like us to proceed. He continued that if the Board would like to proceed, staff will then go out for an RFP and attract the most qualified and skilled vendor to actually implement the Wi-Fi service on the trains.

Director Huggins moved, and Director Rakestraw seconded approval of the professional services contract. With leave by the Board, the motion carried with eleven ayes.

AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

28. ORAL - - METRA CLASSIFICATION AND COMPENSATION STUDY

Alex Wiggins, Deputy Executive Director of Administration stated that he knows that the members of the Board have had the opportunity to read the staff reports, and read some of the background information provided with regards to the Metra 2012 Class and Comp Study. He explained that the business case for the 2012 Class and Comp Study was to really maintain a competitive work force. It is best practices in the workplace for organizations to conduct class and comp reviews generally every three to five years, and it has been quite some time since Metra had actually had the opportunity to do so. In 2011, Metra awarded a contract to Public Sector Personnel Consultants, who conducted a review of both private and public sector industries and organizations, as well as those that are specific to our field.

He continued that in addition to partners across the country, they looked at class and compensation for the City of Chicago, in Cook County, DuPage and Lake Counties, Chicago Public Schools, the State of Illinois, Pace, RTA and the CTA as well as other private employers in the rail industry such as BNSF and Union Pacific. They compared that salary and compensation data to Metra as well as looked at what kind of package they offer their employees. The consultant also looked at Metra's peer agencies, such as MBTA, SEPTA and WMTA. What the consultant findings were is that Metra has an opportunity to bring its employees to market, and in terms of base salary, Metra was below the public and private sector averages. Their recommendation was to make adjustments.

He explained that this study looked at specifically 431 noncontract jobs, and came back with a recommendation that about 299 were either under the minimum relative to our peers and other private sector comparisons or they were below mid-point for journey level employees. Again the consultant made a recommendation that there be adjustments to those employees' compensation to maintain that level of competitiveness. He said that what is key here is that Metra has a work force that is very experienced. About 33% of the noncontract work force will become eligible for retirement in the next five years, and it is critical for Metra to maintain a high level of service to attract and retain the best employees out there and hope that they come onboard as the experienced employees begin to retire.

Mr. Wiggins said that another outcome of this study, and this is actually identified as an opportunity, is a way for Metra to move away from an automatic annual increase for employees to actually build in a program that is called pay for performance. He explained that instead of automatic raises, this model will incentivize high performing employees to move up that salary continuum based on their merit, based on their contributions to the agency and the agency will put that model in place to incentivize employees to get the very best that you can. A high performing employee will likely proceed along that salary continuum quicker and an employee who is meeting basic expectations or low expectations is probably not going to move along the salary continuum as fast of a rate. This will enable this agency to replace a very experienced work force but incentivize and award those employees for performing at a very, very high level.

He continued that when you look at the conversation relative to total compensation versus base pay they were really struggling with the question of do we compare salary alone or look at the entire package. The consultant took a look at both public and private sector and what was found was that in the public sector, Metra, the pension contributions for Metra employees have been higher than what you would find in the private sector. Metra contributes about 8.5% to the RTA pension, whereas in the private sector, the private sector employees generally received 4.2%. However, looking at railroad retirement was a bit more challenging. The first tier of railroad retirement is actually equivalent to Social Security, so whether you work in the private sector or the railroad industry, you would receive the same amount of money. The challenge is if you are not a rail operations professional and you come to work at Metra, you are also going to have to pay that second tier railroad retirement, which is an additional 4.2%. This is actually not an advantage because you are already paying the equivalent in Social Security, as well as paying an additional 4.2%, which you have to vest in the system to actually get that money. If the person is not here for that minimal amount of time to vest, they would actually lose that 4.2%.

He explained that when you look at total compensation, in the private sector it is better than the public sector. Metra does not offer performance bonuses, or profit sharing. In the private sector, they have found that many employees can receive as much as five to ten percent of their salary if they are a line level employee based on performance bonuses. If you are an executive that compensation can be anywhere from 50 to 90% of the total cash in pocket at the end of the year. Again, when you compare the public sector to the private sector you will find that Metra has an opportunity to make some adjustments to actually bring up employee salaries to either minimum salary levels relative to our peers or midpoint to the journey level employees.

29. ORAL - - CHIEF EXECUTIVE OFFICER'S REPORT

Alex Clifford, Chief Executive Officer, reported that the RTA did in fact pass their budget. He explained that the RTA never did have issues with Metra or Pace budgets. They had to work past whatever their issues were with the CTA. Fortunately it passed, and we can move on from there. He continued that he also wanted to let the Board know that they continue to meet with IDOT, RTA, Pace and CTA concerning the Red Line closure in May. Staff is coordinating that very carefully. As the Board knows, the CTA has put in a plan that they feel is sufficient to handle any of the riders displaced by the closure of the Red Line. Nonetheless, Metra felt it was important to reach out to the CTA and explore concepts to assist. As Director Huggins pointed out earlier, this is an opportunity for Metra. Staff is working on coordinating a fare mechanism, which will really be sort

of the ten trip that they will bundle into a packet and then ultimately sell to their customers. This would allow their customers to use Metra's service and it is structured in such a way that we won't lose our riders or revenue. We will have ambassadors at stations to assist those who may not be familiar with the Metra system. Also there will be added security. There is a back-up plan in the event the trains become overloaded. The Operations department believes that we can absorb the shift in riders within the existing capacity. As a back-up plan, in the event that there isn't sufficient capacity, extra trains will be added to accommodate those riders.

Director Huggins remarked that if Metra gets ten of those riders, and when the CTA is back in line, eight of those riders will stay with Metra. This is why it is so important to market this right now so that we can keep those riders.

Mr. Clifford continued that prior to the Christmas holiday, there was an event held of the launching of the AED's on trains. Chairman O'Halloran hosted this event, and it went very well. The Governor was in attendance, and was quite pleased with how that event turned out and the success that we have had with AED's. He stated that about a week ago, an event was held in the Board Room where invitations were sent to employees across the spectrum, management, middle management, and line level employees to go through a team building exercise. He continued that one of the tasks were to give each person in attendance a booklet of sticky notes and their challenge for 15 minutes was to note all their accomplishments from last year, no matter how small. With each New Year there are a whole new set of goals and a whole new set of stressors to get those things done. Oftentimes we do not take time to just pause and reflect on the many accomplishments of the past year. This will all be collected and staff will try to characterize this and hope to share the report with the Board.

Director Rakestraw asked when this was held. Mr. Clifford responded that this was held right after the New Year.

He concluded that just recently he took a quick trip to Washington, D. C. and back to meet with Secretary LaHood and FTA Administrator Rogoff. He was asked to joint he team from Chicago State University to see if the FTA could find some money to help fund the 95th Street Station. He explained that the 95th Street station is underutilized, and not in very good shape. Although this will be discussed during the strategic plan meeting, the university would like Metra to move faster on this. The university sees this station as a great entrance to their university. The goal was to ask the Secretary if there was any money lying around that could be tapped into. Obviously the answer was that there isn't any money, but he did get some good insights on future programs, discretionary programs and maybe the TIGER program. The Secretary of Transportation directed them to look at that and gave some good advice as far as building a good application down the road, should an opportunity arise to submit for grant applications.

30. ORAL - - MANAGEMENT PERSONNEL OVERSIGHT ORDINANCE

Rick Capra, Chief Audit & Compliance Officer, stated that for the Board's consideration, he is presenting a management personnel oversight ordinance, and would discuss the specifics of the ordinance. He said that the ordinance begins with multiple recitals, which really outlines the Board's transparency and oversight journey since mid- 2010, and talks about the ten ordinances the

Board has passed in the past two and half years. The ordinance also talks about the compliance accounts hotline that was initiated along with the email hotline. It then moves into certain paragraphs that he would like to highlight for the Board. He explained that paragraphs three and four establish a final approval process for noncontract hires over a salary threshold. What is important with respect to these paragraphs is that they do not change the hiring mechanics at Metra in any way. Hiring will still go through a formal HR process. However, this adds a final layer to the hiring process in that it gives the Board final approval. He sees this final approval of the hiring process for a certain level of employees above the salary threshold as very similar to what the Board does for contracts at the present time. Paragraph five basically outlines an exception to paragraphs three and four. He state that there may be urgent circumstances where Mr. Clifford and his staff will not be able to wait to a Board meeting in order to bring someone on. This could be for financial reasons or safety reasons. At the request of Mr. Clifford, the Board Chairman and the Employment Practices Committee chairman would then have to concur with bringing that employee on and at the next Board meeting the candidate would be presented for full ratification by the Board. Again, this would be in a very limited circumstance, and would not be a regular occurrence.

He continued that paragraph six would set a maximum limit on the CEO's ability to give salary increases absent Board approval. Paragraph seven sets a maximum limit on the CEO's ability to establish non-cash employee recognition programs. He explained that in the future, Mr. Clifford may decide to come up with a program in which Metra would recognize employees for their good work. This would set a limit on Mr. Clifford's ability to establish those programs above a certain level, and he would have to consult with the Employment Practices Committee if he wanted to do something above that level. Paragraph eight allows the CEO the ability to make class and compensation adjustments up to a maximum limit and only if the Board has preapproved a line item in the budget for class and comp. The last paragraph would mandate that salary information for all Metra employees will now be kept on the Metra website for the public or anyone else to look at.

Director Widmer remarked that he would first like to commend the Chairman and the Committee for bringing back the revised ordinance, which he supports. He said the reason that he asking this question is that this morning's ordinance deletes what was paragraph six in the initial draft of the ordinance. He believes that paragraph six, which deals with transparency and with how contacts with the Board are handled, is key to this ordinance. He feels extremely uncomfortable, even though he likes what was done, on voting on an ordinance when what to him is the crucial issue of how transparent the Board is in what the Board does in terms of external contacts and referrals. He finds it difficult to vote on an ordinance when the key provision in terms of this Board and its transparency in dealing with hiring is not part of it. Director Widmer then asked if the old paragraph nine, new paragraph eight the class and comp and executive director's authority, assuming that this ordinance is passed, does that then constitute adoption of the class and comp study that Mr. Wiggins just walked the Board through. Mr. Capra responded that it does, provided that in the first budget there was a line item talking about class and comp. Director Widmer stated that he believes that the answer is yes, and believes the number is under the line item or at the line item. Mr. Wiggins responded that this is correct.

Director Widmer said that to him, if there is anything in either ordinance that is freestanding and separate as demonstrated by the fact that it was discussed separately, is the class and comp study. He would like to propose to the Board that they sever the class and comp study, and then bring the remaining part of the ordinance back once the Board has worked through section six, transparency of the Board's dealing with contacts. This is something that he is throwing out for discussion, rather than making it in the form of a motion at this time, although he is prepared to make a motion with respect to severance and a motion with respect to dealing with the ordinance without section six.

Mr. Capra responded that with respect to paragraph six, the second to last revision did contain an attempt in paragraph six to formalize a process by which Board members would make the full Board aware of the external contacts. After that version was circulated various Board members had questions under multiple scenarios, and the feeling was that paragraph six, on how this Board would deal with external contact notification, would be referred to the Employment Practices Committee to discuss, and then would come back to the full Board for adoption of another ordinance.

Director Widmer replied that to him this is putting the cart before the horse because that section and the transparency on how the Board deals with these types of matters is an integral part of what the Board is attempting to do. He said that he does not think that this ordinance should be adopted until that is hashed out, and he has no problem doing that in an open meeting. He believes that class and comp should be done separate, refer this other issue to committee to hash out, and then bring it back to the Board to vote on the entire ordinance.

Director McCoy stated that he would first like to make a motion to approve the ordinance, and if he gets a second, he has some comments to make. He believes that this is the proper way to proceed with business. Director Darley seconded his motion. Director McCoy stated that he thinks that this is an important ordinance and he really wants to commend the Chairman for bringing this forward. He continued that the way he understands this, this ordinance comes out of the Audit and Risk Assessments that were done by previous firms, who recommended changes be made. This is mentioned in the first recital, which he thinks, is the most important thing of all. He explained that since he has been on this Board, every time he has appeared before the Kane County Board, the question he receives is what is being done at Metra to ensure that the things that happened in the Pagano era are not happening again. The Board has done a lot, and he is able to answer those questions, but he thinks that this ordinance is a step in the right direction. He thinks that oversight is required for the Board on this part, and especially with this class and comp study that Metra has now. He said he has seen the results of that study and it calls for lots of raises, lots of reclassifications and he thinks that the Board needs to have some type of approval oversight on that.

Director McCoy said that he really believes that the Board should go back to how this ordinance was discussed at the last meeting. He thinks that in Item Three, "be it ordained for any contract, new hires or promotions at the annual rate of pay over \$100,000", he would like to make a motion to amend this to change the \$100,000 back to the \$75,000. He continued that this is the way it was recommended last month and he knows that a lot of Board members think this should be higher than \$100,000, which is fine, but he thinks that in the position that they are in with Metra and what has happened in the past, if the Board is going to err, they should err on the low side and err on the

conservative side. He thinks that this can always bounce back up, and he does not think that by having that \$75,000 in there, he does not see in any way how it will disrupt or hinder the ability to run this railroad. He does not see how this will have any negative impact on any of the customers, and believes that this is a good thing.

He continued that in terms of paragraph six about disclosure, he is all for that. He said that he will disclose everything and anything anyone ever says to him or he says to them. This can be added later. He knows that this made some people uncomfortable, but he does not think that this is an essential part of this at this time. He stated that he believes that all the ethics training the Board has to go through and sign is pretty much covered in the training of what the Board can and cannot do. He is fine with all the disclosure. However, he does think that this is important, especially with what he has seen with the class and comp study, and his motion is to change the \$100,000 in Item Three back to \$75,000.

Mr. Johnston, Board Counsel asked if the motion was to amend. Director McCoy said that it is a motion to amend. Director Darley seconded the motion. Director McCoy stated that he thinks that as a point of order, that motion now would take priority over what the Board should discuss now. Mr. Johnston responded that the motion to amend would take priority. Director Mulder asked if there would be a vote on the amendment before the motion. Director McCoy replied that the Board could debate this.

Director Widmer stated that under paragraph two, the Board is to pass upon hiring and promotions, and this question is directed to promotions at a certain level, assuming that the Board is now dealing with the \$75,000 level as proposed by the amendment, and subpart of the question, is it correct that if this ordinance passes that includes the passage of the class and comp study presented by Mr. Wiggins. Mr. Johnston responded that this is correct. Director Widmer stated that the class and comp study would be approved, but his question is if someone moves from \$74,950 under the class and comp study to \$76,000 is this a promotion which must be approved by the Board. Mr. Johnston responded that if it is just being raised up with class and comp then no, this would not be a promotion under the ordinance. Director Widmer asked what, in Mr. Johnston's opinion, would constitute a promotion. Mr. Johnston responded that a promotion would be individualized.

Director Widmer asked if he moved from category nine to ten, and he still is within class and comp, would this be a promotion. He asked if the money goes from \$70,000 to \$80,000 because he was moved to the mid-range. Mr. Johnston asked if he would be moving to the mid-range through a class and comp program that has been instituted, or just moving. Director Widmer replied that it has been decided by the powers that be, that he should be reclassified from line eight to line nine and as a consequence, his salary exceeds \$75,000. He asked if this is a promotion. Mr. Johnston replied that their opinion is that would not be a promotion under the ordinance because a promotion is a more individualized process, whereas class and comp is across the board.

Director Widmer to understand then, any movement within the class and comp, whether along a line of progression or from one line to another is not a promotion, and would not be impacted by the ordinance. Mr. Johnston said that this would be his view on it. Director Widmer asked what would be a promotion that would be impacted by the ordinance. Mr. Johnston replied that it would

be if a person in a particular department makes a recommendation that this person should move up from whatever their job classification is to a higher job. Director Widmer asked how this is not related to class and comp. He said that for example, you have a person whose salary range is nine, and is at the midpoint, which is \$73,954. It is determined that the person should be moved from nine to ten at the mid point, which is \$83,000. He asked if this would be a promotion. Mr. Johnston responded that their interpretation is no. It is not a promotion because class and comp is a program where people are moving and salaries are being adjusted pursuant to a study of the overall structure by the agency. He continued that this is the theory behind class and comp. Whereas, a promotion is individualized and specific, and if we are going back to this sort of theory behind all of this is to make sure that certain individuals are not picked out and treated better as history has shown pre-2010.

Director Partelow commented that it seems to him that a promotion is a change in job responsibilities. Mr. Johnston agreed.

Director Rakestraw asked if paragraph nine could be explained further. Mr. Capra responded that this is a paragraph with respect to salary information on the website. Metra's salaries are currently available as public information, which will be on the BGA website today. He indicated that the Metra salaries have been on their website in the past. He continued that on the Metra website, without anyone going to a separate website, they can go onto the Metra website at a readily available location to see all of the salaries for all Metra employees. Director Rakestraw asked if this was any different than what is already available. Mr. Capra responded that it is not, but it is easier for the public and our stakeholders to go right to the Metra website and get that information without having to search for it somewhere on the Internet.

Director Schaffer stated that the Board will no doubt recall that he was not too enamored with this idea. He said that he thought raising the ceiling to \$100,000 made a bad idea better. He continued that he did ask for the salary levels, and he believes that one of the things that the Board has to avoid is micromanaging. The Board is not here to do that. He explained that he spent quite a bit of time on the class and comp study, and wondered why are we doing this or why are we doing that, and he finally concluded that the only way he would know that is to have been in all of the meetings that took place regarding class and comp. He does not think that this is what the Board is here for. He continued that in the \$75,000 category and up, job titles include: Roadmaster, Director of Construction, Trainmaster, Road Foreman, and a whole lot more. He believes that this is ridiculous for the Board to approve hires of \$75,000 and above.

He also believes that there needs to be a reasonably drafted section six so that we know who sent them and can make an intelligent draw. He would further add that he would want the executive director as part of each of these things that come before the Board to give us a listing of all the contacts that he had so there is a check and a double-check. He believes class and comp is important and putting the two things together is an interesting maneuver. The people in the management team deserve this and to try to put the Board in the posture of voting against them for something he finds odious is, he believes, distasteful. He would suggest that the number be kept at \$100,000, and that a reasonable transparency paragraph be written. He believes that this flies in the face of every reform the Board has passed, and can potentially walk them down the road that he does not think we want to walk down, the public doesn't want us to walk down, the Inspector

General particularly does not walk them to walk down and there is no reason this should be done. He would like to suggest that an ordinance be passed at \$100,000 with an absolute guarantee that a new section six or whatever number it ends up with, adequately addresses the concerns the members of the Board have about undue influences that are not in the best interests of the riders and the taxpayers included.

Director De Graff stated that he would like to agree in principle with Director Schaffer and speak against the amendment to adjust the \$100,000 to \$75,000. He said that he really enjoyed working with Director Darley and Director Mulder on this, and he thinks that at virtually every meeting, along with Mr. Clifford and his staff, they discussed all the variables and the amount of work to get to where they are today. He stated that it was a very good process, and he was very happy the way it went. He continued that unless there is something sacred about the \$75,000 that he is not aware of, he is not really enamored with the whole idea of a salary cap. He thinks that this flies in the face of good Board policy. He explained that when nearly one-third of your non-contract employees, about 140 out of 450 fall under the ability for the Board to pre-hire, to him this just borders on micromanaging and he does not think that this is practical. He thinks that it connotes distrust and he believes that this is not an error that the Board wants to make. He believes that we are swinging the pendulum way too far, especially in light of all the work this Board has done and the recitals that are there. He pointed out that at \$100,000 you still have 37 employees that are pre-hired by the Board and to him this is a significant number, but a much more reasonable number. He feels that unless the Board makes it a practical, feasible number, we are going to have a demonstration of what we have here today. This will be discussed virtually every time that we have some type of disagreement as to whether somebody in that lower salary range should be hired or not, and he does not think that this is practical. He would have to vote against the amendment in support of what Director Schaffer has said.

Director Mulder commented that they really did spend a lot of time and the number of employees that would be impacted to lower it to the \$75,000 is the reason she supported the \$100,000 mark. She thinks that it is more rational to go below that because she thinks that goes to something that was said before about micromanagement. She continued that Metra has a fantastic staff, and the Board works with them. The word "transparency" is sort of understood if they don't say it. The members of the committee were able to ask any question and get an answer. Consequently, she would have to vote no on the amendment.

Director Darley remarked that it was great serving with Directors' De Graff and Mulder on the committee. He believes that the difference in the number of employees who the Board would be approving goes from roughly 36 at a \$100,000 to 147 if you use the \$75,000 number, and none of the members of the Board want to be in a micromanagement position. He continued that the Board was faced with a very similar discussion with the whole procurement change. However, in fact, it goes faster now than it ever went before, when approving purchases over \$100,000. His understanding is that all of this would be on a consent agenda, so it would simply be raised if there was a particular question on someone. He said that he believes that yesterday in the Chicago Tribune there was a headline about a school district that was hiring a family member and receiving \$80,000. He thinks that the most important reason for setting a \$75,000 number is that the Board sends a message to the Illinois community that this is not going to be a political safe haven for relatives or whatever. He thinks that \$75,000 sends a nice, easy, clear message. He does not think

that the Board will be micromanaging anything. The hiring process will not be stopped and he does not think that Metra will lose good candidates because of this process.

He concluded that Director Widmer did raise an interesting point on the most important aspect of this, being what is called the Jack Schaffer clause, number six which was removed, that perhaps by the removal of this clause in order to get it right, he thinks that it may be even stronger standing on its own. He supports the \$75,000 number, and hopes that we do get a new ordinance completed rather quickly.

Director Widmer asked Mr. Johnston if the Metra Board adopted an ordinance that prohibits hiring of family members without Board approval regardless of the position. Mr. Johnston replied that the Board has an Anti-Nepotism Ordinance passed in 2010.

Director LaBelle stated that he believes that he made his views known last month on this, and as he mentioned then he would prefer that there be really clear policies and that those apply to everybody. If there is an exception, we do it that way, but there are clearly some good policies. He continued that one of the things that this ordinance reminded him of is that in the monthly personnel report items such as moving expenses or other benefits are not listed in that report. He thinks that this is important information for the Board to have so that if there is something that is being done the Board knows that. He asked if the Board would need an ordinance to have that information included on the monthly report. Mr. Johnston replied that the ordinance that implements the monthly management personnel report includes benefits and how you would define benefits, so that could be captured under that. Director LaBelle stated that he would just ask that almost anything that is related to the hiring costs be on the monthly personnel management report, because he thinks that this was the ordinance intent to being with.

He continued that with that being said, he would have to agree with what Director Widmer said at the beginning. He understands the weaknesses of what is called paragraph six, and he would personally rather approve the ordinance with a weak paragraph six that the Board knows has to be fixed, than to approve it without it. He said that the Board knows that it needs to be approved, and if it is approved with a weaker paragraph six, it is going to light a fire under the members of the Board to get it right and to get guidance on it. He stated that for him, he agrees with the logic that Director Widmer put forward that if this is accepted with the idea of approving whatever threshold it is, we need to be very clear and to make sure that the members of the Board are not unduly involved and he thinks that the only way to do that is by including the paragraph six. He said that after the Board acts on this, he would like to make a motion to follow-up on another amendment.

Director Huggins commented that he is not going to say anything about the ordinance but, as he goes through the class and comp study, the issue that he has with it is it seems that there are a number of senior employees who are not getting compensated properly. This disturbs him, and it is something that he would like to look into to find out why some of these senior employees who have been here for years are getting either no raises or very little raises.

Director Partelow stated that he supports the amendment. He explained that he will also say "ditto" to Director Darley's comments, and that the Board should get on with it. He does not think it makes a great deal of difference, and he would support the \$75,000 limit. He added that he does think that

Director Widmer's comment about taking out the class and comp portion of the ordinance is agreeable. He does not think that this has much to do with the overall amendment, or overall ordinance. He believes that the question should be called.

Chairman O'Halloran remarked that after the last Board meeting, he turned this over to Director Darley and the Committee and the linkage about the class and comp certainly did not come out of his camp. He would like to set the record straight with respect to that. He said that with regards to the \$75,000 threshold when you look at it, it is 140 employees. When you look into what would be on that report on a monthly basis, if you had 20% attrition for some reason, on an annual basis you are looking at 28 employees. He does not believe that this is going to be an overwhelming type of thing, but what it would do, as Director Darley alluded to, would be to give the Board advance knowledge as to what is happening with respect to that. He stated that when the members of the Board have to answer those who they represent, the Board members will know what is going on.

He continued that with regards to paragraph six, something he was actually okay with, questions were asked by some members of the Board until late last night. He said that he was okay with whatever the Board wanted to do with respect to it, because he wants it done right so that the Board understands it. There were all types of questions that did not really make sense, such as, what if this contact happens or what if that contact happens and what if the executive director was contacted. He thinks it is a whole issue in itself and needs to be clarified and defined, and feels that with the new committee structure it can be debated back and forth and brought back to the Board for approval.

Chairman O'Halloran requested a vote on the amendment to reduce the \$100,000 threshold to \$75,000.

The motion was approved by six ayes.

AYES: Directors' Darley, Huggins, McCoy, Partelow, Rakestraw, and Chairman O'Halloran

NAYS: Directors' De Graff, La Belle, Mulder, Schaffer and Widmer

Director McCoy remarked that with regards to the disclosure, he believes that there has been some good debate on that, and he has to agree with Director Darley that this should be a standalone ordinance and should not just apply to hiring. This should apply to vendors as well.

Director Widmer stated that he has no problem with that, and is in agreement with Director McCoy. His only problem is that he would then move that the adoption of the ordinance that is before the Board be contingent on the approval of a separate ordinance with respect to disclosures regarding hiring, promotions and procurement.

Director Darley remarked that his only challenge with that is the class and comp study. Director Widmer moved to sever the class and comp paragraph from the ordinance so that can be dealt with, and the Board can help the employees without tangling them up in the Board's efforts to grapple with transparency in hiring, promotion and procurement. Director Schaffer seconded the motion. A discussion was held by the Board regarding Director Widmer's motion. Director LaBelle stated that perhaps a simpler way of doing that would be to just amend this ordinance to make all of the

paragraphs, except the one that Director Widmer is talking about, contingent on this other. Director Widmer asked if he was referring to paragraph six. Director LaBelle replied that he is. Director Widmer then asked that items one through seven, as presently numbered be contingent upon the disclosure ordinance. He also asked if this would adopt paragraphs eight and nine. Director LaBelle stated that this is correct. Director Widmer seconded Director LaBelle's motion. At this point in the meeting, some conversation was had by the Board members regarding the motion. Mr. Johnston stated that there is a motion pending, but he would like to make a suggestion that might resolve some of this. Mr. Johnston continued that it sounds to him that the Board wants to move quickly on what was paragraph six, and get this sent to the Employment Practices committee to get that discussed, in order to bring it back to the full board very quickly. He explained that the concern that Director Widmer is raising is that the class and comp would get held up in this process, but the Board wants to get paragraph six resolved. Mr. Johnston said that the Board could pass as amended, dropping \$100,000 to \$75,000, and the Board could pass this with a sunset provision giving the Board 60 days to come back and get paragraph six in. When the Board votes on this, paragraph nine is going to be in it, class and comp moves forward, and then the matter is resolved.

Director Huggins asked if the Board approved the class and comp study today as is, does that mean the individuals that have been here for years who did not get a raise in the study, and he does not think that this is right, would still not get a raise. Because he does not think that he can vote on that. Mr. Johnston replied that it would allow the class and comp to go forward. Director Rakestraw asked when the raise would become effective. Chairman O'Halloran remarked January 1st. Director Huggins asked again that the people who are here that had no raise increases, are they going to get a raise or will their salaries stay as is. Mr. Clifford replied that effective January 1st of this year, all noncontract employees will receive a 2% pay increase. Class and comp is completely separate from that. The class and comp study is currently not addressing anyone at M11 and above. Senior leadership was taken out of that to be handled completely separate. The recommendations before the Board have gone through an exhaustive process over the last two years and the recommendations here are without any individual tweaking. If the employee was below M11 and they don't have a recommendation in class and comp, they will still get the general increase.

Chairman O'Halloran stated that his only recommendation with regards to the motion is if it could be 90 days to come back to the Board. Director Widmer and Director Darley agreed to the Chairman's recommendation. Again, Director Widmer stated that his motion is to approve the ordinance that is before the Board, as amended as to the dollar amount, with the sunset provision affecting paragraphs one through seven and nine in 90 days if a free standing ordinance addressing disclosure of contacts with Board members regarding hiring, promotions and procurement is not passed. Director Rakestraw seconded the motion. The motion carried with eleven ayes.

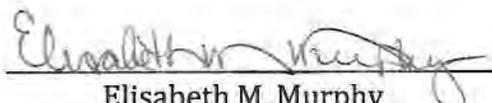
AYES: Directors' Darley, De Graff, Huggins, LaBelle, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 13-03

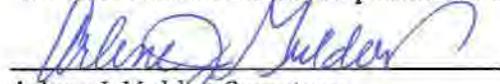
(Please see attachment No. 1)

31. ADJOURN TO EXECUTIVE SESSION FOR MATTERS RELATING TO EXECUTIVE SESSION MINUTES (Section 2 (c) (21))

There being no further business to come before the regular meeting of the Metra Board, Director Mulder moved, and Director De Graff seconded to adjourn to Executive Session. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave, and the meeting was adjourned.


Elisabeth M. Murphy
Assistant Secretary to the Board

I, Arlene J. Mulder, in my capacity as Board Secretary of the Commuter Rail Board of the Regional Transportation Authority do hereby attest that the following minutes are a true and accurate reflection of the Board's meeting on the date so stated. In compliance with the Illinois Open Meetings Act, I do hereby authorize their release and publication.


Arlene J. Mulder, Secretary
Metra Board of Directors

**COMMUTER RAIL BOARD
ORDINANCE NO. MET 13-03**

RECITALS:

WHEREAS, the Board (“Board”) of the Commuter Rail Division of the Regional Transportation Authority (“Metra”) seeks to further implement the recommendations of the Ernst & Young Executive Compensation Review of 2010 and the Blackman Kallick Risk Assessment of 2010;

WHEREAS, pursuant to the Regional Transportation Authority Act (“RTA Act”), 70 ILCS 1.-1 *et seq.*, the Board has broad powers, including but not limited to, enacting ordinances consistent with the RTA Act, entering into contracts to provide for employee benefit arrangements, establishing policies; and controlling the finances of Metra;

WHEREAS, the Board initiated a Class & Compensation Study, and seeks to ensure its continued active oversight of the hiring and compensation policymaking at Metra;

WHEREAS, on June 11, 2010, the Board enacted MET 10-07, in which the Executive Director is to provide a monthly report to the Board that details personnel actions with respect to non-contract employees. The report includes all material actions taken in this regard, including new hires, promotions, separations, increases in compensation or salary, and increases in benefits including contributions to 401k and 457b deferred compensation programs;

WHEREAS, on September 17, 2010, the Board enacted MET 10-14, which provides that the Executive Director must receive consent from the Board before he exercises a waiver or deviation from the vacation carry-over/buy-out, sick leave reserve cash-out, job postings, or the Revolving Door policies and procedures set forth in the Non-Contract Employees Handbook;

WHEREAS, on September 17, 2010, the Board enacted MET 10-15, which provides that the Executive Director will secure Board approval for any and all contributions made by Metra to deferred compensation plans;

WHEREAS, on September 17, 2010, the Board enacted MET 10-16, which enacts a policy which applies to employees, officers, and Board members with respect to the elimination of and safeguard against any potential nepotism;

WHEREAS, on September 17, 2010, the Board enacted MET 10-17, which establishes a Whistleblower policy which applies to employees, officers, and Board members;

WHEREAS, on January 14, 2011, the Board enacted MET 11-01, which eliminated any 401k contributions for calendar year 2011 and beyond until further Board action authorizing any such contributions;

WHEREAS, on April 15, 2011, the Board enacted MET 11-07, which establishes that no employee reporting to the Executive Director/CEO shall serve in an acting capacity for more than 12 months without prior Board approval and such employee's compensation will not exceed the compensation previously established for that position. It further provides that retroactive pay increases to compensate employees appointed to an acting position prior to enactment of the ordinance must be pre-approved by the Board;

WHEREAS, on January 12, 2012, the Board enacted MET 12-02, which establishes the position of Chief Audit & Compliance Officer, reporting directly to the Board. The position is responsible for overseeing the implementation of and compliance with proper policies and procedures, including the examination of executive compensation issues at any time;

WHEREAS, on April 13, 2012, the Board enacted MET 12-07, which establishes that the Board Chairman or his/her designee is prohibited from establishing any select 457f deferred compensation plans and/or split insurance dollar programs without approval by the Board;

WHEREAS, on May 1, 2012, the Chief Audit & Compliance Officer appointed by the Board established the Compliance Counts telephone hotline (312-COMPLY1) and the Compliance Counts e-mail hotline (compliancecounts@metrarr.com) to be used by passengers, employees and the public for reporting any matters of concern or potential wrongdoing;

WHEREAS, on December 14, 2012, the Board enacted MET 12-31, which establishes four standing committees which will review Metra business practices in open public meetings; and

WHEREAS, the Board seeks to ensure further, continued and permanent transparency of the Metra hiring and compensation program;

BE IT ORDAINED THAT:

1. The Recitals are hereby incorporated herein;
2. In accordance with its Charter, the Employment Practices Committee ("Committee") shall review any proposed future compensation and benefits policies. The Committee shall also be consulted before the ED/CEO takes final action as noted in Paragraph 7. In addition to the powers set forth in the Committee Charter, the Committee Chairman will have hiring approval authority as set forth in Paragraph 5 below.
3. For any non-contract new hires or promotions at the annual rate of pay of over \$75,000 (the "Salary Threshold Amount"), the

Executive Director/Chief Executive Officer (“ED/CEO”) will submit a Proposed Hiring Resolution in open session to the full Board during regularly scheduled Board Meetings. All such employment offers will be contingent upon approval of the Proposed Hiring Resolution by the full Board and no employment (new hires or promotions) can commence before Board approval. The Salary Threshold Amount shall increase 3% annually beginning on January 1, 2014.

4. The Proposed Hiring Resolution shall contain for each identified employee the following information, as applicable: name, title, proposed salary. It will also include proposed vacation days, proposed personal time off (PTO) days, proposed relocation expense reimbursement and any other benefit being offered to the employee should such benefit(s) exceed those reflected in Metra’s Non-Contract Employee’s Handbook. Some candidates for employment may request their name to be confidential until immediately prior to the time that their hiring is confirmed by the Board. In such situations, the candidate’s approval may first be considered by the Board in executive session pursuant to the Illinois Open Meetings Act, and in such case the candidate’s name shall not be made public until after such executive session. The candidate’s name shall then be made public before the Board votes on the Proposed Hiring Resolution.
5. Under urgent circumstances, including but not limited to instances where vacancies will likely result in financial waste, interruption of service, loss of a qualified candidate, or will affect the safety of passengers, special approval for the hiring or promotion of an employee may be granted, at the request of the ED/CEO, by joint concurrence of the Board Chairman and the Committee Chairman for an employee to be hired before full Board approval. In such circumstances, the employee’s information as set forth in Paragraph 4 above will be placed on the Proposed Hiring Resolution at the next Board meeting for full Board ratification.
6. If the ED/CEO seeks to give a salary increase (excluding promotions) to an existing non-contract employee in an existing non-contract position which exceeds 9% of the employee’s current annual gross salary, the ED/CEO must obtain approval of the full Board. Such requests for approval of annual salary increases exceeding 9% shall be included as a sub-section of the monthly Proposed Hiring Resolution.
7. The ED/CEO is authorized up to \$100,000 annually in the aggregate (the “Non-Cash Benefits Threshold Amount”) to provide non-cash benefits to employees to recognize exceptional work and further employee recognition programs. The Non-Cash Benefits

Threshold Amount shall increase 3% annually beginning on January 1, 2014. Prior to the establishment of any proposed program(s) that would exceed the Non-Cash Benefits Threshold Amount, the ED/CEO must consult with the Committee. All other benefits shall be provided in accordance with Metra's Non-Contract Employee's Handbook and any applicable ordinances.

8. The ED/CEO is authorized to implement class and compensation programs provided that: the Board has pre-approved the aggregate Class and Compensation line item in the budget; and the combination of a general pay increase and a class and compensation increase shall never exceed 9% in any single year for a non-contract employee without Board approval.
9. Salary information for all Metra employees will be posted in a readily available location on the Metra website.
10. Paragraphs 1 – 7 and paragraph 9 of this Ordinance will expire on April 17, 2013, unless, on or before that date, a subsequent ordinance is enacted, addressing the disclosure of external contacts to the Board regarding (a) hiring potential Metra employees or promoting, transferring or increasing the pay of existing Metra employees and (b) procurement.

January 17, 2013

MINUTES OF A PUBLIC MEETING OF THE BOARD OF DIRECTORS OF THE COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY

The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority met in a public session for a Meeting of the Board on Friday, March 15, 2013, immediately following the Special Meeting of the Northeast Illinois Regional Commuter Railroad Corporation Meeting. The meeting was held in the Metra Board Room at 547 West Jackson Boulevard, Chicago, Illinois, pursuant to notice.

The roll was then taken.

ROLL CALL

Present: Brad S. O'Halloran, Chairman
Paul C. Darley
Don A. De Graff
Larry A. Huggins
Mike W. McCoy
Arlene J. Mulder
Jack Partelow
Stan C. Rakestraw
Jack Schaffer
William A. Widmer, III

Absent: James C. LaBelle

PUBLIC COMMENT

Chairman O'Halloran asked if there were any signed registrants for Public Comment. No public comment was received.

MINUTES

1. Approval of the Minutes from the February 15, 2013 Board Meeting

Director Mulder moved, and Director Widmer seconded approval of the minutes from the February 15, 2013 Board meeting. The motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

CONSENT AGENDA

Chairman O'Halloran remarked that there is a format change in the consent agenda section with the implementation of the Board committee meetings. Consent Agenda items 2 through 17 have been

**APPROVED BY THE
METRA BOARD OF DIRECTORS
ON FRIDAY, APRIL 19, 2013**

approved through Board committee process. The Consent Agenda are listed by their respective committee and are now being recommended for full Board approval. He continued that Item 18, under employment, is a new agenda item resulting from the adoption of Metra Board Ordinance MET 13-03. He pointed out that Item 19 is a time-sensitive item that was added at the request of the Village of Bensenville so as not to delay an IDOT construction project.

He stated that a complete list of consent agenda items is before the members of the Board, and at this time he would ask if any member of the Board wishes to remove an item for discussion. Hearing none, Chairman O'Halloran asked for a motion to approve the Consent Agenda. Director De Graff moved, and Director Widmer seconded the motion. The motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:

Procurement (greater than \$100,000) – Capital

2. Contract for Construction Services at Metra's Deerfield Station
3. Blanket Purchase Order for Rail Grinding Service
4. Master Purchase Agreement for Overhaul of Self-Contained Air Conditioning Units

CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:

Real Estate and Contract Management

5. New Grade Crossing Improvement Agreement with State of Illinois and Franklin Park
6. Land Lease Agreement with Rondout Iron and Metal, LLC

AUDIT & FINANCE COMMITTEE RECOMMENDED:

Procurement (greater than \$100,000) – Operating

7. Contract Change Order for Accounting System Extended Support
8. Blanket Purchase Order for Air Brake Hoses and Fittings (Rebid)
9. Blanket Purchase Order for the Purchase, Installation, and Removal of Galvanized Metal Doors at Various Locations
10. Blanket Purchase Order for Heating, Ventilation, and Air Conditioning Maintenance and Repair
11. Contract Change Order for Banking Services

Real Estate and Contract Management

12. BNSF Service Change for Additional Coach Cleaners

13. UP Service Change for Additional Coach Cleaners

EXECUTIVE COMMITTEE RECOMMENDED:

14. Addendum to Funding Agreement – Downers Grove
15. Amendment to Funding Agreement – Brookfield
16. Amendment to Funding Agreement – Berwyn
17. CTA Red Line IGA

EMPLOYMENT

18. Monthly Hiring Resolution Report

HIRING RESOLUTION NO. MET 13-07

(Please see Attachment No. 1)

REAL ESTATE AND CONTRACT MANAGEMENT

19. Pipeline Easement Agreement with the Village of Bensenville

DISCUSSION WITH POSSIBLE ACTION

20. **CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:** Capital Amendment, as amended by the Committee

Director McCoy, Chairman of the Capital Oversight Committee explained that his committee discussed this subject for most of the meeting, and basically decided to have this capital amendment to be more in line with the 2018 implementation date for PTC versus 2015. The Committee agreed to amend the capital amendment program, which is being presented for full Board approval.

Ms. Ciavarella, Senior Division Director of Capital and Strategic Planning stated that she would address some technical changes first, and then walk the Board through the changes related to the state bond program. She would specifically address the PTC funding and the changes to the core capital program based on changes to the state bond program. She continued that in 2013 for the capital program, Metra was awarded a \$300,000 grant from Section 5317, Federal Transit Administration New Freedom Funds for the installation of visual information systems (VIS) at the Metra stations. The new VIS signs will be used for stations that currently do not have signs.

She continued that last year, Metra received \$7 million in capital funding from the RTA to be programmed during 2013. Last fall, these funds were placed into a project called locally funded project/match. Today's amendment presents a proposal to use \$3.8 million of these funds for a variety of projects. In addition, staff is proposing to use \$500,000 of Metra funds from the local funded project match that was identified last year. The capital funds for the 2013 program will be reprogrammed from the RTA dollars and will include the addition of \$300,000 for the traction motor project, the match to the VIS, and purchase of computer network equipment for \$750,000.

There will be station and parking repairs at the Great Lakes station, and station parking upgrades at the Cary station. Furthermore, Metra will be using the \$2.3 million of RTA capital funds for locally funded projects to replace IDOT matches to older federal grants that are approaching their close-out stage.

She explained that the RTA funds will leverage over \$9.4 million of remaining federal funds by moving unexpended money from completed projects and contingencies to active projects in this older FTA grant. The projects that will use the RTA funding are detailed in the amendment, but they include the UP/North Line bridges, the UP West Line extension, catenary wires, Lake Street Interlocker, eighty-eight platform ramps, station parking engineering and the Ravenswood station. As mentioned earlier, in the 2013 program, there was \$3.8 million of capital funds. This amendment is proposing to use \$500,000 of that for project management oversight for the Mechanical Department, to ensure that Metra meets the Buy America regulations within that department.

She stated that Metra is set to receive, from the State of Illinois, \$106 million in the Illinois Jobs Now state bond funds. The original budget that was put into the capital program was \$170 million. However, this is being revised down to the \$106 million that the State said that Metra can apply for. She said that based on the recommendations from the Capital Oversight committee, \$14 million was removed from the PTC program, and has been added for some additional yard and station projects. The additional yard projects that are being proposed includes: \$7.15 million for the 14th Street and Hill yards, the California yard, and 47th Street yard. In addition, the new station projects included in the list presented to the Board in February are: Healy, 63rd Street, and Vermont Street station. This is at a cost of \$6.85 million. Metra has received so far from the bond program \$729 million, which leaves \$371 million remaining. As discussed at the last Board and committee meeting, the proposal for the rest of that money is to have the \$290 million going to categories of Phase II UP/North line bridge project, PTC, 24 Tier III locomotives, stations and parking. The remainder of the future bond program then would be asked for \$81 million to go for PTC, stations and yards.

Ms. Ciavarella said that if the State bond program came forward, Metra would be reprogramming some of the dollars from the core capital program to meet state of good repair projects. Staff has identified \$23.2 million that can be reprogrammed from the core capital program as a result of the State bond program. This funding will be used for PTC, Downers Grove ADA Platform work, and for the Calumet station. She explained that the Board has the listing of the \$23.2 million that will be reprogrammed. She pointed out that all of these projects are state of good repair, and are within the five-year capital program with the exception of the first one. She said that the projects have been prioritized and staff has basically moved them from the out years into the 2013 program. She then showed the breakdown of all the projects by asset category. She concluded that she had one addition that she would like to note on the 2012 capital program, which is in the amendment. The RTA has notified Metra that \$139,500 of RTA funds are available for matching out of the two grants Metra received relating to the Waukegan state of good repair Federal Rehabilitation Station Project, as well as a CMAQ grant for locomotive rehabilitation projects. Staff is proposing to accept the RTA funds and remove the Metra funds that will be placed into unanticipated capital.

Director McCoy remarked that when going back to the \$106 million bond sheet, and the \$44 million in PTC, there is a good percentage of that for state of good repair. He asked that Mr. Lorenzini discuss this briefly.

Mr. Lorenzini, Chief Engineering Officer, said that on the fifth line on the PTC slide, there are interlocker upgrades that have to be done to modernize the interlockers in order for them to receive the PTC program. Metra has already put \$4 million into interlocker upgrades prior to this year, and the \$10 million will take care of upgrading three interlockers on the Milwaukee line and the 11th Place interlocker on the Metra Electric. This is Metra's first priority. In 2014 there will be another \$8 million, in 2015 there will be \$4 million and post-2015 another \$8 million, so the whole line on the slide is state of good repair. He pointed out that if you look at the UP line item, there is \$30.5 million in there for the Union Pacific. He would say that roughly half of that is probably state of good repair, as the signal systems on the UP lines have to be upgraded. He concluded that on the third line, engineering design, this money is going to support the oversight of the state of good repair projects, and also for overseeing the PTC installation.

Chairman O'Halloran asked if there is still \$28 million in there for 2013 for the system integrator. Mr. Lorenzini responded that there is. He said that roughly a third of the \$62 million is upfront costs just to get the system developed, and includes the software and developing the communication system. This is the upfront cost regardless of whether Metra is going to do one line or ten lines. Basically, this takes care of the upfront costs and the radios needed to get the Mechanical Department started on the UP and BNSF lines. The money in the out years is for the radio and communication systems, and signal systems for the other lines. Chairman O'Halloran asked if this takes us out to 2018. He would think that if it were out to 2018, we would not need to make that decision on the \$28 million now. Mr. Lorenzini responded that staff is making the assumption that we have to be ready on the UP and BNSF by 2015. This is why they have to get all the upfront cost working. He explained that Metra will have to have our own communication systems to run on the UP and BNSF lines because the other railroads do not do the breaking charts, the algorithms and all the data needed for the Metra trains. They just do it for their freight trains.

Chairman O'Halloran asked if any of the \$28 million is with the single source purveyor that is involved with PTC. Mr. Lorenzini responded that it is not. There will be multiple bids, but there are not a whole lot of them in the country. The only single source purveyor is Wabtec, and they are putting the monitors on the train themselves. Chairman O'Halloran asked when this would come into play. Mr. Ryan, Chief Mechanical Officer, responded that Metra is currently working a deal for a contract with Wabtec. If the Wabtec contract gets approved this spring, then the installation of the monitors will start in the summer. Chairman O'Halloran asked how much that would be. Mr. Ryan responded that the contract for the material right now is approximately \$19 million. Chairman O'Halloran asked how this would end up with \$17.1 million. Mr. Ryan responded that the material will go all the way through 2018, and it is per vehicle. What they did was divide it out by how many cab cars and locomotives are going to need the material for 2014, 2015 and through the out years.

Chairman O'Halloran asked what happens if Wabtec ends up not being a sole source situation and they bring in somebody else, which will change the competitive nature of the whole deal. He asked if there is any way to delay the Wabtec part of this project. Mr. Ryan responded that Mr. Orseno, Mr. Lorenzini and he met with the Wabtec team this week, and what also will tie this into the Wabtec

contract is the fact that the class one railroads have all gone with Wabtec. There is another vendor that is exploring, trying to get a FRA approved system, but they run mostly out east. The fact that the Burlington Northern Santa Fe, Union Pacific and Canadian National have all gone with Wabtec system, will tie Metra into the integrated system. Chairman O'Halloran asked when this contract would be brought to the Board. Mr. Ryan responded that right now it is going through Buy America, so he is hoping that it will be brought to the Board in either April or May.

Director Schaffer stated that he shares everyone's frustration on the whole PTC thing, but it does occur to him that the UP and the BNSF have more money than anyone else. From what he understands, they have some advantages in getting this system up and running because it will allow them to run more trains on their tracks. Mr. Lorenzini said that this is a possibility, but it is not feasible at this point. Director Schaffer remarked that his guess would be that they are working on that potential. His concern is that we may get an extension out of Washington, but that the freight railroads may say that in the interest of public safety they are going ahead with the program. At that point, people may say that their trains could be safe except for Metra. To that end, he can tell that from the comments made here, that staff is following the progress of these railroads. He thinks that we have to try to stay paced with those railroads on those lines, because that is where we are going to catch it in the chops, so to speak, if we do not keep pace. This is one of the reasons that he is a little nervous about getting the extension. If the freight railroads who have money say 2015 is okay with them, Metra needs to keep pace with those railroads. He is not sure if they are saying that, but as he understands it, he also does not think that they are pushing for 2018 or even 2020. The other thought that he had, is with the controversy that we have with the Canadian National. If they can't run extra trains on that track, he just wonders if the implementation of this program will solve part of their problems, or are they just looking for somebody else to upgrade their tracks.

Sam Smith, Legislative Affairs Officer said that he has a point of clarification. He is not going to speak to any individual class one railroads on whether they will make 2015 or not. There are some that will and some that won't, but as an industry, both passenger rail and freight, they have all gotten behind 2018 and are all advocating for that date.

Director Huggins stated that he is glad that Mr. Smith clarified that because the issue that he has, and most riders have, is that they would much rather see Metra upgrading stations. Every time there is some additional money, we are putting money in PTC instead of upgrading the stations and he thinks that Metra needs to reverse that.

Director McCoy explained that he would like to say that this is kind of what they tried to do in response to what Director Schaffer said. He thinks that the Committee tried to consider what needed to be done to be in compliance in 2018, but also if the UP and the BNSF are in compliance before 2018, Metra has to also be ready for that. The Committee looked at it both ways. It is a compromise in a way, because money was moved into station projects as well.

Director Mulder said that we need to increase ridership, but she believes that safety is important and she is hopeful that Metra will be able to allocate dollars for both. There are some stations that need to be upgraded and our passengers, frankly, deserve that. We obviously have to keep pace so that we can meet any kind of federal deadline for PTC.

Chairman O'Halloran stated that his concern is if the class one railroads and the commuter railroads are in line with the 2018, he finds it somewhat concerning that we are going to possibly end up with the sole source company, and he would rather wait until we had somebody else. Also, we are front-loading all the system integrations. These are huge numbers. What happens if in six months if the 2018 date goes through in Washington? He said that Metra would have already front-loaded something that all of a sudden a competitor could come in and it is going to cost half of what we already paid for it. He does not know if we are shepherding our funds the right way. As Director Huggins stated, there are so many other things, from bridges to rail, to getting that worker out of that little switch house so that this could be electronically done. When he goes by this switch house on the Electric line it is almost like you are revisiting the 1890's or something.

Director Huggins stated that he always said that he is proud of this Board because we have always run this agency as if it was a for-profit business. What the Chairman has just said is a smart business decision, and he supports what he just said.

Chairman O'Halloran explained that as he understands it, if the Board goes forward with the ordinance right now, we are stuck with \$44 million in PTC, of which some of this, the interlockers and stuff, we have to do. However, he asked if there is a way to figure out how to spend some of these funds on things we have to have and then hesitate slightly on the other until we get a better idea of the landscape. He hates to see us take \$28 million and then use most of the \$17 million on Wabtec. Mr. Lorenzini added that all of the \$17 million is for Wabtec and labor. He continued that the \$40 million is for the system integrator, and mechanical use. Chairman O'Halloran asked if this was in that original PTC number, the \$17.1 million. Mr. Lorenzini replied that the amount was there, but it is heavy in 2013. This is all predicated on being able to be ready for the BNSF and UP by 2015.

Chairman O'Halloran replied that he understands this, but his question is that the Board was presented with \$44 million for PTC. He asked if the \$17.1 million should be added on to the \$44 million. Mr. Lorenzini responded that it would not. If you look at the second to the last row on the slide, we have up to and including 2012, \$36 million. When you add on the \$44 million, this brings it up to \$80 million. We need that cumulative total. Director Huggins said that when he saw the slide where staff was talking about an additional \$21 million that we might get, and of that \$21 million, he asked if \$19 million of that was allocated toward PTC. Mr. Lorenzini responded that this assumes that we are getting the \$44 million in state bond money, so that brings us from \$36 million to \$80 million. Originally, Metra had \$19 million in the capital program. Since Metra is getting the state bond money, they are going to take that \$19 million that was for PTC and use it for other projects.

Director Huggins asked that staff show the slide with the additional \$21 million. Ms. Ciavarella said that this was about the State bond program, and showed a list of all of the stations that are being included. She continued that this was the list of the yards that were added into the program, after the additional \$14 million was taken out. She explained that in terms of the core capital program, \$19 million of federal dollars has been programmed in 2013 for PTC. Also programmed were the \$2 million for Downers Grove stations and \$2 million for Calumet. What staff is proposing is to reprogram all of those because they did put Downers Grove and Calumet into the station list. As she goes back, the Board will see those on the station list and they are fully funded in the station list.

She pointed out that this is the list of projects that staff is proposing to move into using the federal funds, because they took the \$19 million of PTC out of the federal funds and moved that into the state bond program.

Chairman O'Halloran asked that \$28 million of this is for system integration, and \$20 million is for Wabtec. Mr. Lorenzini responded that this is correct, but the Wabtec cost is spread out over the next three years. Chairman O'Halloran asked how much for this year. Mr. Lorenzini responded that the pre-2013 is \$2.6 million and \$17.1 for this year. This is roughly \$20 million. Chairman O'Halloran asked if this has been spent already. Mr. Lorenzini responded that not all of it has been spent. Chairman O'Halloran said that the ask is for \$17 million. Mr. Lorenzini asked Mr. Ryan how much of that is for material and labor. Mr. Ryan asked the Chairman if he wanted him to go back a few slides. Chairman O'Halloran said that he is just trying to get at what is the total of the PTC that is either tied to the system integrator or Wabtec. He continued that it is \$17 million and \$28 million, so it is \$45 million. He asked if this is right. Mr. Ryan responded that this is correct. He stated that recently the target date for PTC was 2015. He continued that the team recently met with the BNSF who has assured them that they will be fully equipped wayside by 2015. The rolling stock goal for Metra is to try to make 2015 across the board. There has been a change order with the Nippon Sharyo order, and they are currently installing Wabtec's product on the highliners. The fact that BNSF and UP are installing Wabtec is important as all of the railroads have to be system integrated together. He understands that it is frustrating, and staff shares in the frustration. However, Metra is tied into Wabtec at this point, and the class one railroads solidifies that.

Director McCoy asked how critical it is that the ordinance gets passed today. Ms. Ciavarella responded that it is important that some decision be made to move forward. She continued that the program needs to go over to the RTA for approvals, and then talk to the State. She added that there is a lag time between when the Metra Board would act and for staff to move forward with the funding. She explained that an alternative would be to move forward with the \$44 million for PTC, and as the contracts come forward and if things change, staff can always bring back an amendment to this program. This is 100% within the Board's purview, and is something to consider.

Director Mulder moved, and Director Schaffer seconded the motion to approve the amendment. The motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 13-08

(Please see Attachment No. 2)

21. **EMPLOYMENT PRACTICES COMMITTEE RECOMMENDED:** Ordinance Amending Ordinance No. MET 13-03 for a Time Extension

Director Huggins, Chairman of the Employment Practices Committee, explained that at the meeting of the Committee last week, the members decided to grant an extension to June 2013 for Ordinance No. MET 13-03. He asked Mr. Capra to explain to the full Board why he made that decision. Mr.

Capra, Chief Auditor and Compliance Officer, stated that at the last committee meeting, staff introduced two ordinances for the Committee's consideration. The first was the disclosure ordinance as drafted. However, there was an indication that various Board members wanted to see some revisions to that ordinance. As an alternative to give the Committee more time, they introduced the ordinance that is before the full Board today. This extends out the sun-setting of ordinance No. MET 13-03 until June 22nd, 2013.

Director Schaffer remarked that this seemed like a simple thing, but if the Board needs more time, we need more time. He would appreciate the full Board being kept apprised of each draft that is being proposed, as he would like to see that this gets done right.

Chairman O'Halloran requested a motion on the ordinance. Director Widmer moved, and Director Mulder seconded the motion. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave, and the motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 13-09

RECITALS:

WHEREAS, the Board ("Board") of the Commuter Rail Division of the Regional Transportation Authority ("Metra") enacted Ordinance No. MET 13-03 on January 17, 2003;

WHEREAS, Paragraph 10 of Ordinance No. MET 13-03 provides that paragraphs 1-7 and paragraph 9 of the ordinance will expire on April 17, 2013 unless, on or before that date, a subsequent ordinance ("Disclosure Ordinance") is enacted, addressing the disclosure of external contracts to the Board regarding (a) hiring potential Metra employees or promoting, transferring or increasing the pay of existing Metra employees and (b) procurement;

WHEREAS, the Employment Practices Committee is in the process of drafting a proposed Disclosure Ordinance;

WHEREAS, the Employment Practices Committee has requested additional time for the drafting of a proposed Disclosure Ordinance;

BE IT ORDAINED THAT:

1. The Recitals are hereby incorporated herein.
2. Paragraph 10 of passed Ordinance No. MET 13-03 is hereby amended such that Ordinance No. MET 13-03 will not expire until June 22, 2013, unless an ordinance addressing the disclosure of external contacts is enacted prior to that date.

22. **EXECUTIVE COMMITTEE RECOMMENDED:** Transparency Initiative

Director De Graff, Chairman of the Executive Committee explained that the transparency initiative would involve attempts to place more Metra documents online for easy access to the public. The Illinois Policy Institute has championed the cause and has worked with many governmental agencies to increase their transparency in this regard. What the Committee is recommending to the full Board is to allow the Metra staff to increase the online documentation database in some kind of searchable format. The committee's discussion really involved the benefits that are associated with that, such as elimination of all the FOIA requests.

Director De Graff continued that there was an original ordinance presented. However, what the committee decided to do is to allow the consensus to come from the committee instead of recommending specific passages of the ordinance. The committee would then make a recommendation to the Board that would allow Metra staff to formulate the policies and procedures regarding this transparency initiative and then get back to the Board with a draft ordinance. Rick Capra, Chief Auditor and Compliance Officer, added that it was also agreed that they would work with staff to come up with a comprehensive plan and report back to the Executive committee in six months as to the progress.

Chairman O'Halloran asked if at this stage this is discussion only. Director De Graff replied that it is, but a full consensus was arrived that staff should move forward with the initiative.

CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:

23. Scoring Process for Professional Engineering Services

Director McCoy, Chairman of the Capital Oversight Committee, commented that this was prepared by Joe Lorenzini, Chief Engineering Officer. He said that this is very consistent with how professional engineering services are selected. Some of the items that are looked at are high point totals, qualifications of key personnel, which is one of the key points. You would then look at recognizing the project, which shows that they have done a little work in preparing their proposal. He continued that he believes that in the past Metra was looking for people with Metra experience. However, we are trying to change that a little bit, because some jobs are unique, and perhaps involve IDOT, the tollway or a village. If someone has some unique experience in certain things that are related to the project at hand, this will be evaluated. He concluded that the Committee passed this unanimously to be sent to the full Board.

Director McCoy moved, and Director Widmer seconded the motion. Chairman O'Halloran requested leave for the previous roll call. The Board granted leave, and the motion was passed with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

EMPLOYMENT PRACTICES COMMITTEE RECOMMENDED:

24. Metra's Temporary Employee Program

Director Huggins, Chairman of the Employment Practices Committee said that at the meeting, Brenda Smith, Acting Senior Corporate Director of Human Resources provided a presentation on Metra's Temporary Employee Program. He continued that there are basically three types of temporary employees. Temp one category employees work 40 hours per week on a regular basis for up to one year. They are eligible for some company benefits, medical, limited vacation and some PTO. Temp two hires are 40 hours per week on a regular basis up to 12 weeks. The 12 weeks can be extended one additional 12 weeks for a maximum of 24 weeks. The last category is the temp three classification. The temporary three employees work less than a 30 hour week, on an as-needed basis for up to 12 weeks, but they can also be extended an additional 12 weeks for maximum of 24 weeks. Director Huggins pointed out that Director Widmer made a good point about temporary employees being covered by collective bargaining. Director Widmer stated that he asked if any of the temporary employees are covered by collective bargaining agreements, with the answer being no. Director Huggins stated that the Committee moved for this to come before the full Board.

Alex Clifford, CEO, added that it was also discussed whether or not temporary employees at \$75,000 or greater should fall under the new hiring ordinance. The Committee unanimously said yes to that. Staff will make sure that the temp employees go through the same process.

Director Widmer moved, and Director Partelow seconded to approve the Temporary Employee Program. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion carried with ten ayes.

RECEIVE AND FILE

25. Corporate Website Activity Report for the period of February 1, 2013 through February 28, 2013
26. Monthly Management Personnel Report
27. Metra Capital Procurements of \$100,000 and Under for January 18th, 2013 – February 19th, 2013
28. Metra Operating Procurements of \$100,000 and Under for January 18th, 2013 – February 19th, 2013
29. Commuter Rail System On-Time Performance Report for January 2013
30. Monthly Legislative Update

Chairman O'Halloran asked if any of the members of the Board had any questions regarding the receive and file reports. No questions were asked.

31. ORAL -- STATE OF METRA OPERATIONS

Don Orseno, Chief Operations Officer stated that for the month of February 2013, Metra's on-time performance was 96.1%. Of the delays, 52% of them were between 6 and 10 minutes, and 23%

were fewer than 16 minutes. He continued that the February 2013 versus February 2012, on-time performance was down a little bit in each of the categories. However, February was still a phenomenal month for Metra, and as mentioned, we achieved 96.1%. Of the major delays, there were 84 freight delays, 75 mechanical, 6 delays from track construction, 1 right-of-way accidents, and 150 switch and signal failure delays. For the February 2013 on-time performance by line, all lines finished above 95%, with the exception of the North Central line at 87.5%.

Mr. Orseno continued that along with officials of the CN, Mr. Clifford, he and several other staff members, there was a very high level meeting last week to discuss the North Central on-time performance and other operating issues. The CN has given us a commitment that they are going to do whatever they can to try to expedite our trains. The problem they were having is the increase in their freight traffic, as well as some operating issues themselves. So far this month, North Central 's on-time performance is at 93%.

He concluded that for the St. Patrick's Day weekend, Metra has added some cars to normal consists to handle the larger crowds, as well as preparing to run some extra trains on some of the lines for the St. Patrick's Day event. Director Schaffer remarked that he couldn't help to hear some of the announcements while he waiting for his train this morning that alcohol would not be allowed on the trains on St. Patrick's Day or the day of the parade. Mr. Orseno responded that this is correct. He explained that we typically do this because there are a lot of issues associated with heavy drinking. Director Schaffer said that he understands why Metra is doing it. He added that perhaps staff would be interested in a lot of the comments to the announcement, but that is neither here or there. Mr. Orseno responded that he would appreciate the Director's feedback.

32. ORAL - - MONTHLY FINANCIAL REPORT

Tom Farmer, Chief Financial Officer, stated for discussion today are the January results. The first is that fare revenue was under budget by \$1.5 million, and all of the railroad carriers missed the budget. He said that this continues a trend that began in the fourth quarter of 2012, which staff will start monitoring closely for any impact from the February 1st ten-ride price adjustment. He pointed out that he will be providing some information about ridership, but asked that if the Board has any specific questions to wait until Ms. Ciavarella's presentation on ridership trends. He continued that total ridership was down 3.6%. Free rides were up 11%, with reduced fare rides up 3.5%. He stated that not only did Metra have less riders, those that were riding were paying less.

Chairman O'Halloran asked Mr. Farmer how does this compare to last year. He said that he does not want the budget, but the actual passenger revenue last year, 2012 versus 2013. Mr. Farmer responded that when he says that ridership is down 3.6%, this is versus 2012.

Mr. Farmer continued that ridership is down approximately 6,258,000 to 6,013,000, or a quarter of a million people, year-to-year. Director McCoy asked if Mr. Farmer stated that passenger revenue is down a greater percentage than ridership. Mr. Farmer replied that he did not say that, but that is indeed the case. It is down a little bit more, and as mentioned, ridership is down 3.6%, but paying passengers is down 4%. Director Darley asked if passenger revenue is down 3.6% compared to last year. Mr. Farmer responded that ridership is down 3.6%. Director Darley stated that he believes that the Chairman's question was with respect to revenue. He asked Mr. Farmer where is passenger

revenue at for January 2013 versus January 2012. Director Mulder remarked that what she heard was that there was an increase in free rides and reduced fares, which is probably why the revenue is down. She continued that the riders that Metra is getting are the ones who still get the good price. Mr. Farmer responded that this is correct. He said that the answer to Director Darley's question is that revenue is actually up from prior year January, because if the Board remembers, the fare increase took place on February 1st. This accounted for \$5 million a month, so last year's January revenue was in the vicinity of \$20 million.

Mr. Farmer explained that on the other revenue area, this is down about \$500,000. This is due to grant project credits. He stated that last year this was underrun somewhat, so staff reduced that budget to \$2 million for the full year. Looking at some of the projects available to Metra from IDOT and other things, but he is not terribly concerned about missing that full year. He is more inclined to attribute this to a weather issue where we were unable to work certain projects. He added that again, he is not too concerned about this line this year, and believes that they have budgeted it adequately. When looking at the operating expense, operations and maintenance was favorable by \$700,000, administration and regional by \$800,000, diesel fuel by \$100,000, motive power by \$200,000, claims and insurance by \$300,000 and downtown stations by \$100,000. Metra did a good job across the line on holding expenses.

He continued that when looking at the revenue recovery ratio, it is down a little bit. This is because when you move the revenue down, this tends to have an outsized affect. Even though Metra beat the deficit, we are still under. However we are not in any danger of missing the RTA mark, because Metra's RTA mark was 53%, and our budget was about 55%. He said that there is some cushion in case that happens. He concluded that as long as Metra meets the deficit target and the revenue mark, Metra would be okay.

Chairman O'Halloran stated that his other question is if it would make any sense on the revenue to break out the grant stuff, which is somewhat episodic, versus other revenue that Metra would be getting from advertising or other sources. He thinks that the Board has some interest level to increase that. Mr. Farmer responded that he can provide a couple of line items for leases and advertising. He continued that he can say that inside that number it was primarily grant credits. However leases were under by about \$50,000 and advertising by about \$40,000 for the month. Director De Graff added that he would just concur with that. He thinks that given the nature of what we are looking to do in the next year, the marketing aspect is important.

33. ORAL - - COMMUTER RAIL SYSTEM RIDERSHIP REPORT FOR JANUARY 2013

Lynnette Ciavarella, Senior Division Director, Capital & Strategic Planning reported that in January, Metra provided 6.4 million passenger trips. This is almost 5% higher than what Metra provided in December, but it is about 3.4% less than what was provided last January. This is despite having one additional weekday this year when compared to last year, but part of that weekday distribution likely suffered because of how the holidays fell. She said that last year, New Year's Eve and New Year's Day fell over the weekend. This year, New Year's Eve and New Year's Day fell on a Monday and a Tuesday. Typically when this happens, there are reduced loads on the Wednesday, Thursday and Friday of that first week. A lot of people did not come back to full-time work until the 7th of the month versus what they had done before.

She continued that Mr. Farmer touched on this a little bit about the distribution of the rides. Ridership was down 3.4%, and Mr. Farmer indicated that there was an uptick on the free rides. It is a small percentage of free rides, and the reduced fare rides came up slightly as well. However, Metra's full fare came down 4%. If you take the free rides and the reduced rides, last January they accounted for about 5.1% of the total ridership population. This year they accounted for 6.2%, so almost a full percentage increase in that particular population. She said that when looking at the number of tickets or the distribution of ticket sales, the monthly tickets decreased .5% when compared to last January. This does actually signalize some kind of stabilization of where the monthly tickets are, which she will get to in a minute. She explained that while we never really want to see ticket sales decline, this is the first month where we are less than a full percentage point since September. Since September, the declines have been less than 1%, so it looks like we are getting closer there. She said that she can report some of the preliminary data that she has seen for February, which shows that monthly ticket sales are going to be up.

She stated that when they looked at the ten-ride tickets for January, they have decreased 15.7%. There was also a decline in the one-way tickets sales of 3.5%. She stated that we need to keep in mind that the fare increase is coming into play where the one-way tickets and the ten-ride tickets are not as good of a deal as a weekend ticket, and in January the weekend ticket was good for New Year's Eve and New Year's Day. Because those two days fell on a Monday and Tuesday, there was an extra weekend ticket on sale that was not available last year. This accounts for some of the change that we have seen. Ms. Ciavarella explained that she wanted to point out that while the ten-ride tickets sales in January 2012 reached some high levels, this has to do with the stockpiling of ten-ride tickets. Although Metra did try to prevent the stockpiling of ten-ride tickets last year, there were a larger percentage of people purchasing ten-ride tickets before the fare increase in February. Likewise on the monthly tickets, the percentage of people purchasing monthly tickets is coming down. Part of that has to do with the fact that in 2011 senior citizens were not purchasing full fare tickets. They were riding for free. However, going into the end of 2011, and 2012, those populations are now purchasing the reduced fare ticket.

She continued that the snowfall that has been experienced this year is dramatically lower than what has been seen in previous years, and even in comparison to last year. It is quite possible that this has had an impact on Metra ridership. Some of the other service boards are reporting that as an impact as well. She said that when they look at it by rail line, it shows that all of the rail lines are down. The west region was down 2.5%, the north region was down 2.6%, and the south region was down 5.7%. Ms. Ciavarella concluded that when they look at the last twelve months, the Board will be able to see where we are trending. At this point, Metra is 2.1% lower than where we were if you look at the last twelve month time period. To recap, there are a few differences on the calendar side, the days themselves and how the holidays fell. She pointed out the ten-ride ticket and what staff believes is from stockpiling from last year, the mild weather and then the gas price indications as well.

Director De Graff said that he has a remark relative to ridership going forward in May, June and July. At the Executive Committee they talked a little bit about the IGA with Metra and the CTA, and the ten-ride and five-day sales. It is anticipated that in May, June and on, there is going to be a significant bump up in the amount of anticipated revenue for ten-ride tickets. He asked if this is fair to say, based on the IGA with the CTA. Mr. Clifford responded that it depends on how many tickets

the CTA is going to buy. Ms. Ciavarella stated that they have a number that the CTA has said that they were going to purchase. She is not sure if that number is in the official IGA, but she will go back and check that. Depending on the demand, there might be a need to purchase more tickets. The CTA has agreed to provide ridership data or ticket sales data that staff can try to massage and put it into the report. This is going to be a challenge as this moves forward in terms of how staff is going to report and show this data.

Director De Graff asked that when looking at this, it seems that the tickets purchased would be A-B, A-C and A-D, in terms of ten-rides. Ms. Ciavarella responded that this is correct. This would be for Zones B, C, and D. Director De Graff said that he would think that there would be some kind of adjustment that is going to take place as a result of that towards the end of year. Ms. Ciavarella responded that this is correct. Director De Graff stated that whether or not we think that we can anticipate prior to that, or whether we just wait to react to it, he would think that these numbers are going to be somewhat skewed going forward. Mr. Clifford responded that staff will track that.

Director Mulder stated that she had a couple of former monthly purchases who had switched to ten-rides, who have mentioned that they are not happy with the ten-ride increase, and that they may go back to the monthly ticket. She is curious if staff has looked at the worker who has flexibility, and can work at home. She asked if those riders that were using the ten-ride ticket, may now start using the monthly ticket because of the increase. Ms. Ciavarella responded that this is something that they will be attempting to track. It is difficult to get that origin pair of who is actually purchasing the ticket and why they are shifting. This is a subject that staff has been discussing to see how they can get some of that data. Director Mulder remarked that she thinks that in the past, monthlies were a comfortable ticket to purchase. However, with the economy and sometimes changes in jobs, it becomes a little more calculating.

Director Rakestraw said that the increase in the occupancy in Chicago is growing more than the surrounding suburbs. He asked if staff has factored this in on a long-range basis to see the actual impact that it is going to have on ridership. Ms. Ciavarella responded that staff has been looking at a number of different sources trying to get their arms around not only population movement, but also housing starts, jobs, home origin of jobs, and where people live and commuting patterns. This is one of the pieces that they are working on. However, she does not have hard and fast data to share with the Board today, but hopefully in the future those might be things that they are hoping to incorporate in the report and bring that back to the Board.

34. ORAL - - CHIEF EXECUTIVE OFFICER'S REPORT

Alex Clifford, Chief Executive Officer reported that he would be presenting some more of those KPI's, Key Performance Indicators that he introduced to the Board recently and would welcome the Board's feedback at the conclusion of this presentation. He continued that certainly if the Board believes that there are some indicators here that they don't want to see on a monthly basis, to let him know. However, it does not mean that those indicators will not be tracked. He will have staff continue to track them, as there are other detailed ones that are tracked behind those. He said that if there is something that the staff has missed, or some particular indicator that the Board would like to see, let him know and he will have staff go back and study it.

He continued with the first KPI, which is the safety employee injury ratio. Initially the target has been set at 1.73. He asked the Board to keep in mind that this is year-to-date, and is just January data. In January of this year there were five injuries, which caused this to go a little bit above what the target is. He explained that any time there is an injury, the Safety department goes into a response team approach to look at what the injury was, make sure that it is identified whether it was preventable, and then also to share the information among the work group on what was discovered so that everyone benefits by the knowledge that is gained. As the year-to-date continues to accrue, and month-to-month gets added in, they will look for this number to come down.

He stated that they also added a procurement cycle time year-to-date. He explained that this is kind of new for Metra, as historically this data was not tracked. He had staff go back and pick up some information for 2012 and for this particular target a 10% reduction was set, and he pointed to the diamond that reflects a 10% reduction. He said that right now this is being tracked right at that diamond, and again, this is just one month's worth of data.

Director Rakestraw asked Mr. Clifford if Metra has a return-to-work program. Brenda Smith responded that Metra does have a return-to-work program for employees that are within 30 days of being able to return to work full-time. She continued that the employees have the option of going into a return-to-work program and are placed into a position that is within their restrictions for that period of time. Director Rakestraw asked if this is a mandatory program. Ms. Smith responded that it is not mandatory, it is voluntary. Director Rakestraw asked why this was not a mandatory program, and if Metra has ever thought of making it mandatory if they are able to do light duty. He would think that this would cut the cost long range. Ms. Smith responded her department is looking at revamping the program. Initially, they chose the voluntary return to work. However, they will look at making it mandatory. Mr. Orseno added that he may be able to shed some light on this, because he was involved in the program when they were designing it. He continued that a lot of the positions that are out there are union positions that are governed under scope rules and things like that. He explained that they have gone to the managers in those areas, to see if there is work that those employees might be able to do, so that at least we can offer someone the ability to come back. Clearly if someone is coming back and is working, they do return to work faster. However, you cannot force somebody from the union side to do something different. It is a fine line of what sometimes you would like to do and can do, and what you contractually can do.

Mr. Clifford added that this is a good question, because there is data out there to support that if you could get people back to work, regardless of whether it is in their original position or some other holding position, you are able to get them back to work permanently quicker. He added that in LA, they had a mandatory program, if they can work within the restrictions. He would have to say that the jury is out whether it worked or not. Sometimes people can get real comfortable in those alternate responsibilities that they had and not anxious to get back to their regular job, so you have to evaluate both. Director Rakestraw commented that this is becoming more of a management issue than in years before, and that Metra definitely needs to review policies and make sure that we are getting the best that we can out of the program. He knows that this is a big cost, and it is going to get bigger. Mr. Clifford agreed, and added, that even some of the current thinking is if the manager is just making a call, a well-being call, this sends a message to the employee that you are anxious for them to come back, you want them to come back, and haven't forgotten about them. Ms. Smith stated that they are looking at revamping the program.

Director Schaffer asked what the ratio is of the injuries between the contract employees and non-contract employees. Mr. Clifford responded that he does not have that information here, but will gladly provide that information in the future. Mr. Orseno stated that typically if an employee is working in a nice office like at 547, then there may not be many accidents. When you are out there working on the tracks in ice and snow, or what have you, there may be more accidents. The safety accidents tend to be much higher on the contract side. Director Schaffer said that his only thought was if it is predominately in the contract area, which logic would seem to indicate, then we may be tied to union stipulations to the point that the contract is moot. Mr. Clifford responded that just looking very quickly at the five accidents, it would appear to him that they are contract employees. He pointed out that we also need to remember that there are only 450 non-contract employees, and 2,800 contract employees.

Mr. Clifford continued his presentation on the indicator for on-time performance. Metra has a 95% target, and so far, there is only the one month data. However, we are doing very well in this category. He said that they show delays by mechanical failures and freight interference as well. He explained that a 5% reduction target was placed for mechanical failures, and as of right now everything is tracking close to that target. Delays caused by freight, is another area that Mr. Orseno reports to the Board on. Along with staff, he has been spending a lot of time trying to reduce that. After looking at the 2012 data, they set a target of a 5% reduction, and it has been met. Customer service is one that has been added to track. He remarked that Metra does not have a real good system to date to track the number of customer complaints. It is a very hard coded, labor intensive process. Staff is in the process of securing software that will help track it the way everybody else does, which will then provide better data. Again, staff reviewed some industry standards and set the target right now at about 11 per 100,000 boardings.

He explained that in the area of Human Resources, staff is looking at the amount of time it takes to fill vacancies. They looked at two years' worth of data, and had some quality data that could be drawn on from there. He said that he is showing two year's worth of data set a 10% reduction in that particular category. In the one month data that we have, it shows that we are above the new target. If we studied that real quick to find out why that was the case, there were two major contributors. One is that we were short three people compared to last year. There are three vacancies out there that Human Resources is trying to fill, so the department in question does not have as many people in that department to process those requisitions. Also, there were slightly more requisitions in January than we did last year. He said that staff will continue to track this, and watch that come down. He stated that overtime is certainly an area that the Board as well as others are interested in, so staff is tracking this year-to-date against budget. There is no real target to reduce, as the target to reduce was set when we did our budget. Staff looked at overtime year-to-year and set the target for overtime. In this category, he wants to make sure that we are tracking against budget.

Director Rakestraw asked if the temporary employees are used to help control the overtime. If not what really is the need for the temporary employees. Mr. Clifford responded that the temporary employees are used in a sort of non-contract type of area, and we do not have any overtime in those areas. As mentioned earlier about the possible conflict to bring temps on-board and contract employees' work, we are very careful to make sure that those temporary positions do not conflict with contract work. Ms. Smith added that the temp positions are professional positions.

Director Darley asked that with respect to overtime, he might also be interested to see the percentage of total amount of time worked that is overtime and use that as a gauge. Mr. Clifford said that he would have staff track that.

Mr. Clifford continued that with the fuel expenditures, again, staff set the budget with the Board at the beginning of the year. This is showing that we are tracking slightly below budget. He concluded with an indicator on the snow budget. He said that on a year-to-date basis, for January, we are tracking. This will change, obviously, when they get the February numbers, and probably after March it will stay pretty stable. He asked if there were any questions, or feedback from the Board.

Director Schaffer said that he has more of a request. He asked for a brief update on Wi-Fi and defibrillators. Mr. Clifford asked Mr. Wiggins, Deputy Executive Director of Administration to report on Wi-Fi. Mr. Wiggins stated that the consultant was on-site late last month and met with staff to actually scope out the project. The consultant went out to the yards to look at the equipment and is in the final process right now of building business case and financial analysis, which should be submitted within the next week. He hopes to bring something back to the Board in April. He pointed out that this will inform staff as to the potential costs for the initial pilot, as well as providing some insight as to what it should look like if they were to scale it up. Mr. Clifford asked Marty Ryan, Chief Mechanical Officer to report on the AEDs. Mr. Ryan stated that they were ahead of schedule on the installation of the AED. All were installed prior to the end of January. Right now every train has them as scheduled, so they will be found in every cab car. Director Schaffer asked about training. Mr. Orseno responded that training classes are held on Tuesday, Wednesday, and Thursday because that is the best day to get everyone in. He would say that close to 40% of the people had training. He added that they are getting a lot of positive feedback about having the AEDs on the cars. Director Schaffer asked if the training covers CPR. Mr. Orseno responded that it does. It covers the AED, CPR, and also the customer service section. Director Schaffer said that if we are going to do it, might as well do it right.

Director Mulder asked if there have been any incidents on the trains to use the AEDs. Mr. Orseno responded that not that he is aware of.

Director Rakestraw stated that he has a question on Wi-Fi. He asked if staff has reviewed or visited other commuter rail agencies that have Wi-Fi. Mr. Wiggins responded that they have. He said that they have talked to a variety of agencies that operated or attempted to deploy Wi-Fi. The Metra consultant has actually worked with a number of agencies across the country and has really taken steps to apply lessons learned. For example, with Amtrak, and even his former employer, they have taught us that there is a great demand for Wi-Fi. However, you want to make sure that we build a system that is fast and reliable. The consultant will be applying those lessons learned to ensure that we use the best technology. He added that right now it is a good time for Metra to move forward with 4G and the consultant is taking a look at the 4G infrastructure throughout the Chicago area. Director Rakestraw asked if we have the infrastructure for this in Chicago. Mr. Wiggins stated that so far, the consultant has tested the actual available bandwidth through some of the cellular providers on a couple of the lines, and they found extremely reliable, high quality signals throughout the serve area.

Director Darley said that he applauds the dashboard effort, but it would be nice, and maybe staff has them but he didn't see them, dashboards for ridership revenues, capital expenditures, and expenditures overall in terms of operating expenditures. He said that he saw one, but he would like to know how Metra is doing on a monthly basis for those major categories as well. He added that there was considerable discussion at the last meeting as to reserve targets, so maybe one for reserves as well. Mr. Clifford asked that for clarity, the Director would like to see KPI's for ridership revenues, operation expenditures, capital expenditures and cash reserves. Director Darley replied that this is correct.

Chairman O'Halloran asked what is happening with the ability to purchase tickets through the use of smart phone technology. Ms. Ciavarella responded that the last time she addressed the board, she mentioned that staff was working through an RFP for Project Management Oversight. The RFP should be released next week. She continued that they are in the process of finishing up the RFP for the pilot project, and the pilot project is going to be hand-held devices, which is actually purchasing tickets through you smart phone. Staff is also looking at some technology that the vendor community might be able to share with Metra on purchasing via credit card. This would provide something to the conductor so that they can process a credit card on the train. Staff is also looking at other ticket vending solutions, which could be printing from home, vending machines and the like. This is all packaged in the RFP that staff has been working on, and she suspects that it will be a couple of weeks, which then they will get that into procurement to go through the process. Mr. Clifford added that one of the things that he has been asked to do is not release the RFP until the PMO comes aboard. He wants to make sure that the PMO has a quick chance, once he or she comes aboard to review the RFP to make sure that nothing was missed. He thinks that this is important before it goes out on the street. He explained that the last situation that he wants to have is to put an RFP out on the street, hire a PMO, and when they come aboard may say, "what the heck were you thinking?" He would like to get the PMO on board, let them spend a week to have them comment on it, and make some revisions, then put it out on the street.

Chairman O'Halloran stated that his other question is if Metra has an App or developing an App? Ms. Ciavarella responded that she will ask Mr. Carlton to respond to this answer. Mr. Carlton stated that currently there is not an App for My Metra. There are three platforms that they use to support the mobile website; IOS, Apple's operating system on their iPhone, Android and Windows phone. This would really serve all of our customers. He continued that if we want to develop three different Apps, those would be three different platforms, so Metra has taken the route of building the website to have mobile web capabilities so those phones lay out the format to be usable on the phone. Chairman O'Halloran asked if there would be an App coming soon for Metra. Mr. Carlton responded that his perspective would be to not go down this path of an App, because there would be a cost to create those Apps. Also, you would then have ongoing maintenance cost to keep those up as the phone capabilities change. He thinks a mobile website fits Metra's needs better today and is more effective. However, staff can always look into that.

35. RECESS TO EXECUTIVE SESSION FOR MATTERS RELATING TO EXECUTIVE SESSION MINUTES (Section 2 (c) (21)), LITIGATION (Section 2 (c) (11)), and PERSONNEL (Section 2 (c) (1))

Chairman O'Halloran asked for a motion to recess to Executive Session. Director Widmer moved and Director De Graff seconded to recess to Executive Session. Chairman O'Halloran asked for leave by the Board for the previous roll call. The Board granted leave for the previous roll call. The motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

The Board went into recess at 10:25 a.m.

36. DISCUSSION WITH POSSIBLE ACTION ON A SETTLEMENT OF A LAWSUIT

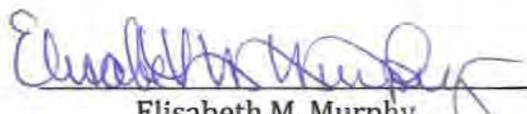
Chairman O'Halloran reconvened the Board Meeting at 11:20 a.m. and asked for a motion on the settlement of a lawsuit. Director Widmer moved to settle the lawsuit entitled Dwayne Motley versus Northeast Illinois Commuter Railroad Corporation, case number 07L14447, which was filed in the Circuit Court of Cook County for an amount equal to \$1 million. Director McCoy seconded the motion. The motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

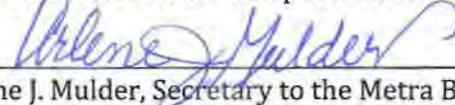
37. ADJOURN

Director Mulder moved and Director Schaffer seconded the motion to adjourn. The motion carried with ten ayes.

AYES: Directors' Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran


Elisabeth M. Murphy
Assistant Secretary to the Board

I, Arlene J. Mulder, in my capacity as Board Secretary of the Commuter Rail Board of the Regional Transportation Authority do hereby attest that the following minutes are a true and accurate reflection of the Board's meeting on the date so stated. In compliance with the Illinois Open Meetings Act, I do hereby authorize their release and publication.


Arlene J. Mulder, Secretary to the Metra Board of Directors

COMMUTER RAIL BOARD

HIRING RESOLUTION NO. MET 13-07

WHEREAS, on March 15, 2013, the Board of Directors of the Northeast Illinois Regional Commuter Rail Corporation (“Corporation”) enacted a hiring ordinance, which provides that for any non-contract new hires or promotions, at the annual rate of pay of over \$75,000 (the “Salary Threshold Amount”), the Executive Director/CEO (“CEO”) will submit a proposed hiring resolution to the Commuter Rail Division Board (“CRD Board”) in open session, and all such employment offers will be contingent upon approval of the proposed hiring resolution by the CRD Board (on behalf of the Corporation), and no such employment (new hires or promotions) can commence before such CRD Board approval; and

WHEREAS, the hiring ordinance further provides that the proposed hiring resolution shall contain for each identified employee the following information, as applicable: name, title, and proposed salary, and that the proposed hiring resolution shall also include proposed vacation days, proposed personal time off (PTO) days, proposed relocation expense reimbursement and any other benefit being offered to the employee should such benefit(s) exceed those reflected in the Corporation’s Non-Contract Employee’s Handbook; and

WHEREAS, the hiring ordinance further provides that if the CEO seeks to give a salary increase (excluding promotions) to an existing non-contract employee in an existing non-contract position that exceeds 9% of the employee’s current annual gross salary, the CEO must obtain approval of the CRD Board, and that such requests for approval of annual salary increases exceeding 9% shall be included as a sub-section of the monthly proposed hiring resolution; and

WHEREAS, the CEO now submits this proposed hiring resolution for approval of contingent offers, which are attached hereto as Attachment A;

NOW THEREFORE BE IT RESOLVED, that the CRD Board hereby approves the contingent employment offers, which are attached hereto as Attachment A.

BE IT FURTHER RESOLVED, that the CEO is hereby authorized to take such actions as he deems necessary to implement and administer this Resolution.

March 15, 2013

PROPOSED HIRING RESOLUTION
February 2013

Proposed New Hires Over \$75,000

Candidate	Position	Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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None

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

**Candidate has requested that his/her name remain confidential until confirmation, as allowed under MET 13-03, paragraph 4.

Proposed Promotions Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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George Gounaris	Senior Signal Engineer	M03 / 12	\$81,945	28.13%	Director, Signal Engineering	M07 / 18	\$105,000	N/A
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Victor Flores	Assistant Superintendent	M04 / 13	\$88,230	8.98%	Director, Suburban Operations	M07 / 18	\$96,152	N/A
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*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

Proposed Acting Assignment Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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David Moore	Signal Field Engineer	M03 / 12	\$79,468	5.00%	Acting Director, Signal Construction	M07 / 18	\$83,441	N/A
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*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

Proposed Salary Increases Over 9%

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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None

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

**Commuter Rail Board
Ordinance No. MET 13-08**

An Ordinance amending Ordinance MET-12-28 with respect to the 2013 Capital Program, and 2013-2017 Capital Program.

WHEREAS, the Commuter Rail Division has been advised by the Regional Transportation Authority (RTA) of the award of Section 5317 Federal New Freedom Funds;

WHEREAS, the Commuter Rail Division has been advised by the Regional Transportation Authority (RTA) that it will provide a partial match to two 2012 Federal grants awarded to Metra;

WHEREAS, the Commuter Rail Division has been advised by the Illinois Department of Transportation (IDOT) of the allocation of Illinois Jobs Now State Bond funds;

NOW, THEREFORE, BE IT ORDAINED THAT:

1. The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority ("Commuter Rail Division") hereby amends the 2013 Capital Program and Budget, and the 2013-2017 Capital Program, copies of which are attached hereto as Attachment B and made a part hereof, and further authorizes their transmittal to the Board of Directors of the Regional Transportation Authority ("Authority") in full compliance with Section 4.11 of the RTA Act.
2. The Executive Director of the Commuter Rail Division is hereby authorized and directed to take such action as he deems necessary or appropriate to implement, administer, and enforce this Ordinance.
3. This Section shall constitute the annual program of the Commuter Rail Division for services to be provided, operations to be continued or begun, and capital projects to be continued or begun during the fiscal year beginning January 1, 2013 and ending December 31, 2013. Authorization is hereby given that the programs and projects herein named may be implemented, or actions toward their implementation taken, during said fiscal year.
4. Sections 5 through 7 of this Ordinance shall constitute the Budget for operations of the services ("Operations") provided by the Commuter Rail Division other than for technical studies and capital projects as provided in Sections 8 through 10 of this Ordinance for the fiscal year beginning January 1, 2013 and ending December 31, 2013. Sections 8 through 10 of this Ordinance shall constitute the capital budget for project expenditures incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013.
5. The estimated Commuter Rail Division Operating Funds expected to be available from all sources during 2013 are (in 000's):

Total Operating Revenues (excluding Capital Farebox Revenues)	\$366,360
Metra 2012 Sales Tax	254,827
Metra 2012 Sales Tax & PTF (New Transit Funding)	91,113
Transportation Security Grant	<u>1,200</u>
 Total Sources of Operating Funds	 <u>\$713,500</u>

6. The following named sums, or so much as may be necessary, are hereby appropriated for the specified use (in 000's):

Operating Commuter Rail Services and Support	<u>\$713,500</u>
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7. The following are estimates of the revenues and expenses for the Commuter Railroads (in 000's):

Operating Revenues	\$366,360
Operating Expenses	<u>713,500</u>
 Total Funded Deficit	 <u>\$347,140</u>

8. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects which remain unexpended as of December 31, 2012, is hereby reappropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

Total	<u>\$806,897</u>
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9. The estimated Commuter Rail Division Capital Funds expected to be available from all sources to finance the 2013 Capital Program are revised as follows (in 000's):

		<u>Revised</u>
Federal Transit Administration	\$136,310	\$136,310
Federal Department of Homeland Security	5,000	5,000
Federal New Freedom	0	300
RTA Capital	7,000	7,000
NICTD Funds	800	800
State of Illinois Bond Funds	170,825	106,000
Metra 2013 Farebox Capital	<u>5,500</u>	<u>5,500</u>
 Total Sources of 2013 Capital Funds	 <u>\$325,435</u>	 <u>\$260,910</u>

10. The following named sum, or so much thereof as may be necessary, as revised, respectively, for technical studies and capital projects, are hereby appropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

		<u>Revised</u>
Rolling Stock	\$ 33,700	\$ 38,000
Track & Structure	104,875	47,202
Signal, Electrical & Communications	77,381	78,523
Support Facilities & Equipment	39,219	25,344
Stations & Parking	47,050	51,435
Support Activities	<u>23,210</u>	<u>20,406</u>
 Total Uses of 2013 Capital Funds	 <u>\$ 325,435</u>	 <u>\$260,910</u>



Proposed Capital Program
2012

ATTACHMENT B

PE	Description	RR	Source	Dec-12	Mar-13	Change
				Amount	Amount	
<u>Rolling Stock</u>						
4507	LOCO REHAB (PHASED)	MET	f9	\$16,500,000	\$16,500,000	
4603	TRACTION MOTORS-REBUILD	MET	f9	700,000	700,000	
4307	CAR REHAB (PULLMAN CARS)	MET	f9	2,100,000	2,100,000	
4509	CAR REHAB (AMERAIL CARS-P3)	MET	f9	12,000,000	12,000,000	
4606	TRACTION MOTORS	MED	f9	750,000	750,000	
4508	WHEEL REPLACEMENT	MET	f9	2,800,000	2,800,000	
4001	LOCOM REMANUFACTURING	MET	f3	7,064,201	7,064,201	
4401	LOCO REPOWERING	MWD	fc	4,000,000	4,000,000	
4401	LOCO REPOWERING	MWD	mt	500,000	500,000	
4401	LOCO REPOWERING	MWD	rta	500,000	500,000	
4504	LOCO AUTO ENG START-STOP	UPR	fc	368,000	368,000	
4504	LOCO AUTO ENG START-STOP	UPR	mt	92,000	92,000	
4602	LOCOMOTIVE IMPROVEMENTS	BNS	fc	920,000	920,000	
4602	LOCOMOTIVE IMPROVEMENTS	BNS	mt	230,000	115,000	(115,000)
4602	LOCOMOTIVE IMPROVEMENTS	BNS	rta	0	115,000	115,000
4464	GENSET SWITCH ENGINES	MET	fc	2,800,000	2,800,000	
4464	GENSET SWITCH ENGINES	MET	mt	350,000	350,000	
4464	GENSET SWITCH ENGINES	MET	rta	350,000	350,000	
4605	ENGINE GENERATOR REPLACEMENT	MET	fo	2,208,000	2,208,000	
4605	ENGINE GENERATOR REPLACEMENT	MET	mt	552,000	552,000	
Rolling Stock Sub-Total				\$54,784,201	\$54,784,201	0
<u>Track & Structure</u>						
4615	TIES AND BALLAST	BNS	f9	\$1,000,000	\$1,000,000	
4616	TIES AND BALLAST	MED	f9	1,500,000	1,500,000	
4617	TIES AND BALLAST	MWD	f9	2,500,000	2,500,000	
4618	TIES AND BALLAST	SWS	f9	1,000,000	1,000,000	
4619	TIES AND BALLAST	UPR	f9	1,500,000	1,500,000	
4620	RAIL INSPECTION	MET	f3	100,000	100,000	
4622	RAIL GRINDING	UPR	f9	100,000	100,000	
4625	UNDERCUTTING & SURFACING	MET	f3	500,000	500,000	
4626	UNDERCUTTING & SURFACING	UPR	f3	500,000	500,000	
4627	RAIL AND SWITCHES	BNS	f3	550,000	550,000	
4228	ROW IMPROVEMENTS	MET	f3	300,000	300,000	
4027	RAIL	NCS	mt	651,054	651,054	
4633	RAIL	UPR	f9	1,000,000	1,000,000	
4623	CROSSINGS (ROAD & TRACK)	MET	f9	1,000,000	1,000,000	
4624	CROSSINGS (ROAD & TRACK)	MWD	f3	275,000	275,000	
4634	CROSSINGS (ROAD & TRACK)	UPR	f3	1,000,000	1,000,000	
4335	CREATE P-1	RID	ldt	134,552,653	134,552,653	
4635	BRIDGE IMPROVEMENTS	BNS	f3	675,000	675,000	
4636	BRIDGE IMPROVEMENTS	MET	f9	800,000	800,000	
4637	BRIDGE IMPROVEMENTS	UPR	f3	300,000	300,000	
2112	NORTH LINE BRIDGES (PHASED)	UPR	f3	3,616,059	3,616,059	
4241	RETAINING WALL REHAB	BNS	f3	270,000	270,000	

3332	WOODDALE GRADE SEPARATION (PHA	MWD	f3	100,000	100,000	
4648	RIGHT OF WAY FENCING	UPR	f9	100,000	100,000	
4640	BRIDGE FILL Z92	MWD	f9	500,000	500,000	
Track & Structure Sub-Total				\$154,389,766	\$154,389,766	0

Signal, Electrical & Communications

3446	FIBER OPTIC CABLE	BNS	f3	\$8,000,000	\$8,000,000	
4641	WIND MEASUREMENT EQUIPMENT	BNS	mt	\$75,000	\$75,000	
4038	S CHGO SIGNAL REPLACEMENT	MED	f3	500,000	500,000	
3337	LAKE STREET INTERLOCKER (PHASED)	UPR	f3	2,000,000	2,000,000	
4659	SIG BATTERY REPLACEMNT	MET	f9	100,000	100,000	
4642	547 ELEC EQUIP UPGRADES	MET	f3	300,000	300,000	
4649	DC SWITCHGEAR REPLACE	MED	f3	665,000	665,000	
4650	RECTIFIER REPLACEMENT	MED	f3	475,000	475,000	
4658	VENTILATION SYSTEM UPGRADE	RID	f3	650,000	650,000	
4254	TRACTION PWR SYS AUGMENT	MED	f3	2,500,000	2,500,000	
4662	CONSTANT WARNING TIME DEV	UPR	f9	2,000,000	2,000,000	
4552	A-2 INTERLOCKER	MET	f3	1,500,000	1,500,000	
2938	A-5 INTERLOCKER	MWD	f3	6,300,000	6,300,000	
4343	POSITIVE TRAIN CONTROL	MET	f3	22,800,000	22,800,000	
4343	POSITIVE TRAIN CONTROL	MET	mt	2,700,000	2,700,000	
4343	POSITIVE TRAIN CONTROL	MET	rta	3,000,000	3,000,000	
4670	TRAIN TRACKER	MET	ri	64,000	64,000	
4670	TRAIN TRACKER	MET	mt	16,000	16,000	
4671	AEDS (DEFIBRILLATORS)	MET	ri	953,400	953,400	
4671	AEDS (DEFIBRILLATORS)	MET	mt	238,350	238,350	
4674	RAIL TRAFFIC CONTROLLER PROGRAM	MET	ri	44,000	44,000	
4674	RAIL TRAFFIC CONTROLLER PROGRAM	MET	mt	11,000	11,000	
4663	VISUAL INFORMATION SYSTEM	MET	ri	688,385	688,385	
4663	VISUAL INFORMATION SYSTEM	MET	mt	172,096	172,096	
Signal, Electrical & Communications Sub-Total				\$55,752,231	\$55,752,231	0

Facilities & Equipment

4665	EQUIPMENT & VEHIC-ENG	MET	f9	\$500,000	\$500,000	
4666	EQUIPMENT-OFFICE	MET	f9	1,400,000	1,400,000	
4672	MIS EQUIPMENT	MET	f9	2,640,477	2,640,477	
4672	MIS EQUIPMENT	MET	mt	1,351,000	1,351,000	
4668	EQUIPMENT & VEHIC-MECH	MET	f3	200,000	200,000	
4368	ACCOUNTING SYSTEM UPGRADE	MET	f9	2,500,000	2,500,000	
4669	FINANCIAL SYSTEM REPLACEMENT	MET	f9	8,800,000	8,800,000	
4669	FINANCIAL SYSTEM REPLACEMENT	MET	rta	1,200,000	1,200,000	
Facilities & Equipment Sub-Total				\$18,591,477	\$16,591,477	0

Stations & Parking

4667	ADA PLATFORMS & RAMPS	MET	f3	\$3,000,000	\$3,000,000	
4673	OAK FOREST STATION	RID	fozz	3,059,071	3,059,071	
3872	DOWNERS GROVE PKG IMPS	BNS	mt	400,000	400,000	
4675	BLUE ISLAND TRANSFER FAC	MET	ri	1,440,000	1,440,000	
4675	BLUE ISLAND TRANSFER FAC	MET	mt	360,000	360,000	
4677	WAUKEGAN INTERMODAL FAC	UPR	fo	196,000	196,000	
4677	WAUKEGAN INTERMODAL FAC	UPR	mt	49,000	24,500	(24,500)
4677	WAUKEGAN INTERMODAL FAC	UPR	rta	0	24,500	24,500

4678	JOLIET TRANS CENTER	RID	idt	7,402,172	7,402,172	
Stations & Parking Sub-Total				\$15,906,243	\$15,906,243	0

Support Activities

3689	CAPITAL PROJECT OVERSIGHT	MET	f9	500,000	500,000	
4495	ENGINEERING ASSET ASSESSMENT	MET	f3	1,000,000	1,000,000	
4689	HOMELAND SECURITY	MET	zz	5,000,000	5,000,000	
4696	UNANTICIPATED CAPITAL	MET	mt	39,500	179,999	139,500
4698	PROJECT ADMINISTRATION	MET	f3	400,000	400,000	
4698	PROJECT ADMINISTRATION	MET	f9	400,000	400,000	
4699	CONTINGENCIES	MET	f3	220,000	220,000	
4699	CONTINGENCIES	MET	f9	1,180,000	1,180,000	
4694	INFRASTRUCT ENGINEERING	MET	f3	3,000,000	3,000,000	
4693	REGIONAL FARE PROJ MGMT	MET	ri	1,600,000	1,600,000	
4693	REGIONAL FARE PROJ MGMT	MET	mt	400,000	400,000	
Support Activities Sub-Total				\$13,739,500	\$13,879,999	\$139,500

Grand Totals For Uses				\$313,163,418	\$313,302,918	\$139,500
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Fund Sources

Federal Fixed Guideway (5309B)	f3	\$68,760,260	\$68,760,260			
Federal Formula (5307)	f9	\$65,870,477	\$65,870,477			
Federal Congestion Mitigation & Air Quality	fc	\$8,088,000	\$8,088,000			
Metra	mt	\$8,187,000	\$8,187,000			
RTA Capital Assistance	rta	\$4,700,000	\$4,700,000			
RTA match	rta	\$350,000	\$489,500	\$139,500		
RTA ICE funding	ri	\$4,789,785	\$4,789,785			
Other: Dept. of Homeland Security	zz	\$5,000,000	\$5,000,000			
Other: Municipality Matching Funds	zz	\$754,671	\$754,671			
Federal TIGGER	fo	\$2,208,000	\$2,208,000			
Federal TCSP Pass Through Funds	fo	\$1,304,400	\$1,304,400			
Federal STP Pass Through Funds	fo	\$1,000,000	\$1,000,000			
Federal State of Good Repair Funds	fo	\$196,000	\$196,000			
Illinois Department of Transportation	idt	\$141,954,825	\$141,954,825			
Grand Total for All Sources				\$313,163,418	\$313,302,918	\$139,500

Note: RTA Match \$1.7M at 10% and \$3M at 20%



2013 Proposed Capital Program
Version D

ATTACHMENT C

PE	Description	RR	Source	2013 Program	2013 Program- March Amendment	Changes
Rolling Stock						
4507	LOCO REHAB (PHASED)	MET	f9	4,000,000	4,000,000	
4603	TRACTION MOTORS (REBUILD TURBO CHARGE	MET	f9	700,000	700,000	
4603	TRACTION MOTORS (REBUILD TURBO CHARGE	MET	rd	0	300,000	300,000
4604	CAR REHAB AMERAIL CARS P4 (PHASED)	MET	f9	14,000,000	14,000,000	
4701	ELECTRIC CAR AUGMENTATION	MED	f9	1,000,000	1,000,000	
4510	BUDD CAR REHAB	MET	f9	4,000,000	4,000,000	
4510	BUDD CAR REHAB	MET	f3	0	4,000,000	4,000,000
4602	HOTEL POWER MODIFICATION	MET	f9	850,000	850,000	
4711	HOTEL POWER MODIFICATION (12 MPI LOCO)	MET	f9	5,000,000	5,000,000	
4705	EMERGENCY LIGHTING LOW LEVEL MARKING	MET	f9	500,000	500,000	
4708	WHEEL REPLACEMENT	MET	f9	2,500,000	2,500,000	
4706	MU CAR IMPROVEMENTS	MED	f9	650,000	650,000	
4709	HVAC REFRIGERANT CONVERSION	MET	f9	500,000	500,000	
Rolling Stock Sub-Total				33,700,000	38,000,000	4,300,000
Track & Structure						
4615	TIES, BALLAST & SW HEATERS	BNS	f9	375,000	375,000	
4618	TIES AND BALLAST	RID	f9	1,000,000	1,000,000	
4618	TIES AND BALLAST	RID	f9	0	1,000,000	1,000,000
4619	TIES AND BALLAST	UPR	f9	1,000,000	1,000,000	
4712	TIES AND BALLAST	MED	f	2,500,000	2,500,000	
4722	RAIL GRINDING	UPR	f9	100,000	100,000	
4725	UNDERCUTTING & SURFACING	MET	f3	500,000	500,000	
4727	RAIL AND SWITCHES	BNS	f3	375,000	375,000	
4728	RAIL	MWD	f3	250,000	250,000	
4027	RAIL	NCS	mt	650,000	650,000	
4724	CROSSINGS (ROAD & TRACK)	MWD	f3	275,000	275,000	
4734	CROSSINGS (ROAD & TRACK)	UPR	f3	750,000	750,000	
4648	RIGHT OF WAY FENCING	UPR	f3	100,000	100,000	
4716	RETAINING WALL REHAB	BNS	f3	350,000	350,000	
4735	BRIDGE IMPROVEMENTS	BNS	f3	650,000	650,000	
4736	BRIDGE IMPROVEMENTS	MET	f3	500,000	500,000	
4729	BRIDGE UPGRADES	MWD	f3	500,000	500,000	
4337	GRESHAM AREA BRIDGES	RID	f3	1,500,000	1,500,000	
2983	WEST LINE EXTENSION	UPR	rd	0	211,404	211,404
2983	NORTH LINE BRIDGES (PHASED)	UPR	rd	0	116,387	116,387
4637	BRIDGE IMPROVEMENTS	UPR	f3	500,000	500,000	
2112	NORTH LINE BRIDGES (PHASED)	UPR	slr	0	12,000,000	12,000,000
2112	NORTH LINE BRIDGES (PHASED)	UPR	f3	18,000,000	18,000,000	
4740	MIDLOTHIAN EMBANKMENTS	RID	f3	0	2,000,000	2,000,000
4738	VINCENNES AVENUE BRIDGE	RID	f9	0	2,000,000	2,000,000
Track & Structure Sub-Total				29,875,000	47,201,791	17,326,791
Signal, Electrical & Communications						
3446	FIBER OPTIC CABLE (PHASED)	BNS	f3	2,875,000	2,875,000	
4744	PROTECTIVE RELAY REPLACEMENT	MED	f3	400,000	400,000	
4746	IMPEDANCE BONDS	MED	f9	790,000	790,000	
4747	47TH ST. SWITCHGEAR & 12KV HENDRIX LINE	RID	f9	1,347,000	1,347,000	
4749	DC SWITCHGEAR REPLACEMENT	MED	f9	1,020,000	1,020,000	
4750	RECTIFIER REPLACEMENT	MED	f9	1,300,000	1,300,000	
4254	TRACTION Pwr SUBSTN. AUGMENTATION 51st.	MED	f3	5,048,480	5,048,000	



2013 Proposed Capital Program
Version D

ATTACHMENT C

PE	Description	RR	Source	2013 Program	2013 Program- March Amendment	Changes
4254	TRACTION PWR. SUBSTN. AUGMENTATION	MED	ni	800,000	800,000	
4254	TRACTION PWR. SUBSTN. AUGMENTATION	MED	f3	0	2,000,000	2,000,000
4662	CONSTANT WARNING TIME DEVICES	MET	f3	600,000	600,000	
3337	LAKE STREET INTERLOCKER	UPR	rd	0	553,109	553,109
4753	CATENARY WIRE	MED	rd	0	434,489	434,489
2936	A-5 INTERLOCKER (PHASED)	MWD	f3	6,000,000	6,000,000	
3337	LAKE STREET INTERLOCKER	UPR	f3	2,000,000	2,000,000	
4552	A-2 INTERLOCKER	MWD	f3	1,000,000	1,000,000	
4552	A-2 INTERLOCKER	MWD	f3	0	2,000,000	2,000,000
4743	547 BLDG IMPROVEMENTS	MET	f3	0	800,000	800,000
4742	GROUND SAFETY IMPROVEMENTS	MED	f3	0	3,000,000	3,000,000
4343	POSITIVE TRAIN CONTROL	MET	f9	11,200,520	0	(11,200,520)
4343	POSITIVE TRAIN CONTROL	UPR	f9	8,000,000	0	(8,000,000)
4343	POSITIVE TRAIN CONTROL	MET	sb	0	44,000,000	44,000,000
4763	VISUAL INFORMATION SYSTEM	MET	nf	0	300,000	300,000
4763	VISUAL INFORMATION SYSTEM	MET	rd	0	75,000	75,000
4764	WI-FI ON TRAINS	MET	sb	0	2,180,000	2,180,000
Signal, Electrical & Communications Sub-Total				42,381,000	78,523,598	36,142,078
Facilities & Equipment						
4768	EQUIPMENT & VEHIC-MECH	MET	f3	500,000	500,000	
4766	EQUIPMENT-OFFICE	MET	f3	400,000	400,000	
4773	YARD IMPROVEMENTS	MET	f3	750,000	750,000	
4775	YARD IMPROVEMENTS	UPR	f3	500,000	500,000	
4778	14TH STREET AND HILL YARDS	BNS	sb	0	4,000,000	4,000,000
2672	CALIFORNIA YARD	UPR	sb	0	2,400,000	2,400,000
4047	47TH STREET YARD	RID	sb	0	750,000	750,000
4777	DIESEL POWER FOR PUMP HOUSE	BNS	f3	125,500	125,500	
4653	SAND DISPENSING SYSTEM REPLACEMENT	BNS	f3	418,500	418,500	
4776	NEW STORAGE YARD & + 2 TRKS -18th ST	MED	f3	2,000,000	2,000,000	
4774	BIO WASTE DISPOSAL 18TH ST, 11TH PLACE	MET	f3	750,000	750,000	
4751	COMPUTERS AND NETWORKING EQUIP.*	MET	f3	2,000,000	2,000,000	
4761	COMPUTERS AND NETWORKING EQUIP.*	MET	rd	0	750,000	750,000
4669	FINANCIAL SYSTEM REPLACEMENT	MET	f3	10,000,000	10,000,000	
Facilities & Equipment Sub-Total				17,444,000	25,344,000	7,900,000
Stations & Parking						
4767	ADA PLATFORMS & IMPROVE	MET	f3	3,000,000	1,000,000	(2,000,000)
4767	ADA PLATFORMS & IMPROVE	MET	sb	0	4,000,000	4,000,000
4784	VAN BUREN ST STATION	MED	f3	3,000,000	3,000,000	
4782	CALUMET STATION FACILITY IMPROVE	MED	f3	2,000,000	0	(2,000,000)
4782	CALUMET STATION FACILITY IMPROVE	MED	sb	0	5,500,000	5,500,000
3470	ADA PLATFORMS & IMPROVE	MET	rd	0	477,812	477,812
3668	ADA PLATFORMS & IMPROVE	MET	rd	0	29,980	29,980
3795	STATIONS & PARKING ENGINEERING	MET	rd	0	184,560	184,560
3853	STATIONS UPGRADES	MED	rd	0	264,504	264,504
3473	RAVENSWOOD STATION	UPR	rd	0	57,789	57,789
3577	GREAT LAKES STATION PARKING	UPR	rd	0	150,000	150,000
3985	CARY STATION PARKING	UPR	rd	0	200,000	200,000
4783	LASALLE STREET CONCOURSE	RID	f3	0	2,600,000	2,600,000
4479	59th STREET STATION	MED	sb	0	8,000,000	8,000,000
4486	PETERSON RIDGE STATION	UPR	sb	0	5,000,000	5,000,000



2013 Proposed Capital Program
Version D

ATTACHMENT C

PE	Description	RR	Source	2013 Program	2013 Program- March Amendment	Changes
1973	HICKORY CREEK STATION	RID	sb	0	300,000	300,000
4477	ROMEOVILLE STATION	MET	sb	0	2,000,000	2,000,000
4785	RACINE STATION	MED	sb	0	560,000	560,000
4786	MAYFAIR STATION	MWD	sb	0	910,000	910,000
4787	GRAYLAND STATION IMPROVE	MWD	sb	0	850,000	850,000
2344	BURR OAK STATION	RID	sb	0	600,000	600,000
1538	HUBBARD WOODS STATION	UPR	sb	0	600,000	600,000
4488	RIVER FOREST STATION IMPROVE	UPR	sb	0	5,500,000	5,500,000
1238	CUMBERLAND STATION	UPR	f3	0	1,500,000	1,500,000
4788	95th STATION ENGINEERING	MED	f3	0	800,000	800,000
4676	SOUTH WATER ST IMPROVE	MED	f3	0	500,000	500,000
4471	HEALY STATION	MWD	sb	0	4,500,000	4,500,000
4480	63RD STREET STATION	MED	sb	0	1,000,000	1,000,000
4793	BLUE ISLAND VERMONT STREET STATION	RID	sb	0	1,350,000	1,350,000
Stations & Parking Sub-Total				8,000,000	51,434,645	43,434,645
Support Activities						
4789	HOMELAND SECURITY	MET	zz	5,000,000	5,000,000	
4495	ENGINEERING ASSET MANAGEMENT	MET	f3	1,000,000	1,000,000	
4792	PROCUREMENT OVERSIGHT	MET	mt	0	500,000	500,000
4796	LOCALLY FUNDED PROJECTS / MATCH	MET	rd	7,000,000	3,195,966	(3,804,034)
4796	LOCALLY FUNDED PROJECTS / MATCH	MET	mt	3,850,000	3,350,000	(500,000)
4798	PROJECT ADMINISTRATION	MET	f3	400,000	400,000	
4798	PROJECT ADMINISTRATION	MET	f9	400,000	400,000	
4799	CONTINGENCIES	MET	f9	560,000	560,000	
4799	CONTINGENCIES	MET	f3	0	1,000,000	1,000,000
4784	INFRASTRUCT ENGINEERING	MET	f9	4,000,000	4,000,000	
4696	UNANTICIPATED CAPITAL	MET	mt	1,000,000	1,000,000	
Support Activities Sub-Total				23,210,000	20,405,966	-2,804,034
Grand Totals For Uses				\$ 154,610,000	\$ 260,910,000	\$ 106,300,000
Federal Fixed Guideway and 5307 Funds		f3/f9	\$	136,310,000	\$ 136,310,000	
Federal New Freedom		nf	\$	-	\$ 300,000	\$ 300,000
NICTD Funds for Local Match		ni	\$	800,000	\$ 800,000	
Homeland Security		zz	\$	5,000,000	\$ 5,000,000	
RTA Capital		rd	\$	7,000,000	\$ 7,000,000	
Illinois Jobs Now Bond Fund		sb	\$	-	\$ 106,000,000	\$ 106,000,000
Metra Farebox Capital		mt	\$	5,500,000	\$ 5,500,000	
TOTAL FUNDING 2013 PROGRAM				\$ 154,610,000	\$ 260,910,000	\$ 106,300,000



Proposed Capital Program
2013-2017 Program*

ATTACHMENT D

Version B

Description	2013	2014	2015	2016	2017	Total
Rolling Stock						
Locomotive Improvements	\$10,150	\$0	\$34,000	\$29,600	\$42,300	\$116,050
Car Rehabilitation	22,000	25,150	25,000	19,300	27,000	118,450
MU Car Improvements	2,350	5,148	4,197	1,202	2,800	15,697
Fleet Component Overhaul	3,000	3,605	3,714	4,918	5,065	20,302
HVAC Refrigerant Conversion	500	516	530	546	563	2,654
Sub-Total	38,000	34,418	67,441	55,566	77,728	273,153
Track & Structure						
Ties and Ballast	5,875	5,000	5,500	4,000	5,000	25,375
Rail	1,875	4,090	4,200	4,750	4,900	19,815
Crossings (Road and Track)	1,125	2,150	2,100	1,850	1,500	8,725
Bridges	35,766	19,750	5,400	38,550	26,900	126,366
Retaining Wall Rehabilitation	350	0	500	500	500	1,850
Structural Upgrades	2,211	0	300	300	800	3,611
Sub-Total	47,202	30,990	18,000	49,950	39,600	185,742
Signal, Electrical & Communications						
Signal System Upgrades	600	0	1,000	1,000	1,000	3,600
Interlockings	11,554	6,900	4,000	2,000	2,000	26,454
Electrical System Improvements	19,814	6,400	5,900	5,500	6,000	43,614
Communications Improvements	2,555	0	0	0	250	2,805
Positive Train Control	44,000	28,386	16,444	0	0	88,830
Sub-Total	78,523	41,686	27,344	8,500	9,250	165,303
Facilities & Equipment						
Yard Improvements	10,400	3,600	2,000	5,100	2,100	23,200
Building Improvements	1,294	629	1,750	1,200	1,300	6,173
Equipment and Vehicles	3,650	5,037	5,650	3,700	3,450	26,487
Financial Systems Replacement	10,000	10,000	10,000	10,000	0	40,000
Sub-Total	25,344	19,266	19,400	20,000	11,850	95,860
Stations & Parking						
Stations & Parking	46,435	3,000	500	4,525	3,000	57,460
Community Initiatives	5,000	4,000	4,225	1,750	3,000	17,975
Sub-Total	51,435	7,000	4,725	6,275	6,000	75,435
Support Activities						
Homeland Security	5,000	5,000	5,000	5,000	5,000	25,000
Technical Studies	5,000	3,000	3,000	3,100	3,000	17,100
Project Administration	1,300	800	800	800	800	4,000
Locally Funded Projects	6,546	11,669	11,669	7,350	7,350	44,584
Contingencies	1,560	600	600	789	942	4,091
Unanticipated Capital	1,000	2,000	2,000	2,000	2,000	8,000
Sub-Total	20,406	23,069	23,069	19,039	19,092	104,675
Grand Total	\$260,910	\$156,429	\$159,979	\$159,330	\$163,520	\$900,168

ATTACHMENT E

Metra Proposed State of Illinois Capital Bond Program*

(in \$000's)

Capital Assets	2010	2011	2012	2013	2014	2010-2014 Total
Highliner Cars Replacement, MED (160) **	\$118,800	\$466,300	\$0	\$0	\$0	\$685,100
Renew Bridges	\$0	\$0	\$0	\$12,000	\$139,500	\$151,500
Positive Train Control	\$0	\$0	\$0	\$44,000	\$116,000	\$160,000
CREATE Program	\$0	\$0	\$0	\$0	\$14,820	\$14,820
Yard Improvements	\$0	\$0	\$0	\$7,150	\$44,200	\$51,350
Stations	\$38,200	\$0	\$0	\$40,670	\$56,880	\$135,750
Wi-Fi on Trains	\$0	\$0	\$0	\$2,180	\$0	\$2,180
Total Bond Program	\$157,000	\$466,300	\$0	\$106,000	\$371,400	\$1,100,700

**Use of Bond funding is subject to the release of funds and prioritizing of projects by the State of Illinois in order to meet cash flow requirements.*

*** Funds Programmed In 2011; Expenses by year 2011 (\$167,458), 2012 (\$112,561), 2013 (\$99,106) & 2014 (\$87,175)*

Metra Stations: State Bond Program

Station	Eng.	Const.	Rail Line	Total	Program Year
Naperville		x	BNSF	\$ 1,700,000	2010
Flossmoor		x	MED	5,000,000	2010
Cicero		x	BNSF	6,500,000	2010
Elmhurst Deck		x	UP-W	2,500,000	2010
Geneva Deck		x	UP-W	3,500,000	2010
Fox River Grove		x	UP-NW	2,000,000	2010
New Auburn Park Station	x	x	RID	11,500,000	2010
Hazel Crest	x	x	MED	5,500,000	2010/2013
Healy	x	x	MWD-N	4,500,000	2010/2013
New Peterson/Ridge Station		x	UP-N	5,000,000	2013
Burr Oak	x	x	MED-BI	600,000	2013
63rd Street	x	x	MED	1,000,000	2013
Calumet		x	MED	5,500,000	2013
River Forest	x	x	UP-W	5,500,000	2013
59th Street	x	x	MED	8,000,000	2013
Downers Grove Main St.		x	BNSF	4,000,000	2013
Hickory Creek	x		RID	300,000	2013
New Romeoville Platform		x	HC	2,000,000	2013
Hubbard Woods	x		UP-N	600,000	2013
Racine Avenue	x	x	MED-BI	560,000	2013
Blue Island Vermont St.		x	RID	1,350,000	2013
Mayfair	x	x	MWD-N	910,000	2013
Grayland	x	x	MWD-N	850,000	2013
115th Street			RIDB	9,000,000	2014
Ashland Avenue			MED-BI	4,000,000	2014
Cumberland			UP-NW	1,500,000	2014
91st Street			RIDB	9,000,000	2014
Station/Parking improvements			MET	33,380,000	2014
Total				\$ 135,750,000	
Total Bond \$ Received				78,870,000	

MINUTES OF A PUBLIC MEETING OF THE BOARD OF DIRECTORS OF THE COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY

The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority met in a public session for a Meeting of the Board on Friday, April 19, 2013, at 9:00 a.m. The meeting was held in the Metra Board Room at 547 West Jackson Boulevard, Chicago, Illinois, pursuant to notice.

The roll was then taken.

ROLL CALL

Present: Brad S. O'Halloran, Chairman
Norman Carlson
Paul C. Darley
Don A. De Graff
Larry A. Huggins
Mike W. McCoy
Arlene J. Mulder
Stan C. Rakestraw
Jack Schaffer
William A. Widmer, III

Absent: Jack E. Partelow

Chairman O'Halloran stated that he would like to address an item that is not on the agenda. Earlier this week a horrific event occurred that touched the citizens of Boston, the participants of the Boston Marathon and their families, and all of us Americans. He continued that our hearts, thoughts and prayers are with the victims and survivors of this despicable act. He asked for a moment of silence in support and respect of those victims, their families and the survivors of the Boston Marathon tragedy. (Moment of silence).

Chairman O'Halloran asked for the concurrence of the Board to fly the U.S. Flag that adorns the roof of the building at half staff for a 30-day period to symbolize our deepest sympathy, respect, compassion and support for those who lost their lives and those who survived this unspeakable tragedy. Director Schaffer moved, and Director Mulder seconded approval to fly the flag half staff for a 30-day period. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

PUBLIC COMMENT

Chairman O'Halloran asked Jemal Powell to come up to the podium for public comment, and requested that he keep his comments brief. Mr. Powell stated that he would encourage the Board to continue to allow CEO Alex Clifford to continue his service. He believes that Mr. Clifford has made

**APPROVED BY THE
METRA BOARD OF DIRECTORS
ON FRIDAY, MAY 17, 2013**

great strides. Mr. Powell said that Mr. Clifford has had to make tough decisions, but he has shown leadership and a willingness to do the right thing, which is needed. He continued that we need people who are going to stand up and do the right thing, whether they are popular or not, and Mr. Clifford has shown more courage and leadership from any transit agency the he has observed in the past several years.

1. RESOLUTION HONORING JAMES C. LaBELLE, METRA BOARD MEMBER FROM APRIL 2008 – APRIL 2013

Chairman O'Halloran read the resolution into the record of the proceedings for Jim LaBelle, member of the Metra Board who served from 2008 to 2013. He added that he would like to take the opportunity to express the Board's appreciation for the service Director LaBelle rendered to Metra.

RESOLUTION NO. MET 13-10

WHEREAS, the Commuter Rail Board ("Board") is composed of individuals representing the six counties of Northeast Illinois and is responsible for setting policy and guiding the direction of the Commuter Rail Division of the Regional Transportation Authority ("METRA"); and

WHEREAS, James C. LaBelle served on the Board from 2008 until 2013 as a representative of Lake County, maintaining relationships with suburban communities and regional entities that are extremely important to Metra's success; and

WHEREAS, as a member of the Board, James C. LaBelle assumed an active and integral role in guiding Metra through some of the most difficult and challenging years; and

WHEREAS, James C. LaBelle has a distinguished history of public service serving as a member of the Lake County Board from 1980 to 2000, including three terms as Board Chairman and one term as President of the Lake County Forest Preserve District, in addition to serving as an assistant to Governor James R. Thompson in the late 1980's; and

WHEREAS, during his career of public service, James C. LaBelle has been an advocate of public transportation, raising awareness of the benefits of public transportation while serving as Vice President of Metropolis 2020; and

WHEREAS, due to his experience in the fields of government, regional planning, and transportation, he has provided invaluable advice and direction relative to the enhancement of Metra's provision of regional commuter rail service; and

WHEREAS, having completed his service to Metra and the Board, James C. LaBelle is honored for his dedication to the best interests of public transportation in general, and his efforts on behalf of Metra specifically.

NOW THEREFORE BE IT RESOLVED, that this Board on behalf of Metra, its riders, and the citizens of the entire Northeast Illinois region, recognizes James C. LaBelle's service to Metra and extends to him its great appreciation, profound respect, and best wishes for the future.

BE IT FURTHER RESOLVED, that this Resolution be read into the minutes of the Board proceedings, and that a true copy be tendered to James C. LaBelle as an expression of our gratitude and appreciation.

Director Mulder moved and Director Carlson seconded the motion to approve the resolution.

Director Schaffer remarked that he believes that he has known Mr. LaBelle longer than anybody else in the room. He continued that Mr. LaBelle and he have been through the wars together for more time than either of them want to admit on one level or another, and while he will say that he likes to give Mr. LaBelle a hard time, he knows that Mr. LaBelle enjoyed giving it right back. He stated that he will personally miss him, and he wishes him the absolute best in the future.

Director Mulder said that as the Board knows, she is on a lot of committees dealing with transportation and other issues, and Mr. LaBelle is always at those meetings. What she appreciates is that Mr. LaBelle never has been afraid to voice his opinion. She explained that he does not just go along for the ride, he always brings up subjects that make the rest of the people in any decision making process think a little harder about their rationale. She thinks that anytime Mr. LaBelle is involved, the result is always better. She thanked Mr. LaBelle, and said that it has been an honor to sit next to him, and work with him for all these years. She is sure that she will see him at Metropolis 2020.

Director Darley commented that it has been an honor to work with Mr. LaBelle. He has a lot of respect for him, and has learned a lot from him. He thinks that what he has admired and respected most about Mr. LaBelle is his continued ability to disagree without being disagreeable. Director Darley continued that this is a hard trait to have, and Mr. LaBelle did it well, but always with the passenger's best interest at heart.

Director McCoy stated that he can't really add much to that. He pointed out that he has known Mr. LaBelle for a long time, too, and will miss him.

Director Carlson remarked that he had the pleasure of working with Mr. LaBelle through Metropolis 2020 and on some Metra issues that affected Lake County. He has found it a sincere pleasure to work with Mr. LaBelle, and he hopes that he will continue to have some contact with him. He also wants to publicly thank Mr. LaBelle for the very kind comments that he made about him and wants to wish Mr. LaBelle godspeed and good luck in everything that he does going forward.

Director Huggins said that what he has always respected and admired about Mr. LaBelle was that he brought balance to the Board. Regardless of what issues Metra had, he brought up a debate. He made the Board discuss those issues even though sometimes our meetings lasted a lot longer than what they should have. He will miss Mr. LaBelle, and wishes him the best in everything that he does.

Director De Graff stated when he thinks of Mr. LaBelle, he thinks of two things. One, questions and a lot of discussion, and secondly, fair mindedness. He continued that in every dealing that he has had in the last two years with Mr. LaBelle, there has been a lot of questions to determine the truth and a lot of fair mindedness in his assessment. He commends Mr. LaBelle for that. He added that it has been a pleasure to get to know Mr. LaBelle, and the Board will miss him.

Director Rakestraw remarked that he did not get to know Mr. LaBelle that long, but one thing that he will say, is that Mr. LaBelle is a true advocate for the customers of Metra and for the citizens of this region, and he enjoyed working with him very much.

Director Widmer stated that Mr. LaBelle and he started together. He enjoyed meeting him, getting to know him, and working with him. He would just like to second everything that everyone on the Board has said. He added that Mr. LaBelle will be missed, and that he wishes him all the best going forward.

Chairman O'Halloran added that from his own perspective, just reading the resolution, Mr. LaBelle has had a long and storied career serving the public in so many capacities. He continued that sometimes, as Mr. LaBelle knows, that is a challenge and certainly a lot of time and effort goes into that. He said that he has always found Mr. LaBelle to be insightful, analytical, and has always taken issues and have shed different types of light on those issues. He stated that he has certainly enjoyed working with him, and will enjoy working with him in his continued capacity with Metropolis 2020. He knows that they will continue to hear from James LaBelle, and thanked him for his service.

Mr. LaBelle thanked the members of the Board, and stated that he has really enjoyed working with each of them in so many ways. He has learned a lot. He continued that it has been really interesting and challenging and he has enjoyed most of it. He said that this is how Boards are. Tough decisions have to be made sometime, and the members have to work through the serious issues. Although it seems like it never ends, the Board comes together with a better result, and he feels that the Metra Board has done that together. He is pleased with the progress that has been made over the last few years. There is more to be done, but again he thanks the Board for the chance to work with them. He said that he will continue to be a transit advocate, and hopes that he can continue working with the members of the Board in many other productive ways. He again thanked the Board, and added that it has been a real pleasure to work with all of them.

The motion to approve the resolution was carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

MINUTES

2. Approval of the Minutes from the March 15, 2013 Board Meeting

Director Mulder moved, and Director McCoy seconded the approval of the minutes from the March 15, 2013 Board meeting. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

CONSENT AGENDA

CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:

Real Estate and Contract Management

3. Pipeline Easement with the Village of Itasca (Elm Street)
4. Pipeline Easement with the Village of Itasca (Catalpa Street)
5. Drop Box Agreement with United Parcel Service

AUDIT & FINANCE COMMITTEE RECOMMENDED:

Procurement (greater than \$100,000) – Operating

6. Blanket Purchase Order for Presorting and Mailing Services
7. Contract Change Order for Outside Counsel Litigation Services

EXECUTIVE COMMITTEE RECOMMENDED: INTERGOVERNMENTAL AGREEMENT

8. RTA, CTA, Pace and Metra to Participate in Energy Management Software Package

EMPLOYMENT

9. Monthly Hiring Resolution Report

Chairman O'Halloran explained that the consent agenda includes item numbers three through nine. Consent agenda items three through eight have been approved through the Board committee process, and are being recommended for full Board approval. He continued that Item number nine, under employment, is an agenda item resulting from the adoption of Metra Ordinance Number MET 13-03. However, consistent with that ordinance, certain individuals identified in the proposed hiring resolution have requested that their names be confidential until immediately prior to the time the Board votes on the hiring resolution. Therefore, he is requesting that item number nine be removed from the consent agenda so that again, consistent with the ordinance, the hiring resolution can be considered in executive session today.

He would ask at this time, if any member of the Board wishes to remove any other item besides that, and if not he would ask someone to remove item number nine.

Director Widmer moved and Director McCoy seconded to remove item nine for executive session. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Director Rakestraw moved to remove items seven and eight for discussion. Director Mulder seconded. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Chairman O'Halloran asked for a motion to approve items 3, 4, 5 and 6. Director McCoy moved and Director Mulder seconded. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Director Rakestraw asked what the hourly charge is for legal services. Ms. Rosen, Senior Associate General Counsel of Litigation, responded that she believes that it is approximately \$210 an hour. Director Rakestraw asked if this has changed much since 2008. Ms. Rosen responded that it has not, as we are still under the old contract. She said that the new contract has not yet been brought before the Board. Director Rakestraw asked how soon the other bids will come out. Ms. Rosen replied that staff is working on them right now. She believes that their goal is to get some or all of them to the Board by June.

Chairman O'Halloran asked for a motion to approve item seven. Director Widmer moved and Director De Graff seconded to approve item seven. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

Director Rakestraw asked with regards to item number eight, if the agency that will be doing the audit finds any errors that are favorable financially, will they share in the profit. Mr. Bauer responded that they would not. This would be Metra's profit.

Chairman O'Halloran asked for a motion on item number eight. Director De Graff moved and Director Darley seconded the motion. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

DISCUSSION WITH POSSIBLE ACTION

10. AUDIT & FINANCE COMMITTEE RECOMMENDED: Agreement between Metra and Keolis Rail Services for Training

Director Carlson moved to have Item ten deferred, pending some further vetting. Chairman O'Halloran asked for a second. Director Widmer seconded the motion. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

11. EMPLOYMENT PRACTICES COMMITTEE RECOMMENDED: Executive Director/CEO Review

Andy Greene, Board Counsel stated, that as the Board is aware, pursuant to ordinance MET 12-31, the Employment Practices Committee has a responsibility to review the performance and compensation of the Executive Director/CEO. On March 7th, the Employment Practices Committee empowered a working group, including Board Counsel, to begin gathering information for that review and report back to the full committee. At that time, there was discussion regarding making sure that the whole Board was involved in the CEO review process. He continued that part of his purpose today is to update the entire Board on the process that is in the works and also to seek Board authorization to move ahead with part of that.

He continued that on April 5th, 2013, the most recent Employment Practices Committee, the working group presented to the committee a proposed process that included the following for the CEO review. A written self-evaluation by the CEO, a confidential online upward evaluation to be performed by staff who worked closely with the CEO, and interviews with third party stakeholders by groups of two to three Board members. In other words this would be with unions, PSA carriers, community leaders, and other people who work with Metra. Mr. Greene explained that the next part would be reviews by each Board member. They were able to obtain from other government entities forms they have used for reviews by their boards of their top executives, including the Village of Arlington Heights, Director Mulder's community, and those were shared with the Board earlier. Finally, once all that information is gathered, there will be a discussion in Executive Session by the full board, followed by a discussion with the full Board and the CEO to talk about the results and next steps.

He explained that this is the process. There are obviously some details to be worked out by the committee, but that is the general process that is being worked on. At the last committee meeting Board Counsel were authorized to go ahead and seek proposals from third party consultants to do this upward evaluation. That is the only part of this whole process that they believe needs to be outsourced, with the reason being that there is software that does this where the reviews can be confidential. Since it is staff who will be reviewing a superior, confidentiality is very important. It can also be structured to make sure it is done professionally and there is a certain quality control. He said that pursuant to that directive, they did obtain several proposals. The two most promising ones were from a company called Workplace Solutions and a company called OI Partners. The flat fees for the online evaluation tool itself ranged from \$2,500 to about 2,900, plus an hourly fee for any follow-up meeting time that may be necessary to present it.

He concluded that because the committee needs Board concurrence to hire any consultant, what he has been asked to do, in the interest of time so that the CEO review process can be moved along, is to go ahead and ask the full Board for authorization to spend up to \$4,000 on a third party consultant for the confidential online review.

Chairman O'Halloran asked for a motion to approve. Director Huggins moved, and Director Darley seconded the motion. The motion carried with ten ayes.

Director Schaffer remarked that he would like to congratulate everybody. He said that they have come up with a program more Byzantine and complicated than selecting the Pope and the Pope is supposed to speak for God.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

RECEIVE AND FILE

12. Corporate Website Activity Report for the period of March 1, 2013 through March 31, 2013
13. Monthly Management Personnel Report
14. Metra Capital Procurements of \$100,000 and Under for February 20th, 2013 – March 18th, 2013
15. Metra Operating Procurements of \$100,000 and Under for February 20th, 2013 – March 18th, 2013
16. Commuter Rail System On-Time Performance Report for February 2013
17. Monthly Legislative Update

Chairman O'Halloran asked the members of the Board if there were any questions with regards to the Receive and File reports.

Director Huggins stated that he had a question on the Management Personnel report. He continued that every time he looks at the Class and Comp study it angers him. It appears out of 439 personnel, 147 of those individuals received zero compensation. He asked for staff to explain this. He asked how could these people go home and explain to their family members why they did not receive a rate increase like the other individuals. He pointed out that it appears to him that a lot of these people are department heads, or are long-serving employees who have people working under them that got a larger increase than they did. It also looks like certain departments were picked on like the Executive office, or the Law Department and Human Resources. He said that when he looks at this, there just seems like something is terribly wrong here, and he does not want to see this take a year straightening it out.

Brenda Smith, Acting Senior Corporate Director of Human Resources stated that staff promised the Board that they would provide an update in June regarding those employees. She will say that the consultant did not look at people. He looked at jobs and their responsibilities, but he did look at their years of service where the midpoint of the new grade level is eight years, and a lot of people that have been here a long time are probably at or above that midpoint. This is what happened with a lot of people not getting an increase. However, they are going to go back and look at those people again and see if there is something that can be done. This is a top priority. She said that there is also the management to management compression that they have been trying to resolve in the next week.

Director Huggins asked if there was a time frame. Ms. Smith responded that staff would bring a status report to the Board at the June meeting.

Director Schaffer remarked that his understanding of the Class and Comp study was that it was a result of, he believes, the Blackman Kallick audit, indicating that Metra's pay structure did not reflect what it should be in terms of what jobs values were. This was not meant as a pay raise bill. He continued that this was an attempt to get salaries kind of in line with where they ought to be and as you might try to do in a private business. He thinks that this was a very desirable goal and he looked at the results, as Director Huggins did, and he also thought why did we do this, and why did we do that. He finally came to the conclusion that the only way he would know is if he was willing to move down here for six weeks and sit through all the meetings and all the discussion. At some point you have to say that the consultants and management staff are there to make these kinds of decisions. He said that the question is, if the Board wants to do more, and he does not think that they should do it in a manner that re-establishes the salary inequities that were perceived to exist prior to this. He asked if they want to do more it is within the power of the Board to do a pay raise. However, it ought not to be done in a way that undoes what Class and Comp was supposed to do, which was to say for this job it is worth this kind of salary. He stated that if the Board is interested in a pay raise for staff, we should have never done the Class and Comp study, and should have ignored the Blackman Kallick report. He agrees with Director Huggins, though. He sees some people in there and thinks what happened there. He did not sit through all the meetings and was not the consultant. Again, if the Board wants to do something for people, they ought to do it in a manner that does not undo the goal of Class and Comp.

Director Darley said that he thinks that the short answer to Director Huggins question on what those people say to their families is that when the study was done, some people were not being properly compensated for their position, but others were being overly compensated for that position. He does not want to be mean about this, but they were very clear on the front end of this. He knows that Director McCoy thought that this was in some respect a Pandora's Box going into this, but following the recommendations for making changes in the organization and making sure that Metra was more competitive in being able to attract and retain the right people they went down this route. These results don't surprise him at all, that one-third of the employees are not getting a salary adjustment. Those were the findings, in those particular areas, that the market rate is being paid. He does not think that this was ever viewed as an across the board salary increase for all of the employees.

Chairman O'Halloran asked that, as he understands it, during the consultant's review this issue of compression, which Director Huggins alluded to was identified, which basically meant, that when they do this there will be certain people that report to other people that will now be paid more than that individual that they report to. He asked if this is correct. Ms. Smith responded that it was. Chairman O'Halloran said that he thought during the recommendation that came to this Board, and then was adopted by this Board, he believes that the information that was released to those individuals included increases to those individuals as well. He asked if this was correct. Ms. Smith asked if he was referring to the information that was on the Intranet. Chairman O'Halloran responded that he was. Ms. Smith added that this information did included compression. Chairman O'Halloran said that in other words, that individual, whoever that may be, was adjusted up at that point in time. Ms. Smith responded that the management to union compression were addressed.

All of the management to management compression issues were not addressed and that was why it was pulled back so that they could make sure that they covered everyone. When they asked the departments for their organization charts, some of them did not drill down as far as some of the others and they did not realize there might have been some other management to management compression there.

Chairman O'Halloran said that his end question is, were people told that they were getting this, and they looked it up on the Intranet, and said, "Wow isn't that great." They thought that they were getting X, and then were told that they were not getting X anymore. He asked if this was done. Mr. Clifford responded that preliminary numbers were put on the Intranet. This is what was released, and that is what they made sure that employees understood. As Ms. Smith has indicated, they did pull back those management to management raises because they wanted to make sure that this was done right. He said that they wanted to make sure that when all is said and done that the logic that was used to determine what those are is correct and believed that at the last minute that this was too hastily done. He said that they plan to fix it. It is the first thing that they are looking at and as Ms. Smith indicated, they hope to have that resolved in the next couple of weeks. Chairman O'Halloran remarked that what Ms. Smith indicated was in June. Ms. Smith said that staff plans to give an update in June on the no increases.

Chairman O'Halloran asked what about those folks who thought they were getting something and now they are not. When will they get addressed? Ms. Smith responded that in the next couple of weeks. Mr. Clifford stated that this is what he indicated. He continued that keep in mind that when you are talking about management to management there are two parts to it. There is the compression or that Class and Comp part, which are those folks who were entitled to Class and Comp. The management to management compression part is what they are trying to fix. He hopes to have this resolved within the next two weeks. On the zero's, which was Director Huggins question, staff told the Board committee that they would bring that back in June with an update on that. He hopes to have it resolved by then. Chairman O'Halloran asked if staff will have the management to management by the next Board meeting. Mr. Clifford responded that he hopes so. This is the path that they are trying to pursue. He said that they are not driven by the Board meeting. They are trying to get this done in the next week or two.

Chairman O'Halloran asked if there were any questions on the receive and file reports for the Capital Procurements of \$100,000 and under for February 20th, 2013 to March 18th, 2013, Operating Procurements of \$100,000 and under for February 20th, 2013 to March 18th, 2013, Commuter Rail System and On-Time Performance Report for February 2013, and the Monthly Legislative Update.

Director Rakestraw stated that on number 14, there was a company that defaulted on a prior contract, which resulted in this contract to be awarded. He asked if Metra can go back to the prior award and have that company pay for that since they were in default on that prior contract. Ms. Barnett asked if staff could get back to him on his question. Chairman O'Halloran asked if this needs to be pulled or tabled for that particular procurement. Ms. Barnett responded that if the Director feels that his approval of that contract would depend upon the answer to that question, then she would suggest that it be held. If the Director is just asking for information, staff will be happy to get back to him with the information. Mr. Greene, Board Counsel, responded that this is a receive and

file report. Director Rakestraw stated that he does not want it to be held. He would just like the information. He thinks that Metra's contract should state that if the contractor defaults and Metra has to go out and get the services that they did not provide, they are responsible for it.

Ms. Barnett said that, in general, Metra contracts will always provide that they are subject to any damages that Metra incurs. A lot of times there is an indemnification provision for any performance under the contract. It is a business decision whether we actually go ahead and sue them for those damages. She can assure the Director that Metra has all the rights that are entitled under law and equity in all these contracts. It is a standard procedure, unless of course it was a sole source. Sometimes those terms differ a little bit because we are at a slight disadvantage with a sole source party. She will look into this for the Director, though. Chairman O'Halloran asked if she will get the memo to Director Rakestraw and copy the Board with respect to whatever the disposition is. Ms. Barnett responded that she would.

18. ORAL - - STATE OF METRA OPERATIONS

Pete Zwolfer, Chief Transportation Officer explained that on-time performance for the month of March exceeded the 95% goal, reporting at 96.7%. Of the delays, 48% of them were between six and ten minutes, with an additional 16% that were fewer than 16 minutes. He continued that the March 2013 versus March 2012, on-time performance was up in each of the categories, finishing .6% higher in 2013. For the month of March there were 67 freight delays, 44 mechanical delays system-wide, 44 track and construction delays, 78 right-of-way accidents and 90 signal switch failures. He concluded with the line by line breakdown of the on-time performance, and said that the peak period of the on-time performance for the system was 97%.

Director Schaffer asked that on the signal and switch number, which continues to be pretty impressive each month, if the Board can get a break-out between the Metra lines and the PSA carriers. He continued that he is just curious. He knows that Metra obviously has a little less control over the PSA's than the Metra owned lines, and of late, it seems like the one PSA carrier that goes through his area is having lots of problems. Mr. Zwolfer responded that this could be done on a monthly basis.

19. ORAL - - COMMUTER RAIL SYSTEM RIDERSHIP REPORT FOR FEBRUARY 2013

Lynnette Ciavarella, Senior Division Director, Capital and Strategic Planning explained that reported system ridership for February was 6.3 million passenger trips. This is a decrease of .7% when compared to February of last year. February 2013 had one less weekday, but had the same number of Saturdays and Sundays and when they adjusted for those calendar differences, ridership was actually up 1%.

She continued that at the previous Board meeting, she discussed the increase that they were seeing in some of the monthly ticket sales and the shift away from the ten-ride ticket. Prior to February, monthly tickets had experienced declines since September 2012. She stated that last month, she reported an increase in monthly ticket sales. For February, monthly ticket sales are 4.4% higher than last February. The spike in monthly tickets is definitely due to some of the riders looking at their purchasing power and shifting away from a ten-ride ticket up to the monthly ticket. The

number of ten-ride tickets bought in February decreased 14.8%, although there was an increase in one-way tickets of 3.3%. The weekend ticket sales were slightly down, and the corresponding effect on the decrease in weekend tickets corresponds to some of the passenger loads that they saw on the weekend passenger counts. She pointed out that, as mentioned, for the second month in a row the ten-ride tickets sales are down. February 2013 ten-ride ticket sales decreased by 21,000 tickets compared to 2012, while the monthly tickets increased by about 4,000, and the one-way tickets increased by another 22,000. This trend is something that staff will need to watch over the next couple of months.

She stated that when they look at the passenger trips by line, for the most part it was fairly consistent. The Milwaukee North, SouthWest Service and Union Pacific West Line experienced ridership gains compared to February of last year. However for the most part, the lines serving the north region were up .1%, the lines serving the western area were down .2% and the south lines were down 2.3%. Over the last three months ridership is trending down about 2.3%.

She concluded there were calendar difference. Last year was Leap Year so there is the difference in the weekday, which is being seen in the shift from the ten-ride and monthly ticket factor. Also, there was quite a bit of snow this February versus what we had last February. Last February the weather was absolutely beautiful and warm. The gas prices were actually significantly higher this year versus last year, but she thinks that this all trends together. She said that when she comes back to the Board next month, she will provide a summary on the quarterly basis of the ten-rides, the monthly, and show how some of that is shifting out for the first three months of the year, and then they will also have all of the peer data. She added that she knows that the Board had been requesting where the peer agencies are, and she hopes to get some of the peer agency data to provide the Board for the March report.

Director Schaffer stated that there have been several stories in the media about the RTA being very concerned about a dramatic increase in free rides. However, if he read the slide in Ms. Ciavarella's report correctly, we have not seen it. Ms. Ciavarella replied that in prior months, she had the slide that shows the stacking of the bars between the free ride tickets and the reduced ticket sales. This has actually been equalized out. The amount of free rides that were provided last February was very similar to what was provided this year, give or take a bit. Likewise, reduced ticket sales seemed to be right on line. As a proportion these were shifting correctly. Director Schaffer asked if this was a phenomena with the CTA and to some degree Pace that the RTA is concerned about. He heard that the RTA is hiring a consultant to look into it. He was just curious about it because the newspaper article made it sound like "yeah, right." "That would solve the problem." He said that the newspaper article lumped all three of the service boards together, and this is not what he has been seeing on the monthly report. He does wish them well.

Director McCoy said that he is not sure if his question is for Ms. Ciavarella, but when the Board approved the budget for this year, and it was shown that eliminating the nine for ten, the ten-ride ticket was going to generate something like \$8 or \$9 million of revenue. However, he continued that now that there is the trend of people backing off the ten-ride and buying the monthly ticket, he asked if this is following the anticipated revenue projection. Ms. Ciavarella responded that Tom Farmer would have to answer that question and that he is coming up next.

20. ORAL - - MONTHLY FINANCIAL REPORT

Tom Farmer, Chief Financial Officer, stated that for the month of February, passenger revenue was budgeted at \$25 million. However, the actual was \$24.1 million. To Director McCoy's question, the answer would be that we are not meeting the revenue that was hoped for. In the other revenue category, we were down by \$0.7 million. This is primarily due to capital credits for a shortfall for the month of \$0.6 million. He continued that if you look at the operating expense components, the operations and maintenance was \$1 million favorable to budget, despite a little bit of bad news due to snow removal. The only other real significant item is claims and insurance, where we are continuing to see favorable claims activity.

He continued that for the year-to-date, passenger revenue is down \$2.4 million. This is a continuing trend of declining revenue that really started in October. He does not know if there is any direct linkage to the ten-ride increase, which happened in February. However, this makes five straight months that staff has seen items at a lower level than what was budgeted. For the first couple of months, capital credits continue to be down. He is not terribly concerned about that being a full year issue. He believes that this is more of a timing issue because he can see the projects lined up there. He said that the total revenue for the first two months is \$3.5 million down. Operations and maintenance is \$1.7 million favorable. Administration is favorable to budget by \$900,000 plus, and claims and insurance is also favorable to budget by \$900,000 plus. He concluded that they have managed to offset the revenue deficit with an operating expense surplus of \$4 million, and Metra is at a deficit level of \$500,000 favorable to budget.

Chairman O'Halloran asked if the revenue was starting to trend down in October, what has staff determined to be the cause of that. He asked what started in October that was different than before October. Mr. Farmer responded that he is not sure they know why. They know that it is down, but they do not have one thing that they can point to that says that this is what's causing it. Chairman O'Halloran asked that at some point can the Board receive some sort of speculative report as to why this may be happening. Mr. Farmer replied that he could do that. Chairman O'Halloran remarked that he had an old mentor of his that always would say that business should not be a surprise. Mr. Farmer responded that he agrees, and he would definitely consult with Ms. Ciavarella before making those speculations.

Alex Clifford, CEO, stated that Mr. Carlton may be able to speak to this subject, because staff certainly became concerned when they saw that trend. He continued that Mr. Carlton reached out through the database of E-Alerts to pull riders who no longer ride the system to produce some pretty good data. He said that staff would like to talk about this either today or in committee. It does give some indication of what has been going on over the last several months. Mr. Farmer added that, to provide another data point on that, Metra's revenue shortfall in the month of February represented about a 5% miss to budget. However, also in the month of February, the CTA was 8% below their budget, and Pace was actually a little bit plus, but Pace ADA was 19.8% below their revenue budget. The RTA system as a whole was 6.7% below their budget in February, so it is not just Metra.

Mr. Clifford explained that he would like to point out one other thing, and certainly they value the Board's point about not being surprised. He has been working with the various departments to

review their budgets on a month to month basis to treat this year very similarly to the way 2011 was treated soon after he came on board at Metra. As the Board may remember, fuel prices were going up, and staff projected an \$18 million shortfall in the 2011 budget, and so he is engaging the same strategy right now to mitigate any anticipated losses. This includes going department by department, line by line and looking at what they call hard variances. For example, if there are vacancies in positions of straight time labor costs, those vacancies are a hard variance. In a good year you might be able to go back and reinvest that. In a year like this, you don't do that. You take it, capture it, and it becomes a hard variance. He continued that they are going line by line and looking at all other approaches including stretching out some of the recruitments, or phasing them a little different than they are. This is the exact strategy used in 2011 and because it worked in 2011, staff hopes that it will work this year. He added that it is early in the year, and the ridership could recover, but staff is taking the approach right now as though this is going to happen for the entire year.

Director McCoy commented that it appears to him that revenue is down a greater percentage than ridership. This seems awfully strange since the fares were raised. He continued that when the Board decided to change the ten-ride ticket, there was a projected increase in revenue for that change. But now sales of the ten-ride ticket are down quite a bit in percentage. He asked if staff anticipated this much of a decrease in the ten-ride tickets, or did they believe that it would not be as much of a decrease. Mr. Farmer responded that the decline is a little bit more than we anticipated. He said that staff knew that there was going to be some decline because of the way the ten-ride ticket was priced. However, the decline is a bit more than they hoped for.

Director Schaffer stated that Mr. Clifford mentioned that Mr. Carlton has been doing some polling of people who have stopped riding, and he is interested in hearing at least a summation of that now. Mr. Carlton explained that they did some surveys to the customer base through the e-alerts and email database, to get some insights from them to help develop the campaign that is currently running. He does not recall specific numbers, but from what they received back, folks either moved out of the service area, or had no reason to continue using Metra's service. This could be due to losing their job, a change in their job situation or because of a change in their personal circumstance. This was a key element used for the campaign to remind people of the convenience of taking the train.

Director Mulder added that it is troubling to see that decline. She asked that if there was any way to get information from the former ten-ride purchasers. Mr. Carlton responded that he is not sure if they would be able to identify those who used a ten-ride ticket. He will have to look at that and get back to the Board on it.

Director Huggins said that perhaps a mistake had been made in the calculation of the ten-ride ticket and it has caused the ridership to decrease. He wonders if it would make sense to do a trial program for a month to go back to the nine for ten rides on the ten-ride ticket. He has to wonder what the impact of that would be. Chairman O'Halloran responded that he thinks that we should look to staff to come back to the Board with some recommendations. He continued that certainly if Metra needs that product or a different product to start the trend in the opposite direction, staff should be looking at that. Perhaps there is a different product that makes more sense. He continued that obviously, if the decrease was miscalculated, this needs to be adjusted. What the

Board needs to do is exactly what any entity of our nature should be doing and that is listening to the customers, because what they do is they vote with their dollars and if they are voting against us that is not good for the future. He thinks that by the next committee meeting, staff should come back with something to talk about. If the first thing that the Board needs to do is adjust to market conditions that is what we have to do.

Director De Graff commented that as opposed to looking to revert back to the nine for ten, ten-ride ticket, perhaps staff should look at the extension of time in terms of the tickets whether it is days or rides. This is something that he has mentioned in the past, but maybe it is something that can be done on an experimental basis, and he would like this in the report to the Board as well. Again, it seems to him that Metra should be looking at providing some kind of quantity discount for multiple rides or multiple periods of time. He said that at least if we want to experiment on that we could do that for an experimental period of time. However, it seems to him that this should be part of our plan. People don't just buy ten-ride tickets. They may buy something well in extension of that. He thinks that we would be better off by having that kind of cash flow and that kind of budgeting determination would help significantly, and he thinks that this would potentially help the revenue recovery.

Director Mulder asked what the savings are on the monthly pass. Ms. Ciavarella responded that the multiplier on the monthly pass is about 28 one-way rides. Then it is multiplied by 28.5, which gives the monthly ticket rate. As the Board knows, the ten-ride ticket used to be priced at the nine and half of the one-way rate. Now it is ten for ten, so it is the same price as a one-way ticket. Director Mulder asked if the cost is approximately 28 different rides. Ms. Ciavarella responded for one-way. This has to be multiplied by two, though, which makes it 46 rides. She continued that people would figure out how many days that they are going to travel in the week, and then decide whether to buy a monthly or ten-ride ticket. However, with the discount off the ten-ride ticket, the break even point on those trips is different now, which is why people are shifting over to the monthly ticket. She said that it is really too soon to tell, although, the preliminary data for March shows that there has been an uptick in the monthly tickets and a downturn in the ten-ride ticket.

She stated that it seems that people are shifting their patterns, looking to buy that monthly ticket even though they might not be traveling as many times as that monthly ticket allows because it is a better deal. Others may be looking at it and wondering if they really want that ten-ride ticket in their pocket anymore because it does not have a discount on it. It seems that those people are shifting away and purchasing the one-way ticket versus the ten-ride ticket up front. This is a trend and one that they will clearly watch.

Director Mulder remarked that she is not a statistician or anything, but it seems that most of the people who made a comment or showed their displeasure with the change in the cost of the ten-ride ticket said that they would have to reconsider the monthly pass. However, she does not see how the increase in monthly passes would offset the decrease in ten rides. Ms. Ciavarella responded that if you look at the ticket sales themselves and you add up all the rides associated with the monthly ticket, all of the rides with the one-way ticket, and then when they saw a decrease on ten-ride tickets, it is about 91% of the ridership that is being accommodated by using the one-way and monthly ticket. The other thing to keep in mind is that the ten-ride ticket is good for the entire year. She explained that they could have used all the rides in the month in which the ticket

was purchased. Now, some people may burn though the ten-ride ticket pretty quickly, but some keep it in their pocket and then used it when they need to.

Mr. Clifford added that if somebody was buying a ten-ride ticket, they might have been buying three or four of those tickets in a month. When they shift over to a monthly pass, we need to remember that you are losing three or four ten-rides and gaining only one monthly pass. He said that certainly staff would like to encourage the discussion that the Board has asked for. He will have staff put some information together for the Board's upcoming committee. However, he would restate what has been talked about here today. The loss of ridership trend has been going on at least since last October. The change in the ten-ride ticket did not happen until four months later, in February. He would hope that whatever is decided, the decision will be driven by data. He continued that the data that they have, which is the best data to date, suggests that this trend that has been going on since October is extremely minimal about the fare increase, the ten-ride ticket or anything like that and definitely about things like people losing their job, relocating, or getting a new job. He added that as previously discussed, about 15% of Metra's ridership on an annual basis attrits out. This is data driven and what the surveys have shown. Consequently, just to stay even, 15% of our riders need to be replaced on an annual basis. He knows that this will be discussed more in committee, but the data seems to suggest that this is where we have to put the extra work in to get folks to come and use the Metra system.

Director Rakestraw stated that he has a couple of comments with regards to this issue. His first comment is that when the discount on the ten-ride ticket was pulled, this probably should have been coupled with the convenience of a ten-ride ticket. This way people could look at buying the ten-ride ticket for convenience. He believes that this is how it was structured in the first place, so staff might want to go back to that original thought pattern to try to increase that usage. The second comment is about the population boom in Chicago. He feels that this is definitely affecting Metra's ridership. He thinks that by extending the southern corridor it would be one of the best options to increase ridership. He believes that this is something that should be definitely looked at in the long-range plan, as this would be a real growth possibility.

Director Schaffer added that the corridor up through Kane and McHenry would also add several thousand riders. He continued that he thinks that we should wait a few more months before we start panicking. A little more data is needed. He would also suggest that one of the side effects of all the public hearings and public participation is that a certain percentage of Metra riders are savvy people. If they know that the ten-ride ticket price is going to be raised, they may have gone out and bought some tickets. He knows that some people did that before Metra had the anti-stockpiling kick in. He added that he does not know how we can fix people relocating to other places, but he does not think that we should go into a full scale panic quite yet. He believes that we should get a little more data first.

Mr. Carlton said that to respond to Director Rakestraw's comment about the convenience factor of the ten-ride ticket, Metra actually had a small campaign to remind existing riders about the convenience element of the ten-ride ticket. This actually piggybacks off the larger campaign that they have going on right now regarding the cost in time and savings. Staff is considering those sorts of appeals to our customers.

Director Huggins added that most of us are creatures of habit, and when something is taken away, most people rebel against that. He thinks that this might be the issue that Metra has with the ten-ride tickets. Now they may eventually come back around, and this is why the Board really needs to take a look at why we are losing ridership and if that ten-ride ticket is having an impact on this. If it is at some point, the Board may have to look at changing that ticket back. He believes that the Board may need to do that for the betterment of making sure that this agency keeps going.

Director De Graff added that he would like to mention the fact that next month the renovation and extension of the Red Lines begins. He added that this may or may not affect that discussion relevant to the ten-ride ticket with the agreement that is in place with the CTA and the sale of the ten-ride ticket under their program, but staff may want to consider that program. He stated that again, we are only in February in terms of stats, but come May there could be some significant changes with the purchase of ten-ride tickets.

21. ORAL - - REGIONAL FARE PAYMENT SYSTEM (FPS) UPDATE

Lynnette Ciavarella, Senior Director of Capital and Strategic Planning explained that as discussed in the past, there has been some talk about hiring a project management oversight consultant. The consultant would provide some expertise in managing the fare payment system itself as well as helping to implement it and then ultimately help to run the pilot projects that have been talked about as well. On March 20th, the RFP was released. There was a pre-proposal conference on April 3rd, which was well attended by most of the larger firms that do this kind of work. There was a list of technical questions that came in on the 8th of April and early this week staff sent out the list of answers to all of those proposals. She continued that they are anticipating that the proposals will come back to Metra on April 30th. If all goes correctly, and they are able to get the evaluation through, staff hopes to come back at the June Board meeting to make a recommendation.

She stated that what is really important about the PMO is that when they have asked for proposals they have asked for expertise in actually implementing an end-to-end solution. She said that this will take Metra from what the customer sees on the train all the way down to the back office systems, and producing the data and what not that can help actually in the discussion that the Board just had on fare revenue. This would be somebody who has a regional perspective behind them, so that whatever is put in place at Metra is interoperable with the other transit partners in the region.

She continued that the work scope itself is three different parts. The first part is just overall running the project, giving Metra the timeline, helping with the life cycle costs so that the individual proposals can be evaluated, and the removal of cash on trains. One of the tasks that staff has the PMO slated to do is to do some research behind what it would take to remove cash on trains. This is something that was discussed with the Board last summer, and is in the work scope for the PMO. The second piece is to actually help Metra launch the pilot projects to evaluate those proposals, help weed through those proposals and determine which ones Metra would do and then manage that pilot project for Metra. The PMO would then ultimately help to pick solutions from there. The last piece the PMO will help with is the full implementation of where Metra will go and which pieces to put in place.

She would like to note that Metra received RTA ICE funding, which will help fund the first year of the study. Staff anticipates going back to the RTA to request additional funding for the years out. You are only allowed to ask for ICE funding one-year at a time. She said that a working group has been getting together to draft the RFP. The group will be meeting at the end of this month just to go through that final RFP and then hopefully getting this up to procurement. As discussed before, with the pilot project, staff is looking for two or possibly three things for the pilot project to demonstrate. The first is mobile ticketing. This would be a kind of application ticketing device that would use a user's smart phone, although they have seen some proposals that are able to do it with actual phones that can just text, but has a mobile application for ticketing. This would be some form of application for the conductors to actually be able to sell tickets on the train via a handheld device, as well as possibly validating tickets. She explained that the third item was ticket vending and validating solutions that may not fall in the mobile ticketing or conductor handheld device. However, technology changes so fast that staff wanted to be able to put a third option out there for anyone who may want to proposed something a little different.

She concluded that the timeline right now is to get the RFP out on the street. Once the PMO is on board, the PMO would help us evaluate the overall contract. She said that they do hope to do the contract award towards the third quarter and then get the pilot program up and running before the end of the year, so that they can test those out and then move forward from there.

Director Darley asked how many vendors attended the pre-proposal conference on April 3rd. Paul Kisielius responded that it was approximately 25 vendors. Director Darley asked if at one point, there was discussion to award a contract to a firm to develop the RFP. Ms. Ciavarella responded that this was done entirely in-house. A large working group of almost every department that this touches was put together to help write the RFPs.

Director McCoy said that he has one comment, which he believes that he knows the answer to. He would assume that when this is completed, that Metra will be able to sort data more quickly on who is buying tickets, and what the demographics are, because there is no way that you can establish a really top notch business-like marketing strategy without that. He knows that sometimes it is kind of hard to collect that data, so he is hoping that this would be part of that. Ms. Ciavarella responded that staff is looking at everything that they can to try to get some of that data, and the Marketing department is part of that group. Clearly she would like to get as much data as possible, but there is a fine line between operations and how you get the data. She continued that the other thing that they will have to think about is how you mine that data. It is wonderful to put something in place to have all of that data coming towards you, but then more than likely they will need some kind of a solution that will help them crunch some of that data.

Director Mulder commented that she is not sure how to put this, but sometimes she gets the sense that the staff, because they work with all of these numbers all the time, second guess themselves when bringing forth some of the conclusions. She does not think that they should do that. She keeps seeing that a consultant is going to be hired to look at this and it just seems that a consultant is always being hired for this and for that. How does the consultant get that information? They get it from staff. She believes that Metra has a pretty bright staff and believes that they ought to look at some of the data that staff has, and then there will be no need to hire a consultant, who may just be prolonging the process. She said that sometimes you need an outside perspective, so it can be

useful. But on something like this, no one knows it better than Metra staff, and there is a lot of talent there. Ms. Ciavarella responded that they have taken that step and that approach to get to this point. She continued that right now in terms of implementation, in terms of moving forward, Metra does not have that expertise on staff. As mentioned, staff has compiled all of the information from that working group. They have put together a fairly comprehensive working document that was part of the RFP. The data work will be handed over to the consultant, so they are not doing any new data crunching, so to speak, of this study. Staff wants to help the PMO refine the work that they have already done and then have them help Metra to move forward. They will be the point person for Metra to actually move forward.

Director Rakestraw asked where this would put Metra with Pace and the CTA. He asked if Metra is completely out of that, or would this help to attain that goal. Ms. Ciavarella responded that staff has said all along that Metra wanted to go in and look at our business practices. CTA and Pace have a little bit of a different business practice. They had different challenges and operational issues that they need to address and they are doing that with the Ventra System. She knows that everyone on the Board is aware that Metra's system is different. Tickets are collected on the train, as well as selling tickets on the train. Metra does not have ticket vending machines, and do not have turnstiles at the stations. A customer does not have to physically pass by a person to pay their fare and verify their pass. With that in mind and understanding that Metra does not want to change the current climate of how the customers interface with Metra staff as well, staff is looking at some other solutions.

She continued that being said, staff has taken a step back to look at what might be possible, and what might not be possible. They have looked at all the infrastructure that is out there, understanding the capital program and Metra's capital needs. She stated that they want to be able to put something into place that is not highly capital intensive. Staff has also looked at Metra's peer agencies who are implementing smart card systems and open fare payment systems; their commuter rail is not moving forward for the most part with those heavy capital intensive solutions. They have made the determination that those types of systems will be too capital intensive for them, and are looking at the mobile technology, which is where she thinks Metra is looking. As it has been explained to her, the CTA system is going to be a credit card system. In theory, Metra should be able to accept that credit card on whatever solution is put forward. She does not know if Ventra is the solution for Metra, but when staff put out the RFP, they anticipate and would hope that they would see some kind of a solution from the vendors, which shows us how this might work for Metra. She concluded that staff knows that the proposal that was put on the street right now is the best solution for the CTA and Pace. However, she said that staff is not sure that they are ready to say that Ventra is the best solution for Metra until we go through the process and see what other solutions are out there.

Director Carlson stated that from his experience he would urge that we get more granularity into the system now rather than later. He continued that even if Metra does not use it initially, it is a lot cheaper to have it there available than to go back and redesign the system. Ms. Ciavarella agreed. Director Carlson continued that his second point is about her comment on the removal of cash. He said that again, based on his experience in the past and seeing what other systems are doing, he understands that there are certain issues out there that have to be met by law and everything else. He believes that the direction should be the removal of cash from the train as much as possible and

he thinks that this has tremendous impacts on the internal accounting and the carrier's internal accounting. He explained that you would be amazed how much we are spending just to track cash. He would think that it would be much easier to have as the basis that Metra is going to remove as much cash collection as possible from the train. This will also make it much easier on the trainmen as they can pay more attention to the safety aspects of running the railroad.

22. ORAL - - MAJOR PROJECT STATUS UPDATE

Chairman O'Halloran requested that this presentation be sent to the Capital Oversight committee, with the idea that perhaps this could come back to the Board in May.

23. ORAL - - OFFICE OF BUSINESS DIVERSITY & CIVIL RIGHTS QUARTERLY UPDATE

Janice Thomas, Director of the Business Diversity & Civil Rights department explained that from October 2012 to March 2013, her department received 78 certification files, including those firms who are retaining their certification. Most of those are no change affidavits and continue eligibility affidavits, meaning that they have been certified for five years and it is time to do the overall review. Files that have processed during this period are 107. She pointed out that her department has a KPI to process files within 60-days of receipt. Currently they are completing them within 90-days, so they are working hard to get to that 60-days of receipt. She continued that what happens within this process is that the UCP has certain rules that they have to comply with. When a firm submits their application and something is missing, Metra has to give them 20 days to complete their application. After the 20 days, Metra has to also allow them ten days. If Metra violates that process and deny them, they can then appeal to Washington, which puts Metra out of compliance with the required procedures.

She stated that her department is incorporating more training. They have a workshop coming up in July and plan on inviting vendors to come in and help them understand the common mistakes that are made. Hopefully that will alleviate some of the issues of trying to get the information correct. Under contract compliance during this period, staff attended 13 pre-bid, pre-proposal, pre-construction and progress meetings. There were 52 bid opening and staff conducted three work site inspections. She added that as this period is in the middle of the winter season, staff is kind of limited to site inspections. This will change after the weather gets warm. Also in this period, the race neutral participation was at 1.5%, and race conscious is at 2%. She said that it is important to note that their participation lines up directly with the procurements that are going on at that time. If in this period, Metra is procuring mainly rail specific items the participation will mirror that. She continued that on the labor compliance, they collected over 1,200 weekly certified payrolls, and 60 applications for payment were received.

Ms. Thomas said that she thought that it was only fitting that she provide a glance of the DBE commitment for 2011 compared to 2012. For 2011, the DBE commitment was \$17 million. For the race conscious there was a commitment of 57%, and 43% for race neutral. For 2012, the DBE commitment and participation was almost \$40 million, which included the Englewood Flyover. If they took out the Englewood Flyover project, the number would be \$14.2 million. She stated that she wanted to show the Board the overall view of their efforts to try to continue to increase

participation, to make sure that they have a balance of race neutral, as well as race conscious efforts.

She continued that some of the enhanced outreach efforts for the year will be to continue to send out email notices regarding IFBs and RFPs to encourage DBEs to bid. They will also target community groups. They want to not only send it to the vendors, they want to start sending it to the local chambers and other interest groups so that they can share it with their members. She said that they are looking to increase the amount of information that is available to the vendors, because you have to not only make sure that they are aware, but that they can access the opportunity and better understand how to do business with Metra. Her department wants to implement routine surveys, so that they can get feedback from the first to understand how they can do this better. She pointed out that they currently have a working group that is comprised of Engineering and Mechanical staff to talk about how to unbundle projects. They are working on some benchmarking, asking other agencies how they have done that, and if they are willing to share their efforts so that they can see if there is something that will fit within the Metra program. However, staff needs to be mindful that they have to make sure that Metra is in compliance with the federal guidelines.

Ms. Thomas explained that her department wants to coordinate more networking sessions as well, so that when they unbundle a project, they can provide an opportunity for potential prime contractors and those subcontractors to network. She said that she cannot direct or steer the prime to use a firm, but the firms have to understand that once you are certified that just begins the process. Those firms will have to hit the ground running and build those relationships. She continued that her department wants to be a resource that provides an avenue for them to connect. She stated that they also want to collaborate with Metra's other departments. This is something that they are doing, as they develop outreach material. She pointed out that they were at an outreach event recently and had a fact sheet that was created on how to do business with Metra, as well as some other information. The CTA came over and took that information and mentioned that it was great material. She concluded that her department is trying to set the model, understanding that they have a way to go, but are working hard to do this. The OBDCR department is dedicated to diversity and inclusion.

Director De Graff asked Ms. Thomas to provide to the Board the information that the CTA was requesting and admired. Ms. Thomas stated that she will gladly get that out to the Board.

Director Huggins pointed out that when you look at the Class and Comp Study, those working in the DBE department never really got compensated. He added that the fact of the matter is if Ms. Thomas wants to put together a model program, the Englewood Flyover was doing just that. When looking at the report, that project is apparently doing great. He would like to commend Ms. Thomas and her staff for their efforts, but also hopes to make sure that her department gets properly compensated at the end of the year.

24. ORAL - - KPI REPORT

Alex Clifford, Chief Executive Officer stated that the Board may have noticed that he has a couple of new people sitting here that historically, have not been at the table. He would like to point out that Don Orseno, Deputy Executive of Operations, and Alex Wiggins, Deputy Executive Director of

Administration have been in Washington, D.C. all week at an Executive Leadership training course. Certainly, because Metra has done such a good job of training staff in succession planning, there are folks who have been covering the work all week and he would like to say that Joe Lorenzini and Pete Zwolfer have done an outstanding job in stepping up while Mr. Orseno and Mr. Wiggins are away. He would like to thank them for their service this week in particular.

He continued that for the benefit of the new Board member, Director Carlson, he would like to point out that KPI's, Key Performance Indicators, is something that has just been introduced in the format for Board presentation. It is a work in progress, and each month some of the KPI's are being tweaked a little bit differently. On top of that, often the Board asks if a number of KPI's can be included, like some financial KPI's. These are being developed and should be introduced at the next Board meeting. Staff has been also working on some additional operational KPI's. He stated that Director Carlson will notice some of the operational KPI's, especially with his experience, that should be included in the presentation. Again, staff is working on some additional KPI's for operations, as this is a work in progress.

He stated that the first speedometer is the safety employee injury year-to-date. The target is 1.73 per 200,000 hours. This month combined with the first two months of the year is slightly over the target. There were about six injuries in February, such as slips and fall due to the weather. He pointed out that they never want to be resigned to the fact that just because it is winter and it is wet you are going to have slips and falls. The Safety department has redoubled their efforts and has met with the employee who was injured to talk about what happened, what was the cause and what can be done differently. They also focus within a major group setting with employees from that area where the employee was injured to spread the word of what may have gone wrong, and what should be done differently to avoid those kind of slip and fall accidents.

He continued that the next KPI is on Metra's on-time performance, which is still doing fine. He said that of course they would like to be at a 100%, but we are still below the published minimum target of 95%. The next slide is line by line, which shows that we still have some work to do, especially with the North Central line. The Milwaukee North and West lines as well as the BNSF were also below the 95% threshold, and the Operations department continues to work on this. He explained that delays by cause includes mechanical. This is a KPI that will probably change next month. The slide reflects both primary and secondary delays as a result of mechanical. He thinks it is more meaningful to provide in the speedometer the primary delays with the following slide both the primary and secondary. He said that what this means is if there is a mechanical failure on a train that is your primary, but obviously it can cause all kinds of secondary delays for trains behind it. The next slide shows mechanical delays in total and again primary and secondary, with the following slide showing the breakout between primary and secondary. He described the next slide, indicating that there were 24 primary delays, but a very large number of secondary disruptions. What this is telling staff is that a good number of these delays occurred in the peak hour, when most of our trains are running.

He said that on the freight delays we are just slightly below the target range. However, this is completely opposite of the mechanical delays. For February, there were 67 freight interferences that were primary, but only 17 secondary delays. What this shows is that a great number of these delays occur in the off-peak period, when there are less trains out there. Therefore, there are fewer

secondary disruptions. He pointed out that the freights, under the agreements, will try to hold back their freight trains during Metra's peak hour. The KPI for complaints is running below the target of 11 per 100,000, which is how it was last month. The HR indicator, which is the average time to fill vacancies, year-to-date is running above where the indicator is, and similar to what was discussed last month there are two contributing factors to that. The first is that the requisitions are up. In February of 2012, there were 50 requisitions, and in February 2013, there were 79. He thinks that the major contributing factor is the fact that the HR department was down two full-time employees that are being recruited for right now. He concluded that as soon as the HR department gets up to full staff, he believes that this number will come back and line up with where it should be.

25. ORAL - - CHIEF EXECUTIVE OFFICER'S REPORT

Alex Clifford, CEO, stated that he had nothing at this time to report under this item.

26. ADJOURN TO EXECUTIVE SESSION FOR MATTERS RELATING TO EXECUTIVE SESSION MINUTES (Section 2 (c) (21)) AND PERSONNEL (Section 2 (c) (1))

Chairman O'Halloran asked for a motion to adjourn to Executive Session. Director De Graff moved and Director Widmer seconded to adjourn to Executive Session. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

27. DISCUSSION AND POSSIBLE ACTION ON PERSONNEL

Chairman O'Halloran asked for a motion to approve the monthly hiring resolution report. Director Darley moved, and Director Widmer seconded. Chairman O'Halloran stated that prior to the vote he would ask Brenda Smith to make public the names of the candidates whose identities have been kept confidential at their request. Ms. Smith stated that the names and positions of the candidates are: Carolyn Tucker, Director, External Communications & Stakeholder Management, Richard Valero, Manager, Rolling Stock & Regulations, and Todd Cabonor, Industrial Hygiene Engineer. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

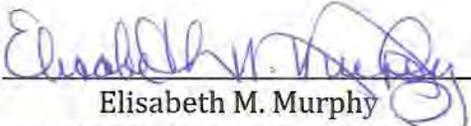
HIRING RESOLUTION NO. MET 13-11

Please see Attachment No. 1

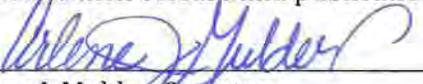
28. ADJOURN

Director Widmer moved, and Director Rakestraw seconded the motion to adjourn. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran


Elisabeth M. Murphy
Assistant Secretary to the Board

I, Arlene J. Mulder, in my capacity as Board Secretary of the Commuter Rail Board of the Regional Transportation Authority do hereby attest that the following minutes are a true and accurate reflection of the Board's meeting on the date so stated. In compliance with the Illinois Open Meetings Act, I do hereby authorize their release and publication.


Arlene J. Mulder, Secretary
Metra Board of Directors

COMMUTER RAIL BOARD

HIRING RESOLUTION NO. MET 13-11

WHEREAS, on March 15, 2013, the Board of Directors of the Northeast Illinois Regional Commuter Rail Corporation (“Corporation”) enacted a hiring ordinance, which provides that for any non-contract new hires or promotions, at the annual rate of pay of over \$75,000 (the “Salary Threshold Amount”), the Executive Director/CEO (“CEO”) will submit a proposed hiring resolution to the Commuter Rail Division Board (“CRD Board”) in open session, and all such employment offers will be contingent upon approval of the proposed hiring resolution by the CRD Board (on behalf of the Corporation), and no such employment (new hires or promotions) can commence before such CRD Board approval; and

WHEREAS, the hiring ordinance further provides that the proposed hiring resolution shall contain for each identified employee the following information, as applicable: name, title, and proposed salary, and that the proposed hiring resolution shall also include proposed vacation days, proposed personal time off (PTO) days, proposed relocation expense reimbursement and any other benefit being offered to the employee should such benefit(s) exceed those reflected in the Corporation’s Non-Contract Employee’s Handbook; and

WHEREAS, the hiring ordinance further provides that if the CEO seeks to give a salary increase (excluding promotions) to an existing non-contract employee in an existing non-contract position that exceeds 9% of the employee’s current annual gross salary, the CEO must obtain approval of the CRD Board, and that such requests for approval of annual salary increases exceeding 9% shall be included as a sub-section of the monthly proposed hiring resolution; and

WHEREAS, the CEO now submits this proposed hiring resolution for approval of contingent offers, which are attached hereto as Attachment A;

NOW THEREFORE BE IT RESOLVED, that the CRD Board hereby approves the contingent employment offers, which are attached hereto as Attachment A.

BE IT FURTHER RESOLVED, that the CEO is hereby authorized to take such actions as he deems necessary to implement and administer this Resolution.

April 19, 2013

PROPOSED HIRING RESOLUTION
March 2013

Proposed New Hires Over \$75,000

Candidate	Position	Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
**Carolyn Tucker	Director, External Communications & Stakeholder Management	M07 / 16	\$109,016	N/A
**Richard Valero	Manager, Rolling Stock & Regulations	M04 / 14	\$88,992	N/A
**Todd Cabonor	Industrial Hygiene Engineer	M03 / 12	\$80,718	N/A

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

**Candidate has requested that his/her name remain confidential until confirmation, as allowed under MET 13-03, paragraph 4.

Proposed Promotions Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
Parrish Hicks	General Foreman	M01 / 10	\$71,940	6.00%	Shop Superintendent	M02 / 13	\$76,256	N/A

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

Proposed Lateral Transfers Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
Robert Farnesi	Director, Engineering Milwaukee District	M07 / 18	\$97,952	0.00%	Director, Engineering Rock Island District	M07 / 18	\$97,952	N/A

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

Union to Management Transfers Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
Tommy Warren	Electrician	N/A	\$59,090	32.81%	Shop Superintendent	M02 / 13	\$78,480	N/A

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

PROPOSED HIRING RESOLUTION

March 2013

Proposed Salary Increases Over 9%

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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None

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

MINUTES OF A PUBLIC MEETING OF THE BOARD OF DIRECTORS OF THE COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY

The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority met in a public session for a Meeting of the Board on Friday, May 17, 2013, at 9:00 a.m. The meeting was held in the Metra Board Room at 547 West Jackson Boulevard, Chicago, Illinois, pursuant to notice.

The roll was then taken.

ROLL CALL

Present: Brad S. O'Halloran, Chairman
Norman Carlson
Paul C. Darley
Don A. De Graff
Larry A. Huggins
Mike W. McCoy
Arlene J. Mulder
Jack E. Partelow
Stan C. Rakestraw
Jack Schaffer
William A. Widmer, III

PLEDGE OF ALLEGIENCE

PUBLIC COMMENT

Chairman O'Halloran asked if there were any signed registrants for Public Comment. No public comment was received.

1. SPECIAL ACKNOWLEDGEMENT - METRA EMPLOYEES - SAFETY AWARD

Chairman O'Halloran stated that this morning Don Orseno, Deputy Executive Director of Operations, will introduce some employees from the 47th Street Yard Facility who have worked six injury-free years.

Don Orseno explained that the Association of American Railroad Safety Leadership Forum asked railroads from around the country to submit candidates for review regarding excellence in railroad safety. In its first year, the award ceremony was held on April 24th, 2013. The attendance for this event included FRA Administrator Joe Szabo, President and CEO of AAR, Ed Hamburger, Union Pacific Executive Vice President, Operations, Lance Fritz, and the Commissioner of CDOT Gabe Klein. He continued that their submittal to the AAR selective team safety recipient was the Rocket House Safety Captain's team. The Safety captains are volunteer front-line employees who go out of their way to resolve safety concerns in the workplace environment. This group of employees has worked six years injury free in an environment that involves working in and around heavy

**APPROVED BY THE
METRA BOARD OF DIRECTORS
ON FRIDAY, JUNE 21, 2013**

machinery and moving equipment. In the audience are two representatives from this team; Steve East, with 34 years of railroad experience, and Larry Evans with 40 years.

He continued that in addition, an internal recognition ceremony was held in October at the 47th Street facility. All members of the team were individually recognized and presented personalized plaques. Mr. Orseno then shared some photos of the ceremonies. He concluded that he would like to invite Steve East, Larry Evans, Shon George, the Shop Superintendent, and Kevin McCann, the Director of Mechanical for the Rock Island District to step forward to receive the award. Mr. Orseno added that, again, these gentlemen worked tirelessly to make this happen. Without them working in those environments we could not have accomplished this.

Director Huggins remarked that safety is very important at Metra, and he would like to encourage every Board member to tour that facility to see this group work. It is very refreshing to see how well all of these employees work together, and he would like to thank them for what they do.

MINUTES

2. Approval of the Minutes from the April 12, 2013 Special Board Meeting

Chairman O'Halloran requested a motion to approve the minutes. Director De Graff moved and Director McCoy seconded the motion. The motion carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

3. Approval of the Minutes from the April 19, 2013 Board Meeting

Director Mulder moved, and Director Carlson seconded the motion. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ABSTAINED: Director Partelow

CONSENT AGENDA

CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:

Procurement (greater than \$100,000) - Capital

4. Contract Change Order for Pingree Road Rail Station Design Services
5. Contract Change Order for Belmont Road Grade Separation Project

REAL ESTATE & CONTRACTS - Capital

6. First Amendment to Extend Right of Entry Agreement with Osman Construction Corporation
7. Lease Agreement with Sub Shop, Inc.
8. Lease Agreement with Matt Kellogg

AUDIT & FINANCE COMMITTEE RECOMMENDED:

Procurement (greater than \$100,000) - Operating

9. Blanket Purchase Order for Ni-Cad Batteries for Commuter Coaches
10. Blanket Purchase Order for Fairmont Tamper Parts
11. Blanket Purchase Order for Welding Supplies
12. Blanket Purchase Order for Sintered Brake Shoes
13. Blanket Purchase Order for Plumbing Supplies
14. Blanket Purchase Order for Tread Brake Unit Repair Kits for Bi-Level Coaches (Group I)
15. Blanket Purchase Order for Vehicle Collision/Body Repairs
16. Blanket Purchase Order for Tread Brake Unit Repair Kits for Highliner Cars (Group II)
17. Blanket Purchase Order for Quartzite Track Ballast
18. Blanket Purchase Order for Sewer Cleaning Service
19. Blanket Purchase Order for Verizon Wireless Service
20. Master Purchase Agreement for Group I: Locomotive Wheels
21. Master Purchase Agreement for Group II: Coach Wheels; Group III: Highliner Wheels
22. Professional Services Contract for Project Management Consulting Services

EXECUTIVE COMMITTEE RECOMMENDED: INTERGOVERNMENTAL AGREEMENT

23. IGA between Metra/RTA for Real Time Train Feed

Chairman O'Halloran stated that Item 4 through 23 have been approved through the Board committee process, and are now being recommended for full Board approval. He asked if there were any items that a member would like to be removed for separate discussion. Director McCoy moved and Director Partelow seconded. The motion to approve items 4 through 23 from the Consent Agenda carried with eleven.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

DISCUSSION WITH POSSIBLE ACTION

AUDIT & FINANCE COMMITTEE:

24. Agreement between Metra and Keolis Rail Services for Training

Director Carlson moved to have the Agreement between Metra and Keolis Rail Services for Training be deferred. Director Widmer seconded. The motion carried with eleven ayes. Chairman O'Halloran requested leave for the previous roll call. The Board granted leave, and Item 24 was deferred.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

25. Ordinance Authorizing a Municipal Easement Fee Structure

Director Schaffer moved, and Director Darley seconded the motion approving the ordinance. Chairman O'Halloran requested leave for the previous roll call. The Board granted leave, and Item 25 was approved.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 13-12

WHEREAS, the Commuter Rail Division of the Regional Transportation Authority ("**Division**") charges fees for easements on its property with no differentiation between municipal and commercial easements.

WHEREAS, the Division has historically waived annual fees or a one-time payment if there was a benefit to the Division.

WHEREAS, several municipalities have appealed to Metra to waive easement fees for the installation of municipal utilities where there is no municipal economic gain.

WHEREAS, in order to promote and foster healthy and cooperative partnerships with municipalities and other governmental entities, it is in the best interest of all parties concerned to adopt an official Municipal Easement Fee Policy.

NOW, THEREFORE, BE IT ORDAINED THAT:

1. The Commuter Rail Board ("**Board**") hereby establishes the following Municipal Easement Fee Policy:
 - A. Metra shall charge municipalities and other governmental entities a one-time fee for each Municipal Utility Occupation to reimburse Metra for administrative costs and expenses ("**Administrative Fee**"). The initial Administrative Fee shall be Two Thousand Five Hundred Dollars (\$2,500).
 - B. Metra annual and lump-sum easement fees shall be waived for municipal or governmental utility occupations of the Division's property where the municipality or governmental entity receives no economic gain ("**Municipal Utility Occupation**").
 - C. In the future, municipalities and governmental entities shall not be charged annual easement fees for existing Municipal Utility Occupations on Metra property.

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- D. The Administrative Fee shall be periodically escalated based on increases in the Consumer Price Index for all Urban Consumers (CPI-U) but not more often than annually.
2. This Policy shall not apply to profit-based utility companies or other quasi-public or non-governmental entities.
 3. The Executive Director/CEO is hereby authorized, empowered and directed on behalf of the Board to take such action as is necessary or appropriate to implement, administer, and enforce this Ordinance, subject to the limitations set forth in Metra's Bidding Regulations, CRB Ordinance No. MET 12-03, and the Assistant Secretary, if required, is hereby authorized, empowered and directed on behalf of the Board to attest such documents.

EMPLOYMENT PRACTICES COMMITTEE RECOMMENDED:

26. Resolution on the Class & Compensation Recommendation

Alex Wiggins, Deputy Executive Director of Administration, explained that at the Employment Practices Committee meeting, the committee endorsed staff's recommendation to implement the consultant's recommendation for management to management compression. As a reminder, this recommendation will provide a 5% separation between management on the non-contract side. Also, there were a number of employees that were below minimum, and the committee endorsed staff's recommendation to bring those employees up to the minimum of their salary band.

He continued that of the managers affected by compression, there were approximately 83 managers in this group. The fiscal impact is approximately \$296,000, which has already been included in the budget. With regard to the employees below minimum, there were 43 employees in this group. The fiscal impact to make this change was approximately \$144,000. He stated that for those employees who were below the minimum, the 9% cap, which was staff's original guidance, had to be exceeded. However, this was also included in the budget. He concluded that management will be taking a look at the balance of those non-contract employees to ensure that their job descriptions are correct, and that the consultant had the right information. Management will be conducting that review for the balance of the year.

Director Widmer moved, and Director Rakestraw seconded approval of the Resolution. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave, and the Resolution was carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

RESOLUTION NO. MET 13-13

WHEREAS, the Board initiated a Class & Compensation Study ("Study") and seeks to ensure its continued active oversight of the hiring and compensation policymaking at Metra;

WHEREAS, Public Sector Personnel Consultants "PSPC" was hired to provide the Study for certain non-contract employees;

WHEREAS, Metra addressed non-contract-to- union compression issues to attract and retain talented non-contract employees;

WHEREAS, Metra also desires to address non-contract-to- non-contract compression issues to attract and retain talented managers;

WHEREAS, Metra also desires to stay competitive by offering and paying those non-contract positions to the minimum of the market threshold salary;

WHEREAS, under prior direction and ordinances the Board desired to limit Study increases in any one year to no more than 9% of an employee's base salary without further Board consent; and

WHEREAS, the compression and minimum salary threshold issues were discussed at the May 3, 2013 Employment Practices Committee, and the Committee recommended that this matter be moved to the full board for further consideration.

NOW THEREFORE BE IT RESOLVED, that the Board hereby directs the Executive Director/CEO to take the following action:

1. For non-contract-to- non-contract compression, currently 83 employees, it is Metra's policy based on the consultant's recommendation to attain a 5% separation in annual pay between a manager and his/her highest paid subordinate. This one-time adjustment is retroactive to January 1, 2013; however the total yearly increases still cannot exceed the 9% annual cap. If necessary, adjustments will continue into consecutive years if the employee is still employed in that position.
2. It is Metra's policy to pay the current 43 employees who are below the minimum salary threshold, the minimum market salary threshold established as part of the Study. This adjustment is retroactive to January 1, 2013, irrespective of the 9% annual cap.

27. Ordinance Authorizing Changes to the Internship Program

Chairman O'Halloran stated that before the Board is an ordinance authorizing changes to the Internship Program. The ordinance is being presented as a result of the vote taken by the Employment Practices Committee.

Kevin Neir, Senior Director of Human Resource Operations, stated that the recommendations presented to the May 2, 2013 Employment Practices Committee included: Authorizing interns to work 20 hours a week, allowing interns to work up to a one-year session, with breaks between sessions, and allowing interns to extend that one-year stay for an additional year upon approval. The committee approved the changes to the program.

Director Mulder moved and Director Carlson seconded the motion. Chairman O'Halloran requested leave by the Board for the previous roll call. The motion carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 13-14
RECITALS:

WHEREAS, the Commuter Rail Division of the Regional Transportation Authority ("Metra") currently has a college level Internship Program ("Program");

WHEREAS, the Program provides interns the ability to work on projects throughout the year;

WHEREAS, the Program encourages interns to apply for full-time positions at Metra after graduation;

WHEREAS, the Program currently contains certain restrictions on the amount of time an intern can work in the Program;

WHEREAS, Metra's Board ("Board") seeks to update and refine the Program, and to do so while maintaining budgetary controls and compliance with hiring regulatory requirements; and

WHEREAS, proposed updates to the Program were discussed at the May 3, 2013 Employment Practices Committee, and the Committee recommended that this matter be moved to the full board for further consideration;

BE IT ORDAINED THAT:

1. The Recitals are hereby incorporated herein.
2. Interns in the Program are authorized to work a maximum of 20 hours per week.
3. Interns in the Program are allowed to work up to one year, with breaks to correspond to the breaks between academic sessions.
4. After working one year in the Program, interns are allowed to apply to work for up to one additional year in the Program, subject to Program funding and the approval of Metra's Executive Director/Chief Executive Officer.
5. The Executive Director/CEO is hereby authorized and directed on behalf of the Board to execute and to take such action as deemed necessary to implement and administer the Program within the parameters set forth in this Ordinance.

RECEIVE AND FILE

28. Corporate Website Activity Report for the period of April 1, 2013 through April 30, 2013
29. Monthly Management Personnel Report
30. Metra Capital Procurements of \$100,000 and Under for March 19th, 2013 – April 11th, 2013
31. Metra Operating Procurements of \$100,000 and Under for March 19th, 2013 – April 11th, 2013
32. Commuter Rail System On-Time Performance Report for March 2013

Chairman O'Halloran stated that the written reports for Items 28 through 32 will be received and filed. He asked if the members of the Board had any questions.

Director Huggins asked Janice Thomas, Director of the Office of Business Diversity and Civil Rights, a question regarding a bid for electrical supply, where the apparent low bidder, who is from Wisconsin, had a bid of \$28,206. He continued that there was a \$700 difference between the low bidder and Evergreen supply, and Evergreen Supply is an Illinois-based company. They are also a DBE. He asked Ms. Thomas if there is any local preference that can be given to an Illinois-based company versus the out-of-state company when the bids are so close, and especially when Metra is trying to increase the DBE numbers. Ms. Thomas replied that at this time, we cannot have a local preference when we are using federal dollars. She continued that as they move forward and establish guidelines for a small business program, they will be able to identify projects that are within a certain dollar range and say that those are set asides. Currently, though, there is no such rule that allows Metra to do that.

Director Huggins stated that when you have an Illinois-based firm that is only \$700 off the bid, and Metra is trying to increase the DBE numbers, it seems to him that something needs to be done. He continued that the firm does not even need to be a DBE company, but as long as you are an Illinois-based company, some kind of local preference should play a role. Mr. Kisielius, Senior Division Director of General Administration, replied that under the federal procurement rules, when Metra receives FTA funds, there is a prohibition on geographic preference. The only exception in that area is architectural and engineering type contracts. There is a geographic preference prohibition right now under the Federal FTA Circular.

Director Schaffer remarked that he was pleased to see that the city of the bidder has been listed on the bids. He finds this very helpful. However after reviewing a month or so of the bids, 90% or so of those bids appears to be from the City of Chicago. There might be a legitimate reason for that, but he would ask the procurement department to extend their reach out into the other counties and in suburban Cook to see if some of the business could be spread around.

33. ORAL - - STATE OF METRA OPERATIONS

Don Orseno, Deputy Executive Director of Operations, stated that for the month of April, on-time performance was 95.7%. Of the delays, 42% were under the six to ten minute range, and 18% were fewer than 16 minutes. Compared to last year, on-time performance was 1.5% lower in each of the categories. This is due to the flooding conditions in April. Of the major delays, 74 were freight related, 39 were due to mechanical issues, and 45 were because of track construction. He continued that there were 56 delays due to right-of-way accidents, and 126 delays were due to switch and signal failures. Of the switch and signal failures, 15 of them were on the Burlington Northern Santa Fe, 33 were on the Union Pacific, and 78 were on the Metra lines.

He continued that a total of 173 delays were the result of the heavy rain and flooding conditions on April 18th. The Union Pacific portion of the system suffered a lightning strike at Lake Street, resulting in a loss of power for one of the busiest interlockers. As a result, trains moving through the Lake Street area, and the Mayfair interlocker were backed up while being manually dispatched. The BNSF had 53 delays due to flooding over the tracks and in areas resulting in single track

operations through a large portion of the west end of the railroad. Speed restrictions were placed on the BNSF line due to flash flood warnings. The rest of the Metra system incurred 46 delays, largely due to slower passenger loading and water over the rails in small pockets of the Rock Island. He added that he would like to mention that the employees of Metra, BNSF and UP did a wonderful job, working around the clock to make sure that the trains were running. He truly appreciates the work that was done by employees.

Director Mulder asked if Mr. Orseno could explain the 126 signal and switch failures. Mr. Orseno responded that one single delay can cause a domino effect for the other trains. For example, on the Union Pacific the other day during the rush hour period, they experienced a problem with the computer system. Because of this, Metra ended up with 64 delays over all three lines. The numbers look big, but when they are analyzed, one catastrophic failure at a very inopportune time can cause many delays, and will run those numbers up. He added that there are some issues with signals and switches that need to be replaced, which are being worked on. In all, though, it is not really as bad as it seems.

Director Carlson stated that as the Board knows, he has a lot of appreciation for railroad operations, and being new to the Board maybe he is not doing something in the proper procedure. However, he would like some sort of resolution or recognition from the Board for the employees and the employees of the BNSF and UP. Those employees were extraordinary on April 18th and he thinks that the Board should recognize that. Director Mulder stated that she would concur with that.

Chairman O'Halloran remarked that he believes that the best way to handle that would be to have a letter from the Board that would go out to those employees that would basically state exactly what the Director was saying. He added that when he first looked at these numbers, he was astounded that they weren't two or three times more for that day. As anyone knows who was out there that day, it was a mess everywhere. Mr. Orseno thanked the Chairman for those kind words, and added, that the Chairman is correct, there would have been a lot more delays if Metra did not have the dedication from all the people who worked on it.

Director Schaffer asked that once the letter is drafted that would be an appropriate article for the On the Bi-Level, too. The Chairman agreed to this request.

Mr. Orseno continued that Metra is currently in the process of creating an electronic device awareness campaign in conjunction with a nationwide campaign called "One Text or Call Could Wreck it All." This was initiated through the Rail Safety Advisory Committee through a collaboration of the FRA, and Labor and Management Committee. The campaign will consist of electronic device rules, reminders, emergency contact magnets, brochures and multiple presentations. He stated that Metra just issued a company-wide policy concerning electronic device distractions for all employees. The goal of the campaign is to help the employees stay focused on the dangers of electronic devices and return home safely to their families every single day.

He explained that the electronic device distractions could easily result in lost lives. As an example, there were two freight trains that collided head on causing 3,000 gallons of diesel fuel to ignite resulting in one death and one severe injury. The most serious incident occurred in Chatsworth, California, when an engineer of a commuter train ran through a red signal and collided head-on into

a freight train. This resulted in 25 fatalities and 135 injuries. He feels that this campaign will help improve the culture regarding electronic devices here at Metra, and hopefully in our employee's personal lives as well. When the Metra employees are trained on this campaign, they will see a video of Joe Szabo, who is the Administrator of the FRA, talking about the seriousness of this. He pointed out that every time you drive your own car, someone is not paying attention to driving. They are either texting or doing something on the phone. This is something that needs to be controlled, especially when you are hauling passengers. We need to make sure that everybody in the freight community and passenger rail community stay focus on what they are supposed to be doing. He believes that this campaign will help to achieve that.

Director Schaffer stated that Mr. Orseno mentioned the Union Pacific computer problems. He asked if this is the second or third time that this system has had a problem. Mr. Orseno responded that the problems have not necessarily been in that area. The UP has had some problems where they do some warm booting and it did not come back. What happened in this instance was that the screen went down they couldn't see any of the trains, so naturally they brought everything to a stop. This is not the same as the other incidents, it was something a little bit different. However, this is about the third time that there has been an issue in the last three or four months.

Director Schaffer asked if the UP was working on this. Mr. Orseno replied that they are definitely working on it. Unfortunately everything is driven by computers, so if you have a computer glitch it doesn't affect one little thing, in some cases it affects a large region of the nation. It is the nature of the business that Metra does. He said that we transfer things to the computers, and when things work, they work wonderfully, but when they go down, you have to troubleshoot. Mr. Lorenzini added that Metra is currently rebuilding the Lake Street interlocker. He explained that over the last four or five years, Metra has put about \$12 million into replacing the entire rail out there, and that is now complete. Over the next two or three years Metra will be replacing the entire signal system, which is going to be another \$6 to \$8 million. As the Board will notice, every year in the capital program, there is about a \$2 to \$3 million capital expenditure for the Lake Street Interlocker. Within another two or three years, the system should be completely replaced.

Chairman O'Halloran remarked that he believes certainly all of us have seen the commercials that show a little snippet of a text message and the horrible effects that may cause for anyone involved. It is the same thing here. When people are driving and operating the kind of equipment that we have, the same thing can happen, and those employees are prone to some of the same aspects that you see anywhere else on the roads. Again, he thinks that this is a great campaign, and thanked Mr. Orseno for the presentation.

34. ORAL - - COMMUTER RAIL SYSTEM RIDERSHIP REPORT FOR MARCH 2013

Lynnette Ciavarella, Senior Division Director Capital Strategic Planning, reported that during March Metra provided 6.6 million passenger trips, which is a 2.2% decline compared to March of last year. March 2013 had one fewer weekday, the same number of Saturdays and one additional Sunday when compared to last year. After adjusting for those differences, ridership was 1% lower than last year. She continued that aside from the weekday-weekend calendar differences, there were some other notable differences between March 2012 and 2013. She said that this will begin to explain some of the ridership differences seen from year to year.

She explained that March 2013 was the first time since 2008 that Easter occurred in a March versus April. This has had a negative impact on the March ridership as school districts held their spring breaks, and many commuters took time off of work during the last week of March versus April. The fourth week of March the average weekday passenger loads were down about 9%, compared to the fourth week of March 2012. Ridership was also negatively impacted this year due to a lower attendance at this year's St. Patrick's Day parade in downtown Chicago, as well as the lower attendance at the parade on the south side on the Rock Island. In addition, the average temperature for March was almost 30 degrees colder than last year, and March recorded over nine inches of snowfall on the first Tuesday of the month. This caused many of the schools in the area to close and many commuters needed to stay home to deal with the impact.

She continued that on the economic side, March 2013 gas prices were 30¢ lower than what they were last year, and looking at regional employment, it was steady from year to year, but it has actually slipped since February. The trend that the staff has noticed last month is continuing into this month, which is that monthly ticket sales were above last year's levels and the ten-ride ticket sales were down from last year's level. When looking at the ridership for the downtown St. Patrick's Day parade, loads were 29% fewer than what they were last year. Last year's parade attendance attracted higher levels than normal attendance due to that unseasonably warm weather the Chicago area had. Likewise, the parade attendance negatively impacted the sale of the weekend and one-way tickets for 2013. The combined sales of the weekend and one-way tickets on that particular Saturday were 18% lower this year when compared to last year. Similarly passenger loads on the Rock Island were down 50% on the Sunday of the St. Patrick's Day parade this year when compared to last year. Again, weather was probably a contributing factor to that.

She stated that for the first quarter ridership over the last five years has averaged 19.7 million passenger trips. During the first quarter of 2013, Metra provided 19.4 million passenger trips, which is about 2% fewer when compared to the first quarter of last year, but fairly consistent when looking at all of the years across. When comparing year-to-year data it's important to note that first quarter ridership in 2012 was impacted positively by two different things. First of all it was Leap Year in 2012, so there was one additional weekday in the total for the first quarter. Likewise, 2012 and 2011 did not have the impact of the Easter holiday as Easter fell in April, so Easter occurred in the second quarter versus the first quarter that is being seen this year. She said that if you try to make some assumptions to equal that out, she thinks that you will see a pretty comparable 2011, 2012 and 2013 when you look at the first quarter.

Ms. Ciavarella explained that through the first quarter of 2013, Metra provided 2.1% fewer full fare rides, 3% fewer reduced ticket rides, and about 5% additional free rides. The share of the free rides and the reduced fare remain about the same for the first quarter of this year as they did for last year. Free rides and reduced rides account for about 6% of Metra's total ridership. When looking at the first quarter average passenger loads, they decreased in the peak period and off-peak period. The peak period decreased about 3.5% off of last year, and off-peak decreased about 7% when compared to last year. These decreases in the off-peak period were fairly consistent across all of the periods, with the midday being down about 5% and evenings being down about 10%. She said that this is not overly surprising, given that the first week in January was also impacted by the holiday schedule. If the Board recalls, the first week of January ridership loads were off. Likewise,

the passenger loads for the last week of March were off, when you start comparing those back to back; this needs to be kept in mind.

She continued that first quarter ticket sales show that trend she spoke about earlier, where the monthly tickets and ten-ride tickets are shifting around slightly. Sales for the monthly tickets were up 3.1% January through March compared to last year, while the ten-ride ticket sales were down 16.8%. In the first quarter of 2013, station one-way ticket sales were up 6.2% and conductor one-way sales were down 8.5%. Station one-way sales have been positively impacted by the credit card ticket vending machines that were added at the downtown terminals in March of 2012. Staff will continue to monitor the shifting of the ticket sales. It is going to take a number of months for staff to identify the true trends and watch as the customers decide which ticket types and how they want to shift around. She stated that earlier this week she received some preliminary data for April. She believes that monthly tickets and one-way tickets are going to be up for April. However, there still will be a decline on the ten-ride and weekend tickets.

She concluded that taking a look at Metra's peer agencies across the nation, they are experiencing the same loss in ridership, except for Septa, which is up 4%. The other four agencies experienced declining ridership ranging from 1.8% at Long Island Railroad to 5.2% at MBTA. Important to note that MBTA did implement a significant fare increase that went into effect in July of 2012 that raised the commuter rail fares 20 to 30%. The sister agencies here in Chicago have also experienced declining ridership. CTA was down 3.4%, Pace was down 0.8% and NICTD, which is the South Shore Railroad, is down 6.1%.

35. ORAL - - MONTHLY FINANCIAL REPORT

Tom Farmer, Chief Financial Officer, reported that revenue was \$1.5 million under budget. In terms of revenue, there was a little bit of good news on leases, and advertising, and a little bit of bad news on capital credits. Other revenue was positive for the month, so operating revenue, as a whole, was \$600,000 negative for the month. In terms of operating expense, there really was not a whole lot notable. Operations and maintenance had some good news primarily on some open positions and some good news in purchase of service agreements. Most of the other things were pretty much right where they would be expected.

He continued that on the full year, the revenue story is a little bit different versus budget. He will say that year-over-year is up, which will be addressed a bit later. On the full year other revenue is \$200,000 down, so operation revenue is \$4 million below budget. The operating expense for the full year is kind of the same. Operations and maintenance was a little bit positive on some of the open positions, and purchase of service agreements. Same thing goes for administration regional services. In the fuel and power area, basically everything there is price variance. There is a little bit of usage variance, but it is fairly close. Claims and insurance had a couple of good months in January and February. Downtown stations continue to be good news because that is indexed to the CPI, and the CPI has been consistently below where staff has budgeted for about the last 16 months. On a total operating deficit basis, year-to-date, we are plus.

He concluded that the revenue recovery ratio is a little bit below budget. He said that he is not terribly concerned about it at this point, because the revenue recovery ratio number is kind of

humped shaped. He explained that it is kind of low on the edges of the year, high in the middle of the year, and he does not see any reason to believe that we would not meet the revenue recovery ratio.

Chairman O'Halloran asked what the wonderful event was that helped so much on the advertising. Mr. Carlton responded that every year with Clear Channel, they do a true-up during the March time frame. This year, we were \$700,000 positive this year over what was budgeted.

36. ORAL - - UPDATE ON FARE REVENUE

Tom Farmer, Chief Financial Officer, stated that for the first three months of 2012, Metra had \$69.3 million of fare revenue. For the first three months of 2013 that number is \$73.5 million, so the fare revenue is over the prior year by about \$4 million. He continued that as Ms. Ciavarella mentioned, April numbers would indicate that the budget was a little over \$26 million, and the actual came in around \$25.7 million. He said when he talks about having a shortfall it is versus a projection that was a little bit optimistic versus where he did it at a point in time, as opposed to a crash in revenue so to speak.

He explained that he wanted to discuss a little bit for the Board's benefit the revenue impact of the switch to monthlies, talking about who would switch, and what impacts there might be. He stated that the typical person riding the train might ride 40 times a month. Those folks would probably be using a monthly ticket, because a monthly ticket sells for 28.5 fares. The person riding 40 times a month would not have been using a ten-ride ticket. He said that as we know, Metra riders are pretty smart, they do the math, and when the fare was changed, they move with it. People riding 20 times a month would probably continue with the ten-ride ticket because there is no reason to pay for 28.5 fares for a monthly ticket.

He continued that the person riding 30 times a month might change from a ten-ride ticket to a monthly ticket. Those folks used to be paying for 27 fares and would now have to buy three ten-ride tickets for 30 fares. He pointed out that this requires this individual to do some good planning. If the person is traveling three times a week, more than likely they do not have a set schedule to come in to the City, and may want to purchase a monthly ticket instead of a ten-ride to save money. He said that if all of those people who are riding on a ten-ride ticket changed, there would be about a 5.5% change.

Mr. Farmer said that the budget was programmed to say that those who purchased a ten-ride ticket was going to pay 11.1% more and revenue would go up to \$8.3 million. However, if 5% of the riders were the hypothetical 30-ride people and they only pay a 5.6% change instead of the 11%, then the revenue change would be \$8.1 million instead of \$8.3 million. This would suggest that there is not a significant change in the amount of revenue because people would be switching to monthlies. He concluded that if the Board did choose to reverse the fare increase on the ten-ride ticket and go back to ten rides for nine fare amount, this would probably take the existing revenue that Metra is receiving right now and cut it about \$4.5 million.

Director Mulder asked Mr. Farmer what was his thought process that he projected for the budget of \$77.4 million. She asked if he was over optimistic, or was that prior to the decision to raise the ten-

ride ticket. Mr. Farmer responded that the actuals were cut-off in June, and staff did not know at that point whether there would be a fare increase. However, the thought process was that in the prior year when Metra increased fares by 25% there was a 1.7% ridership decrease. Staff did not have any evidence to believe that there would be a material drop in ridership based on the amount of fare changes that were being contemplated at the time. He continued that when staff forecasted early in the year, we were running over budget at the time. If you cut the year into two halves, ridership was fairly strong in the first half of the year, but came in below budget in the second half. If he could do this over again, knowing what he knows about the full year of 2012, he would definitely have made a different forecast.

Director Mulder remarked that when looking at the numbers, there is actually an increase from the \$69.3 million to \$73 million, which is not insignificant. The only reason that it looks bad is because the projection was not met. Mr. Farmer responded that this is correct.

Chairman O'Halloran asked what the \$8.3 million is tracking now. He said that in other words, where are we at in the first quarter? Are we at 25% of the \$8.3 million? His second question is how much runoff has there been. Because as people shift over to monthly tickets there is leakage that would happen in the monthlies, as far as revenue is concerned, because Metra is getting less than what would have been seen for the ten-ride tickets. He asked what the differential is when you net out the shift to monthlies. Mr. Farmer responded to the first part of the question, what would the shift to monthly be worth? He would guess that the shift to monthlies would be costing a couple hundred thousand dollars on a full year basis. Chairman O'Halloran asked if this is an actual, or a projection. Mr. Farmer responded that this is an estimate.

Ms. Ciavarella stated that she alluded to this a little bit in the ridership presentation regarding the shift of the ticket sales that are being seen. What is being seen right now is that the monthly tickets are up, and the ten-ride ticket sales are going down. She said what needs to be watched is the one-way ticket sales, and how those one-way ticket sales on the weekend are going to play out. There is a shift from the ten-ride ticket to the one-way usage, so it is not all going 100% to the monthly ticket. She said that if you look at table seven in the ridership report, at the very bottom there is a percent share. If you look at all of the ticket types that have been sold, what is being seen is that the percent share of the ten-ride tickets has gone down about 2%. The percent share on a monthly ticket is about 1%. The percent share on the one-way ticket is up about 1.2%.

She continued that we are seeing people shift over to the use of one-way tickets. The difference in what is being seen in reporting is going to take staff a couple of months to get that information of those people who have shifted over to a one-way ticket. In the past, staff would account for that ten-ride ticket because all ten of those rides and all of the revenue goes into the month in which the ticket was purchased. However, if people are holding on to the ticket for two or three months, or even a year, it might take staff three or four months to account for all ten of those rides. This is something that is going to have to be watched. Right now there is a big shift to the monthly ticket, but there is actually a double shift going on that we need to just watch as well. She continued that in terms of revenue and how they are projected, as well as what the impact is for the ten for ten, Mr. Farmer can try to address that. She just wants to address that this is a double shift. It is not all just going to the monthly ticket.

Mr. Farmer stated that what he is thinking right now is that it does not seem unreasonable that the ten-rides are going to go down about 10%. The belief is that something like this will end up being the number of people who switch to monthly tickets, and maybe an equivalent amount would switch to one-ways, in which the revenue would be neutral on.

Chairman O'Halloran remarked that when this decision was first made, it was said that we need an increase to bolster capital, and it is an \$8.3 million-plus increase. He asked if staff took into account at that time what the amount was that we were receiving from the ten-ride ticket sales, to what they thought the runoff would be in monthly ticket sales or the gain would be in one-way tickets. He asked if staff took this into that equation. Mr. Farmer responded that what staff did not take into the amount is the \$200,000 because they were very unsure what that amount would be.

Director Mulder stated that to follow-up on something we know is that a monthly is good for a month, then it is useless. A ten-ride is good for a year. She asked how long is a one-way ticket good for. Mr. Farmer responded that a one-way ticket is good for 14 days. Director Mulder asked if there has been a huge increase in one-way tickets. Mr. Farmer responded that the one-way tickets have gone up about 1%. What staff is saying is the ten-rides have gone down 2%, with about 1% going to monthly ticket sales and 1% are going to one-way tickets. Director Mulder asked if there has been an increase in on-board purchases. Mr. Farmer responded that there has not. Director Mulder stated that if someone buys a one-way but the train is crowded and no one picks up their ticket, they have 14 days to try to use it. Ms. Ciavarella responded that this is correct. However, the other thing that she mentioned during the ridership report is starting in March of last year ticket vending machines were added to the downtown terminals. As a result there is less of a need to wait in line at the station to get a ticket, they would just get it at the TVM, and would not pay the surcharge on the train. She pointed out that there is a table in the Ridership Report that shows those numbers. However, this in itself has limited some of the on-board ticket sales. The TVM sales are put into the station sales numbers, but she thinks that this is part of the reason why you see some of the increase in the station sales numbers.

Director Schaffer asked how much revenue Metra takes in a month from the \$3 penalty. He pointed out that he has been carrying a ten-ride in his pocket for about 40 years, and he does this for two reasons. The first reason is that it is convenient, and the second reason is because he does not want to pay the \$3.00 penalty. He continued that yet inevitably when he is on the train someone pays the \$3.00 penalty. The announcement is made, there are signs, and yet for whatever reason that person waited until the conductor came. He is just wondering if people go away from ten-ride tickets, whether that will impact on the penalties that they pay. He asked how much a month would Metra take in from the \$3.00 penalties. Ms. Ciavarella responded that she does not have those figures with her, and is a report that she will get to the Director. She said that she is tracking over time what they have done, and is something that has been shared with the Board in the past, especially when the Board is talking about raising the penalty from the \$2.00 to possibly \$5.00. Director Schaffer stated that he remembers that, but in the future he would be curious to see if this shifting of ticket purchasing patterns might have some impact on that, favorable or unfavorable. Obviously the goal is not to have people pay the penalty.

Director Widmer stated that from what he understands that staff is projecting, with the change in the ten-ride fare structure, \$8.1 to \$8.3 million additional revenue a year. He asked what does the

first quarter show in terms of capture on that additional revenue. Mr. Farmer responded that there are two things happening, and he just wants to make sure that everybody is clear. Ridership is down. It is down from the prior year, and it is down below the projections. However, there is no credible evidence at this time to suggest that it has anything to do with the change in the ten-ride ticket, although that is not to say that this won't end up being the case. Revenue is actually up year-to-year, but it is below staff's projections. Staff believes that Metra is getting 90-something percent of what was intended to get out of the change in the ten-ride itself.

Director Carlson stated that, like Director Schaffer, he has carried a ten-ride in his pocket since 1966. He explained that when he was in the professional field that is the ticket that was carried by the attorney, lawyers, and consultants because those people get a lot of travel, just not as consistently as a monthly ticket rider. His feedback on this is that Metra has lost those people. Another piece of feedback is from a very experienced railroad person who said that in his compartment on his car, six people are no longer riding the train. He continued that there are all these wonderful numbers, but we have missed the psychology of the whole matter. The only reason that he bought a ten-ride ticket, because he did not use the full one in the past year, is because he is on the Board. So there is one more rider buying a ten-ride because he was appointed to this Board.

He continued that again, he thinks that we have missed the psychology of the ten-ride. He thinks that Metra has put more strain on the crews in terms of collecting cash collections on the trains. He said that he believes that there are some long-in-the-tooth conductors out there that would tell us that if we sat down and chatted with them. He would like some feedback from the train crews, those really old-time conductors who really know what is going on out in the field. Personally, he thinks that Metra has made a serious mistake here, because we did not think of the psychology of this. We are not encouraging the part time rider to continue to stay with Metra. Mr. Farmer responded that further study might indicate that the Director may be right, but it may be at the next budget cycle that we need to take a look at this. Director Carlson added that he thinks that we have missed the part of our conductors. The load has been shifted to the on-fare train collection, and we don't have a use of the money for our net.

Director Schaffer commented that unfortunately this get us right back to the new fare collection system. He agrees with Director Carlson that there has got to be a better way to do this. However, one thing that he assumes no one wants to talk about, is watching the employment cycle in the city and other places. Part of the problem, and some alluded to some of the polling that we have done on why people are leaving Metra, is because of retirement. The other part, which unnerves him a little more is the jobs that are leaving this state and leaving the city and the suburbs, which are populated by people who ride Metra. He thinks this is a factor. He is not sure what can be done about that, though. There are some forces at work here that make number crunching, he imagines, almost impossible. He thinks again, though, that it goes back to that new fare collection system that gets as much money off the trains, and frankly the kind of professional that Director Carlson is talking about is packing an iPhone and would be delighted to be able to use that for a ticket.

Ms. Ciavarella stated that if she may address the Board, she can provide a quick update on the regional fare system. She said that she can't speak too much on this because they are working with procurement right now is for the project management oversight consultant who will be brought on board and is being fast-tracked. Staff is hoping to bring this to the Board in June. Interviews do

need to be conducted, and there are the contract negotiations and things like that, which could be a problem, but again, staff is hoping to get this to the Board in June.

Director Rakestraw said that he would like to be briefed on what the next steps will be. Metra is \$4 million below budget, or \$200,000 below the projected increase. Those numbers to him don't really chime in, but it says that we are not going to meet the budget. Funds have been allocated for the switch replacements through the PTC project, and we have state of good repair funds there. He asked what happens to those dollars if the budget is not met. How does that allocation take place? Mr. Clifford responded that we are still tracking on the capital side to complete the capital projects, such as PTC and those kinds of projects as proposed to the Board. The impact on these revenues is over on the operating enterprise fund side. He continued that as he has indicated in his previous presentation, we are managing and have been managing that since February. Even though a month, month-and-a-half is not a trend staff has been watching this very carefully. As it has become a trend, staff has increased their vigilance in monitoring this on the expenditure side.

Mr. Clifford continued that as seen in Mr. Farmer's presentation, staff has been managing it appropriately so that there is an offset of expenditures to more than match the decrease in revenues. Staff has been going through these very difficult and complicated exercises of reviewing the budgets and identifying what they call hard variances. A hard variance is something that he can then capture and tell that department that they cannot spend this money for the rest of the year, and is now putting it in the bank to offset that decrease in revenue. This process is working very well, and is continuing on a monthly basis to ensure that, just like what was done in 2011 when there was the sudden spike in fuel prices and there was a projected deficit of \$18 million, staff went through this same exercise and was successfully able to reduce that \$18 million in expenditures.

Director McCoy asked that the year before when the ten-ride was changed from eight fares to nine and half fares for ten rides, was there a significant drop in that year. Ms. Ciavarella responded that there were a number of different things that went into play, and it is difficult to isolate them out. To recap, Metra raised fares significantly on all ticket types. The ten-ride ticket got a higher percentage increase versus the monthly and the one-way, but all of the tickets went up. The multiplier on the monthly ticket, and the multiplier on the ten-ride ticket were changed. Policies were changed across the board, too. The monthly ticket was changed to reflect that it was only good for the one month. No longer could you use the prior month's monthly ticket for the day of travel up until noon on the first day of the new month. The valid period on the ten-ride ended up staying at a year, after much discussion on whether to scale that back to six months. The ticket that changed though was the one-way ticket. The one-way ticket used to be valid for an entire year, but was scaled back to a 14-day validation period. In addition to that, when we raised all of those fares, the weekend ticket was not touched. The weekend ticket remained at \$7.00 a ticket, which became a better value when the one-way fares had gone up close to the 25%. She said that there were a number of factors that played out last year. She cannot say for certain that taking the discount off the ten-ride ticket impacted this one way or another. There was a big change, and part of that is there were so many moving parts that to try and isolate it down is going to be somewhat difficult. She thinks that we are seeing a little bit of that this year as well, with the folks shifting around.

Director McCoy remarked that he thinks the answer was no, that we did not see a decrease last year. Ms. Ciavarella replied that this is correct. Director McCoy stated that he understands that there were many factors in this. Ms. Ciavarella responded that this is correct.

Director Huggins stated that as he mentioned at the last Board meeting most of us are creatures of habit, and when you take something away from someone, they rebel. Last year when there was a rate increase, there was a rate increase across the board so everybody felt it. This year we have looked at one group, and that was the ten-rides. At the end of the day, he thinks that those ten-ride purchasers are rebelling. He believes that if you do something you have to be fair, and do it across the board. We did not do it across the board, and he thinks that this is impacting our ridership. He thinks that we need to seriously take a look at that and make an adjustment.

Chairman O'Halloran said that the number that the Board needs to know today is what the revenue was for the first quarter for ten-ride tickets. Mr. Farmer responded that it is about \$2 million. Chairman O'Halloran asked what was the revenue for the first quarter last year. Mr. Farmer responded that the \$2 million is the amount attributable to the increase. He does not have the total ten-ride revenue on him, and would have to provide that number at a later time. Chairman O'Halloran asked if Mr. Farmer could also provide to the Board hard numbers that are actuals to the first quarter, comparative over the last three years. Mr. Farmer said that he would like to come back to the peer agencies that Ms. Ciavarella talked about. If you look at the Chicago transit agencies, they are also seeing a lot of ridership issues. NICTD is seeing a 6.1% drop, so staff believes that there is something else going on. However, we are not quite sure what it is.

Director Carlson remarked that he saw some recent numbers, and they may not be exact, but the national unemployment was 7.6%, and the Chicago area unemployment was 9.5% or something like that. He thinks that this is what is happening. He will also say that NICTD is doing a heck of a lot of analysis, and perhaps Metra can learn something out of that. They are very concerned about the 6% drop. However, he would suggest that Mr. Farmer provide those numbers, so that the Board can process them and come to some conclusion considering this drop.

Director McCoy commented that he kind of understands these numbers, but when staff shows us how our sister agencies across the nation and how they dropped, too, in ridership, what does this tell him? That there is some nationwide trend that we don't understand, or that ridership loss is out of control. He does not quite understand why those numbers were shown. Ms. Ciavarella remarked that she is not sure why Mr. Farmer brought those back up, but in terms of why staff puts them in the ridership report, it is used to do the pulse of where the other agencies are. She continued that earlier she mentioned that one thing different from this year versus last year was Leap Year. Properties across the country are all going to be impacted by that. Specifically commuter rail properties, because we are so tied to employment and commuting for work purposes. That one weekday is going to drive up all of the numbers from last year. Also, she would suspect that the other commuter rail properties had the same situation that Metra experienced that first week of January, so it is not overly surprising to see somewhere a 1, 2 or 3% decrease during that first quarter. She believes that some of those anomalies are different than what has been seen in the years past.

37. ORAL - - DISCUSSION ON PRICE INDEXES

Tom Farmer, Chief Financial Officer, stated that staff was asked to put together some discussion points on price indexes, and their possible use in Metra's processes. The advantage of indexes would be that they are an externally developed number. They lend some credibility and give kind of an external yardstick to what is going on in the outside world. They are relatively easy to explain and to understand and this is a widely accepted practice for agreeing upon cost changes due to inflation. Many businesses index things to different indexes. The disadvantages could be that they are not necessarily developed on the market basket that Metra uses. There are not necessarily adjustments for the cost of meeting new legislation, although as Director McCoy pointed out, they may be in there. Staff would have to do some analysis to see if there were certain things like PTC for example, that were not in there. They tend to be trailing, not leading cost indicators.

He explained that the indexes that are available to Metra included the PPI Index, which is done by the US Bureau of Labor Statistics. It has a specific railroad category. It is based on price charged to the end users, no costs, but that does not necessarily mean it is not useful. It is based on charges from railroads to the end users. The Railroad Cost Index from the American Association of American Railroads is a group of costs supplied by member railroads. He said that there are some things that should be discussed, and hopefully at some point reach some closure on. The first is should the indexes represent a cap or a guide. The staff suggestion would be that the Board adopt a policy following this guide, but give itself leeway to adjust if it feels a need to override that for some reason. The second item that staff looks for some closure on is do indexes refer to the development of the budget cost structure or the fare structure. What he means by that is do we take total costs inside the budget and say based on X index, that is how much more you can spend, or does the Board intend that this specifically be a guide for changes in fares. He said that they will then get into the appropriate index to use. Staff arbitrarily started at 2005 and went to seven years, assuming that comprises a full economic cycle.

He stated that one proposal for how indexes might be used in the budget process was, if it was to be a cost item, you would start with the prior year budget, adjust it to current conditions, and at that point make an inflation adjustment. Essentially then there would be a new budget. He said that he wanted to present something to the Board that was brought up at budget time that shows if you looked at the CPI and the Metra "E" Zone fare, the "E" Zone over time has not kept track with the CPI. He continued then staff used the PPI index, which is a good fit. It is government information it is a good approximation of prices freight railroads are charging. Staff took this and normalized it to the price of an "E" Zone fare. The "E" Zone fare is kind of a nice, middle of the road, and the most commonly bought Metra ticket. What this has shown is that the two go up almost in sync, and would appear to be a good proxy for the way fares were changed over the years, and the year-over-year change has been about 6.1%.

Mr. Farmer continued that they then looked at the AAR Index. The AAR index is a compilation of costs that are submitted by various railroads, essentially Class One railroads across the United States. The index in round numbers looks almost exactly like the "E" Zone fare. Over time this has gone up about 5.3%, so it would again appear to be a fairly good proxy for the way the fare structure has changed. He pointed out that he was requested to create a blending of the two, just in case the Board did not want to be tied to any particular index. Once again, the "E" Zone matched

fairly closely with an annual average of 5.7%. Staff then analyzed the averages and over seven, five and three years, just to make sure that they were not picking a time frame that was ridiculous for some reason, and they found that the various time frames did not really seem to cause any particular wrinkles. He concluded that he hopes that this kind of created the ideas that were discussed by the Board, and asked if there were any questions.

Director McCoy stated that he views this as a consumer protection situation, and that there should be a cap on annual fare increase. He continued that he thinks that there should be some super majority that could override it if needed, but this is how he would propose it. He thinks that if it is tied to the budget it lacks the meaning of what he was trying to get at. It is a consumer protection, and something that is good for Metra. He said say that the Board wants to raise fares on a somewhat regular basis. This would put us on that cycle, and would let Metra customers see what is coming down the road. Again, he views this as a good thing, and it is consumer protection.

Director Mulder remarked that one of things that should be looked at is perhaps the value of taking the train. She asked if staff has ever looked at the cost of having someone ride the train based on the actual operation of service. She asked if there is any correlation to the fare that is established and the costs of providing that service. Mr. Farmer replied that when they begin to develop the budget at the start of the year, staff adds up what they believe will be Metra's total operating costs, and essentially try to make our revenues equal that. He said that they try to charge the customer more or less exactly what they believe it is going to cost as a whole to operate the system for a given year. Director Mulder asked how does staff do that. Mr. Farmer responded that they estimate Metra's cost for people by how many people there are and roughly what they are going to make. Staff then budgets for electricity and fuel and various trackage agreements that Metra has with the various railroads. This is the bulk of our costs. For this year it was \$713.5 million, which is how much they think will be spent. Then they work backwards to figure out how much Metra needs to bring in. Director Mulder stated that she thinks that when there was a fare increase, there was really no discussion on why we need a fare increase. She believes that people need to know that it is costing more to get from point A to point B, and therefore that is why they have to pay more.

Mr. Farmer stated that when they did the budget, one thing that was brought forward was that the fare increase was intended to help Metra fund farebox capital. He continued that a little bit was to go the operating side, but \$5.5 million or so was put toward farebox capital with the intent that this would be helping us toward our state of good repair needs. Metra's capital budget in any given year ranges from around \$200 to \$400 million depending on the amount of federal and state money that might be available to us. The amount that the farebox contributes to the capital program is really relatively small at this point in time.

Director Mulder said that she knows that Wi-Fi is on the agenda for discussion, but wants to point out that this is a benefit for our customers. Perhaps if that had been part of the rate increase, people would have felt like they are getting something for that increase. Mr. Farmer responded that he thinks that for the coming budget, this is exactly what is planned. Staff is looking at things that can be offered to the customer, be it Wi-Fi or other things so that people can see what they are getting for their money. He thinks that this is something that was expressed by the Board for the previous fare increase.

Director Schaffer stated that he finds himself agreeing with Director McCoy. He thinks that this is good, and he will call it a cap with a release valve for setting fares. He happens to believe in zero based budgeting. He does not want to tell people you raise everything 5.7%. This is not any way to run a railroad. Saying that we have a good index is something that we should be doing under normal circumstances is okay. However, under abnormal circumstances if we for some reason need to exceed it, it requires 8 out of 11. He thinks that if we can come up with a guide and a safety valve, and if you get 8 out of 11, there must be something serious going on. Having said that, he believes people still won't like it. He thinks that the one thing that we have to truly avoid is going without a rate increase for a very long time. This needs to be avoided, if at all possible, in the future.

Mr. Farmer said that, for example, if the Board were to end this discussion by giving him guidance to use one of these indexes mentioned earlier, index A, index B or a blend of the two, and then direct the Metra team to come back to the Board this year and in coming years with a budget, which has a passenger revenue change no more than whatever that index suggests staff will do that.

Director Schaffer said that he thinks that this is a good idea, but also, say the sales tax tanks for whatever reason he would then expect staff to sit down and talk. Mr. Farmer responded that for example, if there is no more PTF money or the bottom dropped out, clearly he would have to come to the Board and let them know that there is a problem.

Director Huggins asked if an estimate has ever been done on how much money Metra loses on an annual basis for the fares that are not collected on the trains. Mr. Farmer responded that he does not believe so. Director Huggins stated that he would really like to know how much this would be, because he still has people telling him that fares are not all being collected. He added that this will be the last time he will ask this question.

Director Carlson said that based on experience, he thinks government mandates, inflationary economies, and other similar things he would have to say that he is against a cap, per se. He understands the consumer side of this, but he does not think that Metra should get in a position where something is so fixed that we cannot raise fares in excess, because of an inflationary economy, for example. He thinks that what is being looked at is clearly a policy that says that we will not do this. He is kind of with Director Schaffer on this, but we really have to have the ability to react and not be trapped into something that is out there. He is concerned about items such as Wi-Fi, or PTC because where are we going to recover that. There are many factors out there that cannot be controlled, and he thinks that this is something that there should be a policy that says that we are trying to be responsive to the customer and recognize our obligation to be responsible for our riders, but not put us in a trap where we cannot recover our costs.

He continued that the other thing, and as a partial answer to Director Mulder's question, Metra has a variable-based fare system, i.e., it is distanced based. If you look at any railroad or any utility, there is a very high fixed-cost component to it. He said that Metra has the challenge of matching a variable fare system against a high fixed-cost component. He would further argue that once a schedule is put in place, almost 100% of Metra's costs are fixed. If you look at the individual rider, or the cost per rider, and make a simple division, it is flat. He stated that this is the problem that Metra has here, and this has been a problem that railroads have been struggling with in passenger service going back to the 1860s. He explained that these folks have a very, very tough job to figure

out where the balance is that is a fair price to the commuter, and then on the same hand recognizes the fixed-cost nature of this railroad.

Director Darley stated that first off, he supports a blend of the AAR and PPI. He thinks that it is good to have that justification as we move forward, but also the guidelines on benchmarking ourselves against other railroads and making sure that our prices are being adjusted periodically to match market rates. He said that secondly, on the cost side he would strongly use the word "cap" with respect to the cost side; you can't exceed a particular cap. Just because rates go up or a budget goes up 3% does not mean costs need to go up 3%. He continued that in fact, that should clearly be the cap on the operational cost side. He thinks that there is the need to build up these cash reserves to go back and build up the capital fund. He stated that hopefully, as part of this, set into place a policy that will allow Metra to rebuild that capital fund with excess dollars through operational efficiencies, coupled with a reasonable fare increase moving forward.

Mr. Farmer asked if the Director would be in favor of having an emergency override so to speak. Director Darley responded that he would. He said that on the revenue side you would have to, especially with the PPI as a trailing index, as it can be 12 to 18 months late.

Director De Graff stated that he agrees with Director Darley. He does think that the blended rate, the PPI and AAR rate are the proper indexes to use, and he thinks the seven year economic cycle makes a lot of sense. He said that he has a predisposition based on budgeting experience not to like caps. He understands the need for it here, but is a little hesitant about getting so wound up that we set this cap and don't provide an adequate release valve for that. There was some talk about a super majority. He continued that generally caps are put in place because you have a lack of confidence in your leadership, and there has been some indiscriminate spending or leadership is not revered. He is hoping that this Board and this administration will provide good leadership going forward to the point that our hands are not tied so strongly that we cannot meet funded or unfunded mandates. He said that if a cap is put in place, he thinks that a super majority may be a bit steep to deal with some of the issues that are coming up, such as unfunded mandates that are put into place on a somewhat regular basis. He added that he is speaking from a municipal standpoint, and would hate to think, even though they are home ruled, what would happen if they could not make budget adjustments when the state of federal government puts mandates on them. He thinks that as a Board we need to be real careful. Ideologically we want to stop and put caps in place, but we have to be careful about not providing opportunities for us to budget properly.

Director Rakestraw pointed out that he has avoided this conversation mainly because when the idea to have an annual increase came out, he was not yet a member of the Board. When this came up last month, he again was kind of taken back. After 30 years of experience in public transportation, he has never seen a program where it appeared that there had been annual increases. He just can't grasp that aspect. However, he does understand the consumer protection aspect of this. He thinks that it is absolutely mandatory that the riding public understands that this is not Metra's guarantee that they will be getting an increase every year. It needs to be clearly understood that the only time there is a fare increase is when it is documented and needed. He does not think that it should be set up as something that says the least we can do is get an increase with this cap number. He thinks this gives out the wrong message, and if we are managing the public's funds properly, that should not be necessary. He stated that this is just his take on it.

Chairman O'Halloran stated that he believes that this was brought up because there was a concern by the Board on how they were communicating to the public on what may happen in the future. Everyone on this Board, or was on the Board at the time, certainly did not want to see a situation where we kind of kicked the can down the road, and then ended up with something that really could have affected people's lives because the Board was forced into doing something. This was a huge impact on folks at the time. He thinks that this is an attempt to try and communicate more effectively the max that we would be looking at, a max with an asterisk, barring all the other unforeseen things that could happen. He believes that this Board is committed to making that a max, if he hears things correctly, especially on the fare side. He agrees with Director Rakestraw, who just pointed out that we should live within our means, so that we do not have to deal with anything near max. The closer to zero or minus zero that we could get would be better. He continued that given all of the input from the Board, he asked Mr. Farmer if he could come back to the committee with a type of recommendation based on that input, and then we can bring that forward to the rest of the Board.

Director Schaffer stated that he knows that everyone on this Board realizes this, but since they have had this discussion, he thinks that we need to put it on the table. He continued that three largest expenditures Metra has are personnel, diesel, electricity, and insurance, and Metra has almost no control over any of those. If the national rail contract comes back and says that we have to give everybody a 20% raise, we do not get to say no. If diesel goes up 40%, we don't get to say no. He said that he thinks that Mr. Clifford has done a fabulous job over the years of recognizing when there are shortfalls. However, it all comes out of the 20% of the pie. He thinks that everybody on the Board understands that, but this is something that we need to remember.

Director Mulder remarked that she does not want to anger anyone, especially her colleagues, but she was thinking about other forms of transportation, and how so many things are funded statewide through different types of taxation, fees and charges. She thinks that the Board's focus today has been on the Metra riders and asking them to carry the burden of continuing this operation. She continued that she was then comparing it to highways throughout the state and how they are funded. Everyone pays taxes, and Metra is funded by a six-county region. The percentage of the contribution to Metra by Cook County, though, is significantly more than the collar counties. She said that perhaps they should talk to the collar counties, because this is where the requests for expansion, new service and other things are coming from. She stated that perhaps that is a place that we should be looking for additional funding so that Metra can expand service, improve service, and all those other wonderful things. She believes that this has been in place since the beginning of the RTA. It is a quarter percent for collar county sales tax, and a full percent from Cook County, if she is correct. If you look at the actual dollars, it is quite a disparity.

Director Schaffer pointed out that his county voted 94% no, and have been paying taxes ever since. He said that he has 340,000 people that live in his county, and maybe 5,000 people a day use transit. The western end of his county has no trains, and the only time you see a Pace bus over there is if the driver is lost. He explained that if you put this on the ballot in McHenry County, they would vote themselves out in a country minute, and cheerfully would be gone. Director Mulder said that Director Schaffer pays for the highways, too, and she is sure that he does not always drive on them. Director Schaffer remarked that he drives on a lot of them, but that is not the same thing as paying for public transportation and not having it.

38. ORAL - - WI-FI DISCUSSION

Alex Wiggins, Deputy Executive Director of Administration explained that staff continues to conduct research into Wi-Fi options that are feasible and makes sense for the Metra system. As the Board recalls, in January Metra hired the consultants from Xentrans to come in and help form that decision. He continued that today, he has Monica Paolini from Xentrans, who is going to talk a little bit about the business case of Wi-Fi. Staff presented the Board committee with an update a couple of weeks ago, and the committee members provided some very specific feedback, which is incorporated in this report.

He explained the focus of the first phase of the consultant's work was to really look at the availability of Wi-Fi in the six-county service area. What they found was that on all of the Metra routes, there was adequate coverage for 4G LTE. The strongest providers were Verizon, followed by AT&T and Sprint. The consultant also had a chance to look at Metra's rolling stock to see if it was suitable to install the Wi-Fi servers, all the antennas and such that is needed to make that work if Metra was to go with a cellular system. In addition to a strong signal and compatible rolling stock, they also conducted a business case analysis, which is what they will talk about today. One of the recommendations that was submitted by the Board committee is to inform the full Board of the strongest business case possible before proceeding further.

He then asked Ms. Paolini from Xentrans to speak about the business case. Ms. Paolini stated that they have been working on Wi-Fi on trains for about ten years now, and from the beginning the speed of Wi-Fi on a train would be slower than a dial-up connection because it was a satellite that had to be used. Now people expect to have a real broadband connection. She said that they have worked with Amtrak, BART, Metro, LA Metro and others throughout the years, and everything has changed quite a lot. At Xentrans they have worked more broadly on market and business models, and are more focused on providing advice to transportation agencies. Xentrans also provides their help and assistance in initially exploring the opportunity of a trial, which will then lead to full network deployment.

She explained that as Mr. Wiggins mentioned, they have worked on the business case. However, she would like to add a little bit of the background in terms of what their approach has been to this. Wi-Fi is considered an amenity, and they know that passengers value this very highly. One of the issues that they have seen throughout the years is that initially this was perceived to be a service that the consumer pays for. What happens, though, is very few passengers pay for it. She continued that what the first experience has shown them is that there is a beautiful network, but very few people use it, and it creates a lot of discontent among the passengers. There has been a steady shift towards having Wi-Fi for free. The customers use it a lot, which is why you see sometimes that there are problems and complaints about the service, because a lot of people use it. This is a resource that is shared among all the passengers, and the success itself creates additional demand, and at some point there is not enough resources for everybody.

Ms. Paolini stated that what they are seeing is that there is a lot of usage, demand and a lot of expectations from the passengers. At the same time, to provide a good service, it is not cheap. The question then becomes how can you provide a good solid service, a good network, and a good experience to your subscribers. Another issue to consider in all of this is at the beginning of Wi-Fi

on trains there were no smart phones, or mobile broadband. Right now there are a lot and most of Metra's passengers probably have a smart phone or data plan. The question that she gets asked is why do you need Wi-Fi on the train when you already have access. She thinks that the way they see this is that those are two complimentary technologies. If you look at the average smart phone user, the usage is half Wi-Fi and half cellular already. Depending on which numbers you look at, it could be 20 to 80 or 90% of the traffic is over Wi-Fi, so you have the same device using different technologies for different purposes. Wi-Fi gives you the speed, better experience in some cases, but cellular gives you the width of coverage. You have cellular wherever you go, but you have Wi-Fi when you have to do something that requires a lot of bandwidth. These two really merge, and if you provide Wi-Fi to your passengers it is really a mix and basically a way to compliment what they already have, not to be a substitution. They know that this is a way to attract passengers to public transportation, because they see that to be a way to be productive or to be entertained. But it can be an incentive to keep people from driving their own cars to work or wherever they go, and use public transportation.

She continued that the business model that they have prepared was to look at various things. Basically the first step is to look at the different possibilities for a pilot, and then to look at the full network deployment. She said that their focus was on the cost, initially, and that was because no matter what you do you have to at least show what kind of network you want to deploy, what are the trade-offs, and what are the choices involved in that. What they tried to do was to provide Metra with a fairly conservative, realistic approach that is based on the RFP work and deployments that have been done in the past. She then showed the data that is benchmarked. She pointed out that if at any point they had a doubt, they tried to be more conservative rather than not because we want to make sure that the Board has a realistic expectation of what the costs are going to be.

She said that the idea is to again prepare yourself for a trial, and the way they see the trial would be as follows. She explained that Wi-Fi right now is a mature technology. The type of network that Metra will have is going to be at the leading edge of technology, but it is not using an entirely new system to make sure that it works. They know that it works and it works in many networks. The question, though, is how does it work in the network and what is the response from passengers. The way they see the trial is not so much to provide technology, but to see how the technology works in the network for Metra's assets, purposes, and for the subscribership. This will allow Metra to gather a lot of data in terms of what the usage levels are, which is crucial to then move on and try to understand what the revenue opportunities are in terms of sponsorship, advertisement and things like that. It is much easier to go and ask for a contribution once you know what you have to offer. This was also to provide the opportunity to value different proposals, because as mentioned the technology is mature, the business model is not. She said that you will see a lot of changes, but a lot of the changes are not from the technology point of view, but from the way the different ecosystem is built.

She concluded that from Metra's point of view, there is a lot to choose from. Metra is in a strong position because of the assets and access to ridership. She said that it is important for the organization to understand what the strengths are, so that they can create and establish the proper partnerships with the other ecosystem players. She explained that at the same time you want to make sure that you are not too greedy, because this might lead to a situation where there may be

other problems down the line. The question is to really try to understand what the dynamics are so that you can make the better decision moving forward.

Mr. Wiggins continued with the presentation, stating that based on the analysis done by Xentrans, staff presented a number of scenarios to the committee. He explained that they looked at projected costs in a number of scenarios, minus advertising sponsorship dollars, but that will be addressed a little bit later. He continued that if they were to look at a single route deployment for six months, the capital and operating costs would be approximately \$3.1 million. Again, the committee focused on the potential for ads and sponsorship. If we were to look at a single route for a year, it is just an incremental adjustment to \$3.4 million for capital and operating costs. This is really for the purchase of the equipment and the ongoing maintenance of the equipment.

He said that because of Metra's unique labor agreements, a little bit of money can be saved by actually having our own crews install the equipment on the train rather than contracting that out. That number is a little bit lower than what Xentrans initially projected. If Metra were to deploy Wi-Fi over multiple routes for six months, the estimate would be about \$12.9 million. If Metra were to deploy Wi-Fi on both Milwaukee Lines, the Rock Island and BNSF for a period of a year, the cost would grow to \$14.3 million for capital and operating expenses. Systemwide, on all 11 lines, the cost would be \$31.1 million for a six-month period, and for a year, the cost would grow to \$33 million. For five years, the cumulative cost is approximately \$71.6 million.

He explained that again, staff received very direct feedback from the committee. What the committee asked staff to do is to research additional sponsorship and marketing opportunities to offset the capital and operating expenses. This is essential before deployment. Staff needs to find out what the value of that market is. The committee asked staff to look at different Wi-Fi options, and also shared that we really need to guard against investment in any kind of technology that could become functionally obsolete. The organization needs to make a very strong business case, and then to balance Wi-Fi as an amenity for passengers against Metra's capital needs for state of good repair.

He stated that with that feedback, staff has modified their recommendation. Initially, staff was going to recommend proceeding directly with an RFP to conduct a pilot on one line. The Rock Island line was picked because it was a manageable size. Instead, staff would like to proceed with an RFP and generate ideas from the vendor community. Staff is really focused on the technology and the opportunity for advertising revenue. When the proposals are submitted to Metra, if they do not have adequate advertising and adequate revenue sponsorships, then we do not have to accept them. Staff is looking to release that, see what ideas come in, look at the models and then proceed.

He concluded that staff is recommending that the next steps are to continue to work with Xentrans to help develop this RFP, and then send that out to the vendor community to see what comes back. If the Board likes the models, and the projections, then a decision can be made on whether to proceed.

Director Carlson remarked that he received one comment recently, which was that some people don't understand why it costs so much to operate the system. He thinks that we need to put a little

more focus on the operating costs. They tend to understand the capital costs actually, but they don't understand the operating costs.

Director Partelow stated that he has a question about what the costs might be. He asked if staff has any idea what the costs might be for Amtrak, or the other transit agencies that might have Wi-Fi. Mr. Wiggins responded that Metra is fortunate enough to have Xentrans who worked on the Amtrak deployment. Ms. Paolini responded that she can also talk a little bit about the operating costs, too. She said that the reason the operating costs are so expensive is because you can look for Wi-Fi in many ways, but the best trade-off for most rail operators is to use the cellular network for the back-up. Basically all the traffic that leaves the train goes on to the cellular network, and you have to pay the cellular operators for that. The cost of operating Wi-Fi is high because you have the monthly cost that you have to pay to the operator.

Ms. Paolini explained that if, for instance, you have a hot spot in a coffee shop area you are using your broadband connection that you are already paying for. The operating cost there is zero. This is the basic reason why the OpEx is so important. If you have a situation where you do not use the cellular networks and you have your infrastructure along the railway, then your operating costs go down a lot, but then the CapEx grows a lot. This is the trade-off. She continued that in terms of costs, staff has shown that they are in line with Amtrak and other solutions implemented in the United States. One thing to keep in mind, Amtrak realized that they paid for their network within a few months just in terms of the revenue sales from tickets. If you have a 2 or 3% increase in ridership that would pay back for the installation. She is not sure whether that would apply necessarily to Metra's case because the dynamics are different. It is an easy way to look at how to recoup the investment.

Director Partelow explained that the \$71 million number was kind of stunning to him. He thought that this would be something close to net cost. It is not going to be anywhere near that. Mr. Wiggins replied that he understands, and the feedback from the community has been consistent with that observation. He continued that they are very interested in looking at what advertising sponsorship opportunities that are out there to help Metra offset that significantly. He thinks the good thing about putting an RFP out is to generate ideas, although, we don't know what models will be presented. The vendor community may present something that Metra likes.

Director Darley asked if this was part of the original proposal. He asked what was the cost of the initial engagement. Mr. Wiggins responded that the RFP was for two phases. The first phase was to look at the availability of the network, to inspect Metra's equipment, to make sure it was suitable and then to develop a business case for passenger Wi-Fi in Metra's service area. The second phase, is based on the numbers presented in the business case and the Board was moving on to the next step, phase two is developing an RFP to actually attract vendors to bring the service to Wi-Fi. What staff is requesting from the Board is to continue with phase two.

Director Darley asked if phase one and phase two was already committed to in the contract. Mr. Wiggins responded that phase one was committed to, with the understanding that Board approval was necessary for phase two. Director Darley then asked what were the dollars for contract one and contract two. Mr. Wiggins responded that the total contract amount, he believes was \$200,000. Director Darley asked if the \$200,000 included phase two. Mr. Wiggins responded that it did.

Director McCoy stated that he does have some questions, but he thinks that the Board needs to pull the plug on this for a little while. However, he has to ask this question. It sounds like we are back to the RFP that was sent out two years ago, before he was even on the Board or similar to the RFP that went out and was stuck in the black hole, and then the Board was told it did not work out. He said that it almost sounds like we are back to that stage now, or is he missing something? He always thought that this would be some kind of public/private partnership with very little cost to Metra. Right now it doesn't look like a public/private partnership road that we are going down. Also, he has had some of his constituents tell him that Metra was able to push through some legislation in Springfield that said that Metra would only consider this if the cost was neutral to Metra. He asked if this is correct. Mr. Clifford responded that Metra was not the sponsor, but was able to negotiate it down from a mandate to put Wi-Fi in the system. In other words, if that legislation had gone through without Metra's involvement, the Board would not have a choice today and would be voting to spend \$72 million. However because Metra got involved, staff was able to negotiate that legislation down to a cost neutral.

He continued that staff went through the exercise that the Board described and could not get a cost neutral proposal that could be awarded. Cost neutral would mean that there would be no capital or operating costs to Metra. What staff is saying is that this has failed. They don't think that there is anybody who could provide it at an absolute cost neutral, spend \$72.5 million in operating costs, and make it neutral to Metra. Therefore, staff thinks that this is going to be some sort of a blend, and wants to see what that blend is.

Director McCoy asked if this would violate the legislation that was passed if Metra is considering something that is not cost neutral. Mr. Smith, Legislative Affairs Officer, responded that the legislation actually mandated that Metra study the feasibility of providing Wi-Fi at no cost or at cost neutral to Metra, which we have done. As far as anything beyond that, executing Wi-Fi is not in the law. He said that this is of interest to some legislators and the Governor, which is why staff is exploring other options to bring back to the Board.

Director McCoy stated that the question that he is not getting answered is what is the cost neutral part of that legislation. He asked that if Metra comes up with a business model that says that it is going to cost \$10 million a year, will that be okay with the legislation that was passed. Mr. Smith responded that by the letter of the law it would, because again, the law itself was not a mandate to actually put Wi-Fi on the train, it was to study it. He believes that Metra has met that part of the legislation. Director Widmer said that he believes the question is if it is not cost neutral, is that consistent with that legislation. John Milano, Senior Associate General Counsel responded that there are really two parts to what was required. One part was the study. The second part was that it would be mandated only if it could be done cost neutral. If it is not cost neutral, Metra is not required to do it.

Director Schaffer remarked that one of the problems is that if you don't do something, you may find out that you get a mandate a year from now. This is something that the Board needs to keep in mind. He continued that perhaps we should ask our friends in Springfield to come up with \$71 million and promise them that we will put pop-up ads on the Wi-Fi singing their praises. Because they have not had any good press in a good long time, they might buy into this. He said that frankly, he does not have any problem saying that here is what the study showed. He is not sure that we

shouldn't consider the pilot, because part of the equation is if we put it on the Rock Island line and it costs \$3.4 million, how much of that can we get back in ads and sponsorships and that sort of thing. He stated that we have done the study, but we haven't really answered the question of is it cost neutral. He thinks that no one thinks that this project is cost neutral. It seems to be working out in Boston, where the Tribune says that people love it, and are happy and using the trains in great numbers.

Mr. Wiggins responded that if we were to look at an RFP to proceed with a pilot, one of the key areas of focus for the committee would be to examine the projections for revenue and sponsorships. Part of the RFP would be to highlight that as an area that would weigh heavily on the decision to move forward. Director Schaffer asked if that would have to come back to the Board. Mr. Wiggins replied that it would. Director Schaffer asked if the staff is asking to try one line or whatever, to see what comes through the door. Mr. Wiggins responded that this is correct. Director Schaffer stated that if we don't do that, the legislature is probably going to say that the question was not answered.

Chairman O'Halloran stated that if indeed the only way to accomplish this technologically is going through the cell carriers, he asked Ms. Paolini if the speed is different than 4G LTE at the point. Ms. Paolini responded that the answer is better and worse. Every train would have eight cards. On your own phone you have one card, and the train would have eight. If you look at the overall train, it is much faster than your single phone. However, the throughput for all those eight cards is shared among all the passengers on the train. It is quite possible that as an individual you might even have higher speed with cellular than you have with Wi-Fi. But Wi-Fi does not have an amount per minute. There is another aspect and this is where even partnership with the mobile operators may be relevant. When you see a train moving and have everybody moving from one cell to the other, what you see is that oftentimes people lose their connection. If everybody is on the train, their connection can be more stable. She said that there are some advantages and disadvantages, but oftentimes, you might see a lower speed on your phone or a higher. It is not really predictable.

Chairman O'Halloran stated that he has another question regarding security. If you are on an open Wi-Fi system, you have security issues that you don't have with respect to a cellular system that is either your smart phone or a smart device. He asked if this is accurate. Ms. Paolini responded that this is correct, because you have the local network on the train, and you can manage that. It is a different type of security and there are different ways to deal with this. Chairman O'Halloran asked if this is less secure. Ms. Paolini replied that it does not have to be. She said that you can have it just as secure if you implement the proper technology. The question is at which point do you want to do it or not. It is a trade off in terms of cost, complexity, and ease of use for the people on the train.

Chairman O'Halloran asked if Ms. Paolini has seen any system that she has been involved with that has been determined to be revenue neutral or has been provided in its entirety to someone. Ms. Paolini responded not successfully. She thinks that there have been a lot of attempts. What can happen is if you do not have ownership of the network and somebody else is doing it you may often run into trouble because the partner you work with may have initial funding, but then might lose this funding. There are a lot of uncertainties there and you don't have control over it. She said that you may then end up having a situation where you have the promise of Wi-Fi network, but no network really is working or working properly. This has happened a few times.

Chairman O'Halloran asked what is the best case scenario that she has seen. Ms. Paolini responded that the best case is really Amtrak, because just with ticket revenues they covered all their costs. Chairman O'Halloran said that what he is asking is with advertising or other types of situations, say even with Amtrak, what percentage of their overall cost would they be covering with some sort of outside revenue. He asked what is the percent. Ms. Paolini responded that she does not have a precise number that she could provide, but her understanding is that it is still a limited part, because this is all very much new in terms of how the advertisement model works. The sponsorship is pretty much straight forward, because somebody comes out and pays for the costs. The advertisement is a little bit more difficult, because you need to understand how effective the advertisement is and you want to have the advertisement tied to the location. They are just starting to move into that direction. She thinks that there is hope for growth, but you also have to be realistic in terms of what you should expect.

Chairman O'Halloran asked what is realistic, 10%, 5%. Ms. Paolini responded that it is difficult, but she would say 50% would be very high for just advertising. Chairman O'Halloran responded that 50% is what we are looking at no matter what we do. He said that we are going to be paying a lot of money if we want to institute this type of system.

Director Darley stated that the first point is that technology is changing so quickly that we need to look at our customers and ask if they are willing to accept a 15 to 20% revenue ticket price increase in order to justify the Internet. Obviously, Metra is not going to be able to absorb that. He said that if the answer is no, which he is guessing it will be, he is with Director McCoy on this project. He thinks that we are just spinning our wheels.

Chairman O'Halloran asked if this is based on a mobile card. Ms. Paolini responded that it is not. You just use whatever you have.

Director McCoy explained that this started in his committee, and he thought that the Board should hear some of this. However, after hearing this, he is nowhere near in a position to recommend spending another penny at this point. He thinks that it should just come back to his committee to discuss more. He just is not able to recommend spending another penny on this program at this point.

Director Mulder stated that her concern is that almost every week, every month there is new technology as it continuously changes. To make a commitment to any kind of system and have it outdated will not bode well for the Board's financial decision making. She needs to have more certainty. It is just amazing how within a 12 month period of how technology changes. She does not want to discard the concept, because many riders have told her that they would love to have Wi-Fi, so it would be extremely beneficial. However, to pay \$70 million dollars and have it outdated in two-and-a-half years would not be a fiduciary responsibility that she is comfortable with.

Director Widmer stated that his comment is consistent with Directors' McCoy and Darley. He said that the one piece of information that did it for him was everybody loves Wi-Fi but they do not want to pay for it. He continued that we are at a point where the best we can do is get half of it, he also thinks that we are spinning our wheels and thinks we should pull the plug on the program.

Director De Graff concurred with Director Widmer. He said that the one thing that Director Schaffer mentioned was the fact that if there is enough of a mandate from the government that they feel that this is a priority there should be some kind of subsidy, some kind of grant or ability to be able to help Metra do what we need to do. He continued that he thinks that prior to going to the second phase in this RFP, and the RFP would be revised to solicit concepts from the vendor, he is a little bit concerned about where that would take us given what we know in terms of the overall cost and the functional obsolescence of the capital and operating costs. He does not know if Director Mulder's concern about functional obsolescence can be addressed, or whether or not if we were to put \$30 or \$35 million or for that matter \$60 to \$70 million and then within two or three years all of that capital and operating expense would be eliminated. There are a lot of those types of questions. He does not think that the RFP to vendors is necessarily going to answer that as well. He would be concerned about that too.

Director Rakestraw asked if staff has any idea what the cost would be for Metra to put out a RFP, and secondly, with the number of people that ride the trains, would privatizing that particular system be an option. Mr. Wiggins responded that we have the budget for both phase one and two, if we were to proceed with phase two. He continued that what he mentioned to the committee is that we have the \$2 million set aside from state bond money that could be applied to the pilot program, if the Board decides to do that. However, this does create the expectation that we would continue with the program. Regarding the issue of technology, he will ask Ms. Paolini to address that. In terms of working with a private carrier, we would absolutely have to work with a vendor to actually provide the service. Once we proceed with an RFP to attract ideas, our partner in this process could be a cable provider or a cellular provider. He pointed out that what is interesting about a project that is happening on the East Coast, with one of our larger peers, is that a cable company came in and decided to invest in the entire program and underwrote all of the capital cost so that they could generate their business. He said we don't know if this is a possibility here without testing the market.

Director Rakestraw remarked that this is what he was kind of alluding to. He asked if it is true that in order to comply with PTC, to be compatible, we are going to need something like this anyway. Mr. Wiggins responded that the concern from the technical staff is that the wireless systems won't conflict with the PTC signals. Early research on that has shown that this may not be the case. However, the Director is absolutely right that we would want to determine if this was the case. This is an issue that Director Carlson presented at the committee, too.

Director Schaffer asked about the RFP. He said that the contract that we have right now is for \$200,000, and a certain amount of that money has already been spent. Mr. Wiggins responded that this is correct. Director Schaffer stated that there is some left in that contract, and the authorization to do the RFP. He asked how much would it cost Metra from this point if, option A the project would be pulled, or option B if we went ahead with the RFP. Mr. Wiggins responded that they would spend up to the cap. He believes that the second phase was approximately \$130,000. Director Schaffer stated that if we go out for the RFP to see what is out there it would cost \$130,000. Mr. Wiggins said that this is his estimate and he would have to verify that. Director Schaffer continued that certainly nobody here is talking about going beyond that, so that is really what the decision is. He explained that speaking as the least tech savvy person on the Board, and he does not know if there is anyone giving him competition on this, he does know that there is a lot of support out in the

public and Metra's riding public for Wi-Fi on trains. For that reason he is kind of reluctant to slam the door in their faces.

He continued that having said that, he also knows that if we come up with Wi-Fi that isn't as good as the smart phone that he has in his pocket, then we are just kidding ourselves. It has to be an improvement over what they have. He would suggest that we go ahead with the RFP just to find out what is out there so we can have an intelligent conversation. He thinks that at the same time we should, through some appropriate mechanism, contact our friends in Springfield and Washington or wherever else there is money, and let them know that we would truly love to do this because we know that our riders would like this and we think that it would make the Metra experience more positive. However, we cannot justify spending huge sums of money on this when we aren't meeting the state of good repair, and the mandate for PTC. He said that we want to do this, but we don't have the money. He thinks to get to this stage you almost have to do the RFP.

Director Carlson stated that, to answer Director Darley's questions, there are organizations like Data Quest out on the West coast and other similar research organizations whose business is tracking these technology trends. He thinks one thing that we should crank into this process is to go to one of these organizations to help us. He is not endorsing Data Quest, as he has used them during his career, but we should find somebody like that. He continued that a question was raised about reducing operating cost such as CapEx and he thinks that this should be investigated as a part of this. Put more in the cap side to save the operating cost. We are stuck with the operating costs. He said that the other thing is that the eastern commuter railroads own much more of their right-of-ways than we do. He is not sure that we have the ability to do that because we would have to go the BNSF and Union Pacific, as well as other freight carriers, to determine whether or not they would allow us to do what they are doing in the east.

Director Huggins asked what happens to the \$2 million grant that we currently have if we do not continue with the RFP. Mr. Wiggins replied that he believes that this would just transfer to a separate project. Ms. Ciavarella stated that if the Board recalls, during the March meeting staff came with a capital amendment. Staff spoke about amending the state bond program, and Wi-Fi was in the bond program. If the Board determines that we are not going to move forward with Wi-Fi, then staff would have to go back to the state. The capital program would then be amended to pull Wi-Fi out and put that \$2 million into one of the other projects that has been discussed.

Director De Graff asked if there was a required mandate or a limited timeframe in which we have the decision to do phase two, or do we have a little bit of time to investigate these two or three different discussions, including the potential for public and/or private sponsorships before advancing to spend the \$130,000. He continued that if we took a month or two to sequence and investigate some of this privately before actually going ahead and spending the additional phase two, he thinks that this would be the intelligent way to go.

Director Rakestraw remarked that he was at an event recently with Director Huggins where they met with some Metra customers. Metra's dynamics have changed somewhat with our customers. He continued that they are tech savvy, and want certain things during their ride. He thinks that we should do our due diligence and investigate it. He thinks that it is worth at least looking into it a

little more in depth, because he believes the dynamics here in the Chicago land area may be a little bit more attractive than some of the other places that have tried this.

Chairman O'Halloran stated that his suggestion then is to ask for a motion to refer this back to committee. Director McCoy asked if he could go back to his original recommendation to not spend another penny before it goes back to committee. He thinks that at this point it is still a committee level discussion. Director Carlson seconded the motion.

Chairman O'Halloran stated that Director McCoy moved and Director Carlson seconded. He asked for leave of the previous roll call. The Board granted leave for the previous roll call. The motion carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

39. ORAL -- MONTHLY LEGISLATIVE UPDATE

Sam Smith, Legislative Affairs Officer, reported that at the federal level, his work has been geared primarily towards PTC. As the Board may recall from previous Board meetings, the Board approved an adjustment to the State bond allocation for PTC with an eye towards a 2018 possible completion. Staff was also tasked with advocating, at the federal level, for an extension to 2020, or 2018 as a fall back, and also for federal funding for this project as well. He has been working with the delegation over the last couple of months, and last month Congressman Lipinski submitted a request for \$50 million in PTC grant program funding for FY2014 in the House appropriations process. Metra was able to get Congressmen Rush, Kelly, Gutierrez, Davis, Schakowsky, Schneider and Foster signed on to that letter. Also, he has been working with Congressman Quigley, who is a member of the sub-committee who has submitted a separate request directly to the Appropriations Chairman and the ranking member.

He continued that they will be making a similar push on the Senate and have a request in to Senators' Kirk and Durbin. Also, because we are in the current appropriations process, staff is exploring the possibility of including language extending the deadline for PTC, which probably is not likely to happen, but he plans on trying to make the push anyway. He explained that the likely vehicle for any sort of deadline extension would be through PRIIA or RISA reauthorization process, which will likely begin in earnest this summer.

He stated that turning to the State, there are less than three weeks left in the spring session. Recent discussions have surrounded the Pension Reform bills that were passed out of the House and Senate respectively last week. However, there continues to be work on the many other bills as the deadline for consideration of bills that passed the opposite Chamber passed last Friday. In that context, he has been monitoring bills that are of importance to Metra, and will summarize a couple of those for the Board. Again, these bills have all passed out of their chamber of origin.

He said the first one is House Bill 140. This eliminates the pension and benefits for future directors to the RTA and service boards. The bill passed out of the Senate yesterday and will be going towards the Governor for his signature shortly. The next bill that he is tracking is House Bill 1389,

which is the RTA Sponsor bill. This is the RTA's working cash notes bill, which Metra is in full support of. As a reminder, the bill extends the authority of the RTA to issue working cash notes to cover any delays in Metra and the other services boards receiving state funding in the form of PTF. This bill passed out of the Senate Transportation Committee earlier this month, and will be considered by the full Senate shortly.

He explained that the next bill, which the Board may have read about, is House bill 2453, which was a Metra Notice bill. This bill requires Metra to hold additional hearings with the House Mass Transit and Senate Transportation Committees when a fare increase was being contemplated. This bill did pass out of the House, but he was able to work with the Senate sponsor to get her to hold the bill while staff doubled back and worked with her to get a better sense what her concerns are, and she has agreed to hold the bill. He concluded that the last bill is Senate bill 1474. This deals with the purchasing threshold under the RTA Act. Current law puts the purchasing threshold at \$10,000. This bill would raise that limit to \$40,000 and it is currently in the Senate Executive Committee and will go before that committee next week.

Director Schaffer asked what does raising the threshold from \$10,000 to \$40,000 mean. Mr. Smith replied that this is a procurement issue and it essentially deals with the procedures all of us have to go through when purchasing something above \$10,000. Director Schaffer asked if this would simplify stuff between \$10,000 and \$40,000. Mr. Smith responded that it would. He said that \$10,000 is really not much of a threshold, so by raising that to \$40,000 we can streamline the purchasing process for anything under \$40,000.

40. ORAL - - KPI REPORT

Alex Clifford, CEO, stated that with the concurrence of the Chairman, he would ask that the KPI report be accepted as receive and file report and move on to the CEO comments. The Chairman agreed.

41. ORAL - - CHIEF EXECUTIVE OFFICER'S REPORT

Alex Clifford, CEO, explained that he would like to provide some information on staff's action and involvement on the CTA Red Line closure. As the Board is aware the Red Line between Chinatown and the 95th Street is going to be closing down Monday for five months for reconstruction. Over the past year, staff has been working with the CTA to develop and coordinate a Red Line construction alternative, and have been updating the Board regularly on our work. Staff has worked closely with the CTA to make service adjustments and is prepared to assist CTA riders who chose Metra during the construction period. A special Red Line ticket is being packaged, and with a CTA ticket is sold through CTA retail channels.

He continued that staff has worked with the CTA to communicate with impacted riders options for taking Metra, including joint press releases and media materials. In April, information was posted about using Metra during the Red Line construction project on Metra's website metrarail.com/redline and there is an abundance of material that can be looked at out on the website that Metra's customers and potential customers are pointed to in order to get more information. This includes printable brochures and maps to help new riders navigate the Metra

system, information about riding Metra, joint fare product with the CTA, and parking options to ease the transition to Metra. He said that our customer services reps have been prepared to handle inquiries and calls about using Metra during this construction period. He said that recently, staff has reached out to the impacted communities, including 50 federal, state, city and county officials, 78 faith-based organizations and 3 local colleges. Brochures were provided, and schedules and other materials for them to share with their constituents.

He stated that starting this past Wednesday, and continuing for several weeks, Metra will be airing 15-second radio spots on community radio stations WVON and Power 97, and are running print ads in local papers to assist those impacted by the Red Line and construction projects. On Monday, May 20th, customer service ambassadors will be at key stations for the morning rush, including Gresham, 95th, mainline, 95th/Chicago, Chicago State, 87th, 79th, 75th and 63rd Streets. These ambassadors will be easily identifiable by their Metra vests and have brochures and timetables available to assist riders. In addition, a looped announcement will be airing from Metra's passenger assistance link, PAL, directing customers with questions to PAL phones at stations should they need assistance.

He pointed out that, as the Board is probably aware, on the Metra Electric Line there are some flag stops. Several of those flag stops during the key peak hours, morning and peak, for some of the trains have been converted to full stops. This is in anticipation of additional riders boarding at those particular stations. He concluded that as the project work begins, staff will closely monitor the situation and continue to work with the CTA to minimize any impact on riders who normally take the Red Line.

Director De Graff asked if there are approximately 80,000 riders that take the Red Line on a daily basis. Mr. Clifford responded that this is correct. Director De Graff asked that given those 80,000 riders, does staff have any concept as to how many of those 80,000 would use Metra as an alternative. Mr. Orseno responded that Metra is looking at approximately a 1000 to 1200 additional riders, which was what the CTA gave us. This is why staff is going to keep really close tabs on that to make sure that if this changes, decisions can be made on the fly to accommodate.

Director De Graff asked if those 1000 to 1200 riders would come from predominately close areas to the Metra stations, and does staff know pretty much where they are coming from. Mr. Orseno responded that the staff is aware of those riders and is watching this very closely. He said that again, everything could change, but is being monitored very closely by staff.

Mr. Clifford remarked that to a previous point that Director De Graff has made clear, staff has collected base line data so we are ready to monitor this over the next five months, and maybe more importantly, after the five months to see if as a result of what is going on, we would gain some permanent ridership out of this. Director De Graff stated that he thinks that there should be, not to the detriment from our friends at CTA, be some convergence to the Metra system.

Director Rakestraw asked if staff did any review or survey of the south side stations along the Metra Electric Line to make sure that lighting, and security was adequate for encouraging those riders to use those stations. Mr. Clifford responded that he does not think specifically to those stations, other than Metra's normal maintenance program to ensure that we are keeping up on what we are supposed to keep up on. However, this is a good point.

Director Rakestraw asked if normal maintenance did not disclose any unnecessary or unusual problems. Mr. Orseno responded that it has not. He said that one of the things that our ambassadors are doing out there is to provide schedules, explain to them about the Metra system so that they become familiar with the system. We want to encourage as many riders as we can not only using it during these five months, but quite honestly, we want them to continue to use the Metra system.

Director Mulder stated that it will be interesting to see how those riders will react to the lack of a turnstile, which is Metra's problem with the universal fare card. She continued that she would like to commend everyone that has been involved in this, because the level of cooperation is wonderful. The service boards working so closely and cooperating together is a very strong statement about the Chicago region. We are putting that emphasis on trying to benefit the residents of this area, as well as the transit user.

Director Darley said that he has a suggestion, and he does not know if this can be done, but if at all possible, could Metra eliminate the \$3.00 surcharge for paying on board for a two week period or longer so that we don't turn people off right out of the box. Mr. Orseno responded that some of those stations don't have agents there anyway, so they would not be charged a surcharge.

Director Huggins asked if staff has had conversations with the local aldermen who service those Red Line wards to try to encourage some of those riders to use Metra. Sam Smith, Legislative Affairs Officer responded that actually the affected aldermen, state representatives, state senators, congressmen and county Board members have been alerted.

42. ADJOURN TO EXECUTIVE SESSION FOR MATTERS RELATING TO EXECUTIVE SESSION MINUTES (Section 2 (c) (21)) AND PERSONNEL (Section 2 (c) (1))

Director De Graff moved, and Director Mulder seconded to adjourn to Executive Session. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave, and the motion was carried by eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

43. DISCUSSION AND POSSIBLE ACTION ON PERSONNEL, INCLUDING MONTHLY HIRING RESOLUTION

Kevin Neir, Senior Director of Human Resources, Operations, reported that there are two names to bring forward for the monthly hiring resolution. The first is Michael Flournoy, Department Head of Procurement, and the second person is Renee Boise, Manager, Employment Services. Chairman O'Halloran asked for a motion to approve the resolution. Director Mulder moved and Director Rakestraw seconded. Chairman O'Halloran asked for leave by the Board for the previous roll call. The Board granted leave and the motion was carried by eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

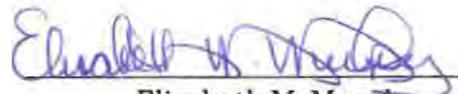
HIRING RESOLUTION NO. MET 13-15

(Please see Attachment No. 1)

44. ADJOURN

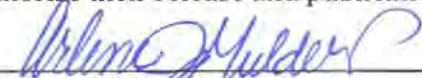
Director Widmer moved and Director De Graff seconded the motion to adjourn the meeting. The motion carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran



Elisabeth M. Murphy
Assistant Secretary to the Board

I, Arlene J. Mulder, in my capacity as Board Secretary of the Commuter Rail Board of the Regional Transportation Authority do hereby attest that the following minutes are a true and accurate reflection of the Board's meeting on the date so stated. In compliance with the Illinois Open Meetings Act, I do hereby authorize their release and publication.


Arlene J. Mulder, Secretary
Metra Board of Directors

**COMMUTER RAIL BOARD
HIRING RESOLUTION NO. MET 13-15**

WHEREAS, on March 15, 2013, the Board of Directors of the Northeast Illinois Regional Commuter Rail Corporation (“Corporation”) enacted a hiring ordinance, which provides that for any non-contract new hires or promotions, at the annual rate of pay of over \$75,000 (the “Salary Threshold Amount”), the Executive Director/CEO (“CEO”) will submit a proposed hiring resolution to the Commuter Rail Division Board (“CRD Board”) in open session, and all such employment offers will be contingent upon approval of the proposed hiring resolution by the CRD Board (on behalf of the Corporation), and no such employment (new hires or promotions) can commence before such CRD Board approval; and

WHEREAS, the hiring ordinance further provides that the proposed hiring resolution shall contain for each identified employee the following information, as applicable: name, title, and proposed salary, and that the proposed hiring resolution shall also include proposed vacation days, proposed personal time off (PTO) days, proposed relocation expense reimbursement and any other benefit being offered to the employee should such benefit(s) exceed those reflected in the Corporation’s Non-Contract Employee’s Handbook; and

WHEREAS, the hiring ordinance further provides that if the CEO seeks to give a salary increase (excluding promotions) to an existing non-contract employee in an existing non-contract position that exceeds 9% of the employee’s current annual gross salary, the CEO must obtain approval of the CRD Board, and that such requests for approval of annual salary increases exceeding 9% shall be included as a sub-section of the monthly proposed hiring resolution; and

WHEREAS, the CEO now submits this proposed hiring resolution for approval of contingent offers, which are attached hereto as Attachment A;

NOW THEREFORE BE IT RESOLVED, that the CRD Board hereby approves the contingent employment offers, which are attached hereto as Attachment A.

BE IT FURTHER RESOLVED, that the CEO is hereby authorized to take such actions as he deems necessary to implement and administer this Resolution.

May 17, 2013

PROPOSED HIRING RESOLUTION
April 2013

Proposed New Hires Over \$75,000

Candidate	Position	Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
**Michael Flourmoy	Department Head, Procurement	13	\$85,000	N/A
**Renee Boise	Manager, Employment Services	12	\$76,234	N/A

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

**Candidate has requested that his/her name remain confidential until confirmation, as allowed under MET 13-03, paragraph 4.

Proposed Promotions Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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None

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

Proposed Lateral Transfers Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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None

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

Union to Management Transfers Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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None

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

PROPOSED HIRING RESOLUTION
April 2013

Proposed Salary Increases Over 9%

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
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None

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

ORIGINAL

METRA BOARD OF DIRECTORS
MEETING OF THE EMPLOYMENT PRACTICES COMMITTEE
FRIDAY, JUNE 7TH, 2013
METRA GENERAL OFFICES - BOARD ROOM
547 WEST JACKSON BOULEVARD, CHICAGO, ILLINOIS
8:15 a.m.

STENOGRAPHIC REPORT OF PROCEEDINGS

had in the above-entitled matter held at 547 West
Jackson Boulevard, Chicago, Illinois, 13th Floor, at
8:15 a.m., MR. LARRY HUGGINS, presiding.

Reported by: Catherine S. Bradley, CSR

License No.: 084-004664

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PRESENT:

Mr. Paul Darley, DuPage County

Mr. Larry Huggins, City of Chicago

Mr. Jack Partelow, Will County

1 (Whereupon, the following
2 proceedings commenced at
3 8:15 a.m.)

4 CHAIRMAN HUGGINS: Good morning. I'd like to
5 bring the meeting for the Employment Practice Committee
6 to order. Lisa Murphy, do you have roll call, please?

7 ASSISTANT SECRETARY LISA MURPHY: Director Darley.

8 DIRECTOR DARLEY: Here.

9 ASSISTANT SECRETARY LISA MURPHY: Director Mulder.
10 Director Partelow.

11 DIRECTOR PARTELOW: Here.

12 ASSISTANT SECRETARY LISA MURPHY: Director Widmer.
13 Chairman Huggins.

14 CHAIRMAN HUGGINS: Here.

15 ASSISTANT SECRETARY LISA MURPHY: Chairman
16 Huggins, we have a quorum.

17 CHAIRMAN HUGGINS: At this time is there anyone
18 here who would like public comment? No public comment.
19 Thanks.

20 Can we get approval for the minutes for the
21 meeting held on April 2nd, 2013?

22 DIRECTOR PARTELOW: Moved.

23 DIRECTOR DARLEY: Second.

24 CHAIRMAN HUGGINS: Moved by Director Partelow,

1 second by Director Darley. All those in favor say aye.

2 THE COMMITTEE: Aye.

3 CHAIRMAN HUGGINS: Next item on the agenda is
4 discussion of Metra's travel and business policy.
5 Executive Director Clifford will lead us in that
6 discussion. Director Clifford.

7 MR. CLIFFORD: Mr. Chairman, committee members.
8 Today we'll present you a revision to the travel and
9 business policy that reflects a change that hasn't
10 happened since February of 2011, just prior to my
11 arrival here.

12 A number of the points that we'll discuss in this
13 policy were actually implemented a lot sooner than
14 today. Where they made sense we went ahead and started
15 changing policy, particularly when we were holding
16 individuals to a higher standard.

17 So I'll sort of generally go over the significant
18 changes in the policy. I've provided you in advance of
19 today's meeting via e-mail the old policy in case you
20 then wanted to compare and contrast the two.

21 But in general there's a new component in this
22 policy which addresses the use of the corporate cab
23 cards for Metra related business within a five mile
24 radius of Metra's corporate headquarters. When I

1 arrived there was no reconciliation at all of cab cards
2 that made me quite uncomfortable and within short order
3 nearly -- well, actually over two years ago we started
4 implementing this particular policy while we were
5 addressing an update on this policy to make sure that
6 every month a report goes to the supervisor of an
7 individual who has a cab card and they review that
8 report to make sure that the business was appropriate,
9 was company business and compliant with the rules that
10 we wanted them to follow.

11 The cab card component also includes extensive
12 controls, as I had discussed, major revisions regarding
13 allowable use of reimbursement for one's personal
14 vehicle for approved Metra business. We now don't just
15 allow an employee to decide they will use their
16 personal vehicle for company business and then get
17 reimbursed on the IRS mileage. We have them work with
18 their supervisor to get approval for that because in
19 some cases it makes sense to use your personal vehicle.

20 In other cases we need to remember we have a pool
21 of company vehicles and we're paying for those company
22 vehicles and employees should be encouraged to use
23 those company vehicles wherever it makes sense. From
24 time to time it does make sense to use your personal

1 vehicle but we're trying to curtail that down
2 significantly.

3 We have an elimination of the corporate
4 procurement card for senior managers. Actually the
5 only individual besides procurement in my senior
6 management team that has a card is Don Orseno and that
7 is for good purpose and fully justified to make sure
8 that he is able to react to severe weather events that
9 occur in this region and procure motel, hotel, motel
10 rooms when necessary when we have those severe weather
11 events.

12 Other than that I do not have a P card,
13 procurement card, which is basically a company credit
14 card, nor do any of my other senior managers with the
15 exception of procurement obviously.

16 Allowable expense reimbursement processing has
17 been revised to include per diem basis. So we've gone
18 to a format that a number of other public agencies have
19 done where you can make a choice.

20 You have a limited amount of receipted
21 reimbursable expenses for any given business travel
22 event or you can take a per diem amount and that per
23 diem amount is dictated under a government website by
24 city. So you can go to that city, you can look at what

1 that per diem is and that's the maximum per diem that
2 you can ask for reimbursement of.

3 We had a major overhaul regarding out of region
4 business travel and air expenses. Air travel fees and
5 expenses, cost for in-flight purchases, costs
6 associated with personal stay extensions and fees
7 associated with flight changes have all been addressed
8 now in this policy where they had not been before.

9 And we've made it clear that in contrast to the
10 way business was done prior to 2011, individuals do not
11 procure their own flight and their own hotel. That is
12 all centralized and has been now for over two years
13 through our procurement administrative services
14 department.

15 That's our way of making sure that we keep control
16 over that business travel, but also to ensure that we
17 get the least expensive rate we possibly can and that
18 least expensive rate can also mean that if you're going
19 to say an APTA event, American Public Transportation
20 Association, you may not be staying in the host hotel.

21 Now, it's convenient to stay in the host hotel but
22 you may not be because that may not be the least
23 expensive alternative within a reasonable and safe
24 walking distance of that host hotel, especially when

1 we're looking for government rates. We might find that
2 next door at another hotel. So that's all controlled
3 through our administrative services to make sure that
4 we get that done and done right.

5 Employee travel and business expense reimbursement
6 form has been significantly revised. If you had a
7 chance to look at it and compare it to the prior
8 version of this particular policy it's dramatically
9 different.

10 One of the controversies that I ran into when I
11 first came aboard related to, actually Senator Garrett
12 and at her request, FOIA request for some information
13 from this agency and she was very frustrated because
14 she had requested through FOIA travel information
15 related to one of our directors and we had submitted
16 her something and it was consistent with what we did.
17 But because she didn't ask the question in a certain
18 way she didn't get all the information she really
19 wanted, so she had to ask twice.

20 And I looked at that and I realized the problem is
21 you've got two sort of different reimbursement
22 processes. You have your sort of your travel expenses
23 associated with your travel event and then have your
24 hotel and your flight, which are sort of booked in two

1 different forums and they're handled through two
2 different pieces of paper.

3 So what we did is we merged that into one so now
4 when you have a travel event in one document you can
5 see everything related to that event. If there are
6 fees associated with the conference you're going to,
7 your hotel, your flight, irrespective of whether the
8 employee pays for it and asks for reimbursement or the
9 company pays for it and books it in advance on the
10 employee's behalf, it is all reflected in a single
11 document.

12 So any employee who travels on behalf of business
13 now produces one document showing all the expenses
14 associated with that, and also to sort of firm that up
15 on the taxicab side of that, where some employees have
16 this yellow cab taxicab card issued to them, we don't
17 allow them to use that for their taxi from home to the
18 airport and airport to home in conjunction with a
19 business travel event. We do not allow that to occur
20 in this policy.

21 Because again that would take it down a road where
22 some expenses associated with that travel event are
23 sitting off on the side in a different report. So the
24 employee is responsible in conjunction with a business

1 travel event to pay for his or her own taxicab from
2 home to the airport and back and then ask for
3 reimbursement. It then again all gets reflected upon
4 this single form.

5 CHAIRMAN HUGGINS: Director Schaffer, you have a
6 question. I mean Director Partelow.

7 DIRECTOR PARTELOW: Alex, how expensive is the cab
8 card? How much expense are we talking about monthly
9 for those cab cards?

10 MR. CLIFFORD: I think I can have Paul Kiselius
11 answer that. It's not significant. It is watched very
12 carefully and, Paul, because I know you just sent out
13 your monthly report on that.

14 MR. KISELIUS: Good morning. It ranges from \$600
15 to about \$900 on a monthly basis and the primary usage
16 is for the legal team going to and from court.

17 DIRECTOR PARTELOW: Pretty level.

18 MR. KISELIUS: Yes. Yes.

19 MR. CLIFFORD: And we've made it clear in this
20 policy that you're encouraged to walk and we've given
21 some examples. For example, we don't want you taking a
22 taxicab using your yellow card to a meeting over at the
23 RTA or a meeting over at the CTA. Those are very
24 walkable locations. Even in inclement weather those

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1 are pretty walkable. I personally do that all the
2 time. There is no reason to use a taxicab for that.

3 Now if one has a physical limitation then that is
4 a provision that allows you to use it even for the
5 shorter distance.

6 CHAIRMAN HUGGINS: Director Darley.

7 DIRECTOR DARLEY: Yeah. It's probably covered in
8 here on the -- I see the business, the expense reports
9 need to be filed within 15 business days.

10 MR. CLIFFORD: Yes.

11 DIRECTOR DARLEY: I didn't see what the
12 repercussions are if an employee does not file within
13 15 days. Do they become unreimbursable?

14 MR. CLIFFORD: What I do is if you have not
15 completed that, particularly if you had -- well, let's
16 focus on the check advance.

17 Now, as you know in here employees are allowed to
18 get an advance on their business travel event. So if
19 they have not turned in the paperwork for the prior one
20 I won't allow the next one to occur. So I won't sign
21 off on that and my executive secretary keeps a log on
22 all of those.

23 Now, the 15 days in general I don't have a
24 repercussion other than they get a nasty gram from me.

1 DIRECTOR DARLEY: Then the second question was, I
2 think you maybe just answered, you don't approve all
3 employee expense reports, do you?

4 MR. CLIFFORD: That's true.

5 DIRECTOR DARLEY: You do?

6 MR. CLIFFORD: I do not.

7 DIRECTOR DARLEY: So it goes to their direct
8 supervisor or does it go to the Audit Department?

9 MR. CLIFFORD: Beyond myself they're processed by
10 folks like Don Orseno and Alex Wiggins.

11 DIRECTOR DARLEY: That's their immediate
12 supervisor primarily who approves reports?

13 MR. ORSENO: Basically at the chief level,
14 depending on what department it is. Say it's the
15 Engineering Department, it would be approved up through
16 the chief. The chief would approve that. They'd make
17 sure, verify that all the expenses are met and they
18 would keep a record of that and then that would be
19 forwarded to their -- if it's late at that level, but
20 after it comes to me and I have to sign off on it but
21 then before we sign off on it we find out why it's late
22 and everything else. We typically don't have problems
23 with that.

24 DIRECTOR DARLEY: Okay. I kind of recall us when

1 I first got on the Board, I think the very first
2 meeting, that's maybe two years ago, there was an
3 issue -- I don't even know who the employee was -- on
4 an expense report issue. That's been resolved? This
5 is not really a major issue facing us?

6 MR. CLIFFORD: That's right. That was an issue
7 where actually a couple of employees who had check
8 advances and because of the nature of their
9 responsibilities have gone through sort of back to back
10 to back travel events and they just did not have the
11 opportunity to get it all reconciled before they were
12 off on their next one.

13 We've cleaned that up. So again I won't issue
14 another travel check until they've reconciled the
15 other.

16 And then, Director Darley, to your question about
17 responsibilities that starts on page 25 of the policy.

18 DIRECTOR DARLEY: Yeah. Okay.

19 MR. CLIFFORD: Which starts laying out how those
20 roles and responsibilities for approval are dictated.

21 DIRECTOR DARLEY: Okay. Got it. Thank you.

22 CHAIRMAN HUGGINS: Any other questions on that
23 particular topic?

24 I guess, Alex, I guess the only question I have is

1 that I assume that there's a reason as to why we are
2 revisiting this. Were there any abuses within the
3 reimbursements for travel expenses? I mean I'm pretty
4 sure there are a lot of employees that would much
5 rather if they have to leave from home to go to a
6 meeting, much rather leave from the home and go to that
7 meeting instead of having to come all the way downtown
8 to get a car, then go to that meeting and likewise if
9 you're at a meeting late instead of coming back to the
10 office, I'm pretty sure you'd much rather leave from
11 that meeting to go home.

12 MR. CLIFFORD: Yes.

13 CHAIRMAN HUGGINS: I mean how are you guys
14 reconciling or dealing with issues like that?

15 MR. CLIFFORD: We provide for that and also in the
16 next policy that we're going to discuss, that sort of
17 brings closure to the point that you're talking about.
18 It does allow for that to occur.

19 There are a lot of situations in which that makes
20 absolute good business sense to do that. So that's
21 covered in the next policy.

22 CHAIRMAN HUGGINS: All right. Well, we are now
23 with the discussion of Metra's support vehicle policy.
24 Mr. Clifford will lead us in that discussion.

1 MR. CLIFFORD: Chairman Huggins, if I could just
2 go back on one point you said. You asked about the
3 reason.

4 I want to make clear that when I arrived on this
5 property I did not find any widespread abuse of this
6 type of policy. We have great employees. They follow
7 the policies.

8 It's just that when I looked at that policy it
9 looked to me like it had a lot of holes that needed to
10 be fixed and it had a lot of updates that needed to be
11 done. That's really what drove me to start this
12 process of revising this particular policy two years
13 ago, not any sort of abuse.

14 CHAIRMAN HUGGINS: Thank you. We're clear.

15 MR. CLIFFORD: Support vehicles. So this one has
16 also been a long drawn out process involving many, many
17 people. I should point out that in the case of both of
18 these policies they have had extensive review by our
19 CFO. They've had extensive review by Law and they've
20 also had review by the Audit Department.

21 So doing that, having reviews, revising, having
22 reviews and trying to sort of make the major revisions
23 we did to this policy have been very time-consuming and
24 similar to the other policy, along the way as we

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1 discovered since that made sense we just went ahead and
2 implemented them right away, even without the written
3 format.

4 In the case of this particular policy you'll note
5 in the early version that I sent you we had made a
6 revision in August of 2012. So at some point we just
7 sort of put a pin in it and said, look, we've gotten 90
8 percent done with this policy. Let's get it issued so
9 we have something in writing.

10 And then there was this other section in there
11 related to the take home vehicles in which we needed to
12 continue to work on, trying to figure out what was the
13 right language to put in place and we did that and we
14 wrapped that up and that's why we're here with you for
15 this current revision.

16 Now, within this policy there's a new component
17 which addresses my assigned vehicle. It makes it clear
18 my vehicle is not a take home vehicle. It is an
19 assigned vehicle that we have parked for my use. It is
20 shared among other folks as necessary, but it makes
21 clear that I don't have a 24 hour take home vehicle.

22 Significant changes in the increased justification
23 requirements for 24 hour support vehicles. In addition
24 to meeting existing requirements justification will

1 also include the annual review of GPS tracking records.

2 Now, this is something we think unique to us. I
3 hope other public agencies will look at it and
4 potentially copy it but there's couple of issues here.
5 As you know, from time to time agencies -- we haven't
6 had this as far as I know, but public agencies will
7 sometimes have a news article about an employee abusing
8 their personal, their take home vehicle. Maybe it was
9 parked at Joe's bar and grill or something and it
10 becomes a headline; right?

11 And so we wanted to figure out a way -- we didn't
12 have any suspicion of any of our employees doing this
13 but we needed to do our due diligence. So we wanted to
14 figure out a way to make sure that we're doing our due
15 diligence and periodically checking how our vehicles
16 are being used.

17 So we went through over the last couple of years
18 this extensive exercise of sort of GPS coding. We
19 created this GPS fence around all of our various
20 properties and the travel methods, locations that
21 people would use to go there, and we approached this
22 from an exception reporting perspective.

23 So what happens is every month our managers
24 receive a report, and they have now for quite some

1 time, in which they just look at the exceptions and the
2 exceptions are certain data points, if you will, in
3 which a car exceeded the particular criteria. So if
4 the car was outside of the geo fence that we created
5 for our properties, our facilities, the expressways and
6 some other criteria and it exceeded a certain amount of
7 time then that was flagged and that supervisor then has
8 to sit down with the employee and find out what's going
9 on, make sure that that event was in fact a business
10 related event.

11 So we do that. I don't know of anybody else that
12 does that. I think that's unique to us. It took us a
13 good deal of time to put that together and we're very
14 proud of that. So that gives us the ability to show
15 that we don't just have folks out there in company
16 cars, whether it be a 24 hour take home vehicle or a
17 pool vehicle that are off using those for nonbusiness
18 related types of events.

19 Now, is it perfect? It's certainly not a perfect
20 system but I think it's a far greater degree of
21 oversight than a lot of agencies have and we're
22 particularly proud of that. We've been doing that now
23 for quite some time since we brought that geo coding up
24 and running.

1 And then on 24 hour vehicles, this was a real
2 struggle for us because we know you need take home
3 vehicles and we know that they are -- it's almost
4 annually some media is going pick up on it and say,
5 well, gee, how many take home vehicles do you have and
6 try to make some big front page headline about how
7 horrible that is to have take home vehicles when in
8 reality take home vehicles are very carefully analyzed.
9 I sign off on every one of those. They all have to be
10 justified -- I'm sorry. Mr. Partelow.

11 DIRECTOR PARTELOW: How many vehicles we talking
12 about? What's the size of the fleet?

13 MR. CLIFFORD: Okay. So we have 475 total support
14 vehicles. Eight of those are pool vehicles. Currently
15 33 of those are 24 hour assigned vehicles. If this
16 policy is adopted that number will go up. I have to be
17 square with you on that, and then we have 434
18 departmental support vehicles in operations across all
19 the disciplines which includes Engineering, Mechanical
20 and Operations, vans, trucks, lifts, whatnot.

21 DIRECTOR PARTELOW: Okay.

22 CHAIRMAN HUGGINS: We're not talking about police
23 vehicles at all?

24 MR. CLIFFORD: The 33 includes 12 police vehicles.

1 They're take home. So those are broken down into your
2 chief, your commanders, lieutenants and then we have a
3 host of people that have canines and obviously you know
4 how the canines work. Those are take home vehicles.
5 So 12 of the 33.

6 So again back on the 24 hour. We have a number of
7 individuals that are in safety sensitive positions that
8 are 24/7 individuals, 24/7 365. At any given day, any
9 given time they know as a part of their
10 responsibilities we're going to call them out to do
11 business, the business of the business.

12 And so we wanted to try -- we also know that those
13 folks supervise folks out on the line in any given
14 location across our six county system and we discovered
15 along this investigation that there is a very good
16 business case to be made that it benefits the company
17 and the individual if we can have somebody go from
18 their home direct to a work site and start their day
19 and then maybe hit a couple of other work sites,
20 reviewing and supervising the employees that report to
21 them, versus taking their personal vehicle, going to
22 their assigned work location, then getting into an
23 assigned or pool vehicle and taking that vehicle and
24 then going back out to look. Obviously if you think

20

1 about that, you basically save about half the travel
2 time by doing that particular proposal.

3 In addition to that those same people are assigned
4 these safety sensitive positions and when we have
5 events that are not necessarily rail accidents because
6 those fortunately don't occur all that often, but other
7 types of events in the right-of-way, it allows them to
8 take that vehicle and go from home and go straight to
9 the event.

10 That's most important and makes good business
11 sense for us because we lose time if they have to go
12 from home in their personal vehicle to their work
13 location, wherever that is, and then to the location
14 across the six county region in which the event might
15 have occurred.

16 We want those individuals -- they're obviously
17 important to those events. That's why they're
18 assigned. That's why their duties include 24/7 365.
19 We want them on-site as quickly as possible.

20 And then finally events on the right-of-way don't
21 always occur at a grade crossing and so we look at from
22 a liability perspective, do we want somebody taking
23 their nice car and then leaving the roadway and driving
24 down the right-of-way and putting the company at risk

21

1 for liability of their personal vehicle. We don't want
2 that. We want that kind of thing done in a company
3 vehicle which is much more appropriate.

4 So a number of things came together to make it
5 clear there are individuals who should qualify and that
6 we can justify for 24 hour vehicles and we will monitor
7 that and as a part of this policy we also created a
8 minimum expectation.

9 So again using that GPS, that geo information. We
10 will go back on an annual basis and look at how they
11 used that vehicle and if in fact they're not using that
12 vehicle as I just described, to go from home to work
13 locations and check on their employees, then we have a
14 provision in here to pull back that vehicle. It just
15 won't make sense if that's not the case.

16 Okay. We also put increased restrictions on
17 overnight use of pool vehicles, increased the
18 restrictions on the use of support vehicles for
19 personal use, lunch breaks, all that kind of thing.

20 So we didn't have any real concerns or any pop-up
21 issues in this respect but we just again, like with the
22 other policy, we wanted to tighten it up. It looked
23 like an area that we needed some language that made
24 clear that you can't use company vehicles for certain

1 things related to these.

2 Now, it does make sense if you're out and about in
3 your company vehicle performing the work of business
4 and you want to drive through and grab lunch, you
5 should be able to do that and that should not be a
6 violation of policy. We want to make sure folks
7 understand that that's okay.

8 We increased cell phone restrictions for employees
9 operating a support vehicle on the track and we further
10 prohibited the use of hands free device unless the
11 support vehicle is stopped.

12 Language was added to address certain Metra police
13 vehicle exceptions. There, for example, where we make
14 it clear you can't have alcohol in a vehicle, you may
15 have an officer that makes an arrest in which the
16 evidence that that officer must capture and retain and
17 book is alcohol and the officer doesn't want to be in
18 violation of the policy. So obviously we needed to
19 make it clear a police officer can take that, put it in
20 their trunk, transport it because it's evidence in a
21 particular case.

22 A requirement was added for an employee involved
23 in a collision while driving a Metra support vehicle to
24 attend a defensive driving course sponsored by the

1 training department. This goes irrespective of who is
2 at fault because as we know in defensive driving if you
3 understand and are trained properly you can avoid an
4 accident even if it's not you that's creating the
5 potential of that accident. So we want people to be
6 well trained in defensive driving and so whether or not
7 they're at fault for the accident they'll go through
8 the training.

9 And a new support vehicle accident summary report
10 has been included in this document.

11 So that's a general overview of the changes and
12 we're happy to answer any questions on this policy.

13 CHAIRMAN HUGGINS: Are there any questions? Well,
14 thank you for the report, Mr. Clifford.

15 The next item on the agenda, discussion with
16 possible action management personnel ordinance. Rick
17 Capra, Chief Audit and Compliance Officer, will lead
18 the discussion on the management personnel ordinance.

19 MR. CAPRA: Good morning, Chairman Huggins,
20 committee members. We are presenting this morning for
21 your consideration and we recommend your recommendation
22 to the full Board for approval, passage of the
23 ordinance which extends the period of time to pass the
24 hiring disclosure ordinance previously referred to as

24

1 paragraph six.

2 There have been a number of versions that have
3 been put forth by various Board members. Board counsel
4 has been working with various Board members to try to
5 put together a consensus version that we could put
6 together for Board approval. That process is still
7 taking place.

8 CHAIRMAN HUGGINS: Is there any discussion?

9 Having no discussion --

10 DIRECTOR PARTELOW: You have a recommendation?

11 Are we waiting for extending the time?

12 MR. CAPRA: Yes. It would be extended to the
13 September Board meeting. Because there's not a meeting
14 in July we would have the August and September months
15 to put together the consensus ordinance and Board
16 counsel is currently working with various directors to
17 do that.

18 CHAIRMAN HUGGINS: We have to make a motion to
19 extend it? Motion to extend, going to get a second?

20 DIRECTOR DARLEY: I think we're just going to
21 recommend that, recommend it to the full Board; right?

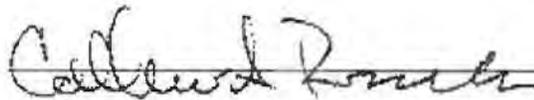
22 ASSISTANT SECRETARY LISA MURPHY: Yes.

23 DIRECTOR PARTELOW: Right. So I would recommend
24 it.

1 STATE OF ILLINOIS)
2) SS:
3 COUNTY OF C O O K)
4

5 CATHERINE S. BRADLEY, as an Officer of the
6 Court, says that she is a shorthand reporter doing
7 business in the State of Illinois; that she reported in
8 shorthand the proceedings of said meeting, and that the
9 foregoing is a true and correct transcript of her
10 shorthand notes so taken as aforesaid, and contains the
11 proceedings given at said meeting.

12 IN TESTIMONY WHEREOF: I have hereunto set my
13 verified digital signature this 10th day of June, 2013.
14

15
16 

17 Illinois Certified Shorthand Reporter



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MINUTES OF A PUBLIC MEETING OF THE BOARD OF DIRECTORS OF THE COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY

The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority met in a public session for a Meeting of the Board on Friday, June 21, 2013, at 9:00 a.m. The meeting was held in the Metra Board Room at 547 West Jackson Boulevard, Chicago, Illinois, pursuant to notice.

The roll was then taken.

ROLL CALL

Present: Brad S. O'Halloran, Chairman
Norman Carlson
Paul C. Darley (Tele-Conference)
Don A. De Graff
Larry A. Huggins
Mike W. McCoy
Arlene J. Mulder
Jack E. Partelow
Stan C. Rakestraw
Jack Schaffer
William A. Widmer, III

Chairman O'Halloran explained that pursuant to the Open Meetings Act and Metra Bylaws, if a Director is physically prevented from attending a meeting by employment purposes, the Director is qualified to participate in the meeting by Tele-conference. In accordance with Metra Bylaws, Director Darley has provided notice that he is physically prevented from attending this meeting due to employment purposes. Director Darley anticipates joining this meeting in progress by Tele-conference. He continued that when Director Darley attends, he will be deemed authorized to attend the meeting electronically, unless a motion objecting to his electronic attendance is made, seconded and approved by two-thirds of the Directors physically present at this meeting. If no such motion is made and seconded, or if any such motion fails to achieve the required vote by the Directors physically present, then Director Darley's request to attend the meeting electronically shall be deemed approved.

Chairman O'Halloran asked if there was a motion to object to Director Darley's electronic attendance. There was no objection, and Director Darley is declared present at the meeting when he joins by Tele-conference.

PLEDGE OF ALLEGIANCE

Director Mulder, joined by the other participants, recited the Pledge of Allegiance.

**APPROVED BY THE
METRA BOARD OF DIRECTORS
ON FRIDAY, AUGUST 16, 2013**

PUBLIC COMMENT

Chairman O'Halloran asked if there were any signed registrants for Public Comment. No public comment was received.

1. SPECIAL ACKNOWLEDGEMENT – METRA EMPLOYEE – JUSTIN VONASHEK

Don Orseno, Deputy Executive Director of Operations, explained that Justin Vonashek, the Director of Regulatory Compliance was chosen as a Rising Star by Progressive Railroading Magazine. Progressive Railroad defines a Rising Star as someone under the age of 40 who is making a positive impact on his or her company and is viewed by others, peers, colleagues, supervisors, as an up-and-coming leader in the railroad industry.

He continued that earlier this year, Progressive Railroading readers submitted nominations of individuals who work for Class One regionals, short lines, and passenger railroads, transit agencies, government agencies, academic institutions, engineering firms and suppliers. Of those nominations twenty Rising Stars were selected. Those selected were based on their contributions to railroading, career achievements, education and training, demonstrated leadership, professional association activity, and/or community involvement. He said that Mr. Vonashek, along with other Rising Stars from the industry, will be profiled in an article published in Progressive Railroading in the September issue. He would like to extend his congratulations to Justin Vonashek. (Whereupon a photo with the Board was taken).

MINUTES

2. Approval of the Minutes from the May 17, 2013 Board Meeting

Director De Graff moved and Director Mulder seconded to approve the minutes of the May 17, 2013 Board Meeting. The motion carried with ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

CONSENT AGENDA

CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:

Procurement (greater than \$100,000) - Capital

3. Purchase Order for Automatic Start/Stop (AESS) Systems
4. Contract for Construction Services for Parking Lots at Fox Lake Station (MDN) and Great Lakes Station (UPN)
5. Master Purchase Agreement for 480V Junction Boxes

REAL ESTATE & CONTRACTS - Capital

6. License Agreement with the BNSF Railway Company
7. Amendment to Agreement between Metra and Norfolk Southern for Construction of the P1 Englewood Flyover
8. Agreement Between ComEd and Metra for P1 Utility Relocation
9. Amendment to AT&T Master Agreement

AUDIT & FINANCE COMMITTEE RECOMMENDED:

Procurement (greater than \$100,000) - Operating

10. Blanket Purchase Order for Limestone Ballast (Group II)
11. Blanket Purchase Order for Weekend Commuter Rail Tickets
12. Blanket Purchase Order for Sullair Air Compressors and Replacement Parts
13. Blanket Purchase Order for Sullair Air Compressors and Replacement Parts
14. Blanket Purchase Order for Safety Footwear
15. Professional Services Contract for Court Reporting Services
16. Purchase Order for Railroad Crossovers and Turnouts

Chairman O'Halloran stated that Items 3 through 16 have all been approved through the Board committee process and are now being recommended for full Board approval. He asked if any member of the Board wishes to remove any item for discussion. Chairman O'Halloran asked for a motion to approve the consent agenda for June.

Director De Graff moved, and Director Carlson seconded the motion. The motion carried with ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

DISCUSSION WITH POSSIBLE ACTION

17. Contract Change Order for Outside Counsel Litigation Services with Judge, James and Kujawa
18. Contract Change Order for Outside Counsel Litigation Services with Swanson, Martin and Bell

Sue-Ann Rosen, Senior Associate General Counsel of Litigation, stated that the two change orders are being submitted to the Board because funds are needed as a stop-gap measure until Metra is able to submit the Legal RFP for the Board's consideration. Due to some changes in the Law Department, they are in need of help. Some of the litigators are leaving, and until that time Metra needs to be able to carry out cases and she hopes that these two firms, among others, are going to help out.

Director Mulder moved, and Director De Graff seconded the motion. Chairman O'Halloran request leave by the Board for the previous roll call. The Board granted leave and the motion carried with ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

CAPITAL OVERSIGHT COMMITTEE RECOMMENDED:

19. Contract for Construction Services to Replace the High Roof at the 47th Street Diesel Shop – Emergency Requisition

Chairman O'Halloran said that this item is being presented as a result of a vote by the Capital Oversight Committee. Director Mulder moved and Director McCoy seconded the motion. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried with ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

20. Ordinance Amending the 2013 Capital Program

Chairman O'Halloran stated that this item is being presented as a result of approval from the Capital Oversight Committee. Director Mulder moved and Director McCoy seconded the motion. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried by ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

(PLEASE SEE ATTACHMENT NO. 1)

21. Fare Payment System PMO Recommendation

Chairman O'Halloran asked Director McCoy, Chairman of the Capital Oversight Committee, if he had a motion on the fare payment system PMO recommendation. Director McCoy remarked that at the Committee meeting, the members moved this to the Board without recommendation. At this time, he would move that this item be postponed until the August meeting. Director Widmer seconded. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried by ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

22. Oswego Extension Storage Yard Location Study

Chairman O'Halloran explained that this item is being presented as a result of a vote by the Capital Oversight Committee. Director McCoy asked what the motion would be. Glen Peters, Assistant Chief Engineering Officer responded that the staff is requesting that the Board approve the extension of the yard from Oswego to Yorkville, and to add the additional third station at Yorkville. Director McCoy moved, and Director Carlson seconded the motion.

Director McCoy stated that as most people know, and for the record, this is something that came out of an earmark that Metra received quite a long time ago. It is really a no-strings attached earmark. He said that he has received some questioning as to why Metra is spending money outside of the RTA region, but we have a no-strings attached earmark and half of this extension is inside the RTA District and one proposed station. He continued that everyone understands that by going forward with this operating and capital improvement there will be a lot of hurdles to overcome. He thinks that this is a real smart thing to do, to go forward with this study and at least plan out proposed extensions at some point. It is good to have the plans on hand, because you never know what kind of programs can come forward with on-the-shelf plans. He added that as predicted, we did get a letter from the Mayor of Plano asking for Metra to come out to his community, which is in DeKalb County. There are also extensions in Kane County, which is in the RTA region, and they are asking about their extensions. He also wants to acknowledge Sugar Grove. He concluded that the reason that Metra is doing this is because there is a no-strings attached earmark and it would not be prudent to not spend that.

Director Huggins asked if this earmark is from former Speaker Denny Hastert, and how much did Metra receive from the former Speaker. Director McCoy replied that this is money from the Speaker and he believes it was about \$7 million. Director McCoy asked staff how much of that \$7 million has been obligated. Mr. Peters responded that about \$2 million has been obligated. Director McCoy asked if there is a possibility that some of this study money could be reallocated to different projects. He remembers some discussion about that with Sugar Grove, because certainly Yorkville is outside of the scope of the original grant. Mr. Peters responded that the money cannot be used anywhere else. He said that Metra received a ruling from the FTA that Yorkville would be acceptable.

Chairman O'Halloran stated that there is a motion on the floor and a second and requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried by ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

AUDIT & FINANCE COMMITTEE RECOMMENDED:

23. Policy Recommendation for Board Adoption on Price Indexes

Chairman O'Halloran explained that Director Darley, who has not yet joined the meeting by Tele-conference has informed him that he would like to continue this item until the next Board meeting in August.

Chairman O'Halloran requested a motion to continue the policy on price indexes. Director Widmer moved and Director De Graff seconded the motion. Chairman O'Halloran requested leave for the previous roll call. The motion carried with ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

EMPLOYMENT PRACTICES COMMITTEE RECOMMENDED:

24. Management Personnel Ordinance

Chairman O'Halloran stated that the management personnel ordinance is being presented as a result of a vote by the Employment Practices Committee. He continued that Rick Capra, Chief Auditor and Compliance Officer, is available to answer any questions. Director Schaffer asked what this motion is for. Mr. Capra responded that this was the hiring disclosure paragraph that was in the January ordinance, which was continued. He said that he knows that Board Counsel is working with various Board members on different versions of the ordinance, and as he understands it this is continuing. This ordinance will extend the sunset provision until September 17th.

Director Widmer stated that, with leave of the Board, he would ask that the Board be provided with a current draft of that ordinance so that they are in a position to act on it at the August meeting, rather than to continue to kick this can down the road. Director Schaffer seconded the motion. Director Widmer asked Mr. Greene if the Board needs a motion to accomplish this. Mr. Greene replied that they do not. He believes that Mr. Capra and his office can work together to get the most recent draft well in advance of the August Board meeting so that the Board members have something to consider. Director Schaffer commented that he would like to suggest that it be a one-page draft. He pointed out that this started in January and some may begin to think that some people are being disingenuous when it takes this long. In the era of transparency, it is getting kind of foggy in here.

Director Widmer said that he would like to move to amend the proposed ordinance so that the expiration date would be August 17, 2013. Director Schaffer seconded the motion. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried by ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

ORDINANCE NO. MET 13-17

RECITALS:

WHEREAS, the Board ("Board") of the Commuter Rail Division of the Regional Transportation Authority ("Metra") enacted Ordinance No. MET 13-03 on January 17, 2013, and amended it on March 15, 2013 by Ordinance No. MET 13-09;

WHEREAS, Paragraph 10 of Ordinance No. MET 13-03, as amended, provides that paragraphs 1-7 and paragraph 9 of the ordinance will expire on June 22, 2013 unless, on or before that date, a subsequent ordinance ("Disclosure Ordinance") is enacted, addressing the disclosure of external contacts to the Board

regarding (a) hiring potential Metra employees or promoting, transferring or increasing the pay of existing Metra employees and (b) procurement;

WHEREAS, the Employment Practices Committee is in the process of drafting a proposed Disclosure Ordinance;

WHEREAS, the Employment Practices Committee has requested additional time for the drafting of a proposed Disclosure Ordinance;

BE IT ORDAINED THAT:

1. The Recitals are hereby incorporated herein.
2. Paragraph 10 of passed Ordinance No. MET 13-03 is hereby amended such that Ordinance No. MET 13-03 will not expire until August 17, 2013, unless an ordinance addressing the disclosure of external contacts is enacted prior to that date

RECEIVE AND FILE

25. Corporate Website Activity Report for the period of May 1, 2013 through May 31, 2013
26. Monthly Management Personnel Report
27. Metra Capital Procurements of \$100,000 and Under for April 12th, 2013 – May 14th, 2013
28. Metra Operating Procurements of \$100,000 and Under for April 12th, 2013 – May 14th, 2013
29. Commuter Rail System On-Time Performance Report for April 2013
30. State of Metra Operations
31. Commuter Rail System Ridership Report for April 2013
32. Monthly Financial Report
33. Monthly Legislative Update
34. KPI Report
35. Chief Executive Officer's Report

Chairman O'Halloran asked if any members of the Board had any questions regarding the Receive and File reports. Director Schaffer stated that he had a question regarding the Legislative Report. He continued that the report was very thorough, but asked if anyone is doing anything about Positive Train Control in Washington. He asked if there were any legislative proposals to extend the deadlines. His concern is the budget, as staff should be working on that. However, if Metra does get some relief it could help with the budget. Mr. Smith responded that from the outset there were two possible vehicles to actually get any sort of movement on that date. The first one is the current appropriations process, which Congress is going through right now. The second would be when PRIA is re-authorized, and there has been some talk of that actually starting sometime in the summer. He continued that, specifically, the House Appropriations Committee is doing a markup next week. One of the Congressmen from the Illinois Delegation, Congressman Quigley, has offered to introduce some language extending PTC to 2018. He is hoping that this will be offered next week. He pointed out that he does not know what the likelihood of this is making it through Committee and then making it through the full House will be. This will be, essentially, the first time in trying to

move that date to 2018. Director Schaffer commented that Metra needs all the guidance that we can get on this, because it has huge implications for our decision making. He asked Mr. Smith to thank the Congressman on his efforts for Metra.

36. ADJOURN TO EXECUTIVE SESSION FOR MATTERS RELATING TO EXECUTIVE SESSION MINUTES (Section 2 (c) (21)), AND PERSONNEL (Section 2 (c) (1))

Director De Graff moved and Director Carlson seconded the motion to adjourn to Executive Session. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried by ten ayes.

AYES: Directors' Carlson, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer and Chairman O'Halloran

DISCUSSION WITH POSSIBLE ACTION

37. Personnel Issue Discussed in Executive Session

Chairman O'Halloran stated that Alex Clifford played an important role in helping Metra during a difficult transition, and the Board thanks him for his service. He explained in discussing with Mr. Clifford on how Metra moves forward, it became clear that there were differences of opinion and difference of opinion with respect to who Metra needs leading this organization. In addition, there are differences of opinion over Mr. Clifford's legal rights under his contract. Therefore, it became important to resolve any such legal disputes so that Metra can move forward with a clean slate and avoid wasting time and money on attorneys.

Chairman O'Halloran explained that with all legal disputes which Metra resolves through a settlement, he will not get into the details of each side's argument. However, after lengthy discussion with Mr. Clifford, he has agreed to tender his resignation, subject to approval of a separation agreement. The separation agreement has been circulated among the Board and will be distributed to the media upon conclusion of this meeting. Under the agreement, Metra will pay Mr. Clifford the money provided in his employment agreement, including several months' severance, cobra health insurance reimbursement, accrued vacation, moving expenses, and attorney fees required to negotiate this severance. The total recommended payment is \$442,237. He said that this is generous, but reflects the recognition that Mr. Clifford uprooted his family to take this position during a difficult time for this Agency.

He continued that at the same time, the Board believes that it is critical that Metra moves in a different direction. One built on finding a new consensus in Springfield and Washington, to develop new resources to serve our passengers and communities. He said that in the unlikely event that Mr. Clifford is not able to find new employment in 13 months, Metra will make an additional pay out and pay the difference in pay, if there is any, between his Metra salary and that of his new position. Chairman O'Halloran explained that the additional total potential pay out can range from \$0 to \$307,390, depending on his future employment. Metra will also reimburse Mr. Clifford for reasonable moving expenses and attorneys fees.

He concluded that while the Board wants every dollar possible to go directly to serving the Metra customers, this payment is a small price to pay for the future goal of garnering more state and federal investment in Metra, and taking Metra in a different direction. He then asked for a motion to approve the separation agreement. Director Carlson moved and Director Partelow seconded the motion. The motion carried with nine ayes.

AYES: Directors' Carlson, Darley, De Graff, Mulder, McCoy, Partelow, Rakestraw, Widmer, and Chairman O'Halloran

PRESENT: Director Huggins

NAY: Director Schaffer

38. Proposed Ordinance Regarding Signature Authority and Reporting

Andy Greene, Board Counsel, read the proposed ordinance for Board Approval.

ORDINANCE NO. MET 13-18

RECITALS:

WHEREAS, on June 21, 2013, the Board ("Board") of the Commuter Rail Division of the Regional Transportation Authority ("Metra") accepted the resignation of Metra's Executive Director (the "Resignation");

WHEREAS, by previous Ordinances, the Board has delegated certain authority to the Chairman of the Board, which authority can be delegated to the Executive Director;

WHEREAS, by previous Ordinances, the Board has delegated certain authority to the Executive Director;

WHEREAS, certain internal Metra policies and procedures delegate certain authority to and require certain approvals from the Executive Director; and

WHEREAS, the Board desires to minimize the impact that the temporary vacancy in the position of Metra's Executive Director may have on Metra's operations and business;

BE IT ORDAINED THAT:

3. The Recitals are hereby incorporated herein.
4. Until the Board selects a new Executive Director:
 - a. The Deputy Executive Directors of Operations and Administration shall report directly to the Board.
 - b. Signature authority or other approval power that has been delegated to the Executive Director shall be exercised by the Deputy Executive Director of Operations. When a document requires the signature of both the Deputy Executive Director of Operations and the Executive Director, the Chief Audit and Compliance Officer shall review and approve the document.
 - c. The Director of Labor Relations shall report directly to the Deputy Executive Director of Operations. The Chief Financial Officer, the Chief Marketing and Communications Officer, the

Chief Legislative Officer, the Director of Government Affairs, the General Counsel, and the Director of Business Diversity and Civil Rights shall report directly to the Deputy Executive Director of Administration.

5. Any reporting conflicts that arise between Board meetings by operation of this Ordinance shall be resolved by the Chairman of the Board. The decision of the Chairman shall be reported to the Board at the next meeting for ratification.

Chairman O'Halloran requested a motion to approve the ordinance. Director Widmer moved and Director Rakestraw seconded the motion. Director Schaffer commented that he has to object to the two-headed nature of this. He does not think that this is going to work for Metra in the long-term, and he does have to object to the fact that there is no time limit. The motion carried with ten ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Widmer, and Chairman O'Halloran

NAY: Director Schaffer

39. Personnel – Monthly Hiring Resolution

Chairman O'Halloran stated that the Board will now address the monthly hiring resolution report. He asked Brenda Smith, Acting Senior Corporate Director of Human Resources, to make public the names of those candidates who identities were kept confidential at their request. Ms. Smith said that those candidates are Nancy Wajler, Department Head of Operations Training and Gabrielle Arrington, Extra List Clerk.

Chairman O'Halloran asked for a motion to approve the resolution. Director De Graff moved, and Director Mulder seconded the motion. The motion carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer, Widmer, and Chairman O'Halloran

(PLEASE SEE ATTACHMENT NO. 2)

40. Proposed Amendment to Settlement Authority Ordinance

Sue-Ann Rosen, Senior Associate General Counsel of Litigation, explained that back in 2011 the Board passed a settlement ordinance, where three high-level signatures were needed in the Law Department in order to effectuate any settlement under a half a million dollars with varying levels of authority. She continued that from time to time there will be a vacancy, and when there is a vacancy that they had no way of filling, staff would have to bring every single settlement to the Board's attention no matter how small.

She stated that this ordinance would put another person, the Deputy Head of the Law department in to fill that vacancy. This person would be able to be the check and balance for the settlement authority so that they would be able to continue operations in the Law department.

Director Widmer moved, and Director McCoy seconded the motion. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer Widmer, and Chairman O'Halloran

ORDINANCE NO. MET 13-20

WHEREAS, pursuant to the Regional Transportation Authority Act, 70 ILCS 3615/3B.05, the Commuter Rail Board ("Board") of the Commuter Rail Division of the Regional Transportation Authority ("CRD") is authorized to establish policies and give direction to the Executive Director/Chief Executive Officer (the "ED/CEO") to achieve the CRD's purposes; and

WHEREAS, by MET 11-06 the Board previously granted certain authority to the ED/CEO, including certain delegable authority, to settle pending claims and lawsuits involving the CRD, and when appropriate, its contract carriers;

WHEREAS, the Board recognizes that from time to time there are temporary vacancies in certain staff positions enumerated in MET 11-06; and

WHEREAS, the Board desires to amend MET 11-06 to provide certain authority consistent with MET 11-06 to the ED/CEO and other staff in the event of such vacancies.

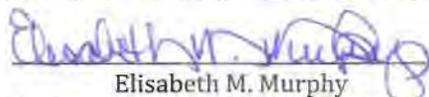
NOW THEREFORE BE IT ORDAINED THAT:

1. MET 11-06 is hereby amended by adding paragraph 5 as follows:
 5. In the event that there is a vacancy in the position of General Counsel, Senior Director, or Director, then for purposes of this Ordinance, the Assistant General Counsel is authorized to take action with respect to the position which is vacant.

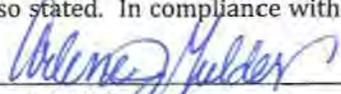
41. ADJOURN

Director De Graff moved and Director Carlson seconded the motion to adjourn the meeting. Chairman O'Halloran requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried with eleven ayes.

AYES: Directors' Carlson, Darley, De Graff, Huggins, McCoy, Mulder, Partelow, Rakestraw, Schaffer Widmer, and Chairman O'Halloran


Elisabeth M. Murphy
Assistant Secretary to the Metra Board

I, Arlene J. Mulder, in my capacity as Board Secretary of the Commuter Rail Board of the Regional Transportation Authority do hereby attest that the following minutes are a true and accurate reflection of the Board's meeting on the date so stated. In compliance with the Illinois Open Meetings Act, I do hereby authorize their release and publication.


Arlene J. Mulder, Secretary
Metra Board of Directors

**Commuter Rail Board
Ordinance No. MET-13-16**

An Ordinance amending Ordinance MET-13-08 with respect to the 2013 Capital Program, and 2013-2017 Capital Program.

WHEREAS, the Commuter Rail Division has been advised by the Regional Transportation Authority of changes in the Federal allocation of Federal Section 5307 and Section 5337 funds and corresponding changes in the RTA's distribution of the funding marks for such federal funds for the three Service Boards;

NOW, THEREFORE, BE IT ORDAINED THAT:

1. The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority ("Commuter Rail Division") hereby amends the 2013 Capital Program and Budget, and the 2013-2017 Capital Program, copies of which are attached hereto as Attachment B and made a part hereof, and further authorizes their transmittal to the Board of Directors of the Regional Transportation Authority ("Authority") in full compliance with Section 4.11 of the RTA Act.

2. The Executive Director of the Commuter Rail Division is hereby authorized and directed to take such action as he deems necessary or appropriate to implement, administer, and enforce this Ordinance.

3. This Section shall constitute the annual program of the Commuter Rail Division for services to be provided, operations to be continued or begun, and capital projects to be continued or begun during the fiscal year beginning January 1, 2013 and ending December 31, 2013. Authorization is hereby given that the programs and projects herein named may be implemented, or actions toward their implementation taken, during said fiscal year.

4. Sections 5 through 7 of this Ordinance shall constitute the Budget for operations of the services ("Operations") provided by the Commuter Rail Division other than for technical studies and capital projects as provided in Sections 8 through 10 of this Ordinance for the fiscal year beginning January 1, 2013 and ending December 31, 2013. Sections 8 through 10 of this Ordinance shall constitute the capital budget for project expenditures incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013.

5. The estimated Commuter Rail Division Operating Funds expected to be available from all sources during 2013 are (in 000's):

Total Operating Revenues (excluding Capital Farebox Revenues)	\$366,360
Metra 2012 Sales Tax	254,827
Metra 2012 Sales Tax & PTF (New Transit Funding)	91,113
Transportation Security Grant	<u>1,200</u>
 Total Sources of Operating Funds	 <u>\$713,500</u>

6. The following named sums, or so much as may be necessary, are hereby appropriated for the specified use (in 000's):

Operating Commuter Rail Services and Support	<u>\$713,500</u>
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7. The following are estimates of the revenues and expenses for the Commuter Railroads (in 000's):

Operating Revenues	\$366,360
Operating Expenses	<u>713,500</u>
Total Funded Deficit	<u>\$347,140</u>

8. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects which remain unexpended as of December 31, 2012, is hereby reappropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

Total	<u>\$806,897</u>
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9. The estimated Commuter Rail Division Capital Funds expected to be available from all sources to finance the 2013 Capital Program are revised as follows (in 000's):

		<u>Revised</u>
Federal Transit Administration	\$136,310	\$153,294
Federal Department of Homeland Security	5,000	5,000
Federal New Freedom	300	300
RTA Capital	7,000	7,000
NICTD Funds	800	800
Illinois Jobs Now Bond Fund	106,000	106,000
Metra 2013 Farebox Capital	<u>5,500</u>	<u>5,500</u>
Total Sources of 2013 Capital Funds	<u>\$260,910</u>	<u>\$277,894</u>

10. The following named sum, or so much thereof as may be necessary, as revised, respectively, for technical studies and capital projects, are hereby appropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

		<u>Revised</u>
Rolling Stock	\$38,000	\$45,104
Track & Structure	47,202	46,273
Signal, Electrical & Communications	77,724	81,924
Support Facilities & Equipment	26,144	33,746
Stations & Parking	51,435	51,627
Support Activities	<u>20,405</u>	<u>19,220</u>
Total Uses of 2013 Capital Funds	<u>\$260,910</u>	<u>\$277,894</u>

June 21, 2013

**COMMUTER RAIL BOARD
HIRING RESOLUTION NO. MET 13-19**

WHEREAS, on March 15, 2013, the Board of Directors of the Northeast Illinois Regional Commuter Rail Corporation (“Corporation”) enacted a hiring ordinance, which provides that for any non-contract new hires or promotions, at the annual rate of pay of over \$75,000 (the “Salary Threshold Amount”), the Executive Director/CEO (“CEO”) will submit a proposed hiring resolution to the Commuter Rail Division Board (“CRD Board”) in open session, and all such employment offers will be contingent upon approval of the proposed hiring resolution by the CRD Board (on behalf of the Corporation), and no such employment (new hires or promotions) can commence before such CRD Board approval; and

WHEREAS, the hiring ordinance further provides that the proposed hiring resolution shall contain for each identified employee the following information, as applicable: name, title, and proposed salary, and that the proposed hiring resolution shall also include proposed vacation days, proposed personal time off (PTO) days, proposed relocation expense reimbursement and any other benefit being offered to the employee should such benefit(s) exceed those reflected in the Corporation’s Non-Contract Employee’s Handbook; and

WHEREAS, the hiring ordinance further provides that if the CEO seeks to give a salary increase (excluding promotions) to an existing non-contract employee in an existing non-contract position that exceeds 9% of the employee’s current annual gross salary, the CEO must obtain approval of the CRD Board, and that such requests for approval of annual salary increases exceeding 9% shall be included as a sub-section of the monthly proposed hiring resolution; and

WHEREAS, the CEO now submits this proposed hiring resolution for approval of contingent offers, which are attached hereto as Attachment A;

NOW THEREFORE BE IT RESOLVED, that the CRD Board hereby approves the contingent employment offers, which are attached hereto as Attachment A.

BE IT FURTHER RESOLVED, that the CEO is hereby authorized to take such actions as he deems necessary to implement and administer this Resolution.

June 21, 2013

PROPOSED HIRING RESOLUTION
May 2013

Proposed New Hires Over \$75,000

Candidate	Position	Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
**Nancy Wajler	Department Head, Operations Training	13	\$80,046	

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

**Candidate has requested that his/her name remain confidential until confirmation, as allowed under MET 13-03, paragraph 4.

Proposed New Hires Exceeding Company Policy

Candidate	Position	Grade	Proposed Salary	*Exception
**Gabrielle Arrington	Extra List Clerk (TCIU)	Union	Various	Exception to the Nepotism policy - Marty Pitts daughter

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

**Candidate has requested that his/her name remain confidential until confirmation, as allowed under MET 13-03, paragraph 4.

Proposed Promotions Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
Jeffrey Jachna	Roadmaster	12	\$81,131	18.51%	Director, Track Construction	18	\$96,152	
Allen Mahler	Project Quality Control Specialist	10	\$65,400	15.19%	Shop Superintendent	13	\$75,337	
Doris Lucas	Senior Programmer Analyst	08	\$74,915	4.00%	Project Manager, Network Services	10	\$77,912	

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

METRA EXECUTIVE DIRECTOR/CEO

PROPOSED HIRING RESOLUTION
May 2013

Proposed Transfers Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Salary	*Benefits Exceeding Handbook Provisions
Douglas Wagner	Mechanical Foreman	Union	\$70,950		Shop Superintendent	13	\$78,350	

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

Proposed Newly Created Positions to the 2013 Budget Over \$75,000

Department	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	Proposed Hiring Range	*Benefits Exceeding Handbook Provisions
Law - Real Estate & Contracts	N/A	N/A	N/A	N/A	Associate General Counsel	16	\$87,213 - \$98,113	

Proposed Acting Assignments Over \$75,000

Candidate	Current Position	Current Grade	Current Salary	% Increase	Proposed Position	Proposed Grade	**Proposed Salary	*Benefits Exceeding Handbook Provisions
Sue Ann Rosen	Senior Director, Litigation & Risk Management	20	\$134,640	5.00%	Acting General Counsel	20	\$141,372	
Bruce Marcheschi	Director, Communications	16	\$97,189	5.00%	Acting Chief Engineering Officer	16	\$102,048	
Cornel Petranu	Senior Electrical Engineer	11	\$83,458	5.00%	Acting Director, Electrical Engineering	11	\$87,631	

*Proposed vacation days, personal time off (PTO) days, relocation expense reimbursement, and any other benefit if it exceed those reflected in Metra's Non-Contract Employee's Handbook.

**Salary adjustment will be effective 30-days after being appointed, in accordance with the Acting Assignment Policy.

MINUTES OF A PUBLIC MEETING OF THE BOARD OF DIRECTORS OF THE COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY

The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority met in a public session for a Meeting of the Board on Friday, August 16, 2013, at 9:00 a.m. The meeting was held in the Metra Board Room at 547 West Jackson Boulevard, Chicago, Illinois, pursuant to notice.

The roll was then taken.

ROLL CALL

Present: Jack E. Partelow, Acting Chairman
Norman Carlson
Don A. De Graff
Arlene J. Mulder
Jack Schaffer
William A. Widmer, III

PLEDGE OF ALLEGIENCE

PRESENTATION OF AWARD WINNERS FROM THE 2013 SAFETY AWARENESS CAMPAIGN POSTER CONTEST

Robert Carlton, Chief Communication and Marketing Officer announced the winners of the 2012-2013 Metra Safety campaign. He explained that the campaign for this year's poster contest was "Take Care, Be Aware, Look, Listen and Live." He added that before he announces the winners, he would like to take a moment to recognize the people with the hardest job, the teachers and administrators. Without their cooperation and dedication, Metra would not have been so successful at bringing railroad safety into the discussion.

He then announced the winners of the campaign: Tristan Mehra, Kindergarten, White Eagle Elementary School in Naperville; Pranava Agrawala, First Grade, Steeple Run Elementary, Lisle; Yebin Park, Second Grade, The Art School in Glenview; Alyssa Meza, Third Grade, Winnebago Elementary, Bloomingdale; Ashley M. Roy, Fourth Grade, The Art School in Glenview; Mia Reynes, Fifth Grade, Roosevelt School, River Forest; Jorge Casas, Sixth Grade, Richard E. Byrd School in Burbank; Jasmine Meza, Seventh Grade, Marquardt Middle School, Bloomingdale; Danielle Murawski, Eighth Grade, Jack Hille Middle School, Oak Forest; Cameron Chen, Ninth Grade, Libertyville High School, Libertyville; Elizabeth Adams, Tenth Grade, Crystal Lake Central High School, Crystal Lake; Joshua Moy, Eleventh Grade, Deerfield High School, Deerfield; and Karen Nguyen, Twelfth Grade, Glenbard North High School, Carol Stream. Mr. Carlton stated that the first place contest winners have each won a 32 gigabyte iPad. In addition, the winner's designs will be featured as next year's safety posters and be distributed to more than 2,000 schools in Northeastern, Illinois, displayed in Metra stations, on the Metra 2013 calendar, on monthly tickets and on the Metra's contest website.

**APPROVED BY THE
METRA BOARD OF DIRECTORS
ON FRIDAY, SEPTEMBER 20, 2013**

He continued that congratulations are also in order for the top participating school, Chicago's Mozart Elementary School. The school will receive a laptop computer for the use in the classroom. He stated that part of this program also includes a safety essay. For this year, the first place safety essay contest winners are: Manya Davis, First Grade, White Eagle Elementary School, Naperville; Justin Kim, Sixth Grade, Hinsdale Middle School, Hinsdale, and Peter Hwang, Eleventh Grade, Adlai E. Stevenson High School, Lincolnshire. Each of the essay contest winners has also won a 32 gigabyte iPad, and will have their winning safety essays feature on the Metra contest website as well as on some promotional materials.

He concluded that one of the things that staff has learned over the years is that creativity often runs in the family. In addition to the Meza sisters, there is one other family with multiple winners this year. He then asked for Samantha and Tyler Chen to stand up, and added that they are both second place contest winners. He also thanked this year sponsor, whose generous contribution has helped Metra defray the cost of contest prizes. This year's contest sponsors are Hubbard Radio, owners of Chicago radio stations 97.1, the Drive, 100.3, Chicago's Rewind and 101.9 the Mix. He added that staff is currently in the planning stages for next year's campaign and corresponding activities, and information about the 2013-2014 campaign will be announced later in the Fall.

ACKNOWLEDGEMENT OF TSA GOLD STANDARD AWARD

James Sanford, Metra's Chief of Police, explained that this acknowledgement was conducted by TSA, which is done every one or two years. The TSA's main goal is to support the agency's strategic goals in increasing domain awareness, enhancing prevention, protecting capabilities and furthering response preparedness of transit systems. In 2012, Metra achieved a score of 96% to achieve the Gold Standard Award. He continued that staff is continually working throughout the region making sure that Metra is doing as much as possible to protect the infrastructure, educate the employees on preparedness issues, and making Metra a safe place to work and safe place to commute.

He continued that he would like to give kudos to all of the staff for the hard work that they put into this. This includes the preparedness teams and police officers out in the field every day doing their jobs. He would like to give personal accolades to Denise Arroyo, Sharon Austin, and command staff. This was something that only a few agencies achieved, and is not only from the police side but Metra as a whole. There are employees out there that bought into what was being talked about, enhancing their ability to make this a safe place and who have done a great job. He would like to congratulate everyone else involved in making this happen. He concluded that this is something that the employees will continue to work on. Although receiving 96% this time, he intends to shoot for 100% the next time.

Acting Chairman Partelow congratulated Chief Sanford and staff on this award.

PUBLIC COMMENT

Eric Poders stated that he provide some public comment at the March 15th meeting. He went back after the April meeting to see if those minutes were approved, just like the minutes from the January meeting, which he spoke at. He continued that he noticed that the March minutes did not reflect his comments, because he provided comment at the Northeast Illinois Regional Commuter

Railroad Corporation Special Board meeting. He did not want to comment for that meeting, and does not know when those minutes will be approved. He asked that the Board Secretary take his comments from that meeting, and make them retro for the regular March Board meeting so that they become public. He explained that he again is coming here for a simple request. A senior resident who also is a war veteran got stuck at the Morton Grove train station because there is no telephone to use at that station. As of yet there has been no response to this request, and he is hoping that Metra will be proactive and look at the possibility of getting a telephone at this station.

Dan Cronin, Chairman of the DuPage County Board stated that he came to the meeting to speak on behalf of the nearly one million residents of DuPage County, as it is his responsibility to see that they are represented here and in the region. He said that while he did so regretfully, he accepted the resignation of his appointment to the Board, Mr. Paul Darley. Mr. Darley represented DuPage County well while being on the Metra Board. As a savvy business leader, Mr. Darley became disenchanted with politics and no longer wanted to serve. It is unfortunate, but he does understand and appreciates Mr. Darley's service.

Chairman Cronin explained that he has been speaking with candidates, and is determined to finalize an appointment by the next regular Board meeting. However, it seems that there is a press release on the day on what to do regarding leadership and service boards and authority. Each one seems to have its own political agenda and self-serving interest. He said that he does not begin to think that he has all the answers, but he would like to share what he does know. He stated that there is an investigation going on and all of the facts are needed before the County Boards can proceed. The riders and the taxpayers deserve an open, honest solution that is collaborate and in their best interests, and not dictated by politics or power grabs. He continued that whatever the solution may be, it should include geographical representation and should include the equitable distribution of funds. He concluded that he wants to assure the Board that DuPage County will have a voice regarding Metra and the region's transit as these decisions are being formulated. He thanked the Board for letting him speak and for the job that they are doing, as he realizes that this is a tough period of time right now for the Board.

MINUTES

1. Approval of the Minutes from the June 21, 2013 Board Meeting

Director De Graff moved and Director Schaffer seconded the motion to approve the minutes of the June 21, 2013 Board Meeting. The motion carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

CONSENT AGENDA

Procurement (greater than \$100,000) - Capital

2. Contract for Construction Services at Metra's 18th Street Weldon Yard
3. Purchase Order for Cable Reels
4. Two Professional Services Contracts for Blanket Signal Engineering Services

-
5. Professional Services Contract for Issue and Customer Support Tracking Software
 6. Purchase Order for Railroad Crossovers and Turnout
 7. Professional Services Contract for PTC Survey of Metra Cab Cars and Locomotives
 8. Master Purchase Agreement for Snap-On Rail Anchors
 9. Master Purchase Agreement for Overhaul of Bi-Level Commuter Car Trucks
 10. Master Purchase Agreement for Glazing Windows
 11. Master Purchase Agreement for Doors and Door Parts

Real Estate & Contract

12. Land Lease Agreement with Maruichi Leavitt Pipe and Tube, LLC
13. Land Lease Agreement with James Christopoulos
14. Parking Lease Agreement with Community Christian Church
15. Third Amendment in Lease Agreement with Illinois Eye-Bank
16. Mural License Agreement with the Institute of Universal Learning – Karim Foundation
17. Union Pacific Railroad Purchase of Service Agreement Exhibit Changes
18. Service Agreement between Metra and CTA to Support CTA Route #128 Express for Bears Home Games

Procurement (greater than \$100,000) – Operating

19. Blanket Purchase Order for Hot Air Switch Heaters and Parts
20. Blanket Purchase Order for Case Construction Equipment Parts and Services
21. Blanket Purchase Order for Ellison Bronze Doors – Parts & Services
22. Blanket Purchase Order for Switch Machine Rods and Layouts
23. Blanket Purchase Order for Repair of Harmon Electronic Cards
24. Blanket Purchase Order for Painting and Carpentry Service
25. Blanket Purchase Order for Locomotive Batteries
26. Blanket Purchase Order for Maintenance of Ricoh and Savin Brand Copiers
27. Blanket Purchase Order for Maintenance and Repair of IBM Printers
28. Blanket Purchase Order for Metal Signs for Rolling Stock and Track
29. Two Blanket Purchase Orders for Electro-Motive Diesel (EMD) Parts
30. Master Purchase Agreement for Track Spikes
31. Purchase Order for IBM Maximo Web Hosting Renewal
32. Purchase Order for IBM Maximo Annual Software Subscription and Support
33. Purchase Order for Oracle Software Update License & Support
34. Contract Change Order for Metra Rail-Time Tracker GTFS Enhancements
35. Contract Change Order for KPMG Audit Services

Acting Chairman Partelow asked if any member of the Board had a question on Items 2 through 35. Director Widmer stated that he has a brief question on Item 28. Directors' Schaffer and Mulder added that they had a question with regards to Item 4. Acting Chairman Partelow asked for a

motion to approve the remaining items. Director Widmer moved and Director Carlson seconded. The motion carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

Director Widmer commented that his question on Item 28 is more of a process question. He stated that when there is a single bidder, staff goes out and asks why there are no bidders. However, on Item 28 there were in excess of 236 bids let or solicited, and only two were returned. He thinks that when you have that sort of response, there should be a follow-up on that as well. He believes that when you have two bidders out of an excess of 200, this warrants a question as to why there were no further bids or activity relative to that RFP.

Director Widmer moved, and Director Schaffer seconded the motion to approve Item 28. Acting Chairman Partelow requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

Director Schaffer explained that he has no problem with the amount of Item 4, but it is on Positive Train Control, and it appears that Metra is moving forward on the Milwaukee, Rock Island and Electric Districts. He has concerns that Congress will not extend the deadline, although, he is hoping that they will. However, even if Congress does extend the deadline, he has been told that there is a very good chance that the UP and BNSF are going to have Positive Train Control on their end done very quickly and Metra would then become the major problem in the Chicago area for implementing PTC. He would think, unless there is something that he does not understand, that Metra should be putting our emphasis on those lines since they are the ones that might have PTC by 2015. He does realize that some of the components are universal and you have to get them done for the whole area first, but he has to ask why Metra's emphasis is not on the UP and BNSF for PTC when they are so ahead in the process.

Don Orseno, Deputy Executive Director of Operations/Chief Operations Officer responded that Metra is moving ahead with the Burlington Northern and the Union Pacific to equip the locomotives and cab cars with PTC components. Also, Metra is in the process of preparing for a system integrator tower which will help integrate the whole system. This has been a concern for UP and BNSF, and management has assured them that we are moving ahead to make sure that they are meeting their deadlines.

Director Schaffer moved and Director Mulder seconded to approve Item 4 on the consent agenda. Acting Chairman Partelow requested leave for the previous roll call. The Board granted leave and the motion was carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

DISCUSSION WITH POSSIBLE ACTION

36. Ordinance Amending the 2013 Capital Program

Lynnette Ciavarella, Senior Division Director, Capital & Strategic Planning explained that the ordinance presented today includes all of the proposed program changes since the adoption of the June program amendment. In July of 2012, Metra authorized a Trackage Rights Agreement, TRA, with the Northeastern Indiana Commuter Transportation District, NICTD. Under the terms of the agreement, NICTD is obligated to provide \$2 million in federal funds to Metra's capital programs for the years of 2013 through 2015. For 2013, the capital program currently includes \$800,000, for 2014, \$800,000, and for 2015, \$400,000 is included. However in June of this year, Metra was advised by NIRPC, the funding recipient that distributes NICTD funds, that they wanted to provide all \$2 million of it to Metra in 2013 versus the 2014 and 2015 Capital program.

She continued that the amendment before the Board will add the \$1.2 million previously programmed in the 2014 and 2015 capital program into the 2013 program. The projects themselves have not changed. The \$1.2 million will be added into the electrical signal and communications category. Lastly, she stated that there have been some small minor adjustments to the out years of 2014 through 2017 in order to match up with some of the RTA funding marks. These are just place holders. She added that next month, staff will talk with the Board in detail on the 2014 program, as well as the out years, so they just moved some of the funding around in order to make the program consistent with the five-year marks with the RTA.

Director Mulder moved, and Director Schaffer seconded to approve the ordinance. Acting Chairman Partelow requested leave by the Board for the previous roll call. The Board granted leave and the motion was carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

ORDINANCE NO. MET 13-21

(See Attachment No. 1)

37. Management Personnel Ordinance

Phil Ackerman, Board Counsel, explained that earlier this year the Board passed ordinance MET 13-03 regarding certain employment matters and issues. He continued that part of that ordinance contemplated a later passage of a disclosure ordinance, and that disclosure ordinance is what is being presented today. He said that what the ordinance does is to define what types of communications are to be reported. The ordinance defines a process by which any type of communications would be reported to the Chief Audit and Compliance Officer, and then a process by which those communications are then reported to the Board. He concluded that they based this ordinance, to a large extent, initially off of an Illinois statute, and then received a lot of good feedback from the Board.

Director Schaffer stated that since he was the most vocal advocate of the disclosure ordinance and also suspects the most vocal advocate for not getting the Board into the hiring business, it is his understanding that if this ordinance fails to pass, the Board is no longer in the approval business for management employees of \$75,000 or more. Personally, he would prefer to go back to that. He continued that having said that, there are a couple of things in this ordinance that should be revisited, and it may be that some of the top positions at Metra are an area that the Board might want to legitimately have some input on; not the computer techs, junior lawyers and marketing specialists. He does realize that we are at a point where we have to have consensus, but his thought would be to just let this ordinance die, go back to the drawing board in the future, and take a look at what the Board really wants to do.

Director Widmer said that he agrees with Director Schaffer. He thinks that the Board does need to adopt a disclosure ordinance, but he thinks that the Board needs to let this ordinance die and revisit at a level, if any, when the Board becomes involved in hiring decisions. Completely independent of that, the Board should adopt a disclosure ordinance.

Director Schaffer moved to table the ordinance. Director Widmer seconded. The motion carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

RECEIVE AND FILE

38. Corporate Website Activity Report for the period of July 1, 2013 through July 31, 2013
39. Monthly Management Personnel Report
40. Metra Capital Procurements of \$100,000 and Under for May 15 through July 8, 2013
41. Metra Operating Procurements of \$100,000 and Under for May 15 through July 8, 2013
42. Commuter Rail System On-Time Performance Reports for May & June 2013
43. Commuter Rail System Ridership Reports for May & June 2013
44. Monthly Financial Report
45. KPI Report
46. Legislative Update
47. Draft Metra Title VI Major Service Change, Disparate Impact and Disproportionate Burden Policies

48. ORAL - STATE OF METRA OPERATIONS

Don Orseno, Deputy Executive Director of Operations/Chief Operations Officer reported that Metra finished the month of June with an on-time performance of 92.4%. Of the delays for the month, 39% were between six and ten minutes. An additional 18% were fewer than sixteen minutes. Compared to last year, on-time is down in the weekday categories, finishing 2.3% lower in 2013. The major delay occurrences in June included 234 weather delays, 232 passenger loading, 115 freight delays, 108 mechanical, 82 track construction and 29 right-of-way accidents. There were

229 switch and signal failures. One of the biggest issues was the switch failure at A-2 interlocking, which went down during the rush hour. There were 109 delays accumulated due to the single incident.

He explained on June 12th there were 77 delays due to trains being stopped because of high wind gusts exceeding 65 miles an hour. On June 20th, there were 5 delays due to excessive heat. He said that during the heat, rails tend to expand, which causes thermal misalignments. On June 24th, high winds in the area caused train traffic to stop on several of the lines. In addition, trees were blown down and obstructed tracks on the Metra Electric and the Rock Island lines. High winds resulted in 83 delays. Finally on June 26, flood warnings in McHenry County and excessive heat caused 38 delays on the Union Pacific NorthWest line. Flood procedures were followed on the Union Pacific NorthWest line resulting in inspections. Although no equipment was lost or damaged, the McHenry County Branch on the UP/NW could not operate due to washout conditions. Alternate transportation was provided for passengers. He stated that there was a giant undertaking by the Union Pacific Engineering department who was able to restore the service to the branch prior to the next morning rush.

On June 13th, Norfolk Southern derailed blocking CP-518. He explained that a piece of metal detached from the train and lodged itself underneath the wheel causing a derailment. This resulted in a necessary re-route of Metra SouthWest service line. The re-routes created extensive delays due to a single track occupancy and all the equipment moves that were required. Another incident that caused significant delays was the Blackhawks rally on June 28th. He said that learning from the 2010 rally, a \$5.00 special event ticket was made available for pre-purchase to aid in fare collection. Even with the passenger hours of service regulation, Metra was able to minimize the crews to run 27 additional trains and still maintain the evening operations. From the onboard counts, ridership increased by 47% over the previous Friday.

He continued that for the month of July, on-time performance was 94%. Of the delays for the month, 52% were between the six and ten minute range. An additional 20% were fewer than sixteen minutes. Major delay occurrences in July included 79 freight delays, 35 mechanical, 93 right-of-way accidents and 117 switch and signal failures. There were also wire issues on the Metra Electric District at McCormick Place, which caused 74 delays. One of the biggest events in the city of Chicago is the Taste of Chicago. The City estimated 1.5 million attendees over five days. Metra prepared for the event by adding extra service to accommodate large crowds attending the event and the concerts held downtown. However, even with the additional service, large crowds at the stations resulted in 143 delays. He concluded that the peak period on-time performance for the system was 96.2%, finishing the month with a total on-time performance of 94%.

Director Schaffer commented that he thinks it is safe to say that June was a month where if it could go wrong, it did go wrong. He said that he went out to the site in McHenry, and when he first saw the damage there, he thought that the track is not going to be up and running for three or four weeks. He can't say enough good things about the UP and their people and all of the Metra people who got involved in that. He really did not think that they would get this line up and running again. He stated that as the McHenry County representative he would like to say thank you. Mr. Orseno responded that he appreciates those thanks, and will share it with the UP employees. This just shows the dedication and professionalism of the employees.

Director Mulder remarked that she was reviewing the numbers and the number of delays in June specifically caught her eye. She wondered if this was from the Blackhawks rally, and then in July the Taste of Chicago. This just illustrates the importance of Metra's service for special events. He can't imagine what the highways would have been like if Metra was not a viable option. She would like staff to consider, though, if there are any other ways to help manage those crowds. There are always a few complaints about someone not being able to get on, or it was standing room only. She also asked if the trains had the maximum number of cars allowed during that day. Mr. Orseno responded that the trains did have the maximum number of cars. Metra has to work within the confines of the Federal Railroad Administration with the hours of service laws. It is a delicate balance on what you can do, because if you do not have the crews properly rested, then you have a problem with all of the evening rush hour trains. He pointed out that staff does everything that they can to manage the crowds and after every event a briefing with staff is held to discuss issues of concern. One of the issues is that we do not know when people are coming back to the train. He said that if they knew when everyone was going to come back to the station, we would be able to accommodate that a little bit tighter. However, these are some of the challenging things that they have to go through when there are these types of events.

Director Mulder stated that she thinks that staff did a fantastic job, and people did get home safely. She believes that staff needs to keep looking at ways to do this better, because no matter how good Metra can do something, we can always do it better. Mr. Orseno agreed, and said that this is always a part of the continuing improvement process.

Director Carlson stated that the past two months have been a really interesting time for Metra as an agency and particularly for the Board. He would like both Mr. Orseno and Mr. Wiggins to send a message to all 4,600 people that are involved in moving the passengers to say thank you to the people of Metra, the people of BNSF, and the people of UP for maintaining the trains, showing up for work and everything else. He said that he had a great conversation with the conductor on 2108 this morning, and the attitude these people have to serve the passengers is just terrific. They have operated safely, and as best as they can, they have operated on time. Mr. Orseno responded that they will definitely do that and he appreciates the Director's comments.

49. ORAL – METRA ADMINISTRATIVE & OPERATING INITIATIVES

Alex Wiggins, Deputy Executive Director of Administration stated that one of the things that both Mr. Orseno and himself, the entire Metra staff, the partners at the BN and UP would really like to convey to the Board of Directors and riding public is that we are focused like a laser beam on day-to-day operations from both the operational tasks that are required to run the agency as well as those administrative initiatives that are required to really strengthen the Metra business. This presentation will highlight a number of areas that both Mr. Orseno and he believe need high priority right now and will focus the entire Metra team.

Don Orseno, Deputy Executive Director of Operations/Chief Operating Officer, said that he would like to start out talking about improving service reliability. As the Board saw, both in June and July there were some struggles with on-time performance, although, some of the delays were beyond our control. A task force team has been put together between BNSF and Metra to build a stronger knowledge base, conducting a study to improvement equipment reliability, assemble ready teams

to expedite service recovery and reduce delays. He continued that when he saw some of the struggles that Metra was having, his team reached out to the BNSF and UP to put together some teams at a very high level. Mr. Orseno asked Mr. D.J. Mitchell, Assistant Vice-President for Passenger Operations for the BN to come up and go through some of the initiatives in a little bit more detail.

Mr. Mitchell thanked the Board for the opportunity to come and talk with them on what they are doing to improve on-time performance. He said that he does not know if all of the Board members know this, but next year will be the 150th anniversary of the BNSF and their predecessor railroads moving people in and out of Chicago. They take a great deal of pride in what they do. Long before anyone from Metra told them that June was not a good month, they knew from the top of the organization to the bottom of the organization that this was the case. He would like to discuss three or four things that they intend to focus on. He continued that the BNSF operates more than 100 commuter trains a day; 80 Amtrak trains and approximately 30 to 40 freight trains on a single line. He believes that this is the busiest single line in the metropolitan area, and they transport about 25% of Metra's ridership.

He explained that in June, they looked at the data and found three things. First of all was the weather. If the Board recalls, wind warnings were a significant cause of delays. He pointed out that using Metra funds are the installation of three weather stations. One in Eola, one at Downers Grove and one in Cicero, which will feed their weather system and allow Accuweather to pinpoint exactly where the high winds are and at what rate they are running. These are now fully placed in service, and he added that for August there has been only one weather delay. The second issue is switching problems. This is a very important component of their track structure. He said that many of their trains go from track one to track two, and from track two to track three, so those switch signals are important to running an on-time performance. There were a number of problems and in response to those problems the BNSF went out and surfaced two switch blades, installed a number of switch ties, and are beginning the replacement of a number of other components in the various interlocking plans that they have. He stated that also in September, they will put back in place a joint track and signal team to inspect all of the interlocking plans to make sure they are up to snuff, make sure that they can anticipate failures as opposed to responding to failures. They will also be cutting over the next section of their signal improvement program, which is the backbone of their PTC deployment between Downers Grove and Hinsdale in September. They are making great progress here, and for August there was only one signal caused delay.

Mr. Mitchell stated that the next area is locomotives. He said that locomotives have been a problem and was another third of the delays for June. Month-to-date there have been four delays in August and as Mr. Orseno mentioned, a joint team has been put together and they have brought their mechanical forces together to look at the processes and procedures. He said that they have already come to the conclusion that they are going to work together on traction orders, but more importantly, make sure that the proper procedures are put in place to make sure that they can anticipate bad things happening and focus day-to-day on where they can anticipate a problem. He continued that this is very important for two reasons. One, in the day-to-day operation of the services, they take a look at it and say it is quite possible that they have patterns here where they can take a look at, such as changing out electrical components or whatever it may be. From the longer point of view, they can take a look at that and say that maybe they can focus on an overall program,

which is very important. They would not focus on the entire unit, but on a very, very specific component of the locomotive. Basically this would save time on the rebuilding, and also save an awful lot of money.

He concluded that as the Board knows, railroading is a very, very expensive business. The assets have a very, very long life. What the BNSF wants to do is work with Metra and to pay very close attention to detail. He said that they want to make sure that there is a very good capital replacement program, and in the process of putting that together, work closely with Mr. Orseno and his team so that those dollars from both the BNSF and Metra get invested into places that are necessary to maintain on-time performance.

Director Mulder remarked that a thought occurred to her when Mr. Orseno was describing some of the challenges that they were trying to anticipate. It occurred to her that if we are getting a lot of tree limbs on our rails because of the high winds does Metra have a tree trimming process to catch any of the dead wood before the wind does? Mr. Orseno responded that we do have a tree trimming process, which is an ongoing process through the summer. He assumes that the BNSF has the same types of things. Unfortunately, when we have these high winds, it is ripping trees that are two foot around right out of the ground, and that is a different complexity than the tree trimming process. Typically with the tree trimming process they are trimming back from the communication wires, signals, etc., so that those limbs do not cause any problems with the day-to-day operations. Again, if we have a big storm, some of those trees can fall onto the tracks and cause problems with delays to the service.

Mr. Mitchell added that as they proceed with deploying PTC, part of that is the replacement of their signal system necessary to support PTC. With this project, part of that is to remove the pole lines along the track. All of the communication within the rail will go through fiber optics. Mr. Orseno added that Metra is doing the same on all our lines, too.

Director Carlson asked Mr. Mitchell if the BNSF checks with Fort Worth and responds back through Mr. Orseno whether or not they had the dispatchers at the Aurora sub check with their own eyes on the weather conditions. Mr. Mitchell responded that they do.

Director Schaffer stated that he would just like to thank the BNSF. They are a great railroad, and the Board really appreciates their efforts. Because the Board is aware of some of the problems on that line, we want them turned around as quickly as possible. After listening to Mr. Mitchell, he is feeling a whole lot better about the situation. Mr. Mitchell responded that month-to-date, the BNSF line was about 97% on time.

Mr. Orseno stated that one of the other things he wanted to touch on from the operation is the 41 life-extending program for rebuilding cars that were built in 1974. Fifteen cars are done a year, at \$9 million per year. Right now there are about 18 Metra employees working on the program. He is hoping to put another 10 to 12 people on this program. The last overhaul was completed 23 years ago. On the engineering side, Stage One, Phase One of the construction on the UP/North Line bridge project is about 76% complete. The structural steel is complete on all eleven bridges, and the west side Ravenswood station is expected to be completed by April of 2014. Stage One, Phase II, consists of eleven bridges on the east side. Construction is estimated to be completed in mid-2016.

Stage Two consists of eleven bridges south. This construction is estimated to be completed in 2020. He concluded that the last project he would like to talk about is the California Avenue coach yard air repairs for the UP. The yard air is used to connect the trains and keep them on air so that they can do their proper testing and other things. With the system being as old as it is, there has been a lot of infiltration of water into the system, which caused a lot of problems last year such as annulled trains, or trains not being able to make it out of the yard on time. Metra is looking at a temporary repair at this time and hopes that everything is going to be procured by the time the cold weather hits.

Alex Wiggins, Deputy Executive Director of Administration stated that management is going back to the drawing board to look at all of the various approaches to delivering Wi-Fi to our customers. He continued that staff has learned that the New Jersey transit system has actually partnered up with a large cable provider to take care of all of their capital costs. Staff is hoping to be able to replicate that in Chicago. He would like to request approval from the Board to go back and re-engage the Wi-Fi consultant to help draft the RFP that is required to actually go out to the street and ask for a no-cost solution from the industry. He hopes that Metra is fortunate enough to attract a large cable provider or phone provider and believes that we certainly should make that effort. Clearly Metra does not have \$72 million to invest in a Wi-Fi system, but he hopes to attract the right partner who could attempt this for us.

Acting Chairman Partelow asked if anybody other than New Jersey Transit has been able to hookup with a big subscriber. Mr. Wiggins replied that New Jersey Transit is one of the first agencies to be able to hookup with a cable provider. MBTA in Boston has made the same attempt and released a similar RFP. In the first go around they did not receive any interest from the major players. However, here in Chicago staff believes that they will. He thinks that all of the agencies across the country who have Wi-Fi on their systems have had challenges because it is very expensive to implement and invest in that capital structure. He said that Metra is almost crushed by our weight because we have this large system of 700 train movements a day, 241 stations, and 300,000 passengers a day makes investing in Wi-Fi a very expensive endeavor for the agency. Metra needs to find this perfect business partner who can see an opportunity to grow their market share by partnering with us to provide an amenity that passengers can enjoy.

Mr. Wiggins explained that they are also taking a look at what is required to install Wi-Fi at the stations in the downtown terminals that Metra currently owns. That problem is a little easier to address because you do not have the challenges with the moving train, or topography challenges on a moving train as a fixed structure. However, with the Board's concurrence staff would very much like to continue our work to develop that RFP with a minimal expenditure from our team working on that, and asking the industry if it is possible to bring a solution that offers that incredible amenity for our passengers at little to no cost to the agency.

Director De Graff asked what the minimal expenditure would be. Mr. Wiggins responded that initially staff budgeted up to \$250,000 for the Wi-Fi consultant. The first part of that work was to really look at our entire infrastructure and look at the Wi-Fi availability in the Chicagoland area. That work has already been completed. The second part of that, he would hope to keep under \$50,000 to help develop technical aspects of that RFP. If he finds that they will go over that amount, he would come back to the Board on that. He added that right now the firm that we have on board

is the same firm working on the New Jersey project. This is also the same firm who worked with Amtrak to implement their solution. Their expertise is not in installing the Wi-Fi but in drafting the technical specifications necessary to attract the right type of vendors. This is the piece that we want to get right. Director De Graff asked if Mr. Wiggins request to the Board is to look at tacit approval of not to exceed \$50,000 to proceed. Mr. Wiggins replied that this is correct. Again, if he thinks that this is going to go over \$50,000 he will come back to the Board.

Acting Chairman Partelow asked if there needs to be a motion on this. Director De Graff stated that it is already authorized. Director Widmer asked if this was part of the \$250,000. Mr. Wiggins replied that it was, but initially staff had some feedback from an earlier subcommittee who asked for staff to take pause. Director De Graff stated that he believes that action was taken to pause on this project, and he thinks that probably we need some Board authorization to move forward. Director Widmer asked how much is left of the \$250,000. Mr. Wiggins responded that he believes to date they have only spent \$60,000, so there is a considerable amount left from that authorization.

Andy Greene, Board Counsel, stated that he did not believe that Board authorization is necessary. He believes that staff seeks concurrence or feedback. Director De Graff stated that whether it is authorized or not, he would certainly be a person who would want to allow the executive staff to at least pursue it.

Director De Graff moved to allow the executive team to move forward on the RFP for Wi-Fi in an amount not to exceed \$50,000. Director Schaffer seconded. The motion carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

Mr. Wiggins continued that Mr. Carlton and his team in Marketing and Communications actually already have in place the "Real Time Train Tracker" that will be launched this fall. This program has been enhanced, and will actually allow customers to have more up-to-date information about specifically where the train is. He stated that as the Board is aware, Metra has received some criticism about not being onboard with CTA and Pace for the regional fare program. Metra is now accelerating our collaboration with the CTA, Pace and RTA on the regional fare program. He explained that the bottom line is that Pace and CTA choose Ventra Card for their regional fare program. Right now Metra is actually already equipped to accept the retail portion of that card. There is a second half to that card where you can actually apply your transit benefit, so staff is working on that aspect. He said that in his conversations with CTA and Pace, they are pleased that we are accelerating the work. The deadline for regional fare is January, 2015.

He continued that the real value for the Metra customers will be to use that card on board the train system, and have it validated for the fare. Staff members are continuing to research options for onboard mobile, Ventra and credit card solutions. Staff will be able to work with some of the consultants that CTA and Pace already have onboard, so we will not have to hire any new teams to work on that. If it is decided to go out to the street to have a solution for onboard ticketing, there may be a need to issue an RFP for that to see what the industry has to say. He remarked that they are pretty confident that they can use the consultant resources at CTA rather than acquiring our own resources for that. The final implementation will require some additional work and intergovernmental agreements. There are always back office issues to resolve, such as reconciling

finances. However, he does believe that it is a wise decision to work as closely as we can with Pace and the CTA.

Mr. Wiggins then discussed the acceleration of the new ERP, Enterprise Resource Planning process. As the Board is aware, Metra has received criticism over the years for having an antiquated financial management system. By this time next year staff would like to have the major components of the new ERP in place. He explained that right now Metra currently has Oracle revenue accounting system in place, and staff will be acquiring the additional licenses to bring on the other features. Human Resources, payroll and project management for example are components of an ERP system that will actually bring Metra's technology into the 21st Century. He added that his goal is to advance this work very quickly. The team is very focused on bringing Metra's technology up-to-date, which will greatly improve the ability to communicate our financial status in real time.

Director Carlson stated that to put a focus on this, a standard practice of auditors, and as everyone knows he was in that position for 34 years, for each engagement is to issue a report on internal controls. It is commonly referred to as a management letter. Metra auditors, KPMG, have sent a letter to Metra, which the Board saw in draft form about six weeks ago. Upon seeing the draft, staff immediately began to take issue on it. In the past, Metra has not disclosed the letter. However, we are changing that policy and are going to disclose the policy. He continued that it is common to disclose these types of letters in government organizations and it is required to disclose these letters under certain circumstances for publicly-traded companies. He explained that there are three levels of comment that auditors can make in these letters. One is recommendation to management, two is significant deficiencies and three are material weaknesses.

He said that in Metra's case, this letter has both material weaknesses and significant deficiencies. One of the material weaknesses is the reporting system that Mr. Wiggins was just talking about, and this is being addressed immediately. To provide further color on this, at his new Board member orientation, he asked the question on what accounting system Metra uses. The answer was the Rock Island Railroad. He could not believe that Metra was using a system from a railroad that went bankrupt in 1980 and was probably designed in the 1960s or the 1970s. He strongly believes that Metra needs to do this, and this will take a fair amount of money. He stated that Mr. Wiggins has told him that Metra does have a grant to achieve this, and he would like him to talk a little bit further on that.

Director Carlson explained that one of the material weaknesses is the financial accounting practices. He said that the letter indicated that one of the significant deficiencies was Metra's procedures on approving electronic funds transfers. The minute he saw this letter, Mr. Wiggins and he got together and said that this procedure is to be changed immediately. He asked Mr. Capra, Chief Auditor and Compliance Officer if there is anything else to add. He does believe that there have been a number of conversations with KPMG, and they have been very forthcoming and interested in working with us.

Rick Capra added that the only issue that he would like to bring forth is the inventory issue that was identified in the fall of last year. He knows that Metra staff has been working on solving that inventory issue. KPMG did make reference to that also. Director Carlson stated that this is correct. He said from personal experience, railroad inventories are very difficult to handle because some of

the material has been there forever. Railroad assets average life is around 30 years. As the Board knows, Metra has bridges that are one hundred years old, so you need to keep components for a long time. Also, the assets are in various locations because you want to move inventory forward in the field so that you have it in case of emergencies. He asked Mr. Orseno if this is correct. Mr. Orseno responded that this is absolutely correct. Director Carlson added that this is a real issue. The other thing that they uncovered was that Metra was not bar coding inventory. A request has been issued to staff that they start bar coding material. This will have significant impacts on the accounting and maintenance procedures. He asked Mr. Wiggins if this is moving forward with the bar coding that has been discussed. Mr. Wiggins responded that it is moving forward.

Mr. Wiggins stated that the ERP System will essentially serve as the brain of that system to actually bring everything together from inventory control management, project management, HR, payroll, revenue accounting and again allow Metra to achieve greater transparency. Metra will be able to share information with our partner agencies much quicker and much clearer. As Director Carlson pointed out, he continued, that this is already budgeted. No additional funds are needed. In years prior, the agency budgeted \$20 million for an ERP System. Oracle is the system that is in place and staff will continue to build that system out.

He continued that another major initiative is really working with the Metra Police department in enhancing customer safety and security. In recent weeks, the Board has seen newspaper articles, and perhaps have ridden the trains, but actually the Metra officers have been at the stations and on the trains much more. Metra's focus is on crime prevention. It is wonderful to investigate a crime after the fact, but it is better when it is prevented. Management has taken a hard look at the staffing model and overtime, and fully acknowledged that in years prior the overtime expense has been exceptionally high and are taking steps to address that. In 2013, considerably less Metra money has been spent. There are federal funds for overtime that does not necessarily come out of our pocket, but he wants to assure the Board that management will stay on the ball in minimizing those overtime costs. He explained that the other part of working on safety and security is to invest in Metra's officers. Metra needs to provide them with the right tools to do their job effectively. That will be a major initiative moving forward.

Mr. Wiggins stated that lastly is partnering and strengthening relationships. Staff realizes that they have a lot to do across the board. Metra's Legislative team led by Sam Smith and Lynne Corrao, working with Mr. Orseno and himself and the Board, will be reaching out to build those relationships. He said that their goal is really to build legislative amendments for state of good repair. Metra needs every single level of government behind us to ensure that we have the funding necessary to achieve state of good repair. It is a large operation, a large system and there are large needs. Management will be partnering with our partners at the BNSF and UP, and of course the union employees who are the backbone of Metra. He concluded that, again, Mr. Orseno, the Metra team and he is focused like a laser beam on these projects and will deliver results to the Board and Metra's customers in short order.

Director Schaffer asked Mr. Wiggins to comment on the \$20 million grant from the RTA for the accounting system. Mr. Wiggins responded that this money was budgeted in prior years before he arrived. He knows that it is there, but he is unsure exactly what the source is. Director Schaffer asked that on the law enforcement side where the Hillard Heintze study is. Mr. Wiggins responded

that Hillard Heintze is in the final stages of preparing the report and submitting that to Metra. He has had advanced conversations with the team, and the areas that really need to be focused on is strengthening that management team in the police department, controlling the overtime costs, ensuring that every officer understands that their mission is to safeguard infrastructure, ride the trains and be at the stations. The report will provide a number of suggestions on how to achieve that.

Director Schaffer said that shortly after the June meeting there was a reorganization done. The media people were transferred out of the media/marketing area to the legislative section. He asked whose idea was this and what is the rationale. Mr. Wiggins remarked that it was his suggestion and his action. What the goal here was to really align the messaging. He wanted to align the messaging with community relations, government affairs, and media all being on the same message all at the same time. The team responsible for the media aspect was tied to the hip of the government relation staff so that the message could be kept tight. It was critical at that time because there were a number of media requests, a number of legislative requests, and he needed better coordination. Director Schaffer remarked that he first associated this with Brad O'Halloran. However, he has some problems with it from a number of points of view. First, this is a fairly major thing and should have come before the Board. He would recommend that at this point he would recommended to both Mr. Wiggins and Mr. Orseno that there be no big or little reorganization without the Board being involved.

He continued that to be honest, he believes that Sam Smith is a highly capable guy, but next year he is going to be living in Springfield because we are going to have a fire storm. He thinks to put him in charge of every snowstorm, train wreck and suicide seems like cruel and unusual punishment. He would prefer to let Mr. Smith focus his attention 100% on what is the most critical job in this agency, which is protecting Metra's funding and to see that we are treated reasonable well in the legislature. He would sincerely urge Mr. Wiggins to reconsider this suggestion. He added that he was unaware that there was any lack of coordination between the various sections. He said that staff is all in the same building, and for all he knows on the same floor, so they can lean over the cubicle if they need to talk to each other. Director Schaffer concluded that he is very suspicious of that move and thinks that it needs to be reconsidered. He would hope that once the committees get functioning again, that is something that would be discussed in great detail. He is not sure that he likes this one bit. Mr. Wiggins responded that he understands.

Acting Chairman Partelow said that to get back to the overtime, this is something that has been talked about for about three or four years, especially in the Police department. He asked if this is a union situation and why can't this be brought down. Mr. Wiggins replied that the major contribution is that historically the department has implemented a minimum staffing by district. For the officer's safety, every district is required to have X number of officers on duty at any given time. Whenever an officer is out sick, out for training, or takes a day off, the past practice has been to backfill that with overtime. If an officer who had worked his or her eight hour shift, or was on their day off, they could backfill with another officer who was off for whatever reason. What has been done in the short term is to actually question that. The basic function of the police department, to staff your officers, and staff your department is typically based on the calls for service. There are minimal calls for service. Because the police department is a transit police force, the officers are not answering 911 calls. The typical task is safeguarding the infrastructure,

safeguarding the passengers, investigating train accidents and pedestrian incidents. Minimum staffing is what drove that, and that is what was looked at. For example, when we have an officer off in the district now, the chief or his command staff question whether or not there needs to be backfill. Consequently, we have been able to have an incremental reduction in overtime. When the report from Hillard Heintze is accepted, they will look at an entirely new staffing level which is built around the train operation that minimizes Metra's need for this so called minimum staffing.

Acting Chairman Partelow stated that it is his understanding that one officer, or maybe several, work eight hours overtime every day. He asked if this was correct. Mr. Wiggins replied that this is correct. Acting Chairman Partelow asked if we really want someone with or without a gun working 16 hour days. He would think that they would be awfully fatigued. Mr. Wiggins responded that he absolutely concurs. However, the union rules right now allow officers who have seniority to have first take at overtime opportunities and some of them do. In this case there was an officer who took advantage of the union rules. This will require some work. He remarked that they will sit down with our partners in the union and figure out a way where they can ensure that we don't put officers in positions where officer fatigue is a problem, but at the same time have the union buy in. Acting Chairman Partelow asked how they were doing that. Mr. Wiggins responded that they are in negotiations right now with the police union working on a new contract, and this is one of the topics of conversation.

Director Schaffer remarked that he saw that story as well, but frankly, the Metra force is very small and their responsibilities are very large. If there is a large event of any kind then Metra can be in trouble. This is why he is hoping to see the Hillard Heintze document and see what their recommendation will be. He would hope that if the union won't change their rules, they would then give us a letter accepting responsibility for any incident that happens because they are fatigued. He also wanted to add that nobody on staff talked to him about the media reorganization. This is just him venting. Nobody is backbiting or doing any of that stuff. It just does not make sense to him when he heard about it, and it still doesn't. Mr. Wiggins stated that he understands. However, if he can, he will shed some light on this. He explained that his preference is to have the community and government affairs and media aligned completely so that we are on the same message. He will look for the right way to do that, and he would certainly talk about this off line if the Director would like.

Director Widmer stated that he would like to clarify the statement about union rules. He said that it is his understanding that those are provisions in the executive bargaining agreement, which means that both Metra and the union have agreed that this is the way that this issue will be dealt with. He further stated that it is his understanding, per Mr. Wiggins' statements, that those issues along with others are under negotiation. His major concern there is primarily safety. In the attempt to avoid what is perceived as an overtime problem, you don't leave officers unprotected on the job. Mr. Wiggins agreed.

50. ORAL – 2013 MARKETING UPDATE & FALL CAMPAIGN CONCEPTS

Robert Carlton, Chief Communications and Marketing Officer, explained that he wanted to share with the Board the 2013 marketing update, and some ideas that the marketing team has been working on for a fall campaign. He pointed out that earlier this year he discussed with the Board the direction that Jim Bonistalli, who leads the marketing team, and himself would be driving the

marketing this year. After taking a hard look at the organization, the needs of agency and the key competencies, they will be focusing on really four big areas. The four areas included segment marketing, market development, events and co-marketing and non-fare revenue opportunities. He would like to take a moment to update the Board on their progress and what they have delivered in these areas.

He would first like to talk about the segment marketing, focusing specific campaigns on various segments to drive ridership. He continued that they did a 10-ride convenience pass campaign, a "Metra Makes Life Easier" spring campaign, which is when he came to the Board and asked if they would be able to offer a free ride. He believes that they had a very successful campaign. He said that they wanted to give away approximately 7,000 free tickets. There were over 14,000 people who signed up on the home page asking for free tickets. This was tracked through the system, and they know that Metra got back 500 actual tickets, which would be about a 7% response rate. You can compare that to 3 to 4% for typical direct mail, so he believes that they hit the objective here. They were also able to build out the email marketing base with some 14,000 plus new folks that they are able to market to at a very low cost for future campaigns.

He stated that the other thing that he would like to highlight is that they did do a survey to folks who asked for free tickets and received them, and some very interesting things came back from this survey. Fifty-three percent of those responding to the survey said that they were not frequent users of Metra, so they were hitting their target. Eighty-four percent said that they were positively influenced by the campaign. These are the sort of matrixes that tell them that they are hitting the mark in terms of their messaging and other creative execution. He continued that, also in the segment marketing, they have a program going on called "Take a Train-Cation" campaign. He did want to point out that he is very proud of the team for being focused on many of the ethnic communities that ride Metra and by having some of the ads in Spanish. He believes that this is a first for Metra, so he is really proud of the team for expanding how we communicate with our customers.

Mr. Carlton remarked that earlier in the year the Board made some comments about trying to amp up what Metra does around the transit benefit program. They will be kicking off a campaign around the transit benefit program. The Marketing team will be using direct mail and very targeted outreach to focus on those companies that they believe might benefit their employees to get involved in the transit benefit program because of the substantial tax savings. He said that they also do destination marketing, such as to the new fashion outlet mall of Chicago. The team also outreaches to suburban properties and significant trade groups. Both on the campaign front and the outreach front, they are taking substantial steps to improve both Metra's reputation and ridership. He said that he would like to take a moment and talk about co-marketing. He pointed out that with the Summer Travel kit this year there were 22 partners for the fund savers coupon program. They are continuing to work hard with partners that will help reach segments that could take the train to various events.

He stated that finally, he wants to talk a little bit about the non-fare revenue. Earlier in the year he shared with the Board that they were up about \$700,000 over the last year. He is very excited about expanding an advertising product line with new external frames, doors and internal wraps. The team is working with Clear Channel and we already have ten new customers. He is very proud

of the Marketing team for what they have actually implemented over the past year. He concluded that he would also be remiss if he did not mention the Communications team. Just a few months ago, Carolyn Tucker came on board, and already in a short time, there have been about 12 good news stories. They are searching within the organization for these types of stories, and then reaching out to the media to pitch these stories. There is a great deal of good work that happens all through this organization, and part of their job is to seek out those stories and make sure people know about the good work that is happening here.

Director Mulder stated that just yesterday she had a mom tell her a story about how for four years she has tried to buy tickets for the Santa train. She knows that Metra sometimes works with Park Districts on this program. This mom said that someone called her on the phone, and by the time she went back it was sold out. This sort of begs the question if it is possible to expand some of those program and run more because if something is selling out within 30 minutes, it must be a good thing. Mr. Carlton responded that earlier this year he asked the Marketing team to sit down with Mr. Orseno's team and think about some very creative ways that we can engage with passengers that may simply not have Metra in their mind set. The team talked about Santa trains, Halloween trains, or murder-mystery trains. One of the challenges that Metra has is that whenever we would do these types of trains, we have to first evaluate how it would impact normal service. However, staff is still working with Mr. Orseno's group to work through this.

Mr. Carlton continued that he believes that right now we do not have an excess of engines and cars that we can set something aside to do that. This is something that he and the marketing team would love to do, but there are some operational concerns that they would have to think about first. Mr. Orseno stated that this is correct. He mentioned that Metra does have a huge group travel with the Park Districts all over the six-county area. It starts typically at the end of November through right up to the week before Christmas. Those events are all sponsored by the Park Districts or by different groups who work with Metra's group travel department. He explained that what they have to be careful of, because these events are on regular scheduled trains, are capacity issues and typically two cars are dedicated to the events. He believes that staff is working on some different events and are trying to get people who don't use the Metra system to use it. Director Mulder remarked that perhaps staff should look at sponsorship. Mr. Orseno responded that this is already being looked at. She said that this may help cover some of the costs, because it would give the sponsor some exposure, especially if they happen to merchandise youth items.

Mr. Carlton commented that this is a great idea. He said that he has someone on the team that handles all these group sales, and we are very cognizant of trying to make sure that we get everyone on that wants to be. He added that he has had the pleasure of taking the Santa train with his three young kids, so he knows that it is good thing for Metra because it gets kids excited about the train and those are the future passengers.

He continued that for the fall plan they look at what kind of messaging we could have and how creative they might be. Right now they are putting together a fall campaign called "Back to Work, Back to School" and this is really building on the "Metra Makes Life Easier" campaign. This talks about the cost savings, the time savings, and the convenience of taking Metra versus commuting to work or school. He explained that they would like to kick this off in the fall time frame when people are getting back to their normal routine. We want to remind them that Metra is safe, convenient

and reliable. It does cost less when you look at the total cost of commuting versus just about any other way of getting to those locations, and talk about the monthly ticket, or the convenience of the 10-ride ticket. However, he would be remiss if he didn't share with the Board that they had gone down the path, and are still considering whether or not to take a look at a 10-ride ticket that was nine for ten, as it was before. Staff is looking at this, and contemplating the pros and cons.

He said that he would briefly share what the media plan looks like. He explained that we use both external paid media such as radio, billboards, and print. They use earned media such as press releases, interviews and events. These would all be part of the plan. He continued that this campaign would start in late August and would run through mid to late September. They have budgeted about \$65,000 for media buys. He stated that one other good news here is that he brought on a news designer. Where Metra used to go to our agency for some of the creative pieces, we will now have those skills in house. Again, the real cost is primarily other media buys of about \$65,000 for this campaign. He said that they did look at, if the Board decided to move down the path of an alternative campaign, any sort of lost revenue. He has worked with Mr. Farmer and his finance team, and right now they think if you look at the start of the campaign in the late August time frame, there would be a potential loss of revenue of about \$2.8 million. However, he will let Mr. Farmer discuss this more.

He explained that they have also thought through a few things about the 10-ride, and they have looked at some estimates, working with the finance team, that the change in the 10-ride ticket would generate about \$8.3 million. So far year-to-date that actual increase is about \$5.4 million, or in the neighborhood of about \$700,000 a month. If we were to roll back the 10-ride ticket, although there is good news such as some customer goodwill and positive media, there still will be the possibility of potential lost revenue of about \$3million. He concluded that as mentioned earlier, their plan is to move forward with the current fall campaign of "Back to Work, Back to School." However, they are thinking through some alternative campaigns as well.

Director Carlson stated that we have done a wonderful job of analyzing the price side of the equation. He does not think that we have given enough consideration to the volume side of the equation. He continued that if you look at the drop in 10-ride tickets, it is 17.9%, and the drop in revenue of 7.8% it challenges some of the assumptions that have been presented here. He said that he has run a whole host of numbers, but you have to make a lot of assumptions, and thinks that we need to take a harder look at what he calls the volume side of the variance. He does agree that Metra has received some additional income from the price point of view. However, he is concerned about the revenue that Metra has lost. He explained that the other things is he thinks that Metra needs to really start to focus on what we think we would recover if we offer the discount back, because what he believes through all of this is that people love a discount.

Director Carlson continued that the other thing in the pricing equation is that we need to look at, in both price and the volume, is people who were buying the 10-ride ticket because of the discount have shifted to monthlies. Depending on how they used the monthly ticket, you can compute a different discount. Roughly, we have people who used to pay us 90% of the cost of the one-way ticket, but they are now paying 70% of the cost of a one-way ticket. He does not think that this is in the analysis. He thinks that staff needs to do a lot more digging and take this to the next step in the analysis. Secondly, staff needs to look at both the potential recovery of revenue, as well as the

psychology of offering a discounted 10-ride ticket. He stated that the other thing we know about the 10-ride ticket is many 10-rides are not used for 10-rides. In his own collection he has found a couple of 10-ride tickets where he only used them for three rides. A big part about the 10-rides is the money is up front. We have use of the money before the people ride the train.

Director Schaffer remarked that he agrees with Director Carlson that this is something that the Board needs to revisit. He thinks that we have to look at the whole thing, but do it within the context of the budget process and as we go through the budget hearings. He knows that Director Carlson was involved in this, but that it was not his idea. He was, however, fuming when he pulled that Bi-Level issue a month or so ago announcing pretty much that we were going back to the 10-ride ticket discount, and that Metra was going to do a billion dollar bond program. He understands why it was done and who did it, but he would appreciate anyone involved in that process notifying the Board about articles of that nature that are being requested by anyone on the Board. He said that these are the kind of decisions that need to be made by this Board after careful, deliberate thought. Not put out in the media through our own publication, in an attempt to deflect public attention from other issues. He knows who was responsible and the person is not around anymore. He understands exactly how it happened. However, he asked that the next time somebody comes up with an idiot idea like that, call someone on the Board.

51. ORAL - PRELIMINARY 2014 BUDGET AND CAPITAL DISCUSSION

Tom Farmer, Chief Financial Officer, stated that this is going to be the first of several updates that would lead to a 2014 budget and capital plan. He continued that the purpose of today's discussion is to take the Board through some key dates and some very preliminary data, just to give them the flavor for the way this is starting to shape up. He won't go into the dates in detail, but by the time we get to October, we need to get to the Board something that has to go out for public comment and hopefully final approval in November. This is what he really wants to impress with the due date.

He explained that usually the best way to talk about the budget is to start with where does it go. With the 2013 budget he will start with the labor and fringe. The number shown on the slide is for both NIRC and the PSA carriers. This is almost two-thirds of the budget. The next line is the diesel fuel and motive power. Motive power is what staff refers to for the power to run the Metra Electric line with. This is another 12% of the budget. The other utilities are 1.4% of the budget. This is all the different power to run the switches and such. Materials are essentially the materials that Metra spends to keep those facilities in good repair. Claims/insurance is essentially the cost of the insurance policies as well as any settlements that Metra might make. Downtown stations are regarding the leases that Metra has with CUS, Ogilvie Transportation Center and LaSalle Street. The next line is PSA Contract costs, which is the overhead costs that Metra pays to the BNSF and UP. Last is Other Costs, which is a whole laundry list of small things. He pointed out that we are not seeing a whole lot of variance from this, so this is a pretty good guide.

Mr. Farmer continued that the next slide is in regards to the information that we have as of now. What this tells us is that based on the marks that the RTA provided, they are saying that the sales tax will go from \$345 million to \$360 million. The reduced fare subsidy will go down 24.2% from \$3.1 million to \$2.4 million. The revenue recovery ratio at this point from the RTA is supposed to stay the same. Passenger revenue was estimated a bit high last year, so he would say that the first

estimate on this is \$302 million, and this is simply taking the first half of the year, which is a little over 151 times two to get to \$302. He thinks that as we get into the year a little bit farther, this estimate will be refined. We will see if we project any growth for next year, some seasonality. He is not going to say that this is a final number, but it is good enough to give the Board a picture of where it is coming out. Under security grant, this is a security grant that we cover for certain operational issues. Lastly, Metra puts aside some capital farebox financing. As of now, staff is projecting to only put aside \$2 million, and he will say that this is a fairly low number, but may be all that we can really afford to spare.

He concluded that essentially this is what the budget would look like. There are no fare increases or anything it is just kind of status quo. We have revenues totaling \$357, and sales taxes and other funding, brings us to a total of \$719 million. The present operating expenses this year were budgeted at \$713. This would be about a half of a percent increase over that. This is a reasonably tight box to get into, so the team will have to look hard to see what efficiencies we can find across the system in order to make that happen. Again, this is a very high level look, and based on the Board's guidance, staff will push forward and try to make this work.

Director Carlson asked Mr. Farmer how much of this is insurance in the Claims and Insurance category. Mr. Farmer responded that it is about half. Director Carlson stated that yesterday he was told that the markets are at a standstill because of the crude situation up in Canada. He would urge that staff jumps on that number sooner than later and get into the market to see if Metra can get any visibility on what the market is going to be doing. Mr. Farmer responded that he was speaking with Metra's Risk manager about that yesterday, and actually we just renewed recently, so we have quite a bit of time before we need to renew again. However, the manager is making a trip to start that recalculation process immediately, and they are going to make sure that we get out there and avail ourselves of the best deal.

Director Carlson also stated that he and Mr. Orseno know that the FRA is coming out with emergency orders on various things as a result of this accident. He trusts that Metra is in compliance or moving toward compliance. However, he is wondering if there are things like split rail derails that Metra should be considering at various places, and other safety measures to assure that we are protected against some unintended train movement. Further, that we will not permit any unattended train standing on any of our main lines. Mr. Orseno responded that this is what they are looking at. Also, there has been a lot of discussion over last couple of days about the meeting, and everyone is really concerned about what their plan is going to be and what they need to do. On the Metra lines, we typically do not have trains standing because of the limited capacity issues. But we will look at that, and are very much following the discussion up in Canada. Director Carlson remarked that he can talk to Mr. Orseno off-line about this because there are a couple of things that he thinks we should focus on a little bit.

Mr. Farmer added that he would like to adjust the answer that he just gave to Director Carlson. With regards to what the percentage is for insurance, he thinks that claims is about \$1 million a month. This is about \$12 million, with insurance being the rest. He thinks that this is probably about a third and half. Director Carlson responded that again, he just wanted to make sure that Metra is on top of this situation, because we do not know what is going to come out of this. There

was the accident in California and PTC came out of that. This accident was more horrific so he thinks that we have to start getting ahead of the curve on this one.

Lynnette Ciavarella, Senior Division Director, Capital & Strategic Planning, stated that she is going to give the Board an extremely high level of the 2014 through 2018 capital program. If the Board wants more detail behind it, you can go to the capital amendments, attachments B through D that will show the 2013 program. She continued that coming back in December, staff will be coming back with something similar to that for the 2014 program. Attachment C of the report provides a current five-year program, and they will be adding another year onto that and continuing that out. This would provide a summary, which she will be using as a launching point,

She continued that what she wanted to share with the Board is some preliminary RTA numbers and where we are going to be for next year. RTA is set to talk about the marks at their Board meeting next week, so what she has is some preliminary information that the RTA will be releasing, similar to what Mr. Farmer talked about. She said that Metra will continue to get the lion's share of the capital program funding through the core federal dollars. They are looking at about \$153.2 million in 2014 out of the core federal dollars. This is what will be used to fund the majority of the program. RTA is holding constant the next two years. For 2014, funding is similar to what Metra is receiving this year in 2013 and 2015. Then they have added a small amount for inflation for 2016, 2017 and 2018. In past years, Metra has applied for, and have successfully received Homeland Security funding. There is a \$5 million placeholder in the capital program. This is generally what has been used in the past.

She explained the next is CMAQ funding. Metra will not receive any funding in 2014, but it has three projects that staff believes will be going through the CMAQ process for funding that will allow Metra to secure about \$21 million total. Of that, \$4.2 million will be needed for matching funds. Staff will figure out how we are going to do the match for those three CMAQ projects. In the past, Metra farebox capital dollars have been used, as well as, RTA dollars if those were available. Staff will be looking at that. Another thing that the RTA has asked us to include in the program is to spend down the remaining portion of the bond program. She said that she has included the \$80.7 million of the "Jobs Now" money. RTA is also asking Metra to put on the books for 2014 the remaining \$290.7 million in "Jump Start." The Board has already provided staff direction on how to spend those funds, which is actually attachment D of the program. The RTA is also asking us to go ahead and program that out. This is something that the Board will see as it comes forward.

She stated that the next item is somewhat significant. If you look at the RTA discretionary funding, there are zeroes all the way across. She wanted to highlight this, because last year as Metra went through the budget process for 2014, Metra was supposed to receive \$4.3 million and in 2015 we were supposed to receive about \$4.2 million in RTA discretionary money. This money has been removed from the program in favor of the RTA issuing an RTA bond program. This \$100 million RTA state of good repair bond program would be distributed from the RTA to the service boards in proportion to prior RTA capital releases. Meaning that CTA would get 50% of the \$100 million, Metra would get 45% and Pace 5%. Under this proposal we would get \$45 million. Metra could obviously use that money, so the Metra team has asked the RTA to consider a couple of things, because we were rather surprised that the discretionary funding was removed. The team also asked the RTA if they would consider letting more of a bond issuance than the \$100 million. We

have asked the RTA if they would consider Metra getting a higher proportionate share. Instead of getting 45%, if they would consider compensating Metra for the \$8 million or so that we would be losing over the two years of discretionary money, as well as to offset some of the prior bond issuances where Metra did not quite get their 45% share. She said that they also asked if the RTA would consider providing Metra some operating discretionary funding similar to what they do for CTA and Pace.

She continued that to date, it does not seem that we have made much progress on any of those fronts. The marks that she has shown here are the marks that will probably be provided to their Board on August 31st. The final line on the slide is the \$2 million for farebox recovery, or the capital farebox transfer program. This is what Mr. Farmer has mentioned, and she did speak to Mr. Farmer about this. The placeholder for the out years is to put \$10 million for each of the out years. Staff will be looking for some Board guidance on that.

Ms. Ciavarella explained that as they go through the program, they sit down with all of the user departments and ask them to provide to them their complete list of what they would like to accomplish in 2014. Right now there are over \$780 million worth of projects to be funded out of the money that is on the slide. The team will be working through an exercise with the user departments, and senior staff to get the Board something somewhat close to this number for further discussion and guidance. They will be using the categories that were discussed last year during the strategic plan exercise, with safety and state of good repair being the first two things that staff has identified. As mentioned they will have a 2014 program. However, it won't be balanced when they bring it back to the Board, although, it will be close.

She stated that the final program will be presented in October after receiving feedback from the Board in September, which will then go out for public feedback. The only other thing that she would like to mention is that the RTA has updated their state of good repair report. This is a report that the RTA updates on an annual basis. If the Board recalls, Metra's number used to be \$7.3 billion. We are now at \$9.7 billion. She believes that this number is going to grow over the course of the next handful of years. AECOM has been working with our engineering department and all the other departments updating our assessment, and the conditions of all Metra assets. As they get the full slate of those assets, staff will be turning those over to the RTA, putting those into the RTA Condition Assessment report. The number shown from next year's report is probably still going to be constant. Once we get all the data in, that number will change. However, how that number changes is yet to be known. As they get more information on certain assets they might go up or down, but she can suspect that over the course of the new two updates, this number will be different.

Director De Graff stated that he has a quick question about PTC. It has not been talked about much here today, and obviously when we start talking about a \$9.7 billion increase relative to capital funding, and taking care of state of good repair, PTC comes into mind immediately. He asked if this comes into play in a big way. Also, he asked if perhaps the Board could receive an update from Mr. Smith relative to PTC. Ms. Ciavarella responded that one of the things that the team will be talking with senior staff about, and then bringing something back to the Board, are the needs of the bond program. Right now there is about \$118 million in the state bond program that the RTA has asked for us to put on the books. The reality of when that bond program is going to be released and when

that money is going to come forward we do not know yet. We do have money from the RTA for a bond program, so we can talk about how to fund things through that, and then through the core federal dollars. This will be a big balancing act. She believes that staff is still trying to figure out what the ask will be for PTC. She said that they are not looking at draw downs and cash flow so are not putting more in than we can spend.

Director De Graff remarked that this is all relative to the timing of what the demand is, what the mandate is, and that is why it is so hard to budget. It is hard to talk about \$9.7 billion or whatever the budget is going to be for 2014 without knowing where we are with PTC. Ms. Ciavarella remarked that this is correct. She will be bringing this back in September with more detail behind those pieces so that they can try to figure out how to balance out the program. This is similar to what staff did last year with the Board, where staff brought forth where we were and the Board gave direction on how to balance it out.

Mr. Smith added that in terms of Congressional action regarding possible PTC delay, the most recent action has been a bill offered up by Senator Thune about essentially delaying PTC until 2020. This has been sent to the Senate Commerce Committee, where it still resides. Currently Congress is in recess, and may very well be considered when they return in the fall. In terms of the likelihood of its passage, he really does not know. He believes that the PTC delay will get probably a serious review during the preauthorization process, which he is told is still on the agenda for the fall session. However, he would warn that it is a very tight deadline to get something through September. They do not have a lot of days scheduled to actually do much activity.

Director De Graff remarked that there was the New Jersey/New York summit that took place some time ago, and there seemed to be some consensus building that took place because of that. He asked if there is a need again with respect to the transit organizations across the county to come together, or is there a need for us to provide some additional lobbying to those people that make those decisions to allow this to be much more concrete and allow us to work in a faster fashion to properly budget. Mr. Smith responded probably not right at this specific time regarding lobbying. He would say that coming off the New York summit with the larger commuter rail properties, they came together to take a hard look at PTC and build some consensus around the delay of PTC. The recommendation that came out of that summit went to APTA and is now wrapped into the APTA process, their commuter rail committee. APTA has officially adopted 2018 as the date, with two year options at the discretion of the Transportation Secretary. This is the official position, which we have also joined on to with the rest of the industry. This has been transmitted to Congress so they are aware of it. There will be a need to do additional lobbying at such a time when Senator Thune's legislation is considered or when pre-reorganization is actually underway.

Director De Graff remarked that it just seems, and this has been discussed for the last two and half years at Metra, that we are really on the verge of 2014 and 2015 was the mandate. Now 2018 looks like it is not that far in the distance, and we are going to have to really look at whether it is 2018 and 2020, and to somehow make a decision relatively soon as far as Congress goes. It just behooves them and behooves us to get an answer. Mr. Smith responded that during the spring, they met with the Senate Commerce Committee in particular about this issue, and they did remind us and reaffirmed that current law is 2015. We have to show that commitment to try and do the best we can to make 2015. He is told that there are some funding and other impediments that show that it

is not possible for us to make 2015. But that does not mean that we should not try everything we can to show our good faith effort, which is what the FRA demands. Director De Graff stated that we all appreciate the compliance and need to comply. It is just that somebody needs to allow us to comply to realistic expectations, and the longer we live in a dream world, the less we are going to be productive. Mr. Smith responded that he understands.

Acting Chairman Partelow stated that it seems to him that the delay is a good news/bad news anyway. When it started out it was something like \$150 million or somewhere in that neighborhood, and it was a couple of years ago that the price was pushed up. He asked what is it now. Mr. Orseno responded that it is around \$221 million and some of the figures are \$232. There is no question the longer it gets pushed out the higher the dollar amount is going to get unless there is some competition out there, and right now there is not. Acting Chairman Partelow stated that we are faced with a prospect of \$150 million that Metra does not have, versus \$220 million that we also don't have. Metra does not have the money no matter what it is. He asked what is the probability of Congress really doing anything substantively about it. Mr. Smith said that in his opinion, he believes that there will be traction to delay to realistically 2018. The question is what is the vehicle to get that done. Will it be a stand alone bill such as Senator Thune's? He believes that this is probably doubtful. He believes that it will be wrapped up in a pre-reorganization process. There are too many large scale properties out there who are in the same boat that Metra is. He is of the mind that this will be given some serious consideration.

Acting Chairman Partelow asked if the technology is even available if we had the money. Mr. Orseno responded that there are frequency issues with the FCC that are still trying to be worked out. He continued that if he may, just to make sure that everyone understands, that when they talk about PTC and the possibility of the date being pushed out, we still need to work collectively and come up with some reasonable solution that we earmark money every year so that we are in compliance. He said that what will happen is that when we do get to that out year and we haven't done anything, or haven't appropriated the proper funding, instead of sitting here and saying that we need \$200 million it might be up to \$350 million and we haven't done anything. He believes that this is the reason why they haven't been too energetic to get some of the things passed, because everyone would wait until the last second. We have been told by the vendor that we have to get on the dance card in order to get this done. If we don't, everyone is going to wait until the last minute and they won't be able to produce the product to make it happen. Mr. Smith added that part of that has been our request to get some sort of relief from Congress to help address some of these issues. The Buy American issue, the sole source issue, and the spectrum issue. These are things that are really holding this whole thing up, and that is why we are not going to make 2015. However, this puts 2016, 2017 and 2018 in jeopardy if those issues are not cleared up.

Director Carlson remarked that about ten years ago he had a conversation with Metra's Executive Director and asked how much of the capital is being funded, and the answer then was about 40% of the need. Five years ago he had a similar conversation and it was 33% of the need. Looking at these numbers, we are down to 27% of the need. He wants to go back to an earlier comment that Mr. Orseno made about A-2 or the Western Avenue interlocker. We are not sure how old that this is. He has a picture from 1932 of it, and it looks pretty worn at that time. Based on technology, it is probably 1920, plus or minus. He believes that it is around 100 years old, with an obsolete technology. He continued that seven out of the eleven lines go across that interlocker. Four of the

revenue service lines go across that interlocker: the UP/West, Milwaukee North, Milwaukee West and North Central.

He continued that he has asked the Milwaukee Road Historical Society how old A-2 is, and they can't even tell him how old it is. He thinks that we need to start letting everyone know how critical this is going to be. He also thinks that we need to take some projects that people can clearly understand and say these need attention now, not down the road. He said that we talk a lot about PTC, but there is some basic infrastructure that needs a lot of attention. Maybe we have an opportunity, as everybody is looking at everything, to understand what the needs are of a railroad. Metra is a railroad, and people need to understand that. Railroads require more re-investment in capital than any other industry out there. Utilities are the closest.

He said that somehow we have got to get this message across, because long term what we are facing now in his opinion is unsustainable. He is talking five or ten years out. We need to start addressing that, and he thinks that we need to get some projects that people can clearly understand and clearly relate to, because getting people to understand investment in track and signals is pretty arcane for most people.

Director Schaffer stated that he has to ask his fellow Board members to agree with him, that he thinks he is going to give Director Carlson the Lonnie Hill award. Lonnie Hill was a Board member of many years from Suburban Cook and he gave the same speech the first year he was on the Board, which was 2006. Mr. Hill gave it every year, and all he can say is that the members of the Board have been screaming about it for as long as he has been around. He will say that in 1983, when Metra was created, the thought on funding was that the state and federal governments would provide X amount of money, percentages for capital. This has not happened. We are the only suburban transit operation in the county that he knows of that uses farebox for capital. He does not know if that has changed, but the last he heard, Metra was the only one doing it. It used to be \$10 million a year, and it had to be reduced to \$5 million. Now we are talking about \$2 million, which leads him to his question. He said that we use that money to match federal grants. He asked if this is reduced to \$2 million, will Metra be leaving federal money on the table because we have no way to match grants. Ms. Ciavarella responded that at this point she cannot 100% answer this question, but can tell the Board what they have seen. Under Map21, a lot of the discretionary grant programs did go away to some extent and get moved into formula dollars. This is where we saw an increase in our formula funds. She does not know what kind of grant programs are going to come up in the future. However, there have been rumblings of more TIGGERS and TIGERS, and we do have an application right now for a TIGER grant.

Director Schaffer asked if we are due for a TIGGER. Ms. Ciavarella responded that we are. However, it is going to be a balancing act. She knows that when we went through and looked at what the needs were for 2014 for Metra dollars, we have in the magnitude of \$10 million for 2014. We are only, though, talking about \$2 million. Again, these are conversations that senior staff is going to be having, what they will be debating about, and when they come back in September there will be more discussion. She said that as the Board recalls, there was quite a bit of discussion if it was 0, or if it was 5 or if it was 10 of how much money was going to transfer over to the farebox. She anticipates that these questions will definitely be on the table for part of the discussion. Any

guidance that the Board has for staff today will be taken in consideration as they try and put some form of a program together for the Board's review.

Director Schaffer said that rightly or wrongly, he thinks that the farebox fund has served Metra well in capturing federal dollars. He continued that consider his comment kind of a push back on the idea of reducing it to \$2 million. Having said that, he understands the budget constraints that we are in. He said that Ms. Ciavarella also mentioned during the RTA remarks that the discretionary money had gone away. He asked where did it go to. Ms. Ciavarella responded that it is her understanding that in order to release the million dollar state of good repair bond program, they are going to be using some of the dollars, specifically the \$4 million, with other dollars in order to do the bond release. She said that they were surprised to see it no longer there. However, staff has asked the RTA to make some considerations.

Director Schaffer asked if Pace and the CTA were upset over the loss of discretionary funding. Ms. Ciavarella asked Mr. Farmer to comment on this. Mr. Farmer responded that there will be no discretionary funding coming to us for operating. The discretionary money is, and he did not bring that information with him, something like \$170 or \$180 million. Pace gets a relatively small amount, \$4 million or so and the CTA gets the rest. Metra receives zero. Director Schaffer remarked that he understands that the CTA has problems and he is very sympathetic, but you know, they are not the only game in town. However, he has been singing this song for six years, and he does not want to waste anyone else's time on it. Mr. Smith added that matching funds for the draw down to access federal funds, an issue that needs to be brought to the Board's attention, is actually not so much the availability of funds, it is actually having projects ready to go. Most of the discretionary federal programs are something that are already engineered, ready to go, or a project on the shelf that can be pulled down, apply for and get going. We don't have those projects for budgetary issues, reasons, he is told, because we have not engineered very many projects. Even if we look at A-2, it is not engineered. If \$100 or \$200 million came from somewhere, and we had the possibility of accessing those funds to do the project it is not engineered. This is something that the Board needs to be aware of. He does not want to speak out of turn, but it is something that the administration is definitely interested in and maybe there is something we can bring to the Board to consider, maybe some pot of funds. He stated that it usually takes at least a one-year or two-year project just to get it engineered, let alone go and apply for funds to try to actually get the project done. There is a significant lag time.

Director Carlson stated that the bottom line is that we need to make a decision. He is urging as an individual Board member that we need to make a decision on certain projects, need to figure out how we are going to fund the engineering, and how to have some shovel ready stuff. He thinks that one thing that needs to be decided is whether or not we are going to have a level crossing or a flyover, and then to get rolling on this and not continue to kick the can down the road.

Mr. Orseno added that he totally agrees 100% with Director Carlson. In the state bond program, some money has been allocated to do engineering work so we do have some shovel ready projects. Regarding the A-2 interlocking where you cross at Noble Street, there was a concept of washing all the trains at one central location. There was also a concept of doing a flyover there. He said that Mr. Smith has a good point. If Metra does have shovel ready projects, we can look at what we need to get done. If we don't have shovel ready projects, and don't have money to use, we are going to

lose funding from the federal government. He hopes that everyone would be on board with getting some of the projects ready, with getting some of the engineering work done because as mentioned, A-2 is critical to Metra's operation. There are approximately 352 movements across that interlocking every day.

Director Schaffer stated that he totally agrees with everything that has been said, but in the past the shovel ready projects tend to be things like train stations, because everyone wants a new train station or bigger parking lots. He is not any different because he has needs in his area, too. Hopefully the engineering we could start working on would be for some of these projects like the interlockers. Perhaps we should try to get a small project, a medium project and a large one shovel ready as quickly as possible so that Washington will come forward with some money and Metra can take advantage of it. He added that he views trains stations kind of pork barrel work. We all love it, but our priority should be safety and state of good repair.

Director Mulder remarked that she would be remiss if she did not ask about the status in regard to shovel ready projects. She knows that Metra has been working with the Illinois Tollway for Star Line for over a decade and she knows that this is something that local communities have an interest in and planning departments have worked on. Some of these projects have been waiting for funding for decades. She asked if this is still on the books. Ms. Ciavarella responded that as the Director recalls, the Board went through an exercise about prioritizing projects and how we would go ahead and do the prioritization. This went out for public comment, and the draft Strategic Plan was issued to the Board as well as the committee. System expansion, which is what the Star Line would be, is one of the bottom priorities. In theory we would take the funding that we have available and start looking at a project that hit the safety aspect, hit the state of good repair aspect, and work our way through the list. With the current funding Metra has right now, it is going to be hard to do system expansion. She said that she has also talked about looking at system expansion and how you can take that particular project, or whatever system expansion project it is, and look at how you might be able to do state of good repair with that particular project. With the Star Line, because it is a completely new infrastructure, it may be a little bit of a stretch. Some of the other New Starts that have been discussed, such as the UP/NorthWest line and the UP/West Line are actually a combination of system expansion, but is on existing infrastructure where it would allow Metra to do service enhancements to an existing line, as well as hit some of the state of good repair pieces. What staff is looking at is pairing those projects together and see what kind of funding sources are available in order to leverage the best funds to let us do what he will call the biggest bang for the buck. We are able to move forward with funding on projects that meet a bunch of the criteria.

She continued that just this week, the FTA has released the new policy guidance for New Starts and Small Starts. On the Map21, they have made substantial changes to the New Start Small Start program. The guidelines were just released on Wednesday, and staff are still sifting through that looking to see what the new criteria categories are that is related to that. The team is also going to be looking at the UWP grant, which she believes she spoke about earlier, to look at all of those projects at the back end of the Strategic Plan, the long range ones, and start balancing those out for a real high level cost benefit so to speak. She said that once they get that analysis and pairing that up with some of the New Starts, staff might be able to see what priorities they will be able to bring

back to the Board. This way the Board could have a pretty lengthy and heavy discussion on where Metra might go long range to satisfy some of the systems expansion, system enhancement projects.

Director Mulder said that she agrees that the priority should be A-2, because she has seen this and knows that it needs to be addressed. However, being that we are a six-county organization, right now most of our lines are focused on getting into the city and then out to the outlying suburban areas. With the Star Line project this is to connect some of the suburban areas because, if you live in one suburb, but work in another, you still have to get in your car and drive. People don't have that option. This was the impetus for bringing together a number of communities who kept funding the original costs. They all put in a great deal of money, and she also knows that the mayor of Rockford keeps wanting to connect to O'Hare and that would be one portion of it. She knows that we can't lose sight of some of those potential needs as well, because we are a six-county area and sometimes, there are other directions that people need to move. Ms. Ciavarella completely agreed. We do have to think long term, and understanding that a project just is not going to happen tomorrow. Building a new rail line is going to take a number of years, and we wanted to make sure that all of those areas are represented in the plan. These are all the things that we have to think about and position ourselves to move forward with.

Director De Graff stated that he would be remiss if he did not say anything about the Southeast Service needs in Suburban Cook County. Service enhancements are obviously very important to all of the members on the Board. The bottom line is, as much as they want to see service expansion, they understand it is going to take some time and it is going to take some very creative financing on the local level that is going to probably require PPPs and other ways in which authorities or those that are looking for ways to make it happen. We are going to have to get creative to allow the federal government to create the match and to allow Metra to own and/or operate it as the case may be. He thinks that we need to keep our eye on the ball and to understand that state of good repair is the primary focus. Service enhancements and expansions are important. There are transit deserts out there, as Director Schaffer has aptly put this, and there are a lot of people who would like to get to and from the City. This is important to the respective economies and communities. As a Board we need to keep that in mind, and he knows that they will. He thinks that the trend would be to just keep thinking about A-2, which we need to, but we can't forget about the fact that there is a lot of people who do not have the opportunity for service in our current situation.

Director Carlson added that he has spoken to Director De Graff about some of these service expansions. We have to look at the check model and change it. Because Metra only gets X amount of sales tax revenue, and just because we expand a rail line, we will not be getting any more sales tax revenue. This is not a direct function. There are some really, really significant economic issues that probably need to be on the table here as to what we do. Further, on the Star Line there are some very interesting wetland issues and very interesting civil engineering issues that need to be addressed. This is not a slam dunk by any stretch of the imagination.

Director De Graff remarked that it strikes him that this might be an appropriate time to discuss something before we go into Executive Session. He said that in light of what Director Carlson said before, in light of where we are in this organization, on behalf on the Board he wants to extend a commendation to Mr. Orseno and Mr. Wiggins, the executive team here at Metra, for what they are doing and how they are handling themselves as an organization. This has been an interesting few

months in this transition, and it is clear to him from the reports that we have been getting is that Metra is still very much functioning. It is a great organization. Metra successfully transport hundreds of thousands of passengers each and every day, and doing so in a safe manner.

He continued that he thinks that as a Board we need to recognize this, and state that, despite the challenges that Mr. Orseno and Mr. Wiggins have been given, and the remaining six members of the Board have been given they have remained very focused. He said that the Board needs to say thank you for that to the leaders of the organization, to all those department heads, and people who are running this organization in an extremely excellent manner. He thinks that for him looking forward, as well as each of the Board members here, are here to help to do what we can. Not to micro-manage in anyway, but to assist the team as we go forward. Many issues were talked about today, and he thinks with the news reports of the Governor's Task Force meeting to help participate in making a difference to essentially change the engrained culture here in Illinois and make the set of circumstances better, the Board as well as staff will be there to help. He believes that he speaks on behalf of the Board that we can get this done, and with God's help we can take the challenges that we have here today as an administration, as a team of executives and as a Board, using good people to make the difference. He wants to thank staff and he thinks it is important that as a Board they say thank you for what Mr. Orseno and Mr. Wiggins are doing. He looks forward to what they will be doing, because it does make all the difference in the world.

Director Mulder stated that she would like to piggyback on what Director De Graff has said and add her thanks. Mr. Orseno and Mr. Wiggins are doing exactly what she feels that Metra needs to do, and that is to focus on getting the riders where they want to be when they want to go there, and keeping the operation moving. This is our focus, not that other stuff that is going on, and we need to just keep doing what we do best. There is nothing better than that article about our safety. This is utmost, always. She would like to ditto everything Director De Graff just said. She could not say it any better.

Mr. Orseno commented that we do appreciate those remarks. However, it is not just Metra, it is all the fine men and women of the UP and BNSF. Everybody is pulling together during these hard times and everyone is focused. He said that he would like the Board to know that nothing has changed. If it wasn't for the professional men and women out there, we could not accomplish this. He will make sure that this message gets passed along to everyone.

52. ADJOURN TO EXECUTIVE SESSION FOR MATTERS RELATING TO EXECUTIVE SESSION MINUTES (Section 2 (c) (21)), AND PERSONNEL AND LEGAL COUNSEL (Section 2 (c) (1))

Director De Graff moved and Director Widmer seconded to adjourn to Executive Session. Acting Chairman Partelow requested leave by the Board for the previous roll call. The Board granted leave and the Board adjourned to Executive Session. The motion carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

The Board returned to open session, and Acting Chairman Partelow asked for a roll call. The six members of the Board were in attendance.

DISCUSSION WITH POSSIBLE ACTION

53. Personnel - Monthly Hiring Resolution

No action needed.

54. EXECUTIVE SESSION MINUTES - Board's determination to Release Certain Minutes, or portions thereof, of Meetings held in Executive Session and Retain as Confidential the Remaining Minutes, or portions thereof

Phil Ackerman, Board Counsel, stated that this is part of the semi-annual review of Executive Session minutes, pursuant to the Open Meetings act. At this time, the recommendation of the Board Counsel is to make available for public inspection of the March 15, 2013 minutes, the discussion of litigation. The April 19, 2013 and May 17, 2013, the discussion of minutes of meetings lawfully closed.

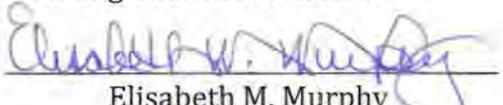
Director Widmer moved, and Director Mulder seconded to approve the release of those Executive Session Minutes. The motion carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow

55. ADJOURN

Director Mulder moved and Director Widmer seconded to adjourn the meeting. The motion carried with six ayes.

AYES: Directors' Carlson, De Graff, Mulder, Schaffer, Widmer and Acting Chairman Partelow


Elisabeth M. Murphy
Assistant Secretary to the Board

I, Arlene J. Mulder, in my capacity as Board Secretary of the Commuter Rail Board of the Regional Transportation Authority do hereby attest that the following minutes are a true and accurate reflection of the Board's meeting on the date so stated. In compliance with the Illinois Open Meetings Act, I do hereby authorize their release and publication.


Arlene J. Mulder, Secretary
Metra Board of Directors

**Commuter Rail Board
Ordinance No. MET 13-21**

An Ordinance amending Ordinance MET-13-16 with respect to the 2013 Capital Program, and 2013-2017 Capital Program.

WHEREAS, the Northeastern Indiana Regional Planning Commission has advised the Region V Federal Transit Administration Office of an increase in its voluntary allocation of Federal Section 5337 State of Good Repair Funds to Metra, increasing this from \$800,000 to \$2,000,000; and;

WHEREAS the Commuter Rail Division has been advised by the Regional Transportation Authority of the corresponding change in the Federal allocation of Federal Section 5337 funds to Metra as a result of NICTD's aforementioned decision;

NOW, THEREFORE, BE IT ORDAINED THAT:

1. The Board of Directors of the Commuter Rail Division of the Regional Transportation Authority ("Commuter Rail Division") hereby amends the 2013 Capital Program and Budget, and the 2013-2017 Capital Program, copies of which are attached hereto as Attachment B and made a part hereof, and further authorizes their transmittal to the Board of Directors of the Regional Transportation Authority ("Authority") in full compliance with Section 4.11 of the RTA Act.
2. The Executive Director of the Commuter Rail Division is hereby authorized and directed to take such action as he deems necessary or appropriate to implement, administer, and enforce this Ordinance.
3. This Section shall constitute the annual program of the Commuter Rail Division for services to be provided, operations to be continued or begun, and capital projects to be continued or begun during the fiscal year beginning January 1, 2013 and ending December 31, 2013. Authorization is hereby given that the programs and projects herein named may be implemented, or actions toward their implementation taken, during said fiscal year.
4. Sections 5 through 7 of this Ordinance shall constitute the Budget for operations of the services ("Operations") provided by the Commuter Rail Division other than for technical studies and capital projects as provided in Sections 8 through 10 of this Ordinance for the fiscal year beginning January 1, 2013 and ending December 31, 2013. Sections 8 through 10 of this Ordinance shall constitute the capital budget for project expenditures incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013.
5. The estimated Commuter Rail Division Operating Funds expected to be available from all sources during 2013 are (in 000's):

Total Operating Revenues (excluding Capital Farebox Revenues)	\$366,360
Metra 2012 Sales Tax	254,827
Metra 2012 Sales Tax & PTF (New Transit Funding)	91,113
Transportation Security Grant	<u>1,200</u>
Total Sources of Operating Funds	<u>\$713,500</u>

6. The following named sums, or so much as may be necessary, are hereby appropriated for the specified use (in 000's):

Operating Commuter Rail Services and Support	<u>\$713,500</u>
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7. The following are estimates of the revenues and expenses for the Commuter Railroads (in 000's):

Operating Revenues	\$366,360
Operating Expenses	<u>713,500</u>
 Total Funded Deficit	 <u>\$347,140</u>

8. The following named sum, or so much thereof as may be necessary, respectively, for technical studies and capital projects which remain unexpended as of December 31, 2012, is hereby reappropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

Total	<u>\$806,897</u>
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9. The estimated Commuter Rail Division Capital Funds expected to be available from all sources to finance the 2013 Capital Program are revised as follows (in 000's):

		<u>Revised</u>
Federal Transit Administration	\$153,294	\$153,294
Federal Department of Homeland Security	5,000	5,000
Federal New Freedom	300	300
Federal 5337 Funds (via NICTD)	800	2,000
RTA Capital	7,000	7,000
Illinois Jobs Now Bond Fund	106,000	106,000
Metra 2013 Farebox Capital	<u>5,500</u>	<u>5,500</u>
 Total Sources of 2013 Capital Funds	 <u>\$277,894</u>	 <u>\$279,094</u>

10. The following named sum, or so much thereof as may be necessary, as revised, respectively, for technical studies and capital projects, are hereby appropriated to meet all obligations of the Commuter Rail Division incurred during the fiscal year beginning January 1, 2013 and ending December 31, 2013 (in 000's):

		<u>Revised</u>
Rolling Stock	\$45,104	\$45,104
Track & Structure	46,273	46,273
Signal, Electrical & Communications	81,924	83,124
Support Facilities & Equipment	33,746	33,746
Stations & Parking	51,627	51,627
Support Activities	<u>19,220</u>	<u>19,220</u>
 Total Uses of 2013 Capital Funds	 <u>\$277,894</u>	 <u>\$279,094</u>

August 16, 2013