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Authority**

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**Senator Frank Watson
Senate Republican Leader
309A State House
Springfield, IL 62706**

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Dear Frank:

On behalf of Metra, Pace and the CTA I appreciate the awareness that you and your caucus have shown of the importance of a reliable mass transit system in the metropolitan area. As you say in your letter nothing is more important to the economy of our six county region and ultimately of all of Illinois.

Two years ago when Steve Schlickman, RTA Executive Director, and I, newly arrived at the RTA, began our Moving Beyond Congestion strategic planning process we were keenly aware of the need to demonstrate that the RTA and the three service boards had taken every step possible to operate as efficiently as possible, that we had a plan developed after widespread public input as to where we would take transit in northeastern Illinois were we to be given the necessary funds, and that we had produced a consensus among City, suburban and collar county leaders as to the reforms needed to achieve those efficiencies and to carry out expansion plans without duplication or waste.

Over the past two years we have worked closely with the Auditor General to look for ways to improve operations at the three service boards so as to reduce costs. The result was one of the most comprehensive management and performance reports ever produced by Auditor General Holland and his staff.

That report found that the financial crisis is real and extremely large and that while there are areas in which further efficiencies can be produced, efficiencies and fare increases cannot come close to solving the problem. The report recommended a series of reforms to avoid duplication, increase coordination and reduce costs, to give the RTA more of a leadership role, and virtually all of those recommendations would be implemented with the passage into law of SB 572.

Probably the biggest problem facing any of our service boards and clearly delineated in the Auditor General's report is the problem of the underfunding of the CTA's pension fund and retiree health care system. We at the RTA have been vocal on this issue from the beginning and repeatedly said that to give the system additional funding without dealing directly with this problem would be a waste of public funds.

With real leadership from CTA President Ron Huberman, with a courageous recognition by the unions involved of the need to change and with substantial help from the RTA, a landmark agreement was reached some months ago to reform this system. This agreement is memorialized in SB 572 but is null and void without the passage of that bill.

Every major business group in Illinois has endorsed this reform agreement and suggested that it become a model for the state as it attempts to deal with its own pension problems.

As the chief House Republican negotiator of the 1984 RTA reforms, I have listened carefully to the concerns voiced repeatedly by suburban and collar county legislators over the years since then as these areas have grown rapidly in population and economic importance. These concerns have included the lack of population equity on the RTA board, the perceived unfairness of the funding formula to Metra and Pace, a feeling that the City does not contribute enough towards the cost of operating the CTA, and that there is no real oversight of the CTA, Metra and Pace by the RTA. SB 572 deals in a very direct way with all of these problems.

I certainly agree with you that just raising taxes is not the solution to the problems of transit in the six county region. In fact I would argue that SB 572 is not primarily a revenue bill but rather a bill that will at long last produce exactly what you suggest is needed: a comprehensive, reliable plan for mass transit with the safeguards needed to ensure efficient and reliable public transportation long into the future

However as we both know nothing is truly free in life. None of this can happen unless adequate funding is provided. That is why we have suggested, with the support of local government leaders all across the region, the modest, regional sales tax increase embodied in SB 572. To date while some other approaches have been discussed, there is still no concrete competing proposal for consideration.

Virtually every civic group in the region, every local council of government and every single newspaper in the region that has editorialized on this issue is supporting SB 572 including the region-wide sales tax and the real estate transfer tax which the Chicago City Council would be empowered to impose.

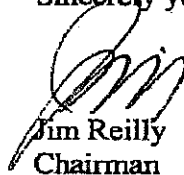
The latest organization to endorse SB 572 is the Taxpayers Federation of Illinois. That organization, not normally noted for supporting tax increases, while noting their concern that the RETT home rule exemption not be further modified, suggests that the small increase in the regional sales tax imposed by the RTA "is a reasonable revenue source since it will be targeted primarily on the taxpayers of the area that is serviced by the RTA."

You suggest that a moderate fare increase might be part of the solution. Certainly if the Governor and four leaders agree on that approach we would most definitely implement it but again the Auditor General's report makes it clear that a fare increase alone does not come close to solving the problem. SB 572 does continue the requirement that 50% of

the costs of operating transit be received from the farebox so there will be a requirement for fare increases over time.

Once again I appreciate the recognition by you and your caucus of the importance of dealing with the issue of public transit in northeastern Illinois and I look forward to working with you towards a prompt and effective resolution.

Sincerely yours,



Jim Reilly
Chairman
Regional Transportation Authority