



*PROPOSED*

# **1999 Annual Budget Summary**



***We deliver quality,  
affordable transit  
services that link  
people, jobs, and  
communities.***



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**Frank Kruesi**

President

# CHICAGO TRANSIT AUTHORITY 1999 PROPOSED BUDGET



We deliver quality,  
affordable transit  
**Rebuilding** services  
that link  
people, jobs,  
and communities.

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## LETTER FROM THE PRESIDENT:



I joined the CTA a year ago this month. My very first day of work was the day that service cuts went into effect. My job was to go out and explain why they were necessary. It forced me to think quickly about the decisions and events that had caused the CTA to get off track. But more importantly, it made me focus on the future and the steps necessary to rebuild this agency, inside and out, into the successful, respected transit system that it had been and had the potential to be again.

Although 1998 presented its share of challenges, ultimately it has been a very rewarding year. The CTA has made tremendous gains. Much of the credit belongs to the many dedicated and talented employees who have worked so hard this year. But equally important is the strong support and leadership shown by our Board of Directors and Mayor Richard M. Daley. They have backed us when we've made tough decisions and they have encouraged our creative ideas. The best is yet to come. As you review our 1999 budget, you'll see that this is not a budget about cutting, but about re-building.

Let me be clear. The CTA must stay lean. It still needs to control costs and maintain the streamlined organization that the Board and staff have worked so hard to achieve. The good news is that the tough decisions of the past have paved the way for the future.

Each element in the 1999 budget is a stepping stone along the path to rebuilding the CTA. It includes innovative programs designed to help the CTA rebuild our infrastructure, our ridership and our customers' satisfaction.

We measured every proposal by a simple guideline: How can it help us achieve our objective of providing on-time, clean, safe and friendly service? One thing I've learned in my year as President of the CTA is that for us to succeed we must all learn to view our service through the eyes of our customers. It is my sincere wish that "on-time, clean, safe and friendly" will go from being buzzwords to being every new customer's first impressions of the CTA. Judging by the many creative and ambitious ideas suggested this year, I believe that wish is within reach.

The CTA is not just striving to rebuild, it is succeeding.

Sincerely,

A handwritten signature in blue ink that reads "Frank Kruesi". The signature is written in a cursive, flowing style.

Frank Kruesi

Chicago needs a strong, viable public transportation system. The Chicago Transit Authority (CTA) was created in 1945 to meet that need, taking over from failed private operators. Within a few years of its creation, the CTA was recognized as a premier transit agency. CTA provided such excellent service that by 1948 it had provided one billion trips, and by 1964, it was nationally recognized by the American Transit Association for transit and passenger safety.

Unfortunately, the inflationary period of the late 1960's did great harm to the CTA. Increasing labor costs and declining revenues fed a vicious cycle of fare increases, ridership declines and service reductions. By 1997, annual ridership on the system was 420 million, a loss of 47 percent over 36 years.

During this period, CTA was unable to reinvest in its system at the required rate. Facilities built in the 1890's aged remarkably well, but age they did. By the 1970's, CTA considered the possibility of closing rail lines due to conditions that were threatening to become unsafe. The service that once made the Chicago Transit Authority the envy of the world had gotten off track. Despite shifting demographics, inexpensive gasoline and changing work patterns, we never changed the way we did business.

Today, 29 percent of our buses and 12 percent of our rail cars are over the industry standard retirement age, 50 percent of our buses and rail cars need mid life rehab, and 30 percent of our stations are 70 years old. Initiatives such as the \$56 million Neighborhood Station Improvement Program have helped arrest the deterioration. But they are not enough.

In order to replace deteriorating assets, CTA needs to commit \$4.1 billion over the next five years. However, the capital program totals only \$1.9 billion. This amount exceeds the projected funding level of \$1.8 billion. A State appropriation of \$138.0 million to cover required local matching funds for rehabilitating the Douglas Branch of the Blue Line and platform expansion on the Brown Line is not assured. In fact, if this State match is not forthcoming, CTA will be unable to claim over \$550.0 million of federal funds. If this occurs, the capital program would total only \$1.2 billion.



If the State provides the required \$138.0 million, a \$2.2 billion gap between capital need and funding will remain. This gap means older, less reliable and less comfortable vehicles; older, less functional and less accessible rail stations; and continued stretches of deteriorated track which require trains to operate below posted speed limits.

Even the indicated \$4.1 billion would not fully renew CTA. We need another \$4.0 billion over the following five years, 2004-2008, to complete the job.

With projected 1999-2003 CIP funding levels, we will begin to rebuild our physical infrastructure and make the system fully accessible to all passengers. Our goal is to bring CTA's infrastructure to "a state of good repair" and maintain it there. What does this mean?

- No buses over the industry standard 12-year retirement age and all buses rehabilitated at 6-7 years. This ensures reliability and rider comfort, and can reduce maintenance expenses.

- All rail cars rehabilitated at mid-life (12-13 years), overhauled at their quarter-life points (6 and 18 years), and either rehabilitated or replaced at the end of their useful life of 25 years.

- All rail stations in good condition and able to meet modern standards for passenger comfort, security, and reliability.

- All rail lines operated at scheduled speeds; no slow areas due to track or structural disrepair. Ensure rail signal systems are 100% reliable and meet modern standards of performance.

- Service management systems that are 100% reliable and incorporate modern features. Such systems send information between CTA's Control Center, vehicles and stations, and are especially important in dealing with emergencies and service problems.

- All maintenance facilities in good condition, so buses and trains can be serviced efficiently and effectively. CTA cannot ensure a quality ride if it lacks the resources to maintain the fleet.

Meeting and upholding these standards would significantly improve the comfort and reliability of services we provide our customers, and yield operational and maintenance benefits for CTA.



## Looking Ahead

Although the federal government enacted major transit funding legislation in 1991 and again in 1998, the State of Illinois has not done so in nearly a decade. In 1989, the Illinois General Assembly authorized the RTA to undertake \$1 billion in capital bonding on behalf of CTA, Metra and Pace. The three service boards together committed the majority of this money by 1995, and could have done so sooner had a follow-up program been in place. The CTA reconstructed its Green Line in 1994-96, demonstrating that it could effectively manage a large reconstruction program. These actions produced tremendous momentum in rebuilding the CTA. However, this momentum began to fade in 1996, after the Green Line reopened and no new funding was available to



continue system rebuilding.

With critical support from Mayor Daley, members of the Chicago City Council, and our Congressional delegation, the CTA secured New Start funding to rehabilitate the Douglas Branch, now the most deteriorated portion of our system. Funding was also secured to serve the burgeoning North Side communities by expanding passenger capacity of Brown Line stations. Along with our sister agencies, we also secured funding for strategically important expansions of local and suburban services.

There is no question that CTA, Metra, and Pace require additional capital funding support, and can put large sums to immediate, productive use to benefit the public and communities we serve. It is now up to the State of Illinois to assure the non-Federal matching funds required so our successes in Washington are not squandered; and then, to commit to a new program that will enable us to maintain the standard of service the region deserves.

Winning customers back to public transportation is our goal as we move towards the 21st century. This task is made more difficult by the complete elimination of Federal

operating assistance and the State of Illinois' failure to fully reimburse CTA for the cost of providing reduced fare transportation to seniors and school children. This burden, when layered on top of the cost of making our system ADA compliant, makes providing high quality transit service within current funding levels a formidable task.

The CTA is meeting this challenge by transforming into a customer-driven organization and viewing our service through the eyes of riders. We are adjusting our focus, our way of approaching what we are and what we do. Our goal is to create a transit agency that works so much better that our customers will regain faith in public transportation and increase their use of the system. The stakes are high: the future viability of the Chicago area depends greatly on residents' access to affordable transportation.

Our mission is to deliver quality, affordable transit services that link people, jobs, and communities. To accomplish our goal, we must provide on-time, clean, safe, and friendly service.



## On-Time

For the past 20 years, Mr. Earl Miles, known as the “Singing Bus Driver,” has delivered passengers to their destinations on time. “I endeavor to do my best to get our customers there with a moment to spare and a smile on their faces.” Operators such as Mr. Miles have the primary responsibility for delivering riders on schedule, but the dedication of thousands of employees behind the scenes contributes to their success.

Assisting workers behind the scenes in the future will be a new Bus Service Management System (BSMS) that will electronically pinpoint bus location, thereby reducing bunching. The system will also allow pre-empting of traffic signals to maintain schedules. A pilot program at two bus stops will alert customers when the next bus will arrive. If successful, the program will be expanded. This investment will make the system more convenient for customers and provide a tool for operators to deliver on-time service.

Visible performance standards such as posting, and meeting, bus schedules at stops,

combined with electronic signage from the BSMS, will also provide riders with accurate scheduling information. Bus route specific timetables join our rail station-specific timetables and will give our customers and us a standard to measure improvement on our current on-time percentage.

## Clean

Graffiti, window etchings and other vandalism cost the CTA millions of dollars each year. It affects the quality of our service by making riders feel less secure. In 1999, we will make an unprecedented assault on vandalism. Building on the success of the City of Chicago’s Anti-Graffiti Program, we will pilot a no-tolerance program at two bus garages. Cameras to monitor on-board activity will be installed on buses operating from these two locations, and videotape from these cameras will be used in the vigorous prosecution of all criminal activity detected. Damaged windows will be replaced as soon as they are detected. We are attacking the problem before it becomes too large to control.





Riders will also benefit from the expanded cleaning effort that began in the summer of 1998. Riders on the Red Line have seen the benefits of a massive cleaning, painting, and re-lighting program. That effort will be extended to cover the Blue Line subway as well. In addition, the number of work crews to scrub and sanitize vehicle interiors will be increased. Funding has been committed to equip all bus garages with washers to clean vehicle exteriors.

## Safe

The safety of the more than 1.3 million riders who use our system every workday, as well as our employees, is a responsibility we work hard to uphold.

“Security is a primary concern for the agency. Whether you are waiting for a Red Line train or riding the #49 Western bus, you need to feel secure on our system,” said Bob Dart, Chief of Security. We are making a concerted effort to improve safety on the system. All buses and trains will be equipped with state-of-the-art communication systems, ensuring vehicles remain in contact with the CTA Control Center. In addition, all rail

vehicles will be fitted with 2-way intercoms to allow communication with the operator. The 1999 budget shows funding increases by over a third for security services.

## Friendly

Driving change is our desire to rebuild the relationship with our customers. Communication is key to ensuring we meet the ever-changing needs of the communities that we serve. Implemented in the fall of 1997, our toll-free hotline (1-888-YOUR-CTA) can be accessed quickly from all rail station platforms, and has resulted in valuable feedback that has led to improved operations. Access to information will be even easier in 1999 when our Internet web site is modernized ([www.transitchicago.com](http://www.transitchicago.com)).

Beginning in 1999, customer service assistants and bus and rail operators will receive specially designed customer service training. Employees will be taught proactive skills to meet the needs of customers. This is the agency’s first significant step to foster the spirit of customer service within our employees.



Riders will benefit from increased availability of the Transit Card. The Magic Bus, CTA's mobile automated fare card demonstration vehicle, will travel to many special events, senior centers, schools, community organizations, churches, and police stations. The bus is equipped with an Automated Fare Card Vending Machine that works like any other in the system. This will enable customers unfamiliar with the Transit Card to learn the convenience and ease of use of this fare media. In order to build on the flexibility and convenience of the Transit Card, CTA will begin a pilot program to install AFC vending machines at neighborhood supermarkets and currency exchanges.

In conjunction with the ease of use of the Transit Card, a simplified fare structure will make it easier for customers to pay fares and obtain more value. For every \$10 purchase of a Transit Card, customers will receive a \$1 bonus, making it more convenient to purchase Transit Cards without having to use an unwieldy combination of bills and coins to receive the discount. This simplification, in combination with changes such as a 15 percent reduction in the cost of a Monthly Pass, makes CTA a more affordable transit alternative. In addition, customers will have the option of buying fare cards electronically through our Internet site.

Opportunities outside CTA's core daily ridership base have, until now, been virtually untapped by the agency. Our new Visitor Pass provides unlimited rides for 1, 2, 3, or 5 days. Tourist friendly maps also provide visitors with a quick and easy way to see the sights of Chicago via CTA. We will implement new alternative services to meet demands and investigate better ways to serve our customers.

Over 30,000 college students are piloting the University Pass program (U-Pass), that allows students at participating schools to ride on buses and trains each day for about the cost of a daily newspaper. This ambitious program is helping to create the next generation of transit riders. In its first month, students took over three-quarters of a million rides using the U-Pass.

These initiatives combined with a renewed emphasis on meeting and exceeding customer expectations will provide the drive that returns CTA and public transportation to their former preeminent status. We would like to thank each of our customers for their continued patronage. We are committed to you, our customers, and will strive towards excellence in serving you.

# 1998 Operating Budget Performance



*1998 Rail Round-Up Customer Assistant Champion Sharon Lewis (Green Line) is dedicated to making sure that every customer she comes in contact with has a good CTA experience.*

We will create a pleasant  
**Courteous** environment  
for our  
customers and ourselves.

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## 1998 Operating Budget Performance - Summary

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The following summarizes operating results for the 1998 projection compared to budget.

### OPERATING EXPENSES

1998 projected Operating Expenses are \$799.6 million. This represents an increase of \$17.6 million, or 2.3%, over budget. All expense categories are forecast at, or above, budget except for fuel, traction power and other services. A discussion of each of the major expense categories follows.

#### Labor

Labor for the 1998 projection is \$565.2 million, which exceeds the budget by \$5.9 million, or 1.0%. This increase was due to contributions made to the pension fund to cover liability from the 1992 incentive retirement program. These pension contributions were previously unfunded due to CTA's financial constraints. Lower average wage rates and a reduced work force resulting from the current incentive retirement program, combined with better staffing management has helped offset the higher pension contributions.

#### Material

Material expense for 1998 is projected to be over budget by \$6.7 million, or 11.2%. This overage is a result of the increase in the reserve for obsolescence of \$4.0 million, and the funding of bus maintenance expenditures with operating monies instead of capital. The increase in the obsolescence reserve is due to the write-off of inventory identified in the study performed by Mercer Consulting in 1996.

#### Fuel --Revenue Equipment

Diesel fuel for 1998 is projected to be \$13.1 million. This is under budget by \$2.2 million due to a lower purchase price. The 1998 budget assumed consumption of 20.7 million gallons at an average price per gallon of \$0.73. Actual consumption is projected to be 20.7 million gallons at an average price of \$0.61.

#### Electric Power --Revenue Equipment

Electric power for revenue equipment in 1998 is forecast at \$21.7 million. This is below budget by \$3.0 million due to lower electric rates. The lower rates are due to the successful rate negotiation by the Municipal Power Alliance. Lower consumption due to a mild winter also contributed to the positive variance.

#### Provision for Injuries and Damages

The Provision for Injuries and Damages is projected at \$42.0 million for 1998. This is \$12.0 million over budget due to increased funding for potential injuries and litigated settlements based on the most recent actuarial projections. In past years, CTA only funded the amount of payments expected to be paid out during the current year. Due to the recognition of some one-time revenues, CTA took the opportunity to cover some past unfunded obligations.

#### Purchase of Security Services

The Security Services expense is projected at \$17.4 million. This amount is slightly higher than the 1998 budget as a result of our continued commitment to improve safety measures for our customers and employees.

#### Purchase of Paratransit Services

Paratransit expense is projected slightly over budget, \$0.1 million, due to a 4.2% increase in the average trip cost during 1998, partially offset by a reduction in the total number of trips provided. In 1998, CTA will fund 1.1 million trips at an average cost of \$23.15. This differs slightly from the 1998 budgeted average trip cost of \$22.60.

## 1998 Operating Budget Performance - Summary

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### Other Expenses

Other Services includes expenses for utilities, maintenance and repair, advertising and promotion, contractual services, leases and rentals, and travel and training. The 1998 result is expected to be \$2.1 million under budget. Lower expense projections are based on the current expense trends. Mild winter weather conditions resulted in reduced utility costs, and the successful implementation of the Automated Fare Collection (AFC) project resulted in lower sales commissions for vendors of CTA fare media. Also, a capital funded buy-out of a service vehicle lease contract reduced expenses. Advertising and promotion cost exceed budget because the 1998 budget included Ridership Campaign expenses in the contractual services line-item.

### SYSTEM-GENERATED REVENUE

The 1998 projected System-Generated Revenue is \$422.4 million. This exceeds budget by \$17.6 million. All categories of system-generated revenue are projected at, or above, budget.

### Fare Box and Passes

Fare revenue is expected to be \$365.8 million. This is above budget by \$3.1 million. The 1998 budget assumed an increase in revenues due to less shrinkage with the implementation of AFC and higher ridership due to the ridership campaigns. Ridership is projected at 5.4 million trips fewer than budget, but ahead of the previous year's level, as ridership initiatives begin to take hold. The average fare increased from \$0.85 to \$0.87. Compared to 1997, fare revenue is expected to be \$5.5 million higher.

### Reduced Fare Reimbursement

Reduced Fare Reimbursement is on par with budget but continues to be well below need. The State appropriated \$20.0 million for reduced fare reimbursements to the RTA in its current fiscal year budget. Similar to prior years, the State's appropriation is substantially less than the amount the three Service Boards project for reimbursement. In 1997, CTA received \$17.0 million from the state. This was \$18.6 million less than CTA requested. In 1998, we expect the state reduced fare reimbursement funding shortfall to be approximately \$18.7 million.

### Advertising, Charter & Concessions

These revenues are estimated to exceed budget by \$3.7 million due to higher revenues from platform and vehicle advertisements. In 1998, the wrapping of trains and buses enhanced advertising revenue.

### Investment Income

Investment income is forecast \$1.9 million higher than budget due to a higher investable cash balance. This reflects an increase in cash receipts from sales of fare cards through vending machines, and cash received from innovative lease transactions.

### All Other Revenue Categories

All other revenue categories for 1998 are expected to be \$13.1 million, which is favorable to budget by \$8.9 million. This is primarily due to the one-time receipt of the insurance settlement for the Wilson fire loss.

### Public Funding & Recovery Ratio

Public Funding Required for Operations in 1998 is projected at \$377.3 million. As required by statute, this is equal to the funding mark provided by RTA. Included in the funding mark are state sales tax receipts, public transportation funds, and FTA operating assistance. All public funding amounts flow through RTA. The projected recovery ratio for 1998 is expected to be 53.48% - 1.55 basis points above budget due to a higher proportion of system-generated revenues in relation to expenses than assumed in the budget.

## Operating Budget Performance - Overview

(In Thousands)

	<u>1998 Budget</u>	<u>1998 Projected</u>	<u>(Unfav)/Fav Variance</u>	<u>(Unfav)/Fav % Variance</u>
<b>Operating Expenses</b>				
Labor	\$ 559,296	\$ 565,151	\$ (5,855)	(1.05%)
Material	60,365	67,113	(6,749)	(11.18%)
Fuel -- Revenue Equipment	15,251	13,054	2,197	14.41%
Electric Power -- Revenue Equipment	24,700	21,739	2,961	11.99%
Provision for Injuries and Damages	30,000	42,000	(12,000)	(40.00%)
Purchase of Security Services	17,260	17,369	(109)	(0.63%)
Purchase of Paratransit	26,400	26,527	(127)	(0.48%)
<b>Other Expenses</b>				
Utilities	16,611	16,163	448	2.69%
Maintenance and Repair	10,080	10,610	(530)	(5.26%)
Advertising and Promotion	2,040	5,813	(3,773)	(184.99%)
Contractual Services	19,592	13,717	5,875	29.99%
Provision for Passenger Security	2,611	2,611	0	0.00%
Leases and Rentals	6,834	8,056	(1,222)	(17.89%)
Travel, Training, Seminars and Dues	448	404	45	9.95%
Warranty and Other Credits	(13,546)	(14,081)	535	(3.95%)
General Expenses	4,059	3,380	679	16.73%
<b>Total Other Expenses</b>	<b>48,729</b>	<b>46,674</b>	<b>2,055</b>	<b>4.22%</b>
<b>Total Operating Expenses</b>	<b>\$ 782,000</b>	<b>\$ 799,627</b>	<b>\$ (17,627)</b>	<b>(2.25%)</b>
<b>System Generated Revenue</b>				
Fares and Passes	\$ 362,735	\$ 365,829	\$ 3,094	0.85%
Reduced Fare Subsidy	17,400	17,400	-	0.00%
Advertising, Charter, & Concessions	10,100	13,845	\$ 3,745	37.08%
Investment Income	5,300	7,197	\$ 1,897	35.79%
Contributions from Local Governmental Units	5,000	5,000	-	0.00%
All Other Revenue	4,200	13,091	\$ 8,891	211.69%
<b>Total System Generated Revenue</b>	<b>\$ 404,735</b>	<b>\$ 422,362</b>	<b>\$ 17,627</b>	<b>4.36%</b>
<b>Public Funding Required for Operations</b>				
Operating Deficit	\$ 377,265	\$ 377,265	\$ 0	0.00%
<b>Total Public Funding Required for Operations</b>	<b>\$ 377,265</b>	<b>\$ 377,265</b>	<b>\$ 0</b>	<b>0.00%</b>
<b>Public Funding Available for Operations</b>				
Public Funding through the RTA	\$ 377,265	\$ 377,265	-	0.00%
<b>Total Public Funding Available for Operations</b>	<b>\$ 377,265</b>	<b>\$ 377,265</b>	<b>\$ -</b>	<b>0.00%</b>
Recovery Ratio *	51.93%	53.48%	1.55%	2.99%
Required Recovery Ratio	51.90%	51.90%		

\* Recovery Ratio is computed by dividing Total System Generated Revenue by Total Operating Expenses. By statute, certain expenses are excluded from operating expenses for the calculation. The calculation also includes revenue from lease transactions that are not shown as operating revenues on this statement because they are only authorized for capital funding.





# 1999 Operating Budget



We will seek out and encourage employees who  
**Innovative** initiate change, improvement, learning and advancement of our goals.

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### Overview

The focus of CTA's 1999 budget is to deliver on-time, clean, safe and friendly service. The 1999 budget provides funding for many new initiatives to meet the objective of rebuilding CTA into a customer-driven organization. The following highlights some of the new initiatives:

#### *On-Time*

- Capital funding for the Bus Service Management System to improve on-time performance and eliminate bunching of buses
- Bus schedules posted on selected routes as part of a pilot program, which will be expanded to all bus routes if successful
- Improved system signage and bus numbering to make our system more customer-friendly
- Capital funding for rail car rehabilitation to increase service reliability

#### *Clean*

- Implementation of a no-tolerance graffiti and window etching pilot program at two bus garages
- Capital funding for bus exterior washers
- Increased janitorial staff for station and rail car cleaning
- Expansion of the subway and rail right-of-way cleaning initiatives started in 1998

#### *Safe*

- A pilot project for installation of cameras on 25% of our buses
- Increased funding for guard and security services
- Installation of two-way intercoms on all rail cars

#### *Friendly*

- Fare simplification that offers customers more choices and greater convenience, and makes the system more affordable
- Customer service training for all employees to teach them the art of being more responsive to customer concerns
- Allocation of over 25% of our capital funding to make CTA rail stations more accessible to disabled and elderly customers
- Clear and consistent prerecorded announcements on all rail cars
- Expansion of the customer service hot line
- Continuation of ridership initiatives such as the University Pass and the Visitor Pass
- Expanded access to information through an improved internet web site ([www.transitchicago.com](http://www.transitchicago.com))

A discussion of each of the major expense and revenue categories follows.

### Labor

Labor expense for 1999 is budgeted at \$574.6 million, an increase of \$15.3 million (2.7%) over the 1998 budget. Labor cost for 1999 represents 72.2% of the CTA's Total Operating Expenses. The year over year increase in labor expense is

primarily the result of two contractual pay increases in 1999 and the full annualization of the wage rate increase in July 1998.

The labor contract with the Unions was approved in January 1997. Under the terms of the new labor contract, two hourly rate increases are provided for in 1999. The first top operator hourly rate increase is equal to \$0.21 per hour and is effective January 1; the second increase is \$0.61 per hour and is effective September 1. As a result, the top operator hourly rate of pay will increase to \$20.01 per hour in September. These two hourly rate changes, coupled with the midyear increase in 1998, will increase wage expense in 1999 by approximately \$16.0 million. The labor contract expires at the end of 1999.

An increase in janitorial staff to improve the cleanliness of our rail cars and the appearance of rail stations, and the launching of a major customer service training program for our employees add to the 1999 labor costs. These additional costs are offset somewhat by the full annualization of the cost containment programs implemented in 1997 and 1998 that reduced staff.

Material

The budget for material expense approximates the 1998 budget --\$59.8 million for 1999 compared to \$60.4 million in the 1998 budget. No significant change in material expense has been assumed in the 1999 budget as CTA implements a program to reduce inventory levels in the stockrooms and warehouse. Material prices for new purchases are projected to decrease or remain constant.

Fuel - Revenue Equipment

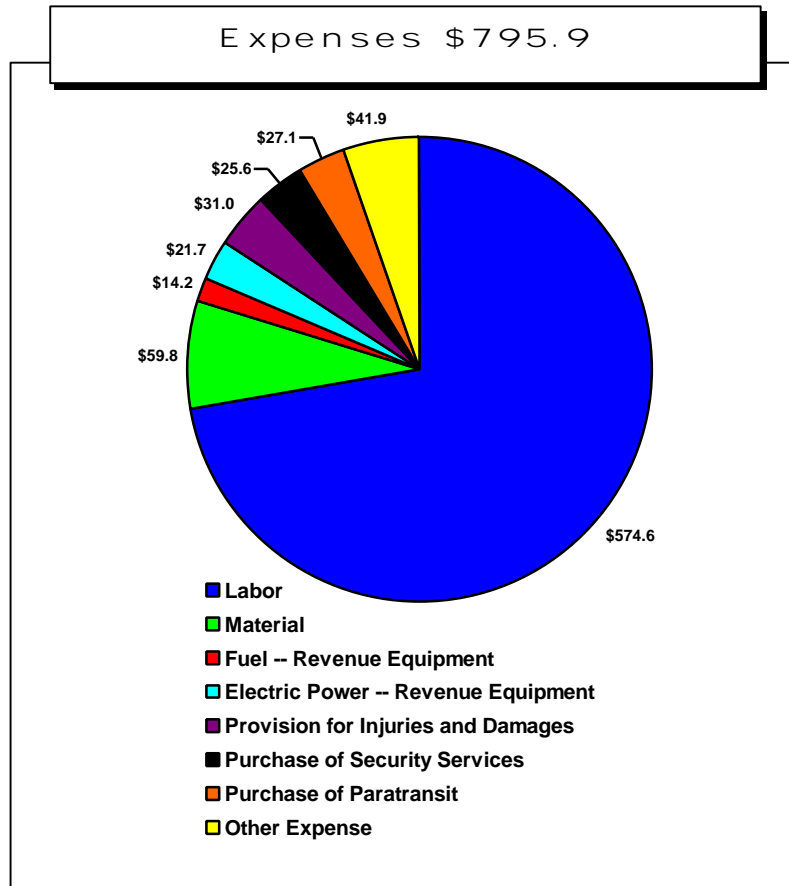
Diesel Fuel for 1999 is budgeted at \$14.2 million, a decrease of \$1.1 million from the 1998 budget. This decrease is primarily a result of lower projected fuel prices, partially offset by slightly higher consumption. The 1999 amount assumes consumption of 21.2 million gallons at an average price of \$0.67 per gallon, compared to 20.7 million gallons in the 1998 budget at an average price of \$0.73 per gallon.

Electric Power - Revenue Equipment

The cost of electric power for revenue equipment is projected to decrease by \$3.0 million from the 1998 budget due to lower electric rates. The lower electric rate is a result of CTA's participation in the Municipal Power Alliance. The Municipal Power Alliance was able to negotiate lower power rates for member organizations as part of utility deregulation legislation.

Provision for Injuries & Damages

The Provision for Injuries and Damages is budgeted at \$31.0 million for 1999 based on actuarial analysis that was performed in 1997. This provision represents the estimate of costs CTA will fund in 1999 for claims and litigated settlements.

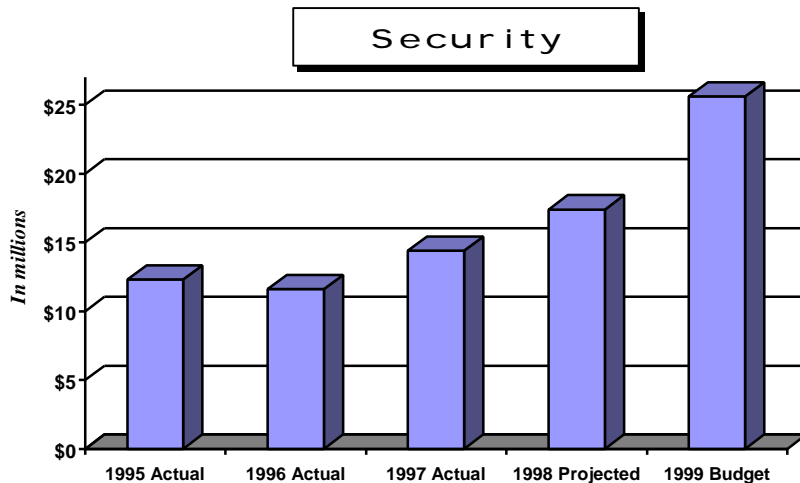


#### Purchase of Paratransit

The 1999 budget of \$27.1 million provides funding for 1.1 million trips at an average cost of \$23.87 per trip. CTA contracts with four vendors to provide paratransit service. Over the past eight years, paratransit costs have increased significantly – from \$13.8 million to \$26.3 million. This increase, in part, reflects the current RTA certification process. By comparison, CTA provides more paratransit rides than New York, which is the largest public transportation system in the country. Although the Americans with Disabilities Act requires CTA to provide trips sufficient to meet demand, no funding is provided for this service. CTA is committed to meeting this obligation by making the system accessible to its customers. In 1999, \$62.0 million of capital improvement funds will be spent to make the mainline system more accessible to our disabled customers. More than 26% of CTA’s total capital funding and 3.4% of its operating funding has been allocated to deliver service to the disabled community and make the system more accessible.

#### Security

The 1999 budget shows an increase of \$8.3 million for security expenditures. Security expenditures include services provided by K-9 guard and dog teams, Chicago Police Department, security guards and alarm protection systems. The increase in 1999 reflects the implementation of a no-tolerance graffiti and window etching pilot program. This program includes installation of security video cameras on 25% of the bus fleet and increased security guard coverage. Since the mid-80’s, CTA’s security program has been increasingly privatized.



#### Other Services

Other Services includes expenses for utilities, maintenance and repair, advertising and promotion, contractual services, leases and rentals, and travel and training. The 1999 budget for Other Services totals \$41.9 million, a decrease of \$6.8 million from the 1998 budget. This decrease is due to the one-time funding of the ridership initiative and the alternative service program in 1998.

#### Revenue

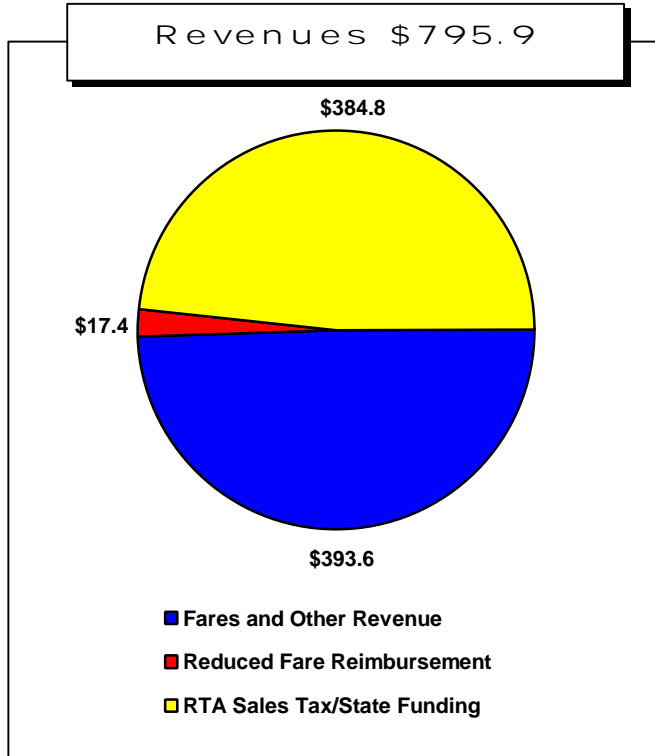
CTA revenue is comprised of two components: Public Funding and System Generated Revenues. In 1999, CTA will receive \$384.8 million of public funding through the Regional Transportation Authority (RTA), CTA’s oversight board. System Generated Revenues of \$411.0 million are projected for 1999. Public Funding combined with System Generated Revenues total \$795.9 million. These funds will finance 1999 Operating Expenses.

#### System-Generated Revenue

The 1999 budget for System-Generated Revenue is \$411.0 million. This is an increase of \$6.3 million (1.6%) over the 1998 budget. Fare revenue is projected to decrease slightly due to the fare simplification initiative, which is aimed at making the CTA more affordable and convenient for patrons. The University Pass program also will work to reduce the average fare CTA collects from customers. However, these two initiatives should have a tremendous impact on making CTA more affordable and rebuilding ridership on the system in future years. Ridership is estimated to increase by nearly 5 million over

the 1998 projection.

Advertising, charter and concessions revenue is projected to increase \$4.0 million over the 1998 budget due to higher revenue from advertisements on vehicles and rail platforms. The proceeds from wrapping trains and buses, and a contract to allow soft drink vending machine sales in all rail stations and bus terminals also work to bolster 1999 revenues. In addition, an initiative to increase the number and quality of concession contracts at rail stations began in 1998.



Reduced fare reimbursement equals the 1998 budget level. This is the amount of reimbursement the CTA receives from the State of Illinois for discounted fares the CTA offers to the elderly, disabled and students. In 1999, CTA is expected to provide over \$20.0 million in discounted fares for which the State will not reimburse CTA.

Cash contributions from local governments are on par with the 1998 budget. CTA receives \$3.0 million from the City of Chicago and \$2.0 million from Cook County annually. In addition, the City provides significant capital and operating support to CTA.

Investment income increases by \$2.2 million over the 1998 budget as a result of a higher investable cash balance due in part to CTA receiving cash directly from fare card sales at Automated Vending Machines.

All other revenue is estimated to increase by \$0.8 million due to the inclusion of one-time revenues from the sale of surplus material.

Based on the expense and revenue projections, CTA estimates it will recover 52.36% of its operating expenses from system generated revenues. The current projection for public assistance required for operations and the recovery ratio, meets or exceeds the funding mark established by the RTA. In the long run, the recovery ratio standards established by the RTA will determine our ability to provide service in all of our communities.

## 1999 Operating Budget - Overview

(In Thousands)

	<b>1997</b>	<b>1998</b>	<b>1998</b>	<b>1999</b>
	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Budget</b>
<b>Operating Expenses</b>				
Labor	\$ 573,662	\$ 559,296	\$ 565,151	\$ 574,630
Material	50,827	60,365	67,113	59,778
Fuel -- Revenue Equipment	15,104	15,251	13,054	14,187
Electric Power -- Revenue Equipment	23,587	24,700	21,739	21,695
Provision for Injuries and Damages	32,100	30,000	42,000	31,000
Purchase of Security Services	14,441	17,260	17,369	25,586
Purchase of Paratransit	26,072	26,400	26,527	27,060
<b>Other Expenses</b>				
Utilities	17,513	16,611	16,163	16,596
Maintenance and Repair	11,475	10,080	10,610	11,945
Advertising and Promotion	2,507	2,040	5,813	1,727
Contractual Services	14,103	19,592	13,717	13,479
Provision for Passenger Security	2,611	2,611	2,611	2,611
Leases and Rentals	7,659	6,834	8,056	6,711
Travel, Training, Seminars and Dues	396	448	404	410
Warranty and Other Credits	(17,819)	(13,546)	(14,081)	(13,919)
General Expenses	6,724	4,059	3,380	2,360
<b>Total Other Expenses</b>	<b>45,169</b>	<b>48,729</b>	<b>46,674</b>	<b>41,920</b>
<b>Total Operating Expenses</b>	<b>\$ 780,962</b>	<b>\$ 782,000</b>	<b>\$ 799,627</b>	<b>\$ 795,856</b>
<b>System Generated Revenue</b>				
Fares and Passes	\$ 360,348	\$ 362,735	\$ 365,829	\$ 362,106
Reduced Fare Subsidy	17,042	17,400	17,400	17,400
Advertising, Charter, & Concessions	12,479	10,100	13,845	14,044
Investment Income	6,234	5,300	7,197	7,468
Contributions from Local Governmental Units	5,000	5,000	5,000	5,000
All Other Revenue	6,331	4,200	13,091	5,028
<b>Total System Generated Revenue</b>	<b>\$ 407,435</b>	<b>\$ 404,735</b>	<b>\$ 422,362</b>	<b>\$ 411,046</b>
<b>Public Funding Required for Operations</b>				
Operating Deficit	\$ 373,527	\$ 377,265	\$ 377,265	\$ 384,810
Loan Payment to RTA	3,671	0	0	0
<b>Total Public Funding Required for Operations</b>	<b>\$ 377,198</b>	<b>\$ 377,265</b>	<b>\$ 377,265</b>	<b>\$ 384,810</b>
<b>Public Funding Available for Operations</b>				
Public Funding through the RTA	\$ 377,198	\$ 377,265	\$ 377,265	\$ 384,810
<b>Total Public Funding Available for Operations</b>	<b>\$ 377,198</b>	<b>\$ 377,265</b>	<b>\$ 377,265</b>	<b>\$ 384,810</b>
Recovery Ratio *	52.35%	51.93%	53.48%	52.36%
Required Recovery Ratio	51.90%	51.90%	51.90%	51.90%

\* Recovery Ratio is computed by dividing Total System Generated Revenue by Total Operating Expenses. By statute, certain expenses are excluded from operating expenses for the calculation. The calculation also includes revenue from lease transactions that are not shown as operating revenues on this statement because they are only authorized for capital funding.





# 1999 Operating Budget Department Data



*(l.) CTA 1998 Bus Operator Champ John Durnell (Archer Garage) and (r.) Rail Operator Champ Juan Ramirez (Orange Line, Midway Terminal) provide proof of CTA employees' dedication to providing on-time, clean, safe and friendly service.*

We will meet each  
task with spirit,  
**Motivated** enthusiasm  
and a sense  
of pride to be  
second to none.

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# 1999 Department Budget Summary

(In Thousands)

	<b>1997</b>	<b>1998</b>	<b>1998</b>	<b>1999</b>
	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Budget</b>
Authority Governance	\$ 719	\$ 838	\$ 686	\$ 703
Office of the President	947	846	889	801
Office of Audit	548	737	554	693
General Counsel	11,395	11,822	10,047	12,708
<b>TRANSIT OPERATIONS</b>				
EVP Transit Operations	\$ 321	\$ 209	\$ 177	\$ 321
<b>BUS OPERATIONS</b>				
VP Bus Operations	\$ 352	\$ 954	\$ 303	\$ 341
Scheduled Transit Operations - Bus	204,512	197,906	197,798	204,003
Bus Garages	106,453	109,099	100,667	106,013
Bus Heavy Maintenance	28,971	26,495	30,720	28,968
Engineering & Technical Service - Bus	2,081	2,088	1,912	2,028
<b>Total Bus Operations</b>	<b>\$ 342,370</b>	<b>\$ 336,541</b>	<b>\$ 331,399</b>	<b>\$ 341,352</b>
<b>RAIL OPERATIONS</b>				
VP Rail Operations	\$ 659	\$ 440	\$ 510	\$ 765
Scheduled Transit Operation - Rail	87,750	72,742	72,514	70,868
Rail Terminals	63,025	59,364	65,782	65,188
Rail Heavy Maintenance	(3,021)	2,862	1,745	1,691
Engineering & Technical Services - Rail	2,462	2,035	1,841	1,893
<b>Total Rail Operations</b>	<b>\$ 150,874</b>	<b>\$ 137,443</b>	<b>\$ 142,392</b>	<b>\$ 140,404</b>
<b>SAFETY, SECURITY, &amp; TRAINING</b>				
VP Safety, Security, & Training	\$ 86	\$ 167	\$ 70	\$ 177
Security Services	15,506	18,436	18,101	26,504
System Safety & Environmental Affairs	1,077	1,584	838	1,643
Communication Power/Control	5,646	5,818	6,380	6,189
Training & Instruction	8,113	8,890	7,561	9,298
<b>Total Safety, Security, &amp; Training</b>	<b>\$ 30,429</b>	<b>\$ 34,895</b>	<b>\$ 32,951</b>	<b>\$ 43,812</b>
<b>PLANNING</b>				
Sr VP Planning	\$ 434	\$ 286	\$ 444	\$ 336
Planning	5,550	4,347	3,785	4,051
Facility & ADA Planning	208	306	259	336
<b>Total Planning</b>	<b>\$ 6,192</b>	<b>\$ 4,939</b>	<b>\$ 4,488</b>	<b>\$ 4,723</b>
<b>ADMINISTRATION &amp; PARATRANSIT</b>				
Sr VP Administration & Paratransit	\$ 1,056	\$ 589	\$ 905	\$ 570
Operations Support Services	1,239	859	801	912
Paratransit Operations	26,980	27,373	27,401	28,051
<b>Total Administration &amp; Paratransit</b>	<b>\$ 29,274</b>	<b>\$ 28,820</b>	<b>\$ 29,108</b>	<b>\$ 29,533</b>
	<b>\$ 559,461</b>	<b>\$ 542,847</b>	<b>\$ 540,514</b>	<b>\$ 560,145</b>

# 1999 Department Budget Summary

(In Thousands)

	<u>1997</u>	<u>1998</u>	<u>1998</u>	<u>1999</u>
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>
<b>CUSTOMER SERVICE, FACILITIES &amp; DEVELOPMENT</b>				
EVP Customer Service, Facilities & Develop.	\$ 197	\$ 215	\$ 291	\$ 294
Customer Service	553	2,842	4,239	2,866
Real Estate & Community Development	11,253	10,621	9,064	7,052
Engineering & Construction	3,048	2,950	3,309	3,290
<b>MAINTENANCE</b>				
VP Maintenance	\$ 198	\$ 192	\$ 153	\$ 183
System Maintenance Support	49,055	51,379	49,600	51,497
Power & Way Maintenance	25,307	26,083	24,787	26,447
Rail Station Appearance	14,465	16,245	15,118	16,034
Facility Maintenance	29,094	23,637	27,910	23,728
<b>Total Maintenance</b>	<b>\$ 118,119</b>	<b>\$ 117,537</b>	<b>\$ 117,569</b>	<b>\$ 117,889</b>
	<b>\$ 133,170</b>	<b>\$ 134,164</b>	<b>\$ 134,472</b>	<b>\$ 131,391</b>
<b>MANAGEMENT &amp; PERFORMANCE</b>				
EVP Management & Performance	\$ 318	\$ 290	\$ 366	\$ 312
Communications	5,787	5,623	5,454	4,810
Intergovernmental Affairs	378	409	259	531
DBE Program/EEO/Contract Compliance	683	664	548	457
<b>FINANCE</b>				
Sr VP Finance/Treasurer	\$ 1,061	\$ 754	\$ 641	\$ 336
Accounting Operations	2,723	2,711	2,220	2,661
Treasury	10,866	10,550	8,422	12,645
Comptroller	1,605	1,508	1,410	2,153
Capital Investment	383	301	301	317
<b>Total Finance</b>	<b>\$ 16,638</b>	<b>\$ 15,824</b>	<b>\$ 12,995</b>	<b>\$ 18,113</b>
<b>EMPLOYEE SERVICES</b>				
VP Employee Services	\$ 414	\$ 411	\$ 701	\$ 715
Industrial Relations	1,247	907	841	789
Personnel Services	1,672	1,765	1,797	1,778
Program Compliance	552	547	527	549
Medical & Benefit Services	3,067	2,991	2,942	2,965
<b>Total Employee Services</b>	<b>\$ 6,952</b>	<b>\$ 6,621</b>	<b>\$ 6,808</b>	<b>\$ 6,797</b>
<b>TECHNOLOGY DEVELOPMENT</b>				
Sr VP Technology Development	\$ 220	\$ 251	\$ 202	\$ 312
Technology Management	546	585	401	729
Management Information Systems	11,263	12,369	11,860	15,076
Revenue Equipment Tech. & Maint.	8,404	8,738	9,239	10,213
<b>Total Technology Development</b>	<b>\$ 20,432</b>	<b>\$ 21,943</b>	<b>\$ 21,702</b>	<b>\$ 26,329</b>
<b>PURCHASING/WAREHOUSING</b>				
VP Purchasing/Warehousing	\$ -	\$ 164	\$ 70	\$ 201
Quality Assurance	2,525	2,454	2,230	2,283
Purchasing	2,805	2,556	2,650	2,814
Warehouse/Stockroom Operations	13,164	13,290	11,576	12,973
<b>Total Purchasing/Warehousing</b>	<b>\$ 18,494</b>	<b>\$ 18,464</b>	<b>\$ 16,526</b>	<b>\$ 18,272</b>
	<b>\$ 69,683</b>	<b>\$ 69,838</b>	<b>\$ 64,660</b>	<b>\$ 75,620</b>
Non - Departmental	\$ 5,040	\$ 20,908	\$ 47,805	\$ 13,796
<b>TOTAL CTA</b>	<b>780,962</b>	<b>782,000</b>	<b>799,627</b>	<b>795,856</b>

1999 Department Budget by Line-Item

(In Thousands)

	<u>Labor</u>	<u>Material</u>	<u>Fuel/Power/ Provisions</u>	<u>Other Services*</u>	<u>Total</u>
Authority Governance	\$ 678	\$ 2	\$ -	\$ 23	\$ 703
Office of the President	678	5	-	118	801
Office of Audit	659	4	-	30	693
General Counsel	8,413	46	-	4,249	12,708
<b>TRANSIT OPERATIONS</b>					
EVP Transit Operations	\$ 204	\$ 2	\$ -	\$ 115	\$ 321
<b>BUS OPERATIONS</b>					
VP Bus Operations	\$ 259	\$ 2	\$ -	\$ 80	\$ 341
Scheduled Transit Operations - Bus	204,003	-	-	-	204,003
Bus Garages	70,388	21,198	14,187	239	106,013
Bus Heavy Maintenance	20,742	8,108	-	117	28,968
Engineering & Technical Service - Bus	1,944	34	-	50	2,028
<b>Total Bus Operations</b>	<b>\$ 297,337</b>	<b>\$ 29,343</b>	<b>\$ 14,187</b>	<b>\$ 485</b>	<b>\$ 341,352</b>
<b>RAIL OPERATIONS</b>					
VP Rail Operations	\$ 729	\$ 28	\$ -	\$ 8	\$ 765
Scheduled Transit Operation - Rail	70,868	0	-	-	70,868
Rail Terminals	44,414	20,712	-	61	65,188
Rail Heavy Maintenance	7,011	(5,396)	-	76	1,691
Engineering & Technical Services - Rail	1,566	141	-	185	1,893
<b>Total Rail Operations</b>	<b>\$ 124,588</b>	<b>\$ 15,486</b>	<b>\$ -</b>	<b>\$ 330</b>	<b>\$ 140,404</b>
<b>SAFETY, SECURITY, &amp; TRAINING</b>					
VP Safety, Security, & Training	\$ 173	\$ 1	\$ -	\$ 3	\$ 177
Security Services	1,359	4	-	25,140	26,504
System Safety & Environmental Affairs	1,508	17	-	118	1,643
Communication Power/Control	5,876	30	-	284	6,189
Training & Instruction	9,099	120	-	79	9,298
<b>Total Safety, Security, &amp; Training</b>	<b>\$ 18,015</b>	<b>\$ 173</b>	<b>\$ -</b>	<b>\$ 25,624</b>	<b>\$ 43,812</b>
<b>PLANNING</b>					
Sr VP Planning	\$ 279	\$ 1	\$ -	\$ 56	\$ 336
Planning	3,944	14	-	92	4,051
Facility & ADA Planning	335	1	-	1	336
<b>Total Planning</b>	<b>\$ 4,559</b>	<b>\$ 16</b>	<b>\$ -</b>	<b>\$ 149</b>	<b>\$ 4,723</b>
<b>ADMINISTRATION &amp; PARATRANSIT</b>					
Sr VP Administration & Paratransit	\$ 556	\$ 0	\$ -	\$ 13	\$ 570
Operations Support Services	904	7	-	2	912
Paratransit Operations	942	20	-	27,090	28,051
<b>Total Administration &amp; Paratransit</b>	<b>\$ 2,401</b>	<b>\$ 27</b>	<b>\$ -</b>	<b>\$ 27,105</b>	<b>\$ 29,533</b>
	<b>\$ 447,104</b>	<b>\$ 45,046</b>	<b>\$ 14,187</b>	<b>\$ 53,808</b>	<b>\$ 560,145</b>

\* Includes Purchase of Paratransit Purchase of Security Expenses

1999 Department Budget by Line-Item

(In Thousands)

	<u>Labor</u>	<u>Material</u>	<u>Fuel/Power/ Provisions</u>	<u>Other Services*</u>	<u>Total</u>
<b>CUSTOMER SERVICE, Facilities &amp; DEVELOPMENT</b>					
EVP Customer Service, Facilities & Develop.	\$ 282	\$ 3	\$ -	\$ 10	\$ 294
Customer Service	2,711	24	-	132	2,866
Real Estate & Community Development	1,345	17	-	5,690	7,052
Engineering & Construction	3,148	49	-	93	3,290
<b>MAINTENANCE</b>					
VP Maintenance	\$ 176	\$ 2	\$ -	\$ 4	\$ 183
System Maintenance Support	15,041	1,584	21,695	13,178	51,497
Power & Way Maintenance	22,799	3,122	-	526	26,447
Rail Station Appearance	14,750	933	-	351	16,034
Facility Maintenance	13,748	4,408	-	5,571	23,728
<b>Total Maintenance</b>	<b>\$ 66,514</b>	<b>\$ 10,049</b>	<b>\$ 21,695</b>	<b>\$ 19,631</b>	<b>\$ 117,889</b>
	<b>\$ 73,999</b>	<b>\$ 10,141</b>	<b>\$ 21,695</b>	<b>\$ 25,555</b>	<b>\$ 131,391</b>
<b>MANAGEMENT &amp; PERFORMANCE</b>					
EVP Management & Performance	\$ 305	\$ 0	\$ -	\$ 7	\$ 312
Communications	2,347	383	-	2,079	4,810
Intergovernmental Affairs	345	0	-	186	531
DBE Program/EEO/Contract Compliance	428	8	-	21	457
<b>FINANCE</b>					
Sr VP Finance/Treasurer	\$ 234	\$ 1	\$ -	\$ 102	\$ 336
Accounting Operations	2,649	11	-	1	2,661
Treasury	4,999	2,669	-	4,977	12,645
Comptroller	1,724	8	-	421	2,153
Capital Investment	304	8	-	5	317
<b>Total Finance</b>	<b>\$ 9,910</b>	<b>\$ 2,698</b>	<b>\$ -</b>	<b>\$ 5,506</b>	<b>\$ 18,113</b>
<b>EMPLOYEE SERVICES</b>					
VP Employee Services	\$ 700	\$ 3	\$ -	\$ 12	\$ 715
Industrial Relations	654	4	-	131	789
Personnel Services	1,707	17	-	55	1,778
Program Compliance	524	3	-	22	549
Medical & Benefit Services	1,221	20	-	1,724	2,965
<b>Total Employee Services</b>	<b>\$ 4,805</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ 1,945</b>	<b>\$ 6,797</b>
<b>TECHNOLOGY DEVELOPMENT</b>					
Sr VP Technology Development	\$ 302	\$ 2	\$ -	\$ 8	\$ 312
Technology Management	721	4	-	3	729
Management Information Systems	7,137	420	-	7,519	15,076
Revenue Equipment Tech. & Maint.	8,561	627	-	1,025	10,213
<b>Total Technology Development</b>	<b>\$ 16,720</b>	<b>\$ 1,053</b>	<b>\$ -</b>	<b>\$ 8,555</b>	<b>\$ 26,329</b>
<b>PURCHASING/WAREHOUSING</b>					
VP Purchasing/Warehousing	\$ 178	\$ 11	\$ -	\$ 12	\$ 201
Quality Assurance	2,151	73	-	59	2,283
Purchasing	2,708	18	-	88	2,814
Warehouse/Stockroom Operations	11,062	258	-	1,654	12,973
<b>Total Purchasing/Warehousing</b>	<b>\$ 16,098</b>	<b>\$ 361</b>	<b>\$ -</b>	<b>\$ 1,813</b>	<b>\$ 18,272</b>
	<b>\$ 50,959</b>	<b>\$ 4,551</b>	<b>\$ -</b>	<b>\$ 20,110</b>	<b>\$ 75,620</b>
Non - Departmental	\$ (7,860)	\$ (16)	\$ 33,611	\$ (11,939)	\$ 13,796
<b>TOTAL CTA</b>	<b>\$ 574,630</b>	<b>\$ 59,778</b>	<b>\$ 69,493</b>	<b>\$ 91,955</b>	<b>\$ 795,856</b>

\* Includes Purchase of Paratransit Purchase of Security Expenses

Department Budgeted Positions

	<b>1997</b>	<b>1998</b>	<b>1999</b>
	<b>Budgeted</b>	<b>Budgeted</b>	<b>Budgeted</b>
	<b>Positions</b>	<b>Positions</b>	<b>Positions</b>
Authority Governance	12	12	12
Office of the President	5	7	6
Office of Audit	12	11	11
General Counsel	111	119	127
<b>TRANSIT OPERATIONS</b>			
EVP Transit Operations	2	2	2
<b>BUS OPERATIONS</b>			
VP Bus Operations	3	14	3
Scheduled Transit Operations - Bus	4,214	4,008	4,006
Bus Garages	1,405	1,290	1,295
Bus Heavy Maintenance	543	498	500
Engineering & Technical Service - Bus	35	31	31
<b>Total Bus Operations</b>	<b>6,200</b>	<b>5,841</b>	<b>5,835</b>
<b>RAIL OPERATIONS</b>			
VP Rail Operations	7	5	13
Scheduled Transit Operation - Rail	1,658	1,435	1,397
Rail Terminals	1,073	776	778
Rail Heavy Maintenance	253	237	237
Engineering & Technical Services - Rail	30	30	30
<b>Total Rail Operations</b>	<b>3,021</b>	<b>2,483</b>	<b>2,455</b>
<b>SAFETY, SECURITY, &amp; TRAINING</b>			
VP Safety, Security, & Training	1	2	2
Security Services	28	27	27
System Safety & Environmental Affairs	18	23	23
Communication Power/Control	78	78	80
Training & Instruction	144	147	150
<b>Total Safety, Security, &amp; Training</b>	<b>269</b>	<b>277</b>	<b>282</b>
<b>PLANNING</b>			
Sr VP Planning	4	3	3
Planning	85	68	67
Facility & ADA Planning	5	5	5
<b>Total Planning</b>	<b>94</b>	<b>76</b>	<b>75</b>
<b>ADMINISTRATION &amp; PARATRANSIT</b>			
Sr VP Administration & Paratransit	16	5	6
Operations Support Services	18	15	16
Paratransit Operations	18	17	17
<b>Total Administration &amp; Paratransit</b>	<b>52</b>	<b>37</b>	<b>39</b>
	<b>9,638</b>	<b>8,716</b>	<b>8,688</b>

Department Budgeted Positions

	<b>1997 Budgeted Positions</b>	<b>1998 Budgeted Positions</b>	<b>1999 Budgeted Positions</b>
<b>CUSTOMER SERVICE, FACILITIES &amp; DEVELOPMENT</b>			
EVP Customer Service, Facilities & Develop.	2	2	3
Customer Service	-	44	47
Real Estate & Community Development	43	23	22
Engineering & Construction	98	99	98
<b>MAINTENANCE</b>			
VP Maintenance	2	2	2
System Maintenance Support	279	255	261
Power & Way Maintenance	493	456	455
Rail Station Appearance	-	312	313
Facility Maintenance	404	317	316
<b>Total Maintenance</b>	<b>1,178</b>	<b>1,342</b>	<b>1,347</b>
	<b>1,321</b>	<b>1,510</b>	<b>1,517</b>
<b>MANAGEMENT &amp; PERFORMANCE</b>			
EVP Management & Performance	3	3	3
Communications	54	40	41
Intergovernmental Affairs	4	4	4
DBE Program/EEO/Contract Compliance	19	18	15
<b>FINANCE</b>			
Sr VP Finance/Treasurer	5	5	3
Accounting Operations	56	44	44
Treasury	110	100	103
Comptroller	49	47	46
Capital Investment	36	35	34
<b>Total Finance</b>	<b>256</b>	<b>231</b>	<b>230</b>
<b>EMPLOYEE SERVICES</b>			
VP Employee Services	4	4	4
Industrial Relations	12	10	10
Personnel Services	30	25	26
Program Compliance	8	8	8
Medical & Benefit Services	21	19	19
<b>Total Employee Services</b>	<b>75</b>	<b>66</b>	<b>67</b>
<b>TECHNOLOGY DEVELOPMENT</b>			
Sr VP Technology Development	2	2	3
Technology Management	10	10	11
Management Information Systems	114	104	113
Revenue Equipment Tech. & Maint.	140	135	140
<b>Total Technology Development</b>	<b>266</b>	<b>251</b>	<b>267</b>
<b>PURCHASING/WAREHOUSING</b>			
VP Purchasing/Warehousing	-	2	2
Quality Assurance	45	41	39
Purchasing	46	42	44
Warehouse/Stockroom Operations	231	217	217
<b>Total Purchasing/Warehousing</b>	<b>322</b>	<b>302</b>	<b>302</b>
	<b>999</b>	<b>915</b>	<b>929</b>
<b>TOTAL CTA</b>	<b>12,098</b>	<b>11,290</b>	<b>11,290</b>
Pension	12	12	12
<b>Position Total without STO Positions Equivalency</b>	<b>6,238</b>	<b>5,859</b>	<b>5,899</b>



# 2000 - 2001 Operating Financial Plan



We will provide transit service  
with the highest  
**Professional** standards  
of quality  
and safety for our  
customers and ourselves.

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Over the short-term horizon, CTA's focus will be on rebuilding ridership throughout the system. Providing service that is on-time, clean, safe and friendly will help rebuild our system and generate ridership growth.

A consensus of the leading Wall Street economists is forecasting moderate growth during the plan period. The Gross Domestic Product (GDP) is estimated to grow at approximately 2.0% per annum during the 2000-2001 time frame. Growth in new jobs is forecast, but at a lower rate as corporate profit margins and capital spending decreases, thus softening the demand for new hires. In the Chicago area, job growth is forecast in the non-manufacturing sector with some loss in the manufacturing sector. Forecasted growth in personal and disposable income is expected to sustain consumer confidence and spending levels, though at a somewhat cooled-off level. Inflation is estimated in a 2-3% range as wage rate increases are partially offset by declining commodity and import prices. Some speculation on a deflationary scenario remains, but is too early to forecast.

World economic problems in Japan, Russia, Asia and Latin America continue to be worrisome. Economists are concerned about a worldwide recession if these problems are not fixed in the near-term.

#### Operating Expenses

The financial projection presented here for the plan years 2000 and 2001 show operating expenses of \$805.6 million and \$820.6 million, respectively. This is an increase of 1.2% over the 1999 projection and 1.9% over the plan year 2000. System-generated revenues are estimated at \$413.1 million in plan year 2000; a 0.5% increase over 1999. Revenues increase 1.7% in plan year 2001, to \$420.3 million.

#### Labor

The current labor contract expires on December 31, 1999. We hope to begin collective bargaining negotiation soon. No rate increases are included in the financial plan, and a contractual increase could create severe financial difficulties for CTA because we would no longer be in line with the funding marks set by RTA.

Labor expense will increase by 1.7% in plan year 2000 due to the full annualization of the September 1999 hourly rate change of \$0.61, or 3.1%. This last increase will bring the CTA's top operator rate to \$20.01 per hour. Labor expense increases by 1.4% in plan year 2001 as a result of increases in health insurance, other fringe benefits and shifting of work previously funded with capital money.

#### Material and Other Services

In the non-labor category, material expense grows by 1.2% in 2000 and 3.7% in 2001 due to inflation. Fuel and other services expense is estimated to increase by 2.0% per annum due to rising prices. Power expense is constant due to the rate negotiation in 1998 with the Municipal Power Alliance. Funding for injuries and damages expense remain flat over this period based on estimates received from actuarial analysis.

Paratransit expense is also not expected to grow during this period as more of our paratransit customers will be able to use mainline service. The current five-year capital plan shows significant investment to upgrade CTA infrastructure to make our system fully accessible for patrons. This investment includes the purchase of over 600 new low-floor buses and over \$100 million in major improvements at our rail stations.

A drop in Other Services expense is due to the 1999 initiative that funded the one-time replacement of etched windows on 25.0% of the bus fleet. This is partially offset by a 2.0% inflationary increase. Expenses in 2001 also increase by 2.0% due to inflation. If the replacement of etched windows is expanded to the remaining bus fleet, the additional cost will be \$6.0 million. Funding for this initiative has not been secured.

#### Revenue

Fare revenues increase in each of the plan years due to ridership growth from initiatives such as fare simplification, U-Pass and Visitor Pass. Ridership is expected to grow from 424.7 million trips in 1999 to 424.8 million in 2000 to 427.7 million in 2001. The average fare is estimated at \$0.86.

#### Advertising, Charter, and Concessions

Revenues from advertising and concessions are expected to increase due to a partnership with the private sector for concession management. In addition, revenues from vehicle wrapping and platform advertising will contribute to the growth.

#### Investment Income

Investment income wanes due to lower investable cash balances as monies from innovative lease transactions are used for capital improvements. The increase in other revenue reflects the one-time sale of surplus property.

#### Public Funding

The two-tier financial plan presented meets the funding mark set by RTA. The Public Funding Available for Operations represents the funding "Mark" issued by RTA, based upon the Illinois Bureau of Budget's projection for 1999. The Bureau of Budget does not provide sales tax projections for the two-year plan period. Instead, the Wharton Econometric Forecasting Associates (WEFA) produces sales tax estimates for the two years 2000 and 2001 by applying various factors to the 1999 Illinois Bureau of Budget sales tax estimate. WEFA has projected sales tax growth rates for the City of Chicago of 1.4% in 2000 and 2001. In suburban Cook County from which the CTA receives 30.0% of the sales tax revenues, WEFA has forecasted sales tax growth rates of 3.3% in 2000 and 2001. However, the funding "Mark" assigned to the CTA for 2000 and 2001 only shows a growth rate of 2.0% each year.

The table following this discussion summarizes projected Operating results for the three-year period, and provides the projected 1998 Operating results compared to budget.

Operating Financial Plan 2000 - 2001 - Overview

(In Thousands)

	1997 Actual	1998 Budget	1998 Projected	1999 Budget	Financial Plan	
					2000	2001
<b>Operating Expenses</b>						
Labor	\$ 573,662	\$ 559,296	\$ 565,151	\$ 574,630	\$ 584,280	\$ 592,832
Material	50,827	60,365	67,113	59,778	60,474	62,683
Fuel -- Revenue Equipment	15,104	15,251	13,054	14,187	14,471	14,760
Electric Power -- Revenue Equipment	23,587	24,700	21,739	21,695	21,695	21,695
Provision for Injuries and Damages	32,100	30,000	42,000	31,000	31,000	31,000
Purchase of Security Services	14,441	17,260	17,369	25,586	26,098	26,620
Purchase of Paratransit	26,072	26,400	26,527	27,060	27,060	27,060
<b>Other Expenses</b>						
Utilities	17,513	16,611	16,163	16,596	16,961	17,334
Maintenance and Repair	11,475	10,080	10,610	11,945	12,208	12,476
Advertising and Promotion	2,507	2,040	5,813	1,727	1,765	1,804
Contractual Services	14,103	19,592	13,717	13,479	13,776	14,079
Provision for Passenger Security	2,611	2,611	2,611	2,611	2,611	2,611
Leases and Rentals	7,659	6,834	8,056	6,711	6,858	7,009
Travel, Training, Seminars, and Dues	396	448	404	410	419	429
Warranty and Other Credits	(17,819)	(13,546)	(14,081)	(13,919)	(14,225)	(14,538)
General Expenses	6,724	4,059	3,380	2,360	180	2,761
<b>Total Other Expenses</b>	<b>45,169</b>	<b>48,729</b>	<b>46,674</b>	<b>41,920</b>	<b>40,553</b>	<b>43,965</b>
<b>Total Operating Expenses</b>	<b>\$ 780,962</b>	<b>\$ 782,000</b>	<b>\$ 799,627</b>	<b>\$ 795,856</b>	<b>\$ 805,630</b>	<b>\$ 820,615</b>
<b>System Generated Revenue</b>						
Fares and Passes	\$ 360,348	\$ 362,735	\$ 365,829	\$ 362,106	\$ 363,725	\$ 368,559
Reduced Fare Subsidy	17,042	17,400	17,400	17,400	17,400	17,400
Advertising, Charter, & Concessions	12,479	10,100	13,845	14,044	15,400	16,300
Investment Income	6,234	5,300	7,197	7,468	6,500	5,400
Contributions from Local Governmental Units	5,000	5,000	5,000	5,000	5,000	5,000
All Other Revenue	6,331	4,200	13,091	5,028	5,100	7,600
<b>Total System Generated Revenue</b>	<b>\$ 407,435</b>	<b>\$ 404,735</b>	<b>\$ 422,362</b>	<b>\$ 411,046</b>	<b>\$ 413,125</b>	<b>\$ 420,259</b>
<b>Public Funding Required for Operations</b>						
Operating Deficit	\$ 373,527	\$ 377,265	\$ 377,265	\$ 384,810	\$ 392,506	\$ 400,356
Loan Payment to RTA	3,671	0	0	0	0	0
<b>Total Public Funding Required for Operations</b>	<b>\$ 377,198</b>	<b>\$ 377,265</b>	<b>\$ 377,265</b>	<b>\$ 384,810</b>	<b>\$ 392,506</b>	<b>\$ 400,356</b>
<b>Public Funding Available for Operations</b>						
Public Funding through the RTA	\$ 377,198	\$ 377,265	\$ 377,265	\$ 384,810	\$ 392,506	\$ 400,356
<b>Total Public Funding Available for Operations</b>	<b>\$ 377,198</b>	<b>\$ 377,265</b>	<b>\$ 377,265</b>	<b>\$ 384,810</b>	<b>\$ 392,506</b>	<b>\$ 400,356</b>
Recovery Ratio *	52.35%	51.93%	53.48%	52.36%	51.98%	51.90%
Required Recovery Ratio	51.90%	51.90%	51.90%	51.90%	51.90%	51.90%

\* Recovery Ratio is computed by dividing Total System Generated Revenue by Total Operating Expenses. By statute, certain expenses are excluded from operating expenses for the calculation. The calculation also includes revenue from lease transactions that are not shown as operating revenues on this statement because they are only authorized for capital funding.



# 1999 - 2003 Capital Improvement Plan & Program



*Bus and rail maintenance crews put into action the kind of quick thinking and trouble shooting that helps to keep the CTA up and running day in and day out.*

*1998 CTA Service Delivery Bus Rodeo Maintenance Team Champs (North Park Garage): (l. to r.) Rich Dolan, Bryan Hedstrom and Jeff Braswell.*

*1998 CTA Rail Round-Up Performance Maintenance Team Champs (Rosemont): (l. to r.) Daniel Keller, Eugene Jolliff and Joseph Kolek.*



We will be dependable for  
our customers and  
**Reliable** fellow  
employees,  
and will maintain the  
highest standards of trust.

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### History

The CTA was created as a public body in 1945 and began operation in 1947, but its history begins with private companies founded as early as 1859. Major portions of CTA's physical plant were built between 1892 and 1920: most of the elevated rail system, two of the eight bus garages (Archer and 77th Street), and parts of South and West Shops. Another significant amount of infrastructure was built between 1940 and 1960: the State Street and Dearborn Subways, the Congress Branch of the Blue Line, the North Park and Forest Glen bus garages. The Dan Ryan Branch of the Red Line and the O'Hare Branch of the Blue Line from Logan Square to Jefferson Park opened in 1969-70. The O'Hare Branch was completed to O'Hare in 1983-84, and the Orange Line to Midway Airport opened in 1993.

The private companies that operated transit service in Chicago were continuously in and out of bankruptcy. Thus, the system maintenance of the transit physical plant was rarely adequate even from the earliest days. The chronic financial problems of the Chicago Rapid Transit and Chicago Surface Lines (the operators of the rapid rail system and most of the street-level system, respectively) led to the creation of the CTA. In the late 1940's and 1950's, the then-new CTA rationalized the system it inherited, and was able to undertake a small program of capital reinvestment using bonds authorized when CTA was created. This did not last long. Also at that time, the City of Chicago completed the Dearborn Subway and built the Congress Branch, which allowed the fledgling CTA to close old facilities that would otherwise have required substantial renewal. That period ended when the Congress Branch opened in 1958. Between 1958 and 1972, CTA was unable to reinvest in its system at anywhere close to the required rate. Facilities built in the 1890's aged remarkably well, but age they did, and by the 1970s, CTA staff were actively considering closing rail lines due to conditions that were threatening to become unsafe.

In 1971, the federal government began a program to fund the renewal of public mass transportation systems. In response to these federal funds, the State of Illinois established a program to assist transit authorities such as the CTA in meeting the requirement for non-federal matching funds. This initiative resulted in the creation of CTA's Capital Improvement Program (CIP). The Regional Transportation Authority (RTA) also provided capital funds in the 1970's to supplement the State match for federal grants. Beginning in 1990 with its own program of bonded capital debt authorized (and partially reimbursed) in 1989 by the State of Illinois. To date, the CIP has booked grant commitments totaling almost \$4 billion, and has received approximately \$150 million in government grant funds passed through the City of Chicago and other municipalities. In addition, the City of Chicago and other municipalities have committed almost \$1 billion for other improvements to CTA's assets; however, most of this has been for new facilities rather than renewal.

### A State of Good Repair

CTA staff estimates that \$4.1 billion should be committed over the next five years to renew and improve CTA's physical assets; projected capital grant funding is only \$1.78 billion, leaving a deficit of \$2.4 billion. Even this \$4.1 billion would not completely renew CTA's asset base, but is the most funds CTA could productively use. Another five years at a similar level would be needed to accomplish the renewal of CTA's entire physical plant.

Our goal is to bring CTA's infrastructure to what engineers call "a state of good repair" and then to maintain it there. What does this mean?

- No buses over the industry standard retirement age of 12 years. All buses rehabilitated at six to seven years. In special circumstances, bus lives may be extended to 14 years, but any extension beyond 14 years creates significant maintenance problems that affect service quality. This ensures reliability and rider comfort, and can reduce maintenance expenses.
- All rail cars rehabilitated at mid-life (12-13 years), overhauled at their quarter-life points (6 and 18 years), and either rehabilitated or replaced at the end of their useful life (25 years). Vehicle life can be extended to 30

years, but extension beyond 30 years begins to raise serious maintenance issues and affects the quality of service we can give our customers.

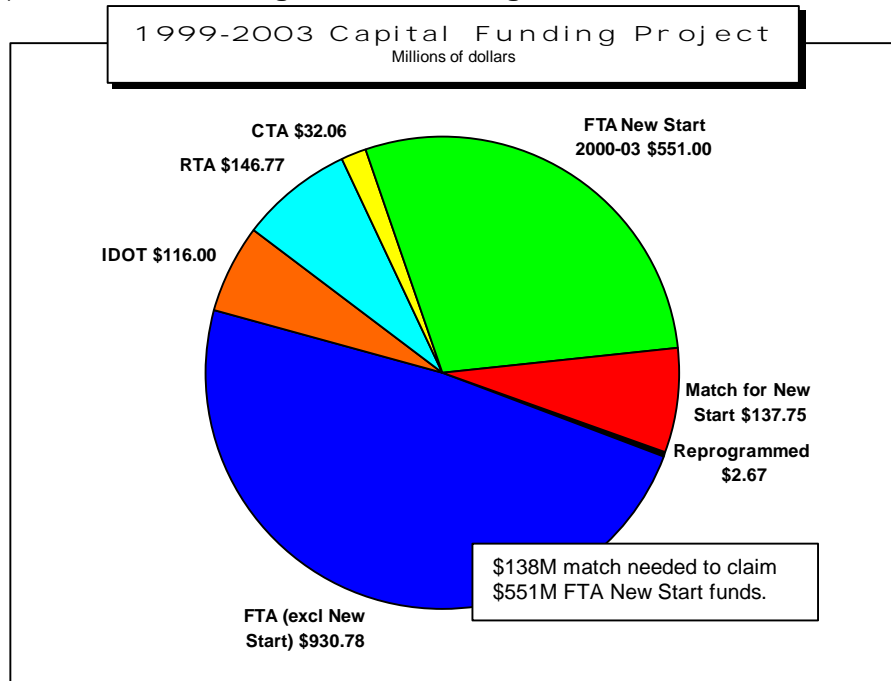
- All rail stations in good condition, and able to meet modern standards for passenger comfort, security, and reliability. It is difficult to accomplish this with stations older than 40 years and nearly impossible with those over 70 years.
- All rail lines operate at scheduled speeds; no areas are slowed down because of track or structural disrepair. Rail signal systems are fully reliable and meet modern standards of performance.
- Service management systems are fully reliable and incorporate modern features. Such systems are used to send information between CTA's Control Center and its vehicles and stations, and are especially important in dealing with emergencies and service problems.
- All maintenance facilities designed and kept in good condition, to permit buses and trains to be maintained efficiently and effectively. CTA cannot ensure a quality ride if it lacks the wherewithal to maintain its vehicles. As with stations, 40 years is a desirable standard for replacing maintenance facilities, but CTA's experience is that with suitable maintenance and reinvestment such buildings can effectively serve for as much as 70 years.
- Certain categories of capital funds can be used to help ensure the adequate maintenance of assets such as buses and rail cars. CTA has judiciously taken advantage of this provision in order to budget for essential services while keeping the bulk of its capital funds committed to replacing or renewing the equipment and facilities we need to provide transit service. It is important to maintain this level of commitment until operating expenses can be cut and/or operating funding can be increased.

Meeting these standards would significantly improve the comfort and reliability of the services we provide our customers, and yield operational and maintenance benefits for CTA.

#### 1999-2003 Capital Improvement Program: Funding the CIP

The funding levels used in preparing the 1999-2003 CIP are consistent with capital program marks set by RTA. These include \$1.48 billion from the Federal Transit Administration, \$116 million from the State of Illinois, \$146 million from the RTA, and \$32 million from CTA. CTA also intends to cancel a 1997 project with \$2.67 million remaining, and reassign those funds to new priorities. Total available funding is \$1.78 billion. This is presented in the table "1999-2003 Five Year Preliminary Program Marks."

The Federal funds are consistent with the recently enacted *Transportation Equity Act for the 21st Century (TEA-21)*. The estimate of State of Illinois funds assumes that the State will continue to authorize and appropriate at recent levels even though a law that authorizes this does not exist. Thus, CTA considers this funding to be at risk.



While the projected funding totals \$1.78 billion, the projects being presented total \$1.91 billion. The difference is that the CIP includes two projects authorized by Congress for FTA New Start funding: rehabilitation of the Douglas Branch on the Blue Line and expansion of the station platform capacity on the Brown Line. However, the required non-federal match for these two projects is not yet available. More specifically, the CIP assumes that the \$138 million required to match these federal funds between 2000 and 2003 will be authorized by the State and added to the funding projection. If this is not done, the CIP would actually shrink to about \$1.22 billion and over \$550 million in FTA New Start Funds could never be claimed.

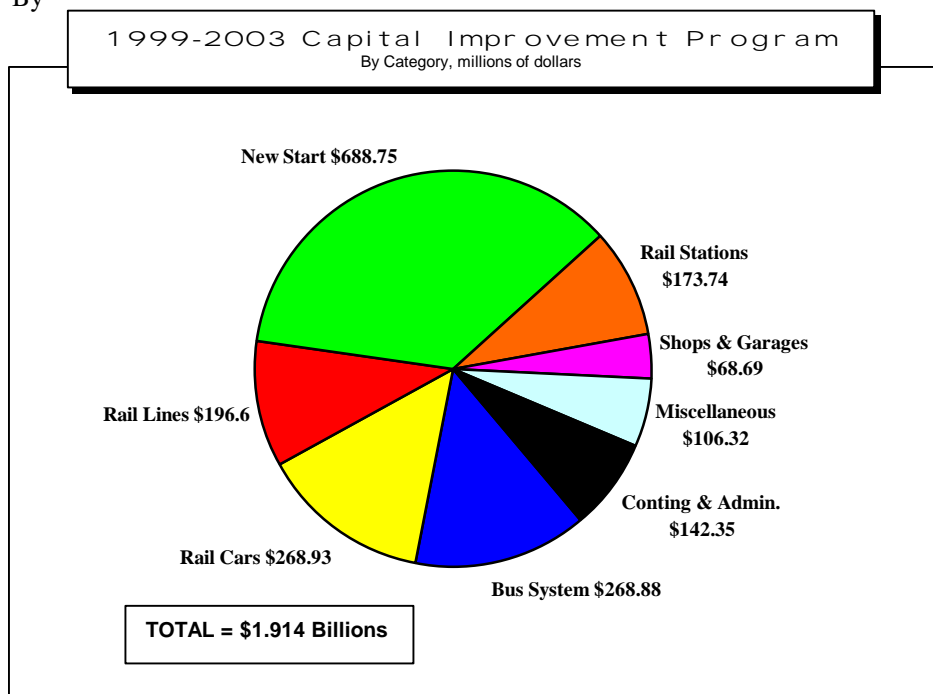
Additional State funds to match the Federal New Start grants, while necessary, do not adequately address CTA's capital investment requirements. CTA should commit \$4.1 billion over the next 5 years, and the current CIP is only \$1.9 billion. The gap of \$2.2 billion means that vehicles, stations, tracks and facilities will get older, less reliable, and unable to provide satisfactory service.

### 1999-2003 Capital Improvement Program: Proposed Projects

The table, titled "Proposed FY 1999-2003 Capital Improvement Program", lists the projects in the proposed program by category of asset being improved or replaced. A detailed description of each project can be found in the "Proposed 1999 Annual Budget & Department Detail and 1999-2003 Capital Program" volume of the CTA's 1999 budget documentation.

In summary, the capital program addresses the most critical capital investment needs facing CTA, within the projected funding level. By category:

- Bus System:** The CIP includes \$49,656,473 in 1999 for the bus system; the five-year funding is \$268,879,234. The Program funds year 2 and 3 of a three-year program to replace approximately 440 overage standard buses, and replaces 78 overage articulated buses. It continues to provide budgetary support to the maintenance of the bus fleet. The Program begins to replace 957 buses which entered service in 1991 (this will continue past 2003). It funds purchase of a small number of buses powered by alternative fuels, to be used in specialized services now being planned. It continues to invest in passenger shelters at bus stops, providing both new locations and rehabilitating existing shelters.



- Rail Cars:** The CIP has 1999 funding of \$39,467,568; the five-year funding is \$268,927,809. It continues funding the mid-life rehabilitation of 598 rail cars, completing this project by 2002. It can afford 582 of these cars; the remainder may be affordable depending on future funding levels and inflation. The CIP will design the cars to replace 144 cars first placed in service in 1970 and design a life extending rehabilitation of cars placed in service in 1976-77. It also continues to support the budget for maintaining rail cars.

- **Rail Lines:** The proposed Program provides 1999 funding of \$17,343,915, and five-year funding of \$196,601,981. Signal system improvements to protect CTA track workers, structural repairs on the Red Line, protective coating for the McCormick Bridge in Evanston, track renewal on the Congress Branch of the Blue Line, and heavy maintenance needed at various locations are projects funded in 1999. Small amounts of funding to move forward with rehabilitating the Douglas Branch of the Blue Line, and increasing the passenger capacity of the Brown Line are also included. A variety of other projects are funded in later years. Highlights include: a new Rail Service Management System, replacing signals in the Dearborn Subway and designing new signals for the Congress Branch, finishing the rehabilitation of the Milwaukee Avenue and the South Loop El structures, protective coating of additional bridges and structures, beginning to rehabilitate viaducts along the Purple Line, renewing special track work on the Dan Ryan Branch of the Red Line, renewing footwalk on the Brown and Red Lines, and realigning the tight curves at Harrison on the South Loop El.
- **Rail Stations:** The CIP includes 1999 funding of \$76,000,000; the five-year funding is \$173,742,057. The proposed Program for 1999 includes building a new station at Central Park-Conservatory on the Lake Branch of the Green Line, reconstructing Western/O'Hare station, and providing full disabled accessibility. The following seven stations will have full disabled accessibility: 95/Dan Ryan, Jefferson Park/O'Hare, Logan Square/O'Hare, 35-Sox/Dan Ryan, Indiana/South Side El, U of I - Halsted/Congress, and Kedzie-Homan/Congress. The later years of the program include reconstructing Wilson/Howard and 95/Dan Ryan, providing accessibility at Fullerton on the Red and Brown Lines, participating in a proposed joint development at Howard Station, and replacing escalators in the downtown subways. CTA hopes to fund the Fullerton project under the Ravenswood Capacity Expansion project, if that project can proceed quickly.
- **Shops & Garages:** 1999 funding in this category is \$3,983,798; the five-year funding is \$68,690,921. The 1999 Program funds roof and general repairs at CTA facilities. The out years include rehabilitating Archer Garage, performing electrical improvements at Des Plaines rail shop (Congress Branch), expanding the rail shop at 98th on the Dan Ryan Branch of the Red Line, upgrading the bus washing capability at Forest Glen garage, and continuing roof and general repairs. Staff is reviewing the long-term need for Archer Garage, and CTA will not commit funds to its rehabilitation unless this review determines Archer is necessary. The Forest Glen bus washer project in 2000 may be accelerated into 1999 if design work progresses faster than expected; vehicle cleanliness, being an important part of CTA's mission, will be given priority.
- **Miscellaneous:** The CIP includes 1999 funding of \$23,194,412, and 5-year funding of \$106,323,373. This category contains a great variety of projects. Among the most significant are improved signs to help our customers navigate the CTA system, enhancements to make the recently implemented automated fare collection system more convenient, improved computer systems needed to ensure efficiency, and a variety of marketing initiatives.
- **New Starts:** This category is also a distinct funding source in the federal program structure. The 1999 CIP table does not include any funds in this category, but a small amount of funding is included under "Rail Lines." Funding for the entire five-year Program is \$688,750,000. CTA worked very closely with Mayor Daley, members of the Chicago City Council, and members of the Illinois Congressional delegation to get two projects included in the "New Start" category of *TEA-21*: the rehabilitation of the Douglas Branch and the expansion of the Brown (Ravenswood) Line capacity. The Douglas Branch project has an earmarked federal budget of \$315 million. The Brown Line project has no specific earmark, but current estimates place the federal share at \$240 million. New Start projects must meet special criteria before they can be awarded grants for construction. Among the most significant requirements is that a secure source of the 20% non-federal match be identified and committed at the start of the project. These funds are not available at this time; thus, the State must act to provide them if the federal funds are to be granted. The unfunded non-federal share requirement is \$137,750,000.

The Douglas project will renew this branch of the Blue Line by replacing or rehabilitating the entire elevated structure, the terminal complex at 54th Avenue in Cicero, and most of the stations. The Brown Line project will extend station platforms and make other improvements so CTA can run 8-car trains on this line; we are now limited to 6-car trains, and cannot provide enough capacity to carry all the customers who wish to ride. These projects will also provide full ADA accessibility at all Ravenswood stations from the Kimball terminal to the Merchandise Mart, and all Douglas stations from 54th to Polk.

## CTA's Capital Investment Needs versus Projected Funding

How well does CTA's proposed Capital Improvement Program meet the goal of putting its system in a state of good repair?

Staff estimates that CTA should program \$4.1 billion between 1999 and 2003 in order to address all capital investment needs that are within our capacity. However, only \$1.8 billion is projected to be available from federal and state sources - a mere 43% of the needed investment. The majority of these funds come from federal sources under *TEA-21*. The projects in the Program total \$1.9 billion, which includes the non-federal match for the New Start projects explained above. Therefore, unless the State of Illinois acts, much needed work will not be completed. Some of the needs that will not be addressed are:

- **Buses:** CTA expects to operate 1,870 buses in 2003. If no capital grants are approved after 1998, 1,337 buses (71%) will be older than the standard retirement age of 12 years, including 20% that will be severely overage (14 years old or older). The proposed CIP commits over \$200 million to replace all of the severely overage buses and about 300 of the buses that will be 12 or 13 years or not air-conditioned.

Even with this large commitment to our bus riders, CTA will still be operating 635 buses over 12 years of age, and will not have funded their replacement. This would cost almost \$200 million more; it is reflected in the needed \$4.1 billion, but is over the amount in the CIP.

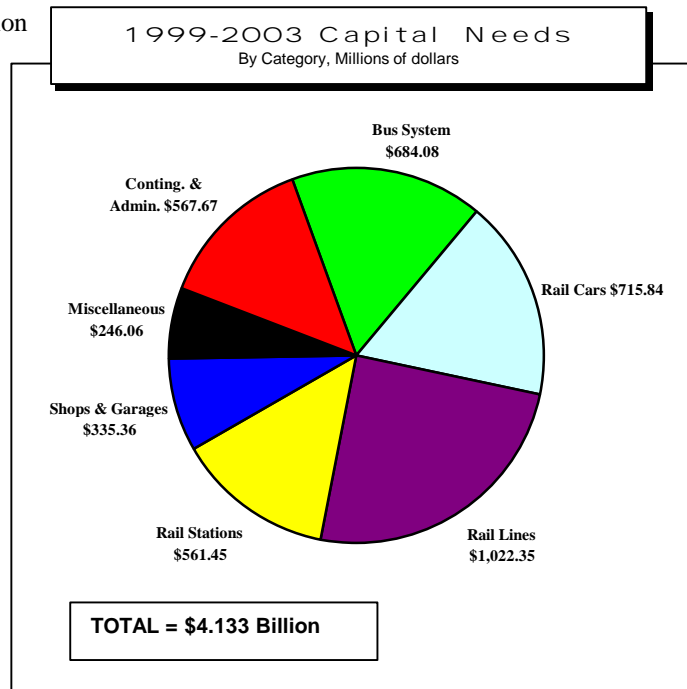
In addition, by 2003, CTA will have 1,364 buses overdue for their mid-life rehabilitation, at a cost of \$93 million. We cannot afford any such rehabilitations in the proposed CIP. All of these are unfunded needs.

- **Rail Cars:** If no new capital grants are forthcoming, CTA's fleet of 1,160 rail cars will include 338 (29%) which are overage by 2003; 144 (12%) will be severely overage (30 years or older). The proposed CIP is not able to replace or rehabilitate any of these cars; all it can fund is the engineering work needed to replace them or extend their lives through rebuilding. If CTA's capital needs were fully funded, we would replace all 144 cars that would be over 30 years, and would be in the midst of a multi-year program to rehabilitate the 194 which are slightly younger. This would require over \$270 million; another \$102 million would be needed in 2004-2005 to complete the rehabilitation work.

In addition, CTA is aggressively moving forward to rehabilitate 598 rail cars, half its fleet, at their mid-life. The CIP funds all but 16 of these cars at a cost of \$217 million, in addition to \$149 million already committed. This represents a shortfall of \$9 million.

Rail cars should also be rehabilitated at their quarter-life points, approximately 6 and 18 years of age. CTA cannot afford any of these rehabilitations in the CIP. If our needs were fully funded, we would dedicate over \$70 million to perform this work on 452 cars that will need it between 1999 and 2003.

- **Rail Stations:** By 2003, if no new capital funds were forthcoming, 65 of CTA's 151 rail station entrances will be over 40 years of age (43%); 46 will be over 70 years (31%). The CIP has a heavy commitment to stations, but much of this is to comply with the Americans with Disabilities Act which does not reconstruct stations and reduce their effective age. Therefore, the CIP only addresses 12 old stations, 8 on the Douglas Branch of the Blue Line, Fullerton and Belmont on the Red/Brown/Purple Main Line, Wilson on the Red Line, Western on



the O'Hare Branch of the Blue Line, at a cost of \$270 million. Other station improvements include the new Central Park-Conservatory Station on the Green Line and the replacement of escalators in the downtown subways.

If sufficient funds were available, CTA would also rehabilitate the 10 stations on the Congress Branch of the Blue Line, from U of I-Halsted to Harlem, at an additional cost of \$79 million.

- **Rail Lines:** Rail track and structure deteriorate with usage and the passage of time. If it is not maintained to high standards, eventually the speed of the trains must be reduced in order to ensure safety. One way to measure the overall quality of rail infrastructure is to look at how much of the system must operate at reduced speeds due to poor conditions.

Out of 232 miles of mainline track, 15 miles must operate at reduced speed due to poor condition. The CIP will repair four miles of such track, at a cost of \$6 million. Full funding of CTA's capital needs would address the remaining 11 miles, at a further cost of \$39 million. The CIP commits far more than \$6 million to track and structure rehabilitation, but much is spent to maintain areas which do not yet have to be slowed in order to avoid that necessity altogether.

- **Communications and Signals:** The CIP addresses most of CTA's identified needs in this area because these projects are so important to safe and on-time operation. It includes a new rail communication system (the Rail Service Management System), new signals for the Dearborn Subway, the Douglas Branch and part of the Brown Line, and design for new signals on the Congress Branch of the Blue Line, which total \$112 million in the CIP. For an additional \$74 million, the signal program could be accelerated, the Congress Branch signals could be replaced and various interlocking signals could also be improved.
- **Maintenance facilities:** Although rarely seen by the public, maintenance facilities are of vital importance. If garages and shops are obsolete, the cost of maintaining our vehicles will be high and the quality low. CTA operates 8 garages for buses and one for its service vehicles. Five will be over 40 years old in 2003; two of these will be over 70 years. The CIP includes \$26 million to substantially rehabilitate one of the oldest garages, which would still leave four overage and one very old. With full funding of CTA's capital needs, we would also rebuild the other very old garages and begin design work to rebuild two of the garages between 40 and 70 years old. This would require another \$53 million.

At or near each rail terminal, CTA operates a shop to house daily maintenance on the rail cars which serve that line. There are 10 of these shops. In 2003, four will be over 40 years old and two of those over 70 years. The CIP does not address these aging shops except to make necessary, small improvements. With more funding, CTA would replace one of the very old shops at a cost of \$23 million. This project might allow for consolidation of the two oldest shops, which would result in retiring both of them. This is a matter that requires study.

CTA also operates three major shops for rail car heavy maintenance (Skokie Shops), bus heavy maintenance (South Shops), and facilities maintenance (West Shops). Skokie Shops are currently being rebuilt and modernized. South and West Shops consist of multiple buildings of different ages, but for the most part they are each quite old. The CIP does not address the major rehabilitation needs at either. If funds were available for CTA's entire list of needs, we would fund the rehabilitation of these two shop complexes at a cost of \$142 million.

- **Maintenance:** The CIP commits \$124 million to capital-eligible maintenance of buses, rail cars and facilities. The CTA's list of needs includes \$361 million for such projects, if adequate capital funds were available. Using capital funds in this way assumes that additional operating funds are not available.

#### Looking Ahead

Much of CTA's physical plant was built before World War I. The majority of the remaining ones were built between 1940 and 1970. We continue to operate on rail structures over 100 years old. Prior to 1972, CTA and the private companies which preceded it chronically underfunded capital reinvestment. Significant amounts of Federal

and State capital grant funds became available starting in 1972. To date, over \$4 billion in grants have been received. These funds have been enormously important to enable CTA to continue to meet the service requirements of its riders. However, the advancing age and usage of very old facilities is pushing our reinvestment needs faster than current funding programs can solve.

Although the federal government enacted major transit funding legislation in 1991 and again in 1998, the State of Illinois has not done so in nearly a decade. In 1989, the Illinois General Assembly authorized the RTA to undertake \$1 billion in capital bonding on behalf of CTA, Metra and Pace. The three service boards together committed substantially all this money by 1995, and would have done so sooner had a follow-on program been in place. The CTA reconstructed its Green Line in 1994-96, and demonstrated that it could effectively manage a large reconstruction program. These actions produced tremendous momentum in rebuilding the CTA; however, this momentum began to wane in 1996 after the Green Line reopened and no new funding was available.

With critical support from Mayor Daley, members of the Chicago City Council, and our Congressional delegation, CTA secured New Start funding to rehabilitate the Douglas Branch which is now the most deteriorated portion of our system, and to expand the passenger capacity of Brown Line Stations to serve the burgeoning North Side communities. Metra worked to secure funding for strategically important expansions of its suburban service, also with notable success.

There is no question that CTA, Metra and Pace, require additional capital funding support, and can put large sums to immediate, productive use, to the benefit of the public and the communities we serve. It is now up to the State of Illinois to, assure the non-Federal matching funds required by CTA and Metra, so that our successes in Washington are not squandered; and then, to commit to a new program to replace the successful 1989 program which is now fully committed and will soon be spent out.

Proposed FY1999-2003 Capital Improvement Program

(thousands of dollars)

Proj. #	Title	Funded	1999	2000-03	5 Yr Total	Outyears	Proj Tot
<b>Bus System</b>							
021.032	Purchase Bus ACM Items	-	6,036	25,708	31,743	-	31,743
021.033	Vehicle Overhaul - Bus	-	3,605	28,041	31,646	-	31,646
021.033	Vehicle Overhaul - Bus (IL90X313/CTA-085-97-9)	-	(2,670)	-	(2,670)	-	(2,670)
031.042	Replace 440 Buses	40,500	39,686	37,602	77,288	-	117,788
031.043	Replace 78 Articulated Buses	-	-	38,651	38,651	-	38,651
031.045	Replace Buses - 490TMC, and 467 Flx	-	0	87,000	87,000	199,383	286,383
031.048	Purchase Alternative Fuel Vehicles	-	3,000	-	3,000	-	3,000
090.015	Rehabilitate/Purchase/Install Bus Passenger Shelters	-	-	2,220	2,220	-	2,220
	<b>Subtotal</b>	<b>40,500</b>	<b>49,656</b>	<b>219,223</b>	<b>268,879</b>	<b>199,383</b>	<b>508,762</b>
<b>Rail Cars</b>							
022.013	Purchase Rail ACM Items	-	4,289	15,626	19,915	-	19,915
022.016	Vehicle Overhaul - Rail	-	3,605	28,041	31,646	-	31,646
132.030	Rehab Up To 330 Rail Cars (2600 Series) - Base (284)	145,690	26,091	15,509	41,600	-	187,290
132.931	Rehab Up To 110 Rail Cars (2600 Series) - Option 1 (94)	-	5,483	49,348	54,831	-	54,831
132.932	Rehab Up To 110 Rail Cars (2600 Series) - Option 2 (110)	-	-	64,104	64,104	-	64,104
132.933	Rehab Up To 110 Rail Cars (2600 Series) - Option 3 (94)	-	-	55,523	55,523	-	55,523
132.056	Replace 144 Rail Cars (2200's)	-	-	657	657	200,275	200,932
132.057	Rehab 194 Rail Cars - Extend Life (2400's)	-	-	652	652	151,864	152,516
	<b>Subtotal</b>	<b>145,690</b>	<b>39,468</b>	<b>229,460</b>	<b>268,928</b>	<b>352,140</b>	<b>766,757</b>
<b>Rail Lines</b>							
053.004	Rail Service Mgmt System	-	-	33,491	33,491	-	33,491
150.001	Upgrade Safety Equipment - Subways	4,138	0	1,000	1,000	154,358	159,496
161.018	Replace Signal System - Dearborn Street Subway	-	-	41,568	41,568	-	41,568
161.022	Implement Workers Ahead Warning System	725	721	2,366	3,087	-	3,812
162.020	Install Cab Signal System Congress Line - Portal to Desplaines	-	-	3,582	3,582	40,574	44,157
171.035	Renew Structure - Milwaukee (Logan Square Connector)	37,712	-	20,229	20,229	-	57,941
171.107	Rehab Structure - South Loop	14,670	-	10,030	10,030	-	24,700
171.810	Rehab Structure - Armitage to Lawrence	600	618	2,788	3,406	-	4,006
171.207	Protective Coating Ravenswood Loop - River to Chicago	-	-	2,390	2,390	-	2,390
171.208	Protective Coating South Loop - VanBuren to 18th Street	-	-	482	482	-	482
172.006	Protective Coating For Bridges - Yellow & Purple Lines	500	1,700	3,694	5,394	-	5,894
173.022	Rehab Viaducts - Purple Line	-	-	14,648	14,648	10,864	25,512
181.810	Renew R.O.W. - Systemwide	-	2,060	9,207	11,267	-	11,267
186.025	Renew Dan Ryan Special Work - 10 Locations	-	-	12,236	12,236	-	12,236
187.037	Renew Footwalk on Ravenswood - Chicago to Armitage	-	-	1,239	1,239	-	1,239
187.038	Renew Footwalk on North Main Line - Belmont to Leland	-	-	4,012	4,012	-	4,012
194.001	Reconfigure Harrison Curve	973	-	9,414	9,414	-	10,387
194.117	FTA 5309 New Start - Douglas	13,200	2,144	-	2,144	-	15,344
194.115	FTA 5309 New Start - Ravenswood	4,900	2,144	-	2,144	-	7,044
196.001	Rehab Rail Lines (Congress)	12,795	7,957	6,880	14,837	-	27,632
	<b>Subtotal</b>	<b>90,212</b>	<b>17,344</b>	<b>179,258</b>	<b>196,602</b>	<b>205,797</b>	<b>492,611</b>
<b>Rail Stations</b>							
141.014	Reconstruct Rail Station - Wilson/Howard	3,620	-	15,757	15,757	-	19,377
141.016	Reconstruct Rail Station - Western/O'Hare (ADA - VCA) (1995)	799	13,000	-	13,000	-	13,799
141.034	Reconstruct Rail Station - Fullerton/Howard (ADA - VCA) (2008)	-	0	24,302	24,302	52,095	76,397
141.045	Construct Rail Station - Central Park-Conservatory/Lake	-	14,000	-	14,000	-	14,000
141.051	Reconstruct Rail Station - 95th/Dan Ryan (ADA - VCA) (1998)	391	8,000	-	8,000	-	8,391
141.051	Reconstruct Rail Station - 95th/Dan Ryan	-	-	36,702	36,702	-	36,702
141.052	Reconstruct Rail Station - Howard/Red Line (2010)	-	-	8,367	8,367	30,141	38,508
143.102	Improve Rail Station - Jefferson Park/O'Hare (ADA - VCA) (1998)	306	8,000	-	8,000	-	8,306
143.104	Improve Rail Station - Logan Square/O'Hare (ADA - VCA) (2000)	345	8,000	-	8,000	-	8,345
143.105	Improve Rail Station - 35th - Sox/Dan Ryan (ADA - VCA) (1998)	381	8,000	-	8,000	-	8,381
143.113	Replace Escalators - Subways	-	-	12,614	12,614	-	12,614
143.132	Reconstruct Rail Station - Indiana/SML (ADA - VCA) (1995)	300	5,000	-	5,000	-	5,300
143.149	Improve Rail Station - U of I - Halsted/Congress (ADA - VCA) (1998)	365	6,000	-	6,000	-	6,365
143.150	Improve Rail Station - Kedzie - Homan/Congress (ADA - VCA) (1999)	330	6,000	-	6,000	-	6,330
	<b>Subtotal</b>	<b>6,837</b>	<b>76,000</b>	<b>97,742</b>	<b>173,742</b>	<b>82,236</b>	<b>262,816</b>



(thousands of dollars)

Proj. #	Title	Funded	1999	2000-03	5 Yr Total	Outyears	Proj Tot
<b>Shops &amp; Garages</b>							
070.010	Improve Facilities (CAP)	-	2,039	-	2,039	-	2,039
073.072	Rehabilitate Garage - Archer	5,307	-	25,552	25,552	-	30,858
074.033	Replace Electric Service - Desplaines Shop	170	-	1,584	1,584	-	1,754
074.066	Expand Shop - 98th	-	-	31,236	31,236	-	31,236
076.032	Miscellaneous Facility Improvements	-	400	-	400	-	400
076.810	Replace/Repair Roofs	2,500	1,545	2,974	4,519	-	7,019
081.023	Upgrade Bus Washers - Forest Glen	314	-	3,361	3,361	-	3,675
	<b>Subtotal</b>	<b>8,291</b>	<b>3,984</b>	<b>64,707</b>	<b>68,691</b>	<b>-</b>	<b>76,982</b>
<b>Miscellaneous</b>							
053.005	Implement Fiber Optic System	-	-	6,700	6,700	-	6,700
060.810	Implement Computer Systems	4,510	6,480	32,566	39,046	-	43,556
084.810	Purchase Maintenance Equipment	-	1,000	1,775	2,775	-	
086.810	Purchase Non-Revenue Vehicles	-	2,670	4,309	6,979	-	
102.035	Implement Smart Card Technology	-	1,000	2,200	3,200	-	3,200
102.036	Expand Availability of Bus Transit Cards	-	4,000	2,500	6,500	-	6,500
110.011	Improve System Signage - Systemwide	4,400	5,150	281	5,431	-	9,832
190.033	Implement Quality Assurance Program	1,930	319	1,441	1,760	-	3,690
193.810	Miscellaneous & Unanticipated Capital	1,000	1,000	3,997	4,997	-	5,997
201.007	University Pass Program (CMAQ)	-	150	-	150	-	150
202.147	Master Plan - North Park	-	500	-	500	-	500
202.184	New Resident's Marketing Program (CMAQ)	-	200	-	200	-	200
202.190	Increase Usage of Park and Ride Facilities (CMAQ)	-	125	-	125	-	125
202.191	Corporate Relocation Assistance Program (CMAQ)	-	200	-	200	-	200
202.192	New Employee Program (CMAQ)	-	100	-	100	-	100
202.194	Stationary Power Study	-	300	-	300	-	300
202.400	Flexible Service Initiatives	200	-	1,394	1,394	-	1,594
203.800	Capital Asset Preservation Program (CAP) - 100%	-	-	25,967	25,967	-	25,967
	<b>Subtotal</b>	<b>12,041</b>	<b>23,194</b>	<b>83,129</b>	<b>106,323</b>	<b>-</b>	<b>108,610</b>
	<b>SUBTOTAL - Projects</b>	<b>303,572</b>	<b>209,646</b>	<b>873,519</b>	<b>1,083,165</b>	<b>839,555</b>	<b>2,216,538</b>
	Contingencies/Administration		26,300	116,047	142,347	-	142,347
	<b>TOTAL</b>		<b>235,946</b>	<b>989,566</b>	<b>1,225,512</b>	<b>839,555</b>	<b>2,358,885</b>
<b>Federal New Start Funding</b>							
194.117	FTA 5309 New Start - Douglas (Federal Portion)		*0	313,000	313,000	-	313,000
194.115	FTA 5309 New Start - Ravenswood (Federal Portion)		*0	238,000	238,000	-	238,000
	<b>Federal New Start Total</b>		<b>-</b>	<b>551,000</b>	<b>551,000</b>	<b>-</b>	<b>551,000</b>
	* FY99 funds in upper portion of table						
	<b>Combined Capital and Federal New Start Totals</b>		<b>235,946</b>	<b>1,540,566</b>	<b>1,776,512</b>	<b>839,555</b>	<b>2,919,639</b>
<b>Non-Federal Funding Match, Currently Unavailable</b>							
194.117	FTA 5309 New Start - Douglas (Non-Federal Share)		-	78,250	78,250	-	78,250
194.115	FTA 5309 New Start - Ravenswood (Non-Federal Share)		-	59,500	59,500	-	59,500
	<b>Non-Federal Match, Currently Unavailable, Total</b>		<b>-</b>	<b>137,750</b>	<b>137,750</b>	<b>-</b>	<b>137,750</b>
	<b>GRAND TOTAL, MATCHED</b>		<b>235,946</b>	<b>1,678,316</b>	<b>1,914,262</b>	<b>839,555</b>	<b>3,057,389</b>



# Appendices



We will focus on getting the job done and will derive personal satisfaction from the service we provide.

## Results-Oriented

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## Creation of Agency

### Transit in Chicago: The first 100 years

The Chicago Transit Authority, an independent government agency, was formed when the Illinois General Assembly passed the Metropolitan Transit Authority Act in 1945. In the same year, the City of Chicago passed an ordinance granting the CTA the exclusive right to own and operate a unified local transportation system. Voters in a referendum passed the Act and Ordinance on June 4, 1945.

In the years between the two World Wars, the viability of privately owned and operated mass transportation in Chicago was in doubt. At the time, two of the three transit companies in Chicago were facing bankruptcy as repeated restructuring efforts failed. Cash shortages were causing the delay of essential capital investment.

The CTA began operating in 1947 when it issued \$105 million in revenue bonds to purchase the Chicago Surface Lines and the Chicago Rapid Transit Company. Through additional bond issues, the Chicago Motor Coach Company and a portion of the Chicago Milwaukee St. Paul and Pacific Railroad right-of-way were added to the CTA in 1952 and 1953, respectively.

### Chicago Surface Lines

1859 marked the beginning of mass transportation in Chicago. Early service was horse-drawn. In 1882, the Chicago City Railway obtained the exclusive rights to operate San Francisco-style cable cars in Chicago. Cable cars gave way to innovations in electric traction. Electric-powered streetcars replaced the last cable and horse-drawn cars in 1906.

Streetcar lines operated along most major streets in Chicago. On February 1, 1914, five streetcar companies united under a single management: the Chicago Surface Lines. At its peak, the Chicago Surface Lines operated along 1,100 miles of tracks; it was the largest and most heavily used streetcar system in the world.

### Chicago Motor Coach Company

Buses were first used in Chicago in 1917 with the creation of the Chicago Motor Bus Company. Bus use was limited to Chicago's boulevards and parks. The Chicago Motor Coach Company succeeded the company in 1922.

### Chicago Rapid Transit Company

The Chicago and South Side Rapid Transit Railroad Company opened on June 6, 1892, bringing elevated train service to Chicago. At the turn of the century, four separate transit railroads operated in Chicago. The first trains, powered by steam, were quickly converted to electricity. Elevated tracks were built along available right-of-ways often above alleys and less heavily used streets.

The opening of the Loop "L" in 1897 connected rapid transit lines serving the north, south, and west sides of Chicago. The rapid transit companies formed a cost-saving trust in 1911 and later, in 1924, merged creating the Chicago Rapid Transit Company. To ease traffic congestion, the US Department of Interior, the Public Works Administration, and the City of Chicago financed the State Street Subway that opened in 1943 and the Dearborn Street Subway that opened in 1951.

### Massive Modernization by CTA

Through the 1950s, the CTA improved transit equipment, facilities, and operations. This era featured the purchase of thousands of new vehicles, faster "L" service, and the elimination of duplicate bus and train service. 1958 marked the end of streetcar service in Chicago and the opening of the world's first rapid transit line along an expressway median.

## Chicago Transit Authority Transit Facts

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### Creation of CTA

- The CTA was created by state legislation and began operating on October 1, 1947, after acquiring the properties of the Chicago Rapid Transit Company and the Chicago Surface Lines. On October 1, 1952, the CTA became the sole operator of transit when it purchased the Chicago Motor Coach System.

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### CTA Governance

- The CTA's governing arm is the Chicago Transit Board, which consists of seven members: The Mayor of Chicago appoints four, subject to approval by the City Council and the Governor. The Governor, subject to approval of the State Senate and the Mayor of Chicago appoints three.
- In 1974, the Regional Transportation Authority (RTA) was created by state legislation. The RTA serves as CTA's fiscal oversight agency.

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### Service Area & Population

- 220 square miles of Chicago and 38 nearby suburbs. This service area has 3.7 million people.

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### Ridership

- 419.9 million trips projected in 1998.
- Over 1.3 million trips per weekday.

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### Bus Service

- 1,872 buses make 22,500 weekday trips over 126 routes.
- Routes cover 1,894 miles, with over 12,100 bus stops.

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### Train Service

- 1,160 train cars make over 1,880 weekday trips on 7 routes.
- There are 289 miles of track, including yard track, with 141 stations.

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### Paratransit Service

- The CTA contracts with four carriers and eight taxicab companies that provide door-to-door service for riders with disabilities.
  - 1,145,963 trips projected in 1998.
-

## FUNDING SOURCES & ALLOCATION

All public funding CTA receives for both operating and capital needs is funnelled through the RTA. RTA receives funding from several sources for both operating and capital expenses for the region. Under the Regional Transportation Act, as amended in 1983, some of the funds are allocated to the Service Boards based on a formula included in the RTA Act. Other funds are allocated based on RTA's discretion. The sources and allocations are outlined below.

### Sales Tax Revenue

RTA has authority to levy a sales tax (3/4% in Cook County, 1/4% in the five collar counties) and a tax on automobile rentals. At this time, RTA has levied only the sales tax. In addition, the RTA receives from the Occupation and Use Tax Replacement Fund, a sum equal to the amount generated by a 1/4% sales tax in Cook County.

The 1999 budget for sales tax revenue for the Region is \$ 599.0 million. Sales tax revenue is distributed by legislative formula per the RTA Act. The first fifteen percent is allocated to RTA to fund RTA's budget. The remaining 85% is distributed by formula as follows:

Chicago Tax Revenue:	100% to CTA
Suburban Cook Tax Revenue:	55% to Commuter Rail 30% to CTA 15% to Suburban Bus
Collar County Tax Revenue	70% to Commuter Rail 30% to Suburban Bus

RTA may distribute at its discretion any funds remaining from the initial 15% sales tax distribution that is in excess of RTA's funding needs.

### Federal Assistance (Federal Transit Administration)

RTA is the region's recipient of federal assistance which previously included both operating and capital funds. RTA's 1999 budget for federal funds is \$343.2 million, none of which is allocated for operating purposes. Capital funds are allocated based on the approved capital program.

### State Assistance

The State of Illinois also provides both operating and capital funds to the RTA. The operating funds come from the State's Public Transportation Fund (PTF) which is provided each month in an amount equal to 25% of the net revenue realized from the RTA sales tax. RTA has the option to use PTF funds for capital purposes if it so desires. RTA's 1999 Budget includes \$149.8 million in PTF funds. PTF funds are allocated among the Service Boards based on RTA's discretion. RTA must adopt a balanced budget reflecting at least a 50% revenue recovery ratio before it can receive the State PTF funds.

The capital funds from the State come from the proceeds of Transportation Bonds. These are limited to capital purposes. They are primarily used for the local share of federally-funded capital projects and they are approved on a project-specific basis. RTA's 1999 Budget includes \$ 40.0 million in state bond proceeds.

Operating funds in the form of Additional State Assistance (ASA) are provided in the budget as well as reimbursements for reduced fare. The RTA 1999 budget includes \$ 39.5 million for ASA and \$ 20.0 million for reduced fare reimbursements. The reduced fare reimbursements are allocated to the three service boards based on reduced fare ridership.

#### Interest Earnings/Other

This source represents earnings on funds not required for immediate use or disbursement. The vast majority of these funds is invested in certain obligations of the United States Government and its agencies.

The RTA's 1999 budget for interest earnings and other is \$7.1 million.

#### Service Board Fund Balance

Service Boards are funded to their approved budget levels. If they require less funding during the year, this difference goes into their fund balance. This fund balance may be used for other projects or to fund operating expenses in future years. In 1999 CTA will use \$23.3 million of its fund balance for capital expenditures.

#### Capital Financing

CTA's capital needs are funded primarily by three agencies: the Federal Transit Administration (FTA) of the United States Department of Transportation; the Illinois Department of Transportation (IDOT); and the Regional Transportation Authority (RTA). Funds are also provided from other local units of government who receive FTA/IDOT/RTA grants and contract with CTA for performance of work.

Previously, FTA funds came from two programs, authorized by 49 U.S.C. Chapter 53, Sections 5309 and 5307 (formerly Sections 3 and 9, respectively, of the Federal Transit Act). On June 9, 1998, the Transportation Equity Act for the 21 Century (TEA-21) was signed into law which amended 49 U.S.C. TEA-21 provides a six-year reauthorization of the Federal Transit Program. FTA grants can pay for up to 80% of the cost of a capital project, with the remaining 20% usually funded by IDOT or the RTA.

TEA-21 established two new competitive transit programs. The Clean Fuels Formula Program (Section 3008) and the Job Access and Reverse Commute Program (Section 3031) in addition to retaining Federal funding established by both Sections 5309 and 5307 (formerly Sections 3 and 9, respectively, of the Federal Transit Act).

- Section 3008, "New Clean Fuels" authorizes funds for purchase or lease of clean fuel vehicles and related facilities, to improve existing facilities for clean fuel buses, and to repower, retrofit, or rebuild pre-1993 engines under certain conditions.
- Section 3037, "Job Access and Reverse Commute Grants" authorizes grants for both reverse commute projects, defined as transportation to suburban job opportunities along with transportation to welfare recipients (individuals who receive or received aid under a State program funded under part A of Title IV of the Social Security Act) and eligible low-income individuals (those with family incomes at or below 150% of the poverty line).
- Section 5309, "Capital Investment Program" authorizes grants for Fixed Guideway Modernization projects, with funds allocated by statutory formula, and Bus projects, which are at the discretion of FTA, within the levels authorized and appropriated by Congress. Congress often earmarks Bus funds, thereby reducing FTA discretion. Finally, New Starts are authorized in this section, with annual Congressional appropriation and allocation to special projects.
- Section 5307, "Urbanized Area Formula Program" authorizes grants for any capital, operating or planning purpose (with operating use subject to a cap).

Funds are allocated by statutory formula, to all qualifying urbanized areas in the country, with the amount based on Congressional authorization and appropriation. The FTA program also includes two new sources of funds, authorized in late 1991 under the Intermodal Surface Transportation Efficiency Act (ISTEA). These are:

- The Surface Transportation Program (STP), funded from the Highway Trust Fund, but with local flexibility to fund either transit or highway projects. Programming decisions are made by IDOT and local municipalities. CTA has never



directly received STP funds.

- The Congestion Mitigation and Air Quality Improvement Program (CMAQ), to fund transit, highway, or non-traditional projects with the specific intent to improve the Chicago region's air quality. Programming decisions are made by the Chicago Area Transportation Study (CATS) and IDOT. CTA has been successful in pursuing CMAQ funds, having received over \$40 million from 1992 to 1997.

The CTA can also receive grants from IDOT and RTA, not tied to federal funding. However, as funds authorized by the State in 1989 are almost exhausted, most of them are used to match federal funds so as not to lose the opportunity of 80% federal grants. Whether used to match federal grants, or not, these funds come from several sources:

- RTA bonds backed by RTA revenues;
- RTA "Strategic Capital Improvement Program (SCIP)" bonds backed by State of Illinois funds guaranteed to RTA for this purpose;
- RTA "Discretionary" funds, the use of RTA revenues for capital expenditures not tied to bonded debt;
- IDOT Series B Transportation Bonds,
- Occasionally, CTA will run an operating surplus which can be carried forward for capital projects in later years; and,
- Proceeds from innovative lease transactions

The 1989 State-approved program has been fully committed, and it is now necessary to provide additional financial resources for capital renewal of CTA, as well as Metra and Pace. Federal funds alone are not adequate, and in any event require a 20% local match.

#### Procedures

Each year, the local agencies involved in public transportation grant programs (primarily the City of Chicago, RTA and the three service boards - CTA, Metra and Pace) estimate the availability of Federal, State and local capital grant funds for the next five years, and how funds should be allocated among the agencies. (For example, CTA was allocated 50% of the \$1 billion in RTA debt capacity authorized in 1989, and is usually allocated 58% of FTA, RTA Discretionary and IDOT funding.) Each agency then develops a capital program to use the expected funds to the best advantage. Precise allocations of FTA/IDOT funds for 1999 are still subject to adjustment based on final agreements in this area as well as pending decisions regarding CMAQ and STP (flexible) funds. The funding marks used in this document are the best presently available.

Capital grants take the form of contractual agreements between CTA and its respective funding agencies. Each grant agreement stipulates the work to be accomplished and corresponding budget. The usual practice is to fund several different items of work in each grant (CTA calls these work items "job orders"). The CTA cannot encumber or spend any funds on a capital project until written approval is received from each funding agency participating in that project. Approval generally takes the form of an executed grant agreement.

Most of CTA's capital projects are funded by a mix of FTA, IDOT and RTA funds, in separate grant agreements. The rules governing budget detail, oversight, prior approval of certain actions, etc., vary from agency to agency. This results in a very complex administrative burden, as project activities must be reconciled with multiple sets of requirements. Managing these requirements is important because the grant agreements give each funding agency broad powers of oversight, inspection and audit over all project activities, and the potential to disallow costs and require reimbursement, with interest, from the CTA.

Procedures for funding capital differ significantly from those used for operating expenses. Whereas operating funds do not carry from year to year (though the CTA can retain a favorable budget balance for other purposes), capital grant agreements

do not expire at year-end, but continue in force for several years. Because the grants are project-specific, rather than time-specific (i.e., limited in duration), and because capital projects often take years to complete, any given year's capital spending consists of expenditures from many grants, which may have originated either recently or several years ago.

## THE ANNUAL BUDGET PROCESS

### The Budget & Financial Plan Process

The RTA Act requires the RTA Board to adopt a consolidated annual budget and two-year financial plan. The budgetary process contains three phases: budget development, budget adoption, and budget execution and administration.

#### Budget Development

Budget development begins each year in the middle of June with the Budget Call from the RTA. The Budget Call outlines the required budget information for the RTA, and provides economic assumptions from the Wharton Econometric Forecasting Associates (WEFA).

The RTA's sales tax forecast is based on the most recent Sales Tax Revenue estimate provided by the State Bureau of the Budget (BOB). The BOB is required to submit to the Regional Transportation Authority by July 1 of each year an estimate of Sales Tax Revenues to be received by the CTA (Authority) for the next fiscal year. The RTA uses this estimate and the sales tax growth rates as provided by WEFA to prepare the annual budget funding "Mark" and to estimate sales tax for the two years of the financial plan.

#### Budget Adoption

By the middle of August, the Authority is required to submit macro-level budgets and financial plans to the RTA. By September 15, the RTA Board is required to set operating funding "Marks" for the Authority. The "Marks" include estimates of available operating funding for the budget and financial plan, estimated cash flows and a required recovery ratio (the ratio or percentage of operating expenses that must be recovered from system-generated revenue) for the budget. Upon issuance of the Budget "Mark," the Authority revises its expenses and revenues to conform to the "Marks."

The Authority then makes its budget document available to the public. The statute requires documents be available for public inspection 21 days prior to public hearings. After the public hearings, the budget is presented at the November Cook County Board meeting. Then the Authority Board incorporates any changes and adopts the budget and two-year financial plan. By November 15, the Authority is required to submit to the RTA their detailed budget and financial plan that conforms to the Budget Marks set by the RTA on September 15th. The RTA Board adopts the proposed budget and plan upon the approval of nine of the RTA's thirteen directors. The RTA is required to adopt the budget by December 31 if the budgets meet the RTA's six criteria. If the RTA Board does not approve the budget, the RTA Board cannot release any funds for the periods covered by the budget and financial plan except the proceeds of sales taxes due by formula to the Authority.

#### Budget Execution & Administration

After the proposed budget and financial plan are adopted, the budget execution and administration phase begins. Detailed budgets of revenues and expenses calendarized for the 12 months of the budget year are forwarded to the RTA. The Authority's actual monthly financial performance is measured against the monthly budget and reported to the RTA Board.

#### Amendment Process

During this monitoring, changes may be required to the Authority's budget. The RTA might revise its sales tax forecast, which would mean less public funding. This in turn would require reduced spending to meet the revised funding "Mark" and Recovery Ratio.

When the RTA amends a revenue or expense item of the budget because of changes in economic conditions, governmental funding, a new program, or other reasons, the Authority has 30 days to revise its budget to reflect these changes. Depending

on the type of request, the proposed amendment may be presented to one or more committees of the RTA Board for approval. The RTA's Finance Committee, however, must approve all amendments before they are recommended to the RTA Board. The RTA Board ultimately approves or disapproves all proposals. The budget may need to be amended if the Authority is found not in compliance with the budget for a particular quarter based upon its financial condition and results of operations. The RTA Board, by a vote of nine members, may require the Authority to submit a revised financial plan and budget, which show that the Marks will be met in a time period of less than four quarters. If the RTA Board determines that the revised budget is not in compliance with the Marks, the RTA will not release any money except the sales taxes that are due under the allocation formula. The funds the RTA can withhold include Public Transportation Fund (PTF), discretionary sales tax and state funding.

If the Authority submits a revised financial plan and budget which show the Marks will be met within a four quarter period, then the RTA Board shall continue to release funds.

## ACCOUNTING SYSTEM & BUDGETARY CONTROL

The Chicago Transit Authority ("CTA") was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers.

As such, the operations of the CTA are accounted for on a proprietary fund basis. This basis is used when operations are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, and the periodic determination of revenues earned, costs incurred, and net income is appropriate.

The accounts of the CTA are reported using the "flow of economic resources" (cost of services) measurement focus and the accrual basis of accounting. Under the "flow of economic resources" measurement focus, all assets and liabilities are included on the balance sheet. Fund equity consists of contributed capital and accumulated deficit. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

In 1995 the CTA changed its financial reporting to a calendar year. Prior to 1995, the CTA operated on a 52 week fiscal year composed of four quarters of "four week, four week, and five week" periods. Periodically a 53-week fiscal year was required to keep the fiscal year aligned with the calendar.

Management of the Authority is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting controls are reasonable under the existing budgetary constraints and adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions.

As a recipient of federal, state, and RTA financial assistance, the Authority is also responsible for ensuring that the internal control system is adequate to ensure compliance with applicable laws and regulations related to those programs. This internal control system is subject to periodic evaluation by management and the internal audit staff of the Authority, as well as an annual audit by an independent accounting firm.

The results of the Authority's prior year-end audit provided no instances of material weaknesses in the internal control system or significant violations of applicable laws and regulations. The CTA is required by the Regional Transportation Act to submit for approval an annual budget to the RTA prior to the commencement of each fiscal year.

The Metropolitan Transportation Authority Act requires that no maintenance in excess of budget be made without approval of the Chicago Transit Board.

The budget is prepared on a basis consistent with generally accepted accounting principles, except for the exclusion of certain expenses which do not qualify under the Act for public funding, principally depreciation expense and pension expense in excess of actual pension contributions.

The RTA funds the budgets of the Service Boards, rather than the actual Operating Expenses in excess of System-Generated Revenue. Favorable variances from budget remain as deferred operating assistance to the CTA, and can be used in future years with RTA approval. All annual appropriations lapse at fiscal year-end.

The RTA monitors the CTA's performance against the budget on a quarterly basis, and if in the judgment of the RTA, this performance is not substantially in accordance with CTA's budget for such period, the RTA shall so advise the CTA. The CTA must, within the period specified by the RTA, submit a revised budget to bring the CTA into compliance with the budgetary requirements. The RTA must approve any amendments to the CTA's budget requiring additional public funding, or a reduction to the recovery ratio. Budget amendments resulting in transfers between departments, or major budget line items, are also permitted.

The Authority maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget appropriated by the Chicago Transit Board, and approved by the Regional Transportation Authority. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established for Public Funding Required. The Authority also maintains a Position Control System, that allows the monitoring and controlling of the number of employees versus budgeted positions for every job that is not part of scheduled transit operations (which are controlled by hours, not positions).

## COST CONTAINMENT AT CTA

Historically, the Public Funding Mark set by the RTA has been significantly below the amount needed to fund CTA operations. A crucial underlying cause of the problem is the statutory allocation of revenue within the region that tends to return sales tax to the source rather than where it is needed. The changing demographics and consumers' appetites for shopping at suburban shopping malls have reduced sales growth in the city which provides a major portion of CTA's operating subsidy through direct allocation of sales tax and matching state funds. The movement of companies to the suburbs has reduced employment, which has also depressed ridership, and hence fare revenue. Finally, the State Legislature has not provided sufficient funding for the subsidy paid for reduced fare riders.

The RTA provides the Public Funding for the CTA as well as the other Service Boards, Metra and Pace. The entire region is heavily dependent on sales tax for funding. The CTA faces special funding problems due to the regional formula allocation. The sales tax is segregated by region. RTA is allowed to reserve 15 percent of the tax for discretionary purposes and the remaining 85 percent is allocated by formula. Of the allocated amount, CTA receives 100 percent of the taxes collected in Chicago and 30 percent of the taxes collected in suburban Cook County. None of the taxes from the collar counties is allocated to the CTA. The result of this allocation is that CTA receives less than 50 percent of the formula sales tax funds, although it provides approximately 80 percent of regional transit trips, including more suburban trips than either Metra or Pace.

This problem is made worse by the fact that the region has under invested in its transit infrastructure for many years. In 1989 the RTA was authorized by the Illinois State Legislature to issue \$1.0 billion in bonds for infrastructure renewal. The state will repay half of the bonds, but the other half must be repaid from RTA discretionary funds. RTA has estimated that \$75.0 million will be needed in 1998 to repay the bonds. Since CTA is most dependent on these limited RTA discretionary funds, the resulting shortfall falls disproportionately on CTA. The following is a brief historical update of the actions taken by the CTA in the past to resolve funding shortfalls through cost containment.

### Summary of Key Budget Reductions - 1992 to Present

#### 1992

- Eliminated 82 exempt administrative and maintenance positions.
- Implemented salary freeze for exempt employees.
- An early retirement package was offered and accepted by 260 exempt employees in June. Annual savings of approximately \$10.0 million were achieved.

#### 1993

- Received one-time capital funding of \$20.0 million for maintenance costs.
- An additional \$7.6 million of funding was passed through RTA as a result of an agreement reached for CTA to share in any increase in sales tax collected in 1992 over the RTA Budget Mark.

#### 1994

- The collective bargaining settlement resulted in one-time savings of approximately \$43 million from the temporary suspension of pension contributions. Contributions for health insurance by employees were approved under the agreement for the first time. An increase in the use of part-time workers during the life of the contract was also agreed to, which resulted in lower labor expense.
- An Incentive Retirement Program was approved as part of the collective bargaining agreement. 967 employees accepted the package resulting in savings of approximately \$36 million over a four-year period.

## 1999 | Appendix VI

### 1995

- Refinancing of an \$11 million RTA loan due in the fall of 1995, spread the repayment over a three-year period. This reduced the 1995 outlay to \$3.7 million.
- Service changes, which included increasing headways on rail lines, were implemented during the year resulting in savings of \$4.0 million.
- Fare realignment was implemented in August, increasing revenues by \$5.0 million.

### 1996

- A hiring freeze was implemented midyear eliminating approximately 130 positions.
- Restrictions on overtime were instituted, and a new health insurance contract was negotiated that increased CTA's share of provider discounts resulting in savings of \$3.0 million.
- A fare restructuring that increased the price of tokens and transfers was approved resulting in an increase in revenue of \$13.0 million.
- CTA received a one-time credit to operating expenses of \$4.0 million for capitalization of unit exchange components. Unit exchange parts are major components of buses and rail cars that are rebuilt by CTA staff instead of being scrapped. Prior to December 1996, the material and labor used to rebuild these components were expensed and the rebuilt components were not inventoried.

### 1997

- A contract agreement was reached with the unions. The contract allows for the use of Special Part-Time Operators for work on weekends. These employees receive no fringe benefits and their hourly rate is equal to the entry-level pay rate. The contract also provides for an incentive retirement plan for all employees with 25 years or more of service; a six-month moratorium on pension contributions; and a reduction in spread and premium time pay. Savings of \$7.5 million were realized.
- A capital grant for rail vehicle maintenance resulted in a one-time funding of vehicle maintenance expense with capital monies. These costs would otherwise have been charged to operating.
- An Automated Fare Collection (AFC) system was fully implemented in September 1997. This computerized system improved operating efficiencies in fare reporting and collections. An additional \$1.9 million in revenue was realized in 1997, due to less shrinkage and fare evasion.
- A one-time credit of \$5.0 million was realized from recapitalization of previously expensed inventory.
- Implementation of one-person rail operation throughout the system saved \$3.8 million in 1997 and is expected to save \$13.0 million annually thereafter.

### 1998

- The incentive retirement program resulted in a reduction to labor of approximately \$13 million.
- The Automated Fare Collection (AFC) system enhanced revenues and reduced expenses by \$11.0 million.
- Restructuring of the CTA's bus and rail service eliminated ten bus routes and reduced some off-peak and weekend bus and rail service, while increasing service on other more heavily used "key" routes. The restructuring resulted in a \$13.1 million labor cost savings, combined savings of \$1.1 million in fuel and rail traction power costs, resulting in net savings of \$9.9 million.
- Through incentive retirements, service realignments and other economies, 808 positions were eliminated from the budget including 116 administrative/management positions.
- Each department was assigned reduction targets of 10% for material and 5% for other services. These goals resulted in savings of \$6.5 million in material and \$2.8 million for other services.



1999

- In 1998 an alliance was formed by units of local government, including the CTA, to negotiate lower rates pursuant to electric utility deregulation in Illinois. The lower rate that resulted from this alliance reduced power costs by \$3.0 million.
- All economies in the Booz-Allen & Hamilton service restructuring plans and the incentive retirement savings continue through 1999.

# HISTORICAL FINANCIAL SUMMARY

1999 | Appendix VII

	1998		1997		1996		1995		1994		1993		1992		1991		1990	
	Projected	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Operating Expenses (in millions)																		
Labor	565.2	573.7	570.2	541.2	550.0	573.3	563.6	543.2	528.2									
Material	67.1	50.8	57.3	66.9	70.1	61.5	63.3	63.2	66.8									
Fuel -- Revenue Equipment	13.1	15.1	17.5	14.8	15.9	15.5	15.7	16.7	18.8									
Electric Power-Revenue Equipment	21.7	23.6	23.5	20.6	17.3	21.3	22.2	22.2	20.0									
Provision for Injuries & Damages	42.0	32.1	30.0	30.0	34.1	27.4	22.4	66.3	22.4									
Purchase of Security Services	17.4	14.4	11.6	12.3	15.1	11.3	10.4	11.7	9.8									
Paratransit	26.5	26.1	24.9	23.3	21.4	18.6	16.7	14.9	13.8									
All Other Expenses	46.6	45.2	35.0	40.3	41.2	31.9	37.5	29.7	37.3									
	799.6	781.0	770.0	749.4	765.1	760.8	750.9	767.9	717.1									
System Generated Revenue (in millions)																		
Fares / Passes	365.8	360.3	357.1	341.9	363.6	355.0	352.3	321.2	335.6									
Reduced Fare Reimbursements	17.4	17.0	17.3	19.3	21.6	20.4	24.5	31.5	34.1									
Other	39.1	30.0	26.8	31.9	18.4	17.9	16.3	18.6	19.5									
	422.4	407.3	401.2	393.1	403.6	393.3	371.3	389.2										
Public Funding Required for Operations (in millions)																		
Operating Deficit	377.3	373.5	368.8	356.3	361.5	367.5	357.8	396.6	327.9									
Loan Payment RTA	-	3.7	3.7	3.7	10.0	-	-	-	-									
Damage Reserve Plan Payment	-	-	-	5.0	5.0	5.0	-	-	-									
	377.3	377.2	372.5	365.0	376.5	372.5	357.8	396.6	327.9									
Passenger Trips (in millions)																		
Bus	289.3	289.3	303.3	307.3	332.7	327.8	371.3	393.1	422.1									
Rail	130.5	129.9	124.1	119.3	122.9	118.2	120.0	134.9	146.3									
	419.9	419.2	427.4	426.6	455.6	446.0	491.3	528.0	568.4									
Vehicle Miles (in millions)																		
Bus	64.8	69.0	70.8	72.3	73.1	73.3	74.2	74.0	74.0									
Rail	54.3	51.2	48.4	45.6	50.9	56.4	55.3	56.5	54.8									
	119.1	120.2	119.2	117.9	124.0	129.7	129.5	130.5	128.8									
Active Passenger Equipment																		
Bus	1,872	1,961	1,976	2,041	2,079	2,081	2,170	2,170	2,170									
Rail	1,160	1,152	1,152	1,192	1,230	1,236	1,204	1,214	1,216									
	3,032	3,113	3,128	3,233	3,309	3,317	3,374	3,384	3,386									

# HISTORICAL FINANCIAL SUMMARY

	1998	1997	1996	1995	1994	1993	1992	1991	1990
	Projected	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Fare Structure (At year end)									
Full Fare									
Bus	1.50	1.50	1.50	1.50	1.25 <sup>2</sup>	1.25 <sup>2</sup>	1.25 <sup>2</sup>	1.20 <sup>2</sup>	1.00 <sup>2</sup>
Rail	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.25	1.25
Children, Students, Elderly & Handicapped									
Bus	0.75	0.75	0.75	0.60	0.60 <sup>2</sup>	0.60 <sup>2</sup>	0.55 <sup>2</sup>	0.40 <sup>2</sup>	0.40 <sup>2</sup>
Rail	0.75	0.75	0.75	0.75	0.75	0.75	0.65	0.45	0.45
Transfer Charge - Full Fare	0.30	0.30	0.30	0.25	0.30	0.30	0.30	0.25	0.25
Transfer Charge - Reduced Fare	0.15	0.15	0.15	0.10	0.15	0.15	0.15	0.15	0.15
Number of Employees (At year end) (in thousands) <sup>5</sup>	11.3	11.4	12.6	12.6	12.8	13.0	13.1	13.1	13.0
OPERATING LABOR HOURS (in million)	19.8	20.9	20.8	20.7	21.6	21.9	22.3	23.2	23.6
TOP BUS OPERATOR HOURLY WAGE RATE (At year end)	19.19	18.72	18.35	18.35	17.60	17.30	17.00	15.90	14.95
CONSUMER PRICE INDEX <sup>3</sup>	487.7 <sup>4</sup>	480.8	469.9	456.5	444.0	432.7	420.3	408.0	391.4

Footnotes

- 1 For purposes of comparison, all years have been converted to a basis of 364 days except 1996 which has 366 days.
- 2 Fare is during non-peak hours. During peak hours, fare is same as rail fare.
- 3 CPI-U, Base Period: 1967 = 100 (Source: Bureau of Labor Statistics)
- 4 Figure represents CPI-U at end of 5th period.
- 5 Includes part-time employees.

## 1999 BUDGET OPERATING STATISTICS COMPARED TO 1998 PROJECTED

Following are highlights of FY99 operating statistics for Bus and Rail Operations, as well as other areas within the CTA.

### MAINLINE SERVICE

In 1999, average weekday ridership (Bus and Rail) is expected to increase slightly, by 0.8% from 1998 Projected. Saturday and Sunday ridership is also expected to increase, along with passenger trips, for both Bus and Rail.

Bus vehicle miles are expected to decrease by 1.0% from 1998 Projected, while Rail vehicle miles should increase by 0.6%. Bus passenger trips per vehicle mile are expected to increase 2.1% from 4.47 trips to 4.56 trips per mile. Rail passenger trips will increase from 2.40 trips per mile to 2.42 trips per mile.

For 1999, Bus STO hours are budgeted to increase by 0.1% with Bus miles per STO hour decreasing by 1.1%. Rail STO hours are forecasted to decline by 4.9%, however, Rail miles per STO hour should increase 5.8%. Bus and Rail trips per STO hour should increase by 1.0% and 6.4%, respectively.

In 1999, Bus Operations will include a total of 126 bus routes and 12,100 bus stops. Rail Operations will experience no change in number of routes (7) or Rapid Transit stations (141). The number of ADA Accessible Stations will also be unchanged at 50.

The average fare per trip in FY99 is expected to decrease 2.3% to \$0.85 per trip. Also expected is a 0.8% increase in Public Funding per trip, to \$0.91 per trip.

### EXPENSES

In 1999, total Operating hours will increase by 0.3% while total Non-operating hours will increase 16.5%. In Bus Operations, Operating expense per mile will increase 4.0% to \$5.32 per mile and Operating expense per trip will increase 1.9% to \$1.17 per trip. In Rail Operations, Operating expense per mile will decrease 2.0% to \$2.57 per mile, while Operating expense per trip will decline by 2.6% to \$1.06 per trip.

In 1999, Top Operator Pay will increase 4.3% to \$20.01 per hour, while Bus Operator labor expense per mile will increase 4.2% to \$3.18 per mile. However, Rail STO labor expense per mile will decrease 2.9% to \$1.30 per mile.

The cost of maintaining buses is expected to increase in 1999, with Bus maintenance expense per mile increasing 3.8% to \$2.10 per mile. Rail maintenance expense per mile should decrease 1.6% to \$1.22 per mile.

Capital expenditures for 1999 will be \$201,818,456 an increase of 44.2% from 1998 Projected.

SECURITY

Security expense per Mile and Trip is forecasted to increase 46.8% and 44.7%, respectively in FY99. This continues the increased expenditures for Security begun in 1997. For 1998 Projected, Security expense per Mile is expected to increase 17.82% over prior year. Accordingly, Security expense per Trip should increase 16.52% for the same time period.

PARATRANSIT OPERATIONS

For 1999, Paratransit expense is projected to be \$27,060,000 a 2.0% increase over 1998 Projected. Average cost per trip in 1999 will increase 3.1% to \$23.87. The number of Paratransit trips provided is forecast at 1,044,684 (a 1.9% decrease), with 88,950 TAP trips provided (a 9.4% increase).

## Operating Statistics

	1995 Actual	1996 Actual	1997 Actual	1998 Projected	1999 Budget
<b>Service</b>					
Average Daily Ridership					
Weekday	1,405,847	1,388,608	1,369,813	1,371,906	1,382,959
Saturday	779,000	810,500	785,107	786,306	792,641
Sunday	491,900	511,100	501,415	502,181	506,226
Passenger Trips:					
Bus	307,347,000	303,267,000	289,252,527	289,308,218	292,550,947
Rail	119,248,888	124,052,906	129,957,253	130,542,172	132,149,053
Total	426,595,888	427,319,906	419,209,780	419,850,390	424,700,000
Vehicle Miles:					
Bus	72,292,018	70,844,700	69,008,700	64,761,672	64,127,984
Rail	45,554,200	48,363,400	51,193,200	54,339,847	54,690,060
Total	117,846,218	119,208,100	120,201,900	119,101,519	118,818,044
Passenger Trips per Vehicle Mile:					
Bus	4.25	4.28	4.19	4.47	4.56
Rail	2.62	2.57	2.54	2.40	2.42
Vehicles Required for Service:					
Annual Average Number of Buses	1,657	1,610	1,610	1,543	N/A
Annual Average Number of Rail Cars	803	910	910	910	N/A
Vehicles Owned by CTA (at Fall Fleet Assignment):					
Number of Buses	2,041	1,976	1,961	1,872	N/A
Number of Rail Cars	1,192	1,162	1,152	1,160	N/A
Miles per Average Vehicles Required:					
Bus	43,628	44,003	42,863	41,971	N/A
Rail	56,730	53,147	56,256	59,714	N/A
Average Age of Vehicles (at year end):					
Buses	6.2 years	6.4 years	7.4 years	8.6 years	N/A
Rail Cars	12.1 years	13.1 years	13.6 years	N/A	N/A
STO Hours:					
Bus	8,076,871	8,014,330	7,904,801	7,497,090	7,505,734
Rail and Agents	3,050,367	3,504,587	3,501,033	2,735,462	2,602,441
STO Platform Hours as a percent of Total Hours:					
Bus	89.90%	89.60%	N/A	N/A	N/A
Rail and Agents	82.30%	81.60%	N/A	N/A	N/A
Miles per STO Hour:					
Bus	9	8.8	8.7	8.6	8.5
Rail and Agents	14.9	13.8	14.6	19.9	21.0
Trips per STO Hours:					
Bus	38.1	38.2	36.6	38.6	39.0
Rail and Agents	39.1	36.4	38.1	47.7	50.8
Number of:					
Passenger Commendations	1,325	1,369	425	N/A	N/A
Passenger Complaints	17,844	19,191	17,425	N/A	N/A

Note: N/A indicates that a Budget value is not calculated. Based on the nature of certain items, such as Passenger Commendations, estimated values or goals are not calculated. These items are presented only as values.

## Operating Statistics

	1995	1996	1997	1998	1999
	Actual	Actual	Actual	Projected	Budget
<b>Bus Operations</b>					
Number of:					
Runs Scheduled	1,103,157	1,101,314	1,080,800	N/A	N/A
Runs Filled	1,085,086	1,082,536	1,038,859	N/A	N/A
Road Calls	23,194	20,630	18,355	N/A	N/A
Bus Routes	139	140	139	126	126
Bus Stops	12,800	12,800	12,800	12,100	12,100
Passenger Trips per Bus Stop	24,011	23,693	22,598	23,910	24,178
<b>Rail Operations</b>					
Number of:					
Runs/Tricks Scheduled	314,887	358,510	333,234	N/A	N/A
Runs/Tricks Filled	312,985	357,281	329,849	N/A	N/A
Delays over 10 minutes	1,480	2,309	2,611	N/A	N/A
Rail Routes	6	7	7	7	7
Rapid Transit Stations	117	118	140	141	141
Passenger Trips per Station	1,019,221	1,051,296	928,266	925,831	937,227
ADA Accessible Stations	29	30	50	50	50
<b>Expenses</b>					
Operating Hours	20,739,100	20,766,943	20,975,101	19,804,424	19,872,289
Non-Operating Hours	1,701,480	2,129,733	1,583,660	820,644	955,843
Top Operator Pay	\$18.35	\$18.35	\$18.72	\$19.19	\$20.01
<b>Operating Expense per Mile</b>					
Bus Operations	\$5.12	\$4.92	\$4.96	\$5.12	\$5.32
Rail Operations	\$3.51	\$3.42	\$2.19	\$2.62	\$2.57
<b>Operating Expense per Trip</b>					
Bus	\$1.20	\$1.15	\$1.18	\$1.15	\$1.17
Rail	\$1.34	\$1.33	\$1.16	\$1.09	\$1.06
Bus Operator Labor Exp. per Mile	\$2.98	\$2.92	\$2.96	\$3.05	\$3.18
Bus Maintenance Exp. per Mile	\$2.11	\$1.97	\$1.96	\$2.03	\$2.10
Bus Maintenance Exp. per Vehicle	\$92,190.14	\$84,079.37	\$84,114.82	\$85,150.02	N/A
Number of Buses Overhauled	64	0	0	120	150
Rail STO Labor Expense per Mile	\$1.81	\$1.80	\$1.71	\$1.33	\$1.30
Rail Maintenance Expense per Mile	\$0.99	\$1.56	\$1.17	\$1.24	\$1.22
Rail Maintenance Expense per Vehicle	\$56,173.05	\$93,839.75	\$65,937.96	\$58,212.73	N/A
Number of Rail Cars Rehabbed	28	2	0	0	N/A
Capital Expenditures	\$348,622,410	\$317,574,868	\$185,845,828	\$140,000,000	\$201,818,456
No. of Capital Job Orders in Progress	861	814	818	647	694
<b>Revenue</b>					
Average Fare per Trip	\$0.79	\$0.83	\$0.86	\$0.87	\$0.85
Public Funding per Trip	\$0.84	\$0.87	\$0.88	\$0.90	\$0.91
<b>Safety</b>					
Accidents per 100,000 Miles (Vehicle and Passenger):					
Bus	5.73	5.43	6.39	N/A	N/A
Rail	0.16	0.19	0.28	N/A	N/A

Note: N/A indicates that a Budget value is not calculated. Based on the nature of certain items, such as Passenger Commendations, estimated values or goals are not calculated. These items are presented only as values.

## Operating Statistics

	1995 Actual	1996 Actual	1997 Actual	1998 Projected	1999 Budget
<b>Injuries and Damages (I &amp; D)</b>					
Number of Cases Settled	2,618	2,048	1,735	N/A	N/A
Payouts for Claims and Settlements	\$30,159,308	\$13,967,344	\$22,531,349	N/A	N/A
Average Total Cost per Case Settled	\$14,142	\$10,121	\$16,905	N/A	N/A
<b>Components of Total Cost</b>					
Avg Payout per Case Settled	\$11,520	\$6,820	\$12,986	N/A	N/A
Avg Legal and Admin. Exp. per Case	\$2,622	\$3,301	\$3,919	N/A	N/A
Total I & D Cost per Passenger Trip	\$0.09	\$0.05	\$0.05	N/A	N/A
<b>Workers Compensation</b>					
Claims Pending - Beginning of year	3,873	4,070	3,994	N/A	N/A
New Claims Opened	2,084	2,126	1,899	N/A	N/A
Claims Otherwise Disposed/Claims Closed	361	346	261	N/A	N/A
Claims Closed	-2,248	-2,548	-1,815	N/A	N/A
Claims Pending - End of year	4,070	3,994	4,339	N/A	N/A
Total Claim Payments	13,333,065	12,344,736	12,365,325	N/A	N/A
Litigated Claims Pending - Beginning of year	1,472	1,684	1,697	N/A	N/A
New Claims Filed	681	547	553	N/A	N/A
Claims Dismissed or Otherwise Disposed	18	-127	-96	N/A	N/A
Claims Settled	-487	-407	-560	N/A	N/A
Claims Pending - End of year	1,684	1,697	1,594	N/A	N/A
Average Payout per Case Settled	\$5,931	4,845	7,955	N/A	N/A
Total Workers' Comp. Cost per Passenger Trip:	\$0.03	\$0.03	\$0.03	N/A	N/A
<b>Security</b>					
Security Expense per Mile	\$0.12	\$0.11	\$0.13	\$0.15	\$0.22
Security Expense per Trip	\$0.03	\$0.03	\$0.04	\$0.04	\$0.06
<b>Paratransit</b>					
Number of Trips Provided By:					
Paratransit	968,306	1,053,186	1,097,584	1,064,691	1,044,684
Taxi	210,331	116,860	86,533	81,272	88,950
Number of Routes Offering Mainline Lift Service					
Lift Service	58	75	75	75	75
Total Paratransit Expense	\$23,322,152	\$24,943,743	\$26,072,496	\$26,527,239	\$27,060,000
Average Cost per Trip	\$19.79	\$21.32	\$22.02	\$23.15	\$23.87

Note: N/A indicates that a Budget value is not calculated. Based on the nature of certain items, such as Passenger Commendations, estimated values or goals are not calculated. These items are presented only as values.



## COMPARATIVE PERFORMANCE ANALYSIS

The following profiles operating data for the CTA and seven other comparable transit agencies, using statistics published by the Federal Transit Administration (FTA) in its National Transit Database. The information compiled is for fiscal years ending in calendar year 1996, that is the latest year for which published data are available. Also shown is the five-year history of the CTA's performance using the same measures as in the comparison with other transit systems. Please note that San Francisco (Muni) has not been included in the Administration Section of this analysis. Muni's administrative counts are not accurate because the agency does not follow current National Transit Database reporting regulations; once corrected, they will be put back in the analysis.

This analysis compares the efficiency and effectiveness of CTA's operation to its peer group in terms of Financial, Operations, Maintenance, and Administration measurements. Before drawing conclusions from the data, however, one should be cautioned that a more thorough evaluation might be appropriate to determine the extent to which any apparent differences could be attributed to unusual events during the time period covered, such as unique aspects of a transit system's operating environment, specific management practices, and size of the system, etc.

### PEER COMPARISON

The foregoing caveat notwithstanding, the CTA performed well by comparison with the average of the seven other transit systems.

### FINANCIAL

The CTA performed well in the financial area. Efficiency measured in terms of cost per vehicle mile and vehicle hour was substantially more favorable than the average peer group: 12.2% lower on a per mile basis and 19.6% lower on a vehicle hour basis. In terms of effectiveness, CTA's cost was .8% higher per passenger than the peer group, but CTA's revenue per passenger was 12.7% higher than the group's average. CTA recovered 46.5% of its operating cost from fare revenue, compared to an average of 43.2% for the group.

### OPERATIONS

About 59.5% of all CTA employees were directly involved in transportation service at the end of 1996. This was higher than the 55.1% average for the comparison group. The CTA's safety record continued at approximately 2.51 accidents per 100,000 miles, slightly higher than the peer group average of 2.32 accidents per 100,000 miles.

In 1996, 88.4% of CTA's operators' salaries paid were for productive platform time. CTA's revenue hours per transportation employee were 8.6% more than the average. Total miles per active revenue vehicle were below the peer group average by 4.4% as well.

The passenger related ratios fell short by comparison to the group averages. Some of this is a result of the size of vehicle CTA uses relative to the peer group. Yet, as noted earlier, CTA maintained more efficient cost to service ratios.

### MAINTENANCE

Maintenance employees accounted for 32.7% of CTA total employees; this is below the group average of 34.0%. CTA's maintenance cost per vehicle mile was below the group average by \$.26 per mile, or 17.2% lower than the group average. Vehicle miles per maintenance employee exceeded the group average by 0.4%.

### ADMINISTRATION

Administration accounted for only 7.8% of CTA's work force at the end of 1996, compared to 10.0% in the

comparison group. Miles and revenue per administrative employee were above the peer group average by 49.9% and 38.9% respectively, while passengers to administrative employee ratio was also above the average by 36.2%.

#### CTA'S FIVE YEAR PERFORMANCE

For all transportation modes, CTA has been fairly consistent over the last five years. Service over the time frame has remained relatively stable. The fleet size has averaged about 3,257 vehicles. Platform time, as a percent of operators' wages, increased 0.3 percentage points since 1992. Maintenance cost per vehicle mile decreased 6.0% since 1992, and has decreased 6.7% from 1995.

The less favorable ratios in the analysis are related to ridership. A reduction in passengers over the last five years and increased operating costs resulted in a 7.6% increase in cost per passenger. As a result, fare revenue as a percent of operating cost has increased to offset the ridership cost.

# Comparative Performance Analysis

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	CTA	Group Avg.*	CTA vs. Group Avg	COMPARISON GROUP						
				NYCTA	SEPTA	WMATA	MBTA	LACMTA	MUNI	MARTA
<b>ALL MODES VEHICLES</b>										
Active revenue vehicles	3,167	2,797	13.20%	9,379	2,196	2,101	1,602	2,387	992	923
Available for maximum service (owned)	3,420	3,059	11.80%	9,587	2,550	2,171	2,417	2,647	1,054	990
<b>FINANCIAL</b>										
Efficiency				\$6.85	\$7.70	\$7.39	\$6.49	\$7.14	\$9.99	\$3.97
1. Cost per vehicle mile	\$6.21	\$7.07	12.20%	\$93.28	\$99.10	\$116.41	\$101.81	\$96.30	\$86.61	\$68.91
2. Cost per vehicle hour	\$76.06	\$94.63	19.60%							
Effectiveness				\$1.40	\$2.02	\$2.02	\$1.69	\$1.95	\$1.23	\$1.51
1. Cost per passenger	\$0.80	\$0.71	-0.80%	\$1.02	\$0.83	\$0.99	\$0.51	\$0.57	\$0.44	\$0.58
2. Revenue per passenger	46.54%	43.15%	3.39p.pts.	72.36%	40.45%	48.57%	39.07%	29.21%	34.69%	38.05%
3. Fare revenue as a % of operating costs										
<b>OPERATIONS</b>										
Efficiency				N/A	N/A	N/A	N/A	N/A	N/A	N/A
1. Platform time as a % of pay hours	88.40%	0.00%	0 p.pts.	50.60%	53.50%	49.79%	49.79%	60.47%	65.29%	56.35%
2. Transportation employees as a % of total employees	1,396	1,285	8.60%	1,369	1,035	1,211	1,352	1,290	1,281	1,454
3. Revenue hours per transportation employee	37,386	39,121	-4.40%	43,074	33,588	40,614	33,996	39,051	25,832	57,693
4. Total miles per active rev. vehicle	1.86	1.7	9.40%	1.48	1.80	2.66	1.37	1.41	1.40	1.75
5. Peak-to-base vehicle ratio	2.51	2.32	8.20%	3.65	2.48	2.37	1.91	1.61	3.54	0.72
6. Total accidents per 100,000 miles										
Effectiveness				5.12	4.20	4.14	4.07	4.28	8.90	2.88
1. Passengers per revenue vehicle mile	48.81	62.17	-21.50%	71.44	54.54	67.20	64.97	54.18	73.95	48.91
2. Passengers per revenue vehicle hour	42,152	47,793	-11.80%	50,207	35,100	41,166	58,395	44,632	63,735	41,314
3. Passengers per employee	65.49	80.69	-18.80%	124.07	75.28	94.44	112.84	31.98	59.09	67.11
4. Passengers per capita										
<b>MAINTENANCE</b>										
Efficiency				40.50%	36.60%	41.00%	35.30%	27.30%	28.40%	28.70%
1. Maintenance employees as a % of total employees	\$1.25	\$1.51	-17.20%	\$1.31	\$1.70	\$1.39	\$1.38	\$1.80	\$2.21	\$0.76
2. Maintenance cost per vehicle mile										
Effectiveness				11,550	3,998	9,638	10,652	2,532	1,110	6,650
1. Vehicle miles per road call for mechanical failure	35,328	35,452	0.40%	25,452	25,097	27,417	43,116	44,666	27,605	54,815
2. Vehicle miles per maintenance employee	75.50%	75.63%	-0.1p.pts.	79.90%	79.20%	76.90%	73.10%	69.70%	71.70%	79.00%
3. Peak vehicle requirement as a % of active rev. vehicles										
<b>ADMINISTRATION</b>										
Efficiency				2.65	2.46	2.96	2	2.38	N/A	1.76
1. Active revenue vehicles per admin employee										
Effectiveness				114,235	82,596	120,199	68,078	92,843	N/A	101,818
1. Miles per administrative employee	544,122	399,613	36.20%	562,856	355,915	447,378	391,463	363,191	N/A	276,873
2. Passengers per administrative employee	\$436,478	\$314,214	38.90%	\$576,545	\$296,521	\$442,639	\$200,476	\$207,558	N/A	\$161,545
3. Revenue per administrative employee										

# Comparative Performance Analysis

## 1999 | Appendix IX

	1992	1993	1994	1995	1996	1996 vs. 1992	1996 vs 1995
<b>C T A - ALL MODES</b>							
<b>VEHICLES</b>							
Active revenue vehicles	3,345	3,202	3,313	3,258	3,167	-5.32%	-2.79%
Available for maximum service (owned)	3,348	3,317	3,309	3,162	3,420	2.15%	8.16%
<b>FINANCIAL</b>							
Efficiency	\$6.23	\$6.11	\$6.61	\$6.48	\$6.21	-0.32%	-4.17%
1. Cost per vehicle mile	\$78.92	\$79.55	\$82.33	\$80.17	\$76.06	-3.62%	-5.13%
2. Cost per vehicle hour							
Effectiveness	\$1.58	\$1.63	\$1.72	\$1.78	\$1.70	7.59%	-4.49%
1. Cost per passenger	\$0.69	\$0.77	\$0.76	\$0.77	\$0.80	15.94%	3.90%
2. Revenue per passenger	43.92%	46.92%	44.51%	43.48%	47.12%	3.2 p.ppts.	3.6 p.ppts.
3. Fare revenue as a % of operating costs							
<b>OPERATIONS</b>							
Efficiency	88.10%	88.10%	88.80%	87.40%	88.40%	0.3 p.ppts.	1.0 p.ppts.
1. Platform time as a % of pay hours	63.90%	58.60%	63.00%	61.40%	59.53%	-4.4 p.ppts.	-1.9 p.ppts.
2. Transportation employees as a % of total employees	1,355	1,244	1,308	1,320	1,396	3.03%	5.76%
3. Revenue hours per transportation employee	38,493	38,589	36,262	36,110	37,386	-2.88%	3.53%
4. Total miles per active rev. vehicle	1.93	1.87	1.88	1.86	1.86	-3.63%	0.00%
5. Peak-to-base vehicle ratio	2.47	2.69	2.97	3.16	2.51	1.62%	-20.57%
6. Total accidents per 100,000 miles							
Effectiveness	4	3.8	3.91	3.7	3.69	-7.75%	-0.27%
1. Passengers per revenue vehicle mile	54.78	53.17	51.84	48.92	48.81	-10.90%	-0.22%
2. Passengers per revenue vehicle hour	47,410	38,729	44,080	41,114	42,152	-11.09%	2.52%
3. Passengers per employee	74.9	68.2	70.04	65.11	65.49	-12.56%	0.58%
4. Passengers per capita							
<b>MAINTENANCE</b>							
Efficiency	30.50%	32.90%	31.10%	31.50%	32.70%	2.2 p.ppts.	1.2 p.ppts.
1. Maintenance employees as a % of total employees	\$1.33	\$1.25	\$1.39	\$1.34	\$1.25	-6.02%	-6.72%
2. Maintenance cost per vehicle mile							
Effectiveness	7,076	6,358	5,094	5,563	6,205	-12.31%	11.54%
1. Vehicle miles per road call for mechanical failure	39,310	31,449	35,743	34,735	35,328	-10.13%	1.71%
2. Vehicle miles per maintenance employee	78.71%	78.17%	74.20%	73.73%	75.50%	-3.2 p.ppts.	1.8 p.ppts.
3. Peak vehicle requirement as a % of active rev. vehicles							
<b>ADMINISTRATION</b>							
Efficiency	5.55	3.12	5.22	4.27	3.87	-30.27%	-9.37%
1. Active revenue vehicles per admin employee							
Effectiveness	213,636	120,432	189,457	154,150	144,833	-32.21%	-6.04%
1. Miles per administrative employee	844,068	451,456	750,222	579,437	544,122	-35.54%	-6.09%
2. Passengers per administrative employee	\$584,307	\$345,505	\$572,869	\$447,521	\$436,478	-25.30%	-2.47%
3. Revenue per administrative employee	420.3	432.7	444	456.5	469.9	11.80%	2.94%
CPI All Urban Consumers (U.S. city average) <sup>1</sup>							

# Comparative Performance Analysis

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	1992	1993	1994	1995	1996	1996 vs. 1992	1996 vs 1995
<b>C T A - B U S M O D E</b>							
<b>VEHICLES</b>							
Active revenue vehicles	2,144	2,072	2,079	2,028	1,975	-7.88%	-2.61%
Available for maximum service (owned)	2,144	2,081	2,079	2,028	1,976	-7.84%	-2.56%
<b>F I N A N C I A L</b>							
Efficiency	\$6.74	\$6.63	\$6.99	\$6.99	\$6.88	2.08%	-1.57%
1. Cost per vehicle mile	\$67.49	\$68.95	\$72.54	\$72.16	\$69.43	2.87%	-3.78%
Effectiveness	\$1.31	\$1.45	\$1.56	\$1.64	\$1.55	18.32%	-5.49%
1. Cost per passenger	\$0.67	\$0.76	\$0.76	\$0.77	\$0.74	10.45%	-3.90%
2. Revenue per passenger	50.78%	52.48%	49.00%	46.85%	47.44%	-6.6 p.ppts.	1.3 p.ppts.
3. Fare revenue as a % of operating costs							
<b>O P E R A T I O N S</b>							
Efficiency	89.40%	89.40%	90.40%	88.40%	89.70%	0.3 p.ppts	1.3 p.ppts.
1. Platform time as a % of pay hours	68.10%	62.90%	66.80%	64.30%	61.90%	-6.2 p.ppts.	-2.4 p.ppts.
2. Transportation employees as a % of total employees	1,504	1,377	1,456	1,463	1,553	3.26%	6.15%
3. Revenue hours per transportation employee	33,585	34,403	35,567	35,473	34,552	2.88%	-2.60%
4. Total miles per active rev. vehicle	1.82	1.8	1.72	1.68	1.7	-6.59%	1.19%
5. Peak-to-base vehicle ratio	3.47	3.66	4.18	4.29	3.71	6.92%	-13.52%
6. Total accidents per 100,000 miles							
Effectiveness	5.23	4.67	4.56	4.33	4.5	-13.96%	3.93%
1. Passengers per revenue vehicle mile	52.71	48.61	47.49	44.81	45.6	-13.49%	1.76%
2. Passengers per revenue vehicle hour	53,996	42,100	46,189	42,137	43,818	-18.85%	3.99%
3. Passengers per employee	54.52	48.09	48.81	45.06	44.48	-18.42%	-1.29%
4. Passengers per capita							
<b>M A I N T E N A N C E</b>							
Efficiency	26.10%	28.10%	27.20%	29.00%	30.80%	4.7 p.ppts.	1.8 p.ppts.
1. Maintenance employees as a % of total employees	\$1.61	\$1.47	\$1.52	\$1.57	\$1.48	-8.07%	-5.73%
2. Maintenance cost per vehicle mile							
Effectiveness	3.957	3.668	3.135	3.433	3.615	-8.64%	5.30%
1. Vehicle miles per road call for mechanical failure	40,207	32,729	37,927	34,172	32,098	-20.17%	-6.07%
2. Vehicle miles per maintenance employee	81.34%	82.77%	81.72%	81.71%	80.50%	-0.8 p.ppts.	-1.2 p.ppts.
3. Peak vehicle requirement as a % of active rev vehicles							
<b>A D M I N I S T R A T I O N</b>							
Efficiency	5.4	2.96	4.8	4.15	3.93	-27.22%	-5.30%
1. Active revenue vehicles per admin employee							
Effectiveness	181,376	101,979	170,809	147,054	135,719	-25.17%	-7.71%
1. Miles per administrative employee	932,834	467,319	765,814	625,666	600,865	-35.59%	-3.96%
2. Passengers per administrative employee	\$620,940	\$354,995	\$584,869	\$481,742	\$442,952	-28.66%	-8.05%
3. Revenue per administrative employee	420.3	432.7	444	456.5	469.9	11.80%	2.94%
GPI All Urban Consumers (U.S. city average) <sup>1</sup>							

# Comparative Performance Analysis

	1992	1993	1994	1995	1996	1996 vs. 1992	1996 vs 1995
<b>C T A - R A I L M O D E</b>							
<b>VEHICLES</b>							
Active revenue vehicles	1,201	1,130	1,234	1,230	1,192	-0.75%	-3.09%
Available for maximum service (owned)	1,204	1,236	1,230	1,134	1,152	-4.32%	1.59%
<b>F I N A N C I A L</b>							
Efficiency							
1. Cost per vehicle mile	\$5.79	\$6.15	\$6.48	\$6.18	\$5.74	-0.86%	-7.12%
2. Cost per vehicle hour	\$100.67	\$107.09	\$119.71	\$112.52	\$100.92	0.25%	-10.31%
Effectiveness							
1. Cost per passenger	\$2.17	\$2.09	\$2.09	\$2.09	\$2.03	-6.45%	-2.87%
2. Revenue per passenger	\$0.77	\$0.79	\$0.76	\$0.78	\$0.80	3.90%	2.56%
3. Fare revenue as a % of operating costs	35.38%	37.62%	36.64%	37.47%	39.36%	4.0 p.ppts.	1.9 p.ppts.
<b>O P E R A T I O N S</b>							
Efficiency							
1. Platform time as a % of pay hours	82.10%	82.10%	80.20%	81.70%	81.60%	-0.5 p.ppts.	-0.1 p.ppts.
2. Transportation employees as a % of total employees	56.30%	50.50%	55.40%	55.50%	55.10%	-1.2 p.ppts.	-0.4 p.ppts.
3. Revenue hours per transportation employee	1,036	938	953	977	1,064	2.70%	8.90%
4. Total miles per active rev. vehicle	42,943	40,710	37,433	37,161	42,082	-2.00%	13.24%
5. Peak-to-base vehicle ratio	2.2	2.06	2.39	2.43	2.32	5.45%	-4.53%
6. Total accidents per 100,000 miles	1.31	1.56	1.25	1.62	1.06	-19.08%	-34.57%
Effectiveness							
1. Passengers per revenue vehicle mile	2.69	2.97	3.14	2.99	2.86	6.32%	-4.35%
2. Passengers per revenue vehicle hour	60.76	67.99	75.26	71.62	66.22	8.99%	-7.54%
3. Passengers per employee	35,481	32,223	39,721	38,788	38,831	9.44%	0.11%
4. Passengers per capita	20.23	19.93	21.14	19.94	20.91	3.36%	4.86%
<b>M A I N T E N A N C E</b>							
Efficiency							
1. Maintenance employees as a % of total employees	38.30%	41.70%	39.00%	36.70%	36.30%	-2.0 p.ppts.	-0.4 p.ppts.
2. Maintenance cost per vehicle mile	\$1.02	\$1.03	\$1.18	\$0.99	\$0.93	-8.82%	-6.06%
Effectiveness							
1. Vehicle miles per road call for mechanical failure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2. Vehicle miles per maintenance employee	34,740	26,272	32,725	35,671	37,795	8.79%	5.95%
3. Peak vehicle requirement as a % of active rev. vehicles	74.02%	69.73%	61.43%	60.57%	67.30%	-9.1 p.ppts.	11.1 p.ppts.
<b>A D M I N I S T R A T I O N</b>							
Efficiency							
1. Active revenue vehicles per admin employee	5.84	3.46	6.13	4.49	3.79	-35.10%	-15.59%
Effectiveness							
1. Miles per administrative employee	250,726	140,680	229,582	166,819	159,396	-36.43%	-4.45%
2. Passengers per administrative employee	667,831	413,975	713,614	494,385	451,352	-32.42%	-8.70%
3. Revenue per administrative employee	\$513,605	\$325,218	\$545,246	\$386,423	\$359,951	-29.92%	-6.85%
CPI All Urban Consumers (U.S. city average) <sup>1</sup>	420.3	432.7	444	456.5	469.9	11.80%	2.94%

<sup>1</sup> CPI-U, Base Period: 1967 = 100 (Source: Bureau of Labor Statistics)

# Comparative Performance Analysis

EFFICIENCY *	FINANCIAL	OPERATIONS	MAINTENANCE	ADMINISTRATION
1	Cost per mile -- reflects the relationship of basic input (money) to one unit of output.	1 Platform hours as a percent of pay hours**-- reflects combined impact of contract provisions and scheduling function. Generally, the higher the percentage, the more efficient the operation.	1 Maintenance employees as a percent of total employees--reflects relative distribution of labor by labor category. When combined with transportation indicator, reflects level of non-overhead employment.	1 Active revenue vehicle per administrative employee--reflects magnitude of fleet size to administrative staff.
2	Cost per hour--unit of output similar to cost per mile.	2 Transportation employees as a percent of total employees--reflects relative distribution of labor by department.	2 Maintenance cost per mile--reflects cost effectiveness of maintenance function.	
3	Hours of service per transportation employee--reflects relative distribution of labor by department.	3 Hours of service per transportation employee--reflects relative distribution of labor by department.		
4	Miles per vehicle--reflects utilization of rolling stock.	4 Miles per vehicle--reflects utilization of rolling stock.		
5	Peak-to-base vehicle ratio***--reflects effect of service and scheduling policies. In general, a lower ratio is more efficient, though this is not always the case.	5 Peak-to-base vehicle ratio***--reflects effect of service and scheduling policies. In general, a lower ratio is more efficient, though this is not always the case.		
6	Accidents per 100,000 miles--reflects quality of training and discipline.	6 Accidents per 100,000 miles--reflects quality of training and discipline.		
EFFECTIVENESS	1 Cost per passenger--reflects relationship of basic input (money) to consumption.	1 Passenger per mile--reflects impact of planning, service and marketing policies.	1 Miles per maintenance related road call--reflects effectiveness of maintenance to assure reliability of service.	1 Miles per administrative employee--indicator of effective utilization of administrative staff.
2	Revenue per passenger--reflects the combined effect of service and fare policies.	2 Passenger per hour--similar to passengers per mile.	2 Miles per maintenance employee--indicator of effective utilization of maintenance work force.	2 Passengers per administrative employee--indicator of overhead expense category relative to system usage.
3	Recovery Ratio -- reflects combined effect of cost controls, service, and fare policies.	3 Passengers per employee--gross indicator of consumption compared to major output.	3 Peak vehicle requirements as a percent of total vehicles--reflects ability of maintenance function to optimize capital investment in rolling stock.	3 Revenue per administrative employee--indicator of revenue generated relative to size of administrative staff.
4	Passenger per capita -- reflects the general effectiveness of the system to capture market share.	4 Passenger per capita--reflects the general effectiveness of the system to capture market share.		
*	Efficiency vs "Effectiveness": "Efficiency" is considered as the relationship of input to output (e.g. miles per gallon, or units produced per employee). "Effectiveness" can be thought of as a measure of accomplishment of purpose (e.g. increasing revenue, or carrying more passengers). An operation can be efficient, but not effective, and vice-versa.			
NOTE:	Passengers are unlinked passenger trips.			
**		Platform hours: are hours during which an operator operates a revenue vehicle, either in revenue service or in dead-heading, or spends in layovers in vehicle at a rest point. (Excluded is turn-in-time, spread time, etc.)		
***		"Pay hours" as defined here exclude non-operating work time such as training, accident reporting, fare collection, etc.		
		Peak-to-base vehicle ratio: is the ratio of vehicles required during peak hours to the number required in the base period. The base period is defined as the period between the end of the A.M. peak and the beginning of the P.M. peak.		

# Comparative Fares

Transit agencies are ranked in descending order of lowest cash bus fare during peak hours.

Bus Rank	Rail Rank	City (System)	Peak Fares			Off-Peak	
			Bus	Rail	Transfer	Full Fare	Passes <sup>1</sup>
1	1	Philadelphia (SEPTA)	1.60	1.60	0.40	Same	D,M,W
2	17	San Diego (MTDB)	1.50 - 1.75	1.00 - 2.00	Free	Same	M
2	2	Chicago (CTA)	1.50	1.50	0.30	Same	Accom, M, SV, V
2	2	Atlanta (MARTA)	1.50	1.50	Free	Same	M,W,WED,SV,V
2	2	New York City (NYCTA)	1.50	1.50	Free	Same	SV,V
2		Minneapolis (MTC)	1.50 - 2.00		Free	1.00	M,31day,SV
7	6	Los Angeles (LACMTA)	1.35	1.35	0.25	0.75	M,2W,W
7	6	Baltimore (MDOT)	1.35	1.35	None	Same	M,D,W
7		Milwaukee (MCT)	1.35		Free	Same	W
10	2	Pittsburgh (PAT)	1.25 - 3.50	1.50 - 2.00	0.25	1.25 - 1.60	A,M,6M,SS,W
10		Oakland (AC Transit)	1.25		0.25	Same	M
10	8	Buffalo (NFTA)	1.25	1.25	0.25	Same	M
10	8	Miami (MDTA)	1.25	1.25	0.25	Same	W
10	8	Denver (RTD)	1.25	1.25	Free	0.75	A,D,M,1W
10	8	Cleveland (GCRTA)	1.25 - 1.50	1.25 - 1.50	Free	Same	A,D,FD,M,W,V
10	8	St. Louis (Bi-state)	1.25	1.25	0.10	Same	D,3D,M,W
17	14	Washington D.C. (WMATA)	1.10 - 2.50	1.10 - 2.10	0.10	1.10 - 2.10	2W,M*,SV*
17	14	Portland (Tri-County MTD)	1.10 - 1.40	1.10 - 1.40	Free	Same	A,D,M,1W
19		Seattle (Metro)	1.00 - 1.75		Free	0.85 - 1.10	A,M,3M
19	13	Newark (NJ Transit)	1.00 - 21.45	1.20 - 7.45	0.45	Same	M,W*,2W,WED
19	17	Orange County (OCTD)	1.00 - 3.00	1.00 - 3.00	Free	Same	M
19		Houston (Metro)	1.00 - 3.50		Free	Same	M,W,D
19		New Orleans (RTA)	1.00		0.10	Same	D,3D,M
19	17	Dallas (DART)	1.00	1.00	Free	Same	D,M,W
19	17	San Francisco (Muni)	1.00	1.00	Free	Same	D,3D,M,W
26		Cincinnati (SORTA)	0.80 - 1.40		None	0.65 - 1.25	M, MW, WED, SV
27	21	Boston (MBTA)	0.60 - 2.25	0.85 - 2.00	None	Same	M,V
	14	San Francisco (BART)		1.10 - 4.45	Free	Same	SV

1 D=Daily; 3D=3 Day; W=Weekly; 2W=2Weeks; WED=Weekend Day Only; M=Monthly;  
 MW=Weekday only; 3M=3 Month; 6M = 6 Month; A=Annual; SS=Summer Student; SV=Stored Value;  
 V=Visitor's Pass; Accom=Accommodation; FD = Family Day Pass(1 adult and up to 3 children)  
 \* Rail only.

Note: In instances where a range of fares is shown, fares charged are distance or zone related.



## Comparative Farebox Recovery Ratios

City (System)	Fare Revenue	Expense	Recovery Ratio <sup>1</sup>
Chicago (CTA)	\$358,666,833	\$770,678,527	46.54%
Peer Group			
New York City (NYCTA)	\$2,039,814,397	\$2,818,836,792	72.36%
Washington D.C. (WMATA)	\$314,417,501	\$647,309,034	48.57%
Philadelphia (SEPTA)	\$268,696,632	\$664,201,783	40.45%
Boston (MBTA)	\$213,423,899	\$546,276,892	39.07%
Atlanta (MARTA)	\$84,664,730	\$222,496,852	38.05%
San Francisco (Muni)	\$94,745,896	\$273,115,361	34.69%
Los Angeles (LACMTA)	\$210,145,673	\$719,379,822	29.21%
Other Selected Transit Systems			
San Francisco (BART)	\$123,691,285	\$242,925,683	50.92%
New York (PATH)	\$66,122,000	\$157,231,000	42.05%
Cleveland (GCRTA)	\$42,987,573	\$182,024,160	23.62%

1. Farebox revenue only; CTA's budgeted recovery ratio includes non-fare revenue in addition to fare revenue.

Source: 1996 National Transit Database published by the Federal Transportation Administration.

## Glossary of Terms

Accommodation Pass	A monthly reduced fare pass for unlimited riding privileges for disabled and paratransit RTA Reduced Fare Card holders, valid for use on both CTA and Pace.
ADA	The Americans with Disabilities Act of 1990. Federal legislation mandates that all new buses and all rail lines be made wheelchair accessible, and that alternative transportation be provided where customers within $\frac{3}{4}$ of a mile of regular service are not able to use the regular service.
AFC	The automated fare collection system.
Block Runs	Runs that are scheduled between Monday and Friday encompassing a 10 hour shift straight pay. No overtime is paid.
Bus Trip	The trip made by a bus from one end of its route to the other end (a one-way trip).
Budget Marks	The Regional Transportation Authority Act, as amended in 1983, calls for RTA to advise each of its Service Boards by September 15th of each year of its required revenue recovery ratio for the subsequent year, and the public funding to be available. These figures are referred to as budget marks.
Deferred Operating Assistance	Positive budget variances from the prior year or years that can be used to fund deficits or capital expenditures in future years, with budgetary approval from RTA.
Financial Plan	In addition to an annual budget, the Regional Transportation Authority Act, as amended in 1983, requires RTA and its Service Boards to develop a financial plan for the two years subsequent to the upcoming budget year. In combination with the annual budget, this provides a three-year projection of expenses, revenues, and public funding requirements.
Fund Balance	Fund balance is the cumulative amount that has not been used by which total revenues (including Public Funding) exceed (or are exceeded by) expenses over a series of years. Annual budget surpluses (or deficits) generally add to (or subtract from) the Fund Balance. This balance is available to (from) the Fund Balance. This balance is available to fund current or future operating or capital needs.
Headway	The time span between service vehicles (bus or rail) on specified routes.
Infrastructure	The basic installations and facilities on which the continuance and growth of a community depend. For the CTA, this means such facilities as elevated structure, track, repair shops, bus garages, rail terminals, and power substations, etc.
Labor Base	This is the labor expense for time actually worked. It excludes holidays, sick time, and vacation time.
Labor Load	The cost of fringe benefits. It includes vacation time, holiday time, payroll taxes, pension contribution, and insurance calculated as a percentage of the labor base.
Non-Operating	Expenses and revenues recorded as capital.
Off-Peak	Non-rush hour time periods.
Peak	Rush hour time periods which are from 6:00 AM to 10:00 AM in the morning and from 3:00 PM to 7:00 PM in the afternoon and evening.
Platform Time	The time a transit vehicle is in revenue service.

## Glossary of Terms

Positive Budget Variance	Refers to the difference between a Service Board's operating deficit and its RTA budget appropriation in a given year.
Public Funding	Funding received from the Regional Transportation Authority. Generally refers to funding for operating purposes.
Purchase of Paratransit Service	The amount of money paid to outside vendors to provide door-to-door transportation to certified disabled riders.
Recovery Ratio	The ratio or percentage of operating expenses that must be recovered from system-generated revenue. Also referred to as revenue recovery ratio, farebox recovery ratio, and system-generated revenue recovery ratio. Certain operating expenses may, by law be excluded from the calculation.
Reduced Fares	Discounted fare for children age 7–11, grade and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID ) except Paratransit Riders.
Run	STO personnel assignment of work for the day.
Service Board	The Regional Transportation Authority Act, as amended in 1983, refers to the CTA, Metra (the commuter rail system), and Pace (the suburban bus system) as Service Boards.
SPTO	STO personnel that are restricted to weekend work, at a lower pay rate, and who receive no fringe benefits from the CTA.
STO	The portion of labor that represent Scheduled Transit Operations. This classification includes bus operators, motormen, conductors, and ticket agents.
System-Generated Revenue	Revenue generated internally by CTA. Includes fares, charter revenue, advertising, investment income, income from local governments per a provision of the Regional Transportation Authority Act, and a subsidy for reduced fare riders per 1989 legislation.
Top Operator Rate	The top hourly rate for Bus Operators and Rail Motormen, based on employee seniority within the job, as specified by the union contract.
Train Trip	The trip made by a train (from two to eight rail cars) going from its original terminal to its destination terminal (a one-way trip).
Trick	A part of the daily working schedule of a transit system employee. Also known as a shift.
Unlinked Passenger Trip (or Unlinked Trip)	Each boarding of a transit vehicle by a passenger is counted as an unlinked passenger trip. A single journey by one passenger, consisting of one or more unlinked trips (boardings), is referred to as a linked trip.
Warranty & Credits	Reimbursement for repairs made under warranty or any other compensation for money spent.

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1999 | Acknowledgments

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**T**he Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Chicago Transit Authority, Illinois for its annual budget for the fiscal year beginning January 1, 1997.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



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