

BUILDING A NEW CTA

PRESIDENT'S 2013 BUDGET RECOMMENDATIONS



CTA FY13 Budget

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Letter from the President

Dear CTA Customers:

On October 1, 2012, the CTA celebrated its 65th anniversary. On that day in 1947, the CTA took over all 'L' and streetcar operations in the City of Chicago. We've spent every day since moving our customers and this great city forward, even expanding service to many suburbs. In fact, the CTA has become the workhorse of the regional transit system, providing 82 percent of all rides in the six-county metropolitan area.

The CTA has changed a great deal since 1947. Our rail system has grown to 145 stations. Streetcars have given way to low-emission and hybrid buses. And our new state-of-the-art 5000 Series rail cars are distant cousins to the models that traveled our elevated tracks years ago.

In fact, we are reinventing your CTA. After making significant reductions in central management bureaucracy in 2011 and continuing those reforms during 2012, we now have the leanest management-to-worker ratio in the agency's history.

Numerous management reforms are gradually and methodically reducing administrative costs and improving efficiency. Last February, we exposed tens of millions of dollars in waste at CTA supply warehouses. Parts and supplies had languished for more than 10 years, with no system in place to effectively manage the thousands of items stored there. Since then, we've unveiled a host of improvements to reduce costs, increase oversight and improve operations.

Our performance management team and new professional training efforts are paying off in reduced absenteeism and more efficient service. By measuring and improving key benchmarks of effective deployment of bus and rail service, and working collectively to improve them, we are slowly but surely delivering the same amount of service, at higher quality, with fewer dollars.

But despite all these improvements—and despite reaching a tentative labor agreement with our operating unions that calls for significant savings—the CTA still faces financial instability primarily related to how our operations are funded. Because of that, we have made the difficult decision to reduce the levels of discounts on CTA fare passes to bring those discounts in line with other major U.S. cities. Base CTA fares will remain unchanged.

The CTA continues to make critical investments to improve service, safety and efficiency. We've installed thousands of security cameras throughout the system, resulting in a reduction in crime and the arrests of dozens of serial offenders, in addition to adding extra police patrols and creating a modern video surveillance center to assist our crime-fighting efforts. And we have updated or replaced antiquated systems for many parts of our organization, including transit operations scheduling and planning; purchasing and supply

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chain management; human resources; payroll processing; and financial tracking, budgeting and reporting.

I am equally excited about the ways in which we've invested in our customers' experience. These investments will help us further lower per unit operating costs while providing more frequent and reliable service. In just 18 months, we have launched more than \$2 billion in modernization projects, from slow zone eradications on the rail system and rehabilitation of our maintenance facilities, to new fleets of rail cars and buses.

In 2012 we installed at our bus shelters LED screens with precise bus arrival times. We also began offering customers the ability to get updated train arrival information via texting CTA Train Tracker, and began installing train arrival screens at all our rail stations.

These investments come as the CTA has experienced extraordinary ridership growth. Last year, the CTA had 532 million riders, and ridership was up 3 percent year-over-year for the first nine months of 2012. Ridership has increased in 18 of the last 19 months.

We're also working smarter. Over the course of the past year, our "Renew Crew" team has given 100 facelifts to rail stations. Teams of combined trades descend on stations for comprehensive and high-intensity cleaning and repair work, leaving an environment that's brighter, cleaner and more aesthetically pleasing.

Last year, Governor Pat Quinn and Mayor Rahm Emanuel announced a combined \$1 billion to repair and rebuild the Red Line. Since that time, we have moved quickly to begin some repairs and to make plans for future work that will modernize the Red Line, Chicago's busiest rail line.

In June 2011 we introduced an \$86 million initiative that is repairing and improving seven north Red Line stations, some of which are more than a century old. Today, project work requiring the temporary closure of stations is on schedule and within budget to be completed by the end of the year. These upgrades and repairs not only heighten the quality and experience for riders and neighbors, they also provide a life extension for these stations that will last for many years as the CTA pursues longer-term plans for the modernization of the Red and Purple Lines.

We have designed and awarded construction contracts for next year's \$425 million Red Line South Track Renewal Project. This initiative will build a brand new railroad from 22nd Street to 95th Street, providing our customers with a 10-mile trip that is faster, smoother and more reliable. We've also revealed the design work for two major Red Line projects: a brand-new 95th Street Terminal serving an estimated 20,000 commuters each weekday that connects the Red Line with 13 bus routes serving South Side neighborhoods; and the complete reconstruction of the Wilson Red Line station into a brand-new,

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reconfigured transfer station between the Red and Purple Lines. Wilson construction will begin in mid-2013 and 95th Street Terminal will begin in 2014.

We've done an extraordinary amount of outreach to the public, the local business community, elected officials, media and other stakeholders. The CTA has worked closely with its partner, the Chicago Urban League, to notify the affected communities of the opportunities and economic benefits associated with the Red Line South project for both individuals and businesses.

We held seven meet-and-greet sessions that paired Disadvantaged Business Enterprises with prime contractors to identify subcontracting opportunities to ensure that smaller businesses within the affected community could have meaningful participation in the project. The result was a high percentage of contract awards for minority and disadvantaged businesses.

We also held three job fairs for part-time bus operator positions that will be needed to accommodate the increased service during the construction period. Those fairs have resulted in new, permanent jobs for hundreds of individuals.

With exploding ridership growth in the past 18 months, we moved quickly to improve service without increasing costs. The CTA Board approved the first comprehensive restructuring of bus and rail service in 15 years, pruning duplicative and low-ridership routes and adding extra bus and rail service to areas experiencing overcrowding and growing demand. The additional CTA service will reduce commuter wait times between trains and buses and lower rush hour crowd loads by 10 to 15 percent in most cases.

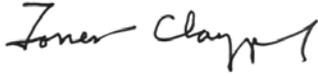
This year, we introduced a new brand name under the CTA umbrella: the Jeffery Jump. In partnership with the Chicago Department of Transportation, the CTA unveiled the Jeffery Jump, which provides new, faster service on Jeffery Boulevard and lays the groundwork for future Bus Rapid Transit projects along Western and Ashland Avenues and in the central Loop. The attractive blue Jeffery Jump buses began service in November.

Another of the CTA's innovations has been the unveiling of a new fare payment system, Ventra, that will provide CTA and Pace customers with a flexible, more convenient way to pay for train and bus rides. By spring 2014, our riders will use contactless media to enter our stations and ride our buses. Even a credit card will work with a simple tap of the fare reader.

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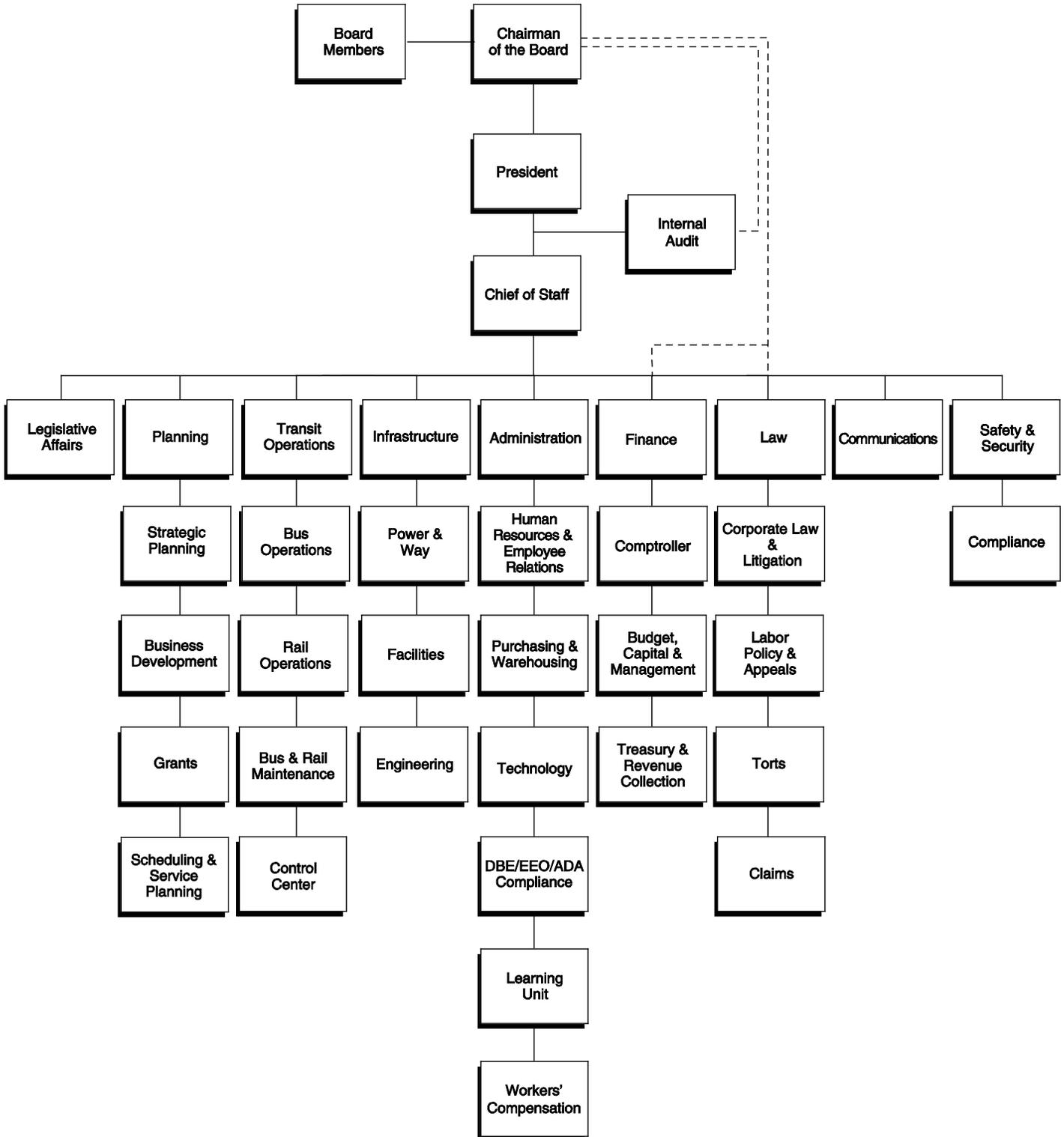
Ventra is just the latest in a series of dramatic modernization improvements underway, making the customer experience more convenient and pleasant. Much work remains to be done. But under Mayor Emanuel, the CTA continues to move aggressively into the future.



Forrest Claypool

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Organizational Chart



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Executive Summary



CTA rail ridership totaled nearly 532 million in 2011 and continued to grow in 2012, benefitting from the agency's ongoing investment in improving service and upgrading infrastructure.

Executive Summary

Overview

For 65 years, the Chicago Transit Authority (CTA) has been a critical component of the Chicago area's economic vibrancy. It has linked residents and commerce, and created strong neighborhoods and communities by providing affordable, reliable transportation to everyone.

This was a year of change and progress at the CTA, as the agency continued its emphasis on efficiency and modernization.

The CTA winds down 2012 with many successes in our ongoing efforts to create a first-rate transit system and use modern management to improve efficiency, eliminate waste and duplication, and begin to bend historically rigid cost curves.

The CTA began an exciting new capital investment campaign in 2012: aging rail stations were renewed and slow zones were cleared

while plans were laid for a massive capital program in 2013. This summer, the CTA announced an initiative that will result in an almost entirely new bus fleet by 2014 through new bus purchases and complete overhauls. And to make sure those buses are well-maintained in the coming years, the CTA also announced a plan to modernize and upgrade bus maintenance and repair facilities. On the rail side, the CTA continued to introduce the newest-generation rail cars—the 5000 Series—which provide a smoother ride, more space and many additional customer amenities. Thousands of security cameras and more police are making our system safer. Several significant capital projects are planned for 2013, including the historic reconstruction of the Red Line South, a project that will provide a brand new railroad and shave 20 minutes off round-trip commutes, and design work continues on modern transfer stations at Wilson on the north and 95th Street on the south.

All of these improvements come as the CTA continues to experience record ridership growth, rising 3.9% percent in the first 18 months of Mayor Emanuel's administration.

But along with those successes came a host of continuing challenges—and meeting them is the CTA's top priority in 2013. Despite reducing the workforce to the smallest number in the agency's recent history, and implementing management initiatives to work more efficiently and reduce costs, the CTA faces an operating deficit of \$165 million in 2013—down significantly from the \$277 million deficit that was faced in 2012.

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To close this gap while maintaining service to meet growing ridership, the CTA has undertaken a number of necessary measures to balance its 2013 budget. These include successfully negotiating a tentative four-year agreement with the Amalgamated Transit Union, which represents bus and rail workers, resulting in approximately \$50 million of deficit reduction in 2013.

These changes are critical, especially given the structural imbalance in state funding. The regional sales-tax distribution formula that determines how the CTA operations are funded was established by the State Legislature in 1983 and simply does not adequately reflect the CTA's impact on the region. The CTA provides 82 percent of the transit rides and handles 58 percent of the ridership capacity, yet receives just 49 percent of state funding.

As part of state and federal mandates, the CTA also provides more than \$100 million each year in free and heavily discounted rides. The state provides \$28 million each year to help offset the costs of the mandates, far short of covering the actual costs.

On top of that, the General Assembly in 2008—as the Great Recession was grinding our economy to a halt—required that the CTA immediately and fully fund pension and health-care trusts. The cost of those mandates is nearly \$100 million higher than the revenue provided to cover the costs under the same legislation.

Without steps to address this instability, the CTA would continue to face year after year of uncertain budgets. Therefore, in order to preserve service levels, protect jobs and to preserve our capital funding for the massive infrastructure investment required to modernize, we are also narrowing the discounts on our multi-day passes to bring them in line with other major U.S. cities. However, the base fares remain unchanged.

For the second year in a row, our administration will not resort to transferring from capital funds, which pay for preventative maintenance, to balance the CTA's operating budget. What's more, the CTA will continue its promise to do business in an efficient, rational way that benefits the residents of the city of Chicago and neighboring communities, and fully captures the potential economic and quality of life benefits that a robust public transportation system can provide.



CTA in 2012 rolled out its newest rail cars, the 5000 Series, which provide passengers with smoother, quieter and more comfortable train rides.

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2012: A Year of Innovation and Results

Infrastructure and Investment

Recognizing the need to consistently upgrade and modernize transit in Chicago, the CTA launched strategic long-term initiatives that will benefit the system and riders for years to come.

Red North Station Interim Improvements

The CTA began work in June 2012 on the Red North Station Interim Improvements, which includes much-needed capital maintenance work at seven rail stations that were built in the early 1900s. These are some of the oldest stations in the CTA system—Granville, Morse, Jarvis, Lawrence, Berwyn, Argyle and Thorndale. The \$86 million project is on schedule and will be completed by year-end. It will improve the quality and experience for riders and neighbors, and it also will provide a life-extension for these stations that will last for many years.



Seven Red Line stations on the North Side received much-needed capital maintenance and upgrades as part of the North Red Interim Station Improvement Project, including the Morse Red Line station, which reopened in August 2012 with new concrete platforms, refurbished canopies and new fixtures and signage.

The Red North Station Interim Improvements is part of the agency's \$1 billion Red Ahead initiative announced in 2011. This comprehensive initiative is designed to maintain, modernize and expand Chicago's most-traveled rail line. In addition to the seven stations, renovation of the Loyola Red Line station commenced, including the stabilization of existing infrastructure and improvements to the existing station and safety features. Work on Loyola will be completed in 2013.

Collectively, these projects are part of Mayor Emanuel's Building a New Chicago program, which is updating infrastructure that's critical to the city—and includes improvements that will help ensure that the CTA continues to serve customers as effectively as possible.

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CTA's Loop Track Renewal project was one of the agency's largest construction projects in 2012 and was on schedule to be completed by year-end. The \$33.8 million project replaces more than two miles of elevated rail and track components that were installed in the early 1980s and are nearing the end of their useful life.

Loop Track Renewal

The Loop Track Renewal project began in April 2012, and includes the replacement of nearly 11,500 feet of elevated rail and track components that were installed in the 1980s. The Loop L is at the heart of the CTA system, with five of the CTA's eight rail lines traveling through it every weekday. By performing this work now, the CTA is avoiding future issues that could negatively affect the 300,000 riders who travel through the Loop each weekday. When the project is completed by the end of 2012, renewal work will have been performed on tracks and structure along Wells and Van Buren streets; the Hubbard Curve (located just north of the Merchandise Mart station, and at the Lake/Wells and Wabash/Van Buren intersections.

New Morgan and Oakton Stations

The CTA opened a new Morgan Pink/Green Line station and a new Oakton Yellow Line station during 2012, the first new CTA stations in 18 years. The Morgan station fills in a 1.3-mile gap between Clinton and Ashland stations to serve riders in an emerging neighborhood. The Oakton station serves growing Yellow Line ridership and increases access to Skokie.

Rail Fleet Modernization

The CTA in 2012 rolled out the new "5000 Series" trains on the Pink Line and is expected to have fully completed the Green Line conversion by the end of 2012. Rollout of the newer, quieter rail cars into service on the Red Line began in November. The CTA's new rail cars provide passengers with a smoother, quieter and more comfortable train ride and better serve disabled riders by accommodating two wheelchair passengers and improved internal signage.



A new rail station at Morgan/Lake on the Lake Street "L" opened in May 2012, serving Pink and Green Line riders and providing easy access to the growing West Loop area of Chicago.

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Bus Fleet Modernization

The CTA announced in June 2012 that the agency will undertake a major program to modernize its 1,877-bus fleet by 2014. This initiative includes the purchase of 425 new buses and the overhaul of 1,029 buses. The new buses purchase would include 325 standard, 40-foot clean diesel buses and 100 60-foot “articulated” buses, which will be a mix of hybrid and clean diesel engines. These buses in addition to the 100 articulated buses that the CTA purchased in 2012. Additionally, the CTA will spend over \$100 million to overhaul 1,029 standard 40-foot buses, including rebuilt engines, transmissions, suspension systems, heating and air-conditioning units, exterior repairs and painting, LED lights and other improvements.



Chicago Mayor Rahm Emanuel and CTA President Forrest Claypool in June 2012 announced a comprehensive plan to purchase and overhaul 1,500 CTA buses—providing a nearly entirely new bus fleet.

Station Renewals

In 2012 the CTA launched its Station Renewal Program. “Renew Crews” provided 100 facelifts on stations across every rail line, working together in a coordinated, comprehensive way to make meaningful improvements at rail stations. Depending on station needs, these improvements include power-washing, repainting, upgraded lighting, cleaning gutters and drains, replacing outdated signage and more. The innovative approach efficiently used resources to have carpenters, electricians, plumbers, metalworkers and other trades work together to bring stations to a renewed state all at once.



The CTA is committed to dramatically reducing the number of slow zones across its system. In 2012 CTA replaced three viaducts on the Purple Line that were more than 100 years old that were contributing to longer travel times for customers.

Purple Line Viaducts

The CTA replaced three century-old concrete viaducts with modern steel spans at Greenleaf, Dempster and Grove streets on the Purple Line. Replacing them is a key component in reducing the number of slow zones on the Purple Line and decreasing travel times for many of the 10 million annual riders on that line. The work involved replacing the crumbling viaducts with new steel structures, new abutments to the embankment, retaining walls, foundations and new waterproofing and drainage systems.

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Service Improvements

The CTA made numerous efforts in 2012 to enrich the customer experience by enhancing service and adding features designed to reduce travel time and improve convenience, comfort and access for riders.



CTA's "Jeffery Jump" bus service, launched in November 2012, was a first for Chicago, featuring dedicated bus lanes that shorten morning and evening rush hour commutes for passengers.

Jeffery Jump

Working with the Chicago Department of Transportation, the CTA announced the "Jeffery Jump," a faster Jeffery Boulevard bus service during weekday rush periods. Preparation work under way in the fall of 2012 included street pavement and bus pad reconstruction; sidewalk, curb and ADA ramp reconstruction; bus shelter replacement and relocation and more. The exciting new service, which will make riders' commutes faster and more reliable, will provide dedicated bus lanes or separate bus right of way from normal street traffic, traffic signal prioritization (TSP), which extends green lights and shortens red lights for buses, the ability for buses to bypass regular vehicular traffic and make fewer stops.

CTA Train Tracker and Bus Tracker

Following the Train Tracker rollout in 2011, the CTA expanded the benefits of this technology, which is available now for all 145 rail stations and, as of 2012, via texting. Bus Tracker continues to grow in popularity, with the number of customers using Bus Tracker texting to track bus arrivals showing an increase in 2012. In addition, the CTA in 2012 added 150 Bus Shelter LED screens with audio capability and made improvements to enhance their reliability. The initial installations, based on locations that service multiple bus routes, represent about 20 percent of total bus shelters citywide, but serve about 80 percent of CTA bus riders. Installation of additional LED screens will continue in 2013.



Following the immense popularity of CTA's Bus Tracker texting service, the CTA launched texting service for Train Tracker, allowing customers to easily check their trains' next arrival times from their phones.

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Crowding Reduction Initiative

The Chicago Transit Board in September 2012 approved a plan to add bus and train service to high-demand routes across the entire system, reducing waiting time between trains and buses and lowering peak crowd loads by 10 to 15 percent in most cases. The plan, which goes into effect in December 2012, is the equivalent of \$16 million in added service to bus and rail routes that are used by more than 76 percent of CTA's customers.



The CTA in December 2012 is adding bus and rail service during weekday rush periods to ease overcrowding and make passengers' commutes more comfortable.

The plan adds service to 48 bus routes, including the busiest and most crowded bus routes in the city, during peak times. It also adds service to the Red, Blue, Brown, Purple, Orange and Green lines during weekday rush periods to ease crowding on trains. The Red, Brown and Blue Lines will also see significant increases in weekend service. Twelve duplicative or low-ridership bus routes and two segments of two bus routes are to be discontinued—nearly every one of which has a nearby transit alternative. Savings from these changes is being reinvested into the additional service.

Rail Station Amenities: Non-Farebox Revenue

The CTA is committed to providing customer amenities and increasing revenue by expanding the number of concessions in and around its stations. The CTA was pleased to welcome the first Starbucks at a rail station—at the North/Clybourn Red Line station—and Glazed and Infused, a gourmet doughnut shop, at the Armitage Brown Line station. In October 2012, the CTA announced it signed an agreement to add 57 automated teller machines to rail stations, bring the total number of ATMs available at stations to 136, a 72 percent increase. Leases were also signed with two small businesses that were identified through CTA's outreach efforts to find more diverse tenants: Lunderman Produce will open at the Ashland/63rd Green Line station and the Interurban Café and Pastry Shop will be located at the Grand Avenue Red Line station.

Support for Students

The CTA in 2012 announced its first multi-year sponsor for the First Day, Free Rides Program that allows Chicago Public Schools (CPS) students to ride free on the first day of school to encourage strong first-day attendance. The sponsor, Sun-Times Media, pledged its support of free rides on the first day of school for the next three years.

Separately, the CTA provided free student rides during a seven-day CPS teachers' strike in September 2012 to an average of 40,000 students a day, to allow children to reach designated CPS Children First sites.

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Finally, beginning in 2013, the CTA will reduce the cost of student rides by 12 percent, from 85 cents to 75 cents.

Management Improvements

The CTA is committed to making strategic changes that increase the efficiency of how the agency operates. This includes closely examining every aspect of our business for waste, redundancies and practices that no longer make sense. In 2012, the CTA continued to execute on reforms launched in 2011.

Workers' Compensation

CTA has experienced exponential growth in workers' compensation claims for several years. In 2012, the CTA created a task force that is dedicated to better scrutinizing claims and ultimately reducing new claims and claim backlogs. The work is under way and will take time to bring workers' compensation payouts to more acceptable levels. However, as a result of CTA's efforts, early progress was made in 2012 as the rate of new injury claims decreased to an average of 91 claims per month in 2012 compared with a 2011 average of 108.

Modernizing Employee Benefits

Revisions to the CTA's sick and vacation policies for non-bargained employees in 2012 helped the agency better match or exceed the benefits offered to their private sector counterparts. Non-bargained-for employees no longer have days off on birthdays or their employment date anniversary. Vacation day allowances are capped at 25 days and pay for vacation days upon separation from the agency is capped at 25 days rather than the previous cap of 88. In addition, female employees now receive six weeks of fully-paid maternity leave after giving birth and fathers and domestic/civil union partners receive two weeks of fully-paid leave after the birth of a child. Adoptive parents also receive two weeks of fully-paid leave after the birth and/or placement of an adopted child.

Reducing Waste

The CTA continues to closely examine spending and has increased its efforts to better manage inventory. By the end of 2012, CTA will contract with a third party vendor to manage its supply chain, which will allow for the use of modern technology—including a barcoding system that integrates with an inventory control system—and access to a national network of parts and



In its ongoing efforts to increase efficiency, the CTA implemented significant supply chain management improvements in 2012 that improve inventory control, eliminate waste, and reduce excess spending and inefficient purchasing methods.

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material distributors. CTA has also taken a number of other steps to reduce waste, including modifying bus staging in the Loop during the middle of the day, saving \$250,000 in reduced diesel, maintenance, and labor costs.

Absenteeism

The CTA continues to incur tens of millions of dollars each year due to absenteeism. In 2012, CTA started a comprehensive approach to cracking down on serial absenteeism abusers, and has seen several months of lower absenteeism—particularly in bus and rail operations. If the trend continues, the savings to the agency could be in the millions of dollars.

Sustainability

In April 2012, the CTA's West Loop headquarters at 567 W. Lake St., Chicago, earned LEED Platinum status, the highest possible rating from the U.S. Green Building Council. Already one of the greenest buildings in Chicago, it is one of only a few in the country to have achieved this elite status. This accomplishment joins a host of other initiatives such as cleaner buses and more efficient facilities that are delivering a more sustainable Chicago.



CTA continues to go greener: in 2012, CTA earned LEED Platinum status, the highest possible rating from the U.S. Green Building Council.

Outreach

The CTA continued to step up its outreach and community efforts to better partner with all stakeholders. Over the past year, CTA's Diversity Programs Department increased its outreach efforts to unprecedented levels, especially to Disadvantaged Business Enterprises (DBE). CTA's team convened and attended numerous community outreach meetings regarding major projects; participated in meetings and presentations for trade agencies, DBE assist agencies and other community organizations; and took part in business and contractor conferences and symposiums.

The CTA has utilized both traditional and new technologies to inform the business community about new CTA initiatives. New, comprehensive DBE materials were widely distributed to the offices of elected officials, community groups and business and community organizations to help companies determine if they qualify as a DBE and provide a step-by-step overview of the certification process. CTA also utilizes email blasts to quickly and fairly notify businesses of new contracting opportunities.

The CTA developed outreach initiatives regarding project-specific contracting and subcontracting opportunities, like those presented by the planned 2013 Red Line South Track Renewal Project. CTA convened seven meet-and-greet sessions for that initiative, pairing

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Reconstruction of Red Line South between 22nd and 95th Street will begin in May 2013 and will dramatically improve aging stations and infrastructure for a quicker, more comfortable commute.

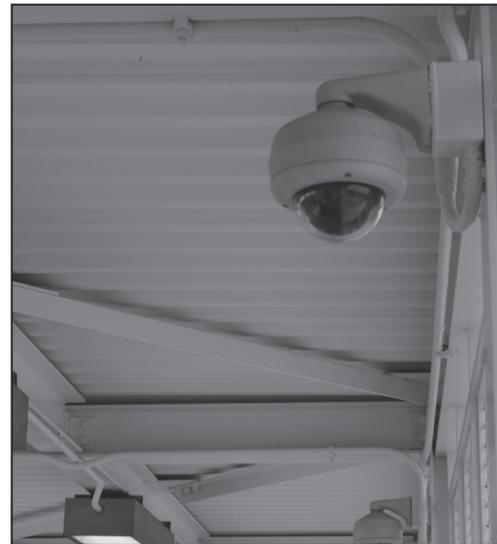
DBE subcontractors with larger prime contractors, in order to help build connections for CTA projects and others, both now and in the future.

As part of the CTA's Red Line South Track Renewal Project commencing in 2013 CTA identified the need for 400 new part-time bus operators to drive bus shuttles and accommodate supplemental service during the five-month shutdown of a major portion of the Red Line South (details about the project can be found in the 2013 portion of the Executive Summary). To fill those positions, CTA held Part-Time Bus Operator Job Fairs at three locations this summer, including Chicago State University, the National Teachers Academy and Kennedy-King College. The job fairs were very successful, attracting 4,016 job seekers 1,936 of which met the basic requirements and were able to move forward into the testing phase. Some of those individuals have already been hired and are currently operating buses and many more will con-

tinue to be hired in the new year. The part-time operators will eventually replace full-time drivers who leave or retire from the agency.

Safety and Security

The CTA has undertaken a number of steps to improve safety and security for our passengers and our employees and those efforts are working. Through the first nine months of 2012, violent crimes have dropped 23 percent over the same time period last year. Working closely with the Chicago Police Department, methods to reduce crime and increase safety have included installing approximately 1,800 new security cameras at our rail station, which have assisted with 134 arrests in the first nine months of 2012. Decreases have occurred in several categories, including robbery, aggravated assault and aggravated battery. In addition, the Chicago Police Department Public Transportation Section Rail Saturation Missions have resulted in more than 800 arrests and citations since June 2011. The CTA has also increased its focus on fare evaders and passengers moving between rail cars, since persons who engage in those activities are often involved in robberies



CTA has about 3,600 security cameras at its rail stations, which have significantly aided CTA efforts to investigate and prosecute crimes on the system—and have led to a reduction in several types of crimes.

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and thefts. The CTA's "See Something, Say Something" awareness campaign—has also encouraged customers to be aware of surroundings and report suspicious behavior.

2013: Accelerating for the Future

Infrastructure and Investment

As 2013 begins, the CTA will continue investment and modernization, recognizing the critical role transit plays for the region and the need for affordable, safe and reliable transportation. It will be an exciting year of much positive change.



During the reconstruction of the Red Line South, CTA will provide free bus shuttle service to help customers get to their destinations and provide significant additional bus service on routes within the project area.

Red Line South

Starting in the spring of 2013, the CTA will begin the complete and long-overdue reconstruction of the South Red Line from the 16th Street portal to the south end of the 95th Street station. The project will completely rebuild the tracks and track bed on the 10-mile stretch of the Red Line known as the Dan Ryan Branch. Currently, 40 percent of the Dan Ryan track is in such poor condition that slow zones have been established that limit train speed to maintain safe operations, but result in delayed passenger trips. This increase in travel time causes reduced reliability, increased operating costs and increased fleet requirements for the Red Line. The \$425 million project will provide more comfortable and more reliable service for Red Line riders and reduce slow zones that have dramatically decreased the system's reliability.

The CTA will shut down the Dan Ryan portion of the Red Line for five months to perform the necessary construction activities. The plan concentrates work into the shortest possible project duration in order to allow South Side residents to have faster and more reliable service sooner, by the end of 2013. Closing the entire line facilitates the CTA's ability to install new elevators at Garfield, 63rd and 87th Street stations, making all of the stations on the Dan Ryan branch ADA-accessible.

In conjunction with that project, the CTA will offer shuttle buses and expanded supplemental bus service to customers during the construction project. The CTA will hire 400 part-time bus operators to operate the expanded bus service. The drivers will become permanent

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bus drivers following the conclusion of the project, replacing full-time drivers as they retire or leave. The CTA held three job fairs in 2012 to recruit new talent. The job fairs were attended by more than 4,000 people.

95th Street Terminal

The CTA announced its 95th Street Terminal Improvement Project in 2012, and continues to make progress to initiate construction of a new facility in 2014. This \$240 million terminal will expand and greatly improve the 95th/Dan Ryan Terminal and bring significant enhancements to a bus and rail station that is a vital part of the South Side.

The terminal currently serves an estimated 20,000 commuters on weekdays and connects the Red Line train with 13 bus routes that serve South Side neighborhoods. The project will improve accessibility and safety for riders by relieving congestion, adding new bus

bays, widening customer waiting areas, adding a terminal entrance and providing pick-up/drop-off space accessible to paratransit riders.

These improvements will minimize life cycle costs by addressing the underlying infrastructure deficiencies. This in turn will decrease annual rehabilitation costs, which would be required to maintain the terminal if the current conditions are not addressed.

The Department of Transportation recently announced the CTA will receive \$20 million in FY 2012 Transportation Investment Generating Economic Recovery (TIGER) funds to supple-



The CTA announced in 2012 that it will completely rebuild its bustling 95th Street Terminal, which serves approximately 20,000 bus and rail passengers every weekday. CTA has held several public meetings on the facility's design, and construction is expected to begin in 2014.

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ment funding for expansion of the Terminal. The CTA is preparing an application for the TIGER-TIFIA Loan program and will utilize \$8 million in TIGER funds to leverage an \$80 million TIFIA loan. In addition, the CTA requested Bus Livability funds for the project and was awarded \$10 million. The remaining funding is available using federal formula funds, state and other CTA funds.

Wilson Red Line Station Reconstruction

A completely new Wilson Red Line station will be constructed beginning in 2013. This \$203 million project is one of the largest CTA 'L' station projects in the agency's history. The project will create a brand-new, reconfigured station that will serve the CTA's busiest rail line, as well as a facility that will serve as an anchor for economic development in the Uptown neighborhood. The new station design features contemporary architecture including glass and steel canopies and a striking, glass-enclosed entrance along Wilson. An auxiliary entrance is planned for Sunnyside Avenue, serving nearby retail development. The project also includes significant track and signal system improvements near the station, as well as structural and viaduct work.



The new Wilson Red Line station will replace a badly deteriorated station that was built in 1923 with a completely rebuilt, modern transfer station between the Red and Purple Lines.

Ravenswood Corridor

In Spring 2013, the CTA will begin the \$66 million rehabilitation of the elevated Ravenswood Connector between Armitage and the Merchandise Mart, which was built in the late 1800s. The project will improve the safety and reliability of a key segment of the Brown and Purple Lines and shave about two minutes off the average commute. The project will also allow the CTA to expand capacity on the Brown Line, which will reduce crowding and improve convenience for our customers by adding more frequent service. The Brown Line has experienced some of the highest ridership growth among CTA rail lines in recent years, adding two million riders in 2011. The project will be completed in 2014.

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Service Improvements

Western/Ashland Bus Rapid Transit

The CTA, in partnership with the Chicago Department of Transportation (CDOT) and the Federal Transit Administration (FTA), is performing an Alternatives Analysis planning study to explore options for Bus Rapid Transit (BRT) on both Western and Ashland Avenues. BRT aims to provide faster, more efficient and more reliable service than traditional bus service, and can include features such as dedicated bus lanes, new enhanced stations and traffic signal upgrades. This planning study includes analyzing the positive and negative impacts of these BRT options. The study area extends approximately 21 miles along Western and Ashland Avenues, from Howard Street on the north to 95th Street on the south. Elements of the Jeffery Jump service launched in late 2012 will be used to develop future BRT projects in these corridors.

Central Loop Bus Rapid Transit

The CTA and CDOT are studying east-west bus-only lanes in the Central Business District to reduce travel times and improve connections to Union Station, Ogilvie Transportation Station, North Michigan Avenue, and Navy Pier. Configuration options were being studied in fall 2012. The benefits of Central Loop BRT would include faster, more reliable bus service, congestion management, the ability to build from existing infrastructure, better access to jobs and businesses and possibly reduced auto-bus accidents.

Ventra

As part of the CTA's commitment to investing in technology that makes taking public transportation easier, the CTA will roll out in summer 2013 a new, modernized fare payment system called Ventra that will allow passengers to pay for CTA and Pace transit trips via contactless Ventra Cards, as well as personal bank-issued debit and credit cards equipped with a contactless chip.

This new fare payment system will allow customers to more quickly board trains and buses. Ventra will mean riders no longer need to carry multiple cards, and will not have to worry about having cash on hand or exact change. Additionally, the "tap" transaction will be faster than inserting cash or magnetic-stripe cards into fare equipment, which will speed boarding and improve service.



CTA will begin rolling out its new, modern Ventra fare payment system in 2013, providing convenient and flexible payment options for both CTA and Pace customers.

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The CTA is working with Cubic Transportation Systems to design the new system. Pace joined the contract in July 2012 making Ventra a regional system and the cornerstone for the state-mandated regional universal fare card. Cubic will provide all of the fare collection equipment, maintenance and support. The new system is expected to result in a savings of more than \$50 million to the CTA over the life of the 12-year contract, and resolves the need for the CTA and Pace to upgrade and maintain existing fare collection equipment that is nearing the end of its useful life.

Station Innovations

The CTA will work with the CDOT and others to bring as many amenities to transit stations as possible. This includes coordinating with CDOT on the launch of the city's first-ever bike-sharing program, which calls for an initial rollout of 3,000 rental bikes at 300 locations. Many of those locations will be located at rail stations and along major bus routes—highlighting the connectivity of the city's transportation network and the importance of providing alternatives to driving.

Conclusion

The goal of the CTA is to continue the momentum that has been achieved in rebuilding its transit system, recognizing its long-reaching impact on the region's economy and well-being of its residents. The CTA, like many transit agencies, faces numerous challenges ranging from funding to maintain levels of security, safety and reliability. With those goals in mind, the CTA looks forward to implementing positive changes in 2013 and achieving meaningful progress toward those goals.



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2012 Operating Budget Performance Summary

Introduction

The CTA operates around the clock, every day of the year to provide quality, affordable service. When operations are timed down to the second, it is a constant challenge to focus on both the immediate needs and the long term problems. This challenge is compounded by decades of under-investment in buses, trains, facilities and infrastructure. The lack of investment of the past results in operational problems today, from buses pulled out of service to slow zones on the rail (L). Yet the CTA has begun to focus on the future, channeling resources into renewing rail stations and bus maintenance facilities that have not been upgraded in over 100 years, replacing 40-year-old rail cars and track that is even older, and delivering new services to enhance and accelerate everyone's trip.

Having the means to invest in the future requires efficient management of day-to-day activities. In 2012, the CTA advanced several initiatives to improve efficiency and save money. In managing personnel, the agency confronted the chronic absenteeism of a small number of its employees. In an interdependent system, small disruptions, such as unscheduled absences, can have large, cascading effects on service and overtime costs. To address this, years of attendance data was compiled to identify the biggest problem areas, procedures were reissued, and all front line managers were retrained in how to properly enforce the procedures. Since the initiative began in February 2012, the overall CTA absenteeism rate has dropped steadily from 7.7 percent for the month of February to 5.7 percent for the month of September. The September year-to-date rate has dropped from 6.7 percent in 2011 to 6.3 percent in 2012.

In other cases, inefficiencies arise because the rules themselves do not make sense. Antiquated work rules in collective bargaining agreements make it exceptionally difficult to maintain quality service without incurring excessive overtime and other costs. In a major breakthrough, the CTA and the International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers Local Union #1 came to a tentative agreement in October 2012 that would increase hourly wages and benefits for iron workers, while giving the agency more flexibility in how it assigns and schedules the work. Following this, the CTA announced agreements with 12 other craft unions in November that provide similar flexibility and will save millions of dollars annually.

On the non-personnel side, 5000-Series rail cars were put into revenue service for the first time. The new cars are in service on the Pink and Green Lines and are being phased in on other lines in the upcoming months. Due to the newer equipment under warranty and the retirement of older cars that are more expensive to maintain, the agency forecasts it will spend less than budgeted for material in 2012.

In addition, the CTA began revamping its purchasing and warehousing operations. For the first time, the agency published a multi-year buying plan. This not only encouraged careful

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internal planning, it gave the external vendor community advance notice. This will help foster competition for CTA business and ensure vendors are ready to supply material when the CTA is ready to make purchases. The agency has also begun culling obsolete material from its warehouses. Over time, millions of dollars of excess inventory has accumulated on stockroom shelves. The CTA is taking steps to move to a “just-in-time” supply chain that would reduce the need to own inventory and increase cash flow for operations.

The agency signed a new agreement with the Chicago Police Department to enhance passenger security. Under the three-year agreement, CTA would have 50 new police officers to patrol the bus and rail systems and will continue the successful Voluntary Special Employment Program – an investment of \$10 million annually.

On the revenue side, the CTA inked 10 new lease agreements in 2012, bringing in millions of dollars in new revenue. This includes the addition of the first Starbucks in a CTA station at North and Clybourn. Also, the CTA reached an agreement with Peapod to create virtual markets in nine rail stations.

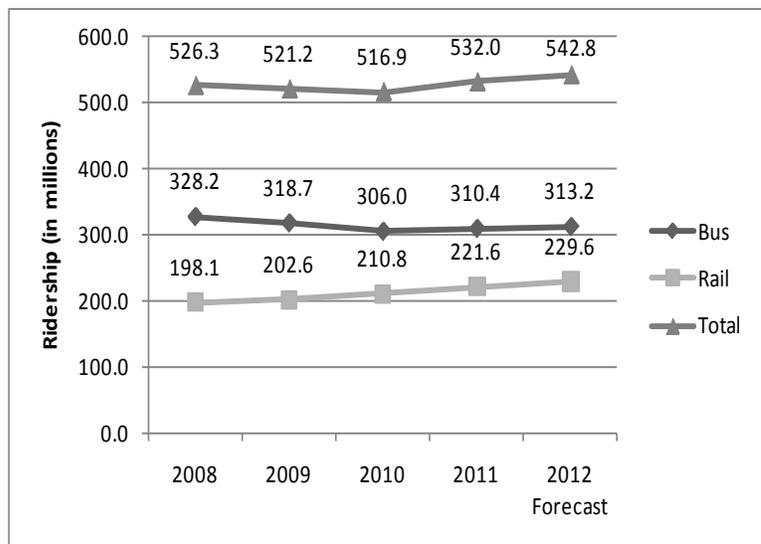
The agency took initial steps to realign service to reduce crowding and eliminate redundancy. These “decrowding” efforts realigned service to routes where customers are waiting through several buses or trains until one arrives with available room.

These, and other, efficiency efforts helped reduce the structural deficit.

Ridership

In 2012 the CTA worked with its transit partners to increase the information and options available to riders. The CTA is working with the RTA, Metra and Pace to provide integrated real-time travel information on the RTA website. The CTA also announced it will work in concert with Pace to develop a unified fare collection system.

The 2012 original budget estimated systemwide ridership



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to be 529.2 million. The CTA currently projects that ridership will end the year at 542.8 million, or 2.6 percent above the budgeted estimate.

When compared to 2011, 2012 ridership is forecast to be 10.9 million trips, or 2.0 percent higher. This reflects an increase of 0.9 percent in bus ridership in 2012, and an increase in rail ridership of 3.6 percent over 2011.

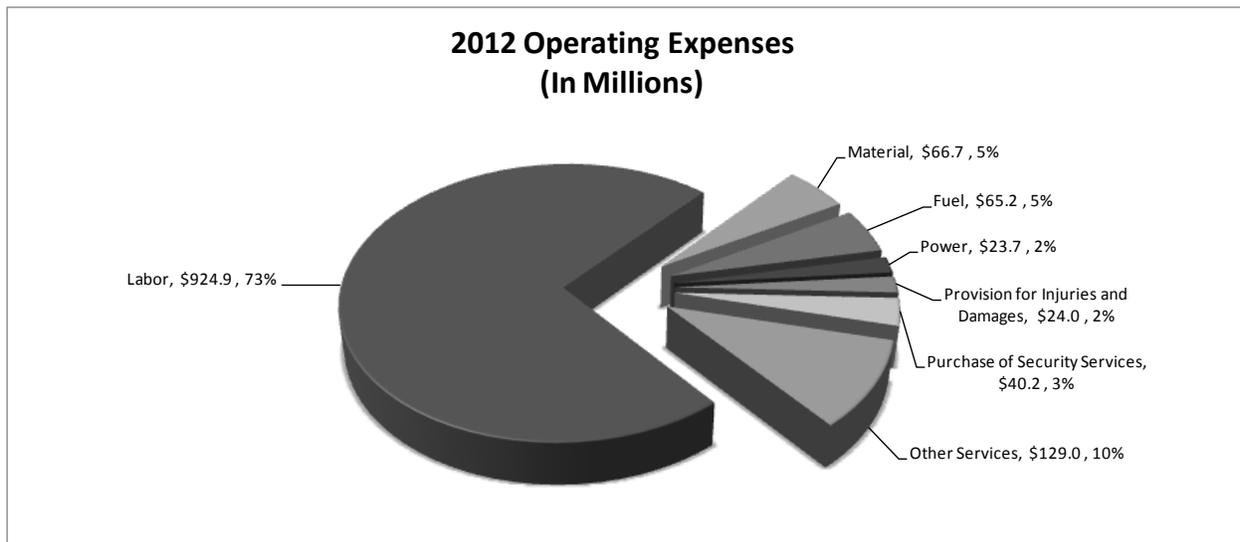
Average weekday ridership for 2012 is projected at 1.7 million per day, which is 1.8 percent higher than 2011 weekday ridership. This is mainly attributable to a 4.4 percent increase in weekday rail ridership. Weekday bus ridership is up 0.9 percent.

Average Saturday ridership for 2012 is projected at 1.1 million per day, which is an increase of 1.8 percent from 2011 Saturday ridership. The 0.8 percent increase in bus ridership and the 5.3 percent increase in rail ridership contributed to this systemwide increase.

Average Sunday/holiday ridership for 2012 is projected at 0.8 million per day, which is a 1.3 percent increase from 2011 Sunday/holiday ridership. This was driven by the 4.8 percent increase in rail ridership and a smaller increase in bus ridership of 1.7 percent.

Operating Expenses

Operating expenses for 2012 are estimated to be at \$1,273.7 million, which is \$18.6 million less than the 2011 actual results.

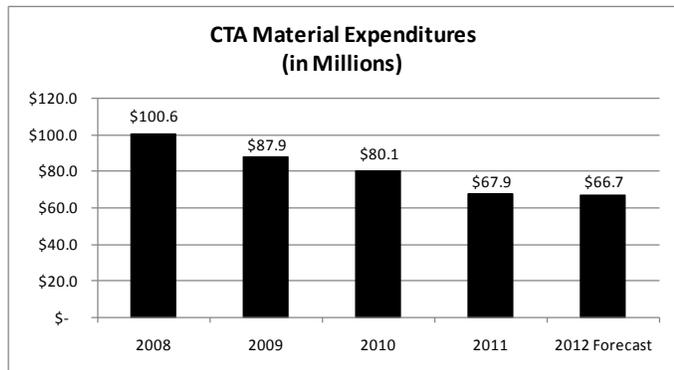


The 2012 **labor** expense is projected to be \$924.9 million, which is \$31.1 million or 3.5 percent higher than the 2011 actual labor costs and \$5.8 million (0.6 percent) above the 2012 revised budget due to higher fringe benefit costs and an increase in overtime costs. Labor expenses continue to comprise over two-thirds of the annual operating expenses.

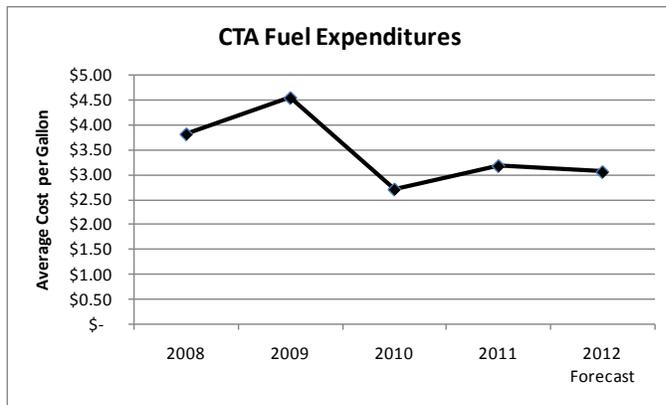
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Material expenditures for 2012 is forecasted to be \$66.7 million, which is \$1.8 million (2.6 percent) lower than the revised 2012 operating budget and \$1.2 million (1.8 percent) less than 2011 actual expenses. The less than budgeted variance is being driven by the offset of costs to capital projects, routine reviews of material expenditures and more favorable per unit price costs.



Revenue equipment diesel **fuel** expenditures are forecasted to end the year at \$65.2 million; this is \$0.4 million or less than 1 percent under the 2012 revised budget. Fuel consumption for 2012 is projected to be 19.2 million gallons, which is an increase of 0.4 million gallons higher than the 2012 original budget. The projected increase in the gallons consumed is being driven by adjustments to service that have resulted in additional unscheduled hours.



As of September 12, 2012, the CTA has locked in 91 percent of the projected fuel consumption for the year at an average price of \$3.06 per gallon and an estimated purchase price of the remaining un-hedged fuel at \$3.18 per gallon. The hedging process that is in place by the CTA includes daily reviews of the commodities market and bi-weekly meetings with industry consultants to discuss hedging recommendations. The CTA was able to

put into place a long-term, layered fuel hedge that will continue into the next budget and plan years. Even with the increase in consumption, through the hedging process, the CTA was able to manage expenditures within the amended budgeted dollar amount.

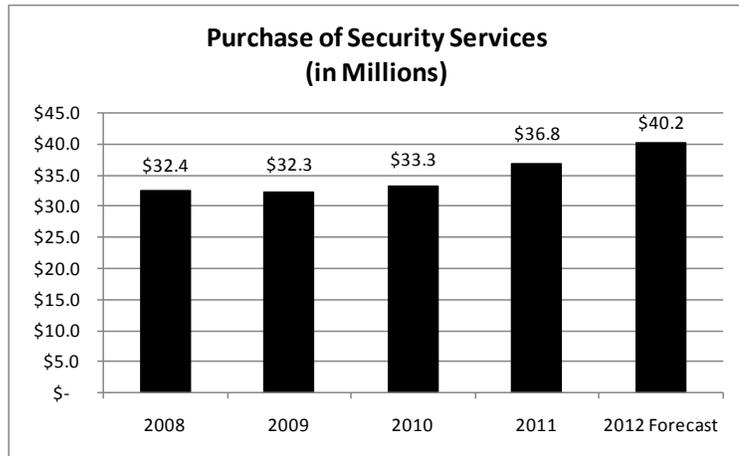
Electric (traction) **power** expenses are projected to end the year at \$23.7 million, which is \$1.3 million (5.2 percent) under the original 2012 budget, but \$0.8 million over the amended 2012 budget. The costs incurred for 2012 are forecasted to be \$4.5 million or 16% less than 2011 actual expenditures. The lower than anticipated cost is being driven by favorable market pricing and the CTA's long-term hedging strategy which allows the CTA to purchase wholesale power for its base load electricity supply in advance.

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Provision for injuries and damages represents expenses for claims and litigation for incidents that occur on CTA property, as well as incidents involving CTA vehicles. This amount is suggested by the CTA's actuaries and is based on actual claims history and future projections. The 2012 forecast for this cost is \$24.0 million, equal to the 2012 revised budget amount.

Security expenses are forecasted to be \$40.2 million, \$3.4 million (9.2 percent) higher than the original 2012 budget. The increase is due to the contracted rate increase for rail station security guards, the addition of security at the Oakton and Morgan stations and the new intergovernmental agreement that was negotiated with the Chicago Police Department. In total the security services budget consists of expenditures for intergovernmental service agreements with officers from the Evanston, Oak Park and Chicago police departments, as well as contracts with other private security firms. The Public Transportation Section of the Chicago Police Department also provides services to CTA customers during the course of its regular patrols, at an estimated value of \$22 million. These costs are paid for by the City of Chicago as in-kind services rendered to the CTA.



Other expenses are projected to be \$129.0 million, as compared to the original budget of \$126.0 million. This category includes interest on pension obligation bonds, utilities, maintenance and repair, advertising, commissions, consulting, insurance, leases and rentals, and other general expenses. The \$3.0 million increase is due to an increase of non-capital grant expenses.

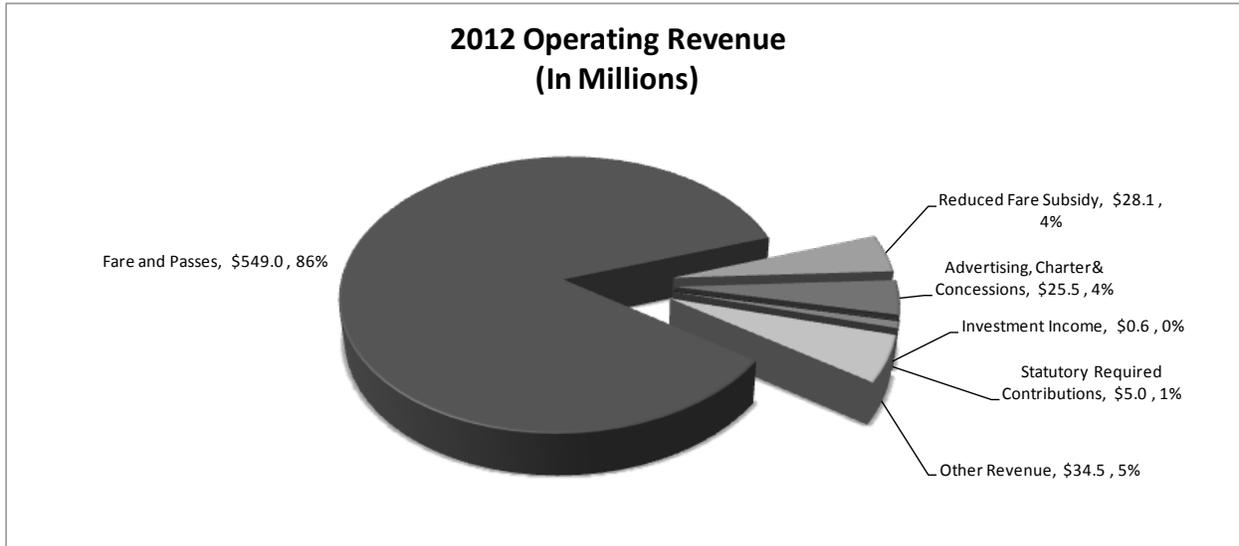
Operating Revenues

System-Generated Revenues

System-generated revenues are projected to be \$642.8 million. This is \$14.1 million higher than the original budget of \$628.7 million.

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Regular **fares and passes** make up the majority of system-generated revenues. Revenue from fares is forecast to be \$549.0 million. This is \$4.0 million more than the revised 2012 budget and \$21.1 million more than the 2011 actual amount. These increases are a direct result of increases in ridership. The average fare paid in 2012, including cross-platform transfers, is projected to be \$1.01.

The **reduced-fare subsidy** is the State of Illinois' reimbursement to the CTA, Metra and Pace for discounted fares given to people with disabilities and students. Revenue from the reduced-fare reimbursement is projected to be \$28.1 million, which is 0.1 million more than the budgeted level.

Advertising, charters and concessions revenues in 2012 are projected to be \$25.5 million, which is \$2.7 million more than budget and \$4.0 million more than 2011. This strong growth is due to an improving economy that has boosted ad sales. A change in agency board policy allowing alcohol advertisements opened up a new channel of business.

Investment income is estimated to be \$0.6 million, which is slightly higher than the 2011 actual. The level of investment income is low primarily because of historically low interest rates. Income is also low because the State of Illinois is late in payments of public transportation funds and reduced fare reimbursement to the CTA. This forces the CTA to have more cash on hand and thus less available for short-term investments.

Statutory required contributions will meet the budgeted amount of \$5.0 million per the Regional Transportation Authority Act, which requires the City of Chicago and Cook County to contribute \$3.0 million and \$2.0 million respectively to CTA operations each year.

Other revenues, which include parking fees, sale of real estate, rentals and sale of CTA merchandise, are projected to be \$34.5 million, which is \$7.5 million more than the 2012

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budget and \$3.1 million (9.9 percent) above 2011 actual revenues. One reason for the increase is the receipt of non-capital grant revenue that was not in the original budget. It is also due to an increase in rental and parking revenue. CTA signed 10 leases in 2012 worth over \$2.8 million in present value terms. The total 2012 revenue from ATMs and vending, parking, telecommunications, and office leases will be approximately \$8.7 million.

Public Funding

The public funding projected for 2012 is \$630.9 million. This funding is comprised of sales tax, discretionary funding from the RTA and real estate transfer tax from the City of Chicago. This is \$14.3 million higher than the original budget, the result of higher than expected sales tax revenue across the region as well as higher real estate taxes in Chicago.

Total Revenue (in thousands)	2012 Forecast
System Generated Revenue	
Fares and Passes	\$549,000
Reduced Fare Subsidy	28,099
Advertising, Charter & Concessions	25,499
Investment Income	629
Statutory Required Contributions	5,000
All Other Revenue	34,542
Total System Generated Revenue	\$642,769
Public Funding Available through the RTA	\$630,929
Total 2012 Revenue	\$1,273,698
Total 2012 Expenses	\$1,273,698

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2012 Operating Budget Schedule

	Original Budget 2012	Revised Budget 2012	Forecast 2012	Variance (Revised vs Forecast)
<u>Operating Expenses</u>				
Labor	\$ 883,075	\$ 919,075	\$ 924,885	\$ (5,810)
Material	71,493	68,493	66,714	1,779
Fuel	66,707	65,631	65,238	393
Power	24,977	22,867	23,650	(783)
Provisions for Injuries and Damages	31,200	24,000	24,000	-
Purchase of Security Services	36,803	36,803	40,175	(3,372)
Other Expenses	126,036	126,036	129,036	(3,000)
Total Operating Expenses	\$ <u>1,240,291</u>	\$ <u>1,262,905</u>	\$ <u>1,273,698</u>	\$ <u>(10,793)</u>
<u>System Generated Revenue</u>				
Fare and Passes	\$ 540,000	\$ 545,000	\$ 549,000	\$ 4,000
Reduced Fare Subsidy	28,000	28,000	28,099	99
Advertising, Charter& Concessions	22,802	22,802	25,499	2,697
Investment Income	867	867	629	(238)
Statutory Required Contributions	5,000	5,000	5,000	-
Other Revenue	27,013	27,013	34,542	7,529
Total System Generated Revenue	\$ <u>623,682</u>	\$ <u>628,682</u>	\$ <u>642,769</u>	\$ <u>14,087</u>
<u>Public Funding</u>				
Public Funding Available Through RTA	\$ 616,609	\$ 616,609	\$ 630,929	\$ 14,320
Additional 2011 Sales Tax/ Discretionary	-	17,614	-	(17,614)
Total Public Funding	\$ <u>616,609</u>	\$ <u>634,223</u>	\$ <u>630,929</u>	\$ <u>(3,294)</u>
Recovery Ratio*	59.56%	60.38%	61.48%	1.10%
Required Recovery Ratio	52.00%	52.00%	52.00%	
Balance	\$ -	\$ -	\$ -	\$ -

*Recovery ratio is calculated by dividing the System-Generated Revenues over Operating Expenses. The calculation includes in-kind revenues and expenses for security provided by the City of Chicago, excludes security expenses, POB debt and includes some grant revenues.

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President's 2013 Proposed Operating Budget

President's 2013 Proposed Operating Budget Summary

Introduction

The CTA will provide over half a billion rides in 2013 with the leanest management and operating staffs in its history. The authority has taken a number of steps to structurally reduce operating expenses to deliver a more efficient product for customers, including reducing overhead, removing slow zones, reducing crowding on buses and trains, modernizing the bus and rail fleets, moving to a 21st century fare payment system, and leveraging technology to streamline administrative processes.

The CTA has also taken major steps to modernize its labor practices. In 2012, the agency reached tentative agreements with the Ironworkers and 12 other craft unions. The agreements will result in better wages, a more sustainable health care plan, and more flexibility in how and when work is performed. These agreements set the stage for the landmark agreement between the CTA and the Amalgamated Transit Union, which represents the Authority's bus drivers and motormen, among others. The agreement will also allow the CTA to bend its current cost curve through benefits that are more in line with other public agencies and greater flexibility in scheduling work. Taken together, these new contracts will result in much more cost-effective service to customers.

With these labor agreements, the CTA now has certainty about labor costs and can close its operating budget deficit without continually resorting to unsustainable borrowing or one-time transfers from capital funds. Critical investments are needed for the agency's buses, trains, and infrastructure. Many of the assets critical to operating a smooth and reliable system are in need of repair or replacement. The CTA is now replacing rail cars that are over 40 years old and whose parts have long ago stopped being manufactured with the first new rail cars to appear on the system in 20 years. While some of the rail system has been upgraded, many parts, especially on the Red and Blue Lines, are in need of critical repairs to remove slow zones and increase capacity. New buses will help improve fuel efficiency and reduce breakdowns, and the current bus fleet will need a substantial overhaul to continue to carry customers until the end of the decade. Because of these and other critical capital project needs, the CTA is committed to "building a new CTA" by protecting and enhancing its capital investments.

In order to continue to invest in a better system while protecting our critical service, the CTA proposes to keep its base fares stable and reduce the discount on single- and multi-day passes and other discounted products. Passes will continue to provide a valuable discount for frequent riders. Reduced fares and passes will be 50% of the base price, and high school students (including Chicago Public Schools) will see their fares decrease by ten cents to a base fare of \$0.75. The revenue generated by these changes, along with the savings in the labor agreement and better overall management, will ensure stability for years to come.

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Ridership

After the largest economic downturn in generations, the economy is in the midst of a slow rebound. Ridership growth has remained strong, highlighting the critical role that the CTA plays in Chicago's regional economy.

The CTA estimates systemwide ridership will remain largely stable at 529.6 million in 2013, which is well above the half billion riders that CTA has targeted in recent years. This year will be a year of intensive capital work on the rail system—with the reconstruction of the Dan Ryan branch of the Red Line to start in May—that will set the stage for increased ridership in 2014 and beyond.

The most important factors influencing ridership are the quality and health of the system, the vibrancy of the Chicago-area labor market, and the price of other modes of commuting. Employment in the Chicago area continues its recovery from the recession, with the total labor force size increasing and the unemployment rate dropping. Commuting costs continue to be high. Consumer gas prices are in record-high territory and parking costs continue to increase. In 2013, street parking in the Loop is slated to increase to \$6.50 per hour, compared to \$2.00 or \$2.25 for a full-fare CTA ride.

CTA's new Ventra system may have an impact on ridership in 2013 and beyond. With the Ventra pre-paid debit card, customers will be able to pay for fares on the CTA as well as make any other purchases where the cards are accepted. Customers will also be able to tap a reader with their own credit or debit cards (and eventually mobile phones) to pay for fares. CTA plans to roll out Ventra in cooperation with Pace in mid-2013. The system will be expanded to all of the CTA and Pace in late 2013 or early 2014. In addition, the CTA is participating in an effort to coordinate fare policy across the CTA, Pace, and Metra, which will ultimately result in a more seamless transit experience.

Service & Fares

The President's 2013 proposed budget recommends no cuts in overall service levels. Demand for the CTA's bus and rail services remains strong and the CTA will focus on continuing to provide current levels of service to its customers, including recently approved crowding reduction initiatives.

The President's 2013 proposed budget recommends holding the base fare stable at \$2.00 for bus rides and \$2.25 for rail rides and maintaining a discount on single- and multi-day passes but narrowing that discount. Currently, the CTA has multi-day passes at a discount rate that exceeds most other transit agencies. Increasing the price of passes and bringing reduced fares to their required 50% discount will help keep service running with continued investments in improvements. It will have been four years since CTA last changed fares. In order to preserve the affordable value of taking transit, the proposed

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budget does not contemplate an increase in the base fares. A bus and rail ride will remain \$2.00 and \$2.25, respectively.

Under the proposed fare changes, the pass prices will increase for all pass types—1-Day, 3-Day, 7-Day, 30-Day, CTA/Pace 7-Day, and Metra Link-Up. The pass prices remained constant from 1998 to 2008 and were increased by only 15% in 2009. CTA is proposing a restructuring of the pass price schedule to ensure that loyal, frequent customers riding on 7- and 30-Day Passes to continue to save money and receive a discount for frequent use. Given how much the costs of other modes of transportation have been increasing, the CTA remains one of the best values in the region.

The President's 2013 proposed budget calls for reduced fares to be pegged at their statutorily intended level of a half fare. Reduced fares have not been adjusted since 2006 and the last significant increase was 9 years ago in 2004. The 30-Day Reduced Fare Pass has been at the same price (\$35) since 1998—15 years ago. Rides on a reduced fare transit card on the bus system will change from \$0.85 to \$1.00. Rail customers will similarly see reduced transit card fares change from \$0.85 to \$1.10. The reduced fare transfer price of 15 cents will remain the same and will not change. Low-income seniors and persons with a disability who have a valid RTA Circuit Ride Free Permit will continue to ride for free on the CTA.

The CTA is pleased to propose a new student fare for elementary and high school students, who currently pay the reduced fares with a student riding permit. The new student fare will be \$0.75 on bus and rail. This is a reduction of fares for students by about 12%. The new student fare will be applicable for elementary and high school students with a student riding permit on schools days, from 5:30am to 8:30pm.

Additionally, a new O'Hare Station fare of \$5.00 is recommended for all full fare rides taken on CTA rail departing from the O'Hare Blue Line Station. Passes and reduced fares will not be affected by this change. Frequent riders to O'Hare will be able to use multi-day passes at their normal rate. O'Hare station is one of the farthest stations on CTA system and other cities charge similar fares for airport trips. A comparable taxi ride to downtown costs \$40.

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All proposed fare changes are shown in the following table:

Proposed Fare Structure For All Routes

Fare Group	Current Fare Structure (effective 1/1/2009)	Proposed 2013 Budget Fare Structure (effective 1/14/2013)
CTA Regular Fare Types		
Full Fare Bus [1]	\$2.00	Unchanged
Full Fare Rail [1]	\$2.25	Unchanged
Full Fare Cash (Bus Only)	\$2.25	Unchanged
Transfer	\$0.25	Unchanged
1-Day Pass	\$5.75	\$10
3-Day Pass	\$14	\$20
7-Day Pass [2]	\$23	\$28
Full Fare 30-Day Pass	\$86	\$100
Metra Link-Up	\$45	\$55
CTA Reduced Fare Types [3]		
Reduced Fare Bus	\$0.85	\$1.00 [49 CFR Part 609]
Reduced Fare Rail	\$0.85	\$1.10 [49 CFR Part 609]
Reduced Fare Cash (Bus Only)	\$1.00	\$1.10 [49 CFR Part 609]
Transfer	\$0.15	Unchanged
Reduced Fare Pre-Paid Bonus	10%	Eliminated
30-Day Reduced Pass	\$35	\$50 [49 CFR Part 609]

CTA Student Fare [4]		
Fare Bus & Rail on Student Permit	\$0.85	\$0.75
Transfer	\$0.15	Unchanged
Student Fare Cash (Bus Only)	\$1.00	\$0.75

O'Hare Station Fare [5]		
Full Fare on Transit Cards, Chicago Cards, Chicago Card Plus	\$2.25	\$5.00

#128 Soldier Field Express [6]		
All Round-trips	One-Way Fare: \$1 Full Fare / \$0.50 Reduced	\$5.00 round-trip \$2.50 reduced fare

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Fare Table Notes:

[1] Fares paid with Chicago Card Plus, Chicago Cards, and Transit Cards, unless otherwise noted.

[2] CTA/Pace 7-Day passes will change from \$28 to \$33.

[3] CTA offers reduced fares via an RTA Reduced Fare Permit to Seniors as required by 49 CFR Part 609 and free rides to eligible Seniors as required by 70 ILCS 3605/51(b). Similarly, CTA offers reduced fares via an RTA Reduced Riding Permit to Persons with Disabilities as required by 49 CFR Part 609 and free rides to eligible Persons with Disabilities as required by 70 ILCS 3605/52. In addition, CTA also offers reduced fares to children age 7-11.

[4] CTA is introducing a new Student Fare for elementary and high school students on school days, 5:30am to 8:30pm. Students will be required to have a Student Riding Permit to be eligible for this fare.

[5] The fare remains unchanged for all riders presenting passes and reduced fares at O'Hare Blue Line Station. For riders presenting all other fare media at the O'Hare Blue Line Station, the fare will be \$5.

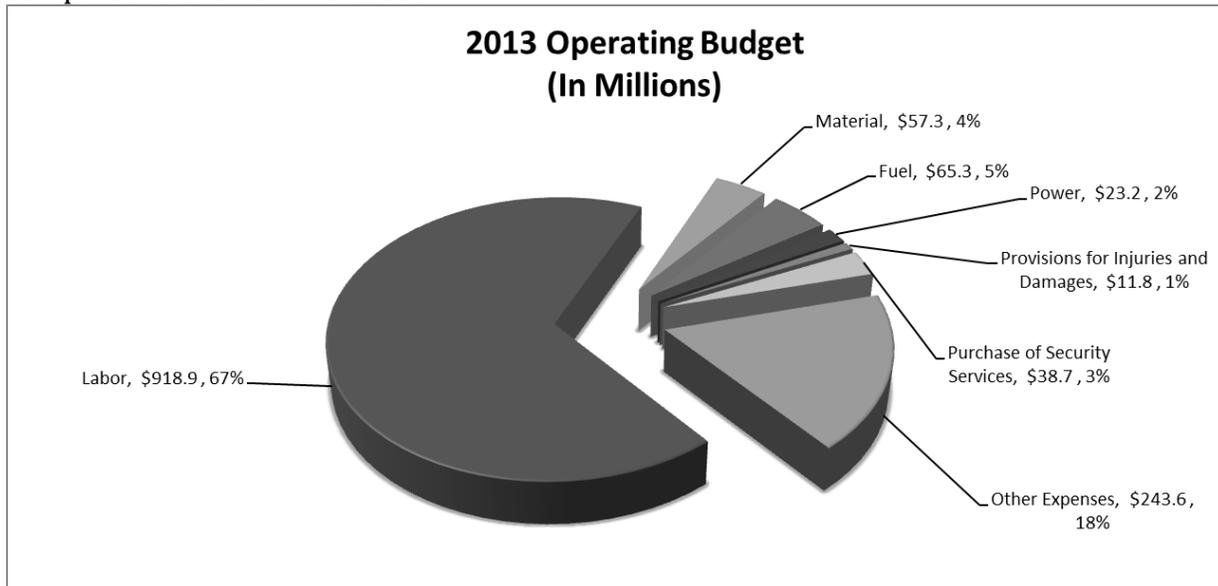
[6] The #128 Soldier Field Express is a service jointly managed by CTA and Metra, scheduled to operate for all Chicago Bears home games at Soldier Field, and other agreed-upon events. Service operates closed-door from West Loop Metra stations to Soldier Field. Current discounted one-way fare will be replaced with a flat \$5 round-trip fare for all regular riders and \$2.50 for reduced fare riders. Revised fares will begin with first pre-season game of the 2013 Bears Season.

CTA FY13 Budget

President's 2013 Proposed Operating Budget

Operating Expenses

The proposed operating budget is \$1,358.8 million, an \$85.1 million or 6.7 percent increase compared to the 2012 forecast.



Labor expenses are budgeted to be \$918.9 million, a decrease of \$6.0 million from the \$924.9 million projected for 2012. This reflects the savings achieved by changing work rules, rationalizing benefits, and working with labor partners to slow the growth of costs.

Material expenses are budgeted to be \$57.3 million. This is down \$9.4 million from the \$66.7 million projected for 2012. This is primarily due to a one-time grant for 2013 that will allow the CTA to invest in its fleet. Bus Heavy Maintenance will see a \$3.8 million increase in capital funding for repair of brake and HVAC systems in 2013. Rail Maintenance, meanwhile, will use an additional \$3.8 million in capital funds to make repairs to propulsion and braking systems that will extend the lives of rail cars. Another driver of these savings is the ongoing capital investment in new rail cars. The 5000-Series rail cars are replacing the 40-year-old 2200-Series. The new cars are delivering substantially lower maintenance costs, and parts for the new cars are covered under warranty for two years.

Fuel expenses in 2013 are budgeted at \$65.3 million, which is \$1.4 million (2.1 percent) less than the 2012 budget. Consistent with 2012, the fuel budget is managed using the CTA's strategic fuel hedging policy. Fuel prices in 2013 are budgeted at \$3.43 per gallon, representative of the average price the CTA could have locked in 2013 purchases for at the time of budgeting. The forecast average net price for fuel in 2012 is \$3.42 per gallon versus a budgeted estimate of \$3.50 per gallon. As of September 12, 2012, 91.0 percent of 2012 and 19.2 percent of 2013 fuel consumption has been locked in. With the help of its advisors, the CTA uses a long-term, layered fuel hedging strategy.

CTA FY13 Budget

President's 2013 Proposed Operating Budget

The 2013 proposed budget estimates the cost of **electric power** for revenue equipment at \$23.2 million, which is \$1.8 million (7.2 percent) lower than the 2012 budget. The CTA negotiated a new contract for purchasing electric power beginning January 1, 2012. Rail power will continue to be purchased using an actively managed block purchase approach, which allows the CTA to purchase wholesale power for its base load electricity supply in advance through strategically placed hedges. Electricity consumed above or below the block quantity is settled at the real-time ComEd price. Approximately 60 percent of the CTA's expected power consumption is met using this strategy. The approach yields a blended rate of approximately \$.057 per kilowatt-hour. The electric power contract will continue through the end of 2013.

The CTA included a provision in its most recent fuel solicitation to allow Metra and Pace to participate in the pricing. Higher-volume buys by multiple transit agencies may result in lower costs. Meanwhile, the CTA is working with its fellow transit boards to procure energy management software that will help manage energy use on a local and regional level.

The CTA has budgeted \$11.8 million in **provisions for injuries and damages** in 2013. This is down substantially from \$24.0 million forecasted for 2012, based on the one-time release of reserve funds pursuant to actuarial recommendations. The required provision is determined by the CTA's actuaries based on actual claims history and future projections.

Purchase of security services is budgeted at \$38.7 million. The 2013 total reflects the expected implementation of a new inter-governmental agreement (IGA) between the CTA and the Chicago Police Department. Under the three-year agreement, CTA would have 50 dedicated police officers to patrol the bus and rail systems and will continue the successful Voluntary Special Employment Program – a total investment of \$10 million annually.

Other expenses are budgeted to be \$243.6 million, an increase of \$114.6 million over the \$129.0 million forecast for 2012. This is due to a jump in the required contribution for the 2008A Series (Pension Funding) and 2008B (Retiree Health Care Funding) Bonds to \$156.6 million. In addition, expenses for contractual services will increase as the CTA invests in projects to improve service and efficiency, such as Ventra, payroll processing, timekeeping software, and supply chain modernization.

CTA FY13 Budget

President's 2013 Proposed Operating Budget

Operating Revenues

The CTA has two main revenue categories: system-generated revenues and public funding.

Total Revenue (in thousands)	2013 Plan
Fares and Passes	\$612,031
Reduced Fare Subsidy	28,322
Advertising, Charter & Concessions	27,851
Investment Income	629
Statutory Required Contributions	5,000
All Other Revenue	31,954
Total System Generated Revenue	\$705,787
Public Funding Available through RTA	\$653,044
Total 2013 Revenue	\$1,358,831
Total 2013 Expenses	\$1,358,831

System-Generated Revenues

System-generated revenues include fares and passes, reduced-fare subsidy, advertising and concessions, investment income, statutorily required contributions from Chicago and Cook County, and other miscellaneous revenues. In 2013, system-generated revenue is budgeted to be \$705.8 million, representing a \$63.0 million (9.6%) increase when compared to the 2012 forecast. This is 15.3 percent above the \$612.3 million actual total for 2011.

Revenues from **fares and passes** are budgeted at \$612.0 million in 2013. This is an increase of \$63.0 million over the 2012 forecast. The projected increase is the result of several fare changes, including the reduction of the discount for the passes, equalizing reduced fares to the statutory 50 percent, and a new fare for trips departing from O'Hare station. The CTA continues to provide free rides to seniors and people with disabilities participating in the state's Circuit Breaker Program, active military personnel, and veterans with disabilities.

The CTA provides approximately 28 million reduced fare trips annually to qualified riders. The 2012 budget assumes the **reduced fare subsidy** will be \$28.3 million, slightly above the \$28.1 million projected for 2012.

Advertising, charters and concessions revenues include advertisements on buses, trains and stations, income from concessions, and other non-farebox revenue. The 2013 budget is \$27.9 million, representing a \$2.4 million increase over the 2012 forecast of \$25.5 million

CTA FY13 Budget

President's 2013 Proposed Operating Budget

(an increase of 9.4 percent). The CTA expects an increase in revenue due to an expansion of digital advertizing and a continuing improvement in advertizing sales.

Investment income for 2013 is budgeted at \$0.6 million, about the same as projected for 2012. Interest rates hovering near zero percent plus the state's continued late payment of public transportation funds mean CTA's conservative cash investments will yield minimal income.

Statutory required contributions remain unchanged in 2012, budgeted at \$5.0 million. The Regional Transportation Authority Act requires the City of Chicago to contribute \$3.0 million and Cook County to contribute \$2.0 million each year toward CTA operations. These required cash contributions are in addition to in-kind contributions from the City of Chicago. The Chicago Police Department's Public Transportation Section provides approximately \$22.0 million of in-kind security services to the CTA as part of its regular patrols. Meanwhile Cook County provides in-kind services through the Sheriff's Work Alternative Program (SWAP). Under the SWAP program, non-violent offenders in Cook County supplement existing CTA employees to clean bus turnarounds and garages.

All other revenue includes parking charges, rental revenue, third-party contractor reimbursements, and filming fees, among other income sources. This category is budgeted in 2013 at \$32.0 million, a decrease of \$2.6 million compared to the 2012 forecast. Within this category, CTA expects an uptick in rental revenue once renovations on all Red Line L stations are completed.

Public Funding

The amount of public funding available for CTA operations is determined by the RTA, and is based on the RTA's revenue projection for the year. Public funding has three sources: sales tax revenue, public transportation funds (PTF), and the real estate transfer tax (RETT). The three funding sources are authorized under state statutes passed in 1983 and 2008. A diagram of public funding received by RTA and the way in which it is allocated among the three Service Boards is included in the Operating Funding Summary in the appendices.

The RTA cuts off of the top 15 percent of the sales tax collections authorized in 1983, leaving 85 cents of every dollar to flow directly to the service boards. Of these remaining funds, the CTA receives 100 percent of the taxes collected in Chicago and 30 percent of taxes collected in suburban Cook County. Of the funding available from the 0.25 percent sales tax and PTF authorized by the 2008 legislation, the CTA receives 48 percent of the remaining balance after allocations are made to fund various programs. Additionally, the 2008 legislation authorized a \$1.50 per \$500 increase in RETT, all of which is collected in the Chicago. The CTA receives 100 percent of the increased RETT authorized in 2008.

CTA FY13 Budget

President's 2013 Proposed Operating Budget

Public funding available through the RTA is budgeted to be \$653.0 million in 2013. This is a \$22.1 million increase over the 2012 forecast or 3.5 percent. The increase represents a continued improvement in sales tax receipts anticipated over the next year.

CTA FY13 Budget

President's 2013 Proposed Operating Budget

President's 2013 Proposed Operating Budget Schedule

(in thousands)

	Actual 2011	Revised Budget 2012	Forecast 2012	Proposed Budget 2013
<u>Operating Expenses</u>				
Labor	\$ 893,834	\$ 919,075	\$ 924,885	\$ 918,875
Material	67,919	68,493	66,714	57,279
Fuel	57,273	65,631	65,238	65,342
Power	28,099	22,867	23,650	23,175
Provisions for Injuries and Damages	15,000	24,000	24,000	11,792
Purchase of Security Services	36,815	36,803	40,175	38,734
Other Expenses	193,394	126,036	129,036	243,634
Total Operating Expenses	\$ 1,292,333	\$ 1,262,905	\$ 1,273,698	\$ 1,358,831
<u>System Generated Revenue</u>				
Fare and Passes	\$ 527,853	\$ 545,000	\$ 549,000	\$ 612,031
Reduced Fare Subsidy	26,026	28,000	28,099	28,322
Advertising, Charter & Concessions	21,459	22,802	25,499	27,851
Investment Income	578	867	629	629
Statutory Required Contributions	5,000	5,000	5,000	5,000
Other Revenue	31,401	27,013	34,542	31,954
Total System Generated Revenue	\$ 612,317	\$ 628,682	\$ 642,769	\$ 705,787
<u>Public Funding</u>				
Public Funding Available Through RTA	\$ 562,017	\$ 616,609	\$ 630,929	\$ 653,044
Additional 2011 Sales Tax/ Discretionary	-	17,614	-	-
Transfer From Capital- Preventive Maintenance	118,000	-	-	-
Total Public Funding	\$ 680,017	\$ 634,223	\$ 630,929	\$ 653,044
Recovery Ratio	57.25%	60.38%	61.48%	63.40%
Required Recovery Ratio	52.00%	52.00%	52.00%	52.00%
Balance	\$ -	\$ -	\$ -	\$ -

	2012 Revised Budgeted Positions	2013 Budgeted Positions
Total CTA without STO**	4,428	4,545
Bus STO positions***	3,688	3,681
Rail STO positions***	1,090	1,155
Total CTA	9,206	9,381

*Recovery ratio is calculated by dividing System-Generated Revenue over Operating Expenses. The calculation includes in-kind revenues and expenses for security provided by the City of Chicago, excludes security expenses, POB debt services, and includes some grant revenues.

**STO: Scheduled Transit Operations

***STO Full-Time Equivalents

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CTA FY13 Budget

President's 2014-2015 Proposed Operating Financial Plan

President's 2014-2015 Proposed Operating Financial Plan Summary

Introduction

The benefits of structurally balancing the 2013 budget in a responsible, sustainable manner become clear as the Authority enters the 2014 and 2015 fiscal years.

By bending the labor cost curve—through a combination of restraint in wage growth, putting benefits in line with other public agencies, and adjusting pass and other fare discounts—the CTA has structurally balanced its 2013 budget. The balanced 2013 budget carries through to 2014 and 2015 because it is not based on short-term fixes or unsustainable borrowing from capital funds or from the state.

Structurally balancing this budget will require a significant change in the way the authority has been operating. But by balancing the budget in a responsible manner, and giving riders certainty and stability, this plan will put the CTA on track to a solid financial foundation that will allow for reliable and efficient service for customers into the future.

As this budget makes clear, the CTA will be able to operate at stable service levels while continuing to improve service and invest in the system. This long-term strategy breaks from the traditional scenarios of annual budget deficits that must be solved through drastic service reductions or fare hikes. With labor partners helping to bend the cost curve and additional revenues from fare changes, the deficit has been closed in this two-year outlook. This outlook assumes continued management improvement and savings from efforts underway to create a more efficient CTA.

Operating Expenses

Total operating expenses are budgeted at \$1,358.8 million in 2013. Operating expenses are expected to grow 3.1 percent to \$1,401.2 million in 2014 and 2.8 percent to \$1,439.8 million in 2015.

Labor expenses, including base salaries, benefits, and payroll taxes, are projected to be \$932.7 million in 2014 and \$962.7 million in 2015. This represents a 3.2 percent year-over-year growth above the \$918.9 million budgeted for 2013. Part of this increase is due to the return of about \$7.5 million in labor costs to the operating budget that will be funded from one-time RTA capital grant in 2013. The increase also reflects expected increases in the cost of benefits, such as healthcare and the employer contributions to the CTA pension, and in negotiated wage increases. The plan also budgets for negotiated labor savings each year in 2014 and 2015, which are expected to come from changes in health benefits that bring them in line with other government agencies, and projected savings from work rule changes which will result in a more efficient allocation of staff.

CTA FY13 Budget

President's 2014-2015 Proposed Operating Financial Plan

In 2014, the financial plan projects **material** to return to the 2012 forecasted level of \$66.7 million and then grow by 3.0 percent in 2015 to reach \$68.7 million. This minimal growth in material spending in the operating budget reflects the benefits of capital investments in the CTA's fleet. The CTA will have 100 new buses and over 100 5000-Series rail cars expected to be delivered in 2013. The new revenue vehicles should have lower maintenance needs in the first few years compared to existing buses and trains. The slow growth also reflects the benefits of tighter control over inventory as the CTA phases in its "just-in-time" procurement system.

The proposed financial plan projects **fuel** costs to equal \$67.3 million in 2014 and \$69.3 million in 2015. The CTA mitigates the volatility in fuel prices through the strategic use of hedging instruments to ensure a reasonable degree of budget certainty. In recent years, hedging has saved the CTA a considerable amount of money. By September 2012, through a series of strategic hedges early in the year, the CTA had fixed 91 percent of its estimated 2012 consumption at \$3.06 per gallon, resulting in savings over market prices. This financial plan assumes a continuation of these hedging strategies.

In 2014 and 2015, the CTA projects rail **electric power** costs to be \$23.6 million and \$24.1 million, respectively. As with diesel fuel, the CTA uses hedging techniques to mitigate the impact of severe price fluctuations. In 2012, actual costs are projected to be \$0.7 million in excess of budget. Prices are expected to increase by 1.3% in 2013 and then grow steadily at 2% for 2014-2015. The new contract reflects decreased capacity prices, which are determined through an auction clearing process conducted by the Regional Transmission Organization that coordinates the movement of electricity to the Chicago area.

Provisions for injuries and damages in the plan are expected to grow by \$12.9 million in 2014 and an additional \$1.0 million in 2015 from the 2013 budgeted level of \$11.8 million. The totals for 2014 and 2015 are \$24.7 million and \$25.7 million, respectively. (The 2013 amount is artificially depressed by the release of reserves pursuant to actuarial recommendations.) The amount needed to fund this reserve is based on actual experience, the projected future balance in the reserve, and the liabilities projected for the following year.

According to the 2014-2015 plan, **purchase of security services** will increase 3.0 percent per year. From a base of \$38.7 million in 2013, security costs will grow to \$39.9 million in 2014 and \$41.1 million in 2015. This is due to contractual increases built into the contracts with private security firms and suburban police departments. The inter-governmental agreement with the Chicago Police Department expected to be in place in from 2013 to 2015 caps spending at \$10 million per year.

Other expenses include utilities, advertising, equipment, software maintenance, accounting, engineering, legal, banking fees and commissions, interest on the outstanding pension obligation bond and other consulting services. Other expenses increase

CTA FY13 Budget

President's 2014-2015 Proposed Operating Financial Plan

substantially from \$129.0 million in the 2012 forecast to \$243.6 million in the 2013 budget. This is due to new costs associated with the Open Fare project and increases in debt service associated with pension obligation bonds. The 2014-2015 plan incorporates these costs as annual expenses going forward. From this higher base, other expenses are projected to increase about one percent per year over the two-year plan. This increase accounts for inflation built in to multi-year contracts and some expected growth in utilities costs. Other expenses will be \$246.2 million in 2014 and \$248.2 million in 2015.

Operating Revenues

Overall **operating revenues**, including system-generated revenues and public funding, are projected to increase at a modest rate over the two-year financial plan. From the 2013 budgeted level of \$1,358.8 million, operating revenues are projected to increase 3.1 percent in 2014 to \$1,401.2 million and 2.8 percent in 2015 to \$1,439.9 million.

System-Generated Revenues

The 2014-2015 financial plan assumes the changes to the fare structure implemented in 2013 will continue into the future. The change in the price of passes, along with the other fare proposals in the 2013 proposed operating budget are projected to increase fare revenue from a 2012 forecast of \$549.0 million to a 2013 budget of \$612.0 million. Fare revenue is projected to be \$636.3 million in 2014 and \$649.0 million in 2015. These 4.0 and 2.0 percent year-over-year increases assume ridership will increase incrementally over that period due to the improving area labor market and continuing high gas prices and parking costs. The two-year plan assumes the **reduced fare subsidy** will be \$28.3 million in both 2014 and 2015, consistent with that which is expected in 2013.

After a strong increase in 2013, the two-year financial plan projects revenue from **Advertising, charters, and concessions** to grow at a modest 2.0 percent rate. This yields a projected \$28.4 million in 2014 and \$29.0 million in 2015.

Investment income in 2014-2015 is expected to be lower than historical levels due to reduced cash on hand because of late payments from the state. The plan also assumes the historically low interest rates will continue through 2015. Investment income is expected to be \$0.6 million in 2014 and \$0.7 million in 2015.

Statutory required contribution revenues are forecast to continue to be \$5.0 million per year. The Regional Transportation Authority Act requires that the City of Chicago contribute \$3.0 million annually and that Cook County contribute \$2.0 million annually to CTA operations.

After a projected drop in 2013, **other revenue** is expected to grow by \$4.0 million in both 2014 and 2015 due to an anticipated increase in corporate sponsorship and other types of

CTA FY13 Budget

President's 2014-2015 Proposed Operating Financial Plan

revenue. These revenues are derived from parking fees, rental properties, third-party contractor reimbursements, fees from filming, a non-capital annual grant from the RTA, and other miscellaneous revenues.

Public Funding

From a base budgeted level of \$653.0 million in **public funding available through the RTA**, the two-year plan expects growth of 2.1 percent to \$666.7 million in 2014 and growth of 3.2 percent to \$688.0 million in 2015.

The **recovery ratio** measures the percentage of expenses that a Service Board must pay against the revenue that it generates. System-generated revenues, operating expenses, and certain statutory exclusions are used in the calculation. The RTA Act requires the region to fund 50 percent of its expenses through revenues generated by the three Service Boards. The estimated recovery ratios for the CTA in 2014 and 2015 are 61.7 percent and 61.2 percent, respectively—considerably higher than the requirement.

CTA FY13 Budget

President's 2014-2015 Proposed Operating Financial Plan

President's 2014-2015 Proposed Operating Financial Plan Schedule

	Forecast 2012	Proposed Budget 2013	Plan 2014	Plan 2015
<u>Operating Expenses</u>				
Labor	\$ 924,885	\$ 918,875	\$ 932,721	\$ 962,674
Material	66,714	57,279	66,722	68,724
Fuel	65,238	65,342	67,302	69,321
Power	23,650	23,175	23,639	24,111
Provisions for Injuries and Damages	24,000	11,792	24,744	25,733
Purchase of Security Services	40,175	38,734	39,896	41,093
Other Expenses	129,036	243,634	246,223	248,214
Total Operating Expenses	\$ 1,273,698	\$ 1,358,831	\$ 1,401,247	\$ 1,439,870
<u>System Generated Revenue</u>				
Fare and Passes	\$ 549,000	\$ 612,031	\$ 636,272	\$ 648,997
Reduced Fare Subsidy	28,099	28,322	28,322	28,322
Advertising, Charter & Concessions	25,499	27,851	28,408	28,976
Investment Income	629	629	643	658
Statutory Required Contributions	5,000	5,000	5,000	5,000
Other Revenue	34,542	31,954	35,954	39,954
Total System Generated Revenue	\$ 642,769	\$ 705,787	\$ 734,599	\$ 751,907
<u>Public Funding</u>				
Public Funding Available Through RTA	\$ 630,929	\$ 653,044	\$ 666,648	\$ 687,963
Additional 2011 Sales Tax/ Discretionary	-	-	-	-
Transfer From Capital- Preventive Maintenance	-	-	-	-
Total Public Funding	\$ 630,929	\$ 653,044	\$ 666,648	\$ 687,963
Recovery Ratio	61.48%	63.40%	63.69%	63.22%
Required Recovery Ratio	52.00%	52.00%	52.00%	52.00%
Balance	\$ -	\$ -	\$ -	\$ -

*Recovery ratio is calculated by dividing System-Generated Revenue over Operating Expenses. The calculation includes in-kind revenues and expenses for security provided by the City of Chicago, excludes security expenses, POB debt services, and includes some grant revenues.

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CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

Five-Year Capital Improvement Program

The 2013-2017 capital improvement program continues the CTA's commitment to preserving scarce resources for capital, increasing available capital funding and strategically renewing the system. The \$2.8 billion in this Capital Improvement Program, combined with funds from previous years will result in investments of over \$4.0 billion in projects that will improve safety, enhance the customer experience and boost the overall reliability of the bus and rail system. The proposed capital projects incorporate significant technological advancements that will not only allow the CTA to operate more efficiently, but will position the CTA for continued growth and future expansion. Funding for the plan includes an increased multi-year funding commitment from the State of Illinois, competitive grants, and CTA funding.

2013 will be a year of increasing investment in modernization and maintenance for the CTA. The largest efforts will be on the Red Line, the backbone of CTA's "L" train system. About \$415 million in Illinois Department of Transportation capital funding from the last year's Capital Improvement Program (CIP) will support a complete overhaul of 10 miles of track and infrastructure on the Dan Ryan branch of the Red Line. This is the most significant track renewal project in nearly two decades. South Red Line customers currently have to endure numerous slow zones and regular delays due to the deteriorated track. Without rebuilding the track, slow zones would increase by 60%. Once the project is completed, the commute time from the 95th Street Station to the Loop will be reduced by 20 minutes per round trip. The Illinois Department of Transportation will provide a multi-year grant agreement to fund a significant portion of this project.

The CTA will make major investments in two Red Line stations. A \$203 million rehabilitation of the Wilson station and surrounding infrastructure and viaducts will begin in 2013, including \$190 million from the 2012 CIP and another \$13 million from the 2013-2017 program. In mid- 2013, work will begin on restoration of the terra cotta exterior from the historic 1923 Gerber Building, a rebuilt stationhouse with elevators and other modern amenities, new transfer platforms, and structural and viaduct work. On the opposite end of the Red Line, the CTA plans to invest a total of \$240 million to improve the 95th Street station, a key transportation hub on Chicago's south side. Planned improvements include adding new bus loading and unloading bays, widening customer waiting areas, adding a terminal entrance, and providing pick-up/drop-off space accessible to disabled paratransit riders. Funding for the project comes from the Federal Transit Authority (FTA), state bonds, and CTA funds.

The current CIP also plans for a continued purchase of modern rail cars. A total of \$455 million is allocated over the five-year period, with \$265 million reserved to complete the purchase of a total of 706 new 5000-Series rail cars and remaining funds are dedicated to the next (future) railcar order. To date, 124 cars have been delivered and are in revenue service on the Pink and Green Lines.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

The CTA will be making major advances in bus service in 2013 with the development and implementation of the “Jeffery Jump”. With the support of a Federal Transit Administration (FTA) Bus Rapid Transit (BRT) grant, the “Jeffery Jump” will go into service on the Jeffery Boulevard corridor in the fall of 2012. The route will feature non-stop bus service from 11th Street to 67th Street, transit signal priority from 73rd Street to 84th Street, and dedicated bus lanes from 67th Street to 83rd Street. This will cut the commute from 103rd Street to downtown by shaving five to seven minutes off of morning and evening commutes. The CTA is also exploring the feasibility of BRT service for Western and Ashland Avenues, two of Chicago’s longest and most heavily trafficked thoroughfares. More than \$3 million has been allocated for engineering and environmental studies. These technological advances accompany a large planned investment in the bus fleet itself, with \$313 million allocated to purchase new buses over the next five years.

Finally, the CTA is investing in assets that customers don’t usually see, but will ultimately result in more reliable and efficient service. This includes \$142 million over five years to perform mid-life mechanical overhauls of buses and \$204 million over that period to upgrade several substations that provide power to the CTA rail cars. The CTA’s bus facilities will undergo major improvements. The service garages will be outfitted with new bus wash racks to clean bus exteriors and new bus-repair hoists to keep buses secure while they are being worked on.

The 5-year program will have a meaningful impact on the system’s state of good repair. The investments will reduce operating costs in some areas and avoid escalating costs in other areas. By driving down costs, the CTA will be able to leverage operating funds to supplement scarce capital funding and continue to further improve the system.



CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

The table below lists each category of projects in the proposed program. A detailed description of each project follows the section titled **Uses of Funds**.

CHICAGO TRANSIT AUTHORITY		<i>in \$ thousands</i>		
FY 2013-2017 Capital Program				
CTA Board Ordinance				
<u>Title</u>	<u>FY2013</u>	<u>FY2014-2017</u>	<u>5-Year Funding</u>	
<u>Bus Projects</u>				
<u>Rolling Stock</u>				
Perform Bus Maintenance Activities	3,750	10,000	13,750	
Perform Mid-Life Bus Overhaul	53,884	88,270	142,154	
Replace Buses	123,148	190,425	313,573	
Sub-Total	180,782	288,695	469,477	
<u>Rail Projects</u>				
<u>Power & Way Electrical, Signal, Communications</u>				
Replace/Upgrade Power Distribution and Signals	87,313	116,715	204,027	
Sub-Total	87,313	116,715	204,027	
<u>Power & Way Track & Structure</u>				
Infrastructure Safety & Renewal Program	135,718	149,937	285,654	
Sub-Total	135,718	149,937	285,654	
<u>Rolling Stock</u>				
Perform Rail Car Overhaul	2,190	307,845	310,034	
Perform Rail Car Maintenance Activities	3,750	10,000	13,750	
Purchase Rail Cars	145,563	309,545	455,107	
Sub-Total	151,502	627,389	778,891	
<u>Systemwide Projects</u>				
<u>Miscellaneous</u>				
Western Avenue Corridor - Bus Rapid Transit	1,875	-	1,875	
Purchase/Install an Advanced Paging System	4,250	-	4,250	
Information Technology	3,600	4,799	8,399	
Equipment and Non-Revenue Vehicles Replacement	6,000	2,500	8,500	
Purchase/Install Digital & Non-Digital Displays	1,150	-	1,150	
Rehabilitate Rail Stations	62,599	34,578	97,177	
Implement Security & Communication Projects	3,000	23,437	26,437	
Program Management	6,690	26,160	32,850	
Bond Repayment, Interest Cost, & Finance Cost	131,543	553,646	685,189	
CMAQ, JARC & UWP Projects	-	3,000	3,000	
Sub-Total	220,706	648,120	868,827	
<u>Support Facilities & Equipment</u>				
Improve Facilities - Systemwide	95,747	96,365	192,113	
Sub-Total	95,747	96,365	192,113	
Capital Project Total	871,769	1,927,220	2,798,989	
Marks	871,769	1,927,220	2,798,989	
Marks/Variance	-	-	-	

CTA FY13 Budget

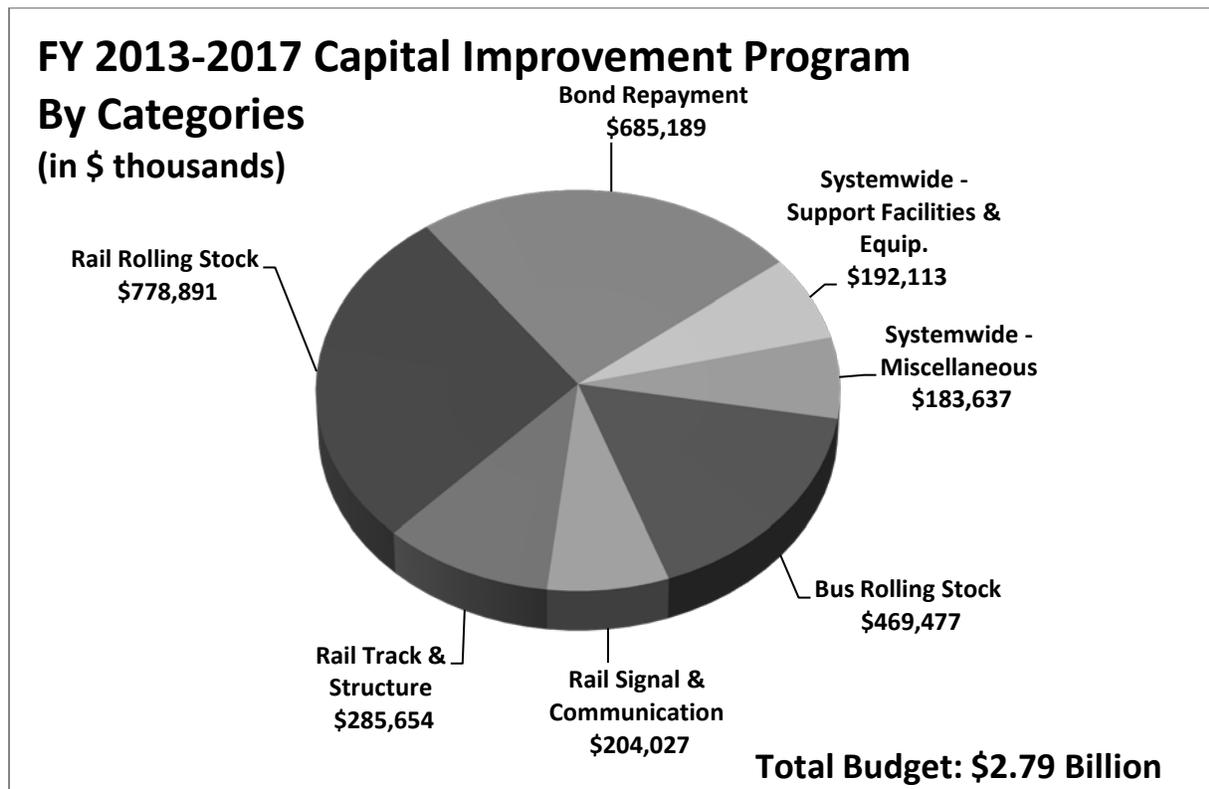
Proposed FY 2013-2017 Capital Improvement Plan & Program

Uses of Funds

Nineteen project categories comprise the CTA's proposed FY 2013-2017 capital plan. Each project within these programs is evaluated in an annual review process. Evaluation criteria include: customer and employee safety, reductions to travel time, increased customer comfort and convenience, system security, impact on system reliability, compliance with regulations, and community impact.

Exclusive of the bond repayment category, rail system projects receive a significantly larger portion of the proposed capital program funding due partly to the need to maintain an exclusive right-of-way, while the CTA's buses operate on streets maintained by other units of government. The capital projects proposed for FY 2013-2017 and beyond are intended to address the CTA's most critical needs for the bus and rail system, customer facilities and systemwide support.

The following figure shows the proposed FY 2013-2017 Capital Improvement Program by general category of asset improved or replaced.



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Bus Projects

❖ Project Title: Perform Bus Maintenance Activities

Purpose of Project: The CTA has embarked on an aggressive bus maintenance program to schedule replacement of parts nearing the end of their useful life. By investing in a program centered on maintaining buses, the CTA will improve the comfort, quality, and reliability of its service while reducing operating expenses.



Funding/Description of Proposed Work/Major Elements: The CTA has programmed \$13.8 million to provide for bus maintenance activities during FY 2013-2017. This funding will provide for ongoing bus vehicle maintenance efforts to support removal and installation of components that include the replacement of filters, oil changes, brake maintenance, and suspension systems.

Budget Impact: As more buses are cycled through the program, unscheduled maintenance on buses will be significantly reduced. If the CTA fails to perform routine maintenance on its buses, there will be a continual increase in operating costs, and reduced reliability of service.

❖ Project Title: Perform Mid-Life Bus Overhaul

Purpose of Project: The Bus Overhaul and Upgrade Program will allow the CTA to extend the useful life of buses by performing scheduled tasks that will result in decreased equipment downtime and a reduction in unscheduled maintenance. Unscheduled maintenance occurs when buses fail while in service. This disrupts operations, inconveniences customers, and increases operating costs.



Funding/Description of Proposed Work/Major Elements: Prior granted funds of \$109.5 million have been directed towards the bus overhaul. The CTA has programmed \$53.8 million in FY 2013 and \$88.3 million in FY 2014-2017. Funding will provide for the overhaul of the New Flyer-Series buses and will provide for initial funding needs for the overhaul of Arctic Hybrid Buses.

The program will provide for ongoing bus vehicle overhaul efforts to support removal and installation of components including, but not limited to engines, transmissions, cooling systems, HVAC systems, wheelchair ramps, batteries, suspension systems and doors. The

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program will correct critical defects discovered during inspections of the CTA's bus fleet. Also, during the bus overhaul process, the CTA will retrofit diesel particulate filters on 430 of the year 2006/2007 New Flyer buses.

Budget Impact: The performance of routine bus overhaul and upgrades will result in an overall reduction in operating costs as it is more costly to operate and maintain older, outdated and worn-out equipment. If the CTA fails to consistently perform required bus maintenance activities, service disruptions will continue to increase, and could possibly result in removal of the asset from revenue service.

❖ **Project Title: Replace Buses**

Purpose of Project: The CTA is committed to providing its customers with the highest quality bus service. Nova buses placed in service in 2000 have reached the end of their useful lives and are due for replacement with diesel-electric hybrid buses equipped with current, proven, heavy-duty clean propulsion technologies.



Funding/Description of Proposed Work/Major Elements: In FY 2013, the CTA will invest \$108.0 million to purchase buses that will be ADA-compliant, air conditioned, and technologically innovative. In addition, the CTA will spend \$15.1 million to lease buses. A total of \$313.6 million will be invested over the five year period.

Funding for this bus replacement project will provide for the engineering, purchase, and inspection of fully accessible, air-conditioned buses, including a spare parts inventory. The scope of work includes post-delivery monitoring of vehicle performance and technical support for problem resolution through the warranty period.

In FY 2012, the CTA was awarded a \$20.5 million FTA State of Good Repair grant to procure articulated diesel-electric hybrid buses, hoists and bus washers. In addition, the CTA received an award of \$4.7 million in funding from the FTA's Clean Fuels Program to purchase additional articulated diesel-electric hybrid buses. These buses achieve at least 20 percent greater fuel efficiency than standard diesel buses, saving fuel dollars while promoting cleaner air.

Budget Impact: The purchase of new buses will result in an overall reduction in operating costs. It is more costly to operate and maintain older, outdated and worn-out equipment. If new buses are not purchased, the CTA will continue to experience increased operating costs, reduced reliability in the fleet and decreased service for its customers.

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Rail Projects

❖ **Project Title: Replace or Upgrade Power Distribution and Signals**

Purpose of Project: Many of the CTA's substations are beyond their useful life and cannot provide the needed power, or require redundancy to keep the system operating. Plans are underway to upgrade or replace overloaded and deteriorated substations for the purpose of assuring reliable power for CTA trains on portions of the Brown, Red, Green and Orange Lines.



Funding/Description of Proposed Work/Major Elements: The program will provide for the upgrade of the traction power system at key locations. FY 2013-2017 funding of \$204.0 million will support construction of a new substation at Hubbard and rehabilitation of existing substations Kimball, State, Princeton, Illinois, Broadway, Milwaukee, and East Lake.

Major replacement work includes new traction power equipment, signals, switch gear, rectifiers, get-away cables, and transformers. The buildings housing this equipment will receive masonry repairs, roof replacement, new heating and ventilation systems, lighting, doors, windows, and other necessary equipment.

Budget Impact: Benefits include lower maintenance costs, more efficient power usage, improved reliability of service, the opportunity to increase speeds and reduced headways, and elimination of risk of fire damage prone to old cabling and old equipment in existing substations. If existing substations are not replaced or upgraded, maintenance costs and service delays will continue to increase.

❖ **Project Title: Infrastructure Safety and Renewal Program**

Purpose of Project: The CTA's system is comprised of 36 miles of elevated track, 35 miles of at-grade track, and 18 miles of embankment. Numerous tunnels, viaducts and retaining walls require significant maintenance to keep them in a state of good repair, and many are in need of replacement.



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Funding/Description of Proposed Work/Major Elements: The Infrastructure Safety and Renewal Program will include replacement of ties, running rail, third rail, ballast, and drainage systems. Structure rehabilitation will include embankments, tunnels, viaducts and retaining walls.

The CTA has programmed \$285.6 million in FY 2013-2017 for rehabilitation efforts such as Ravenswood Loop Connector, Blue Line O'Hare track renewal, subway ventilation and repairs to the right-of-way along elevated structure and structure throughout the CTA's system.

Budget Impact: The CTA's goal for this proposed capital plan is to eliminate or significantly minimize structural slow zones throughout the system, thereby increasing ridership and revenue and lowering maintenance and operating costs. This project avoids deferral of track renewals that would otherwise lead to a fall-back practice of piecemeal patching of deficiencies on a "worst first" basis.

❖ **Project Title: Perform Rail Car Overhaul**

Purpose of Project: Maintenance costs will stabilize as more rail cars are cycled through the Mid-life Overhaul Program. The 3200-Series cars are projected to receive a "D" or mid-life overhaul. In addition the 2600-Series will receive a "C-light" overhaul.

Funding/Description of Proposed Work/Major Elements:

FY 2013-2017 of \$310.0 million will provide funding for a multi-year overhaul program to refurbish the 3200-Series and the 2600-Series rail cars. The 3200-series consists of 258 rail cars, which are projected to receive a mid-life ("D") rehabilitation and 100 of the 2600-Series cars will receive a "C-light" overhaul.

The Mid-life Rehabilitation for the 3200-Series cars will consist of major upgrades to various subsystems and other components. The propulsion system and most of the major subsystems will be replaced or rebuilt, and new features such as destination signs, linear door operators, LED lighting, Ethernet train line diagnostics, video surveillance and event recorder will be added. The air conditioning system on the cars will contain an environmentally friendly refrigerant. Interiors, carbody, seating, trucks and couplers will be refurbished.

The "C-light" overhaul will mainly refurbish in-kind, many of the key propulsion components of the 2600 Series cars to provide additional life and minimize unscheduled maintenance. Items that will be refurbished are the trucks, traction motors, propulsion groups and resistor grids.

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Budget Impact: An overall reduction in operating costs. It is more costly to operate and maintain older, outdated and worn out equipment.

❖ Project Title: Perform Rail Car Maintenance Activities

Purpose of Project: Funding in this project will provide for an ongoing overhaul program that consists of tasks necessary to keep rail cars in revenue service through systematic inspection, detection, and prevention of incipient failure.

Funding/Description of Proposed Work/Major Elements: The CTA's preventive maintenance program consists of regularly scheduled preventive maintenance to maintain rail car performance. The CTA plans to spend \$13.8 million in FY 2013-2017 on the rail car fleet to correct critical defects and operational deficiencies discovered during inspections of rail cars.

Budget Impact: The CTA can expect an overall reduction in operating costs as it continues to extend the life of the existing fleet by performing preventive maintenance and rehabilitation on rail cars. If preventive maintenance is not performed routinely, the CTA will see a continual increase in operating costs, reduced reliability, and decreased availability of service.



❖ Project Title: Purchase Rail Cars

Purpose of Project: The CTA will continue its planned replacement of rail cars that have reached the end of their useful service life. This project provides funding to complete the purchase of the next generation 5000-Series cars. Replacement of old rail cars will provide the CTA with modern, updated vehicles that will decrease maintenance and operating costs while enhancing customer comfort.

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Funding/ Description of Proposed Work/Major Elements: The CTA has programmed \$455.1 million over the 5-year period for the purchase of new 5000 Series rail cars. The new cars will replace the 2200-, 2400-, and 2600-Series rail cars that have reached the end of their useful service lives. In 2010 and 2011, the CTA provided funding for the initial 5000-Series rail car orders. The CTA is receiving 706 5000-Series cars, at a total cost of \$1.13 billion, replacing more than half of its fleet. Fiscal years 2013-2017 allocates funding for completion of the 5000-Series purchases and dedicates initial funding required for the next (future) railcar order. As of October 2012, 124 new cars have been delivered and are in service.



Replacement of these rail cars will provide the CTA with modern, updated vehicles that will decrease maintenance and operating costs while enhancing customer comfort. The new fleet of rail cars will be the first in the CTA's fleet to utilize alternating current (AC) propulsion, a technology that permits dynamic braking regeneration, lower energy and maintenance costs, a smoother ride, and improved reliability.

Budget Impact: The rail car purchase project should decrease the maintenance costs and hours needed to maintain older rail cars. If rail cars are not purchased, the CTA will continue to experience increased operating costs, reduced reliability in the fleet, and decreased service for its customers.

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Systemwide Projects

❖ **Project Title: Western Avenue Corridor Bus Rapid Transit**

Purpose of Project: The CTA is performing an Alternatives Analysis planning study as a means of exploring options for a variety of Bus Rapid Transit (BRT) features and service on both Western and Ashland Avenues from Howard Street on the north to 95th Street on the south.

Funding/Description of Proposed Work/Major Elements:

About \$1.9 million in funds will be used for preliminary engineering, environmental review, final design, and administrative expenses.

Budget Impact: The Western and Ashland Corridors have been identified in planning studies as prime candidates for investment of improved transit service. The CTA has realized that premium service in the Corridors is warranted and the agency is investing significant time and resources into assessing BRT options and the feasibility of moving forward. The current service has high ridership and the corridors are also heavily used by vehicular traffic.

❖ **Project Title: Purchase, Install an Advanced Paging System**

Purpose of Project: The CTA will utilize FY 2012 ICE funding to upgrade paging at all 145 rail stations in the system.

Funding/Description of Proposed Work/Major Elements: The CTA will program \$4.3 million over the 5-year period for the purchase and installation of an advanced paging system. This project will support the CTA's efforts to implement technology that will improve communication and safety for its customers. This new technology will permit mass notification via the Public Address system and will be capable of displaying announcements directly to the CTA's Train Tracker signs. This system meets ADA guidelines for providing written words for the hearing impaired riders. Implementation is expected to begin in late early 2013.

Budget Impact: Paging is one of the more cost-effective and practical methods of sending emergency notifications to large numbers of people in the least amount of time.

❖ **Project Title: Information Technology**

Purpose of Project: The CTA will upgrade software and hardware, and enhance the Transit Asset Management System.

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The CTA's software and hardware upgrade project will allow it to increase productivity among business units by replacing desktop and laptop computers at the end of their useful lives.

Funding/Description of Proposed Work/Major Elements: The proposed FY 2013-2017 CIP allocates \$5.8 million for Software and Hardware Upgrades and \$2.5 million for enhancement of the CTA's existing Transit Asset Management System.



The CTA operates over 1,500 desktop computers that link into Local Area Networks (LANs) for efficient data transfer and team analysis. Computer systems over time reach their capacity and therefore must be updated or replaced. Desktop systems should be scheduled for replacement at five years, and servers and routers at seven years. Existing information systems demand new applications and will be best met by systems with faster speed and greater reliability and efficiency.

Proposed funding for the final phase of a Transit Asset Management System will allow the CTA to evaluate investments across asset categories, thereby creating a true picture of CTA's State of Good Repair backlog. FY 2012 funding of \$2.5 million will further enhance and complete the CTA's asset database through the addition of Power and Way assets, such as track structure, signal, and power to the inventory of assets not captured in the CTA's existing asset management system. Previous funding of \$5.4 million allowed the CTA to implement the initial phase of a transit asset management system for bus facility capital assets, including maintenance garages, related systems and equipment and bus turnaround facilities.

Budget Impact: If the CTA does not implement this project, employees will continue using the obsolete desktops and laptops that exist today. The new equipment and software will improve productivity and improve efficiency.

An asset management system will provide information needed to keep facilities running better and extend equipment life, avoiding costly replacements that disrupt operations and services. If an asset management system is not fully implemented, the CTA will be unable to implement a timely preventive maintenance plan or optimize CTA operations.

❖ **Project Title: Equipment and Non-Revenue Vehicle Replacement**

Purpose of Project: This project funds the procurement of a variety of non-revenue vehicles that are needed to maintain buildings, grounds and CTA infrastructure.

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Funding/Description of Proposed Work/Major Elements: The CTA plans to spend \$8.5 million in FY 2013-2017 to purchase non-revenue vehicles. This project also will provide for the purchase of capital-eligible tools that will be used to repair rolling stock and other infrastructure elements that are critical for the support of bus and rail transit operations.

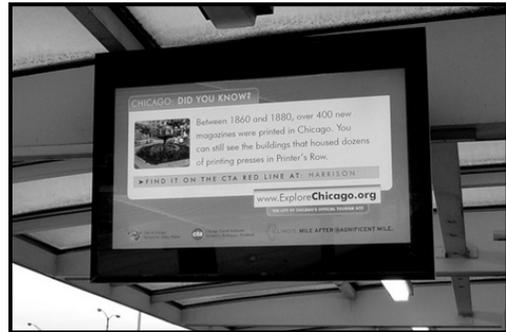
Budget Impact: Productivity will increase due to the availability of additional non-revenue vehicles in the system. Maintenance crews need durable and sometimes specialized vehicles to transport to work sites. In the past, these vehicles have been obtained through short-term leases due to the lack of capital funds. Purchasing the vehicles that the CTA needs to customize and retain for years makes more economic sense over the long term.



❖ Project Title: Purchase/Install Digital & Non-Digital Displays

Purpose of Project: This project will support the CTA's efforts to install Digital Customer Information Displays and non-digital customer focused information throughout the system.

Funding/Description of Proposed Work/Major Elements: The CTA was awarded \$1.2 million to provide real-time bus tracker and/or train tracker information, system status updates and CTA customer alerts. These are interspersed with paid advertisements, time and weather information. The paid advertisements support the operation of the displays and provide a source of revenue to the CTA.



Budget Impact: Digital signage is a new source of revenue for the CTA and installation of the displays will have little impact on the CTA's budget. A single display could reach tens of thousands of people and can be set up without creating traffic or public disturbances. Display signs provide vital real-time travel information to the CTA.

❖ Project Title: Rehabilitate Rail Stations

Purpose of Project: The CTA has undertaken an initiative to rehabilitate rail stations systemwide. Upgrades of rapid transit stations will include amenities such as lighting to provide greater security and decrease vandalism, and for the repair and reconstruction of the stationhouse, stairs, flooring, platforms, and canopies. Elevators for accessibility and escalators will be provided where needed and based on funding availability.

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Funding/Description of Proposed Work/Major Elements: The CTA plans to spend \$97.1 million in FY 2013-2017 to rehabilitate rail stations. Included in this allocation is partial funding of \$30 million for the 95th Street Terminal Improvement Project, an initiative that will improve accessibility and safety for riders by relieving congestion, adding new bus bays, widening customer waiting areas, adding a terminal entrance, and providing pick-up/drop-off space for disabled paratransit riders.

The CTA continues to eliminate water seepage by grouting in subway stations to prevent water leaks, renovating sewer and drainage work, and repairing leaking station roofs and canopies at Loop stations, Blue, North Red, Purple Line Stations, and the Dearborn and State Street subways.

In addition, the Station Renewal Initiative focuses on addressing the appearance and condition of each station in addition to regular maintenance efforts. Work performed includes power washing, repairing and preparing columns for painting, graffiti removal, and repairs to platforms, doors, and canopies.

Budget Impact: Rehabilitation of rail stations will reduce maintenance costs and increase ridership. Without improvements, there will be continued degradation of structure that will lead to increased maintenance costs and compromised service in the future. The CTA customers should have facilities that are visually appealing, clean, and equipped with amenities that enhance their CTA experience.

❖ **Project Title: Implement Security and Communication Projects**

Purpose of Project: The CTA's security system project is an essential part of the agency's goal of protecting critical surface transportation infrastructure, the traveling public



and CTA employees from crime and /or acts of terrorism. This funding will also enhance the Chicago Police Department's (CPD) efforts to provide visible, unpredictable deterrence while patrolling rapid transit routes within the City of Chicago.

Funding/Description of Proposed Work/Major Elements: This project's FY 2013-2017 funding of \$26.4 million will continue to enhance the multi-agency investment between the CTA and the Chicago Police Department by adding another layer of anti-terrorism strategy to protect our high-risk, high-consequence mass transit assets and operations from

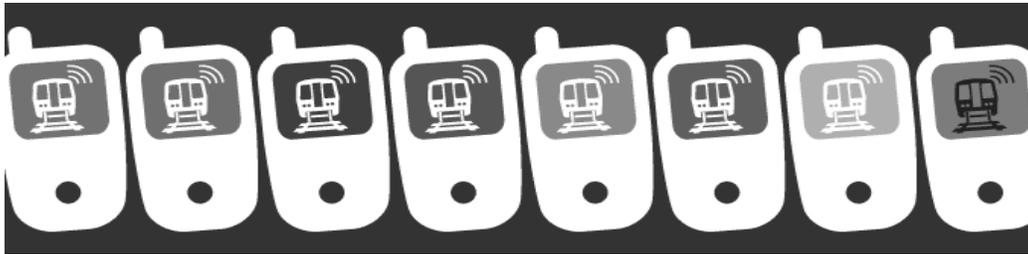
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terrorist activities. The CTA will purchase and install a security system to strengthen and harden critical infrastructure against risks associated with potential terrorist attacks.

Furthermore, a portion of the FY 2014 funding for this project is allocated for the “Radio Frequency Identification (RFID) program” or Train Tracker. This is an innovative new information service that provides estimated arrival times for ‘L’ train service. It can be accessed through a browser and web-enabled mobile devices.

This system works by locating in-service trains, and based on recent travel times, the system estimates how long it will take the train to reach a specific location. If arrival times cannot be predicted because trains are outside the range of designated “readers,” the system provides scheduled information.



Prior funding of \$13.3 million was spent in Phase I. In FY 2013–2017 (Phase II), the CTA proposes to spend \$11.4 million to further enhance RFID technology.

Budget Impact: Investing in security equipment will have a positive impact on the budget as more customers continue to ride buses and trains rather than driving to their destinations. The anti-terrorism security enhancement is expected to reduce crime and the costs associated with criminal activity.

❖ **Project Title: Program Management**

Purpose of Project: This project provides funding for a program management team to assist CTA staff in the planning and management of the CTA’s Capital Construction Program.

Funding/Description of Proposed Work/Major Elements: The scope of work for Program Management includes the following: development of project master plans (PMPs) to define initial work scope, schedule and budgets for different types of capital projects; creation of accurate cost estimates, schedules, and implementation plans to deliver projects; assisting CTA engineering in coordination and review of design plans and specifications; maintaining up-to-date asset information and developing project requests for the capital plan. Funding for this project is allocated at \$32.9 million for FY 2013-2017.

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Budget Impact: Contracting for these services eliminates the need for the CTA to add or reduce staff as construction levels change over time. If the CTA does not implement a program management team, it will incur costs for full-time staff who can manage various project and strategic initiatives.

❖ **Project Title: Bond Repayment, Interest and Finance Cost**

Purpose of Project: This project will fund debt service and the cost of issuance of bonds, notes and other indebtedness incurred by the CTA when it utilizes long term debt to finance essential capital activities.

Funding/Description of Proposed Work/Major Elements: FY 2013–2017 funding will provide for the payment of principal and interest costs associated with financing the bond series issued in 2004, 2006, 2008, 2010, and 2011. CTA bond funds improve the authority’s infrastructure, facilities and rolling stock. Improvements include the replacement of signal systems in various subway tunnels, replacement of substations throughout the system, and expansion/replacement of bus and rail rolling stock.

Budget Impact: These projects will help the CTA continue to meet the dynamic needs of a growing and interdependent region. The issuance of bonds allows the CTA to accelerate capital investments and thereby minimize increases in operating and maintenance costs.

❖ **Project Title: CMAQ, JARC and UWP Projects**

Purpose of Project: This proposal contains various projects awarded to the CTA by Federal and State agencies on a competitive basis. The CTA will utilize these funds to implement service improvements, planning initiatives and demonstration projects.

Funding/Description of Proposed Work/Major Elements: The 2013-2017 program includes \$3.0 million from the FTA for Congestion Mitigation and Air Quality Improvement (CMAQ) projects contribute to regional air quality; Job Access Reverse Commute (JARC) projects, also funded by the FTA, are intended to support job access or reverse commute initiatives; and the RTA’s Innovation, Coordination and Enhancement Fund (ICE) projects are those selected through a competitive process, which demonstrate innovation and coordination, or which enhance transit service. Planned funding through the regional

Unified Work Program (UWP) assists the CTA in developing the regional Transportation Improvement Plan (TIP) and the State Transportation Improvement Plan (STIP), as required under funding regulations.

Budget Impact: These various funded projects provide for service improvements.

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Support Facilities & Equipment

❖ **Project Title: Improve Facilities Systemwide**

Purpose of Project: This project will provide for a transit improvement program to repair or replace facility deficiencies.

Funding/Description of Proposed Work/Major Elements: Systemwide support elements are essential to providing safe, on-time transit service. The CTA has seven active bus garages, 10 rail terminals, 17 park-and-ride lots, 111 bus turnarounds, and a variety of other maintenance and support facilities. Both bus and rail operations depend on system support to continue providing service to the CTA's customers.

The CIP proposes to spend \$95.7 million on facility improvements in FY 2013, including upgrades to various support facilities throughout the system. A total of \$96.4 million has been allocated in FY 2014-2017 to construct or improve the CTA's bus and rail facilities.

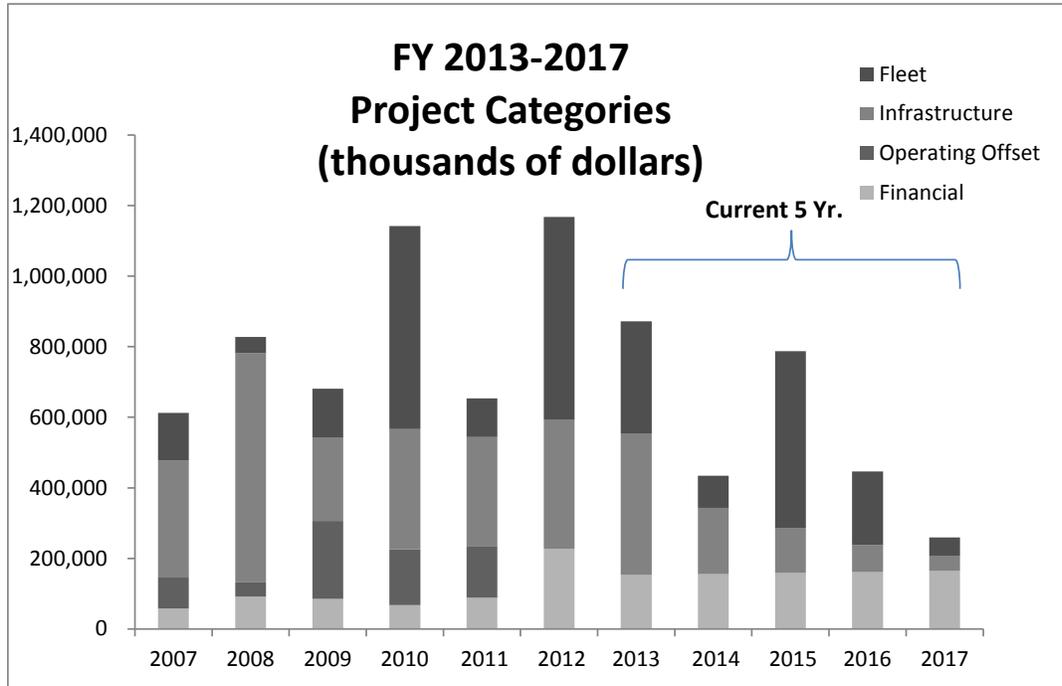
The CTA has allocated \$28.9 million of the total funding to replace the non-revenue 61st Street rail shop that was demolished in 2010.

Budget Impact: The CTA expects to see an overall reduction in operating costs. Maintained facilities kept in a state of good repair will reduce operating expenses for costly repairs.

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Capital Program Asset Category Comparison



The graph above compares the capital funding programmed by broad asset categories. The capital program is inherently varied, as projects require a commitment of funding when they reach the construction or delivery stage. The graph compares the make-up of the previous six years with the funding programmed for the five-year program included in this CIP. The fleet category represents programming for bus and rail fleets; the infrastructure category includes all construction projects; the operating offset category represents the portion of the capital program used to fund capital eligible costs included in the operating budget; and the financial category includes funding to support the capital bond program, as well as for other long-term financing such as bus lease and purchase arrangements.

The flow of capital asset replacement or rehabilitation varies widely from year to year, resulting in an irregular funding level for asset categories. The 2007-2009 funding shows the effect of a significant initiative to reduce slow zones on the rail system, with a heavy emphasis on infrastructure funding and a lower level for fleet investment. The 2010 spike in funding for the fleet demonstrates the major commitment needed for the purchase of the 5000-Series rail cars. In FY 2013 fleet funding shows an increase reflecting the beginning of mid-life rehabilitation for the 3200-series rail cars as well as funding for the purchase of additional 5000-Series cars to replace obsolete rail cars. Financial instruments are lower in FY 2010-2011 as a result of a bond restructuring completed in FY 2010. The financial category shows a net increase in FY 2012-2017. CTA bonds issued in 2005 are retired, and this is offset by the start of payments on the bonds issued in fiscal years 2010 and 2011.

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Sources of Funds

Federal Funding

On September 30, 2009, SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) expired without enactment of a new, six-year reauthorization program. In order to avoid a halt in the Federal-Aid Highway Program, Congress has enacted successive short-term interim authorizations: the first extended SAFETEA-LU's Federal Fiscal Year (FFY) 2009 funding levels through the end of October 2009; the second, enacted in late October 2009, extended FFY 2009 funding levels through December 18, 2009; the third extended FFY 2009 funding levels through February 28, 2010; the fourth extended the surface transportation programs through December 31, 2010; the fifth extended through September 30, 2011; the sixth extended surface transportation program through March 31, 2012; and the sixth extension continued through June 30, 2012. The Surface Transportation Extension Act of 2012, Part II, continued the authorization of the Federal transit programs of the U.S. Department of Transportation (DOT) through September 30, 2012. It extends contract authority for the Formula and Bus Grants programs until September 30, 2012.

On July 6, 2012, President Obama signed into law a new two-year transportation authorization, entitled Moving Ahead for Progress in the 21st Century (MAP-21). The new law provides the FTA an authorization level of \$10.6 billion in FY2013 and \$10.7 billion in FY2014. The provisions and funding levels of MAP-21 became effective October 1, 2012.

MAP-21 consolidates certain transit programs to improve their efficiency, and provides significant funding increases specifically for improving the state of good repair of transit systems. It places new emphasis on restoring and replacing aging transportation infrastructure by establishing a new needs-based formula program.

In addition, MAP-21 places new emphasis on cutting red tape to improve the efficiency of grant program operations. Specific changes made to annual formula funding programs include:

- The new State of Good Repair Program (Sec. 5337) replaces the Fixed Guideway Modernization Program and includes funding to support high-intensity bus systems.
- The Urbanized Area (Sec. 5307) and Rural (Sec. 5311) programs now allow funding to be used for activities that were eligible under the Job Access and Reverse Commute program.

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- A new formula Bus and Bus Facilities Program (Sec. 5339) is established for grants to all agencies operating bus service in lieu of the current Bus Discretionary Program (Sec. 5309).
- The Elderly and Disabled Program (Sec. 5310) merges with the New Freedom Program (Sec. 5317), and funding formulas are modified in light of new eligibilities and program features.
- The Bus Discretionary program, Alternatives Analysis (Sec. 5339), Clean Fuels (Sec. 5308), Transit in the Parks (Sec. 5320), and Over the Road Bus (Sec. 3038 of TEA-21) programs will end with the expiration of SAFETEA-LU.

Also, MAP-21 streamlines the New Starts process and accelerates project delivery by eliminating duplicative steps in project development and simplifying the evaluation criteria, which will enable FTA to review project proposals more quickly, without sacrificing effective project oversight. Major capital projects focused on improving or restoring the core capacity of fixed guideway systems will be newly eligible for discretionary capital funds. Additionally, MAP-21 makes changes to the Small Starts program that will speed up the construction of Small Starts projects.

The federal funds available under MAP-21 will require a substantial amount of non-federal, matching funds (local share), between \$100 and \$150 million, to fully utilize federal formula funds.

State Funding

The current State Transportation Series B Bond fund was appropriated under two legislative programs: Illinois Jump Start, which was appropriated in FY 2009, and Illinois Jobs Now, which was appropriated in FY 2010. The CTA's share from both legislative programs totals \$1.4 billion. The State of Illinois has authorized Illinois Jobs Now, which includes funding for mass transit agencies to replace, upgrade, and enhance infrastructure systemwide. This program provides for state funding over a five-year period, which began in FY 2010 and ends in FY 2014. The CTA received \$679.8 million authorization under this program and anticipates receiving, in early 2013, an additional \$220.2 million to complete State funding program Jobs Now totaling \$900.0 million.

Like the federal program, state road construction funds continue to be appropriated by the legislature. However, unlike the federal program, when a state transit program expires, all transit funding is stopped. This start-and-stop approach makes it much more difficult to plan and implement a capital program.

The State Bond funds shown in the FY2013-2017 CIP Five Year Program Marks table include the remaining three years of a five year state bond program. The CTA received the first year (2010) of the five-year state bond program funding in January 2011. The State

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Bond program funds have been delayed and therefore CTA has extended funding through FY 2016.

IDOT Grant Initiative

The CTA is currently in the process of obtaining a multi-year grant agreement for \$646 million from the Illinois Department of Transportation (IDOT) for Red Line improvements from 95th Street to the Linden station on the Purple Line and for track work on the Blue Line. CTA has received \$426 million of these funds in 2012 and will receive the remaining \$220 million in 2013.

Much of the infrastructure on the Red and Purple Lines is significantly past its useful life and needs major improvements to eliminate slow zones, upgrade stations, and improve track and rights-of-way. Approval of this multi-year grant will also support initial investments for the CTA's Red and Purple Line Modernization project.

The following table details the funding sources supporting this CTA Capital Improvement Program.

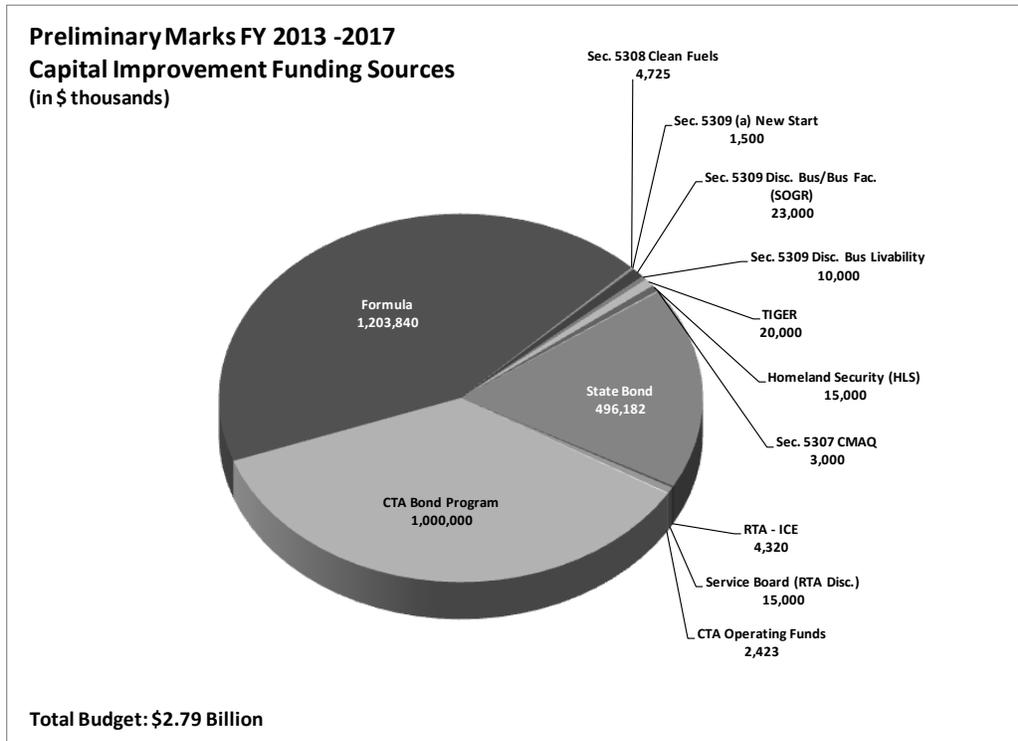
CHICAGO TRANSIT AUTHORITY						
FY 2013 - FY 2017 CIP FIVE YEAR PROGRAM MARKS						
<small>(in \$ thousands)</small>						
NEW FUNDS	2013	2014	2015	2016	2017	TOTAL
Formula	232,520	232,520	239,260	246,200	253,340	1,203,840
Sec. 5309 (a) New Start	1,500	-	-	-	-	1,500
Sec. 5307 CMAQ	-	-	-	-	3,000	3,000
Sec. 5308 Clean Fuels	4,725	-	-	-	-	4,725
Sec. 5309 Disc. Bus/Bus Fac. (SOGR)	23,000	-	-	-	-	23,000
Sec. 5309 Disc. Bus Livability	10,000	-	-	-	-	10,000
TIGER	20,000	-	-	-	-	20,000
Homeland Security (HLS)	3,000	3,000	3,000	3,000	3,000	15,000
AVAILABLE FEDERAL	294,745	235,520	242,260	249,200	259,340	1,281,065
New State Funding I - Jobs Now	282	-	-	-	-	282
New State Funding II -Jump Start	-	198,360	100,000	197,540	-	495,900
Innovation Coordination Enhancement (ICE)	4,320	-	-	-	-	4,320
Service Board (RTA Disc.)	15,000	-	-	-	-	15,000
CTA Bond Program	555,000	-	445,000	-	-	1,000,000
CTA Operating Funds	2,423	-	-	-	-	2,423
AVAILABLE STATE/LOCAL	577,024	198,360	545,000	197,540	-	1,517,924
New Funding Available	871,769	433,880	787,260	446,740	259,340	2,798,989
TOTAL CAPITAL AVAILABLE	871,769	433,880	787,260	446,740	259,340	2,798,989

The funding levels used in preparing the proposed FY 2013-2017 CIP reflect the capital resources available to the CTA from the FTA, DHS, and IDOT bonds. These include \$1.3 billion from federal sources and \$1.5 billion from state bond and local capital programs.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

The total projected available funding is \$2.8 billion. A summary of this funding is presented in the following chart:



CTA Bonds

The 2013-2017 program includes \$1.0 billion in capital bond proceeds. Tax-exempt bond financing offers an efficient and cost effective way to supplement scarce federal funding and accelerate critical projects. Over the years, inadequate capital funding has substantially hindered the CTA's efforts to maintain a state of good repair much less expand or enhance its system. By constructing projects on an expedited schedule, the CTA can reduce costs, improve service and better promote ridership on the system. These benefits outweigh the future bond financing costs, particularly in the current historically low interest rate environment.

Major projects funded with capital bonds include:

- Purchase of Rail Cars
- Purchase of Buses
- Bus and Rail Car Overhaul
- Replacement of Signals – Various Lines
- Track and Structure – Loop Ties

The CTA's customers will experience the benefits of capital investment through improved safety, service quality, speed, and reliability.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

Competitive Grant Opportunities

Throughout FY 2012, the FTA offered several competitive grant programs, including Alternative Analysis (AA), Bus and Bus Facilities/State of Good Repair grants (SOGR), Bus and Bus Facilities/Bus Livability Initiatives, Clean Fuels Program, the Transportation Investment Generating Economic Recovery (TIGER) or TIGER Discretionary Grant program, TIGER TIFIA (Transportation Infrastructure Finance and Innovation Act), Innovation, Coordination, and Enhancement program (ICE), Unified Work Program (UWP), Congestion Mitigation and Air Quality grant (CMAQ), and Department of Homeland Security grants.

With an ever-growing need for capital funds to move vital projects forward, the CTA continues to aggressively pursue these opportunities. This year alone, the CTA has submitted 21 applications requesting a total of approximately \$218 million. As additional opportunities arise, the CTA will apply for grant funding. The CTA has requested funding for a variety of projects, including the following:

Western and Ashland Avenues Bus Rapid Transit

The CTA is performing an Alternatives Analysis planning study as a means of exploring options for a variety of Bus Rapid Transit (BRT) features and service on both Western and Ashland Avenues from Howard Street on the north to 95th Street on the south.

In FY 2012, the CTA received a grant for \$1.5 million from the FTA for Section 5309 New Starts capital funds for the Western and Ashland Corridors BRT project. The funds will be used for preliminary engineering, environmental review, final design and administrative expenses.

The Western and Ashland Corridors have been identified in planning studies as prime candidates for investment of improved transit service. Premium service to reduce travel time and improve service in the corridors is needed and the CTA is investing significant time and resources into assessing BRT options and the feasibility of moving forward. The current bus service has high ridership and crosses 13 CTA and Metra rail stations, offering significant potential to improve service and enhance connections.

Purchase Articulated Diesel-Electric Hybrid Buses and Hoists

The FTA State of Good Repair Bus (SOGR), Bus Facilities Discretionary Program makes funds available to finance capital projects to replace, rehabilitate, and purchase buses and related equipment and to construct/rehabilitate bus-related facilities. A total of \$650.0 million was made available nationally for the SOGR program.

In FY 2012, the CTA was awarded \$20.0 million to purchase diesel-electric hybrid buses to replace over-aged diesel buses and bus hoists that are beyond their useful life.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

Total funding available in the FY2012 Clean Fuels Program is \$51.5 million nation-wide. This federal program funds projects that assist non-attainment or maintenance areas in achieving or maintaining the National Ambient Air Quality Standards for ozone and carbon monoxide and supports emerging clean fuel and advanced propulsion technologies for transit buses and markets for those technologies.

The CTA applied for funding to purchase diesel electric hybrid buses and was awarded \$4.8 million.

Implementation of a Transit Asset Management System

The goal of a Transit Asset Management System (TAMS) program is to minimize life-cycle costs for managing and maintaining transportation assets. Through the use of management systems, engineering and economic analysis, and other tools, the CTA can more comprehensively view the overall need and evaluate collected data before making decisions as to how specific resources should be deployed.

In FY 2012, the CTA applied for funding from the FTA's State of Good Repair program to continue the implementation of its existing transit asset management system and received a grant for \$2.5 million towards funding this project. Previous funding of \$5.4 million was utilized to implement the initial phase of the project.

95th Street Terminal Improvement Project

The CTA plans a full expansion of the 95th Street Terminal and has requested funding for the \$240 million project from several Federal and State sources. The Department of Transportation recently announced that the CTA will receive \$20.0 million in FY 2012 Transportation Investment Generating Economic Recovery (TIGER) funds to supplement funding for expansion of the Terminal. The CTA is preparing an application for the TIGER-

TIFIA Loan program and will utilize \$8.0 million in TIGER funds to leverage an \$80.0 million TIFIA loan. In addition, the CTA requested Bus Livability funds for the Terminal project and was awarded \$10.0 million.

The remaining funding is available using Federal formula funds and State/CTA funds. Upon full implementation, the project will improve accessibility and safety for riders by relieving congestion, adding new bus bays, widening customer waiting areas, adding a terminal entrance, and providing pick-up/drop-off space for disabled paratransit riders. These improvements will minimize life cycle costs by addressing underlying infrastructure deficiencies. This in turn will decrease annual maintenance costs, which would be required to maintain the terminal if the current condition is not addressed.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

Innovation, Coordination, and Enhancement (ICE) Program

This RTA program provides capital assistance to enhance the coordination and integration of public transportation and to develop and implement innovations to improve the quality and delivery of public transportation.

The CTA is in the process of replacing its existing fare collection system with a new Open Standard Fare System (OSFS). The new system will accept open standard, contactless payment media from the CTA's 1.7 million daily customers. The system will increase the methods of payment and options for purchasing fare cards. The system also provides a platform for regional integration into a single fare card system. In fact, the fare cards can be used on Pace as well as the CTA. The CTA has contracted with an outside vendor to design, build, implement, test, operate, maintain and initially finance the "Open Standard Fare System." To support the implementation of the OSFS, the CTA will seek to procure the services of an objective, third party contractor to provide an overlay to the OSFS which will allow the vendor to carefully test, audit, and monitor transactions through the new system.

Previous funding from the RTA for \$1.2 million in Innovation, Coordination and Enhancement (ICE) funds are available for the Open Fare Project. In FY 2012, the RTA approved an ordinance to fund an additional \$2.0 million of ICE funds for this project, bringing the total amount of funds available to \$3.2 million for the Open Fare System project.

Congestion Mitigation and Air Quality (CMAQ) Grant

The CMAQ program funds surface transportation improvements designed to improve air quality and mitigate congestion. A \$6.2 million grant will provide for the retrofit of an electric engine cooling fan/system on up to 600 New Flyer buses. This replaces the current, hydraulically driven fan and eliminates associated auxiliary loads on the engine providing for improved fuel economy from 5 to 10 percent based on preliminary test results.

In addition, the grant also funds the purchase of a ZF TopoDyn software system. The software allows the transmission to adapt the shift characteristic to the particular route profile during travel by automatically selecting the most economical shift to optimize engine operation.

Unified Work Program (UWP)

The CTA proposed a plan to the Chicago Metropolitan Agency for Planning (CMAP) to extend the Red Line from the 95th Street Station to the vicinity of 130th Street and requested UWP funds for the project. CMAP approved an award for \$414,000, and in combination with matching funds from the CTA, \$517,500 is available for the study. An Alternative Analysis and a Locally Preferred Alternative have been completed and the next step in the process is preparation of an Environmental Impact Statement.

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Proposed FY 2013-2017 Capital Improvement Plan & Program

In addition, the CTA applied for UWP funding to create a Planning and Environmental Impact Statement to modernize the Red and Purple Lines. The proposal would bring the existing transit stations, track systems and structures into a state of good repair and ADA compliant from north of Belmont Station to the Linden Terminal. The CTA requested funding from CMAP and received \$414,000 and in combination with matching funds from the CTA, \$517,500 is available to complete the study.

Funds were also requested for the Forest Park Blue Line Reconstruction and Modernization Planning project which provides for preliminary concept planning and engineering for the reconstruction and modernization of the Forest Park Branch of the Blue Line. CMAP approved \$360,000 and with matching CTA funding, a total of \$450,000 is available for the project.

Innovative Transit Workforce Development Program

The Innovative Transit Workforce Development Program provides funding to transit agencies and other entities with innovative solutions to pressing workforce development issues. In FY 2012, the CTA submitted an application for \$999,850 for grant funding to design, develop, implement, and evaluate training for its rail maintenance workers. Projects or programs that support the training/professional development needs of blue-collar workers, particularly in the area of new and emerging technologies, meet the criteria for grant funding.

The CTA previously received \$208,590 in workforce grant funds to develop a competency model to utilize when recruiting new external staff or for internal promotions. The competencies will be used to frame job descriptions, interview questions, tests and pre-interview assessments.

During FY 2013-2017, the CTA will continue to aggressively pursue additional funding under these competitive grant programs.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

Unfunded Capital Need

In FY 2010, the FTA published the National State of Good Repair Assessment Study which provides a comprehensive analysis of the costs required to bring the nation's rail and bus transit systems into good operating order. The report shows transit agencies are struggling to maintain aging assets. The deferred maintenance backlog is estimated to be \$50 billion for the seven largest transit agencies, which includes the CTA, and approximately \$78 billion for all 690 transit systems nationwide.

The CTA continues to invest in upgrading or replacing system assets yet the unfunded capital need continues to grow with each year. Even if the entire capital backlog was funded, the CTA estimates a need of \$844 million annually just to keep the system in a state of good repair. The average funding level over the period FY 2013-2017 is \$559 million. And even if the CTA system was in a state of good repair, the annual program funding would be insufficient to maintain this condition, with each year's deficit approximately \$285 million.

The CTA routinely evaluates the additional funding needed to reach a state of good repair. The CTA's unfunded capital needs have manifested themselves in a variety of ways across its system.

Right-of-Way

- Twenty-two percent of rail right-of-way is past its useful life of 40 years. On the most deteriorated sections, slow zones are established to provide safer service. Slow zones cripple the system, and 35 miles (15.6 percent) of the CTA's rail system tracks are currently designated as slow zones. The Red Line, which serves 38 percent of all riders, has 21 percent of track in slow zones that adds more than 20 minutes of delay to train travel times on that line. The Brown Line has 23 percent slow zones, which adds seven minutes of delay to travel times.
- The Red Line Dan Ryan Branch tracks are over 40 years old. Riders on both the north and south portions of the Red Line experience more overcrowded and increased headways due to these slow sections in the Dan Ryan. The Red Line Dan Ryan Branch is scheduled for major rehabilitation in FY 2013. Without action, it is projected that 65 percent of the Dan Ryan tracks will require slow zones by FY 2013, which will add ten minutes in travel time from 18th to 95th Streets. The projected cost of patching, increased operating costs, and losses of fare revenue due to slow zones over the next five years averages \$10 million each year and will continue to rise without major capital rehabilitation.

Rail Stations

- There are 59 of 145 stations (40 percent) that are past their useful life; 22 stations (15 percent) are over 90 years old; 51 stations (35 percent) are not accessible to the

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

disabled. These aging stations cannot support the demands of current ridership and use.

- Water infiltration is a constant battle in subway stations. This is particularly problematic along the Blue Line subway, where leaks from water and sewer mains result in corrosion and degradation of the infrastructure of these stations.
- A total of 75 out of 154 escalators (49 percent) are beyond their useful life of 25 years, with some escalators dating back to the 1950s. The system's escalators suffer from repeated failures and many do not meet current safety standards.
- Elevators on the system experience extraordinary wear and tear from riders and weather conditions, making them difficult to maintain without major capital work throughout their useful life. Elevators are critical to maintain the accessibility of our system for the elderly, disabled, and families with strollers. The CTA invests approximately \$2.2 million annually to keep existing elevators operational.

Rail Elevated Structures

- Twenty-six percent of rail structures have exceeded their useful life of 80 years and the replacement cost is estimated at \$985 million. Within 10 years, this cost is estimated to increase to approximately \$1.9 billion if no major capital investments are made.
- Viaducts on the Red and Purple Lines date back to the early 1900s. These require permanent exterior braces, regular removal of loose concrete, and netting to protect traffic below.

Rolling Stock

- Aging equipment decreases reliability, which creates delays for riders. Sixty-five percent of rail cars are past their useful life of 25 years. In the next year, 25 percent of the bus fleet will pass its useful life.

Maintenance Facilities

Although CTA has funds programmed for this program, the level of funding is insufficient to bring the facilities to a state of good repair.

- Maintenance facilities require significant improvements to adequately support the bus and rail fleet. Six of the CTA's maintenance buildings are over 100 years old and have not received substantial rehabilitation. The CTA has been forced to rely heavily on these outdated facilities, recently closing a bus garage that was built to store horse-drawn trolley operations at the turn of the century, and demolishing a rail equipment maintenance shop built for the 1893 World's Fair that was no longer structurally sound. Neither of these facilities has been replaced.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

- Two thirds of the hoists used to lift buses at the CTA's seven bus garages require immediate replacement (77 of 115 hoists). Additionally, the CTA does not have a sufficient number of hoists that can be used for the longer articulated buses, which are becoming a larger percentage of the CTA's bus fleet.
- Electrical switch gear at two garages (Forest Glen and North Park) dates from the late 1950s and if these systems are not replaced, generators will need to be rented at a cost of \$3 million per year. The reduction in power capacity will mean a 10 percent decrease in the number of buses in service for a total loss of 25 buses per facility and 50 fewer buses in service systemwide.
- Three of the CTA's seven bus garages have boilers purchased in the mid-1980s that are at the end of their useful life of 25 years and require significant ongoing costs to keep them from failing. New energy-efficient boilers save the CTA 20 percent on gas bills and require less maintenance.

Substations

Although CTA has funds programmed for this program, the level of funding is insufficient to bring the facilities to a state of good repair.

- Forty-five percent of the substations that power the rail system are beyond their useful life. These aging substations reduce reliability of service and result in slow service because they provide insufficient power to the system to meet demand. These substation upgrades will replace systems that are beyond their useful life, some of which were built during the initial subway system construction during the 1950s. The CTA rail system has its own power distribution system which includes electric substations and cable along the rights-of-way. Substations contain transformers to convert electric power from the power company's utility grid and supply it to the third rail to run our trains. Many of the CTA's substations are over-age and cannot provide the appropriate power levels or required redundancy to keep the system operating. CTA customers will benefit from smoother train operation, fewer slow zones, reduced travel times and greater reliability.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

Operating Budget Impact of Capital Program Projects

A robust capital improvement program not only enhances customer service, safety and reliability, it minimizes the steady increases in operating and maintenance costs, and thereby allows the CTA to operate more efficiently. The \$2.8 billion in capital investments planned for the next five years will allow the CTA to achieve cost savings and curtail the increases in maintenance costs that would result from a lack of investment. The following highlights the impact of capital investments on key areas of the operating budget.

In addition to realizing decreased material expenses since the CTA has made investments in its bus fleet - thus lowering the fleet's average age as well as associated maintenance costs - the CTA is poised to see decreased operating expenses as a result of investments in the Red Line and the 5000-Series rail cars.

Recent analysis evaluating options for optimal investment in the Red Line right-of-way has shown that the most cost effective and efficient time to invest in these improvements is now. Not only will these investments achieve significantly fewer slow zones over the first 20 years of life, they will result in the largest bottom line to the CTA of the available options.

If this investment was completely delayed until the end of this CIP, the CTA would be faced with at least the same level of slow zones, which would negatively affect ridership and the associated farebox revenues while simultaneously increasing service costs, including but not limited to labor, electricity, and maintenance expenses. If only partial investment is made at this time, the CTA predicts a loss of farebox revenues as a result of declining ridership, increased operating expenses, and continued deterioration of rail structure, all of which would have a sharply negative impact on system safety and reliability.

Over the timeframe of this CIP, due to the investment in 5000-Series rail cars, there will be a net increase of 60 cars to the CTA's rail fleet. Even when taking this increase into consideration, the CTA estimates that these cars will result in an average annual savings to the operating budget of \$8.6 million in maintenance materials and power costs.

Computerized Analysis - Estimating the Operating Cost Impacts of Capital Projects

A task force consisting of members of the RTA and the three Service Boards (CTA, PACE, Metra) is developing and working to test the "Decision Tool," a computerized system to be used for annual budget planning and capital project prioritization. This method will allow for targeted identification and quantification of potential operating savings that could result from certain capital investments, while also providing other benefits. This new system is currently in the development process.

CTA FY13 Budget

Proposed FY 2013-2017 Capital Improvement Plan & Program

Capital Program Acronyms

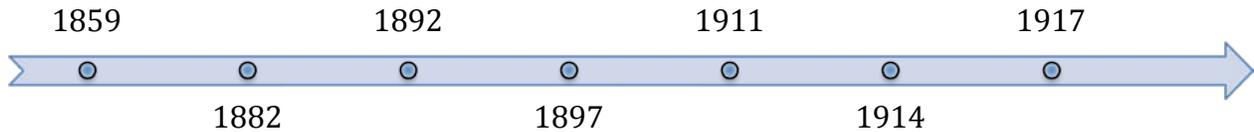
AA	Alternative Analysis
ADA	Americans with Disabilities Act
APB	Accounting Principles
ARRA	American Recovery and Reinvestment Act
BAB	Build America Bonds
BLS	Bureau of Labor Statistics
BOB	State Bureau of Budget
BRT	Bus Rapid Transit
CAC	Capital Advisory Committee
CBO	Congressional Budget Office
CDOT	Chicago Department of Transportation
CIP	Capital Improvement Program
CMAP	Chicago Metropolitan Agency for Planning
CMAQ	Congestion Mitigation and Air Quality Improvement Program
CPD	Chicago Police Department
CPI	Consumer Price Index
CTA	Chicago Transit Authority
DBE	Disadvantaged Business Enterprise
EIA	Energy Information Administration
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
FFGA	Full Funding Grant Agreement
FHWA	Federal Highway Administration
FIRST	Illinois Fund for Infrastructure, Roads, Schools and Transit
FTA	Federal Transit Administration
ICE	Innovation, Coordination, and Enhancement Fund of RTA
IDOT	Illinois Department of Transportation
ISTEA	Intermodal Surface Transportation Efficiency Act
JARC	Job Access Reverse Commute
LPA	Locally Preferred Alternative
PE	Preliminary Engineering
RPM	Red and Purple Modernization Project
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
TEA-21	Transportation Equity Act for the 21st Century
TIGER	Transportation Investment Generating Economic Recovery
TIGGER	Transit Investments for Greenhouse Gas and Energy Reduction
UMT	Urban Mass Transportation
UMTA	Urban Mass Transportation Authority
UPRR	Union Pacific Railroad
USDOT	United State Department of Transportation
UWP	Unified Work Program

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CTA FY13 Budget

History of the Agency

History of the Agency

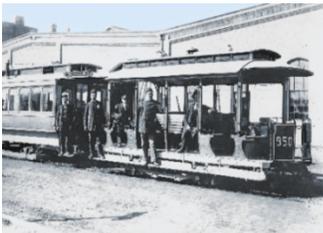


1859



The beginning of public transit in Chicago; early service is horse drawn.

1882



The Chicago City Railway obtains rights to operate San Francisco-style cable cars.

1892



The Chicago and South Side Rapid Transit Company opens on June 6, bringing elevated train service to

Chicago. At the turn of the century, four separate transit railroads are operating in Chicago. The first trains, powered by steam, are quickly converted to electricity.

1897

Elevated trains are built along available rights-of-way, often above alleys and less heavily used streets. The Loop opens, connecting rapid transit lines serving the North, South and West sides of Chicago.

1911

The rapid transit companies form a trust that, in 1913, allows free



transfers between the carriers for the first time. This also marks the start of through-routing trains between the North and South Sides.

1914

On February 1, four streetcar companies unite under a single



management, the Chicago Surface Lines. At its peak, the Chicago Surface Lines operates along 1,100 miles of track and becomes the largest and most heavily-used streetcar system in the world.

1917

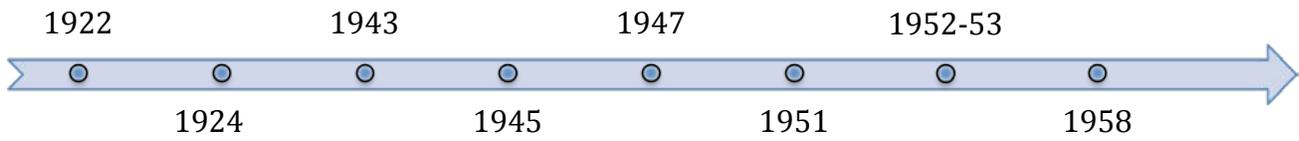
Buses are first used in Chicago as the Chicago Motor Bus Company is



created. Bus use is limited to Chicago boulevards and parks.

CTA FY13 Budget

History of the Agency



1922

The Chicago Motor Coach Company succeeds the Chicago Motor Bus Company.

1924

The four rapid transit 'L' companies merge to create the Chicago Rapid Transit Company.

1943



To ease traffic congestion, the U.S. Department of the Interior, the Public Works

Administration, and the City of Chicago finance the State Street Subway.

1945



The Chicago Transit Authority, an independent government agency, is formed when the Illinois General Assembly passes

the Metropolitan Transit Authority Act. In the same year, the City of Chicago passes an ordinance granting the CTA the exclusive right to own and operate a unified, local transportation service. Voters pass the Act and Ordinance in a referendum on June 4.

1947

The CTA begins operations by issuing \$105 million in revenue bonds to purchase assets of the Chicago Surface Lines and the Chicago Rapid Transit Company.

1951

The Dearborn Street subway opens.

1952-53

Through additional bond issues, the Chicago Motor Coach Company, a portion of the Chicago Aurora and Elgin Railway, and the Chicago, Milwaukee, St. Paul and Pacific Railroad rights-of-way are added to the CTA.

1958

The Congress branch opens along the median of the newly-



built Congress expressway, connecting Forest Park with the Loop through the Dearborn Street subway, with trains continuing to Logan Square on the northwest side.

CTA FY13 Budget

History of the Agency



1964

The CTA obtains federal funding to create the first “light rail” service, the Skokie Swift. The Skokie Swift operates on track lines purchased by the CTA from the Chicago North Shore & Milwaukee Railway. Eventually, the overhead wire is eliminated and the trains become two cars, allowing the Skokie Swift to become a popular rail shuttle and suburban inter-city bus link.

1974



By the early 1970s, the popularity of car travel and declining ridership levels threaten the financial stability of the local public transit providers, including the CTA. Therefore, the Illinois General Assembly creates the Regional Transportation Authority (RTA) as a fiscal and policy oversight agency committed to providing an efficient and effective public transportation system. Today, the RTA continues to provide fiscal oversight to the CTA, Metra and Pace.

1984



The CTA responds to changing demographics during the 1970s by expanding the

West-Northwest Service from Logan Square to Jefferson Park, and then along the Kennedy Expressway median to River Road in Rosemont. Finally, the northwest transit extension is completed at O’Hare Airport, providing a station within the airport terminal.

1993

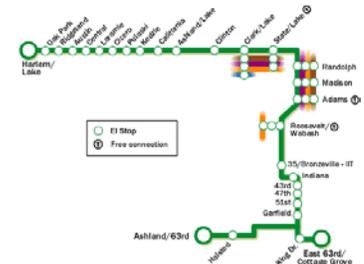
The Dan Ryan branch, formerly linked to the Englewood and Jackson Park branches, is linked with the Howard branch. The new Lake to Englewood-Jackson Park service is rerouted to use the Loop Elevated. The Midway Orange Line is completed, linking the downtown



elevated Loop to the Southwest side airport. Its completion makes Chicago the only city in the United States with public transportation connecting two major airports.

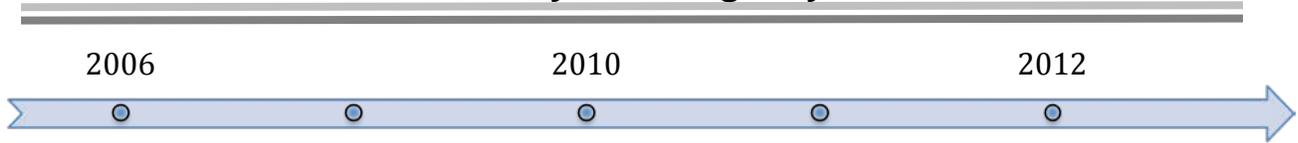
1996

The CTA celebrates the re-opening of the rehabilitated Green Line, improving the service to customers on the West and South sides of Chicago.



CTA FY13 Budget

History of the Agency



2006



The CTA introduces the Pink Line as part of a package of bus and rail service improvements for the West Side and

western suburbs. The Pink Line provides more frequent service and improved travel times between the 54th/Cermak station and the Loop. The CTA introduces new and improved bus service with two new local bus routes, three new express routes and eight enhanced bus routes.

2009



The CTA introduces Bus Tracker, which allows customers to access

information online and via text messaging, and receive email notification of predicted arrival times and service alerts.

2010

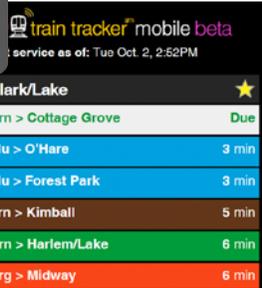


The CTA begins testing the prototypes of a brand new family of 'L' cars, the 5000-

series rail cars. These advanced cars result in a smoother, more comfortable ride and provide both operational and maintenance efficiency.

2011

Following the success of Bus Tracker, Train Tracker is launched in January 2011, providing



customers with information on estimated train arrival times for all 145 rail stations across the CTA's eight rail lines. Train Tracker exemplifies the CTA's continued commitment to improving services while maintaining fiscal responsibility.

2012

The CTA rolls out large investments in expanding and improving rail service, including



launching the 5000-Series 'L' cars into revenue service, opening new stations in the West Loop and Skokie, and rehabilitating seven stations on the North Red Line that are about one hundred years old.

CTA FY13 Budget

Transit Facts

Transit Facts

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 City of Chicago transit when it purchased the Chicago Motor Coach System.

CTA Governance

The CTA's governing arm is the Chicago Transit Board, which consists of seven members. The Mayor of Chicago appoints four board members, subject to the approval of the City Council and the Governor of Illinois. The Governor appoints three board members, subject to the approval of the State Senate and the Mayor of Chicago.

In 1974, the Regional Transportation Authority (RTA) was created by state legislation. The RTA serves as the CTA's fiscal oversight agency.

Service Area	
Area	220 square miles of Chicago and 35 nearby suburbs
Population	3.53 million
Coverage	82 percent of public transit trips in the six-county Chicago metropolitan area

Ridership (2012 Forecast)	
Average Weekday	1,721,224
Average Saturday	1,111,782
Average Sunday/Holiday	781,720

2013 Budget	
Operating Budget	\$1,357.8 million
Capital Budget	\$871.8 million
Budgeted Positions	9,381

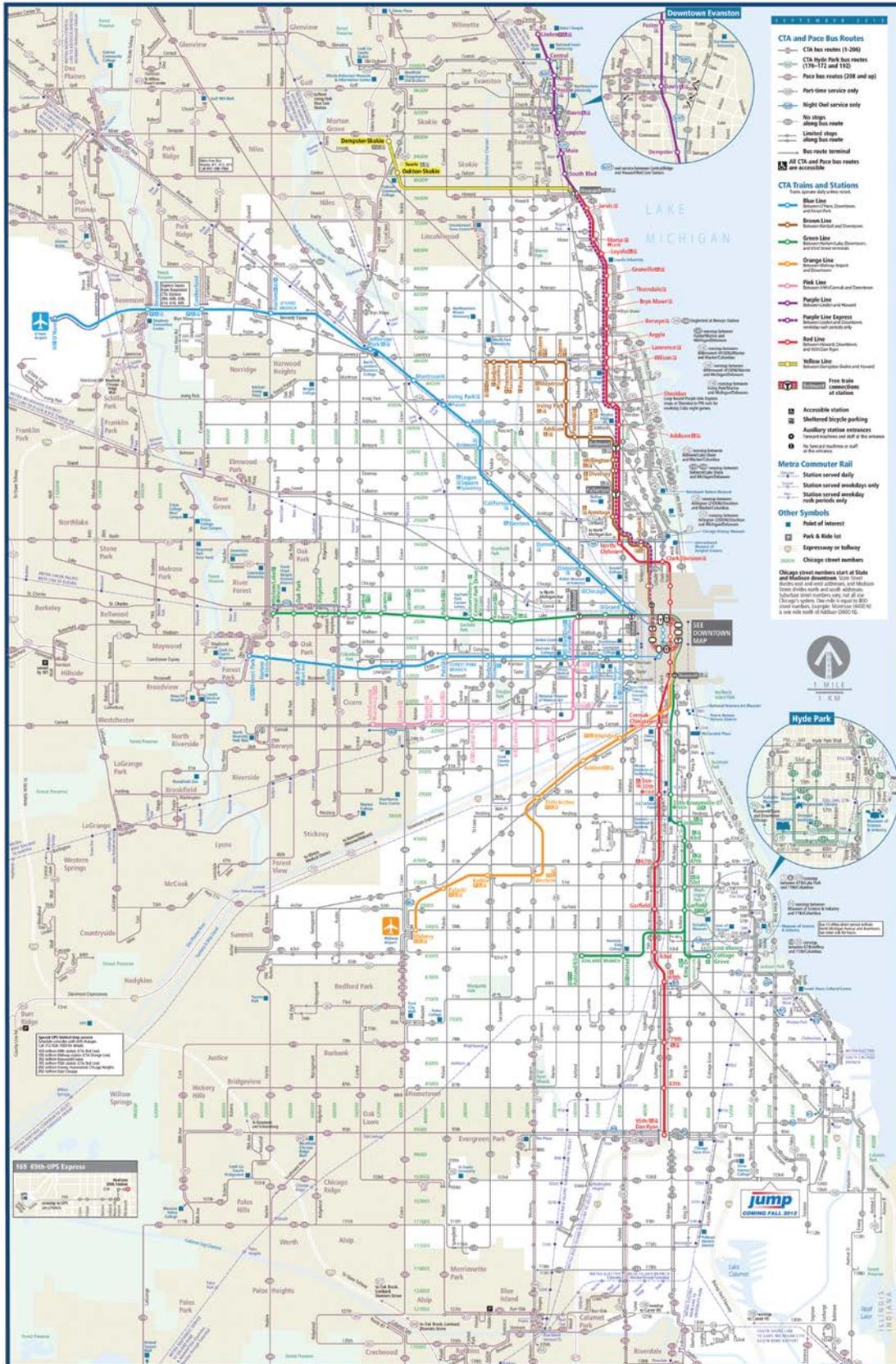
Bus	
Number of Buses	1,877
Routes	140
Stops	11,468
Bus Route Miles	1,352
Bus Miles Traveled per Day	160,190
Ridership (2012 Forecast)	313 million

Rail	
Number of Rail Cars	1,255
Stations	145
Rail Track Miles	224.1
Rail Miles Traveled per Day	203,209
Ridership (2012 Forecast)	230 million

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CTA FY13 Budget

System Map



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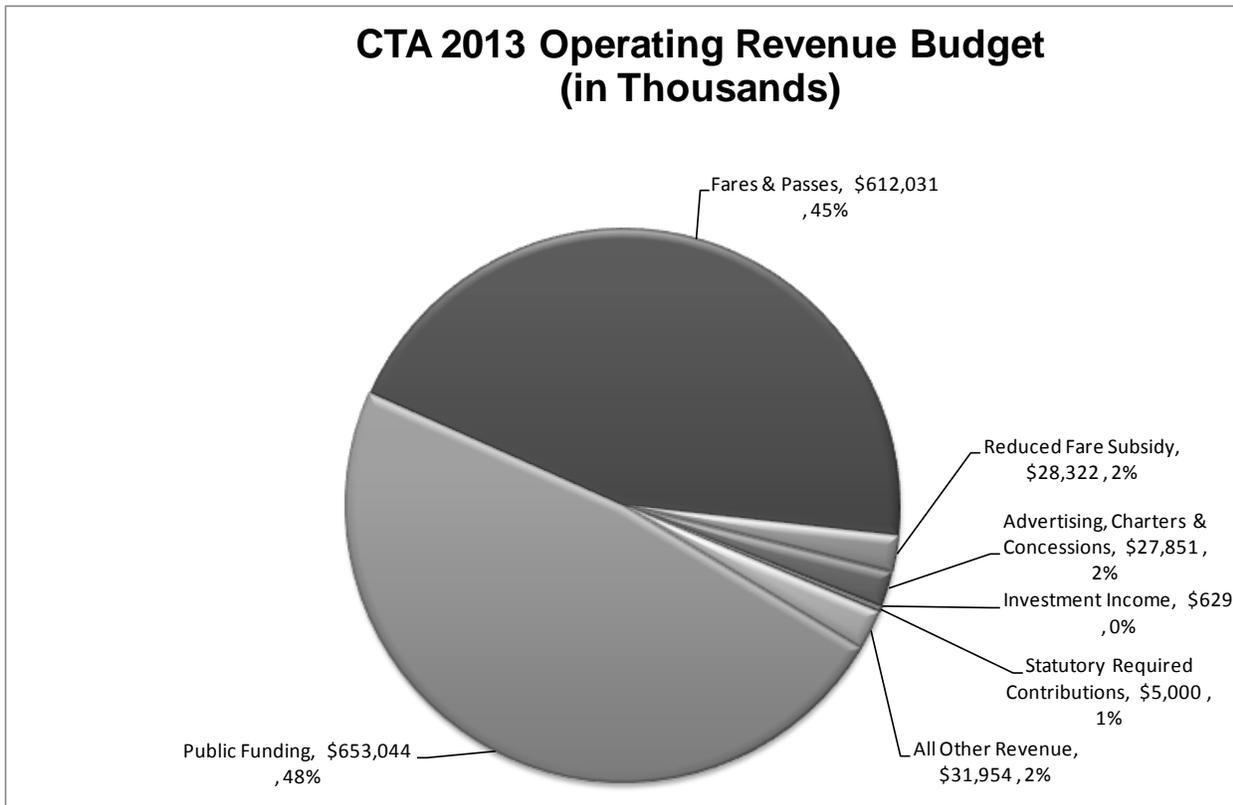
CTA FY13 Budget

Operating Funding Summary

Operating Funding Summary

The CTA's total estimated revenue for 2013 is \$1,358.8 million. There are two primary sources of operating revenue for the CTA: System-generated revenue through fares and other sources, and public funding through the Regional Transportation Authority (RTA). System-generated revenue is projected at \$705.8 million for 2012 and public funding is projected at \$653.0 million. The following table represents 2013 estimated revenue by source.

Total CTA Revenue - All Sources (in thousands)	2013
Fares and Passes	\$612,031
Reduced Fare Subsidy	\$28,322
Advertising, Charters and Concessions	\$27,851
Investment Income	\$629
Statutory Required Contributions	\$5,000
All Other Revenue	\$31,954
Public Funding through the RTA	\$653,044
Total Revenue	\$1,358,831



CTA FY13 Budget

Operating Funding Summary

The following is a description of sources of system-generated revenues and public funding for the CTA.

System-Generated Revenues

The CTA's system-generated revenue is forecast at \$705.8 million for 2013. This revenue is derived from the sale of fares and passes, subsidies for reduced fare riders, advertising, investment income, statutory required contribution from local governments by provision of the RTA Act, and other revenues. These revenues are further defined below.

Fares and Passes

Revenue from fares and passes is forecast at \$612.0 million in 2013 and is the largest portion of system-generated revenue. The CTA's revenue from fare and passes includes cash fares, full-fare and reduced-fare cards, and Chicago Card and Chicago Card Plus fares. In addition, the CTA also sells 30-day full fare and reduced fare passes, along with one-, three- and seven-day passes. Additional pass revenue comes from the CTA's U-Pass for local university students, the sale of visitor passes and METRA Link-Up passenger revenue.

Reduced Fare Subsidy

This funding represents the reimbursement of revenues lost by the Service Boards due to providing reduced fares to students, the elderly and riders with disabilities as mandated by federal and state law. The funding is subject to the terms of the grant agreement, state statute and annual state appropriation. Reimbursement amounts are allocated to the Service Boards based on reduced-fare passenger trips taken during the grant year. Reduced fare subsidy is forecast at \$28.3 million in 2013.

Advertising, Charters and Concessions

Advertising, charters and concessions revenue for 2013 is forecast at \$27.9 million. The bulk of this revenue is received through advertisement on buses, rail cars and rail stations. This forecast also includes: concession revenue from 85 concessions within the CTA's 145 rail stations, revenue generated from billboards, ATM and vending machine contracts, and revenue from Special Contract Guarantees, which includes agreements for transportation services for the University of Chicago, the Chicago Cubs and others.

CTA FY13 Budget

Operating Funding Summary

Investment Income

Year	Investment Income (in millions)	Federal Funds Rate (at year end)
2006	\$11.6	5.25
2007	\$12.1	4.25
2008	\$3.8	0-0.25
2009	\$1.3	0.12
2010	\$0.6	0.18
2011	\$0.6	0.07
2012 Forecast	\$0.9	NA
2013 Budget	\$0.6	NA

The 2013 budget for investment income is \$0.6 million. This represents a substantial drop in revenue from a recent high of \$12.1 million in 2007.

The variation is largely attributed to changes in short-term interest rates. The federal funds rate has increased from a low of one percent in June of 2003 to a high of 5.25 percent in June of

2006 before falling to near zero at the end of 2008. In August 2011, the Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at zero to 0.25 percent. The FOMC predicts that economic conditions will dictate that the rate remain within this exceptionally low range at least through mid-2014.

Statutory Required Contributions

The RTA Act requires the City of Chicago and Cook County to annually contribute \$3 million and \$2 million, respectively, towards CTA operations.

Statutory Required Contributions (in millions)		2013
Contributions - City of Chicago		\$3.0
Contributions - Cook County		\$2.0
Total		\$5.0

All Other Revenue

The CTA forecasts \$32.0 million in other revenue for 2013. Revenues in this category include operating grants from the Federal Transit Administration (FTA), parking fees, rental revenue, third-party contractor reimbursements and filming fees. Additional revenue is derived from 35 real estate leases across the system, as well as leases within the CTA headquarters building. Parking revenues include Park & Ride Facilities (17 facilities with approximately 6,000 spaces), under 'L' parking rentals and long-term parking agreements.

Public Funding

Most of the CTA's public funding for operating and capital needs is funneled through the RTA. Under the RTA Act, as amended in 2008, some of the funds are allocated to the Service Boards based on a set formula; other funds are allocated based on the RTA's discretion. The sources and allocations are outlined below.

CTA FY13 Budget

Operating Funding Summary

Sales Tax Revenue per 1983 Formula

RTA Sales Tax is the primary source of operating revenue for the RTA and the three Service Boards. The tax is authorized by Illinois statute, imposed by the RTA in the six-county region of northeastern Illinois and collected by the state. The sales tax is the equivalent of one percent on sales in the City of Chicago, one percent on sales in Cook County and 0.25 percent on sales in the collar counties of DuPage, Kane, Lake, McHenry and Will. The one percent sales tax in Cook County is comprised of one percent on food and drugs and 0.75 percent from all other sales, with the state then providing a “replacement” amount to the RTA equivalent to 0.25 percent of all other sales. Proceeds from the RTA Sales Tax are distributed to the CTA, Metra and Pace, and primarily fund operating costs not recovered through the farebox. The RTA retains 15 percent of the total sales tax and passes the remaining 85 percent to the Service Boards according to the Operating Funding Allocation Chart found later in this section.

	Chicago Sales Tax Revenue	Suburban Cook Sales Tax Revenue	Collar County Sales Tax Revenue
CTA	100%	30%	0%
Metra	0%	55%	70%
Pace	0%	15%	30%
Total:	100%	100%	100%

The 2013 Sales Tax Budget per the 1983 Formula for the Region is estimated to be \$765,108,000 and is distributed to the RTA and three Service Boards as follows:

(in thousands)	Chicago Sales Tax Revenue	Suburban Cook Sales Tax Revenue	Collar County Sales Tax Revenue	Total
CTA	\$215,446	\$99,200	-	\$314,646
Metra	-	\$181,866	\$72,961	\$254,827
Pace	-	\$49,600	\$31,269	\$80,869
RTA	\$38,020	\$58,352	\$18,393	\$114,766
Total:	\$253,466	\$389,018	\$122,623	\$765,108

** Amounts may not match other tables in document due to rounding.*

In addition, the RTA will distribute at its discretion any funds remaining from the initial allocation of the 15 percent sales tax distribution that are in excess of the RTA’s funding needs.

CTA FY13 Budget

Operating Funding Summary

Federal Assistance (Federal Transit Administration)

The RTA is the region's designated recipient of federal assistance, which previously included both operating and capital funds. The FTA eliminated operating assistance for the RTA in 1998.

Public Transportation Fund

As authorized by the RTA Act, the Illinois State Treasurer transfers from the State General Revenue Fund an amount equal to 25 percent of the RTA sales tax collections (or gasoline or parking taxes, if imposed by the RTA). The treasurer transfers this amount to a special fund, the Public Transportation Fund (PTF), and then remits it to the RTA on a monthly basis. Remittance requires an annual appropriation by the State of Illinois. The RTA uses these funds at its discretion to fund the needs of the Service Boards, RTA operations, debt service and capital investment. The RTA's 2012 budget includes \$191.3 million per the 1983 formula and \$129.2 million per the 2008 legislation in PTF funds.

State Assistance

The RTA Act provides supplemental state funding in the forms of additional state assistance and additional financial assistance (collectively, "State Assistance") to the RTA in connection with its issuance of Strategic Capital Improvement Program (SCIP) bonds. The funding equals debt service amounts paid to bondholders of the SCIP bonds issued by the RTA, plus any debt service savings from the issuance of refunding or advanced refunding SCIP bonds, less the amount of interest earned by the RTA on the proceeds of SCIP bonds. The RTA Act limits the amount of State Assistance available to the RTA to the lesser of the debt service or \$55 million. Remittance requires an annual appropriation made by the State of Illinois.

2008 Legislation

The 2008 state funding package increased the percentage of state sales tax dedicated to mass transit and gave authority to the City of Chicago to increase the Real Estate Transfer Tax (RETT) to support the CTA. In addition, the legislation also provided for long-term pension reforms that will increase the funded ratio of the CTA's pension to 90 percent by 2059.

CTA FY13 Budget

Operating Funding Summary

2013 RTA Proposed Service Board Operations Funding (in thousands)

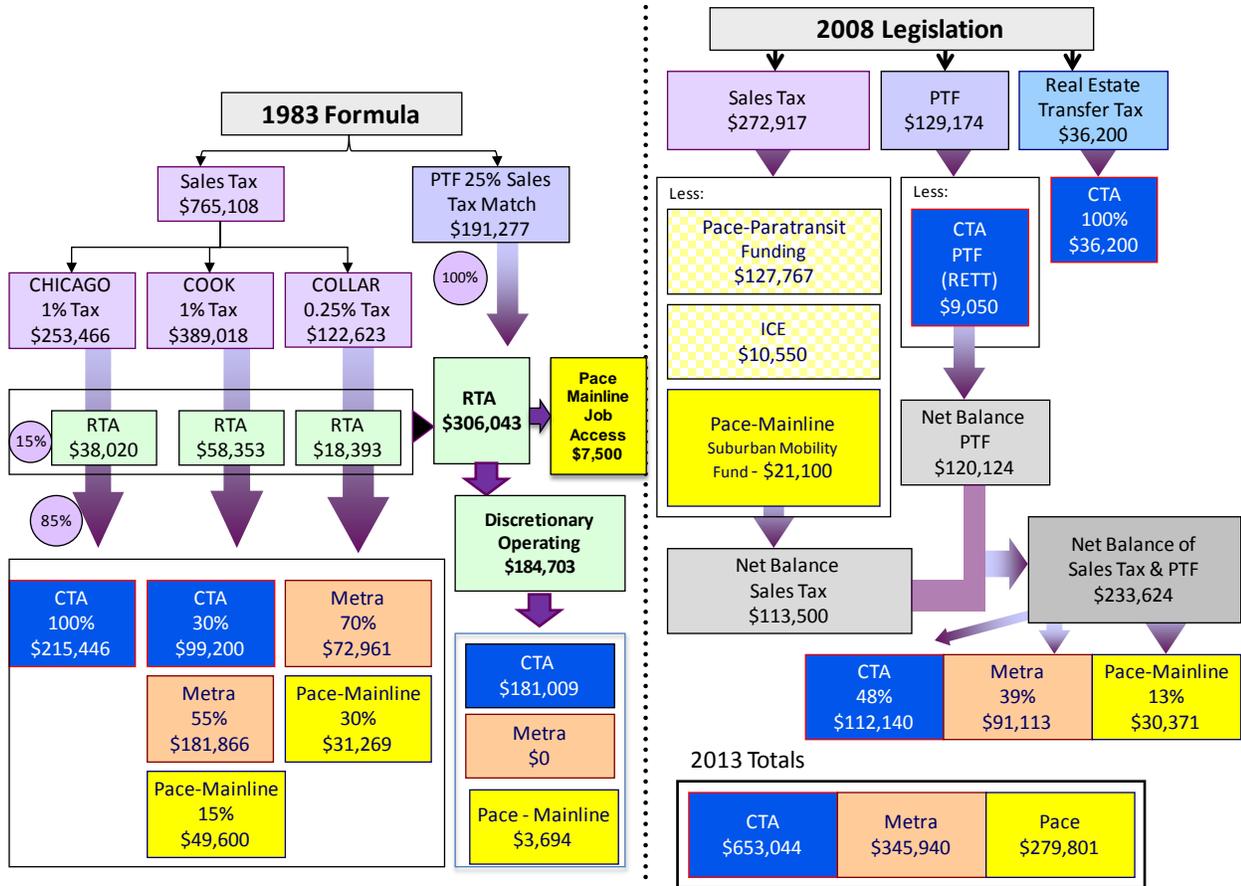
2013 Service Board Funding	RTA	CTA	Metra	Pace Mainline	Pace Para- transit	Total
Sales Tax (1983 Formula)	\$306,043	\$314,646	\$254,827	\$80,869	-	\$956,385
Sales Tax and PTF (PA 95-0708)	-	\$112,139	\$91,113	\$30,371	\$127,767	\$361,390
CTA - RTA Discretionary	(\$181,009)	\$181,009	-	-	-	-
Real Estate Transfer Tax (25% PTF)	-	\$9,050	-	-	-	\$9,050
RTA Suburban Community Mobility Funds	-	-	-	\$21,100	-	\$21,100
RTA South Suburban Job Access Fund	(\$7,500)	-	-	\$7,500	-	-
Metra- RTA Discretionary	-	-	-	-	-	-
Pace - RTA Discretionary	(\$3,694)	-	-	\$3,694	-	-
State Funding for ADA	-	-	-	-	\$8,500	\$8,500
ICE/ Additional Budget Balancing Actions	\$10,550	-	-	-	-	\$10,550
Total RTA Funds	\$124,390	\$616,844	\$345,940	\$143,534	\$136,267	\$1,366,975
Real Estate Transfer Tax (City of Chicago)	-	\$36,200	-	-	-	\$36,200
Total Funding	\$124,390	\$653,044	\$345,940	\$143,534	\$136,267	\$1,403,175

* Numbers may not precisely add due to rounding.

CTA FY13 Budget

Operating Funding Summary

2013 Budget - Operating Funding Allocation Chart (in thousands)



*Amounts may not match other tables in document due to rounding.

Transit Agency	Funding	%
CTA	\$653,044	47%
Metra	\$345,940	25%
Pace-Mainline	\$143,534	10%
Pace-Paratransit	\$136,267	10%
RTA	\$124,390	9%
Total	\$1,403,175	100%

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CTA FY13 Budget

Debt Administration

Debt Management Policy Guidelines

On October 14, 2004, the Chicago Transit Board approved an ordinance adopting Debt Management Policy Guidelines (the “Debt Policy”). The Debt Policy serves as a management tool to ensure that the CTA identifies transactions that utilize debt in the most efficient manner, and provides for full and timely repayment of all borrowings. Additionally, the Debt Policy outlines a means of achieving the lowest possible cost of capital within prudent risk parameters, as well as ensuring ongoing access to the capital markets. The Debt Policy applies to all short- and long-term bonds and notes, other long-term lease obligations, and interest rate exchanges. The Debt Policy does not cover commodity hedging, leveraged leases, long-term operating leases, short-term leases and bank obligation transactions. The general debt issuance guidelines outlined in the Debt Policy are summarized below.

Use of Debt

It is the CTA’s preference to use a pay-as-you-go funding mechanism for all capital projects. As such, CTA explores the use of available cash to fund all or part of a particular capital improvement project and other long-term financial needs before proposing the use of leverage. However, the CTA recognizes that the size, scope and timing of particular projects in its capital improvement plan, cash flow sufficiency and capital market opportunities may necessitate the use of debt. The Debt Policy allows for the issuance of either long-term or short-term debt. The financing purpose determines the type of debt the CTA would use.

Short-Term Debt Obligations

Short-term debt may be used by the CTA as a cash management tool to provide interim financing or to bridge temporary cash flow deficits within a fiscal year. Currently, the CTA has no outstanding short-term debt obligations.

Long-Term Debt Obligations

The Debt Policy prohibits the use of long-term debt to fund operations. However, long-term bonds are deemed appropriate to finance essential capital activities and certain management initiatives. The CTA may also use long-term lease obligations to finance or refinance capital equipment. Prior to entering into any lease financing, the Authority will evaluate three factors: the useful life of assets financed, the terms and conditions of the lease, and the budgetary, debt capacity and tax implications.

Credit Ratings

The Debt Policy recognizes the need for a credit rating strategy focused on achieving the best economic value for the CTA. A major goal of the CTA’s debt program is to attain a proper balance between minimizing borrowing costs and maximizing financial flexibility. As of November 8, 2011, the CTA’s underlying ratings on outstanding debt were as follows:

CTA FY13 Budget

Debt Administration

	Sales and Transfer Tax Receipts Revenue Bonds	Sales Tax Receipts Revenue Bonds	Building Revenue Bonds (PBC debt)	Capital Grant Receipts Revenue Bonds
Moody's	Aa3	Aa3	A2	A1
S&P	AA	AA	A	A
Fitch	Not Rated	Not Rated	Not Rated	BBB

Debt Limitations

Attaining a proper balance between minimizing borrowing and maximizing financial flexibility is a key goal of the CTA debt program. The CTA is not subject to statutory debt limitations for capital investment. However, the Debt Policy does limit the aggregate amount of the CTA's unhedged, long-term variable rate debt to a maximum of 20 percent of all outstanding long-term debt obligations.

Other Provisions

The CTA may secure credit enhancement in the form of municipal bond insurance or a letter/line of credit for all or a portion of each bond issue. The Debt Policy also allows the Authority to issue debt on either a taxable or tax-exempt basis and to use interest rate exchange agreements when such agreements will reduce the expected interest rate costs, hedge fluctuations in interest rates, or gain efficiency in structuring and restructuring debt.

Current Debt

Long-term debt includes capital lease obligations and bonds payable, as described below.

Lease/Leaseback Agreements

The CTA entered into several economically defeased lease and leaseback agreements in fiscal years 1995 through 2003. These agreements were entered into with various third parties and pertain to certain assets of the CTA, including rail lines and equipment, rail cars, facilities, buses and qualified technology equipment. Under the lease/leaseback financings, the CTA entered into a long-term lease for applicable assets with trusts established by equity investors; trusts which concurrently leased the respective assets back to CTA under sublease agreements. Each sublease contains a fixed date and a fixed price purchase option that allows the CTA, at its option, to purchase the assets back from the lessor. As of December 31, 2011, the total obligations due under the lease agreements, which have been economically defeased, were approximately \$1.6 billion.

CTA FY13 Budget

Debt Administration

Other Capital Leases

2008 Bus Lease

During 2008, the CTA entered into a lease-purchase agreement to finance the purchase of 150 60-foot New Flyer articulated hybrid buses and certain related parts and equipment at an estimated aggregate cost of \$120.5 million. The terms of the agreement allow the CTA to lease the buses for 12 years and retain ownership at the conclusion of the lease. Lease payments are due every June 1 and December 1 of each year, beginning on December 1, 2008. The present value of the future payments to be made by the CTA under the lease was approximately \$94.4 million as of December 31, 2011.

Public Building Commission of Chicago

SCHEDULE I: \$91,340,000 Building Revenue Bonds (Public Building Commission on behalf of Chicago Transit Authority) Series 2006 Lease Payment Schedule 2012-2033				
PAYMENT YEAR	PORTION OF LEASE PAYMENT ATTRIBUTABLE TO INTEREST	PORTION OF LEASE PAYMENT ATTRIBUTABLE TO PRINCIPAL	TOTAL LEASE PAYMENT	DEBT OUTSTANDING (as of 12/31)
2012	\$4,070,938	\$2,115,000	\$6,185,938	\$79,190,000
2013	\$3,984,538	\$2,205,000	\$6,189,538	\$76,985,000
2014	\$3,891,669	\$2,295,000	\$6,186,669	\$74,690,000
2015	\$3,782,775	\$2,405,000	\$6,187,775	\$72,285,000
2016	\$3,659,400	\$2,530,000	\$6,189,400	\$69,755,000
2017	\$3,529,650	\$2,660,000	\$6,189,650	\$67,095,000
2018	\$3,403,969	\$2,785,000	\$6,188,969	\$64,310,000
2019	\$3,271,913	\$2,915,000	\$6,186,913	\$61,395,000
2020	\$3,122,413	\$3,065,000	\$6,187,413	\$58,330,000
2021	\$2,965,163	\$3,225,000	\$6,190,163	\$55,105,000
2022	\$2,799,788	\$3,390,000	\$6,189,788	\$51,715,000
2023	\$2,621,456	\$3,565,000	\$6,186,456	\$48,150,000
2024	\$2,429,175	\$3,760,000	\$6,189,175	\$44,390,000
2025	\$2,226,525	\$3,960,000	\$6,186,525	\$40,430,000
2026	\$2,012,981	\$4,175,000	\$6,187,981	\$36,255,000
2027	\$1,787,888	\$4,400,000	\$6,187,888	\$31,855,000
2028	\$1,550,719	\$4,635,000	\$6,185,719	\$27,220,000
2029	\$1,300,688	\$4,890,000	\$6,190,688	\$22,330,000
2030	\$1,037,138	\$5,150,000	\$6,187,138	\$17,180,000
2031	\$759,413	\$5,430,000	\$6,189,413	\$11,750,000
2032	\$466,725	\$5,720,000	\$6,186,725	\$6,030,000
2033	\$158,288	\$6,030,000	\$6,188,288	\$0
Total:	\$54,833,212	\$81,305,000	\$136,138,212	

On March 31, 2003, the Public Building Commission of Chicago (PBC) issued \$119 million of Building Revenue Bonds, Series 2003 (Chicago Transit Authority; PBC Bonds). The PBC

CTA FY13 Budget

Debt Administration

used the proceeds of these bonds, among other things, to acquire the site for and construct a 12-story office building. The PBC leased the building to the CTA for a 20-year term to be used as CTA headquarters. Rent payments due to the PBC from the CTA under the lease are general obligations of the CTA payable from any lawfully-available funds. Upon satisfaction of all of the obligations of the CTA under the lease and payment, or provision for payment, of the PBC Bonds in full, the PBC will transfer title of the leased premises to the CTA.

On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of \$91.3 million. The proceeds of the bonds were used to advance refund to the PBC, Series 2003 bonds. The original, executed lease in connection with the Series 2003 bonds was amended accordingly. The CTA is obligated to pay to the Trustee on behalf of the PBC on or before February 15 of each year in which the headquarters lease is in effect, rent which equals the debt service on the PBC bonds due through and including September 1 of that calendar year. The source of funds for the PBC lease payments is primarily FTA grant funds. The total remaining rent due to the PBC over the life of the amended lease is \$136.1 million.

Certificates of Participation

In August 2008, the Bank of New York Mellon issued Certificates of Participation (COP) totaling \$78,430,000 on behalf of the CTA with an interest rate of 4.725 percent. The COPs were used to finance the purchase of 200 (40 ft.) New Flyer low floor buses and certain related parts and equipment. On August 1, 2008, the CTA entered into an installment purchase agreement with the Bank of New York Mellon. The obligation of the CTA to make installment payments is an unconditional obligation of the CTA and is payable from legally available funds. The installment agreement requires the CTA to make annual COP payments to the Bank of New York Mellon which are remitted to the COP holders. Scheduled maturity dates occur at various times through December 1, 2020. The total principal and interest remaining to be paid on the COPs as of December 31, 2011, is \$61,514,000. Principal and interest paid in 2011 was approximately \$8,470,000.

CTA FY13 Budget

Debt Administration

Bonds Payable-Capital Grant Receipt Revenue Bonds

Capital Grant Receipts Revenue Bonds, Series 2004A and 2004B

SCHEDULE II: \$250,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration 5307 Formula Funds) Series 2004A and Series 2004B Total Debt Service 2012-2016				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$5,923,856	\$23,545,000	\$29,468,856	\$102,320,000
2013	\$4,655,325	\$24,780,000	\$29,435,325	\$77,540,000
2014	\$3,353,119	\$26,085,000	\$29,438,119	\$51,455,000
2015	\$1,982,532	\$27,385,000	\$29,367,532	\$24,070,000
2016	\$631,838	\$24,070,000	\$24,701,838	\$0
Total:	\$16,546,670	\$125,865,000	\$142,411,670	

On October 20, 2004, the CTA issued Capital Grant Receipts Revenue Bonds, Series 2004A and Series 2004B (Federal Transit Administration Section 5307 Formula Funds; together referred to as the 2004 Bonds). Par value of the 2004 Bonds was \$250 million, with \$150 million in Series 2004A and \$100 million in Series 2004B. The 2004 Bonds are solely secured via Federal Transit Administration 5307 Urbanized Area Formula funds.

The proceeds of the 2004 Bonds will be used to pay for, or reimburse the CTA for prior expenditures relating to a portion of certain capital improvement projects identified by the CTA ("2004 Projects"). These capital improvements must be approved by the CTA Board as well as the RTA, and are included in the CTA Capital Plan. The 2004 Projects include infrastructure improvements such as facility rehabilitation, rail station reconstruction, replacing and upgrading track, structure and signal systems, communication infrastructure improvements, and replacing the bus and rail fleets. The 2004 Projects may be substituted from time to time, provided there are funds in the 2004 Project Account of the Construction fund.

The 2004 Bonds bear interest ranging from 3.60 percent to 5.25 percent. Interest is payable semi-annually on June 1 and December 1 and the remaining bonds mature serially through June 1, 2016. The debt service obligations are paid by the capital funds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2010 refunded the maturities dated June 1, 2010 through June 1, 2011 of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2011 refunded the maturity dated June 1, 2016 of the 5307 Series 2004B bonds and the maturities dated June 1, 2012 and June 1, 2016 through June 1, 2020 of the 5307 Series 2006A bonds.

CTA FY13 Budget

Debt Administration

Capital Grant Receipts Revenue Bonds, Series 2006A

SCHEDULE III: \$275,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5307 Formula Funds) Series 2006A Total Debt Service 2012-2021				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$9,540,900	\$9,045,000	\$18,585,900	\$187,200,000
2013	\$9,112,500	\$9,900,000	\$19,012,500	\$177,300,000
2014	\$8,605,125	\$10,395,000	\$19,000,125	\$166,905,000
2015	\$8,072,375	\$10,915,000	\$18,987,375	\$155,990,000
2016	\$7,799,500	\$0	\$7,799,500	\$155,990,000
2017	\$7,181,500	\$24,720,000	\$31,901,500	\$131,270,000
2018	\$5,888,500	\$27,000,000	\$32,888,500	\$104,270,000
2019	\$4,431,625	\$31,275,000	\$35,706,625	\$72,995,000
2020	\$2,860,125	\$31,585,000	\$34,445,125	\$41,410,000
2021	\$1,035,250	\$41,410,000	\$42,445,250	\$0
Total:	\$64,527,400	\$196,245,000	\$260,772,400	

On November 1, 2006, the CTA issued Capital Grant Receipts Revenue Bonds, Series 2006A (Federal Transit Administration Section 5307 Formula Funds) in the amount of \$275 million, in anticipation of the receipt of grants from the federal government pursuant to a full-funding grant agreement. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to a portion of the costs of capital improvements to the Transportation System referred to as the "2006 Project."

The Series 2006A bonds bear interest ranging from 4.0 percent to 5.0 percent. Interest is payable semi-annually on June 1 and December 1 and the remaining bonds mature serially through June 1, 2021. The debt service obligations are paid by the capital funds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2010 refunded the maturities dated June 1, 2010 through June 1, 2011 of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2011 refunded the maturity dated June 1, 2016 of the 5307 Series 2004B bonds and the maturities dated June 1, 2012 and June 1, 2016 through June 1, 2020 of the 5307 Series 2006A bonds.

CTA FY13 Budget

Debt Administration

Capital Grant Receipts Revenue Bonds, Series 2008 (5309) and 2008A (5307)

SCHEDULE IV: \$250,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5307 & 5309 Formula Funds) Series 2008 Total Debt Service 2012-2026				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$12,063,488	\$6,460,000	\$18,523,488	\$231,310,000
2013	\$11,765,050	\$6,750,000	\$18,515,050	\$224,560,000
2014	\$11,457,206	\$7,060,000	\$18,517,206	\$217,500,000
2015	\$11,137,100	\$7,365,000	\$18,502,100	\$210,135,000
2016	\$10,778,900	\$7,700,000	\$18,478,900	\$202,435,000
2017	\$10,384,275	\$8,085,000	\$18,469,275	\$194,350,000
2018	\$9,969,900	\$8,490,000	\$18,459,900	\$185,860,000
2019	\$9,523,763	\$8,910,000	\$18,433,763	\$176,950,000
2020	\$9,043,650	\$9,380,000	\$18,423,650	\$167,570,000
2021	\$8,538,338	\$9,870,000	\$18,408,338	\$157,700,000
2022	\$7,533,882	\$28,395,000	\$35,928,882	\$129,305,000
2023	\$6,003,900	\$29,890,000	\$35,893,900	\$99,415,000
2024	\$4,393,463	\$31,460,000	\$35,853,463	\$67,955,000
2025	\$2,698,500	\$33,110,000	\$35,808,500	\$34,845,000
2026	\$914,682	\$34,845,000	\$35,759,682	\$0
Total:	\$126,206,097	\$237,770,000	\$363,976,097	

On April 16, 2008, the CTA issued Capital Grant Receipts Revenue Bonds, Series 2008A (Federal Transit Administration Section 5307 Formula Funds) and Series 2008 (Federal Transit Administration Section 5309 Formula Funds) in the amount of \$250 million, in anticipation of the receipt of grants from the federal government pursuant to a full-funding grant agreement. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to a portion of the costs of capital improvements to the Transportation System referred to as the "2008 Project." The Federal Transit Administration's section 5307 program is a formula grant program for metropolitan areas providing capital, operating or planning assistance for mass transportation. The section 5309 program is a formula grant program providing capital assistance for the modernization of existing rail systems.

The Series 2008 (5309) and Series 2008A (5307) bonds bear interest ranging from 3.50 percent to 5.25 percent. Interest is payable semi-annually on June 1 and December 1 and the remaining bonds mature serially through June 1, 2026. The debt service obligations are paid by the capital funds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2010 refunded the maturities dated June 1, 2010 through June 1, 2011 of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

CTA FY13 Budget

Debt Administration

Capital Grant Receipts Revenue Bonds, Series 2008A (5309)

SCHEDULE V: \$175,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5309 Formula Funds) Series 2008A Debt Service 2012-2026				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$8,464,400	\$7,395,000	\$15,859,400	\$153,860,000
2013	\$8,085,400	\$7,765,000	\$15,850,400	\$146,095,000
2014	\$7,687,525	\$8,150,000	\$15,837,525	\$137,945,000
2015	\$7,269,775	\$8,560,000	\$15,829,775	\$129,385,000
2016	\$6,831,025	\$8,990,000	\$15,821,025	\$120,395,000
2017	\$6,358,475	\$9,440,000	\$15,798,475	\$110,955,000
2018	\$5,837,463	\$9,935,000	\$15,772,463	\$101,020,000
2019	\$5,276,050	\$10,480,000	\$15,756,050	\$90,540,000
2020	\$4,711,475	\$11,055,000	\$15,766,475	\$79,485,000
2021	\$4,144,850	\$11,610,000	\$15,754,850	\$67,875,000
2022	\$3,549,850	\$12,190,000	\$15,739,850	\$55,685,000
2023	\$2,909,100	\$12,800,000	\$15,709,100	\$42,885,000
2024	\$2,169,000	\$13,470,000	\$15,639,000	\$29,415,000
2025	\$1,336,500	\$14,280,000	\$15,616,500	\$15,135,000
2026	\$454,050	\$15,135,000	\$15,589,050	\$0
Total:	\$75,084,938	\$161,255,000	\$236,339,938	

On November 20, 2008, the CTA issued Capital Grant Receipts Revenue Bonds, Series 2008A (Federal Transit Administration Section 5309 Formula Funds) in the amount of \$175 million, in anticipation of the receipt of grants from the federal government pursuant to a full-funding grant agreement. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to a portion of the costs of capital improvements to the Transportation System referred to as the "2008 Project."

The Series 2008A (5309) bonds bear interest ranging from 5.0 percent to 6.0 percent. Interest is payable semi-annually on June 1 and December 1 and the remaining bonds mature serially through June 1, 2026. The debt service obligations are paid by the capital funds.

The Capital Grant Receipts Revenue Bonds, Refunding Series 2010 refunded the maturities dated June 1, 2010 through June 1, 2011 of the 5307 (Series 2004A, 2004B and 2006A) and 5309 (Series 2008 and 2008A) bonds.

CTA FY13 Budget

Debt Administration

Capital Grant Receipts Revenue Bonds, Refunding Series 2010 (5307) and Refunding Series 2010 (5309)

SCHEDULE VI: \$90,715,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5307 & 5309 Formula Funds) Refunding Series 2010 Total Debt Service 2012-2028				
PAYMENT YEAR	TOTAL INTEREST	TOTAL PRINCIPAL	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2013	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2014	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2015	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2016	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2017	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2018	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2019	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2020	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2021	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2022	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2023	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2024	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2025	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2026	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2027	\$3,429,375	\$44,255,000	\$47,684,375	\$46,460,000
2028	\$1,161,500	\$46,460,000	\$47,621,500	\$0
Total:	\$72,627,125	\$90,715,000	\$163,342,125	

On May 6, 2010, the CTA issued Capital Grant Receipts Revenue Bonds, Refunding Series 2010 (Federal Transit Administration Section 5307 Formula Funds) (Federal Transit Administration Section 5309 Formula Funds), in the amount of \$90.7 million, in anticipation of the receipt of grants from the federal government pursuant to a full-funding grant agreement. The bonds were issued to refund a portion of the outstanding 5307 and 5309 bonds and to pay costs of issuance.

The Refunding Series 2010 bonds bear interest of 5.0 percent. Interest is payable semi-annually on June 1 and December 1 and the bonds mature on June 1, 2027 and June 1, 2028. The debt service obligations are paid by the capital funds.

CTA FY13 Budget

Debt Administration

Capital Grant Receipts Revenue Bonds, Refunding Series 2011(5307)

SCHEDULE VII: \$56,525,000 Capital Grant Receipts Revenue Bonds Refunding Series 2011 Debt Service 2012-2029 (Federal Transit Administration Section 5307 Urbanized Area Formula Funds)				
PAYMENT YEAR	TOTAL INTEREST	TOTAL PRINCIPAL	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$3,079,364	\$0	\$3,079,364	\$56,525,000
2013	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2014	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2015	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2016	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2017	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2018	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2019	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2020	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2021	\$2,864,525	\$0	\$2,864,525	\$56,525,000
2022	\$2,699,650	\$6,595,000	\$9,294,650	\$49,930,000
2023	\$2,353,125	\$6,920,000	\$9,273,125	\$43,010,000
2024	\$1,980,244	\$7,285,000	\$9,265,244	\$35,725,000
2025	\$1,593,581	\$7,665,000	\$9,258,581	\$28,060,000
2026	\$1,186,575	\$8,060,000	\$9,246,575	\$20,000,000
2027	\$975,000	\$0	\$975,000	\$20,000,000
2028	\$975,000	\$0	\$975,000	\$20,000,000
2029	\$487,500	\$20,000,000	\$20,487,500	\$0
Total:	\$41,110,764	\$56,525,000	\$97,635,764	

On October 26, 2011, the CTA issued the tax-exempt Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program, in the amount of \$56,525,000, along with a premium of \$1,805,528, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to provide funds to refund a portion of the outstanding 5307 (Series 2004B and 2006A) bonds.

The Series 2011 bonds bear interest ranging from 4.5 percent to 5.25 percent. Interest is payable semiannually on June 1 and December 1, and the bonds mature serially from June 1, 2022 to June 1, 2029.

CTA FY13 Budget

Debt Administration

Bonds Payable-Sales Tax Revenue Bonds

Sales and Transfer Tax Receipts Revenue Bonds, 2008A Series (Pension Funding) and 2008B Series (Retiree Health Care Funding)

SCHEDULE VIII: \$1,936,855,000 Sales and Transfer Tax Receipts Revenue Bonds (Public Acts 94-839 and 95-0708) Series 2008A and 2008B Total Debt Service 2012-2040				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$131,366,832	\$10,020,000	\$141,386,832	\$1,926,835,000
2013	\$130,854,008	\$25,720,000	\$156,574,008	\$1,901,115,000
2014	\$129,537,659	\$27,040,000	\$156,577,659	\$1,874,075,000
2015	\$127,834,139	\$28,740,000	\$156,574,139	\$1,845,335,000
2016	\$126,023,519	\$30,550,000	\$156,573,519	\$1,814,785,000
2017	\$124,098,869	\$32,475,000	\$156,573,869	\$1,782,310,000
2018	\$122,052,944	\$34,520,000	\$156,572,944	\$1,747,790,000
2019	\$119,878,184	\$36,695,000	\$156,573,184	\$1,711,095,000
2020	\$117,566,399	\$39,010,000	\$156,576,399	\$1,672,085,000
2021	\$115,108,769	\$41,465,000	\$156,573,769	\$1,630,620,000
2022	\$112,496,474	\$44,080,000	\$156,576,474	\$1,586,540,000
2023	\$109,455,395	\$47,120,000	\$156,575,395	\$1,539,420,000
2024	\$106,204,586	\$50,370,000	\$156,574,586	\$1,489,050,000
2025	\$102,729,560	\$53,845,000	\$156,574,560	\$1,435,205,000
2026	\$99,014,793	\$57,560,000	\$156,574,793	\$1,377,645,000
2027	\$95,043,729	\$61,530,000	\$156,573,729	\$1,316,115,000
2028	\$90,798,774	\$65,775,000	\$156,573,774	\$1,250,340,000
2029	\$86,260,957	\$70,310,000	\$156,570,957	\$1,180,030,000
2030	\$81,410,270	\$75,165,000	\$156,575,270	\$1,104,865,000
2031	\$76,224,636	\$80,350,000	\$156,574,636	\$1,024,515,000
2032	\$70,681,290	\$85,895,000	\$156,576,290	\$938,620,000
2033	\$64,755,394	\$91,820,000	\$156,575,394	\$846,800,000
2034	\$58,420,732	\$98,150,000	\$156,570,732	\$748,650,000
2035	\$51,649,364	\$104,925,000	\$156,574,364	\$643,725,000
2036	\$44,410,588	\$112,165,000	\$156,575,588	\$531,560,000
2037	\$36,672,324	\$119,905,000	\$156,577,324	\$411,655,000
2038	\$28,400,078	\$128,170,000	\$156,570,078	\$283,485,000
2039	\$19,557,630	\$137,015,000	\$156,572,630	\$146,470,000
2040	\$10,104,965	\$146,470,000	\$156,574,965	\$0
Total:	\$2,588,612,858	\$1,936,855,000	\$4,525,467,858	

On July 30, 2008, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds in the amount of \$1.94 billion to fund the employee retirement plan and to create a retiree health care trust. The bonds were sold in two tranches: a \$1.3 billion Series A to fund the employee retirement plan, and a \$640 million Series B to fund a permanent trust that was established to cover other post-employment benefits for retiree health care. The bonds are secured primarily by a pledge of and lien on the Sales Tax Receipts Fund and the Transfer

CTA FY13 Budget

Debt Administration

Tax Receipts Fund deposits. The bonds were issued pursuant to the pension and retiree health care reform requirements set forth in Public Acts 94-839 and 95-0708.

Public Act 94-839 required the CTA to make contributions to its retirement system in an amount which, together with the contributions of its participants, interest earned on investments and other income, was sufficient to bring the total assets of the retirement system up to 90 percent of its total actuarial liabilities by the end of fiscal year 2058. Additionally, Public Act 94-839 required that the Retirement Plan's pension and retiree health care programs be separated into two distinct trusts by December 31, 2008.

Public Act 95-0708 modified this directive slightly and added a number of other requirements. First, a new Retirement Plan Trust will be created to manage the Retirement Plan assets. Second, CTA contributions and employee contributions were increased. Third, in addition to the requirement that the Retirement Plan be 90 percent funded by the end of 2059, there is a new requirement that the Retirement Plan be funded at a minimum of 60 percent by September 15, 2009. Any deviation from the stated projections could result in a directive from the State of Illinois Auditor General to increase the CTA and employee contributions. Fourth, Public Act 95-708 authorized the CTA to issue \$1.9 billion in pension obligation bonds to fund the pension and retiree health care. Finally, the legislation provides that the CTA will have no future responsibility for retiree healthcare costs after the bond funding. In accordance with Public Act 95-708, all retiree healthcare benefits were to be paid from the newly established Retiree Health Care Trust no earlier than January 1, 2009 but no later than July 1, 2009.

The Series 2008A and 2008B bonds bear interest ranging from 5.1 percent to 6.9 percent. Scheduled interest on the 2008A and 2008B bonds was funded through June 1, 2009 and June 1, 2010, respectively, with bond proceeds and interest earnings thereon. Interest is payable semi-annually on June 1 and December 1 and the bonds mature serially on December 1, 2012 through June 1, 2040. The debt service obligations are paid by the operating funds.

CTA FY13 Budget

Debt Administration

Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B (Build America Bonds)

SCHEDULE IX: \$550,000,000 Sales Tax Receipts Revenue Bonds Series 2010A and 2010B Total Debt Service 2012-2040				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$32,976,650.50	\$0.00	\$32,976,651	\$550,000,000
2013	\$32,976,650.50	\$0.00	\$32,976,651	\$550,000,000
2014	\$32,976,650.50	\$0.00	\$32,976,651	\$550,000,000
2015	\$32,976,650.50	\$5,715,000.00	\$38,691,651	\$544,285,000
2016	\$32,702,700.50	\$7,675,000.00	\$40,377,701	\$536,610,000
2017	\$32,318,950.50	\$9,925,000.00	\$42,243,951	\$526,685,000
2018	\$31,832,200.50	\$10,415,000.00	\$42,247,201	\$516,270,000
2019	\$31,333,750.50	\$10,915,000.00	\$42,248,751	\$505,355,000
2020	\$30,798,000.50	\$11,510,000.00	\$42,308,001	\$493,845,000
2021	\$30,214,443.50	\$12,095,000.00	\$42,309,444	\$481,750,000
2022	\$29,583,084.50	\$12,720,000.00	\$42,303,085	\$469,030,000
2023	\$28,900,020.50	\$13,405,000.00	\$42,305,021	\$455,625,000
2024	\$28,166,767.00	\$14,135,000.00	\$42,301,767	\$441,490,000
2025	\$27,372,380.00	\$14,930,000.00	\$42,302,380	\$426,560,000
2026	\$26,446,720.00	\$15,855,000.00	\$42,301,720	\$410,705,000
2027	\$25,463,710.00	\$16,835,000.00	\$42,298,710	\$393,870,000
2028	\$24,419,940.00	\$17,880,000.00	\$42,299,940	\$375,990,000
2029	\$23,311,380.00	\$18,985,000.00	\$42,296,380	\$357,005,000
2030	\$22,134,310.00	\$20,155,000.00	\$42,289,310	\$336,850,000
2031	\$20,884,700.00	\$21,400,000.00	\$42,284,700	\$315,450,000
2032	\$19,557,900.00	\$22,725,000.00	\$42,282,900	\$292,725,000
2033	\$18,148,950.00	\$24,135,000.00	\$42,283,950	\$268,590,000
2034	\$16,652,580.00	\$31,820,000.00	\$48,472,580	\$236,770,000
2035	\$14,679,740.00	\$33,785,000.00	\$48,464,740	\$202,985,000
2036	\$12,585,070.00	\$35,875,000.00	\$48,460,070	\$167,110,000
2037	\$10,360,820.00	\$38,090,000.00	\$48,450,820	\$129,020,000
2038	\$7,999,240.00	\$40,455,000.00	\$48,454,240	\$88,565,000
2039	\$5,491,030.00	\$42,955,000.00	\$48,446,030	\$45,610,000
2040	\$2,827,820.00	\$45,610,000.00	\$48,437,820	\$0
Total:	\$686,092,810.00	\$550,000,000.00	\$1,236,092,810	

CTA FY13 Budget

Debt Administration

On March 23, 2010, the CTA issued Sales Tax Receipts Revenue Bond Series 2010A and Taxable Series 2010B (Build America Bonds) in the amount of \$550 million to fund or reimburse the Authority for prior expenditures of the “2010 Project”, capitalize a portion of interest on the bonds, fund a portion of the consolidated debt service reserve fund on the bonds, and to pay costs of issuance on the bonds. The Series 2010B Bonds are issued as bonds designated as “Build America Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. The 2010 Project means, collectively, capital improvements to the transportation system and specifically the purchase of rail cars, rail car overhaul and rehabilitation, and the replacement and upgrade of rail track and structure.

The Series 2010A bonds bear interest ranging from 4.0 percent to 5.0 percent with interest payable semi-annually on June 1 and December 1, commencing December 1, 2010. The Series 2010A bonds mature serially on December 1, 2015 through December 1, 2019. The Taxable Series 2010B bonds bear interest ranging from 5.07 percent to 6.20 percent with interest payable semi-annually on June 1 and December 1, commencing December 1, 2010. The Taxable Series 2010B bonds mature annually each December 1, 2020 through December 1, 2040. The debt service obligations are paid by the capital funds.

CTA FY13 Budget

Debt Administration

2011 Sales Tax Receipts Revenue Bonds

SCHEDULE X: \$476,905,000 Sales Tax Receipts Revenue Bonds				
Series 2011 Total Debt Service 2012-2040				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$26,837,684.06	\$0.00	\$26,837,684.06	\$476,905,000
2013	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2014	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2015	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2016	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2017	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2018	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2019	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2020	\$24,965,287.50	\$0.00	\$24,965,287.50	\$476,905,000
2021	\$24,965,287.50	\$14,090,000.00	\$39,055,287.50	\$462,815,000
2022	\$24,260,787.50	\$14,800,000.00	\$39,060,787.50	\$448,015,000
2023	\$23,520,787.50	\$15,540,000.00	\$39,060,787.50	\$432,475,000
2024	\$22,704,937.50	\$16,360,000.00	\$39,064,937.50	\$416,115,000
2025	\$21,846,037.50	\$17,220,000.00	\$39,066,037.50	\$398,895,000
2026	\$20,941,987.50	\$18,120,000.00	\$39,061,987.50	\$380,775,000
2027	\$19,990,687.50	\$19,075,000.00	\$39,065,687.50	\$361,700,000
2028	\$18,989,250.00	\$20,080,000.00	\$39,069,250.00	\$341,620,000
2029	\$17,935,050.00	\$21,135,000.00	\$39,070,050.00	\$320,485,000
2030	\$16,825,462.50	\$22,250,000.00	\$39,075,462.50	\$298,235,000
2031	\$15,657,337.50	\$23,425,000.00	\$39,082,337.50	\$274,810,000
2032	\$14,427,525.00	\$24,655,000.00	\$39,082,525.00	\$250,155,000
2033	\$13,133,137.50	\$25,950,000.00	\$39,083,137.50	\$224,205,000
2034	\$11,770,762.50	\$27,315,000.00	\$39,085,762.50	\$196,890,000
2035	\$10,336,725.00	\$28,755,000.00	\$39,091,725.00	\$168,135,000
2036	\$8,827,087.50	\$30,265,000.00	\$39,092,087.50	\$137,870,000
2037	\$7,238,175.00	\$31,860,000.00	\$39,098,175.00	\$106,010,000
2038	\$5,565,525.00	\$33,540,000.00	\$39,105,525.00	\$72,470,000
2039	\$3,804,675.00	\$35,305,000.00	\$39,109,675.00	\$37,165,000
2040	\$1,951,162.50	\$37,165,000.00	\$39,116,162.50	\$0
Total:	\$531,252,371.56	\$476,905,000.00	\$1,008,157,371.56	

On October 26, 2011, the CTA issued the Sales Tax Receipts Revenue Bonds, Series 2011, in the amount of \$476,905,000, along with a premium of \$21,392,000. The bonds were issued to pay for, or reimburse the CTA for prior expenditures relating to (i) the purchase of rail cars to replace existing cars and (ii) the finance of any other capital project designated by the CTA Board as part of the 2011 Project.

The Series 2011 bonds bear interest ranging from 5.0 percent to 5.25 percent. Scheduled interest on the 2010 bonds will be funded through December 1, 2015 with proceeds of the 2011 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and

CTA FY13 Budget

Debt Administration

December 1 and the bonds mature serially on December 1, 2021 through December 1, 2040.

Summary of Total Bond Debt Service for all Outstanding Bonds

Schedule XI: CTA TOTAL DEBT SCHEDULE 2012 - 2040				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2012	\$234,788,925	\$56,465,000	\$291,253,925	\$3,775,670,000
2013	\$229,814,496	\$74,915,000	\$304,729,496	\$3,700,755,000
2014	\$225,982,847	\$78,730,000	\$304,712,847	\$3,622,025,000
2015	\$221,638,134	\$88,680,000	\$310,318,134	\$3,533,345,000
2016	\$217,133,045	\$78,985,000	\$296,118,045	\$3,454,360,000
2017	\$212,707,632	\$84,645,000	\$297,352,632	\$3,369,715,000
2018	\$207,946,570	\$90,360,000	\$298,306,570	\$3,279,355,000
2019	\$202,808,935	\$98,275,000	\$301,083,935	\$3,181,080,000
2020	\$197,345,212	\$102,540,000	\$299,885,212	\$3,078,540,000
2021	\$191,407,213	\$130,540,000	\$321,947,213	\$2,948,000,000
2022	\$184,659,478	\$118,780,000	\$303,439,478	\$2,829,220,000
2023	\$177,678,078	\$125,675,000	\$303,353,078	\$2,703,545,000
2024	\$170,154,747	\$133,080,000	\$303,234,747	\$2,570,465,000
2025	\$162,112,308	\$141,050,000	\$303,162,308	\$2,429,415,000
2026	\$153,494,557	\$149,575,000	\$303,069,557	\$2,279,840,000
2027	\$144,902,501	\$141,695,000	\$286,597,501	\$2,138,145,000
2028	\$136,344,464	\$150,195,000	\$286,539,464	\$1,987,950,000
2029	\$127,994,887	\$130,430,000	\$258,424,887	\$1,857,520,000
2030	\$120,370,042	\$117,570,000	\$237,940,042	\$1,739,950,000
2031	\$112,766,674	\$125,175,000	\$237,941,674	\$1,614,775,000
2032	\$104,666,715	\$133,275,000	\$237,941,715	\$1,481,500,000
2033	\$96,037,481	\$141,905,000	\$237,942,481	\$1,339,595,000
2034	\$86,844,075	\$157,285,000	\$244,129,075	\$1,182,310,000
2035	\$76,665,829	\$167,465,000	\$244,130,829	\$1,014,845,000
2036	\$65,822,745	\$178,305,000	\$244,127,745	\$836,540,000
2037	\$54,271,319	\$189,855,000	\$244,126,319	\$646,685,000
2038	\$41,964,843	\$202,165,000	\$244,129,843	\$444,520,000
2039	\$28,853,335	\$215,275,000	\$244,128,335	\$229,245,000
2040	\$14,883,948	\$229,245,000	\$244,128,948	\$0
Total	\$4,202,061,034	\$3,832,135,000	8,034,196,034	

CTA FY13 Budget

Annual Budget Process

Annual Budget Process

Budget Calendar

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.

June

- Budget call from the RTA

September

- RTA releases budget marks

November

- Budget release to public

December

- Public hearing
- Cook County Board meeting
- CTA Board approval
- Submit budget to the RTA
- RTA Board Approval

Budget Adoption

July 2	RTA releases the requirements that the Service Boards must follow for the development of their 2013 budget, two-year financial plan, and five-year capital program.
October 10	RTA announces marks. The RTA Board is required by the RTA Act to set operating funding marks for the three Service Boards by September 15. The marks include estimates of available operating funding for the budget and financial plan, and a required recovery ratio (the ratio or percentage of operating expenses that must be recovered from system-generated revenues) for the budget. Upon issuance of the budget marks, the CTA revises its expenses and revenues to conform to the marks. <i>In 2013, the RTA Board missed the statutory deadline and did not approve marks until October 10.</i>
November 15	CTA Budget released to the public. The statute requires that documents be available for public inspection 21 days prior to the public hearing.

CTA FY13 Budget

Annual Budget Process

December 6-17	Public Hearing to be scheduled to receive comments from the public.
December 18	Budget presentation to the County. The CTA presents the budget to the Cook County Board after the Public Hearing but prior to the CTA adoption of the budget, as required by the RTA Act.
December 18	Budget submission to the RTA. The RTA Act requires that the CTA, by November 15, submit its detailed budget and financial plan to the RTA. The budget must conform to the marks set by the RTA by September 15. <i>The CTA did not meet this deadline because the RTA released its marks almost a month later than required by law.</i>
December 18	Chicago Transit Board approval. The Chicago Transit Board incorporates any changes and adopts the budget and two-year financial plan.
December 19	RTA Board approval. The RTA Board adopts the proposed budget and financial plan upon the approval of nine of the RTA's 13 directors.

RTA Statutory Requirements for Budget Approval

The RTA Board adopts the proposed budget and plan upon the approval of nine of the RTA's 13 directors. If the budget meets the RTA's criteria, which are identified in the RTA Act and outlined below, then the RTA is required to adopt the budget. If the RTA Board does not approve the budget, the RTA Board cannot release any funds for the periods covered by the budget and two-year financial plan, except the proceeds of sales taxes due by the statutory formula to the CTA, until the budget conforms to the criteria specified in the Act.

The criteria for budget and plan approval per RTA Act are:

1. **Balanced Budget:** The budget and plan show a balance between (A) anticipated revenues from all sources including operating subsidies and (B) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest of outstanding indebtedness.
2. **Cash Flow:** The budget and plan show cash balances including the proceeds of any anticipated cash flow borrowing sufficient to pay with reasonable promptness all costs and expenses incurred.
3. **Recovery Ratio:** The budget and plan provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the system-generated revenue recovery ratio.
4. **Assumptions:** The budget and plan are based upon and employ assumptions and

CTA FY13 Budget

Annual Budget Process

projections, which are reasonable and prudent.

5. **Financial Practices:** The budget and plan have been prepared in accordance with sound financial practices as determined by the RTA Board.
6. **Other Requirements:** The budget and plan meet such other financial, budgetary, or fiscal requirements that the RTA Board may by rule or regulation establish.
7. **Strategic Plan:** The budget and plan are consistent with the goals and objectives adopted by the RTA Board in the Strategic Plan.

Budget Execution & Administration

After the proposed budget and financial plan are adopted, the budget execution and administration phase begins. Detailed budgets of operating revenues and expenses calendarized for the 12 months of the budget year are forwarded to the RTA. The CTA's actual monthly financial performance is measured against the monthly budget and reported to the RTA Board. Detailed capital grant applications are prepared and submitted to funding agencies. Quarterly capital program progress reports are provided to the RTA Board to monitor expenditures and obligations for capital program items.

Amendment Process

As the CTA monitors actual performance, changes may be required to the budget. The RTA might revise its sales tax forecast, which could result in less public funding for the CTA. This in turn would require reduced spending to meet the revised funding mark and recovery ratio.

When the RTA amends a revenue estimate because of changes in economic conditions, governmental funding, a new program, or other reasons, the CTA has 30 days to revise its budget to reflect these changes. The RTA's Finance Committee must approve all amendments before they are recommended to the RTA Board for approval. The budget may also be amended based upon financial condition and results of operations if the CTA is significantly out of compliance with its budget for a particular quarter. The RTA Board, by a vote of 12 members, may require the CTA 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 discretionary funds. RTA discretionary funds include monies from the Public Transportation Fund (PTF), discretionary sales tax and other 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.

As capital projects proceed, changes may be required to project budgets. Capital funding marks may be revised based on actual federal or state appropriations actions. When revisions are necessary, the CTA will amend its five-year capital program and submit the changes to the RTA for RTA Board action.

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CTA FY13 Budget

Accounting System and Financial Controls

Accounting System and Financial Controls

Organization Overview

The 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. The City Council of the City of Chicago granted the CTA the exclusive right to own and operate a unified, local transportation system.

The Regional Transportation Authority Act provides for the funding of public transportation in the six-county region of Northeastern Illinois. The Act established a regional oversight board, the RTA, and designated three Service Boards: the CTA, the Commuter Rail Board and the Suburban Bus Board. The Act requires, among other things, that the RTA approve the annual budget of the CTA; that the CTA obtain agreement from local governmental units to provide an annual monetary contribution of at least \$5 million for public transportation and that the CTA, collectively with the other Service Boards, finance at least 50 percent of operating costs, excluding depreciation and certain other items, with system-generated revenues.

Financial Reporting Entity

In conformance with Governmental Accounting Standards Board (GASB) standards, the CTA includes in its financial statements all funds over which the Chicago Transit Board exercises oversight responsibility. Oversight responsibility is defined to include the following considerations: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and scope of an organization’s public service and/or special financing relationships.

Based on the above criteria, the fund established for the employees’ pension plan has been determined not to be part of the reporting entity. The plan is a legal entity, which is separate and distinct from the CTA. The plan is administered by its own board of trustees comprised of five union representatives, five representatives appointed by the CTA, and a professional fiduciary appointed by the RTA. The CTA has no direct authority and assumes no fiduciary responsibility with regards to the employees’ pension plan. Accordingly, the accounts of the plan are not included in the CTA’s financial statements.

Based upon the criteria set forth by the GASB, the CTA is not considered a component unit of the RTA because the CTA maintains separate management, exercises control over all operations, and is fiscally independent from the RTA. Because governing authority of the CTA is entrusted to the Chicago Transit Board - comprised of four members appointed by the Mayor of the City of Chicago and three members appointed by the Governor of the State of Illinois - the CTA is not financially accountable to the RTA and is not included as a

CTA FY13 Budget

Accounting System and Financial Controls

component unit in the RTA's financial statements. As statutorily required, the CTA is combined in pro forma statements with the RTA.

Budget and Budgetary Basis of Accounting

The CTA is required under Section 4.01 of the RTA Act to submit for approval an annual budget to the RTA by November 15th of each year. The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP), except for the exclusion of certain income and expenses. These amounts include provision for injuries and damage in excess of budget, depreciation expense, pension expense in excess of pension contributions, revenue from leasing transactions, interest income, expense from sale/leaseback transactions, and capital contributions.

The Act requires that expenditures for operations and maintenance in excess of budget cannot be made without the approval of the Chicago Transit Board. All annual appropriations lapse at fiscal year-end. The RTA, in accordance with the RTA Act, has approved, for budgetary-basis presentation, the CTA's recognition of the amounts of the injury and damage reserve and pension contribution in the approved annual budget. Provisions in excess of the approved annual budget that are unfunded are excluded from the recovery ratio calculation.

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 operating assistance to the CTA.

The RTA approves the proposed budget based on four criteria:

- That the budget is in balance with regard to anticipated revenues from all sources, including operating subsidies, costs of providing services and funding operating deficits;
- That the budget provides for sufficient cash balances to pay, with reasonable promptness, costs and expenses when due;
- That the budget provides for the CTA to meet its required system-generated revenue recovery ratio;
- That the budget is reasonable and prepared in accordance with sound financial practices, and complies with such other RTA requirements as the RTA Board of Directors may establish.

The RTA monitors the CTA's performance against the budget on a quarterly basis. If, in the judgment of the RTA, this performance is not substantially in accordance with the CTA's budget for such period, the RTA shall so advise the CTA and the CTA must, within the period specified by the RTA, submit a revised budget to bring the CTA into compliance with the budgetary requirements listed above.

CTA FY13 Budget

Accounting System and Financial Controls

Financial Reporting

Overview

The CTA's financial statements are prepared in conformity with GAAP. GASB is the accepted standard-setting body for establishing governmental accounting and reporting principles. The CTA applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case the GASB prevails.

Basis of Presentation

The financial statements provide information about the CTA's business-type and fiduciary (Open Supplemental Retirement Plan) activities. Separate financial statements for each category are presented. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The financial statements for the CTA's business-type activities are used to account for the CTA's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the CTA maintains its records on the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the CTA are included in the balance sheet.

The financial statements for the fiduciary activities are used to account for the assets held by the CTA in trust for the payment of future retirement benefits under the Open Supplemental Retirement Plan. The assets of the Open Supplemental Retirement Plan cannot be used to support CTA operations.

Fiscal year

The operating cycle of the CTA is based on the 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.

Internal Controls

Overview

CTA management is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the CTA are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the

CTA FY13 Budget

Accounting System and Financial Controls

preparation of financial statements in conformity with GAAP. 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 costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The CTA's internal accounting controls are reasonable under the existing budgetary constraints, and adequately safeguard assets as well as provide reasonable assurance of proper recording of all financial transactions.

Each year, the CTA conducts internal and external audits to test the adequacy of its internal control system. Where weaknesses are identified, the CTA takes immediate action to correct such weaknesses to ensure a sound internal control system.

Single Audit

As a recipient of federal, state and RTA financial assistance, the CTA is responsible for ensuring that an adequate internal control system is in place 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 CTA, as well as external auditors.

As part of the CTA's single audit, tests are performed to determine the adequacy of the internal control system, including the portion related to federal financial assistance programs, as well as to determine that the CTA has complied with applicable laws and regulations.

Budgeting Controls

In addition, the CTA maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget appropriated by the Chicago Transit Board and approved by the RTA. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established for total operating expenses. The CTA also maintains a position control system which requires that every job that is not part of scheduled transit operations be budgeted on an annual basis.

CTA FY13 Budget

Financial Policy

Financial Policy

Financial Planning Policies

Financial planning policies incorporate both short- and long-term strategies focused on the principles of a balanced budget. These policies ensure proper resource allocation and the continued financial viability of the organization. The CTA reviews the policies on an annual basis as part of the budget process to ensure continued relevance to the organization's goals and objectives.

A Balanced Budget

The budget reflects the short-term goals of the agency. Following development, adoption and implementation of the annual budget, the CTA continually monitors actual monthly financial performance against the budget. Each month, the CTA performs a detailed line-by-line analysis of revenues and expenses to determine operating variances. This includes reviewing position headcount, analyzing material and other expenses, examining revenue scenarios for potential shortfalls, applying seasonality spread in relation to business activities, and conducting continuous audits to ensure a balanced budget. Where potential year-end variances to budget are projected, the CTA uses various strategies to manage the variance. A monthly financial performance report is produced and submitted to the CTA and RTA boards for their review.

The RTA Act requires the CTA to have a balanced budget each year. As such, the CTA takes care in the development of its budget to ensure that assumptions and estimates used to develop the budget are reasonable. The CTA analyzes data from recent years and develops forecasts that are built on actual expense trends. The CTA also researches market trends and consultants' studies that could impact fuel and healthcare expenses. All expenses match available revenues at the time of the budget, including system-generated and other revenues, as well as public funding.

Long-Range Planning

The CTA also develops a longer-range plan for the period beyond the current budget and two-year financial plan. This ten-year plan assesses the implications of current and proposed budgets, policy priorities and financial assumptions. Additionally, external economic studies, demographics and traffic patterns are used to estimate the future transit needs of the Chicago metropolitan area, as well as to establish the future system requirements of the CTA. Current infrastructure needs, as well as system growth needs, are developed, prioritized and incorporated into the long-term plan.

CTA FY13 Budget

Financial Policy

Capital Investment Planning

The CTA continuously maintains an inventory and assessment of the condition of all major capital assets. A detailed five-year capital program prioritizes the short-term capital needs that are necessary to bring the system to a state of good repair, as well as to maximize customer benefits in the regional transit system. A 20-year capital program condition and assessment report provides a broader list of the CTA's capital investment needs.

Revenue Policies

The principal operating revenues of the CTA are bus and rail passenger fares, which are established by the CTA's Board. The CTA also recognizes as revenue the rental fees received from concessionaires, the fees collected from advertisements on CTA property, and other miscellaneous operating revenues. A clear understanding of CTA revenue sources is essential to maintaining a balanced budget and for providing quality service to customers.

Revenue Diversification

The CTA's revenue diversification policy allows the agency to manage potential fluctuations in individual revenue streams. Organizational units are encouraged to submit additional revenue ideas for consideration. The CTA has embarked upon numerous alternative revenue enhancements, such as vending machines and ATMs on the system, wireless communications in the subway tunnels, digital communications, and parking under the elevated rights-of-way. Additionally, creative financing transactions have produced millions of dollars over the past few years. The CTA continues to find ways to enhance system advertising, charters and concession revenues, as well as revenue from investments.

Use of One-Time Revenues

Extraordinary revenues from the sale of surplus assets provide one-time benefits to the CTA. These additional revenues are used to fund non-recurring expense items.

Expenditure Policies

CTA expenditures include the costs of operating the mass transit system, administrative expenses, and depreciation on capital assets. Prudent expenditure planning, monitoring and accountability are key elements of fiscal stability.

CTA FY13 Budget

Financial Policy

Debt Capacity, Issuance and Management

These policies serve as a management tool to ensure that the CTA:

- may utilize leverage as part of its overall funding strategy to speed up investment in the system;
- utilizes debt in the most efficient and effective manner to fund operating and capital improvement programs; and
- makes full and timely repayment of all borrowings.

Moreover, the policy provides broad guidelines to ensure that the agency achieves the lowest possible cost of capital within prudent risk parameters, secures ongoing access to the capital markets, and authorizes the appropriate amount, type and structure of debt for various financing situations.

Expenditure Accountability

Each month, the CTA compares its operating and capital performance to budget. Any deviations from budget are reviewed and corrective measures are implemented by the appropriate organizational units. Each unit is responsible for maintaining budget compliance. Actual capital expenditures are also reviewed monthly and adjustments to capital projects spending are made accordingly.

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CTA FY13 Budget

Economic Indicators

Economic Indicators

Overview

CTA ridership and revenue are influenced by whether area residents have jobs and how much it costs to get to them. The local labor market and commuting costs are, in turn, influenced by national economic conditions. Meanwhile, long-term ridership and public funding trends also can provide context for economic conditions.

Locally and nationally, the employment situation has improved since the recession. The total number employed is higher and the unemployment rate is lower than a few years ago. These numbers are still far from where they were before the recession. Moreover, the pace of job growth is slow, meaning it may be years before employment fully recovers from recessionary losses.

Increasing commuter costs provide incentives to take mass transit. Nationally gas prices have rebounded to the highest levels of at least the last 10 years. Locally, increases in downtown parking costs have also increased the relative value of public transportation.

The overall economy has achieved modest growth in the last few years, but market indicators suggest investors are still more concerned with risk than with growth. The Federal Reserve has intervened with multiple rounds of “quantitative easing” in effort to stimulate the economy, but the impact of these actions is not clear. Meanwhile lawmakers have not taken action on extending tax cuts that expire at the end of the year, contributing to the overall economic uncertainty.

Employment

The seasonally-adjusted non-farm employment in the Chicago metropolitan area recovered to a monthly average of 3,678,000 in 2012 since reaching a low point of 3,607,000 in 2010. However, the payroll is still well below the peak of 3,872,000 in 2007.

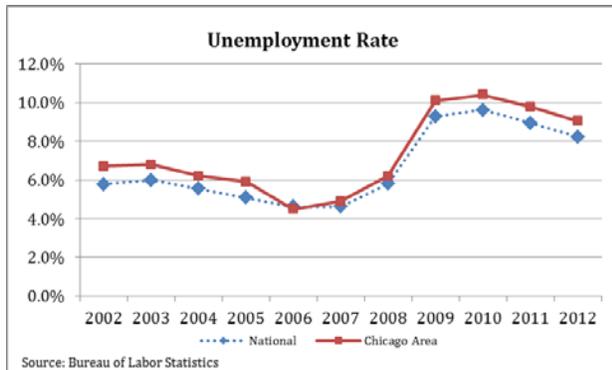
Total Non-Farm Employment 2002-2012 (2012 is year-to-date monthly average, seasonally adjusted)											
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
National	130,341	129,996	131,419	133,694	136,091	137,595	136,794	130,787	129,856	131,359	132,903
% Change		-0.3%	1.1%	1.7%	1.8%	1.1%	-0.6%	-4.4%	-0.7%	1.2%	1.2%
Chicago Area	3,799	3,756	3,755	3,791	3,844	3,872	3,845	3,644	3,608	3,647	3,678
% Change		-1.1%	0.0%	1.0%	1.4%	0.7%	-0.7%	-5.2%	-1.0%	1.1%	0.8%

CTA FY13 Budget

Economic Indicators

The increase of 0.8 percent in the Chicago-area payroll from 2011 to 2012 year-to-date is slightly below the national figure of 1.2 percent. This is a large improvement over the job losses of 2009 and 2010. However at the current low rate of growth, it would take at least six years to return to the high point of 2007.

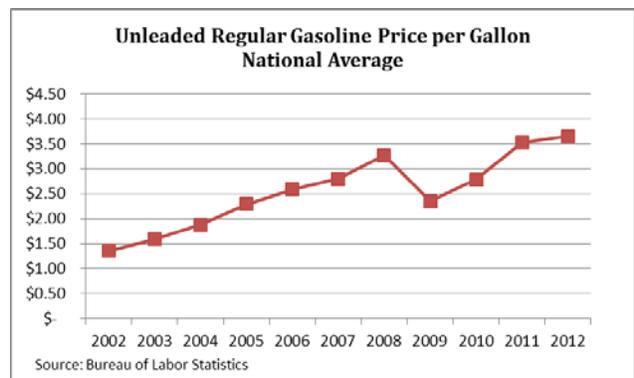
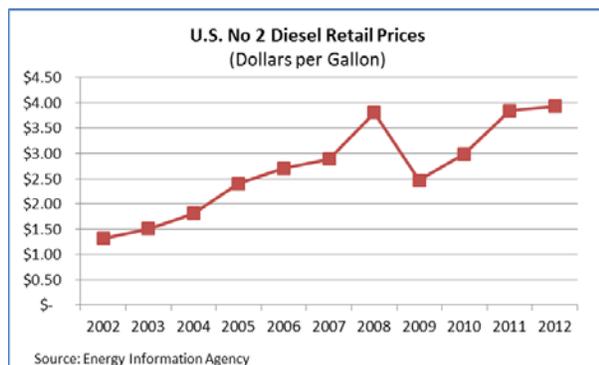
Unemployment Rate



The Chicago metropolitan area seasonally-adjusted unemployment rate averaged 9.1 percent through June in 2012. This compares to 8.2 percent for the national average. This is the second year of declines in the rate since the peak of 10.4 percent and 9.6 percent for Chicago and the nation in 2010, respectively. The unemployment rate only counts those actively seeking employment, however. A broader unemployment rate that includes those who have given up looking for work and those who want full-time work, but are working part-time was 15.3 percent nationally and 16.5 percent in Illinois over the last four quarters ending in the second quarter of 2012.

Fuel Prices

Consumer gas prices nationally have climbed steadily since 2009, adding to the cost of commuting. Unweighted monthly average prices reached a 10-year high of \$3.53 per gallon in 2011. Prices through the first eight months of 2012 have remained high, ranging from a low of \$3.40 in January to a high of \$3.93 in April. The average price in August was \$3.71.



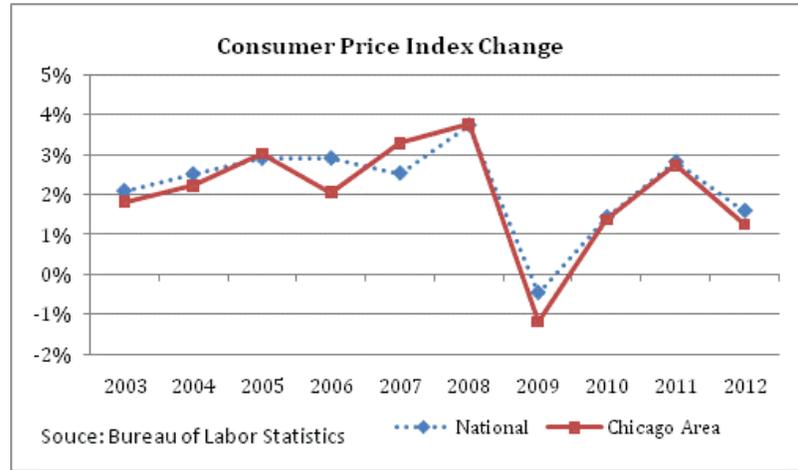
Diesel fuel prices show a similar pattern, with the monthly unweighted average of \$3.93 per gallon so far in 2012 above the pre-recession peak of \$3.81, according to the Energy Information Agency.

CTA FY13 Budget

Economic Indicators

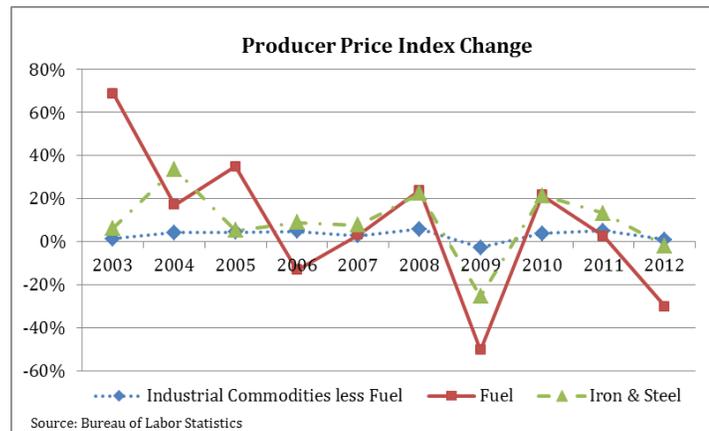
Consumer Price Index (CPI)

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods and services. An increase in the index means consumers have to pay more in dollars to buy the same goods and services. National price increases have been modest to date in 2012, growing about 1.25 percent. The Chicago metropolitan area's CPI rose at a slightly greater rate in 2012—about 1.5 percent. These increases are down from about 3 percent in 2011.



Producer Price Index (PPI)

Similar to CPI, Producer Price Index (PPI) is another inflationary indicator, measuring average changes in prices received by domestic producers for their output. Seven commodities are selected: finished goods, gasoline, metals and metal products, industrial commodities (less fuel, lumber, iron and steel), and transportation equipment. Illustrated here are three of those commodities: industrial commodities less fuel, fuel, and iron and steel.



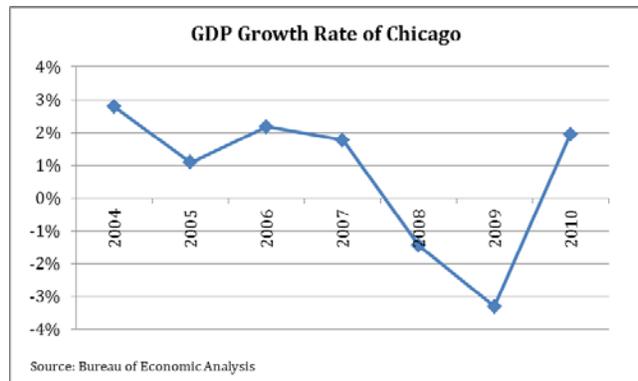
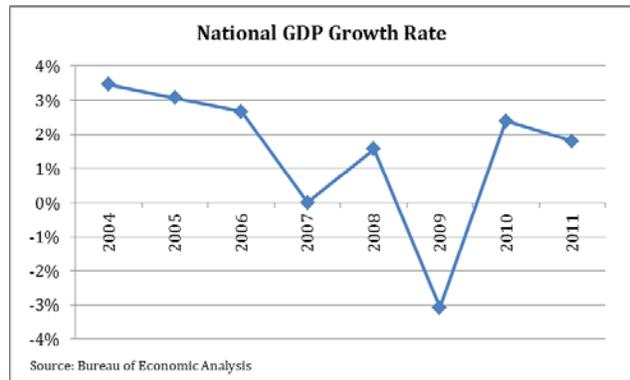
The fuel PPI experienced a significant decrease in 2012 of 30%, year to date. The iron and steel index dropped as well, but by a more modest 2 percent. The index of industrial commodities has been almost flat in 2012, increasing only 1 percent.

CTA FY13 Budget

Economic Indicators

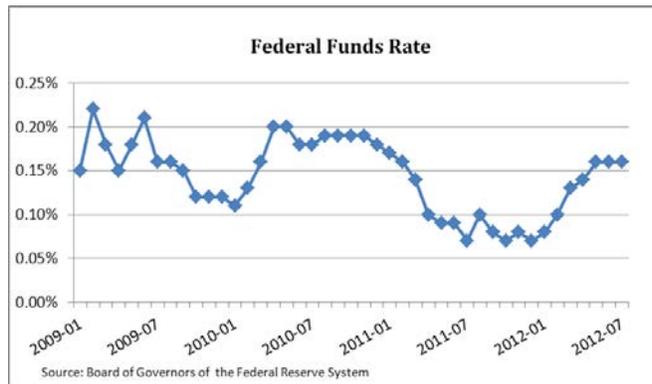
Gross Domestic Product (GDP)

According to the United States Bureau of Economic Analysis, national Gross Domestic Product (GDP) has increased at a rate of about 0.5-1.0 percent quarterly over the last 12 months. This continues the trend of small increases since the end of the recession in 2009. Growth has been so close to flat that a return to recession (two consecutive quarters of declining GDP) is a possibility in 2013. The GDP growth rate of Chicago rebounded in 2010 to a 2 percent annualized rate (the most recent year of data available.) This followed two years of negative growth.



Federal Funds Rate

The Federal Funds Rate is the interest rate at which banks lend balances at the Federal Reserve to other depository institutions, usually overnight. Since January 2009, the rate has remained between 0.0 and 0.4 percent, the lowest level since the 1950s. The rate ended 2011 at 0.07 percent and as of July 2012 sits at 0.16 percent. The Federal Reserve anticipates that low-growth economic conditions will warrant these exceptionally low levels of the federal funds rate until at least mid-2014.

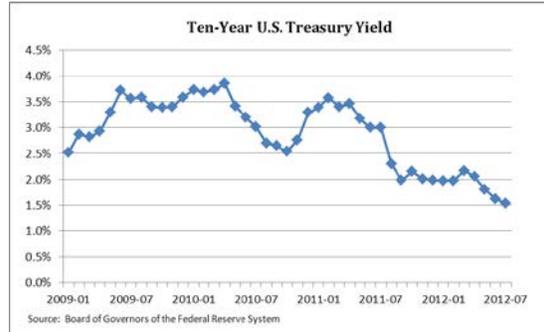


CTA FY13 Budget

Economic Indicators

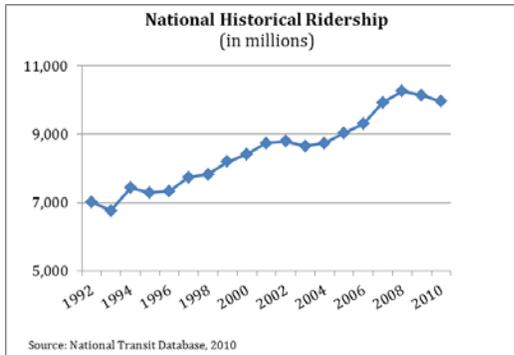
Ten-Year U.S. Treasury Yield

The ten-year Treasury note is the most frequently-quoted security when discussing the performance of the US government bond market, and is used to convey the market's perspective on longer-term, macroeconomic expectations. Yields have dropped significantly in the last two years, from as high as 3.85 percent in April 2010 to 1.53 percent in July 2012. This is an indication that investors are more concerned with preserving their capital in a "safe" investment than the potential for higher returns and more associated risk.

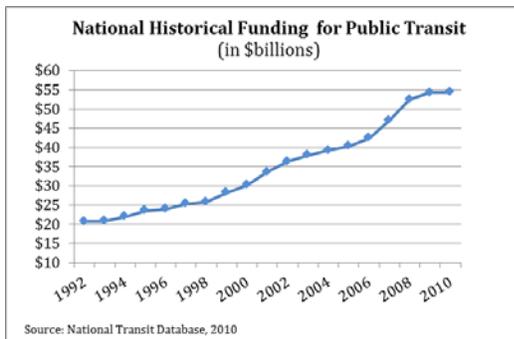


Historical Ridership and Public Funding

Ridership has been increasing nationally overall over the last 20 years, with dips associated with recessions in the early 1990s, the early 2000s and in 2009-2010. In the Chicago metropolitan area, ridership dropped off significantly in the early 1990s and took about 20 years to recover. It peaked in 2008, but receded somewhat since then.



Public funding for mass transit has increased steadily over time, reaching an all-time high of \$54.3 billion. Locally, public funding reached a high of \$3.4 billion in 2010, before dropping off to \$2.8 billion in 2010.

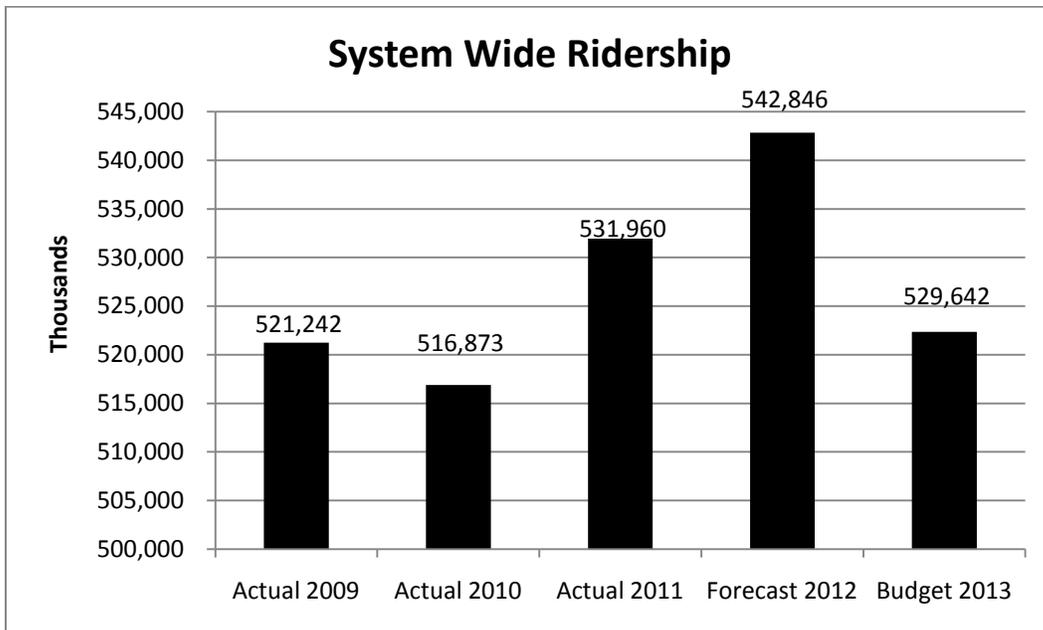


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CTA FY13 Budget

Operating Statistics - System

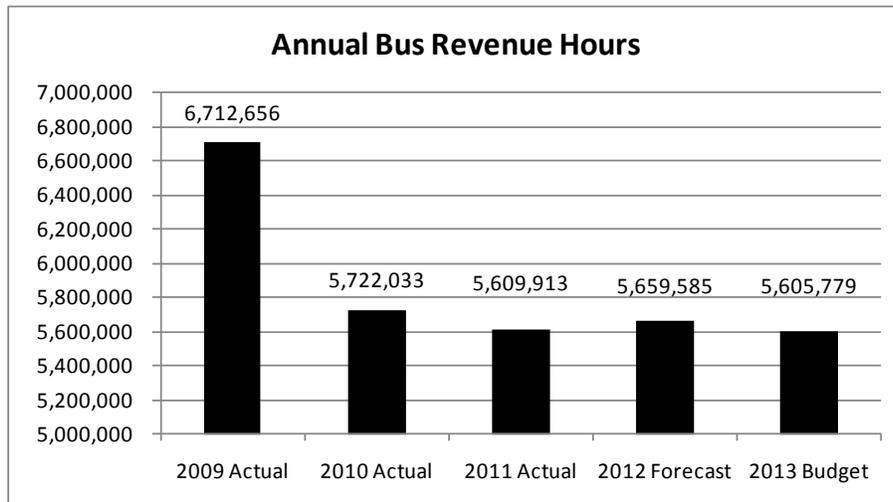
Characteristics	2009 Actual	2010 Actual	2011 Actual	2012 Forecast	2013 Budget
Ridership					
Avg. Daily Weekday	1,657,954	1,644,323	1,688,245	1,721,224	1,687,274
Avg. Daily Saturday	1,058,356	1,045,690	1,087,653	1,111,782	1,082,637
Avg. Daily Sunday	748,778	734,419	771,137	781,720	742,936
System Wide Ridership	521,241,836	516,873,057	531,960,253	542,846,241	529,642,209
Expense					
Top Operator Rate	\$27.68	\$28.65	\$29.65	\$29.65	\$29.65
Capital Expenditures	\$671,951,812	\$428,500,259	\$426,437,007	\$317,300,000	\$1,012,800,000
Revenue					
Avg. Fare per Trip	\$0.97	\$0.99	\$0.99	\$1.01	\$1.16
Public Funding per Trip	\$1.15	\$1.36	\$1.28	\$1.16	\$1.23



CTA FY13 Budget

Operating Statistics – Bus

Characteristics	2009 Actual	2010 Actual	2011 Actual	2012 Forecast	2013 Budget
Expense					
Scheduled Transportation Expense	\$342,314,285	\$322,966,156	\$357,287,357	\$367,015,668	\$359,468,947
Garage Maintenance Expense	\$141,905,283	\$129,783,814	\$149,418,469	\$149,253,824	\$151,811,648
Support Expense	\$15,380,153	\$13,965,761	\$14,126,118	\$13,346,281	\$15,355,085
Heavy Maintenance Expense	\$35,871,923	\$41,149,257	\$44,445,886	\$42,693,631	\$46,011,807
Other Expenses	\$25,502,218	\$28,471,635	\$22,493,393	\$21,092,875	\$23,687,198
Total Operating Expense	\$560,973,863	\$536,336,623	\$587,771,223	\$593,402,278	\$596,334,686
Fuel Expense	\$100,539,337	\$52,063,263	\$63,307,021	\$62,909,824	\$65,247,104
Miles					
Annual Vehicle Revenue Miles	63,300,892	53,673,751	52,084,841	52,466,383	52,138,046
Trips					
Annual Unlinked Trips	318,672,798	306,023,976	310,373,063	313,449,863	304,709,710
Vehicles					
Annual Vehicle Revenue Hours	6,712,656	5,722,033	5,609,913	5,659,585	5,605,779
Vehicles Operated in Maximum Service	1,707	1,526	1,527	1,777	1877
Vehicles Owned by CTA	2,053	1,782	1,782	2003	2117
Average Age of Vehicles	4.7	4.3	5.3	6.3	7.1

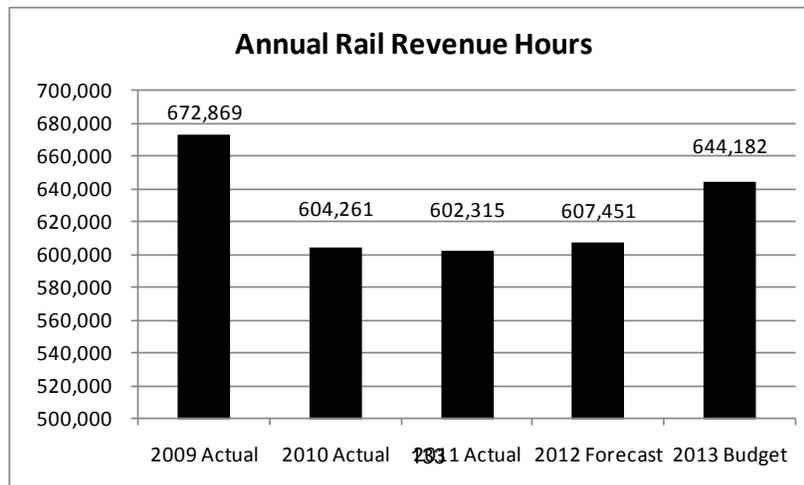


CTA FY13 Budget

Operating Statistics – Heavy Rail

Characteristics	2009 Actual	2010 Actual	2011 Actual	2012 Forecast	2013 Budget
Expense					
Scheduled					
Transportation Expense	\$98,807,273	\$96,949,192	\$111,400,778	\$117,932,932	\$95,154,243
Terminal Maintenance Expense	\$50,306,024	\$42,108,533	\$46,768,940	\$45,392,427	\$40,152,589
Support Expense	\$33,260,626	\$32,171,617	\$32,238,282	\$30,226,338	\$35,030,163
Heavy Maintenance Expense	\$9,690,670	\$12,294,501	\$21,017,943	\$19,068,977	\$19,178,3179
Rail Car Appearance Expense	\$11,915,039	\$9,593,339	\$10,723,004	\$11,741,875	\$10,447,317
Other Expenses	\$7,904,277	\$7,323,154	\$7,350,050	\$7,796,191	\$9,420,036
Total Operating Expense	\$211,883,910	\$200,440,337	\$229,498,998	\$232,158,738	\$209,382,526
Power Expense	\$37,645,088	\$28,208,070	\$28,098,778	\$23,120,987	\$23,175,007
Miles					
Annual Rail Car Revenue Miles	68,592,225	65,033,869	64,248,735	65,110,701	69,286,626
Trips					
Annual Unlinked Trips	202,569,038	210,849,081	221,587,189	231,676,321	224,932,499
Vehicles					
Annual Train Revenue Hours	672,869	604,261	602,315	607,451	644,182
Vehicles Operated in Maximum Service	1,002	980	980	980	1,076
Vehicles Owned by CTA	1,190	1,190	1,200	1,240	1,268
Average Age of Vehicles	26	27	27	25	22

* Numbers may not precisely add due to rounding.



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CTA FY13 Budget

Performance Management

Performance Management at the CTA

The CTA's performance management process is designed to improve efficiency, promote accountability, and enhance the experience of our customers. Performance management is a systematic process at the CTA involving all departments and employees in the accomplishment of the agency's goals. While some departments have more direct contact with the public than others, the CTA recognizes that all departments are interconnected, and that individual performance affects the organization's ability to meet its goals.

Performance management allows the CTA to focus its resources on meeting its goal to provide transit service that is:

Safe	The CTA will reduce the number of accidents involving customers, employees, and the general public.
On-Time	The CTA will reduce system delays and successfully manage intervals between rail and bus vehicles to provide predictable and reliable service for its customers. Construction and other projects will be completed within the budget and time frame allocated to minimize impacts to customers.
Clean	The CTA will improve and maintain cleanliness standards for all vehicles, stations, and work areas to provide a safe and comfortable atmosphere for riders.
Courteous	The CTA will improve and maintain the highest standards of customer service through timely, reliable, and clear communication with customers, as well as considerate employees and operational practices.
Efficient	The CTA will responsibly and effectively manage resources to drive performance and provide a safe, reliable, and affordable transit service for customers.

Each department throughout the agency is responsible for focusing its resources to meet these goals. Performance management establishes a level of accountability necessary throughout the organization by requiring that all departments establish results-oriented measures—both financial and non-financial—that are aligned with these goals. Results are continually monitored throughout the year. Based on these results, resources and programs are adjusted to enhance results where necessary.

CTA FY13 Budget

Performance Management

CTA Monthly Performance		2012 Monthly Target	2011 Monthly Average	Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012
RIDERSHIP	Total Ridership (in millions)	45.3	44.3	45.6	44.0	46.7	47.1	48.0	44.4	42.1	42.4	43.8	47.6	44.5	46.9	45.9
	Rail Ridership (in millions)	19.6	19.0	19.5	19.0	26.7	19.7	20.3	18.6	17.2	17.8	17.9	19.7	18.8	19.7	20.0
	Bus Ridership (in millions)	25.7	25.3	26.1	25.1	20.0	27.4	27.7	25.8	25.0	24.7	25.9	27.9	25.7	27.2	25.9
	Total (Year to Date, in millions)	306.6	283.9	259.5	303.6	350.3	397.4	445.4	489.8	532.0	42.4	86.2	133.9	178.3	225.2	271.1
	% Change Over Prior Year (Year to Date)	4.9%	1.4%	1.7%	1.6%	2.1%	2.2%	2.3%	2.4%	2.9%	4.4%	8.7%	6.7%	5.5%	5.3%	4.5%
ON-TIME	Rail Delays of 10 Minutes or More	78	92	94	113	114	89	97	84	84	98	92	96	77	125	125
	% of Slow Zone Mileage	N/A	10.9%	11.6%	12.2%	12.3%	12.2%	10.7%	10.1%	10.7%	11.0%	11.3%	11.4%	11.6%	12.1%	12.6%
	% of Big Gap Intervals, Bus	4%	3.8%	4.0%	3.9%	4.0%	4.2%	4.1%	4.0%	3.8%	3.6%	3.1%	3.5%	3.4%	4.4%	4.9%
	% of Bunched Intervals, Bus	3%	2.3%	2.6%	2.2%	2.2%	2.9%	2.7%	2.4%	2.1%	1.9%	2.1%	2.4%	2.1%	3.0%	2.9%
EFFICIENT	Mean Miles Between Reported Rail Vehicle Defects	3650	3732	3244	3202	3325	3880	4129	4271	4370	3990	3821	4250	4464	3761	3623
	Miles Between Reported Bus Service Disruptions Due to Equipment	4500	4893	4362	4537	4831	5085	4890	5469	5290	4292	5305	4679	5146	4391	5138
	Average Daily Percent of Bus Fleet Unavailable for Service	13%	13%	13%	14%	14%	12%	12%	12%	13%	13%	12%	13%	13%	13%	14%
	Average Daily Percent of Rail Fleet Unavailable for Service	11%	11%	12%	11%	11%	11%	12%	11%	10%	13%	14%	14%	14%	13%	12%
SAFE	Bus NTD Security-Related Incidents per 100,000 miles	N/A	0.11	0.16	0.13	0.09	0.15	0.16	0.15	0.04	0.09	0.15	0.13	0.13	0.11	0.19
	Rail NTD Security-Related Incidents per 100,000 miles	N/A	0.08	0.07	0.06	0.07	0.13	0.17	0.13	0.08	0.04	0.20	0.07	0.15	0.09	0.17
	Bus NTD Safety-Related Incidents per 100,000 Miles	N/A	0.44	0.44	0.40	0.34	0.36	0.49	0.53	0.46	0.49	0.38	0.47	0.52	0.36	0.49
	Rail NTD Safety-Related Incidents per 100,000 Miles	N/A	0.04	0.02	0.04	0.05	0.08	0.06	0.04	0.02	0.04	0.06	0.17	0.06	0.00	0.00
CLEAN	Average Interior Rail Clean Inspection Score	90%	98.0%	98.2%	98.2%	97.6%	99.0%	99.3%	98.8%	99.0%	98.5%	99.1%	97.9%	99.5%	99.9%	98.8%
	Average Interior Bus Clean Inspection Score	85%	89.2%	91.3%	90.6%	89.9%	90.7%	91.4%	89.8%	86.3%	84.0%	84.5%	85.9%	84.8%	86.2%	89.2%
COURTEOUS	% of Customer Complaints Not Closed Out Within 14 Days	3%	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	0%
	CTA Customer Service Hotline Average Wait-time (*)	0:03:30	0:02:05	0:01:44	0:02:51	0:02:36	0:02:42	0:02:48	0:02:24	0:01:41	0:02:39	0:01:40	0:00:55	0:00:58	0:00:47	0:01:03
	Reported Ramp Defects (Service Disruptions)	N/A	69	89	78	61	75	48	49	47	99	67	74	82	63	54
	% Buses with Defective AVAS	2%	0.9%	0.7%	0.8%	0.7%	0.7%	0.8%	1.4%	1.4%	1.1%	0.6%	0.6%	0.7%	0.7%	0.6%
Reported ADA Complaints	N/A	58	94	68	70	65	59	42	30	37	53	53	61	76	80	

Legend	
Meeting or exceeding target:	
Within 10% of target:	
Missing target by more than 10%:	
Measure does not have a target:	

CTA FY13 Budget

Performance Management

Definitions of CTA Monthly Performance Metrics

CTA Monthly Performance Metrics		Definition
RIDERSHIP	Total Ridership (monthly, in millions)	Number of rides registered on the bus and rail systems.
	Rail Ridership (monthly, in millions)	Number of rides registered on the rail system.
	Bus Ridership (monthly, in millions)	Number of rides registered on the bus system.
	Total (Year to Date, in millions)	Number of rides registered on the bus and rail systems year to date.
	% Change Over Prior Year (Year to Date)	Number of rides registered on the bus and rail systems year-to-date (including rail-to-rail transfers) divided by the number of rides registered on the bus and rail systems previous year, year-to-date.
ON-TIME	Rail Delays of Ten Minutes or More	Rail delays of ten minutes or more reported to the Control Center by an Operator, a Controller, or a Supervisor.
	% of Slow Zone Mileage	Miles of revenue track that have slow zones. Slow zones range from 6 mph to 35 mph.
	% of Big Gap Intervals, Bus	Number of bus intervals (time between two buses at a bus stop) that are double the scheduled interval and greater than 15 minutes, divided by the total number of weekday bus intervals traveled during the month.
	% of Bunched Intervals, Bus	Number of bus intervals (time between two buses at a bus stop) that are 60 seconds or less divided by the total number of weekday bus intervals traveled during the month.

CTA FY13 Budget

Performance Management

CTA Monthly Performance Metrics		Definition
EFFICIENT	Mean Miles Between Reported Rail Vehicle Defects	Miles traveled during the month divided by the number of reported defects for the month.
	Miles Between Reported Bus Service Disruptions Due to Equipment	Miles traveled during the month divided by number of reported service disruptions due to equipment for the month.
	Average Daily Percent of Bus Fleet Unavailable for Service	Daily average number of buses unavailable for service for any reason divided by the total number of buses in the fleet.
	Average Daily Percent of Rail Fleet Unavailable for Service	Daily average number of rail cars unavailable for service for any reason divided by the total number of rail cars in the fleet.
SAFE	Bus NTD Security-Related Incidents per 100,000 miles	Number of occurrences of bomb threats, robbery, larceny, burglary or arrests/citations for fare evasion, trespassing, vandalism and assault on the bus system divided by traveled miles divided by 100,000.
	Rail NTD Security-Related Incidents per 100,000 miles	Number of occurrences of bomb threats, robbery, larceny, burglary or arrests/citations for fare evasion, trespassing, vandalism, and assault on the rail system divided by traveled miles divided by 100,000.
	Bus NTD Safety-Related Incidents per 100,000 Miles	Any event where one or more of the following occurs on the bus system: Individual dies at the time or within 30 days of the event; one or more persons suffer bodily damage as a result of the event requiring immediate medical attention away from the scene; property damage in excess of \$25,000.
	Rail NTD Safety-Related Incidents per 100,000 Miles	Any event where one or more of the following occurs on the rail system: Individual dies either at the time or within 30 days of the event; one or more persons suffer bodily damage as a result of the event requiring immediate medical attention away from the scene; property damage in excess of \$25,000.

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Performance Management

CTA Monthly Performance Metrics		Definition
CLEAN	Average Days Between Completed Rail Detail Cleans	Two-month, rolling average number of days between detail cleans on rail cars for those rail cars which were cleaned at least twice during the two month period.
	Average Days Between Completed Bus Detail Cleans	Three-month, rolling average number of days between detail cleans on buses for those buses which were cleaned at least twice during the three month period.
COURTEOUS	% of Customer Complaints Not Closed Out Within 14 Days	Number of open and overdue complaints (complaints not closed out by a department within 14 days) as of the last day of the month divided by the total number of complaints received during that month.
	CTA Customer Service Hotline Average Wait-time	Average number of minutes a customer waits on the CTA hotline before his/her call is answered.
	Reported Lift Defects (Service Disruptions)	Number of reported lift defects that resulted in a disruption of service.
	Reported Ramp Defects (Service Disruptions)	Number of reported ramp defects that resulted in a disruption of service.
	% Buses with Defective AVAS	The percent of buses that is experiencing navigation issues (not calling out stops for at least part of the day), broken operator log on screens, odometers reporting zero distance and Bus Link issues, meaning no data will be received from the bus. This does not measure defective destination signs.
	% Functional Destination Signs	The percent of buses, audited by Bus Quality Control (QC), with defective destination signs.
	Reported ADA Complaints	Number of reported complaints to Customer Service identified as ADA-related.

CTA FY13 Budget

Performance Management

Department Overviews and Facts

Service Area & Population

- 220 square miles of Chicago and 35 nearby suburbs.
- The service area has 3.53 million people.

Ridership

- Over 545 million trips projected for 2012.
- Approximately 1.7 million trips per weekday.

Operations Departments

Bus Operations and Maintenance

- On average, provides 994,191 rides per weekday.
- Maintains reliable service with approximately 4,000 bus operators driving 1,781 buses traveling 180,284 miles each weekday over 129 routes serving 11,493 bus stops. The fleet will grow by 100 buses in 2013 to reach a total of 1,881.
- Manages seven Bus Garages and one Heavy Maintenance shop.
- In the fall of 2012, the average age of the fleet was 6.3 years old.

Rail Operations and Maintenance

- On average, provides 734,519 rides per weekday.
- Maintains reliable service with approximately 1,200 rail operators and 1,238 rail cars traveling 203,209 miles each weekday over eight routes with 145 stations.
- Manages 10 Rail Terminals and one Heavy Maintenance Shop.
- In fall of 2012, the average age of the fleet was 25.7 years old.

Infrastructure

Power and Way Maintenance

- Inspects and maintains 224 miles of revenue track at least every seven days, 86.2 miles of elevated structure once every two years, and the full length of contact rail ("third rail") two times per year.
- Inspects and maintains 813 signals, 1,064 rail track switches, 1,835 track circuits and 24,000 vital signal relays.
- Responsible for all power substations, including maintaining all traction and contact rail power distribution including 600 miles of traction power cable.

Construction

- Responsible for ensuring that major capital construction projects related to CTA track, structure, power, signal rail stations, rail shops and bus garages are delivered

CTA FY13 Budget

Performance Management

on time, on budget, and conform with all applicable standards, regulations and requirements.

- Responsible for overseeing and integrating program management and construction management services to assist in monitoring and controlling of multiple capital construction projects.
- Responsible for developing uniform procedures and processes that assist in the design, construction and administration of the capital program.

Engineering

- Responsible for providing technical support to Facilities and Power and Way Maintenance.
- Responsible for developing and maintaining the technical standards for track, structure, power, signal, rail stations and other transit support facilities.
- Responsible for maintaining the engineering records and as built drawings.
- Responsible for CTA utilities, including traction power, water and gas at CTA locations.
- Responsible for supporting the capital program and providing capital design project management as needed.
- Responsible for preparing design packages for CTA construction projects including projects constructed by CTA forces, JOC Contractors and General Contractors.
- Responsible for representing CTA on all engineering issues associated with work performed by other agencies or private entities that may impact CTA's infrastructure or operations.
- Responsible for ensuring that quality processes are developed and followed for all construction, maintenance and procurement activities.

Facilities Maintenance:

- Cleans and maintains more than 210 locations, including 143 rail stations, 10 terminals, 12 rail yards, as well as all of the rail rights-of-way.
- Processes approximately 65,000 work orders for the CTA's 450 owned and leased facilities covering approximately five million square feet.
- Provides real estate management services to protect and maintain the value of CTA properties.

Administration Operations Support

Purchasing

Purchasing processes over 1,000 contracts covering hundreds of millions of dollars in annual expenditure to secure the best prices and ensure the most responsible use of CTA funds, as well as adherence to all funding agencies' regulations.

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Performance Management

Warehousing

- Warehouse Operations is responsible for the efficient stocking, managing, and distribution of material and supplies to all CTA maintenance facilities and stock rooms throughout the service network.

Technology

- Maintains and upgrades all CTA technology infrastructure including computer hardware, application software and communications equipment.
- Maintains bus and rail fare equipment.
- Responsible for all communication system infrastructure.

Communications

- Customer Service provides a number of services including intake, analysis and routing of customer concerns, Chicago Card account management, customer refunds, travel information, maps and brochures, and support for onsite public forums.
- Compiles customer feedback that is obtained via an inbound call center at 1-888-YOUR-CTA, primary customer service e-mail address (feedback@transitchicago.com), website (www.transitchicago.com), www.chicago-card.com, and through U.S. mail. Call volume averages 1,100 calls daily, and the Customer Feedback Programs group responds to an average of 150 e-mails daily.

CTA FY13 Budget

Performance Management

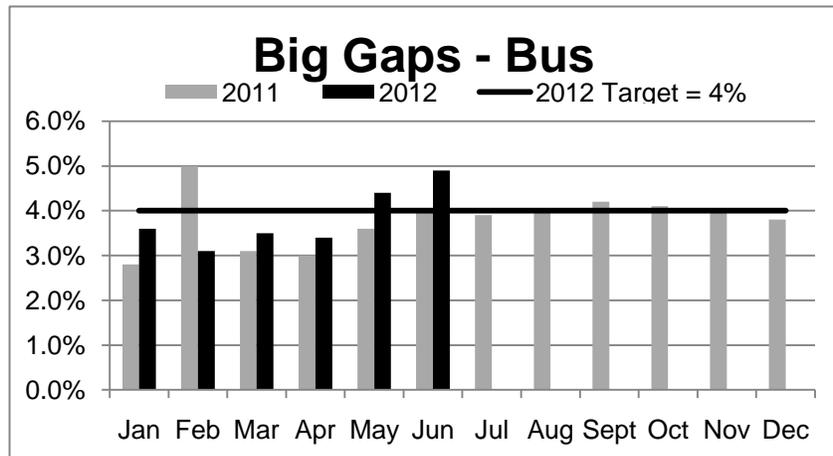
2011 Performance by Department

Bus Operations

Bus Operations is responsible for providing over 300,000,000 rides per year, or over 60 percent of all rides taken on the CTA system. Customers rely on the CTA's buses daily for commuting to and from work, as well as for errands and recreational trips. The CTA recognizes that customers value frequent, on-time service.

To ensure that customers can depend on buses running on-time, Bus Operations continually monitors the reliability of service. One measure

which is tracked regularly is the amount of "big gaps" experienced by CTA customers each day. A "big gap" is defined as an instance when the time in between buses is 15 minutes or two times the scheduled interval, whichever is longer. Bus Operations has successfully met its target in 13 out of the last 18 months, with the only significant deviations seen during the blizzard in February 2011 and June 2012.



Bus Operations hosts weekly and monthly discussion sessions with Bus Operators regarding service reliability and works with Bus Service Management to coordinate service. In addition, Bus Service Management leverages technology, such as Bus Tracker, to monitor the routes and make real-time adjustments to service.

In 2011, Bus Operations maintained a big gaps average of 3.8 percent and continued this level of performance through mid-year 2012. The target for big gaps in 2013 is four percent or less.

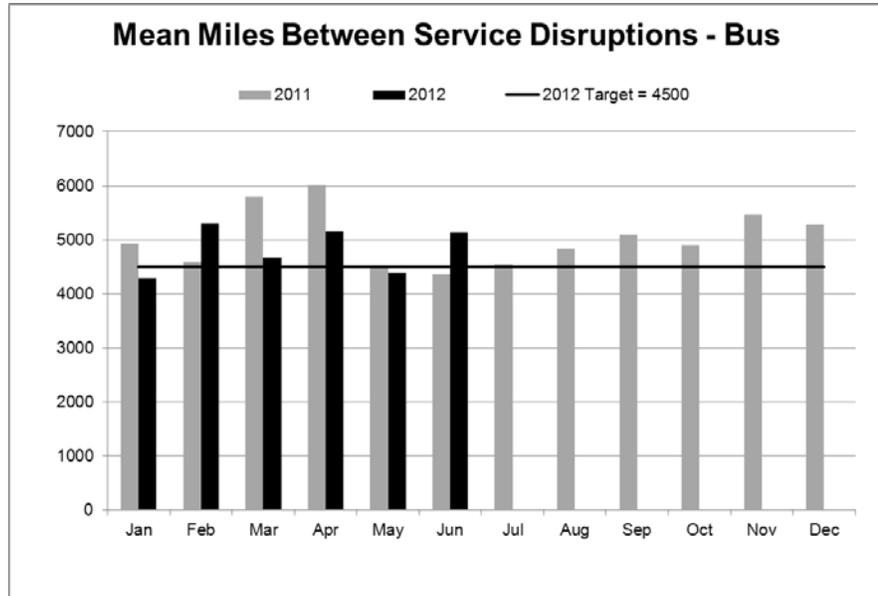
Bus Operations Performance Measures	2012 Target	2012 Current Performance (Jan-June 2012)	Service Level with Proposed Budget
(On-Time) % of Big Gap Intervals	4.0%	3.8%	4.0%
(On-Time) % of Intervals Bunched	3.0%	2.4%	3.0%

CTA FY13 Budget

Performance Management

Bus Maintenance

The safety and reliability of buses is paramount. Bus Maintenance is responsible for the maintenance of the CTA bus fleet which is composed of 1,877 buses. This includes both the mechanical maintenance and regular cleaning of bus interiors and exteriors. As part of the performance management process, Bus Maintenance had



set a goal of providing a fleet reliability of 4,500 miles between service disruptions in 2012. For the second half of 2012, the target has been raised to 5,000 miles. A service disruption is classified as any mechanical failure that requires the bus to be inspected or repaired by a bus mechanic outside of its normal inspection cycle.

In early 2009, the bus fleet was running an average of approximately 2,500 miles between service disruptions. The target has been increased each year since that time. In 2011, the target was 4,300 miles between service disruptions. Bus Maintenance exceeded this target in all months in 2011. In 2012, Bus Maintenance increased their target again to 4,500 miles between service disruptions. Performance exceeded this target in 4 out of the past 6 months of 2012 with January and May within 5% of the targeted 2012 goal.

Bus Maintenance Performance Measures	2012 Target	2012 Current Performance (Jan-June 2012)	Service Level with Proposed Budget
Miles between Service Disruptions due to Maintenance	4,500 (1 st half) 5,000 (2 nd half) miles	4,825 miles	4,500 miles
Bus Interior Clean Quality Inspection Score	85%	86%	85%

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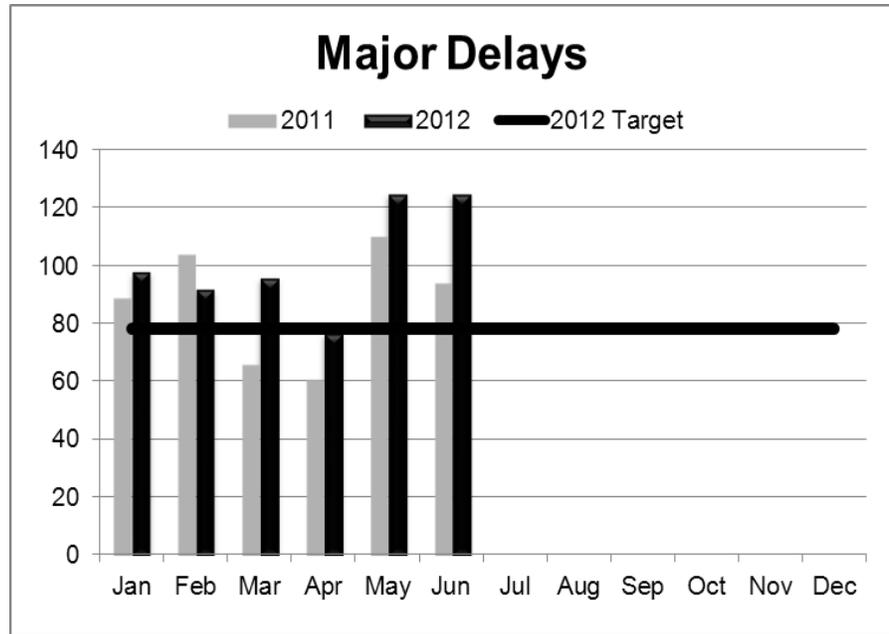
Performance Management

Rail Operations

Rail customers expect the CTA's trains to provide frequent, fast service. In order to constantly improve the rail customer's experience, Rail Operations continues to focus on reducing major delays, or delays to service that exceed ten minutes as a top priority.

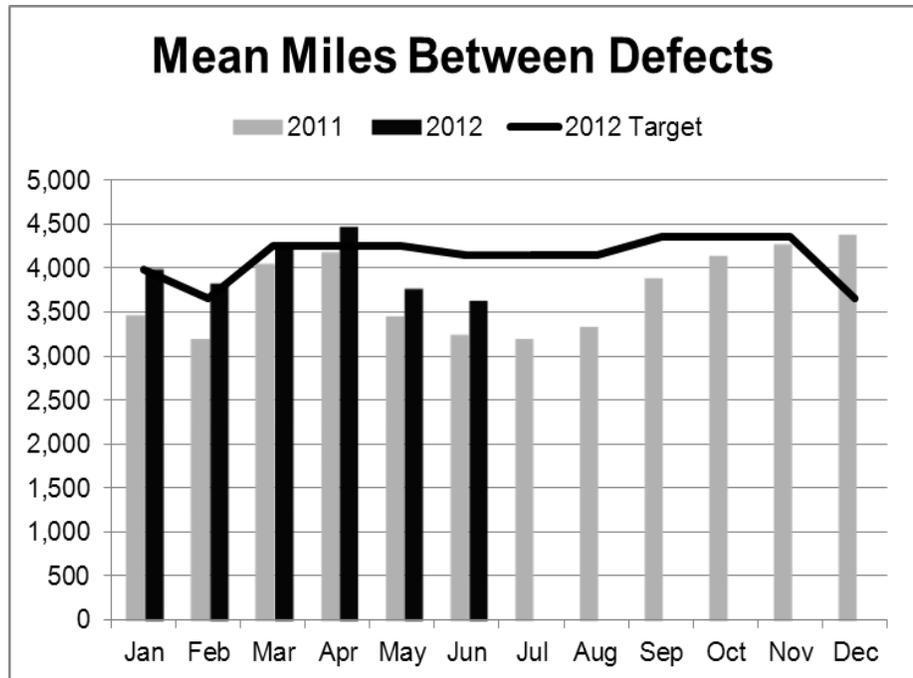
The target in 2011 was 78 or fewer major delays per month.

Average monthly delays for 2011 were well below that target at 70 per month. In 2012, the target remained the same, however, major delays have increased over the first six months to a monthly average of 90 major delays per month.



Rail Maintenance

Rail Maintenance is responsible for maintaining the safe mechanical functioning of the CTA's trains as well as regular cleaning and heavy maintenance repairs or rebuilds of train systems. A well-maintained, clean train minimizes delays and provides a safe and comfortable environment for passengers.



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Performance Management

Rail Maintenance continues to focus on improving the mean miles between vehicle defects (or the miles a train runs on average before it encounters a defect to one of its systems). Due to the impact of weather on the train's systems, the target for mean miles between vehicle defects is adjusted seasonally.

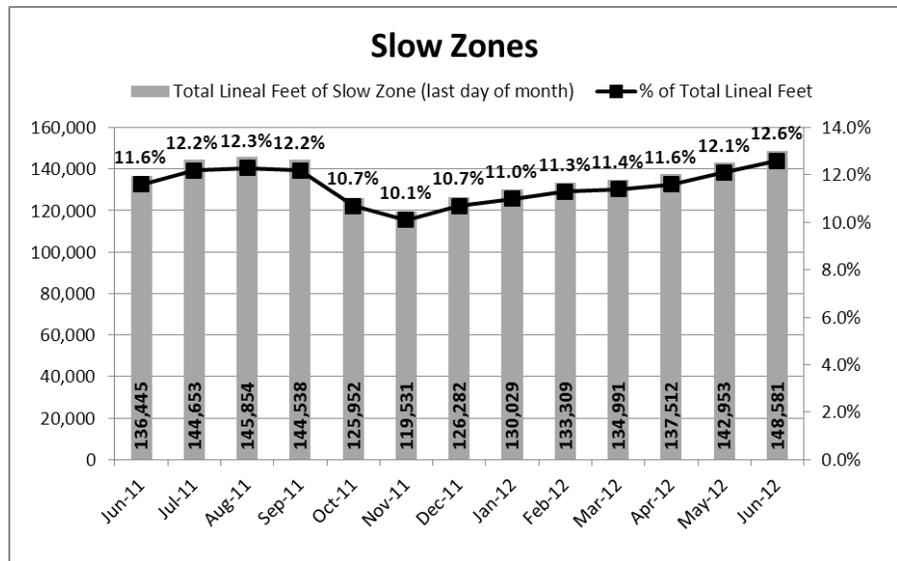
Rail Maintenance has remained focused on preventive maintenance and reducing the most common defects as well as repeat defects (defined as a defect to the same system twice within a month). However, in 2011 the rail fleet had reached an average age of 28 years (or four years beyond the FTA recommended useful life of a rail car) and performance was below target for 11 out of 12 months in 2011.

The 2012 maintenance plan anticipated the addition of 192 new 5000 series rail cars to the fleet by the end of the year along with the retirement of 142 2200 series rail cars. To this point, we have received and accepted 124 rail cars and expect a total of 160 by the end of the year. Also, there have been a total of 43 2200s retired from the fleet.

Rail Maintenance Performance Measures	2012 Target	2012 Current Performance (Jan-June 2012)	Service Level with Proposed Budget
Mean Miles Between Defects	3,650	3,985	4,450
Rail Interior Clean Quality Inspection Score	90%	98.9%	85%

Power and Way

Power and Way is responsible for maintaining the rail infrastructure, including the track, structure, power and signal system. As part of the performance management process, a large focus for Power and Way has been minimizing slow zones across the rail system. Eliminating slow zones not only makes a rail passenger's trip faster, replacing or repairing old rail and ties also makes it safer and more comfortable.



CTA FY13 Budget

Performance Management

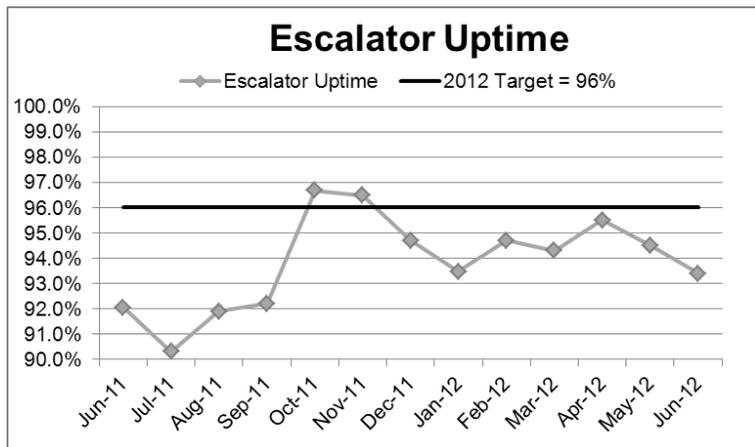
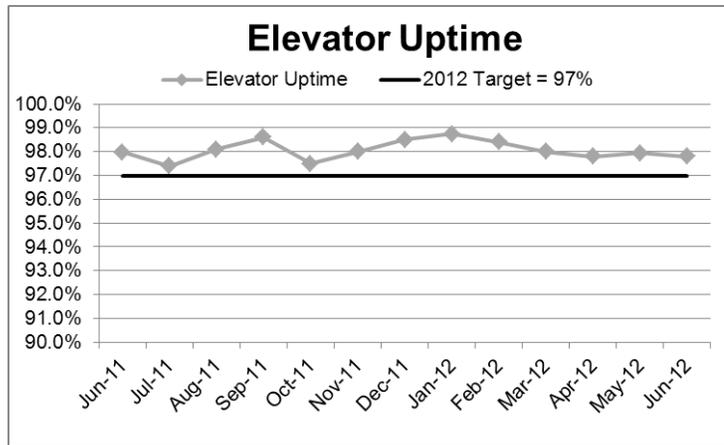
By focusing efforts on repairing and replacing track in some of the oldest areas in the system, including the Dearborn Subway, Power and Way was able to reduce system slow zones to 5.9 percent by the end of 2009. With the reduction in capital funding in 2010, the CTA increased the slow zone target to 12 percent. The 2012 slow zone target was set at 12.9% by year end. Slow zones have remained below this target during the first six months of 2012. In anticipation of large construction projects on the Red Line in 2013, the slow zone target was increased for 2013 to 13.1%.

Power and Way Performance Measures	2012 Target	2012 Current Performance (Jan-June 2012)	Service Level with Proposed Budget
% Slow Zones	12.9% by year end	11.8%	13.1%

Facilities

The Facilities Department provides day-to-day real estate management, including cleaning and mechanical maintenance of all rail stations and CTA facilities to preserve and maintain the value of CTA property. One important function of the Facilities Department is the maintenance of elevators and escalators to ensure accessibility and comfort for the customer. The elevator and escalator equipment on the CTA ranges from brand-new elevators installed along the Brown Line to escalators in the Red Line subway dating back to 1943. Escalators are maintained in-house, while elevators are inspected by CTA personnel and maintained by an outside contractor.

The Facilities Department has maintained a set goal of 97 percent up-time for elevators and 96 percent up-time for escalators since 2009. These metrics mean that elevators should be available at least 97 percent of the time that stations are open for service, and escalators should be available at least 96 percent of



CTA FY13 Budget

Performance Management

the time. The Facilities Department has met or exceeded its goal for elevator up-time since June 2011.

Escalator up-time has dipped below the goal of 96% over the past 13 months as the Facilities department has engaged in an aggressive escalator rehab program during this time. As escalators were taken out-of-service for maintenance, uptime performance declined.

Real time information on elevator and escalator accessibility is available to customers on the CTA web site or by contacting Customer Service.

Facilities Performance Measures	2012 Target	2012 Current Performance (Jan-June 2012)	Service Level with Proposed Budget
Elevator Up-Time	97%	98.1%	97%
Escalator Up-Time	96%	94.3%	96%

Technology

The Technology Department provides necessary solutions and services to support the CTA and its riders.

In 2012, Technology completed the installation of multiple high-definition cameras at each of the 146 CTA train stations. This security and safety initiative is being expanded with camera installation at CTA bus and rail yard facilities to ensure the riding public's safety.

Technology launched various key enterprise IT projects in 2012 that will reinforce CTA's IT infrastructure to meet ridership demands for the next decade.

In addition to technology infrastructure upgrades, Technology is also responsible for the day-to-day reliability of CTA applications and online tools. The CTA Bus Tracker and Train Tracker applications posted an annual average availability of 99.58 percent for its second year; this was slightly higher than last year's average of 99.28 percent. CTA Tracker information is now available by e-mail and text messaging to riders. Riders can access CTA Bus and Rail Tracker, along with instructions on how to receive e-mail notifications or notifications by text message, on the CTA website at www.transitchicago.com.

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Performance Management

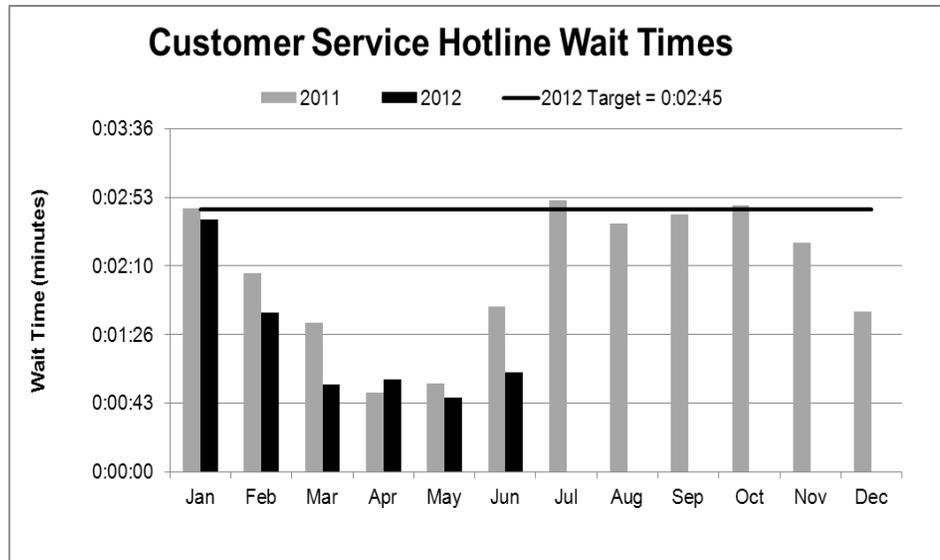
Measure	2012 Target	2012 Current Performance (Jan-June 2012)	Service Level with Proposed Budget
Bus Tracker Application Availability	99.6%	99.3%	99.6%

Communications

CTA's Communications Group is responsible for a wide range of communications functions, all designed to provide clear, concise, timely and helpful information to CTA customers and Chicago residents. Through myriad printed materials and electronic channels, Communications provides information about CTA service, projects and programs design to help customers understand and efficiently use CTA buses and trains in Chicago and 40 suburbs.

The Communications Group also manages CTA's Customer Service hotline, 1-888-YOUR-CTA. This hotline is one of the main ways customers receive information about CTA service and provide feedback on the quality of their experience.

The CTA recognizes that when customers call our Customer Service Hotline, they expect prompt and courteous service. In 2012, the Customer Service Department set a goal of providing agent assistance for all incoming calls within two minutes thirty seconds.



CTA FY13 Budget

Performance Management

Communications Performance Measures	2012 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
Average Call Response Time-Overall	2:30	1:20	2:00
Average Call Response Time-General Inquiries	2:30	1:05	2:00
Average Call Response Time-Chicago Card	2:30	1:36	2:00

CTA FY13 Budget

Comparative Performance Analysis

Peer Comparison

Overview

To illustrate the CTA's performance in relation to its peers, the following comparative performance analysis utilizes the 2010 National Transit Database (NTD)¹. The selection of comparison transit agencies is based upon the size of the urban area served, the urban characteristics of the service area, and the size of the transit system. The analysis is then conducted on a modal basis (i.e. bus versus heavy rail). For each mode, the CTA is compared with five peers.

The comparison group includes:

MBTA	Massachusetts Bay Transportation Authority
NYCT	New York City Transit
SEPTA	Southeastern Pennsylvania Transportation Authority
WMATA	Washington Metropolitan Area Transit Authority
MARTA	Metropolitan Atlanta Rapid Transit Authority (for heavy rail comparison only)
LACMTA	Los Angeles County Metropolitan Transportation Authority (for bus comparison only)

Comparative Agency Profiles

		Population of Service Area	Square Miles of Urban Area Served	Fleet Size	Rail Track Miles
CTA	Chicago	8,307,904	2,123	2,687	287.8
MBTA	Boston	4,032,484	1,736	2,329	108.0
NYCT	New York	17,799,861	3,353	11,587	829.9
SEPTA	Philadelphia	5,149,079	1,800	2,342	99.8
WMATA	Washington D.C.	3,933,920	1,157	3,201	269.8
MARTA	Atlanta	3,499,840	1,963	814	103.7
LACMTA	Los Angeles	11,789,487	1,668	3,329	34.1

¹ The data from NTD is self-reported by the participating transit agencies following guidelines and procedures established by the Federal Transit Administration.

CTA FY13 Budget

Comparative Performance Analysis

The comparative analysis measures the performance in four areas: service efficiency, cost effectiveness, service maintenance and reliability, and service level solvency. Specific indicators are assigned to measure the performance in each dimension.

Definitions of Comparative Performance Measurement

Area	Indicator	Definition
Service Efficiency	Operating Expense per Vehicle Revenue Mile	Total operating cost divided by the total number of miles that vehicles travel while in revenue service.
	Operating Expense per Vehicle Revenue Hour	Total operating cost divided by the total number of hours of transit service provided.
Cost Effectiveness	Operating Expense per Passenger Mile	Total operating cost divided by the total number of miles traveled by passengers.
	Operating Expense per Unlinked Trip	Total operating cost divided by the total number of passengers boarding public transportation vehicles.
Service Maintenance & Reliability	Average Fleet Age	The mean of the difference between year of manufacture and year under consideration for all vehicles in the active fleet.
	Miles between Major Mechanical Failures	The average number of miles that vehicles travel while in revenue service between failures of some mechanical elements or a safety concern that prevents the vehicle from completing a scheduled trip or from starting the next scheduled trip.
Service Level Solvency	Fare Recovery Ratio ²	The proportion of operating costs that are covered by fare revenue paid by passengers.
	Capital Funds Expended per Passenger Trip	Expenses related to the purchase of capital assets divided by the total number of unlinked passenger trips provided.

² The recovery ratio in this section follows the NTD definition. It differs from the calculation of the RTA recovery ratio, which is set forth in the RTA Act.

CTA FY13 Budget

Comparative Performance Analysis

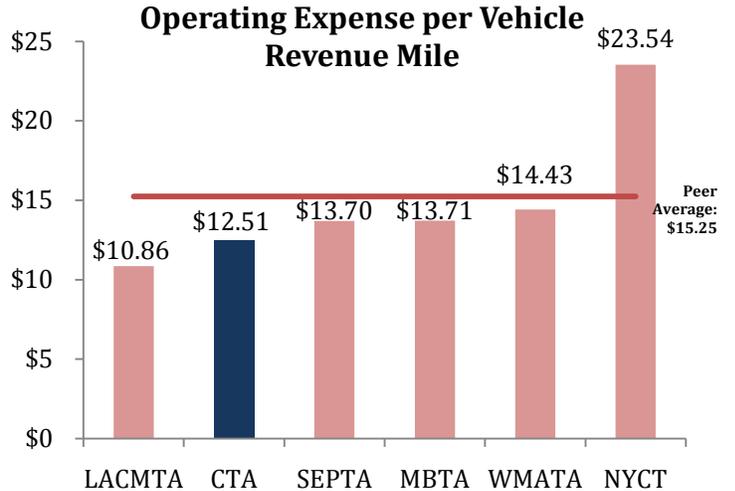
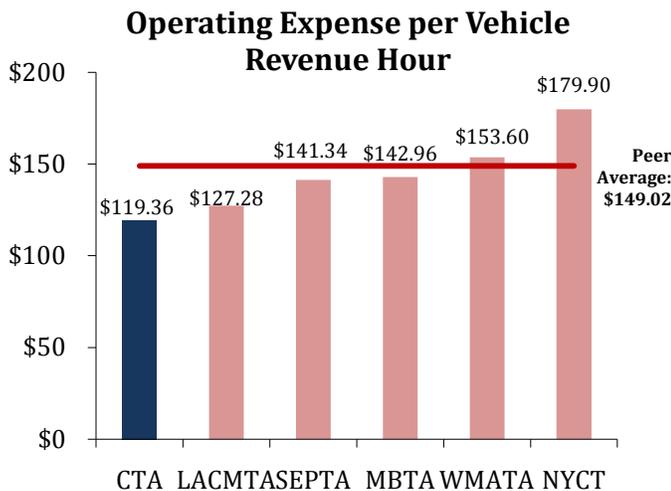
Urban Bus

Comparative Characteristics of Urban Bus

Urban Bus Characteristics (number in millions)	CTA	MBTA	LACMTA	NYCT	SEPTA	WMATA
	Chicago	Boston	Los Angeles	New York	Philadelphia	Washington D.C.
Operating Expense	\$711	\$338	\$946	\$2,289	\$550	\$557
Capital Funds Expended	\$40	\$57	\$251	\$228	\$110	\$183
Fare Revenue	\$239	\$78	\$251	\$839	\$157	\$109
Vehicle Revenue Mile	56.8	24.7	87.1	97.3	40.1	38.6
Vehicle Revenue Hour	5.96	2.36	7.43	12.73	3.89	3.63
Passenger Mile	707	276	1,487	1,835	525	400
Total Number of Unlinked Trip	306	108	366	829	178	128
Total Number of Major Mechanical Failures	6,360	2,900	11,518	15,891	6,351	5,776

Service Efficiency

CTA urban bus performed above the peer average in both measures of service efficiency, ranking the most efficient for operating expense per vehicle revenue hour, and second only to Los Angeles for operating expense per vehicle revenue mile.



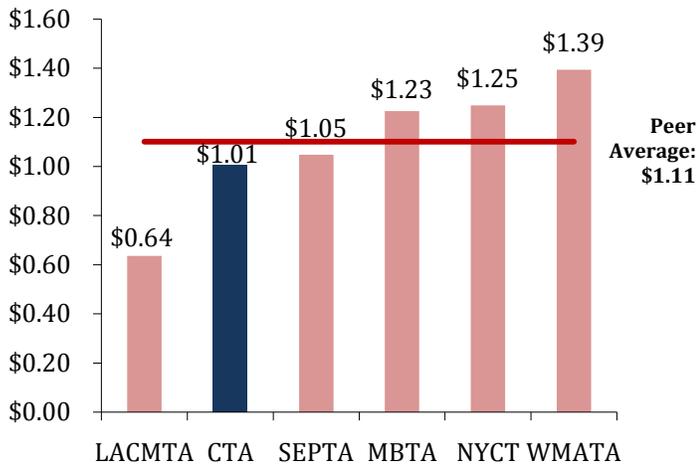
CTA FY13 Budget

Comparative Performance Analysis

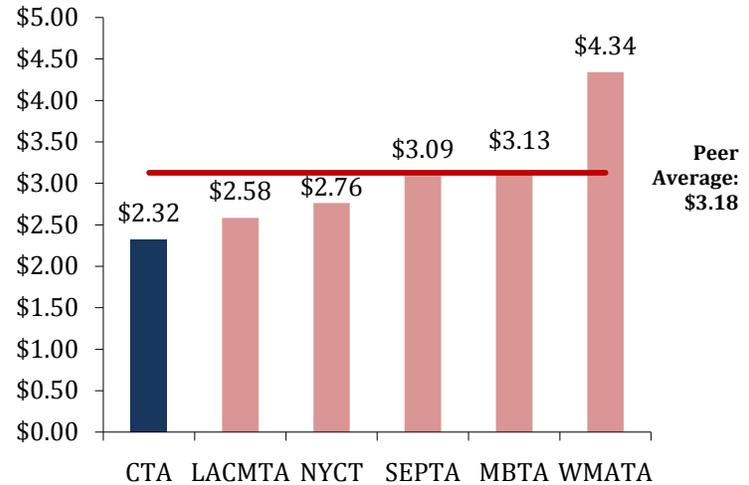
Cost Effectiveness

Both measures show that CTA urban bus had a higher performance than the peer average in the area of cost effectiveness. It ranked first for operating expense per unlinked trip, and second for operating expense per passenger mile.

Operating Expense per Passenger Mile



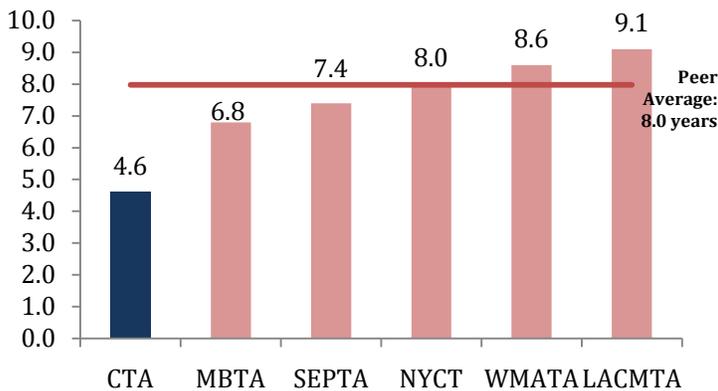
Operating Expense per Unlinked Trip



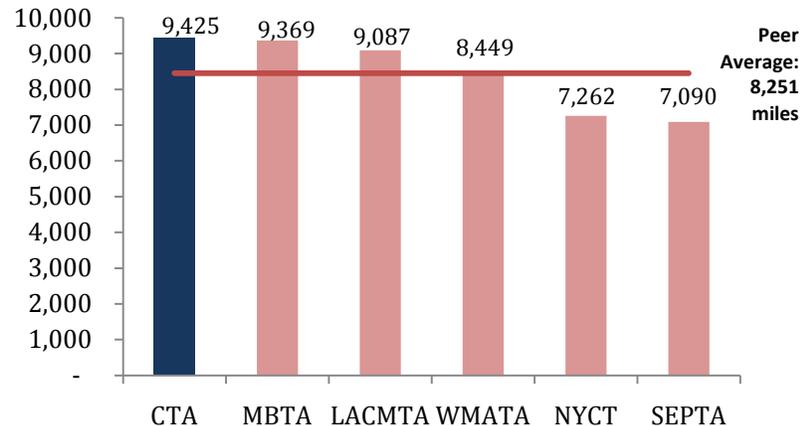
Service Maintenance & Reliability

CTA urban bus ranked first for average fleet age thanks to new buses introduced into its fleet in recent years. CTA ranked first among the comparable agencies in miles between failures.

Average Age of Fleet (in Years)



Miles between Major Mechanical Failures

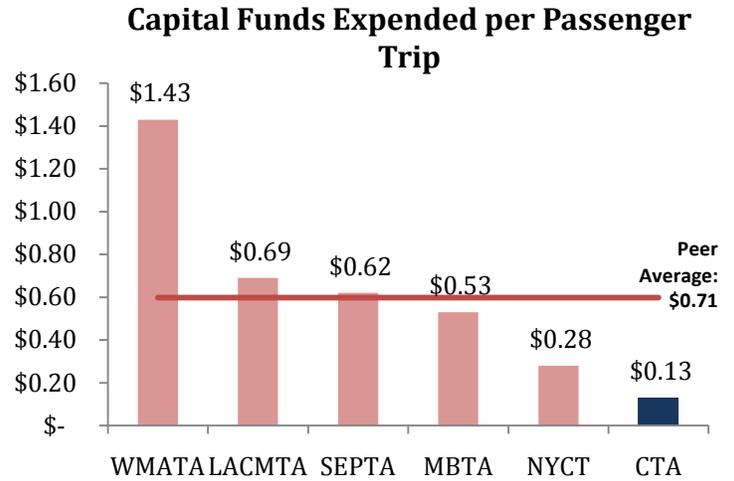
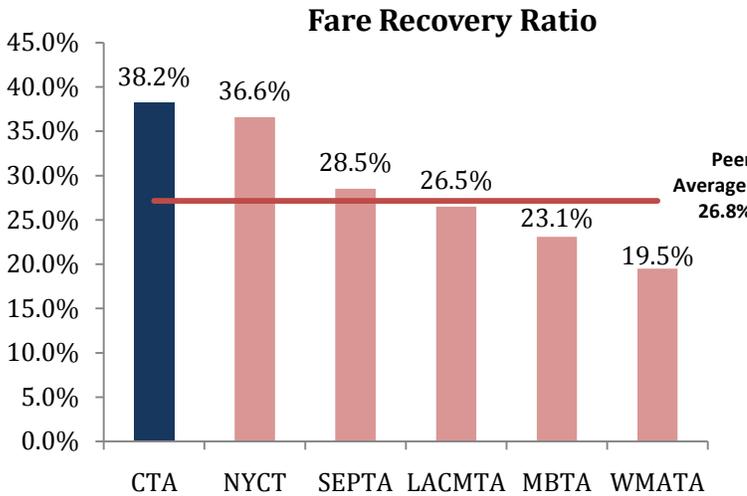


CTA FY13 Budget

Comparative Performance Analysis

Service Level Solvency

Solvency refers to the capability of meeting financial obligations, including covering long-term, fixed expenses. Among its peers, CTA urban bus achieved the highest level fare recovery ratio, while ranking last in capital funds per passenger trip.



CTA FY13 Budget

Comparative Performance Analysis

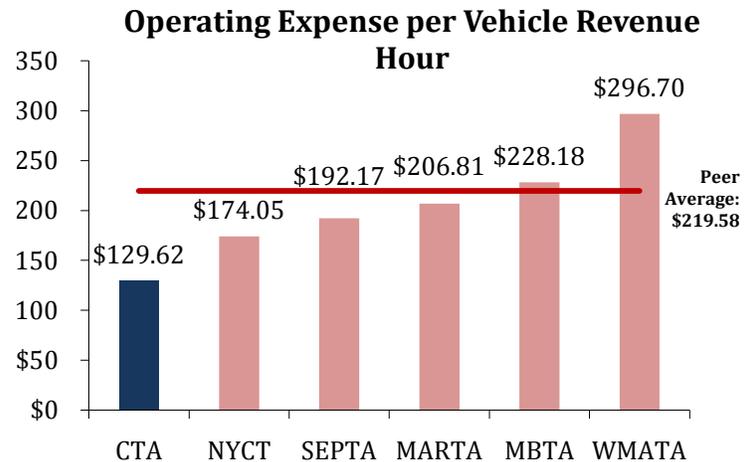
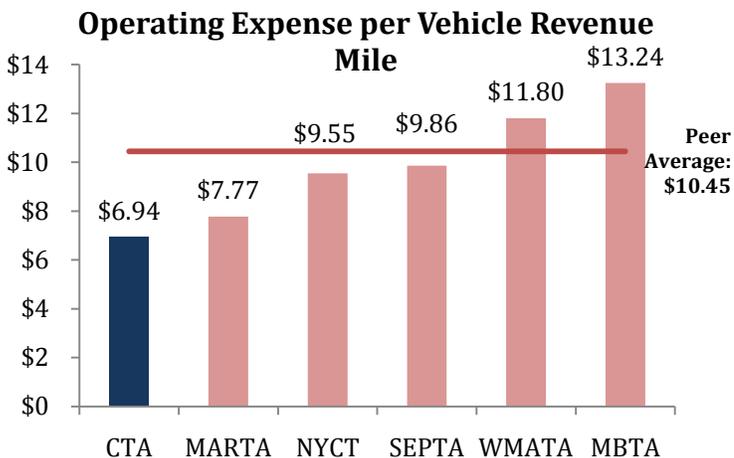
Heavy Rail

Comparative Characteristics of Heavy Rail

Heavy Rail Characteristics (number in millions)	CTA	MARTA	MBTA	NYCT	SEPTA	WMATA
	Chicago	Atlanta	Boston	New York	Philadelphia	Washington D.C.
Operating Expense	\$451	\$172	\$306	\$3,346	\$166	\$787
Capital Funds Expended	\$161	\$71	\$130	\$3,021	\$110	\$256
Fare Revenue	\$239	\$59	\$153	\$2,398	\$85	\$488
Vehicle Revenue Mile	65.0	22.1	22.5	350.2	16.8	66.7
Vehicle Revenue Hour	3.48	0.83	1.34	19.22	0.86	2.65
Passenger Mile	1,296	493	482	9,710	422	1,636
Total Number of Unlinked Trip	211	78	139	2,439	95	287
Total Number of Major Mechanical Failures	245	919	579	2,038	41	1,552

Service Efficiency

CTA heavy rail achieved superior service efficiency, ranking at the top for both operating expense per vehicle revenue mile and operating expense per vehicle revenue hour. The two indicators were 34 percent and 41 percent below the peer average, respectively.



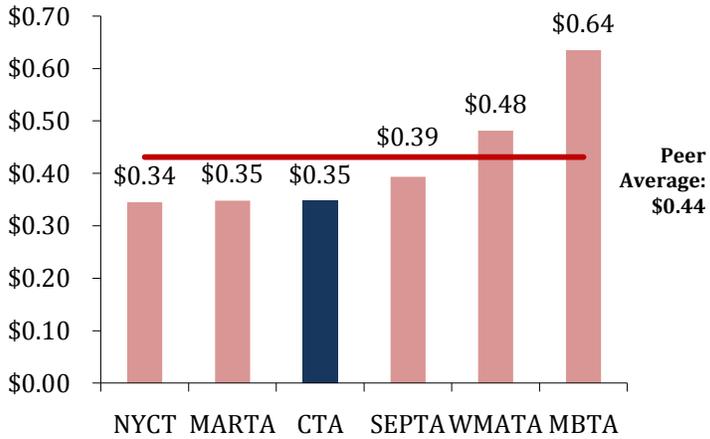
CTA FY13 Budget

Comparative Performance Analysis

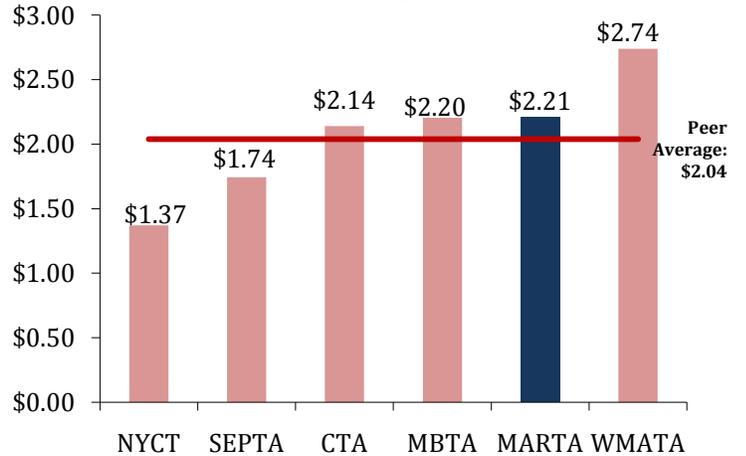
Cost Effectiveness

CTA's Operating Expense per Passenger Mile is \$0.35, tied with MARTA and just \$0.01 more than NYCT. CTA's operating Expense per Unlinked Trip is \$2.21, slightly above the peer average.

Operating Expense per Passenger Mile



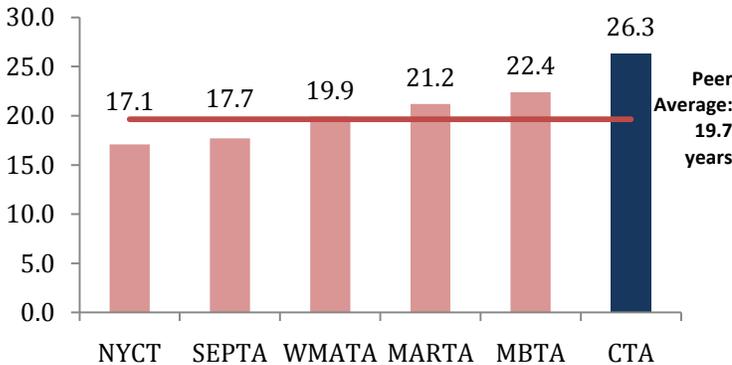
Operating Expense per Unlinked Trip



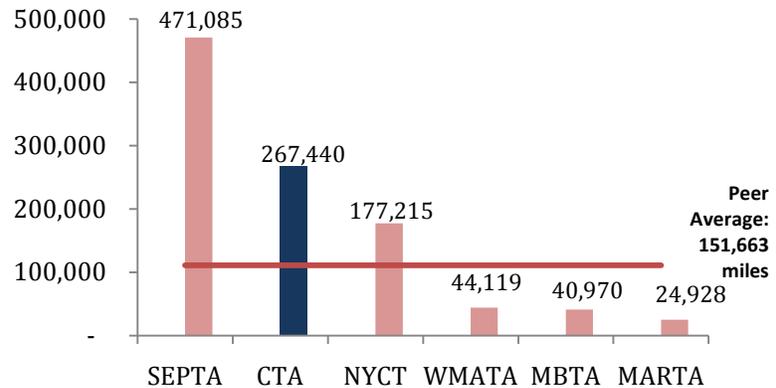
Service Maintenance & Reliability

Despite having the oldest fleet, CTA heavy rail ranked second for miles between major mechanical failures, with performance better than the peer average.

Average Age of Fleet, in years



Miles between Major Mechanical Failures

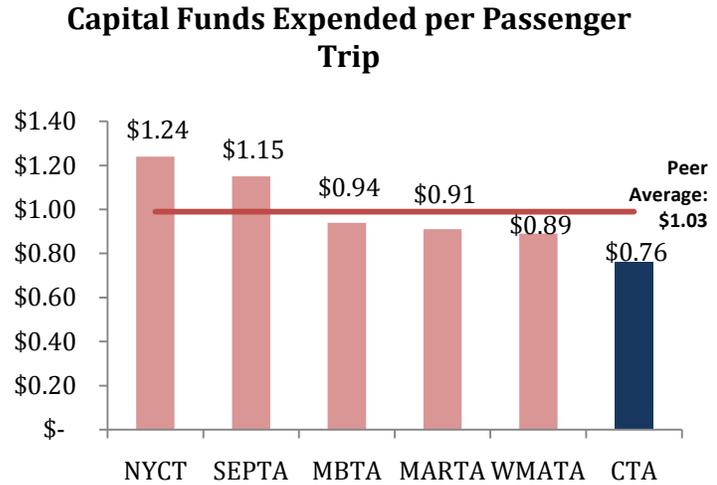
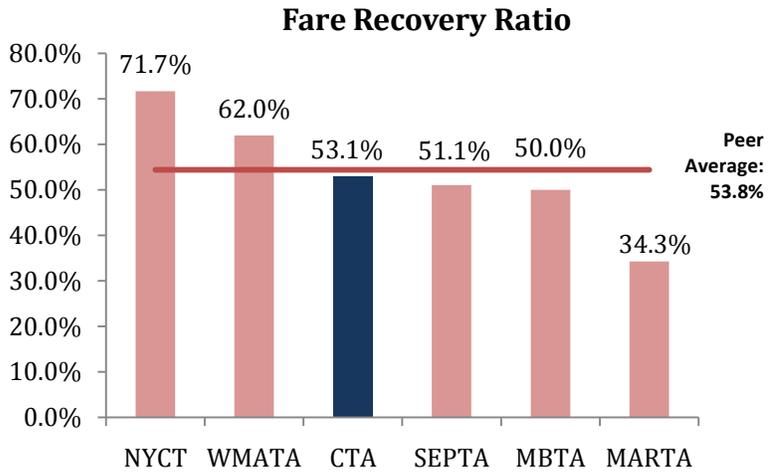


CTA FY13 Budget

Comparative Performance Analysis

Service Level Solvency

CTA Rail's Fare Recovery Ratio was 53.1% in 2010, just below the peer average. CTA's Capital Funds Expended per Passenger Trip was the lowest among its peers.



CTA FY13 Budget

Fare Structure

Fare Structure

Proposed Fare Structure For All Routes

Fare Group	Current Fare Structure (effective 1/1/2009)	Proposed 2013 Budget Fare Structure (effective 1/14/2013)
CTA Regular Fare Types		
Full Fare Bus [1]	\$2.00	Unchanged
Full Fare Rail [1]	\$2.25	Unchanged
Full Fare Cash (Bus Only)	\$2.25	Unchanged
Transfer	\$0.25	Unchanged
1-Day Pass	\$5.75	\$10
3-Day Pass	\$14	\$20
7-Day Pass [2]	\$23	\$28
Full Fare 30-Day Pass	\$86	\$100
Metra Link-Up	\$45	\$55
CTA Reduced Fare Types [3]		
Reduced Fare Bus	\$0.85	\$1.00 [49 CFR Part 609]
Reduced Fare Rail	\$0.85	\$1.10 [49 CFR Part 609]
Reduced Fare Cash (Bus Only)	\$1.00	\$1.10 [49 CFR Part 609]
Transfer	\$0.15	Unchanged
Reduced Fare Pre-Paid Bonus	10%	Eliminated
30-Day Reduced Pass	\$35	\$50 [49 CFR Part 609]

CTA Student Fare [4]		
Fare Bus & Rail on Student Permit	\$0.85	\$0.75
Transfer	\$0.15	Unchanged
Student Fare Cash (Bus Only)	\$1.00	\$0.75

O'Hare Station Fare [5]		
Full Fare on Transit Cards, Chicago Cards, Chicago Card Plus	\$2.25	\$5.00

#128 Soldier Field Express [6]		
All Round-trips	One-Way Fare: \$1 Full Fare / \$0.50 Reduced	\$5.00 round-trip \$2.50 reduced fare

CTA FY13 Budget

Fare Structure

Fare Table Notes:

[1] Fares paid with Chicago Card Plus, Chicago Cards, and Transit Cards, unless otherwise noted.

[2] CTA/Pace 7-Day passes will change from \$28 to \$33.

[3] CTA offers reduced fares via an RTA Reduced Fare Permit to Seniors as required by 49 CFR Part 609 and free rides to eligible Seniors as required by 70 ILCS 3605/51(b). Similarly, CTA offers reduced fares via an RTA Reduced Riding Permit to Persons with Disabilities as required by 49 CFR Part 609 and free rides to eligible Persons with Disabilities as required by 70 ILCS 3605/52. In addition, CTA also offers reduced fares to children age 7-11.

[4] CTA is introducing a new Student Fare for elementary and high school students on school days, 5:30am to 8:30pm. Students will be required to have a Student Riding Permit to be eligible for this fare.

[5] The fare remains unchanged for all riders presenting passes and reduced fares at O'Hare Blue Line Station. For riders presenting all other fare media at the O'Hare Blue Line Station, the fare will be \$5.

[6] The #128 Soldier Field Express is a service jointly managed by CTA and Metra, scheduled to operate for all Chicago Bears home games at Soldier Field, and other agreed-upon events. Service operates closed-door from West Loop Metra stations to Soldier Field. Current discounted one-way fare will be replaced with a flat \$5 round-trip fare for all regular riders and \$2.50 for reduced fare riders. Revised fares will begin with first pre-season game of the 2013 Bears Season.

CTA FY13 Budget

Comparative Fare Structure

Comparative Fare Structure

<u>CITY SYSTEM</u>	<u>Express</u>		<u>Rail Fare</u>	<u>Reduced Fare Senior/Disabled</u>
	<u>Bus Fare</u>	<u>Bus Fare</u>		
CHICAGO (CTA)	\$2.00	\$2.00	\$2.25	\$1.00 Bus & \$1.10 Rail (with card)
ATLANTA (MARTA)	\$2.50	---	\$2.50	\$1.00
NEW YORK CITY (MTA)	\$2.25	\$5.50	\$2.25	\$1.10
PHILADELPHIA (SEPTA)	\$2.00 ¹	---	\$2.00 ²	Senior: Free Disabled: \$1
BOSTON (MBTA)	\$2.00	\$4.50 Inner \$6.50 Outer	\$2.00	\$1.00 – Rail; \$0.75 – Bus
WASHINGTON D.C. (WMATA)	\$1.80	\$4.00	\$2.10 - \$5.75 ³	Half-Price Rail; \$0.90 Bus; \$2.00 Express
LOS ANGELES (LACMTA)	\$1.50	\$0.70 - \$1.40	\$1.50	\$0.55 Rush Hours; \$0.25 Non-Rush Hours

CTA Historical Fare Structure

<u>Year</u>	<u>Bus Fare</u>	<u>Rail Fare</u>	<u>Transfer Charge</u>	<u>Reduced Fare</u>
1997 - 2003	\$1.50	\$1.50	\$0.30	\$0.75
2004 - 2005	\$1.75	\$1.75	\$0.25	\$0.85
2006 - 2008	\$1.75	\$2.00	\$0.25	\$0.85
2009 - 2012	\$2.00	\$2.25	\$0.25	\$0.85
2013 -	\$2.00	\$2.25	\$0.25	\$1.00 Bus & \$1.10 Rail

¹ Zone charge may apply.

² Zone charge may apply.

³ The fares are zone based and depend on hours traveled. Full fares are paid during peak hours varying from \$2.10 to \$5.75, with a \$0.40 fee added to regular fares during the peak-of-the-peak periods (weekday 7:30-9 a.m. and 3:00-7 p.m., based on the starting time of the trip).

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CTA FY13 Budget

Acronyms & Glossary

Acronyms

AA	Alternatives Analysis
ADA	Americans with Disabilities Act
APB	Accounting Principles Board
ARRA	American Recovery and Reinvestment Act
BAB	Build America Bonds
BLS	Bureau of Labor Statistics
BOB	State Bureau of the Budget
BRT	Bus Rapid Transit
CAC	Capital Advisory Committee
CBO	Congressional Budget Office
CIP	Capital Improvement Program
CDOT	Chicago Department of Transportation
CMAP	Chicago Metropolitan Agency for Planning
CMAQ	Congestion Mitigation and Air Quality Improvement Program
CPD	Chicago Police Department
CPI	Consumer Price Index
CTA	Chicago Transit Authority
DBE	Disadvantaged Business Enterprise
EIA	Energy Information Administration
EIS	Environmental Impact Statement
FASB	Financial Accounting Standards Board
FFGA	Full Funding Grant Agreement
FICA	Federal Insurance Contribution Act
FOMC	Federal Open Market Committee
FTA	Federal Transit Administration
FY	Fiscal Year
GAAP	General Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GFOA	Government Finance Office Association
ICE	Innovation, Coordination and Enhancement Fund of RTA
IDOT	Illinois Department of Transportation
JARC	Job Access and Reverse Commute Program
LACMTA	Los Angeles County Metropolitan Transportation Authority
LIBOR	London Interbank Offered Rate
LPA	Locally Preferred Alternative
MBTA	Massachusetts Bay Transportation Authority
NTD	National Transit Database
NYCT	New York City Transit
OPEC	Organization of Petroleum Exporting Countries
PBC	Public Building Commission of Chicago

CTA FY13 Budget

Acronyms & Glossary

POB	Pension Obligation Bond
PPI	Producer Price Index
RTA	Regional Transportation Authority
RETT	Real Estate Transfer Tax
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
SCIP	Strategic Capital Improvement Program
SEPTA	Southeastern Pennsylvania Transportation Authority
SOGR	State of Good Repair
STIP	State Transportation Improvement Program
STO	Scheduled Transit Operations
SWAP	Sheriff's Work Alternative Program
TEA-21	Transportation Equity Act for the 21 st Century
TIGGER	Transit Investments for Greenhouse Gas and Energy Reduction
TIP	Transportation Improvement Program
TSP	Traffic Signal Prioritization
UWP	Unified Work Program
WMATA	Washington Metropolitan Area Transit Authority

CTA FY13 Budget

Acronyms & Glossary

Glossary

2008 Legislation

The amendments to the RTA Act in 2008 included the following policies affecting the CTA budget: 1) Increased the RTA sales tax to 1.25 percent in Cook County and 0.75 percent in the collar counties; 2) Prescribed a new distribution of revenues for the incremental sales tax increase and Public Transportation Fund match; 3) Established an Innovation, Coordination, and Enhancement (ICE) Fund, an ADA Paratransit Fund, and a Suburban Community Mobility Fund and 4) The chair of the CTA no longer was on the RTA Board.

Accessible

As defined by the FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered and used by persons with disabilities.

Accounting Principles Board (APB)

The former authoritative body of the American Institute of Certified Public Accountants (AICPA). It was created by the AICPA in 1959 and issued pronouncements on accounting principles until 1973, when it was replaced by the Financial Accounting Standards Board (FASB).

Accrual Basis

A method of accounting in which revenues are reported in the fiscal period when they are earned, regardless of when they are received, and expenses are deducted in the fiscal period they are incurred, whether they are paid or not.

Alternatives Analysis (AA) Study

To conduct the Study is the first step of the FTA's process in order to be qualified for New Starts funding. The Study is designed to examine all the potential transit options available and to determine a locally preferred alternative. Among the projects that were authorized for further analysis by the United States Congress, the CTA has completed the Studies for the Red Line Extension south of 95th, the Orange Line Extension to Ford City, and the Yellow Line Extension north of Dempster Avenue in Skokie.

Americans with Disabilities Act (ADA)

The Americans with Disabilities Act (ADA) of 1990, including changes made by the ADA Amendments Act of 2008, became effective on January 1, 2009. This federal act requires many changes to ensure that people with disabilities have access to jobs, public accommodations, telecommunications and public services, including public transit. Examples of these changes includes mandating that all new buses and rail lines be wheelchair accessible and that alternative transportation be provided to customers unable to access the transit system.

CTA FY13 Budget

Acronyms & Glossary

American Recovery and Reinvestment Act (ARRA)

An economic stimulus package enacted in February 2009 to create jobs and promote investment and consumer spending during the recession. The Act includes federal tax cuts, expansion of unemployment benefits and other social welfare provisions as well as domestic spending in education, health care and infrastructure, including the energy sector.

Articulated Bus

A high-capacity passenger bus that flexes in the middle.

ADA Paratransit Fund

A fund created by the 2008 Legislation to fund regional paratransit services provided by Pace.

Accounting Principles Board

Former authoritative body of the American Institute of Certified Public Accountants, which issued a series of accountants opinions constituting much of what is known as GAAP.

Big Gap

An instance when the time in between buses is more than double the scheduled interval and also creates a gap of more than 15 minutes.

Bond

An interest-bearing promise to pay a specified sum of money on a specified date in the future.

Build America Bonds (BAB)

A subsidy provided by the American Recovery and Reinvestment Act that provides for a wider pool of capital financing funding for state, county and municipal entities, such as the CTA.

Bureau of Labor Statistics (BLS)

The Bureau of Labor Statistics of the U.S. Department of Labor is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are objective, timely, accurate, and relevant.

Bus Rapid Transit (BRT)

BRT is an enhanced bus system that operates on bus lanes or other transitways in order to combine the flexibility of buses with the efficiency of rail. By doing so, BRT operates at faster speeds, provides greater service reliability and increased customer convenience.

CTA FY13 Budget

Acronyms & Glossary

<p>Capital Advisory Committee (CAC) The Capital Advisory Committee is comprised of members from local universities as well as leaders from the business community. The purpose of the CAC is to solicit expert advice from external professionals in carrying out the CTA’s capital process including the selection of projects for funding and advising the CTA in closing the funding gap.</p>
<p>Capital Budget A formal plan of action for a specified time period for purchases of fixed assets using capital grants.</p>
<p>Capital Expense Expenditures that acquire improve or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000 (e.g. rolling stock, track and structure, support facilities and equipment, and stations and passenger equipment). It can also include the costs associated with the long-term maintenance of these assets, such as bus overhaul programs, rail overhaul programs and preventive maintenance. Also referred to as a capital improvement.</p>
<p>Capital Grant Funds received from grantor funding agencies used to finance construction, renovation, and major repairs or the purchase of machinery, equipment, buildings, or land.</p>
<p>Capital Improvement Program (CIP) A strategic and comprehensive financing program in which available capital funds are identified and targeted toward key capital renewal and improvement needs of the CTA system to yield the greatest customer benefit.</p>
<p>Chicago Card A stored-value farecard that has an embedded microchip that can be read to register fares by the fare equipment when touched to the touchpad on the front of rail station turnstiles and bus fareboxes on all CTA routes and Pace buses. Value is added with cash at CTA vending machines or off-site Touch-n-Go devices.</p>
<p>Chicago Card Plus A farecard with its balance maintained in an online account rather than stored on the card itself. Value is added with credit cards or through electronic transit benefit deductions only. The card also features online reloading — customer accounts automatically reload each time their account value falls below the pre-selected reload amounts.</p>
<p>Chicago Department of Transportation (CDOT) The Chicago Department of Transportation (CDOT) is responsible for public way infrastructure including planning, design, construction, maintenance and management.</p>

CTA FY13 Budget

Acronyms & Glossary

<p>Collar Counties The five counties that surround Cook County as identified in the RTA Act: Will, Kane, DuPage, Lake, and McHenry counties.</p>
<p>Chicago Metropolitan Agency for Planning (CMAP) The agency that integrates land use planning and transportation planning for the counties of Cook, DuPage, Kane, Kendall, Lake, McHenry and Will in northeastern Illinois. CMAP and its partners aim to remove barriers to cooperation across geographical boundaries and subject areas such as land use, transportation, natural resources, housing, and economic development.</p>
<p>Congestion Mitigation & Air Quality Improvement Program (CMAQ) A program initially authorized by the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 that provided \$6.0 billion in funding for surface transportation and other related projects to contribute to air quality improvements and reduce congestion. It was reauthorized in 2005 under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and provides funding to State Departments of Transportation, Metropolitan Planning Organizations, and transit agencies to invest in projects that reduce criteria air pollutants regulated from transportation-related sources. The Program provides the CTA with funding totaling \$19.92 million over a period of five years (2011-2015).</p>
<p>Congressional Budget Office Branch of the federal government that provides economic data to Congress.</p>
<p>Consumer Price Index (CPI) A measure estimating the average price of consumer goods and services purchased by households. CPI measures a price change for a market basket of goods and services from one period to the next within the same area and is used as a measure of the increase in the cost of living (i.e. economic inflation).</p>
<p>Corridor A defined study area considered for significant transportation projects such as highway improvements, bus transitways, rail lines, or bikeways (e.g. Dan Ryan corridor, Western Avenue corridor).</p>
<p>CTA Board Member Terms of Office Board member terms are in seven year increments. Board members may be appointed to terms already in progress, in which case they may serve until the end of that term.</p>
<p>Depreciation An accounting term that recognizes the loss in value of a tangible fixed asset over time attributable to deterioration, obsolescence, and impending retirement. Applies particularly to physical assets like vehicles, equipment, and structures.</p>

CTA FY13 Budget

Acronyms & Glossary

<p>Disadvantaged Business Enterprise (DBE) The Disadvantaged Business Enterprise (DBE) program is intended to ensure nondiscrimination in the award and administration of contracts.</p>
<p>Discretionary Funds Funds that the RTA allocates, at its discretion, to the Service Boards. These funds include Public Transportation Funds and a portion of the 15 percent of the RTA Sales Tax.</p>
<p>Energy Information Administration (EIA) The U.S. Energy Information Administration (EIA) collects, analyzes, and disseminates independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment.</p>
<p>Environmental Impact Statement (EIS) An Environmental Impact Statement (EIS) is a document required by the National Environmental Policy Act for federal government agency actions significantly affecting the quality of the human environment. As a tool for decision making, an EIS describes the positive and negative environmental effects of proposed agency action and cites alternative actions.</p>
<p>Fare The amount charged to passengers for bus and rail services.</p>
<p>Farebox Equipment used for the collection of bus fares.</p>
<p>Farecard Electronic fare media used for payment of fares.</p>
<p>Federal Funds Rate The interest rate at which banks lend balances at the Federal Reserve to other banks overnight. The rate is set by the Federal Open Market Committee (FOMC). The FOMC's long term goals are price stability and sustainable economic growth in the economy.</p>
<p>Federal Open Market Committee (FOMC) Branch of the Federal Reserve that is responsible for open market operations, such as the purchase and sale of U.S. treasuries and federal agencies securities.</p>
<p>Federal Transit Administration (FTA) The federal agency which provides financial and planning assistance to help plan, build, and operate rail, bus, and paratransit systems through grant programs.</p>

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<p>Federal Insurance Contributions Act (FICA) Social Security payroll taxes are collected under the authority of FICA.</p>
<p>Financial Accounting Standards Board (FASB) The FASB establishes and improves standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information.</p>
<p>Financial Plan In addition to an annual budget, the Regional Transportation Authority Act, as amended in 2008, requires that all transit agencies prepare a financial plan encompassing the two years subsequent to the budget year. This provides a three-year projection of expenses, revenues and public funding requirements.</p>
<p>Fiscal Year (FY) A fiscal year is a 12-month period used for calculating annual financial reports in organizations. The CTA's fiscal year runs congruent to the calendar year, beginning on January 1 and ending on December 31.</p>
<p>Full Funding Grant Agreement (FFGA) Grant agreements authorized under federal transit law that establish the terms and conditions for federal financial participation in a New Starts project. The FFGA defines the project, sets the maximum amount of federal New Starts funding for a project, covers the period of time for completion of the project, and facilitates efficient management of the project in accordance with applicable federal statutes, regulations, and policy.</p>
<p>Fund Balance The excess of funding for a given period of time, referring to unreserved/undesignated funds. Annual budget surpluses (or deficits) generally add to (or subtract from) the fund balance.</p>
<p>Funding (Budget) Marks The Regional Transportation Authority Act, as amended in 1983, calls for the RTA to advise each of its Service Boards by September 15th of the public funding to be available for the following year, as well as the required recovery ratio.</p>
<p>Generally Accepted Accounting Principles (GAAP) GAAP is the standard framework of guidelines for financial accounting, mainly used in the United States. It includes the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.</p>
<p>Governmental Accounting Standards Board (GASB) The GASB establishes and improves standards of state and local governmental accounting and financial reporting.</p>

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Gross Domestic Product (GDP)

As a measure of economic activities, it is the amount of goods and services produced in the United States in one year. It is calculated by adding together the market values of all of the final goods and services produced in a year and reported by the U.S. Bureau of Economic Analysis.

Government Finance Office Association (GFOA)

The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices, and promoting their use through education, training, facilitation of member networking, and leadership.

Headway

The time span between when one service vehicle (bus or rail) leaves a stop/station and when the following vehicle arrives at the same stop/station on specified routes. Also called service frequency.

Heavy Rail

An electric railway with the capacity for a heavy volume of traffic. Heavy rail is characterized by high-speed passenger rail cars and trains operating on fixed rails in separate rights-of-way from which all other vehicular and foot traffic is excluded.

Hedge

A type of investment activity used to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security to minimize unwanted risks associated with price fluctuation.

Hybrid Bus

A hybrid bus combines a conventional internal combustion engine propulsion system with an electric propulsion system and uses a diesel-electric powertrain. Also known as a hybrid diesel-electric bus.

Illinois Fund for Infrastructure, Roads, Schools and Transit (Illinois FIRST)

A five-year public works improvement program that allocated capital funds between FY2000 through FY2004.

Illinois Jobs Now Program

A \$31 billion program creating over 439,000 jobs in five years from 2010 through 2014; designed to improve bridges and roads, transportation networks, schools, and communities.

Illinois' Low-Income Circuit Breaker Program

The official name of the Program is the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act, governed by the Illinois Department on Aging. The Program is to help offset the cost of property taxes and other living costs by providing low-income, senior, or disabled residents with yearly grants.

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<p>Infrastructure Capital assets that make up the CTA's transportation system, including maintenance facilities, rail track, signals, stations, elevated structures, and power substations.</p>
<p>Innovation, Coordination and Enhancement Fund (ICE) A fund established by the 2008 amendments to the RTA Act for operating or capital grants or loans to Service Boards, transportation agencies, or units of local government that advance the goals and objectives identified by the RTA's Strategic Plan. Unless an emergency is determined by the RTA Board that requires some or all amounts of the Fund, it can only be used to enhance the coordination and integration of public transportation and develop and implement innovations to improve the quality and delivery of public transportation.</p>
<p>Intermodal Transportation by more than one mode (bus, train, etc.) during a single journey.</p>
<p>Interval The time between when one service vehicle (bus or train) leaves a stop/station to the time when the following vehicle leaves the same stop/station.</p>
<p>Job Access and Reverse Commute Program (JARC) A program established by the FTA to address the unique transportation challenges faced by welfare recipients and low-income persons seeking to obtain and maintain employment, which often is located in a less accessible area and/or requires late at night or weekend schedules when conventional transit services are not sufficiently provided.</p>
<p>Locally Preferred Alternative (LPA) The final selected scope and design for a major corridor investment. Alternatives analysis is considered complete when a locally preferred alternative is selected by local and regional decision makers and adopted by the Metropolitan Planning Organization (MPO) into the financially constrained, long-range metropolitan transportation plan.</p>
<p>London Interbank Offered Rate (LIBOR) Short-term interest rate used when banks borrow funds from other banks in the London interbank market. The world's most widely used benchmark for short-term loans.</p>
<p>Major Delay - Rail An instance where a train experiences a delay to service of ten minutes or more.</p>
<p>Mean Miles Between Defects The average mileage a train accrues before experiencing a defect.</p>

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Metra Commuter Rail division of the RTA responsible for the day-to-day operation of the region's long-distance commuter rail transit service (with the exception of those services provided by the CTA). Metra was created in 1983 by an amendment to the RTA Act.
National Transit Database (NTD) The FTA's primary national database for statistics on the transit industry.
New Starts FTA discretionary program that is the federal government's primary financial resource for supporting locally-planned, implemented and operated transit "guideway" capital investments.
Non-Farm Payroll A compiled employment level of goods-producing, construction and manufacturing companies. It is released monthly by the United States Department of Labor to represent the number of jobs added or lost in the economy over the last month.
Non-Operating Funds Capital grant monies to fund expenses.
Non-Revenue Vehicle Vehicles that do not carry fare-paying passengers and are used to support transit operations.
Operating Budget Annual revenues and expenses forecast to maintain operations.
Operating Expenses Costs associated with the day-to-day operations of the delivery of service for a transit agency. Examples of operating expenses include labor, material, fuel, power, security and professional services.
Operating Revenues Revenues generated from user fees (in the form of farebox revenues) or other activities directly related to operations such as advertising, concessions, parking, investment income, etc.
Organization of Petroleum Exporting Countries (OPEC) OPEC is an intergovernmental organization of 12 developing countries made up of Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. OPEC has maintained its headquarters in Vienna since 1965.

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<p>Pace The Suburban Bus Division of the RTA, responsible for non-rail, suburban public transit service and all paratransit service. Pace was created in 1983 by an amendment to the RTA Act.</p>
<p>Paratransit Service Demand-response service utilizing wheelchair-accessible vans and small buses to provide pre-arranged trips to and from specific locations within the service area to certified participants. Paratransit includes demand-response transportation services, subscription bus services and shared-ride taxis.</p>
<p>Passenger Miles The sum of the distances traveled by passengers.</p>
<p>Pay-As-You-Go Funding A practice of financing expenditures with funds that are currently available rather than borrowed.</p>
<p>Pension Obligation Bonds (POB) Debt instruments issued by a governmental entity to fund all or a portion of the Unfunded Actuarially Accrued Liabilities (UAAL) for pension and/or Other Post Employment Benefits (OPEB).</p>
<p>Performance Management The process of assessing and acting upon progress toward achieving predetermined measures and metrics. All operating and most support personnel are held accountable to these measures and metrics. The CTA implemented a performance management program in May 2007.</p>
<p>Power Washing - Facilities The deep cleaning of a CTA station or facility using pressure washing equipment.</p>
<p>Preventive Maintenance The care and servicing of equipment and facilities in order to maintain them in satisfactory operating condition. Preventive maintenance provides for systematic inspection, detection and correction of incipient failures either before they occur or before they develop into major defects.</p>
<p>Producer Price Index (PPI) A family of indices from the U.S. Bureau of Labor Statistics (BLS) that measures the average changes over time in the prices received by domestic producers of goods and services.</p>

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<p>Public Building Commission (PBC) Formed in 1956, this City of Chicago organization provides professional management of the city's public construction projects.</p>
<p>Public Funding Funding received from the RTA or other government agencies.</p>
<p>Public Transportation Funds (PTF) As authorized by the RTA Act, the Illinois State Treasurer transfers from the State General Revenue Fund an amount equal to 25 percent of RTA sales tax collections to a special fund, called the Public Transportation Fund (PTF), and then remits it to the RTA on a monthly basis. The state funding package increases the percentage of state sales tax dedicated to mass transit and deposits additional amount of funding to PTF. All funds deposited are allocated to the RTA to be used at its discretion for the benefit of the Service Boards.</p>
<p>Real Estate Transfer Tax (RETT) A source of public funding for the CTA collected by the City of Chicago. The 2008 legislation authorized a \$1.50 per \$500 increase in RETT and the CTA receives 100 percent of the RETT increase.</p>
<p>Recovery Ratio Measures the percentage of expenses that a Service Board must pay against revenues that it generates. The RTA Act mandates that the RTA region must attain an annual recovery ratio of at least 50 percent.</p>
<p>Reduced Fare Discounted fare for children ages seven through 11, grade school and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID) except paratransit riders.</p>
<p>Reduced Fare Reimbursement Reimbursement of revenue lost by the Service Boards due to providing reduced fares to students, elderly and the disabled. The CTA recovers the cost of trips with both the fare revenue and operating subsidies. The reimbursements are made from the State of Illinois to cover the difference between the standard and reduced fare. Reimbursement amounts are allocated to the Service Boards based on reduced fare passenger trips taken during the year.</p>
<p>Regional Transportation Authority (RTA) The RTA is the financial oversight and regional planning body for the three public transit operators in northeastern Illinois: the CTA, Metra commuter rail, and Pace suburban bus.</p>

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<p>Regional Transportation Authority Act (RTA Act) An Act that regulates which public funds may be expended and authorizes the state to provide financial assistance to units of local government for distribution to providers of public transportation, including the CTA. It authorizes the distribution of sales tax revenue collected by the City of Chicago and collar counties, Public Transportation Funds, State Assistance, as well as other funding streams for the CTA. It also outlines criteria that the CTA has to meet for its budget approval.</p>
<p>RTA Sales Tax The primary source of operating revenue for the RTA, the CTA, Metra and Pace. The RTA retains 15 percent of the original one percent RTA sales tax authorized in 1983. Of that which remains, the CTA receives 100 percent of the taxes collected in the City of Chicago and 30 percent of those taxes collected in suburban Cook County. Of the funding available from the 0.25 percent sales tax and PTF authorized by the 2008 legislation, the CTA receives 48 percent of the remaining balance after allocations are made to fund various programs.</p>
<p>Revenue Bond A certificate of debt issued by an organization in order to raise revenue. It guarantees payment of the original investment plus interest by a specified date. Debt service payment is secured by a specific revenue source.</p>
<p>Revenue Equipment Includes vehicles that carry fare-paying passengers and equipment used for the collection of fares.</p>
<p>Ride A trip taken by passengers on the bus or rail system.</p>
<p>Ridership (Unlinked Passenger Trips) Total number of rides. Each passenger is counted each time that person boards a vehicle.</p>
<p>Right-of-Way A strip of land that is granted, through an easement or other mechanism, for transportation purposes, such as for a trail, driveway, rail line or highway. A right-of-way is reserved for the purposes of maintenance or expansion of existing services within the right-of-way.</p>
<p>Rolling Stock Public transportation vehicles, including rail cars and buses.</p>
<p>Run Rail or bus operator's assigned period(s) of work on a given day.</p>

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<p>SAFETEA-LU Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). A federal transit and highway bill signed into act on August 10, 2005, authorizing \$286.4 billion nationwide through 2009, including \$52.6 billion for transit. A reauthorization of the federal transit and highway program is pending congressional action.</p>
<p>Scheduled Transit Operations (STO) The scheduled transit operations classification includes bus operators, motormen and conductors.</p>
<p>Senate Bill (SB) 1977 Illinois Senate Bill that stipulates that beginning January 1, 2009, the CTA must make annual contributions to the CTA Pension Fund to achieve a 90 percent funded ratio by 2059. The CTA's Pension Fund's actuary has determined that the fund's assets will be exhausted by 2012 without significant increased contributions and changes to the funding structure and benefit levels.</p>
<p>Service Boards CTA, Metra commuter rail and Pace suburban bus system, as referred to by the Regional Transportation Authority Act.</p>
<p>Sheriff's Work Alternative Program (SWAP) A program where persons convicted of Driving Under the Influence and other low-level offenses are required to provide a variety of community services for municipalities throughout Cook County.</p>
<p>Slow Zone Sections of track where trains must reduce speed in order to safely operate rail service.</p>
<p>State Assistance The supplemental funding provided by the RTA Act in the form of additional state and financial assistance to the RTA in connection with its issuance of Strategic Capital Improvement Program (SCIP) bonds. It equals the debt service amounts paid to the bondholders of the SCI bonds plus any debt service savings from the issuance of refunding or advanced refunding SCIP bonds, less the amount of interest earned on the bonds' proceeds.</p>
<p>State of Good Repair (SOGR) An asset or system is in a state of good repair when no backlog of capital needs exists – hence all asset life cycle investment needs (e.g., preventive maintenance and rehabilitation) have been addressed and no capital asset exceeds its useful life. Therefore, the first priority for a transit system is to maintain infrastructure and equipment, making regular repairs where needed and retiring equipment from service at the end of its life cycle.</p>

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<p>State of Illinois' Public Transportation Fund (PTF) As authorized by the RTA Act, the Illinois State Treasurer transfers from the State General Revenue Fund an amount equal to 25 percent of RTA sales tax collections (or gasoline or parking taxes, if imposed by the RTA). The treasurer transfers this amount to a special fund, called the Public Transportation Fund (PTF), and then remits it to the RTA on a monthly basis. The RTA uses these funds at its discretion to fund the service board needs, RTA operations, debt service and capital investment.</p>
<p>State Transportation Improvement Plan (STIP) The FY 2006-2009 Statewide Transportation Improvement Program (STIP) is a four-year program of highway and transit projects developed to fulfill the requirements set forth in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and its successor, the Transportation Equity Act for the 21st Century (TEA-21), and in the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). The FY 2006-2009 STIP totals \$15.66 billion with \$7.1 billion for highway improvements and \$8.56 billion for transit capital improvements and operating assistance.</p>
<p>Stimulus Funds See American Recovery and Reinvestment Act.</p>
<p>Suburban Community Mobility Fund Outlined by the RTA Act, grants and appropriations from the state, which the RTA distributes to the Suburban Bus Board for operating transit services, other than traditional fixed-route services, that enhance suburban mobility, including, but not limited to, demand-responsive transit services, ride sharing, van pooling, service coordination, centralized dispatching and call taking, reverse commuting, service restructuring and bus rapid transit.</p>
<p>System-Generated Revenue Revenue generated by the CTA. Includes fare revenue, advertising, investment income, income from local governments by provision of the Regional Transportation Authority Act, and subsidies for reduced fare riders per 1989 legislation.</p>
<p>TEA-21 Transportation Equity Act for the 21st Century, a federal transportation package that reauthorized the Federal Transit Program for the eight years from 1998 through 2005. Grants can pay up to 80 percent of a capital project, with the remaining 20 percent funded from local sources.</p>
<p>Ten-Year Swap Rate The rate paid by a fixed-rate payer on an interest swap with maturity of ten years.</p>

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Ten-Year Swap Spread

The gap between the rates to exchange floating for fixed interest payments and treasury yield for ten years. By taking into account the investments that contain credit risk, as well as the ones that are often viewed as risk-free, swap spread indicates investors' expectations of the market.

Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER)

The TIGGER Program has been continued in FY2011 through the Department of Defense and Full-Year Continuing Appropriations Act 2011 (Pub. L. 112-10). \$49.9 million was appropriated for grants to public transit agencies for capital investments that will reduce the energy consumption or greenhouse gas emissions of their public transportation systems.

Transportation Improvement Plan (TIP)

A six-year financial program that describes the schedule for obligating federal funds to state and local projects. The TIP contains funding information for all modes of transportation, including highways and high-occupancy vehicles, as well as transit capital and operating costs.

Top Operator Rate

The top hourly rate paid to CTA bus and rail operators, based on employee seniority within the job, as specified by the union contract.

Trip

A one-way bus or train trip from origin to destination terminal.

Traffic Signal Prioritization

Operational strategy where communication between a transit bus and a traffic signal alters the timing of the traffic signal to give priority to the transit vehicle.

Unified Work Program (UWP)

The Unified Work Program lists the planning projects the Chicago Area Transportation Study and other agencies undertake each year to enhance transportation in northeastern Illinois and to fulfill federal planning regulations. The UWP is designed to run in conjunction with the State of Illinois fiscal year timeline of July 1-June 30. The final UWP document includes the transportation planning activities to be carried out in the region, detailing each project's description, products, costs, and sources of funding.

Unlinked Passenger Trip

An unlinked passenger trip is a single boarding of any transit vehicle. Thus, unlinked passenger trips for any transit system are the number of passengers boarding public transportation vehicles. A passenger is counted each time he boards a vehicle, even if the boarding is part of the same trip.

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Vehicle Revenue Hours

The hours that vehicles travel while in revenue service. Vehicle revenue hours include recovery time but exclude travel to and from storage facilities.

Vehicle Revenue Miles

Miles that vehicles travel while in revenue service. Vehicle revenue miles exclude travel to and from storage facilities.

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Chicago Transit Authority