Throughout city and suburbs: meeting the need for transit

Proposed 2005 Annual Budget Summary

Providing On-Time, Clean, Safe and Friendly Service to Customers from Six Counties

cta

Chicago Transit Authority

Throughout city and suburbs: meeting the need for transit

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Letter from the President

The Texas Transportation Institute recently rated the Chicago area as the third-most congested in the nation in terms of travel times. And it is getting worse.

More transit is a key part of the solution. A strong transit system reduces congestion, improves air quality and enhances economic competitiveness. Through the combined systems of CTA, Metra and Pace, the Chicago area has one of the most extensive public transit networks in the United States. It provides access, opportunity and choice to the people who live in the six-county metropolitan area. But transit is not appropriately funded in this region and we are all suffering the consequences.

The CTA is at the heart of the Chicago area's transit network, providing 81 percent of all the transit rides in the six-county region, including nearly 50 percent of all suburban transit trips. But the CTA's ability to sustain service at current levels is in jeopardy due to decades of erosion in its public funding. CTA's funding has lagged nearly one full percentage point behind inflation for the past two decades. The resultant loss of purchasing power is the core of the financial crisis facing CTA today. If funding for operating CTA buses and trains had just kept even with inflation, the CTA would be receiving a projected $100 million more in 2005 compared to 1985, or cumulatively $1.5 billion. Without additional funds, CTA will continue to lose ground.

The long-term consequence of insufficient funding has been less service and declining ridership in the entire region. Over the past two decades, regional transit ridership has decreased by 30 percent, or nearly 900,000 rides per weekday, during a period when national ridership has reached 40-year highs and the region's population has grown 15 percent. Less transit service impacts everyone. Drivers must deal with more gridlock and all area residents must live with the unhealthy effects of increasingly polluted air.

The formula that funds transit operations in this region is fundamentally flawed. The current funding formula was established by the Illinois General Assembly in 1983. It determines funding levels based on geographic boundaries and retail spending rather than ridership, service provided or other transit performance criteria. Most fundamentally, it does not sufficiently fund transit services.

Funding erosion has contributed to difficult budget decisions year after year. Each year the CTA staff has risen to the challenge and found more ways to cut costs, operate more efficiently and increase revenues. But each year, it is harder to find ways to reduce costs without impacting customers and service levels.

In 2004, the CTA raised base fares and cut 446 positions in order to eliminate an $88 million deficit. This year, the CTA projects a shortfall of $77 million and has limited options to bridge the gap. Without assistance from the General Assembly to correct the structural flaws of the current formula, the CTA will have to make significant changes to the way it operates, including substantial cuts in service.

Simply put, the level of public funding provided to the CTA will determine both the amount and quality of service the CTA can provide to customers. If CTA receives adequate funding, it will be able to maintain current service levels and build on them to sustain the momentum of ridership growth in five of the past six years.

But without adequate funding, CTA will have no choice but to drastically restructure its service in order to achieve a balanced budget. This is not a choice the CTA wants to make. But we are at a crossroads and it is now time for the General Assembly to look at the way in which transit is funded and the consequences of not updating the funding amount or formula for more than two decades.

While the federal government reviews and modifies the federal funding program for transit every five to six years, no modifications have been made to the RTA Act in over 20 years, despite changes in funding sources and new obligations, growing congestion, regional ridership losses and worsening air pollution. Keeping the funding as is will leave CTA few options but to make deep cuts to service. Substantial progress in terms of ridership growth and service improvements over the past six years will be undone. CTA's capital program may also be threatened. The federal government will be reluctant to provide discretionary funding for projects in regions that do not show strong local support for existing transit operations.

At its September meeting, the Board of the Regional Transportation Authority (RTA) acknowledged the need for more resources to meet the region's transit needs, calling for an additional $82.5 million for CTA operations. Increasing funding by $82.5 million would bring CTA closer to 1985 funding levels, helping CTA reverse decades of declining funding and resulting service cuts. Additional funding increases would begin to allow transit service to grow, resulting in less traffic, better air quality, and a stronger economy.

At the unanimous direction of the RTA Board, CTA is creating two budget scenarios, one in which the General Assembly acknowledges the critical need for public transit by increasing funding, and the second which outlines the impact if no additional funding is forthcoming. It will reflect a substantially pared down version of the level of service customers receive today. Both scenarios are presented so that CTA customers and the public are informed of both the service the CTA would like to provide its customers, and the budget the CTA, and its customers, may be forced to live with.

The choice is clear and we appeal to the General Assembly to modify the RTA Act to provide the resources and incentives to meet the need for transit throughout the city and suburbs. It is important to the CTA, to the future of regional transit, and to the economic vitality of Northeastern Illinois.

Sincerely,

Frank Kruesi

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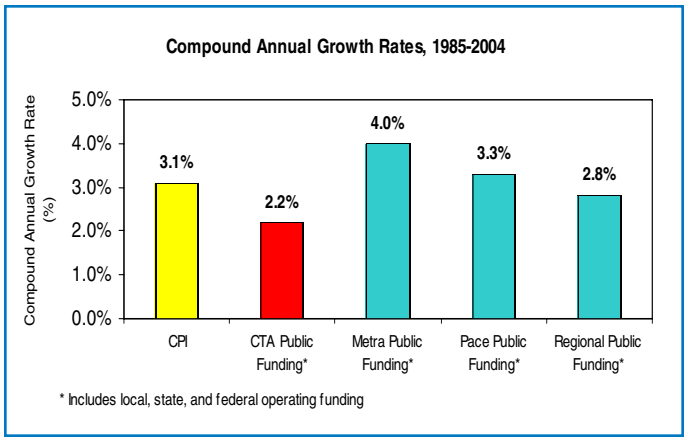
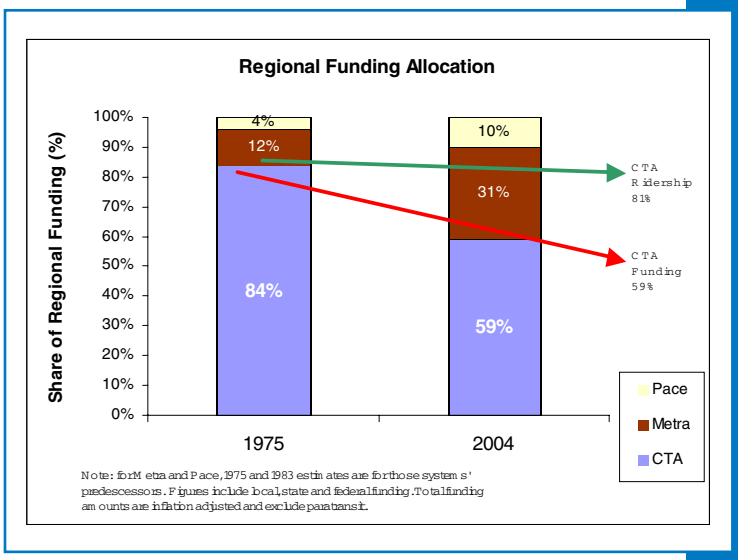
Introduction

The CTA serves people throughout the six-county region. Whether they live in Little Village or Evergreen Park or Wilmette, CTA's customers have one thing in common: they need a reliable way to get where they need to go. Public transit travels over, under and through neighborhoods, industrial parks, financial districts, shopping centers, expressways and campuses to get customers where they need to go, efficiently, safely and inexpensively.

The CTA works hard to do this every day. CTA service and facilities have experienced dramatic improvements since 1997. Ridership has increased for five out of the past six years as a result of fleet upgrades, new bus routes, expanded service hours, rehabilitated stations and rail cars, and service adjustments implemented to meet changing residential and commercial needs. The CTA provides 81 percent of all public transit trips in the six-county region, either with direct service or connecting service to Metra and Pace, including nearly half of all transit trips that have a suburban component.



The challenges involved in providing bus and rail service to meet the region's needs have intensified over time. Purchasing power for day-to-day CTA operations has steadily decreased, growing at almost one percent less than the rate of inflation since 1985. Considering that the CTA devotes significant resources to unfunded but essential services such as paratransit, the decline in purchasing power for mainline bus and rail services is even more dramatic. CTA's inflation-adjusted funding for bus and rail operations from federal, state and local sources is projected to be $100 million less in 2005 than in 1985.



In addition to the significant loss in inflation-adjusted funding, CTA's share of regional funding has eroded. While the CTA's share of regional ridership has remained above 80 percent, its share of regional public transit funding has declined from 71 percent to 59 percent since 1980.

The CTA staff has worked diligently each year to identify sources of additional revenue to help fill the ever-widening gap in the operating budget. And, the CTA has learned to do more with less by carefully managing its operations to reduce costs without sacrificing the level of service provided to customers. Since 1997, the CTA has realized more than $760 million in reduced costs as a result of these efforts. In 2004, CTA cut 446 positions and increased fares in order to eliminate an $88 million operating budget deficit. But, we have reached a point where additional efficiencies will not come close to bridging the budget gap the CTA is facing in 2005 and beyond.

The CTA is seeking the assistance of the Illinois General Assembly to correct the structural flaws of the current formula so that transit is properly funded

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The newly renovated Kedzie station on the Cermak branch of the Blue Line.

in the region. The level of public funding provided to the CTA will determine the amount and quality of service the CTA can provide to customers in 2005 and beyond.

Without changes to the formula and additional funding, the CTA will have to make significant changes to the way it operates, including substantial cuts in service. But, if CTA receives adequate funding, it could improve on current service levels by building on the momentum established with ridership growth in five of the past six years. Even a small investment in transit can translate into significant improvements in service levels. Conversely, dramatic cuts in service are necessary to achieve modest reductions in costs.

In this budget document, both scenarios are presented so that CTA customers, and the public, are informed of both the budget the CTA would like to present, and the budget it may be forced to live with.

The region's public transit system is critical to our economy. Nearly two million customers use some combination of CTA, Pace and Metra to travel to and from destinations throughout the six-county region. The system serves not just the millions who use it each day, but the millions of drivers who benefit from reduced congestion and all residents in the region who share in the environmental benefits of transit. If CTA is forced to reduce service or further increase its fares to meet its operating needs, the entire surface transportation network will bear the impact.

Sources and Use of Funds

It is important to understand how the CTA is funded in order to recognize how it is possible to complete a landmark project such as the rehabilitation of the Cermak branch of the Blue Line in 2005, and still be faced with the very strong likelihood of reduced service, fare increases and workforce reductions.

Each year, the CTA develops two spending plans: an annual operating budget and a five-year capital improvement plan. In simplest terms, the capital budget pays for the purchase of buses, trains and stations, and the operating budget pays for the operators who drive them, the fuel and power that operate them, and the nuts and bolts and staff that keep them maintained and running.

The CTA's capital budget is funded primarily by the federal government but also the state of Illinois and the Regional Transportation Authority (RTA). Each of these sources provides funding for infrastructure improvements such as renovated rail stations, track and structure rehabilitation, and bus and rail fleet improvements. A number of critical capital improvements have been made to CTA's fleet and facilities over the past decade that have helped to attract new customers to the system and provide the foundation to meet the increasing demand for service. In most cases, this money cannot be used for day-to-day operations.

The operating budget supports day-to-day operations and determines the level of service provided on the bus and rail system. As the nation's second largest transit system, CTA is a regional resource that reduces congestion, improves air quality and

New articulated buses have upgraded CTA's bus fleet.

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enhances the economic competitiveness of metropolitan Chicago. In recognition of these benefits, CTA receives public funding for approximately half of its total operating budget. This money comes from regional sales taxes and matching state funds. The remainder comes from CTA fares and revenue generated from sources such as advertising and concessions.

Approximately half of every revenue dollar comes from system-generated revenues—primarily fares. Regional sales taxes and matching state public transportation funds make up the balance. The City of Chicago also provides additional operating and capital support to CTA, such as dedicated police services and station rehabilitation. Ninety-four cents of every dollar goes towards bus and rail services for customers. The remaining six cents is for administrative support.

Structural Funding Problem

The root of the CTA's funding problems can be traced back to the state funding formula that determines the CTA's level of public funding for operations. Last amended in 1979 and 1983 by the Illinois General Assembly, the RTA Act provides the structure for governing and funding the CTA, Metra and Pace. Day-to-day transit operations are supported through a sales tax of one percent in Cook County and ¼ percent in the collar counties. The state provides a 25 percent match of sales tax revenues.

As a result of key policy changes more than 20 years ago, the CTA has experienced a steady decline of inflation-adjusted funding for operations. In 1979, the General Assembly replaced uniform gas and sales taxes with the current differential sales tax. In 1983, it established the existing distribution formula that allocates revenue to CTA, Metra and Pace based upon where sales taxes are generated. The federal government later eliminated operating assistance while introducing new unfunded mandates in the 1990s. Had federal, state and local funding levels for operations kept pace with inflation, CTA would be receiving a projected $100 million more for bus and rail operations in 2005, or cumulatively $1.5 billion since 1985. The current funding situation is unsustainable. In 2005, CTA faced an operating shortfall of more than $77 million. In 2004, CTA balanced its operating budget by raising base fares and eliminating 446 positions. While CTA was able to avoid major service cuts in 2004 by reducing expenses outside of vehicle operations and through one-time cost savings, it will be impossible to maintain bus and rail service levels without increased funding.

The funding structure is causing CTA to lose ground for several key reasons:

- Funding is collected and distributed by geographic boundaries instead of by regional transit needs and patterns. Travel does not stop at county boundaries, nor are CTA, Metra or Pace exclusively city or suburban transit systems.

- The funding formula does not take cost-effectiveness into account. Considering operating subsidies per trip, CTA's transit services are among the most cost-effective in the region. Transit trips that require the greatest public subsidies occur in areas with the lowest tax rate. Suburban transit trips generally require higher subsidies than urban transit trips because trips in outlying areas are typically longer and more dispersed than in the city. Funding resources have not kept pace with population shifts, ridership growth and service expansion.

- Distribution of funds is fundamentally unrelated to transit service or use. Per the formula, funding allocations are based on where retail

A CTA bus pulls into the Yellow Line station in Skokie.

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The CTA considers a bus route to be accessible only when every bus serving that route is equipped with a lift or a ramp.

sales occur, which reflects income levels and shopping patterns instead of ridership, service provided or other transit performance criteria. CTA receives less than 60 percent of the region's transit operating funding yet provides 81 percent of all transit trips in the six-county Chicago region, including almost 50 percent of all trips that have a suburban component.

- Per the statutory formula, CTA relies on sales tax sources that are growing more slowly than the regional average. Unlike Metra and Pace, the formula has also left CTA heavily dependent on non-guaranteed discretionary funds for 40 percent of its public funding.

- CTA no longer receives any federal operating assistance despite growing federally-mandated obligations. In 1985, federal assistance amounted to nearly $90 million in current dollars. As shown in the adjacent chart, federal assistance was phased out while paratransit costs have escalated.

- During the same period, the cost of paratransit services has increased from $7 million in 1985 to $48.8 million in 2004, and it continues to grow. Paratransit service is mandated under the 1990 Americans with Disabilities Act without any cost reimbursement, and is a vital service for people with disabilities. Only CTA and Pace are required to offer paratransit service and they receive no special funding from RTA or the federal government. The service costs the CTA about $25 per trip. The customer pays the standard $1.75 base fare, or uses a 30-day pass.

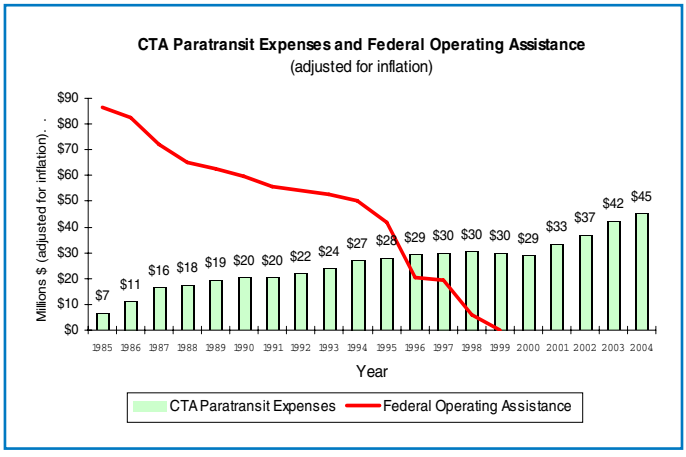
  Paratransit costs and service estimates for 2005 include:

  - Budget - $52.2 million for CTA, $0 for Metra and $10 million for Pace.
  - Cost - $25.00 average subsidy per trip compared to $0.93 subsidy per trip for traditional fixed-route service.
  - 2.2 million rides included in recovery ratio requirements.

- RTA's mandatory 50 percent farebox recovery ratio requirement, which stipulates that system-generated revenues must cover at least 50 percent of regional operating expenses, sometimes encourages counterproductive service cuts and fare increases. CTA's specific recovery ratio – set slightly above the 50 percent regional average – applies to all operating expenses including paratransit, which recovers only five percent of its costs.

The bottom line is that the formula has left CTA in an unsustainable financial predicament. Proposed CTA operating funding levels for 2005 and 2006 remain the same as 2002—a 10 percent decline in real terms. During the preparation of the 2005 funding marks for CTA, Metra and Pace, RTA recognized that the current public funding structure is insufficient to fund a high-quality transit system. RTA has asked CTA and the other service boards to prepare two budgets: one that includes $82.5 million in additional operating funding through legislative change from the General Assembly, and one that does not.

If additional resources are not provided, RTA proposes authorizing CTA and other service boards to transfer capital funds to cover day-to-day operating expenses. This, however, is not a long-term solution and risks cannibalizing CTA's capital program.



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Federal grants for projects such as the Blue Line Cermak (Douglas) Branch Rehabilitation Project and the Brown Line Capacity Expansion Project are contingent upon local and state capital funding matches. CTA must not mortgage its future by dipping into capital funds to pay for day-to-day operations.

CTA is seeking a structural solution to regional transit funding, not a band-aid to plug next year's deficit. No modifications have been made to the RTA Act in over 20 years, despite changes in funding sources and new obligations, growing congestion and worsening air pollution.

The status quo will leave CTA few options but to revert to increasing fares and cutting service year after year. Substantial progress in terms of ridership growth and service improvements over the past six years will be undone.

Current Funding Compared to Increased Funding

($ in 000's)	Gridlock Budget FY2005	Regional Mobility Budget FY2005	Difference Inc/(Dec)
Operating Expenses	997,151	1,024,377	(27,226)
Operating Revenues	500,245	500,245	-
Public Funding Required	496,906	524,132	(27,226)
Public Funding Available	441,632	524,132	(82,500)
Net Deficit	(55,274)	-	(55,274)
Ridership	413,733,467	447,350,707	(33,617,240)

CTA's capital program may also be threatened; the federal government is becoming increasingly reluctant to help fund major projects in regions that do not support existing transit operations.

Options for 2005

As outlined in the following chart, if the CTA receives adequate funding, it will be able to improve on current service levels by building on the momentum established with ridership growth in five of the past six years.

Regional Mobility Version
Increased Funding Improves Service For Customers

($ in 000's)	Gridlock Budget FY2005	Regional Mobility Budget FY2005	Regional Mobility Budget FY2006	Regional Mobility Budget FY2007
Operating Expenses	997,151	1,024,377	1,041,690	1,078,626
Operating Revenues	500,245	500,245	506,258	524,126
Public Funding Required	496,906	524,132	535,432	554,500
Public Funding Available	441,632	524,132	535,432	554,500
Net Deficit	(55,274)	-	-	-
Ridership	413,733,467	447,350,707	451,616,221	457,123,509

In recognition of the structural funding deficit that has eroded CTA's public funding over the last 20 years, the RTA Board has recommended increased public funding of $524 million for CTA in 2005. These levels of funding will enable CTA to maintain current service levels and continue developing service improvements to build ridership. This will include the addition of weekend service on the Cermak (Douglas) branch of the Blue Line and may include other enhancements resulting from the West Side Corridor Study.

CTA remains committed to carefully managing its operations and improving efficiency. Since 1997, CTA has reduced operating costs by over $760 million, including the reduction of 1,246 positions and increased bus and rail service. In 2005, CTA has proposed the reduction of an additional 200 positions resulting from new or continuing initiatives that have helped CTA to hold the line on expenses. Without these internal cost control efforts, CTA's budget would be $120 million higher.

In addition, select fees and fares will increase to help maintain critical aspects of the system. These include the University Pass (U-Pass), parking and paratransit fares. Increases will help offset the cost of providing these services.

Without action from the General Assembly to correct CTA's funding erosion, CTA will be forced to take drastic measures in 2005. As a result, this 2005 budget proposal outlines a smaller, less effective CTA.

The 2005 budget funding mark will be revised to reflect the limited funding that will be available to CTA. As a result, CTA will be forced to reduce its

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operating budget by $77 million in 2005 in order to balance its budget and meet the recovery ratio mandated by the RTA. The CTA proposes to do this by eliminating positions, introducing more operational efficiencies and raising certain fares and fees. But even with these steps, a deficit of $55 million will remain, so service will have to be cut. CTA must reduce the operating budget by an additional $109 million and $135 million in 2006 and 2007 respectively in order to balance its budget and meet the recovery ratio mandated by the RTA. In other words, the combined service reduction over the three-year period is estimated at $315 million.

Gridlock Version
Current Funding Results in Service Cuts and Ridership Losses

($ in 000's)	Gridlock Budget FY2005	Gridlock Budget FY2006	Gridlock Budget FY2007
Operating Expenses	997,151	1,037,611	1,078,626
Operating Revenues	500,245	506,258	524,126
Public Funding Required	496,906	531,353	554,500
Public Funding Available	441,632	441,632	441,632
Net Deficit	(55,274)	(89,721)	(112,868)
Ridership	413,733,467	397,828,640	398,293,341

Since 1997, CTA has reduced operating costs by over $760 million, including the reduction of 1,246 positions and increased bus and rail service. In 2005, CTA has proposed the reduction of an additional 250 positions resulting from new or continuing initiatives that have helped CTA to hold the line on expenses. Without these internal cost control efforts, CTA's budget would be $120 million higher.

Under the revised budget:

- 59 million rides will be lost by 2007.
- Bus and rail service will be reduced. The newly refurbished Cermak (Douglas) branch of the Blue Line, however, will gain additional service hours commensurate with hours that will be offered elsewhere on the Blue Line.
- Eliminate 250 positions, lay off over 1,000 operating employees and reduce ridership by 34 million.
- Increase select fees and fares to help maintain critical aspects of the system. These include U-Pass, parking and paratransit fares. Increases will help offset the cost of providing these services.

Looking Ahead

The CTA's mission is to deliver quality, affordable transit that links people, jobs and communities. With the CTA providing eight out of 10 trips taken in Northeastern Illinois, the CTA is the predominant transportation provider in the region and is doing its part to maintain the region's economic competitiveness.

The Chicago metropolitan area today is one of the most congested regions in the nation in terms of travel time. The level of congestion and air quality degradation is becoming increasingly worse and now threatens the region's quality of life and economic competiveness.

- Congestion: 73 percent of the region's freeway and street lanes are now congested during the rush hour, as opposed to 46 percent in 1982, even as road capacity has increased 25 percent (Texas Transportation Institute).
- Wasted resources: Some 340 million gallons of gas annually are now wasted in congestion, an increase of 365 percent since 1982 (Texas Transportation Institute).
- Air pollution: The region has become a severe non-attainment area for ozone and has some of the nation's worst air pollution (Environmental Protection Agency Green Book).

The CTA relies on system-generated revenue to fund more than half of its operating budget.

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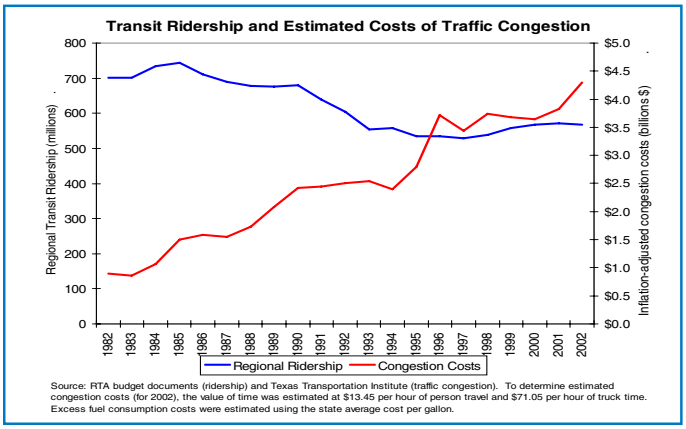


Over the past 20 years, while the CTA's funding was eroding, the region has lost nearly 900,000 transit trips each day and the region has gotten more congested.

Alternatively, the General Assembly can modify the RTA Act to provide the resources and incentives necessary to increase regional transit service and ridership. In the discussion about how to expand transit funding, it must be absolutely clear that the CTA is not seeking to divert money away from Metra or Pace. Restructuring regional transit funding should not and must not be a zero-sum game.

More specifically, the General Assembly should consider:

- Establishing equitable funding contribution levels that provide sufficient funding for regional transit needs and reflect transit's importance to everyone throughout the six-county region.
- Identifying new transportation-based funding sources to permit service growth.
- Redesigning the funding distribution formula to better reflect ridership, service provided and other indicators of system performance, while ensuring that the entire region receives a base level of transit service.
- Establishing dedicated funding for federally-mandated special services such as paratransit to improve transportation for mobility-limited individuals.

Unless CTA's structural funding shortfall is corrected, the Chicago region will lose more transit riders, with jobs and companies leaving the area as the roads get more crowded and the air gets more polluted. CTA will have few options but to raise fares and cut service. The CTA's proposed service cuts will result in the loss of over 34 million regional trips in 2005, which will impact both the city and the suburbs. It will also lead to:

- **Loss of Mobility**
  Approximately 1.5 million customers use CTA on an average weekday; about 1.9 million customers use CTA, Metra and Pace.
- **Additional Gridlock**
  During a typical morning rush hour, over 100,000 people take a CTA train into downtown Chicago. If these transit customers switched to driving, the region's already congested highways would be gridlocked.
- **Parking Problems**
  To park all the cars that CTA takes off the road everyday would require the equivalent of a multilevel parking garage taking up the entire Loop.
- **Air Pollution**
  Metropolitan Chicago, already a non-attainment area for ozone and one of the nation's most polluted regions, would experience large increases in tailpipe emissions and associated health impacts.

To avoid these problems and instead improve the economic viability of the region, it is essential for the Illinois General Assembly to enact changes in the way public transit is funded.

A recent survey conducted by the Texas Transportation Institute reported that the Chicago area is the third most congested city in the nation in terms of travel times.

Accomplishments and Plans

Original artwork "Birth of Heroes: The Wall of Harmony" mural by Ivan Watkins is featured at the Kostner station on the Cermak branch of the Blue Line.

2004 Accomplishments

The CTA experienced some great successes in 2004 despite operating in a challenging economic environment. Renovation work was completed on the final five of the eight stations that are part of the $483 million rehabilitation of the Cermak (Douglas) branch of the Blue Line.

In 2003, newly rehabilitated stations at Kostner and Kedzie in Chicago and 54th/Cermak in Cicero were the first of the fully accessible, newly renovated stations completed and re-opened for customer use. In 2004, the remaining five stations – Pulaski, Central Park, Western, California and Damen – were completed and re-opened for service.

With the eight station renovations, all 11 stations along the branch are now accessible. Prior to the start of the rehabilitation project, three of the 11 stations along the branch were already accessible: Polk, 18th Street and Cicero. With the station work now completed, half (72) of the CTA's 144 rail stations are now accessible.

In addition, as part of the Public Art component of the project, all eight of the newly renovated stations will feature original works of art to reflect the communities in which the stations reside. The CTA and the City of Chicago's Department of Cultural Affairs partnered to solicit and select artists. Both local and national artists were selected to display their work at the California, Western, Damen, Central Park, Kedzie, Pulaski, 54th/Cermak and Kostner stations.

The Blue Line project has also won awards. The Richard H. Driehaus Public Innovator Award from the Government Assistance Program at DePaul University was presented to the CTA in recognition of its use of ProjectNet, a web-based project management system. The Public Innovator Award honors public sector teams that develop creative and unique solutions to improve service delivery, address problems and demonstrate measurable results. ProjectNet is a document control system used by CTA capital project managers, consultants and contractors that provides immediate access to all project documentation, allowing for more efficient and earlier completion of capital projects, such as the Blue Line rehabilitation.

The American Galvanizer's Association (AGA) presented its 2004 Excellence Award to CTA. More than 13,000 tons of structural steel were covered with galvanized zinc, which coats and protects the steel from moisture, rust and corrosion.

The project also earned two Awards of Excellence for the CTA. The American Galvanizer's Association (AGA) presented its 2004 Excellence Award in the bridge and highway category for CTA's large-scale use of hot-dip galvanized steel. More than 13,000 tons of structural steel were covered with galvanized zinc, which coats and protects the steel from moisture, rust and corrosion. The galvanized steel was used along the entire 4.6-mile elevated portion of the Cermak branch to protect the structure, platform steel, fences, railings and support columns. The $3.3 million of galvanized steel is expected to save the CTA in future maintenance costs because the steel's consistent dark gray color will prevent the need to repaint every few years.

The CTA also received the Ceilings and Interior Systems Construction Association's (CISCA) 2004 Award of Excellence in the renovation and restoration category for the state-of-the-art canopies located at the newly renovated rail stations along the Cermak branch of the Blue Line. The association cited the canopies for good craftsmanship and installation, unique use of material in a transit environment, and creative detailing that is vandal and harsh-weather resistant.

Accomplishments and Plans

An elevated train crosses a busy Loop street.

In March, Mayor Richard M. Daley led the groundbreaking ceremony to begin work on the rehabilitation of the Dan Ryan branch of the Red Line. Improving power reliability and the delivery of that power for more than nine miles of the Red Line from Cermak-Chinatown to 95th Street are the most significant aspects of the project. The $294 million project is scheduled to be completed in 2006 and will bring more reliable and efficient rapid transit service to the South Side of the city and the 45,000 customers who use this branch each day.

Since the Dan Ryan branch of the Red Line opened in 1969, the CTA has added trains and increased frequency to keep up with customer demand. In 1969, the Red Line ran six-car trains with rush hour intervals at 5-7 minutes. Today, the Red Line runs eight-car trains with rush hour intervals at 3-5 minutes. In its first full year of operation in 1970, ridership on the branch was 4.2 million. In 2003, ridership for the year was 15.8 million. In addition, rail cars originally placed on the line over 30 years ago did not require as much power to operate as today's more modern cars. Improved customer amenities such as upgraded air conditioning systems require more power to operate.

Seven stations along the line, from Sox-35th to 87th, will receive upgrades that include new flooring, enhanced lighting, refurbished platform canopies, new customer assistant kiosks and improved signs. Eight escalators along the branch will be replaced and new elevators will be installed at 47th and 69th, making the stations accessible to customers with disabilities.

There also will be enhancements to improve bus connectivity, such as curb cuts, canopies over station entrances and improved lighting on the approach to each station. In 2003, the CTA rehabilitated bus bridges at 69th and 95th streets and completed renovations to the station house at Sox-35th. For the first time, as part of its Red Line construction contract, the CTA created an economic development component, which includes two provisions to encourage economic development for disadvantaged business enterprise (DBE) firms and the affected Red Line community. To qualify as a DBE, a business must be at least 51 percent owned and controlled by a minority or woman and be certified by CTA or any participating agency in the Illinois Unified Certification Program.

A minority financial institution provision was established to provide a method for reinvestment in the Red Line community and DBE businesses. Through the arrangement, CTA's construction contractor established an account at a community bank, Seaway National. The CTA wire transfers invoice payments directly into the contractor's account and the contractor retains 10 percent of these invoice payments at Seaway for reinvestment in the community for the life of the contract with CTA.

A mentor-protégé program has also been established to further the development of DBE firms and assist them in moving into non-traditional areas of work and help them compete in the marketplace. The program provides the DBE participants with hands-on experience in specific trades or skills by working with the construction contractor.

By the end of 2004, a request for proposal will be released for the manufacture of new 'L' cars.

Accomplishments and Plans

Governor Rod Blagojevich and Mayor Richard M. Daley participated in a ceremonial signing of the Full Funding Grant Agreement for the Brown Line Capacity Expansion Project.

In spring 2004, CTA announced its securement of federal funding for the Brown Line Capacity Expansion project. The Full Funding Grant Agreement (FFGA) between the Federal Transit Administration (FTA) and the CTA assures the federal government's financial support for the project.

The federal government's $423.1 million funding contribution to the $530 million Brown Line project is a combination of $245.5 million in New Starts funding and $177.6 million from formula funds. Non-federal funding in the amount of $106.8 million is being provided for the project by the Regional Transportation Authority, the Illinois Department of Transportation and the CTA.

For more than a century, the Brown Line has served as a vital artery to the neighborhoods and businesses on Chicago's North Side. Operating between downtown and the Northwest Side, the Brown Line was originally constructed in two phases, opening for service in 1900 and 1907. The line is the third busiest of the CTA's rail lines, serving more than 66,000 customers each weekday, with 19 stations from Kimball on the north to the downtown Chicago Loop.

The scope of the project includes: increasing capacity by lengthening station platforms to accommodate eight-car rather than six-car trains; upgrading or replacing traction power, signal and communication equipment; and rebuilding stations including making each one accessible to all CTA customers in accordance with the Americans with Disabilities Act (ADA) guidelines.

Converting the Yellow Line from catenary power to third rail power was completed in 2004. The CTA replaced the overhead catenary lines used to power the Yellow Line between the Skokie station and Crawford with contact rail, or third rail, like that used everywhere else on the CTA system. Third rail power improves reliability on the Yellow Line, preventing possible service disruptions such as those that result when overhead wires freeze up and break in the winter. In addition to improving reliability and comfort for CTA customers, the conversion gives the CTA the flexibility to use standard railcars interchangeably on the Yellow Line and the rest of the rail system. To minimize service disruptions, the majority of the conversion work was performed on weekends when the line was not in operation.

In January 2004, CTA completed the replacement of the warning systems at eight Yellow Line grade crossings in Skokie and two Purple Line grade crossings in Evanston. The work included the installation of new gates, flashers, bells and backup batteries.

Projects of the scope and magnitude necessary to maintain the second largest transit system in the country require a great deal of support, and the CTA has received generous support from the City of Chicago in restoring its facilities. In 2004, the Chicago Department of Transportation (CDOT) completed renovations to the platform at the Jackson station on the Red Line.

The CTA replaced the overhead catenary lines used to power the Yellow Line with contact rail, or third rail, like that used everywhere else on the CTA system.

Accomplishments and Plans

The $16.9 million renovation of the Jackson platform on the Red Line included an underground transfer tunnel that provides a pedway connection between the Red and Blue Line platforms and brighter and more energy-efficient lighting.

The $16.9 million project included reconstruction of the Red Line platform between Adams and Van Buren. The work also included an underground transfer tunnel that provides a pedway connection between the Red and Blue Line platforms at Jackson. That portion of the project was finished in February 2003.

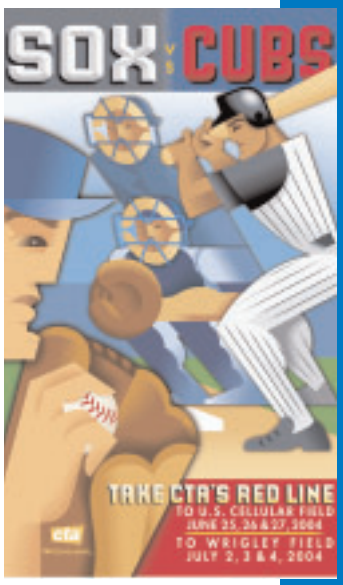
The 660-foot platform features brighter and more energy-efficient lighting, new acoustical panels and communications equipment, and new street identifier signs showing various views of State Street. The platform design follows the motif incorporated in the Roosevelt and Chicago Avenue Red Line stations completed by CDOT in 1996 and 2001, respectively. The motif features ceramic-tiled vaulted ceiling panels and walls with an outline of the Chicago skyline.

In 2004, CDOT also began renovation work on the Lake Street subway station on the Red Line. The project will rebuild the station's mezzanine and platform between Lake and Randolph streets. The new areas will feature ceramic tile walls and ceilings, and brighter and more energy-efficient lighting. Additionally, the project will expand the public area of the mezzanine level by 1,500 square feet, creating space for additional turnstiles. One new escalator will be installed between the platform and mezzanine level, while two escalators between the mezzanine and street level will be refurbished. Except for the addition of tactile edging, the platform that runs under State Street has not been renovated since it opened in 1943. Work on the $21 million project is scheduled to be complete by early 2006.

Since 1989, the City has invested $826.1 million in CTA infrastructure improvements. These include the Roosevelt Connector project, which was completed in December 2002, replacement of the elevated span at Wacker Drive and Wells, the renovated Chicago Avenue station on the Red Line that was completed in 2001 and the elevated Library-State/Van Buren station that was completed in 1997.

By the end of 2004, a request for proposal will be released for the manufacture of new 'L' cars that are expected to be delivered beginning in 2008. The new rail cars will use AC (alternating current) traction motor propulsion instead of DC (direct current) motors that are used to power the existing fleet. The business decision to switch to AC power is a major shift for the CTA. AC propulsion systems are already used by other major transit agencies including New York, Washington D.C. and Atlanta. DC systems, such as the one in use at CTA, are becoming obsolete. Converting to a more modern AC system will improve reliability and reduce the growing cost of maintaining an outdated system. For example, there are more equipment suppliers for AC motors than for DC, so the supply will be more reliable and the costs more competitive.

The AC system will require less maintenance and will provide a more comfortable ride through smoother acceleration and braking. The new cars will replace the CTA's 2200-series Budd cars that were purchased in 1969-70, and the 2400-series Boeing-Vertol cars purchased in 1976-78.



The Red Line takes Sox and Cubs fans to their respective ball parks during the crosstown series each summer.

Service enhancments were also plentiful in 2004. CTA bus customers found it easier to navigate the system as a result of the automated bus announcement system that provides audible announcements on CTA buses and electronic signs that display the upcoming stop. CTA bus customers hear clear messages telling them the name of the approaching stop and those who are hearing impaired can read the name of the approaching stop displayed on an electronic sign

Accomplishments and Plans

A CTA bus operator programs the automated bus announcement system that provides audible announcements on CTA buses and electronic signs that display the upcoming stop.

located inside the bus. For those waiting to board a bus at a bus stop, buses announce the bus route and destination, and display the destination on the outside of the bus.

The system determines the position of the bus by using a combination of global positioning satellites, odometer inputs that provide distance traveled and a gyroscope that observes changes in direction. By fall, 92 percent of CTA buses were outfitted with the system. By the end of 2004, all buses in the fleet will feature this technology.

Building on the global positioning system technology that is part of the bus announcement system, CTA staff developed a computer program that measures elements of the schedule performance of its buses. The data collected will be used to combat bus bunching. According to the 2003 Customer Satisfaction Survey, bus customers noted a significant improvement in overall reliability of service but the main complaint customers want addressed is bus on-time performance. This new, more accurate method of data collection provides the CTA's eight bus garages with reports that enable managers to quickly identify trends and make adjustments. When fully implemented, it will enable CTA bus operations to determine, on a route-by-route basis, whether performance problems are the result of operator error, outdated schedules or external factors.

Customers responded positively to enhancements along the Lake Shore Drive corridor and in the northern suburbs of Evanston and Skokie, and West Rogers Park. These service improvements, which were introduced on an experimental basis, reflect the growth in these communities – changes in travel patterns due to residential and commercial development in burgeoning neighborhoods – as well as the CTA's commitment to providing quality service that transports people to where they want to go.

As a result of these enhancements, ridership along Lake Shore Drive bus routes increased 3.7 percent on weekdays and 10.5 percent on weekends. Ridership on the Evanston, Skokie and West Rogers Park routes, which focused on increasing Saturday ridership in the area, have resulted in an 11.3 percent increase for Saturday ridership since the improvements were made in 2003.

A new summer shuttle service was also introduced on an experimental basis. The Chinatown/Pilsen shuttle provided free service on Saturdays, Sundays and holidays between the South Loop, Museum

A new Chinatown/Pilsen shuttle provided weekend/holiday service between the South Loop, Museum Campus and Chinatown and Pilsen neighborhoods.

Accomplishments and Plans

The Chicago skyline provides the backdrop for the elevated station at Western.

Campus and Chinatown and Pilsen neighborhoods. The Chinatown Chamber of Commerce and the Pilsen Little Village Information Center subsidized the service, along with a federal Congestion Mitigation and Air Quality grant. Such grants fund projects geared to help attract customers to public transit.

This service was formerly provided by the City of Chicago, which operated a similar free trolley for the past three years. Noting the success of the previous trolley program, these organizations reached out to the CTA to design a route enabling customers to easily travel between area attractions and ethnic neighborhoods. The shuttle service helped to support some of Chicago's most popular attractions that draw large crowds during the busy summer months. In addition, continuing this shuttle service helped to meet the demand for public transit in the Pilsen and Chinatown communities by complementing local service for customers wanting to make connections to attractions along the route.

In May, a new 180-day experimental bus route began serving a newly developed manufacturing campus on the Southeast Side. The #X99 Chicago Manufacturing Campus Express ♿ route serves eight stops between the 95th Street Red Line Station and the Chicago Manufacturing Campus at 126th/Avenue O.

The ongoing effort to upgrade CTA's bus fleet continued as new low-floor articulated, or accordion-style, buses continue to be delivered. While a significant number of these buses are used to serve customers on express routes along Lake Shore Drive, all bus customers benefit from the acquisition.

Newer equipment means greater reliability for the entire CTA fleet as older buses are retired, and fewer repairs are needed to keep the remaining buses in good working order. As new buses are incorporated into the fleet, CTA moves closer to having its entire bus fleet be fully air-conditioned and more routes are now accessible. In late summer, nine additional bus routes became accessible, making 95 percent of CTA's 152 routes accessible to customers with disabilities, a critical achievement that makes it possible for many customers with disabilities to use the main system. The CTA considers a bus route to be accessible only when every bus serving that route is equipped with a lift or a ramp. As new accessible buses are delivered to the fleet, more routes will become fully accessible.

In late summer, 95 percent of CTA's 152 routes were accessible to customers with disabilities, a critical achievement that makes it possible for many customers with disabilities to use the main system.

Accomplishments and Plans

Chicago Card Plus, a new electronic farecard managed through an online account, was introduced to CTA customers in January.

The CTA's aggressive campaign to upgrade its bus fleet also includes a program of mid-life overhauls. In 2004, CTA began a power train overhaul for the Flxible 6000 series buses, rear sidewall replacement for the Flxible 5300 series and completion of the overhaul of all 65 New Flyer 5800 series buses.

The overhaul process includes rebuilding or upgrading the engine and transmission, pre-heater replacement, air conditioning overhaul, installation of seating fabric, improved destination signs and rebuilt ramps or lifts for mobility devices. Investing in the mid-life overhaul process helps improve performance and reliability as well as extend the service life of CTA buses. The improved overall condition of the vehicles also helps to reduce maintenance costs.

Chicago Card Plus™, a new electronic farecard managed through an online account, was introduced to CTA customers in January. The Chicago Card Plus, and the agency's first electronic farecard – the Chicago Card™ – resemble a credit card and use SmartCard technology that enables customers to simply touch the card against a target on a bus farebox or rail turnstile, and go.

Because the card is passed over a sensor it allows faster boarding for customers. It takes, on average, two seconds to use a regular transit card and only 3/10 of a second to tap a Chicago Card or Chicago Card Plus to a sensor target. The extra seconds saved are slight from an individual perspective, but as more and more CTA customers switch to electronic farecards, travel will become even more efficient as those seconds add up and shave time off the boarding process for everyone.

In addition to faster boarding, Chicago Card Plus provides online account management and the convenience of automatically adding value to the card when it reaches a certain dollar amount. The CTA is the first transit agency in the country to offer an account-based system to all transit customers, both bus and rail.

In April, the Chicago Card Plus became available to participants in the RTA/CTA Transit Benefit program, a pre-tax payroll deduction administered by employers. Since the introduction of the Chicago Card in 2002, program participants had expressed an interest in having an electronic farecard as an option.

Through September, almost 62,000 Chicago Cards and more than 67,000 Chicago Card Plus farecards were being used by CTA customers across the bus and rail system. Almost 15,000 of the Chicago Card Plus farecards are a direct result of participation in the Transit Benefit program.

In 2004, the Chicago Transit Board changed the format of its monthly meetings. Starting with the January meeting, a segment was set aside for public comment providing customers more direct access to the Transit Board. To allow a variety of people to comment, individuals are permitted to address the board once a year.

In addition, joint meetings of the Chicago Transit Board and the Chicago Transit Authority's Citizens Advisory Board were conducted in a number of neighborhoods served by the CTA. The Citizens Advisory Board is a 12-member panel of community

Accomplishments and Plans

leaders appointed by the Chicago Transit Board to collect feedback from the public and make recommendations to the board.

Community participation is also a key component of the CTA's West Side Corridor Study, a comprehensive, scientific study that includes a review of major traffic generators, other transit connections and demographic and development patterns for the West Side and Near West suburbs. Workshops were conducted to gather information on the travel habits of residents. Participants worked in groups to develop suggested service changes.

In addition, two Alternatives Analysis Studies began in the fall, one for the proposed Circle Line and one for the proposed Ogden Avenue Transitway. The Alternatives Analysis Study is the first planning step in the Federal Transit Administration's New Start process for the purpose of pursuing federal funding for a project. The study will examine all of the transit options available and a locally preferred alternative will be determined.

The proposed Circle Line would leverage the CTA's ongoing investment in its rail infrastructure by connecting nearly all of the city's major employment and special event destinations with CTA and Metra rail lines making rail service more attractive to all transit customers and help to reduce travel times. The proposed Circle Line will link all of Chicago's CTA rail lines, and all of the Metra lines, with the addition of only 6.6 miles of new or rebuilt 'L' and subway tracks.

A compass rose outside the renovated California station on the Cermak branch of the Blue Line.

The proposed Ogden Avenue Transitway plans involve the Ogden Avenue and Carroll Avenue corridors and would link the North Riverside Mall at Harlem and Cermak to the Chicago Central Business District and Navy Pier. It would connect several Chicago neighborhoods and three suburban communities with the 42,000-employee Illinois Medical District. Additional transit options along the Ogden and Carroll Avenue corridors would improve travel times for CTA's West Side customers.

New and upgraded concession spaces make the transit experience more enjoyable.

With a continuing focus on customer convenience and an eye on generating non-traditional revenue, automated teller machines were installed at 11 rail stations on the Red, Orange, Green and Blue Lines. The machines are located outside of the fare payment area providing access for CTA customers as well as those not riding the system. In addition to added customer convenience, the ATM contract provides additional revenue of approximately $144,000 annually for the CTA during the first three years of the contract.

As part of the CTA's Concession Redevelopment Program, CTA entered into agreements to lease and upgrade 31 concession spaces throughout the rail system, improving convenience for customers. The total five-year value for all concessions awarded in 2004 is $4.2 million, which represents revenue from rent as well as the value of capital improvements made to the space.

The CTA's Concession Redevelopment Program implements uniform lease terms that include longer lease periods, as well as provisions for controlled

Accomplishments and Plans

CTA bus and rail service connects at the Fullerton station.

merchandising and guidelines for improved presentation and appearance. Since the program began in 1998, 58 CTA concession spaces throughout the CTA rail system have received or are on schedule to receive capital upgrades totaling $4.7 million.

In an effort to reduce operating expenses, CTA also relocated its headquarters in the fall of 2004, opting for owning a building rather than renting space. Rent is an operating expense, while purchasing a building is a capital expense. By owning the building at 567 W. Lake Street, CTA was able to eliminate lease payments from the operating budget and pay for the purchase of the building solely out of capital funds. This investment results in a reduction in CTA's annual operating expenses, saving an average of $7.7 million annually over the life of a lease alternative.

2005 Plans

Without additional funding, CTA will have to start the year with major service cuts. If, however, the CTA is successful in its effort to have the Illinois General Assembly change the funding formula to a simpler, fairer and more equitable version, the CTA will not only be able to maintain its current level of service, but also improve service for customers.

In January 2005, rehabilitation of the Cermak (Douglas) branch of the Blue Line will be completed. This project has remained on time and on budget since the groundbreaking in September 2001. All 11 stations along the branch are now fully accessible and upon completion, customers will experience faster trips as a result of the fully rebuilt track and structure. With additional funding, CTA will add service on the Cermak branch of the Blue Line.

Prior to the rehabilitation, the steel structure that supported the elevated portion of the Cermak branch was more than 100 years old and well beyond its useful life. Despite efforts to maintain the system, the overall condition had deteriorated to a point that permanent slow zones were present throughout more than half of the track. Slow zones required trains to operate as slow as 15 mph instead of the normal 55 mph. A trip from 54th/Cermak to downtown could take as long as 45 minutes before construction began. That same trip will take less than 25 minutes when the work is completed.

In 2005, CTA will begin work on the $56 million renovation of the Howard 'L' Station on Chicago's North Side. The station is a busy boarding and transfer point. An estimated 17,200 customers change trains at the station each day, and another 6,000 people enter the station from the street.

The project includes building a new ADA accessible station entrance and fare control area that will provide a convenient, accessible path between the existing platforms and the recently-constructed multi-story parking garage and bus terminal on the west side of the station. The existing Howard Street station and Howard Street viaduct also will be renovated. Additionally, new facilities will be constructed to house the Red Line rail operations and maintenance staff.

A Blue Line train pulls into the Kedzie station on the Cermak (Douglas) branch.

The project is expected to be completed in 2007 and will bring major overall improvements and boost ongoing

Accomplishments and Plans

CTA provides extra bus and rail service for major attractions such as Taste of Chicago.

neighborhood revitalization efforts in the Howard Street area, where CTA's major intermodal transportation center serves customers on the Red, Purple and Yellow Lines, seven CTA bus routes and two Pace bus routes.

The 2005 budget remains focused on a continual effort to streamline operations and improve productivity.

CTA's plan to take full advantage of new technology to maximize labor flexibility and increase productivity will result in a workforce reduction of at least 200 positions. Fare increases for paratransit customers are planned. Paratransit services continue to grow faster than the projected rate of inflation due to a combination of service provider rate increases and growth in the number of trips provided. Purchase of paratransit services are projected to increase by 16.3 percent over the 2004 budget to $52.5 million, which represents 5.1 percent of CTA's total operating cost.

Fares on the main service for seniors, students and customers with disabilities will remain at the reduced rate of 85 cents. Fares for the taxi access program (TAP) will increase to $3.50 from $1.75. Paratransit customers using the curb-to-curb service will see an increase to $3.50 from the current fare of $1.75. In addition, the price of a 30-day paratransit pass will increase to $150. Fares for the discounted University Pass (U-Pass) will also increase.

For 2005, the state has imposed a five percent cut to the reimbursement that it provides to the CTA for reduced fares. This reduced subsidy makes it necessary for CTA to cut back on the hours that reduced fares are accepted on the bus and rail system.

Future Plans – Beyond 2005

Historically, the Chicago region has enjoyed one of the finest surface transportation systems in the country. This world-class system has over 24,000 miles of interconnected major roadways and a regional interconnected public transportation network that includes shared use of highway corridors by two transit systems. The Chicago region depends, in so many ways, on this effective transportation system – it is vital to our economy, our security and our health. It is used to attract both businesses and residents to the region.

A recent survey conducted by the Texas Transportation Institute reported that the Chicago area is the third most congested in the nation in terms of times. For comparison, in 1982, 32 percent of the region's highway lanes were congested, and by 1999 this number rose to 65 percent. The concern now is not just the increasing congestion, but that it

An articulated bus crosses a bridge.

Accomplishments and Plans

Area expressways would become even more crowded without public transit.

is accelerating at a rate that may soon reach the point where the Chicago area will be leading the nation. Highway congestion is growing so fast that TTI estimates transit ridership must grow annually by 206,000 customers per day to maintain existing congestion levels.

This condition, in turn, has contributed to the region's inability to improve its status as a non-attainment area for air quality. If trends continue, the situation will only get worse. The Chicago Area Transportation Study reported that over the next three decades the region is expected to grow by 1.8 million; and Chicago Metropolis 2020's report estimates that in the Chicagoland area alone, 800,000 new jobs will be added along with a million new cars.

Further, investment in public transportation has been shown to produce a six to one economic return for communities. Just imagine what the region would be like without a CTA. On congestion alone, the CTA rail lines within the Kennedy, Eisenhower and Dan Ryan Expressway corridors carry one-third of all rush-hour commuters in those corridors. To accommodate this same level of traffic, a 35-mile, six-lane highway would need to be built.

Another reality, in the wake of the tragic events that occurred on September 11, 2001, is that we must be prepared to respond to emergency situations brought on by the new security environment in which we live. Regional public transportation is a key element in the region's emergency response preparedness plan.

Economic stability and competitiveness, as well as issues of quality of life, health and security, are all features fundamentally dependent on an efficient, balanced, interconnected surface transportation system. For the Chicago region, public transportation is a vital component of an overall efficient, balanced interconnected transportation system and it requires investment.

If we want to sustain our economic competitiveness, ensure flexibility in times of emergency and support a healthy quality of life, we need a viable public transportation network and we should be making decisions that support investment in this network today to meet the needs of tomorrow.

The CTA's current infrastructure provides the most integrated blueprint for designing the future of the region's public transit. It is the core system with the most potential for cost-effectively connecting to other public transit lines. Looking forward, enhancing CTA's current infrastructure will provide the best results in regional efforts to reduce traffic congestion.

State and federal funding have been crucial to CTA's ability to rebuild the system. Specifically, City of Chicago Mayor Richard M. Daley, U.S. House Speaker Dennis Hastert, Governor Rod R. Blagojevich, the Illinois Congressional delegation, the Illinois General Assembly, and the state's Illinois FIRST program have provided the financial support needed to help start the CTA on the road to a state of good repair. By providing the local match, the Illinois FIRST program enabled the CTA and other infrastructure, road, school and transit agencies to leverage federal money that would otherwise have gone to other states.

The newly renovated platform at the Kedzie station on the Blue Line.

Accomplishments and Plans

Thanks to the infusion of capital this program provides, CTA customers have more comfortable, reliable service. Capital investment in the bus and rail fleet has yielded visible results as more new air-conditioned, accessible buses replace aging vehicles. It has also enabled the CTA to make improvements to rail service by speeding up the renovation and replacement of older rail cars.

Without Illinois FIRST, the century old Cermak branch of the Blue Line, a vital transportation artery for the people of Lawndale, Little Village, Pilsen and Cicero, would have been torn down instead of rebuilt.

The CTA is seeking funding for a series of projects that will meet customer needs and help relieve regional gridlock in the future. Top CTA projects include express rail service to both Midway and O'Hare Airports, building the Circle Line, extending the Orange Line from Midway Airport to Ford City, extending the Red Line from 95th to 130th/Stony Island, extending the Yellow Line to Old Orchard shopping center, and establishing a streetcar and bus rapid transit system along the Ogden and Carroll Avenue corridors.

Preliminary plans for a CTA subway station at Block 37, the vacant lot between CTA's Dearborn and State Street subways, were announced in 2004. Ultimately, the new CTA station would serve as the main terminal for a new express rail service to both O'Hare and Midway Airports.

Although the vast majority of CTA's capital investment is focused on neighborhood stations, rail lines and fleet improvements, it is also important to invest in projects that can position the CTA for significant operating benefits in the future. The city's redevelopment of Block 37 presents a window of opportunity to construct a transit facility with benefits that will extend throughout the CTA's service area. In addition to faster service to the airports for commuters, business people and tourists, track and signal improvements will benefit the 20 percent of CTA rail customers who ride the Orange Line and the O'Hare branch of the Blue Line. By creating a new link between the Orange, Blue and Red Lines, this facility will increase the CTA's flexibility and result in more service options for all rail routes that serve the Loop.

The Circle Line would leverage the CTA's ongoing investment in its rail infrastructure by connecting nearly all of the city's major employment and special event destinations with CTA and Metra rail lines. This would make rail service more attractive to all transit customers and reduce travel times. The Circle Line project is designed to provide convenient short-cuts for CTA and Metra customers making crosstown trips, while also improving access to the periphery of Chicago's central area.

Extending the Orange Line to Ford City would complete the original Orange Line plan to provide improved access to downtown from the far south-west side and from the central city to the strong employment corridor along South Cicero Avenue.

Extending the Red Line from its existing south terminal at 95th Street to a new terminal at 130th would streamline bus-to-rail connections for 13 CTA bus routes and six Pace routes, and would also connect with Metra's South Shore commuter rail line.

CTA's Control Center constantly monitors trains and buses in service throughout the area.

Accomplishments and Plans

CTA serves the northwest suburb of Evanston, one of 40 suburbs served by CTA.

The proposed extension of the Yellow Line would provide service to major destinations such as Old Orchard shopping center, Cook County Courthouse, and adjacent office and retail developments currently just beyond the reach of the existing terminal. Expanding service would strengthen the reverse-commute flow along both the Yellow and Red Lines, and make better use of CTA's existing service capacity.

Plans for new transit service along the Ogden and Carroll Avenue corridors would involve bus rapid transit and electric streetcar transit service, and serve as a catalyst for further transit-oriented economic revitalization of the communities through which it travels. The line would connect several Chicago neighborhoods including Douglas Park, the West Loop and the 42,000-employee Illinois Medical District. The proposed transit line would have a western terminal at North Riverside Park Mall at Harlem and Cermak, and operate along Cermak Road, Ogden Avenue, Randolph Street, Carroll Avenue and Grand/Illinois with an eastern terminal at the main entrance to Navy Pier.

Even with all of these ambitious initiatives and projects, the CTA still has a great deal of work to do. Transit agencies today are facing a number of challenges, such as competition for limited funds due to the growing demand for new transit projects, tough competition for local sources to match federal funding requirements, and cost burdens associated with increasing safety and security responsibilities brought about by the security-enhanced environment in which we live.

The CTA needs $5.1 billion over the next five years to bring the existing system into a state of good repair. Currently, the CTA has identified approximately $2.9 billion toward that goal and must secure an additional $2.2 billion to meet its needs. Despite the recent success in acquiring state and federal capital funds, the agency is still faced with a sizeable list of unmet capital needs.

The region needs a viable public transportation network that will sustain its economic competitiveness, ensure flexibility in times of emergency, and support a healthy quality of life—and decisions should be made that support investment in this network today to meet the needs of tomorrow.

A viable public transportation system is a tremendous asset for any region—whether urban or suburban. It reduces commute times, promotes cleaner air, sharpens economic competitiveness, provides transportation flexibility in times of emergency and supports more livable communities and greater access and freedom for people from every walk of life. In short, investment in public transportation is investment in the economic productivity and security of Illinois. But the regional public transportation system serving Northeastern Illinois cannot be sustained in its current form and at its current funding levels. The CTA, Metra and Pace need to have a growing and reliable source of funding. Federal support for new projects and rebuilding programs is dependent on regional support for existing transit operations.

Public transit in this region stands at a crossroads and the CTA needs the support of its customers, the communities it serves and the Illinois General Assembly to find solutions that will support the transit system that has become so vital to this region.

CTA Salutes its 2004 Bus & Rail Champions and its Osterman Award Winner

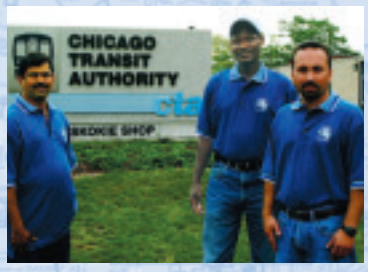
Kathy Osterman Winner
Joyce Coleman, Vice President, Human Resources

Rapid Transit Operator Champion
Ivan Davis (Blue Line, O'Hare)

Bus Operator Champion
Jairo Naranjo (Forest Glen Garage)

Rail Switchman Champions
(L to R) Brian Bailey (Red Line, Howard) and Susan Ware (Blue Line, O'Hare)

Bus Maintenance Champions
(L to R) Marc Schergen, Edward Jordan and Patrick Davis (Archer Garage)



Rail Rodeo Maintenance Champions
(L to R) Willington Antony, Kenneth Wheeler and Orlando Berrios (Skokie Shop)

Bus Fare Box Technician Champion
William Moore (901 Division)

AFC Lineman Champion
George Isa (901 Division)

Cleanliness Champion
Paulette Spurlock (Skokie Shop)

Rail Customer Assistant Champion
Robert Kaempfe (Blue Line, O'Hare)

Courteous

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

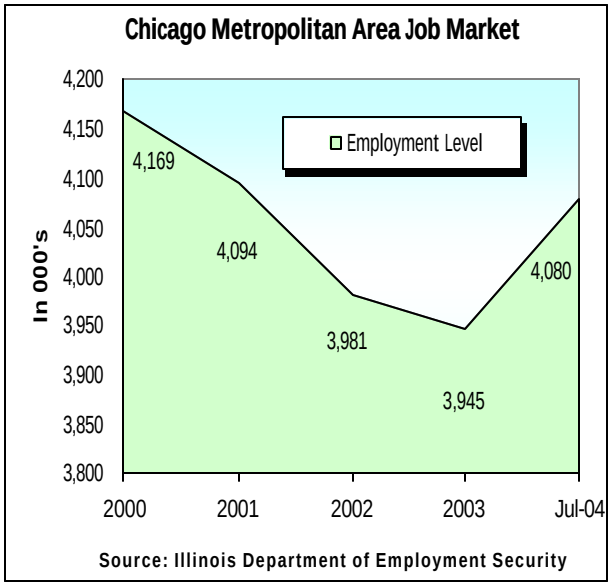
2004 Operating Budget Summary

(In Thousands)	2004 Budget	2004 Projected	(Unfav)/Fav Variance	(Unfav)/Fav % Variance
Operating Expenses				
Labor	$ 685,027	$ 683,419	$ 1,608	0.2 %
Material	66,000	60,930	5,070	7.7 %
Fuel -- Revenue Equipment	23,000	26,681	(3,681)	(16.0) %
Electric Power -- Revenue Equipment	22,000	23,192	(1,192)	(5.4) %
Provision for Injuries and Damages	22,000	22,000	(0)	(0.0) %
Purchase of Security Services	25,042	27,902	(2,860)	(11.4) %
Purchase of Paratransit	45,113	48,778	(3,665)	(8.1) %
Other Expenses				
Utilities	16,827	17,768	(941)	(5.6) %
Advertising and Promotion	4,461	3,292	1,169	26.2 %
Contractual Services	29,302	26,172	3,130	10.7 %
Leases and Rentals	7,812	7,254	558	7.1 %
Travel, Training, Seminars, and Dues	3,235	2,259	976	30.2 %
Warranty and Other Credits	(17,016)	(20,041)	3,026	(17.8) %
General Expenses	2,624	6,640	(4,015)	(153.0) %
Total Other Expenses	**47,245**	**43,343**	**3,903**	**8.3** %
Total Operating Expenses	**$ 935,428**	**$ 936,245**	**$ (818)**	**(0.1)** %
System Generated Revenue				
Fares and Passes	$ 393,562	$ 396,093	$ 2,531	0.6 %
Reduced Fare Reimbursement	32,300	31,275	(1,025)	(3.2) %
Advertising, Charter, & Concessions	24,250	23,996	(254)	(1.0) %
Investment Income	3,000	2,079	(921)	(30.7) %
Contributions from Local Governments	5,000	5,000	-	0.0 %
All Other Revenue	35,685	36,171	486	1.4 %
Total System Generated Revenue	**$ 493,797**	**$ 494,614**	**$ 818**	**0.2** %
Public Funding Required for Operations	$ 441,631	$ 441,632	$ -	- %
Public Funding Available through RTA	$ 441,631	$ 441,632	$ -	- %
Recovery Ratio	54.73%	54.77%	0.04	0.07 %
Required Recovery Ratio	52.90%	52.90%	-	-
Fund Balance	-	-	-	-

Note: Recovery Ratio includes In-Kind revenue and In-Kind expenses for CPD and excludes 15% of reduced fare subsidy and 1988 base year security expenses.

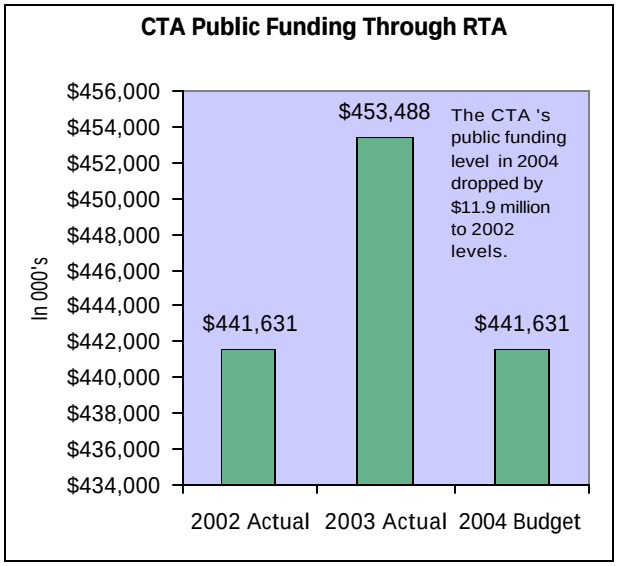
2004 Operating Budget Performance

The Chicago Transit Authority (CTA) faced many fiscal challenges in 2004 as public funding issued by RTA, which represents nearly half of CTA's total operating revenue, was kept at the 2002 level. Additionally, fuel prices increased over 40 percent and the State of Illinois cut funding for the reduced fare program by five percent. Constrained public funding growth threatens the quality and availability of service CTA provides to Chicago and 40 suburbs. CTA has carefully managed operating expenses and continually seeks economies in its budget, but funding shortfalls persist due to the lack of a fair and adequate funding stream. Rising fuel prices along with increased security and paratransit expenses added over $10.0 million or a 1.0 percent increase in operating expenses. Finally, the reduction in State reduced fare funding decreased revenues by $1.0 million. This set the stage for a fiscally challenging year.



The CTA is primarily affected by the following key economic factors: employment, retail sales, interest rates and fuel prices. Employment levels are still below 2000 figures for the Chicago region. The lower employment level makes it difficult for CTA to grow ridership and thus increase system generated revenue. CTA depends upon public funding to support 48 percent of operating expenses. Public funding received in 2004, however, is the same amount CTA received in 2002 primarily due to lackluster sales tax growth. With interest rates still at record lows, CTA's investment income has declined by 75 percent from 2002. Finally, fuel prices have spiraled out of control. Current fuel price ($1.50/gallon in August 2004) is up by over 50 percent from budget. Every 10-cent change in the price per gallon adds $2.4 million of cost to CTA's bottom line.

The 2004 public funding level recommended by RTA that has no growth in public funding for two years is symptomatic of an outdated funding formula created more than 20 years ago. This funding structure needs to be reviewed by the legislature with a need for change to a fair funding structure that will preserve public transportation in the region, maintain the vitality of our region's economy and protect the quality of our air.



Ridership

Ridership for 2004 is forecast at 445.5 million trips. This forecast is 1.3 million trips or 0.3% higher than 2003 actual ridership. Despite the slow growth in jobs in the metropolitan region, CTA was able to achieve ridership growth. On an average weekday, CTA provided over 1.4 million trips in the region, of which over 65 percent occured on the bus system. Weekday ridership experienced a one percent

decline due to the lower employment picture. Weekend ridership, however, experienced growth of almost two percent on Saturdays and close to one percent on Sundays. Ridership averaged 0.9 million trips on Saturdays and 0.6 million trips on Sundays.

Bus ridership is forecast at 295.4 million trips for 2004 and is 3.6 million trips or 1.2 percent higher than prior year. Rail ridership is projected at 147.9 million trips and is below prior year by 2.4 million trips or 1.6 percent. This is primarily due to the lower employment level in the region and the increased construction on the rail line. Paratransit ridership is expected to end the year at 2.1 million trips, 9.7% higher than 2004 budget and prior year actual.

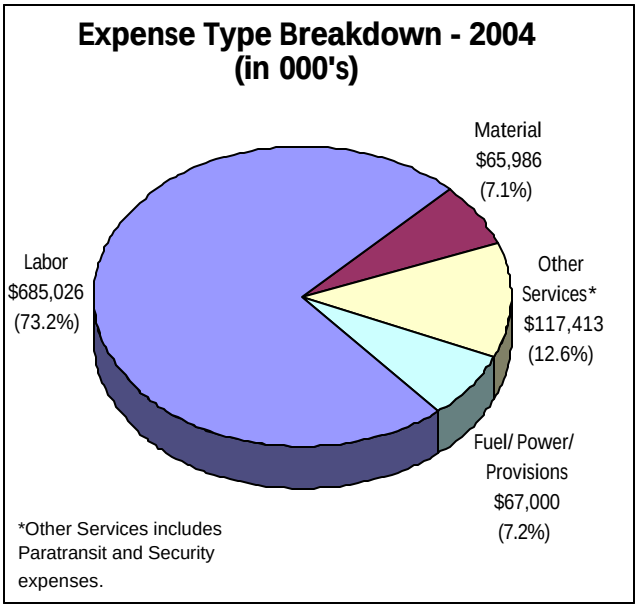
Operating Expenses

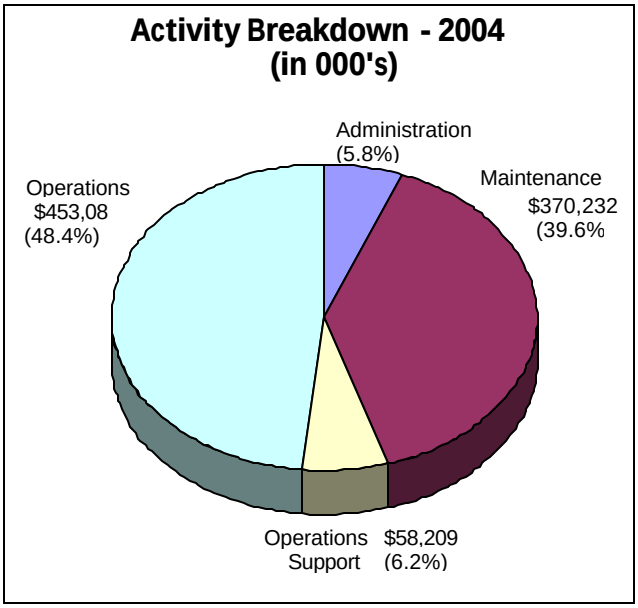
The 2004 operating expenses are estimated at $936.2 million -- $0.8 million or 0.1 percent more than budget. Four of the expense categories are expected to finish 2004 over budget: fuel, power, paratransit and security. This is primarily due to market prices, increased deployment of security and increased demand for paratransit services. The other three categories, labor, material and other are forecast to finish under budget due to cost containment measures implemented during the year to achieve a balanced budget.

Approximately 88 percent of CTA's operating expenses are for Bus and Rail operations, maintenance and paratransit services. Operation's support services such as scheduling, customer service, safety and security represent 6.2 percent of expenses. Administrative expenses account for 5.8 percent of total operating expenses.

In 2004, labor expense accounted for 73 percent of total operating expense. Labor expense is projected at $683.4 million and is $1.6 million or 0.2 percent lower than budget. Lower labor expenses were related to the cost containment measures implemented during 2004. These measures included a partial hiring freeze, restrictions on overtime and a freeze on exempt salary increases. Overtime for non-emergency work and requisitions to fill vacant positions were carefully monitored.

Compared to prior year, labor is forecast at $15.6 million or 2.3 percent higher. This is due to the annualization





of the 2003 wage rate increase for the union contract, increased health care and workers compensation expenses and one more operating workday in 2004. The financial impact of these increases was softened by a reduction of 446 positions in the workforce during 2004. The wage rate increases added approximately $16.0 million of cost to 2004 that were part of the arbitrator's award.

Material expense is forecast at $60.9 million, $5.1 million or 7.7 percent lower than the budget. The reduction in material expense is due to increased capital investment in new vehicles, overhauls of existing vehicles and replacement/renewal of facilities infrastructure. This reduction demonstrates the favorable effect capital investment has in lowering operating expenses.

The CTA has offset rising fuel costs by $2.5 million in 2004 through 1) a Congestion Mitigation and Air Quality One (CMAQ) grant totaling $0.5 million and 2) a fuel-swap hedging program that saved the CTA $2.0 million in 2004.

Fuel expense for revenue equipment is expected to finish the year at $26.7 million, which is $3.7 million or 16.0 percent more than budget due to higher fuel prices and consumption. The 2004 budget assumed an average price of $1.00 per gallon. Fuel prices are estimated to end the year at a net average price of $1.10 per gallon and consumption is forecast at 24.3 million gallons. This price is lower due to savings achieved from a fuel hedge program and charging the cost differential of switching to an ultra bw sulfur fuel to a federal grant for part of the year. Without these two offsets, the average price per gallon would have been $1.20 and the total fuel expense would have been $2.5 million more.

The cost of ultra low-sulfur fuel is eight cents per gallon higher. Starting in 2007, transit agencies are mandated by law to use ultra low sulfur fuel to reduce emissions. Higher fuel expenses resulted from record high oil prices, which peaked at just over $50.00 per barrel. Higher oil prices are driven by increased world consumption, unrest and uncertainty in the Middle East and other oil producing regions such as Russia and Venezuela. CTA entered into a fixed price hedge program for 50 percent of fuel needs, which propelled over $2.0 million in costs savings and reduced the average fuel price by 8 cents per gallon.

Electric Power expense for the rail system is forecast at $23.2 million, $1.2 million more than budget. The higher expense is due to increased service and elimination of some slow zones on the system.

Provision for Injuries and Damages represents the expense for claims and litigation for injuries and damages that occur on CTA property, or with CTA vehicles. The 2004 forecast for Provision for Injuries and Damages is $22.0 million and is on par with budget. CTA took advantage of some one-time revenue received in 2001 and 2002 and pre-funded this expense those years to help offset the future years funding pressure. As a result of this pre-funding, this expense category is about $10.0 million lower than normal.

The demand for paratransit services continues to experience double-digit growth. CTA is required by Federal law to provide service equal to demand. The purchase of paratransit expense is forecast at $48.8 million, $3.7 million or 8.1 percent higher than budget. Paratransit trips are projected to finish the year at 2.1 million trips, which is 188,123 trips or 10 percent more than the 2004 budget. This curb-to-curb service is provided by three private carriers (SCR, CDT, and Art's Transportation) and taxicab companies. CTA continues to focus on improving accessibility on the mainline service to accommodate customers with disabilities and reduce costs. Paratransit service has a recovery ratio of 5.3 percent in 2004 and negatively impacts CTA's total recovery ratio by 2.9 percentage points.

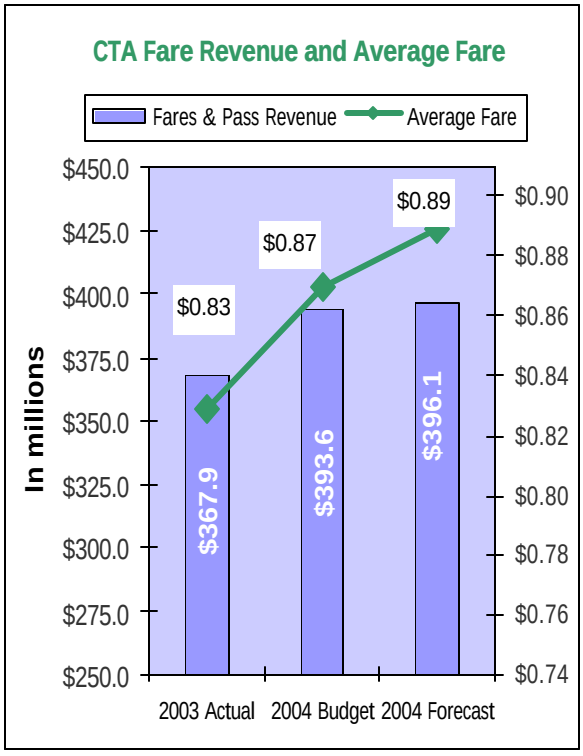
2004 Operating Budget Performance

Security is strategically deployed throughout the system to provide coverage 24 hours a day, seven days a week. Security services are provided by the Chicago, Evanston, and Oak Park Police departments and contracts with private security firms. In addition to the services contracted by the CTA, the Public Transportation Unit of the Chicago Police Department (CPD) continues to provide dedicated services to CTA customers (at an estimated cost of $25.0 million to CPD) for a combined total cost of security of approximately $50.0 million for the CTA system. Full year security expense is estimated at $27.9 million, $2.9 million more than budget. This increase is due to expanded coverage on the system due to the heightened need for security since September 11, 2001.

Other Expense Detail	2004 Budget	2004 Projection	(Unfav)/Fav Variance
Advertising/Promotion	$4,461,304	$3,291,994	$1,169,310
Contract Services	$29,301,980	$26,172,070	$3,129,910
Credits	($17,015,541)	($20,041,427)	$3,025,886
General Expenses	$2,624,160	$6,639,606	($4,015,446)
Leases and Rentals	$7,811,788	$7,253,730	$558,058
Travel & Meetings	$3,234,604	$2,258,867	$975,737
Utilities	$16,827,196	$17,768,158	($940,962)
	$47,245,491	**$43,342,998**	**$3,902,493**

Other services include utilities, rents, maintenance and repair, advertising, commissions, consulting, insurance, overhead allocated to capital jobs, and other general expenses. The current forecast equals $43.3 million and is below budget by $3.9 million. The lower expense resulted primarily from a higher allocation of overhead and fixed expenses to capital projects, lower advertising, data processing, accounting, engineering, and other consulting services as a result of cost controls placed on all expenditures.

Operating Revenues



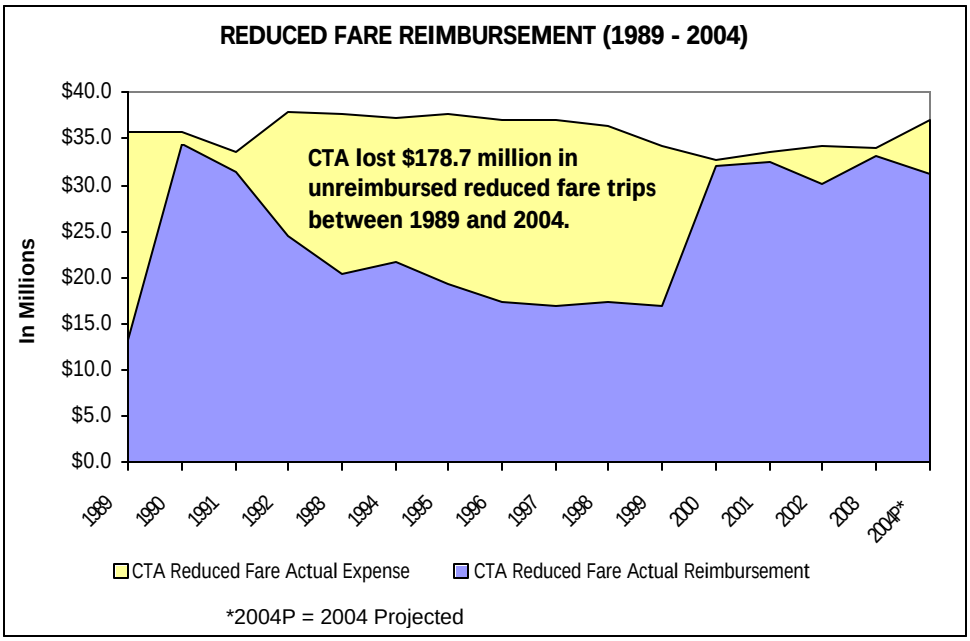
System-Generated revenues are projected at $494.6 million and compare favorably to budget by $0.8 million or 0.2 percent. Fare and other revenue are projected to finish the year higher than budget while revenue from reduced fare reimbursements, advertising and interest are projected to finish lower than budget. Public funding through RTA and contributions from local governments are forecast to finish the year on budget.

Revenues from fares are forecast at $396.1 million. This is $2.5 million or 0.6 percent more than budget principally due to a higher average fare from the fare increase. CTA increased the full fare cash price by 25 cents in January and eliminated discounts on transit cards in March. Prices for passes were held constant and discounts were provided on Chicago Card purchases.

The reduced fare reimbursement is the State of Illinois reimbursement to CTA for providing discounted fares to

2004 Operating Budget Performance

the elderly, people with disabilities and student customers. Revenue from reduced fare reimbursement is projected at $31.3 million and is below budget by $1.0 million as the State decreased reimbursements to CTA, Metra, and Pace in order to balance its own budget.



Advertising, Charter and Concessions revenues in 2004 are projected to be $24.0 million and are below budget by $0.3 million or 1.0 percent. This shortfall is due to the soft economy and lower investment by businesses in advertising.

Investment income is estimated at $2.1 million, $0.9 million or 30.7 percent lower than budget. This is due to low interest rates and lower investable balances. Interest rates are among the lowest they have been in 40 years due to Federal Reserve Board rate cuts.

Contributions from Local Governments of $5.0 million are on par with budget. The RTA Act requires the City of Chicago and County of Cook to contribute $3.0 million and $2.0 million, respectively, to the operations of CTA each year.

Other Revenues are projected at $36.2 million, $0.5 million higher than budget.

CTA projects a balanced budget by the end of 2004 due to cost containment efforts as required by the RTA Act. The Recovery Ratio, which measures the percentage of operating expense CTA funds from revenues it generates, is estimated at 54.77 percent and exceeds the required recovery ratio of 52.9 percent. This is due to the higher proportion of system-generated revenues relative to operating expenses. The RTA Act requires the regional recovery ratio to equal 50 percent.

Innovative

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

2005 Regional Mobility Budget

Operating Budget Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
Operating Expenses				
Labor *	$ 667,860	$ 685,027	$ 683,419	$ 729,537
Material	59,188	66,000	60,930	65,333
Fuel - Revenue Equipment	24,477	23,000	26,681	35,085
Power - Revenue Equipment	21,058	22,000	23,192	24,526
Provision for Injuries and Damages	17,568	22,000	22,000	35,000
Purchase of Security Services	24,780	25,042	27,902	34,777
Purchase of Paratransit	42,350	45,113	48,778	52,473
Other Expenses				
Utilities	18,069	16,827	17,768	17,588
Advertising and Promotion	3,231	4,461	3,292	4,956
Contractual Services	26,023	29,302	26,172	32,333
Leases and Rentals	7,449	7,812	7,254	3,096
Travel, Training, Seminars, and Dues	2,637	3,235	2,259	2,801
Warranty and Other Credits	(20,219)	(17,016)	(20,041)	(20,471)
General Expenses	2,281	2,624	6,640	7,343
Total Other Expenses	39,472	47,245	43,343	47,646
Total Operating Expenses	**$ 896,753**	**$ 935,428**	**$ 936,245**	**$ 1,024,377**
System Generated Revenue				
Fares and Passes	$ 367,906	$ 393,562	$ 396,093	$ 406,948
Reduced Fare Reimbursement	33,161	32,300	31,275	30,590
Advertising, Charter, & Concessions	21,846	24,250	23,996	24,313
Investment Income	3,025	3,000	2,079	2,949
Contributions from Local Governments	5,000	5,000	5,000	5,000
All Other Revenue	12,329	35,685	36,171	30,445
Total System Generated Revenue	**$ 443,267**	**$ 493,797**	**$ 494,614**	**$ 500,245**
Public Funding Required for Operations	**$ 453,486**	**$ 441,631**	**$ 441,632**	**$ 524,132**
Public Funding Available through RTA	**$ 453,488**	**$ 441,631**	**$ 441,632**	**$ 524,132**
Recovery Ratio	51.49%	54.73%	54.78%	51.63%
Required Recovery Ratio	52.90%	52.90%	52.90%	52.00%
Fund Balance	$ 2	$ -	$ -	$ -

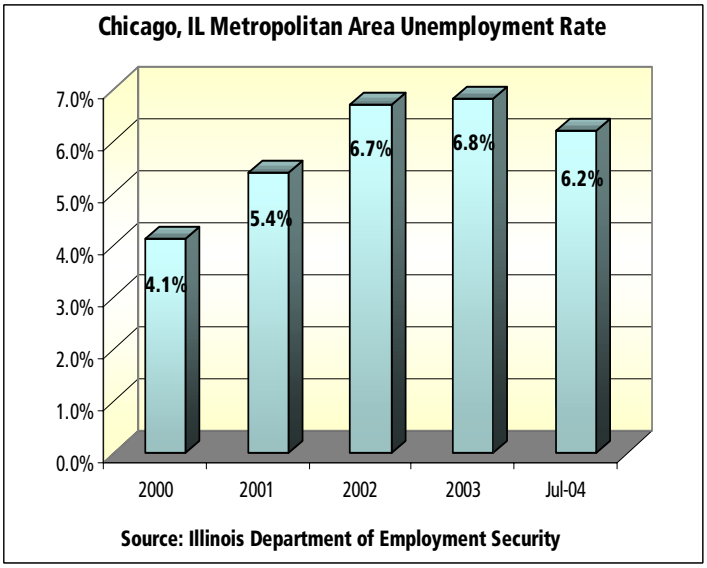
Note: *Recovery Ratio for 2004 Budget, 2004 Projected & 2005 Budget includes In-Kind revenue and In-Kind expenses for CPD and excludes 15% of reduced fare subsidy and 1988 base year security expenses. In 2005, RTA has excluded all security cost from the Recovery Ratio calculation.*

**Labor Increase for 2005 is due to higher healthcare, pension and workers compensation costs and one-time arbitration savings realized in 2004.*

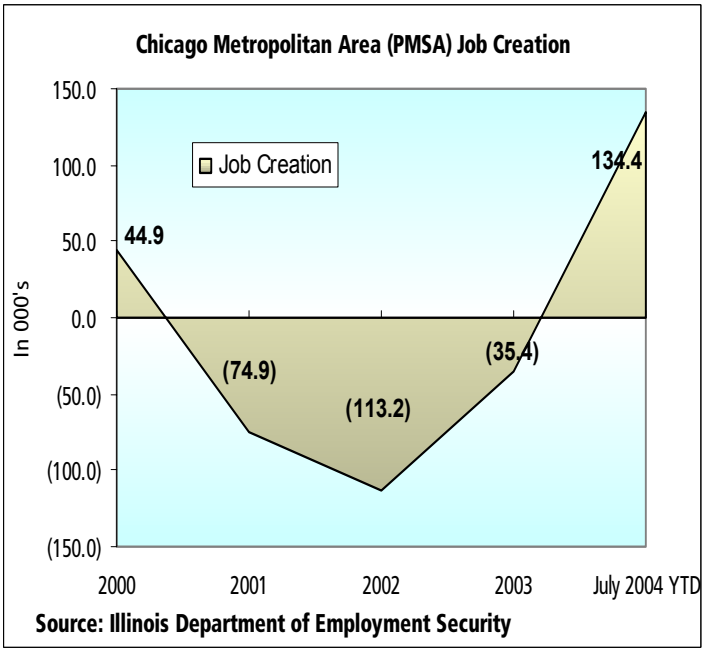
2005 Regional Mobility Budget Summary

On September 10, 2004 the Regional Transportation Authority (RTA) Board approved the 2005 funding marks for the Service Boards. Recognizing the inadequacy of current funding, the RTA directed CTA, Metra and Pace to prepare two budgets. One budget – the Regional Mobility Budget assumes the State Legislature would increase public funding for transit in the fall veto session, and along with additional efficiencies allows the Service Boards to maintain, and perhaps increase service levels. The alternative – the Gridlock Budget assumes public funding levels based on the current outdated statutory formula, which has eroded public funding to CTA. Using this formula, funding for CTA and Pace would remain at the 2002 funding level and would result in service cuts throughout the region.

The 2005 operating budget assumes that the economy is slowly recovering with modest job growth. Although the U.S. economy is improving, job creation in the Midwest has lagged. The Congressional Budget Office (CBO) predicts unemployment levels of 5.2 percent in both 2005 and 2006. The Chicago metropolitan region has experienced a much higher unemployment rate than the national average with the unemployment rate in the Chicago metropolitan region projected to be around 6.0 percent in 2005. The relatively high regional unemployment rate is expected to impact CTA ridership as fewer people commute to work.



The Chicago market still is recovering from the loss of over 89,000 jobs since 2000. In 2000, the employment level in the region was 4.2 million jobs. The region incurred losses of jobs in 2001 and 2002 when employment declined to 3.9 million jobs at the end of 2002. As of July 2004, regional employment reached 4.1 million jobs, which is still less than the employment level at the end of 2000.



The overall growth of the economy, measured by the Gross Domestic Product (GPD), is projected at 4.1 percent in 2005. Likewise, overall inflation growth, measured by the Consumer Price Index (CPI), is forecast to grow at 2.0 percent in 2005. These forecasts remain subject to national and international events that can impact growth and stability.

2005 Regional Mobility Budget Summary

The Regional Mobility Budget Overview

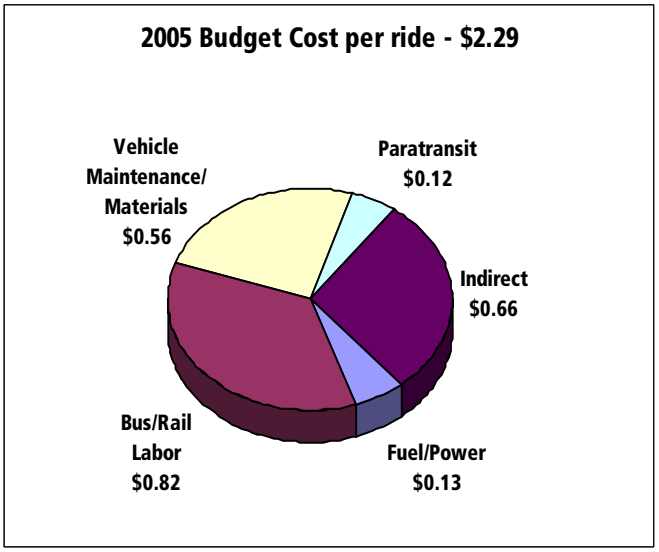
The increased public funding mark of $524.1 million from RTA allows CTA to improve the level and quality of service currently provided to regional transit customers. While the funding mark does not make CTA fully whole with respect to inflation, it addresses the historical, structural deficit caused by the current regional funding formula. The mark enables the CTA to maintain and, in some cases, increase service while facing new challenges presented from skyrocketing fuel prices, pension and healthcare costs. With this level of funding, CTA will be able to add weekend and evening service on the Blue Line Cermak (Douglas) branch.

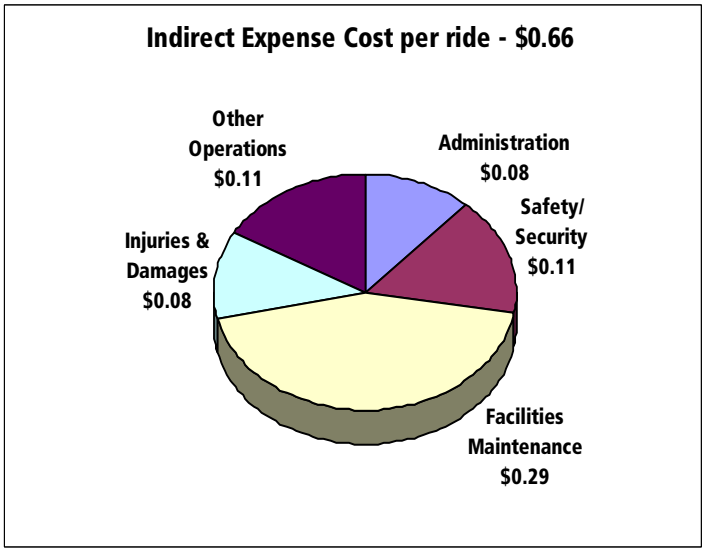
Even with additional funding, the 2005 budget remains focused on streamlining operations and increasing productivity in service delivery to help CTA achieve a balanced operating budget. The proposed budget includes the reduction of 200 positions resulting from new or continuing initiatives that have helped CTA to hold the line on expenses. Without these internal cost control efforts, CTA's proposed budget would be $12.0 million or 1.2 percent higher. Since 1997, CTA has reduced operating costs by over $760.0 million and increased service by 7.4 percent, while reducing the workforce by over 1,246 positions.

Ridership

CTA estimates a ridership of 447.4 million in 2005. This is an increase of 1.9 million rides over the 2004 forecast. Bus ridership is estimated at 296.6 million rides, an increase of 1.2 million or 0.4 percent over 2004 forecast while rail ridership is estimated at 148.5 million rides, an increase of 0.6 million or 0.4 percent over 2004 forecast trips. The projected ridership increase is tied to growing employment and bus and rail service that is designed to provide greater convenience for customers using the CTA system. The recent partnership with RTA and Pace expanding the number of CTA fare media accepted on Pace will generate additional rides for both CTA and Pace and move the region one step closer to an integrated fare system.

CTA also plans to provide 2.2 million Paratransit trips in 2005, an increase of 5 percent over FY 2004 budget. This includes 1.6 million Special Service trips and 0.6 million Taxi Access Program (TAP) trips. Historically, paratransit ridership and costs have climbed over 12 percent each year due to high demand for the service and increased trip costs.





2005 Regional Mobility Budget Summary

Operating Expenses

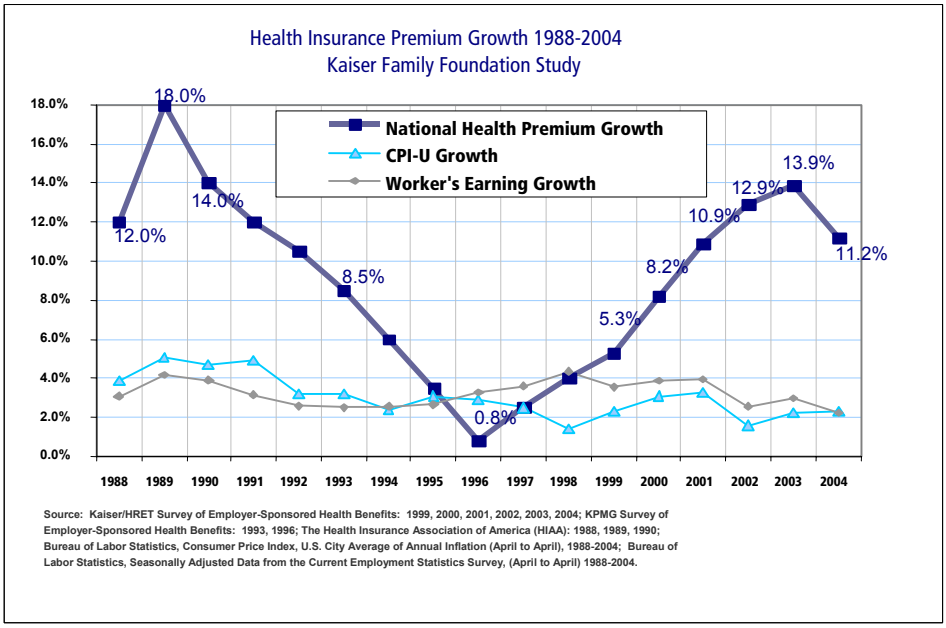
Based on these assumptions, CTA anticipates growth in expenses and revenues in 2005. The projected operating budget for 2005 is $1,024.4 million. Overall, this growth rate is driven by contractual wage increases for unionized employees imposed by an arbitrator, and higher healthcare, fuel and paratransit costs. The budget also includes resources to improve select bus and rail service.

Labor

Labor costs are projected to increase by $46.1 million from the 2004 forecast to $729.5 million reflecting increased cost of benefits, and enhanced service on the refurbished Blue Cermak (Douglas) Branch. This increase is partially offset by labor savings from increased productivity gains and the elimination of 200 staff positions in 2005. This brings the total number of positions eliminated since 2003 to 646 or 10.7 percent of CTA's non-STO positions (bus operators, motormen, switchmen, etc.). These additional staff reductions are the result of recently negotiated work rule flexibility and a new integrated financial system that has further streamlined business operations and increased efficiencies.

CTA LABOR EXPENSES (in 000's)	2004 Forecast	2005 Budget	Difference	% Change
Health Care and Prescription Costs	$87,278	$97,970	$10,692	12%
Workers Compensation, Pension, FICA, etc.	$125,577	$145,616	$20,039	16%
Total Benefits	**$212,855**	**$243,586**	**$30,731**	**14%**
Operating Wages	**$490,564**	**$485,951**	**-$4,613**	**-1%**
One-Time Arbitration Savings	-$20,000		$20,000	
TOTAL	**$683,419**	**$729,537**	**$46,118**	**6.7%**

Unfortunately, estimated increases in fringe benefits, particularly health care and workers compensation costs remain high. Despite enhanced workplace safety management and partnerships with other local government agencies to help drive down cost and improve delivery, CTA like other businesses, continue to experience double digit growth in these areas. Healthcare costs are projected to grow by 12.0 percent in 2005.



2005 Regional Mobility Budget Summary

Material

Material costs are projected to decrease from the 2004 budget by 1.0 percent to $65.3 million as a result of lower material requirements associated with a newer bus fleet and reduced vehicle failures. CTA staff is working on the implementation of the Maintenance Management Information System (MMIS), which will track the life cycle of vehicle parts, warranties and vehicle maintenance information, enabling CTA to improve internal management of vehicles and associated materials used to maintain vehicles.

Fuel for Revenue Equipment

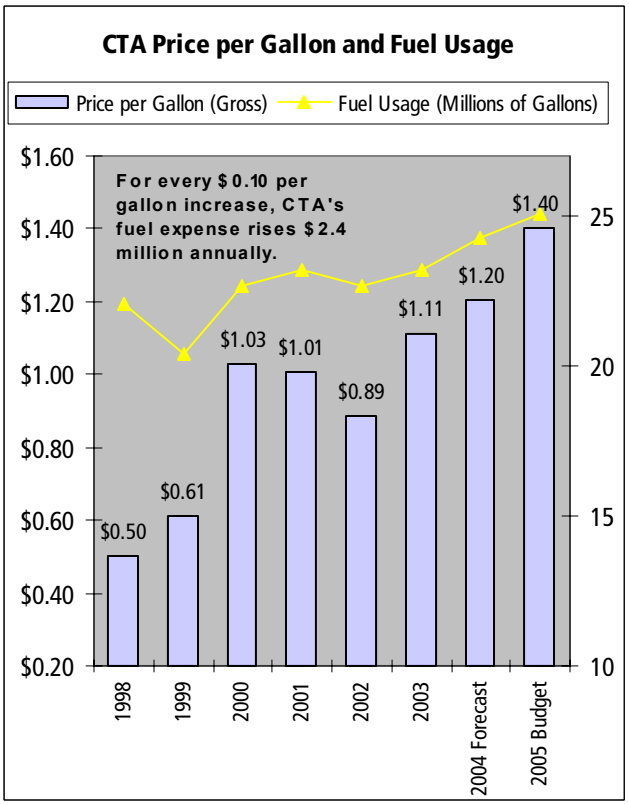
With fuel price volatility expected to continue, fuel for revenue equipment is projected to increase by $12.1 million or 52.5 percent over the 2004 budget to $35.1 million primarily due to higher prices. CTA's switch to ultra low-sulfur diesel fuel in 2003 added 8 cents more to the costs of each gallon purchased. The average cost per gallon is budgeted at $1.40 per gallon with an estimated annual consumption of 25.1 million gallons.

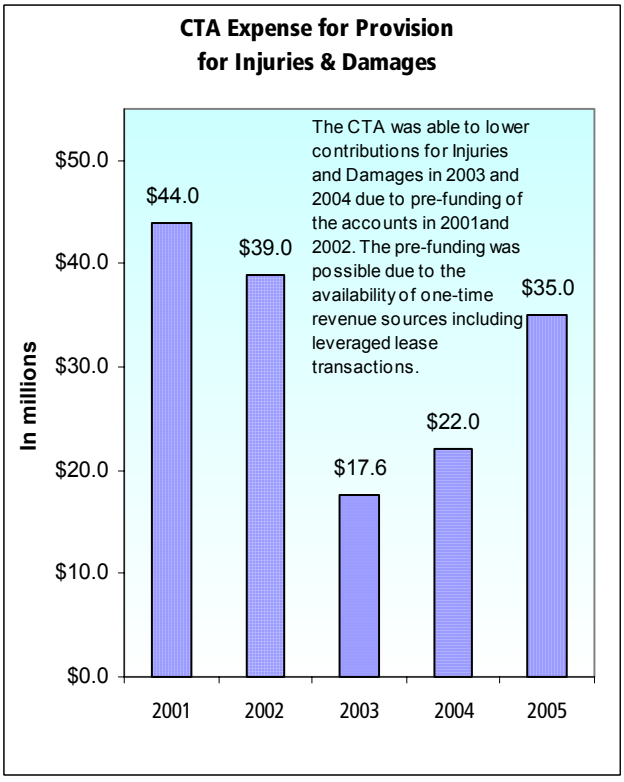
Electric Power For Revenue Equipment

The cost for electric power for revenue equipment is projected to increase by $1.3 million or 5.7 percent over the 2004 forecast to $ 24.5 million. Although the electricity rate is expected to remain stable, CTA estimates additional costs tied to increased service hours and increased electricity consumption resulting from higher average running speeds of trains as CTA continues to renew its tracks and eliminate slow zones.

Provision for Injuries and Damages

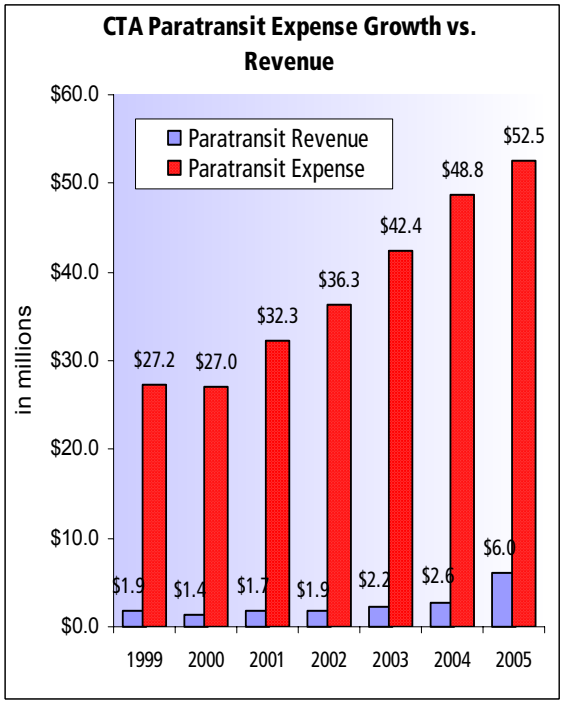
The proposed funding increases Provision for Injuries and Damages to $35.0 million, reflecting a $13.0 million or 59 percent increase over the 2004 budget. This amount is consistent with historical funding levels but is higher than 2004 due to prefunding this reserve in prior years with one-time revenues.





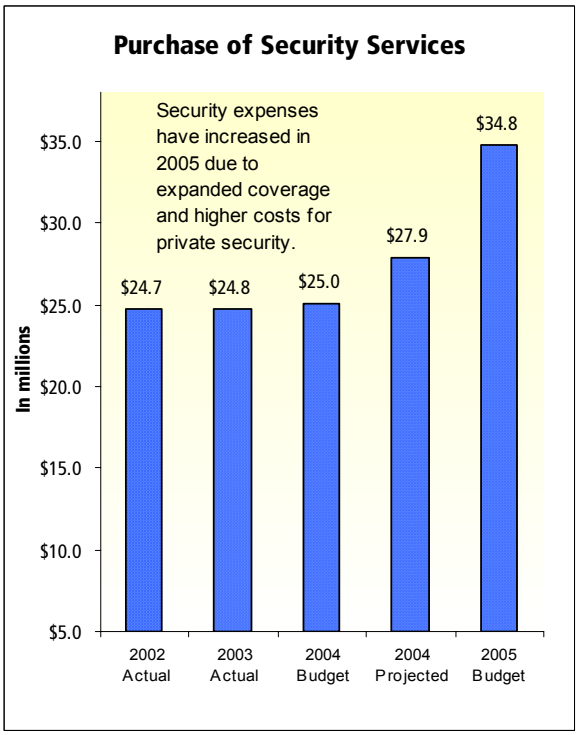
2005 Regional Mobility Budget Summary

Purchase of Paratransit Services



Paratransit services continue to grow faster than the projected rate of inflation due to a combination of service provider rate increases and growth in demand. Despite achieving 99 percent ADA accessibility on CTA's mainline bus service, the cost of paratransit services continues to grow over 10 percent annually. Purchase of Paratransit Services is projected to increase by 16.3 percent over the 2004 budget to $52.5 million.

In 2005, Paratransit cost will represent 5.1 percent of CTA's total operating cost. Under the proposed budget, CTA will increase the fare from $1.75 to $3.50 for each Special Services ride and Taxi Access Program (TAP) ride provided through private third party vendors, with the price of the 30-day Paratransit pass increasing to $150.00 from $75.00. These fare changes are consistent with FTA guidelines and would help CTA provide these vital services. CTA expects to pay these third party vendors approximately $27.25 for each special service trip provided – an average loss of $23.75 per ride. Since 2000, paratransit cost has increased by over 94 percent -- from $27.0 million to $52.5 million projected in 2005. By contrast the revenue received from paratransit customers has only increased from $1.4 million in 2000 to $2.6 million projected in 2004. After the 2005 proposed fare increase is implemented, fare revenue would increase to $6.0 million and fund 11.4 percent of the cost. This still leaves a funding deficit of $45.2 million in 2005 and adversely impacts CTA's overall recovery ratio.



Purchase of Security Services

Security Services expenses are projected to increase by 38.9 percent from the 2004 budget to $34.8 million due to increased service levels and inflationary adjustments for private security service firms contracted by CTA to supplement uniformed police services provided by Chicago, Oak Park and Evanston Police departments.

Other Expenses

Other expenses are budgeted at $47.6 million, an increase of 0.8 percent. This category included utilities, data processing maintenance, consulting, accounting, engineering and other consulting services. The budget reflects the elimination of rental expenses for CTA's former administrative office as a result of CTA's

relocation into a facility it owns rather than rents. CTA hired a group of real estate experts to assist in the office relocation. According to their analysis, this relocation will result in an average annual operating expense savings of $7.7 million over a comparable lease alternative.

OPERATING REVENUES

CTA has two main categories of revenue: system-generated revenues and public funding. System-generated revenues include fares and passes, advertising, investment, reduced fare reimbursement, contributions of local governments and other miscellaneous revenues such as parking income. Public funding includes monies provided by a regional sales tax and the State of Illinois match on sales tax. System-generated revenue is projected at $500.2 million, representing a growth rate of 1.3 percent for 2005. The budget assumes increased public funding from the State consistent with RTA's overall recommended public funding level for CTA.

Fares and Passes

Fare and Pass Revenue is projected at $406.9 million in 2005. This represents a growth of 3.4 percent over the 2004 budget and 2.7 percent over the 2004 forecast. The growth in fare and pass revenues is tied to increased ridership from service and growing employment levels projected for the region. In addition, CTA's expansion of interagency fare agreements with RTA and Pace will encourage more customers to switch to unlimited rides fare media, which will lower the customer's overall cost of transit services and CTA's average fare.

The proposed budget also increases the paratransit fare from $1.75 to $3.50 for Special Services and TAP trips. The price of the 30-day Paratransit Pass increases to $150.00. These fare changes are consistent with FTA guidelines and are needed to pay for these vital services. In addition, the price of the University Pass (U-Pass) will increase by $0.10 per day to $0.70 on July 1, 2005. The current contract with the schools participating in the program expires on June 30, 2005.

Full Fares	Current	Recommended For FY2005	Percent Change
Cash	$1.75	$1.75	Unchanged
Full Fare Transit Card	$1.75	$1.75	Unchanged
Full Fare Chicago Card	$1.75	$1.75	Unchanged
Chicago Card Bonus[1]	10%	10%	Unchanged
Transfer[2]	$0.25	$0.25	Unchanged
1-Day Pass	$5.00	$5.00	Unchanged
2-Day Visitor Pass	$9.00	$9.00	Unchanged
3-Day Visitor Pass	$12.00	$12.00	Unchanged
5-Day Visitor Pass	$18.00	$18.00	Unchanged
Full Fare 7-Day Pass	$20.00	$20.00	Unchanged
Full Fare 30-Day Pass	$75.00	$75.00	Unchanged

[1] For every $10 purchase, $11 of value is added to the card.

[2] A transfer allows two additional rides within two hours of issuance.

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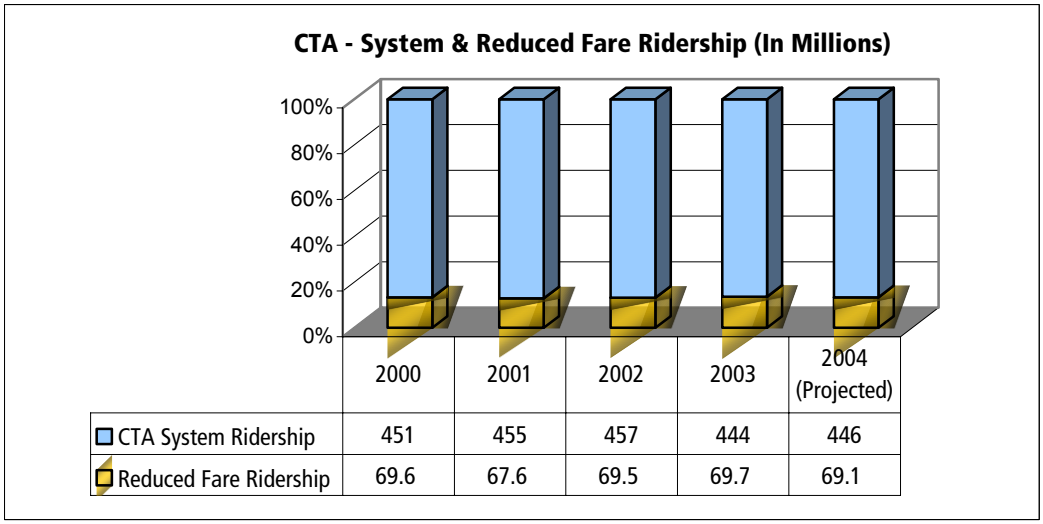
Reduced & Paratransit Fares	Current	Recommended for FY2005	Percent Change
Cash (mainline bus and rail)	$0.85	$0.85	Unchanged
Transit Card (mainline bus and rail)	$0.85	$0.85	Unchanged
Transfer (mainline service)[2]	$0.15	$0.15	Unchanged
Paratransit Special Services	$1.75	$3.50	100%
Taxi Access Program (TAP) & Mobility Direct	$1.75	$3.50	100%
Paratransit 30-Day Pass	$75.00	$150.00	100%

U-Pass Fare	Current	Recommended for FY2005	Percent Change
University Pass	$0.60	$0.70	17%

Reduced Fare Reimbursement

The Reduced Fare Reimbursement from the State of Illinois has been reduced by 5 percent in 2005 to help the State balance its current budget. However, the reduction will create a $1.7 million deficit at CTA and may force CTA to reduce the times that reduced fares are accepted in the system. Each year, CTA provides approximately 69.0 million reduced fare trips for students, disabled and elderly customers.



	2000	2001	2002	2003	2004 (Projected)
CTA System Ridership	451	455	457	444	446
Reduced Fare Ridership	69.6	67.6	69.5	69.7	69.1

Advertising, Charter and Concessions

Advertising, Charter and Concessions revenues include advertisements on buses, trains and stations, as well as income from concessions. In 2005, advertising revenues will remain flat at $24.3 million as the regional economy remains weak.

2005 Regional Mobility Budget Summary

Investment Income

Investment Income is projected to remain flat at the 2004 budget level of $3.0 million as short-term interest rates are forecast to remain relatively low during this period.

Contributions from Local Governments

Contributions from Local Government of $5.0 million are on par with the 2004 budget. The RTA Act requires the City of Chicago and County of Cook to contribute $3.0 million and $2.0 million, respectively, each year to the operations of CTA. These required cash contributions are in addition to other cash and in-kind contributions from the City of Chicago each year including over $20.0 million for the Mass Transit Police Unit.

All Other Revenues

Revenues in this category include grants from the Federal Transit Administration (FTA) to fund part of paratransit expenses, parking, rental properties, third party contractor reimbursements and filming fees. Other revenues will decrease by $5.2 million to $30.4 million in 2005, reflecting lower one-time revenue from sales of surplus properties. Included in the 2005 budget is an increase in parking fees to $2.00 per day.

Park 'n' Ride Fees	**Current**	**Recommended for FY2005**	**Percent Change**
Cumberland and Midway (up to 12 hours)	$1.75	$2.00	14%
Rosemont (up to 18 hours)	$1.50	$2.00	33%
All other CTA lots (up to 24 hours)	$1.50	$2.00	33%

Public Funding

Public Funding Available for Operations represents the funding mark issued by RTA, based upon the State of Illinois Office of Management and Budget and RTA's own regional revenue expectations. All of the public funding for operations that CTA, Metra, and Pace receive is funneled through RTA and currently comes through two principal sources: RTA Sales Tax and Public Transportation Fund appropriated by the State.

RTA has recommended public funding of $524.1 million for CTA in 2005, which is an increase of $82.5 million from 2004. The budget assumes that all public funding for operations will be provided from regional sales taxes and state matching funds. RTA has recommended an operating funding level for CTA that acknowledges CTA's need for additional resources, but requires the General Assembly to act to correct the structural deficit in the current formula. The existing formula was created in 1983 and has resulted in an erosion of CTA public funding over the past 20 years.

Recovery Ratio

The RTA has assigned a 52 percent recovery ratio to CTA for 2005. As calculated by the RTA, the recovery ratio target requires CTA's system-generated revenues to cover at least 52 percent of projected expenses. The proposed budget estimates recovery ratio at 51.6 percent.

2005 Regional Mobility Budget

Department Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
CTA Board	$ 1,014	$ 1,107	$ 1,091	$ 1,110
Office of the President	980	1,023	993	1,062
System Safety & Environment Affairs	3,731	3,851	3,544	3,290
Office of Inspector General	1,833	2,035	1,409	1,985
General Counsel	13,372	14,676	12,903	14,083
TRANSIT OPERATIONS				
EVP Transit Operations	1,336	815	533	674
Training & Instruction	11,706	10,992	10,702	11,209
BUS OPERATIONS				
VP Bus Operations	453	768	343	362
Bus Operations Oversight	1,123	540	794	1,179
Bus Service Management	-	13,712	15,339	13,773
Scheduled Transit Operations - Bus	235,954	250,175	253,366	280,701
Bus Garages	131,934	118,403	126,069	134,071
Bus Heavy Maintenance	34,579	31,903	31,612	33,742
Engineering & Technical Services - Bus	1,666	1,916	1,615	2,383
Total Bus Operations	405,712	417,417	429,138	466,210
RAIL OPERATIONS				
VP Rail Operations	358	500	263	371
Rail Operations Capital Oversight	888	512	1,132	1,029
Rail Terminals	58,331	56,549	55,622	58,845
Scheduled Transit Operations - Rail	78,238	83,904	79,397	84,806
Rail Heavy Maintenance	7,173	8,588	6,880	8,729
Rail Car Appearance	9,976	10,122	9,914	11,279
Engineering & Technical Services - Rail	2,802	2,536	2,800	2,976
Total Rail Operations	157,767	162,712	156,007	168,036
SECURITY & COMMUNICATION / POWER CONTROL				
VP Security & Control Center	1	180	-	202
Communications Center	6,697	6,821	5,816	6,959
Security Services	25,524	25,380	28,412	34,743
Total Security & Communication / Power Control	32,222	32,381	34,228	41,904
PLANNING				
VP Planning	249	261	250	268
Planning & Development	953	1,003	794	908
Schedules & Traffic	2,067	1,832	1,370	1,407
Service Planning	1,057	1,075	987	964
Facilities Development	2,895	2,039	2,605	2,233
Total Planning	7,221	6,211	6,006	5,780
CUSTOMER SERVICE & PARATRANSIT				
VP Customer Service & Paratransit	228	220	242	238
Customer Service	1,485	1,166	1,521	1,382
ADA Compliance	144	145	147	153
Paratransit Operations	43,340	46,166	49,621	53,407
Total Customer Service & Paratransit	45,197	47,696	51,532	55,179
Total Transit Operations	**661,161**	**678,224**	**688,146**	**748,992**
CONSTRUCTION, ENGINEERING & FACILITIES				
MAINTENANCE				
EVP Construction, Engineering & Facilities Mntc.	1,489	1,509	1,699	1,678
Engineering				
VP Engineering	272	269	269	240
Power & Way Engineering	31,966	32,321	32,778	34,332
Facilities Engineering	1,811	1,248	1,414	1,398
Total Engineering	34,049	33,839	34,461	35,970

2005 Regional Mobility Budget

Department Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
CONSTRUCTION, ENGINEERING & FACILITIES				
MAINTENANCE				
Construction				
VP Construction	$ 2,271	$ 1,910	$ 2,169	$ 2,716
Real Estate	8,702	9,125	9,363	6,397
Total Construction	10,972	11,035	11,532	9,114
MAINTENANCE				
VP Facilities Maintenance	530	481	466	701
System Maintenance Support	14,567	14,150	14,304	14,271
Power & Way Maintenance	24,673	28,433	26,268	28,220
Customer Facilities Maintenance	22,853	22,219	24,356	23,639
System Maintenance	24,796	31,712	27,058	26,946
Total Facilities Maintenance	87,419	96,996	92,452	93,776
Total Construction, Engineering & Facilities Maintenance	**133,929**	**143,378**	**140,144**	**140,539**
MANAGEMENT & PERFORMANCE				
EVP Management & Performance	407	448	423	438
COMMUNICATIONS				
VP Communications	420	422	445	444
Public Affairs	1,008	717	1,165	1,238
Marketing, Advertising & Promotion	3,510	5,353	4,023	5,765
Reprographics	2,013	1,992	1,848	1,710
Publications & Graphics	1,070	910	1,038	1,031
Total Communications	8,021	9,395	8,518	10,189
Government Affairs & Affirmative Action	2,684	2,726	2,662	2,703
FINANCE				
SR VP FINANCE/TREASURER	637	660	821	773
Accounting Operations	2,713	2,484	2,832	2,494
Treasury	3,864	4,433	3,972	4,055
Treasury-Revenue	6,373	7,262	7,389	8,409
Total SR. VP Finance/Treasurer	13,587	14,839	15,015	15,731
Finance/Comptroller				
Finance/Comptroller, VP	809	1,310	927	1,214
Budget	470	412	307	448
Financial Systems	365	193	301	527
Revenue Accounting	143	144	91	95
Property Accounting	57	74	22	167
General Accounting	744	940	665	672
Accounts Receivable	136	168	126	185
Grant Accounting	80	54	211	263
Total VP Finance/Comptroller	2,804	3,296	2,649	3,571
Capital Investment				
Capital Investment, VP	345	335	323	352
Technical Support	2	49	4	11
Grants, GM	42	83	226	186
Program Development	33	29	107	147
CIP Funding & Expediting	28	115	180	197
CIP Control	71	24	163	289
Total Capital Investment	520	634	1,003	1,183
Total Finance	16,911	18,769	18,667	20,486

2005 Regional Mobility Budget

Department Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
HUMAN RESOURCES				
VP Human Resources	$ 1,881	$ 1,276	$ 1,542	$ 905
Recruitment & Staffing	3,538	3,480	2,996	3,154
Benefit Services	1,783	1,244	1,384	1,832
Total Human Resources	7,202	6,000	5,922	5,891
EMPLOYEE RELATIONS				
Dispute Resolution & Due Process	32	675	607	638
Contract Administration, Policy & Compliance	1,352	1,177	1,209	1,323
Total Employee Relations	1,384	1,852	1,816	1,961
TECHNOLOGY MANAGEMENT				
VP Technology Management	1,648	1,149	1,274	424
Enterprise Services	9,548	10,456	9,878	9,376
Strategic Communications Systems	12,916	12,444	13,252	13,650
Revenue Equipment Technology & Mntc.	12,100	11,787	11,251	11,704
Total Technology Management	36,212	35,836	35,654	35,154
PURCHASING/WAREHOUSING				
VP Purchasing/Warehousing	7,302	8,284	7,442	8,131
Quality Assurance-Purch/Whse	2,102	2,321	1,801	2,096
Warehouse Operations	11,104	11,354	11,067	11,287
Total Purchasing/Warehousing	20,508	21,958	20,310	21,514
Total Management & Performance	**93,329**	**96,983**	**93,972**	**98,335**
Non - Departmental	(12,596)	(5,849)	(5,958)	14,981
TOTAL CTA	**$ 896,753**	**$ 935,427**	**$ 936,245**	**$ 1,024,377**

2005 Regional Mobility Budget

Department By Line Item

(In Thousands)	Labor	Material	Other Services*	Fuel/Power/ Provisions	Total
CTA Board	$ 1,068	$ 14	$ 28	$ -	$ 1,110
Office of the President	1,002	10	51	-	1,062
System Safety & Environmental Affairs	1,422	29	1,840	-	3,290
Office of Inspector General	1,909	12	64	-	1,985
General Counsel	9,629	103	4,351	-	14,083
TRANSIT OPERATIONS					
EVP Transit Operations	507	26	141	-	674
Training & Instruction	10,905	256	48	-	11,209
BUS OPERATIONS					
VP Bus Operations	198	11	153	-	362
Bus Operations Oversight	1,153	21	5	-	1,179
Bus Service Management	13,743	26	4	-	13,773
Scheduled Transit Operations - Bus	280,701	-	-	-	280,701
Bus Garages	73,557	25,237	192	35,085	134,071
Bus Heavy Maintenance	22,394	11,454	(105)	-	33,742
Engineering & Technical Services - Bus	2,246	43	93	-	2,383
Total Bus Operations	393,991	36,792	342	35,085	466,210
RAIL OPERATIONS					
VP Rail Operations	290	18	64	-	371
Rail Operations Capital Oversight	1,063	4	(38)	-	1,029
Rail Terminals	44,853	13,954	37	-	58,845
Scheduled Transit Operations - Rail	84,806	-	-	-	84,806
Rail Heavy Maintenance	8,021	421	287	-	8,729
Rail Car Appearance	11,014	262	4	-	11,279
Engineering & Technical Services - Rail	2,732	159	85	-	2,976
Total Rail Operations	152,779	14,817	440	-	168,036
SECURITY & COMMUNICATION / POWER CONTROL					
VP Security & Control Center	202	-	-	-	202
Communication Center	6,644	29	285	-	6,959
Security Services	590	7	34,146		34,743
Total Security & Communication / Power Control	7,436	36	34,432	-	41,904
PLANNING					
VP Planning	251	5	12	-	268
Planning & Development	882	2	23	-	908
Schedules & Traffic	1,152	24	231	-	1,407
Service Planning	945	7	13	-	964
Facilities Development	2,199	12	21	-	2,233
Total Planning	5,429	50	301	-	5,780
CUSTOMER SERVICE & PARATRANSIT					
VP Customer Service & Paratransit	232	3	3	-	238
Customer Service	1,336	25	21	-	1,382
ADA Compliance	153	-	0	-	153
Paratransit Operations	908	25	52,474	-	53,407
Total Customer Service & Paratransit	2,628	52	52,499	-	55,179
Total Transit Operations	**573,675**	**52,029**	**88,202**	**35,085**	**748,992**
CONSTRUCTION, ENGINEERING & FACILITIES					
MAINTENANCE					
EVP Construction, Engineering & Facilities Mntc.	1,663	6	10	-	1,678
Engineering					
VP Engineering	236	-	5	-	240
Power & Way Engineering	2,481	76	7,249	24,526	34,332
Facilities Engineering	1,217	8	172	-	1,398
Total Engineering	3,934	84	7,426	24,526	35,970
Construction					
VP Construction	2,624	6	87	-	2,716
Real Estate	657	17	5,724	-	6,397
Total Construction	3,280	22	5,811	-	9,114
FACILITIES MAINTENANCE					
VP Facilities Maintenance	662	6	32	-	701
System Maintenance Support	12,134	1,034	1,102	-	14,271
Power & Way Maintenance	25,372	2,316	532	-	28,220
Customer Facilities Maintenance	19,291	1,718	2,629	-	23,639
System Maintenance	17,718	3,121	6,106	-	26,946
Total Facilities Maintenance	75,178	8,196	10,402	-	93,776
Total Construction, Engineering & Facilities Maintenance	**84,055**	**8,309**	**23,648**	**24,526**	**140,539**

2005 Regional Mobility Budget

Department By Line Item

(In Thousands)

	Labor	Material	Other Services*	Fuel/Power/ Provisions	Total
MANAGEMENT & PERFORMANCE					
EVP Management & Performance	$ 426	$ 1	$ 10	$ -	$ 438
COMMUNICATIONS					
VP Communications	429	12	3	-	444
Public Affairs	745	3	491	-	1,238
Marketing, Advertising & Promotion	1,235	14	4,517	-	5,765
Reprographics	832	242	636	-	1,710
Publications & Graphics	329	2	701	-	1,031
Total Communications	3,568	273	6,347	-	10,189
Government Affairs & Affirmative Action	2,045	13	646	-	2,703
FINANCE					
SR VP FINANCE/TREASURER					
SR VP Finance Treasurer	528	40	205	-	773
Accounting Operations	2,478	13	2	-	2,494
Treasury	3,261	104	690	-	4,055
Treasury-Revenue	2,715	2,513	3,180	-	8,409
Total SR. VP Finance/Treasurer	8,983	2,671	4,077	-	15,731
Finance/Comptroller					
Finance/Comptroller, VP	804	17	392	-	1,214
Budget	400	2	46	-	448
Financial Systems	527	-	-	-	527
Revenue Accounting	95	-	-	-	95
Property Accounting	167	0	-	-	167
General Accounting	672	-	0	-	672
Accounts Receivable	184	-	1	-	185
Grant Accounting	263	-	0	-	263
Total VP Finance/Comptroller	3,112	20	440	-	3,571
Capital Investment					
Capital Investment, VP	338	8	6	-	352
Technical Support	11	-	-	-	11
Grants, GM	186	-	-	-	186
Program Development	145	-	2	-	147
CIP Funding & Expediting	197	-	-	-	197
CIP Control	289	0	-	-	289
Total Capital Investment	1,166	8	9	-	1,183
Total Finance	13,261	2,699	4,526	-	20,486
HUMAN RESOURCES					
VP Human Resources	816	21	68	-	905
Recruitment & Staffing	1,412	17	1,725	-	3,154
Benefit Services	1,462	43	327	-	1,832
Total Human Resources	3,690	80	2,120	-	5,891
EMPLOYEE RELATIONS					
Dispute Resolution & Due Process	427	5	205	-	638
Contract Administration, Policy & Compliance	1,226	8	89	-	1,323
Totals Employee Relations	1,653	14	294	-	1,961
TECHNOLOGY MANAGEMENT					
VP Technology Management	300	8	116	-	424
Enterprise Services	5,145	267	3,964	-	9,376
Strategic Communications Systems	4,960	367	8,323	-	13,650
Revenue Equipment Technology & Mntc.	10,500	1,143	61	-	11,704
Total Technology Management	20,905	1,785	12,465	-	35,154
PURCHASING/WAREHOUSING					
VP Purchasing/Warehousing	7,781	54	296	-	8,131
Quality Assurance-Purch/Whse	2,071	23	2	-	2,096
Warehouse Operations	10,649	125	513	-	11,287
Total Purchasing/Warehousing	20,502	202	811	-	21,514
Total Management & Performance	**66,050**	**5,067**	**27,218**	**-**	**98,335**
Non - Departmental	(9,273)	(240)	(10,506)	35,000	14,981
TOTAL CTA	**$ 729,537**	**$ 65,333**	**$ 134,896**	**$ 94,611**	**$ 1,024,377**

** Includes Security and Paratransit Expense*

2005 Regional Mobility Budget

Department Budgeted Positions

	2003 Budgeted Positions	2004 Budgeted Positions	2005 Budgeted Positions
CTA Board	15	14	14
Office of the President	7	7	6
System Safety & Environmental Affairs	23	17	17
Office of Inspector General	21	18	18
General Counsel	132	118	111
TRANSIT OPERATIONS			
EVP Transit Operations	3	4	4
Operations Support Services	17	-	-
Training & Instruction	153	146	144
BUS OPERATIONS			
VP Bus Operations	1	1	1
Bus Operations Oversight	9	13	13
Bus Service Management	-	199	180
Scheduled Transit Operations - Bus	4,318	4,381	4,314
Bus Garages	1,288	1,088	1,054
Bus Heavy Maintenance	492	381	381
Engineering & Technical Services - Bus	34	34	34
Total Bus Operations	6,142	6,097	5,977
RAIL OPERATIONS			
VP Rail Operations	2	2	2
Rail Operations Capital Oversight	9	14	13
Rail Terminals	589	584	564
Scheduled Transit Operations - Rail	1,407	1,372	1,299
Rail Heavy Maintenance	240	222	222
Rail Car Appearance	192	185	179
Engineering & Technical Services - Rail	39	36	36
Total Rail Operations	2,478	2,415	2,315
SECURITY & COMMUNICATION / POWER CONTROL			
VP Security & Control Center	2	1	1
Communication Center	92	82	79
Security Services	32	9	9
Total Security & Communication / Power Control	126	92	89
PLANNING			
VP Planning	5	2	2
Planning & Development	11	11	10
Schedules & Traffic	22	15	14
Service Planning	15	12	11
Facilities Planning	33	29	28
Total Planning	86	69	65
CUSTOMER SERVICE & PARATRANSIT			
VP Customer Service & Paratransit	1	2	2
Customer Service	25	17	17
ADA Compliance	3	2	2
Paratransit Operations	17	13	12
Total Customer Service & Paratransit	46	34	33
Total Transit Operations	**9,051**	**8,857**	**8,627**

2005 Regional Mobility Budget

Department Budgeted Positions

	2003 Budgeted Positions	2004 Budgeted Positions	2005 Budgeted Positions
CONSTRUCTION, ENGINEERING & FACILITIES			
MAINTENANCE			
EVP Construction, Engineering & Facilities Maintenance	3	3	3
Engineering			
VP Engineering	3	2	2
Power & Way Engineering	46	43	42
Facilities Engineering	34	30	28
Total Engineering	83	75	72
Construction			
VP Construction	39	38	39
Real Estate	22	10	7
Total Construction	61	48	46
CONSTRUCTION, ENGINEERING & FACILITIES			
MAINTENANCE			
VP Facilities Maintenance	8	4	7
System Maintenance Support	203	195	192
Power & Way Maintenance	451	418	405
Customer Facilities Maintenance	324	316	305
System Maintenance	327	311	292
Total Maintenance	1,313	1,244	1,201
Total Construction, Engineering & Facilities Maintenance	**1,460**	**1,370**	**1,322**
MANAGEMENT & PERFORMANCE			
EVP Management & Performance	3	3	3
COMMUNICATIONS			
VP Communications	5	4	4
Public Affairs	8	9	9
Marketing, Advertising & Promotion	13	13	13
Reprographics	21	18	13
Publications & Graphics	6	5	5
Total Communications	53	49	44
Government Affairs & Affirmative Action	34	29	27
FINANCE			
SR VP FINANCE/TREASURER	3	4	4
Accounting Operations	39	35	33
Treasury-Cash Management	70	56	52
Treasury-Revenue	33	41	39
Total SR VP Finance/Treasurer	145	136	128
VP Finance/Comptroller			
Finance/Comptroller, VP	7	8	8
Budget	8	5	5
Financial Systems	4	7	6
Revenue Accounting	2	2	1
Property Accounting	10	9	9
General Accounting	10	8	7
Accounts Receivable	1	3	3
Grant Accounting	14	9	9
Total VP Finance/Comptroller	56	51	48
Capital Investment			
Capital Investment, VP	2	3	3

2005 Regional Mobility Budget

Department Budgeted Positions

	2003 Budgeted Positions	2004 Budgeted Positions	2005 Budgeted Positions
Technical Support	4	2	2
Grants, GM	3	2	2
Program Development	8	9	7
CIP Funding & Expediting	7	5	5
CIP Control	10	10	10
Total Capital	34	31	29
Total Finance	235	218	205
HUMAN RESOURCES			
VP Human Resources	24	9	8
Recruitment & Staffing	13	16	16
Benefit Services	21	19	17
Total Human Resources	58	44	41
EMPLOYEE RELATIONS			
Dispute Resolution & Due Process	9	5	5
Contract Administration, Policy & Compliance	13	14	14
TECHNOLOGY MANAGEMENT			
VP Technology Management	17	6	2
Enterprise Services	78	70	61
Strategic Communications Systems	51	57	57
Revenue Equipment Technology & Maintenance	149	135	135
Total Technology Management	295	268	255
PURCHASING/WAREHOUSING			
VP Purchasing/Warehousing	92	92	90
Quality Assurance-Purch/Whse	33	29	27
Warehouse Operations	182	163	154
Total Purchasing/Warehousing	307	284	271
Total Management & Performance	**1,007**	**914**	**865**
TOTAL CTA	**11,716**	**11,315**	**10,980**
Bus STO Positions	4,318	4,381	4,314
Rail STO Positions	1,407	1,372	1,299
TOTAL CTA WITHOUT STO	**5,991**	**5,562**	**5,367**
Pension	15	15	15

2005 Regional Mobility Budget

Summary of Projected Cash Flow for Year 2005

(In Millions)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
BEGINNING CASH BALANCE	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**
CASH RECEIPTS													
System Generated Revenue	38.7	38.2	43.2	44.7	39.5	42.2	39.6	44.0	42.4	44.4	40.3	43.0	**500.2**
RTA Assistance	31.2	32.4	35.2	37.2	36.4	39.4	37.5	37.1	36.6	34.8	38.6	45.3	**441.6**
Capital Grants	13.5	15.9	49.4	28.6	25.8	23.0	30.2	29.7	30.9	29.7	32.6	36.7	**346.0**
TOTAL CASH RECEIPTS	**83.4**	**86.5**	**127.7**	**110.5**	**101.7**	**104.6**	**107.4**	**110.8**	**109.8**	**108.9**	**111.5**	**125.0**	**1,287.9**
CASH DISBURSEMENTS													
Labor & Related Payroll	58.0	58.1	64.9	59.6	61.0	60.1	58.0	64.7	59.5	61.5	62.2	61.7	**729.5**
All Other	25.4	28.4	62.8	50.9	40.7	44.4	49.3	46.1	50.3	47.4	49.3	63.4	**558.3**
TOTAL CASH DISBURSEMENTS	**83.4**	**86.5**	**127.7**	**110.5**	**101.7**	**104.6**	**107.4**	**110.8**	**109.8**	**108.9**	**111.5**	**125.0**	**1,287.9**
ENDING CASH BALANCE	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**

Motivated

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

2005 Gridlock Budget

Operating Budget Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
Operating Expenses				
Labor *	$ 667,860	$ 685,027	$ 683,419	$ 646,444
Material	59,188	66,000	60,930	59,749
Fuel - Revenue Equipment	24,477	23,000	26,681	27,465
Power - Revenue Equipment	21,058	22,000	23,192	24,168
Provision for Injuries and Damages	17,568	22,000	22,000	19,000
Purchase of Security Services	24,780	25,042	27,902	34,777
Purchase of Paratransit	42,350	45,113	48,778	52,473
Other Expenses				
Utilities	18,069	16,827	17,768	17,588
Advertising and Promotion	3,231	4,461	3,292	4,956
Contractual Services	26,023	29,302	26,172	32,333
Leases and Rentals	7,449	7,812	7,254	3,096
Travel, Training, Seminars, and Dues	2,637	3,235	2,259	2,801
Warranty and Other Credits	(20,219)	(17,016)	(20,041)	(20,471)
General Expenses	2,281	2,624	6,640	7,343
Total Other Expenses	39,472	47,245	43,343	47,646
Total Operating Expenses	**$ 896,753**	**$ 935,428**	**$ 936,245**	**$ 911,722**
System Generated Revenue				
Fares and Passes	$ 367,906	$ 393,562	$ 396,093	$ 376,793
Reduced Fare Reimbursement	33,161	32,300	31,275	30,590
Advertising, Charter, & Concessions	21,846	24,250	23,996	24,313
Investment Income	3,025	3,000	2,079	2,949
Contributions from Local Governments	5,000	5,000	5,000	5,000
All Other Revenue	12,329	35,685	36,171	30,445
Total System Generated Revenue	**$ 443,267**	**$ 493,797**	**$ 494,614**	**$ 470,090**
Public Funding Required for Operations	**$ 453,486**	**$ 441,631**	**$ 441,632**	**$ 441,632**
Public Funding Available through RTA	**$ 453,488**	**$ 441,631**	**$ 441,632**	**$ 441,632**
Recovery Ratio	51.49%	54.73%	54.77%	54.74%
Required Recovery Ratio	52.90%	52.90%	52.90%	52.00%
Fund Balance	$ 2	$ -	$ -	$ -

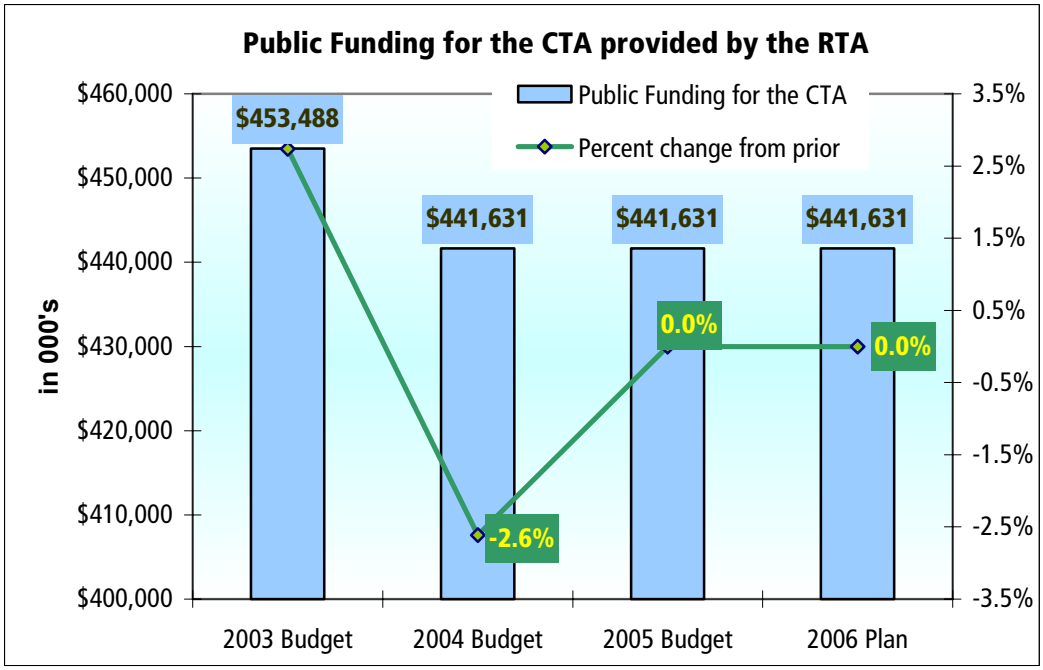
Note: *Recovery Ratio for 2004 Budget, 2004 Projected & 2005 Budget includes In-Kind revenue and In-Kind expenses for CPD and excludes 15% of reduced fare subsidy and 1988 base year security expenses. In 2005, RTA has excluded all security cost from the Recovery Ratio calculation.*

**Labor Increase for 2005 is due to higher healthcare, pension and workers compensation costs and one-time arbitration savings realized in 2004.*

2005 Gridlock Budget Summary

The Gridlock Budget

This narrative depicts the outlook for CTA, the services it provides and the impact on customers and the region if additional funding is not received.



The regional transit funding formula established in 1983 has over the last 20 years eroded CTA's share of regional transit public funding and now threatens CTA's ability to maintain current service levels to its customers. Public funding to CTA grew at an average annual rate of one percent less than the rate of inflation over the last 20 years, resulting today in a loss of public funding to CTA. Adjusting for inflation, public funding for CTA bus and rail operations is projected to be $100 million less today than in 1985. Combined with the weak economy, skyrocketing fuel and healthcare costs, CTA has faced an era of increasing cost and public funding that has not kept up with inflation.

Service Board Funding - 2002-2006 (in millions)

Service Board	2002 Actual	2003 Actual	2004 Budget	2005 Budget	2006 Plan	2002-2006 Increase
CTA	$441.6	$453.5	$441.6	$441.6	$441.6	0%
Metra	$224.0	$225.6	$232.8	$241.0	$248.7	10%
Pace	$79.1	$82.7	$79.1	$79.0	$79.0	0%
TOTAL	**$744.6**	**$761.8**	**$753.5**	**$761.6**	**$769.3**	**3%**

Without increased regional transit funding by the State General Assembly, the funding level and service assumption embedded in CTA's preferred 2005 budget proposal will be revised to reflect the limited funding that will be available to CTA. In that environment, the RTA will only provide public funding of $441.6 million to CTA in 2005, the same level of public funding CTA received in 2002. While reflective of current revenue expectations over the next twelve months, this level of funding for CTA will cause major disruption of public

2005 Gridlock Budget Summary

transit services in the region. For CTA, this funding level will be 2.68% less than CTA received in 2003 and considering inflation, will amount to a funding decrease of $35.7 million in real terms.

The initial projected deficit of $77.1 million has been decreased by additional internal efficiencies planned for 2005. Before considering service cuts, CTA evaluated other ways of reducing cost by leveraging new work rules and technologies that maximize labor flexibility and increase productivity. This enabled CTA to reduce another 200 staff positions in 2005. Furthermore, proposed service cuts will lead to the elimination of 50 additional non-service positions resulting in a total non-service position reduction of 250 and annual operating savings of $14.0 million. This brings the total number of positions eliminated since 2003 to 696 and represents an 11.5% reduction in the non-service workforce. CTA is doing more with less.

CTA will increase the University Pass (U-Pass) and Paratransit fares that are estimated to generate $4.3 million in 2005 and $5.3 million in 2006. Under this proposal, mainline service fares for paratransit customers will remain at the reduced fare rate of $0.85. However, the fare for customers using TAP and Paratransit will increase to $3.50, $1.75 more than the current fare. U-Pass fares will increase by 10 cents per day to 70 cents. An increase in parking rates to $2.00 is also proposed. These changes coupled with the workforce reduction enabled CTA to reduce the 2005 projected budget shortfall from $77.1 million to $55.1 million. Without these and other cost control efforts implemented in prior years that have saved CTA $120 million each year, the deficit for 2005 would be over $195 million.

Reduced & Paratransit Fares	Current	Recommended for FY2005	Percent Change
Cash (mainline bus and rail)	$0.85	$0.85	Unchanged
Transit Card (mainline bus and rail)	$0.85	$0.85	Unchanged
Transfer (mainline service)[2]	$0.15	$0.15	Unchanged
Paratransit Special Services	$1.75	$3.50	100%
Taxi Access Program (TAP) & Mobility Direct	$1.75	$3.50	100%
Paratransit 30-Day Pass	$75.00	$150.00	100%

U-Pass Fare	Current	Recommended For FY2005	Percent Change
University Pass	$0.60	$0.70	17%

Park 'n' Ride Fees	Current	Recommended for FY2005	Percent Change
Cumberland and Midway (up to 12 hours)	$1.75	$2.00	14%
Rosemont (up to 18 hours)	$1.50	$2.00	33%
All other CTA lots (up to 24 hours)	$1.50	$2.00	33%

CTA will be required to reduce its operating budget by $55.1 million in 2005 in order to balance its budget and meet the recovery ratio mandated by the RTA. This $55.1 million projected deficit for 2005 will be eliminated

through service cuts as discussed below. The CTA does not want to cut service, but without adequate funding CTA cannot afford to operate at its current service levels. Furthermore, CTA will have to reduce the operating budget by an additional $34.4 million in 2006 and by $10.3 million in 2007 in order to balance its budget and meet the recovery ratio mandated by the RTA under the current formula. In other words, the combined service reduction over the 3 years period is estimated at $100.0 million of the current service level.

The service cuts outlined below were chosen through an analysis that considered ridership, geographic distribution and federal requirements. In addition, the importance of retaining 24-hour service and regional connections were factors in the decision-making. For the bus system, the primary measure used to establish the initial list of service reductions was route productivity. Route productivity is defined as the number of riders per vehicle-hour of service. Routes were reviewed for reductions if the productivity per hour was lower than 75 percent of the system average for the time period in question. Additional criteria were then applied, which included the desire to continue 24-hour service, and protection of growing markets and regional connections. Lastly, retention of service on key routes, those that make up the "backbone" of CTA bus service on the one-mile grid street network, was favored over service on Support routes.

In considering service cuts on the rail system, the substantial capital investment contained in CTA's rail infrastructure was a factor in determining the scope of reductions. Because of the infrastructure investment already made, rail service is generally more productive than bus due to the additional capacity inherent in train service. One operator can carry many more people with a train than with a bus. To determine service reductions on the rail system, ridership was reviewed by time period to identify when service could be reduced. The reductions were then reviewed for geographic considerations and adherence to federal requirements.

In order to implement this service reduction package, CTA's current service standards adopted in 2001 must be temporarily suspended. Given the magnitude of the budget deficit and the resultant service reductions needed, all five primary Service Standards are compromised. For example, the service coverage standard recommending a maximum walk of ½ mile during most time periods is no longer possible. The same is true for the frequency standard which recommends a maximum wait of 30 minutes, and the span-of-service standard which recommends 16 hours of service on key routes. The passenger-flow standard, which regulates the level of crowding on vehicles, was revised to accommodate the necessary service reductions and now allows a greater number of customers per bus. Lastly, the productivity standard is no longer valid since it is related to the frequency standard.

Without additional funding, over one-fifth of the existing CTA bus and rail service will be eliminated in January 2005. This represents a reduction in bus vehicle hours of 21.5 percent and a reduction in rail vehicle hours of 11 percent. The reduction in workforce in terms of bus and rail operators is estimated at over 1,000. The number of peak period buses eliminated under this proposal is over 300. Of the current 152 bus routes in operation, 30 will be eliminated completely including weekdays, Saturdays and Sundays. An additional 21 routes will have weekend service eliminated, and nine others will have a segment of the route eliminated.

In addition to the elimination of some services, virtually all bus and rail routes will face some service reductions. Service frequency and hours of service will be decreased on many routes. Even routes that currently carry large numbers of customers, (particularly during rush hours), such as the #14 Jeffery Express, #20 Madison, #22 Clark, and #77 Belmont will operate with fewer buses coming less frequently.

2005 Gridlock Budget Summary

Service for early morning or late night commuters will be curtailed. Routes such as the #3 King Drive, #29 State, and #54B South Cicero will no longer have service before 5:00 a.m. At the other end of the spectrum, services such as #15 Jeffery Local, #126 Jackson, and #56 Milwaukee that currently operate until midnight or 1:00 a.m. will end by 9:00 p.m. or 10:00 p.m.

Although owl service will still be provided on 19 bus routes, the availability of service will be limited. Instead of operating every 30 minutes, most buses will operate every hour. This additional waiting time will be compounded for customers making connections between bus routes. Further, the owl service on the rapid transit system will be discontinued. This includes the Red Line from Howard to 95th Street and the Blue Line from O'Hare to Forest Park.

These examples of reduced services are the first step in a series of cuts that will be required if CTA's funding level continues to erode. To put this in perspective, the service reductions in 2005 are twice the size of those implemented in 1997 and 1998. At that time, $25 million in service was cut. In 2005, $55.1 million in service will be cut. Without corrective action that provides CTA with sustainable funding relief, additional cuts will follow in 2006 and 2007.

These reductions will be felt both by residents and businesses throughout the region. Some areas of the region will no longer have service - the nearest CTA route will be over one mile away. An estimated 33.6 million annual rides could be lost to the CTA system in 2005. This amounts to over 7 percent of CTA's annual ridership. For comparison, 34 million customers is roughly the same number that Pace – the suburban bus system – carries on all 240 of its bus routes. Further, a loss of 34 million annual customers on CTA equates to one-half of Metra's annual ridership.

Pace and Metra will also be impacted by a reduction in CTA service. Millions of Pace and Metra customers connect to CTA services each year. Rapid transit service will operate less frequently and hours will be shortened, making transfers to the less frequent Pace system more difficult. Similarly, Metra customers who today transfer in the Loop to buses that provide links to Michigan Avenue, State Street, Navy Pier and McCormick Place will have a more difficult time making connections.

The following 10 tables illustrate the types of reductions by day of service and by route. The tables include route eliminations, reductions in the hours of service and increases in waiting time between vehicles. Although longer waiting times can be expected on all routes, the tables illustrate those with the most significant changes.

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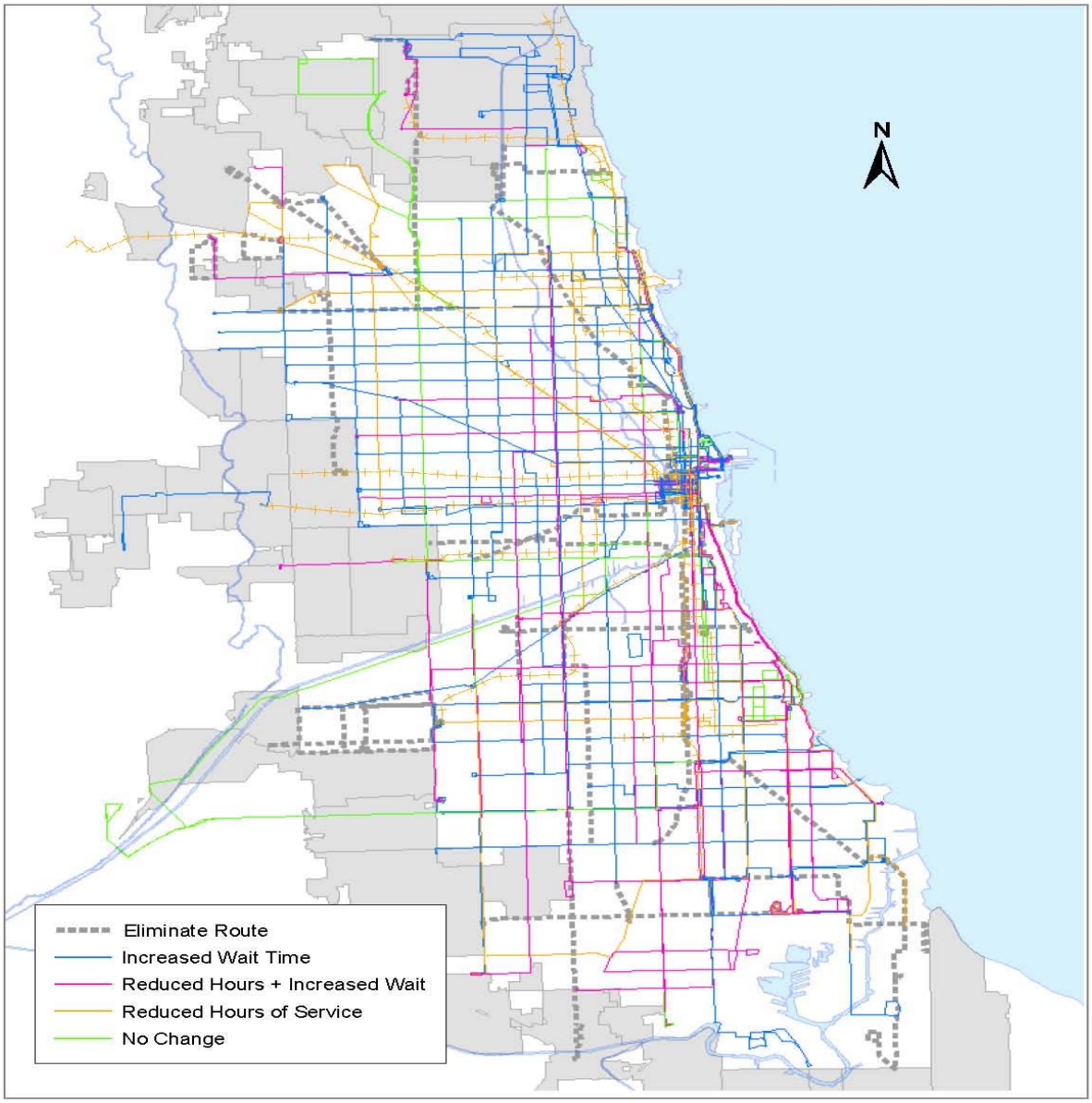
2005 Gridlock Budget Summary

Proposed Service Reductions
Weekday Only



2005 Gridlock Budget Summary

Table 1. Route Eliminations – Weekday

2*	Hyde Park Express	62H	Archer/Harlem
3*	King Drive	63W	West 63rd
9*	Ashland	64	Foster/Canfield
11	Lincoln	68	Northwest Highway
18	16th/18th	69	Cumberland/East River
24	Wentworth	71*	71st/South Shore
30	South Chicago	X80*	Irving Park Express
37	Sedgwick/Ogden	86	Narragansett/Ridgeland
39	Pershing	96	Lunt
47*	47th	100	Jeffery Manor Express
48	South Damen	103	West 103rd
49A	South Western	106	East 103rd
52A*	South Kedzie	122	Illinois Center/N. Western Exp.
54A	North Cicero/Skokie Blvd.	123	Illinois Center/Union Express
55A	55th/Austin	124	Navy Pier
55N	55th/Narrangansett	127	NW/Madison
56A	North Milwaukee	129	West Loop/South Loop
		165	West 65th

*Note:

2	Hyde Park Express:	Eliminate reverse commute segment
3	King Drive:	Eliminate segment to Michael Reese Hospital
9	Ashland:	Eliminate segment to 103rd/Vincennes
47	47th:	Eliminate segment from Archer/Cicero to Midway Airport
52A	South Kedzie:	Eliminate segment from Orange Line to 36th
71	71st/South Shore:	Eliminate evening service south of 73rd/Exchange
X80	Irving Park Express:	Eliminate rush hour service west of Blue line

Table 2. Hours of Service Reductions – Weekday

1	Indiana-Hyde Park	26	South Shore Express
2	Hyde Park Express	28	Stony Island
3	King Drive	X28	Stony Island Express
X4	Cottage Grove Exp	29	State
6	Jackson Park Exp	33	Magnificent Mile Express
8	Halsted	35	35th
8A	South Halsted	43	43rd
14	Jeffery Express	44	Wallace Racine
15	Jeffery Local	X49	Western Exp
25	West Cermak	50	Damen

Table 2. Hours of Service Reductions – Weekday (Contd.)

52	Kedzie/California
52A	South Kedzie
53A	South Pulaski
53AL	South Pulaski Limited
54	Cicero
54B	South Cicero
X55	Garfield Express
56	Milwaukee
59	59th/61st
70	Division
71	71st/South Shore
73	Armitage
78	Montrose
81W	West Lawrence
85	Central
85A	North Central
88	Higgins
90N	North Harlem
92	Foster
95W	West 95th
97	Skokie
X99	Chicago Manufacturing
111	Pullman/111th/115th
112	Vincennes/111th
119	Michigan/119th
120	NW/Wacker Express
126	Jackson
134	Stockton/LaSalle Exp
143	Stockton/Michigan Exp
144	Marine/Michigan Exp
145	Wilson/Michigan Exp
146	Inner Drive/Michigan Exp
147	Outer Drive Exp

Rail Lines

Blue Line
Red Line
Orange Line
Green Line
Purple Line
Purple Express
Yellow Line
Brown Line

Table 3. Increased Wait Time – Weekday

2	Hyde Park Express
3	King Drive
X3	King Drive Express
4	Cottage Grove
N5	South Shore Night Bus
6	Jackson Park Exp
7	Harrison
8	Halsted
8A	South Halsted
9	Ashland
12	Roosevelt
14	Jeffery Express
15	Jeffery Local
17	Westchester
19	United Center Express
20	Madison
22	Clark
25	West Cermak
28	Stony Island
29	State
34	South Michigan
35	35th
36	Broadway
43	43rd
44	Wallace Racine
47	47th
49	Western
X49	Western Exp
51	51st
52	Kedzie/California

Table 3. Increased Wait Time – Weekday (Contd.)

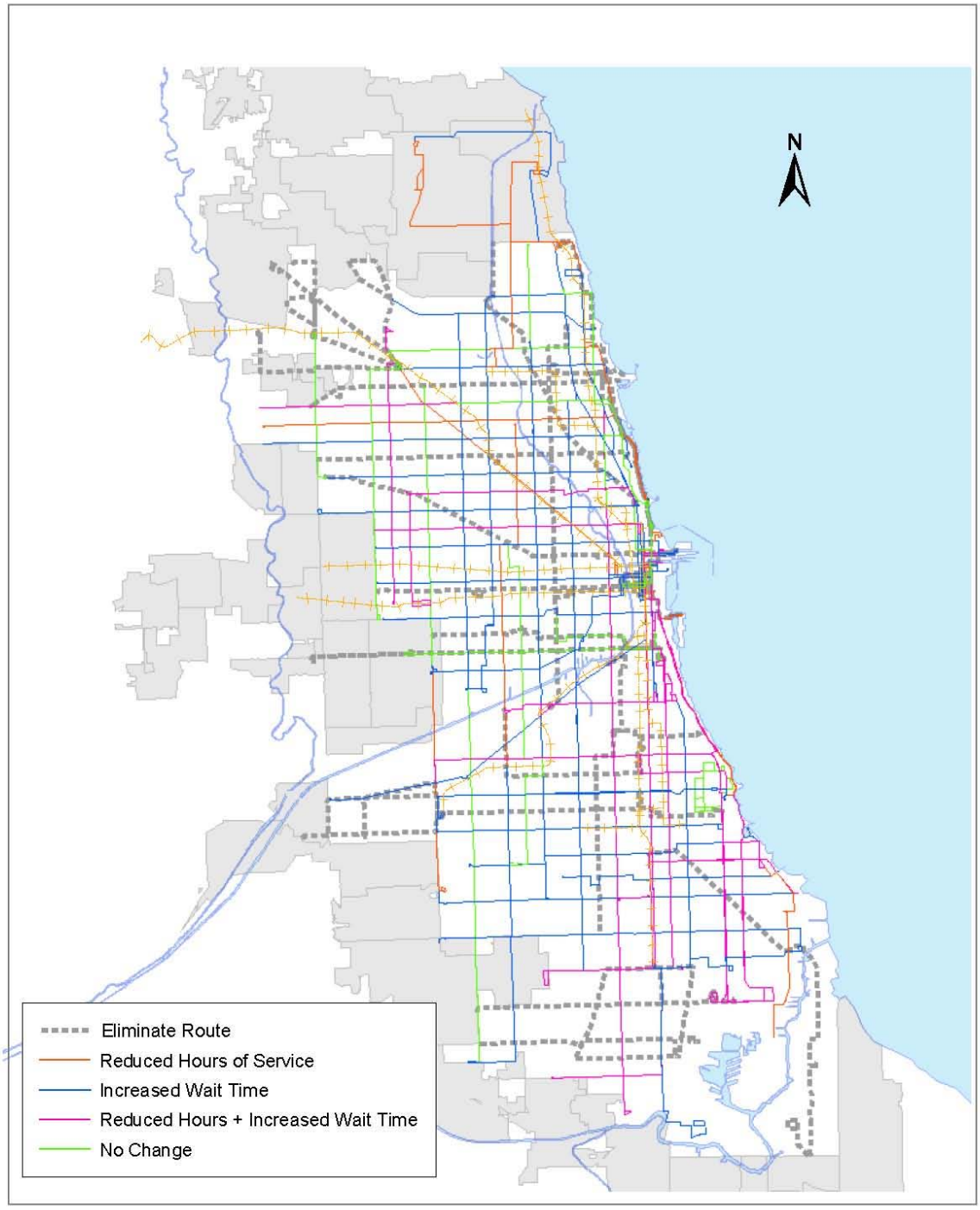
52A	South Kedzie
53	Pulaski
53A	South Pulaski
54	Cicero
54B	South Cicero
55	Garfield
57	Laramie
60	Blue Island
62	Archer
63	63rd
65	Grand
66	Chicago
67	67th-69th-71st
70	Division
71	71st/South Shore
72	North
73	Armitage
74	Fullerton
75	74th-75th
76	Diversey
77	Belmont
79	79th
80	Irving Park
81	Lawrence
81W	West Lawrence
82	Kimball-Homan
87	87th
90	Harlem
90N	North Harlem
91	Austin
93	California/Dodge
94	California
95E	93rd-95th
95W	West 95th
97	Skokie
108	Halsted/95th
111	Pullman/111th/115th
119	Michigan/119th
121	Union/Wacker Express
125	Water Tower Express
126	Jackson
128	Soldier Field Express
135	Clarendon/LaSalle Exp
136	Sheridan/LaSalle Exp
144	Marine/Michigan Exp
148	Clarendon/Michigan Exp
151	Sheridan
152	Addison
156	LaSalle
157	Streeterville
200	Main Shuttle
201	Central/Ridge
205	Chicago/Golf
206	Evanston Circulator

Rail Lines

Blue Line
Red Line
Orange Line
Brown Line
Green Line
Purple Line

2005 Gridlock Budget Summary

Proposed Service Reductions
Saturday Only



2005 Gridlock Budget Summary

Table 4. Route Eliminations – Saturday

3*	King Drive	71*	71st/South Shore
11	Lincoln	76	Diversey
18	16th/18th	78	Montrose
21*	Cermak	81W	West Lawrence
X21	Cermak Express	85A	North Central
30	South Chicago	87*	87th
43	43rd	88	Higgins
44	Wallace/Racine	90N	North Harlem
47*	47th	103	West 103rd
50	Damen	106	East 103rd
51	51st	111	Pullman/111th/115th
52A*	South Kedzie	112	Vincennes/111th
55N	55th/Narrangansett	124	Navy Pier
59	59th/61st	126	Jackson
62H	Archer/Harlem	130	Grant Park Treasures
63W	West 63rd	145	Wilson/Michigan Express
65	Grand	147	Outer Drive Express
68	Northwest Highway		

*Note:

3	King Drive:	Eliminate segment to Michael Reese Hospital
21	Cermak:	Eliminate segment west of 54th Avenue
47	47th:	Eliminate segment from Archer/Cicero to Midway Airport
52A	South Kedzie:	Eliminate segment from Orange Line to 36th
71	71st/South Shore:	Eliminate evening service south of 73rd/Exchange
87	87th:	Eliminate service west of Western early morning and late evening

Table 5. Hours of Service Reduction – Saturday

3	King Drive	35	35th
6	Jackson Park Exp	47	47th
8	Halsted	52	Kedzie/California
8A	South Halsted	54	Cicero
10	Museum of Science & Ind	54B	South Cicero
14	Jeffery Express	56	Milwaukee
15	Jeffery Local	57	Laramie
28	Stony Island	70	Division
29	State		

Table 5. Hours of Service Reduction – Saturday (Contd.)

71	71st/South Shore
73	Armitage
80	Irving Park
85	Central
93	California/Dodge
95W	West 95th
97	Skokie
119	Michigan/119th
146	Inner Drive/Michigan Exp
152	Addison

Rail Lines
Blue Line
Red Line
Orange Line
Brown Line
Green Line
Purple Line

Table 6. Increased Wait Time – Saturday

3	King Drive
4	Cottage Grove
N5	South Shore Night Bus
6	Jackson Park Express
8	Halsted
8A	South Halsted
9	Ashland
12	Roosevelt
14	Jeffery Express
15	Jeffery Local
19	United Center Express
20	Madison
22	Clark
28	Stony Island
29	State
34	South Michigan
35	35th
36	Broadway
47	47th
49	Western
52A	South Kedzie
53	Pulaski
54	Cicero
55	Garfield
57	Laramie
60	Blue Island
62	Archer
63	63rd
66	Chicago
67	67th-69th-71st
70	Division
71	71st/South Shore
72	North
73	Armitage
74	Fullerton
75	74th-75th
77	Belmont
79	79th
80	Irving Park
81	Lawrence
82	Kimball-Homan
84	Peterson
85	Central
87	87th
95E	93rd-95th
95W	West 95th
119	Michigan/119th
128	Soldier Field Express
151	Sheridan
155	Devon
201	Central/Ridge

Rail Lines
Blue Line
Brown Line
Orange Line
Purple Line

2005 Gridlock Budget Summary

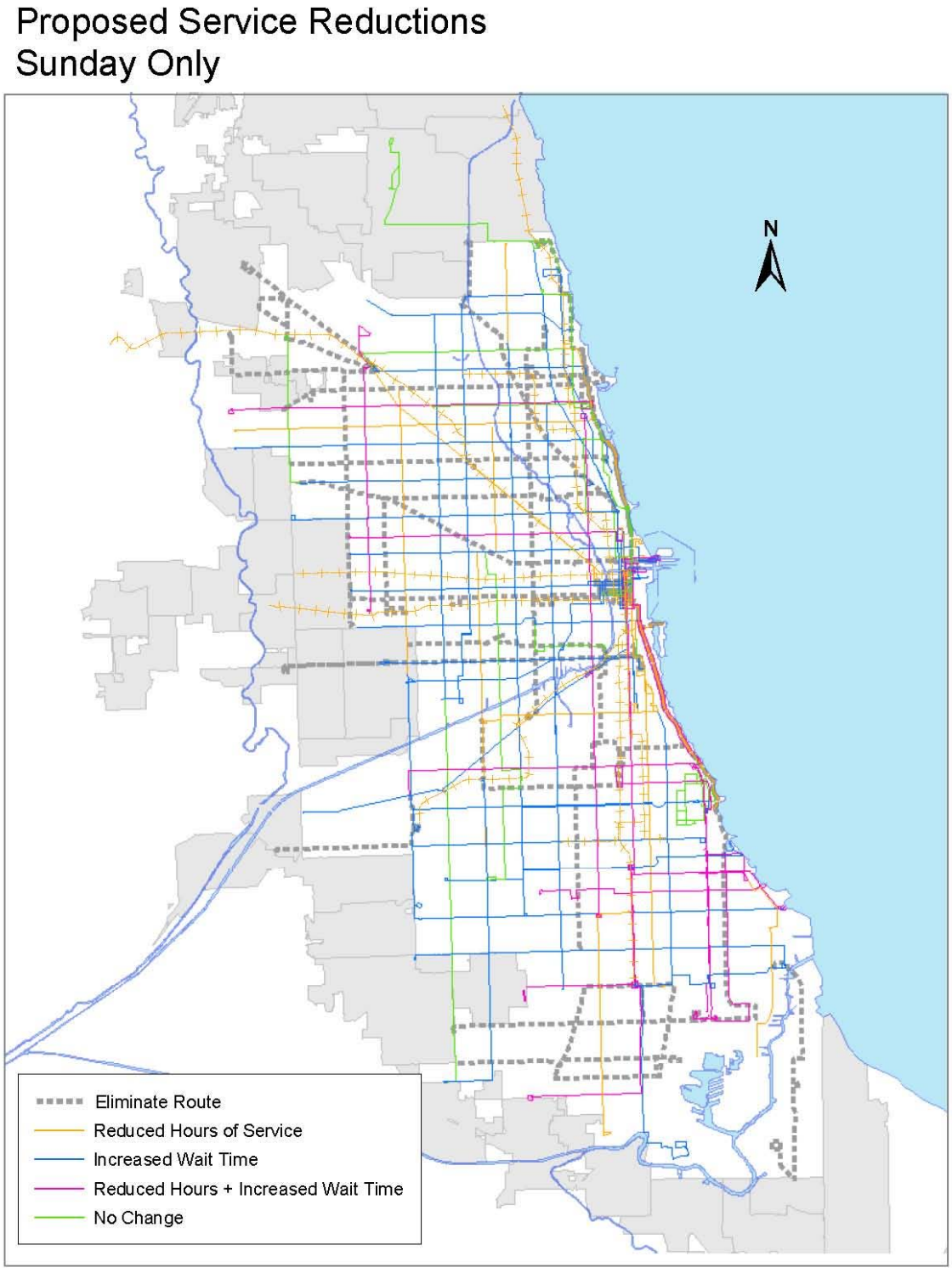
Table 7. Route Eliminations – Sunday

3*	King Drive	73	Armitage
11	Lincoln	76	Diversey
14	Jeffery Express	78	Montrose
18	16th/18th	81W	West Lawrence
X21	Cermak Express	87*	87th
30	South Chicago	88	Higgins
43	43rd	91	Austin
44	Wallace/Racine	103	West 103rd
47*	47th	106	East 103rd
50	Damen	111	Pullman/111th/115th
51	51st	112	Vincennes/111th
52A*	South Kedzie	124	Navy Pier
57	Laramie	126	Jackson
63W	West 63rd	130	Grant Park Treasures
65	Grand	145	Wilson/Michigan Express
68	Northwest Highway	147	Outer Drive Express
71*	71st/South Shore		

*Note:

3	King Drive:	Eliminate segment to Michael Reese Hospital
47	47th:	Eliminate segment from Archer/Cicero to Midway Airport
52A	South Kedzie:	Eliminate segment from Orange Line to 36th
71	71st/South Shore:	Eliminate evening service south of 73rd/Exchange
87	87th:	Eliminate service west of Western early morning and late evening

2005 Gridlock Budget Summary



2005 Gridlock Budget Summary

Table 8. Hours of Service Reductions – Sunday

3	King Drive
6	Jackson Park Express
8	Halsted
8A	South Halsted
10	Museum of Science & Ind
15	Jeffery Local
28	Stony Island
29	State
35	35th
47	47th
49B	North Western
52	Kedzie/California
54	Cicero
56	Milwaukee
70	Division
71	71st/South Shore
75	74th-75th
80	Irving Park
85	Central
95W	West 95th
97	Skokie
119	Michigan/119th
146	Inner Drive/Michigan Express
152	Addison

Rail Lines

Blue Line
Red Line
Orange Line
Brown Line
Green Line
Purple Line

Table 9. Increased Wait Time - Sunday

3	King Drive
4	Cottage Grove
N5	South Shore Night Bus
6	Jackson Park Exp
8	Halsted
9	Ashland
12	Roosevelt
15	Jeffery Local
19	United Center Express
20	Madison
21	Cermak
22	Clark
28	Stony Island
29	State
34	South Michigan
36	Broadway
47	47th
49	Western
52A	South Kedzie
53	Pulaski
54	Cicero
54B	South Cicero
55	Garfield
60	Blue Island
62	Archer
63	63rd
66	Chicago
67	67th-69th-71st
70	Division
71	71st/ South Shore
72	North
74	Fullerton
75	74th-75th
77	Belmont
79	79th
80	Irving Park
81	Lawrence
82	Kimball-Homan
84	Peterson
85	Central

Table 9. Increased Wait Time – Sunday (Contd.)

87	87th
95E	93rd-95th
95W	West 95th
119	Michigan/119th
128	Soldier Field Express
151	Sheridan
155	Devon
201	Central/Ridge

Rail Lines
Blue Line
Orange Line
Brown Line
Purple Line

2005 Gridlock Budget

Department Budget Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
CTA Board	$ 1,014	$ 1,107	$ 1,091	$ 1,110
Office of the President	980	1,023	993	1,062
System Safety & Environment	3,731	3,851	3,544	3,290
Office of Inspector General	1,833	2,035	1,409	1,985
General Counsel	13,372	14,676	12,903	14,083
TRANSIT OPERATIONS				
EVP Transit Operations	1,336	815	533	674
Training & Instruction	11,706	10,992	10,702	11,209
BUS OPERATIONS				
VP Bus Operations	453	768	343	362
Bus Operations Oversight	1,123	540	794	1,179
Bus Service Management	-	13,712	15,339	13,275
Scheduled Transit Operations - Bus	235,954	250,175	253,366	210,835
Bus Garages	131,934	118,403	126,069	118,157
Bus Heavy Maintenance	34,579	31,903	31,612	33,742
Engineering & Technical Services - Bus	1,666	1,916	1,615	2,383
Total Bus Operations	405,712	417,417	429,138	379,932
RAIL OPERATIONS				
VP Rail Operations	358	500	263	371
Rail Operations Capital Oversight	888	512	1,132	1,029
Rail Terminals	58,331	56,549	55,622	58,659
Scheduled Transit Operations - Rail	78,238	83,904	79,397	74,973
Rail Heavy Maintenance	7,173	8,588	6,880	8,729
Rail Car Appearance	9,976	10,122	9,914	11,279
Engineering & Technical Services - Rail	2,802	2,536	2,800	2,976
Total Rail Operations	157,767	162,712	156,007	158,017
SECURITY & COMMUNICATION / POWER CONTROL				
VP Security & Control Center	1	180	-	202
Communications Center	6,697	6,821	5,816	6,959
Security Services	25,524	25,380	28,412	34,743
Total Security & Communication / Power Control	32,222	32,381	34,228	41,904
PLANNING				
VP Planning	249	261	250	268
Planning & Development	953	1,003	794	908
Schedules & Traffic	2,067	1,832	1,370	1,407
Service Planning	1,057	1,075	987	964
Facilities Development	2,895	2,039	2,605	2,233
Total Planning	7,221	6,211	6,006	5,780
CUSTOMER SERVICE & PARATRANSIT				
VP Customer Service & Paratransit	228	220	242	238
Customer Service	1,485	1,166	1,521	1,382
ADA Compliance	144	145	147	153
Paratransit Operations	43,340	46,166	49,621	53,407
Total Customer Service & Paratransit	45,197	47,696	51,532	55,179
Total Transit Operations	**661,161**	**678,224**	**688,146**	**652,695**
CONSTRUCTION, ENGINEERING & FACILITIES				
MAINTENANCE				
EVP Construction, Engineering & Facilities Mntc.	1,489	1,509	1,699	1,678
Engineering				
VP Engineering	272	269	269	240
Power & Way Engineering	31,966	32,321	32,778	33,974
Facilities Engineering	1,811	1,248	1,414	1,398
Total Engineering	34,049	33,839	34,461	35,612

2005 Gridlock Budget

Department Budget Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
CONSTRUCTION, ENGINEERING & FACILITIES				
MAINTENANCE				
Construction				
VP Construction	$ 2,271	$ 1,910	$ 2,169	$ 2,716
Real Estate	8,702	9,125	9,363	6,397
Total Construction	10,972	11,035	11,532	9,114
MAINTENANCE				
VP Facilities Maintenance	530	481	466	701
System Maintenance Support	14,567	14,150	14,304	14,271
Power & Way Maintenance	24,673	28,433	26,268	28,220
Customer Facilities Maintenance	22,853	22,219	24,356	23,639
System Maintenance	24,796	31,712	27,058	26,946
Total Facilities Maintenance	87,419	96,996	92,452	93,776
Total Construction, Engineering & Facilities Maintenance	**133,929**	**143,378**	**140,144**	**140,181**
MANAGEMENT & PERFORMANCE				
EVP Management & Performance	407	448	423	438
COMMUNICATIONS				
VP Communications	420	422	445	444
Public Affairs	1,008	717	1,165	1,238
Marketing, Advertising & Promotion	3,510	5,353	4,023	5,765
Reprographics	2,013	1,992	1,848	1,710
Publications & Graphics	1,070	910	1,038	1,031
Total Communications	8,021	9,395	8,518	10,189
GOVERNMENT AFFAIRS & AFFIRMATIVE ACTION	2,684	2,726	2,662	2,703
FINANCE				
SR VP FINANCE/TREASURER	637	660	821	773
Accounting Operations	2,713	2,484	2,832	2,494
Treasury	3,864	4,433	3,972	4,055
Treasury-Revenue	6,373	7,262	7,389	8,409
Total SR. VP Finance/Treasurer	13,587	14,839	15,015	15,731
Finance/Comptroller				
Finance/Comptroller, VP	809	1,310	927	1,214
Budget	470	412	307	448
Financial Systems	365	193	301	527
Revenue Accounting	143	144	91	95
Property Accounting	57	74	22	167
General Accounting	744	940	665	672
Accounts Receivable	136	168	126	185
Grant Accounting	80	54	211	263
Total VP Finance/Comptroller	2,804	3,296	2,649	3,571
Capital Investment				
Capital Investment, VP	345	335	323	352
Technical Support	2	49	4	11
Grants, GM	42	83	226	186
Program Development	33	29	107	147
CIP Funding & Expediting	28	115	180	197
CIP Control	71	24	163	289
Total Capital Investment	520	634	1,003	1,183
Total Finance	16,911	18,769	18,667	20,486

2005 Gridlock Budget

Department Budget Summary

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget
HUMAN RESOURCES				
VP Human Resources	$ 1,881	$ 1,276	$ 1,542	$ 905
Recruitment & Staffing	3,538	3,480	2,996	3,154
Benefit Services	1,783	1,244	1,384	1,832
Total Human Resources	7,202	6,000	5,922	5,891
EMPLOYEE RELATIONS				
Dispute Resolution & Due Process	32	675	607	638
Contract Administration, Policy & Compliance	1,352	1,177	1,209	1,323
Total Employee Relations	1,384	1,852	1,816	1,961
TECHNOLOGY MANAGEMENT				
VP Technology Management	1,648	1,149	1,274	424
Enterprise Services	9,548	10,456	9,878	9,376
Strategic Communications Systems	12,916	12,444	13,252	13,650
Revenue Equipment Technology & Mntc.	12,100	11,787	11,251	11,704
Total Technology Management	36,212	35,836	35,654	35,154
PURCHASING/WAREHOUSING				
VP Purchasing/Warehousing	7,302	8,284	7,442	8,131
Quality Assurance-Purch/Whse	2,102	2,321	1,801	2,096
Warehouse Operations	11,104	11,354	11,067	11,287
Total Purchasing/Warehousing	20,508	21,958	20,310	21,514
Total Management & Performance	**93,329**	**96,983**	**93,972**	**98,335**
Non - Departmental	(12,596)	(5,849)	(5,958)	(1,019)
TOTAL CTA	**$ 896,753**	**$ 935,427**	**$ 936,245**	**$ 911,722**

2005 Gridlock Budget

Department By Line Item

(In Thousands)	Labor	Material	Other Services*	Fuel/Power/ Provisions	Total
CTA Board	$ 1,068	$ 14	$ 28	$ -	$ 1,110
Office of the President	1,002	10	51	-	1,062
System Safety & Environmental Affairs	1,422	29	1,840	-	3,290
Office of Inspector General	1,909	12	64	-	1,985
General Counsel	9,629	103	4,351	-	14,083
TRANSIT OPERATIONS					
EVP Transit Operations	507	26	141	-	674
Training & Instruction	10,905	256	48	-	11,209
BUS OPERATIONS					
VP Bus Operations	198	11	153	-	362
Bus Operations Oversight	1,153	21	5	-	1,179
Bus Service Management	13,245	26	4	-	13,275
Scheduled Transit Operations - Bus	210,835	-	-	-	210,835
Bus Garages	70,661	19,839	192	27,465	118,157
Bus Heavy Maintenance	22,394	11,454	(105)	-	33,742
Engineering & Technical Services - Bus	2,246	43	93	-	2,383
Total Bus Operations	320,731	31,394	342	27,465	379,932
RAIL OPERATIONS					
VP Rail Operations	290	18	64	-	371
Rail Operations Capital Oversight	1,063	4	(38)	-	1,029
Rail Terminals	44,853	13,768	37	-	58,659
Scheduled Transit Operations - Rail	74,973	-	-	-	74,973
Rail Heavy Maintenance	8,021	421	287	-	8,729
Rail Car Appearance	11,014	262	4	-	11,279
Engineering & Technical Services - Rail	2,732	159	85	-	2,976
Total Rail Operations	142,946	14,631	440	-	158,017
SECURITY & COMMUNICATION / POWER CONTROL					
VP Security & Control Center	202	-	-	-	202
Communication Center	6,644	29	285	-	6,959
Security Services	590	7	34,146		34,743
Total Security & Communication / Power Control	7,436	36	34,432	-	41,904
PLANNING					
VP Planning	251	5	12	-	268
Planning & Development	882	2	23	-	908
Schedules & Traffic	1,152	24	231	-	1,407
Service Planning	945	7	13	-	964
Facilities Development	2,199	12	21	-	2,233
Total Planning	5,429	50	301	-	5,780
CUSTOMER SERVICE & PARATRANSIT					
VP Customer Service & Paratransit	232	3	3	-	238
Customer Service	1,336	25	21	-	1,382
ADA Compliance	153	-	0	-	153
Paratransit Operations	908	25	52,474	-	53,407
Total Customer Service & Paratransit	2,628	52	52,499	-	55,179
Total Transit Operations	**490,582**	**46,445**	**88,202**	**27,465**	**652,695**
CONSTRUCTION, ENGINEERING & FACILITIES MAINTENANCE					
EVP Construction, Engineering & Facilities Mntc.	1,663	6	10	-	1,678
Engineering					
VP Engineering	236	-	5	-	240
Power & Way Engineering	2,481	76	7,249	24,168	33,974
Facilities Engineering	1,217	8	172	-	1,398
Total Engineering	3,934	84	7,426	24,168	35,612
Construction					
VP Construction	2,624	6	87	-	2,716
Real Estate	657	17	5,724	-	6,397
Total Construction	3,280	22	5,811	-	9,114
CONSTRUCTION, ENGINEERING & FACILITIES MAINTENANCE					
VP Facilities Maintenance	662	6	32	-	701
System Maintenance Support	12,134	1,034	1,102	-	14,271
Power & Way Maintenance	25,372	2,316	532	-	28,220
Customer Facilities Maintenance	19,291	1,718	2,629	-	23,639
System Maintenance	17,718	3,121	6,106	-	26,946
Total Facilities Maintenance	75,178	8,196	10,402	-	93,776
Total Construction, Engineering & Facilities Maintenance	**84,055**	**8,309**	**23,648**	**24,168**	**140,181**

2005 Gridlock Budget

Department By Line Item

(In Thousands)	Labor	Material	Other Services*	Fuel/Power/ Provisions	Total
MANAGEMENT & PERFORMANCE					
EVP Management & Performance	$ 426	$ 1	$ 10	$ -	$ 438
COMMUNICATIONS					
VP Communications	429	12	3	-	444
Public Affairs	745	3	491	-	1,238
Marketing, Advertising & Promotion	1,235	14	4,517	-	5,765
Reprographics	832	242	636	-	1,710
Publications & Graphics	329	2	701	-	1,031
Total Communications	3,568	273	6,347	-	10,189
GOVERNMENT AFFAIRS & AFFIRMATIVE ACTION	2,045	13	646	-	2,703
FINANCE					
SR VP FINANCE/TREASURER					
SR VP Finance Treasurer	528	40	205	-	773
Accounting Operations	2,478	13	2	-	2,494
Treasury	3,261	104	690	-	4,055
Treasury-Revenue	2,715	2,513	3,180	-	8,409
Total SR. VP Finance/Treasurer	8,983	2,671	4,077	-	15,731
Finance/Comptroller					
Finance/Comptroller, VP	804	17	392	-	1,214
Budget	400	2	46	-	448
Financial Systems	527	-	-	-	527
Revenue Accounting	95	-	-	-	95
Property Accounting	167	0	-	-	167
General Accounting	672	-	0	-	672
Accounts Receivable	184	-	1	-	185
Grant Accounting	263	-	0	-	263
Total VP Finance/Comptroller	3,112	20	440	-	3,571
Capital Investment					
Capital Investment, VP	338	8	6	-	352
Technical Support	11	-	-	-	11
Grants, GM	186	-	-	-	186
Program Development	145	-	2	-	147
CIP Funding & Expediting	197	-	-	-	197
CIP Control	289	0	-	-	289
Total Capital Investment	1,166	8	9	-	1,183
Total Finance	13,261	2,699	4,526	-	20,486
HUMAN RESOURCES					
VP Human Resources	816	21	68	-	905
Recruitment & Staffing	1,412	17	1,725	-	3,154
Benefit Services	1,462	43	327	-	1,832
Total Human Resources	3,690	80	2,120	-	5,891
EMPLOYEE RELATIONS					
Dispute Resolution & Due Process	427	5	205	-	638
Contract Administration, Policy & Compliance	1,226	8	89	-	1,323
Total Employee Relations	1,653	14	294	-	1,961
TECHNOLOGY MANAGEMENT					
VP Technology Management	300	8	116	-	424
Enterprise Services	5,145	267	3,964	-	9,376
Strategic Communications Systems	4,960	367	8,323	-	13,650
Revenue Equipment Technology & Mntc.	10,500	1,143	61	-	11,704
Total Technology Management	20,905	1,785	12,465	-	35,154
PURCHASING/WAREHOUSING					
VP Purchasing/Warehousing	7,781	54	296	-	8,131
Quality Assurance-Purch/Whse	2,071	23	2	-	2,096
Warehouse Operations	10,649	125	513	-	11,287
Total Purchasing/Warehousing	20,502	202	811	-	21,514
Total Management & Performance	**66,050**	**5,067**	**27,218**	**-**	**98,335**
Non - Departmental	(9,273)	(240)	(10,506)	19,000	(1,019)
TOTAL CTA	**$ 646,444**	**$ 59,749**	**$ 134,896**	**$ 70,633**	**$ 911,722**

* Includes Security and Paratransit Expense

2005 Gridlock Budget

Department Budgeted Positions

	2003 Budgeted Positions	2004 Budgeted Positions	2005 Budgeted Positions
CTA Board	15	14	14
Office of the President	7	7	6
System Safety & Environmental Affairs	23	17	17
Office of Inspector General	21	18	17
General Counsel	132	118	110
TRANSIT OPERATIONS			
EVP Transit Operations	3	4	4
Operations Support Services	17	-	-
Training & Instruction	153	146	144
BUS OPERATIONS			
VP Bus Operations	1	1	1
Bus Operations Oversight	9	13	13
Bus Service Management	-	199	158
Scheduled Transit Operations - Bus	4,318	4,381	3,390
Bus Garages	1,288	1,088	1,010
Bus Heavy Maintenance	492	381	381
Engineering & Technical Services - Bus	34	34	34
Total Bus Operations	6,142	6,097	4,987
RAIL OPERATIONS			
VP Rail Operations	2	2	2
Rail Operations Capital Oversight	9	14	13
Rail Terminals	589	584	564
Scheduled Transit Operations - Rail	1,407	1,372	1,147
Rail Heavy Maintenance	240	222	222
Rail Car Appearance	192	185	179
Engineering & Technical Services - Rail	39	36	36
Total Rail Operations	2,478	2,415	2,163
SECURITY & COMMUNICATION / POWER CONTROL			
VP Security & Control Center	2	1	1
Communication Center	92	82	79
Security Services	32	9	9
Total Security & Communication / Power Control	126	92	89
PLANNING			
VP Planning	5	2	2
Planning & Development	11	11	10
Schedules & Traffic	22	15	14
Service Planning	15	12	11
Facilities Planning	33	29	23
Total Planning	86	69	60
CUSTOMER SERVICE & PARATRANSIT			
VP Customer Service & Paratransit	1	2	2
Customer Service	25	17	17
ADA Compliance	3	2	2
Paratransit Operations	17	13	12
Total Customer Service & Paratransit	46	34	33
Total Transit Operations	**9,051**	**8,857**	**7,480**

2005 Gridlock Budget

Department Budgeted Positions

	2003 Budgeted Positions	2004 Budgeted Positions	2005 Budgeted Positions
CONSTRUCTION, ENGINEERING & FACILITIES			
MAINTENANCE			
EVP Construction, Engineering & Facilities Maintenance	3	3	3
Engineering			
VP Engineering	3	2	2
Power & Way Engineering	46	43	42
Facilities Engineering	34	30	28
Total Engineering	83	75	72
Construction			
VP Construction	39	38	39
Real Estate	22	10	7
Total Construction	61	48	46
CONSTRUCTION, ENGINEERING & FACILITIES			
MAINTENANCE			
VP Facilities Maintenance	8	4	7
System Maintenance Support	203	195	192
Power & Way Maintenance	451	418	405
Customer Facilities Maintenance	324	316	303
System Maintenance	327	311	292
Total Facilities Maintenance	1,313	1,244	1,199
Total Construction, Engineering & Facilities Maintenance	**1,460**	**1,370**	**1,320**
MANAGEMENT & PERFORMANCE			
EVP Management & Performance	3	3	3
COMMUNICATIONS			
VP Communications	5	4	4
Public Affairs	8	9	9
Marketing, Advertising & Promotion	13	13	13
Reprographics	21	18	13
Publications & Graphics	6	5	5
Total Communications	53	49	44
Government Affairs & Affirmative Action	34	29	27
FINANCE			
SR VP FINANCE/TREASURER	3	4	4
Accounting Operations	39	35	31
Treasury-Cash Management	70	56	52
Treasury-Revenue	33	41	39
Total SR VP Finance/Treasurer	145	136	126
VP Finance/Comptroller			
Finance/Comptroller, VP	7	8	8
Budget	8	5	5
Financial Systems	4	7	6
Revenue Accounting	2	2	1
Property Accounting	10	9	9
General Accounting	10	8	7
Accounts Receivable	1	3	3
Grant Accounting	14	9	9
Total VP Finance/Comptroller	56	51	48
Capital Investment			
Capital Investment, VP	2	3	3
Technical Support	4	2	2

2005 Gridlock Budget

Department Budgeted Positions

	2003 Budgeted Positions	2004 Budgeted Positions	2005 Budgeted Positions
Grants, GM	3	2	2
Program Development	8	9	7
CIP Funding & Expediting	7	5	5
CIP Control	10	10	10
Total Capital Investment	34	31	29
Total Finance	235	218	203
HUMAN RESOURCES			
VP Human Resources	24	9	8
Recruitment & Staffing	13	16	14
Benefit Services	21	19	17
Total Human Resources	58	44	39
EMPLOYEE RELATIONS			
Dispute Resolution & Due Process	9	5	5
Contract Administration, Policy & Compliance	13	14	14
TECHNOLOGY MANAGEMENT			
VP Technology Management	17	6	2
Enterprise Services	78	70	59
Strategic Communications Systems	51	57	57
Revenue Equipment Technology & Maintenance	149	135	135
Total Technology Management	295	268	253
PURCHASING/WAREHOUSING			
VP Purchasing/Warehousing	92	92	85
Quality Assurance-Purch/Whse	33	29	27
Warehouse Operations	182	163	154
Total Purchasing/Warehousing	307	284	266
Total Management & Performance	**1,007**	**914**	**854**
TOTAL CTA	**11,716**	**11,315**	**9,818**
Bus STO Positions	4,318	4,381	3,390
Rail STO Positions	1,407	1,372	1,147
TOTAL CTA WITHOUT STO	**5,991**	**5,562**	**5,281**
Pension	15	15	15

Results-Oriented

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

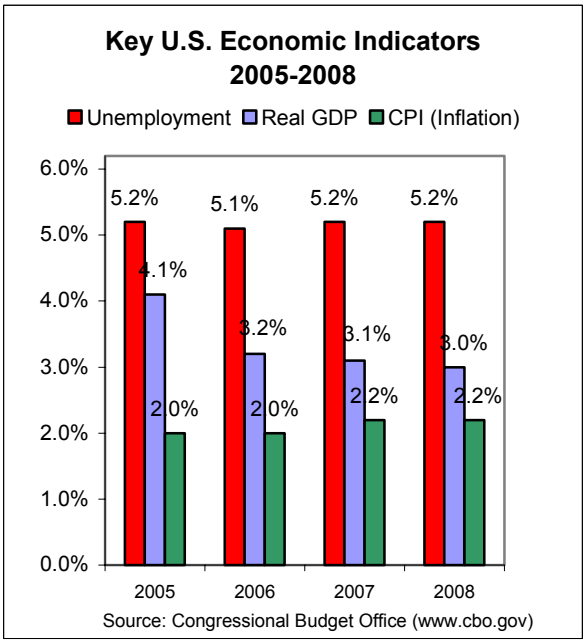
2006 – 2007 Operating Financial Plan

Financial Plan

In September, the RTA proposed two sets of funding marks for CTA, Metra and Pace for 2005-2007. The first set of marks provides a level of funding that is sufficient to fund transit without any service cuts. However, these marks assume the state legislature increases funding for transit in the fall veto session. Without this increase in funding, the CTA's public funding would remain flat at the 2002 funding level of $441.6 million (the second set of marks issued by RTA). Public funding CTA receives through RTA historically constitutes 48 percent of CTA's revenues. If the State does not increase funding for transit, CTA predicts budget deficits of for 2005, 2006 and 2007 of $77.1 million, $89.7 million, and $100.0 million, respectively. This is after cost reductions and efficiencies that have already been programmed.

These budget deficits will result in significant service cuts. The service cuts for 2005 alone include 22 percent of bus and 11 percent of rail service. The deficits are mainly due to the changing distribution of funding based on the outdated funding formula for sales tax. Flaws in the formula have resulted in uneven growth across the region. The increasing gap in funding over the three-year time period constitutes a crisis for the CTA that will result in service cuts, fare increases and staff reductions on top of the other efficiencies already programmed for the period.

This financial plan will assume funding is increased by the General Assembly in the fall veto session. The two different versions of the plan are presented following this summary.



For the 2006-2007 plan periods, a stable economy with modest job growth is forecast. Retail sales are showing improvement. Unfortunately, Illinois' job growth has lagged behind the rest of the U.S. The loss of manufacturing jobs and local industries has yet to be replaced by comparable paying jobs.

The Congressional Budget Office predicts a decline in the national unemployment levels to 5.1 percent in 2006 and 5.2 percent in 2007 through 2014. These unemployment rates are below the 6.1 percent rate projected for 2004 but are higher than the actual rates experienced in the late 1990's through 2000 that averaged below 5 percent. As of July 2004, the unemployment rate for the City of Chicago was 7.5 percent, a full point below July 2003. U.S unemployment for August 2004 was 5.4 percent, an improvement over the past years.

The overall inflation growth as measured by the Consumer Price Index (CPI) is forecast by the Congressional Budget Office (CBO) to grow by 2.0 percent in 2006 and by 2.2 percent for 2007. In September the CBO revised its CPI estimates upwards for 2004 and 2005 but did not change the 2006 estimate of 2.0 percent and 2007-2014 estimates of 2.2 percent. Another indicator used to project overall economic growth is the Gross Domestic Product (GDP). The GDP is forecast to grow by 3.2 percent for 2006 and 3.1 percent in 2007. These forecasts remain subject to national and international events that can impact economic growth and stability.

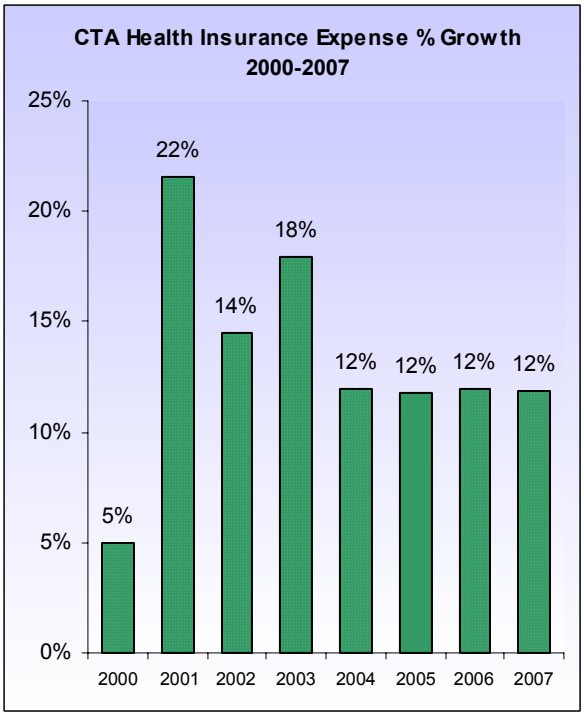
Improvements in the labor market will improve CTA's ridership as more employees use public transportation to go to work. However, the new jobs added are more likely to be lower paid temporary positions that have fewer benefits, which impacts consumer spending. Many families and individuals have experienced flat or minimal income growth, which minimizes overall income needed for faster rising costs for food, home heating and electricity and automobile gas prices.

2006 and 2007 Operating Budget

The projected operating expense budget for 2006 is $1,041.7 million and $1,078.6 million for 2007. The increase in 2006 and 2007 projected expenses is primarily due to increases in wages, healthcare, worker's compensation and pension benefits, funding for claims and litigated settlements and paratransit expenses. System generated revenues are forecast at $506.3 million in 2006 and $524.1 million in 2007. Funding through RTA sales tax and State match on sales tax will be $535.4 million in 2006 and $554.5 million in 2007. As previously discussed, this projection assumes an increase in funding from the State.

Labor

Labor expenses include the cost of wages, health care, pension, workers compensation, FICA, uniforms and tuition reimbursement. Labor expenses are projected to increase to $748.9 million in 2006 and to $781.2 million in 2007. Healthcare, workers compensation, pension and wages are the primary cost drivers. This projection includes a reduction of 200 positions in 2005 in addition to the 446 position cuts in 2004.

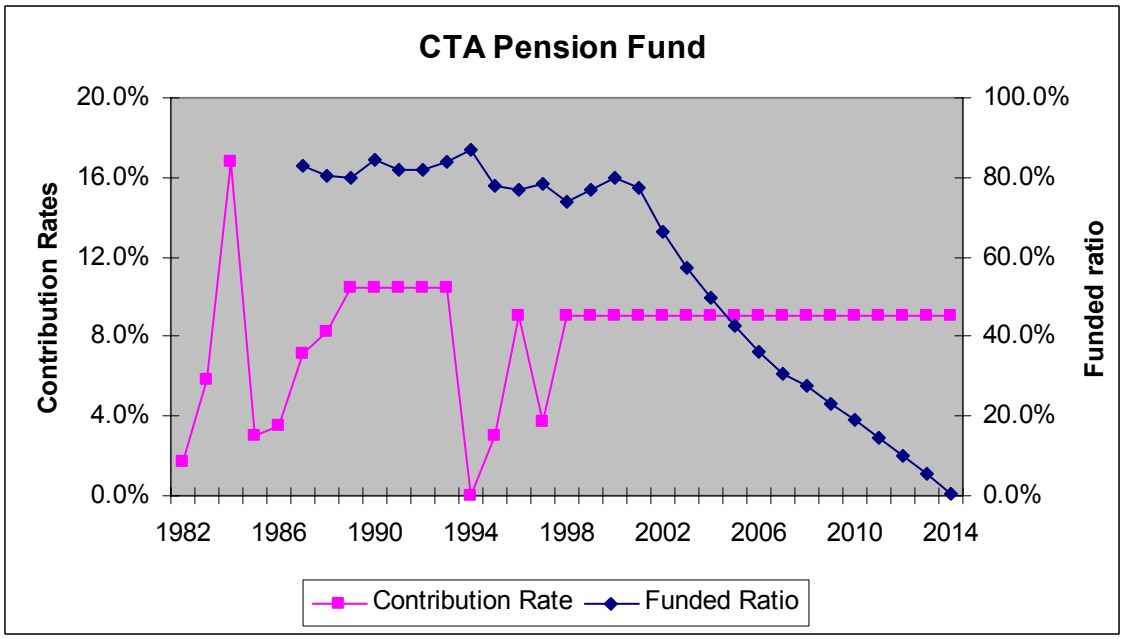


CTA continues to emphasize cost reductions achieved through productivity gains, maximizing new technology and reevaluating current business processes and operations to find more efficiencies.

CTA has been experiencing increased costs in fringe benefits, particularly health care and workers compensation expenses. The CTA has worked to reduce health care benefits by entering into a joint purchasing program for prescription drugs in 2004 and will seek additional reductions through labor negotiations.

Health care expenses have been growing at an annual average rate of 14.0 percent since 1995 -- over five times the rate of inflation. To aid in controlling these costs, CTA will work to restructure benefits and seek a larger contribution from employees.

In addition to the $77.1 million net operating shortfall, the CTA also has a current shortfall in its pension fund. As of January 1, 2004, the CTA pension plan had resources of $1.6 billion, but had liabilities of $3.3 billion as a result of retirement healthcare costs, benefit structure and investment losses incurred in 2001. CTA and its employees currently contribute 6 percent and 3 percent, respectively.



CTA's pension plan actuary projects that if CTA's pension plan continues without increased funding and changes to the benefit structure, the assets of the plan will be exhausted by 2014.

Material

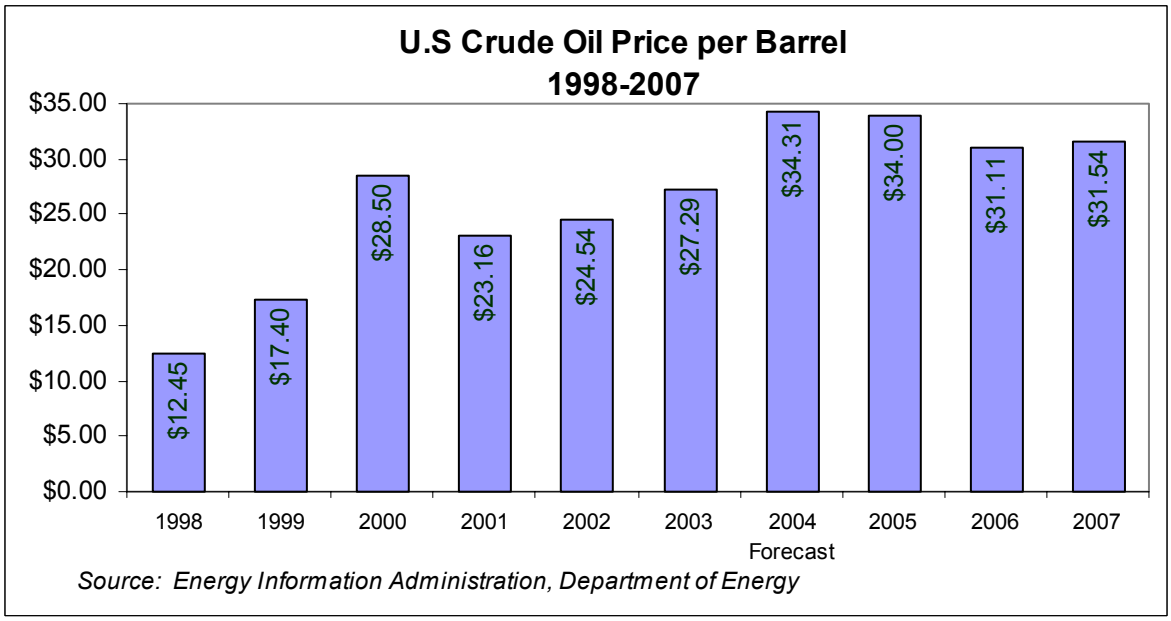
Material expenses are primarily used for track, facility, fare revenue equipment and bus and rail fleet maintenance. Overall, CTA expects to reduce expense growth in material by implementing a new maintenance management system (MMIS) that will track the life cycle of vehicle parts, warranties and vehicle repairer information. The implementation process includes a review of current maintenance practices with the focus to move CTA to industry best practices. CTA projects material expense to decrease by $1.7 million or 3.0 percent in 2006 to $63.6 million. By 2007 material expense is estimated to decrease to $61.9 million.

Fuel and Power

Fuel for revenue equipment is forecast at $33.7 million for both 2006 and 2007 as stabilization in world oil prices is expected. The total cost of fuel is 68 percent more in 2006 than 2002 due to significantly higher prices. The price per gallon increased 40 percent from 2004 budget due to volatility in the global oil market. The Energy Information Administration (EIA) forecasts that oil prices will remain high for the short-term. According to the EIA, "Price spikes are still quite possible given the uncertainties surrounding Middle East instability, terrorism, Iraq, and the fact that, while some optimism for improvement is warranted, oil inventories worldwide are still low. Currently low world oil surplus capacity levels provide an extremely limited cushion in the event of unexpected world oil market disruptions."

For 2006 and 2007, the CTA has budgeted $1.40 per gallon for fuel, compared to $1.00 in 2004. Approximately $0.08 of this price per gallon increase is due to higher costs for ultra low-sulfur diesel fuel that CTA began using in 2003. The remaining fuel price increase is due to market forces. The CTA assumes an annual consumption of 24.1 million gallons of fuel for revenue service for both 2006 and 2007.

Power expenses for 2006 and 2007 will remain flat at the 2005 level of $24.5 million due to CTA negotiating electric prices through a competitive bid process. Consumption is expected to remain at 2005 levels.



Provision for Injuries and Damages

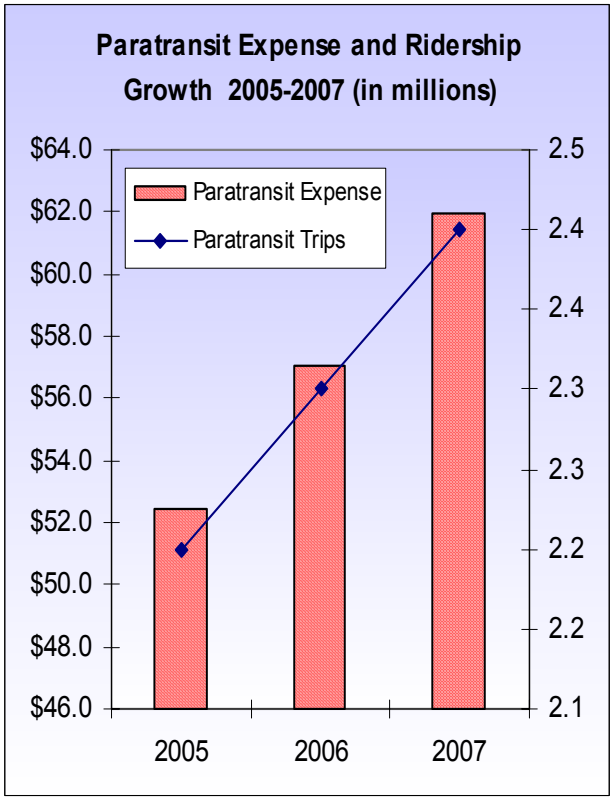
Funding for Injuries and Damages is expected to revert back to approximately $30.0 million, the normal funding level prior to CTA pre-funding the reserve with one-time revenues. Funding for the injuries and damage reserve is estimated at $31.0 million in 2006 and $30.0 million in 2007.

Purchase of Paratransit Services

The growth in paratransit expense is expected to be lower than the growth experienced during 2001 through 2004 due to the proposed fare change in 2005. CTA is proposing to increase the fare for the curb-to-curb Special Service to $3.50, two times the current full fare cash price as allowed by law. The Taxi Access Program (TAP) fare is also proposed at $3.50, while the mainline service fare will remain at the reduced fare of $0.85. Most transit agencies around the country charge a higher fare for the paratransit service because it is so expensive. Atlanta, Washington, Miami Dade and Pace all charge twice their full fare cash price. The fare change should encourage use of the mainline service by offering a discounted fare.

Purchase of Paratransit Services expenses are projected to increase by 8.7 percent in 2006 and 2007 --$4.5 million increase in 2006 and $4.9 million increase in 2007. This rate of growth exceeds inflation due to increased demand in services and higher costs for contracted services. Since 2001, Paratransit expense has increased by 76 percent based on the 2006 forecast and by 92 percent in 2007 projections due to the increased service and cost for the service.

The CTA continues to focus on improving accessibility of mainline services. This includes rehabilitating rail stations as part of the Brown Line rehabilitation project to increase accessibility. With the addition of new NABI buses, 99 percent of the bus fleet will be accessible.



The projected paratransit expense is based on a 5.0 percent increase in service combined with a 3.5 percent increase in the average trip cost. For 2006, the CTA projects that a total of 2.3 million paratransit trips will be taken, at an average cost of $24.65 per trip. For 2007, the CTA projects that 2.4 million trips will be taken at $25.52 per trip. The cost per trip varies based on the type of service taken. The highest cost per trip is curb-to-curb Special Service by private carriers at an estimated average price per trip of $28.21 in 2006 and $29.19 in 2007. Special Services constitute 74 percent of all trips taken. Additional 25 percent is for TAP, which is projected to cost $13.99 per trip in 2006 and $14.48 per trip in 2007. The remaining 1 percent trips fall under the third category based on an agreement with RTA and are projected to cost $26.78 in 2006 and $27.72 per trip.

Security

CTA's security program remains a high priority with continued efforts to protect CTA customers and facilities, including critical infrastructure such as subways and "L" stations. Security expenses include both contract security by unarmed guards and K-9 guard/dog teams, as well as, services provided by the Chicago, Evanston and Oak Park police forces. Security expenses will increase 3.0 percent in 2006 to $35.8 million and 4.0 percent in 2007 to $37.3 million due to contractual cost of living increases for contract security.

Other Services

Other Services is primarily made up of utilities, advertising, equipment and software maintenance, accounting, engineering, legal and other consulting services, bank fees and commissions. Other services expenses are forecast to decline by 1.2 percent for 2006 to $47.0 million and grow by a rate of 2.0 percent to $48.0 million in 2007. Savings have been realized from capital investments. At the end of 2004, CTA will move into a new office building that a consulting group estimates will achieve annual savings over a fifteen year period of $7.7 million over a comparable lease alternative. Capital investments in communication equipment and fiber optics is expected to reduce telephone and communication line charges and capital investments in new systems are projected to reduce technology consulting and maintenance expense.

Revenues

The sources of CTA revenue include system-generated revenues as well as public funding. System-generated revenue is projected to be $506.3 million and $524.1 million in 2006 and 2007, respectively. This represents a growth rate of 1.2 percent for 2006 and 3.5 percent for 2007. Public funding through RTA, as previously mentioned, is projected to be $535.4 million in 2006 and $554.5 million in 2007. This funding level assumes the state increases transit funding for the region, of which CTA's share will be $93.8 million in 2006 and $100.0 million in 2007. Without this increase, service cuts will be triggered.

Fares and Passes

Revenue from fares and passes is projected at $411.7 million in 2006 and $421.7 million in 2007. This represents an increase of nearly 1.2 percent in 2006 and 2.4 percent in 2007 based on ridership growth at an average fare of $0.91 and $0.92 per trip respectively. Revenue growth in 2007 is expected due to the implementation of new fareboxes on the system that will result in an increase in fare collections on the bus system due to a lower farebox failure rate. The current fareboxes are over 20 years old and well past their useful life. No fare increase is projected in this two-year financial plan. However, if the State Legislature does not increase transit funding to the level assumed in this document, CTA will be forced to increase fares and/or reduce service in 2006.

Reduced Fare Reimbursement

Reduced fare reimbursement from the state is projected to be flat at $30.6 million in both 2006 and 2007. This amount is below the $33.2 million received in 2003 because the State reduced funding by 5 percent in 2004 to balance its budget. The overall health of the State of Illinois' budget will drive the level of CTA's reduced fare reimbursement. Any cut the State imposes will help to balance the State's budget, but will increase CTA's budget deficit.

Advertising, Charter and Concessions

Advertising, Charter and Concessions revenues are derived from advertisements placed on buses, trains and stations, as well as income from concessions and charters. Advertisement revenues in 2006 are projected to increase by $0.2 million or 0.8 percent to $24.5 million. In 2007, advertising revenues are expected to increase by an additional $3.4 million or 13.7 percent to $27.9 million due to an increase in advertisements projected from a more robust economy.

Investment Income

Investment income for 2006 is estimated to be flat with 2005 at $3.0 million. For 2007, investment income is forecast at $5.5 million due to rising short-term interest rates and a higher cash balance. During the summer of 2004, short-term interest rates were increased from 1 percent to 1.75 percent when the Federal Reserve Board's Federal Open Market Committee voted to increase the federal funds rate by 25 basis points in June, August and September. The one percent federal funds rate was the lowest since 1958 and significantly lowered short-term interest income for the CTA. As the economy strengthens, more upward movement in interest rates will result to contain inflation.

Other Revenues

Revenues in this category include a grant from the Federal Transit Administration (FTA) to fund some paratransit expenses, parking fees, rental properties, third party contractor reimbursements, fees from filming, and other miscellaneous revenues. Other revenues are forecasted at $31.5 million in 2006, an increase of $1.0 million from 2005 or 3.5 percent. All Other Revenue is estimated to increase by $2.0 million in 2007 or 6.3 percent to $33.5 million due to a combination of parking fee increase in 2005, surplus property sales and an increase in grant funding to maintain a 40 percent share of paratransit expenses.

Public Funding

The Public Funding Available for operations represents the funding "mark" issued by the RTA, based upon the State of Illinois Office of Management and Budget's projection and RTA staff and Board input. This financial plan assumes the State Legislature will increase transit funding in the fall veto session. The funding assumed for CTA in 2006 and 2007 is $535.4 million and $554.5 million, respectively.

Without an increase in State funding, CTA would only receive $441.6 million in 2006 and $454.5 million in 2007. The 2006 funding is 2.6 percent less than the amount provided in 2003 and is set at the 2002 funding mark. These funding marks are based on the statutory funding formula included in the RTA Act that was created in 1983 that provides a set percentage to allocate sales taxes collected in the City of Chicago, suburban Cook County, and the collar counties to the three service boards.

Metra, however, has always received more funding than it needs for operations and has used the excess for capital expenditures. Because of the structural funding problem created by the 1983 formula, the CTA has had to rely on discretionary funding for one-third of its operating funding. As the RTA has increased capital funding by increasing its debt load of bonds, debt service payments have also increased. RTA debt service levels are paid out of the discretionary fund, leaving less money available for discretionary funding to the service boards. This negatively affects the CTA due to its greater reliance on discretionary funding from the RTA than the other service boards.

Recovery Ratio

The RTA Act requires the region to fund 50 percent of its expenses through revenues generated by the RTA and the three service boards. The recovery ratio measures the percentage of expenses that a service board must pay for using revenues it generates. System-generated revenues, operating expenses and certain statutory exclusions are used in the calculation.

Recovery Ratio = System-Generated Revenues/(Operating Expenses – Exclusions)

The RTA assigns each Service Board a recovery ratio when it issues the funding marks as required by the Act. The budgets submitted by each service board must be balanced and meet the required recovery ratio before the RTA can approve them. The RTA exempted all security expense from the recovery ratio calculation starting in 2005. CTA projects achieving a 51.39 percent recovery ratio in 2006 and 51.36 percent in 2007. This is below the required recovery ratio of 52 percent set by RTA, but still over the 50 percent recovery ratio required by the RTA Act for the region.

Accounting Notes

The CTA's ongoing operations are accounted for on a proprietary fund basis. Operations are financed and operated similar to a private business, where the intent is that the costs of providing services to the public should be recovered through user charges. The full accrual method of accounting is used where revenues are recorded when earned and expenses are recorded when incurred.

During 2003, CTA issued debt to finance the renovation of the Cermak (Douglas) Branch of the Blue Line. This debt is backed by the full funding grant agreement with the FTA. All debt service payments will be made with FTA funds.

2006 - 2007 Regional Mobility Budget

Operating Financial Plan

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget	Plan 2006	Plan 2007
Operating Expenses						
Labor	$ 667,860	$ 685,027	$ 683,419	$ 729,537	$ 748,887	$ 781,249
Material	59,188	66,000	60,930	65,333	63,640	61,912
Fuel - Revenue Equipment	24,477	23,000	26,681	35,085	33,705	33,705
Power - Revenue Equipment	21,058	22,000	23,192	24,526	24,534	24,534
Provision for Injuries and Damages	17,568	22,000	22,000	35,000	31,000	30,000
Purchase of Security Services	24,780	25,042	27,902	34,777	35,820	37,253
Purchase of Paratransit	42,350	45,113	48,778	52,473	57,025	61,972
Other Expenses						
Utilities	18,069	16,827	17,768	17,588	17,349	17,718
Advertising and Promotion	3,231	4,461	3,292	4,956	4,968	4,993
Contractual Services	26,023	29,302	26,172	32,333	31,894	32,573
Leases and Rentals	7,449	7,812	7,254	3,096	3,054	3,119
Travel, Training, Seminars, and Dues	2,637	3,235	2,259	2,801	2,763	2,822
Warranty and Other Credits	(20,219)	(17,016)	(20,041)	(20,471)	(20,193)	(20,623)
General Expenses	2,281	2,624	6,640	7,343	7,243	7,398
Total Other Expenses	39,472	47,245	43,343	47,646	47,079	48,000
Total Operating Expenses	**$ 896,753**	**$ 935,428**	**$ 936,245**	**$ 1,024,377**	**$ 1,041,690**	**$ 1,078,626**
System Generated Revenue						
Fares and Passes	$ 367,906	$ 393,562	$ 396,093	$ 406,948	$ 411,719	$ 421,675
Reduced Fare Reimbursement	33,161	32,300	31,275	30,590	30,590	30,590
Advertising, Charter, & Concessions	21,846	24,250	23,996	24,313	24,500	27,861
Investment Income	3,025	3,000	2,079	2,949	2,949	5,500
Contributions from Local Governments	5,000	5,000	5,000	5,000	5,000	5,000
All Other Revenue	12,329	35,685	36,171	30,445	31,500	33,500
Total System Generated Revenue	**$ 443,267**	**$ 493,797**	**$ 494,614**	**$ 500,245**	**$ 506,258**	**$ 524,126**
Public Funding Required for Operations	**$ 453,486**	**$ 441,631**	**$ 441,632**	**$ 524,132**	**$ 535,432**	**$ 554,500**
Public Funding Available through RTA	**$ 453,488**	**$ 441,631**	**$ 441,632**	**$ 524,132**	**$ 535,432**	**$ 554,500**
Recovery Ratio	51.49%	54.74%	54.78%	51.63%	51.39%	51.36%
Required Recovery Ratio	52.90%	52.90%	52.90%	52.00%	52.00%	52.00%
Fund Balance	$ 2	$ -	$ -	$ -	$ -	$ -

Note: *Recovery Ratio for 2004 Budget - 2007 Financial Plan includes In-Kind revenue and In-Kind expenses for CPD and excludes 15% of reduced fare subsidy and 1988 base year security expenses. In 2005, RTA has excluded all security cost from the Recovery Ratio calculation.*

2006 - 2007 Gridlock Budget

Operating Financial Plan

(In Thousands)	2003 Actual	2004 Budget	2004 Projected	2005 Budget	Plan 2006	Plan 2007
Operating Expenses						
Labor	$ 667,860	$ 685,027	$ 683,419	$ 646,444	$ 630,495	$ 651,497
Material	59,188	66,000	60,930	59,749	54,707	52,142
Fuel - Revenue Equipment	24,477	23,000	26,681	27,465	23,510	22,554
Power - Revenue Equipment	21,058	22,000	23,192	24,168	23,961	23,907
Provision for Injuries and Damages	17,568	22,000	22,000	19,000	27,000	30,000
Purchase of Security Services	24,780	25,042	27,902	34,777	35,820	37,253
Purchase of Paratransit	42,350	45,113	48,778	52,473	57,025	61,972
Other Expenses						
Utilities	18,069	16,827	17,768	17,588	17,349	17,718
Advertising and Promotion	3,231	4,461	3,292	4,956	4,968	4,993
Contractual Services	26,023	29,302	26,172	32,333	31,894	32,573
Leases and Rentals	7,449	7,812	7,254	3,096	3,054	3,119
Travel, Training, Seminars, and Dues	2,637	3,235	2,259	2,801	2,763	2,822
Warranty and Other Credits	(20,219)	(17,016)	(20,041)	(20,471)	(20,193)	(20,623)
General Expenses	2,281	2,624	6,640	7,343	7,243	7,398
Total Other Expenses	39,472	47,245	43,343	47,646	47,079	48,000
Total Operating Expenses	**$ 896,753**	**$ 935,428**	**$ 936,245**	**$ 911,722**	**$ 899,597**	**$ 927,325**
System Generated Revenue						
Fares and Passes	$ 367,906	$ 393,562	$ 396,093	$ 376,793	$ 363,427	$ 370,374
Reduced Fare Reimbursement	33,161	32,300	31,275	30,590	30,590	30,590
Advertising, Charter, & Concessions	21,846	24,250	23,996	24,313	24,500	27,861
Investment Income	3,025	3,000	2,079	2,949	2,949	5,500
Contributions from Local Governments	5,000	5,000	5,000	5,000	5,000	5,000
All Other Revenue	12,329	35,685	36,171	30,445	31,500	33,500
Total System Generated Revenue	**$ 443,267**	**$ 493,797**	**$ 494,614**	**$ 470,090**	**$ 457,966**	**$ 472,825**
Public Funding Required for Operations	**$ 453,486**	**$ 441,631**	**$ 441,632**	**$ 441,632**	**$ 441,632**	**454,500**
Public Funding Available through RTA	**$ 453,488**	**$ 441,631**	**$ 441,632**	**$ 441,632**	**$ 441,632**	**454,500**
Recovery Ratio	51.49%	54.74%	54.78%	54.74%	54.19%	54.25%
Required Recovery Ratio	52.90%	52.90%	52.90%	52.00%	52.00%	52.00%
Fund Balance	$ 2	$ -	$ -	$ -	$ -	-

Note: Recovery Ratio for 2004 Budget - 2007 Financial Plan includes In-Kind revenue and In-Kind expenses for CPD and excludes 15% of reduced fare subsidy and 1988 base year security expenses. In 2005, RTA has excluded all security cost from the Recovery Ratio calculation.

Reliable

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

Business Units

OPERATIONS

- Activity: Provide bus, rail, and paratransit service. Training of bus and rail operators.
- Value: On-time, clean, safe, and friendly transit service that links people, jobs, and communities.
- Departments: Bus Operations, Rail Operations, Paratransit Operations, Training & Instruction

MAINTENANCE

- Activities: Inspect, repair, and clean buses and rail cars. Manufacture rail and bus parts. Design, build, and maintain CTA facilities, track, and power grid. Purchase and warehouse materials.
- Value: Ensure vehicles and facilities are clean, safe, comfortable, and reliable.
- Departments: Bus Maintenance, Rail Maintenance, Construction, Engineering, Facilities Maintenance, Purchasing & Warehouse Operations, Quality Assurance, Revenue Equipment

ADMINISTRATION

- Activities: Hire CTA personnel, provide technology solutions for employees, budget, audit, accounting, capital funding, agency oversight.
- Value: Recruit and retain employees to deliver high-quality transit service. Ensure CTA operations are effective and efficient.
- Departments: CTA Board, President, Finance, Human Resources, Employee Relations, Technology, General Counsel, Medical Review

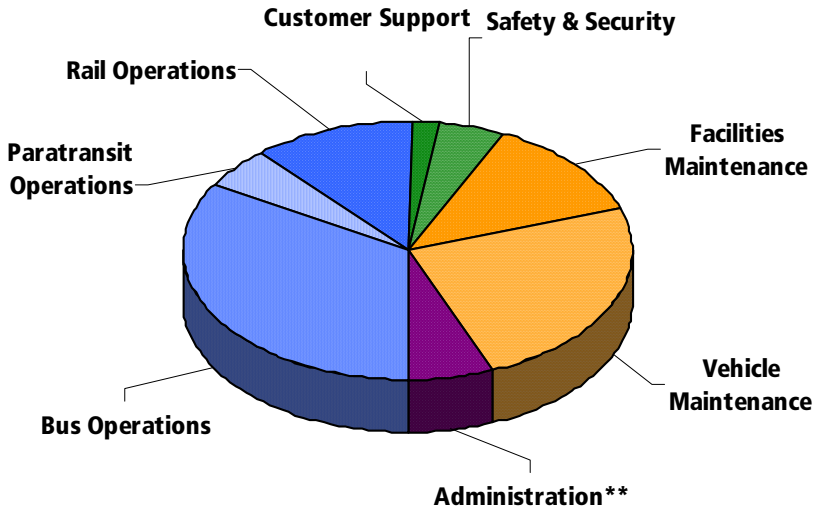
OPERATIONS SUPPORT

- Activities: Plan service levels, provide CTA information to media and communities, customer services, prevent accidents, minimize security threats, investigate incidents
- Value: Ensure customer safety while riding the CTA. Provide customer information and receive customer feedback for improved services.
- Departments: Safety, Security, Communication & Power Control, Inspector General, Planning, Customer Service, Government Affairs, Communications

Business Units

Distribution of Expenses by Function -
2005 Budget* - ($ in 000's)

Operations	Operations Support	Maintenance	Administration**
$515,683 50.3%	$67,471 6.6%	$379,821 37.1%	$61,402 6.0%



Operations Bus Operations - $342,982 Paratransit Operations - $53,560 Rail Operations - $119,142	**Operations Support** Customer Support - $20,292 Safety & Security - $47,179
Maintenance Facilities Maintenance - $129,663 Vehicle Maintenance - $250,158	**Administration** Administration - $61,402

Total
$1,024,377

* based on 2005 Regional Mobility Budget
** Includes $35,000 for Injuries and Damages

Business Units - Transit Operations

Operations

Bus, Rail, and Paratransit Operations transport over 1.4 million customers a day (average weekday) through 152 bus routes with over 12,500 bus stops and 7 rail lines with 144 stations and platforms. A fleet of 2,017 buses and 1,190 rail cars are required to cover the 190,000 bus miles and 180,000 rail miles driven per day. Approximately 4,300 bus operators and 1,300 rail operators are needed to provide this service.

CTA provides bus service 24 hours each day, 7 days each week. The logistics of assigning operators to different portions of routes at different times of day and different days of the week are the responsibility of the Transportation Management staff of CTA. In each of CTA's 8 bus garages and 9 rail terminals, administrative staff keeps track of operators' assignments and hours.

CTA believes that public transportation is a service that should be available to everyone. As such, CTA provides 24-hour operations and curb-to-curb service for our physically disabled customers whose needs cannot be met by the CTA's fixed route bus and rail system. In 2003, CTA supplied curb-to-curb transportation services to 1.9 million customers at an average cost to CTA of roughly $22 per ride while costing the customer an average of about $1 per ride. In 2004, CTA provided over 2.1 million such rides at a cost to the CTA of about $23 per ride.

CTA also provides additional service for special events--for instance, each July 3rd, CTA has additional buses, rail service, and paratransit vehicles ready to take customers home after the fireworks along the lakefront. CTA provides additional service for Cubs and Sox games, Bears Games, events at the United Center, Venetian Night, Air & Water Show, and other high-attendance events.

CTA Training and Instruction uses classroom work, simulator training, and on-the-road training techniques to make sure that new employees are well prepared to perform their job duties safely and effectively. Training and Instruction also provides on-going training for CTA employees to refresh their existing skills and obtain new skills.

Bus Operations Facts

- Almost 1 million average weekday customers carried on local and express bus service daily
- Approximately 190,000 miles travel each day – roughly 8 times around the world
- 152 bus routes
- 2,273 route miles
- 12,500 bus stops
- 2,017 buses

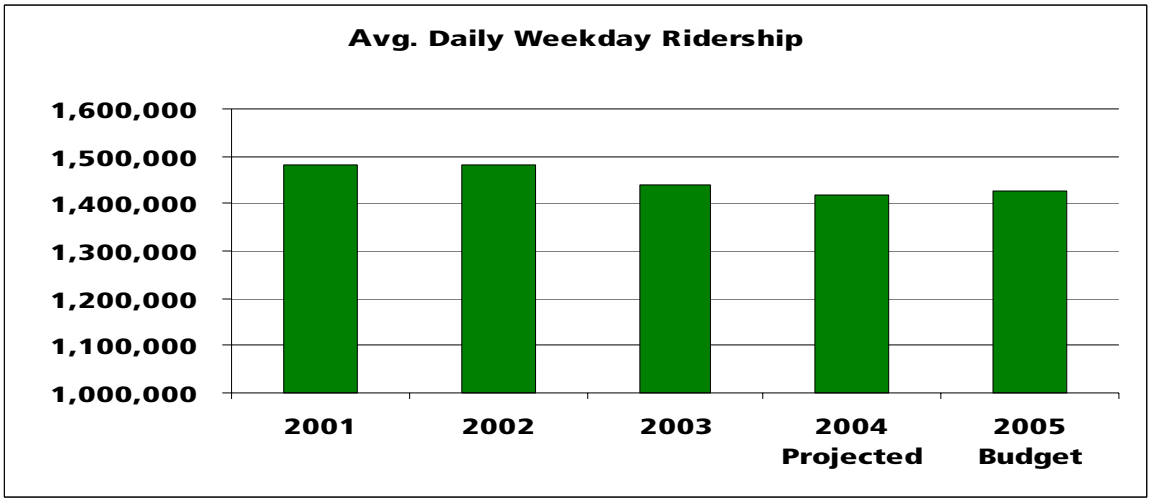
Business Units - Transit Operations

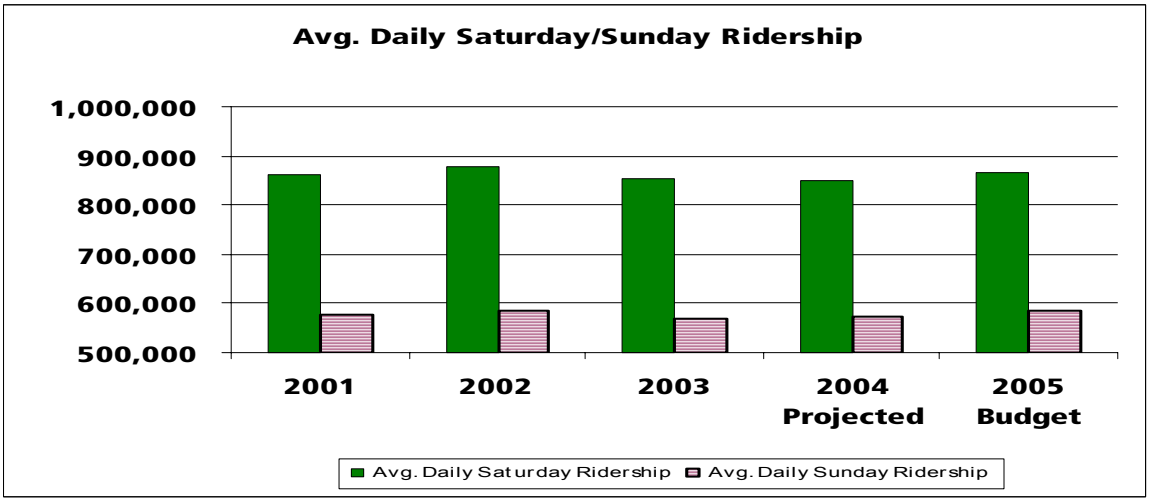
Rail Operations Facts

- Almost 500,000 customers on average weekday service
- 7 rail lines
- 144 rail stations
- 289 miles of track
- 180,000 miles traveled per day
- 1,190 rail cars

Paratransit Operations Facts

- 1.9 million customers in 2003
- 2.1 million customers in 2004, 11% increase
- 2005 budgeted cost to CTA, $52.5 million
- Contract with three carriers with a total of 382 vehicles
- 2.2 million customers budget for 2005





Business Units - Maintenance

Vehicle Maintenance

Every time a bus or rail door opens at a bus stop or train station in the CTA system, customers see a bus or rail operator. But for every operator the customers see on the bus or train they ride, it takes many more people to make that bus/train trip possible--and on time, clean, safe, and friendly.

When a bus or train finishes its route, it returns to one of 8 bus garages or 12 rail yards located throughout CTA's service area. These vehicles must then be readied for the next time they will be in service by performing cleaning, sweeping, inspection, fueling (bus) and other miscellaneous services. Some vehicles will need repairs, and all are inspected on a regular basis. If the inspection identifies defects or repairs that need to be done, the vehicle is assigned to the Maintenance staff for repairs. The Maintenance staff's responsibility is to have vehicles that are clean and ready for service as required. When major repairs are needed, our buses and trains are serviced at CTA's Heavy Maintenance Facilities or, as required, taken to an outside vendor. A regular maintenance program must be in place, as required by the Urban Mass Transportation Act.

All our vehicles, much like private autos, have become more sophisticated, and thus require more rigorous maintenance than the simpler generic "boxes" that were in place a few years before. Automatic announcement systems, air conditioning, security cameras, destination signs, and for buses - bike racks and fare boxes, have contributed to the sophistication.

Critical to maintaining exemplary maintenance standards required to operate our vehicles safely and reliably, is a rigorous quality control process. Engineering and Technical Services perform over 15,000 quality control inspections per year to ensure CTA operates safe and reliable vehicles.

All maintenance facilities receive materials through Warehouse Operations as procured through Purchasing. On an annual basis, over 1,000 specifications are developed, approximately 10,000 contracts for materials are awarded, and over 1.0 million inventory transactions are performed valued at roughly $70.0 million. The Purchasing department works to make sure that CTA secures the best prices for the goods and services that we buy.

Rail Maintenance Facts

- All 1,010 rail cars required for service are swept and cleaned each night
- Interior windows, seats and floors of all rail cars required for service are washed every 14 days
- The exterior of all rail cars required for service are washed every 14 days
- 8,800 in-depth inspections are performed on the rail cars each year including brake examination, adjustment, pad replacement, and testing; propulsion system diagnostic testing and wearable item replacement; door system, P.A. system, emergency inter-car communications system, signage, lighting, window, and seat cushion testing; HVAC inspection, and wheel and axle parameter gauging. All on-board systems functional testing is also performed before the vehicle is released for service. There are roughly 9 such inspections per rail car per year.

Business Units - Maintenance

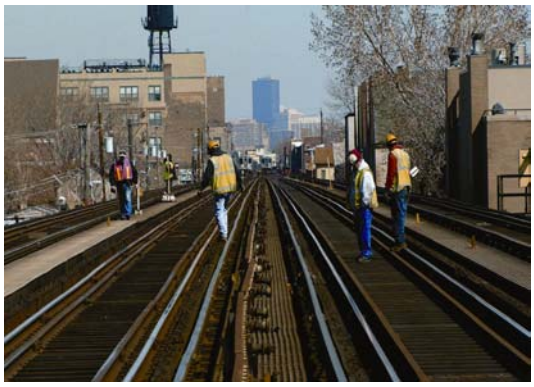
- Quarter and mid-life rail car overhauls performed every 6-7 and 12-14 years, respectively. These include major rail car component rebuilds or replacements, car body repairs, and in the case of mid-life overhauls, complete body refurbishment. 75 – 150 rail cars are overhauled each year.
- Summer/Winter tune-ups include: 72 deicers inspected and tested, 4 diesel rail track snow plows maintained, 2,700 sleet scrapers built for clearing ice off rail track, 270 rail car HVAC units inspected and repaired.
- Other maintenance includes: 175 track brakes, 1,400 brake calipers, 130 brake actuators, 335 ASF brakes, and 550 hydraulic power control units and motors rebuilt each year. 5,000 wheels trued each year. 750 tractions motors rebuilt and 6,000 traction motor carbon brushes replaced each year. 900 wheel assemblies and 275 trucks repaired/rebuilt per year. 740 cams, 305 line breakers, 185 reversers, and 300 batteries rebuilt per year. 2,100 trolley shoes built each year.

Bus Maintenance Facts

- Buses inspected and maintenance performed every 4,000 miles (every 4-6 weeks). Over 17,000 total inspections and maintenance performed per year.
- 130 buses cleaned every weekday
- Inspection follow-ups performed by 167 employees each day
- Unscheduled repair work performed
- 1,716 buses fueled and serviced per day
- About 24 million gallons of fuel required per year for bus service
- Inspect/repair 17,000 wheelchair lifts per year
- Brakes relined every 40,000 miles. Roughly 2,000 brake relines performed per year.
- Maintain over 14,000 wheels and tires
- Repair/replace 100 bus radios per month
- Repair/replace 75 public address systems per month
- About 150 total bus overhauls performed per year
- Major body work on 375 buses per year
- 900 buses repainted in 2004
- 180 engines replaced in 2004
- Rebuild over 21,000 remanufactured parts per year
- Seasonal preparation performed on all vehicles in Fall and Spring

Facilities Maintenance

With 272 miles of track, 52.3 miles of elevated structure, 144 rail stations/platforms, 12 rail yards, 9 rail terminals, 8 bus garages, 108 elevators, 146 escalators and over 5 million square feet of CTA property (over 85 football fields) in more than 450 buildings, maintaining our facilities is a significant responsibility. In fact, many of CTA's facilities are over 100 years old.



Construction, Engineering, and Facilities – Maintenance is responsible for the acquisition, repair, and maintenance of all CTA facilities. Our dedicated brigade of crafts and trades

persons (such as carpenters, masons, plumbers, electricians, engineers, janitors and ironworkers) keep CTA properties in great condition so that our customers can enjoy public transportation that is on-time, clean, safe and friendly. Highlights include:

- **Customer Facilities Facts -** Repair and maintain 325,000 square feet of glass. Removal of all graffiti on system. Repair of all vandalism. Perform over 2,000 power washes of stations and platforms per year (average of 11 times per stations per year). Inspect and repair over 400 miles of rail car track protective fencing. Clean and maintain 112 CTA bus turnarounds, 200 bus stop shelters, 146 escalators, and 108 elevators. Provide pest control, landscaping and weeding services. Clean all CTA employee facilities. Maintain 1,300 public information signs.
- **Rail Power and Structure Facts -** Inspect, repair, and maintain 24 miles of subway tunnels, 52 subway system venting fans, 52.3 miles of elevated structure, 64 elevated stations, 115 bridges and viaducts, 238 miles of contact (3rd) rail, 241 AC breakers, 600 miles of traction power cable, 813 signals, 1,064 rail track switches, 1,136 automatic block signals, 24,000 vital signal relays. Numerous other miscellaneous responsibilities.
- **System Facts -** Prepare and paint all CTA properties and signs. Maintain an extensive sewer network with over 1,300 manholes. Install, repair, and maintain all ceramic and quarry floors, and wall tiles. Inspect, install and repair all electrical components and electrical controls on system. Maintain over 50,000 light fixtures on CTA system annually. Repair and maintain all hoists and jacks. Repair and maintain heating, ventilation and air conditioning systems. Maintain over 2,000 heaters on rail platforms. Service over 4,000 subway exhaust fans. Replace 70,000 air filters system wide per year. Install, inspect and/or repair 640,000 railroad ties per year.
- **Support Facts -** Repair and maintain CTA's fleet of 664 non-revenue emergency response vehicles, dump trucks, cranes, and snowplows. Provide snow removal in winter. Disburse 2,100 tons of salt for melting ice on system in winter. Collect up to 20 tons of garbage a day. Install, service, and repair bus stop signs.

Business Units - Operations Support

Safety and Security

The CTA has the people, processes, and technology in place to provide its customers with a safe and secure environment while riding the system. CTA operations are monitored in its Control Center. The CTA Control Center uses data communication, radios, GPS monitoring, an electronic security system, and other systems to obtain real-time information of service and incidents throughout the CTA system. It operates 24 hours per day, 7 days per week. Procedures are written and tested to deal with any scenario that the CTA may encounter.

Many layers of security have been built in to minimize security threats. Monitoring and periodic investigations of CTA facilities are done. The Security department works with the Chicago Police Department, Homeland Security office, and many other organizations to make certain that the CTA is secure.

The CTA safety group works to prevent accidents. Safety analysts examine facilities for potential safety hazards. They also investigate incidents so that incidents do not reoccur. All new capital projects are reviewed and monitored by safety engineers to make sure that they are up to CTA safety standards.

The CTA also has an internal audit and investigation group to investigate fraud, inefficiency, and the misuse of resources. Each of these areas work independently and in concert to ensure CTA customers are safe and secure while riding the CTA.

Business Units - Operations Support

Customer Outreach and Support

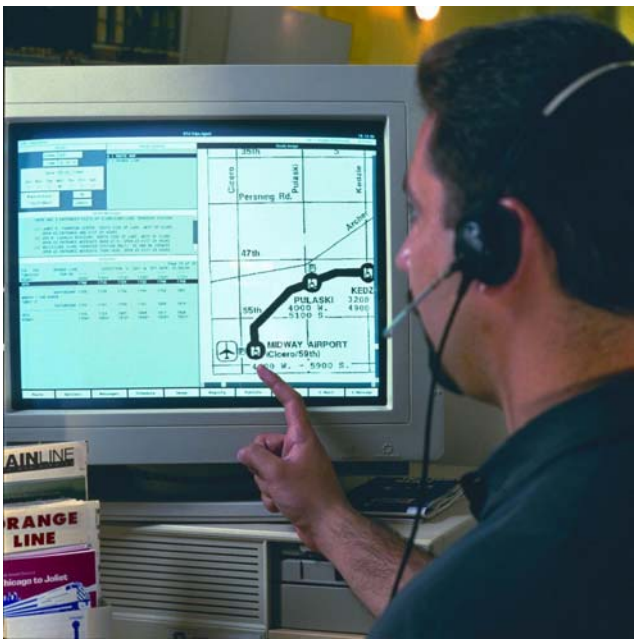
Customer interaction is crucial for the CTA to operate effectively. The CTA routinely needs to provide customers with recent information of reroutes, service changes, or other events. The CTA also requires information from customers to better match service levels with demand.

The CTA communication department routinely works with various media to inform the public of CTA happenings. It is very important to the CTA to keep its customers updated so they can make informed travel decisions. The CTA community outreach groups work with various neighborhoods, schools, and other organizations to provide information on CTA services. These groups also obtain feedback from customers so the CTA can monitor customer satisfaction and needs.

The Customer Service call center also obtains feedback from customers as well as provides answers to their questions. In addition to customer feedback from the call center and community groups, market research and surveying is done regularly to obtain customer opinions.

Planning and Scheduling

Using customer feedback as well as data collected from buses, rail stations, and other sources, the planning department works to develop routes and schedules that will best match CTA service with customer demand. Sophisticated computer programs are used that make sure that the CTA provides the highest level of service while maximizing the use of our resources. Special schedules are produced as needed for any unusual circumstance such as school events, construction projects, or special events.



Business Units - Administration

Administration

The CTA takes the business side of transit very seriously. Because the CTA has limited funding, it must make sure that it is using its resources wisely. CTA management is committed to running an efficient and effective operation. The annual budget process is the first step in evaluating the CTA's financial situation and current business processes. The Budget department works with each CTA department to determine funding levels for the next year. Each position and area is evaluated to make sure that everyone is contributing to the CTA mission and that each area is performing up to acceptable standards.

The CTA Finance department has the unique challenge of accounting for operating and capital expenses and revenues. The Capital department works to justify, secure, and distribute funding for the important capital projects that the CTA needs to maintain and improve its facilities and vehicles for our customers. Audits are performed annually to make sure that the finances are accurate.

To continue to deliver high-quality transit service, the CTA must hire and retain talented individuals and give them the right tools to succeed. The hiring process includes extensive background checks and drug testing because the CTA is committed to safety in all aspects of the operation. In fact, regular medical exams are performed on CTA employees to ensure customer safety. Employee Relations assists with maintaining a high level of employee satisfaction.

The Technology department works to make sure that CTA employees have the right tools to do their jobs. Updated technology helps employees do their jobs faster and at a higher quality than ever before. The Law department works to protect the agency in all legal aspects. Altogether, the administration function of the CTA is crucial to running a quality transit agency.

Professional

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

2005 Capital Improvement Program - Introduction

The FY 2005 – 2009 Capital Program

This 2005-2009 Capital Improvement Program (CIP) identifies and targets available capital funds toward recognized capital renewal and improvement needs of CTA's system. Substantial and consistent investment in capital infrastructure has significant positive effect on CTA's operating budget. Capital infrastructure in a state of good repair leads to reduced maintenance costs, greater operating efficiency and improved customer satisfaction.

The program is funded from five sources:

- ***The Federal government - Federal Transit Administration (FTA)***
- ***The State of Illinois – Department of Transportation (IDOT)***
- ***The Regional Transportation Authority (RTA)***
- ***CTA Bond Issue***
- ***Miscellaneous local sources and reprogrammed funds***

Each of these sources provides funding to cover projects contained in the typical CTA five-year capital program. A capital project is something that can be put into inventory, has a useful life of one year or more, is not consumable, and (based on FTA grant guidelines) has an acquisition cost greater than $250. CTA estimates that over $5.1 billion is needed over the next five years to bring its system to a state of good repair. Of this amount $2.9 billion has been identified in this current CIP while $2.2 billion of needed capital projects remain unfunded. In addition, CTA needs $4.6 billion for new projects such as Airport Express, Circle Line, and the Ogden Transitway. Consequently, despite increased state and federal investment in its infrastructure, CTA is still faced with significant unmet capital needs and as a result continues to look for new sources of funding for the capital program. Vital projects such as replacement of subway lighting and ventilation systems; renewal of Red Line and Purple Line viaducts, track and track bed; and upgrades to Red Line and Blue Line stations remain unfunded. The use of private financing is proposed as an appropriate but complimentary mechanism to accelerate addressing some of these unmet needs.

State of Good Repair (SGR) Standards

CTA projects total capital funding of $2.9 billion will be available over the next five years to help bring CTA's system to a state of good repair, whereby:

- ***No bus is in service over the industry standard retirement age of 12 years. In special circumstances buses may be kept in service 14 years, but extension beyond 14 years creates significant maintenance problems that affect service quality. Any such extension should be based on a life-extending rehabilitation of the buses. All buses should be rehabilitated at mid-life (after six or seven years of service). This ensures reliability and customer comfort, and will reduce maintenance expenses.***

- ***All rail cars are rehabilitated at mid-life (12-13 years), overhauled at their quarter-life points (6 and 18 years), and either rehabilitated or replaced at the end of their useful life, (25 years). Vehicle life can be extended to 30 years, but extension beyond 30 years begins to raise serious maintenance issues and affects the quality of service CTA can give its customers. Any such extension should be based on a life-extending rehabilitation of the cars.***

- ***All rail stations are in good condition, and able to meet modern standards for customer comfort, security, and reliability. Stations should be replaced or rehabilitated at the end of their useful life of 40 years.***

- ***All rail lines operate at scheduled speeds; no areas are slowed down because of track or structural disrepair. Rail signal systems are fully reliable and meet modern standards of performance.***

- ***Service management systems are fully reliable and incorporate modern features. Such systems are used to send information between CTA's Control Center and its vehicles and stations, and are especially important in dealing with emergencies and service problems.***

- ***All maintenance facilities are designed and kept in good condition, to permit buses and trains to be maintained efficiently and effectively. CTA cannot ensure a quality ride if it lacks the wherewithal to maintain its vehicles. As with stations, 40 years is a desirable standard for replacing maintenance facilities. With suitable maintenance and reinvestment, such buildings can effectively serve for as much as 70 years.***

CTA has judiciously used certain categories of capital funds to maintain assets such as buses and rail cars. This keeps the bulk of capital funds committed to replacing or renewing the equipment and facilities while continuing services until additional operating funding becomes available.

Meeting and maintaining these SGR standards improves the comfort and reliability of the services CTA provides its customers, and reduces operational and maintenance costs for CTA. Prudent investment strategies address both visible signs of system aging such as station roofs in disrepair and less visible signs such as leaking tunnels, and overburdened power and communication systems. This program represents a careful balance between investment to upgrade existing infrastructure and projects responding to service needs. Given the

advanced age of many CTA assets and the limited resources available for capital needs, the prioritization of proposed projects is crucial in balancing the maintenance of the existing system and providing for needed strategic service expansion.

Progress Toward 80/50 Status

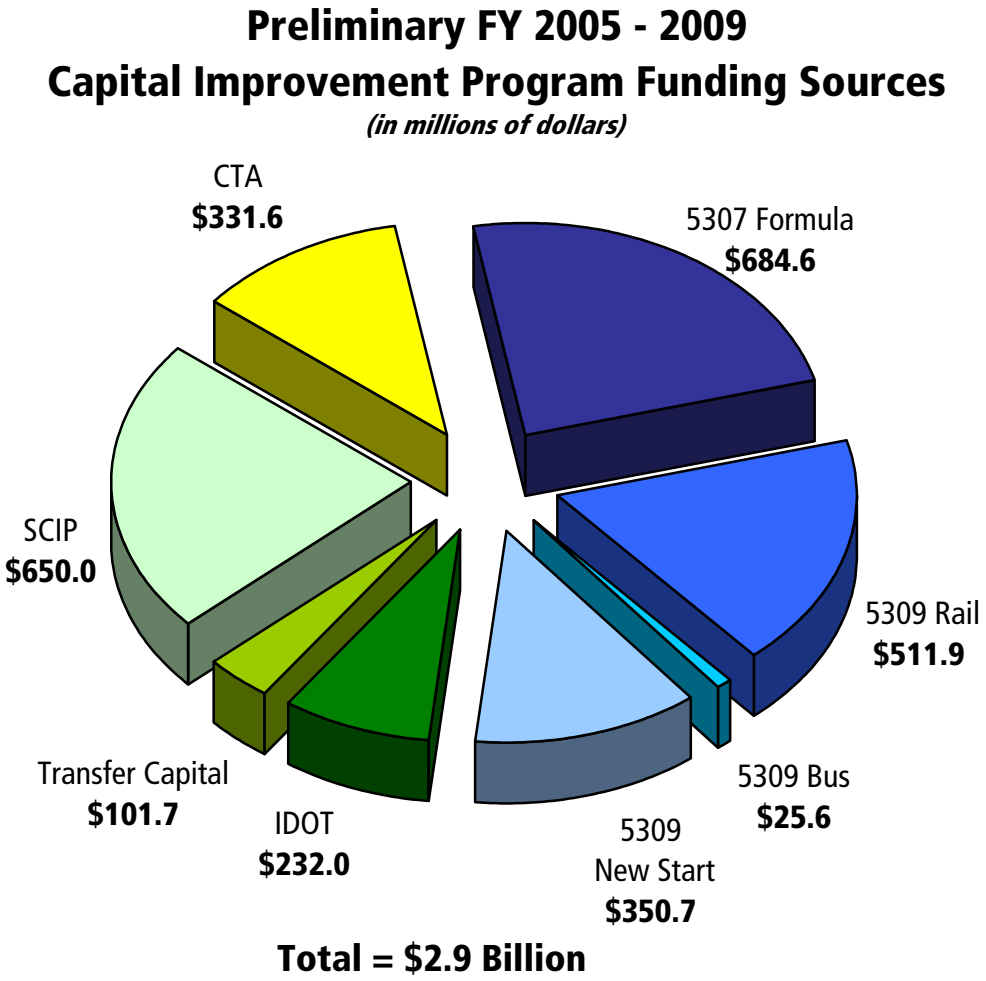
When Congress reauthorized ISTEA, the Illinois General Assembly responded, enacting *Illinois FIRST* in 1999 to provide adequate local match. CTA set the goals of obligating 80 percent and spending 50 percent of the funds available between 2000-2004.

Through June 2004, CTA exceeded the goal of expending 50% of the funds, with 52.4% of the funds spent and 66% of these funds obligated. By the end of 2004, CTA expects to reach the 80% goal for program obligations with program expenditures exceeding 60%, well above the 50% goal.

2005 Capital Improvement Program - Sources of Funds

Sources of Funds

The funding levels used in preparing the CIP reflect the capital resources available to the Regional Transportation Authority (RTA). These include $1.5 billion from the Federal Transit Administration (FTA), $232 million from the State of Illinois, $751.7 million from the RTA (including $650 million of SCIP Bonds administered by the RTA and backed by the State of Illinois), and $331.6 million from CTA. Total available funding is $2.9 billion. This is presented in the figure, *Preliminary 2005-2009 Capital Improvement Program Funding Sources*. The federal funds assume reauthorization of *TEA-21*, and the matching local and state funds provided by the successor to *Illinois FIRST*. CTA funds include bonding supported by future federal grant funds. The table *Projected FY 2005 – 2009 Five Year Program Marks* details the funding sources supporting this program.



2005 Capital Improvement Program - Sources of Funds

CHICAGO TRANSIT AUTHORITY

Projected FY 2005 - 2009 Five Year Program Marks

all figures in 000's

NEW FUNDS	2005	2006	2007	2008	2009	TOTAL
Sec. 9 (5307) Formula	$119,969	$126,112	$133,379	$145,946	$159,219	$684,625
Sec. 3 (5309) Rail Mod.	$89,916	$94,432	$99,777	$109,015	$118,773	$511,913
Sec. 3 (5309) Bus	$4,507	$4,733	$5,001	$5,465	$5,955	$25,661
Sec. 3 (5309) New Start	$125,000	$80,885	$40,000	$40,000	$64,833	$350,717
Total Federal	**$339,391**	**$306,163**	**$278,158**	**$300,426**	**$348,779**	**$1,572,917**
IDOT Bonds	$46,400	$46,400	$46,400	$46,400	$46,400	$232,000
RTA/SCIP Bonds	$130,000	$130,000	$130,000	$130,000	$130,000	$650,000
Transfer Capital	$20,353	$20,353	$20,353	$20,353	$20,353	$101,765
Service Board	$6,606	$25,000	$0	$25,000	$0	$56,606
CTA Bonding	$275,000	$0	$0	$0	$0	$275,000
Total State/Local	**$478,359**	**$221,753**	**$196,753**	**$221,753**	**$196,753**	**$1,315,371**
Total Available Funds	**$817,750**	**$527,916**	**$474,911**	**$522,179**	**$545,532**	**$2,888,287**

Programming All Available Funds for Capital Projects

The Regional Transportation Authority staff has proposed that CTA divert up to $300 million in federal capital funds over the next three years to support the operating budget. While preventive maintenance is eligible for capital funding under Federal Transit Administration guidelines, the diversion of these funds from CTA's capital program would seriously disrupt CTA's capital program and delay CTA's ability to reach a state of good repair.

More importantly, the diversion of up to $300 million would jeopardize CTA's commitment to the Blue and Brown Line Rehabilitation Projects. The Full Funding Grant Agreements for both projects require CTA to allocate $37 million in federal formula funds in 2005 and additional funds in subsequent years. In addition, the diversion of capital funds would also necessitate the delay or cancellation of a number of other major capital projects for which CTA has already entered into contracts or is otherwise committed. For example, the third year of funding for the Red Line/Dan Ryan Rehabilitation Project would be deferred and the final phase of the project could be cancelled. A project to continue upgrading and replacing Purple Line Viaducts in Evanston would be put on hold. A critical project to replace and upgrade signals on the Loop Elevated and the Congress and O'Hare Branches of the Blue would be delayed for several years.

Significantly, diversion of capital funds would delay indefinitely the replacement of the oldest rail cars and buses. Many of these rail cars and buses have already reached the end of the projected life. The delay or cancellation of these and other capital projects would seriously jeopardize CTA's ability to provide reliable and safe service to our customers. Thus, CTA has opted to retain all available capital funds for these and other

critical projects needed to reach a state of good repair, instead of diverting them to the operating budget to eliminate CTA's structural operating deficit.

The Downward Spiral of Disinvestment

Thanks to *Illinois FIRST* and *TEA 21*, CTA has made progress in rebuilding its infrastructure and preventing further system deterioration. CTA must continue capital investment in maintaining and upgrading assets to preclude movement toward a state of disinvestment. The opposite status from a state of good repair (SGR), disinvestment can be characterized by lagging capital investment resulting in system and trip delays. This leads to deteriorating system quality. Consequently, customers leave the system and the financial base begins to erode. This spiral, once engaged, is difficult to reverse. Significant progress towards a state of good repair has been made under *Illinois FIRST* and *TEA-21*. Consistent, reliable capital funding is essential to prevent future disinvestment.

2005 Capital Improvement Program - Uses of Funds

Uses of Funds - CIP Goals and Objectives

With the capital program marks as a foundation, CTA has developed a program of capital projects for the 2005–2009 Capital Improvement Program. CTA's 2005-2009 capital budget continues to work towards the goals and objectives outlined in the 2004-2008 CIP:

- ***Continue New Starts projects intended to rehabilitate deteriorated rail infrastructure [Blue Line – Cermak (Douglas) Branch] and expand capacity to accommodate growth in ridership [Brown Line]. Rebuild the system, starting with the segments of CTA's rail system most in need to improve system reliability.***

- ***Fund the procurement/replacement of vehicles as needed. Replace CTA's bus and rail fleets and provide safe and reliable transportation to CTA customers.***

- ***Renew CTA's rail right-of-way (ROW). Eliminate ROW slow zones that increase travel times. Work to place CTA's rail system in a state of good repair and increase the reliability of CTA service.***

- ***Fund the implementation of preventive maintenance programs for CTA's bus and rail fleets; enabling CTA to provide on-time, clean, safe and friendly transit service.***

- ***Upgrade maintenance facilities and provide the necessary equipment to keep CTA's buses and trains running. Sustain the momentum reflected in CTA's growth in ridership and customer satisfaction.***

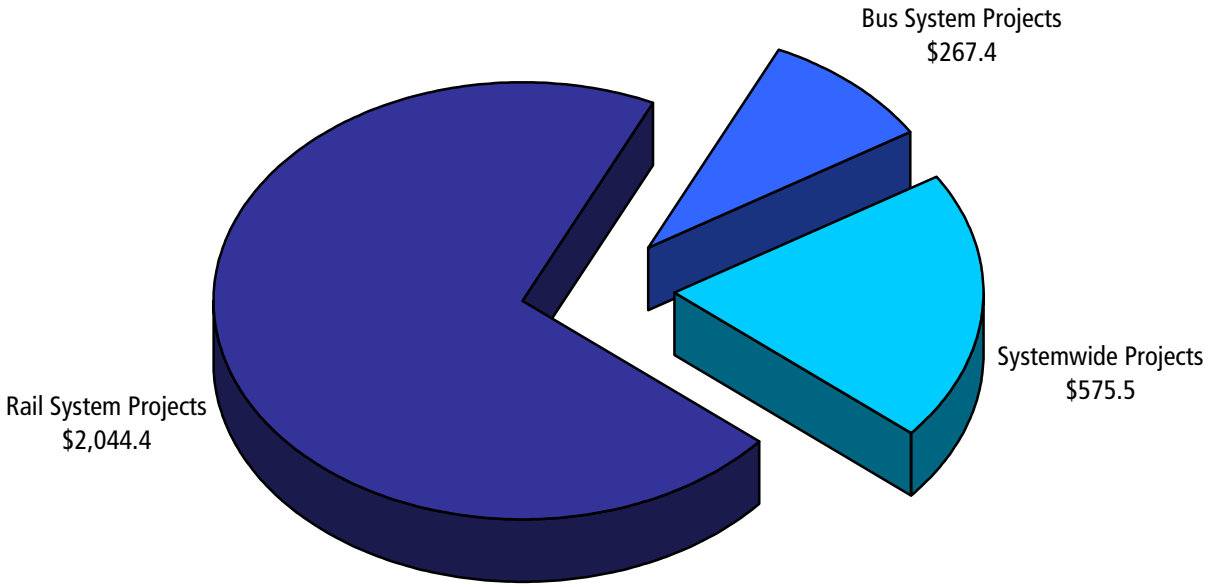
- ***Support enhanced security throughout CTA facilities and systems. Focus on safety and security needs for customers, employees and the community.***

During weak economic times, the traveling public are more than ever dependent on public transit to meet their mobility needs. Investment in vital public infrastructure projects provides jobs, creates and supports better economic growth and ensures the future of the region. The 2005-2009 capital program provides some of the funding necessary to continue to address CTA's customers' concerns over the next five years.

2005 Capital Improvement Program - Uses of Funds

The figure, Proposed 2005-2009 Capital Improvement Program, shows the proposed program, by general categories of asset improved or replaced. The table, Proposed 2005-2009 Capital Improvement Program lists each project in the Program. A detailed description of each project can be found following this narrative in the section headed 2005 Capital Improvement Program - Project Descriptions.

Proposed 2005 - 2009
Capital Improvement Program
(in millions of dollars)



Total = $2.9 Billion

Thirty-eight combined projects comprise CTA's 2005-2009 capital program. Each project is evaluated in an annual review process that is based on CTA's customers' needs. Evaluation factors include customer and employee safety, impact on system reliability, reductions to travel time, increased customer comfort and convenience, system security, compliance with regulations, and community impact. Rail System Projects are allocated a significantly larger proportion of CTA's capital program funding due to the need to maintain the right of way and the fact that CTA buses operate on streets maintained by other units of government. The capital projects for 2005 and beyond will address CTA's most pressing bus and rail system, customer facility and systemwide support network needs; as constrained by the level of projected funding.

2005 Capital Improvement Program - Uses of Funds

CHICAGO TRANSIT AUTHORITY
Proposed FY 2005-2009 Capital Program

all figures in '000

Proj #	Title		Funded	2005	2006-2009	5 Year Funding	Outyear	Project Total
Bus Projects								
	Rolling Stock							
021.803	Perform Bus Maintenance Activities		7,588	7,588	20,353	27,941	37,941	73,471
021.806	Perform Mid-Life Bus Overhaul		0	0	33,784	33,784	0	33,784
031.054	Replace Buses		97,683	5,159	200,521	205,679	279,788	583,150
		Sub-Total	**105,271**	**12,747**	**254,657**	**267,404**	**317,729**	**690,404**
Rail Projects								
	Acquisitions & Extensions							
194.115	Expand Capacity - Brown Line		185,304	63,955	280,651	344,606	0	529,910
194.117	Rehabilitate Blue Line - Cermak Branch		317,989	97,500	67,191	164,691	0	482,679
194.139	Rehabilitate Red Line - Dan Ryan Branch		255,461	39,514	0	39,514	0	294,974
		Sub-Total	**758,753**	**200,968**	**347,842**	**548,810**	**0**	**1,307,564**
	P/W Electric, Signal, Comm.							
121.500	Replace/Upgrade Power Distribution and Signals		32,739	77,502	176,902	254,404	42,241	329,385
		Sub-Total	**32,739**	**77,502**	**176,902**	**254,404**	**42,241**	**329,385**
	P/W Track & Structure							
171.133	Repair Track and Structure Defects		5,401	5,401	21,603	27,004	27,004	59,409
171.217	Replace Flange Angles		29,808	3,937	0	3,937	0	33,745
173.022	Rehab Purple Line Viaducts		9,451	8,407	1,756	10,163	0	19,613
181.500	Infrastructure Safety & Renewal Program		21,715	10,452	18,648	29,100	24,612	75,426
181.600	Renew R.O.W & Footwalk Systemwide		4,158	4,283	9,223	13,506	21,947	39,611
		Sub-Total	**70,532**	**32,479**	**51,230**	**83,710**	**73,563**	**227,805**
	Rolling Stock							
022.903	Perform Rail Car Overhaul & Mid-Life Rehabilitation		62,612	25,770	116,989	142,759	256,866	462,237
022.906	Perform Rail Car Maintenance Activities		8,460	8,460	23,839	32,298	42,298	83,056
132.056	Purchase Rail Cars		53,033	324,276	659,112	983,388	531,250	1,567,671
		Sub-Total	**124,105**	**358,505**	**799,940**	**1,158,446**	**830,414**	**2,112,965**
Systemwide Projects								
	Miscellaneous							
052.018	Implement Control Center & SCADA Oper. Sys. Projects		583	233	0	233	3,077	3,893
053.016	Systemwide Communication Upgrades		6,996	6,996	13,992	20,988	30,000	57,984
061.059	Implement Computer Systems		4,509	4,630	9,942	14,572	23,657	42,738
062.090	Corporate Time & Attendance		7,206	2,402	2,402	4,804	0	12,010
102.039	Implement Automated Fare Control (AFC) Projects		62,179	4,539	0	4,539	12,309	79,027
110.011	Improve Systemwide Signage Program		0	3,603	0	3,603	15,000	18,603
150.028	Implement Security Projects		16,284	7,579	8,000	15,579	0	31,862
303.001	Implement Quality Assurance Program		458	472	1,855	2,327	2,417	5,201
290.001	Land Acquisition		11,660	11,660	23,320	34,980	50,000	96,640
306.001	Program Management		4,664	4,664	0	4,664	20,000	29,328
402.001	Alternatives Analysis & P E - Ogden & Circle Line		7,173	0	9,512	9,512	0	16,686
307.001	Paratransit Service Capital Cost of Contracting		18,045	18,767	85,248	104,015	119,171	241,231
308.002	Bond Repayment, Interest Cost, & Finance Cost		0	27,800	111,200	139,000	139,000	278,000
		Sub-Total	**139,756**	**93,345**	**265,471**	**358,816**	**414,631**	**913,203**
	Support Facilities & Equip.							
042.821	Improve Bus Turnarounds		764	787	1,696	2,483	4,035	7,283
073.500	Improve Facilities - Systemwide		52,846	22,010	133,387	155,397	151,219	359,461
076.900	Facilities Renovation - Systemwide		2,900	2,987	6,433	9,420	17,848	30,168
081.052	Replace Hoists Systemwide		1,201	1,140	0	1,140	6,339	8,680
084.810	Purchase Equipment - Bus		1,917	1,975	4,253	6,228	10,120	18,266
084.811	Purchase Equipment - Rail		1,917	1,975	4,253	6,228	10,120	18,266
084.812	Purchase Equipment - Facilities		1,917	1,975	4,253	6,228	10,120	18,266
085.090	Purchase Material Handling Equipment		1,166	1,166	2,586	3,752	6,154	11,073
084.059	Purchase Non-Revenue Vehicles		4,012	4,133	8,900	13,033	21,178	38,223
143.160	Upgrade Rail Stations and Facilities		3,937	4,055	8,733	12,788	20,780	37,506
		Sub-Total	**72,579**	**42,203**	**174,494**	**216,697**	**257,914**	**547,190**
		Capital Total	1,303,736	817,750	2,070,538	2,888,287	2,028,351	6,220,374
		Marks		542,750	2,070,538	2,613,287		
		CTA BOND		275,000	0	275,000		
		Marks/Variance		0	(0)	(0)		

2005 Capital Improvement Program - Uses of Funds

The Bus System

CTA operates approximately 2,017 buses, making over 24,222 weekday trips on 152 routes, providing almost 1 million rides on a typical weekday. Each customer who boards a bus at one of over 12,500 bus stops located throughout CTA's service area expects reliable service that is on time, clean, safe, and friendly. The backbone of the bus system is the bus fleet. The system's success depends on CTA's ability to renew, maintain and operate the bus fleet.

Bus Rolling Stock

Providing new, air conditioned, and fully accessible buses reinforces CTA's commitment to quality bus service. A total of 226 new North American Bus Industries (NABI) articulated, fully accessible, buses are scheduled to be delivered and placed into service by spring of 2005. In the last five years, CTA has made significant progress towards the goal of having its entire bus fleet air conditioned and fully accessible. More than 99% (2,010 out of 2,017 buses) of CTA's bus fleet is accessible. Over the next five years, CTA plans to spend over $442 million on additional purchases of new low floor fully accessible air-conditioned buses. These new buses will replace models that entered service in 1991 and later. Replacing this outdated equipment will increase the comfort and reliability for thousands of CTA customers. CTA has also incorporated new technology in its bus fleet with the purchase of the new Compo Bus. The Compo Bus is constructed of lightweight composite materials, which achieves an overall lower weight, thus less fuel is burned and less pollutants emitted. The Compo Bus is five feet longer than CTA's standard forty foot bus and is able to carry 20% more customers. The Compo Bus will be air conditioned and fully accessible.

The automated bus stop announcement system will have a significant impact on customer satisfaction. Occasional customers and visitors can safely and easily navigate the system with the satellite G.P.S. based announcements now heard throughout CTA's bus system. Cross streets and transfer points are clearly identified, both audibly and on an LED panel over the aisle.

The bus preventative maintenance program continues to improve service through regular replacement of major mechanical components subject to extensive wear. With fewer road calls and fewer buses taken out of service due to mechanical problems, CTA bus service is more reliable. CTA plans to spend $33.7 million in 2005-2009 to conduct mid-life overhauls on the bus fleet. CTA will continue bus overhaul initiatives in 2005 to the Flxible (Series 6000) buses and to the New Flyer (Series 5800), which includes an upgrade of the bus engine and the use of an exhaust particulate trap to exceed current emissions standards and gain maximum benefit from the use of Ultra Low Sulfur Fuel. In addition, Ultra Low Sulfur Fuel is now being used to fuel the entire bus fleet providing the region with lower bus emissions. Beyond 2005 CTA will begin the mid-life rehabilitation of the Nova (Series 6400) buses. With a projected service life of 12-13 years, CTA's maintenance plan calls for the complete overhaul of a bus approximately five to seven years after it enters service. The bus overhaul program ensures that CTA's bus fleet is kept in a state of good repair to serve CTA's customers.

Under the bus preventive maintenance program, CTA will also invest $25.4 million over five years, aimed at reducing costs and improving service. Unscheduled maintenance, required by the failure of a bus in service, disrupts operations and results in dissatisfied customers.

Other customer-focused improvements to CTA's existing buses are also on the capital agenda. CTA has completed the installation and activation of a new high-tech Automated Voice Annunciation System (AVAS) on the bus fleet at a cost of $22.3 million. CTA's installation of this system is the largest undertaking of its kind in the United States. This new AVAS system provides automated bus stop announcements on CTA buses and electronic signs that display the upcoming stop. When buses are at stops, the system announces the route and destination of the bus. This new technology makes CTA buses more convenient for customers to use, especially those customers who are visually or hearing impaired and those who are unfamiliar with the route. The AVAS project also included the installation of Automatic Passenger Counters (APC) on 435 AVAS-equipped buses. The APC system is based on global positioning satellite technology and provides an accurate count of where customers board and alight buses and the number of customers on board buses at any given point on a route. The Automatic Passenger Counters will assist the CTA in determining how best to meet the challenges in improving reliability to meet our customer's needs.

The Rail System

CTA's rail system consists of approximately 1,190 rail cars, traveling over 289 miles of track, making approximately 2,100 train trips on seven routes and serving 144 stations on a typical weekday. The rail system provides 500,000 trips each weekday, and these customers depend on CTA's rail system to deliver them to their destinations quickly and safely every day. To meet CTA's customers' expectations, CTA must coordinate the efforts of thousands of employees working together to deliver on-time, clean, safe, and friendly service to CTA's customers.

During the last five years CTA has invested $400 million in bus and rail fleet overhaul programs. This strategic renewal of vehicles at mid-life and/or quarter-life intervals has increased service reliability and reduced the fleet spare ratio.

Rail Rolling Stock

The five-year CIP allocates $983 million for the purchase of rail cars that will replace the aging 2200 and 2400 Series fleet and provide additional cars to meet service requirements such as the Brown Line Capacity Expansion Project. The 2200 Series cars have been in service for more than 30 years and are beyond their expected service lives. Due to ongoing overhaul programs these cars continue to provide safe, reliable service as a key part of the CTA rail fleet. The 2400 Series have been in service for more than 26 years and will be beyond their expected service lives when new cars are received. The average car in the CTA rail fleet is over 20 years of age in 2004. Currently approximately 28% of the fleet meets or exceeds the 25-year FTA standard life of a rapid transit car.

The scheduled replacement of cars that are beyond their expected service life continues CTA's effort in rebuilding the rail car fleet and improving rail car accessibility for CTA's customers. These cars will be powered by a state-of-the-art A/C propulsion system and will incorporate the most efficient technologies into system operation, reducing both operating and maintenance costs.

CTA's 2005-2009 capital program also sets aside $175 million in projected funding during the next five years for the overhaul and upgrade of CTA's rail fleet. Mid-life and quarter-life rehabilitation returns these valuable assets to comfortable, reliable service for CTA customers. In 2005, CTA will continue quarter life overhaul initiatives for the 3200 Series rail cars and life extending work on the 2200/2400 Series cars. Also, CTA will

begin start up activities for the scheduled mid-life rehab of the 3200 Series rail cars. Beyond 2005, CTA will continue 3200 Series mid-life rehab work and begin scheduled quarter-life overhaul work on the 2600 Series.

CTA's five-year capital program recognizes the need to commit and maintain budgets to the fullest extent possible for this multi-level scheduled maintenance program that is designed to be cyclical. A major portion of this multi layered maintenance effort concerns the quarter life "C" and mid-life "D" level overhaul initiatives. With a projected service life of approximately 30 years, CTA's plan calls for a quarter-life overhaul of a railcar at approximately six to seven years, a life-extending overhaul at 18 to 20 years, and mid-life rehab at 12 to 14 years after cars enter service. The rail overhaul program ensures that CTA's rail fleet is kept in a state of good repair to service CTA's customers.

The CTA's rail overhaul program continues to place railcars into service that meet and/or exceed the CTA vehicle operating standards. From January 2003 through August 2004, 162, Series 3200 railcars received a quarter life overhaul. In 2005, 60 Series 2200/2400 are scheduled for a life-extending overhaul. CTA customers can continue to expect a safe, clean, and comfortable environment when riding the rail system.

Major New Start Projects on Blue and Brown Lines

Using TEA-21 and Illinois FIRST funds, the reconstruction of the Blue Line's Cermak (Douglas) Branch will be completed in 2005. This complex capital project will be completed on time and on budget, providing a fully rehabilitated and modernized rapid transit line for our customers. In addition to funds already spent, a total of $164 million is projected to be funded through 2006 bringing total project cost to $483 million. Although the construction phase of this project is anticipated to be completed in early 2005, funding will continue through FY 2006. These federal New Start funds will be used to repay construction bonds obtained to accelerate this vital line reconstruction. This project includes the reconstruction of eight elevated stations and over five miles of elevated structure and trackwork, as well as the purchase and installation of new signal/communications equipment, plus miscellaneous work on the right-of-way and track.

CTA will also begin its largest ever capital project to expand capacity on the Brown (Ravenswood) Line. Ridership on the Brown Line has exceeded both projections and the level that can be supported by current station and signal infrastructure. The capital budget provides $63.9 million in 2005, in addition to $185.3 million previously provided. Current projections estimate an additional $280.6 million will be allocated to the Brown Line expansion over the period 2006 through 2009 to complete this project, with a total project budget of $530 million. This project will extend station platforms at 18 stations to accommodate eight-car trains and increase capacity by 33 percent. Sixteen stations will be reconstructed, of which thirteen will have elevators installed to provide improved station accessibility for all customers. The other three are at-grade and will be made accessible through the use of ramps. Signal, electrical and communications upgrades will be made as well. To facilitate construction, Clark Junction will be rehabilitated prior to the beginning of the Brown Line Capacity Expansion project. Clark Junction is located where the Brown, Purple and Red Line trains merge, just north of Belmont Station. The rehabilitation effort consists of replacing sections of track, installing special track work, and upgrading third rail power, communications and signal systems.

2005 Capital Improvement Program - Uses of Funds

Signal System and Traction Power

Train movement through the heart of the Loop, controlled by a signal territory including both Tower 12 and Tower 18, is slated for rehabilitation and upgrade costing $66.4 million over five years. This project will upgrade the train control and track interlocking on this busy part of the CTA rail system with modern equipment, providing increased reliability for customers. As part of this initiative, train control will be enhanced on both the Lake and Wells Street Bridges reducing delay during seasonal bridge lifts and increasing convenience on the Green, Brown, Orange, and Purple Lines. The figure *FY 2005-2009 Signals Projects* outlines specific funding for this initiative.

Signal upgrade and replacement is also funded for the Blue Line in the five-year CIP. Over $162 million is programmed to replace the entire signal system in the Dearborn Subway, on the Congress (Forest Park) Line and on a portion of the O'Hare Branch. These upgrades will replace systems, some of which were installed during the initial subway system construction during the 1950's. CTA customers will benefit through smoother train operation, reduced travel times, and greater reliability.

CTA will also replace and upgrade power distribution and support structures at a cost of $25 million over the five-year plan using a recently completed System Master Plan.

Signals Projects

Line	Areas Covered	Funding
Blue	• Dearborn Subway • Kennedy section of O'Hare Branch • Congress Branch	• FY 2005 $53,377,695 • FY 2006 $43,886,081 • FY 2007 $24,800,820 • FY 2008 $25,709,453 • FY 2009 $15,100,547 **Total $162,874,595**
Loop	• Tower 18 and nearby Interlockings • Tower 12 and dependent crossovers •Downtown River Crossings for Boat Lifts	• FY 2005 $16,821,776 • FY 2006 $26,717,448 • FY 2007 $22,935,613 **Total $66,474,836**

2005 Capital Improvement Program - Uses of Funds

Other Major Rail Initiatives

The Dan Ryan Branch of the Red Line has not undergone major rehabilitation since the branch was built thirty-five years ago. The Dan Ryan Rehabilitation project, begun last year, will upgrade rail stations, reconstruct a bus bridge and bus turnarounds, as well as replace track and signal systems. The 2005-2009 capital program allocates $39.5 million in FY 2005 to complete construction. The total project cost is $294 million.

In 2005-2009, $173 million has been provided to support future Blue Line express service to O'Hare Airport. The project includes both track and signal upgrades for the Congress/Dearborn Subway and track upgrades on the section from Addison to O'Hare. This will improve service reliability for all Blue Line customers. The initial phase of this project continues to provide for reconstruction of the Washington Station on the Blue and Red Lines to allow for future airport express service.

In addition to the improvements realized through the reconstruction of the Cermak (Douglas) Branch of the Blue Line, the Brown Line and the Red Line (Dan Ryan Branch) projects, $32.4 million will be budgeted in 2005 to improve and upgrade CTA's rail system infrastructure. The Main Street viaduct on the Evanston Purple Line will be reconstructed in 2005, along with the design and reconstruction of an additional Evanston Purple Line viaduct during 2005-2009. Footwalk at trackside used by maintenance staff and by customers in case of emergencies will be replaced or renewed. Right-of-way, ties, track, and structure will be replaced throughout the system based on continuous assessment of vital assets, thereby eliminating slow zones and maintaining heightened service standards. The structural steel elements used to support CTA's world famous elevated track will be rehabilitated in locations throughout the system.

The Circle Line project calls for adding new track and eleven new or rebuilt stations to CTA's system. The 6.6 miles of new elevated and subway tracks would allow CTA to operate a new cross town route, which would significantly reduce travel times between CTA and Metra stations throughout the city and region. The Ogden Avenue Transitway project will extend from central Chicago to North Riverside Park shopping center, with an emphasis on local access. CTA has begun alternatives analyses in FY 2004 for these projects to meet federal requirements.

Howard and Fullerton Stations are the last of the Key Stations to be upgraded to bring them into compliance with ADA requirements. In addition to improving accessibility, these station reconstructions will enhance customers' waiting facilities, platforms, and the fare collection areas.

Systemwide Improvements

System Security Enhancements

The events of 9/11 changed CTA security methods and strategy. System security assessments have identified priority investment needed to harden the system against terrorist threats. Many capital projects, including station rehabilitation projects with improved access, sightlines and lighting as well as security cameras, reflect a commitment to safety and security for customers and employees. Elements of train control systems, communications infrastructure and access control contribute to a safe environment for all. CTA is pursuing additional federal funding for prudent investment in needed security projects.

2005 Capital Improvement Program - Looking Ahead

Looking Ahead

CTA is dedicated to providing on-time, clean, safe, and friendly service; but much remains to be done to bring CTA's system to a state of good repair. The 2005-2009 Capital Improvement Program projects $2.9 billion will be available over the next five years, but that will only be the first step.

Completely rebuilding CTA's system means addressing over $2.2 billion in unfunded capital needs over the next five years. Strategic investment is needed in railcar replacement, traction power system modernization, right of way, viaduct renewal, escalators and elevators in rail stations, and upgrade of critical communications systems. An additional $4.2 billion is needed over the following five-year period for continued progress toward a state of good repair. Population growth continues to prime local economic growth, but brings traffic congestion, transportation gridlock and the need for transit service expansion. Potential future expansion projects such as Circle Line, Ogden Avenue, and Orange, Blue, Red, and Yellow Line extensions will be predicated on additional capital funding through federal and local sources.

CTA plans to issue $275 million in Capital Bonds in 2005. These bonds will be backed by future federal formula funds, and will be utilized for long life assets. Without these funds, major projects including the Signal System upgrade, Howard Station, and garage replacement will be significantly delayed. Bond financing will be repaid with future federal funds matched entirely with CTA generated sources; no RTA funds will be utilized for this purpose.

CTA continues to work tirelessly to bridge the funding gap between today's needs and tomorrow's increasing demands for service. 2005 represents the anticipated first year of funding under the next Illinois FIRST; and will be the first year for funding under the replacement for TEA-21. Thanks to the strong support of Mayor Richard M. Daley, Governor Rod R. Blagojevich, House Speaker J. Dennis Hastert, the Illinois Congressional delegation, and the General Assembly, these programs have helped advance CTA's efforts to rehabilitate rail lines and to renew CTA's bus fleet and incorporate or expand preventive maintenance programs.

With every dollar of new capital funding obtained, with every capital dollar well spent, and with each project completed, CTA comes closer to realizing its goal of providing high quality service for its customers. When one of the new NABI articulated buses stops to pick up customers, or a fully overhauled 2600 Series rail car pulls into a newly rebuilt station, CTA's customers experience the results of CTA's capital program. They see first hand that CTA is providing quality, affordable transit services that link people, jobs and communities.

2005 Capital Improvement Program - Uses of Funds

Service Delivery System Improvements

The 2005 Budget includes an additional $93.3 million allocated to various projects, which directly or indirectly support CTA's service delivery. These projects improve the operation of CTA's Control Center, upgrade communications systems, manage information technology, upgrade CTA's financial systems and provide critical management information and operational support to CTA's bus and rail fleets. Over the five-year program, $20.9 million is included for communications projects to enhance the safety and security of CTA's customers and CTA's employees.

In the 2005-2009 program, CTA provides approximately $3.2 million for design and replacement of aging fare boxes that are beyond their useful lives. This project continues CTA's efforts in automating the fare collection system to provide faster customer entry and access to the transit system. Additional improvements to the Chicago Card in 2005 will enhance CTA's fare media for the convenience of CTA's customers. These rechargeable plastic cards are embedded with a special computer chip, which tracks the value of the card. They can be touched to the turnstile or farebox rather than inserted, speeding customers to their destinations. Computer software upgrades will facilitate customer use of their cards.

Facility Improvements

CTA will spend $29.8 million on facility improvements in 2005, including upgrades to bus facilities, rail station amenities, and various support facilities throughout the system. In the five-year program, $180 million is allocated to construct or improve CTA support facilities.

Scheduled for replacement in the 5 Year CIP is the 77th Street Garage. This operating garage houses 261 buses and is located within the South Shops Heavy Maintenance Facility. The buildings to be replaced on this site include some which were originally built in the 1900's as trolley car barns. Replacement of these inefficient buildings will greatly facilitate provision of bus service to our customers.

The 2005-2009 program includes $4.1 million to repair and renovate elevators and escalators in CTA stations, including escalators on the Red Line. Escalators facilitate the transfer of customers from station to street and in the downtown area, from one rail line to another. Many CTA escalators exceed the average service life of 20 years while others need extensive mechanical overhaul to bring them to a state of good repair. Elevators help facilitate access to CTA's rail system for CTA's customers with disabilities and others. Many of CTA's elevators have exceeded their expected useful lives, increasing operating and maintenance costs and making replacement parts hard to obtain. Once these projects are complete, CTA customers will find improved accessibility awaiting them at their neighborhood rail stations. Following recent reopening of eight rehabbed stations on the Cermak (Douglas) Branch of the Blue Line, 72 of 144 rail stations are now accessible. The CIP includes funding for 24 neighborhood Rail Station rehabilitations under major line rehabilitation projects. Eight stations are being upgraded as part of the Blue Line Cermak (Douglas) Branch project; all are in the Pilsen, Little Village or Lawndale area. Sixteen stations are funded for reconstruction during the Brown Line capacity expansion project, located in neighborhoods from Albany Park to the Loop.

2005 Capital Improvement Program - Project Descriptions

Detail Capital Improvement Project Descriptions

021.803 Perform Bus Maintenance Activities

Funding will provide labor and material to support the repair of buses. Maintenance costs will stabilize as more buses are cycled through the Mid-Life Overhaul Program.

CTA has embarked on an aggressive Bus Preventive Maintenance Program to schedule replacement of parts nearing the end of their useful life before they fail. By investing in a Preventive Maintenance Program centered on the timely overhaul and replacement of buses CTA will improve the comfort, quality, and reliability of its service while reducing operating expenses. As more buses are cycled through the Mid-Life Overhaul Program, unscheduled maintenance on buses will be significantly reduced.

021.806 Perform Mid-Life Bus Overhaul

Funding will provide for the continuation of the Mid-Life Overhaul of CTA buses.

CTA has embarked on an aggressive Bus Preventive Maintenance Program to schedule replacement of parts nearing the end of their useful life before they fail. Most of this effort will center on the Mid-Life Overhaul of buses in their 5th to 7th year. This program will have many benefits. By investing in a Preventive Maintenance Program centered on the timely overhaul and replacement of buses, CTA will improve the comfort, quality, and reliability of its service while reducing operating expenses. As more buses are cycled through the Mid-Life Overhaul Program, unscheduled maintenance on buses will be significantly reduced.

022.903 Perform Rail Car Overhaul & Mid-Life Rehabilitation

Funding will provide for ongoing overhaul and preventive maintenance programs. Maintenance costs will stabilize as more rail cars are cycled through the preventive maintenance program.

CTA has embarked on an aggressive Rail Preventative Maintenance Program to schedule replacement of parts nearing the end of their useful life before they fail. Examples of items to be replaced are control groups, air conditioning units, and truck assemblies including traction motors, brake calipers, and axle assemblies. This effort will center on "C" level overhaul at 6 and 18 years, and a mid-life ("D" level) overhaul at 12 to 13 years. By performing these scheduled maintenance activities and replacing rail cars at the appropriate time, generally at 25 years of age, CTA will improve the comfort, quality, and service reliability of the rail cars while reducing operating maintenance costs. As more rail cars are cycled through the overhaul program, unscheduled maintenance will be significantly reduced.

As a result of a revised schedule for replacement of the 2200 Series rail cars, necessary overhaul work continues so that the service life of these cars can be extended for a period of five to nine years.

2005 Capital Improvement Program - Project Descriptions

022.906 Perform Rail Car Maintenance Activities

Funding will provide for the ongoing repair of rail cars. Maintenance costs will stabilize as more rail cars are cycled through the preventive maintenance overhaul program.

CTA has embarked on an aggressive rail preventative maintenance program to schedule replacement of parts nearing the end of their useful life before they fail. This effort will center on "C" level overhauls at 6 to 18 years, and a mid-life ("D" level) overhaul at 12 to 13 years. By performing these maintenance activities and replacing rail cars at the appropriate time, generally at 25 years of age, CTA will improve the comfort, quality, and service reliability of the rail cars while reducing operating maintenance costs. As more rail cars are cycled through the overhaul program, unscheduled maintenance will be significantly reduced.

031.054 Replace Buses

Purchase and place into service fully accessible, air conditioned, buses, including a spare parts inventories.

The 426 Flxible buses manufactured in 1991 are still in service and will be replaced. These buses have reached their industry standard retirement age of 12 years. Continued operation of these overage buses imposes unnecessarily high maintenance and operating costs on the CTA and reduces service reliability for our customers. All of the new buses will be air conditioned and fully accessible.

042.821 Improve Bus Turnarounds

Improve bus turnarounds, as required, including pavement, lighting, landscaping, and the addition or rehabilitation of bathroom facilities throughout the CTA's service area.

Some of the Authority's bus turnarounds are in a state of disrepair, due to age and normal usage. Deteriorated and potholed roadways cause damage to vehicles and can cause unsafe operating conditions. In some cases, lighting is poor and shelter for customers is inadequate. Additionally, many operator toilet facilities are in need of upgrading. The rundown appearance of turnarounds can be detrimental to the community and CTA's customers and employees. Identifying three locations each year provides the CTA with the flexibility to insure that the bus turnaround program will be implemented in a timely fashion. If unforeseen events delay activity at the primary location, CTA will amend the project to redirect its efforts to other locations.

052.018 Implement Control Center & SCADA Operational System Projects

Funding will provide for the update/upgrade of hardware and software for the Control Center and Supervisory Control and Data Acquisitions (SCADA) operational system, as well as installing a new system to improve Control Center operation functions.

Certain components of the network and computer systems at the control center are aged and or are obsolete requiring replacement to ensure that all service monitoring and control functions remain 100% operational. The SCADA system dates back to 1990 and various elements of the traction power system are old and require replacement to ensure that SCADA system continues to perform its many critical functions on the rail system.

2005 Capital Improvement Program - Project Descriptions

053.016 Systemwide Communications Upgrades

Implement systemwide communication upgrades for the bus, rail and support functions throughout the Authority.

CTA's copper cable plant is fifty-five years old, paper insulated, with a lead sheath. This cable fails constantly due to its age and construction. Bandwidth requirements of newer systems such as the PPA/AV, AFC, and SCADA are too demanding for the existing copper cable plant. Communication circuits must be leased from a local service provider in order to accommodate these systems. It is estimated that the need for faster data transmissions will grow in the near future. It is also anticipated that additional applications such as video and IP devices will need to be accommodated. The installation of fiber optics is needed to satisfy the above-mentioned systems and applications at rail stations, terminals, and shops.

061.059 Implement Computer Systems

Purchase hardware and software to implement new and upgraded data processing systems, funding for professional services to manage implementation of information technology, and the purchase and installation of office computer data processing hardware and software.

Computer systems, over time, reach their capacity or become outdated and consequently need to be upgraded or replaced. Existing and projected information demands require new applications and will be best met by systems with faster speed and greater reliability and efficiency. The Enterprise Program Management Office (e-PMO) will oversee all information technology projects to ensure that proper resources are used and implementation is efficient, cost effective and complete. Each of the information technology systems to be implemented will be highly complex and interdependent and proper management oversight will be required to ensure the success of these projects. Current staff will continue to perform maintenance and operating functions and the e-PMO staff will coordinate major information technology initiatives, consultants and CTA resources.

062.090 Corporate Time & Attendance

Provide for the development of a corporate timekeeping system that will meet CTA requirements and interface effectively with the new financial systems.

This project will fund the implementation of a computerized time and attendance system that will assist and enhance the CTA's ability to capture and record employee time transactions for all CTA employees. In addition the corporate time keeping system will interface effectively with the CTA's new financial systems.

2005 Capital Improvement Program - Project Descriptions

073.500 Improve Facilities - Systemwide

Upgrade and improve facilities systemwide.

This program will fund the rehabilitation of CTA facilities where building components have defects needing repair and require security enhancements. These facilities must be kept in a good state of repair in order to allow efficient performance of maintenance duties on CTA rolling stock and right-of-way, and to serve the needs of CTA's customers. This will also include the new CTA's building, which will replace the Merchandise Mart as the Transit Authority's headquarters.

A significant number of rail stations and bus turnarounds have not been improved or enhanced in many years and are in need of upgrades that will improve appearances and give customers a greater sense of security and confidence in using the system. Many roofs are nearing, or are at the end of their service life and require replacement in order to avoid safety hazards and to prevent damage to building interiors and roof structures.

Various escalators and elevators throughout the system are beyond their service life and are in disrepair, requiring continual maintenance work. These escalators and elevators are in poor condition and need to be rehabilitated to insure safe and reliable service.

076.900 Facilities Renovation - Systemwide

Renovate/Upgrade and Improve facilities systemwide.

This program will fund the renovation of CTA facilities where building components have defects needing repair and require security enhancements. These facilities must be kept in a good state of repair in order to allow efficient performance of maintenance duties on CTA rolling stock and right-of-way, and to serve the needs of CTA's customers.

081.052 Replace Hoists Systemwide

Replace and/or upgrade hoists at various bus garages throughout the system.

Various hoists throughout the system are beyond their service life and are in disrepair, requiring continual maintenance work. These hoists are in poor condition and need to be rehabilitated or replaced to insure safe and reliable bus service.

084.059 Purchase Non-Revenue Vehicles

Purchase, inspect and place into service a variety of non-revenue vehicles.

The non-revenue vehicles to be replaced are past the end of their useful life. Non-revenue vehicles are essential for maintaining efficient bus and rail operations. Examples of vehicles now in need of replacement include: vehicles for street supervision, bucket vans, tractor loaders and stake body trucks.

2005 Capital Improvement Program - Project Descriptions

084.810 Purchase Equipment - Bus

Purchase tools and equipment needed to maintain the bus rolling stock for the CTA system.

Capital eligible equipment purchased under this program will be used to repair rolling stock and maintain elements of the infrastructure in order to support bus operations.

084.811 Purchase Equipment - Rail

Purchase tools and equipment needed to maintain the rail rolling stock for the CTA system.

Capital eligible equipment purchased under this program will be used to repair rolling stock and maintain elements of the infrastructure in order to support rail operations.

084.812 Purchase Equipment - Facilities

Purchase tools and equipment needed to maintain building, grounds, and structures for the CTA system.

Capital eligible equipment purchased under this program will be used to repair and maintain elements of the infrastructure in order to support bus and rail transit operations.

085.090 Purchase Material Handling Equipment

Purchase tools and material handling equipment such as hydraulic work platforms and forklifts needed to support stocking and distribution of parts for repair of CTA's bus and rail fleet.

Capital eligible equipment purchased under this program will be used to warehouse and deliver parts for repair of rolling stock and maintenance of the infrastructure that supports bus and rail transit operations.

102.039 Implement Automated Fare Control (AFC) Projects

Design, purchase, and implement projects associated with the existing Automated Fare Collection System. Funding will provide for the phased implementation of AFC projects such as the following: replacement of fareboxes on all CTA buses, Chicago Card technology enhancements and an upgrade of the AFC system components that have reached the end of their useful life and require replacement.

These AFC system improvements will continue to provide the CTA with highly accurate revenue and ridership data, while decreasing operational costs associated with handling cash, cash counting and revenue loss. The continuing automation of the fare collection system will allow for faster customer entry and access to the transit system. The Chicago Card technology enhancements provides for expired card trade in, card data format, hot list and communication enhancements, point of sale devices, transit benefit and web services. It will also support general deployment of the automated fare collection system. The current bus farebox equipment is 17 years old and beyond its service life of 10 years. As the equipment ages, the failure rate will cause increased

malfunctions, revenue loss, and customer inconvenience. Replacement parts are becoming hard to find, which contributes to the high cost of maintaining the equipment.

110.011 Improve Systemwide Signage Program

The scope of this project is to design and implement modern signage, on the bus and rail systems, that is clear and understandable to customers. Develop a consistent visual image for the CTA with primary emphasis on system signage but also including related graphic material, architectural themes and promotional efforts.

Improved bus and rail system signage can greatly improve customer understanding of routes and schedules.

121.500 Replace/Upgrade Power Distribution and Signals

Replace and upgrade power distribution, substations and associated facilities. Replace and upgrade Loop signals and interlockings, various signal equipment systemwide, and Blue Line signals including the Dearborn Subway, a portion of the O'Hare and the Congress Branches.

Replacement and upgrading of the signal and power distribution system must be accomplished in order to provide continued safe operation. Replacing this power distribution system will decrease the possibility of power shutdowns and service disruptions, and will eliminate slow zones. Antiquated substations facilities are highly susceptible to failure that results in a substantial disruption in service. This project will also replace Loop signals and Interlockings system, and signal equipment systemwide. The block signal equipment system in the Dearborn Subway and the Congress Branch, over 40 years old, and parts of the O'Hare Branch are beyond their expected service life and maintenance is limited because of lack of spare parts.

132.056 Purchase Rail Cars

Replace the 2200 and 2400 series rapid transit cars and purchase cars to meet expanded service needs.

The replacement of the 2200 and 2400 Series rail car is necessary due to the age and deteriorated condition of these cars. The 2200 Series rail cars have been in service for over 30 years, which is well beyond their 25-year design life, and the 2400 Series have been in service over 25 years. The deteriorated condition of these vehicles is clearly evidenced in the form of increased service failures and longer repair downtime, which results in decreased availability for 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 cars will have sliding doors wide enough to accommodate wheelchairs. The number of cars to be purchased will be determined on the basis of bid prices for the rail car procurement, and future schedule and maintenance requirements.

2005 Capital Improvement Program - Project Descriptions

143.160 Upgrade Rail Stations and Facilities

Upgrade rail station facilities and amenities such as: lighting to provide greater security and decrease vandalism; installation of benches to provide customer comfort; and upgrading of street level and platform signage to increase customer understanding of routes and schedules. Also included is the repair/reconstruction, where required, of the station house, stairs, platforms, and canopies. Selected improvements may also be made at non-station locations.

Many rail stations have not been improved or enhanced in many years. Upgrading these stations will provide customers with a greater sense of security and comfort when using the rapid transit system.

150.028 Implement Security Projects

Purchase and install equipment and systems to harden security of transit assets and to ensure safety of systems and customers. Implement security strategies to conduct targeted surveillance, control access and stop intrusion. Support enhanced command and control systems to facilitate incident response.

Security and safety are of paramount concern for CTA. Professional security assessment of the CTA system identified priority investment in equipment and infrastructure to protect the public and CTA employees as well as ensure service continuity. Due to the sensitive nature of the effort, specific projects are not identified in this document. The enhancement of security on the public transit system will further meet the goals of the CTA, which is to provide a safe and friendly environment for the customers of the system.

171.133 Repair Track and Structure Defects

Correct deficiencies in CTA's extensive track system and structures through systematic inspection, and rehabilitation or replacement of substandard structural elements.

Defective track and structure must be repaired in order to maintain safe and reliable service. As elements are identified, requiring immediate repair or replacement, field forces are dispatched to the site to repair or replace the component to eliminate the need to impose slow zones.

171.217 Replace Flange Angles

Repair and replacement of Flange Angles and supporting materials on the Red (North Main) Line and Brown (Ravenswood) Line sections of elevated track, which were installed in the late 1800's and are significantly deteriorated and in urgent need of replacement.

Flange Angle deterioration (rusting of the top and or bottom Flange Angles) and the subsequent loss of structure profile, causes misaligned rail and results in the imposition of slow zones until the structure is repaired and the track is realigned. This multi-year program will eliminate slow zones and preserve service quality. The work on both sections of track will be coordinated with the Expand Capacity - Brown Line New Start project in order to minimize construction slow zones.

2005 Capital Improvement Program - Project Descriptions

173.022 Rehabilitate Purple Lines Viaducts

Rehabilitate viaducts including concrete deck repairs, pier replacement, abutment and wall reinforcement on the Purple (Evanston) Line.

The concrete viaduct bridges and retaining walls were built in the early 1920's and the annual freeze-thaw cycles have deteriorated the concrete to the point where many of the spans are on temporary shoring and slow zones have resulted. After each freeze-thaw cycle, inspections uncover additional deterioration to the concrete structures. Several viaducts have required temporary shoring, which impedes street traffic.

181.500 Infrastructure Safety & Renewal Program

Systematically replace ties and fasteners on the Brown (Ravenswood) Line, Red (North Main) Line, and State Street Subway, which have deteriorated to a point where they can no longer provide adequate rail connection and gauge. Additionally, this project will upgrade track components from Addison to O'Hare on the Blue Line and will renew rail, track, structure and related elements at locations to be determined by inspection.

Some of the existing track components and ties, as well as many of the right-of-way elements are at least 30 years old and have exceeded their useful life and are in need of replacement. The program to replace these components will preempt the need to impose slow zones due to their deteriorating condition. When completed, train speed can be increased and reliability will be greatly improved. In addition, right-of-way improvements will provide greater access to maintenance personnel and as an emergency evacuation walkway for customers.

181.600 Renew R.O.W & Footwalk Systemwide

Renew rail, track, structure, and related elements at locations to be determined by inspection. Deteriorated wooden footwalks on the elevated structure will also be replaced as part of this program.

Track, power distribution, signal and communications systems with defects need to be repaired. Many of the right-of-way components have reached the end of their useful service life and require renewal in order to maintain a safe and acceptable level of service. Slow zones must be imposed where sections of track, power, or signal do not meet operating standards; prompt renewal will preempt the need to impose these slow zones. The improvements will ensure continued quality rail operations by reducing schedule delays. In addition, this multi-year program will replace all remaining wooden footwalks with fiberglass. Footwalks are used for right-of-way access by maintenance personnel and as an emergency walkway for customers.

194.115 Expand Capacity - Brown Line

Expand the customer capacity of the Brown (Ravenswood) Line from Kimball Terminal to Tower 18 in the Loop.

The elevated portion of the Ravenswood route was constructed between 1893 and 1910 from Belmont to Campbell, and extended at grade to its present terminal in the 1910's. It includes 19 stations, and serves approximately 90,000 customers each weekday. Ridership has increased 79% since 1983, and rush hour trains are crush-loaded. The Line's market area continues to redevelop, and potential customers are being

discouraged from using the Brown (Ravenswood) Line due to crowded conditions. Several CTA lines operate eight-car trains, but the Brown Line is limited to six-car trains due to station platform length. Lengthening all platforms to accommodate eight-car trains, and selected track, signal and yard improvements will substantially increase capacity of the line; station alterations will provide ADA accessibility.

194.117 Rehabilitate Blue Line - Cermak Branch

Provide for the reconstruction of the Cermak Branch from 54th/Cermak in Cicero through the incline connection to the Congress Branch.

Rehabilitation of the Cermak Branch of the Blue Line is being accomplished in three phases. Phase I has replaced the deteriorated iron structure with concrete bents and cross girders. Stations have been reconstructed as the track structure was being built. Six stations were replaced in coordination with bent replacement. Phase II of the project involved rehabilitating the existing structure, track, and construction of column bases and foundations on the north section of the elevated structure from Loomis Incline to Wood Street. Phase III consisted of improvements to the ballasted section of the Cermak Branch from Kildare to 54th Avenue. Project completion is expected in 2005. Federal funding continues beyond 2005 as outlined in the New Start Full Funding Grant Agreement.

194.139 Rehabilitate Red Line - Dan Ryan Branch

Reconstruct Dan Ryan Branch of the Red Line from 22nd Street/Cermak Station south to 95th Street Station. Also included in the project scope is reconstruction of the 95th Street bus bridge and turnaround and replacement of special trackwork, contact rail, signal systems and enhancement of stations appearance.
The Dan Ryan Branch of the Red Line began operation in 1969 with approximately forty percent of all CTA rail boarding occurring at Red Line Stations. The 95th Street Station has a weekday ridership level of approximately 23,300 and is the most heavily used station on the system. The Dan Ryan Branch has not had any major rehabilitation work accomplished since it was built more that thirty years ago. Also, in order to avoid crippling service impacts, reconstruction of the Dan Ryan Branch is being scheduled for completion prior to slow-zone generating work beginning on the Brown (Ravenswood) Line and the Howard Branch of the Red Line. The Illinois Department of Transportation is also planning to reconstruct the Dan Ryan Expressway with major work starting in 2006 presenting a unique opportunity for construction staging and access.

290.001 Land Acquisition

Acquire land for future CTA needs.

The Authority has antiquated maintenance facilities that are deteriorating and these facilities must be replaced. Facilities such as bus garages, maintenance shops, substations may require relocation to a more effective site. Having no land in our possession delays improvement or replacement of these facilities. This funding will provide for the purchase of land at various locations.

2005 Capital Improvement Program - Project Descriptions

303.001 Implement Quality Assurance Program

Develop and implement a Quality Assurance Program governing capital program implementation in accordance with federal regulations. Establish standards to ensure proper procedures and guidelines for implementation of the Capital Construction Program.

The Quality Assurance Program ensures that the Chicago Transit Authority's Capital Program adheres to quality standards, in accordance with federal regulations, and best practices in the construction industry. This project develops and puts those standards into practice. The entire capital program benefits from this quality assurance function. The CTA could, but does not, allocate these costs to specific projects. The CTA finds greater control in managing these costs centrally.

306.001 Program Management

Professional services to manage implementation of the CTA's Capital Improvement Program.

Due to the large influx of funding provided by the state's Illinois FIRST Program, CTA has identified the need for additional resources to monitor and implement capital projects funded by this initiative.

307.001 Paratransit Service Capital Cost of Contracting

Funding will provide for more immediate capital program cost for paratransit service.

Some FTA grantees turn to an outside source to obtain transit service, or maintenance service, or vehicles that the grantee will use in transit service. When grantees contract for such service, FTA will provide assistance with the capital consumed in the course of the contract. Capital consumed may also include a proportionate share of the interest the contractor might pay out as the contractor purchases and makes available to the grantee these capital assets. FTA usually provides assistance at the 80/20-share ratio for the capital cost of contracting. This concept of assisting with capital cost consumed is referred to as the "capital cost of contracting."

308.002 Bond Repayment, Interest Costs, & Finance Costs

Provide for debt service and the cost of issuance of bonds, notes and other indebtedness incurred by CTA. This project is funded with federal formula funds and CTA local match.

This element will provide for interest costs associated with financing the Bond series projected to be issued in 2004. These bonds are anticipated to support construction of Howard Station, the Dan Ryan Rehabilitation, construction of the 77th garage replacement, purchase of Fareboxes, and various capital improvement projects.

402.001 Alternatives Analysis & PE - Ogden & Circle Line

The Circle Line connector project links CTA’s rapid transit lines and Metra's lines in Chicago with a single new transit line that would encircle the city's central areas. The Ogden Avenue Corridor Project will create an 11.4-mile transitway connecting North Riverside Mall at Cermak and Harlem with Navy Pier.

2005 Capital Improvement Program - Project Descriptions

The Circle Line is designed to provide a convenient linkage for CTA/Metra customers making cross-town trips while improving access to the outskirts of Chicago's central area. It will also create an efficient rail linkage between the city and the six-county Northeastern Illinois region. The Ogden Avenue Corridor Project will connect several Chicago neighborhoods and three suburban communities with the 42,000-employee Illinois Medical District. It will also provide direct access to Navy Pier, North Michigan Avenue/River North, the growing West Loop office district, and the United Center. It can also serve as a catalyst for further transit-oriented economic revitalization of the adjacent neighborhoods.

Appendices

Table of Contents

1 History of the Agency

Transit in Chicago: Creation of CTA

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

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

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

Chicago Surface Lines

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

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

Chicago Motor Coach Company

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

Chicago Rapid Transit Company

The Chicago and South Side Rapid Transit Railroad Company opened on June 6, 1892, bringing elevated train service to Chicago. At the turn of the century, four separate transit railroads operated in Chicago. The first trains, powered by steam, were quickly converted to electricity. Elevated tracks were built along available right-of-ways often above alleys and less heavily used streets. The opening of the Loop 'L' in 1897 connected rapid transit lines serving the north, south, and west sides of Chicago. The rapid transit companies formed a cost-saving trust in 1911 and later, in 1924, merged creating the Chicago Rapid Transit Company. To ease traffic congestion, the US Department of Interior, the Public Works Administration, and the City of Chicago financed the State Street Subway that opened in 1943 and the Dearborn Street Subway that opened in 1951.

1 History of the Agency

The Congress Branch
During the 1950's and 60's, Chicago expressways were expanded to ease traffic congestion. In 1958 the Congress branch opened along the median of the newly expanded Congress (Eisenhower) expressway. The Congress branch extended east-west from Forest Park, IL to the loop with connection to the northwest subway at the Dearborn station.

Regional Transportation Authority
By the early 1970's the popularity of car travel and declining rider levels threatened the fiscal stability of the three public transportation agencies. In 1974, the Illinois General Assembly created the Regional Transportation Authority (RTA) as a fiscal and policy oversight agency committed to providing an efficient and effective public transportation system. The RTA continues to provide annual fiscal oversight to CTA, Metra, and Pace today.

Skokie Swift
In 1964 the CTA partnered with federal planners to create the first "light rail" service, the Skokie Swift. The Skokie Swift operated on track lines purchased by the CTA from the Chicago North Shore & Milwaukee Railway. The Skokie Swift quickly became a popular rail shuttle and also served as a suburban and inter-city bus hub.

Kennedy / O'Hare
The CTA responded to changing demographics during the 1970's by expanding the northwest subway to Jefferson Park from Logan Square. In 1983, the subway was further extended along the Kennedy Expressway median to River (Mannheim) Road. In 1984, the northwest transit extension was completed at O'Hare airport with a station within the airport terminal.

Loop ' L' Track and Subway Consolidation
In 1993 the Dan Ryan branch, formerly linked to the Englewood and Jackson Park lines, was linked with the Howard line. The Lake to Englewood-Jackson Park lines were moved from the Howard branch to the loop elevated connection. Elevated loop connections were made more convenient with the Merchandise Mart station.

"Orange" Midway Line
The O'Hare terminal service proved so successful that transportation planners were encouraged to build a new elevated train service to the Southwest side to Midway Airport. The Midway "Orange" line was completed in 1993 linking the downtown elevated loop to the southwest side airport, providing improved transportation to the southwest side.

Neighborhood Revitalization
The CTA celebrated the re-opening of the rehabilitated Green Line in 1996, improving the service to our customers on the west and south sides of Chicago. In 1997, the CTA revitalized its services with a mission to provide on-time, clean, safe and friendly bus and rail service.

2 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, subject to the approval by the City Council and the Governor. The Governor, subject to the approval of the State Senate and the Mayor of Chicago, appoints three.

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

Service Area & Population

- 220 square miles of Chicago and 40 nearby suburbs
- The service area has 3.8 million people

Ridership

- 447.4 million trips projected in 2005
- Over 1.4 million trips per weekday

Bus Service

- 2,017 buses travel over 152 routes
- Routes cover 2,273 miles, with approximately 12,500 bus stops

Rail Service

- 1,190 train cars travel over seven routes
- There are 289 miles of track, including yard track

Paratransit Service

- The CTA contracts with three carriers and taxicab companies that provide door-to-door service for riders with disabilities
- 2,202,845 trips projected in 2005

3 Operating Funding Summary

Most of the public funding that the CTA receives for operating and capital needs is funneled through the RTA. RTA receives funding from several sources for both operating and capital expenses for the region. Under the Regional Transportation Act, as amended in 1983, some of the funds are allocated to the Service Boards based on a formula included in the RTA Act. Other funds are allocated based on RTA's discretion. The sources and allocations are outlined below. As stated in the main body of this document, the formula has gradually eroded CTA's share of the funding. However, until reform the Regional Transportation Act is amended, the operating funding formula is below.

Sales Tax Revenue

RTA has authority to levy a sales tax (¾% in Cook County and ¼% in the five collar counties) and a tax on automobile rentals. At this time, RTA has levied only the sales tax. In addition, the RTA receives from the Occupation and Use Tax Replacement Fund, a sum equal to the amount generated by a ¼% sales tax in Cook county.

The 2005 Sales Tax Budget for the Region is $697.6 million. Sales tax revenue is distributed by legislative formula per the RTA Act. The first 15 percent is allocated to RTA to fund the RTA's budget. The remaining 85 percent is distributed as follows:

	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%

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

Federal Assistance (Federal Transit Administration)

RTA is the region's recipient of federal assistance, which previously included both operating and capital funds. 1998 was the last year that CTA received operating assistance from the FTA.

Public Transportation Funds

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 monthly to a special fund, called the "Public Transportation Fund," and then remits it to the RTA. Remittance requires an annual appropriation made by the State of Illinois. In addition, the RTA must certify to the Governor, State Comptroller and Mayor of the City of Chicago that the RTA has adopted a budget and financial plan in conformance with the requirements of the RTA Act. The RTA uses

3 Operating Funding Summary

these funds at its discretion to fund the service board needs, RTA operations, debt service and capital investment. RTA's 2005 Budget includes $174.4 million in PTF funds.

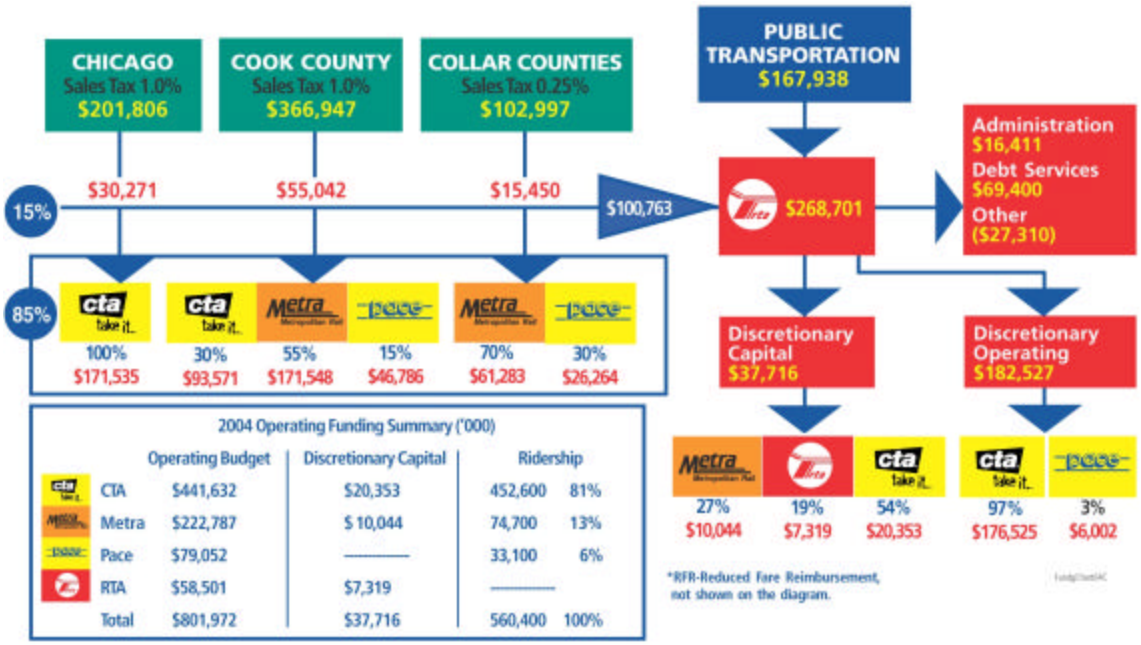
State Assistance

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 on the Strategic Capital Improvement Bonds issued by 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 lessor of the debt service or $55.0 million. Remittance requires an annual appropriation made by the State of Illinois.

Reduced Fare Reimbursements (RFR)

This funding represents reimbursement of revenues lost by the service boards due to providing reduced fares to student, elderly and disabled riders, as mandated by State law. Remittance requires an annual appropriation by the State of Illinois. Reimbursement amounts are allocated to the service boards based on reduced fare ridership.

Operating Funding (Based on 2004 Budget, in 000's)



4 Debt Administration

DEBT POLICY

The CTA has developed a proposed debt policy, which has not been adopted by the CTA Board as of the budget document production date. The policy will serve as a management tool to ensure the CTA a) utilizes debt in the most efficient manner to fund the CTA's current capital improvement program and other management initiatives and b) makes full and timely repayment of all borrowings. Additionally, the policy will provide broad guidance as a means of a) achieving the lowest possible cost of capital within prudent risk parameters, b) ensuring ongoing access to the capital markets and c) authorizing the appropriate amount, type and structure of debt for various financing situations. The following paragraph describes some of the guidelines set forth in the proposed debt policy. CTA board adoption is anticipated by the end of 2004.

It is CTA's preference to use a pay-as-you-go funding mechanism for all capital projects. As such, the CTA explores use of available cash to fund all or part of a particular capital improvement before proposing the use of any type of debt obligation. 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 will determine the type of debt the CTA shall use.

Long-term bonds are deemed appropriate to finance essential capital activities and certain management initiatives. The proposed debt policy prohibits the use of long-term debt to fund operations. Short-term debt may be used by the CTA as a cash management tool to provide interim financing and/or to reduce or hedge interest rate costs. Currently, the CTA has no short-term debt obligations.

The CTA is not subject to statutory debt limitations.

CURRENT DEBT

Long-term debt of the CTA includes capital lease obligations and bonds payable, as described below:

Lease/Leaseback Agreements

The CTA has 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 a trust, established by the equity investor, which trust concurrently leased the respective assets back to the CTA under a sublease. 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, 2003, the total obligations due under the lease agreements which have been economically defeased was approximately $1.7 billion.

Other Capital Leases

On March 31, 2003, the Public Building Commission of Chicago (the "PBC") issued $119,020,000 of Building Revenue Bonds, Series 2003 (Chicago Transit Authority) (the "PBC Bonds"). The interest on the PBC bonds is 5.00% - 5.25%. The PBC used the proceeds of these bonds, among other things, to acquire the site for and construct a 12-story office building, which the PBC will lease for a 20-year term to the CTA to be used as its 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 to the leased premises to the CTA.

CTA is obligated to pay to 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 CTA is required to make the payments of $8,718,583 for 2004, $9,944,750 for 2005, $9,847,250 for 2006, $9,891,000 for 2007 and $9,922,250 for 2008. The remaining payments from 2009 through 2023 range from $9,712,688 to $9,953,750 and total $147,624,375. The total rent due on the lease is $195,948,208. The source of funds for the CTA's February 2005 lease payment are multiple capital job orders identified in the CTA's five-year capital plan. For 2006 through the remainder of the lease agreement, the source of lease payments is through federal FTA 5307 grant funds.

Bonds Payable-Revenue Bonds

On March 12, 2003, the CTA issued Capital Grant Receipts Revenue Bonds, Douglas Branch Project (Series 2003A and 2003B), in the amount of $207,200,000, along with a premium of $9,857,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The Series 2003 bonds bear interest ranging from 3.8% to 5.0%. Interest is payable semiannually on June 1 and December 1. The premium on the bonds and the bond issuance costs are being amortized over the life of the bonds using the straight-line method.

The bonds were issued to provide funds to finance a portion of the costs of the extensive rehabilitation of eight rail stations and five miles of track as well as the installation of signal and communications equipment, the traction power system and various infrastructure improvements that together constitute the Douglas Branch Reconstruction Project. The Series 2003 Bonds are limited obligations of the CTA payable solely from amounts pledged pursuant to a Trust Indenture entered into by the CTA.

On June 28, 2004, the principal amount of $48,915,000, was called for redemption on the Series 2003A bonds at a redemption price of par plus accrued interest to the redemption date. CTA has the option to call the remaining $158,285,000 principal amount of outstanding Series 2003 bonds.

The Series 2003 bond debt service requirements to maturity, subsequent to the June 2004 redemption, are as follows:

Douglas Branch Project (Series 2003A and 2003B) Debt Payment Schedule

Year Ending December 31	Principal	Interest	Total
2005	-	7,062,238	7,062,238
2006	42,050,000	6,221,238	48,271,238
2007	58,700,000	3,912,738	62,612,738
2008	57,535,000	1,222,619	58,757,619
Total	$ 158,285,000	$ 18,418,833	$ 176,703,833

5 Annual Budget Process

The Budget & Financial Plan Process

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

Budget Development

Budget development begins each year in the middle of June with the Budget Call from the RTA. The Budget Call outlines the required budget information for the RTA, and provides economic assumptions for the region.

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

Budget Adoption

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

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

Budget Execution & Administration

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

Amendment Process

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

revised funding Mark and Recovery Ratio.

When the RTA amends a revenue or expense item of the budget because of changes in economic conditions, governmental funding, a new program, or other reasons, CTA has 30 days to revise its budget to reflect these changes. Depending on the type of request, the proposed amendment may be presented to one or more committees of the RTA Board for approval. The RTA's Finance Committee, however, must approve all amendments before they are recommended to the RTA Board. The RTA Board ultimately approves or disapproves all proposals. The budget may need to be amended if CTA is found not in compliance with the budget for a particular quarter based upon its financial condition and results of operations. The RTA Board, by a vote of nine members, may require 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 any money except the sales taxes that are due under the statutory allocation formula. The funds the RTA can withhold include 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.

6 2005 Accounting System & Financial Controls

Organization Overview

Overview - The Chicago Transit Authority (CTA) was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a transportation system for the transportation of passengers within the City of Chicago.

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 (Regional Transportation Authority (RTA)) and designated three service boards (Chicago Transit Authority, Commuter Rail Board and 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 $5,000,000 for public transportation and that the CTA (collectively with the other service boards) finance at least 50% of their operating costs, excluding depreciation and certain other items, from system-generated sources.

Financial Reporting Entity – In conformance with Governmental Accounting Standards Board 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, the scope of an organization's public service and/or special financing relationships.

Based on the application of the above criteria, the fund established for the employees' pension plan has been determined not to be part of the reporting entity. The fund is a legal entity separate and distinct from the CTA. The fund is administered by its own oversight committee, of which the CTA appoints half the members, and over which the CTA has no direct authority. Accordingly, the accounts of this fund are not included in CTA's financial statements.

Based upon the criteria set forth by 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 component unit in the RTA's financial statements, but is combined in proforma statements with the RTA as statutorily required.

Budget and Budgetary Basis of Accounting

The CTA is required under Section 4.01 of the Regional Transportation Authority Act to submit for approval an annual budget to the RTA by November 15 prior to the commencement of each fiscal year. The budget is prepared on a basis consistent with generally accepted accounting principles, except for the exclusion of certain income and expenses. For 2003 and 2002, 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 and expense from sale/leaseback transactions, and capital contributions.

6 2005 Accounting System & Financial Controls

The Act requires that expenditures for operations and maintenance in excess of budget cannot be made without 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 amount of the injury and damage reserve and pension contribution, funded by the RTA 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 deferred operating assistance to the CTA, and can be used in future years with RTA approval.

The RTA approves the proposed budget based on a number of criteria:

- That the budget is in balance with regard to anticipated revenues from all sources, including operating subsidies and the 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; and
- That the budget is reasonable, 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.

Financial Reporting

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

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

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.

6 2005 Accounting System & Financial Controls

Internal Controls

Overview – Management of the CTA 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 preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived; and that the evaluation of cost and benefits requires estimates and judgments by management.

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

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.

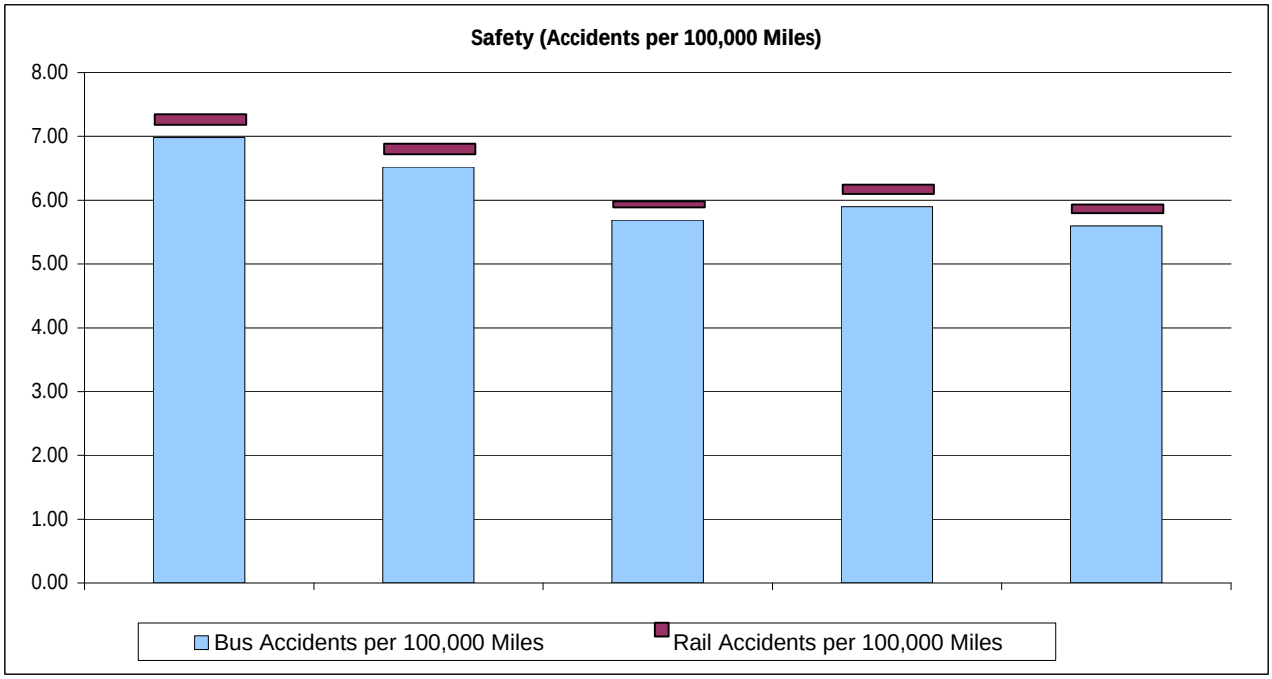
As a part of the CTA's single audit, tests are made to determine the adequacy of the internal control system, including that portion related to federal financial assistance programs, as well as to determine that the CTA has complied with applicable laws and regulations. The results of the CTA's single audit for the fiscal year ended December 31, 2003, provided no instances of material weaknesses in the internal control system or violations of applicable laws and regulations.

Budgeting Controls – In addition, the CTA maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget appropriated by the Chicago Transit Board and approved by the Regional Transportation Authority. The level of budgetary control (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, which is not part of scheduled transit operations, be budgeted on an annual basis.

7 Operating Statistics

SYSTEM

CHARACTERISTICS	2001 Actual	2002 Actual	2003 Actual	2004 Projected	2005 Budget
Ridership					
Avg. Daily Weekday	1,480,766	1,481,629	1,437,416	1,417,142	1,427,138
Avg. Daily Saturday	862,182	877,762	855,258	851,019	865,664
Avg. Daily Sunday	576,838	585,720	569,843	574,692	585,895
System Wide Ridership	454,867,660	457,270,578	444,065,492	445,459,389	447,350,707
Expense					
Top Operator Rate	$ 21.31	$ 21.91	$ 23.01	$ 23.01	$ 23.01
Capital Expenditures	$ 356,757,716	$ 490,101,105	$ 484,061,897	$ 457,887,060	$ 470,303,739
Revenue					
Average Fare per Trip (fare box only)	$ 0.82	$ 0.84	$ 0.83	$ 0.89	$ 0.91
Public Funding per Trip	$ 0.92	$ 0.97	$ 1.02	$ 0.99	$ 1.17
Safety (Reported & Blind)					
Bus Accidents per 100,000 Miles	6.98	6.52	5.69	5.90	5.60
Rail Accidents per 100,000 Miles	0.17	0.17	0.10	0.15	0.14

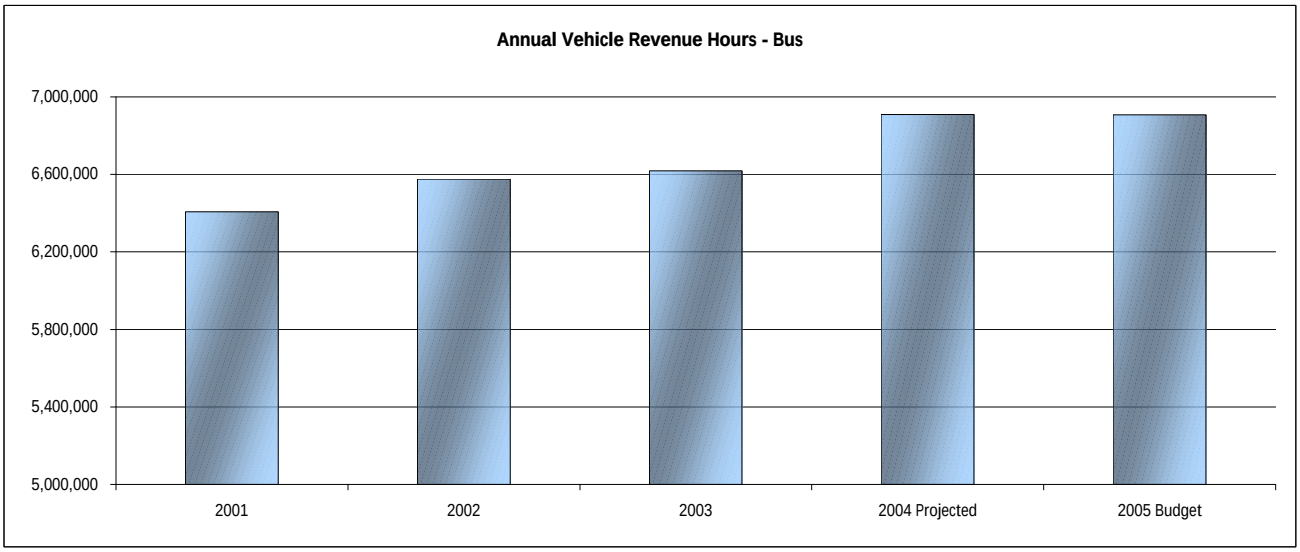


*2005 Budget numbers are based on 2005 Regional Mobility Budget

8 Operating Statistics

BUS

CHARACTERISTICS	2001 Actual	2002 Actual	2003 Actual	2004 Projected	2005 Budget
Expenses					
Scheduled Transportation Expense	$ 222,536,009	$ 230,638,912	$ 235,954,371	$ 253,366,430	$ 280,700,814
Garage Maintenance Expense	$ 72,954,717	$ 73,086,370	$ 76,873,485	$ 79,335,102	$ 78,896,135
Supervision Expense*	$ -	$ -	$ -	$ 15,339,105	$ 13,773,036
Heavy Maintenance Expense	$ 33,177,540	$ 33,670,808	$ 34,579,458	$ 31,612,391	$ 33,742,058
Fuel Expense	$ 23,325,996	$ 20,097,898	$ 24,476,713	$ 26,681,261	$ 35,085,000
Other Expenses	$ 33,397,292	$ 31,633,672	$ 33,827,660	$ 22,803,974	$ 24,013,076
Total Operating Expense - Bus	$ 385,391,554	$ 389,127,660	$ 405,711,687	$ 429,138,263	$ 466,210,119
Miles					
Annual Vehicle Revenue Miles	66,556,099	67,095,718	67,858,281	69,749,717	69,478,317
Trips					
Annual Unlinked Trips	301,690,747	303,295,027	291,804,434	295,396,000	296,600,572
Vehicles					
Annual Vehicle Revenue Hours	6,406,445	6,576,310	6,619,108	6,909,672	6,907,287
Vehicles Operated in Max. Service	1,627	1,695	1,719	1,735	1,735
Vehicles Owned by CTA (at Fall Fleet Assignment)	1,919	2,013	1,991	2,017	2,038
Average Age of Vehicles	8.9	8.5	9.5	8.9	8.9

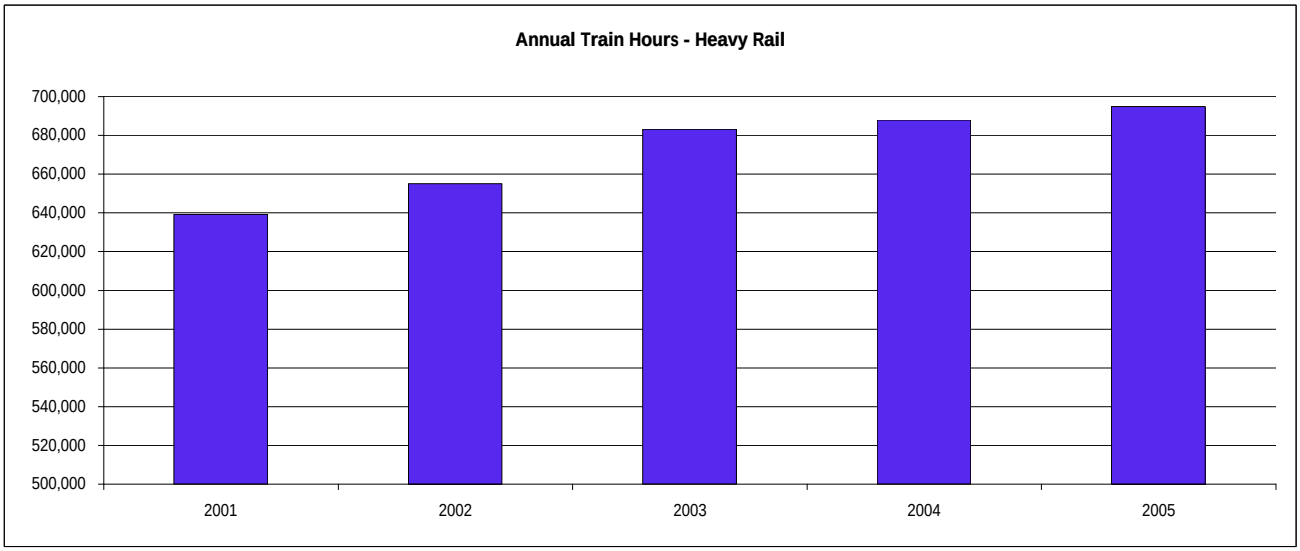


* Supervision Expense: In 2004, Supervision department expense was separated from Other Expenses
** 2005 Budget numbers are based on 2005 Regional Mobility Budget

9 Operating Statistics

HEAVY RAIL

CHARACTERISTICS	2001 Actual	2002 Actual	2003 Actual	2004 Projected	2005 Budget
Expenses					
Scheduled Transportation Expense	$ 77,520,346	$ 77,674,041	$ 78,237,717	$ 79,396,954	$ 84,806,299
Terminal Maintenance Expense	$ 60,800,000	$ 56,373,000	$ 58,331,000	$ 55,622,000	$ 58,845,000
Heavy Maintenance Expense	$ 6,082,027	$ 9,385,436	$ 7,173,311	$ 6,879,800	$ 8,728,895
Rail Car Appearance Expense	$ 9,422,000	$ 9,374,000	$ 9,976,000	$ 9,914,000	$ 11,279,000
Other Expenses	$ 2,899,403	$ 3,462,306	$ 4,048,854	$ 4,193,998	$ 4,376,407
Total Operating Expense - Rail	$ 156,723,776	$ 156,268,783	$ 157,766,882	$ 156,006,752	$ 168,035,601
Power Expense	$ 21,834,681	$ 21,061,705	$ 21,057,983	$ 23,191,974	$ 24,526,248
Miles					
Annual Rail Car Revenue Miles	58,886,962	63,697,802	65,649,684	67,547,358	67,284,528
Trips					
Annual Unlinked Trips	151,739,030	152,364,552	150,319,580	147,944,000	148,547,289
Vehicles					
Annual Train Hours	639,169	655,041	683,197	688,000	694,875
Vehicles Operated in Max. Service	988	988	1,004	1,032	1,032
Vehicles Owned by CTA (at Fall Fleet Assignment)	1,190	1,190	1,190	1,190	1,190
Average Age of Vehicles	18.0	19.0	20.0	21.0	22.0

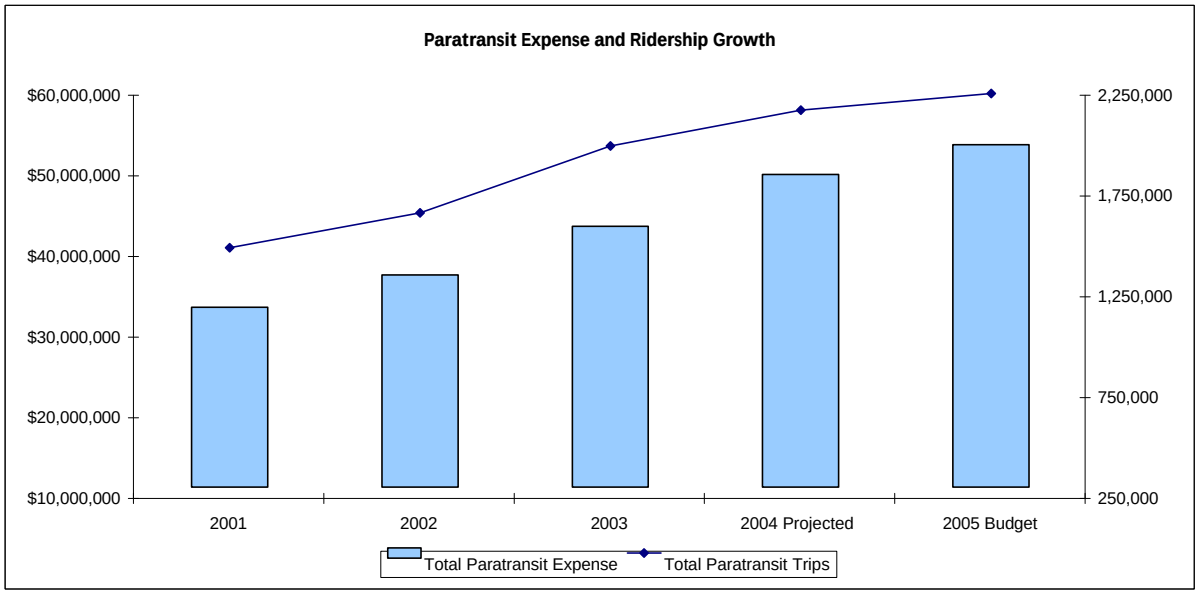


*2005 Budget numbers are based on 2005 Regional Mobility Budget

10 Operating Statistics

PARATRANSIT

CHARACTERISTICS	2001 Actual	2002 Actual	2003 Actual	2004 Projected	2005 Budget
Contracted Paratransit Expense					
Paratransit Services	$ 28,740,198	$ 32,554,769	$ 36,271,512	$ 41,890,844	$ 45,062,760
TAP Services	$ 3,573,430	$ 3,754,379	$ 6,078,814	$ 6,886,904	$ 7,410,204
Total Paratransit Expense	$ 32,313,628	$ 36,309,148	$ 42,350,326	$ 48,777,748	$ 52,472,964
Average Cost per Trip	$ 22.47	$ 22.54	$ 21.81	$ 23.01	$ 23.82
Trips					
Paratransit Trips	1,164,685	1,323,967	1,478,859	1,592,062	1,654,753
Taxi Trips	273,198	287,032	462,619	527,328	548,092
Total Trips	1,437,883	1,610,999	1,941,478	2,119,390	2,202,845
Average Cost per Trip					
Paratransit Trips	$ 24.68	$ 24.59	$ 24.53	$ 26.31	$ 27.23
Taxi Trips	$ 13.08	$ 13.08	$ 13.14	$ 13.06	$ 13.52
Mainline Service					
Bus Routes Offering Lift Service	78	125	131	144	148
ADA Accessible Stations	64	64	66	72	72



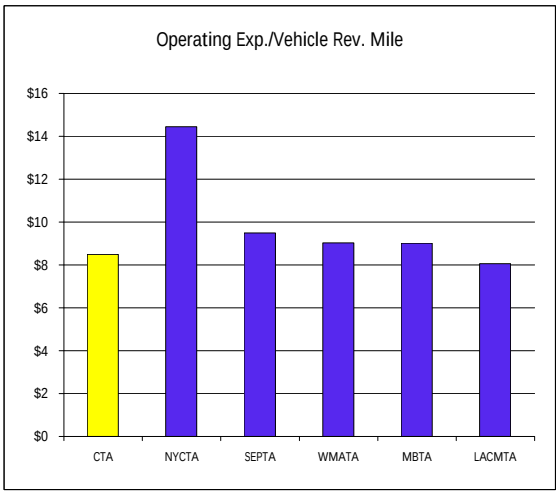
* 2005 Budget numbers are based on 2005 Regional Mobility Budget

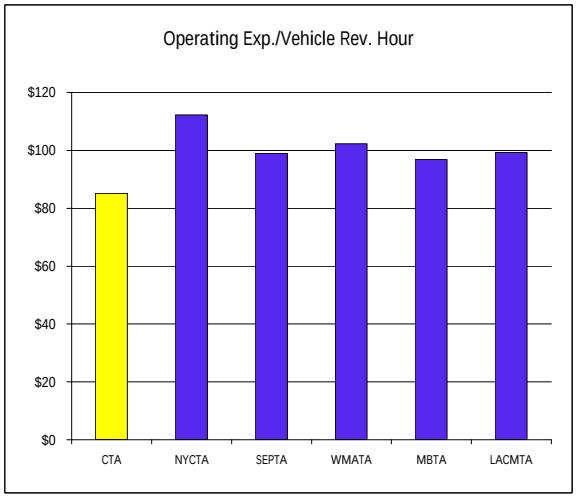
11 Comparative Performance Analysis

BUS

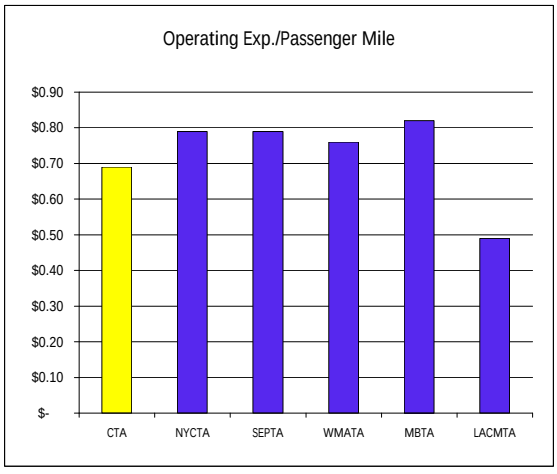
PERFORMANCE MEASURES	CTA	Comparison Group NYCTA	SEPTA	WMATA	MBTA	LACMTA
Service Efficiency						
Operating Exp./Vehicle Rev. Mile	$ 8.49	$ 14.45	$ 9.49	$ 9.03	$ 9.01	$ 8.06
Operating Exp./Vehicle Rev. Hour	$ 85.11	$ 112.26	$ 98.95	$ 102.28	$ 96.93	$ 99.31
Cost Effectiveness						
Operating Exp./Passenger Mile	$ 0.69	$ 0.79	$ 0.79	$ 0.76	$ 0.82	$ 0.49
Operating Exp./Unlinked Trip	$ 1.85	$ 1.51	$ 2.22	$ 2.32	$ 2.19	$ 1.89
Service Effectiveness						
Unlinked Trips/Vehicle Rev. Mile	4.60	9.56	4.27	3.90	4.12	4.26
Unlinked Trips/Vehicle Rev. Hour	46.12	74.26	44.56	44.12	44.35	52.48

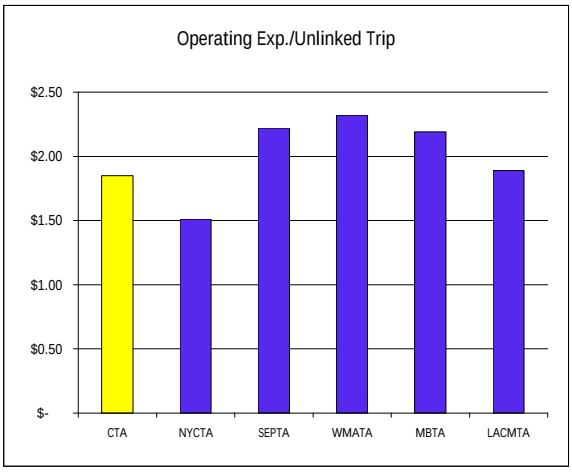
Service Efficiency





Cost Effectiveness





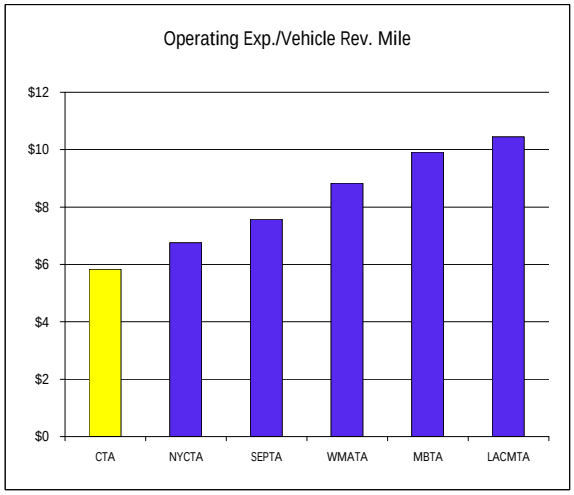
Data obtained from 2002 "Transit Profiles - The Thirty Largest Agencies" published by the National Transit Database Program

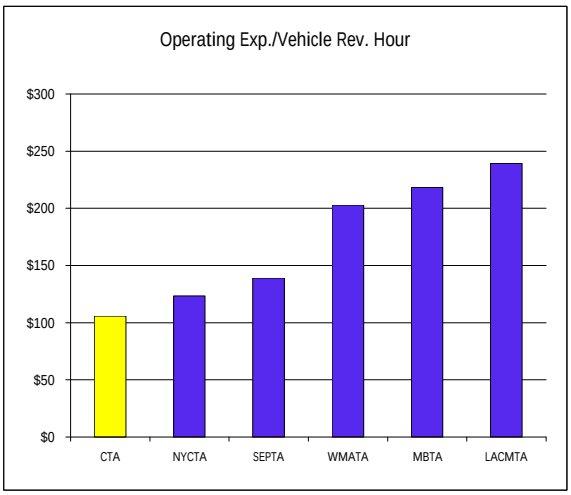
12 Comparative Performance Analysis

HEAVY RAIL

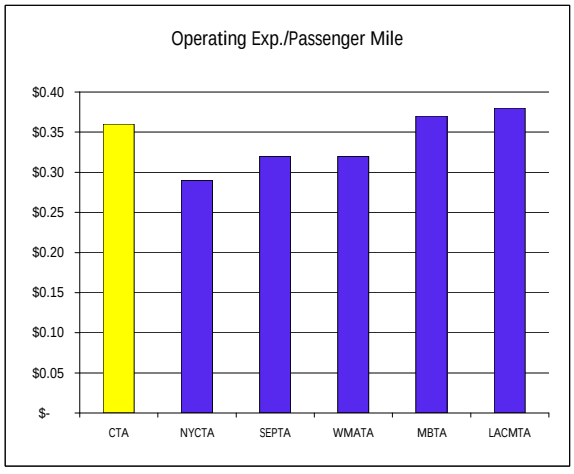
PERFORMANCE MEASURES	CTA	Comparison Group NYCTA	SEPTA	WMATA	MBTA	LACMTA
Service Efficiency						
Operating Exp./Vehicle Rev. Mile	$ 5.83	$ 6.76	$ 7.57	$ 8.83	$ 9.92	$ 10.45
Operating Exp./Vehicle Rev. Hour	$ 105.73	$ 123.49	$ 139.15	$ 203.02	$ 218.20	$ 239.32
Cost Effectiveness						
Operating Exp./Passenger Mile	$ 0.36	$ 0.29	$ 0.32	$ 0.32	$ 0.37	$ 0.38
Operating Exp./Unlinked Trip	$ 1.99	$ 1.33	$ 1.40	$ 1.90	$ 1.28	$ 1.80
Service Effectiveness						
Unlinked Trips/Vehicle Rev. Mile	2.93	5.08	5.40	4.65	7.75	5.80
Unlinked Trips/Vehicle Rev. Hour	53.13	92.73	99.26	106.98	170.57	132.88

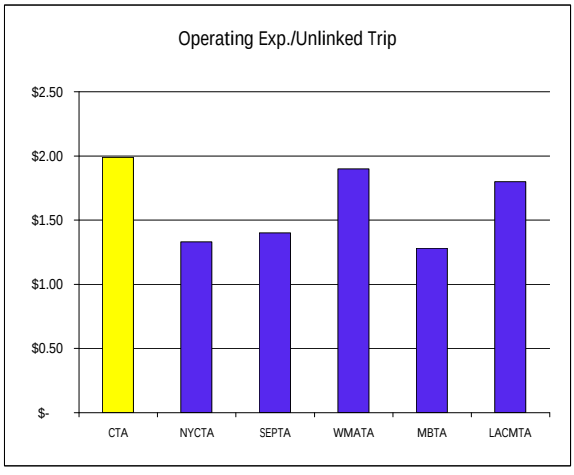
Service Efficiency





Cost Effectiveness





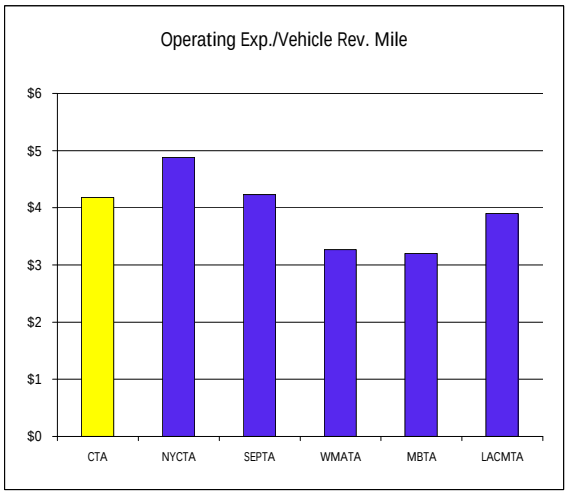
Data obtained from 2002 "Transit Profiles - The Thirty Largest Agencies" published by the National Transit Database Program

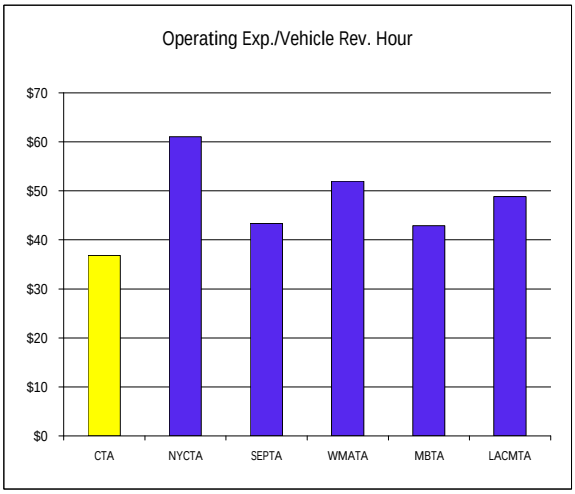
13 Comparative Performance Analysis

PARATRANSIT

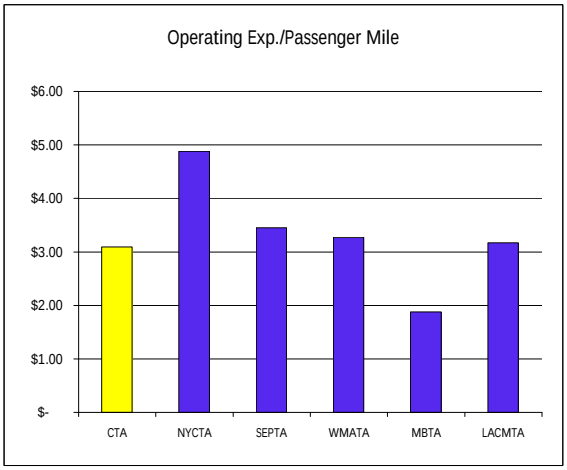
PERFORMANCE MEASURES	CTA	Comparison Group NYCTA	SEPTA	WMATA	MBTA	LACMTA
Service Efficiency						
Operating Exp./Vehicle Rev. Mile	$ 4.18	$ 4.88	$ 4.23	$ 3.27	$ 3.20	$ 3.90
Operating Exp./Vehicle Rev. Hour	$ 36.82	$ 61.05	$ 43.36	$ 51.96	$ 42.91	$ 48.85
Cost Effectiveness						
Operating Exp./Passenger Mile	$ 3.09	$ 4.88	$ 3.45	$ 3.27	$ 1.88	$ 3.17
Operating Exp./Unlinked Trip	$ 24.49	$ 55.88	$ 25.44	$ 35.55	$ 25.78	$ 11.45
Service Effectiveness						
Unlinked Trips/Vehicle Rev. Mile	0.17	0.09	0.17	0.09	0.12	0.34
Unlinked Trips/Vehicle Rev. Hour	1.50	1.09	1.70	1.46	1.66	4.27

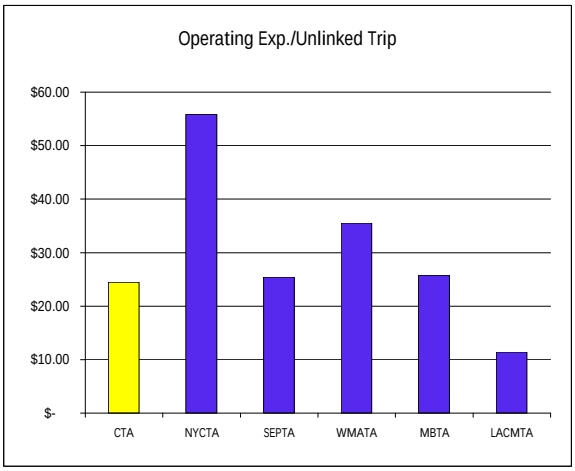
Service Efficiency





Cost Effectiveness





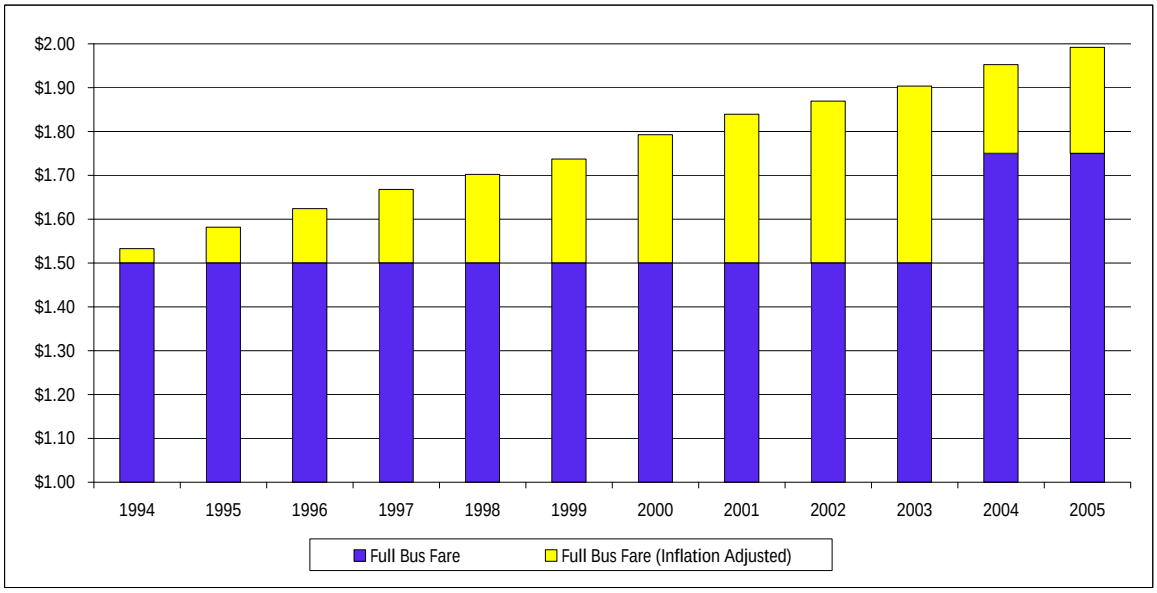
Data obtained from 2002 "Transit Profiles - The Thirty Largest Agencies" published by the National Transit Database Program

14 Fare Structure

SYSTEM

CHARACTERISTICS	2001 Actual	2002 Actual	2003 Actual	2004 Budget	2005 Budget
Full Fare					
Bus	$ 1.50	$ 1.50	$ 1.50	$ 1.75	$ 1.75
Rail	$ 1.50	$ 1.50	$ 1.50	$ 1.75	$ 1.75
Transfer Charge	$ 0.30	$ 0.30	$ 0.30	$ 0.25	$ 0.25
Reduced Fare					
Bus	$ 0.75	$ 0.75	$ 0.75	$ 0.85	$ 0.85
Rail	$ 0.75	$ 0.75	$ 0.75	$ 0.85	$ 0.85
Transfer Charge	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15

Full Bus Fare (If fares were indexed to inflation - base year 1994)



COMPARATIVE	Full Cash Bus Fare	Full Cash Rail Fare	Paratransit Base Fare
New York (NYCTA)	$ 2.00	$ 2.00	$2.00
Philadelphia (SEPTA)	$ 2.00	$ 2.00	$3.50
Atlanta (MARTA)	$ 1.75	$ 1.75	$3.50
Chicago (CTA)	**$ 1.75**	**$ 1.75**	**$3.50** (2)
Washington D.C. (WMATA)	$ 1.25 (1)	$ 1.35	$2.40
Los Angeles (LACMTA)	$ 1.25	$ 1.25	$1.80-$2.70 (3)
San Francisco (BART/MUNI)	$ 1.25	$ 1.25 (1)	$1.00-$6.75 (3)
Boston (MBTA)	$ 0.90	$ 1.25	$1.50

CPI historical data based on Bureau of Labor Statistics CPI-U for Chicago area.

(1) Fare is distance based.

(2) Proposed fare for 2005. Current fare is $1.75

(3) Paratransit Fares based on distance and type of service.

15 Comparative Farebox Recovery Ratio

CITY (SYSTEM)	FARE REVENUES	OPERATING EXPENSES	RECOVERY RATIO
CHICAGO (CTA)	$384,810	$956,192	40.24%
SAN FRANCISCO (BART)	$193,701	$338,369	57.25%
NEW YORK CITY (NYCTA)	$2,125,418	$3,860,869	55.05%
WASHINGTON D.C. (WMATA)	$375,312	$829,560	45.24%
NEW YORK (PATH)	$85,699	$195,985	43.73%
PHILADELPHIA (SEPTA)	$323,066	$748,810	43.14%
BOSTON (MBTA)	$290,533	$777,599	37.36%
ATLANTA (MARTA)	$99,606	$297,065	33.53%
LOS ANGELES (LACMTA)	$243,387	$890,847	27.32%
SAN FRANCISCO (MUNI)	$98,196	$460,677	21.32%
CLEVELAND (GCRTA)	$38,185	$209,343	18.24%

Notes
Data in 000's
*Farebox revenue only. Note: CTA's budgeted recovery ratio as computed under the statutory formula also includes non-fare revenue. For comparison purposes, CTA's recovery ratio on this schedule only includes fare revenue.

Source: 2002 National Transit Database published by the Federal Transportation Administration

16 Acronyms

AC	Alternating current
ADA	Americans with Disabilities Act
AFC	Automated Fare Collection
APC	Automatic Passenger Counter
AVAS	Automated Voice Annunciation System
CATS	Chicago Area Transportation Study
CBO	Congressional Budget Office
CDOT	Chicago Department of Transportation
CIP	Capital Improvement Program
CPD	Chicago Police Department
CPI	Consumer Price Index
CTA	Chicago Transit Authority
DBE	Disadvantaged Business Enterprise
DC	Direct current
EIA	Energy Information Administration
ePMO	Enterprise Program Management Office
ERP	Enterprise Resource Planning
FAA	Federal Aviation Administration
FFGA	Full Funding Grant Agreement
FTA	Federal Transit Administration
FY	Fiscal year
GDP	Gross Domestic Product
IDOT	Illinois Department of Transportation
MMIS	Maintenance Management Information System
NABI	North American Bus Industries
PBC	Public Building Commission of Chicago
PPA/AV	Platform Public Address/Audio Visual
RTA	Regional Transportation Authority
SCADA	Supervisory Control And Data Acquisition
SCIP	Strategic Capital Improvement Program
SGR	State of Good Repair
STO	Scheduled Transit Operations
TEA-21	Transportation Equity Act - 21st Century
TTI	Texas Transportation Institute

17 Glossary

Accessible	As defined by 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.
Accrual Basis	A method of accounting that recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.
ADA	The Americans with Disabilities Act of 1990. 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 wheel chair accessible, and that alternative transportation be provided to customers unable to access the transit system.
AFC	The automated fare collection system.
Articulated Bus	A high capacity passenger bus that flexes in the middle.
Block Runs	Runs that are scheduled between Monday and Friday. These runs consist of a ten-hour shift at straight pay. Overtime is not a factor.
Bond	An interest bearing promise to pay a specified sum of money on a specified date.
Capital Budget	A formal plan of action for a specified time period for purchases of fixed assets using capital grants that is expressed in monetary terms.
Capital Expense	The costs associated with the purchase of property, buildings, vehicles and infrastructure improvements. It can also include the costs associated with the long-term maintenance of these assets such as bus overhaul programs, rail overhaul programs, and preventative maintenance. Also referred to as a capital improvement.
Capital Grant	Monies received from a grantor funding agencies used to acquire, construct or rehabilitate fixed assets.
Chicago Card	Chicago Card is a type of fare media which allows passengers to register their card in case of theft or loss. The Chicago Card is valid for a period of four years and offers touch-and-go boarding . Chicago Card does not have an

	online account. Account balance information is stored in a microchip within the plastic card.
Chicago Card Plus	Chicago Card Plus is a type of fare media similar to the Chicago Card. The Chicago Card Plus farecard can be used as payment of bus or rail fares. It is distinguished from other fare media because the cash balance is kept in an online account, rather than stored on the card itself. Fare transactions are recorded to the account each time a Chicago Card Plus is touched to the touchpad on any CTA or Pace fare equipment. The card also features online reloading — customers will have their accounts automatically reloaded each time their account value falls below the customer's pre-selected reload amounts.
Collar Counties	The five counties identified in the RTA Act. Collar (or suburban) counties include Will, Kane, DuPage, Lake, and McHenry.
Corridor	A defined metropolitan area considered for significant transportation projects such as highway improvements, bus transitways, rail lines, bikeways, etc.
CPI	Consumer Price Index. A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e. economic inflation).
Deferred Operating Assistance	Operating funds remaining from a prior year as a result of a budget surplus that can be used to cover shortfalls or capital expenditures in future years. Spending is allowed only after RTA budgetary approval.
Demand Response	A type of transit service where an individual passenger can request transportation from a specific location to another specific location at a certain time. CTA's demand response service is provided by a third party contract vendor.
Depreciation	The allocation of the acquisition cost of a fixed asset to each period benefited by the asset based on a limited useful life of the fixed asset.
Discretionary Funds	Funds that the RTA allocates, at its discretion, to the service boards.
Fare	The amount charged to passengers for bus, rail and paratransit services.
Farebox	Equipment used for the collection of bus fares.
Farecard	Electronic fare media used for payment of fares.

17 Glossary

Financial Plan — In addition to an annual budget, the Regional Transportation Authority Act, amended in 1983, 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.

Fiscal year — The calendar year is the fiscal year for the CTA.

Fixed Route Service — Buses that operate according to fixed schedules and routes.

FTA — Federal Transit Administration. The FTA is the federal agency which helps cities and communities provide mobility to their citizens. Through its grant programs, FTA provides financial and planning assistance to help plan, build, and operate rail, bus and paratransit systems.

Full Funding Grant Agreement (FFGA) — The FFGA defines the project, including cost and schedule; commits to a maximum level of federal financial assistance (subject to appropriation); establishes the terms and conditions of federal financial participation; covers the period of time for completion of the project; and helps to manage the project in accordance with federal law. The FFGA assures the grantee of predictable federal financial support for the project while placing a ceiling on the amount of that federal support.

Fund Balance — The cumulative amount that has not been used by which total revenues (including Public Funding) exceed (or are exceeded by) total expenses over a series of years. Annual budget surpluses (or deficits) generally add to (or subtract) from the Fund Balance. This balance is available to fund current or future operating or capital needs.

Funding (Budget) Marks — The Regional Transportation Authority Act, as amended in 1983, calls for RTA to advise each of its Service Boards by September 15th of its required revenue recovery ratio for the subsequent year, and the public funding to be available. These figures are referred to as budget marks.

GDP — Gross Domestic Product. A measure of economic activity, the amount of goods and services produced in the United States in a 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 Bureau of Economic Analysis.

Headway — The time span between service vehicles (bus or rail) on specified routes. Sometimes called frequency.

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Heavy Rail	High speed passenger rail cars operating singly or in trains of two or more cars on fixed rails in separate rights-of-way from which all other vehicular and foot traffic is excluded.
Illinois FIRST	State legislation referred to as "Illinois First" - a Fund for Infrastructure, Roads, Schools and Transit is a five year public works program.
Infrastructure	The basic installations and facilities on which the continuance and growth of a community depend. For the CTA, this means such facilities as elevated structure, stations, track, repair shops, bus garages, rail terminals, and power substations, etc.
In-Kind Service	Refers to services provided at no cost to the CTA. For example, the City of Chicago provides dedicated security forces to the CTA at no cost to the CTA.
Intermodal	Transportation by more than one mode (bus, train, etc) during a single journey.
Labor Base	Labor expense for time actually worked. It excludes holidays, sick time, and vacation time.
Labor Load	The cost of fringe benefits. The burden includes group health insurance, paid time off, FICA, workers compensation, and retirement obligations.
Metra	The Commuter Rail Division of the RTA responsible for the day to day operation of the region's 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.
Non-Operating	Expenses and revenues funded with capital grants.
Non-Revenue Vehicle	Vehicles that do not carry fare paying passengers that are used to support transit operations.
Off Peak	Non rush hour time periods.
Operating Budget	Annual revenues and expenses forecast to maintain operations.
Operating Expenses	Recurring costs associated with the operation of the transit agency. Examples of operating expenses include fuel, maintenance supplies, labor, professional fees, and office supplies.

17 Glossary

Operating Revenues — Revenues generated from transit services and from other activities directly related to operations.

Owl Service — Service that is provided continuously between midnight and 5 a.m. Owl Service is provided only on routes that run 24-hour service.

Pace — The Suburban Bus Division of the RTA responsible for all non-rail suburban public transit service with the exception of those services provided by the CTA. Pace was created in 1983 by an amendment to the RTA Act.

Paratransit Service — Non-fixed route paratransit service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the service area to certified participants in the program. Paratransit includes demand-response transportation services, subscription bus services and shared-ride taxis. Most often refers to wheelchair-accessible, demand-response van service.

Pass — Type of discounted media for fare payment which offers unlimited rides for a specified period of time. Examples include 30-day pass, 7-day pass and visitor's pass.

Passenger Miles — The cumulative sum of the distances traveled by passengers.

Peak — Rush hour time periods, typically defined as 6:00 a.m. through 9:00 a.m. and 3:00 p.m. through 6:00 p.m., Monday through Friday.

Platform Time — The period of time in which a transit vehicle is in operation. Platform time contains time that buses are in revenue service and time required to support revenue service, for example time from a garage to the beginning of a route.

Positive Budget Variance — Calculated as the difference between a service board's budgeted and actual deficit, a positive budget variance results when the actual deficit is less than budgeted. Since the RTA funds the budgeted deficit, a positive budget variance represents available funds for the service boards.

Public Funding — Funding received from the RTA.

Purchase of Paratransit Service — The cost of providing door-to-door to certified participants in the paratransit program.

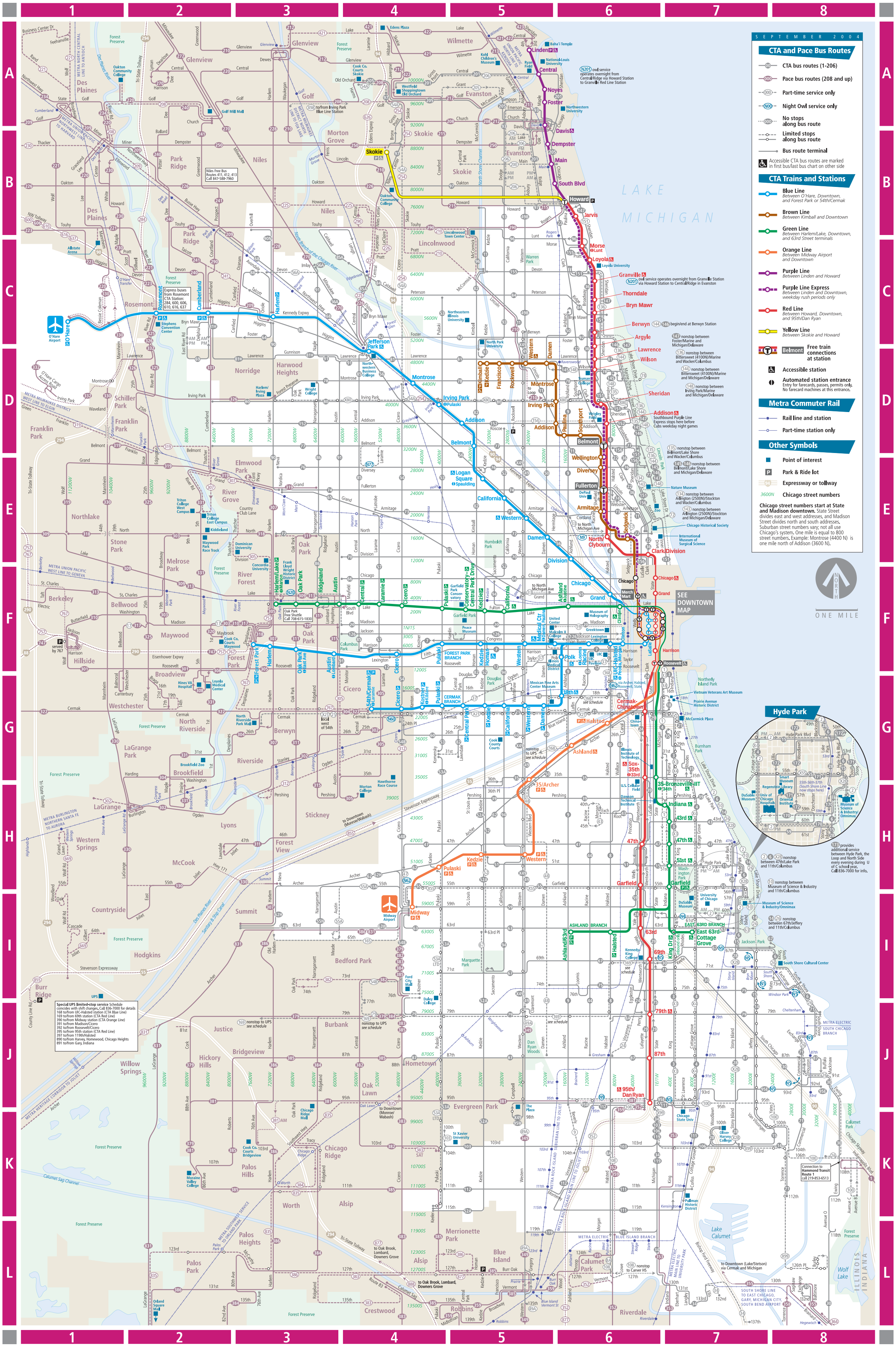
Recovery Ratio — One of the key performance indicators, which measures the amount of operating expense that was recovered from operating revenues. The ratio is calculated as system generated revenues divided by operating expenses excluding depreciation and other exempt expenses. This ratio is calculated

	for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region must attain an annual recovery ratio of at least 50 percent.
Reduced Fares	Discounted fare for children age 7 – 11, grade and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID) except paratransit riders.
Reduced Fare Reimbursement	Reimbursements from the state that are made to the service boards for the difference between the actual cost and the reduced fares charged to students, the elderly and the disabled.
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.
Revenue Equipment	Includes vehicles that carry fare-paying passengers and equipment used for the collection of fares.
Ride	A trip taken by passengers on the bus or rail system.
Ridership (Unlinked Passenger Trips)	Each passenger counted each time that person boards a vehicle.
Rolling stock	Public transportation vehicles including rapid transit (rail) cars and buses.
RTA	Regional Transit Authority. The RTA is the financial oversight and regional planning body for the three public transit operators in northeastern Illinois: the Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus.
Run	Rail or bus operator's assigned work for the day.
Service Board	The Regional Transportation Authority Act, as amended in 1983, refers to the CTA, Metra (the commuter rail system), and Pace (the suburban bus system) as service boards.
Slow Zone	Sections of track where trains must slow speed in order to safely operate rail service.
Special Service	A transportation service, as defined by the FTA, specifically designed to serve the needs of persons who, by reason of disability, are unable to use mass transit systems designated for the use of the general public.

17 Glossary

SPTO	Part-time STO personnel that are restricted to weekend work, at a lower pay rate, and who receive no fringe benefits from the CTA.
STO	The portion of labor that represents Scheduled Transit Operations. This classification includes bus operators, motormen, conductors, and customer assistants.
System Generated Revenue	Revenue generated internally by CTA. Includes fares, charter, revenue, advertising, investment income, income from local governments per a provision of the Regional Transportation Authority Act, and a subsidy for reduced fare riders per 1989 legislation.
Shift	A part of the daily working schedule of a transit employee. Also considered as a trick.
Taxi Access Program	Allows "ADA Paratransit Certified" customers to travel in specially designated Chicago taxicabs at reduced rates anywhere in Chicago.
TEA – 21	Federal transportation package which reauthorized the Federal Transit Program for six years (1998-2003). Grants can pay up to 80 percent of a capital project, with the remaining 20 percent funded from local sources.
Top Operator Rate	The top hourly rate paid to Bus Operators and Rail Operators, based on employee seniority within the job, as specified by the union contract.
Transit Benefit Program	Program which allows employees to pay for transit using pre-tax income.
Trip	Bus - one-way bus trip. Rail - one-way train trip from originating terminal to destination terminal.
Unlinked Passenger Trip	Each boarding of a transit vehicle by a passenger is defined as an unlinked passenger trip. A single journey by one passenger, consisting of one or more unlinked boardings is considered a linked trip.
Vehicle Revenue Hours	The hours that vehicles travel while in revenue service. Vehicle revenue hours include layover/recovery time but exclude travel to and from storage facilities, training operators prior to revenue service, road test and deadhead travel, as well as school bus and charter services.
Vehicle Revenue Miles	The miles that vehicles travel while in revenue service. Vehicle revenue miles exclude travel to and from storage facilities, training operators prior to

	revenue service, road tests and deadhead travel, as well as school bus and charter services.
Warranty & Credits	Reimbursement for repairs covered by manufacturers warranty agreements.



1 2 3 4 5 6 7 8
A B C D E F G H I J K L
SEPTEMBER 2004
CTA and Pace Bus Routes
CTA bus routes (1-206)
Pace bus routes (208 and up)
Part-time service only
Night Owl service only
No stops along bus route
Limited stops along bus route
Bus route terminal
Accessible CTA bus routes are marked in first bus/last bus chart on other side
CTA Trains and Stations
Blue Line
Between O'Hare, Downtown, and Forest Park or 54th/Cermak
Brown Line
Between Kimball and Downtown
Green Line
Between Harlem/Lake, Downtown, and 63rd Street terminals
Orange Line
Between Midway Airport and Downtown
Purple Line
Between Linden and Howard
Purple Line Express
Between Linden and Downtown, weekday rush periods only
Red Line
Between Howard, Downtown, and 95th/Dan Ryan
Yellow Line
Between Skokie and Howard
Belmont
Free train connections at station
Accessible station
Automated station entrance
Entry for farecards, passes, permits only. No farecard machines at this entrance.
Metra Commuter Rail
Rail line and station
Part-time station only
Other Symbols
Point of interest
Park & Ride lot
Expressway or tollway
3600N
Chicago street numbers
Chicago street numbers start at State and Madison downtown. State Street divides east and west addresses, and Madison Street divides north and south addresses. Suburban street numbers vary; not all use Chicago's system. One mile is equal to 800 street numbers. Example: Montrose (4400 N) is one mile north of Addison (3600 N).
NORTH
ONE MILE
LAKE MICHIGAN
SEE DOWNTOWN MAP
Hyde Park

Throughout city and suburbs: meeting the need for transit

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Chicago Transit Authority for its annual budget for the fiscal year beginning January 1, 2004.

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

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

In040032 Budget

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