

Reform and Renewal: Improving Mass Transit in a New Economy



President's 2012 Budget Recommendations



CTA FY12 Budget

Chicago Transit Board

Terry Peterson, Chairman

Appointed by: Mayor, City of Chicago

Jacquelyne Grimshaw, Vice Chairman

Appointed by: Governor, State of Illinois

John Bouman

Appointed by: Governor, State of Illinois

Kathryn McClain

Appointed by: Governor, State of Illinois

Charles E. Robinson

Appointed by: Mayor, City of Chicago

Alejandro Silva

Appointed by: Mayor, City of Chicago

Forrest Claypool, President

transitchicago.com

1-888-YOUR-CTA

CTA FY12 Budget

Table of Contents

Letter from the President.....	1
CTA Organizational Chart.....	3
Executive Summary.....	5
2011 Operating Budget Performance	
2011 Operating Budget Performance Summary	17
2011 Operating Budget Schedule	23
President's 2012 Proposed Operating Budget	
President's 2012 Proposed Operating Budget Summary	25
President's 2012 Proposed Operating Budget Schedule.....	31
President's 2013-2014 Proposed Operating Financial Plan	
President's 2013-2014 Proposed Operating Financial Plan Summary.....	33
President's 2013-2014 Proposed Operating Financial Plan Schedule	37
2012 - 2016 Capital Improvement Plan & Program	
Introduction.....	39
Uses of Funds.....	42
Sources of Funds.....	62
Capital Grants.....	65
Unfunded Capital Need	71
Operating Budget Impact	73
Capital Program Acronyms.....	75
Appendices	
History of the Agency.....	77
Transit Facts	81
System Map	83
Operating Funding Summary	85
Debt Administration.....	93
Annual Budget Process.....	107
Accounting Systems and Financial Controls.....	111
Financial Policy.....	115
Economic Indicators.....	119
Operating Statistics.....	127
Performance Management.....	131
Comparative Performance Analysis.....	149
CTA Fare Structure.....	157
Comparative Fare Structure.....	159
Acronyms and Glossary.....	161

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Letter from the President

Dear CTA Customers:

For over 60 years, the CTA has provided the critical mass transit arteries to carry people throughout Chicago and 40 suburban communities. Whether moving people to work or play, our trains and buses facilitate easy interaction between the suburbs, city neighborhoods, and downtown.

With more than 1.6 million rides on CTA buses and trains on the average weekday, including 250,000 throughout the downtown area, we know that every moment of every day people are depending on the CTA for their transportation needs.

The CTA is a great transit agency with a great history. But like many governments and businesses, it faces extraordinary financial challenges requiring immediate attention.

Since 2008, the CTA has borrowed more than \$554 million to cover the cost of day-to-day operations. These loans helped the CTA through difficult economic times, but provided neither a solution to the root causes of the agency's financial instability nor a long-term plan to make the CTA solvent. As a result, fare hikes in 2009 and deep service cuts in 2010 only temporarily eased the CTA's financial pressures.

We are confronted by costly collective bargaining agreements with inflexible work rules, an inadequate funding formula that hurts the CTA, and a faltering economy. Despite eliminating jobs and fostering management initiatives to improve efficiency, we are facing a record budget deficit.

Absent fundamental reform, including an end to cumbersome union work rules, the agency's longstanding structural financial imbalance will remain, with the consequence of a new downward spiral of layoffs, service reductions, fare hikes, and lost ridership.

But with leaner and better management, labor reform, and aggressive service improvements, we can permanently fix CTA's finances, preserve good jobs, increase ridership, and invest in our future.

In five months, our administration has cut hundreds of positions and launched aggressive management efficiencies, saving tens of millions of dollars. The result is a lean management structure, with an average of 21 front-line staffers for every manager, and the smallest number of employees in the CTA's history, with 25 percent fewer employees than a decade ago.


We have also launched innovative new initiatives to improve the rider experience and encourage new riders and revenue. To improve security, we added more police and thousands of new security cameras. To improve the convenience of our customers, we are rolling out Bus Tracker technology at our bus shelters to let passengers know exactly when their bus is coming. To improve the cleanliness and aesthetics of our rail stations, we launched the

CTA FY12 Budget

Letter from the President

“Renew Crews”—SWAT teams of tradespeople to deep clean, repair, and improve more than 100 of our stations and subways. We’re securing hundreds of new rail cars with modern technology and passenger amenities. And many more improvements are underway.

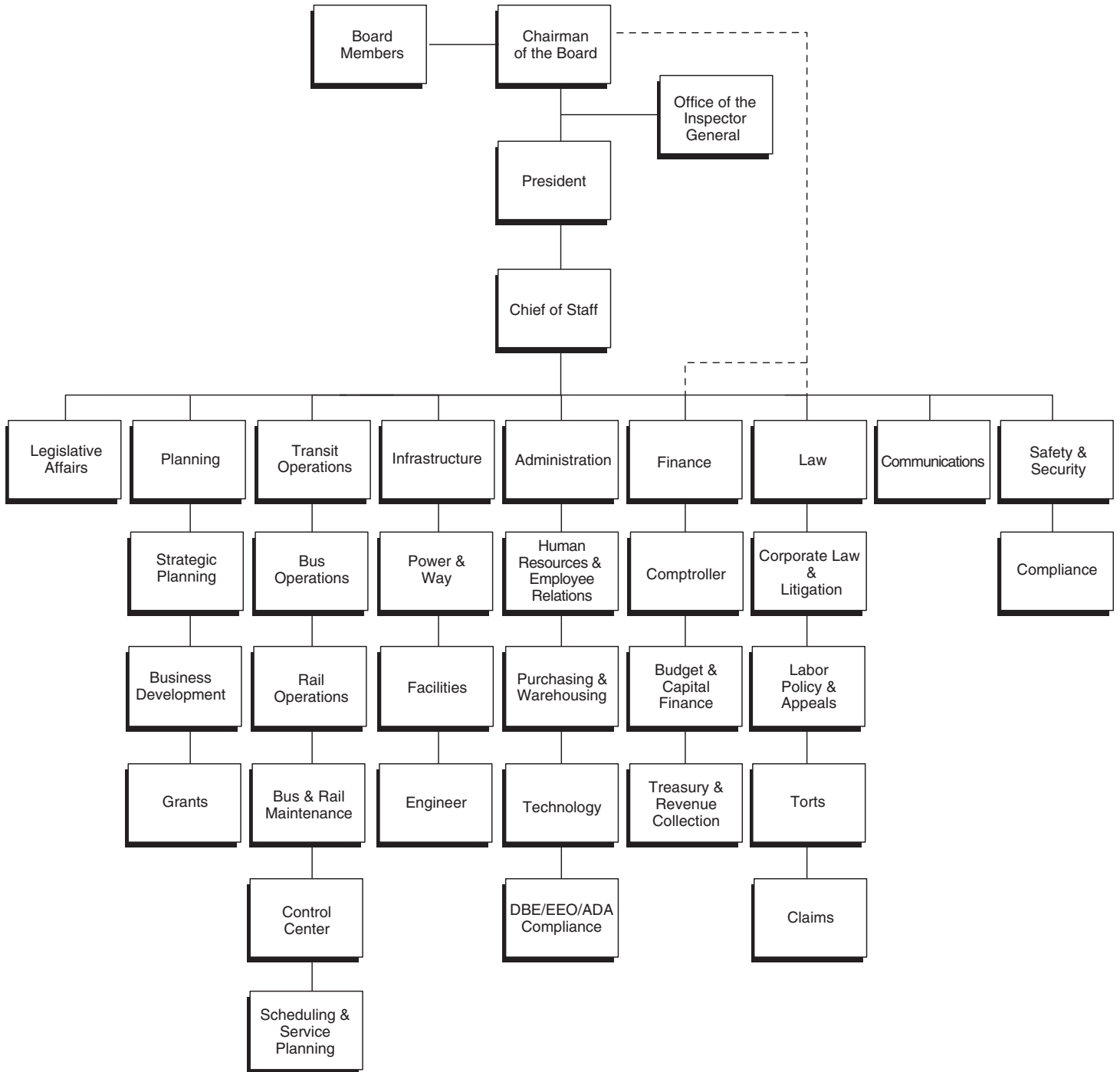
But even the most innovative service and the leanest management cannot make up for an embedded cost structure that far exceeds the national norm—mostly driven by antiquated work rules that benefit a small number of individuals at the expense of everyone else. Our challenge is to work with our employees, and their respective unions, to move the CTA’s methods of operation from mid-century to the 21st Century. Together, we can reform and renew an agency central to regional economic growth and the quality of life in our neighborhoods.

A handwritten signature in black ink that reads "Forrest Claypool". The signature is written in a cursive, flowing style.

Forrest Claypool

CTA FY12 Budget

Organizational Chart



(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Executive Summary

Executive Summary

Overview

Since 1947, the CTA has been the essential link in a large metropolitan area by providing public transit services that move riders throughout the city and suburbs. CTA's mission to deliver quality, affordable transit services that link people, jobs and communities is simple but vital.

But the agency is also faced with epic financial challenges—union contracts with guaranteed wage and benefit increases and costly work rules, inadequate public funding, and heavy pension obligations. Despite eliminating jobs and implementing management initiatives designed to make our agency more efficient, we are facing a \$277 million deficit in 2012. Change at every level will be required to address this issue.



Rail ridership was 210.8 million for 2010, an increase of 4.1 percent or 8.3 million rides, compared to 2009.

Looking ahead to 2012, we must embrace a wide range of solutions to make up for the difference between public funding and revenues, and what it costs the agency to maintain service. The most significant change must come from union work rule changes.

Nearly 91 percent of the CTA workforce is unionized and labor expenses alone account for approximately 70 percent of our costs annually. Combined with dramatically escalating pension and health care mandates, and the highest cost-adjusted rail and bus operator salaries in the nation, the union labor costs and expensive work rules have become unsustainable.

Union workforce labor costs have far outpaced our counterparts in other metropolitan areas, and tightly restricted work rules in union contracts have prevented the CTA from making any significant cost reductions and efficiencies for its largest labor force.

As we work through these many challenges, we know that mass transit can help create more jobs, stronger neighborhoods, improve property values, and provide a better quality of life. But these benefits of a vibrant, modern transportation system will not be possible if we simply carry on as we have in the past. Working with everyone, from all of our employee ranks, to our vendors and our government and not-for-profit partners, we intend to do business in a different way—one that is more rational, fair, and innovative, and that recognizes that we must now make the difficult changes to provide the best possible transportation options for the people in our great city and metropolitan area.

Even as efforts to contend with the agency's financial constraints continue, enhancements to service and operations moved forward in 2011 and will continue to do so in 2012. Following are some of the highlights.

CTA FY12 Budget

Executive Summary

Management Efficiencies

Because of the severity of the agency's financial situation, a full and thorough assessment of management and operations was the first order of business. By reorganizing and streamlining, the agency was able to realize immediate savings with no adverse effect on the current level and quality of service provided to customers.

In June, we eliminated 51 non-bargained positions, including 26 manager-level positions. CTA is saving approximately \$7.6 million in salaries and benefits—a 10 percent reduction in senior management. Additional savings of \$900 thousand in labor and benefit costs are being achieved by delaying hiring for open positions that have been deemed necessary. A reduction in materials, utilities and contractual services expenses are further reducing costs for 2011, with a result of \$15 million in annual savings from CTA's operating budget.

These reductions were followed in early October by the elimination of additional positions in 2012, for a total of 200 fewer positions. The elimination of unnecessary and duplicative positions will save the CTA approximately \$22 million annually and the sick and vacation leave policy changes will save the agency an estimated \$15 million over the next six years. Roughly two-thirds of the cuts will come from filled positions. As part of these cuts, a number of senior-level positions have been eliminated, including vice-presidents, general managers and directors.

The leaner management structure averages 21 front-line staffers for every manager. In addition, the CTA now has the smallest number of employees in its history, with 25 percent fewer employees than a decade ago.



CTA bus service provides convenient connections to CTA rail service so riders may transfer between the two and easily access destinations in Chicago and throughout 40 surrounding suburbs.

CTA FY12 Budget

Executive Summary

We expect savings to be generated in 2012 by revisions to the agency sick and vacation policies for non-bargained employees. Among the changes to the sick and holiday leave policies are:

- Elimination for non-bargained employees of the floating holiday policy and birthday and anniversary days off. This will end the decades-old practice of granting employees days off on their birthday and employment date anniversary. Non-bargained employees will accrue sick time at a rate of one half (1/2) day per pay period and will be able to earn up to 13 sick days per year with a maximum accrual of sick time of twenty-six (26) days. This replaces a policy of six months of sick leave for all non-bargained employees.
- Female employees will be eligible to receive four (4) weeks of fully-paid leave after giving birth, while domestic/civil union partners and spouses will be eligible to receive two (2) weeks of fully-paid leave after the birth of a child. Adoptive parents will be eligible to receive two (2) weeks of fully-paid leave after the birth and/or placement of an adopted child.
- Non-bargained employees will accrue vacation leave on an on-going basis at a rate based on years of service. Non-bargained employees' vacation allowance will be capped at twenty-five (25) days of vacation compared to the current maximum of 35 days.
- Pay for unused vacation days following separation from the agency will be capped at 25 days after December 31, 2012. Previously, non-bargained employees could be paid for up to 88 days.
- Employees will no longer be able to buy back unused vacation days.

In addition to these efforts, in 2012 CTA will aggressively pursue efficiencies throughout the organization, including the following areas.



CTA trains and buses provide more than 1.6 million rides on an average weekday.

CTA FY12 Budget

Executive Summary

Workers' Compensation

CTA expenditures on workers' compensation claims have steadily grown since 2008. While the number of claims has decreased, the average cost per claim has grown over 50 percent in that timeframe. Costs for CTA in 2011 are estimated to be \$53 million, an increase of \$16.5 million in four years. CTA will undertake an extensive review of our workers' compensation process and monitor claims, aggressively pursuing any that are deemed questionable.

Supply Chain

Each year, the CTA spends millions on supplies yet a considerable amount in inventory sits on shelves, unused. Our distribution system lacks sufficient management controls to effectively ensure that scarce capital dollars are not wasted. Our processes are manual and labor intensive, resulting in a slow, inefficient system. CTA will review our policies, procedures, and spending patterns to develop a supply chain system that is responsive, efficient and cost-effective.

Information Technology

CTA's information technology systems are fractured, non-integrated and must be replaced in order to achieve the maximum use possible. In the past, departments have made technology purchases without the benefit of an agency-wide plan that would ensure disparate systems are able to communicate with one another. In 2012, the CTA will undertake a comprehensive analysis across the organization to identify and document current processes to develop a future state plan to bring CTA's technology into the 21st century.



CTA has a total of 228 hybrid buses in its fleet.

Absenteeism

The CTA incurs tens of millions of dollars each year in absenteeism-related costs. Unscheduled days that are 2.5 times the industry standard require excessive overtime expenditures. CTA will undertake an aggressive program of training and accountability to lower absenteeism and discipline employees who are serial abusers of time-off policies. More importantly, we will also seek to end union work rules that effectively bar the termination of chronically absent employees.

Training

CTA's greatest resource is its employees. But current training documentation is dispersed throughout the agency and its many garages, leading to confusion and inconsistency. CTA will

CTA FY12 Budget

Executive Summary



The Chicago Police Department provides security for CTA's system.

revise its training program to standardize and track training and requirements to make sure that all its employees are properly credentialed and trained, for the benefit of both our workforce and our customers.

By operating more efficiently, money is taken out of the bureaucracy and put into investments and service improvements. All of these early initiatives are designed to do more with less, while improving the safety and convenience of our customers, and the cleanliness and appearance of our buses, trains and facilities.

Security

The CTA is investing \$10 million to hire 50 full-time police officers to patrol the rail and bus system across the city. The police officers will come from the Chicago Police Academy. Recruits are scheduled to begin their academy training in the fall of this year. They will go through six months of intensive training, with officers expected to be detailed to the Public Transportation Section by spring 2012. Currently, officers from the unit include both uniformed and plainclothes police who ride the trains and buses, and patrol stations.

Adding these officers will increase the visibility of a police presence on the system and help to deter crime. This change to the policing strategy is a long-term investment for riders.

Technology also plays an important role in the CTA's security efforts. In June of 2011, the agency announced plans to double the number of security cameras at stations and expedite their installation, providing increased security for passengers and more assistance to police.

By the end of 2011, more than 3,500 security cameras will have been installed at 143 rail stations. The intention is to saturate the system with cameras so that potential criminal activity is recorded no matter where it occurs.



Images from security cameras can be viewed live as well as capture events to assist law enforcement.

Images captured from CTA security camera footage have been used by police to solve both CTA-related crimes and crimes that occur in the vicinity of CTA buses and rail stations. Each camera records events and also provides a live feed to the CTA Control Center and the city's Office of Emergency Management and Communications (OEMC).

CTA FY12 Budget

Executive Summary

In 2012, we will continue to enhance the security infrastructure of CTA. The new 5000 series rail cars will arrive already equipped with multiple cameras. Retrofitting the existing fleet will be a multi-year process but will vastly enhance the agency's ability to capture images to share with law enforcement. Federal Homeland Security funding will allow us to extend our camera network into rail yards.

Station Renewal

Public transit is a critical element in every neighborhood served by CTA and the Station Renewal program was created to make the experience of every rider the best it can be, providing a comprehensive facelift to 100 CTA rail stations over the next 12 months. The initiative, performed by work crews comprised of different trade workers—and called the Renew Crew—focuses on providing a top to bottom overhaul of station, creating a cleaner, brighter and more appealing station that improves the customer travel experience.

By consolidating disparate trades that used to operate independently—on different schedules and at different locations, the station renewal program integrates supplemental specialized private trade contractors. These efforts are similar to a SWAT team approach to comprehensively address all the outstanding issues at a station at once – cleaning, repairing and improving rather than the piecemeal approach used previously.

The first station to receive a renewal was the Logan Square Blue Line station. Logan Square, on the O'Hare Branch of the Blue Line, is in the heart of the Logan Square neighborhood and community area and opened in 1970. Upgrades to the station included repairs to masonry walls and concrete ceiling, refurbishment of the Kedzie main entrance and Spaulding auxiliary entrance escalators, deep cleaning and repainting the station's interior, new signage and light fixtures, security camera upgrades, and planting new trees and greenery in the bus terminal and plaza.



Before: The platform at the Logan Square Blue Line station was dark and in need of repair prior to work under the Station Renewal program being completed.



After: When work was completed, riders at the station noticed many improvements, including masonry walls and concrete ceiling repairs, refurbishment of the Kedzie main entrance and Spaulding auxiliary entrance escalators, and deep cleaning and repainting.

CTA FY12 Budget

Executive Summary

Details of the station renewal effort are featured on CTA web site so customers can view which station is receiving a renewal in addition to the next stations scheduled over a three week period. The web site also allows customers to provide feedback on the work completed.

Bus Shelter Displays

To increase the convenience for customers, this fall CTA unveiled the first of 400 LED signs to be installed at select JC Decaux bus shelters. The signs will provide customers with estimated arrival times via CTA Bus Tracker for the next four buses serving the particular location, and eventually important customer alerts affecting the respective route and affected routes at transfer points.

These bright, easy-to-read signs display Bus Tracker estimated arrival times specific to the location of the bus shelter. The signs are being strategically placed at bus stops where a higher number of boardings occur, and also at busy transfer and connection locations. The LED signs are being placed on the sides of bus shelters and face outward to serve as many riders as possible – both those at the stop and within the vicinity of the shelter.

The first 150 signs will be up by March 2012 and the remaining 250 by September 2012.

The Chicago Department of Transportation (CDOT), which oversees the JC Decaux contract and maintains the public right of ways, will be the CTA's partner in the operations and maintenance of the LED screens.



CTA recently unveiled the first of 400 LED signs to be installed at select JC Decaux bus shelters. These bright, easy-to-read signs will display Bus Tracker estimated arrival times specific to the location of the bus shelter.

CTA FY12 Budget

Executive Summary

CTA Bus TrackerSM & CTA Train TrackerSM

In 2011, CTA Train TrackerSM was rolled out to customers following on the heels of the popular CTA Bus Tracker. Customers now receive estimated arrival times for the next train for all 143 rail stations across the CTA's eight rail lines via the link to CTA Train Tracker on transitchicago.com.

Estimated arrival times are generated through a combination of

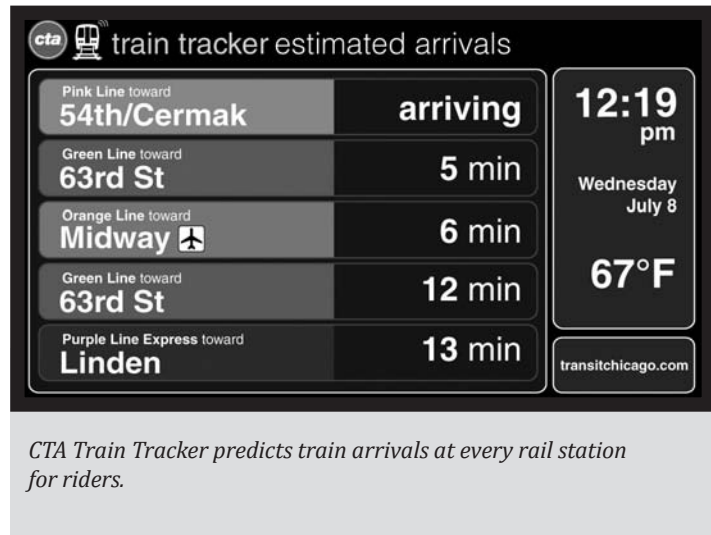
scheduling information and data collected by the software that monitors the signal system to indicate when a portion of track is occupied by a train. CTA Train Tracker calculates estimated arrival times by first measuring how long it takes a train to travel a portion of track, and then averaging the times of the last five trains to move across a portion of track.

Riders can customize how they view their train arrival predictions by selecting the number of results that are displayed and how they are sorted—either by platform or route if the station is served by multiple rail lines, or by time of the next arriving train. Customer alerts are also integrated into the CTA Train Tracker website and notify riders to any planned events affecting rail service.

Train arrival information is also displayed at 13 rail stations using existing electronic signs that are either on the platform or mezzanine levels. Stations with signs included in the pilot are:

- Clinton, Ashland and California (Green Line – Harlem/Lake branch)
- Lake, Garfield, Cermak-Chinatown and Jackson (Red Line)
- Chicago (Brown/Purple Lines)
- Fullerton and Belmont (Red/Brown/Purple Lines)
- Halsted (Orange Line)
- Polk (Pink Line)
- UIC-Halsted (Blue Line)

Bus Tracker has transformed the way Chicagoans perceive CTA bus service by taking the guesswork out of bus travel. Since its systemwide launch, arrival information is available not only on CTA's web site, but on cell phones, web-enabled devices and via text message. By sending a text message to the CTA, customers can receive the estimated arrival times of the next two buses at a designated bus stop. With this feature, any customer with a mobile phone will have the ability to access Bus Tracker on the go.



CTA FY12 Budget

Executive Summary

Open Fare System

A new initiative in process will transform the way customers pay their fares. Over the last dozen years, the CTA has made many improvements to its fare payment system, evolving from tokens to magnetic strip cards to the current smartcard technology used in Chicago Cards.

Smartcard technology was originally chosen because it was a good investment for the CTA. It streamlined the agency's operations while increasing convenience for customers, a combination that supported the CTA operating in a fiscally responsible manner and delivering on the promise of providing a valuable and beneficial product for customers.

Technology is constantly evolving. This is why the CTA is planning to move to contactless credit cards, debit cards and prepaid cards for riders. The final selection of partners on the project is expected to be completed by the end of 2011, with gradual implementation through 2012 and 2013.



The 5000 series rail cars feature aisle-facing seating designed to allow more room for customers and items they bring onboard, as well as more space for standing customers.

5000 Series Rail Cars

Following the successful completion of testing on each rail line, the CTA has funded and ordered 706 new rail cars from the first-generation Bombardier 5000-series. Each new rail car will be equipped with seven networked security cameras.

But cameras are not the only new safety features. The new cars also include glow-in-the-dark strips on floors that outline aisles and doorways, and similar decals and signage to display emergency instructions. They also feature an event recorder system similar to a black box on an airplane, and door sensors that detect obstructions better than the CTA's current rail fleet.

The new cars also have enhanced features for people with disabilities, including those using mobility devices. Each rail car meets or exceeds current ADA compliance standards. This includes two wheelchair positions, more sensitive door sensors to detect obstructions, and text versions of audible announcements on LED displays for hearing impaired.

There are several safety features on the new cars which include the ability for the rail operator to view the interior of each rail car and speak to the customers in that rail car via intercom. The Chicago Police Department will have remote video surveillance access and the CTA's Control Center will be able to make emergency announcements and send text messages to the LED signs inside the train as well.

CTA FY12 Budget

Executive Summary

Infrastructure

Morgan-Lake Green/ Pink Line

CDOT is building a new elevated station at Morgan and Lake streets that will serve the Green and Pink lines. This area has seen significant residential and commercial development and a new station will provide direct access to and from the downtown area and the industrial/commercial districts. This is the first new CTA station to be built in more than 10 years.

The new station will fill in a 1.3 mile gap between the existing Clinton and Ashland stations on the Green/Pink lines. The adjacent West Loop/Near West area has seen hundreds of new residential units and dozens of restaurants, retail businesses and

nightclubs added to its landscape over the past decade. These businesses have joined long-established food suppliers and manufacturers that had given the area its reputation as an industrial corridor.

When the project is completed, CTA customers will have a newly-accessible station complete with elevators, Braille signs, tactile edging and wheelchair turnstile for easier access to the station. Other amenities, such as security cameras, LCD information centers and a new public address system will make the facility state of the art.

Purple Line Viaducts

Work will begin this year to replace three viaducts along the Purple Line – at Greenleaf, Dempster and Grove Streets in Evanston.



When completed the new Morgan station will provide access to the Green and Pink Lines for the bustling Randolph-Fulton Market District.

CTA FY12 Budget

Executive Summary

The project involves replacing the concrete viaducts with new steel structures, as well as new abutments, retaining walls, foundations, and new waterproofing and drainage systems. The project also includes rail tie replacement, new landscaping and lighting enhancements under the bridges.

The viaducts are more than 100 years old and have deteriorated over time with exposure to the elements and train vibrations, leading to reduced speeds for Purple Line trains. Repairing the viaducts will remove the slow zones and allow trains to return to normal speeds.

Loop Track Renewal

Work on the second half of the Loop Track Renewal project will also begin this fall. Crews will replace deteriorated track and rail ties along the Wells and Van Buren elevated tracks. The project will replace track components that were installed in the mid-1980s and prevent the creation of new slow zones along the elevated line.

In 2008, the CTA began work on replacing the signaling system within the Loop and also the first half of the Loop Track Renewal project. During this first phase of the project, crews replaced approximately 10,000 feet of track and deteriorated ties along the Lake and Wabash stretches of elevated track, resulting in the removal of nearly 600 feet of slow zones in the Loop.

Portions of the Loop elevated system that will undergo renewal work in this next phase of work include the track and structure along Wells and Van Buren streets; the Hubbard Curve, which is located just north of the Merchandise Mart station and the Tower 18 and Tower 12 junctions, which are located at Lake/Wells and Wabash/Van Buren, respectively. The project also will include replacement of other rail system components including foot walks, traction power and signal cabling, signal panels, switch machines and rail lubricators.

Track replacement work will prevent the implementation of slow zones in the near future for those areas where the track components have continued to deteriorate. With several hundred-thousand customers going into and out of the Loop each day, any delays encountered there would create a ripple effect and impact service along all other rail lines.



Purple Line trains provide service that connects Evanston to the City of Chicago.

CTA FY12 Budget

Executive Summary

Bus Rapid Transit

The CTA, in coordination with CDOT, will experiment with Bus Rapid Transit (BRT) service on the Jeffery Boulevard corridor. Planning is also underway for potential full-service BRT express bus service on Western Avenue and in the Loop.

Moving Forward

In Chicago, transit is not simply an overflow outlet for those who would rather not drive;

for many, it is – by choice – their primary mode of transportation. Transit plays a critical role in settings where land values are high and the space for new highway construction and associated parking needs, is significantly limited or non-existent.

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.

The goal of everyone at the CTA is to advance the ongoing efforts to rebuild the system, improve the product offered to customers and deliver service that is on-time, clean, safe, courteous and efficient each and every day.

But a robust, modern transit system is not just important to transit riders, it is important to the livability of the region and its ability to attract jobs and businesses. An investment in transit is an investment in the future of this region.

Transit agencies today are facing a number of challenges, ranging from 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 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.



In 2012 CTA will test Bus Rapid Transit service along the Jeffery Avenue Corridor from 103rd/Stony Island to Madison Street.

CTA FY12 Budget

2011 Operating Budget Performance

2011 Operating Budget Performance Summary

Introduction

Despite the budget challenges facing the CTA, fares were not raised in 2011. In the fall of 2009, the Regional Transportation Authority (RTA) and the State of Illinois reached an agreement whereby the RTA would issue debt to provide an additional \$83 million to the CTA in both 2010 and 2011. With this funding, the CTA agreed to hold fares constant for the same two-year period. In addition to holding fares steady, the CTA balanced the 2011 budget with no changes to service levels.

The CTA's budget, which was adopted on November 10, 2010 ("2011 budget"), relied on the effective management and efficient use of CTA resources. For the third consecutive year, non-bargained employees did not receive a wage increase. Throughout the year, management sharpened its focus on efficiency as it implemented a series of cost-cutting measures.

The CTA reorganized and implemented spending cuts in June to save \$15 million annually. Fifty-one non-bargained positions were eliminated, including 26 manager-level positions. None of these cuts impacted service or was safety-related. Approximately half, or \$7.6 million, of the cost savings came from personnel reductions, including \$900 thousand in savings achieved by instituting hiring delays and holding positions vacant for a longer period of time. Reductions in materials, utilities, and contractual services expenses accounted for additional savings as well.

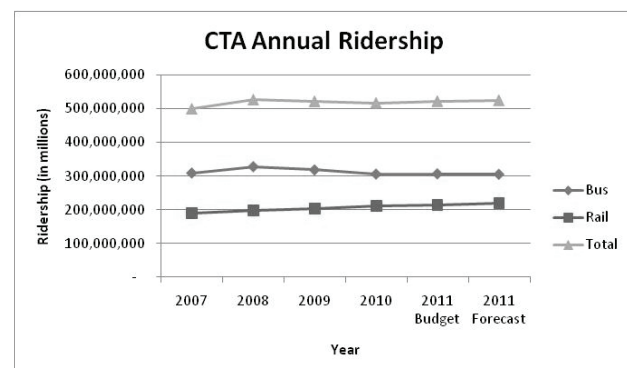
These spending controls allowed the CTA in September to announce a new initiative to enhance the customer travel experience. The station renewal initiative is designed to provide facelifts to 100 CTA rail stations over the next 12 months. The program focuses on providing repairs in a more systematic way than in the past, resulting in cleaner, brighter, and more appealing stations.

2011 ridership is projected to end the year slightly over the budget. Farebox revenues are projected to come in slightly above budget and public funding receipts are anticipated to exceed the budget as the economy shows small signs of a modest recovery.

But even with all of this, the transfer of capital funds was also necessary to fund essential preventive maintenance activities and balance this year's budget.

Ridership

The 2011 budget estimated systemwide ridership to be 521.8 million. The CTA currently projects that ridership will end the year at 524.4 million, or 0.5 percent above the budgeted estimate.



CTA FY12 Budget

2011 Operating Budget Performance

When compared to 2010, 2011 ridership is forecast to be 7.5 million trips, or 1.5 percent higher. This reflects a decline of approximately 0.1 percent in bus ridership in 2011, and an increase in rail ridership of 3.7 percent over 2010.

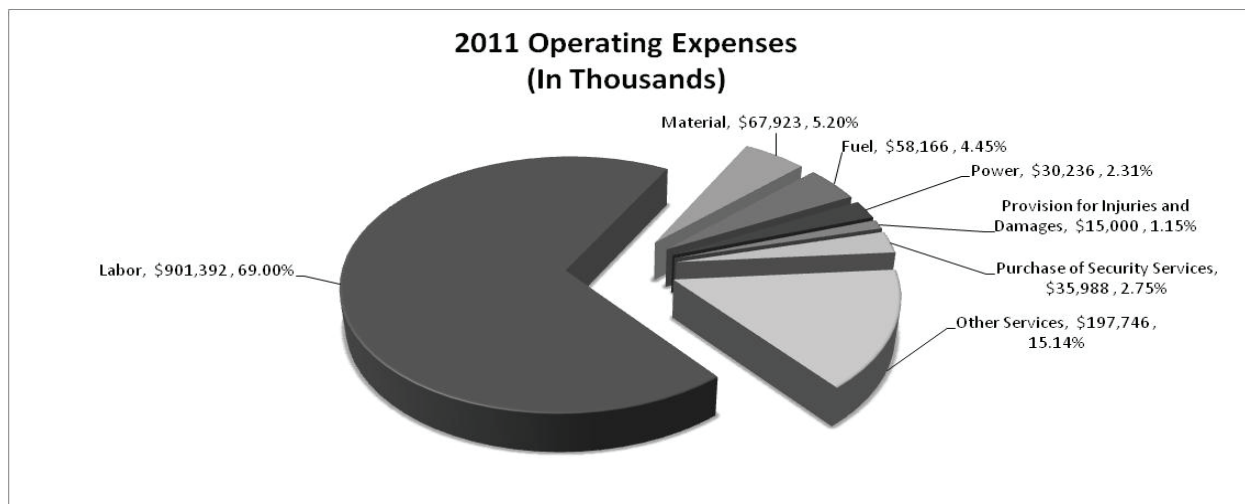
Average weekday ridership for 2011 is projected at 1.66 million per day, which is 20.5 thousand (1.2 percent) higher than 2010 weekday ridership. This is mainly attributable to a 3.4 percent increase in weekday rail ridership, which offset the decrease of 0.3 percent in weekday bus ridership.

Average Saturday ridership for 2011 is projected at 1.08 million per day, which is an increase of 29.6 thousand (2.8 percent) from 2010 Saturday ridership. The 1.2 percent increase in bus ridership and the 5.3 percent increase in rail ridership drove this systemwide increase.

Average Sunday/holiday ridership for 2011 is projected at 757.7 thousand per day, which is a 23.3 thousand (3.2 percent) increase from 2010 Sunday/holiday ridership. This was driven by the 6 percent increase in rail ridership and a smaller increase in bus ridership of 1.2 percent.

Operating Expenses

Operating expenses for 2011 are estimated to be \$1.3 billion, which is \$31.3 million less than the 2011 budget.

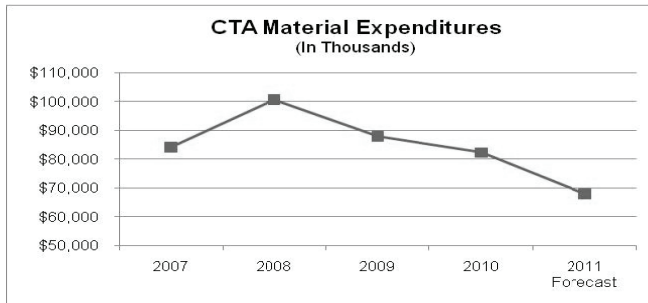


The 2011 **labor** expense is projected to be \$901.4 million, which is \$66.3 million higher than 2010 actual labor costs due to previously negotiated wage increases and higher fringe benefit costs. Labor expense accounted for over two-thirds of the 2011 operating budget. On January 1, 2011, employees in the Amalgamated Trust Union (ATU) received another

CTA FY12 Budget

2011 Operating Budget Performance

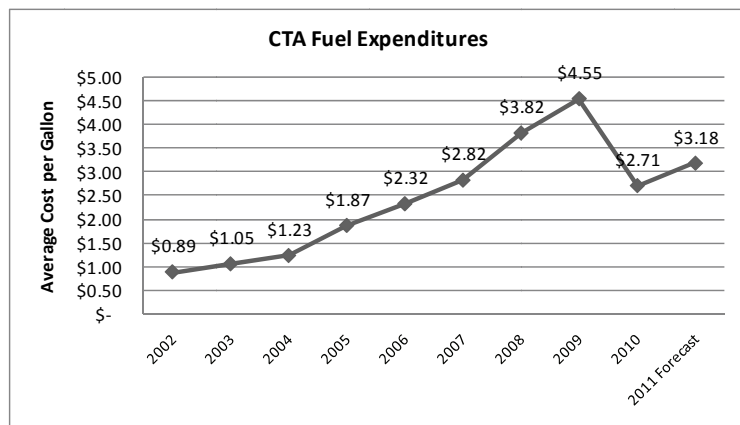
3.5 percent pay increase, while employees in the Craft Coalition received increases in July consistent with the regional prevailing wage, both of which resulted in an increase versus 2010 spending despite savings relating to management efficiencies. The CTA continued to control and limit hiring in 2011 and implemented mid-year personnel reductions.



In 2011, **material** expenses are forecast to be \$67.9 million, which is \$4.8 million (6.7 percent) lower than the 2011 budget. Targeted investment in the bus fleet has lowered the average age of the bus fleet and subsequently the budget for materials has decreased.

Energy prices are a key driver of the CTA's operating expenses. **Fuel** for revenue equipment is forecast to end the year at \$58.2 million for 2011, \$6.1 million more than actual spending in 2010. Fuel consumption in 2011 is forecast at 18.3 million gallons, reflecting a decrease of 940 thousand gallons (5 percent) versus 2010. The decrease in consumption is primarily due to the service adjustments of 2010, as well as to fewer special events in 2011.

The sticker shock felt at the gas pump in 2011 by drivers across the country affected the CTA as well, although well-timed and strategic hedging safeguarded the agency from experiencing significant pain. Fuel prices in 2011 are projected to end the year at a net average price of \$3.18 per gallon, which, while 17 percent more than the average price in 2010, is \$0.26 below the \$3.44 per gallon average market price through August 1, 2011. By April, the CTA had locked in enough fuel hedge contracts to cover 79 percent of total 2011 fuel consumption, a decision that helped to shield the agency from the impact of higher prices that began emerging in the spring. The CTA's hedging program includes daily reviews of commodities markets and biweekly meetings with industry experts who offer hedging recommendations. With the help of its advisors, the CTA uses a long-term, layered fuel hedging strategy that will continue in 2012.



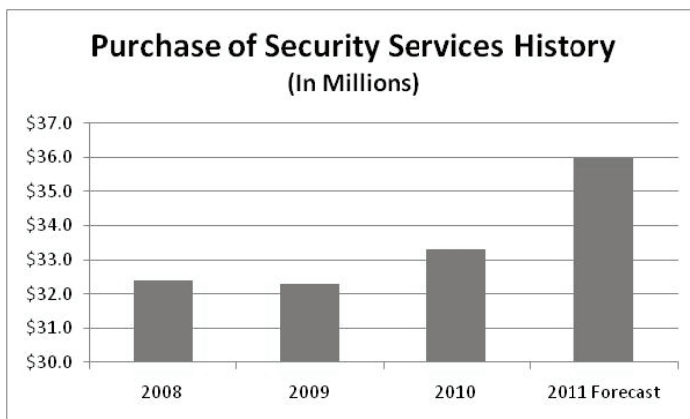
For 2011, the cost of **electric power** for the rail system is forecast to be \$30.2 million, which is \$166 thousand higher than the 2011 budget. Costs increased as a result of higher power consumption, brought about primarily by the severe winter storms and frigid temperatures of early 2011. At the start of 2010, the CTA's new electric power contract

CTA FY12 Budget

2011 Operating Budget Performance

began. Under this contract, rail power is purchased using an actively managed block purchase approach which allows the CTA to purchase wholesale power for its base load electricity supply in advance. Electricity consumed above or below the block quantity is settled at the real-time ComEd locational marginal price (LMP). This approach yielded a blended rate of approximately \$0.071 per kilowatt-hour in 2011.

Provision for injuries and damages represents expenses for claims and litigation for incidents that occur on CTA property, as well as incidents involving CTA vehicles. This amount is determined by the CTA's actuaries and is based on actual claims history and future projections. The 2011 forecast for this cost is even with the budget at \$15 million.



Security expenses are estimated to be \$36 million in 2011. This is \$1.9 million (5.5 percent) over the 2011 budget and \$2.7 million over 2010 expenses. This increase was due in part to the augmentation of security personnel at bus garages and across the system in general. Security services consist of officers from the Chicago, Evanston and Oak Park police departments, as well as through contracts with private

security firms. In addition to the CTA's budgeted expense, the Public Transportation Section of the Chicago Police Department provides dedicated services to CTA customers at an estimated cost of \$22 million, paid for by the City of Chicago.

In July 2011, it was announced that, in partnership with the Chicago Police Department, 50 full-time police officers would be hired to patrol bus and rail stations across the city. The 50 officers are expected to begin the Chicago Police Academy in the fall of 2011. Upon completion of the Academy, these full-time officers will be detailed to the Public Transportation Section by spring 2012. This long-term investment in the safety of CTA riders will increase the CTA's ability to provide customers with the most secure and convenient transit service possible.

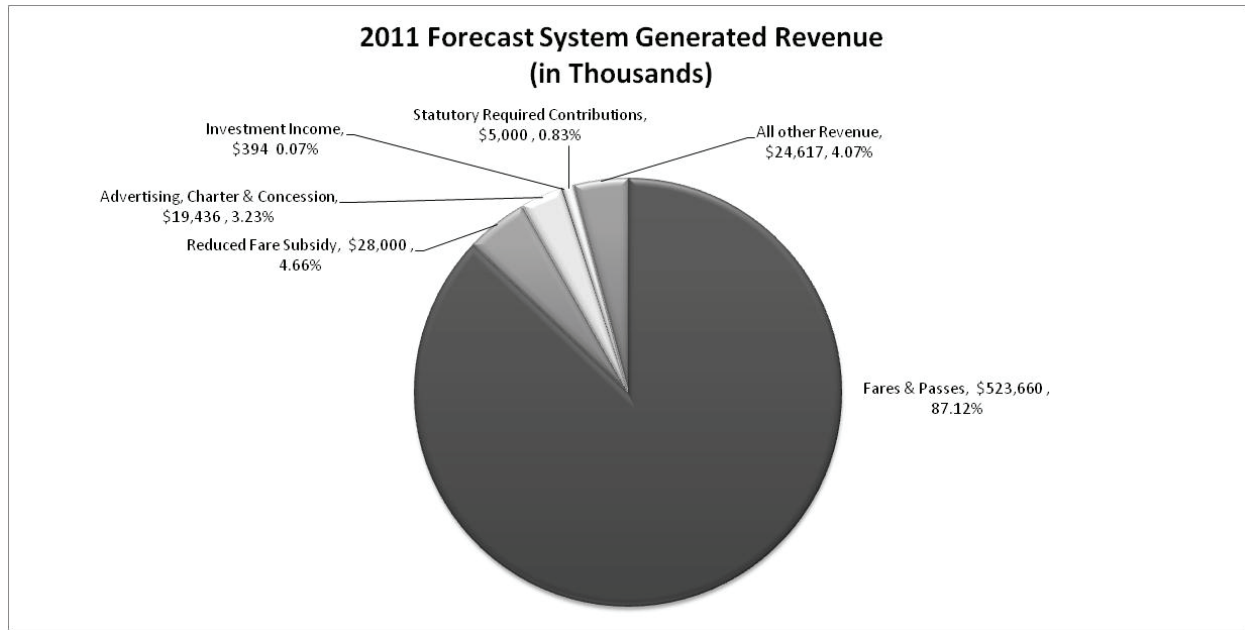
The **other** expenses category includes interest on pension obligation bonds, utilities, maintenance and repair, advertising, commissions, consulting, insurance, leases and rentals, and other general expenses. The year-end forecast for these services is \$197.8 million, which is \$2.4 million under the 2011 budget.

CTA FY12 Budget

2011 Operating Budget Performance

Operating Revenues

System-Generated Revenues



System-generated revenues are projected to be \$601.1 million, which is \$11.1 million below budget and \$7.1 million higher than 2010 actual revenues. Revenues from an RTA operating grant that previously were accounted for in other revenue have been moved to public funding, resulting in this decrease. The average fare paid in 2011, including cross-platform transfers, is projected to be \$1.00.

The **reduced-fare subsidy** is the State of Illinois' reimbursement to the CTA, Metra and Pace for discounted fares given to people with disabilities and students. Revenue from the reduced-fare reimbursement is projected to be \$28 million, which is even with budget.

Advertising, charters and concessions revenues in 2011 are projected to be \$19.4 million, which is \$512 thousand more than budget and \$3.2 million (14 percent) less than 2010. Despite the economic recession having a negative impact on advertising, the CTA projects an increase in contractual advertising revenues will help balance decreases in other areas. Revenue losses have been additionally offset by a net increase of concessionaires of 15 percent across the system. This sizable increase was due to streamlining the process by which the CTA leases its retail spaces, thus offering more amenities to customers.

Investment income is estimated to be \$394 thousand, which is \$233 thousand (37.2 percent) lower than 2010 levels.

CTA FY12 Budget

2011 Operating Budget Performance

Statutory required contributions will meet the budgeted amount of \$5 million per the Regional Transportation Authority Act, which requires the City of Chicago and Cook County to contribute \$3 million and \$2 million respectively to CTA operations each year.

Other revenues, which include parking fees, sale of real estate, rentals and sale of CTA merchandise, are projected to be \$24.6 million, which is \$11.2 million less than the 2011 budget and \$3.8 million (13.3 percent) below 2010 actual revenues.

Public Funding

The public funding projected for 2011 is \$574.1 million. This funding is comprised of sales tax, discretionary funding from the RTA, real estate transfer tax and federal capital money used for preventive maintenance funds. The 2011 projection reflects an increase versus what the RTA originally projected, which has resulted from sales tax across the region exceeding the budget. The CTA expects to continue to see positive effects in its public funding as the economy continues to stabilize in 2012. Included in the 2011 funding is the \$83 million in proceeds received from the RTA in connection with the CTA's agreement not to raise fares in 2010 and 2011. This additional funding of \$83 million will not reoccur in 2012.

Total Revenue (in thousands)	2011 Forecast
Fares and Passes	\$ 523,660
Reduced Fare Subsidy	28,000
Advertising, Charter & Concessions	19,436
Investment Income	394
Statutory Required Contributions	5,000
All Other Revenue	24,617
Total System Generated Revenue	\$ 601,107
<i>PUBLIC FUNDING</i>	
Preventive Maintenance	48,200
Fare Agreement with State	83,000
Public Funding Available through the RTA	574,144
Total Public Funding	\$ 705,344
Total 2011 Revenue	\$ 1,306,451
Total 2011 Expenses	\$ 1,306,451

CTA FY12 Budget

2011 Operating Budget Performance

2011 Operating Budget Schedule

(in thousands)

	<u>Budget 2011</u>	<u>Revised Budget 2011</u>	<u>Forecast 2011</u>	<u>Variance</u>
Operating Expenses				
Labor	\$ 931,179	\$ 901,392	\$ 901,392	29,787
Material	72,762	67,923	67,923	4,839
Fuel	54,487	58,166	58,166	(3,679)
Power	30,070	30,236	30,236	(166)
Provision for Injuries and Damages	15,000	15,000	15,000	-
Purchase of Security Services	34,109	35,988	35,988	(1,879)
Other Expenses	200,149	197,746	197,746	2,403
Total Operating Expenses	\$ 1,337,756	\$ 1,306,451	\$ 1,306,451	\$ 31,305
System Generated Revenue				
Fares and Passes	\$ 523,660	\$ 523,660	\$ 523,660	-
Reduced Fare Subsidy	28,000	28,000	28,000	-
Advertising, Charter & Concessions	18,924	19,436	19,436	512
Investment Income	850	394	394	(456)
Statutory Required Contributions	5,000	5,000	5,000	-
All Other Revenue	35,817	24,617	24,617	(11,200)
Total System Generated Revenue	\$ 612,251	\$ 601,107	\$ 601,107	\$ (11,144)
Public Funding Required for Operations	\$ 725,505	\$ 574,144	\$ 574,144	\$ 151,361
Transfer from Capital - Preventive Maintenance	\$ 113,200	\$ 48,200	\$ 48,200	(65,000)
Fare Agreement with State	83,000	83,000	83,000	-
Public Funding Available through RTA	529,305	574,144	574,144	44,839
Total Funding	\$ 725,505	\$ 705,344	\$ 705,344	\$ (20,161)
Recovery Ratio*	54.57%	55.17%	55.17%	0.00%
Required Recovery Ratio	50.00%	50.00%	50.00%	0.00%
Fund Balance	\$ -	\$ -	\$ -	\$ -

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

President's 2012 Proposed Operating Budget

President's 2012 Proposed Operating Budget Summary

Introduction

Like other mass transit agencies across the United States, the CTA confronts unprecedented challenges in its mission to deliver reliable, efficient, and affordable services.

As the agency heads into 2012, it is faced with a financial situation that requires long-term solutions and reforms that will enable it to function efficiently and cost effectively while improving transit services in a new economy.

Innovative management solutions are also essential now more than ever before. The economy is recovering at a much slower pace than had been predicted. At the same time, it has never been more important for the CTA to connect its customers to their jobs and communities. The CTA is key to the region's economic health and remains committed to serving its customers.

The nation's second largest transit agency has been living on borrowed money and short-term fixes that have now reached their limit. It has limped along for years, failing to find sustainable solutions or to address the root causes of the agency's fiscal problems.

As a result, fare hikes in 2009 and deep service cuts in 2010 only temporarily eased the CTA's mounting financial pressures.

New fare hikes and service reductions are a last resort and should not be relied on as a way to balance a budget. That is why at its core, the proposed 2012 budget reflects the expectation of labor and work-rule reform. The alternative is a continued downward spiral of more service reductions and layoffs, more fare hikes, less riders, less revenue, and an inability to repair and maintain an aging infrastructure.

The proposed 2012 budget affirms the CTA's commitment to manage responsibly and provide the critical services that so many people rely on now more than ever, but hard decisions must be made and everyone at the agency must work together to preserve service and stabilize the agency's financial foundation.

We have arrived at a time when the collective bargaining agreements that are laden with decades-old, inflexible, and costly work rules, an inadequate funding formula that hurts the CTA, and the faltering economy are forcing the agency to find new ways to manage and operate. Organizational change at every level is required to address this issue.

CTA management has made changes within its control to cut costs and reduce waste, and will cut a total of 200 positions from the budget for 2012. This will save the agency \$22 million next year, while other policy changes to sick and vacation leave will save \$15

CTA FY12 Budget

President's 2012 Proposed Operating Budget

million over six years. As part of these cuts, a number of senior-level positions have been eliminated, including vice presidents, general managers, and directors.

The leaner management structure averages 21 front-line staffers for every manager. The CTA now has the smallest number of employees in its history, with 25 percent fewer employees than a decade ago.

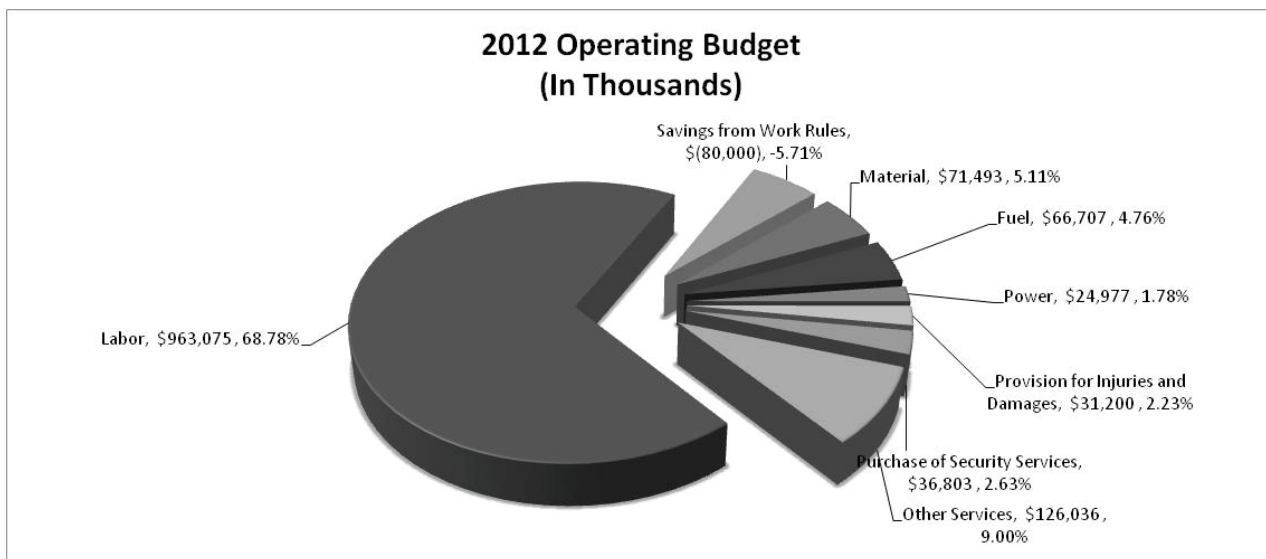
Ridership

The CTA estimates 2012 systemwide ridership to be 529.2 million, an increase of 4.8 million (0.9 percent) over the 2011 year-end forecast. With budgeted fares expected to remain constant in 2012, ridership is projected to grow as consumers continue to find transit an affordable alternative to the increasing costs of parking and driving. While the weak economy dampens some trip-taking, in the off-peak and particularly on weekends, the CTA expects some continuing growth as many commuters still find the city an attractive place for shopping, visiting, and recreation.

Bus ridership is expected to be 306.3 million in 2012, a slight increase of 0.2 percent over the 2011 forecast. The weak growth rate on the bus system is due primarily to the anticipated adjustment senior citizen riders will have due to the changes in the Senior Free Ride Program implemented in September 2011. Rail ridership is expected to be 222.9 million in 2012, reflecting an increase of 1.9 percent over the 2011 forecast.

Operating Expenses

The 2012 proposed operating budget is \$1.24 billion, which is a \$66.2 million (5.1 percent) decrease versus the 2011 revised budget.



CTA FY12 Budget

President's 2012 Proposed Operating Budget

Labor expenses make up approximately two-thirds of the CTA budget. In 2012, labor costs are estimated to be \$963.1 million, a \$61.7 million (6.8 percent) increase versus the 2011 budget. The 2012 labor budget includes several assumptions:

- Elimination of 200 budgeted positions;
- Savings of \$7.6 million annually, originally part of the 2011 mid-year reductions, will be realized again in 2012; and
- Revisions to vacation and sick-time policies for non-bargained employees.

The 2012 proposed budget contains a credit reflecting \$80 million in savings in the second half of 2012 (\$160 million annually) from labor reforms and work-rule changes.

The proposed 2012 budget forecasts **material** expenses at \$71.5 million, which is \$3.6 million (5.3 percent) more than the 2011 revised budget. The CTA will continue to make improvements to its supply chain processes throughout 2012. All contract bids will continue to be reviewed thoroughly before being awarded to ensure that the CTA is getting the best price possible and that only the required quantities are being purchased.

Fuel expenses in 2012 are budgeted at \$66.7 million, which is \$8.5 million (14.7 percent) more than the 2011 revised budget. As with 2011, the fuel budget is managed using the CTA's strategic fuel hedging policy. Fuel prices in 2012 are budgeted at \$3.50 per gallon. The forecast average net price for fuel in 2011 is \$3.18 per gallon versus a budgeted estimate of \$3.07 per gallon. As of September 20, 2011, 93.6 percent of the CTA's 2011 projected fuel consumption and 26.3 percent of 2012 projected fuel consumption has been locked-in. With the help of its advisors, the CTA uses a long-term, layered fuel hedging strategy.

The 2012 proposed budget estimates the cost of **electric power** for revenue equipment at \$25 million, which is \$5.3 million (17.4 percent) lower than the 2011 revised budget. The CTA negotiated a new contract for electric power beginning on January 1, 2012. Rail power will continue to be purchased using an actively managed block purchase approach, which allows the CTA to purchase wholesale power for its base load electricity supply in advance through strategically placed hedges. Electricity consumed above or below the block quantity is settled at the real-time ComEd price. Approximately 60 percent of the CTA's expected power consumption is met using this strategy. This approach yields a blended rate of approximately \$0.064 per kilowatt-hour. The electric power contract will continue through the end of 2013.

The 2012 proposed **provision for injuries and damages** expense is \$31.2 million, reflecting an increase of \$16.2 million over the 2011 budget. Additional deposits made in 2010 allowed for a lower-than-normal deposit in 2011. The required provision is

CTA FY12 Budget

President's 2012 Proposed Operating Budget

determined by the CTA's actuaries and is based on actual claims history and future projections.

Purchase of security services includes 24-hour patrol services provided by the Chicago, Evanston and Oak Park Police Departments, as well as contracts with private firms for guard and canine security. The 2012 proposed security services expense is estimated to be \$36.8 million, an increase of \$815 thousand (2.3 percent) over the 2011 revised budget. In addition to the services contracted by the CTA, the City of Chicago provides approximately \$22 million in services from the Chicago Police Department's Public Transportation Section at no charge to the CTA. Security across the system in 2012 will also include an additional 50 full-time officers from the Chicago Police Academy, expected to be deployed in the spring.

Other expenses in 2012 are proposed to be \$126 million, a decrease of \$71.7 million (36.3 percent) under the 2011 revised budget. This decrease reflects a reduced need in the 2012 budget for POB debt service due to a recent substitution of a debt service reserve fund.

Additional expenses in this category include utilities for CTA facilities, advertising and marketing expenses, equipment and software maintenance, accounting, engineering, legal and other consulting services, banking fees and commissions for the sale of fare media. Included in this category is POB Interest Expense, which is projected to increase by \$10 million versus the 2011 revised budget.

Operating Revenues

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

Total Revenue (in thousands)	2012 Plan
Fares and Passes	\$ 540,000
Reduced Fare Subsidy	28,000
Advertising, Charter & Concessions	22,802
Investment Income	867
Statutory Required Contributions	5,000
All Other Revenue	27,013
Total System Generated Revenue	\$ 623,682
Public Funding Available through RTA	\$ 616,609
Total Public Funding	\$ 616,609
Total 2012 Revenue	\$ 1,240,291
Total 2012 Expenses	\$ 1,240,291

CTA FY12 Budget

President's 2012 Proposed Operating Budget

System-Generated Revenues

System-generated revenues include fares and passes, reduced-fare subsidy, advertising and concessions, investment income, statutory-required cash contributions from Chicago and Cook County, and other miscellaneous revenues. In 2012, system-generated revenue is projected to be \$623.7 million, representing a \$22.6 million (3.8 percent) increase when compared to the 2011 revised budget. The increase in system-generated revenue is due primarily to a projected increase in farebox revenue.

Revenues from **fares and passes** are budgeted at \$540 million in 2012. This is an increase of \$16.3 million over the 2011 revised budget and can be attributed to the projected growth in system ridership for 2012 as well as to an additional \$7 million that the CTA expects as a result of the amended Senior Free Ride Program. The CTA continues to provide free rides to people with disabilities, those under the state's Circuit Breaker Program, active military personnel, and veterans with disabilities.

The CTA provides approximately 28 million reduced fare trips annually to qualified riders. The 2012 budget assumes the **reduced fare subsidy** will remain constant with the 2011 budget of \$28 million.

Advertising, charters and concessions revenues include advertisements on buses, trains and stations, income from concessions, and other non-farebox revenue. The CTA remains focused on earning revenues from areas other than the farebox and, in 2012, has plans to expand experiential advertising, the number of digital screens, branding opportunities, and corporate sponsorships. The 2012 budget is \$22.8 million, representing an increase over the 2011 revised budget of \$3.4 million (17 percent).

Investment income for 2012 is budgeted at \$867 thousand, which represents a moderate increase over recent levels. This projected increase is due to an anticipated recovery of both the economy at large as well as a potential rise in interest rates.

Statutory required contributions remain unchanged in 2012, budgeted at \$5 million. The Regional Transportation Authority Act requires the City of Chicago to contribute \$3 million and Cook County to contribute \$2 million each year toward CTA operations. These required cash contributions are in addition to in-kind contributions from the City of Chicago and Cook County. The Chicago Police Department's Public Transportation Section provides approximately \$22 million of security services to the CTA, while Cook County provides approximately \$3.5 million of in-kind services through the Sheriff's Work Alternative Program (SWAP). Under the SWAP program, non-violent offenders in Cook County supplement existing CTA employees to clean bus turnarounds and garages.

CTA FY12 Budget

President's 2012 Proposed Operating Budget

All other revenue includes parking charges, rental revenue, third-party contractor reimbursements, and filming fees, among other income sources. This category is budgeted in 2012 at \$27 million, an increase of \$2.4 million over the 2011 revised budget.

Public Funding

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

The RTA retains 15 percent of the original one percent RTA sales tax authorized in 1983. Of that which remains, the CTA receives 100 percent of the taxes collected in the city of Chicago and 30 percent of those taxes collected in suburban Cook County. Of the funding available from the 0.25 percent sales tax and PTF authorized by the 2008 legislation, the CTA receives 48 percent of the remaining balance after allocations are made to fund various programs. Additionally, the 2008 legislation authorized a \$1.50 per \$500 increase in RETT, all of which is collected in the city of Chicago. The CTA receives 100 percent of the increased RETT authorized in 2008.

In 2011, the total public funding is projected to be \$574.1 million, not including capital funds transferred for preventive maintenance or the \$83 million funded in accordance with the CTA's agreement with the state.

A modest economic recovery felt in 2011 is expected to continue into 2012, resulting in an increase in public funding from sales tax receipts. In 2012, public funding available through RTA is projected to be \$616.6 million, an increase of \$42.5 million (7.4 percent) over the 2011 forecast.

The 2012 budget does not include two revenue sources reflected in the 2011 budget: the transfer of \$48.2 million in capital funds for preventive maintenance, as well as \$83 million from the 2009 fare agreement with the state to forestall fare increases through 2011. In total, this accounts for \$131.2 million that was available in 2011 essentially disappearing from the 2012 operating budget.

CTA FY12 Budget

President's 2012 Proposed Operating Budget

President's 2012 Proposed Operating Budget Schedule

(in thousands)

	Actual 2010	Revised Budget 2011	Forecast 2011	Proposed Budget 2012
Operating Expenses				
Labor	\$ 835,143	\$ 901,392	\$ 901,392	963,075
Savings from Labor Reform and Work Rule Changes	-	-	-	(80,000)
Material	80,077	67,923	67,923	71,493
Fuel	52,063	58,166	58,166	66,707
Power	28,208	30,236	30,236	24,977
Provision for Injuries and Damages	43,000	15,000	15,000	31,200
Purchase of Security Services	33,319	35,988	35,988	36,803
Other Expenses	167,240	197,746	197,746	126,036
Total Operating Expenses	\$ 1,239,050	\$ 1,306,451	\$ 1,306,451	\$ 1,240,291
System Generated Revenue				
Fares and Passes	\$ 509,180	\$ 523,660	\$ 523,660	\$ 540,000
Reduced Fare Subsidy	28,245	28,000	28,000	28,000
Advertising, Charter & Concessions	22,609	19,436	19,436	22,802
Investment Income	627	394	394	867
Statutory Required Contributions	5,000	5,000	5,000	5,000
All Other Revenue	28,397	24,617	24,617	27,013
Total System Generated Revenue	\$ 594,058	\$ 601,107	\$ 601,107	\$ 623,682
Public Funding Required for Operations	\$ 472,339	\$ 574,144	\$ 574,144	\$ 616,609
Transfer from Capital - Preventive Maintenance	\$ 89,654	\$ 48,200	\$ 48,200	-
Fare Agreement with State	83,000	83,000	83,000	-
Public Funding Available through RTA	528,961	574,144	574,144	616,609
Total Funding	\$ 701,615	\$ 705,344	\$ 705,344	\$ 616,609
Recovery Ratio*	56.60%	55.17%	55.17%	59.56%
Required Recovery Ratio	50.00%	50.00%	50.00%	50.00%
Fund Balance	\$ 56,622	\$ -	\$ -	\$ -

	Revised Budgeted Positions 2011	Budgeted Positions 2012
TOTAL CTA WITHOUT STO**	4,581	4,428
Bus STO Positions***	3,699	3,688
Rail STO Positions***	1,097	1,090
TOTAL CTA	9,377	9,206

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

**STO: Scheduled Transportation Operations

***STO Full-Time Equivalents

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

President's 2013-2014 Proposed Operating Financial Plan

President's 2013-2014 Proposed Operating Financial Plan Summary

Introduction

Addressing the issues head on in 2012 and balancing the budget with structural solutions pays dividends well into the future. Those benefits are obvious in this two-year financial plan.

By reducing labor costs—partly by ending the cumbersome, burdensome, and costly work rules that have cost us tens of millions of dollars each year—the CTA has structurally balanced its 2012 budget. The balanced 2012 budget carries through to 2013 and 2014 because it is based on no short-term fixes and no unsustainable borrowing from our capital funds or from the state.

The 2012 budget was balanced with no fare increases and no service reductions. Similarly, this plan calls for no fare increases or service reductions in either 2013 or 2014.

While this is good news for our customers, it is contingent upon cooperation and commitment from the CTA's labor union partners, labor arbiters, or both.

A truly balanced budget, with no reliance on unsustainable loans from capital funds or the state, will put the CTA on a track to a solid financial foundation that will allow us to provide safe, reliable, and efficient service to our customers well into the future.

This financial plan presents two years of truly balanced budgets with no reliance on capital funds and no reliance on loans; there are no quick fixes or other short-term spending ideas.

Now more than ever, we have a collective obligation to address the structural challenges that have faced the CTA for decades. We must build a solid foundation upon which this budget can stand—one that allows us to appropriately invest in and grow our system; one that allows us to enhance services for our riders; one that allows us to be a catalyst for economic growth and the development of our communities; one that helps in creating jobs, not cutting them.

We must move beyond the days of perpetually trying to identify what costs to cut, what services we can no longer deliver, and what pots of money from which we can borrow to see us through tomorrow.

We must act now to enact long-term, sustainable solutions that put us in a position to remain a leader in mass transit by providing the best services at the most affordable rates we can offer.

CTA FY12 Budget

President's 2013-2014 Proposed Operating Financial Plan

Shoring up the budget by implementing changes that will build a foundation for the future will mean a change in the way the agency has been used to operating. It won't be easy, but we have reached the point in time where there is no other option available to us. Everyone will have to contribute—management and labor alike—but the benefits for our customers will last for years to come.

This is a budget that looks to the future and lets go of a past that is neither practical nor rooted in the realities of today's economy. It will be obvious from this financial plan that the unsustainable methods employed in budgets of the past have been replaced by new and sustainable plans that will allow the CTA to thrive and grow to meet the needs of our city and region.

With the help of labor reform, we can offer a financial plan that is balanced structurally, that does not rely on loans or transfers from our capital fund and that does not raise fares or require cuts in service. It is a responsible spending plan and the only path to a future that will take the agency and its customers where they need to go.

Operating Expenses

The President's proposed operating expenses are \$1.26 billion and \$1.29 billion for 2013 and 2014, respectively. **Labor** expenses are comprised of wages, health care, pension, workers' compensation, and payroll taxes for social security (FICA). For the fourth consecutive year, non-bargained employees will forego wage increases in 2012. This plan reflects a continuation of this policy in both 2013 and 2014. Labor costs are projected at \$964.4 million in 2013 and \$968.4 million in 2014.

The current union contracts expire December 31, 2011. This financial plan assumes no wage increase for the three-year period of 2012 through 2014. It also assumes the successful negotiation of labor reforms and work-rule changes, and other cost-cutting measures that save \$160 million each year. Part of these savings will come from restructuring our healthcare plan to bring it in line with the plans provided by our peers in the public and private sectors. While the CTA has lowered healthcare costs through such means as joint purchasing alliances with the City of Chicago and other sister agencies, these costs continue to increase and plan changes are necessary.

Materials are purchased and used to maintain the CTA bus and rail fleet, rail tracks, facilities, stations, and fare revenue equipment. As the CTA's infrastructure, facilities and equipment age, operation and maintenance costs increase. While the CTA has benefitted from the recent investments made in its bus fleet, unless the CTA reaches a state of good repair across its entire system, it will continue to face increased operating and maintenance expenses. Inflationary pressure increases material costs as well. To help offset this impact, the CTA continues to implement supply chain improvements that help to mitigate rising materials costs. All contract bids are reviewed thoroughly before being

CTA FY12 Budget

President's 2013-2014 Proposed Operating Financial Plan

awarded to ensure that the CTA is getting the best price possible and that we are purchasing only the required quantities. Thanks in part to these efforts, the CTA projects materials costs to rise modestly to \$73.6 million in 2013 and \$75.9 million in 2014.

The proposed financial plan projects **fuel** costs to equal \$65.2 million in 2013 and \$64.8 million in 2014. The CTA mitigates the volatility in fuel prices through the strategic use of hedging instruments to ensure a reasonable degree of budget certainty. In recent years, hedging has saved the CTA a considerable amount of money. By April 2011, through a series of strategic hedges early in the year, the CTA had fixed 79 percent of its estimated 2011 consumption at \$3.06 per gallon, resulting in savings over market prices. This financial plan assumes a continuation of these hedging strategies.

In 2013 and 2014, the CTA projects rail **electric power** costs to be \$25.1 million and \$29.6 million, respectively. As with diesel fuel, the CTA uses hedging techniques to mitigate the impact of severe price fluctuations. In 2011, actual costs are projected to be in line with budget. Prices are expected to decrease in 2012, then increase slightly in 2013 and 2014, as a result of a recently negotiated contract. The new contract reflects decreased capacity prices, which are determined through an auction clearing process conducted by the Regional Transmission Organization that coordinates the movement of electricity to the Chicago area.

Funding for the **provision of injuries and damages** in 2013 is \$31.8 million and is expected to increase approximately one percent in 2014 to \$32.5 million. The amount needed to fund this reserve is based on actual experience, the projected future balance in the reserve, and the liabilities projected for the following year.

The CTA estimates **security services** expenses will increase approximately three percent in 2013 and 2014, bringing the cost of security to \$37.9 million in 2013 and \$39.4 million in 2014.

Other expenses include utilities, advertising, equipment, software maintenance, accounting, engineering, legal, banking fees and commissions, interest on the outstanding pension obligation bond and other consulting services. Other expenses are projected to be \$225.4 million in 2013 and \$236.7 million in 2014.

Operating Revenue

System-Generated Revenues

Fare revenue is projected to be \$545.9 million in 2013, increasing to \$551.9 million in 2014. This plan reflects no fare increase in either year. The two-year plan assumes that the **reduced fare subsidy** will be \$28 million in both 2013 and 2014, consistent with that which is expected in 2012.

CTA FY12 Budget

President's 2013-2014 Proposed Operating Financial Plan

The CTA continues to focus its efforts on bringing in revenues from areas other than the farebox, including **advertising, charters and concessions**. This plan reflects that revenues in these areas will increase three percent per year as the economy begins to recover. Revenues are expected to increase to \$23.5 million in 2013 and \$24.2 million in 2014.

Investment income in 2011 is expected to be lower than historical levels due to reduced cash on hand and historically low interest rates. Investment income is expected to be \$893 thousand in 2013 and \$920 thousand in 2014.

Statutory required contribution revenues are forecast to continue to be \$5 million per year. The Regional Transportation Authority Act requires that the City of Chicago contribute \$3 million annually and that Cook County contribute \$2 million annually to CTA operations.

Other revenues are projected to be \$27.8 million in 2013 and \$28.7 million in 2014. These revenues are derived from parking fees, rental properties, third-party contractor reimbursements, fees from filming, a non-capital annual grant from the RTA, and other miscellaneous revenues.

Public Funding

Public funding through the RTA statutory formula is estimated to be \$632.4 million in 2013 and \$648.5 million in 2014. These estimates are in-line with the marks adopted by the RTA Board in September 2011.

The **recovery ratio** measures the percentage of expenses that a Service Board must pay against the revenue that it generates. System-generated revenues, operating expenses, and certain statutory exclusions are used in the calculation. The RTA Act requires the region to fund 50 percent of its expenses through revenues generated by the RTA and its three Service Boards. The estimated recovery ratios for the CTA in 2013 and 2014 are 59.9 percent and 59.4 percent, respectively—considerably higher than the requirement.

CTA FY12 Budget

President's 2013-2014 Proposed Operating Financial Plan

President's 2013-2014 Proposed Operating Financial Plan Schedule

(in thousands)

	Forecast 2011	Proposed Budget 2012	Plan 2013	Plan 2014
Operating Expenses				
Labor	\$ 901,392	963,075	964,406	968,406
Savings from Labor Reform and Work Rule Changes	-	(80,000)	(160,000)	(160,000)
Material	67,923	71,493	73,638	75,847
Fuel	58,166	66,707	65,230	64,776
Power	30,236	24,977	25,077	29,633
Provision for Injuries and Damages	15,000	31,200	31,824	32,460
Purchase of Security Services	35,988	36,803	37,907	39,423
Other Expenses	197,746	126,036	225,433	236,682
Total Operating Expenses	\$ 1,306,451	\$ 1,240,291	\$ 1,263,515	\$ 1,287,227
System Generated Revenue				
Fares and Passes	\$ 523,660	540,000	545,940	\$ 551,945
Reduced Fare Subsidy	28,000	28,000	28,000	28,000
Advertising, Charter & Concessions	19,436	22,802	23,486	24,191
Investment Income	394	867	893	920
Statutory Required Contributions	5,000	5,000	5,000	5,000
All Other Revenue	24,617	27,013	27,823	28,658
Total System Generated Revenue	\$ 601,107	\$ 623,682	\$ 631,142	\$ 638,714
Public Funding Required for Operations	\$ 574,144	\$ 616,609	\$ 632,373	\$ 648,513
Transfer from Capital - Preventive Maintenance	\$ 48,200	\$ -	\$ -	\$ -
Fare Agreement with State	83,000	-	-	-
Public Funding Available through RTA	574,144	616,609	632,373	648,513
Total Funding	\$ 705,344	\$ 616,609	\$ 632,373	\$ 648,513
Recovery Ratio*	55.17%	59.56%	59.86%	59.35%
Required Recovery Ratio	50.00%	50.00%	50.00%	50.00%
Fund Balance	\$ -	\$ -	\$ -	\$ -

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Proposed 2012-2016 Capital Improvement Program

Introduction

“The physical properties of cities – scale, proximity and diversity – are their chief advantage.”

John Norquist, *The Wealth of Cities*

Former Milwaukee Mayor John Norquist, now a Chicagoan and CEO of the Congress on New Urbanism, explains with power how great cities have driven human progress. Great cities are dense. They attract people of energy and talent—in the arts, in science, in commerce—to live and work in close proximity to one another, in order to share ideas and advance interests.

If you want to ensure that urban density survives and thrives, you need strong arteries of mass transit to carry people efficiently and conveniently to work and play, facilitating the easy interaction of neighborhoods and downtown. Quality mass transit is a lynchpin in the job-creating, idea-creating, wealth-creating power of great metropolises. Without a consistent commitment to the investment in the upkeep and improvement of the public transportation system, it is impossible to fully leverage the natural benefits of the city. Slow zones on rail cause trips to and from work to last ever longer; crumbling viaducts and stations are a public eyesore that could jeopardize public safety; aging buses that require increased maintenance limit the number in service, leading to delays and crowded buses.

For too long, the CTA has borrowed from its future to avoid difficult decisions for its present. Over the last four years, the CTA has diverted \$554 million in capital funds to fill budget gaps. Decreasing funding from the federal government and state of Illinois and a formula that provides the CTA only 58 percent of the region’s scarce federal capital funding, despite having 72 percent of the capital need, have left the CTA in a crisis. This cannot continue; the debts are now due.

Heeding the call of Mayor Rahm Emanuel, CTA management identified operating efficiencies to reduce the bureaucracy and protect our precious capital dollars. These efforts resulted in the reduction of the amount we borrowed from capital funding in 2011. But that was only the beginning. For the first time in recent years, the CTA will utilize all available capital funding to reinvest in the system. We will no longer rob Peter to pay Paul. The days of dipping into the capital funds to cover for operating expenses have ended.

Our commitment to the renewal of the system will allow us to make strategic investments to improve the customer experience and support the safe, efficient operation of our trains and buses. We will work with federal, state, and local officials to aggressively identify and obtain additional funding for capital improvements. We are continuing negotiations with the city of Chicago to obtain TIF and other funding for transportation projects, since mass

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

transit is essential to the redevelopment, growth, and quality of life in urban neighborhoods.

In 2012, we will begin the revitalization of the backbone of our system. The *Your Red* campaign is designed to begin the long-overdue process of making improvements to the rail line that carries 250,000 customers every weekday—nearly 38 percent of our rail riders. Stations and viaducts on the northern portion of the Red Line are among the oldest in the system and the stations are not accessible to people with disabilities. Slow zones on the Dan Ryan portion of the Red Line cause delays that are felt by all riders. The 95th Street Red Line station, a vital link for the south side, is at maximum capacity. Federal funding was provided in 2011 for an Environmental Impact Study for the modernization of the northern portion of the Red Line and Purple Line, as well as for the extension of the Red Line to 130th Street. We will continue to aggressively pursue funding to make the needed track and embankment improvements on the Dan Ryan Branch.

The 2012-2016 Capital Plan includes other investments to improve the safety and efficiency of the system and improve the customer experience. We will continue work on our rail system in order to repair slow zones; we will continue our Station Renewal campaign to send “renew crews” to 100 stations in a SWAT-team approach to repairing and improving the stations; we will continue to make improvements to our information technology networks and security infrastructure; and we will introduce into normal service a new series of rail cars and buses that are more comfortable and operate at lower cost, and overhaul existing trains and buses to ensure they can continue to operate efficiently.

This will be the first year of an exciting new era of the CTA. We will continue to wisely use available resources and aggressively seek new sources of funding to further our commitment to renewing and rebuilding our critical transit system.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Five-Year Capital Improvement Program

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

CHICAGO TRANSIT AUTHORITY				
FY 2012-2016 Capital Program				
CTA Board Ordinance				
<i>in thousands</i>				
<u>Proj #</u>	<u>Title</u>	<u>2012</u>	<u>2013-2016</u>	<u>5-Yr. Funding</u>
<u>Bus Projects</u>				
<u>Rolling Stock</u>				
021.806	Perform Mid-Life Bus Overhaul	22,500	54,427	76,927
031.054	Replace Buses	15,189	150,962	166,151
	Sub-Total	37,689	205,389	243,077
<u>Rail Projects</u>				
<u>P/W Electric, Signal, Comm.</u>				
121.500	Replace/Upgrade Power Distribution and Signals	-	68,000	68,000
	Sub-Total	-	68,000	68,000
<u>P/W Track & Structure</u>				
181.500	Infrastructure Safety & Renewal Program	207,000	443,300	650,300
	Sub-Total	207,000	443,300	650,300
<u>Rolling Stock</u>				
022.903	Perform Rail Car Overhaul & Mid-Life Rehabilitation	82,353	165,687	248,040
132.056	Purchase Rail Cars	470,092	38,047	508,139
	Sub-Total	552,445	203,734	756,179
<u>Systemwide Projects</u>				
<u>Miscellaneous</u>				
061.059	Information Technology	7,100	4,400	11,500
086.500	Equipment and Non-Revenue Vehicle Replacement	5,043	-	5,043
141.273	Rehabilitate Rail Stations	76,563	144,437	221,000
150.028	Implement Security & Communication Projects	47,716	46,000	93,716
301.268	Contingencies	5,916	11,833	17,749
306.001	Program Management	6,667	26,760	33,427
308.002	Bond Repayment, Interest Cost, & Finance Cost	205,484	545,362	750,845
404.500	CMAQ, JARC, UWP & ICE Projects	3,000	12,000	15,000
	Sub-Total	357,489	790,792	1,148,281
<u>Support Facilities & Equip.</u>				
073.500	Improve Facilities - Systemwide	12,946	90,468	103,414
	Sub-Total	12,946	90,468	103,414
	Capital Project Total	1,167,569	1,801,684	2,969,252
	Marks	1,167,569		2,969,252
	Marks/Variance	-		

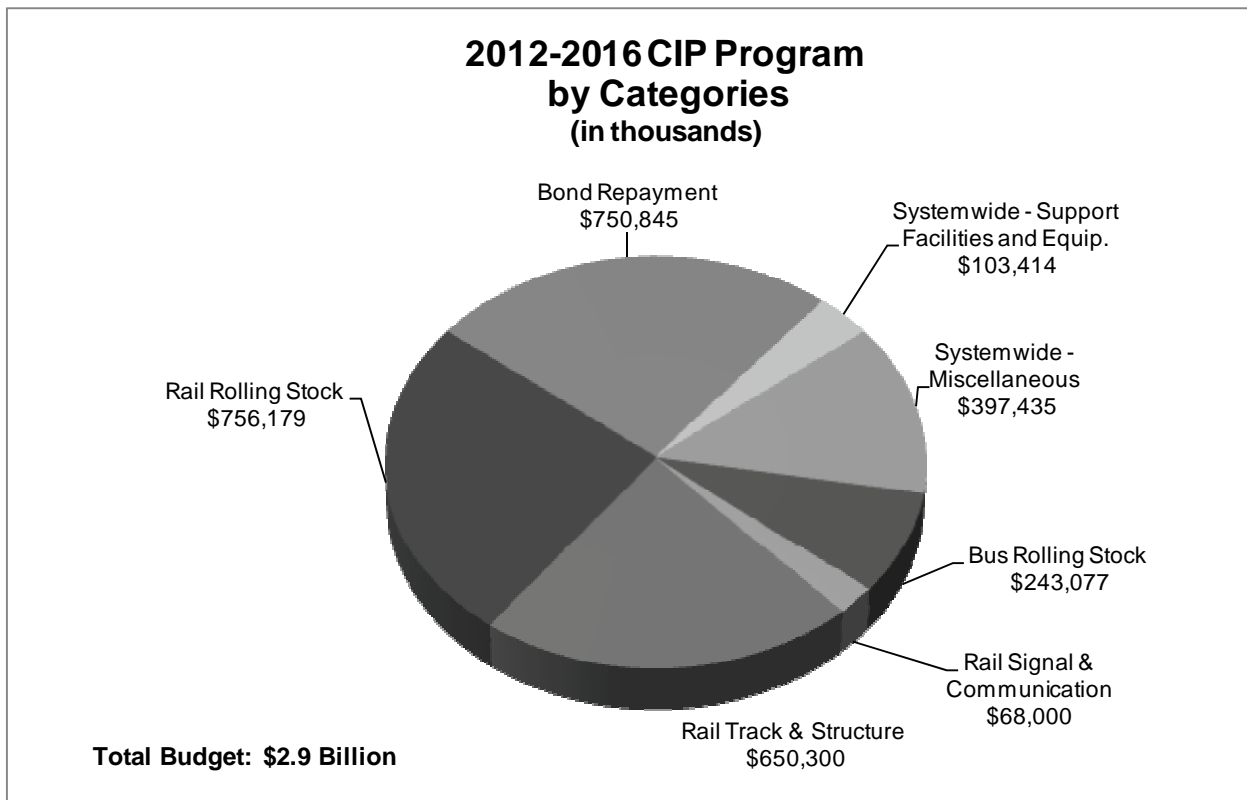
CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Uses of Funds

Fifteen project categories comprise the CTA's proposed 2012-2016 capital plan. Each project within these programs is evaluated in an annual review process. Evaluation criteria include: customer and employee safety, reductions to travel time, increased customer comfort and convenience, system security, impact on system reliability, compliance with regulations, and community impact. Rail system projects receive a significantly larger portion of the proposed capital program funding due partly to the need to maintain an exclusive right-of-way while the CTA's buses operate on streets maintained by other units of government. The capital projects proposed for 2012-2016 and beyond are intended to address the CTA's most critical needs for the bus and rail system, customer facilities and systemwide support.

The following figure shows the proposed 2012-2016 Capital Improvement Program by general category of asset improved or replaced.



CTA FY12 Budget

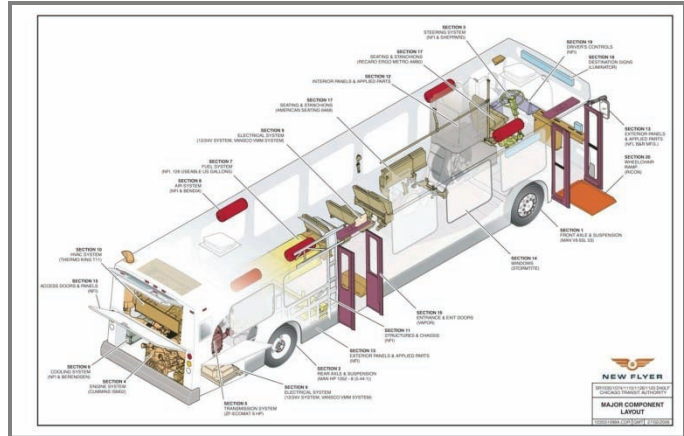
Proposed 2012-2016 Capital Improvement Plan & Program

Project Number: 021.806

Project Title: Perform Mid-Life Bus Overhaul

Purpose of Project: The Bus Overhaul and Upgrade Program will extend the useful life of the assets through scheduled tasks that will systematically upgrade the mechanical and aesthetic features of each bus in revenue service.

The CTA plans to spend \$76.9 million in 2012-2016 for the Bus Overhaul and Upgrade Program. Bus mid-life overhaul activities are programmed for \$22.5 million in 2012 and \$54.4 million in 2013-2016.



Unscheduled maintenance, required by the failure of a bus in service, disrupts operations, inconveniences customers, and increases operating costs. The bus maintenance program continues to improve service through regular replacement of major mechanical components subject to extensive wear such as engines, transmissions, cooling systems, condenser cores, wheelchair ramps, batteries, suspension systems, and doors. In addition, during the bus overhaul process, the CTA will retrofit diesel particulate filters on 430 of the model year 2006 New Flyer buses. A diesel particulate filter is a device designed to remove diesel particulate matter from the exhaust gas of a diesel engine, thus lowering emissions. The CTA was awarded a Congestion Mitigation Air Quality (CMAQ) grant by the Chicago Metropolitan Agency for Planning to fund this filter retrofit initiative.

Description of Proposed Work/Major Elements:

The 2012-2016 Bus Overhaul and Upgrade Program will provide for the ongoing bus vehicle overhaul efforts to support removal and installation of components including, but not limited to: engines, transmissions, cooling systems, condenser cores, wheelchair ramps, batteries, suspension systems and doors. The program will correct critical defects discovered during inspections of the CTA's bus fleet. New Flyer buses placed into service in 2006 and New Flyer articulated hybrid buses placed into service in 2008 will be overhauled and returned to a state of good repair.

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

Alternative: Increased disruptions in service and/or the costly purchase of new buses.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Project Number: 031.054

Project Title: Replace Buses

Purpose of Project: Replace Nova 40-foot buses that were placed in service in 2000. These buses will have reached the end of their useful service life in 2012 and are due to be replaced.



Description of Proposed Work/Major Elements:

This project will provide for the engineering, purchase, and inspection of fully accessible, air-conditioned buses, including a spare parts inventory. Engineering includes development of specifications, pre-bid engineering meetings, onsite inspections of prospective bidders and/or their vendors' plants, inspection of buses during production and acceptance of vehicles after delivery.

The backbone of the bus system is the bus fleet, and the system's success depends on the CTA's ability to renew, maintain and operate it. The CTA is committed to providing our customers with the highest quality bus service. Between 2012 and 2016, the CTA will spend \$166.2 million to purchase vehicles equipped with current, proven, heavy-duty clean propulsion technologies such as the low floor, hybrid diesel-electric buses. These buses achieve at least 20 percent greater fuel efficiency than standard diesel buses, saving fuel dollars while promoting cleaner air. The new buses will be ADA-compliant, air conditioned, and will be technologically innovative. Other propulsion technologies being evaluated include hydrogen fuel cell and all-electric systems. These new buses will replace models that entered service in 2000 and will have reached their useful life in 2012. New buses will meet new EPA emissions standards, thus achieving more stringent clean air regulations. The entire CTA bus fleet is ADA accessible and air conditioned.

In 2011, the CTA was awarded a competitive FTA TIGGER (Transit Investments for Greenhouse Gas and Energy Reduction) grant. This grant will provide for the purchase of two all-electric, battery-powered, forty-foot buses and chargers. A pilot production coach will be constructed and delivered to the CTA for demonstration prior to commencing with the production and delivery of the remaining vehicles. Quick-charge stations will be installed in the selected garage prior to the delivery of the pilot bus. Performance will be monitored closely by CTA's Bus Engineering staff. A detailed report on electric bus performance will be drafted and submitted after a year of operation in service and an assessment of its viability as an alternate propulsion system will be made.

Electric buses have a range of approximately 30 to 40 miles on a single full charge depending on duty cycle, loading, and ambient conditions. The vehicles will be used in shorter runs in CTA's normal service, which should not require in-service charging.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Installation of wayside charging stations on selected routes will also be considered to allow extended operation. The CTA continues its efforts to evaluate innovative, next-generation propulsion technologies to decrease emissions and improve local air quality. The continued investment in our bus fleet has provided our customers with safe, clean, and on-time service.

Budget Impact: The bus purchase will decrease maintenance costs and hours needed to maintain older buses. The new buses will augment the existing fleet and will provide added capacity to better address the needs of CTA customers.

Alternative: Not purchasing new buses will lead to a continued increase in operating costs, reduced reliability and decreased service to ever-growing ridership.

Project Number: 121.500

Project Title: Replace or Upgrade Power Distribution and Signals

Purpose of Project: This project will upgrade or replace overloaded and deteriorated substations for the purpose of assuring reliable power for CTA trains on portions of the Brown, Red, Green and Orange Lines. The five-year funding program of \$68 million will account for efforts to replace an aging substation at Illinois with a new substation at Hubbard Street, and rehabilitation of Kimball, Princeton, State, and Broadway substations. Major replacement work includes new traction power equipment, switch gear, rectifiers, get-away cables, and transformers. The buildings housing this equipment will receive masonry repairs, roof replacement, new heating and ventilation systems, lighting, doors, windows and other necessary equipment.

Description of Proposed Work/Major Elements: Reliable traction power is essential to provide smooth train operation. Substations contain transformers to convert electric power from the power company's grid and supply it to the third rail to propel trains. Many of the CTA's substations are beyond their useful life and cannot provide the needed power, or require redundancy to keep the system operating. The ability to provide reliable service and to eliminate the risk of fire to old cables and equipment depends on replacing these aging substations. New substations and related equipment will increase the capacity of the system and reduce slow zones caused by insufficient power supply.

Prior funding was focused on bringing the Loop signal system and the Congress/Dearborn/Kennedy Blue Line signal system into a state of good repair. The Loop signal system construction reached substantial completion in July 2011, and the Blue Line signal system work is over 90 percent complete with final contract acceptance expected at the end of 2011.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

The new funding program will provide for the upgrade of the traction power system at key locations. Funding of \$23 million for 2014 will support construction of a new substation at Hubbard which replaces the old substation at Illinois Street, and will rehabilitate Kimball substation; future funding of \$45 million will rehabilitate State, Princeton and Broadway substations in 2016.

Budget Impact: Benefits include lower maintenance costs, more efficient power usage, improved reliability of service with associated operational costs, opportunity to increase speeds and reduced headways, and elimination of risk of fire damage prone to old cabling and old equipment in existing substations.

Alternative: Maintain existing substations and accept increasing maintenance costs and service delays.

Project Number: 181.500

Project Title: Infrastructure Safety and Renewal Program

Purpose of Project: The CTA system is comprised of 35.8 miles of elevated track, 35 miles of at-grade track, and 18.25 miles of embankment. Numerous tunnels, viaducts and retaining walls also require significant maintenance to keep them in a state of good repair, and many are in need of replacement.



Some sections of the CTA elevated system date back to 1897, while other rail lines were constructed in the early or middle 1900s. Currently, 26 percent of rail structures have exceeded their useful life of 80 years. The replacement cost for obsolete structures is estimated at \$985 million and, within 10 years, this cost is estimated to increase to approximately \$1.9 billion if no major capital investments are made.

The integrity of these rail structures is declining at an increasing rate, the effect of which causes the need for structural remediation work and the creation of new slow zones. The implementation of slow zones is an interim measure meant to ensure the safety of CTA customers until the necessary repairs are completed. On-going steel repairs are necessary in order to maintain safe and serviceable conditions on the elevated structures. The infrastructure condition has declined to the point that further deterioration may compromise service and operation of the system. For example, along the Purple Line, annual freeze-thaw cycles have deteriorated the concrete viaduct bridges and retaining

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

walls to the point where many of the spans are on temporary shoring and slow zones have been imposed for safety.

Work on slow-zone elimination typically involves replacing aging rail ties and tie plates and, at times, whole track replacement. CTA labor, as a regular and ongoing activity, tamps rail tracks, an aspect of maintenance that realigns track and stabilizes ballast support of the tracks. With these measures, the CTA has reduced the number of slow zones across the system, but much work remains to be done.

The CTA continues to commit resources to the elimination of slow zones, but significant work remains necessary. Some of the track in the worst condition on the system is located on the Dan Ryan Branch of the Red Line. This line was originally constructed in 1969 and serves, on average, 57,000 weekday passenger boardings. The Red Line carries 38 percent of all CTA rail riders. The entire length of this branch of the Red Line is approximately 10 miles long.

While ridership on the rest of the Red Line is growing at 2.4 percent to date, ridership on the south section of the Dan Ryan is declining by 3 percent per year. Customers are negatively impacted by consistently slow trains. Despite the efforts of in-house maintenance forces, slow zones are projected to increase to 65 percent increasing the length of the trip from 95th Street to 18th Street by 10 minutes.

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

The CTA is programmed to spend \$207 million in 2012 to repair the right-of-way throughout the CTA's system. Investments will be targeted to address the most critical needs. One of the highest priorities for the CTA will be the Dan Ryan Branch of the Red Line.

Budget Impact: Eliminates or significantly minimizes structural slow zones throughout the system, increasing ridership and revenue and lowering maintenance costs.



CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Alternative: Continue to maintain in a piecemeal fashion via CTA forces while increasing slow zones; speed deterioration of ties and flange angles. Without a complete track, ballast, and drainage system renewal, the CTA estimates Dan Ryan slow zones will cost \$33 million over the next five years. In addition, it will become difficult to maintain safe and reliable service on the Dan Ryan Branch beyond the next five years without a complete renewal.

Project Number: 022.903

Project Title: Perform Rail Car Overhaul and Mid-Life Rehabilitation

Purpose of Project: Funding will provide for an ongoing overhaul program. Maintenance costs will stabilize as more rail cars are cycled through the Mid-life Overhaul Program. The 3200-series cars are projected to receive a “D” or mid-life overhaul. These cars are currently 16 to 18 years old and are past due for this D-level overhaul.

Description of Proposed Work/Major Elements: The development and implementation of a Rail Car Maintenance Plan is required by the Urban Mass Transportation (UMT) Act. The UMT Act was amended in 1982, mandating a maintenance plan for vehicles funded through the Urban Mass Transportation Administration (UMTA) grant process and operated by the CTA.

The basic premise of the Rail Car Maintenance Plan is that certain maintenance actions must be performed on CTA’s rail cars at certain intervals. Deferring maintenance from manufacturer and experienced-based prescribed schedules will result in car deterioration, unreliability, and eventually a reduction in service life.



The Multi-Level Scheduled Maintenance Program establishes four levels of rail car maintenance activities to be performed at specific intervals:

- Level “A” – Routine Periodic Inspection (Operating Funds)
- Level “B” – Annual Inspection (Operating Funds)
- Level “C” – Quarter Life Rehab (Capital Grant)
- Level “D” – Mid Life Rehab (Capital Grant)

The Level “A” activity is comprised of a routine inspection performed on a regular, periodic basis approximately every two months throughout the year. The Level “B” activity is a

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

more comprehensive inspection performed on each revenue rail car approximately once per year. The Level “C” activity is an overhaul effort designed to be performed on each rail car at approximately six- to seven-year intervals. This maintenance activity includes major component rebuild and needed repairs to the car body. The Level “D” activity is designed to be performed as a 12- to 14-year mid-life rehabilitation and could also be done as a life extending rehabilitation at the end of rail car life. This maintenance activity would involve a major rail car rebuilding program that would include major component rebuild or replacement and a complete car body refurbishment. The finished product will return the rail car to nearly-new car condition.

The 2012-2016 CIP will provide funding for a multi-year overhaul program to the 3200-series rail cars. The 3200-series consists of 258 rail cars, which are projected to receive a mid-life (“D”) rehabilitation. Work will consist of some of overhaul of propulsion systems, trucks and couplers, and replacement of other major systems such as auxiliary power supply, door operators and air comfort. The overhaul will update the passenger information system with new LED destination signs and will include a new public address system. A new Automatic Vehicle Maintenance system will be installed that will transmit odometer and fault information via WiFi at the rail yards. Interior panels, lighting, flooring, and seats will be replaced and/or refurbished to enhance customer comfort.

The rail overhaul program helps ensure that the CTA’s rail fleet remains in a state of good repair to provide a quality ride for customers. The Rail Car Overhaul program reduces operating costs and enhances reliability. Without quarter-life and mid-life overhauls, rail vehicle maintenance costs would be far more than the current levels over the expected twenty-five year life of each car. The proposed 2012-2016 capital program allocates \$248 million in projected funding during the next five years for the systematic maintenance and upgrade of the CTA’s rail fleet.

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

Alternative: A mid-life overhaul is a necessary component of a vehicle’s Preventive Maintenance Program.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Project Number: 132.056

Project Title: Purchase Rail Cars

Purpose of Project: Purchase an additional 300 rail cars (5000-series) to replace a portion of the 2600-series rail car fleet and to meet expanded service needs. These rail cars are the remaining 300 of a contract order totaling 706 cars. The contract order consists of the following: base order of 206 cars, option one: 200 cars, option two: 216 cars, and option three: 84 cars.

Description of Proposed Work/Major Elements: The replacement of the 2200-, 2400-, and 2600-series rail cars is necessary due to the age and deteriorated condition of these cars. The 2200-series rail cars have been in service for 39 years, which is well beyond their 25-year design life; the 2400-series have been in service for 30 years; and the 2600-series have been in service for an average of 27 years. 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.

Testing of the new 5000-series rail cars was successfully completed in 2011. By the end of 2016, 706 new rail cars are scheduled to be in place resulting in a net increase to the fleet of 60 cars. Several new features will be introduced as part of this roll-out.



Cameras and Computers

The new cars are equipped with security cameras that can record all activity inside the train, which can help to deter crime and better ensure a safe ride. Upgraded communication systems make it possible for a train's operator to see activity in a car when help is requested. This helps provide more expedient assistance in the event of an emergency. Event Recording rail cars also have event recorders that keep logs of hardware, software and operational conditions, similar to the so-called "black box" standard in modern aircraft.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Regenerative Braking Technology

In older model rail cars, the kinetic energy created when a train brakes is dissipated as heat; with new braking technology, much of this energy is returned to the third rail to help power other trains, thus reducing energy consumption.

New Diagnostic Systems

Using a digital display, these systems will alert a train operator when an equipment failure occurs.

Design and Convenience

A new seating layout with added emphasis on wider aisle space provides a similar number of seats as the CTA's most recent rail cars while adding capacity and making it easier to move into and out of the car. The 5000-series cars have two wheelchair positions to provide additional access to people with disabilities, with open space to allow for easier ingress and egress. The previous series of rail cars, if accessible, was equipped with only one wheelchair position. Also, the new cars have an active suspension system that helps to better align the interior car floor with the height of station platforms in a variety of conditions. New digital train destination signs are larger and display a train's destination more vividly. An electronic map display posted in each car will also show the train's location with respect to the rest of the rail system. New flooring surfaces in cars not only provide a safe surface to walk on, but now feature phosphorescent (glow-in-the-dark) strips to help customers find a pathway out in case of an emergency.

New 5000-series rail cars will replace 2200-, 2400-, and 2600-series cars, which have exceeded their FTA standard service life of 25 years. The total project cost for the purchase of 706 rail cars is \$1.138 billion. FY 2012-2016 allocates funds of \$78.1 million for the purchase of Base (206 cars) and Option 1 (200 cars) of the new 5000-series cars. In addition, the FY 2012-2016 program allocates \$430 million to provide for the purchase of 300 extra new rail cars from the Options 2 and 3 orders. These cars will replace a portion of the 2600-series rail cars and will also provide for expansion of fleet. Every eight-car CTA train effectively takes an average of 600 passenger cars off the road; for the sake of mobility and air quality, it is especially important to have a reliable, modern rail fleet.

Budget Impact: The rail car purchase should decrease the maintenance costs and hours needed to maintain the older rail cars.

Alternative: Not purchasing the rail cars will lead to continued increased operating costs, reduced reliability, decreased availability and service to ever growing ridership.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Project Number: 061.059

Project Title: Information Technology

Purpose of Project: The purpose of the laptop and PC replacement is to provide service to business units by replacing PCs and laptops at the end of their useful life.

Description of Proposed Work/Major Elements: The CTA operates over 1,500 desktop computers that link into Local Area Networks (LANs) for efficient data transfer and team analysis. Computer systems over time reach their capacity and therefore need to be updated or replaced. Desktop systems should be scheduled for replacement at five years, and servers and routers at seven years. Existing information systems demand new applications and will be best met by systems with faster speed and greater reliability and efficiency. The proposed CIP allocates \$7.1 million in 2012 for software and hardware upgrades. Funds will also provide for the initial phase of a Data Warehousing and Business Intelligence need at CTA.

Budget Impact: CTA anticipates minimal operating budget impact from this project. The cyclic PC/laptop replacement efforts will increase employee productivity, but this is not reflected directly in the operating budget.

Alternative: Employees can continue using the obsolete PCs and laptops that exist today. This alternative, however, will put the productivity of all PC users at risk and dramatically increases costs of maintenance and service.

Project Number: 086.500

Project Title: Equipment and Non-Revenue Vehicle Replacement

Purpose of Project: Purchase equipment needed to maintain buildings, grounds, and structures and purchase, inspect, and place into service a variety of non-revenue vehicles. This project is funded with federal formula funds and non-federal local match.

Description of Proposed Work/Major Elements: This project will provide for the purchase of capital-eligible tools that will be used to repair rolling stock and other infrastructure elements that are critical to supporting bus and rail transit operations. Non-revenue vehicles to be purchased will



CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

replace vehicles that are obsolete. Non-revenue vehicles are essential for maintaining efficient bus and rail operations. Examples of vehicles now in need of replacement include vehicles for bus operations supervision, bucket vans, tractor loaders and stake body trucks.

Budget Impact: N/A

Alternative: Not purchasing equipment and non-revenue vehicles will reduce the CTA's ability to repair rolling stock and infrastructure, leading to increased service disruptions.

Project Number: 141.273

Project Title: Rehabilitate Rail Stations

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



Description of Proposed Work/Major Elements: The CTA has initiated a Safe and Dry program, which aims to eliminate water seepage by grouting in subway stations to prevent water leaks, renovating sewer and drainage work, and repairing leaking station roofs and canopies at Loop stations, Blue Line stations, North Red and Purple line stations, and Dearborn and State Street subways.

Another program, the Station Renewal Initiative, focuses on addressing the appearance and condition of each station in addition to regular maintenance efforts. Station Renewal teams consist of painters, sheet metal workers, electricians, carpenters, and other trades who tackle each station's repair needs. Work performed includes power washing, repairing and preparing columns for painting, graffiti removal, and repairs to platforms, doors, and canopies. Also, work includes the installation of roof lashing, gap filler, tuck pointing, concrete patching, minor electrical work, and floor gutter and drain cleaning. Once the Station Renewal effort is completed at a station, the station will be much brighter and have a cleaner appearance for CTA customers.

CTA FY12 Budget

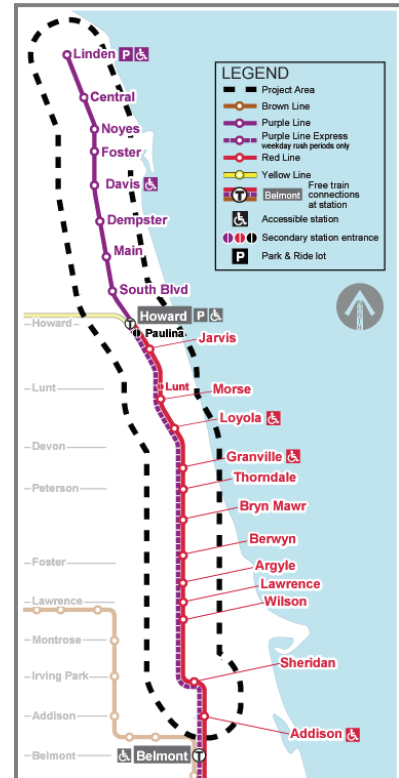
Proposed 2012-2016 Capital Improvement Plan & Program

The CTA is proposing to make improvements, subject to the availability of funding, to the North Red and Purple Lines. The purpose of the Red and Purple Modernization (RPM) project is to bring this existing crucial transit asset into a state of good repair, while reducing travel times, improving access to job markets, responding to shifts in travel demand, better utilizing existing transit infrastructure, and providing access to persons with disabilities. The RPM project would also support the area's economic development initiatives. RPM is one part of the CTA's effort to extend and enhance the entire Red Line as part of the *Your Red* program. The CTA plans to invest capital funding in key infrastructure along this portion of the Red Line to extend the useful life of existing stations and structures, while planning for major redevelopment continues.

Funds from 2011 have been directed toward preparing a Tier 1 EIS for the North Red and Purple Line Modernization. Transit agencies seeking FTA financial assistance for major capital transportation projects where implementation is expected to have significant social, economic, and environmental impacts on the community are required to complete an EIS. The EIS is a full-disclosure document that details the process through which the project was developed, including considerations of a range of reasonable alternatives, analysis of the potential impacts resulting from alternatives, and compliance verification with other applicable environmental laws and executive orders.

One of the CTA's most recent station renovations is the Cermak-Chinatown Red Line Station. The American Recovery and Reinvestment Act funded the renovation of this station. The Cermak-Chinatown Red Line Station was completed in early 2011 and is fully accessible per ADA guidelines. This new station has many improvements that benefit our customers, including a station house, elevator, escalator, upgraded entrance on the south side of Cermak Road, auxiliary entrance on Archer Avenue, bike racks, communication equipment, security cameras, improved lighting and landscaping, public art, and signage, including Braille.

Renovation continues at the Grand/State Station on the Red Line. This major renovation project is being performed by CDOT with a grant funded by the FTA and IDOT. Station improvements include the expansion of the mezzanine, a new customer assistant kiosk, more turnstiles and farecard vending machines, new floors, stairs, escalators, and tile work. Security features will include brighter lighting, new audio and visual public address systems, and new security cameras. The station will be fully accessible per ADA guidelines.



CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

A new station is being constructed at Morgan and Lake Streets by CDOT with a grant funded by the FTA. The new station will be located between Ashland and Clinton stations on the Green and Pink Lines. This station will provide convenient access to rail for the residents and workers of the booming West Loop area. Customers will have direct access to the Loop, Oak Park, and parts of Chicago's West and South Sides. This station will feature a station house at street level with turnstiles and farecard vending machines, bike parking, and a transfer bridge between platforms. The station will be fully accessible per ADA guidelines.

At Oakton Street Station near Skokie Boulevard, a new station is being constructed on the Yellow Line. This station will provide easy, rapid transit access to downtown Skokie and the Illinois Science and Technology Park. The Village of Skokie is managing the project and funding for this station is being provided by a grant from the FTA and IDOT. New entrances from Oakton Street and Skokie Boulevard, near Searle Parkway, will create greater customer access to the station. The station will feature wide platforms, full canopy coverage, customer assistant kiosks, turnstiles, farecard vending machines, security cameras, and bike racks. The station will be fully accessible per ADA guidelines.

Budget Impact: Rehabilitation of rail stations will reduce maintenance costs and increase ridership. Without improvements, there will be continued degradation of structure that will lead to increased maintenance costs and compromised service in the future.

Alternative: Continued increase in operating costs, reduced reliability, decreased availability and service to ever-growing ridership, and risks to customer safety. If the North Red and Purple Lines are not reconstructed, existing maintenance funding will not adequately keep up with necessary repairs to keep all stations in operation.

Project Number: 150.028

Project Title: Implement Security and Communication Projects

Purpose of Project: Security and safety are of paramount concern for the CTA. Professional security assessment of the CTA system identified priority investments in equipment and infrastructure to protect the public and CTA employees. Due to the sensitive nature of the effort, specific projects are not identified in this document. This funding will enhance the Chicago Police Department's efforts during patrol of rapid transit routes within the City of Chicago through the use of visible, unpredictable deterrence. Due to the sensitive nature of the effort, specific projects are not identified in this document.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Description of Proposed Work/Major Elements: Purchase and install equipment and systems to strengthen 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.

In June 2011, the CTA announced plans to double the number of security cameras across the rail system. Currently, there are nearly 1,500 security cameras installed and operating on rail stations and platforms. The additional 1,500 cameras will ensure comprehensive coverage, capturing many images that would be missed under the current, partial deployment. Each camera provides a live feed to the CTA Control Center and to the City's Office of Emergency Management and Communications. Images captured from CTA security camera footage have been used by police to solve both CTA-related crimes and crimes that have occurred in the vicinity of CTA buses and rail stations.



In addition to completing installation at stations, security cameras will be added to CTA rail cars, although this initiative is still in its early stages. The new 5000-series rail cars will arrive already equipped with multiple cameras. The CTA's new rail cars, which are currently being tested, are equipped with enhanced security features, including digital video surveillance cameras, allowing operators to view the interior of cars, an active passenger intercom, and video recorders, which law enforcement will be able to access remotely. The new train cars are also equipped with a state-of-the-art event recorder system to record all aspects of car and cab signal operation providing a record in case of unusual occurrences. Retrofitting the existing fleet will be a multi-year process but will vastly enhance the CTA's ability to capture images to share with law enforcement.

Miles of fiber optic cable meet communications and data processing needs, including operation of the fare-collection system at stations. The fiber optic installation project to upgrade the communications backbone throughout the system is still ongoing. Train control systems, communications infrastructure, and access control contribute to a safe environment for customers and system employees. However, much remains unfunded and the CTA will continue to pursue additional funding to meet the critical need of providing security for customers.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Previously, the CTA was provided with \$10 million to enhance its security and surveillance network by expanding camera coverage at its rail stations and \$14 million to cover the rail yards. The new system integrates state-of-the-art, high-definition digital cameras, which are capable of capturing definitive facial features and displaying six times the detail of analog cameras. These cameras across the CTA's rail system make real-time video available to the CTA's Control Center, the Chicago Police Department, and the Office of Emergency Management and Communications. This project is a continuation of the CTA's efforts to implement security systems at rail stations, rail facilities, yards, and along all rail rights-of-way.

In 2012, the CTA proposes to spend \$47.7 million on security with funds from its annual Homeland Security grant, as well as new state funds, to install cameras at stations and yards, and the Radio Frequency Identification program. Future funding of \$46 million will be made available through 2013-2016 to provide adequate security for the riding public and for CTA assets.

Budget Impact: The impact of investing in security equipment is realized when more customers choose to ride buses and the train system rather than driving to their destinations.

Alternative: None

Project Number: 306.001

Project Title: Program Management

Purpose of Project: This project funds the services of the program management team who serve as an extension of CTA staff in planning and management of CTA's Capital Construction Program.

Description of Proposed Work/Major Elements: Program management scope of work includes the following: Development of project master plans (PMPs) to define initial work scope, schedule and budgets for different types of capital projects; creation of accurate cost estimates, schedules, and implementation plans to deliver projects; assisting CTA engineering in coordination and review of design plans and specifications; maintaining up-to-date asset information and developing project requests for the capital plan. Program Management staffs assist CTA with various grant applications and provide specific planning activities such as studies, implementation of a web-based program management system, facilitation of an infrastructure accessibility task force and other special strategic initiatives and projects. Contracting for these services eliminates the need for the CTA to add or reduce staff as construction levels change over time.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Budget Impact: Implementation oversight, change management, cost controls, reporting.

Alternative: A program management team consists of core management staff and additional toolbox staff that are scalable as demanded by project and strategic initiatives.

Project Number: 308.002

Project Title: Bond Repayment, Interest and Finance Cost

Purpose of Project: 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 non-federal local match.

Description of Proposed Work/Major Elements: This project will provide for the payment of principal and interest costs associated with financing the bond series issued in 2004, 2006, 2008 and 2010. These bonds fund improvements to CTA's infrastructure, including the replacement of signal systems in various subway tunnels. It will also support the new 5000-series rail car purchase and other capital projects. These projects will help the CTA continue to meet the dynamic needs of a growing and interdependent region.

Budget Impact: N/A

Alternative: Reduce rail and bus service, reduce personnel, and increase fares.

Project Number: 404.500

Project Title: CMAQ, JARC, UWP and ICE Projects

Purpose of Project: Provides for various demonstration projects and service improvements and initiatives.

Description of Proposed Work/Major Elements: CMAQ projects contribute to regional air quality; JARC projects are intended to support job access or reverse commute initiatives; and ICE projects are those selected through a competitive process, which demonstrate innovation and coordination, or which enhance transit service. Planned funding through the regional UWP assists the CTA in developing the regional Transportation Improvement Plan (TIP) and the State Transportation Improvement Plan (STIP), as required under funding regulations.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

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

Alternative: None.

Project Number: 073.500

Project Title: Improve Facilities Systemwide

Purpose of Project: This project will provide for a transit improvement program to repair or replace facility deficiencies. These facilities must be kept in a good state of repair in order to allow efficient performance of maintenance duties on the CTA rolling stock and right-of-way, and to serve the needs of the CTA's customers.



103rd Garage Air Handling Unit

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

The CTA has extensive, aging support facilities that require repair and replacement. Without adequate facilities to repair buses, service cannot be guaranteed, employee safety is compromised by having poorly maintained facilities, and the ability to effectively maintain CTA vehicles and to provide revenue service is hampered. These facilities must be kept in a state of good repair in order to allow for efficient performance of maintenance duties.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Name of Facility	Year Built	Age	Current Need
Archer Garage	1909	102	Not in Service
Forest Glen Garage	1957	54	Requires mid-life overhaul work
Kedzie Garage	1983	28	Some systems work needed
North Park Garage	1950	61	Requires mid-life overhaul work
103rd Garage	1986	25	Requires boiler and HVAC upgrade
Chicago Garage	1993	18	Some systems work needed
74th/Wood Garage	1993	18	CTA installing Building Automation System (BAS) to save energy
77th Garage			
Unit 1	1908	103	Life extension or replacement needed
Unit 2	1908	103	Life extension or replacement needed
Unit 6	1970	41	Requires mid-life overhaul work
Unit 10	1960s	~45	Requires mid-life overhaul work
South Shops (Bus)			(Unit 7 demolished in 2009)
Unit 3	1908	103	Life extension or replacement needed
Unit 4	1908	103	Life extension or replacement needed
Unit 9	1970	41	Requires mid-life overhaul work

The CIP proposes to spend \$12.9 million on facility improvements in 2012, including upgrades to various support facilities throughout the system. A total of \$90.5 million has been allocated in 2013-2016 to construct or improve the CTA's bus and rail facilities.

The CTA has allocated \$28.9 million to replace the non-revenue 61st Street rail shop that was demolished in 2009. This project provides funding for the design and rebuild of the demolished 1890s facility that was used to service non-revenue rail equipment. The new facility provides enclosed storage for sensitive equipment. In addition, the new facility will allow for the maintenance and repair of power and way equipment, tampers, cranes, tie inserters, and snow fighting equipment that are critical to operations.

Bus and rail facility improvements also include upgrades to bus hoists, roofs, pits, boilers, masonry and window repair, overhead doors, electrical service, fire alarm systems, plumbing, heating, ventilation, and air conditioning systems.

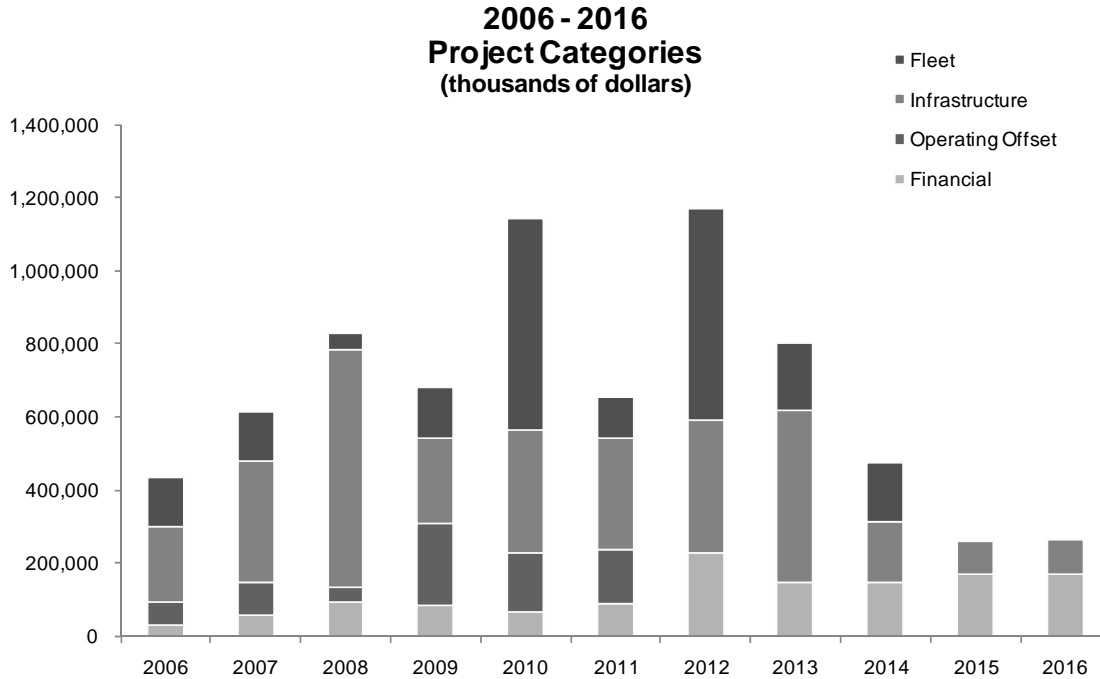
Budget Impact: An overall reduction in operating costs. Maintained facilities kept in a state of good repair will reduce operating expenses for costly repairs.

Alternative: Continued increase in operating costs, reduced reliability, decreased service to ever-growing ridership. Not repairing facilities compromises customer and employee safety.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Capital Program Asset Category Comparison



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

The flow of capital asset replacement or rehabilitation varies widely from year to year, resulting in an irregular funding level for asset categories. The 2007-2009 funding shows the effect of a significant initiative to reduce slow zones on the rail system, with a heavy emphasis on infrastructure funding and a lower level for fleet investment. The 2010 spike in funding for the fleet demonstrates the major commitment needed for the purchase of the 5000-series rail cars. In this CIP, fleet funding shows an increase in 2012, reflecting the beginning of mid-life rehabilitation for the 3200-series rail cars as well as funding for replacement of obsolete railcars. Financial instruments are lower in 2010-2011 as a result of a bond restructuring completed in 2010. The financial category shows a net increase in 2012-2016. CTA bonds issued in 2005 are retired, and this is offset by the start of payments on the bonds issued in 2010.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Sources of Funds

On September 30, 2009, SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) expired without enactment of a new, six-year reauthorization program. In order to avoid a halt in the Federal-Aid Highway Program, Congress has enacted successive short-term interim authorizations: the first extended SAFETEA-LU's Federal Fiscal Year (FFY) 2009 funding levels through the end of October 2009; the second, enacted in late October 2009, extended FFY 2009 funding levels through December 18, 2009; and the third extended FFY 2009 funding levels through February 28, 2010. On March 18, 2010, President Obama signed the HIRE Act, which included an extension of surface transportation programs through December 31, 2010, restored the SAFETEA-LU rescission, and established tax incentives for job creation. The fifth extension continued through September 30, 2011. On September 16, 2011, the president signed the FAA/Surface Transportation Extension Act, which included a sixth extension of the surface transportation program through March 31, 2012.

The federal executive branch, the House of Representatives Transportation and Infrastructure Committee, and the United States Senate Environment and Public Works Committee have all developed proposals for reauthorization of a transportation program. While differing significantly, each proposal continues the provision of funds from the Highway Trust Fund on a formula basis for allocation to the states. The federal executive branch incorporated a reauthorization blueprint in its 2012 budget proposal.

The federal executive branch blueprint proposes \$50 billion of upfront investment in transportation, a \$30 billion infrastructure bank commitment, and aggregate spending over a six-year period of \$556 billion. The House Committee proposal (July 2011) calls for a six-year transportation program totaling \$230 billion, an average decrease of 32 percent from SAFETEA-LU. The Senate Committee released an outline of a proposal (July 2011) that calls for a two-year reauthorization totaling \$109 billion, maintaining the current funding level and requiring approximately \$12 billion of funds from sources other than the Highway Trust Fund. There can be no assurances that any of these proposals will be implemented, and the ultimate decision regarding reauthorization of SAFETEA-LU will require agreement between both branches of the federal government. Extension or reauthorization could be at lower amounts and for shorter periods than have previously occurred.

The federal funds available under a successor to SAFETEA-LU will require a substantial amount of non-federal, matching funds (local share)—between \$300 and \$400 million—to fully utilize the federal formula funds. Additional funds will also be required to match federal New Starts or proposed federal infrastructure funds for new lines and extensions, or major rehabilitation of existing lines.

The current State Transportation Series B Bond fund was appropriated under two legislative programs: Illinois Jump Start, which was appropriated in 2009, and Illinois Jobs

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Now, which was appropriated in 2010. The CTA's share from both legislative programs totals \$1.395 billion. The State of Illinois has authorized Illinois Jobs Now, which includes funding for mass transit agencies to replace, upgrade, and enhance infrastructure systemwide. This program provides for state funding over a five-year period, which began in 2010 and ends in 2014. In 2010, the CTA received an authorization of \$253.7 million under this program. The CTA anticipates an authorization for the years 2012-2014 of the CIP totaling \$1.14 billion. The remaining funds for the State Transportation Series B Bond program have yet to be authorized and, at this time, are not available to the CTA.

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

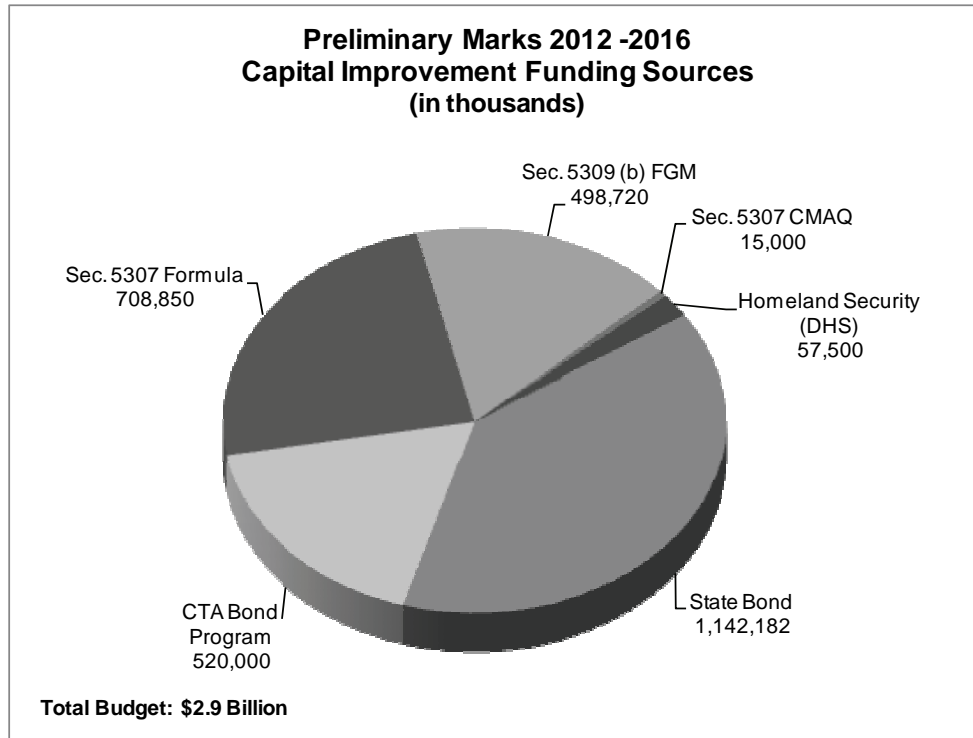
The State Bond funds shown in the table below include the remaining three years of a five year state bond program. The CTA received the first year (2010) of the five-year state bond program funding in January 2011. The program is expected to continue through 2014. The following table details the funding sources supporting this CTA Capital Improvement Program.

CHICAGO TRANSIT AUTHORITY						
FY 2012 - FY 2016 CIP FIVE YEAR PROGRAM MARKS						
<small>(in thousands)</small>						
NEW FUNDS	2012	2013	2014	2015	2016	TOTAL
Sec. 5307 Formula	136,490	139,080	141,720	144,410	147,150	708,850
Sec. 5309 (b) FGM	96,030	97,850	99,710	101,600	103,530	498,720
Sec. 5307 CMAQ	3,000	3,000	3,000	3,000	3,000	15,000
Homeland Security (DHS)	11,500	11,500	11,500	11,500	11,500	57,500
AVAILABLE FEDERAL	247,020	251,430	255,930	260,510	265,180	1,280,070
State Bond	373,549	552,114	216,518	-	-	1,142,182
Service Board (2010 PBV)	27,000	-	-	-	-	27,000
AVAILABLE STATE/LOCAL	400,549	552,114	216,518	-	-	1,169,182
New Funding Available	647,569	803,544	472,448	260,510	265,180	2,449,252
CTA Bond Program	520,000	-	-	-	-	520,000
TOTAL CAPITAL AVAILABLE	1,167,569	803,544	472,448	260,510	265,180	2,969,252

The funding levels used in preparing the proposed 2012-2016 CIP reflect the capital resources available to the CTA from the FTA, DHS, IDOT, RTA and CTA bonds. These include \$1.3 billion from federal sources, \$1.1 million from state bond capital programs, and \$520 million of CTA bond funds. The total projected available funding is \$2.97 billion. A summary of this funding is presented in the following figure.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program



CTA Bonds

The CTA faces significant capital needs. The agency has \$2.9 billion of projects it hopes to fund through 2016 and another \$7 billion in unfunded needs. The CTA continues to issue capital bonds to provide additional funding for essential capital activities to accelerate funding to meet prioritized unmet capital needs.

Some projects funded with capital bonds are:

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

The Series 2011 bonds will provide for the purchase of an additional 300 5000-series rail cars.

In 2006, the CTA entered into a contract for a base order and option one to purchase 406 rail cars with an option to purchase an additional 300 cars. The CTA has executed Options 2 and 3 to purchase the remaining 300 rail cars. In 2010, the CTA issued Sales Tax Revenue

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Bonds to provide funding for the first 406 railcars. The CTA will also issue a combination of Sales Tax and Capital Grant Revenue Bonds to fund the remaining 300 rail cars. The cost for the 300 rail cars is approximately \$430 million.

Substantial reductions in the federal formula program and the uncertainty with the State Transportation Bond program have substantially hindered CTA's efforts to fund the replacement of obsolete rail cars in the service fleet. Issuance of the proposed bonds will allow the CTA to immediately access future federal funding for its capital improvement programs and further reduce future capital project costs. Specifically, the proposed bond issuance will allow the CTA to complete the contract order for a total of 706 rail cars which, when placed into service, will represent a renewal of approximately 53 percent of the rail fleet.

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

Capital Grants

IDOT Grant Initiative

The CTA is currently in the process of obtaining a multi-year grant agreement with the Illinois Department of Transportation (IDOT) to provide funds for the rehabilitation of CTA's Red Line from the 95th Street rapid transit station on the south to Howard Street station on the north, as well as the Linden Purple Line station. Much of the infrastructure on the Red and Purple Lines is significantly past its useful life and needs major improvements to eliminate slow zones, upgrade stations, and improve track and rights-of-way. Approval of this multi-year grant will also support initial investments for the CTA's Red and Purple Line Modernization project.

Competitive Grant Opportunities

Throughout 2011, the FTA offered several competitive grant programs, including Alternatives Analysis, Bus Livability Program, Clean Fuels Program, Innovative Transit Workforce Development Program, Public Transportation Research, State of Good Repair, and Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER).

With an ever-growing need for capital funds to move vital projects forward, the CTA continues to aggressively pursue these opportunities. This year alone, the CTA has submitted 20 applications that total approximately \$141 million. As additional opportunities arise, CTA will apply for grant funding.

The CTA has requested funding for a variety of projects, including the following:

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Western Avenue Corridor Bus Rapid Transit

Alternatives Analysis is a funding program provided by the FTA that assists in the evaluation of modal, multi-modal alternatives, and general alignment options to address transportation needs in a defined travel corridor. A total of \$25.7 million was made available nationally for the Alternatives Analysis Program. The FTA announced funds of \$1.6 million awarded to the CTA to provide for an alternative analysis study of the 21-mile Western Avenue corridor between Howard Street on the north, Western Avenue on the west, Ashland Avenue on the east, and 95th Street on the south. This study will identify and study various technology and corridor alternatives in the study area.

Chicago Lakefront Corridor

In October 2011, the FTA announced \$2 million for an Alternatives Analysis Planning Grant for the Chicago Lakefront Corridor. This analysis will determine the feasibility and appropriate level of investment for the provision of high capacity transit connections in the 24-mile linear corridor spanning from Howard Street to 103rd Street. The Lakefront Corridor currently has high levels of bus service and ridership. The primary focus of the alternative analysis study will be to develop bus service options and facility improvements to increase travel speeds and reduce operating costs. The study will identify and take into account various technology and corridor alternatives in the study area, including traditional bus, express bus, bus rapid transit, and rail modes if appropriate. All modes will be compared to the current network to evaluate ways of improving user benefits including trip speed, better connections, and attracting new ridership. The study area contains a population of 555,823 residents and an employment base of 503,338 workers.

Jeffery Bus Rapid Transit

The FTA announced the availability of discretionary Section 5309 Bus and Bus Facilities grant funds in support of the Department of Transportation's Livability Initiative, the "Bus Livability Program." The Bus Livability Program makes funds available for public transit providers to finance capital projects to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. The CTA was awarded \$11 million for the Jeffery Bus Rapid Transit (BRT) project. The overall objectives of the Jeffery BRT Pilot Project are to provide more rapid and reliable transit service and to improve residential and employment connections for everyone who lives, works and relies on bus service in the Jeffery Corridor.

Wilson Red Line Station, Accessibility Improvements

In October 2011, the FTA announced \$6 million to fund accessibility improvements at the Wilson Red Line station as part of the FTA's Bus and Bus Facilities Livability Program. This project will include the installation of an elevator, an elevator control room and a rail maintenance room. Additional accessibility features will include power-assisted doors and

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

a wheelchair-accessible turnstile in the fare area. This project will improve service delivery by providing easier access to the rail system from the existing accessible bus routes.

Purchase Up to Seven 60-Foot Articulated Diesel-Electric Hybrid Buses

The CTA is seeking a Clean Fuels grant in the amount of \$6.6 million for the purchase of up to seven, 60-foot articulated hybrid buses to replace a like number of 40-foot conventional diesel powered buses. Hybrid diesel-electric buses achieve at least 20 percent greater fuel efficiency than standard diesel buses, saving fuel dollars while promoting cleaner air. Each 60-foot bus replaces an average of 78 passenger cars, helping to further ease traffic congestion in all neighborhoods served by the CTA.

Purchase 60-Foot Articulated Diesel Electric Battery-Powered Buses

In October 2011, the FTA announced \$30 million as part of the FTA State of Good Repair Program to purchase diesel-electric hybrid buses and hoists. Hybrid buses achieve at least 20 percent greater fuel efficiency than standard diesel buses, which save fuel dollars while promoting cleaner air. These fully-accessible and air-conditioned buses offer many features for customers, such as ADA-compliant LED destination signage, cameras for additional security, bike racks, and the Bus Tracker System.

Innovative Transit Workforce Development Program

The CTA is the recipient of an Innovative Transit Workforce Development Program grant from the FTA totaling \$208,590. The project consists of the development of a competency model that identifies the knowledge, skills, or abilities needed to perform a specific role in a job, organization, or profession. A successful competency model initiative allows an organization to be consistent with how to hire and train people, measure their performance, and develop leadership potential. This model is important because it provides a road map for the range of behaviors that produce excellent performance. The model will provide performance expectations, align employee behavior with key organizational strategies, and provide a guide for achieving expected performance standards.

Transit Climate Change Adaptation Assessment Pilots (Public Transportation Research)

Global climate change is projected to bring more extreme heat and precipitation to the Chicago region in the years ahead. Transit plays an important role in reducing regional carbon emissions, and the CTA has applied for RTA funding to identify strategies to prepare the bus and rail system for expected climate change impacts (for example, more frequent right-of-way flooding, electrical power disruptions, exposure at transit stops and stations). If funding is awarded, the CTA will work with other local partners in the Chicago Climate

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Action Plan to produce and prioritize a set of detailed adaptation strategies that will allow the CTA to function more efficiently and to sustain ridership over the coming decades.

FTA Bus and Bus Facilities Discretionary Program

The FTA Bus and Bus Facilities Discretionary Program makes funds available to finance capital projects to replace, rehabilitate, and purchase buses and related equipment, and to construct and rehabilitate bus-related facilities. The CTA was awarded two grants under this program. The first project, programmed for \$32 million, has provided capital funds to finance the Improve Facilities Bus Garage Rehabilitation Program; the second project, funded at \$5.4 million, provides for the implementation of a Transit Asset Management System.

The Facilities Bus Garage Rehabilitation Program will provide for much needed rehabilitation work at CTA bus heavy maintenance facilities. Funding will repair or replace bus facility deficiencies such as boilers, trash collections systems, roofs, windows, pavement replacement, bus hoist replacement, inspection pit rehabilitation, and heating, ventilation, and air conditioning system upgrades.

A Transit Asset Management System will catalog bus facility capital assets, including maintenance garages, related systems and equipment, and bus turnaround facilities. This project would include migrating current bus facility capital asset information to a central database, incorporating additional pieces of information and new data fields as required, performing an engineering condition assessment field study for bus facility assets, developing a long-term plan for maintaining up-to-date information on asset condition, and developing a modeling tool using the asset information to prioritize capital investment on bus facility assets in a funding-constrained environment.

Purchase Up to Two Electric Battery-Powered Buses and Chargers

In January 2011, the FTA published a notice in the Federal Register announcing the selection of projects funded with Section 5309b program funds in support of USDOT's energy conservation efforts. The FTA's Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) program makes funds available for capital investments that will reduce the energy consumption or greenhouse gas emissions of public transportation systems. Funds were awarded on a competitive basis and projects were evaluated for their ability to reduce energy consumption and/or greenhouse gas emissions. A total of \$75 million was made available nationally for the TIGGER program and the CTA was awarded \$2.2 million for the acquisition of two electric battery-powered buses and charging equipment.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Subway LED Emergency Lighting

In August 2011, the CTA applied for 2012 TIGGER grant funds for new subway emergency lighting. The project aims to improve customer safety while realizing significant energy savings by replacing inefficient incandescent emergency lighting fixtures with cutting-edge, light-emitting diode (LED) T8 tube-style lighting fixtures in the CTA's historic Kimball Street subway system. The existing emergency lighting system, installed in the 1940s, is meant to provide a constant source of light in otherwise pitch-black subway tunnels and egresses but is prone to frequent bulb burn-outs and network power outages. This results in enormous energy costs, maintenance costs, and periods of total darkness between underground passenger stations.

Subway lighting would be a unique, innovative, and nationally-replicable application of solid-state lighting technology. The proposed project would eliminate reliance of the lighting system on the 600-volt rail traction power supply system, allowing the emergency lighting to remain on even when traction power is shut off in the event of equipment failure or fire. Should the local power company experience an outage, resulting in loss of power to trains and all lights, the proposed system would be immune to failure, relying on uninterruptible power supply back-ups to provide up to two hours of power off the grid.

Innovation, Coordination, and Enhancement (ICE) Program

This RTA program provides capital assistance to enhance the coordination and integration of public transportation, and to develop and implement innovations to improve the quality and delivery of public transportation. This grant is providing initial funding for a standardized point-of-sale system that relies on business processes and technical standards of the financial services industry. This non-proprietary, point-of-sale system similar to the devices found in most retail merchant location will yield appreciable cost reductions, operational efficiencies, and improved customer satisfaction over the current ticketing system. In FY 2011, the CTA was awarded an ICE grant from the RTA in the amount of \$1.2 million for the Open Standards Fare Payment System project.

Congestion Mitigation and Air Quality (CMAQ) Grant for Diesel Particulate Filters

This is a federally-funded program of surface transportation improvements designed to improve air quality and mitigate congestion. This grant will provide for the purchase and installation of diesel particulate filters on CTA buses. This device is designed to remove diesel particulate matter from the exhaust gas of a diesel engine and helps to lower regional emissions. The CTA was awarded \$11.9 million in FY 2011 funds for the Diesel Particulate Filter Retrofit project.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Unified Work Program (UWP) Grants

The CTA was awarded UWP funding to create a Planning and Environmental Impact Statement to modernize the Red and Purple Lines. The project will bring existing transit stations, track systems, and structures into a state of good repair. In addition, stations from north of Belmont to the Linden Terminal would be brought into ADA compliance.

Partnership with CALSTART

The CTA will partner with CALSTART to develop and conduct in-service testing for a next generation 40-foot bus powered by a hydrogen fuel cell. CALSTART is a member-supported organization of more than 140 firms, fleets, and agencies worldwide dedicated to supporting a growing high-tech, clean transportation industry that cleans the air, creates jobs, cuts imported oil and reduces global warming emissions.

A fuel cell is an electrochemical device that converts the hydrogen's chemical energy to electrical energy. This project will demonstrate fuel cell propulsion technology in a large transit agency with the potential for larger fleets of fuel cell bus procurements, as well as develop and demonstrate new technology that enables the operation of fuel cell buses in a cold climate.

Environmental Impact Statement (EIS) for Red Line Extension

The CTA was awarded UWP funds to provide for an Environmental Impact Statement for the Red Line extension project. The CTA is proposing to extend the Red Line from the 95th Street station to the vicinity of 130th Street. The CTA has completed an Alternatives Analysis and a Locally Preferred Alternative and the next step in the process is preparing an Environmental Impact Statement.

This project is one part of the CTA's effort to extend and enhance the entire Red Line and is an identified fiscally-constrained project in GOTO 2040 long-range plan developed by Chicago Metropolitan Agency for Planning (CMAP). The CTA and FTA initiated an AA study for the proposed extension in 2006 and completed it in 2009 with the identification of a Locally Preferred Alternative (LPA). The proposed LPA is 5.3 miles long and would extend the heavy rail transit line from the existing Red Line 95th Street Station to 130th Street along the Union Pacific Railroad (UPRR) corridor.

In 2011, \$5.1 million in federal grant funding was provided for an EIS that will evaluate the environmental impacts of the project.

The purpose of the Red Line extension project is to reduce travel times to jobs for Far South Side and South Suburban residents, and improve the performance of the existing Red Line 95th Street station terminal. The project also would provide an opportunity to support economic development initiatives.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

The need for the project is based on the following considerations:

- Lack of a Park & Ride and poor pedestrian facilities limit access to the existing 95th Street terminal of the Red Line.
- Measurable delays when accessing the existing terminal facility by bus, resulting from poor performance of surrounding arterial intersections, insufficient space for bus loading and unloading, and insufficient space for bus layovers.
- Congested bus and passenger conditions at the existing terminal station and bus facility result in safety issues and diminish the attractiveness of transit as an alternative to other travel modes.
- Roadway performance in the study area is adversely impacted by narrow arterial streets and frequent at-grade freight rail crossings.

In 2012-2016, the CTA will continue to aggressively pursue additional funding under these competitive grant programs.

Unfunded Capital Need

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

The CTA continues to invest in upgrading or replacing system assets yet the unfunded capital need is more than \$7 billion. Even if the entire capital backlog was funded, the CTA estimates a need of \$844 million annually just to keep system in a state of good repair. The average funding level over the period 2012-2016 is \$593 million. And even if the CTA system was in a state of good repair, the annual program funding would be insufficient to maintain this condition, with each year's deficit approximately \$251 million.

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

Right-of-Way

- Twenty-two percent of rail right-of-way is past its useful life of 40 years. On the most deteriorated sections, slow zones are established to provide safer service. Slow zones cripple the system, and 28 miles (12 percent) of CTA's rail system tracks are currently designated as slow zones. The Red Line, which serves 38 percent of all riders, has 23.5

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

percent of track in slow zones that adds more than 20 minutes of delay to train travel times on that line. The Brown Line has 20 percent slow zones, which adds seven minutes of delay to travel times.

- The Red Line Dan Ryan Branch tracks are over 40 years old. Riders on both the north and south portions of the Red Line experience more overcrowded and increased headways due to these slow sections in the Dan Ryan. Without action, it is projected that 65 percent of the Dan Ryan tracks will require slow zones by 2012, which will add 10 minutes in travel time from 18th to 95th Streets. The projected cost of patching, increased operating costs, and losses from fare revenue due to slow zones over the next five years averages \$10 million each year and will continue to rise without major capital rehabilitation. While ridership on the rest of the Red Line is growing at 2.4 percent year to date, ridership on the Dan Ryan section on the south is declining by 3.0 percent year to date.

Rail Stations

- Fifty-four of 143 stations (38 percent) are past their useful life; 22 stations (15 percent) are over 90 years old; 52 stations (36 percent) are not accessible to the disabled. These aging stations cannot support the demands of current ridership and use.
- Water infiltration is a constant battle in subway stations. This is particularly problematic along the Blue Line subway, where leaks from water and sewer mains result in corrosion and degradation of the infrastructure of these stations.
- Seventy-five out of 154 escalators (49 percent) are beyond their useful life of 25 years, with some escalators dating back to the 1950s. The system's escalators suffer from repeated failures and many do not meet current safety standards.
- Elevators on the system experience extraordinary wear and tear from riders and weather conditions, making them difficult to maintain without major capital work throughout their useful life. Elevators are critical to maintain the accessibility of our system for the elderly, disabled, and families with strollers. The CTA invests approximately \$2.2 million annually to keep existing elevators operational.

Rail Elevated Structures

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

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Rolling Stock

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

Maintenance Facilities

- Maintenance facilities require significant improvements to adequately support the bus and rail fleet. Six of CTA's maintenance buildings are over 100 years old and have not received substantial rehabilitation. The CTA has been forced to rely heavily on these outdated facilities, recently closing a bus garage that was built to store horse-drawn trolley operations at the turn of the century, and demolishing a rail equipment maintenance shop built for the 1893 World's Fair that was no longer structurally sound. Neither of these facilities has been replaced.
- Nearly half of the hoists used to lift buses at CTA's seven bus garages require immediate replacement (45 of 91 hoists). Additionally, CTA does not have a sufficient number of hoists that can be used for the longer articulated buses, which are becoming a larger percentage of the CTA's bus fleet.
- Electrical switch gear at two garages (Forest Glen and North Park) dates from the late 1950s and if these systems are not replaced, generators will need to be rented at a cost of \$3 million per year. The reduction in power capacity will mean a 10 percent decrease in the number of buses in service for a total loss of 25 buses per facility and 50 fewer buses in service systemwide.
- Three of CTA's seven bus garages have boilers purchased in the mid-1980s that are at the end of their useful life of 25 years and require significant ongoing costs to keep them from failing. New energy-efficient boilers save CTA 20 percent on gas bills and require less maintenance.

Substations

- Forty-five percent of the substations that power the rail system are beyond their useful life. These aging substations reduce reliability of service and result in slow service because they provide insufficient power to the system to meet demand.

Operating Budget Impact of Capital Program Projects

When the CTA invests in capital projects, there is a direct and positive impact on the operating budget. Conversely, lack of financial investment in capital projects not only can

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

have a dire effect on the safety and reliability of the system, it also negatively impacts the operating budget.

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

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

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

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

Since 2006, the CTA has been transferring funds from capital project use into the operating budget to meet operating revenue shortfalls. This practice, while providing for continued transit operations, has a negative impact on the long-term ability to upgrade infrastructure. This CIP is the first in recent years to halt this practice, thus maximizing the CTA's ability to invest in its aging system in an attempt to get closer to a state of good repair. Despite this, there remains an unfunded capital need of approximately \$7 billion.

Computerized Analysis of the Impacts of Capital Projects on the Operating Budget

A task force consisting of members of the RTA and the three Service Boards is developing and working to test the "Decision Tool," a computerized method to be used for annual budget planning and capital project prioritization. This method will allow for targeted identification and quantification of potential operating savings that could result from certain capital investments, while also providing other benefits. The software is expected to be fully implemented and used by all Service Boards in 2012.

CTA FY12 Budget

Proposed 2012-2016 Capital Improvement Plan & Program

Capital Program Acronyms

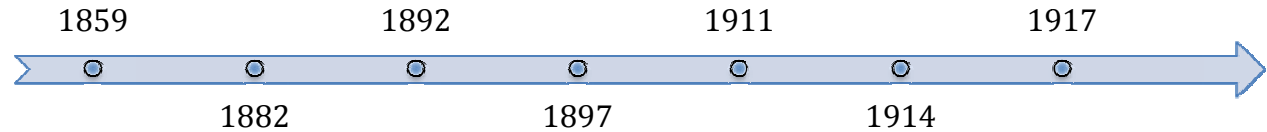
AA	Alternatives Analysis
ADA	Americans with Disabilities Act
APB	Accounting Principles Board
ARRA	American Recovery and Reinvestment Act
BAB	Build America Bonds
BLS	Bureau of Labor Statistics
BOB	State Bureau of the Budget
BRT	Bus Rapid Transit
CAC	Capital Advisory Committee
CBO	Congressional Budget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

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

History of the Agency

History of the Agency



1859
The beginning of public transit in Chicago; early service is horse drawn.



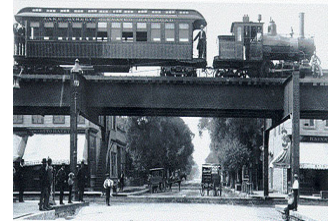
1882
The Chicago City Railway obtains rights to operate San Francisco-style cable cars.



1892
The Chicago and South Side Rapid Transit Company opens on June 6, bringing elevated train service to Chicago. At the turn of the century, four separate transit railroads are operating in Chicago. The first trains, powered by steam, are quickly converted to electricity.

1897
Elevated trains are built along available rights-of-way, often above alleys and less heavily used streets. The Loop opens, connecting rapid transit lines serving the North, South and West sides of Chicago.

1911
The rapid transit companies form a trust that, in 1913, allows free transfers between the carriers for the first time. This also marks the start of through-routing trains between the North and South Sides.



1914
On February 1, four streetcar companies unite under a single management, the Chicago Surface Lines. At its peak, the Chicago Surface Lines operates along 1,100 miles of track and becomes the largest and most heavily-used streetcar system in the world.

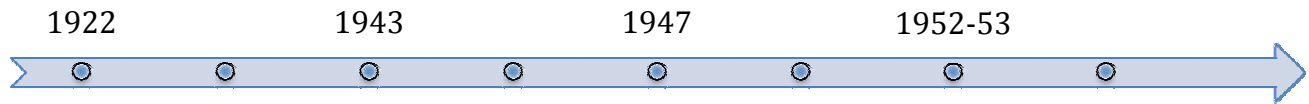


1917
Buses are first used in Chicago as the Chicago Motor Bus Company is created. Bus use is limited to Chicago boulevards and parks.



CTA FY12 Budget

History of the Agency



1922

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

1924

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



1943

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

and the City of Chicago finance the State Street Subway.



1945

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

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

1947

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

1951

The Dearborn Street subway opens.

1952-53

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

1958

The Congress branch opens along the median of the newly-built Congress

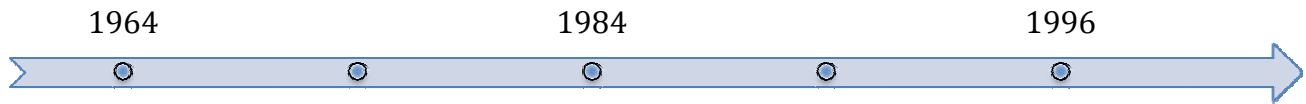


expressway, connecting Forest Park with the Loop through the Dearborn Street subway, with

trains continuing to Logan Square on the northwest side.

CTA FY12 Budget

History of the Agency



1964

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



1974

By the early 1970s, the popularity of car

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



1984

The CTA responds to changing demographics during the 1970s by expanding the West-Northwest Service from Logan

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

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

1993

The Dan Ryan branch, formerly linked to the Englewood and Jackson Park

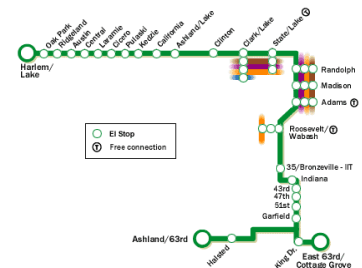
branches, is linked with the Howard branch. The new Lake to Englewood-Jackson



Park service is rerouted to use the Loop Elevated. The Midway Orange Line is completed, linking the downtown elevated Loop to the Southwest side airport. Its completion makes Chicago the only city in the United States with public transportation connecting two major airports.

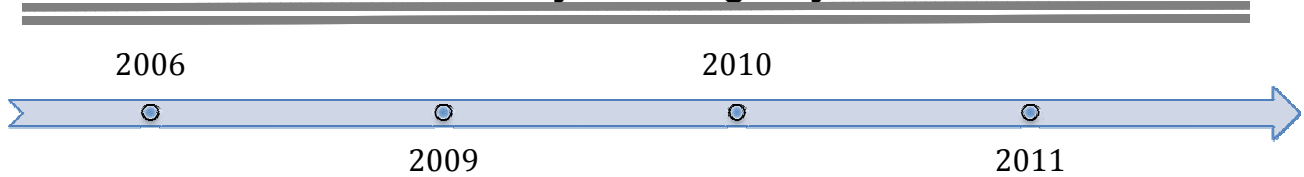
1996

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



CTA FY12 Budget

History of the Agency



2006

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

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

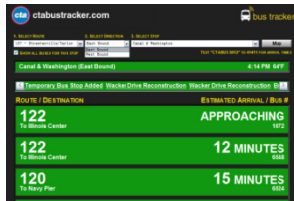
2011

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



cta train trackersm beta

information on estimated train arrival times for all 143 rail stations across the CTA's eight rail lines. Train Tracker exemplifies the CTA's continued commitment to improving services while maintaining fiscal responsibility.



2009

The final regularly-scheduled bus routes are added to the CTA Bus

Tracker. Customers are able to access information online and via text messaging, and receive email notification of predicted arrival times and service alerts.



2010

The CTA begins testing the prototypes of a

brand new family of 'L' cars, the 5000-series rail cars. These advanced cars result in a smoother, more comfortable ride and provide both operational and maintenance efficiency.

CTA FY12 Budget

Transit Facts

Transit Facts

Creation of CTA

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

CTA Governance

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

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

Service Area	
Area	220 square miles of Chicago and 40 nearby suburbs
Population	3.53 million
Coverage	82 percent of public transit trips in the six-county Chicago metropolitan area

Ridership (2011 Forecast)	
Average Weekday	1,664,806
Average Saturday	1,075,276
Average Sunday/Holiday	757,717

2012 Budget	
Operating Budget	\$1.240 billion
Capital Budget	\$1.168 billion
Budgeted Positions	9,206

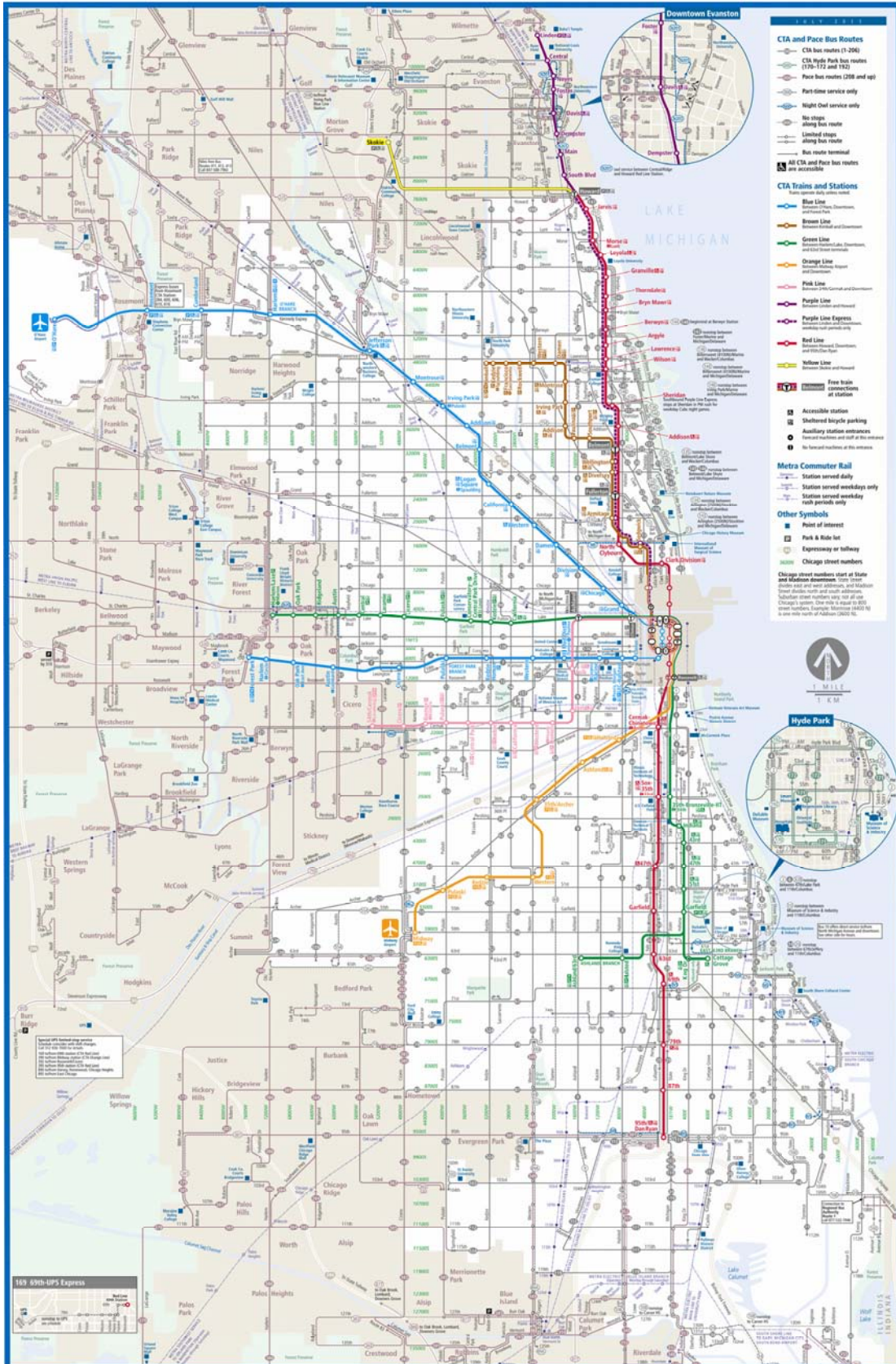
Bus	
Number of Buses	1,781
Routes	140
Stops	11,493
Bus Route Miles	1,959
Bus Miles Traveled per Day	145,832
Ridership (2011 Forecast)	306 million

Rail	
Number of Rail Cars	1,200
Stations	143
Rail Track Miles	224.1
Rail Miles Traveled per Day	177,490
Ridership (2011 Forecast)	219 million

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

System Map



(THIS PAGE INTENTIONALLY LEFT BLANK)

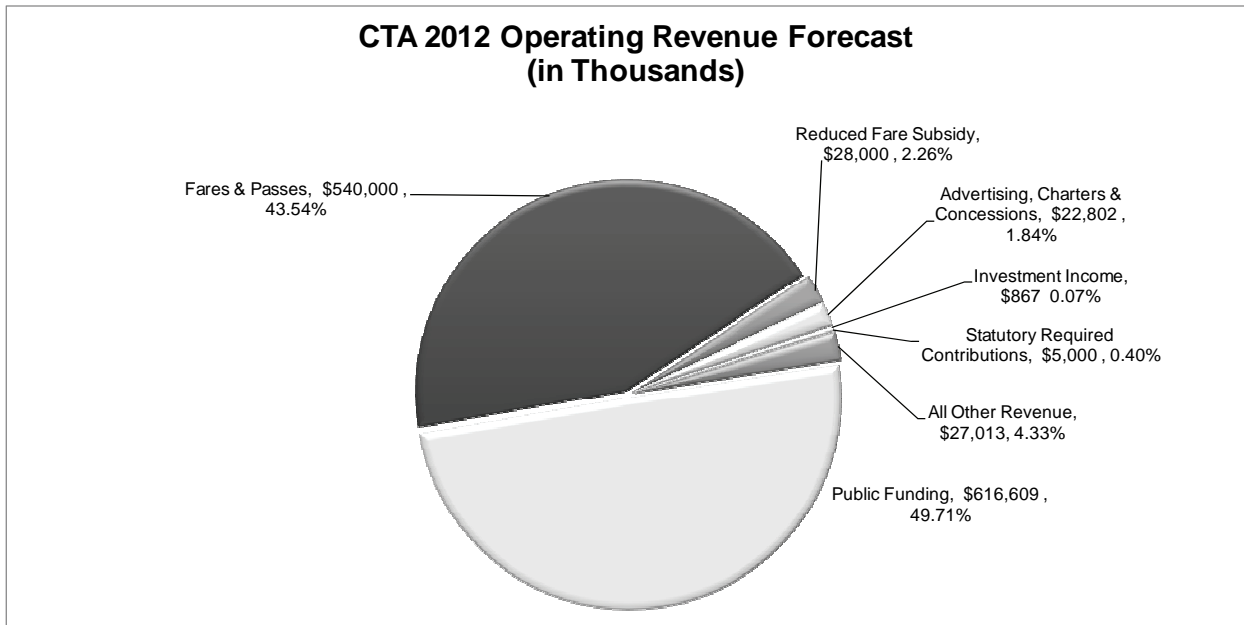
CTA FY12 Budget

Operating Funding Summary

Operating Funding Summary

The CTA's total estimated revenue for 2012 is \$1.24 billion. There are two primary sources of operating revenue for the CTA: System-generated revenue through fares and other sources, and public funding through the Regional Transportation Authority (RTA). System-generated revenue is projected at \$623.7 million for 2012 and public funding is projected at \$616.6 million. The following table represents 2012 estimated revenue by source.

Total CTA Revenue - All Sources (in thousands)	2012
Fares and Passes	\$540,000
Reduced Fare Subsidy	\$28,000
Advertising, Charters and Concessions	\$22,802
Investment Income	\$867
Statutory Required Contributions	\$5,000
All Other Revenue	\$27,013
Public Funding through the RTA	\$616,609
Total Revenue	\$1,240,291



CTA FY12 Budget

Operating Funding Summary

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

System-Generated Revenues

The CTA's system-generated revenue is forecast at \$623.7 million for 2012. This revenue is derived from the sale of fares and passes, subsidies for reduced fare riders, advertising, investment income, statutory required contribution from local governments by provision of the RTA Act, and other revenues. These revenues are further defined below.

Fares and Passes

Revenue from fares and passes is forecast at \$540 million in 2012 and is the largest portion of system-generated revenue. The CTA's revenue from fare and passes includes cash fares, full-fare and reduced-fare cards, and Chicago Card and Chicago Card Plus fares. In addition, the CTA also sells 30-day full fare and reduced fare passes, along with one-, three- and seven-day passes. Additional pass revenue comes from the CTA's U-Pass for local university students, the sale of visitor passes and METRA Link-Up passenger revenue.

Reduced Fare Subsidy

This funding represents the reimbursement of revenues lost by the Service Boards due to providing reduced fares to students, the elderly and riders with disabilities as mandated by federal and state law. The funding is subject to the terms of the grant agreement, state statute and annual state appropriation. Reimbursement amounts are allocated to the Service Boards based on reduced-fare passenger trips taken during the grant year. Reduced fare subsidy is forecast at \$28 million in 2012.

Advertising, Charters and Concessions

Advertising, charters and concessions revenue for 2012 is forecast at \$22.8 million.

The bulk of this revenue is received through advertisement on buses, rail cars and rail stations. This forecast also includes: concession revenue from 85 concessions within the CTA's 143 rail stations, revenue generated from billboards, ATM and vending machine contracts, and revenue from Special Contract Guarantees, which includes agreements for transportation services for the University of Chicago, the Chicago Cubs and others.

CTA FY12 Budget

Operating Funding Summary

Investment Income

Year	Investment Income (in thousands)	Federal Funds Rate (at year end)
2005	\$5,400	4.25
2006	\$11,600	5.25
2007	\$12,100	4.25
2008	\$3,779	0-0.25
2009	\$1,259	0.12
2010	\$627	0.18

The 2012 budget for investment income is \$867 thousand for 2012. This compares to investment income of \$5.4 million in 2005, \$11.6 million in 2006, \$12.1 million in 2007, \$3.8 million in 2008, \$1.3 million in 2009, \$627 thousand in 2010, and a forecast of \$394 thousand for 2011.

The variation is largely attributed to changes in short-term interest rates. The federal funds rate has increased from a low of one percent in June of 2003 to a high of 5.25 percent in June of 2006 before falling to near zero at the end of 2008. In August 2011, the Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at zero to 0.25 percent. The FOMC predicts that economic conditions will dictate that the rate remain within this exceptionally low range at least through mid-2013.

Statutory Required Contributions

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

Statutory Required Contributions (in thousands)		2012
Contributions - City of Chicago		\$3,000
Contributions - Cook County		\$2,000
Total		\$5,000

All Other Revenue

The CTA forecasts \$27 million in other revenue for 2012. Revenues in this category include operating grants from the Federal Transit Administration (FTA), parking fees, rental revenue, third-party contractor reimbursements and filming fees. Additional revenue is derived from 35 real estate leases across the system, as well as leases within the CTA headquarters building. Parking revenues include Park & Ride Facilities (17 facilities with approximately 6,000 spaces), under 'L' parking rentals and long-term parking agreements.

Public Funding

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

CTA FY12 Budget

Operating Funding Summary

Sales Tax Revenue per 1983 Formula

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

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

The 2012 Sales Tax Budget per the 1983 Formula for the Region is estimated to be \$737,060 million and is distributed to the RTA and three Service Boards as follows:

(in thousands)	Chicago Sales Tax Revenue	Suburban Cook Sales Tax Revenue	Collar County Sales Tax Revenue	Total
CTA	\$204,865	\$96,513	-	\$301,378
Metra	-	\$176,941	\$69,948	\$246,889
Pace	-	\$48,256	\$29,978	\$78,234
RTA	\$36,153	\$56,772	\$17,634	\$110,559
Total:	\$241,018	\$378,482	\$117,560	\$737,060

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

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

CTA FY12 Budget

Operating Funding Summary

Federal Assistance (Federal Transit Administration)

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

Public Transportation Fund

As authorized by the RTA Act, the Illinois State Treasurer transfers from the State General Revenue Fund an amount equal to 25 percent of the RTA sales tax collections (or gasoline or parking taxes, if imposed by the RTA). The treasurer transfers this amount to a special fund, the Public Transportation Fund (PTF), and then remits it to the RTA on a monthly basis. Remittance requires an annual appropriation by the State of Illinois. The RTA uses these funds at its discretion to fund the needs of the Service Boards, RTA operations, debt service and capital investment. The RTA's 2012 budget includes \$184.3 million per the 1983 formula and \$123.6 million per the 2008 legislation in PTF funds.

State Assistance

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

2008 Legislation

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

CTA FY12 Budget

Operating Funding Summary

2012 RTA Proposed Service Board Operations Funding (in thousands)

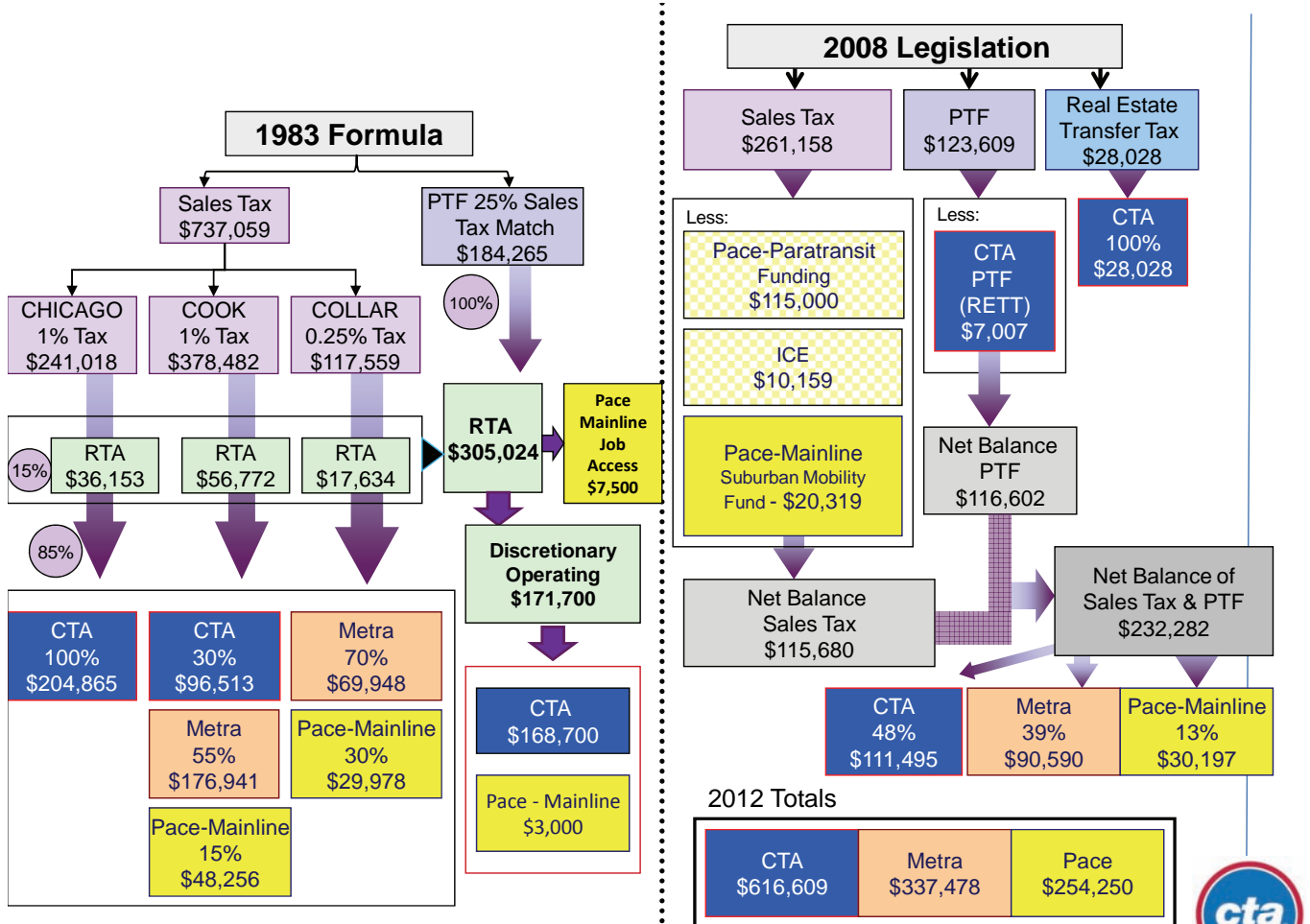
2012 Service Board Funding	RTA	CTA	Metra	Pace- Mainline	Pace- Paratransit	Total
Sales Tax (1983 Formula)	\$305,024	\$301,378	\$246,888	\$78,234	-	\$931,524
Sales Tax and PTF (PA 95-0708)	-	\$111,495	\$90,590	\$30,197	\$115,000	\$347,283
CTA - RTA Discretionary	\$(168,700)	\$168,700	-	-	-	-
Real Estate Transfer Tax (25% PTF)	-	\$7,007	-	-	-	\$7,007
RTA Suburban Community Mobility Funds	-	-	-	\$20,319	-	\$20,319
RTA South Suburban Job Access Fund	\$(7,500)	-	-	\$7,500	-	-
Pace - RTA Discretionary	\$(3,000)	-	-	\$3,000	-	-
State Funding for ADA	-	-	-	-	-	-
ICE/ Additional Budget Balancing Actions	\$10,159	-	-	-	-	\$10,159
Total RTA Funds	\$135,983	\$588,581	\$337,478	\$139,250	\$115,000	\$1,316,292
Real Estate Transfer Tax (City of Chicago)	-	\$28,028	-	-	-	\$28,028
Total Funding	\$135,983	\$616,609	\$337,478	\$139,250	\$115,000	\$1,344,320

** Numbers may not precisely add due to rounding.*

CTA FY12 Budget

Operating Funding Summary

2012 Budget - Operating Funding Allocation Chart (in thousands)



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



Transit Agency	Funding	%
CTA	\$616,609	46%
Metra	\$337,478	25%
Pace-Mainline	\$139,250	10%
Pace-Paratransit	\$115,000	9%
RTA	\$135,983	10%
Total	\$1,344,320	100%

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Debt Administration

Debt Management Policy Guidelines

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

Use of Debt

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

Short-Term Debt Obligations

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

Long-Term Debt Obligations

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

Credit Ratings

The Debt Policy recognizes the need for a credit rating strategy focused on achieving the best economic value for the CTA. A major goal of the CTA’s debt program is to attain a proper balance between minimizing borrowing costs and maximizing financial flexibility. As of August 18, 2011, the CTA’s underlying ratings on outstanding debt were as follows:

CTA FY12 Budget

Debt Administration

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

Debt Limitations

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

Other Provisions

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

Current Debt

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

Lease/Leaseback Agreements

The CTA entered into several economically defeased lease and leaseback agreements in fiscal years 1995 through 2003. These agreements were entered into with various third parties and pertain to certain assets of the CTA, including rail lines and equipment, rail cars, facilities, buses and qualified technology equipment. Under the lease/leaseback financings, the CTA entered into a long-term lease for applicable assets with trusts established by equity investors; trusts which concurrently leased the respective assets back to CTA under sublease agreements. Each sublease contains a fixed date and a fixed price purchase option that allows the CTA, at its option, to purchase the assets back from the lessor. As of December 31, 2010, the total obligations due under the lease agreements, which have been economically defeased, were approximately \$1.6 billion.

CTA FY12 Budget

Debt Administration

Other Capital Leases

2008 Bus Lease

During 2008, the CTA entered into a lease-purchase agreement to finance the purchase of 150 60-foot New Flyer articulated hybrid buses and certain related parts and equipment at an estimated aggregate cost of \$120.5 million. The terms of the agreement allow the CTA to lease the buses for 12 years and retain ownership at the conclusion of the lease. Lease payments are due every June 1 and December 1 of each year, beginning on December 1, 2008. The present value of the future payments to be made by the CTA under the lease was approximately \$103 million as of December 31, 2010.

Public Building Commission of Chicago

SCHEDULE I: \$91,340,000 Building Revenue Bonds (Public Building Commission on behalf of Chicago Transit Authority) Series 2006 Lease Payment Schedule 2011-2033				
PAYMENT YEAR	PORTION OF LEASE PAYMENT ATTRIBUTABLE TO INTEREST	PORTION OF LEASE PAYMENT ATTRIBUTABLE TO PRINCIPAL	TOTAL LEASE PAYMENT	DEBT OUTSTANDING (as of 12/31)
2011	\$4,153,938	\$2,035,000	\$6,188,938	\$81,305,000
2012	\$4,070,938	\$2,115,000	\$6,185,938	\$79,190,000
2013	\$3,984,538	\$2,205,000	\$6,189,538	\$76,985,000
2014	\$3,891,669	\$2,295,000	\$6,186,669	\$74,690,000
2015	\$3,782,775	\$2,405,000	\$6,187,775	\$72,285,000
2016	\$3,659,400	\$2,530,000	\$6,189,400	\$69,755,000
2017	\$3,529,650	\$2,660,000	\$6,189,650	\$67,095,000
2018	\$3,403,969	\$2,785,000	\$6,188,969	\$64,310,000
2019	\$3,271,913	\$2,915,000	\$6,186,913	\$61,395,000
2020	\$3,122,413	\$3,065,000	\$6,187,413	\$58,330,000
2021	\$2,965,163	\$3,225,000	\$6,190,163	\$55,105,000
2022	\$2,799,788	\$3,390,000	\$6,189,788	\$51,715,000
2023	\$2,621,456	\$3,565,000	\$6,186,456	\$48,150,000
2024	\$2,429,175	\$3,760,000	\$6,189,175	\$44,390,000
2025	\$2,226,525	\$3,960,000	\$6,186,525	\$40,430,000
2026	\$2,012,981	\$4,175,000	\$6,187,981	\$36,255,000
2027	\$1,787,888	\$4,400,000	\$6,187,888	\$31,855,000
2028	\$1,550,719	\$4,635,000	\$6,185,719	\$27,220,000
2029	\$1,300,688	\$4,890,000	\$6,190,688	\$22,330,000
2030	\$1,037,138	\$5,150,000	\$6,187,138	\$17,180,000
2031	\$759,413	\$5,430,000	\$6,189,413	\$11,750,000
2032	\$466,725	\$5,720,000	\$6,186,725	\$6,030,000
2033	\$158,288	\$6,030,000	\$6,188,288	\$0
Total:	\$58,987,150	\$83,340,000	\$142,327,150	

CTA FY12 Budget

Debt Administration

On March 31, 2003, the Public Building Commission of Chicago (PBC) issued \$119 million of Building Revenue Bonds, Series 2003 (Chicago Transit Authority; PBC Bonds). The PBC used the proceeds of these bonds, among other things, to acquire the site for and construct a 12-story office building. The PBC leased the building to the CTA for a 20-year term to be used as CTA headquarters. Rent payments due to the PBC from the CTA under the lease are general obligations of the CTA payable from any lawfully-available funds. Upon satisfaction of all of the obligations of the CTA under the lease and payment, or provision for payment, of the PBC Bonds in full, the PBC will transfer title of the leased premises to the CTA.

On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of \$91.3 million. The proceeds of the bonds were used to advance refund to the PBC, Series 2003 bonds. The original, executed lease in connection with the Series 2003 bonds was amended accordingly. The CTA is obligated to pay to the Trustee on behalf of the PBC on or before February 15 of each year in which the headquarters lease is in effect, rent which equals the debt service on the PBC bonds due through and including September 1 of that calendar year. The source of funds for the PBC lease payments is primarily FTA grant funds. The total remaining rent due to the PBC over the life of the amended lease is \$142.3 million.

Bonds Payable-Capital Grant Receipt Revenue Bonds

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

SCHEDULE II: \$250,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration 5307 Formula Funds) Series 2004A and Series 2004B Total Debt Service 2011-2016				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	\$6,791,287	\$0	\$6,791,287	\$130,615,000
2012	\$6,173,231	\$23,545,000	\$29,718,231	\$107,070,000
2013	\$4,904,700	\$24,780,000	\$29,684,700	\$82,290,000
2014	\$3,602,494	\$26,085,000	\$29,687,494	\$56,205,000
2015	\$2,231,906	\$27,385,000	\$29,616,906	\$28,820,000
2016	\$756,525	\$28,820,000	\$29,576,525	\$0
Total:	\$24,460,143	\$130,615,000	\$155,075,143	

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

The proceeds of the 2004 Bonds will be used to pay for, or reimburse the CTA for prior expenditures relating to a portion of certain capital improvement projects identified by the CTA ("2004 Projects"). These capital improvements must be approved by the CTA Board as

CTA FY12 Budget

Debt Administration

well as the RTA, and are included in the CTA Capital Plan. The 2004 Projects include infrastructure improvements such as facility rehabilitation, rail station reconstruction, replacing and upgrading track, structure and signal systems, communication infrastructure improvements, and replacing the bus and rail fleets. The 2004 Projects may be substituted from time to time, provided there are funds in the 2004 Project Account of the Construction fund.

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

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

Capital Grant Receipts Revenue Bonds, Series 2006A

SCHEDULE III: \$275,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5307 Formula Funds) Series 2006A Total Debt Service 2011-2021				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	\$11,840,813	\$0	\$11,840,813	\$240,440,000
2012	\$11,650,413	\$9,520,000	\$21,170,413	\$230,920,000
2013	\$11,212,513	\$9,900,000	\$21,112,513	\$221,020,000
2014	\$10,705,138	\$10,395,000	\$21,100,138	\$210,625,000
2015	\$10,172,388	\$10,915,000	\$21,087,388	\$199,710,000
2016	\$9,655,881	\$11,465,000	\$21,120,881	\$188,245,000
2017	\$8,560,500	\$34,070,000	\$42,630,500	\$154,175,000
2018	\$6,814,500	\$35,770,000	\$42,584,500	\$118,405,000
2019	\$4,981,250	\$37,560,000	\$42,541,250	\$80,845,000
2020	\$3,056,375	\$39,435,000	\$42,491,375	\$41,410,000
2021	\$1,035,250	\$41,410,000	\$42,445,250	\$0
Total:	\$89,685,021	\$240,440,000	\$330,125,021	

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

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

CTA FY12 Budget

Debt Administration

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

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

SCHEDULE IV: \$250,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5307 & 5309 Formula Funds) Series 2008 Total Debt Service 2011-2026				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	\$12,208,488	\$0	\$12,208,488	\$237,770,000
2012	\$12,063,488	\$6,460,000	\$18,523,488	\$231,310,000
2013	\$11,765,050	\$6,750,000	\$18,515,050	\$224,560,000
2014	\$11,457,206	\$7,060,000	\$18,517,206	\$217,500,000
2015	\$11,137,100	\$7,365,000	\$18,502,100	\$210,135,000
2016	\$10,778,900	\$7,700,000	\$18,478,900	\$202,435,000
2017	\$10,384,275	\$8,085,000	\$18,469,275	\$194,350,000
2018	\$9,969,900	\$8,490,000	\$18,459,900	\$185,860,000
2019	\$9,523,763	\$8,910,000	\$18,433,763	\$176,950,000
2020	\$9,043,650	\$9,380,000	\$18,423,650	\$167,570,000
2021	\$8,538,338	\$9,870,000	\$18,408,338	\$157,700,000
2022	\$7,533,882	\$28,395,000	\$35,928,882	\$129,305,000
2023	\$6,003,900	\$29,890,000	\$35,893,900	\$99,415,000
2024	\$4,393,463	\$31,460,000	\$35,853,463	\$67,955,000
2025	\$2,698,500	\$33,110,000	\$35,808,500	\$34,845,000
2026	\$914,682	\$34,845,000	\$35,759,682	\$0
Total:	\$138,414,585	\$237,770,000	\$376,184,585	

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

The Series 2008 (5309) and Series 2008A (5307) bonds bear interest ranging from 3.5 to 5.25 percent. Interest is payable semi-annually on June 1 and December 1 and the remaining bonds mature serially through June 1, 2026. The debt service obligations are paid by the capital funds.

CTA FY12 Budget

Debt Administration

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

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

SCHEDULE V: \$175,000,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5309 Formula Funds) Series 2008A Debt Service 2011-2026				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	\$8,649,275	\$0	\$8,649,275	\$161,255,000
2012	\$8,464,400	\$7,395,000	\$15,859,400	\$153,860,000
2013	\$8,085,400	\$7,765,000	\$15,850,400	\$146,095,000
2014	\$7,687,525	\$8,150,000	\$15,837,525	\$137,945,000
2015	\$7,269,775	\$8,560,000	\$15,829,775	\$129,385,000
2016	\$6,831,025	\$8,990,000	\$15,821,025	\$120,395,000
2017	\$6,358,475	\$9,440,000	\$15,798,475	\$110,955,000
2018	\$5,837,463	\$9,935,000	\$15,772,463	\$101,020,000
2019	\$5,276,050	\$10,480,000	\$15,756,050	\$90,540,000
2020	\$4,711,475	\$11,055,000	\$15,766,475	\$79,485,000
2021	\$4,144,850	\$11,610,000	\$15,754,850	\$67,875,000
2022	\$3,549,850	\$12,190,000	\$15,739,850	\$55,685,000
2023	\$2,909,100	\$12,800,000	\$15,709,100	\$42,885,000
2024	\$2,169,000	\$13,470,000	\$15,639,000	\$29,415,000
2025	\$1,336,500	\$14,280,000	\$15,616,500	\$15,135,000
2026	\$454,050	\$15,135,000	\$15,589,050	\$0
Total:	\$83,734,213	\$161,255,000	\$244,989,213	

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

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

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

CTA FY12 Budget

Debt Administration

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

SCHEDULE VI: \$90,715,000 Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5307 & 5309 Formula Funds) Refunding Series 2010 Total Debt Service 2011-2028				
PAYMENT YEAR	TOTAL INTEREST	TOTAL PRINCIPAL	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2012	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2013	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2014	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2015	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2016	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2017	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2018	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2019	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2020	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2021	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2022	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2023	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2024	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2025	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2026	\$4,535,750	\$0	\$4,535,750	\$90,715,000
2027	\$3,429,375	\$44,255,000	\$47,684,375	\$46,460,000
2028	\$1,161,500	\$46,460,000	\$47,621,500	\$0
Total:	\$77,162,875	\$90,715,000	\$167,877,875	

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

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

Capital Grant Receipts Revenue Bonds, Series 2011

On October 13, 2011, the CTA Board approved the issuance of up to \$125 million of Capital Grant Receipts Revenue Bonds (Federal Transit Administration Section 5307 Urbanized Area formula funds and Federal Transit Administration Section 5309 Fixed Guideway

CTA FY12 Budget

Debt Administration

Modernization formula funds) – Series 2011, to refund certain outstanding CTA bonds and finance the purchase of rail cars.

Bonds Payable-Sales Tax Revenue Bonds

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

SCHEDULE VII: \$1,936,855,000 Sales and Transfer Tax Receipts Revenue Bonds (Public Acts 94-839 and 95-0708) Series 2008A and 2008B Total Debt Service 2011-2040				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	\$131,366,832	\$0	\$131,366,832	\$1,936,855,000
2012	\$131,366,832	\$10,020,000	\$141,386,832	\$1,926,835,000
2013	\$130,854,008	\$25,720,000	\$156,574,008	\$1,901,115,000
2014	\$129,537,659	\$27,040,000	\$156,577,659	\$1,874,075,000
2015	\$127,834,139	\$28,740,000	\$156,574,139	\$1,845,335,000
2016	\$126,023,519	\$30,550,000	\$156,573,519	\$1,814,785,000
2017	\$124,098,869	\$32,475,000	\$156,573,869	\$1,782,310,000
2018	\$122,052,944	\$34,520,000	\$156,572,944	\$1,747,790,000
2019	\$119,878,184	\$36,695,000	\$156,573,184	\$1,711,095,000
2020	\$117,566,399	\$39,010,000	\$156,576,399	\$1,672,085,000
2021	\$115,108,769	\$41,465,000	\$156,573,769	\$1,630,620,000
2022	\$112,496,474	\$44,080,000	\$156,576,474	\$1,586,540,000
2023	\$109,455,395	\$47,120,000	\$156,575,395	\$1,539,420,000
2024	\$106,204,586	\$50,370,000	\$156,574,586	\$1,489,050,000
2025	\$102,729,560	\$53,845,000	\$156,574,560	\$1,435,205,000
2026	\$99,014,793	\$57,560,000	\$156,574,793	\$1,377,645,000
2027	\$95,043,729	\$61,530,000	\$156,573,729	\$1,316,115,000
2028	\$90,798,774	\$65,775,000	\$156,573,774	\$1,250,340,000
2029	\$86,260,957	\$70,310,000	\$156,570,957	\$1,180,030,000
2030	\$81,410,270	\$75,165,000	\$156,575,270	\$1,104,865,000
2031	\$76,224,636	\$80,350,000	\$156,574,636	\$1,024,515,000
2032	\$70,681,290	\$85,895,000	\$156,576,290	\$938,620,000
2033	\$64,755,394	\$91,820,000	\$156,575,394	\$846,800,000
2034	\$58,420,732	\$98,150,000	\$156,570,732	\$748,650,000
2035	\$51,649,364	\$104,925,000	\$156,574,364	\$643,725,000
2036	\$44,410,588	\$112,165,000	\$156,575,588	\$531,560,000
2037	\$36,672,324	\$119,905,000	\$156,577,324	\$411,655,000
2038	\$28,400,078	\$128,170,000	\$156,570,078	\$283,485,000
2039	\$19,557,630	\$137,015,000	\$156,572,630	\$146,470,000
2040	\$10,104,965	\$146,470,000	\$156,574,965	\$0
Total:	\$2,719,979,690	\$1,936,855,000	\$4,656,834,690	

On July 30, 2008, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds in the amount of \$1.94 billion to fund the employee retirement plan and to create a retiree health

CTA FY12 Budget

Debt Administration

care trust. The bonds were sold in two tranches: a \$1.3 billion Series A to fund the employee retirement plan, and a \$640 million Series B to fund a permanent trust that was established to cover other post-employment benefits for retiree health care. The bonds are secured primarily by a pledge of and lien on the Sales Tax Receipts Fund and the Transfer Tax Receipts Fund deposits. The bonds were issued pursuant to the pension and retiree health care reform requirements set forth in Public Acts 94-839 and 95-0708.

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

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

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

CTA FY12 Budget

Debt Administration

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

SCHEDULE VIII: \$550,000,000 Sales Tax Receipts Revenue Bonds Series 2010A and 2010B Total Debt Service 2011-2040				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	32,976,651	-	\$32,976,651	\$550,000,000
2012	32,976,651	-	\$32,976,651	\$550,000,000
2013	32,976,651	-	\$32,976,651	\$550,000,000
2014	32,976,651	-	\$32,976,651	\$550,000,000
2015	32,976,651	5,715,000	\$38,691,651	\$544,285,000
2016	32,702,701	7,675,000	\$40,377,701	\$536,610,000
2017	32,318,951	9,925,000	\$42,243,951	\$526,685,000
2018	31,832,201	10,415,000	\$42,247,201	\$516,270,000
2019	31,333,751	10,915,000	\$42,248,751	\$505,355,000
2020	30,798,001	11,510,000	\$42,308,001	\$493,845,000
2021	30,214,444	12,095,000	\$42,309,444	\$481,750,000
2022	29,583,085	12,720,000	\$42,303,085	\$469,030,000
2023	28,900,021	13,405,000	\$42,305,021	\$455,625,000
2024	28,166,767	14,135,000	\$42,301,767	\$441,490,000
2025	27,372,380	14,930,000	\$42,302,380	\$426,560,000
2026	26,446,720	15,855,000	\$42,301,720	\$410,705,000
2027	25,463,710	16,835,000	\$42,298,710	\$393,870,000
2028	24,419,940	17,880,000	\$42,299,940	\$375,990,000
2029	23,311,380	18,985,000	\$42,296,380	\$357,005,000
2030	22,134,310	20,155,000	\$42,289,310	\$336,850,000
2031	20,884,700	21,400,000	\$42,284,700	\$315,450,000
2032	19,557,900	22,725,000	\$42,282,900	\$292,725,000
2033	18,148,950	24,135,000	\$42,283,950	\$268,590,000
2034	16,652,580	31,820,000	\$48,472,580	\$236,770,000
2035	14,679,740	33,785,000	\$48,464,740	\$202,985,000
2036	12,585,070	35,875,000	\$48,460,070	\$167,110,000
2037	10,360,820	38,090,000	\$48,450,820	\$129,020,000
2038	7,999,240	40,455,000	\$48,454,240	\$88,565,000
2039	5,491,030	42,955,000	\$48,446,030	\$45,610,000
2040	2,827,820	45,610,000	\$48,437,820	\$0
Total:	\$719,069,461	\$550,000,000	\$1,269,069,461	

CTA FY12 Budget

Debt Administration

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

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

Sales Tax Receipts Revenue Bonds, Series 2011

On October 13, 2011, the CTA Board approved the issuance of up to \$500 million in Sales Tax Receipts Revenue Bonds – Series 2011, to finance the purchase and refurbishment of rail cars.

CTA FY12 Budget

Debt Administration

Summary of Total Bond Debt Service for all Outstanding Bonds

Schedule IX: CTA TOTAL DEBT SCHEDULE 2011 - 2040				
PAYMENT YEAR	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL DEBT SERVICE	DEBT OUTSTANDING (as of 12/31)
2011	\$208,369,096	\$0	\$208,369,096	\$3,347,650,000
2012	\$207,230,765	\$56,940,000	\$264,170,765	\$3,290,710,000
2013	\$204,334,072	\$74,915,000	\$279,249,072	\$3,215,795,000
2014	\$200,502,422	\$78,730,000	\$279,232,422	\$3,137,065,000
2015	\$196,157,708	\$88,680,000	\$284,837,708	\$3,048,385,000
2016	\$191,284,300	\$95,200,000	\$286,484,300	\$2,953,185,000
2017	\$186,256,819	\$93,995,000	\$280,251,819	\$2,859,190,000
2018	\$181,042,757	\$99,130,000	\$280,172,757	\$2,760,060,000
2019	\$175,528,747	\$104,560,000	\$280,088,747	\$2,655,500,000
2020	\$169,711,649	\$110,390,000	\$280,101,649	\$2,545,110,000
2021	\$163,577,400	\$116,450,000	\$280,027,400	\$2,428,660,000
2022	\$157,699,040	\$97,385,000	\$255,084,040	\$2,331,275,000
2023	\$151,804,165	\$103,215,000	\$255,019,165	\$2,228,060,000
2024	\$145,469,566	\$109,435,000	\$254,904,566	\$2,118,625,000
2025	\$138,672,690	\$116,165,000	\$254,837,690	\$2,002,460,000
2026	\$131,365,995	\$123,395,000	\$254,760,995	\$1,879,065,000
2027	\$123,936,814	\$122,620,000	\$246,556,814	\$1,756,445,000
2028	\$116,380,214	\$130,115,000	\$246,495,214	\$1,626,330,000
2029	\$109,572,337	\$89,295,000	\$198,867,337	\$1,537,035,000
2030	\$103,544,580	\$95,320,000	\$198,864,580	\$1,441,715,000
2031	\$97,109,336	\$101,750,000	\$198,859,336	\$1,339,965,000
2032	\$90,239,190	\$108,620,000	\$198,859,190	\$1,231,345,000
2033	\$82,904,344	\$115,955,000	\$198,859,344	\$1,115,390,000
2034	\$75,073,312	\$129,970,000	\$205,043,312	\$985,420,000
2035	\$66,329,104	\$138,710,000	\$205,039,104	\$846,710,000
2036	\$56,995,658	\$148,040,000	\$205,035,658	\$698,670,000
2037	\$47,033,144	\$157,995,000	\$205,028,144	\$540,675,000
2038	\$36,399,318	\$168,625,000	\$205,024,318	\$372,050,000
2039	\$25,048,660	\$179,970,000	\$205,018,660	\$192,080,000
2040	\$12,932,785	\$192,080,000	\$205,012,785	\$0
Total	\$3,852,505,987	\$3,347,650,000	\$7,200,155,987	

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Annual Budget Process

Annual Budget Process

Budget Calendar

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

June

- Budget call from the RTA

September

- RTA releases budget marks

October

- Budget release to public

November

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

December

- RTA Board Approval

Budget Adoption

June 23	RTA releases the requirements that the Service Boards must follow for the development of their 2012 budget, two-year financial plan, and five-year capital program.
September 15	RTA announces marks. The RTA Board is required by the RTA Act to set operating funding marks for the three Service Boards by September 15. The marks include estimates of available operating funding for the budget and financial plan, and a required recovery ratio (the ratio or percentage of operating expenses that must be recovered from system-generated revenues) for the budget. Upon issuance of the budget marks, the CTA revises its expenses and revenues to conform to the marks.
October 19	CTA Budget released to the public. The statute requires that documents be available for public inspection 21 days prior to the public hearing.
November 10	Public Hearing to receive comments from the public.

CTA FY12 Budget

Annual Budget Process

November 15	Budget presentation to the County. The CTA presents the budget to the Cook County Board after the Public Hearing but prior to the CTA adoption of the budget, as required by the RTA Act.
November 15	Chicago Transit Board approval. The Chicago Transit Board incorporates any changes and adopts the budget and two-year financial plan.
November 15	Budget submission to the RTA. The RTA Act requires that the CTA, by November 15, submit its detailed budget and financial plan to the RTA. The budget must conform to the marks set by the RTA on September 15.
December 15	RTA Board approval. The RTA Board adopts the proposed budget and financial plan upon the approval of nine of the RTA's 13 directors.

RTA Statutory Requirements for Budget Approval

The RTA Board adopts the proposed budget and plan upon the approval of nine of the RTA's 13 directors. If the budget meets the RTA's criteria, which are identified in the RTA Act and outlined below, then the RTA is required to adopt the budget by December 31. If the RTA Board does not approve the budget, the RTA Board cannot release any funds for the periods covered by the budget and two-year financial plan, except the proceeds of sales taxes due by the statutory formula to the CTA, until the budget conforms to the criteria specified in the Act.

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

1. **Balanced Budget:** The budget and plan show a balance between (A) anticipated revenues from all sources including operating subsidies and (B) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest of outstanding indebtedness.
2. **Cash Flow:** The budget and plan show cash balances including the proceeds of any anticipated cash flow borrowing sufficient to pay with reasonable promptness all costs and expenses incurred.
3. **Recovery Ratio:** The budget and plan provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the system-generated revenue recovery ratio.
4. **Assumptions:** The budget and plan are based upon and employ assumptions and projections, which are reasonable and prudent.
5. **Financial Practices:** The budget and plan have been prepared in accordance with sound financial practices as determined by the RTA Board.
6. **Other Requirements:** The budget and plan meet such other financial, budgetary, or fiscal requirements that the RTA Board may by rule or regulation establish.
7. **Strategic Plan:** The budget and plan are consistent with the goals and objectives adopted by the RTA Board in the Strategic Plan.

CTA FY12 Budget

Annual Budget Process

Budget Execution & Administration

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

Amendment Process

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

When the RTA amends a revenue estimate because of changes in economic conditions, governmental funding, a new program, or other reasons, the CTA has 30 days to revise its budget to reflect these changes. The RTA's Finance Committee must approve all amendments before they are recommended to the RTA Board for approval. The budget may also be amended based upon financial condition and results of operations if the CTA is significantly out of compliance with its budget for a particular quarter. The RTA Board, by a vote of 12 members, may require the CTA to submit a revised financial plan and budget, which show that the marks will be met in a time period of less than four quarters. If the RTA Board determines that the revised budget is not in compliance with the marks, the RTA will not release discretionary funds. RTA discretionary funds include monies from the Public Transportation Fund (PTF), discretionary sales tax and other state funding.

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

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Accounting System and Financial Controls

Accounting System and Financial Controls

Organization Overview

The CTA was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) “separate and apart from all other government agencies” to consolidate Chicago’s public and private mass transit carriers. The City Council of the City of Chicago granted the CTA the exclusive right to own and operate a unified, local transportation system.

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

Financial Reporting Entity

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

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

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

CTA FY12 Budget

Accounting System and Financial Controls

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

Budget and Budgetary Basis of Accounting

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

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

The RTA funds the budgets of the Service Boards rather than the actual operating expenses in excess of system-generated revenue. Favorable variances from budget remain as operating assistance to the CTA.

The RTA approves the proposed budget based on four criteria:

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

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

CTA FY12 Budget

Accounting System and Financial Controls

Financial Reporting

Overview

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

Basis of Presentation

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

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

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

Fiscal year

The operating cycle of the CTA is based on the calendar year. Prior to 1995, the CTA operated on a 52-week fiscal year composed of four quarters of "four week, four week, and five week" periods. Periodically, a 53-week fiscal year was required to keep the fiscal year aligned with the calendar.

Internal Controls

Overview

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

CTA FY12 Budget

Accounting System and Financial Controls

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

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

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

Single Audit

As a recipient of federal, state and RTA financial assistance, the CTA is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is subject to periodic evaluation by management and the internal audit staff of the CTA, as well as external auditors.

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

Budgeting Controls

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

CTA FY12 Budget

Financial Policy

Financial Policy

Financial Planning Policies

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

A Balanced Budget

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

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

Long-Range Planning

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

CTA FY12 Budget

Financial Policy

Capital Investment Planning

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

Revenue Policies

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

Revenue Diversification

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

Use of One-Time Revenues

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

Expenditure Policies

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

CTA FY12 Budget

Financial Policy

Debt Capacity, Issuance and Management

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

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

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

Expenditure Accountability

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Economic Indicators

Economic Indicators

Overview

Economists were optimistic that 2011 would bring a turnaround and sustainable recovery to the United States economy. With a bleak unemployment outlook, the downgraded US credit rating by Standard & Poor's, the recent, unprecedented roller coaster on Wall Street, and the worsening housing market, the situation is dire and has spurred discussions that the economy could fall into a fresh recession. The recovery that is becoming more imperative by the day is needed outside of the United States, as well, as European leaders face mounting pressure to find tangible solutions to their own debt problems that are straining the EU to its breaking point.

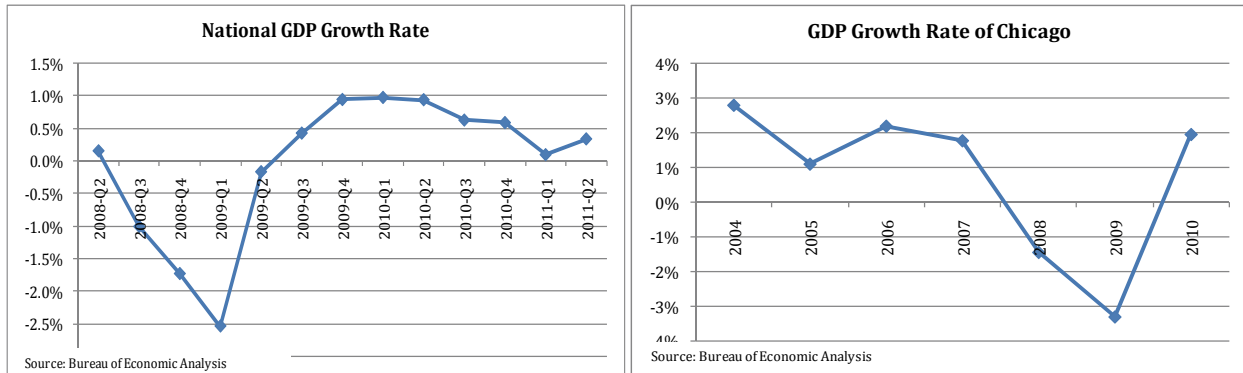
To date, 8.5 million jobs have been lost in the recession while only 1.75 million of those jobs have been regained. Nearly half of those currently unemployed have been out of work for more than six months, by far the largest ratio in the period post-World War II. These unemployment figures continue to be a significant drain on the economy as a whole and on consumer spending in particular. Consumer spending dropped in June 2011 for the first time in nearly two years, incomes have remained virtually flat, and the economy continues to lack any semblance of positive momentum. Economists believe that, if the US is to experience a financial recovery, it will have to come from households deciding to spend money again. There are few to no signs that consumers are willing to do that – or that they have the ability. Consumer confidence remains at all-time lows, further complicating a recovery.

There are some relatively optimistic signs that the economy wants to turn around, including exports and business investment in equipment and software, and an increase in motor vehicle sales, the latter of which had struggled for several months following the earthquake in Japan. Economists expect a modest increase in real GDP through 2012, and a modest decrease in the unemployment rate through the end of 2013. The Federal Reserve has plans to continue to lead the country and the world into a sustainable, economic recovery, but it is yet to be determined when the effects will begin to be felt.

CTA FY12 Budget

Economic Indicators

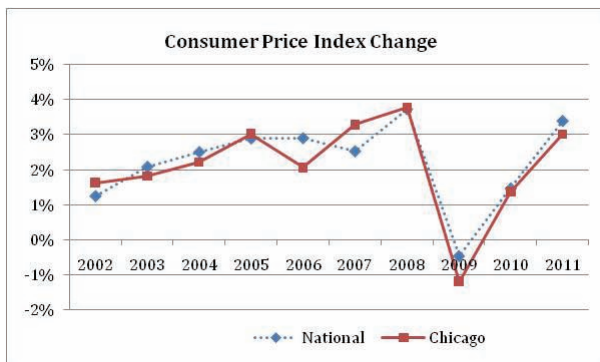
Gross Domestic Product (GDP)



According to the United States Bureau of Economic Analysis, national Gross Domestic Product (GDP) experienced a negative growth rate beginning in the first quarter of 2008, and reached its lowest level in that timeframe in the first quarter of 2009. It increased fairly steadily after the second quarter of 2009, but began decreasing in early 2010. The revised growth rate of the first quarter of 2011 was 0.09 percent, but it began to climb through the second quarter.

The GDP growth rate of Chicago has performed poorly even compared to the national rate. Seeing a high in recent years in 2004, GDP in Chicago had only minor fluctuations in 2005 to 2007, with 2008 showing a steep decline and 2009 bringing the region down even further. In 2010, however, the growth rate increased to 1.94 percent—the first positive swing since mid-2005.

Consumer Price Index (CPI)



The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods and services. It is based on prices of food, clothing, shelter, fuels, transportation fares, charges for doctors' and dentists' services, and other day-to-day goods and services. It is a major measure for adjusting consumer costs when the intent is to allow them to purchase, at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period.

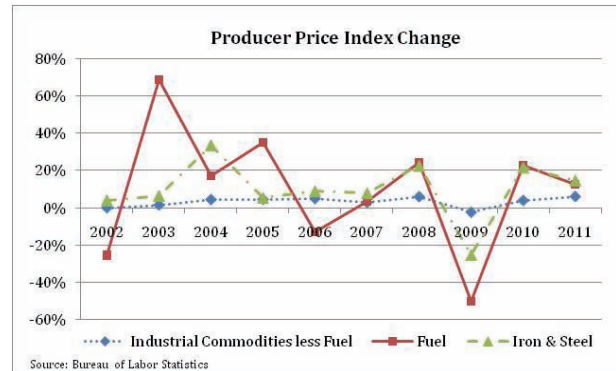
CTA FY12 Budget

Economic Indicators

Taking a closer look at the national and Chicago region rates during the period from February 2009 through August 2011, one finds the monthly CPI fluctuating between -0.5 percent and 3.4 percent. Chicago CPI corresponds with the national CPI for most months during this period. In December 2009, the national CPI decreased by 0.18 percent from the previous month, while the CPI of Chicago area decreased by 0.48 percent, reaching its lowest level since January 2009.

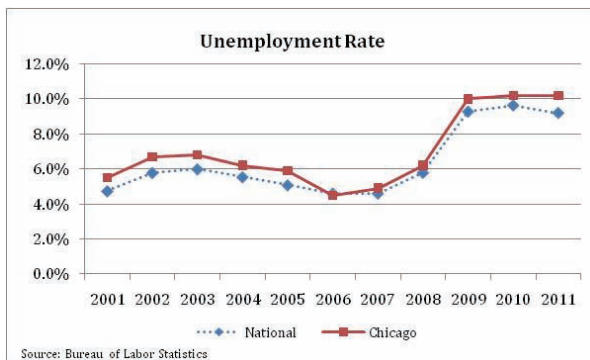
Producer Price Index (PPI)

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



From January 2009 to December 2010, the PPI of fuel experienced a significant increase, while iron and steel saw a more mild increase, and other commodities remained fairly flat.

Unemployment Rate



Prior to 2009, the national unemployment rate did not experience much fluctuation. However, the rate began climbing in 2007, peaking at 10.1 percent in October 2009. Since the end of 2009, the rate has been hovering between nine and 10 percent. The monthly rates have shown greater fluctuation and Chicago has seen its unemployment rate jump as high as 11.7 percent in January 2010.

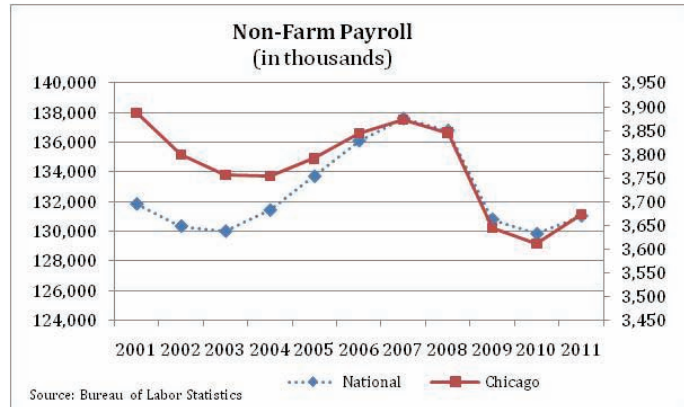
While the chart indicates data points on an average-annual basis year-over-year, August 2011 versus August 2010, the Chicago rate is more than a full percentage point above the national average.

CTA FY12 Budget

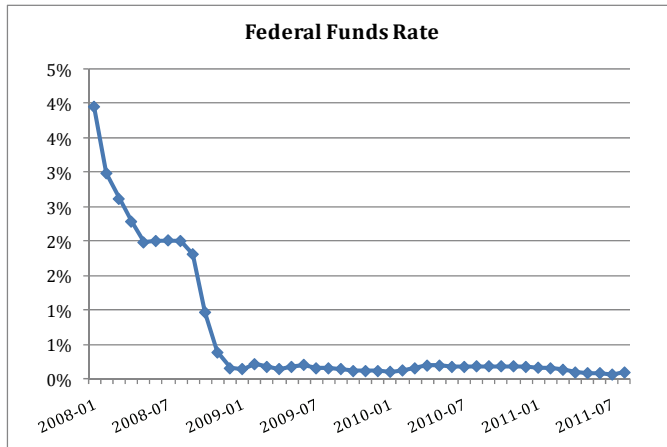
Economic Indicators

Non-Farm Payroll

The non-farm employment in the Chicago metropolitan area is consistent with the national trend. After a slight increase in 2007, non-farm jobs in Chicago decreased in March 2010, but have added 0.4 percent when comparing May 2010 to May 2011. In August 2011, total nonfarm payroll employment increased by 89,000 following little growth over the previous two months.



Federal Funds Rate



The Federal Funds Rate is the interest rate at which banks lend balances at the Federal Reserve to other depository institutions, usually overnight. As a means of promoting investment during the current recession, the Federal Funds Rate was lowered significantly to encourage banks to lend money, as well as to aid consumers and corporations with investment, all with a goal of boosting the economic recovery. Since November 2008, the rate has remained

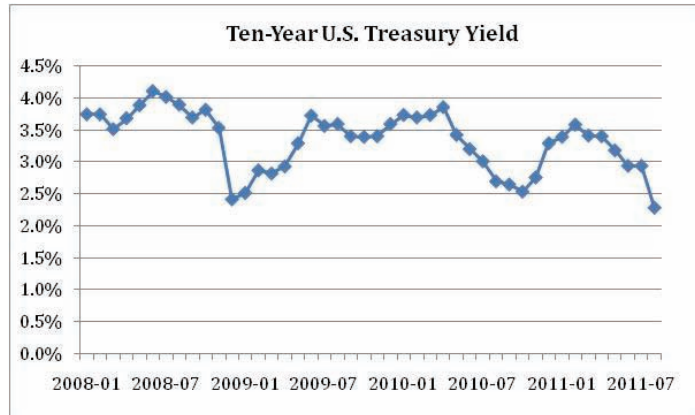
between 0.0 and 0.4 percent, the lowest level since the 1950s. The rate ended 2010 at 0.18 percent and as of August 2011 sits at 0.10 percent. The FOMC anticipates that economic conditions will warrant these exceptionally low levels of the federal funds rate until at least mid-2013.

CTA FY12 Budget

Economic Indicators

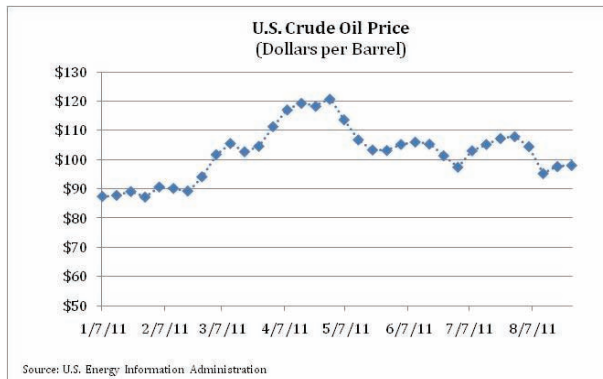
Ten-Year U.S. Treasury Yield

The ten-year Treasury note is the most frequently-quoted security when discussing the performance of the US government bond market, and is used to convey the market's perspective on longer-term, macroeconomic expectations. After reaching 4.1 percent in June 2008, the treasury yield is currently at its lowest monthly level since January 2008, showing a yield of only 2.3 percent.



When looking at daily rates, the yield touched an all-time low of 2.0346 percent in August 2011 amid concerns that the risks of falling into another recession were increasing. Another factor is Standard & Poor's downgrading of the US credit rating, as well as European debt problems showing signs of spreading.

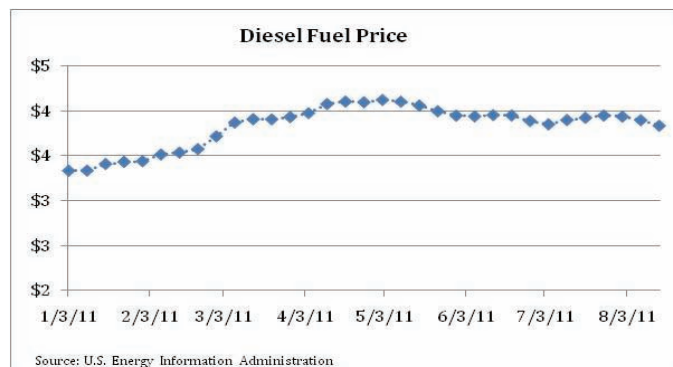
Crude Oil Price



Crude oil prices are determined by worldwide supply and demand. World economic growth is the biggest driver of demand, with growing economies accounting for over 35 percent of the world's total energy consumption. In the second half of 2008, world oil prices declined sharply from their mid-year peak. Prices increased through 2009 and remained in the range of \$70 to \$85 per

barrel through November 2010. Prices are projected to continue to gradually rise as the world economy recovers and sees a corresponding increase in global demand. While this is projected, predictions of the future of oil prices are highly uncertain.

The first half of 2011 saw significant increases in oil prices per barrel, peaking at \$120.84 per barrel at the end of April. The price in early August was \$104.51 per barrel.

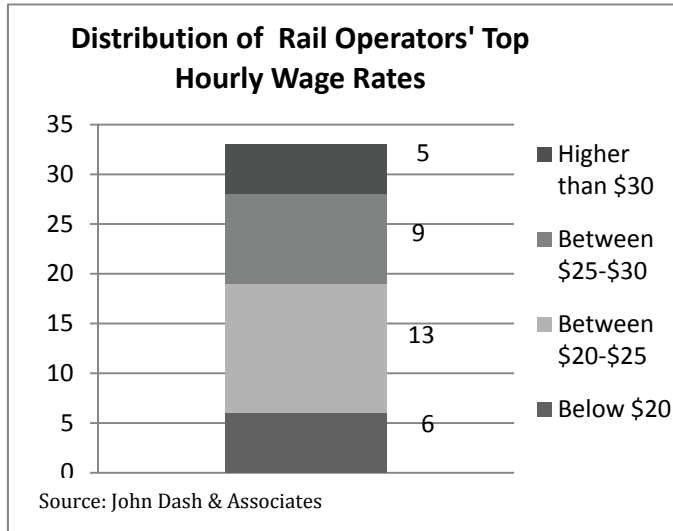


CTA FY12 Budget

Economic Indicators

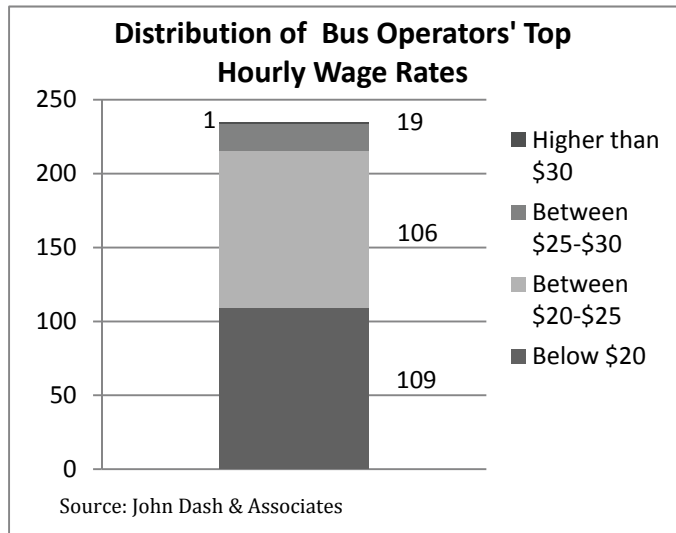
On-highway No. 2 diesel fuel prices, in dollars per gallon, began the year at a low of \$3.33. The price per gallon of diesel fuel peaked three days after that of crude oil, topping out at \$4.12 per gallon.

Distribution of Top Wage Rate



This chart shows the distribution of top hourly wage rates received by the rail operators of 33 public transit agencies in the United States. Close to 85 percent of the agencies pay their rail operators at a top rate below \$30 per hour, with 13 agencies (39 percent) between \$20 and \$25, nine agencies (27 percent) between \$25 and \$30 and six agencies (18 percent) below \$20. Only five agencies (15 percent) pay the operators at the top rate higher than \$30. The CTA is in the 85th percentile with the top hourly wage rate of \$29.65.

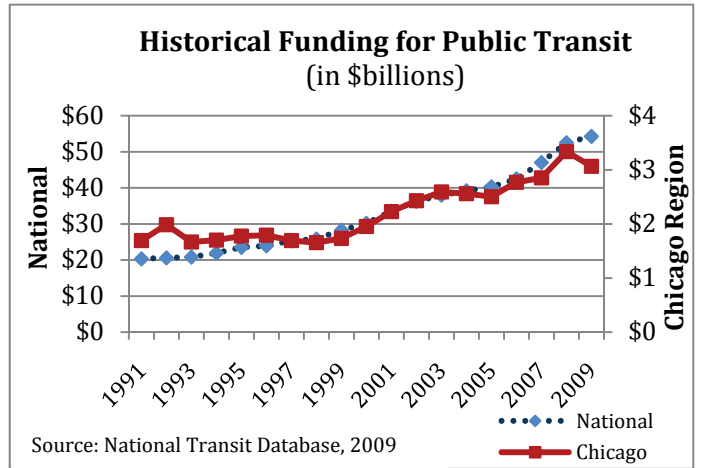
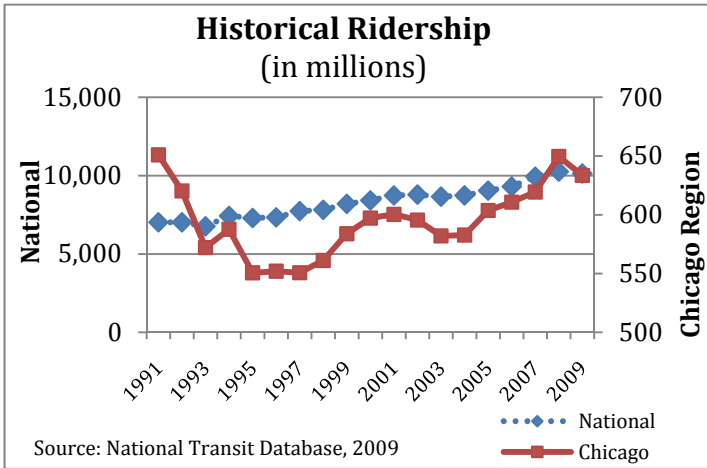
A similar story is seen for the wage of bus operators. As shown to the right, out of 236 public transit systems in the US with bus service, 215 of them (91 percent) pay their bus operators at a top wage rate below \$25 per hour and only one agency pays a top rate higher than \$30 per hour. The top hourly wage rate paid by the CTA for bus operators is \$29.65, the third highest after Boston and New York City.



CTA FY12 Budget

Economic Indicators

Historical Ridership vs. Public



Funding

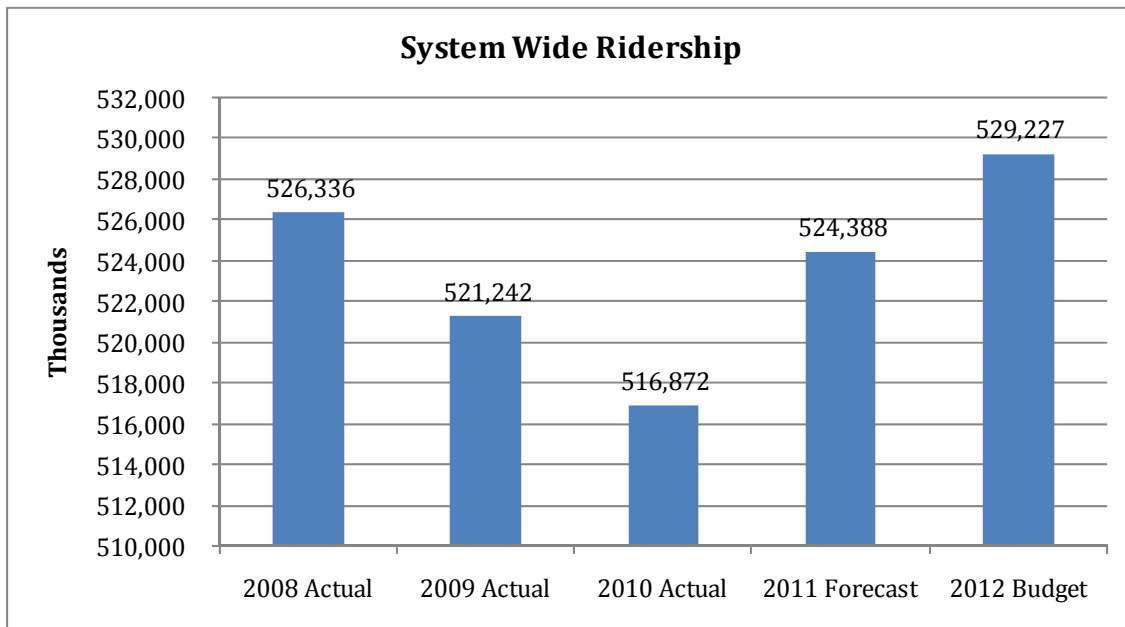
With increased awareness of sustainability, the national demand for public transit has seen steady growth over the past two decades. Although ridership in the Chicago area experienced some fluctuation, a growth trend had emerged in the beginning of the 21st century, peaking in 2007.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Operating Statistics - System

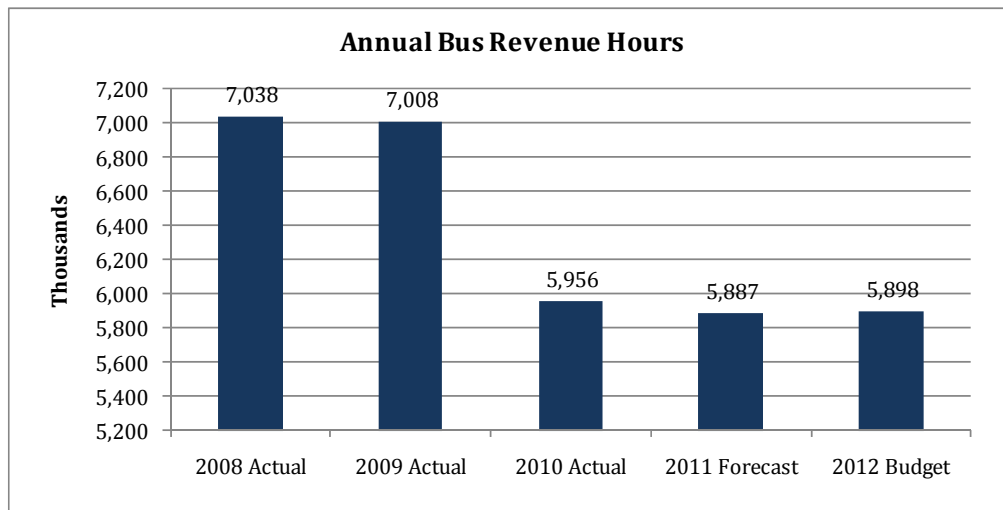
Characteristics	2008 Actual	2009 Actual	2010 Actual	2011 Forecast	2012 Budget
Ridership					
Avg. Daily Weekday	1,679,117	1,657,954	1,644,323	1,664,807	1,675,799
Avg. Daily Saturday	1,047,590	1,058,356	1,045,690	1,075,276	1,090,504
Avg. Daily Sunday	724,272	748,778	734,419	757,717	765,965
System Wide Ridership	526,336,470	521,241,836	516,872,373	524,387,614	529,226,804
Expense					
Top Operator Rate	\$26.87	\$27.68	\$28.65	\$29.65	\$29.65
Capital Expenditures	\$940,748,796	\$671,951,812	\$428,500,259	\$540,490,137	\$455,305,200
Revenue					
Avg. Fare per Trip	\$0.90	\$0.97	\$0.99	\$1.01	\$1.02
Public Funding per Trip	\$1.26	\$1.15	\$1.36	\$1.12	\$1.17



CTA FY12 Budget

Operating Statistics – Bus

Characteristics	2008 Actual	2009 Actual	2010 Actual	2011 Forecast	2012 Budget
Expense					
Scheduled Transportation Expense	\$346,495,416	\$342,314,285	\$322,966,156	\$361,027,415	\$360,921,010
Garage Maintenance Expense	\$188,358,282	\$141,905,283	\$129,783,814	\$137,307,882	\$142,322,556
Support Expense	\$23,471,673	\$15,380,153	\$13,965,761	\$15,032,956	\$14,129,913
Heavy Maintenance Expense	\$40,687,889	\$35,871,923	\$41,149,257	\$47,004,501	\$40,443,844
Other Expenses	\$26,541,295	\$25,502,218	\$28,471,635	\$32,840,547	\$31,041,543
Total Operating Expense	\$625,554,555	\$560,973,863	\$536,336,623	\$593,213,300	\$227,937,857
Fuel Expense	\$82,982,250	\$100,539,337	\$52,063,263	\$53,097,538	\$54,285,134
Miles					
Annual Vehicle Revenue Miles	68,740,265	67,442,222	56,821,006	55,637,605	55,627,920
Trips					
Annual Unlinked Trips	328,199,225	318,672,798	306,023,976	305,722,865	306,338,130
Vehicles					
Annual Vehicle Revenue Hours	7,038,271	7,008,308	5,955,896	5,886,505	5,898,348
Vehicles Operated in Maximum Service	1,739	1,707	1,526	1,527	1,526
Vehicles Owned by CTA	2,093	2,053	1,782	1,782	1,782
Average Age of Vehicles	5.6	4.7	4.3	5.3	6.3

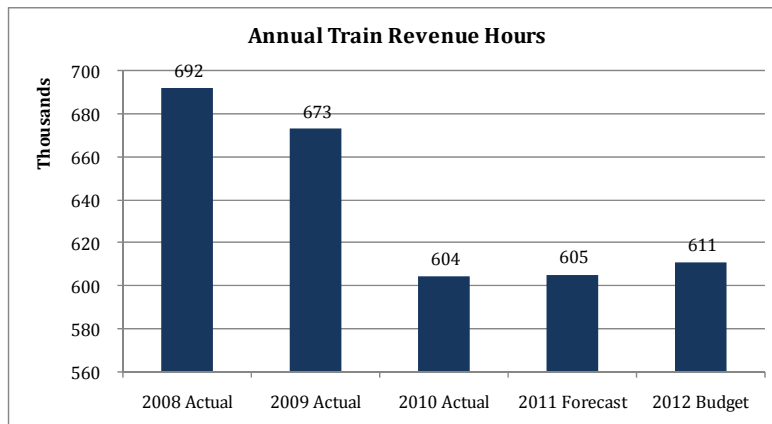


CTA FY12 Budget

Operating Statistics – Heavy Rail

Characteristics	2008 Actual	2009 Actual	2010 Actual	2011 Forecast	2012 Budget
Expense					
Scheduled Transportation Expense	\$101,806,357	\$98,807,273	\$96,949,192	\$108,369,877	\$108,687,130
Terminal Maintenance Expense	\$50,325,941	\$50,306,024	\$42,108,533	\$47,032,491	\$46,810,013
Support Expense	\$34,101,280	\$33,260,626	\$32,171,617	\$35,478,436	\$34,095,275
Heavy Maintenance Expense	\$9,382,859	\$9,690,670	\$12,294,501	\$17,976,926	\$18,423,333
Rail Car Appearance Expense	\$12,657,637	\$11,915,039	\$9,593,339	\$11,530,946	\$8,428,001
Other Expenses	\$9,241,168	\$7,904,277	\$7,323,154	\$9,077,199	\$9,150,804
Total Operating Expense	\$217,515,242	\$211,883,910	\$200,440,337	\$229,465,876	\$225,594,557
Power Expense	\$35,442,000	\$37,645,088	\$28,208,070	\$29,823,562	\$30,951,731
Miles					
Annual Rail Car Revenue Miles	67,450,040	68,592,225	65,033,869	64,493,081	64,452,666
Trips					
Annual Unlinked Trips	198,137,245	202,569,038	210,848,397	218,664,750	222,888,674
Vehicles					
Annual Train Revenue Hours	691,788	672,869	604,261	605,314	610,812
Vehicles Operated in Maximum Service	1,002	1,002	956	972	962
Vehicles Owned by CTA	1,190	1,190	1,190	1,200	1,200
Average Age of Vehicles	25	26	27	25	21

* Numbers may not precisely add due to rounding.



(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Performance Management

Performance Management at the CTA

In 2007, the CTA implemented a performance management system to improve efficiency, promote accountability, and enhance our customers' experience. Performance management is a systematic process at the CTA involving all departments and employees in the accomplishment of the agency's goals. While some departments have more direct contact with the public than others, the CTA recognizes that all departments are inextricably interconnected, and that individual performance affects the organization's ability to meet its goals.

Like most government agencies, the CTA faces a unique set of challenges in managing performance and achieving strategic goals and initiatives. The CTA's budget is, in large part, affected by a variety of external factors including the economy and state government. Like many other government agencies, the CTA faces the challenge of meeting its goals as budgets and resources shrink. This only increases the need for greater focus and collaboration within the CTA to ensure effective service implementation and success. Performance management is essential each step of the way.

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

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

CTA FY12 Budget

Performance Management

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

CTA Monthly Performance		2010 Monthly Average	2011 Monthly Target	Jul 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011
RIDERSHIP	Total Ridership (in millions)	43.8	43.1	43.6	44.3	45.8	46.6	42.7	38.5	40.7	38.7	46.2	43.6	44.9	45.6
	Rail Ridership (in millions)	15.4	18.4	18.5	18.6	19.0	19.4	17.5	15.6	16.3	15.8	18.7	18.1	18.5	19.5
	Bus Ridership (in millions)	24.8	25.6	25.1	25.7	26.8	27.2	25.2	22.8	24.4	22.8	27.5	25.5	26.4	26.1
	Total (Year to Date, in millions)	40.5	257.7	298.9	343.2	389.1	435.6	478.3	516.9	40.7	79.4	125.5	169.0	213.9	259.5
	% Change Over Prior Year (Year to Date)	2.8%	3.9%	-0.9%	-0.6%	-0.6%	-0.7%	-0.6%	-0.8%	0.5%	-0.9%	0.7%	0.4%	1.2%	1.7%
ON-TIME	Rail Delays of 10 Minutes or More	70	78	71	77	79	64	52	87	89	104	66	61	110	94
	% of Slow Zone Mileage	9.7%	N/A	9.4%	10.3%	12.8%	13.2%	12.2%	10.5%	9.6%	9.2%	10.9%	10.9%	10.8%	11.6%
	% of Big Gap Intervals, Bus	3.7%	4%	3.9%	4.0%	5.0%	3.8%	3.4%	3.5%	2.8%	5.0%	3.1%	3.0%	3.6%	4.0%
	% of Bunched Intervals, Bus	2.3%	3%	2.4%	2.4%	2.9%	2.7%	2.4%	1.9%	1.7%	3.0%	1.9%	1.9%	2.3%	2.6%
EFFICIENT	Mean Miles Between Reported Rail Vehicle Defects	3998	3650	3168	3866	3626	4389	4237	3514	3471	3204	4043	4184	3455	3244
	Miles Between Reported Bus Service Disruptions Due to Equipment	5113	4300	4651	5004	5438	5343	5834	4557	4932	4582	5791	4427	4515	4362
	Average Daily Percent of Bus Fleet Unavailable for Service	12%	13%	14%	15%	12%	12%	12%	12%	13%	13%	12%	12%	12%	13%
	Average Daily Percent of Rail Fleet Unavailable for Service	10%	11%	11%	11%	11%	10%	11%	12%	11%	12%	12%	10%	11%	12%
SAFE	Bus NTD Security-Related Incidents per 100,000 miles	0.87	N/A	0.80	0.82	0.70	0.90	0.89	0.88	0.08	0.04	0.17	0.07	0.15	0.16
	Rail NTD Security-Related Incidents per 100,000 miles	2.5	N/A	2.38	2.28	2.86	3.52	2.37	2.50	0.02	0.0	0.1	0.1	0.0	0.1
	Bus NTD Safety-Related Incidents per 100,000 Miles	0.40	N/A	0.37	0.40	0.49	0.47	0.39	0.39	0.42	0.64	0.36	0.36	0.47	0.44
	Rail NTD Safety-Related Incidents per 100,000 Miles	0.05	N/A	0.07	0.09	0.02	0.09	0.10	0.05	0.07	0.04	0.06	0.06	0.00	0.02
CLEAN	Average Interior Rail Clean Inspection Score	95%	90%	93.7%	94.5%	95.8%	95.0%	96.9%	98.5%	96.0%	95.4%	98.9%	98.9%	97.1%	98.2%
	Average Interior Bus Clean Inspection Score	84%	85%	88.3%	85.2%	86.8%	86.8%	79.3%	89.9%	89.6%	88.2%	88.9%	84.7%	89.5%	90.8%
COURTEOUS	% of Customer Complaints Not Closed Out Within 14 Days	2%	3%	2%	2%	2%	4%	1%	1%	1%	1%	0%	0%	2%	1%
	CTA Customer Service Hotline Average Wait-time (*)	0:01:43	0:03:30	0:01:30	0:02:16	0:02:28	0:01:42	0:01:56	0:01:50	0:02:46	0:02:05	0:01:34	0:00:50	0:00:56	0:01:44
	Reported Ramp Defects (Service Disruptions)	78	N/A	84	57	53	58	44	71	81	81	61	57	104	89
	% Buses with Defective AVAS	0.6%	2%	0.6%	0.7%	0.6%	0.5%	0.6%	1.0%	0.6%	1.2%	0.8%	0.7%	0.8%	0.7%
Reported ADA Complaints	60	N/A	68	58	65	79	54	53	43	58	48	67	56	94	

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

CTA FY12 Budget

Performance Management

Definitions of CTA Monthly Performance Metrics

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

CTA FY12 Budget

Performance Management

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

CTA FY12 Budget

Performance Management

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

CTA FY12 Budget

Performance Management

Department Overviews and Facts

Service Area & Population

- 220 square miles of Chicago and 40 nearby suburbs.
- The service area has 3.53 million people.

Ridership

- Over 524 million trips projected for 2011.
- Approximately 1.7 million trips per weekday.

Operations Departments

Bus Operations and Maintenance

- Provides over 960 thousand rides per weekday.
- Maintains reliable service with approximately 4,000 bus operators driving 1,781 buses traveling 145,832 miles each weekday over 140 routes serving 11,493 bus stops.
- Manages seven Bus Garages and one Heavy Maintenance shop.
- In the spring of 2011, the average age of the fleet was 5.2 years old.

Rail Operations and Maintenance

- Provides over 690 thousand rides per weekday.
- Maintains reliable service with approximately 1,200 rail operators and 1,200 rail cars traveling 177,490 miles each weekday over eight routes with 143 stations.
- Manages 10 Rail Terminals and one Heavy Maintenance Shop.
- In fall of 2011, the average age of the fleet was 28 years old.

Infrastructure

Power and Way Maintenance:

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

CTA FY12 Budget

Performance Management

Construction:

- Responsible for ensuring that major capital construction projects related to CTA track, structure, power, signal rail stations, rail shops and bus garages are delivered on time, on budget, and conform with all applicable standards, regulations and requirements.
- Responsible for overseeing and integrating program management and construction management services to assist in monitoring and controlling of multiple capital construction projects.
- Responsible for developing uniform procedures and processes that assist in the design, construction and administration of the capital program.

Engineering:

- Responsible for providing technical support to Facilities and Power and Way Maintenance.
- Responsible for developing and maintaining the technical standards for track, structure, power, signal, rail stations and other transit support facilities.
- Responsible for maintaining the engineering records and as built drawings.
- Responsible for CTA utilities, including traction power, water and gas at CTA locations.
- Responsible for supporting the capital program and providing capital design project management as needed.

Facilities Maintenance:

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

Administration Operations Support

Purchasing

- Purchasing processes over 1,000 contracts annually to secure the best prices and ensure the most responsible use of CTA funds, as well as adherence to all funding agencies' regulations.

CTA FY12 Budget

Performance Management

Warehousing

- Warehouse Operations is responsible for timely and reliable parts and materials distribution to all CTA maintenance facilities and stock rooms throughout the service network.

Program Management Office and Technology

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

Communications

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

CTA FY12 Budget

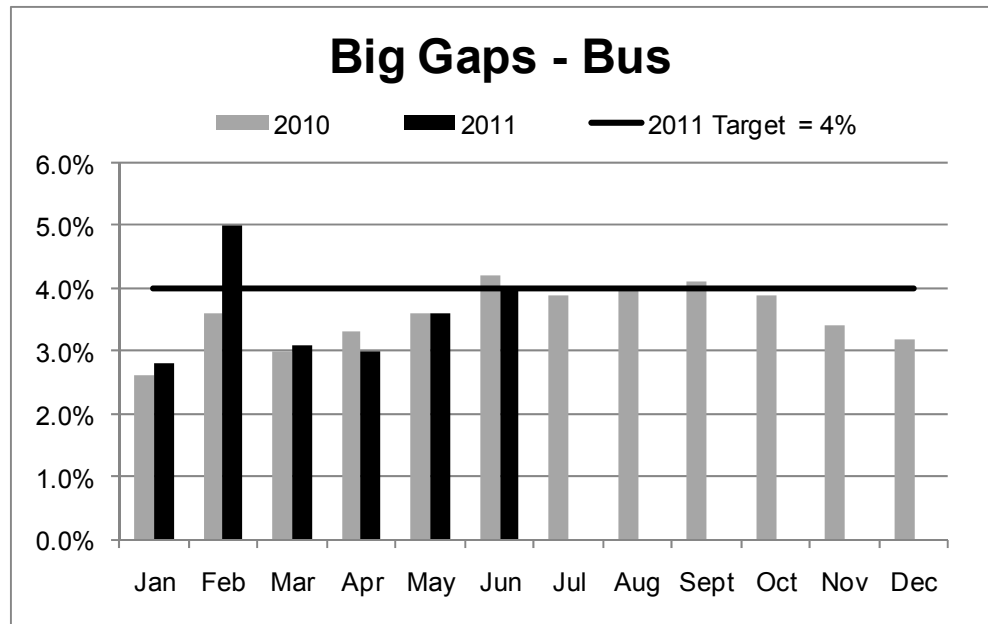
Performance Management

2010 Performance by Department

Bus Operations

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

To ensure that customers can depend on buses running on-time, Bus Operations continually monitors the reliability of service. One measure which is tracked regularly is the amount of "big gaps" experienced by CTA customers each day. A "big gap" is defined as



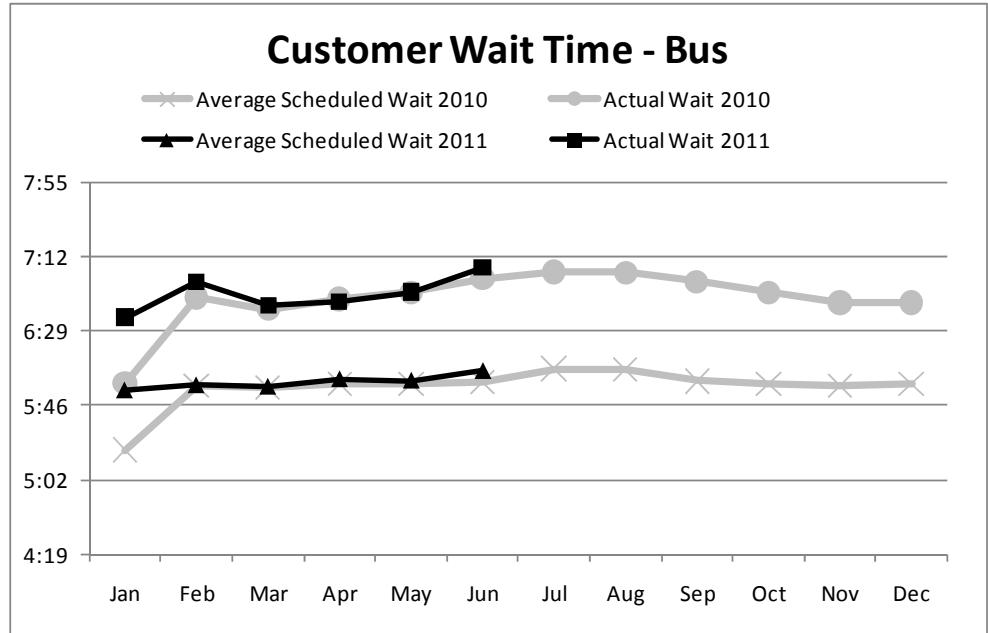
an instance when the time in between buses is 15 minutes or two times the scheduled interval, whichever is longer. In 2010, Bus Operations reduced their "big gaps" target to four percent or less of all customer trips (down from a target of five percent or less in 2009). Bus Operations has successfully met its target in 15 out of the last 18 months, with the only significant deviation seen during the blizzard in February 2011.

In addition to monitoring "big gaps," Bus Operations is able to gauge their on-time performance by monitoring customer wait-time. An average scheduled wait-time is calculated for the system and GPS equipment on-board the buses provides information on the actual wait-time experienced by customers. Over the past 18 months, bus wait-time has averaged 52 seconds above scheduled wait-time.

CTA FY12 Budget

Performance Management

Bus Operations continued to conduct weekly sessions at each garage with Bus Operators, Bus Service Management, Planning, and Senior Bus Management in 2011. These weekly sessions helped ensure that each person responsible for maintaining reliable bus service, from the management down to the operators, was informed of goals and performance, while having a platform for reporting issues and brainstorming solutions. In addition, Bus Service Management leverages technology, such as Bus Tracker, to monitor the routes and make real-time adjustments to service.



In 2010, Bus Operations maintained a big gaps average of 3.6 percent and continued this level of performance through mid-year 2011. The target for big gaps in 2012 is four percent or less.

In 2010, Bus Operations maintained a big gaps average of 3.6 percent and continued this level of performance through mid-year 2011. The target for big gaps in 2012 is four percent or less.

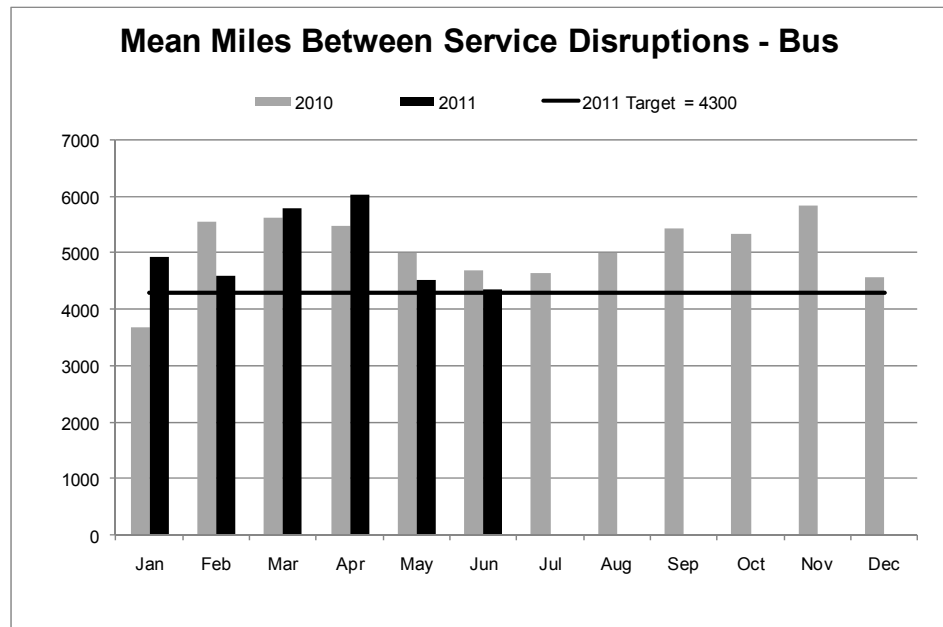
Bus Operations Performance Measures	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
(On-Time) % of Big Gap Intervals	4.0%	3.6%	4.0%
(On-Time) % of Intervals Bunched	3.0%	2.2%	3.0%

CTA FY12 Budget

Performance Management

Bus Maintenance

The safety and reliability of buses is paramount. Bus Maintenance is responsible for the maintenance of the CTA bus fleet which is composed of 1,781 buses. This includes both the mechanical maintenance and regular cleaning of bus interiors and exteriors. As part of the performance management



process, Bus Maintenance set a goal of providing a fleet reliability of 4,300 miles between service disruptions in 2011. A service disruption is classified as any mechanical failure that requires the bus to be inspected or repaired by a bus mechanic outside of its normal inspection cycle.

In early 2009, the bus fleet was running an average of approximately 2,500 miles between service disruptions. A target of 3,000 miles between service disruptions was set at that time. By fall 2009, Bus Maintenance had exceeded this goal and the fleet average increased to an average of 5,000 miles between service disruptions. In 2010, this goal was increased to 3,830 miles between service disruptions and Bus Operations met this target in 11 out of the 12 months. In 2011, it was increased again to 4,300 miles between service disruptions. Bus Maintenance has met or exceeded their target throughout the first six months of 2011. In 2012, Bus Maintenance will increase their target again to 4,500 miles between service disruptions.

Bus Maintenance Performance Measures	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
Miles between Service Disruptions due to Maintenance	4,300 miles	5,033 miles	4,500 miles
Bus Interior Clean Quality Inspection Score	85%	89%	85%

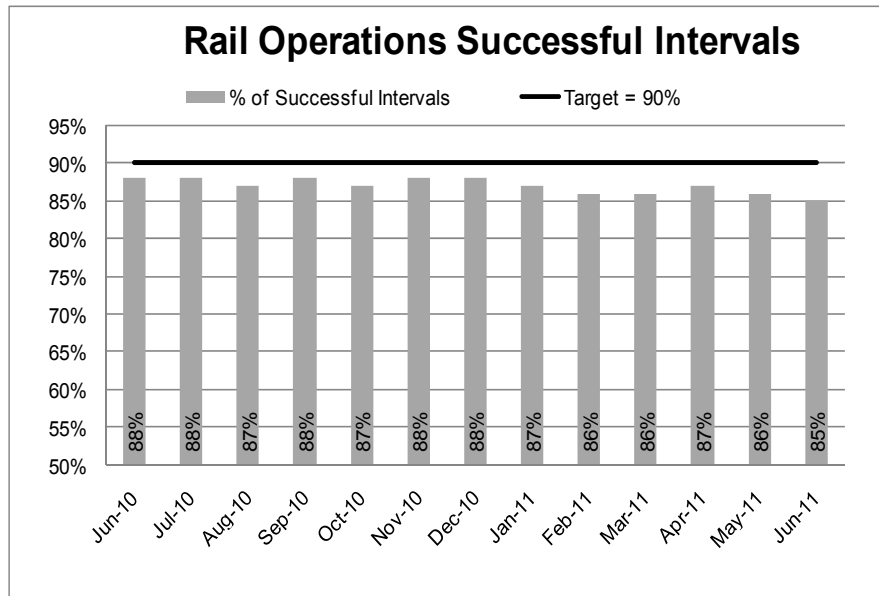
CTA FY12 Budget

Performance Management

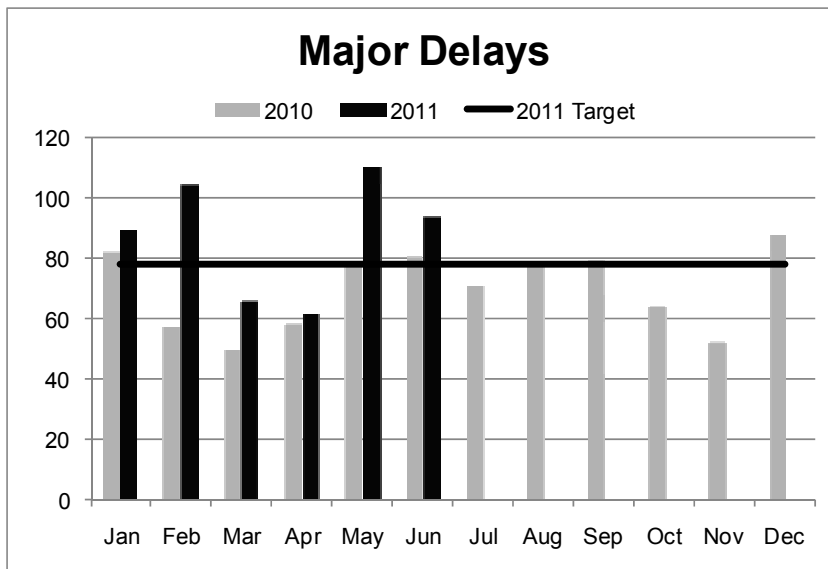
Rail Operations

Rail customers expect the CTA's trains to provide frequent, fast service. In order to constantly improve the rail customer's experience, Rail Operations continues to focus on two main goals: 1) reducing major delays, or delays to service that exceed ten minutes; and 2) improving on-time performance.

In mid-2009, Rail Operations began looking at new on-time performance metrics. One new metric is the "Percent of Successful Intervals." A train interval is considered "successful" if the train arrives within two minutes of schedule for intervals less than five minutes and within five minutes of schedule for intervals over 10 minutes.



For 2009-2010, a target of 90 percent or greater was set for rail "successful intervals." This target remained the same for 2011. For the first six months of 2011, Rail Operations has had a successful intervals average of 86 percent. The target for successful intervals remains at 90 percent for 2012.



Rail Operations continues to look at major delays, or a delay of 10 minutes or greater. The target in 2010 was 78 or fewer major delays per month. Average monthly delays for 2010 were well below that target at 70 per month. In 2011, the target remained the

CTA FY12 Budget

Performance Management

same, however, major delays have increased over the past six months to a monthly average of 90 major delays per month.

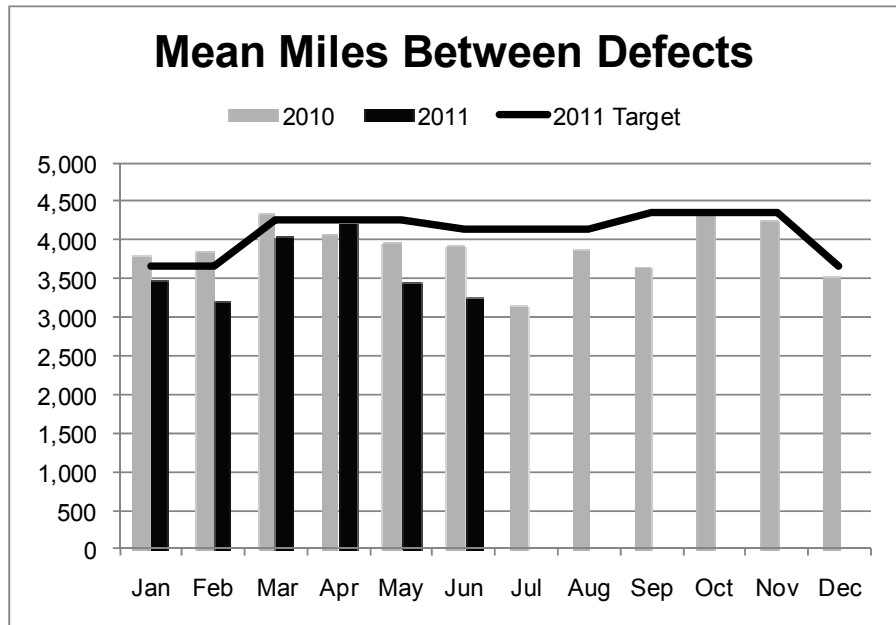
Rail Operations Performance Measures	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
% of Successful Intervals	90%	86%	90%
% of Successful Run-Times	91%	84%	91%

Rail Maintenance

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

Rail Maintenance continues to focus on improving the mean miles between vehicle defects (or the miles a train runs on average before it encounters a defect to one of its systems).

Due to the impact of weather on the train's systems, the target for mean miles between vehicle defects is adjusted seasonally. In 2009, the year-end target was 4,000 mean miles between defects. Rail Maintenance began 2010 with an increased average monthly target of 4,100 mean miles between defects. Seasonal targets remained steady between 2010 and 2011. The proposed 2012



budget includes the addition of 192 new 5000 series rail cars to the fleet by the end of the year along with the retirement of 142 2200 series rail cars. Based on the anticipated improvement in performance of the new equipment, the 2012 mean miles between defects target has been increased to an average monthly target of 4,450 between defects.

CTA FY12 Budget

Performance Management

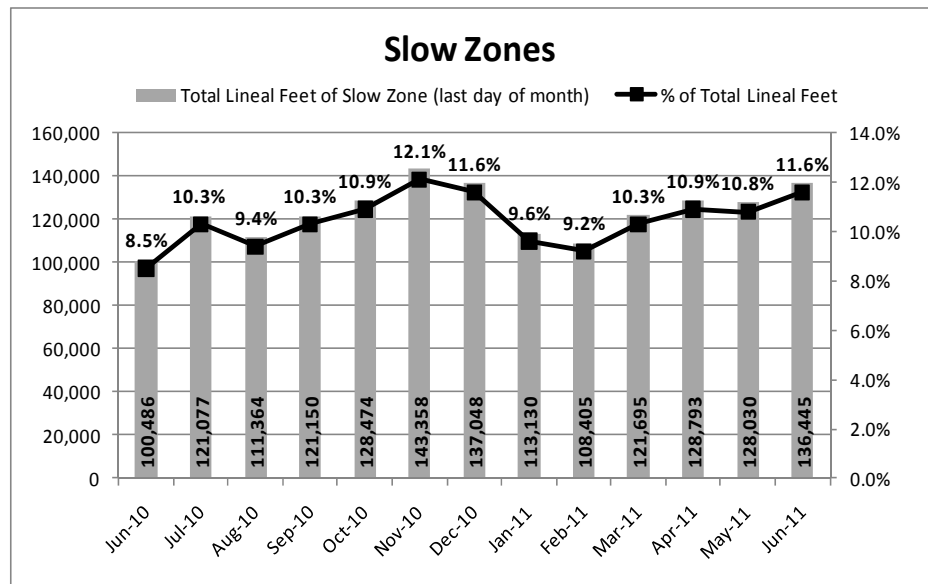
Rail Maintenance has remained focused on preventive maintenance and reducing the most common defects as well as repeat defects (defined as a defect to the same system twice within a month). However, as the rail fleet has now reached an average age of 28 years (or four years beyond the FTA recommended useful life of a rail car), performance has declined and mean miles between defects has stayed approximately 12 percent below target for the first six months of 2011.

Rail Maintenance Performance Measures	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
Mean Miles Between Defects	4,100	3,600	4,450
Rail Interior Clean Quality Inspection Score	85%	97.4%	85%

Power and Way

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

At the end of 2008, slow zones had been reduced to 7.1 percent of the CTA system. By focusing efforts on repairing and replacing track in some of the oldest areas in the system, including the Dearborn Subway, Power and Way was able to reduce system slow zones to 5.9 percent by the end of 2009. With the



reduction in capital funding in 2010, the CTA increased the slow zone target to 12 percent. In November 2010, slow zones across the system reached a high of 12.1 percent. Limited capital funding in 2011 led to another increase in the slow zone target to 13.3 percent by year end. Current performance for the first six months of 2011 is 10.4 percent.

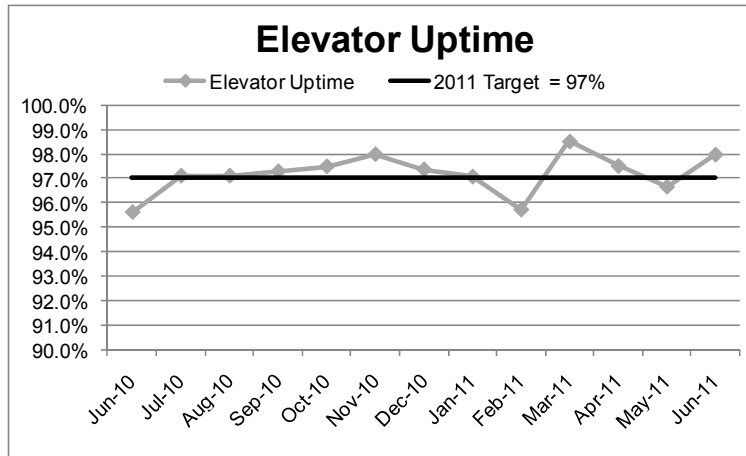
CTA FY12 Budget

Performance Management

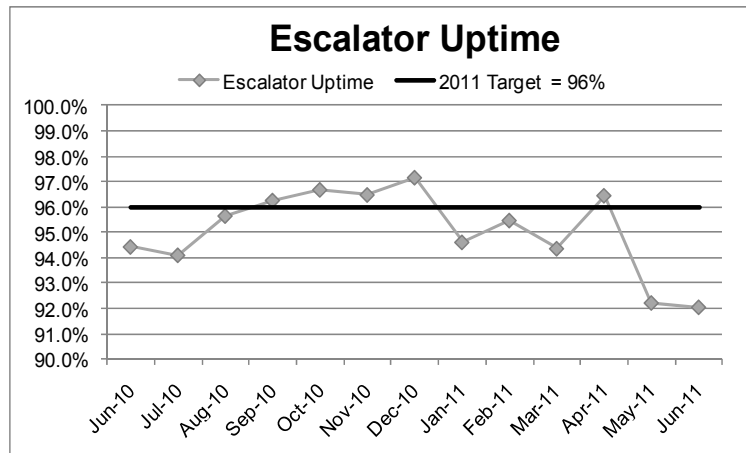
Power and Way Performance Measures	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
% Slow Zones	13.3% by year end	10.4%	13.1%

Facilities

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



The Facilities Department has maintained a set goal of 97 percent up-time for elevators and 96 percent up-time for escalators since 2009. These metrics mean that elevators should be available at least 97 percent of the time that stations are open for service, and escalators should be available at least 96 percent of the time. The Facilities Department has met or exceeded its goal for elevator up-time nine out of the last twelve months from June 2010–June 2011. Escalator up-time has met or exceeded its target only five out of the last 12 months. Escalator uptime continues to provide a challenge to the department due to aging infrastructure and the limited availability of capital funding to replace or upgrade it.



CTA FY12 Budget

Performance Management

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

Facilities Performance Measures	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
Elevator Up-Time	97%	97.2%	97%
Escalator Up-Time	96%	94.2%	96%

Program Management and Technology

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

In 2011, Program Management and Technology undertook the installation of multiple high-definition cameras at each of the 143 CTA train stations. This security and safety initiative will be expanded with camera installation at other CTA facilities to ensure the riding public's safety.

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

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

Measure	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
Bus Tracker Application Availability	99.6%	99.3%	99.6%

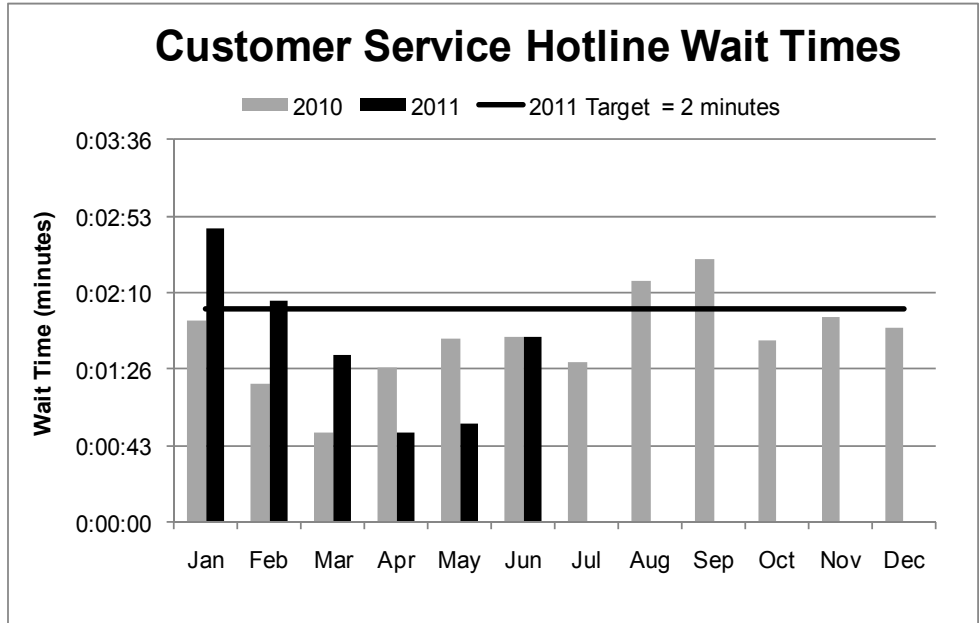
CTA FY12 Budget

Performance Management

Communications

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

The CTA recognizes that when customers call our Customer Service Hotline, they expect prompt and courteous service. In 2009, the Customer Service Department set a goal of providing



agent assistance for all incoming calls within two minutes. Staff has achieved this target service level through 2011. By carefully managing agent performance as well as improving the information available to representatives, Communications met this target in 2010 with a yearly average wait time of one minute and 43 seconds. Current 2011 performance is an average wait time of one minute and 39 seconds. Targets for call response time will remain the same in 2012.

Communications Performance Measures	2011 Target	2011 Current Performance (Jan-June 2011)	Service Level with Proposed Budget
Average Call Response Time-Overall	2:00*	1:39	2:00
Average Call Response Time-General Inquiries	2:00*	1:17	2:00
Average Call Response Time-Chicago Card	2:00*	2:01	2:00

*Please note that targets were increased in Jan-Mar 2011 to 3:00 to account for unusually high call volume due to Chicago Card expirations.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Comparative Performance Analysis

Peer Comparison

Overview

To further illustrate the CTA's performance in relation to its peers, the following comparative performance analysis utilizes the 2009 National Transit Database (NTD)¹. The selection of comparison transit agencies is based upon the size of the urban area served, the urban characteristics of the service area, and the size of the transit system. The analysis is then conducted on a modal basis (i.e. bus versus heavy rail). For each mode, the CTA is compared with five peers.

The comparison group includes:

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

Comparative Agency Profiles

		Population of Service Area	Square Miles of Urban Area Served	Fleet Size	Rail Track Miles
CTA	Chicago	8,307,904	2,123	2,739	287.8
MBTA	Boston	4,032,484	1,736	2,338	108
NYCT	New York	17,799,861	3,353	11,521	829.9
SEPTA	Philadelphia	5,149,079	1,800	2,298	99.8
WMATA	Washington D.C.	3,933,920	1,157	3,156	269.8
MARTA	Atlanta	3,499,840	1,963	815	103.7
LACMTA	Los Angeles	11,789,487	1,668	3,206	34.1

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

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

CTA FY12 Budget

Comparative Performance Analysis

Definitions of Comparative Performance Measurement

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

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

CTA FY12 Budget

Comparative Performance Analysis

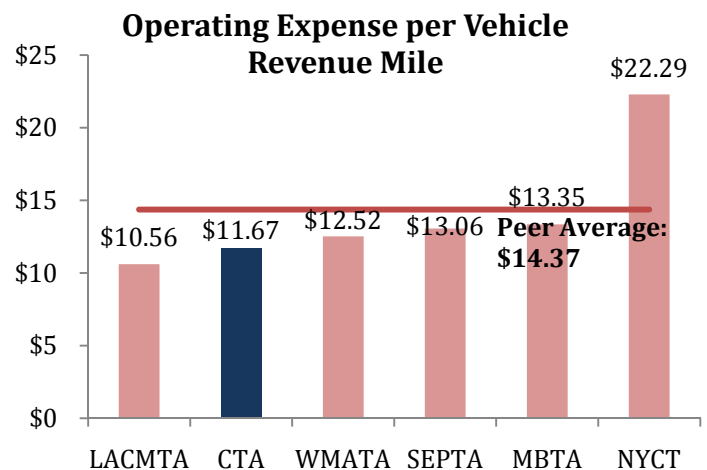
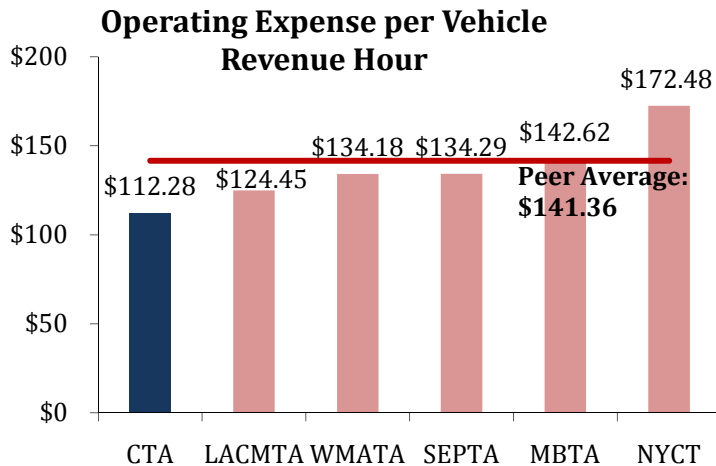
Urban Bus

Comparative Characteristics of Urban Bus

Urban Bus Characteristics (number in millions)	CTA	MBTA	LACMTA	NYCT	SEPTA	WMATA
	Chicago	Boston	Los Angeles	New York	Philadelphia	Washington D.C.
Operating Expense	\$787	\$336	\$939	\$2,289	\$534	\$526
Capital Funds Expended	\$246	\$66	\$171	\$349	\$112	\$121
Fare Revenue	\$278	\$72	\$268	\$821	\$164	\$113
Vehicle Revenue Mile	67.4	25.2	88.5	102.7	40.9	42.0
Vehicle Revenue Hour	7.01	2.36	7.51	13.27	3.98	3.92
Passenger Mile	739	231	1,518	1,838	530	423
Total Number of Unlinked Trip	319	101	386	843	181	137
Total Number of Major Mechanical Failures	8,661	2,859	12,783	14,647	6,746	6,472

Service Efficiency

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



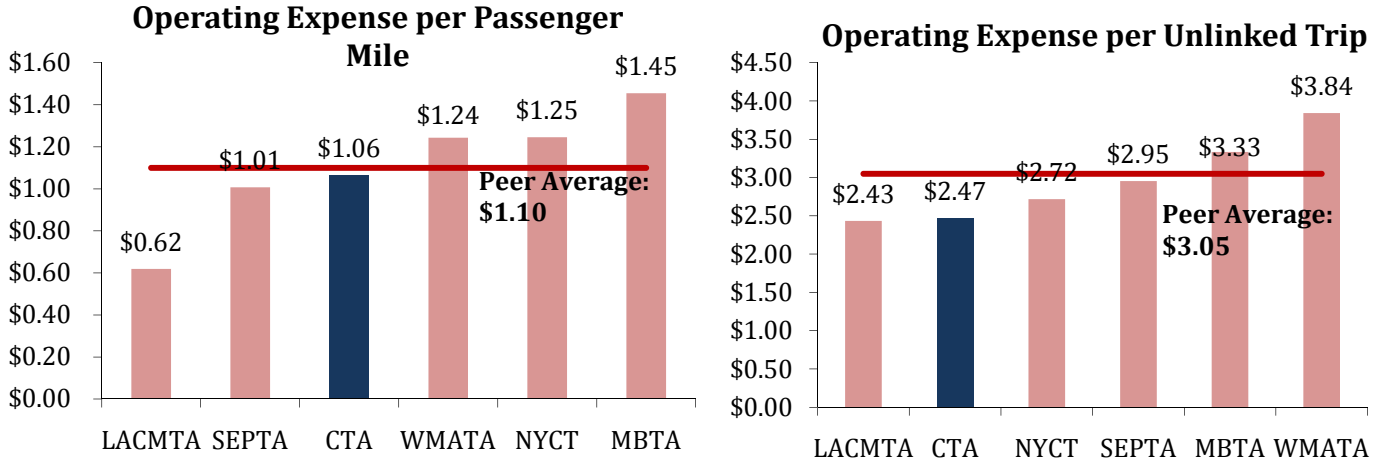
Cost Effectiveness

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

CTA FY12 Budget

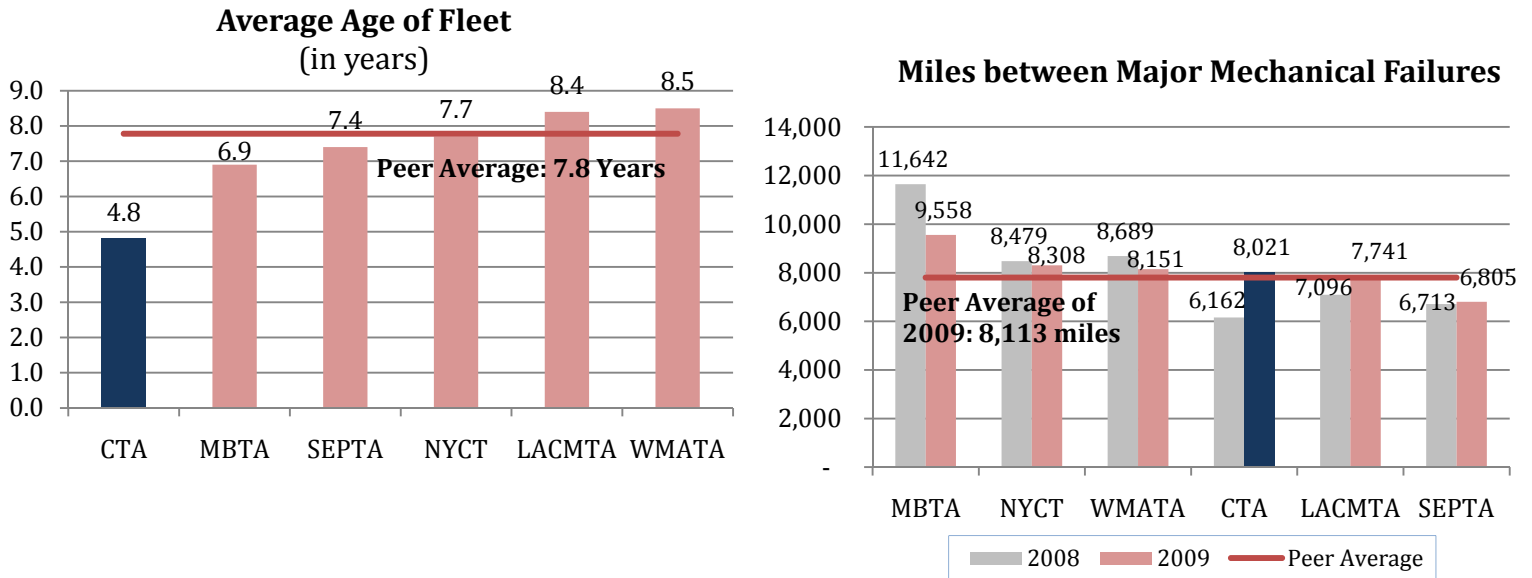
Comparative Performance Analysis

only a slight difference, \$0.04, from the first-ranked Los Angeles, and a close third for operating expense per passenger mile.



Service Maintenance & Reliability

CTA bus ranked first for average fleet age thanks to new buses introduced into its fleet in recent years. When comparing to performance in 2008, one finds that the CTA made impressive progress, with the greatest increase (30 percent) among the comparable agencies in miles between failures.

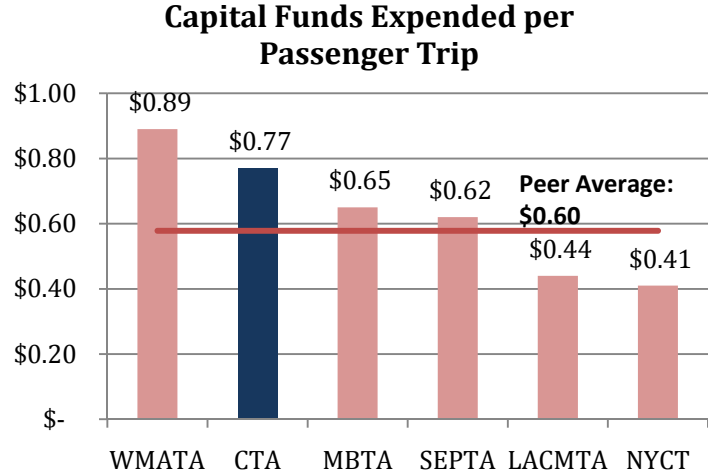
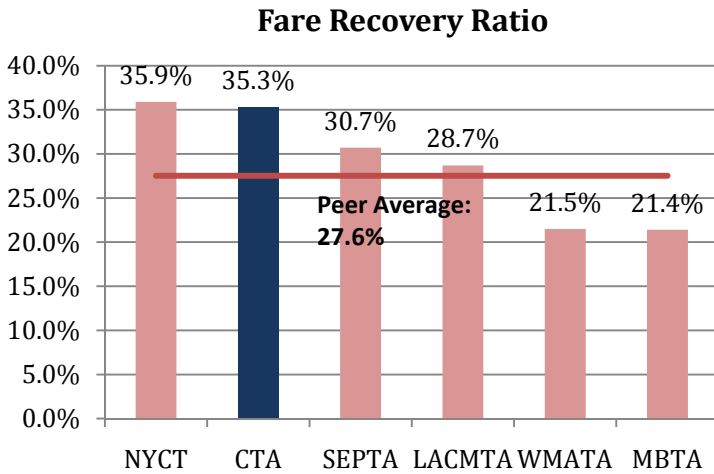


CTA FY12 Budget

Comparative Performance Analysis

Service Level Solvency

Solvency refers to the capability of meeting financial obligations, including covering long-term, fixed expenses. Among its peers, CTA bus achieved a high level of service solvency through services provided, with both fare recovery ratio and capital funds per passenger trip ranking second and well above peer averages.



CTA FY12 Budget

Comparative Performance Analysis

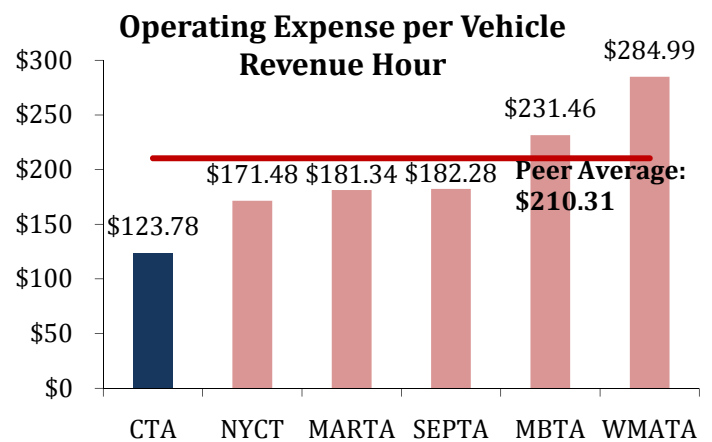
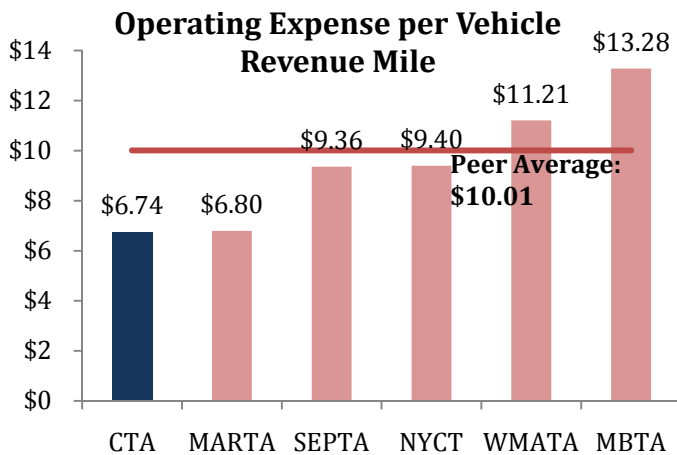
Heavy Rail

Comparative Characteristics of Heavy Rail

Heavy Rail Characteristics (number in millions)	CTA	MARTA	MBTA	NYCT	SEPTA	WMATA
	Chicago	Atlanta	Boston	New York	Philadelphia	Washington D.C.
Operating Expense	\$462	\$167	\$298	\$3,313	\$158	\$805
Capital Funds Expended	\$368	\$170	\$227	\$3,474	\$202	\$318
Fare Revenue	\$231	\$50	\$161	\$2,246	\$84	\$506
Vehicle Revenue Mile	68.6	24.6	22.5	352.5	16.9	71.8
Vehicle Revenue Hour	3.73	0.92	1.29	19.32	0.87	2.82
Passenger Mile	1,201	527	569	9,973	423	1,668
Total Number of Unlinked Trip	203	83	149	2,358	95	297
Total Number of Major Mechanical Failures	230	1,222	701	2,250	166	1,334

Service Efficiency

CTA heavy rail achieved superior service efficiency, ranking at the top for both operating expense per vehicle revenue mile and operating expense per vehicle revenue hour. The two indicators were 33 percent and 41 percent below the peer average, respectively.

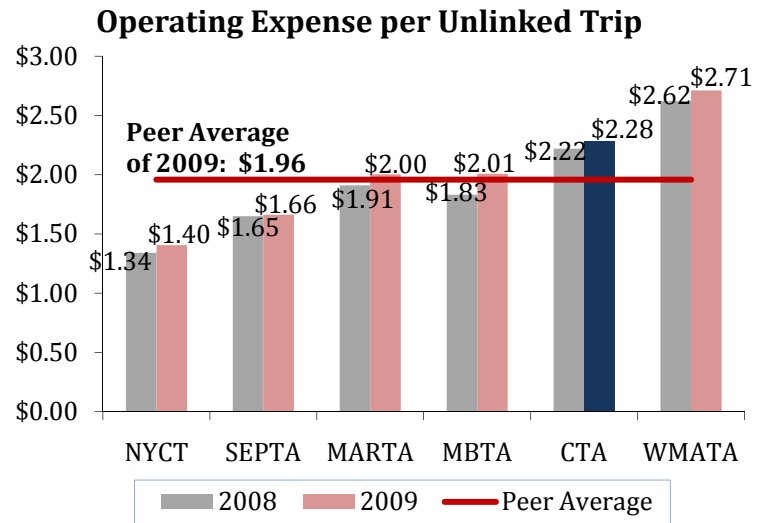
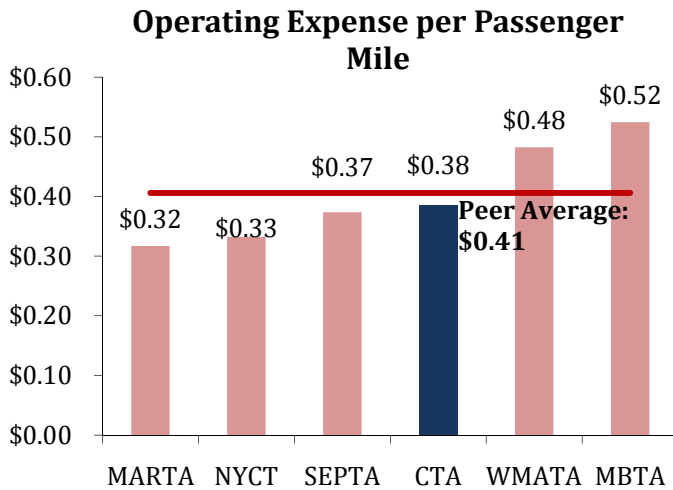


CTA FY12 Budget

Comparative Performance Analysis

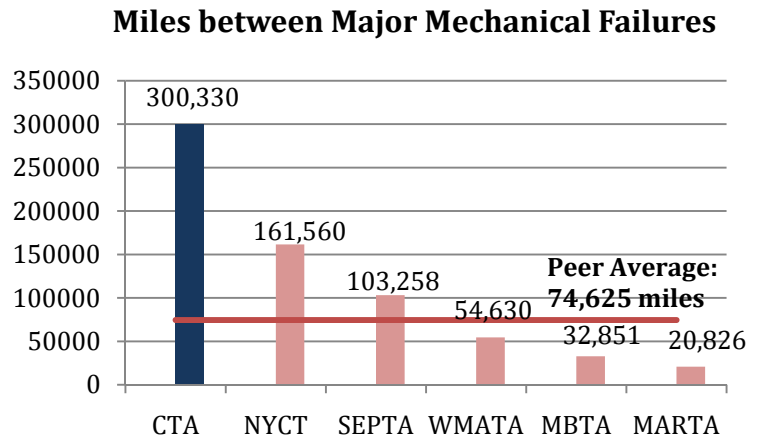
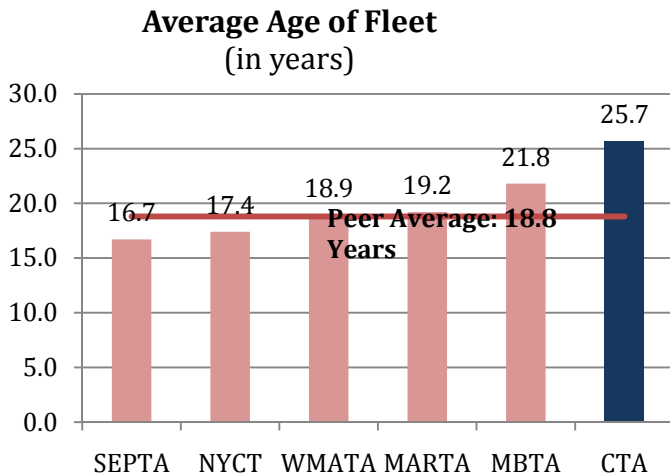
Cost Effectiveness

With increased financial challenges resulting from the tough economic conditions in 2009, the CTA managed to remain under the peer average for the operating cost per passenger mile. However, the CTA slipped from the top spot to number four due to increased operating expenses. Each agency experienced increased operating costs per unlinked trip from 2008 to 2009, with the CTA having the second lowest increase, 2.7 percent, among the group.



Service Maintenance & Reliability

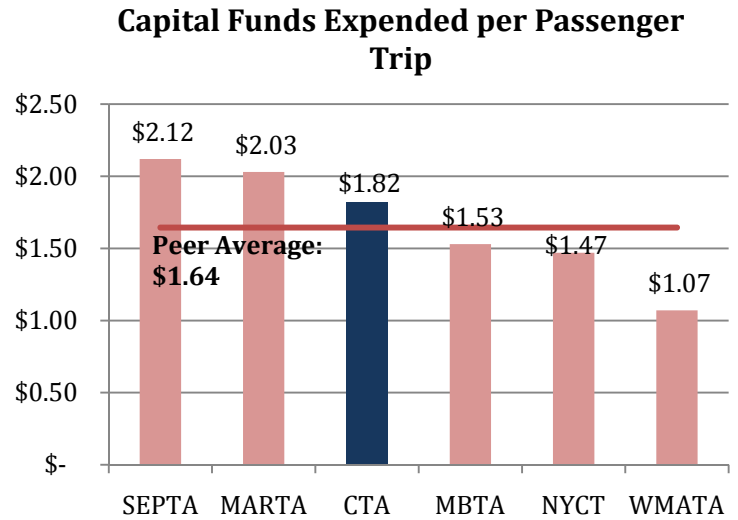
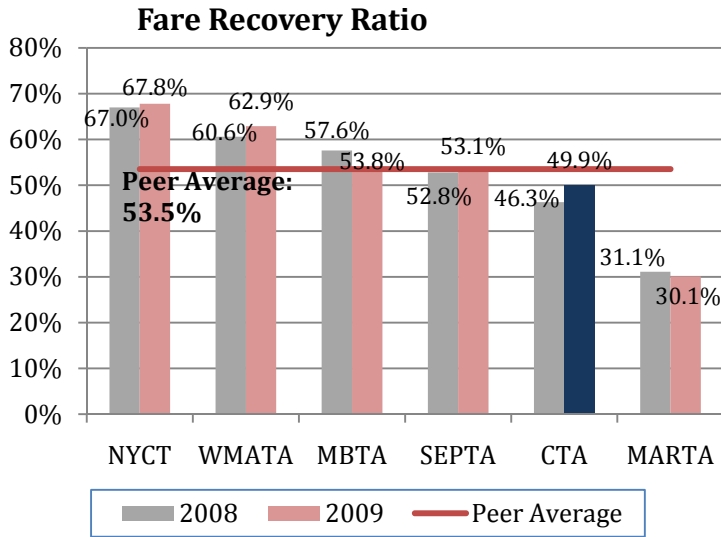
Despite having the oldest fleet, CTA heavy rail ranked at the top for miles between major mechanical failures, with performance four times better than the peer average.



CTA FY12 Budget

Comparative Performance Analysis

The CTA showed the highest increase, 3.6 percent, in fare recovery ratio from 2008 to 2009. The CTA managed to maintain the level of capital funds per passenger trip above the peer average, despite the need to transfer capital monies to fund operations in 2009.



CTA FY12 Budget

Fare Structure

CTA Fare Structure

CTA Fare Types	Current Fare Structure (effective 1/1/2009)	
	Bus	Rail
Full Fare		
Regular Full Fare Cash ¹	\$2.25	\$2.25
Regular Full Fare Transit Card (TC*)	\$2.00	\$2.25
Regular Full Fare Chicago Card (CC**)	\$2.00	\$2.25
Regular TC or CC Transfer ²	\$0.25	\$0.25
Passes		
1-Day Pass		\$5.75
3-Day Pass		\$14.00
Full Fare 7-Day Pass		\$23.00
Full Fare 30-Day Pass		\$86.00
Reduced Fare		
Regular Reduced Fare Cash		\$1.00
Regular Reduced Fare TC		\$0.85
Reduced Fare TC/CC Transfer		\$0.15
Reduced Fare 30-Day Pass		\$35.00

*TC: Transit Card

**CC: Chicago Card

¹ Rail customers paying fares with cash must first add value to a Transit Card using vending machines located in each station.

² A transfer allows two additional rides within two hours of issuance and is not available to customers paying fares with cash.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Comparative Fare Structure

Comparative Fare Structure

<u>CITY SYSTEM</u>	<u>Full Cash Bus Fare</u>	<u>Express Bus Fare</u>	<u>Full Cash Rail Fare</u>	<u>Reduced Fare Senior/Disabled</u>
CHICAGO (CTA)	\$2.25	\$2.25	\$2.25	\$1.00 Bus; \$0.85 Bus & Rail (with card)
NEW YORK CITY (MTA)	\$2.25	\$5.50	\$2.25	\$1.10
PHILADELPHIA (SEPTA)	\$2.00 ¹	---	\$2.00 ²	Senior: Free Disabled: \$1
ATLANTA (MARTA)	\$2.00	---	\$2.00	\$0.90
WASHINGTON D.C. (WMATA)	\$1.70	\$3.85	\$1.95 - \$5.00 ³	Half-Price Rail; \$0.75 Bus; \$1.80 Express
LOS ANGELES (LACMTA)	\$1.50	\$2.20 - \$2.90	\$1.50	\$0.55 Rush Hours; \$0.25 Non-Rush Hours
BOSTON (MBTA)	\$1.50	\$3.50 Inner \$5.00 Outer	\$2.00	\$0.60 – Rail; \$0.40 – Bus

CTA Historical Fare Structure

<u>Year</u>	<u>Full Cash Bus Fare</u>	<u>Full Cash Rail Fare</u>	<u>Transfer Charge</u>	<u>Reduced Fare</u>
2001 - 2003	\$1.50	\$1.50	\$0.30	\$0.75
2004 - 2005	\$1.75	\$1.75	\$0.25	\$0.85
2006 - 2008	\$2.00	\$2.00	\$0.25	\$0.85 (Rail); \$1.00 (Bus)
2009 - 2011	\$2.25	\$2.25	\$0.25	\$0.85 (Rail); \$1.00 (Bus)

¹ Zone charge may apply.

² Zone charge may apply.

³ The fares are zone based and depend on hours traveled. Full fares are paid during peak hours varying from \$1.95 to \$5.00, with a \$0.20 fee added to regular fares during the peak-of-the-peak periods (weekday 7:30-9 a.m. and 4:30-6 p.m., based on the starting time of the trip).

(THIS PAGE INTENTIONALLY LEFT BLANK)

CTA FY12 Budget

Acronyms & Glossary

Acronyms

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

CTA FY12 Budget

Acronyms & Glossary

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

CTA FY12 Budget

Acronyms & Glossary

Glossary

2008 Legislation

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

Accessible

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

Accounting Principles Board (APB)

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

Accrual Basis

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

Alternatives Analysis (AA) Study

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

Americans with Disabilities Act (ADA)

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

CTA FY12 Budget

Acronyms & Glossary

<p>American Recovery and Reinvestment Act (ARRA) An economic stimulus package enacted in February 2009 to create jobs and promote investment and consumer spending during the recession. The Act includes federal tax cuts, expansion of unemployment benefits and other social welfare provisions as well as domestic spending in education, health care and infrastructure, including the energy sector.</p>
<p>Articulated Bus A high-capacity passenger bus that flexes in the middle.</p>
<p>ADA Paratransit Fund A fund created by the 2008 Legislation to fund regional paratransit services provided by Pace.</p>
<p>Accounting Principles Board Former authoritative body of the American Institute of Certified Public Accountants, which issued a series of accountants opinions constituting much of what is known as GAAP.</p>
<p>Big Gap An instance when the time in between buses is more than double the scheduled interval and also creates a gap of more than 15 minutes.</p>
<p>Bond An interest-bearing promise to pay a specified sum of money on a specified date in the future.</p>
<p>Build America Bonds (BAB) A subsidy provided by the American Recovery and Reinvestment Act that provides for a wider pool of capital financing funding for state, county and municipal entities, such as the CTA.</p>
<p>Bureau of Labor Statistics (BLS) The Bureau of Labor Statistics of the U.S. Department of Labor is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are objective, timely, accurate, and relevant.</p>
<p>Bus Rapid Transit (BRT) BRT is an enhanced bus system that operates on bus lanes or other transitways in order to combine the flexibility of buses with the efficiency of rail. By doing so, BRT operates at faster speeds, provides greater service reliability and increased customer convenience.</p>

CTA FY12 Budget

Acronyms & Glossary

Capital Advisory Committee (CAC)

The Capital Advisory Committee is comprised of members from local universities as well as leaders from the business community. The purpose of the CAC is to solicit expert advice from external professionals in carrying out the CTA's capital process including the selection of projects for funding and advising the CTA in closing the funding gap.

Capital Budget

A formal plan of action for a specified time period for purchases of fixed assets using capital grants.

Capital Expense

Expenditures that acquire improve or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000 (e.g. rolling stock, track and structure, support facilities and equipment, and stations and passenger equipment). It can also include the costs associated with the long-term maintenance of these assets, such as bus overhaul programs, rail overhaul programs and preventive maintenance. Also referred to as a capital improvement.

Capital Grant

Funds received from grantor funding agencies used to finance construction, renovation, and major repairs or the purchase of machinery, equipment, buildings, or land.

Capital Improvement Program (CIP)

A strategic and comprehensive financing program in which available capital funds are identified and targeted toward key capital renewal and improvement needs of the CTA system to yield the greatest customer benefit.

Chicago Card

A stored-value farecard that has an embedded microchip that can be read to register fares by the fare equipment when touched to the touchpad on the front of rail station turnstiles and bus fareboxes on all CTA routes and Pace buses. Value is added with cash at CTA vending machines or off-site Touch-n-Go devices.

Chicago Card Plus

A farecard with its balance maintained in an online account rather than stored on the card itself. Value is added with credit cards or through electronic transit benefit deductions only. The card also features online reloading — customer accounts automatically reload each time their account value falls below the pre-selected reload amounts.

Chicago Department of Transportation (CDOT)

The Chicago Department of Transportation (CDOT) is responsible for public way infrastructure including planning, design, construction, maintenance and management.

CTA FY12 Budget

Acronyms & Glossary

Collar Counties

The five counties that surround Cook County as identified in the RTA Act: Will, Kane, DuPage, Lake, and McHenry counties.

Chicago Metropolitan Agency for Planning (CMAP)

The agency that integrates land use planning and transportation planning for the counties of Cook, DuPage, Kane, Kendall, Lake, McHenry and Will in northeastern Illinois. CMAP and its partners aim to remove barriers to cooperation across geographical boundaries and subject areas such as land use, transportation, natural resources, housing, and economic development.

Congestion Mitigation & Air Quality Improvement Program (CMAQ)

A program initially authorized by the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 that provided \$6.0 billion in funding for surface transportation and other related projects to contribute to air quality improvements and reduce congestion. It was reauthorized in 2005 under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and provides funding to State Departments of Transportation, Metropolitan Planning Organizations, and transit agencies to invest in projects that reduce criteria air pollutants regulated from transportation-related sources. The Program provides the CTA with funding totaling \$19.92 million over a period of five years (2011-2015).

Congressional Budget Office

Branch of the federal government that provides economic data to Congress.

Consumer Price Index (CPI)

A measure estimating the average price of consumer goods and services purchased by households. CPI measures a price change for a market basket of goods and services from one period to the next within the same area and is used as a measure of the increase in the cost of living (i.e. economic inflation).

Corridor

A defined study area considered for significant transportation projects such as highway improvements, bus transitways, rail lines, or bikeways (e.g. Dan Ryan corridor, Western Avenue corridor).

CTA Board Member Terms of Office

Board member terms are in seven year increments. Board members may be appointed to terms already in progress, in which case they may serve until the end of that term.

Depreciation

An accounting term that recognizes the loss in value of a tangible fixed asset over time attributable to deterioration, obsolescence, and impending retirement. Applies particularly to physical assets like vehicles, equipment, and structures.

CTA FY12 Budget

Acronyms & Glossary

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

CTA FY12 Budget

Acronyms & Glossary

Federal Insurance Contributions Act (FICA)

Social Security payroll taxes are collected under the authority of FICA.

Financial Accounting Standards Board (FASB)

The FASB establishes and improves standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information.

Financial Plan

In addition to an annual budget, the Regional Transportation Authority Act, as amended in 2008, requires that all transit agencies prepare a financial plan encompassing the two years subsequent to the budget year. This provides a three-year projection of expenses, revenues and public funding requirements.

Fiscal Year (FY)

A fiscal year is a 12-month period used for calculating annual financial reports in organizations. The CTA's fiscal year runs congruent to the calendar year, beginning on January 1 and ending on December 31.

Full Funding Grant Agreement (FFGA)

Grant agreements authorized under federal transit law that establish the terms and conditions for federal financial participation in a New Starts project. The FFGA defines the project, sets the maximum amount of federal New Starts funding for a project, covers the period of time for completion of the project, and facilitates efficient management of the project in accordance with applicable federal statutes, regulations, and policy.

Fund Balance

The excess of funding for a given period of time, referring to unreserved/undesignated funds. Annual budget surpluses (or deficits) generally add to (or subtract from) the fund balance.

Funding (Budget) Marks

The Regional Transportation Authority Act, as amended in 1983, calls for the RTA to advise each of its Service Boards by September 15th of the public funding to be available for the following year, as well as the required recovery ratio.

Generally Accepted Accounting Principles (GAAP)

GAAP is the standard framework of guidelines for financial accounting, mainly used in the United States. It includes the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

Governmental Accounting Standards Board (GASB)

The GASB establishes and improves standards of state and local governmental accounting and financial reporting.

CTA FY12 Budget

Acronyms & Glossary

<p>Gross Domestic Product (GDP) As a measure of economic activities, it is the amount of goods and services produced in the United States in one year. It is calculated by adding together the market values of all of the final goods and services produced in a year and reported by the U.S. Bureau of Economic Analysis.</p>
<p>Government Finance Office Association (GFOA) The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices, and promoting their use through education, training, facilitation of member networking, and leadership.</p>
<p>Headway The time span between when one service vehicle (bus or rail) leaves a stop/station and when the following vehicle arrives at the same stop/station on specified routes. Also called service frequency.</p>
<p>Heavy Rail An electric railway with the capacity for a heavy volume of traffic. Heavy rail is characterized by high-speed passenger rail cars and trains operating on fixed rails in separate rights-of-way from which all other vehicular and foot traffic is excluded.</p>
<p>Hedge A type of investment activity used to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security to minimize unwanted risks associated with price fluctuation.</p>
<p>Hybrid Bus A hybrid bus combines a conventional internal combustion engine propulsion system with an electric propulsion system and uses a diesel-electric powertrain. Also known as a hybrid diesel-electric bus.</p>
<p>Illinois Fund for Infrastructure, Roads, Schools and Transit (Illinois FIRST) A five-year public works improvement program that allocated capital funds between FY2000 through FY2004.</p>
<p>Illinois Jobs Now Program A \$31 billion program creating over 439,000 jobs in five years from 2010 through 2014; designed to improve bridges and roads, transportation networks, schools, and communities.</p>
<p>Illinois' Low-Income Circuit Breaker Program The official name of the Program is the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act, governed by the Illinois Department on Aging. The Program is to help offset the cost of property taxes and other living costs by providing low-income, senior, or disabled residents with yearly grants.</p>

CTA FY12 Budget

Acronyms & Glossary

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

CTA FY12 Budget

Acronyms & Glossary

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

CTA FY12 Budget

Acronyms & Glossary

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

CTA FY12 Budget

Acronyms & Glossary

Public Building Commission (PBC)

Formed in 1956, this City of Chicago organization provides professional management of the city's public construction projects.

Public Funding

Funding received from the RTA or other government agencies.

Public Transportation Funds (PTF)

As authorized by the RTA Act, the Illinois State Treasurer transfers from the State General Revenue Fund an amount equal to 25 percent of RTA sales tax collections to a special fund, called the Public Transportation Fund (PTF), and then remits it to the RTA on a monthly basis. The state funding package increases the percentage of state sales tax dedicated to mass transit and deposits additional amount of funding to PTF. All funds deposited are allocated to the RTA to be used at its discretion for the benefit of the Service Boards.

Real Estate Transfer Tax (RETT)

A source of public funding for the CTA collected by the City of Chicago. The 2008 legislation authorized a \$1.50 per \$500 increase in RETT and the CTA receives 100 percent of the RETT increase.

Recovery Ratio

Measures the percentage of expenses that a Service Board must pay against revenues that it generates. The RTA Act mandates that the RTA region must attain an annual recovery ratio of at least 50 percent.

Reduced Fare

Discounted fare for children ages seven through 11, grade school and high school students (with CTA ID), seniors 65 and older (with RTA ID), and riders with disabilities (with RTA ID) except paratransit riders.

Reduced Fare Reimbursement

Reimbursement of revenue lost by the Service Boards due to providing reduced fares to students, elderly and the disabled. The CTA recovers the cost of trips with both the fare revenue and operating subsidies. The reimbursements are made from the State of Illinois to cover the difference between the standard and reduced fare. Reimbursement amounts are allocated to the Service Boards based on reduced fare passenger trips taken during the year.

Regional Transportation Authority (RTA)

The RTA is the financial oversight and regional planning body for the three public transit operators in northeastern Illinois: the CTA, Metra commuter rail, and Pace suburban bus.

CTA FY12 Budget

Acronyms & Glossary

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

CTA FY12 Budget

Acronyms & Glossary

SAFETEA-LU

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). A federal transit and highway bill signed into act on August 10, 2005, authorizing \$286.4 billion nationwide through 2009, including \$52.6 billion for transit. A reauthorization of the federal transit and highway program is pending congressional action.

Scheduled Transit Operations (STO)

The scheduled transit operations classification includes bus operators, motormen and conductors.

Senate Bill (SB) 1977

Illinois Senate Bill that stipulates that beginning January 1, 2009, the CTA must make annual contributions to the CTA Pension Fund to achieve a 90 percent funded ratio by 2059. The CTA's Pension Fund's actuary has determined that the fund's assets will be exhausted by 2012 without significant increased contributions and changes to the funding structure and benefit levels.

Service Boards

CTA, Metra commuter rail and Pace suburban bus system, as referred to by the Regional Transportation Authority Act.

Sheriff's Work Alternative Program (SWAP)

A program where persons convicted of Driving Under the Influence and other low-level offenses are required to provide a variety of community services for municipalities throughout Cook County.

Slow Zone

Sections of track where trains must reduce speed in order to safely operate rail service.

State Assistance

The supplemental funding provided by the RTA Act in the form of additional state and financial assistance to the RTA in connection with its issuance of Strategic Capital Improvement Program (SCIP) bonds. It equals the debt service amounts paid to the bondholders of the SCI bonds plus any debt service savings from the issuance of refunding or advanced refunding SCIP bonds, less the amount of interest earned on the bonds' proceeds.

State of Good Repair (SOGR)

An asset or system is in a state of good repair when no backlog of capital needs exists – hence all asset life cycle investment needs (e.g., preventive maintenance and rehabilitation) have been addressed and no capital asset exceeds its useful life. Therefore, the first priority for a transit system is to maintain infrastructure and equipment, making regular repairs where needed and retiring equipment from service at the end of its life cycle.

CTA FY12 Budget

Acronyms & Glossary

State of Illinois' Public Transportation Fund (PTF)

As authorized by the RTA Act, the Illinois State Treasurer transfers from the State General Revenue Fund an amount equal to 25 percent of RTA sales tax collections (or gasoline or parking taxes, if imposed by the RTA). The treasurer transfers this amount to a special fund, called the Public Transportation Fund (PTF), and then remits it to the RTA on a monthly basis. The RTA uses these funds at its discretion to fund the service board needs, RTA operations, debt service and capital investment.

State Transportation Improvement Plan (STIP)

The FY 2006-2009 Statewide Transportation Improvement Program (STIP) is a four-year program of highway and transit projects developed to fulfill the requirements set forth in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and its successor, the Transportation Equity Act for the 21st Century (TEA-21), and in the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). The FY 2006-2009 STIP totals \$15.66 billion with \$7.1 billion for highway improvements and \$8.56 billion for transit capital improvements and operating assistance.

Stimulus Funds

See American Recovery and Reinvestment Act.

Suburban Community Mobility Fund

Outlined by the RTA Act, grants and appropriations from the state, which the RTA distributes to the Suburban Bus Board for operating transit services, other than traditional fixed-route services, that enhance suburban mobility, including, but not limited to, demand-responsive transit services, ride sharing, van pooling, service coordination, centralized dispatching and call taking, reverse commuting, service restructuring and bus rapid transit.

System-Generated Revenue

Revenue generated by the CTA. Includes fare revenue, advertising, investment income, income from local governments by provision of the Regional Transportation Authority Act, and subsidies for reduced fare riders per 1989 legislation.

TEA-21

Transportation Equity Act for the 21st Century, a federal transportation package that reauthorized the Federal Transit Program for the eight years from 1998 through 2005. Grants can pay up to 80 percent of a capital project, with the remaining 20 percent funded from local sources.

Ten-Year Swap Rate

The rate paid by a fixed-rate payer on an interest swap with maturity of ten years.

CTA FY12 Budget

Acronyms & Glossary

Ten-Year Swap Spread

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

Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER)

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

Transportation Improvement Plan (TIP)

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

Top Operator Rate

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

Trip

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

Traffic Signal Prioritization

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

Unified Work Program (UWP)

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

Unlinked Passenger Trip

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

CTA FY12 Budget

Acronyms & Glossary

Vehicle Revenue Hours

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

Vehicle Revenue Miles

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

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Chicago Transit Authority for the Annual Budget beginning January 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Chicago Transit Authority

Illinois

For the Fiscal Year Beginning

January 1, 2011

Linda C. Danson *Jeffrey R. Egan*

President

Executive Director



Chicago Transit Authority